

HL Mando

Easier Safer Greener

Imagine Every Move

2023 HL Mando Sustainability Report



About This Report

HL Mando is making the world safer, greener, and easier through future mobility technology and sustainable management activities. HL Mando publishes its annual sustainability report to share financial and non-financial information with stakeholders. Publishing our 6th sustainability report, HL Mando will focus on six areas of sustainable management – Planet, Innovation, Supply Chain, People, Governance & Ethics, and Community – and share the details of our activities, achievements, and plans in each area.

Reporting Standards

This report was prepared in accordance with GRI (Global Reporting Initiative) Standards, and ISSB, ESRS and reflects ISO 26000, the UN SDGs, the UNGC, the SASB, and the TCFD.

Reporting Boundary

All our global operations (affiliated companies and some subsidiaries, including other financial investment companies, were excluded; data prepared based on domestic operations is noted separately)

Reporting Period

Jan. 1, 2023 ~ Dec. 31, 2023
(including a portion of data from the first half of 2024)

Reporting Cycle

Annual (most recent report published : Jun. 2023)

Assurance

This report has been assured by BSI, an independent third-party assurance provider that has no conflict of interest with HL Mando, to ensure credibility and fairness in its preparation process and the information disclosed. The assurance statement appears on pages 124-126.

Contact

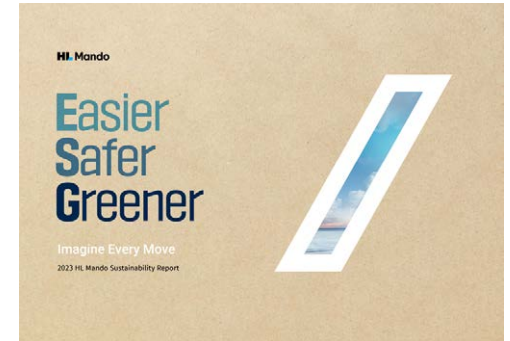
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Management Information Made Available on the Corporate Website

Each year, we transparently disclose management data for investors and other diverse stakeholders on our corporate website. For additional information on this report, please refer to our website, annual reports, audit reports, and the Korea FSS electronic disclosure website.



Cover Story

Embodies HL Mando's brand identity of "STRIDE" to visualize our enterprising attitude that is moving forward and opening new horizons.

Contents

Introduction

- 004 CEO Message
- 006 Business Overview
- 008 Imagine Every Move

ESG Strategy

- 015 2023 Sustainability Management Highlights
- 016 Sustainability Management System
- 019 Double Materiality Assessment

Sustainability Areas

022 Planet

- 023 Green Management
- 026 Tackling Climate Change
- 033 Energy
- 035 Resource Circularity and Environmental Impact Management

039 Innovation

- 040 Technology Innovation
- 047 Quality Management

051 Supply Chain

- 052 Supply Chain ESG Management
- 055 Win-Win Partnership

057 People

- 058 Employees
- 064 Human Rights Management
- 066 Safety and Health

070 Governance & Ethics

- 071 Board of Directors
- 074 Integrity Management
- 078 Compliance
- 079 Information Security
- 083 Risk Management

087 Community

- 088 Corporate Social Responsibility

Appendix

- 094 ESG Data
- 112 GRI Index
- 116 ESRS Index
- 119 TCFD / SASB Index
- 120 UN SDGs
- 121 UN Global Compact
- 122 Stakeholder Engagement
- 123 Awards and Associations
- 124 Independent Assurance Statement
- 127 GHG Assurance Statement

INTERACTIVE PDF READER GUIDE

This report is an INTERACTIVE PDF document that contains links to relevant websites and pages.

[Go to cover page](#)



[Go to table of contents](#)

[Go to previous page](#)

[Page up](#)

[Page down](#)

CEO Message



**Shaping the future of mobility,
HL Mando is surpassing limits and
transforming the world.**



Dear stakeholders,

2023 was a significant year for HL Mando. Despite the challenges and uncertainties posed by the global economic downturn, tightening monetary policies in the US, and China's slowing economic growth, we achieved a record-breaking annual revenue of KRW 8.393 trillion, surpassing KRW 8 trillion for the first time in our history.

We attribute this remarkable growth to our proactive and agile adaptation to the rapidly evolving global mobility industry, continuously innovating our technologies and products, along with the intensive focus on ESG management that has enabled us to grow as a sustainable company.

In our 2023 Sustainability Report, we share our sustainable present and future, reflecting the economic, environmental, and social value creation achievements we have made together with our stakeholders.



Innovating Mobility Software Solutions

To address the implementation of SDV (Software Defined Vehicle), accelerated transition to electric vehicles and advancements in autonomous driving, HL Mando is enhancing its software foundation by cultivating expertise in the fields of software, robotics, and information security. We developed MiCOSA (Mando integrated Control Software Assembly), our next-generation mobility SW integrated solution, which enhances vehicle performance, safety, and convenience through chassis integrated control and autonomous motion control. MiCOSA is a package that encompasses vehicle integrated control solutions, data-based solutions, and a cloud service platform. To enhance our data collection and analysis methods, we formalized collaboration with Amazon Web Services through a partnership announced at the CES (Consumer Electronics Show) 2024.

Furthermore, we have reinforced our automotive cybersecurity and safety by obtaining ISO/SAE 21434, making HL Mando the first in Korea to receive this international certification for automotive cybersecurity. HL Mando is applying world-leading cybersecurity measures in order to provide our customers with the safest mobility solutions.

Environmental Management to Achieve Carbon Neutrality by 2045

As climate-related disasters continue to become more severe, achieving carbon neutrality has become not merely a choice but an imperative goal for survival. In this light, we declared our '2045 Carbon Neutrality Vision and Strategy', a demonstration of our commitment to bequeath a sustainable planet to the future generations. As part of this vision and strategy, we are focused on

reducing carbon emissions within HL Mando's business sites and supply chain, as well as minimizing product-related emissions. In 2023, we completed the calculation and verification of Scope 1, 2, and 3 carbon emissions for all global business sites, marking the beginning of our carbon neutrality. Additionally, we conducted LCA (Life Cycle Assessments) to quantify carbon emissions associated with our key products. All employees of HL Mando are committed to viewing carbon neutrality not only as a potential risk but as a significant business opportunity, and we are focusing our capabilities in each area for sustainable growth.

Organizational Future for Sustainable Growth

In 2024, HL Mando restructured its existing three BU (Business Units) into MDS, focused on future mobility technology, and RCS, concentrated on the safety and comfort of solutions, while expanding the CxO system to enhance our functional capabilities. This reorganization is intended to enable agile responses to the rapidly changing market environments and maximize our efficiency in regional and functional operations. Additionally, to strengthen our competitiveness and expertise as a First Mover, we are promoting a strategic collaboration and synergy among R&D, procurement, quality control, and other functions, securing future growth momentum through STRIDE growth and profitability. After all, it is 'People' that achieve and implement constant innovation and growth, and it is 'Culture' that enables this change in the mid to long term. Accordingly, HL Mando will pursue sustainable growth while remaining rooted in a corporate culture that supports the well-being of our employees, customers, business partners, and suppliers.

1) MDS : Mobility Dynamic Solutions
2) RCS : Ride Comfort & Safety

In 2024, global automotive growth is expected to slow due to risks such as global EV demand and reduced consumption due to reduced subsidies during the transition to electric vehicles and autonomous driving. Nevertheless, by leveraging our diversified customer portfolio, we will maintain a robust growth trajectory and respond flexibly to market volatility by offering chassis products suitable for both internal combustion engine vehicles and EVs, among other future mobility solutions. In addition, we will intensify our focus on securing technological competitiveness based on our solid technical capabilities and resilience in order to overcome transitional challenges.

HL Mando is committed to advancing mobility technology to enable freedom in everything that moves. We will continue to deepen and internalize our mobility technology capabilities, as we evolve into an integrated mobility solutions company. We sincerely look forward to your continued interest and support.

June 2024

CEO, Seong-Hyeon Cho



Business Overview

About HL Mando

Company Overview

With a history of 61 years, HL Mando is a global automotive parts specialist, providing next-generation mobility solutions to approximately 60 automotive OEMs worldwide. To grow as a Mobility Freedom Creator, supporting the free movement of a wide range of end users, HL Mando is expanding its scope from automotive parts manufacturing to data and service industries. Building on its accumulated technological expertise, HL Mando continues to develop products and technologies enabling the era of electric vehicles and autonomous driving. Moreover, anticipating the trend of the mobility industry shifting from hardware to software-centric SDV (Software Defined Vehicle), HL Mando is focusing on enhancing software capabilities to provide integrated solutions that combine software and hardware. In addition, HL Mando is actively developing robotics solutions to design a future in which robots and humans coexist.

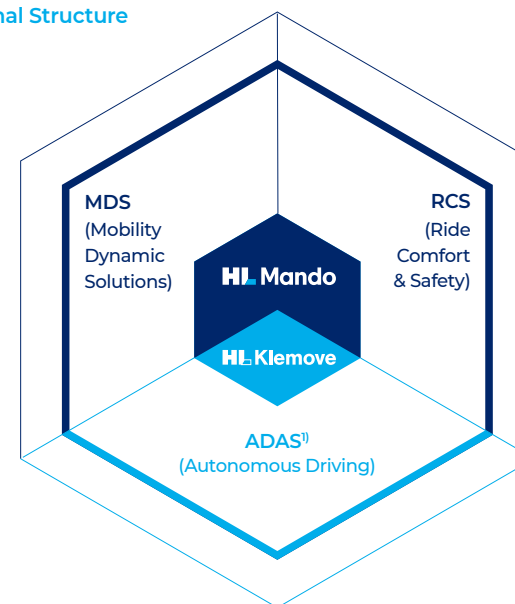
*As of Dec. 2023

Name of company HL Mando Corporation	Date of establishment Oct. 1, 1962	CEO Seong-Hyeon Cho, Hyeon-Wook Kim	Headquarters 32, Hamanho-gil, Poseung-eup, Pyeongtaek, Gyeonggi-do, Republic of Korea
Business areas Manufacturing and sale of automotive parts	Total assets KRW 6,287 billion	Capital KRW 47 billion	Sales KRW 8,393 billion
Credit rating AA -	Employees 16,107		

Organizational Structure

Reflecting the major trend in the mobility industry of separating software and hardware, HL Mando has reorganized at the structural level. Software-centric products emphasizing innovation and differentiation have been assigned to the MDS BU (Mobility Dynamic Solutions Business Unit) to focus on future mobility technology, while hardware-centric products emphasizing safety and convenience have been assigned to the RCS BU (Ride Comfort & Safety Business Unit) to maintain a focus on the safety and comfort of mobility users. Furthermore, while maintaining a product-based organizational structure, HL Mando has expanded the CxO system to strengthen capabilities by function.

Organizational Structure



1) ADAS : Advanced Driver Assistance System

Global Network

HL Mando is located across the globe, including Asia, North America, South America, and Europe. At HL Mando's worksites in various countries, we actively engage in activities such as research and development, production, sales, and driving tests to provide solutions to a wide range of customers. Additionally, we are focusing our efforts on establishing joint ventures to enhance our influence in key markets such as China and India.

● HL Mando ○ HL Klemove ◐ Joint use

● R&D Center

● Manufacturing Plant

● Sales Office

● Vehicle Test Site

Joint venture

Mando Brose, Korea Woory M Automotive, Korea

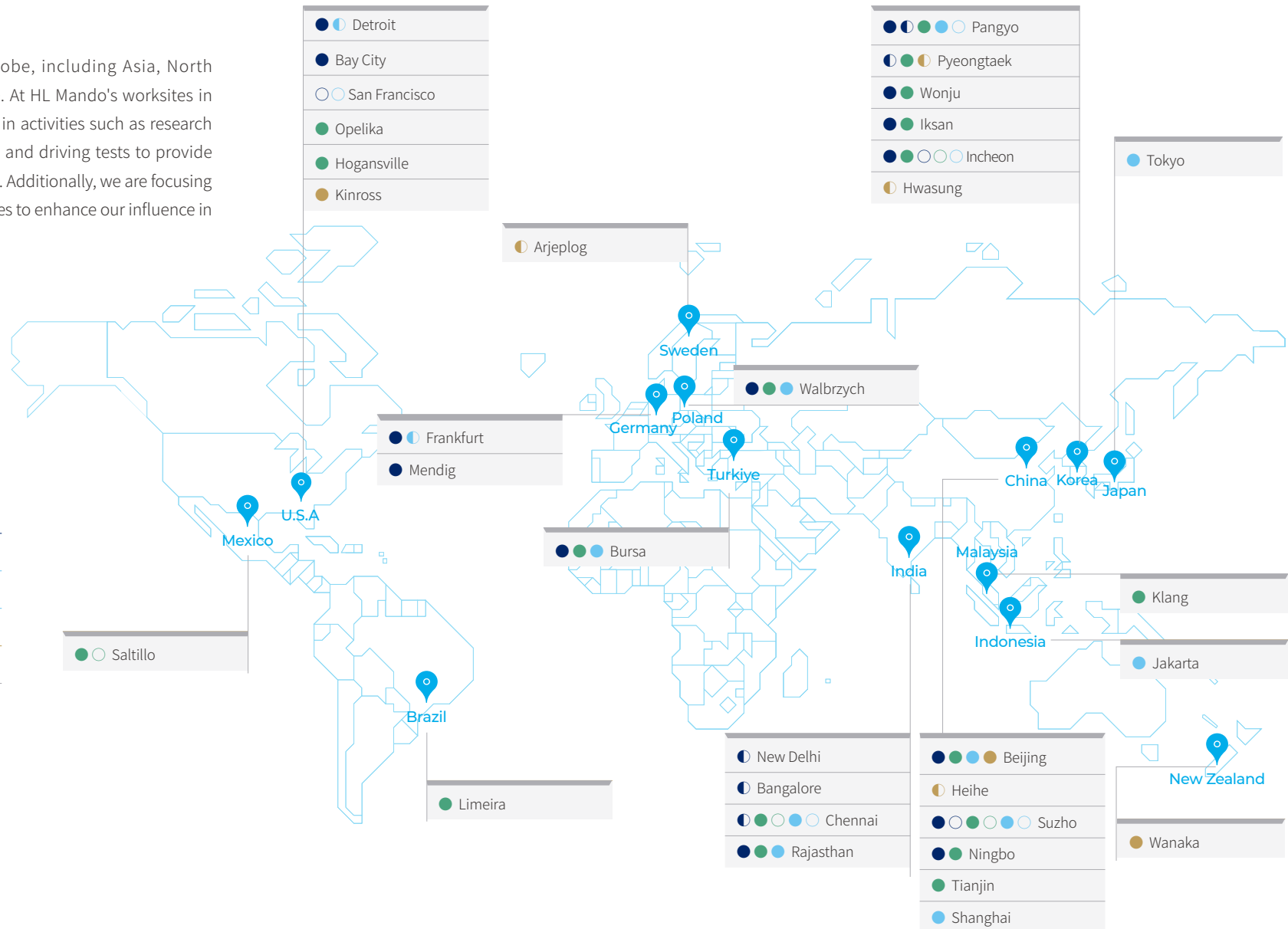
Mando Ningbo, China

Autoventure Mando, Malaysia

Maysan Mando, Turkiye

Mando Automotive India Limited, India

Anand Mando eMobility Private Limited, India

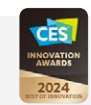


Imagine Every Move

As a Mobility Freedom Creator, HL Mando pursues Flexible mobility designs, enables Easy connections through single integrated software, and applies Clean and Clever technology that supports autonomous perception, manufacturing, and control across multiple industrial sectors.



CES 2024



In January 2024, HL Mando and its subsidiary, HL Klemove, participated in CES 2024, the world's largest electronics trade show, held in Las Vegas, US.

At CES 2024, we won a total of three innovation awards, including the Best of Innovation Awards, for our portable radar "Beetle" and "Tire Sync" technology, which enable vehicles to perceive road conditions. As well, "Parkie" the parking robot, which is equipped with a Level-4 autonomous driving system, was the winner of the highest innovation award.

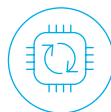
In addition to these award-winning products, HL Mando introduced the MICOSA¹⁾ software integration control solution, dynamic control function (HVDC²⁾, and vehicle diagnostic care function (PHM³⁾), as well as high-performance radar, high-resolution cameras, and high-performance computers (HPC), which includes software. Taken together, these technologies form a total autonomous driving solution, which attracted significant attention.

HL Mando's exhibition booth at CES 2024



- 1) MICOSA : Mando integrated Control Software Assembly
- 2) HVDC : Holistic Vehicle Dynamics Control
- 3) PHM : Prognostics and Health Management

Multi Move



Through our parking robots, patrol robots, and other innovations, HL Mando is transcending conventional concepts of mobility to enable more diverse and efficient movement.

“Parkie,” winner of the Best of Innovation Awards at CES 2024, is a Level-4 autonomous valet parking robot that recognizes obstacles, roads, license plates, and judges tire distances and vehicle weight distribution to autonomously park vehicles. At just 9cm thick, “Parkie” has a low enough profile to accommodate all types of vehicles, from sports cars to SUVs, and is expected to reduce costs by approximately 20% and decrease parking space needs by up to 30% compared to mechanical parking systems. In this way, HL Mando will redefine parking spaces to improve spatial efficiency and contribute to creating new values in mobility.

Meanwhile, “Goalie”, HL Mando’s self-driving patrol robot, has been in operation since 2020, autonomously navigating through the blind spots in CCTV systems and areas prone to crime, promptly reporting high-risk situations to control centers and contributing to crime prevention. Our customers can configure its functionality as they wish, and development is underway to discover new applications for “Goalie”, including identifying gas leaks and fires at construction sites, factories, and industrial complexes.

In the future, HL Mando will continue to create new movements that go beyond the limitations of existing mobility.



HL Mando is expanding the boundaries of mobility to enable multiple different types of movement.



Parkie



MiCOSA¹⁾, HL Mando's integrated control software to render scalability easier and broader for mobility



Implementation Model of MiCOSA



Easy Move

The trend in the mobility industry is rapidly shifting from hardware to software-centric SDV²⁾. This trend towards SDV means that instead of mechanical hardware, software controls the devices of the vehicle, and cars that like smartphones, allow continuous function expansion through software updates, are gaining attention. In line with these changes, HL Mando is actively responding to the software-centric mobility market by developing the MiCOSA software integration control platform solution.

The main components of MiCOSA include HVDC³⁾, Data-Driven Feature, and MCSP⁴⁾. Firstly, MiCOSA's HVDC maximizes the dynamic performance of the vehicle, providing the driver with optimal driving performance and safety. Then, MiCOSA's Data-driven Feature utilizes internal and external vehicle data to provide drivers with a customized driving experience through real-time inference of AI-based algorithms. Furthermore, by developing MiCOSA's Data-driven Feature and applying data collected through MCSP to various fields, we can maximize the value of this solution.

In this way, MiCOSA contributes to maximizing convenience, performance, and safety in mobility, offering drivers and passengers a better driving experience.

In the future, HL Mando will continue to easily connect and expand in the new area of SDV, creating growth momentum.

1) MiCOSA : Mando integrated Control Software Assembly

2) SDV : Software Defined Vehicle

3) HVDC : Holistic Vehicle Dynamic Control

4) MCSP : Mando Cloud Service Platform

Clever Move



Perception, decision-making, and control technology are the keys to enabling an era of autonomous driving. HL Mando possesses a business area and product line that comprehensively covers autonomous driving component technology. Through its subsidiary HL Klemove, HL Mando develops and mass-produces sensors (front cameras and radars) that play the role of perception and autonomous driving/parking controllers (DCU¹) that play the roles of judgment. Vehicle control is achieved through chassis products such as braking, steering, and suspension produced by HL Mando.

Each autonomous driving sensor and control product line is evolving into high-functionality, high-performance products, and preparation for commercialization of autonomous driving controllers (HPC²) based on high-performance Application Processors capable of application to Level 3 or higher autonomous driving has been completed. The HPC is optimized for autonomous driving beyond DCU, processing the extensive data collected from sensors quickly, and calculating the optimal driving route in real time. Furthermore, in anticipation of the expansion of the Level 2+ market, approaching Level 3 autonomous driving, HL Mando is developing various autonomous driving packages including sensors and HPC to respond more flexibly to market segmentation and changes.

Based on these advanced product lines and integrated core technologies for each stage of autonomous driving, HL Mando is leading the autonomous driving market. Additionally, HL Mando has won the 2024 CES Innovation Awards by releasing its “Beetle” portable radar and its “Tire-Sync” tire/road surface detection sensor, which have applications that go beyond mobility. First, “Beetle,” utilizing radar technology for autonomous driving vehicles, is a

portable radar that can be mounted on various small mobility devices such as scooters, electric bicycles, wheelchairs, and kickboards with a size as small as an AirPods case.

After installing “Beetle,” users can detect obstacles within a distance of 20m and intuitively sense sudden situations in real time. “Tire-Sync,” a tire/road surface detection sensor, conveys tire wear, temperature, vehicle load, and road conditions to the braking, steering, and suspension systems, enhancing not only accident prevention but also vehicle driving performance. It is gaining attention as a product that can replace existing tire pressure monitoring systems (TPMS³), and is designed to minimize the impact on tire performance with a small size of 1.7cm and a light weight of 8.5g.

HL Mando will continue to create a total autonomous driving solution market with applications beyond mobility to everyday life.

- 1) DCU : Domain Control Unit
- 2) HPC : High Performance Computer
- 3) TPMS : Tire Pressure Monitoring System



End-to-End autonomous driving solution to sense and think, and then to think and move



High Performance Computer

1 Judging the risk based on the distance and speed of the detected object

2 Assigning risk priority and filtering other factors

3 Notifying the user



Implementation Model of Beetle



Tire-Sync



HL Mando's motionXrite that enables flexible maneuvering in mobility



Flexible Move

HL Mando has been producing automotive chassis parts for braking, steering, and suspension for the past 61 years. Recent advancements in autonomous driving and the transition to electric vehicles have emphasized the connection between mechanical components and software, necessitating a transition to electronic control components. This prompted us to develop technology that connects different parts through electronic signaling rather than mechanical linkage to maximize space utilization. We provide our diverse customers with exceptional products that effectively combine hardware and software, including an electronic braking system (IDB2 HAD¹⁾ which controls braking power by converting the force applied to the pedal into electrical signals, the world's first steering system controlled solely by electrical signals to control steering without a physical linkage between the steering wheel and wheels (SbW²⁾), and a suspension system that efficiently controls the shockwaves created based on driving style and road conditions (SDC³⁾).

HL Mando has developed “motionXrite” to enable flexible maneuvering on the strength of our chassis electrification technology and knowledge. ‘motionXrite,’ previously known as the e-Corner Module, means being able to move (motion) in any direction, as the extended “X” implies, and pursues correct and light movement (-rite). “motionXrite” is an electrification system that integrates steering, suspension, braking, and vehicle drive motors with “zero-turn” 360-degree rotation technology to enable flexible maneuvering in mobility.

HL Mando has applied chassis integration technology, such as “motionXrite,” to delivery, robot taxis, and eco-friendly purpose-based mobility products. We reflect the diverse business purposes and requirements of our customers and drive innovative transformation in the future mobility market.

- 1) IDB2 HAD : Integrated Dynamic Brake for Highly Autonomous Driving, won the Innovation Award at the CES 2022
- 2) SbW : Steer-by-Wire, world's first steering system operated exclusively by electrical signal, won the Innovation Award at the CES 2021
- 3) SDC : Smart Damping Control, electronically controlled suspension

Clean Move



With increasingly tightening global environmental regulations, environment-friendly modes of transportation are of growing interest and significance worldwide. HL Mando plans to participate in SBTi, science-based carbon reduction initiative, and is aiming for carbon neutrality by 2045 to enhance environmental products and corporate competitiveness. HL Mando will pursue activities such as expanding the use of renewable energy and reducing energy consumption.

HL Mando developed EMB¹⁾ as an electric motor braking system suitable for autonomous driving and EVs which has a smaller number of parts compared to conventional hydraulic brakes, improving fuel efficiency and securing more vehicle interior space to ultimately strengthen our technology competitiveness. We also developed a brake wear dust collection device to reduce fine dust emissions. HL Mando will lead in establishing the eco-friendly mobility market.

In addition, HL Mando unveiled its SPM²⁾ platform "Pedalrite" which is eco-friendly bike product applied the world's first chainless mass production technology at the Eurobike Trade Show in Germany in June 2023, HL Mando has achieved positive results in the form of contracts since then. "Pedalrite" features by-Wire technology in which each component is connected via electrical signals, ensuring design freedom. It is optimized for e-Cargo mobility for logistics transportation, and is applicable to various designs such as two-wheelers, three-wheelers, and four-wheelers.

HL Mando will continue to strive for technological development to enable clean and safe mobility for all.

1) EMB : Electro Mechanical Brake

2) SPM : Smart Personal Mobility

“
2045 Net Zero— exploring ways
HL Mando can seek harmonious
co-existence with the planet
”



ESG STRATEGY

- 015 2023 SUSTAINABILITY MANAGEMENT HIGHLIGHTS
- 016 Sustainability Management System
- 019 Double Materiality Assessment

2023 Sustainability Management Highlights

HL Mando actively engages in sustainable management activities, with goals that go beyond simply increasing HL Mando’s sustainability. These activities positively impact stakeholders across the entire value chain, contributing to the sustainability of each stakeholder’s value chain. Throughout 2023 and the first half of 2024, HL Mando has undertaken various sustainable management initiatives, thereby establishing a robust and healthy value chain.

2023 Key Activities		Key Positive Impacts on Value Chain
 <p>Expanding Life Cycle Assessment Target Products</p>	<p>In 2023, HL Mando conducted LCA for key products including IDB and R-EPS. By participating in LCA education and other initiatives, HL Mando strengthened its capacity for conducting LCA. Additionally, we established a roadmap for eco-friendly materials and products, with plans to expand globally in LCA by 2024.</p>	<p>Conducting an LCA involves assessing the environmental impact of each product stage from raw materials to disposal. Product-specific LCA results are expected to influence activities aimed at reducing environmental impact across the entire value chain after identifying high-impact areas.</p>
 <p>Establishing an Eco-Friendly Material Council</p>	<p>In 2024, anticipating that the integration of eco-friendly technologies will be a key factor in product competitiveness, HL Mando established an eco-friendly materials council. The council aims to secure eco-friendly technologies for key materials, validate these technologies for major products, and develop customized strategies for customers by 2026.</p>	<p>HL Mando’s use of eco-friendly materials is expected to create positive impacts, such as generating eco-friendly business opportunities for HL Mando and our suppliers. Providing eco-friendly products will help clients comply with global regulations on environmentally friendly materials and improve their LCA results.</p>
 <p>Building a Global GHG Inventory</p>	<p>In 2023, HL Mando completed the establishment of a global GHG inventory for all domestic and overseas sites and obtained third-party assurance of GHG emissions. Moving forward, we will focus on producing highly accurate and reliable GHG data to support our SBTi declaration and certification.</p>	<p>Through the establishment of GHG inventories, HL Mando accurately calculates its greenhouse gas emissions, positively impacting the entire value chain. By managing and reducing GHG emissions, HL Mando strengthens the GHG management capabilities of its partners and contributes to its customers’ calculation of Scope 3 emissions and setting carbon neutrality goals. Additionally, HL Mando establishes detailed targets for carbon neutrality based on reliable GHG emissions data, expecting to contribute positively to addressing climate change issues faced by global society.</p>
 <p>Obtaining International Cybersecurity Certifications</p>	<p>To strengthen cybersecurity measures, HL Mando achieved a significant milestone of becoming the first in Korea to obtain the international automotive cybersecurity certification ISO/SAE 21434.</p>	<p>With increased number of electronic components in vehicles, risks of potential external cyber intrusions rises. Through obtaining ISO/SAE 21434, HL Mando aims to supply and procure safe products equipped with globally recognized cybersecurity measures, positively impacting customers and car users.</p>
 <p>Parking Robot Parkie Wins at CES</p>	<p>HL Mando has developed and operates an autonomous valet parking robot that recognizes obstacles, drive paths, and license plates in parking lots, and determine the wheelbase distance and the vehicle’s center of gravity for precise parking. Notably, in 2024, the parking robot Parkie achieved a significant milestone by winning the Best Innovation Award at CES 2024.</p>	<p>The Parking Robot “Parkie” enables parking without additional auxiliary equipment or infrastructure, minimizing the use of raw materials for efficient parking systems. Additionally, it can secure up to additional 30% of parking spaces compared to manual parking, and is expected to positively contribute to addressing the societal issue of parking congestion.</p>

Sustainability Management System

HL Mando's Vision System

HL Mando promises to contribute to a safer, greener, and easier tomorrow through innovative technological value. We strive to create a future in which all our stakeholders, including customers and employees, can expect a safer, greener, and easier life. Beyond simply resolving the inconveniences of daily life, we are dedicated to realizing true freedom of mobility, and fostering a safe and healthy mobility culture.

HL Mando's Vision System

<p>Our vision is your freedom In our creation, your tomorrow will be safer, greener and easier.</p>				
Creation	Safer	Greener	Easier	Freedom
Innovation and Disruption as Usual	Identity of Global HL Mando, Nature of Our Biz	Eco-friendly	Comfortable & Convenient	Our Ultimate Goal. When Safer, Greener and Easier Unite

HL Group ESG Vision House

Since its founding in 1962, the HL Group has navigated the turbulent waves of history and is now preparing to take a new STRIDE towards a better future. We operate the HL Group Sustainability Management Consultation Group to share visions and values in important areas such as HR, social contribution, and integrity management. Composed of key subsidiary executives, this group reviews and approves the group's ESG strategy and direction. The HL Group is committed to a better future. We vow to take the lead in enriching the world by taking bold strides in each and every domain where people live, move, and imagine. To this end, we will continue to prepare for future challenges and dedicate ourselves to sustainability.

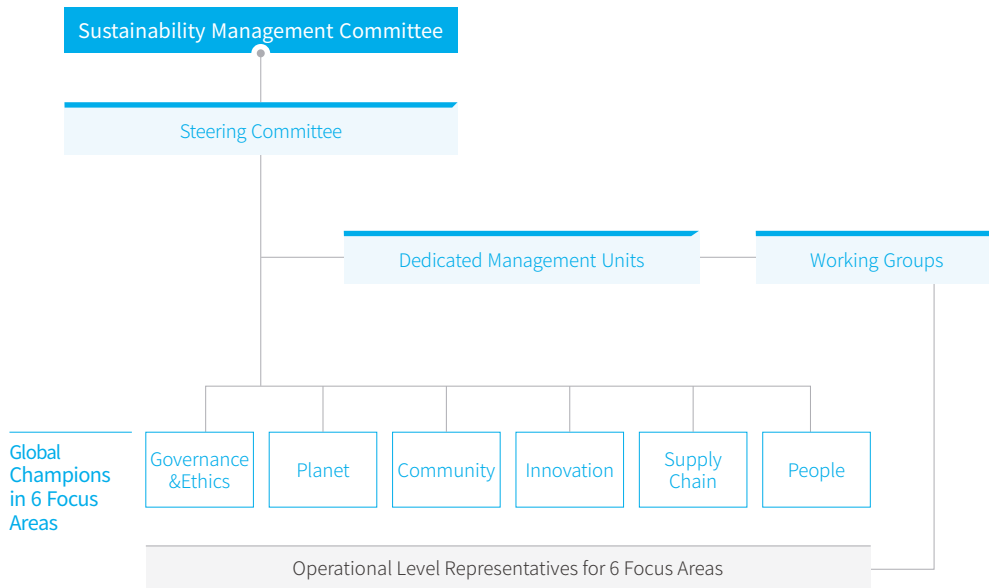
HL Group ESG Vision House

Mission	We enrich the world by taking bold strides to transform how people live, move, and imagine			
Vision	Innovator Today, Pioneer Tomorrow			
Core Values				
Our Approach to Sustainability Management	 Financial Performance	 Indirect Contribution to the Economy	 Eco-friendly/ Shared growth	 Social Contribution
	Financial performance directly generated by business activities of the company	Indirect value contribution through economic activities of the company	Value creation through building a stakeholder-oriented ecosystem	Value creation through philanthropic activities for social communities
	Growth/profitability	Employment/dividends/tax	Eco-friendly/shared growth	CSR together

Sustainability Management Governance

HL Mando is actively pursuing responsible and sustainable growth based on its leadership. We have selected six focus areas of sustainability management, in which we are pursuing sustainable management activities. We designate global champions in each of these six areas of Governance & Ethics, Planet, Community, Innovation, People, and Supply Chain, and they engage in developing sustainability management policies, sharing progress made in relevant tasks and activity outcomes, and discussing improvement measures through quarterly reporting to the Steering Committee. We periodically hold working groups to manage the progress of our sustainability management activities in key areas. Since 2022, HL Mando has introduced sustainability KPIs that reflect ESG management performance alongside financial performance in performance evaluations for CEOs, board members, and management to advance our sustainability management at all levels.

Sustainability Management Governance




6 Focus Areas of Sustainability Management and Our Management Approach




ESG Initiatives and Assessments


HL Mando supports a range of initiatives for social responsibility and sustainable growth. We disclose our sustainability management governance, systems, activities, performance data, and goals based on global standards. In addition, we respond to domestic and international ESG evaluations to receive objective assessments of our sustainability management performance.


 MSCI	 KCGS	 EcoVadis	 CDP (Climate Change)	11.7 Low Risk Sustainalytics
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	<p>GRI (Global Reporting Initiative)</p> <p>We disclose our sustainability management activities and achievements in accordance with GRI Standards, which are international guidelines for corporate sustainability reporting. In compliance with these, we receive third-party assurance on the activities and performance data contained in this report to establish the credibility of our sustainability reporting.</p>
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	<p>TCFD (Task Force on Climate-related Financial Disclosure)</p> <p>The TCFD recommends that companies disclose how climate change impacts their finances. In accordance with the TCFD recommendations, we transparently disclose our climate-related governance, strategy, risk management, and metrics & targets. We officially endorsed the TCFD initiative, and have since joined the global efforts to combat climate change.</p>
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	<p>ESRS (European Sustainability Reporting Standards)</p> <p>ESRS is a disclosure standard led by EFRAG (European Financial Reporting Advisory Group) to provide clear and comprehensive information on a company's social and environmental impacts, risks, and opportunities to various stakeholders. This disclosure standard was revised and approved by the Executive Board in 2023, and is to be gradually implemented from 2024. HL Mando has proactively applied ESRS mandatory disclosure items and prepared a sustainability report.</p>
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	<p>UN SDGs (UN Sustainable Development Goals)</p> <p>We endorsed the UN SDGs agreed upon by all UN member states in September 2015, and have produced various outcomes to achieve sustainable prosperity and development in the five areas of People, Prosperity, Planet, Peace, and Partnerships. We will continue to step forward to fulfill our social responsibility.</p>
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	<p>SASB (Sustainability Accounting Standards Board)</p> <p>The SASB develops industry-specific sustainability reporting standards that may impact a company's financial value. HL Mando reports our ESG factors associated with financial performance in accordance with the SASB's Auto Parts industry classification.</p>
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	<p>UNGC (UN Global Compact)</p> <p>We joined the UNGC in April 2021, and have since facilitated sustainability management at all levels and committed to the proactive implementation of its 10 principles in the areas of human rights, labor, the environment, and anti-corruption.</p>
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	<p>CDP (Carbon Disclosure Project)</p> <p>HL Mando joined the CDP in the climate change domain in 2021, and we identify our impact on climate change and the impact of climate change on our operations, and plan and implement our climate change adaptation activities.</p>
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	<p>K-EV100</p> <p>We became a member of K-EV100, an initiative of the Korean Ministry of Environment to encourage companies to transition to zero emission EVs or hydrogen-powered vehicles by 2030 for their owned or leased fleet by 2030 to improve air quality and achieve net zero emissions in the transport sector. In line with this initiative, we aim to completely switch to zero emission cars for all our owned or leased vehicles and equip each of our worksites with EV or hydrogen charging facilities.</p>
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Double Materiality Assessment

To identify sustainability issues that require focused management and responses, HL Mando conducted a double materiality assessment evaluating the financial materiality of environmental and social factors to the company and the external impact materiality of the company's operations. In 2024, HL Mando further refined its dual materiality assessment methodology according to the MAIG (Materiality Assessment Implementation Guidance) of ESRS (European Sustainability Reporting Standards). Focus group interviews were conducted with departments closely related to important topics to ensure results of the materiality assessment were more reliable.

HL Mando reports the results of the materiality assessment to the Board of Directors and the Sustainability Management Committee, systematically managing material issues by reviewing relevant non-financial risks at the management level during the review and approval stages. In addition, HL Mando establishes and manages sustainability management indicators related to identified material issues to effectively address them. For key indicators, not only goal setting but also inclusion in management KPIs are applied to utilize them for performance evaluation and incentive payments.

Double Materiality Assessment Process



Business Understanding

HL Mando supplies next-generation mobility solutions that support driver safety and convenience, in areas that include vehicle braking, steering, and suspension, to approximately 60 global automakers in Asia, North America, and Europe. Additionally, as an electric vehicle (EV) and autonomous driving solution specialist, HL Mando contributes to international GHG reduction efforts to support the future mobility transition strategy of the automotive industry. Furthermore, we are enhancing our core capabilities to respond to the needs of future mobility, from fundamental components supporting automotive safety to

dual design and by-wire technology, and drive eco-friendly car solution businesses through products like Electro Mechanical Brake and dust reduction devices.

Identifying Sustainability Issues

HL Mando identified sustainability issues through an analysis of global ESG disclosure standards such as ESRS (European Sustainability Reporting Standards) and GRI (Global Reporting Initiative), and evaluation indicators of external ESG evaluation organizations like DJSI (Dow Jones Sustainability Indices) and MSCI (Morgan Stanley Capital International Index). Our sustainability issues were categorized into three levels from Level 1 to Level 3, and based on Level 3 issues, we identified the content of internal operations through discussions with the responsible departments, and derived the important impacts, risks, and opportunities (IRO) both upstream and downstream.

Assessing Sustainability Issues

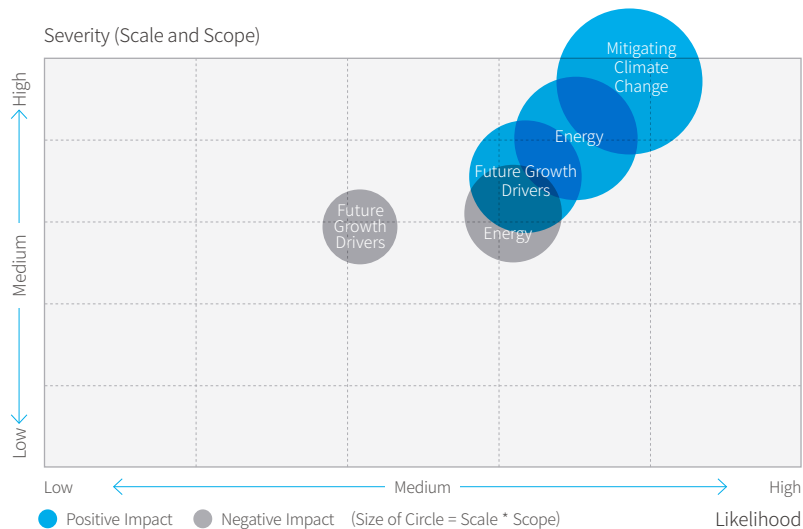
HL Mando conducted an analysis of the materiality of impact through an examination of non-financial ESG standards, major issues in similar industries, and ESG-related articles featuring HL Mando that were in the media. Additionally, financial materiality was analyzed through an examination of financial-related ESG standards and evaluation indicators, corporate strategies, and a review of laws and regulations. Through focus group interviews, an assessment of the scale and scope of significant positive and negative impacts of each issue, as well as the financial factors of significant risks and opportunities, was also conducted to enable a comprehensive analysis of sustainability issues.

Double Materiality Assessment Results

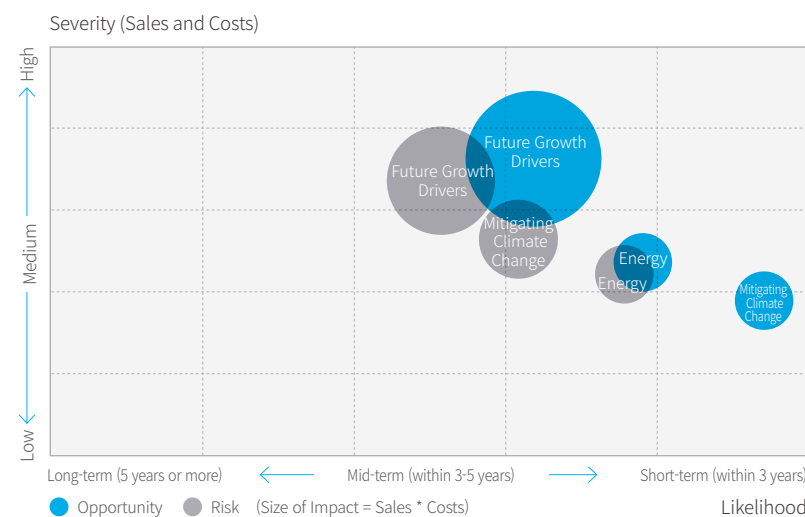
Based on this analysis of important sustainability issues, the following 10 issues¹⁾ were identified as highly significant, with the top three being “Mitigating Climate Change,” “Energy,” and “Future Growth Drivers.” Taking into account the severity and likelihood of occurrence for key issues, we have detailed the importance of each issue. Moving forward, HL Mando will focus on managing these material issues intensively.

1) Climate change mitigation, energy, future growth drivers, resource leaks related to products and services, employee health and safety, equal opportunities for employees, working conditions for employees, relationships with suppliers, corruption and bribery, corporate culture

Impact Materiality



Financial Materiality



Category	Type	Scale	Scope	Details	Report Page
Mitigating Climate Change	Positive	◆◆◆	◆◆◆◆	Preventing Adverse Effects on Local Community Health Mitigation of Weather-Related Phenomena such as Heatwaves and Cold Snaps	26-32p
	Negative	◆◆	◆◆◆◆	Contribution to GHG Emission Reduction through Transition to Renewable Energy	
Energy	Positive	◆◆◆	◆◆◆◆	Contribution to Development of Renewable Energy Industries such as Solar, Wind, and Biomass	33-34p
	Negative	◆◆	◆◆◆◆	Contribution to Food and Land Shortages Resulting from Use of Biofuels	
	Negative	◆◆	◆◆◆◆	Deforestation Due to Installation of Solar Facilities	
Future Growth Drivers	Positive	◆◆◆	◆◆◆◆	Meeting Demand for Eco-Friendly Products Improving Driving Safety through Software-Based Safety Features	40-46p
	Negative	◆◆	◆◆	Occurrence of Cybersecurity Breaches	
	Negative	◆◆	◆◆	Increased Risk of Safety Accidents such as Collisions with Pedestrians	

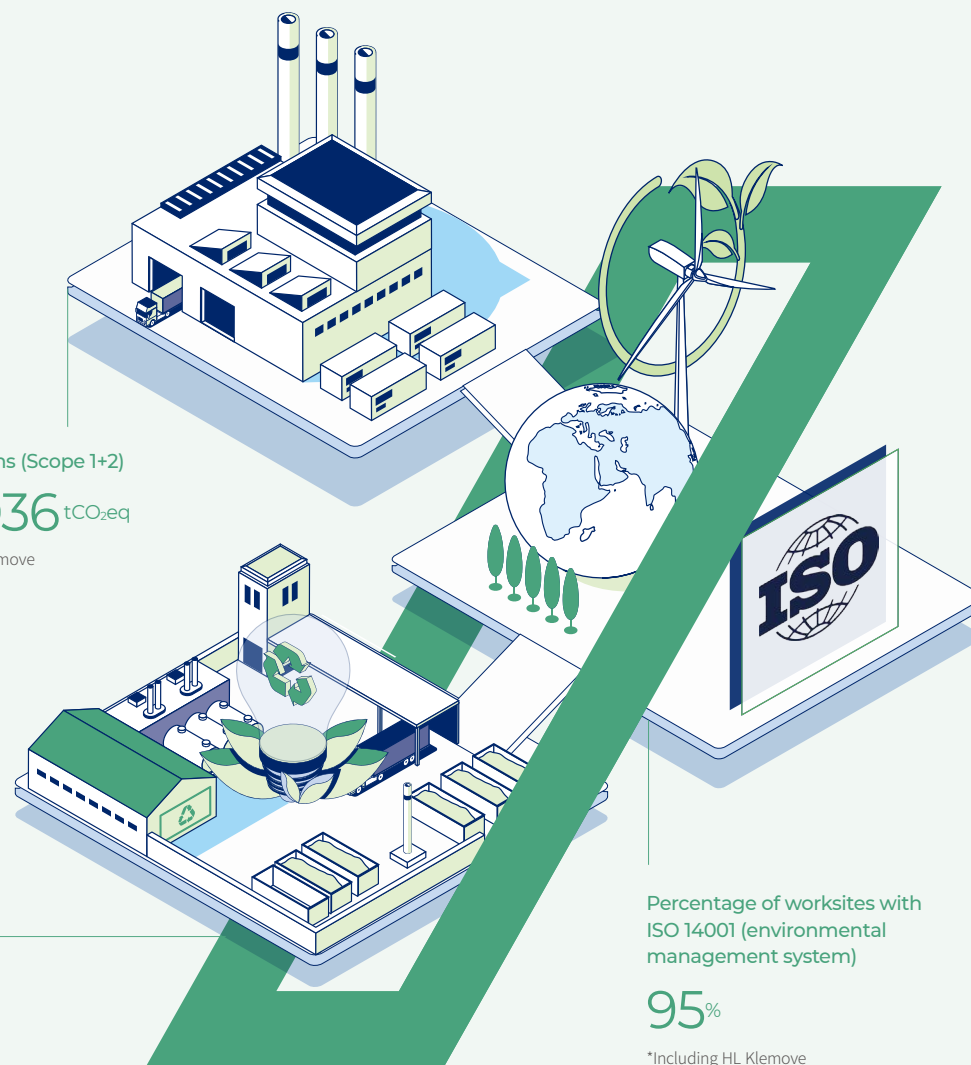
Category	Type	Sales	Costs	Details	Report Page
Mitigating Climate Change	Opportunity	◆	◆◆	Increased Revenue through Access to New Emerging Markets Increase in Demand for Low-Emission Products and Services	26-32p
	Risk	◆◆	◆◆	Decreased Competitiveness if Unresponsive to Customer Transition to Eco-Friendly Vehicles Strengthening of Climate Change Requirements of External Evaluation Agencies and Customers	
Energy	Opportunity	◆◆	◆◆	Cost Reduction Due to Expanded Opportunities for Renewable Energy Use (China, India)	33-34p
	Risk	◆	◆◆	Cost Savings through Energy Efficiency Improvements Increased Operating Costs Due to Transition to Renewable Energy Increased Operating Costs Due to Electricity Rate Increases (South Korea)	
Future Growth Drivers	Opportunity	◆◆◆	◆◆	Development and Expansion of Low-Carbon Products and Services Expansion of Software B2B Market Due to Increased Demand for Advanced Technology	40-46p
	Risk	◆◆	◆◆	Increased Production Costs Due to Rise in Prices of Eco-Friendly Products Occurrence of Cybersecurity Incidents such as Hacking, and Information Leakage Costs	

SUSTAINABILITY AREAS

- 022 PLANET
- 039 INNOVATION
- 051 SUPPLY CHAIN
- 057 PEOPLE
- 070 GOVERNANCE & ETHICS
- 087 COMMUNITY

Planet

With weather-related disasters becoming more frequent due to climate change, the transition to carbon neutrality is increasingly being considered not just an aspirational goal but essential for our survival. Accordingly, HL Mando has declared its "2045 Carbon Neutrality Vision and Strategy." To achieve this vision, HL Mando is concentrating its efforts not only on reducing carbon emissions within its operations and supply chain but also on reducing the carbon emissions of products. In 2023, we calculated and verified Scope 1, 2, and 3 carbon emissions for all global operations, and conducted Life Cycle Assessments to identify carbon emissions from key products. HL Mando sees carbon neutrality both as a potential risk and as a major business opportunity. Therefore, we are striving for environmental protection and sustainable management through initiatives such as the adoption of renewable energy, the expansion of environment-friendly investments, and minimization of waste incineration.



GHG emissions (Scope 1+2)
296,036 tCO₂eq
 *Including HL Klemove

Percentage of reduction of water consumption compare to the previous year (intensity)
20.7%
 *Including HL Klemove

Waste Recycling rate
66.5%
 *Including HL Klemove

Percentage of worksites with ISO 14001 (environmental management system)
95%
 *Including HL Klemove

In this Area

- 23 Green Management
- 26 Tackling Climate Change
- 33 Energy
- 35 Resource Circularity and Environmental Impact Management

Link to UN SDGs

- 7.3. Double the global rate of improvement in energy efficiency
- 11.6. Reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
- 12.2. Achieve the sustainable management and efficient use of natural resources
- 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

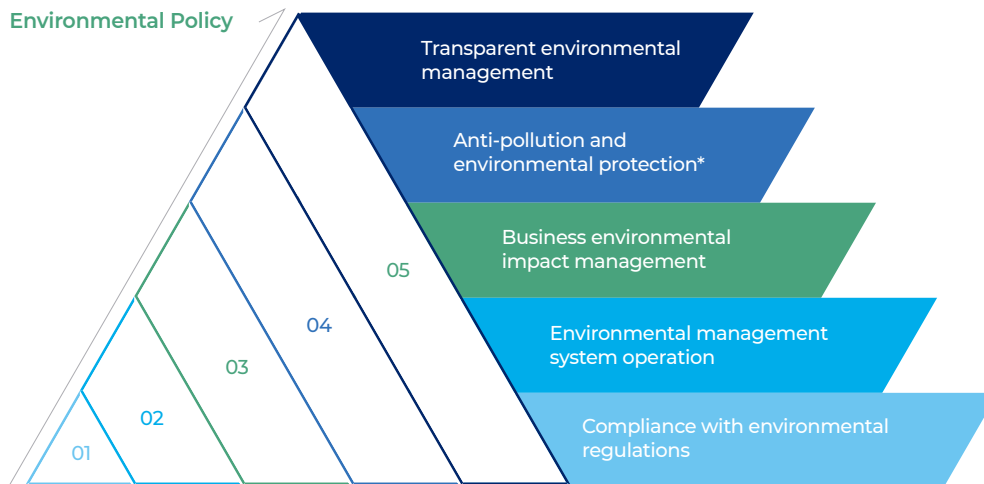


Green Management

Environmental Management System

Environmental Policy

HL Mando has implemented an environmental management system to systematically comply with environmental policy and continually improve our environmental performance. We proactively revise our environmental policies to reflect global initiatives and regulatory trends, and apply them not only to HL Mando members but also to our suppliers. When our environmental policy differs from local laws and regulations, we opt to follow whichever requirement is more stringent, and amend our policy to reflect such local laws and industry norms when needed. HL Mando's current environmental policy was established in January 2024, with key updates including the establishment of climate and energy-related task forces, the setting of the 2045 carbon neutrality target and strategy, and guidance on biodiversity management. Through these updates, HL Mando aims to establish environment-friendly processes throughout its operations and implement systematic green management based on domestic and international regulations.



* Harmful chemicals, resource conservation and waste, atmospheric emissions, water management, energy consumption and GHG emissions, community pollution, green technology development and dissemination, biodiversity

Organizational Structure for Environmental Management

In 2023, HL Mando established a Carbon Neutrality Committee with the CEO as chair to monitor the progress of carbon neutrality initiatives across three key areas: operations, supply chain, and technological innovation. The committee oversees initiatives such as transitioning to renewable energy, reducing carbon emissions in the supply chain, and conducting product LCAs, making key decisions based on its findings. The COO is responsible for overseeing environmental management strategy and risk management. The Climate & Energy Team is responsible for formulating and driving environmental management strategies and activities, while the Environment & Safety Team at each worksite carries out worksite-specific environmental activities.

Organizational Structure

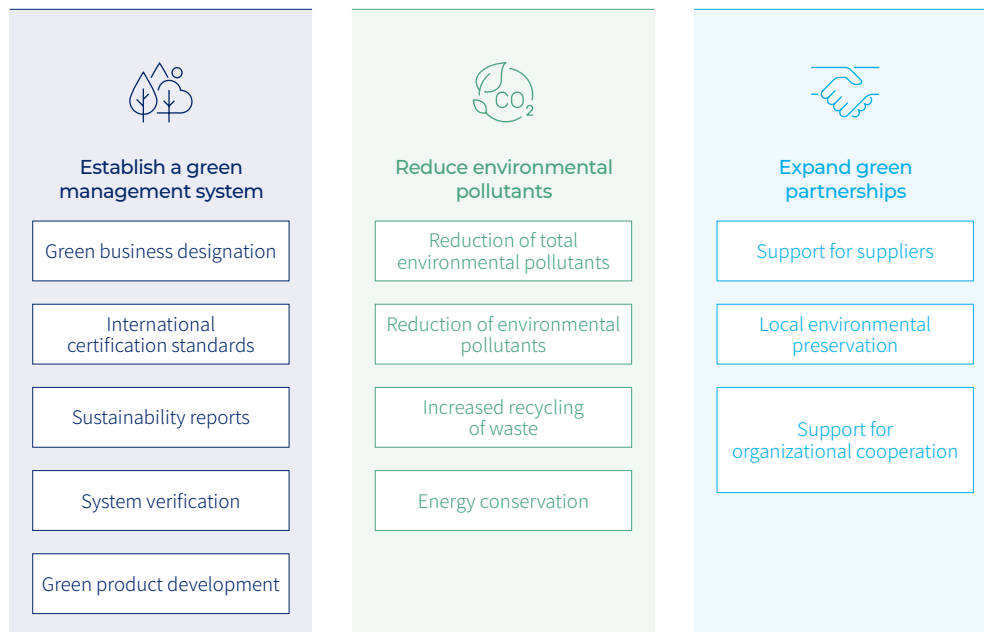


Environmental Management Strategy and Goals

To attain our goal of achieving carbon neutrality by 2045 and reducing environmental pollutants, we chose ‘establishing a green management system, reducing environmental pollutants and expanding green partnerships’ as key areas, while developing and implementing detailed action plans. Key environmental management indicators such as GHG emissions, air pollutant emissions, total waste, waste recycling rates, and water consumption are managed, and environmental goals are established, with progress toward these goals monitored quarterly at each worksite.

Environmental Management System

Vision	Establish a Green Factory
Mid/long-term Goal	Achieve carbon neutrality by 2045 and reduce environmental pollutants
Strategy	Establish a sustainable Green Factory to realize our greatest value of bringing a safer and more pleasant life for future generations by achieving carbon neutrality and reducing environmental pollutants by 2045
Action Plan	



Environmental Management Key Achievements and Goals

Completed	Key Performance for 2023 and Future Goals
Issued ESG bonds ¹⁾	Key performance in 2023
Responded to the emissions trading system	Establish GHG inventories for global operations
Responded to the CDP	Establish a roadmap for greenhouse gas reduction
Endorsed the TCFD	Establish a roadmap for transitioning to renewable energy
Established environmental guidelines	Future goals reviewed from 2024
Established an environmental goal/operational system	Join SBTi
Joined K-EV100	Join RE100
Established 2045 Carbon Neutrality Goal	Join EV100

1) In 2021, HL Mando issued 3-year and 5-year ESG bonds (green bonds) in compliance with the Green Bond Principles of the International Capital Market Association (ICMA), and these bonds were given the highest green bond certification level of Green 1 by NICE Investors Service.

Environmental Management Activity

Improving Employee Environmental Awareness

HL Mando provides training and regular communications between top management and field operations to help employees raise their net zero awareness. In 2023, to strengthen capabilities in GHG inventory construction, HL Mando conducted virtual training sessions and distributed manuals on carbon neutrality and the GHG calculation process to executives and environmental department members at our global operations. Additionally, we strategically shared carbon neutrality strategies across the company through internal broadcast programs, encouraging carbon neutrality practices and enhancing employee awareness of climate change. As well, we are undertaking numerous activities, including environmental safety training for environmental personnel, environmental impact assessments, and risk assessments.

Environmental Risk Management

The Carbon Neutrality Committee, which is participated in by a number of key executives including the CEO, holds quarterly meetings to discuss strategies and measures for climate change risk response, including renewable energy conversion and stakeholder engagement, to achieve net zero. The COO (Chief Operating Officer) oversees environmental management evaluations and risk management related to climate change, and reports relevant matters to the Sustainability Management Committee under the Board of

Directors twice per year. In addition, HL Mando's major worksites conduct annual environmental risk assessments and management based on ISO 14001 standards. In 2023, risks such as potential external pollution from domestic worksites, fuel spillage risks during waste oil transportation, and risks associated with toxic substance use were identified, and improvement plans and activities were pursued accordingly.

Environmental Legal Compliance and Monitoring

HL Mando identifies and reviews domestic and international environmental laws and requirements applicable to environmental health and safety management, providing relevant guidance to departments as needed. We also engage in training and promotion to help our employees learn and abide by new and updated regulations. In addition, to stay updated on changes in quality, environmental, and health and safety regulations, we register them in the "Environmental Health and Safety Regulations Registry" and monitor them at least once per year. Compliance risk prevention measures are checked on a monthly basis to prevent regulatory violations.

Green Investment

HL Mando actively promotes environment-friendly activities in response to societal demands in the automotive industry. We are developing components for environmentally friendly vehicles such as BEVs, PHEVs, and HEVs, and

investing in the necessary facility modification and expansion, R&D, quality management, logistics improvements, and automation. We are also increasing our conversion to renewable energy at each of our worksites to reduce GHG emissions, while expanding our deployment of energy efficiency systems. In 2023, we executed investments for GHG reduction by formulating a company-wide renewable energy conversion roadmap and gradually increasing the proportion of renewable energy usage. Furthermore, all the worksites of HL Mando have invested in replacing old substation facilities to mitigate GHG emissions, as well as dust collectors to avoid air pollution. In addition, to address the increasing importance of water resources, the Pyeongtaek worksite pursued environmental investments such as maintenance of water quality TMS¹⁾ sediment measurement equipment and replacement of sedimentation basins to manage wastewater to less than 30% below the permissible discharge limits. Finally, we conduct environmental/climate change risk assessments including financial impact analysis when reviewing or deliberating on new investment projects, advancing environmental management across the whole of our business operations.

1) TMS : Tele-Monitoring System, water quality remote monitoring system

Environmental Management System Certification and Verification

HL Mando has established an Environmental Management System (EMS) that is compliant with

international standards, and has obtained ISO 14001 certification accordingly. We undergo annual post-certification audits and renewal audits every three years based on the EMS. Additionally, HL Mando is mandated to disclose our environmental data by the Environmental Technology and Industry Support Act, which means that we make environmental data disclosures concerning our discharge and consumption of GHG and other environmental pollutants and non-compliance with environmental regulations. In 2023, paper-based and on-site verifications were made by the Korea Environmental Industry & Technology Institute, and the relevant data is made available through our environmental information system. Our domestic worksites receive a Green Business Certification audit every three years. In 2023, HL Mando maintained Green Business Certification for the Wonju worksite. Notably, in 2023, independent assurance of GHG emissions for all global operations was conducted to ensure the reliability and objectivity of our GHG data.



ISO 14001

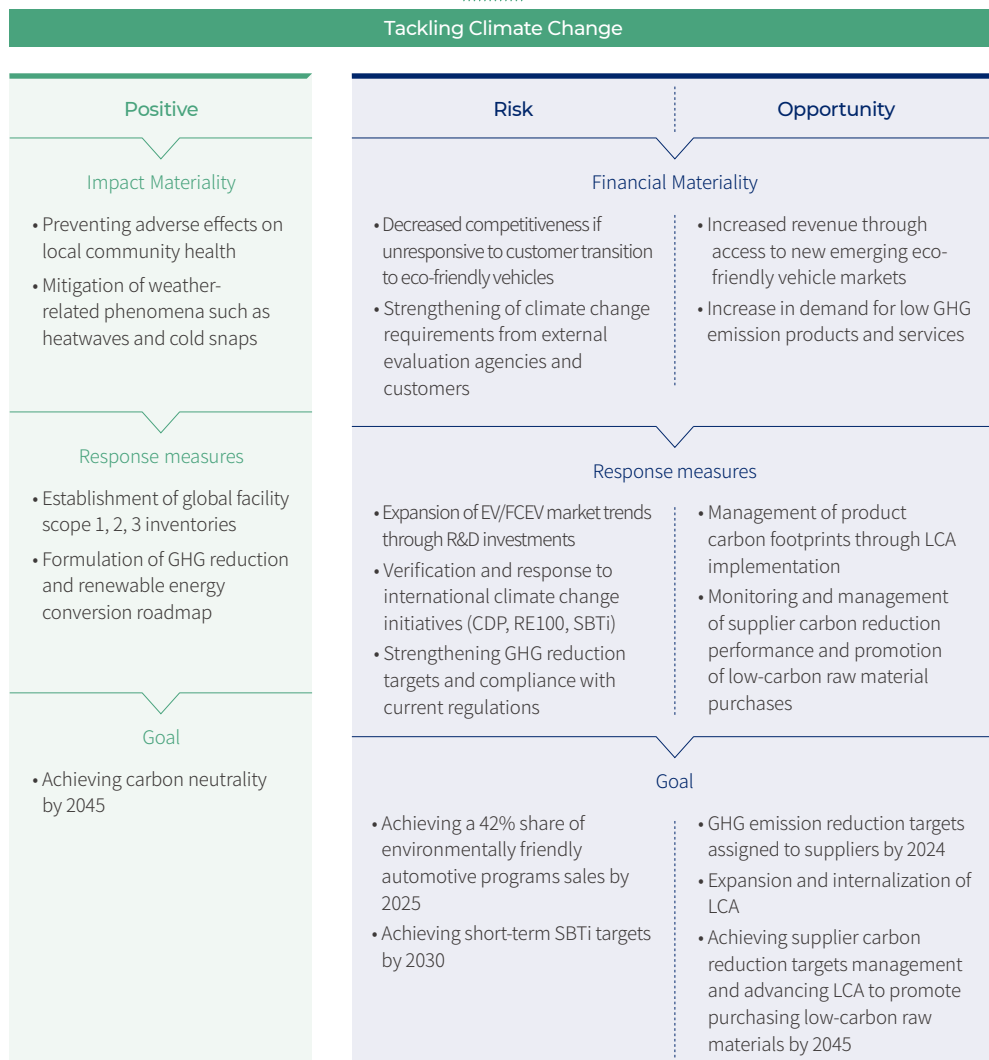
94% (global worksites)



Green Business Certification

100% (domestic worksites)

Tackling Climate Change



Governance for Tackling Climate Change

Management System for Tackling Climate Change

HL Mando operates a governance system to comply with TCFD’s requirements for climate change risk response and carbon neutrality strategies in order to achieve global corporate carbon neutrality goals. As our highest decision-making body, the Board of Directors decides our strategic approach and mid/long-term plans to address climate change issues as well as necessary improvements to reduce our operational carbon emissions. To manage carbon neutrality strategies, the Carbon Neutrality Committee, which includes key executives such as the CEO, was established in 2023 to review the progress of climate change responses in the company’s Operations, Supply Chain, and Technological Innovation areas and discuss key issues.

Climate Change-related Incentives







To strengthen the execution of strategies related to climate change response, which can have a significant impact on business strategies and performance, HL Mando incorporates both financial and non-financial performance data related to our ESG goals, including GHG emissions reductions, into the compensation of environmental management executives, including the COO. Since 2023, GHG emissions calculation reporting and verification have been expanded to the CEO, BU Heads, and management’s key performance indicators, establishing a performance-based compensation system that aligns climate change response strategies and goals.

Goals and Strategies for Responding to Climate Change

Carbon Neutrality Goals and Strategies

Through its climate change response activities, HL Mando is striving to contribute to the achievement of the goals set out in the Paris Climate Agreement. HL Mando has set itself the ambitious goal of achieving carbon neutrality by 2045, ahead of the government's target of carbon neutrality by 2050. We have declared a vision of "Carbon Neutrality by 2045 toward Higher Life" and have established strategies for achieving carbon neutrality in the Operations, Supply Chain, and Product sectors, implementing key initiatives in each.

2045 Carbon Neutrality Vision House

Vision	Carbon Neutrality by 2045 toward Higher Life		
Pillar & Priority Action			
 <p>Carbon Neutral Operation</p>	<p>Announce our net zero commitment (join the SBTi)</p> <p>Transition to renewable energy</p> <p>Promote energy savings</p>	 <p>Operation Sector</p>	<p>We manage and reduce our GHG emissions from production activities. We plan to reduce GHG emissions through energy efficiency improvements and mitigation activities, as well as by transitioning production lines to renewable energy sources. Following the SBTi methodology, we allocate short-, medium-, and long-term reduction targets to each global worksite, enabling each worksite to pursue reduction activities and transition to renewable energy under the supervision of corporate management. Management and implementation at each factory are monitored through quarterly operational meetings led by the COO.</p>
 <p>Carbon Neutral Supply Chain</p>	<p>Manage GHG emission targets for supply chain</p> <p>Implement a low carbon raw materials policy</p>	 <p>Supply Chain Sector</p>	<p>HL Mando manages and reduces GHG emissions in its supply chain. We have selected Category 1 as a key category based on the calculation results of Scope 3 emissions, and we plan to reduce GHG emissions through the purchase of low-carbon raw materials and components, as well as by managing carbon emissions from suppliers within the supply chain. In 2023, we established a global supplier data collection system to collect data on GHG emissions and product aggregations from suppliers, gradually expanding the scope of data collection for suppliers. In the long term, we plan to encourage participation in GHG reduction activities throughout the supply chain to achieve carbon neutrality for HL Mando as a whole.</p>
 <p>Carbon Neutral Product</p>	<p>Expand the calculation of product carbon footprint (LCA)</p> <p>Pursue low carbon product innovation and certification</p>	 <p>Product Sector</p>	<p>HL Mando manages the carbon footprints of its products by establishing an LCA TFT and conducting LCAs for key products. We identify activities and components that have a negative environmental impact when products are delivered to customers as a key management requirement, and undertake activities such as raw material changes and the exploration of substitutes on this basis.</p>

Climate Change Risk Management

Identifying Climate Change Risk

HL Mando adopts a scenario-based approach to climate change analysis, as required by the TCFD, to define and analyze climate change risks and opportunities. We have analyzed climate change risks based on two climate change scenarios (RCP¹⁾ 2.6 (2°C scenario) and RCP 8.5 (4°C scenario), focusing on two main themes : ① physical environment and ② business environment (regulation, markets, technological levels, and other business conditions).

1) RCP : Representative Concentration Pathways

Climate Change Risk Management Process



Climate Change Risk

Type of Risk	Risk Factor	Duration	Impact	Potential Financial Impact	Our Response	
Transition Risk	Current regulations	Strengthened obligation to report GHG emissions	Mid-term	Medium-high	Rising operational costs due to strengthened emissions trading schemes	<ul style="list-style-type: none"> Continue to assess our current performance in setting GHG emissions reduction targets and complying with current regulations above the legal thresholds
		Increasing electricity prices	Mid-term	Medium-high	Rising operational costs due to increasing electricity prices in Korea	<ul style="list-style-type: none"> Improve energy efficiency by standardizing facility temperature/humidity levels Change energy sources and make investments
	Technology	Transition to low carbon technology	Mid-term	Medium-high	Decreasing market shares and sales due to demand shifts to low carbon products	<ul style="list-style-type: none"> Increase R&D investments in line with the expanding EV/FCEV segments
	Corporate image and reputation	Increasing stakeholder concerns or negative feedback	Mid-term	Medium-high	Declining brand value and ESG ratings due to insufficient climate change response and the resulting increases in investment cost	<ul style="list-style-type: none"> Publish sustainability reports Receive GHG verifications and respond to International Climate Change Initiatives (CDP, etc.) Invest in climate information disclosures
Physical Risk	Increasing occurrences of abnormal weather conditions, including typhoons and floods	Short-term	Low-medium	Increasing recovery costs and decreasing production capacity	<ul style="list-style-type: none"> Provide mock training on disaster scenarios Operate Emergency Response Procedures System (ISO 14001 Standard) to respond to physical impact 	

Transition Risks

HL Mando recognizes and manages various laws and regulations related to climate change response activities in different countries and regions as risks. We strive to anticipate and comply with regulations being implemented, and proactively respond to anticipated regulations based on climate change scenarios to minimize their impact and potential harm.

Regulations and Technology Risks

The United States, China, and European countries are focusing on electric vehicles (EVs) to build clean transportation systems in major cities and reduce air pollution. The European Union has adopted new CO₂ standards that require a 50% to 55% reduction in emissions by 2030 compared to 2021 levels, and a 100% reduction by 2035. The U.S. federal government has also announced plans to increase electric vehicle sales to 67% of total new vehicle sales by 2032 to expand the electric vehicle supply in the United States. HL Mando may lose market opportunities and incur financial losses if it fails to establish a presence in the market for environment-friendly automotive parts.

Consumer Preference Changes

Global automakers have announced plans to gradually phase out gasoline or diesel vehicles and accelerate the transition to electric vehicles in response to climate change. HL Mando is expanding research and development and investment in components for electric vehicles to proactively respond to these market changes.

Increase in Operating Costs

Starting in 2022, the government announced the implementation of an environmental policy that passes the environmental costs of coal onto electricity bills. We are expecting that electricity rates will rise, leading to an increase in both electricity bills and operating costs from 2022 onwards.

Response Plans and Initiatives

Electro-Mechanical Brake (EMB) systems suitable for autonomous driving and electric vehicles have a reduced number of internal components compared to conventional hydraulic braking systems, increase fuel efficiency, and provide vehicle space, thereby enhancing technological competitiveness. In addition, in 2023, HL Mando accelerated the development of brake wear dust collection devices that are effective in reducing fine dust pollution, with plans to commercialize them in low-pollution vehicles in the future. Additionally, to improve energy efficiency, some worksites have undertaken various energy-saving activities and investments, such as replacing equipment with high-efficiency alternatives.

Physical Risks

Physical risks refer to the risks arising from natural disasters such as typhoons, floods, and heat waves caused by climate change, as well as changes in the natural environment such as sea-level rise, deforestation, and ocean acidification. These risks can occur at and around HL Mando's worksites, so we are engaging in monitoring and response activities.

Increasing Extreme Climate Events

Tornadoes and typhoons are becoming stronger and more frequent due to climate change. As the intensity and frequency of extreme weather events increase due to climate change, manufacturing facilities located in Georgia and Alabama, USA, are at a higher risk of exposure to tornadoes. Similarly, manufacturing facilities located in Beijing, Suzhou, Ningbo, and Tianjin, China, are also situated in regions vulnerable to weather issues related to climate change, such as floods and heatwaves. If directly affected by weather anomalies, there is a risk of increased recovery costs and decreased production capacity.

Water Quality Degradation Due to Water Scarcity

Changes in average rainfall can lead to water scarcity and water quality degradation, significantly impacting business operations. Chennai, India, where HL Mando's manufacturing facilities are located, has been identified in an assessment by the World Resources Institute (WRI¹⁾) as a water-stressed area with a high risk of water scarcity. This poses a high likelihood of a financial impact on water supply. For this reason, we manage water consumption through online monitoring systems, and carry out water resource management activities such as installing filtration devices for rainwater harvesting ponds.

1) WRI : World Resource Institute

Response Plans and Initiatives

In worksites vulnerable to climate change, simulation training for disaster scenarios is conducted, and emergency response procedures are implemented to address physical impacts. In addition, worksites with water resource risks are conducting various activities to mitigate these risks.

Climate Change Opportunity

Type of Risk	Opportunity Factor	Duration	Impact	Potential Financial Impact	Our Response
Products and services	Development and expansion of low carbon products and services	Mid/long-term	High	<ul style="list-style-type: none"> Increased sales through the introduction of new products and services Increased sales through improved access to emerging markets 	<ul style="list-style-type: none"> Expand our response to fuel efficiency regulations and our development of technology to improve fuel efficiency Improve fuel efficiency through simplified product structures and lightweight materials
Energy sources	Use of new technology	Long-term	High	<ul style="list-style-type: none"> Increased access to capital 	<ul style="list-style-type: none"> Opt for renewable energy Expand the EV portfolio

short-term : 2023~2028
 mid-term : 2028~2038
 long-term : 2038~2045

Opportunity



As global CO₂ emission regulations tighten, the United States and the European Union (EU) have successively announced plans to phase out internal combustion engine vehicles. The government has announced that to expand the supply of eco-friendly and low-carbon vehicles, it will adjust the GHG emission standards for passenger cars and passenger vans with fewer than 10 seats from 97g/km in 2021 to 70g/km by 2030, and the fuel efficiency standards from 24.4g/km in 2021 to 33.1g/km by 2030. HL Mando has developed the Integrated Dynamic Brake, which integrates multiple brake systems into one component to improve fuel efficiency, making it the first manufacturer in Korea to do so. Additionally, we have independently developed an Electric Power Steering system that unlike conventional hydraulic power steering does not consume unnecessary fuel, resulting in a 3-5% improvement in fuel efficiency. Particularly, HL Mando's next-generation products such as EMB¹⁾, SbW²⁾ and SDC³⁾ will replace mechanical connections with electronic signals to reduce product weight, improve fuel efficiency, and minimize the use of raw materials and components. Through expanded research and development (R&D), HL Mando aims to enhance the fuel efficiency competitiveness of its products compared to competitors' offerings, leading to increased sales.



The overall market for eco-friendly vehicles is promising due to the shift in consumer patterns toward green cars and the continuous introduction of support policies for eco-friendly vehicles in many countries. HL Mando is leading the development of eco-friendly automotive parts with its superior technology, such as the development of the first 100kW DC-DC converter for hydrogen fuel cells in Korea. We have set a goal to achieve over 42% of its sales from eco-friendly automotive programs by 2025. The expansion of the eco-friendly car market represents a significant opportunity for increasing sales.

1) EMB : Electro Mechanical Brake
 2) SbW : Steer by Wire
 3) SDC : Smart Damping Control

Impact Valuation

Among the major issues, HL Mando's domestic sites selected two material issues that affect external stakeholders positively or negatively due to the company's operations and measures their impact.

1) GHG

HL Mando assessed the social cost of GHGs, one of the material issues. The social cost of carbon estimates the environmental pollution and health damage caused when one ton of carbon dioxide increases in the atmosphere, and when the social cost per ton of GHG is calculated as KRW 248,000¹⁾, HL Mando avoided approximately KRW 260 million (1,049 tCO₂eq x KRW 248,000) of social cost by reducing GHG emissions by 1,049 tCO₂eq compared to the previous year.

2) Energy

HL Mando calculated the social cost related to energy. The GHG emissions for electricity consumption (1,341 kWh) in 2022 were 64,173 tCO₂eq, and in 2023, they (1,341 kWh) were 63,826 tCO₂eq. In 2023, HL Mando avoided approximately KRW 80 million (347 tCO₂eq x KRW 248,000) of social cost by reducing electricity consumption compared to the previous year.

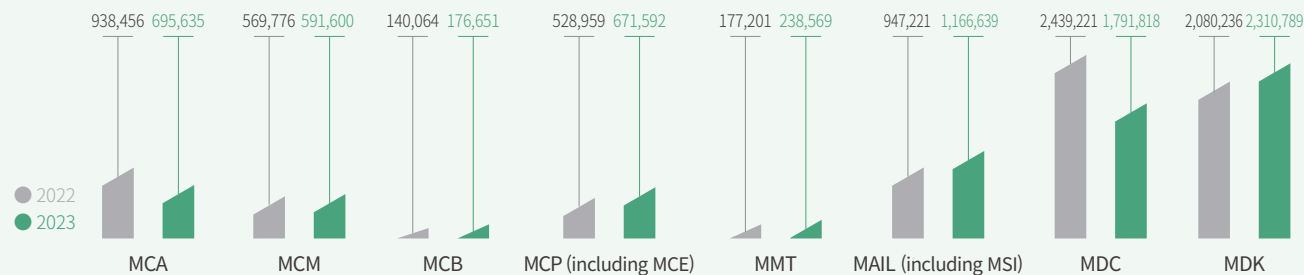
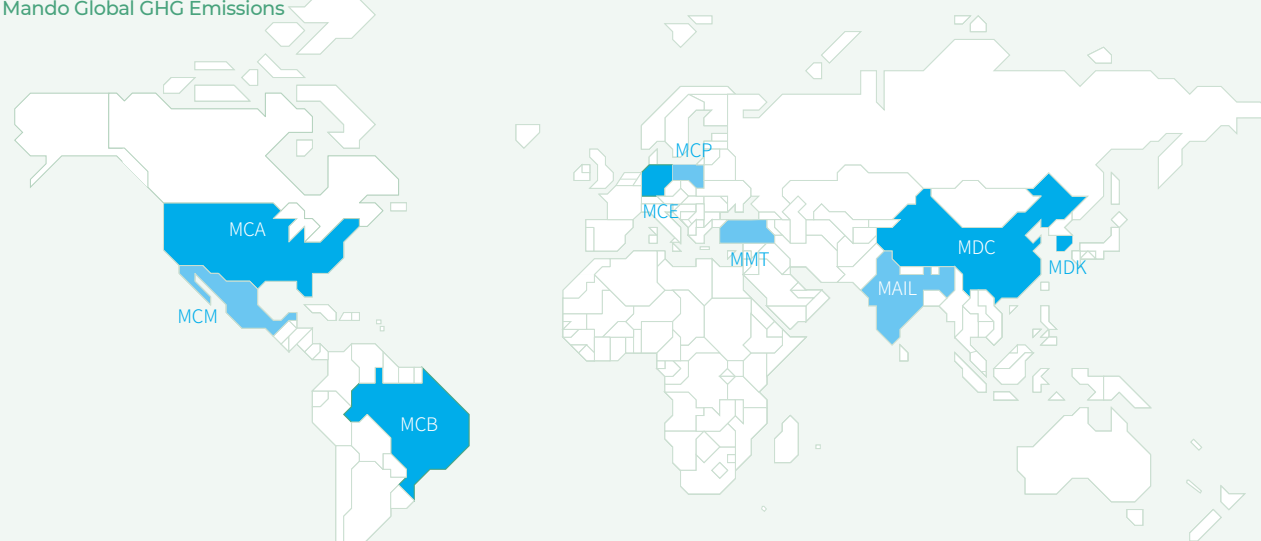
1) Applying the social cost of carbon dioxide per ton of \$190 as announced by the US Environmental Protection Agency in 2023 (applying the average exchange rate of 1,305.38 KRW per USD for 2023)

2023 Key Performance | Global GHG Inventory Establishment

GHG Emissions Calculation

In 2023, HL Mando carried out a global GHG inventory project targeting the entire global operations. This project aimed to secure baseline data for SBTi declaration and certification, and to establish a foundation for carbon emission management. The organizational boundary for GHG emissions calculation was set according to the standards required by SBTi and the operational control standards provided by the GHG Protocol, including all subsidiaries and affiliates with more than 50% equity share. In addition, we collected data and supporting documentations for the 14 categories identified in the Scope 3 category screening and calculated emissions.

HL Mando Global GHG Emissions



GHG Emissions Calculation Results

The total GHG emissions for Scope 1, 2, and 3 at global operations were 7.39 million tons in 2021, 7.8 million tons in 2022, and 7.64 million tons in 2023. Scope 1 and 2 account for 4%, while Scope 3 accounts for 96%. Among the total emissions of Scope 3, Category 1 (purchased goods and services) and Category 11 (use of sold products) had the highest proportions, with approximately 29% from upstream and about 71% from downstream. Consistent with regional production, the total GHG emissions in the Scope 1-3 areas at overseas operations were up to 2.3 times higher than domestic emissions, indicating synchronization with production performance. Among Scope 1 and 2 emissions, the Tianjin worksite (MTC) and the India worksite (MAIL) had the highest emissions, at approximately 20% and 17%, respectively. Additionally, the use of renewable energy at the Ningbo (MNC), Beijing (MBC), Suzhou (MSC), and India (MAIL, MSI) worksites resulted in annual reductions of 7.7% to 32.0% compared to the use of conventional electricity.

GHG Monitoring and Third-Party Verification

HL Mando reviewed the organizational boundaries of all companies, including subsidiaries, in accordance with the GHG Protocol, and calculated Scope 1 and 2 GHG emissions for all globally controlled operations. For Scope 3, emissions data from suppliers were collected for all categories to obtain primary data. Along with developing the GHG inventory, third-party verification was completed to secure objective and reliable emissions data. Based on this, HL Mando will set and achieve annual short-term carbon emission reduction targets and continue ongoing GHG reduction activities.

Climate Change Metrics and Targets

Climate Change Adaptation Metrics

GHG Emissions*

Category		Unit	2021	2022	2023	
Total emissions (Scope 1, 2)	HL Mando	tCO ₂ eq	236,826	237,898	272,846	
	HL Klemove			25,073	23,190	
Scope 1	HL Mando		15,086	15,206	15,160	
	HL Klemove			2,610	2,499	
Intensity			tCO ₂ eq/KRW billion	2.45	2.37	2.10
Scope 2	HL Mando		tCO ₂ eq	221,740	222,692	257,686
	HL Klemove			22,463	20,691	
Intensity		tCO ₂ eq/KRW billion	36.07	32.62	33.17	
Scope 3	HL Mando	tCO ₂ eq	7,151,876	7,583,237	7,370,447	
	HL Klemove			397,238	388,860	

*Corrected the entire GHG emissions data for HL Mando for 2021 and 2022, and for HL Klemove for 2022, based on global operations.

*Include data from HL Mando's APT operations in the USA

*The intensity data were calculated based on net sales

Breakdown of Scope 3 Emissions*

(Unit : tCO₂eq)

Category		2023 Emissions	Category		2023 Emissions
Category 1	Purchased goods and services	1,928,901	Category 8	Upstream leased assets	473
Category 2	Capital goods	10,496	Category 9	Downstream transportation and distribution	173,740
Category 3	Fuel and energy related activities excluded from Scopes 1 & 2	57,029	Category 10	Processing of sold products	69,160
Category 4	Upstream transportation and distribution	53,578	Category 11	Use of sold products	4,934,070
Category 5	Waste generated in operations	4,967	Category 12	End-of-life treatment of sold products	79,981
Category 6	Business travel	3,980	Category 13	Downstream leased assets	6,610
Category 7	Employee commuting	45,270	Category 15	Investments	2,193

*Based on HL Mando

Climate Change Adaptation Target

HL Mando has planned to achieve carbon neutrality by 2045 for global Scope 1, 2, and 3 emissions in accordance with the carbon neutrality strategy tasks in operations, supply chain, and product sectors under its vision of "Carbon Neutrality by 2045 toward a Higher Life," established in 2022.

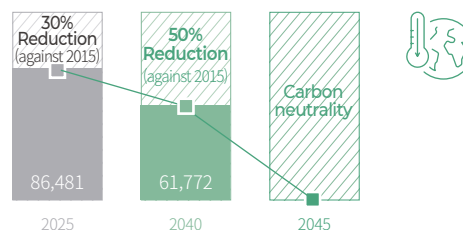
Each Pillar's Key Activities and Targets

Category	2023	2024	2025	2026	2027~29	2030~39	2040~45
Operation	Establish Scope 1, 2, and 3 inventory for global operations (verification completed), GHG reduction and renewable energy transition roadmap	Join the SBTi	Verify our SBTi target	Manage our progress towards SBTi goals and report outcomes			Achieve Net Zero
Supply Chain	Establish a supply chain management system, offer training/support	Assign suppliers reduction targets	Manage suppliers' progress towards carbon reduction, source low-carbon raw materials				Achieve Net Zero
Product	Pilot LCAs	Expand/internalize LCAs	Advance LCAs (transition to low-carbon/eco-friendly products)				Achieve Net Zero

GHG Emission Targets

(HL Mando domestic operations)

(Unit : tCO₂eq)



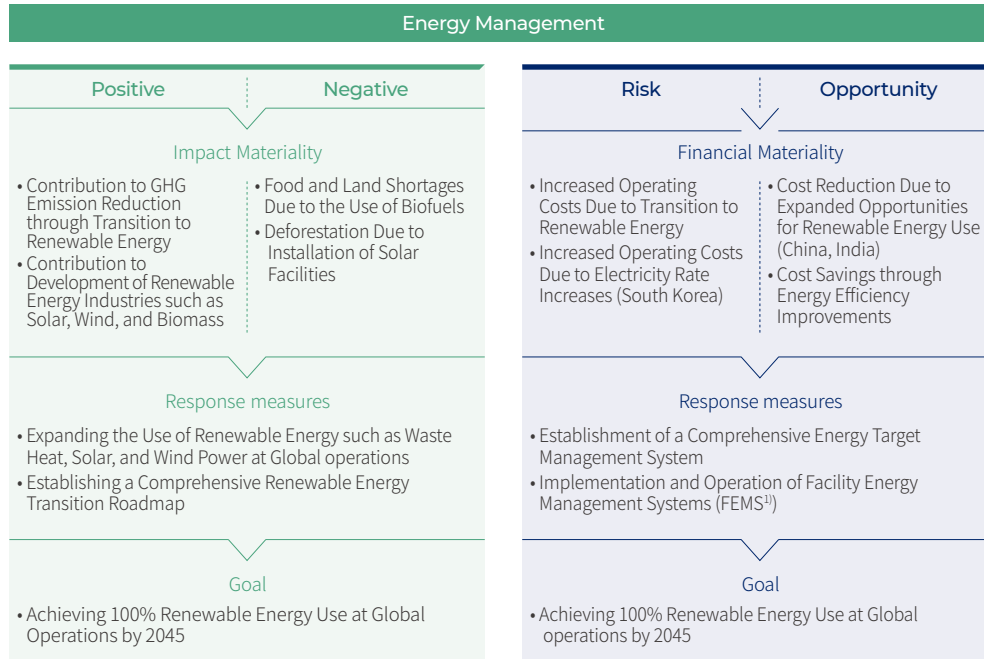
Domestic operations have been managing their GHG allocations and emissions since being designated as subject to the Emissions Trading Scheme in 2015. We have set and managed self-imposed targets that are more than 10% higher than the government-designated allocations and monitor monthly emissions at each worksite to manage target completion rates. In 2023, we reduced emissions by 21% more than the target through GHG reduction activities at each worksite.

2023 GHG Emissions against Targets

(HL Mando domestic operations)



Energy



1) FEMS : Factory Energy Management System

Energy Saving

HL Mando is reducing energy consumption through improvements in its production line processes and the application of high-efficiency equipment components. We perform real-time analysis of comprehensive energy metrics, including GHG emissions and energy costs, to share energy efficiency technologies and explore energy consumption improvements and GHG emission reduction measures at each worksite. In addition, GHG emissions (Scope 1, 2) for global operations are systematically calculated by the Climate & Energy Team in order to conduct activities aimed at reducing energy consumption in worksites with high energy consumption or low efficiency. In particular, at the Pyeongtaek worksite, which has a high production volume, surplus power during nighttime is stored using Energy Storage Systems and utilized during peak hours. Additionally, the successful establishment and operation of a demand-side management system for selling residual energy to the power market have been achieved. Through energy-saving plans involving energy storage systems, voluntary reduction in demand for power, and the application of energy-saving switches for public facilities, HL Mando is reducing energy usage. Also, improvements in distribution panels and circuit breakers, detection of air leak ions from air compressors, and the operation of Facility Energy Management System are contributing to the reduction in energy consumption.

Introduction and Expansion of Renewable Energy

HL Mando is actively introducing renewable energy to reach 100% renewable energy use across our global operations by 2045. HL Mando operates a Renewable Energy TFT for global operations, monitoring quarterly internal and external renewable energy consumption status and reviewing procurement options and expected costs for options such as solar panel installation, Power Purchase Agreements (PPA), and Renewable Energy Certificate (REC) purchases based on the status of renewable energy, both internally and externally. Additionally, HL Mando has developed a comprehensive renewable energy transition roadmap. Based on confirmed procurement requirements, transition options, and expected costs, HL Mando will derive renewable energy transition goals and roadmaps for each worksite. With the goal of achieving carbon neutrality by 2045, HL Mando will establish and implement renewable energy transition roadmaps tailored to each worksite's situation.

Smart Worksite Energy Management through FEMS

After establishing a FEMS (Factory Energy Management System) in the Pyeongtaek worksite in 2022, HL Mando expanded the system to the Iksan worksite in 2023 to manage energy storage systems, solar power generation, air conditioning, and heating systems, and real-time power peak control. FEMS is an ICT-integrated solution that optimizes energy usage and costs for a large-scale worksite's production demands. HL Mando implements FEMS by applying ICT to various processes and equipment within the facility. This allows the monitoring of energy usage and operational status, enabling the prediction of energy demand and the supply of suitable energy accordingly. Through FEMS, HL Mando constructs and operates systems aimed at energy conservation and cost reduction. Under FEMS, the utility control tower at the facility receives a real-time visualization of electricity consumption and trend changes, as well as an analysis of the cumulative energy consumption status, enabling the remote management of utility operations. In the future, HL Mando will standardize FEMS in its production sites to secure energy visibility through internal network connections and maximize energy savings.

FEMS Installation Concept

Utility Control	Energy Management	Remote Monitoring
<ul style="list-style-type: none"> • Whoever / Whenever / Wherever → Web Access • Automatic Collection and Control of Utility Status 	<ul style="list-style-type: none"> • Energy Automatic Collection, Analysis • Utilization of Energy, Automatic Prediction of Utility Status 	<ul style="list-style-type: none"> • Remote Video Monitoring of Utility Operations • IoT Applied Video Collection / Network Storage (Data connected to the system via the Internet)

Expanding Renewable Energy Use

Renewable Energy Use at Global Operations

In 2023, the global renewable energy consumption rate accounted for 3.6% of total electricity consumption, equivalent to 16.6 GWh. Domestic and overseas worksites are reducing fossil fuel usage and increasing renewable energy usage through various activities.

Iksan Worksite

Iksan worksite installed a 3,000 kW solar power generation facility to expand renewable energy generation.

3000 kW



China Worksites

In 2022, the Ningbo worksite in China (MNC) installed solar facilities, reducing carbon emissions by 45% by combining conventional power with solar power generation. Since February 2023, the Suzhou worksite (MSC) in China has begun operating a solar power generation system, expanding the use of renewable energy.

45%



India Worksite

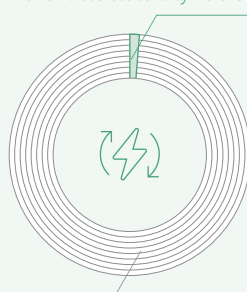
Our Indian worksite (MAIL) signed a PPA¹⁾ to embrace renewable energy – wind power 56%, PV power 18%.

56% | 18%

1) Power Purchasing Agreement : Renewable energy supply agreement

Electricity Consumption Status

Renewable electricity 16.6 GWh (3.6%)



Conventional electricity 460.9 GWh (96.4%)

2023 Performance

- Beijing Worksite, China (MBC) : Purchased Green Electricity
- Ningbo Worksite, China (MNC) : Operating Solar facilities
- Suzhou Worksite, China (MSC) : Operating Solar facilities
- India Research Center (MSI) : Purchased REC
- India Worksite (MAIL) : Operating Off-site PPA (Solar, Wind)

2024 Plans

- Beijing Worksite, China (MBC) : Installing On-site PPA Solar facilities
- Tianjin Worksite, China (MTC) : Installing On-site PPA Solar facilities
- Beijing Research Center and Trading Company (MRC and MBTC), China : Installing On-site PPA Solar facilities
- India Worksite (MAIL), Poland Worksite (MCP) : Purchasing REC

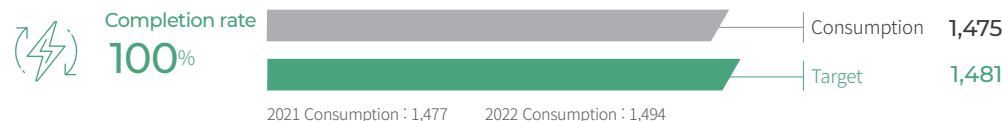
Energy Management Metrics and Targets

Category		Unit	2021	2022	2023
Total domestic non-renewable energy	HL Mando	Liquid fuel	13.0	10.0	7.0
		Gaseous fuel	108.0	118.0	109.0
		Electricity	1334.0	1341.0	1,334.0
		Steam	22.0	25.0	25.0
	HL Klemove	Liquid fuel		1.1	3.0
		Gaseous fuel		2.7	2.3
		Electricity		211.7	200.0
		Steam		2.3	2.1
Total overseas non-renewable energy	HL Mando	Liquid fuel	25.5	34.8	23.0
		Gaseous fuel	113.8	96.3	113.8
		Electricity	899.8	912.4	1,159.1
		Steam	35.4	23.7	0
	HL Klemove	Liquid fuel		2.8	3.4
		Gaseous fuel		0.9	1.0
		Electricity		60.4	54.4
		Steam		0	0
Total overseas renewable energy	HL Mando	Electricity	74.0	86.9	59.6
	HL Klemove	Electricity		1.9	12.7

2023 Energy Consumption Performance against Targets

(HL Mando domestic operations)

(Unit : TJ)



Completion rate

100%

Consumption 1,475

Target 1,481

2021 Consumption : 1,477

2022 Consumption : 1,494

Resource Circularity and Environmental Impact Management

Resource Circularity

Efforts for Waste Reduction and Resource Circularity

HL Mando operates a waste storage facility to sort recyclable scrap paper, plastic films, and plastics by type and store them accordingly to promote resource circularity. During the inventory process, generated waste is entirely managed as by-products and processed in a resource recycling manner. HL Mando is actively promoting Zero incineration of waste plastics and vinyl generated from raw materials, particularly at the Iksan worksite, where approximately 15 tons of resources are recycled annually. We work to maximize the recyclable waste that goes into outsourcing treatment to reduce potential combustibles during the final waste treatment process to a minimum, while scrap metals generated from process defects are sorted by property into scrap metal, aluminum and iron powder and treated accordingly. The Wonju worksite prevents secondary pollution during waste treatment by recycling combustible waste separately, achieving over 90% recycling of combustible waste. In 2024, the goal is to achieve full recycling of combustible waste through the discovery of new recycling partners.

Raw Materials Management

HL Mando categorizes raw materials into renewable and non-renewable categories, managing the total quantity, and during the incoming process, waste generated is entirely processed as by-products to implement resource circularity activities. We sort out scrap paper and plastic films generated from the handling of raw materials to reduce the incineration of synthetic resins to zero, enabling us to recycle nearly 30 tons of resources each year. In the future, we aim to identify and minimize the environmental impacts generated during the raw materials collection phase through LCA, and continue our research in pursuit of this goal.

Waste Treatment Process

HL Mando improves waste treatment methods to thoroughly manage by-products, increase resource circulation rates, and safely handle all chemical and toxic substances. Annual management plans are established by comparing performance with the previous year's results, and the amount of waste generated against the set target, the adequacy of waste treatment performed by outsourcing companies, and detailed waste management data are monitored throughout the waste management process in partnership with the related teams. We operate an independent facility to regularly measure and review waste generation.

Resource Circulation Indicators and Targets

To reduce the waste generated from our business operations, HL Mando sets annual KPIs and manages the total quantity of waste discharged. In 2023, recycling rate targets were established, and each worksite is striving to reduce waste generated and improve recycling rates through setting achievable targets based on three-year performance improvements. Quarterly monitoring is conducted to periodically assess performance. Additionally, targets for waste treatment have been established alongside recycling rate goals.

Waste Recycling*

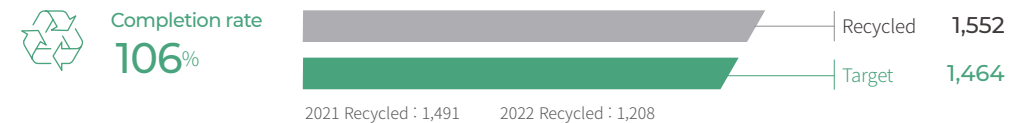
Category		Unit	2021	2022	2023
Waste recycling	HL Mando	ton	1,491	1,208	36,573
	HL Klemove			344	792
Waste recycling rate	HL Mando	%	61.0	55.5	66.2
	HL Klemove			66.8	86.5

* HL Mando's 2021 and 2022 data are based on domestic operations, HL Mando's 2023 data increased due to being based on global operations

2023 Waste Recycled Performance against Targets

(HL Mando domestic operations)

(Unit : ton)



Waste Generated*

Category		Unit	2021	2022	2023
Total Waste	Designated waste	HL Mando	1,108	916	4,621
		HL Klemove		29	36
	General waste	HL Mando	1,332	1,260	50,629
		HL Klemove		486	880
	Construction waste	HL Mando	3	0	0
		HL Klemove		0	0
	Total	HL Mando	2,443	2,177	55,250
		HL Klemove		515	916
Waste generated (intensity)		ton/KRW billion	0.931	0.964	6.692
Reduction of waste generation from the previous year (intensity)		%	68.0	-3.5	-594.2

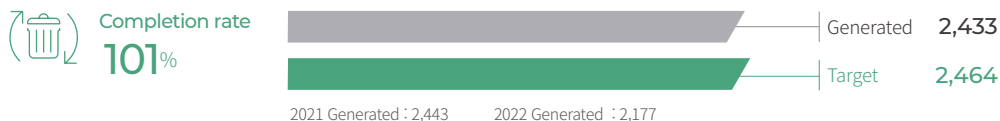
*HL Mando's 2021 and 2022 data are based on domestic operations, the data for 2023 is based on global operations, leading to an increase in figures

*The intensity data were calculated based on net sales

2023 Waste Generated Performance against Targets

(HL Mando domestic operations)

(Unit : ton)



Hazardous Chemicals Management

Hazardous Chemicals Management System

HL Mando supports international regulations, standards, and initiatives regarding hazardous substances. We ensure safety and rigor in our management of the chemicals and toxic materials used for our manufacturing operations in compliance with the Occupational Safety and Health Act and the Hazardous Chemicals Management Act. Our worksites conduct annual environmental measurements and special examinations for workers handling hazardous substances once a year. In accordance with the Chemicals Control Act, regular inspections of facilities handling hazardous chemicals are conducted every three years to check for any abnormalities. In addition, we establish hazardous chemicals management guidelines to prevent employee health issues and pollution accidents, provide safety training to teams and employees handling chemicals as well as managers in conformity with hazardous chemicals use rules, and prepare and thoroughly manage internal chemicals check ledgers. We also prepare the MSDS¹⁾ and make this available, regularly identify the addition of new chemicals to update the management categories, and follow the set response process in the event of a hazardous chemical leak.

1) MSDS : Material Safety Data Sheet

Managing Hazardous Chemicals Contained within Products

HL Mando has introduced the International Material Data System (IMDS), a parts chemical substance information database system jointly operated by global automotive manufacturers, to systematically manage information on hazardous substances at the material and component manufacturing stages. We comply with country-specific hazardous chemical laws and policies in our sourcing of raw materials, and strictly manage harmful substances contained within products. A process for developing environmentally compliant materials has been established in order to develop substitute materials or substances to replace environmentally regulated materials when they are discovered, and to apply them to products. Furthermore, HL Mando's MMDS (Mando Material Data System) enables us to ensure substances regulated by REACH²⁾ are not included, even from the product design phase, and to systematically manage hazardous substances and conflict minerals. We regularly monitor environmental laws and regulations, and relevant teams work together when new regulations are identified to develop countermeasures and reflect them in our MMDS so that working-level employees can immediately take the necessary precautions. HL Mando plans to continuously expand its hazardous chemical management activities to actively prevent violations of laws and policies related to hazardous substances, and ensure that related risks do not occur in the future.

2) REACH : Registration, Evaluation, Authorization, and Restriction of Chemicals

Hazardous Chemical Indicators and Targets

HL Mando manages metrics and goals related to hazardous chemicals. The Wonju worksite has set the goal of reducing the use of hazardous chemicals within the worksite, and has completed the promotion of Zero use of hazardous chemicals in the waste treatment process through process improvements and the introduction of alternative neutralizing chemicals. The plant aims to continue achieving Zero use of hazardous chemicals in the waste treatment process in 2024.

Consumption of Hazardous Chemicals*

Category		Unit	2021	2022	2023
Hazardous chemicals consumed	HL Mando	kg	2,775	2,550	750
	HL Klemove			6,784	5,860
Chemical Emissions	HL Mando		0	1,690	0
	HL Klemove			22,280	24,120
Hazardous chemicals consumed (intensity)			kg/KRW billion	1.06	3.34
Reduction of hazardous chemicals from the previous year (intensity)		%	32.6	-215.5	35.3

*Based on domestic operation of HL Mando and HL Klemove

*HL Klemove's 2022 hazardous chemicals consumed are changed and chemical emissions are disclosed

*The intensity data were calculated based on net sales

Air Pollutants

Air Pollutants Management System and Activity

To manage air pollutants generated in our manufacturing process and products pursuant to the Air Quality Conservation Act, HL Mando performs self-measurements in compliance with the legally-mandated cycle. We continue to invest in facility improvement to protect the atmospheric environment. We strictly managed the air ratio standards of our boilers to mitigate annual NOx emissions, and continue to document measurement results in our emissions management log and measurement register. In addition, to reduce the concentration of air pollutants emitted, we make semi-monthly measurements of formaldehyde, fluorine, and phenolic compounds and semi-annual measurements of dust, NOx, SOx, and THC.

Air Pollution Indicators and Targets

HL Mando establishes emission targets based on the total intensity of air pollutants emitted from our air pollution-emitting worksites. Through continuous facility improvement investments, we strive to keep emissions of general pollutants, nitrogen oxides, and sulfur oxides within 70% of emission allowance standards, and harmful air pollutants within 30% of emission allowance standards. Each facility sets targets to reduce air pollutant emissions, and monitors performance quarterly to assess and establish improvement targets.

Air Pollutants Emitted*

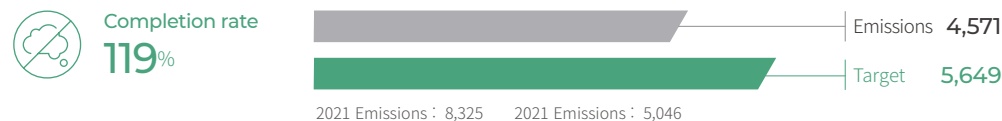
Category	Unit	2021	2022	2023	
NOx	Emission	kg	3,174	2,611	16,737
SOx			77	20	1,293
Dust			2,279	1,430	49,418
VOCs			2,255	985	28,431

*HL Mando's 2021 and 2022 data are based on domestic operations, HL Mando's 2023 data increased due to being based on global operations

2023 Emission Performance of Air Pollutants against Targets

(Unit : kg)

(HL Mando domestic operations)



Water Resources Management

Water Use Management

To reduce water consumption, HL Mando sets annual water consumption targets for each worksite and identifies and applies ideas at the team level. Policy and facility improvements were made to reduce the waste of water by adjusting the pressure of main public water supply sources. We monitor our water withdrawals and discharges through water suppliers. The Pyeongtaek and Wonju worksites are implementing continuous water resource conservation activities through the recycling of boiler condensate.

Water Pollution Management Activity

Wastewater generated from our processes is discharged through legally-mandated ultrasonic flowmeters, and regular measurement and monitoring is performed on the amount of wastewater generated and its concentration, as well as general or specific hazards associated with the water quality of each discharging facility. We also develop wastewater treatment plans, register change of pollutants, and gain approval for change in wastewater licensing in time for the wastewater licensing change report period while making facility operation manuals and the list of must-check items available in consideration of worksite-specific conditions to stringently manage water quality.

Water Pollution Management Indicators and Targets

HL Mando employs Total Organic Carbon (TOC), Biological Oxygen Demand (BOD), Suspended Solids (SS), and other water quality pollution metrics. We prevent water pollution in our product manufacturing processes and ensure proper treatment of pollutants to comply with water quality conservation laws and other relevant regulations. In addition, HL Mando strictly adheres to standards more rigorous than the legal requirements, limiting pollutant discharges to within 30% of emission allowance standards when discharging water pollutants from facility treatment facilities.

Water Consumption*

Category		Unit	2021	2022	2023
Water Consumption	HL Mando	m ³	426,878	475,745	1,147,004
	HL Klemove			31,061	61,880

*Domestic water consumption : 426,878 m³ in 2021, 475,745 m³ in 2022, 524,770 m³ in 2023 (Pyeongtaek worksite : 219,346 m³, Wonju worksite : 114,098 m³, Iksan worksite : 141,802 m³, Pangyo worksite : 49,524 m³)

*2021 and 2022 data are based on domestic operations, 2023 data increased due to being based on global operations

Biodiversity

Biodiversity-related Policy

HL Mando is aware of the potential impact of its business activities on the environment and biodiversity. We adhere to the biodiversity policies included in our overall environmental policy to prevent and minimize potential damages. HL Mando strives to prevent factors that threaten biodiversity during facility and worksite expansion in line with environmental policies. We acknowledge international agreements related to biodiversity protection and land conservation, and commit to complying with the legal requirements of the countries and regions in which such agreements apply to our operations. Furthermore, HL Mando endeavors to protect endangered and endemic species to the best of our ability, and promises to provide relevant information to employees and stakeholders to enhance knowledge and understanding. Keeping the restoration of natural ecosystems and the conservation of biodiversity as a high priority, we are mindful of the environmental and social impacts of our business operations. For this reason, we aim to minimize adverse effects on the environment through biodiversity conservation efforts, and only establish each worksite after preliminary environmental assessments. Additionally, HL Mando prioritizes the use of raw materials that do not pose various hazards to the nearby environment, considering the characteristics of agricultural and industrial complexes. Our policy direction aligns with the practices of each worksite. In 2023, HL Mando promoted habitat conservation activities both within and outside our worksites by initiating projects such as the One Company One Non-native Plant Removal Project and the removal of invasive species and employee-led river cleaning activities to mark Environmental Day.

Innovation

Due to the strengthening of global carbon emission regulations, the spread of eco-friendly automotive solutions is rapidly progressing. In response, HL Mando is focusing on research and development to reduce the environmental impacts of vehicle components. Anticipating that the internalization of eco-friendly technologies will become a key factor in product competitiveness, HL Mando established a consultative body for eco-friendly materials technology in 2023. Additionally, a roadmap for eco-friendly materials and products was formulated in 2023, with plans to expand Life Cycle Assessment (LCA) not only to domestic but also to overseas operations and products. Furthermore, HL Mando is systematically addressing global quality and environmental changes, enhancing the company's ability to respond to regional quality issues through the integration and operation of a company-wide quality function centered around CQO (Chief Quality Officer).

In this Area

- 40 Technology Innovation
- 47 Quality Management

Link to UN SDGs

- 8.2. Achieve higher levels of economic productivity through diversification, technological advancement and innovation
- 9.4. Upgrade infrastructure and retrofit industries to make them sustainable, with increased efficiency and greater adoption of clean technologies and industrial processes
- 9.5. Enhance scientific research and upgrade the technological capabilities of industrial sectors in all countries



Percentage of R&D expenses against sales

4.39%

*Including HL Klemove

Percentage of Sustainable Technology against sales

45%

*Including HL Klemove

R&D personnel

2,605 persons

*Including HL Klemove



Percentage of worksites IATF 16949 Quality Management System Certification achieved

100%

*Including HL Klemove

Technology Innovation



Future Growth Drivers

Positive	Negative	Risk	Opportunity
<p>Impact Materiality</p> <ul style="list-style-type: none"> • Meeting the demand for eco-friendly products • Improving driving safety through parking robots • Enhancing driver safety, comfort, and convenience • Occurrence of cybersecurity breaches • Increased risk of safety accidents, such as collisions with pedestrians • Ethical issues with robotics 		<p>Financial Materiality</p> <ul style="list-style-type: none"> • Increased production costs due to higher price of eco-friendly products • Occurrence of cybersecurity incidents such as hacking and information leakage • Costs incurred due to increased need to secure software decoupling related technologies • Development and expansion of low-carbon products and services • Expansion of software B2B market due to increased demand for advanced technology • Expansion into urban small mobility market due to relaxation of regulations on new mobility use risk 	
<p>Response measures</p> <ul style="list-style-type: none"> • Establishment of a consultative body for integrated purchasing, materials development, and raw materials suppliers • Proposal of a new solution to address parking space issues by using parking robots to increase the efficiency of parking spaces by 30% compared to manual parking • Development of PHM vehicle diagnostic solutions and integrated control SW MiCOSA • Obtained electromagnetic compatibility evaluation from the Korea Testing Laboratory and safety verification from the Korea Institute for Robot Industry Advancement 		<p>Response measures</p> <ul style="list-style-type: none"> • Developed the first domestic 100kW-class FCEV¹⁾ DC-DC converter • Holds 16 patents for patrol robots • Acquired automotive cybersecurity certification (ISO/SAE 21434) • Completed a total of KRW 3.3 billion in investments for five startups 	
<p>Goal</p> <ul style="list-style-type: none"> • Enhancing LCA and establishing eco-friendly R&D strategies in the latter half of 2024 • Improved the ratio of Type II self-declaration (ISO 14021) 		<p>Goal</p> <ul style="list-style-type: none"> • Expanding the sales proportion of Sustainable Technology to 54% in 2024 • Expanding the sales proportion of sustainable technology to 65% by 2027 	

1) FCEV : Fuel Cell Electric Vehicle

Eco-friendly Product Portfolio

Eco-friendly Product Development Strategy

HL Mando leads the eco-friendly automotive parts development market based on its chassis expertise and differentiated technical capabilities. We have developed Korea's first 100kW-class FCEV DC-DC converter, among other eco-friendly automotive parts. Additionally, HL Mando focuses on developing Sustainable Technology for xEV-exclusive parts, xEV Enabler parts, fuel efficiency improvement parts, and pollution reduction components. Our goal is for Sustainable Technology to contribute to 54% of our revenue in 2024, and to increase this to 65% by 2027. Moreover, we aim to strengthen our development strategy for carbon reduction at the product and material levels through Life Cycle Assessments (LCA). Our efforts will contribute to reducing environmental pollution and providing eco-friendly products and services to customers.

Eco-friendly Materials Development

HL Mando is advancing a national project to support the development of eco-friendly products. This project, which started in July 2023 and is scheduled to run for six years, focuses on the development of fully recyclable polymer materials and upcycling technologies. Through this project, HL Mando aims to develop technologies that reduce environmental impact and provide sustainable products and services. The project aims to promote the reuse and recycling of products, with an emphasis on efficient resource utilization. Through the development of fully recyclable polymer materials, HL Mando seeks to increase the recycling rate of raw materials and explore opportunities to recycle waste into valuable resources. Additionally, we are actively promoting the development of eco-friendly raw materials through integrated purchasing, material development, and collaboration with raw materials suppliers, aligning with medium-to long-term plans in the areas of Carbon reduction, Hazardous substance substitution, and Recycling through our consultative body.

Products Designed for Green Mobility

HL Mando is developing components and products that are necessary for the implementation of eco-friendly vehicles such as FDC¹⁾ and IDC²⁾, and is expanding its related portfolio. One of HL Mando's notable products, IDB³⁾, is essential for implementing eco-friendly or autonomous vehicles. The IDB HAD model, which improves upon the existing IDB's adaptability and is the world's first to deliver a 1-box redundancy design, an indispensable feature for autonomous driving, was honored with the "Innovation Award" at CES 2022. Additionally, HL Mando's cutting-edge braking device, the EMB⁴⁾, is a product that does not require brake oil. It eliminates the mechanical connection between the pedal and the braking system, converting from a hydraulic-based braking system to a fully electronic braking system. It is a complete BbW⁵⁾ product with individual braking systems installed on each wheel.

The SbW⁶⁾ technology, which enhances the spatial utilization of vehicles, is an electric signal-based steering system that transmits the driver's steering intentions to control the vehicle without any mechanical connection between the steering wheel and the vehicle wheels. This innovation won the Innovation Award at CES 2021 and has been globally recognized. Furthermore, with support from the Ministry of Trade, Industry, and Energy, HL Mando is actively participating in a national project led by the Korea Automobile Research Institute to develop a "Super Safe Driving Platform." We are continuously advancing the development of the SbW system. Additionally, we are continuing mass production development through programs for securing orders and preliminary development.

- 1) FDC : Fuel Cell DC-DC Converter
- 2) IDC : Integrated DC-DC Converter
- 3) IDB : Integrated Dynamic Brake
- 4) EMB : Electro Mechanical Brake
- 5) BbW : Brake by Wire
- 6) SbW : Steer by Wire

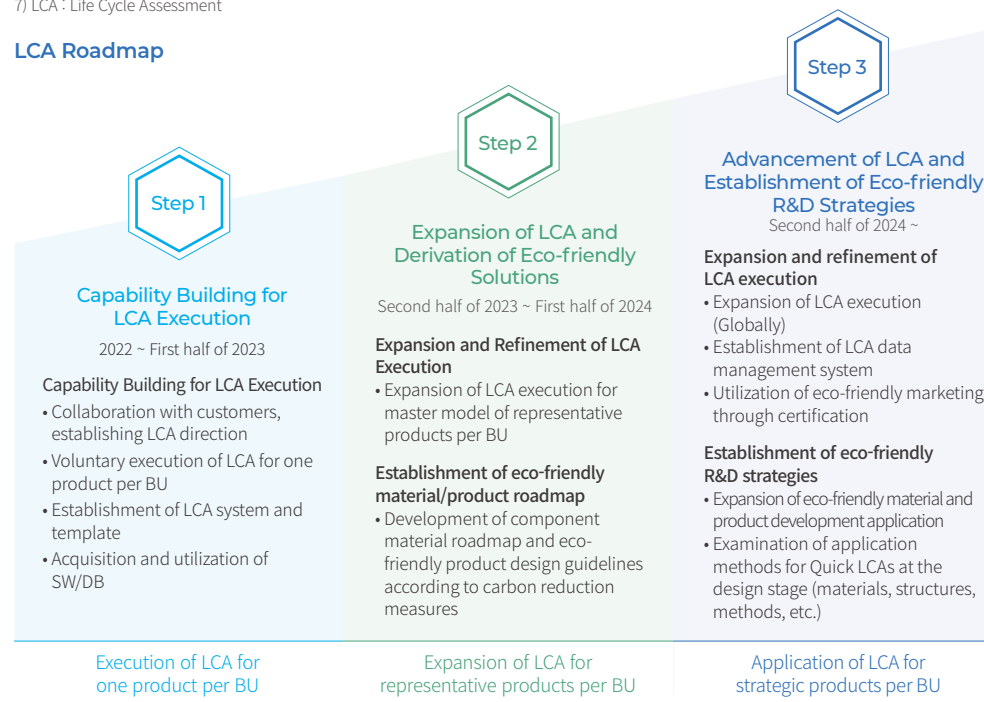
Operating LCA⁷⁾ TFT for Carbon Neutrality

HL Mando is actively pursuing LCA for carbon neutrality through the operation of an LCA TFT according to a roadmap consisting of three steps starting from 2022. In the first step of the LCA TFT roadmap from 2022 to the first half of 2023, we have secured the capabilities required for LCA execution. We have strengthened cooperation with internal and external experts to secure LCA tools and resources and enhanced our data collection and analysis capabilities. Currently, HL Mando is in the second step, expanding the scope of LCAs and establishing a detailed roadmap for eco-friendly materials and products. While expanding the target products for LCAs, we are also deriving solutions for carbon reduction for each product. Additionally, we will concurrently conduct LCAs from a global perspective to evaluate environmental impacts from an international perspective. Starting from the second half of 2024, we will enter the third step, advancing LCA

execution and establishing eco-centric R&D strategies. Through this, we aim to minimize the environmental impact of our products and enhance the sustainability of HL Mando products. In the third step, we will determine whether to continue operating the LCA team considering internal and external circumstances, thus building environment-friendly businesses at HL Mando through continuous improvement and innovation.

7) LCA : Life Cycle Assessment

LCA Roadmap



Eco-friendly Product and Service Certification

HL Mando plans to continue conducting LCAs to evaluate the environmental impact of its products, and in 2024, is selecting key products to establish LCA standards for each. For automotive chassis parts, currently only Type II (ISO 14021) evaluations are possible, so the focus is on increasing HL Mando's Master Item group's Type II ratio. Once international standards and PCR⁸⁾ for automotive parts are confirmed, Type I (ISO 14024) and Type III (ISO 14025) evaluations will be conducted simultaneously. Through this, HL Mando aims to present more comprehensive and reliable results of environmental impact assessment and promote sustainable management direction towards minimizing environmental impact.

8) PCR : Product Category Rules

Autonomous Driving

Development of High-Performance Autonomous Driving Platform (HPC)

HL Klemove is developing the HPC¹⁾, a single product that integrates hardware and software. HPC processes sensor data in real-time and has supercomputer-level big data computation capabilities. At CES 2024 in Las Vegas, we unveiled custom HPCs categorized as Entry (Level 2), Standard (Level 2+), and Premium (Level 3), which received significant attention. The potential applications extend beyond mobility to fields such as robotics and marine vessels.

1) HPC : High-Performance Computer



HPC

Korea Industrial Technology R&D Grand Exhibition Award

In 2023, HL Klemove was recognized by the Ministry of Trade, Industry and Energy with an industrial award for our contribution to leading the domestic autonomous driving industry through the independent development of core technologies. Notable achievements include leading the development of autonomous driving systems such as ACC²⁾ and SPAS³⁾ at HL Mando in 2003, and the commercialization of long-range radar, front cameras, mid-range radar, and integrated controllers from 2014. These accomplishments earned us recognition as contributors to industrial technology advancement.

2) ACC : Adaptive Cruise Control

3) SPAS : Smart Parking Assist System

Global Research Centers

HL Klemove operates research centers in 4 countries, including Bengaluru, India; Suzhou, China; and Silicon Valley, USA, in addition to Korea. These centers develop autonomous driving technologies tailored to local markets. The Bengaluru center, for instance, developed animal recognition technology to address the frequent appearance of animals like cows on roads, achieving the top market share in India's autonomous driving market as of September 2023. The Suzhou center provides customer-focused engineering services and analyzes local autonomous driving big data. The Silicon Valley center strengthens local partnerships for the development and innovation of North American electric vehicle programs.

Collaboration on Autonomous Transport Robot Development

HL Klemove is participating in a national project to establish a cooperation model for stabilizing the global supply chain of advanced robot services. In 2023, we signed an MOU with autonomous robot service platform Neubility for “Autonomous robot development technology cooperation.” This partnership aims to develop necessary perception sensors and integrated controllers to popularize autonomous robots and robot delivery services. HL Klemove continues to contribute to the development of the robotics industry and practical applications through various collaborations.



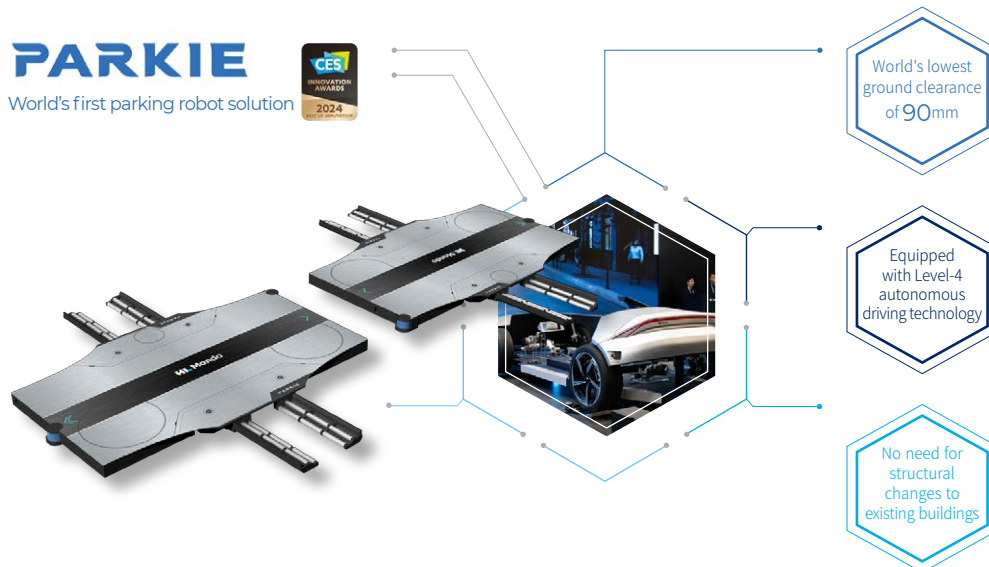
HL Klemove and Neubility MOU signing ceremony

Robot

Parking Robot

HL Mando provides a new parking experience by utilizing innovative unmanned robot automation systems. “Parkie,” HL Mando’s parking robot solution, is an autonomous mobile robot (AMR¹⁾) that has been recognized for its technical and innovative excellence, winning the “Best Innovation Award” at CES 2024. The parking robot autonomously navigates through driving lanes and vacant spaces, while avoiding surrounding obstacles. It provides customized parking support considering various situations such as parallel parking, low-floor parking, vehicle loading, vehicle movement, and diagonal driving functions, improving parking area efficiency by 30% compared to manual parking, and allowing the maximum utilization of parking space in various environments without the need for additional facilities or infrastructure. Notably, Parkie’s functionality is effective in preventing contact accidents in narrow and crowded parking lots. With its low profile of just 9cm, Parkie can park vehicles of all types, from sports cars to SUVs. Parkie offers a new solution to parking problems, and is expected to utilize the potential of the space management market by increasing space utilization within buildings.

1) AMR : Autonomous Mobile Robot



Patrol Robot

HL Mando has developed unmanned autonomous patrol robots that have been developed to overcome the limitations of conventional fixed CCTVs and security personnel. “Goalie,” HL Mando’s patrol robot, can perform centralized surveillance of CCTV blind spots even during night time and in harsh weather conditions for an extended period, resolving the issue of blind spots often found in fixed CCTV setups to help reduce the crime rate while dealing with the physical limitations and labor expenses of security staff. In addition, these robots can be fitted with sensors and cameras in the locations desired by customers to enable fit-for-purpose applications. Our patrol robots have undergone real-world tests for more than two years since product development across more than 10 sites, including multi-unit housing, public organizations, plants, and training facilities. These robots have received safety assessments from the Korea Institute for Robot Industry Advancement to verify their safety performance, and were certified using the electromagnetic compatibility standard of the Korea Testing Laboratory. In addition, HL Mando holds 16 patents that can assist in various functions of patrol robots.



SW Advancement

SW Campus Operation

The SW Campus, established in 2021, achieved significant results in 2023 after strengthening its capabilities and nurturing talents in 2022, such as winning the Korean Software Technology Award and obtaining automotive cyber security certification (ISO/SAE 21434) from the National Standards Association and certified agency Exida. These achievements were enabled by securing key technologies, such as integrated control and vehicle data solutions, which are essential for realizing Software Defined Vehicles (SDV), and preemptively securing automotive cyber security technology. Additionally, the SW Campus has laid the foundation for vehicle safety enhancement and SDV realization through the construction of core processes for the “Safety Of The Intended Functionality (SOTIF¹⁾)” and advanced technology for essential redundancy in autonomous driving vehicles.

1) SOTIF : Safety of The Intended Functionality

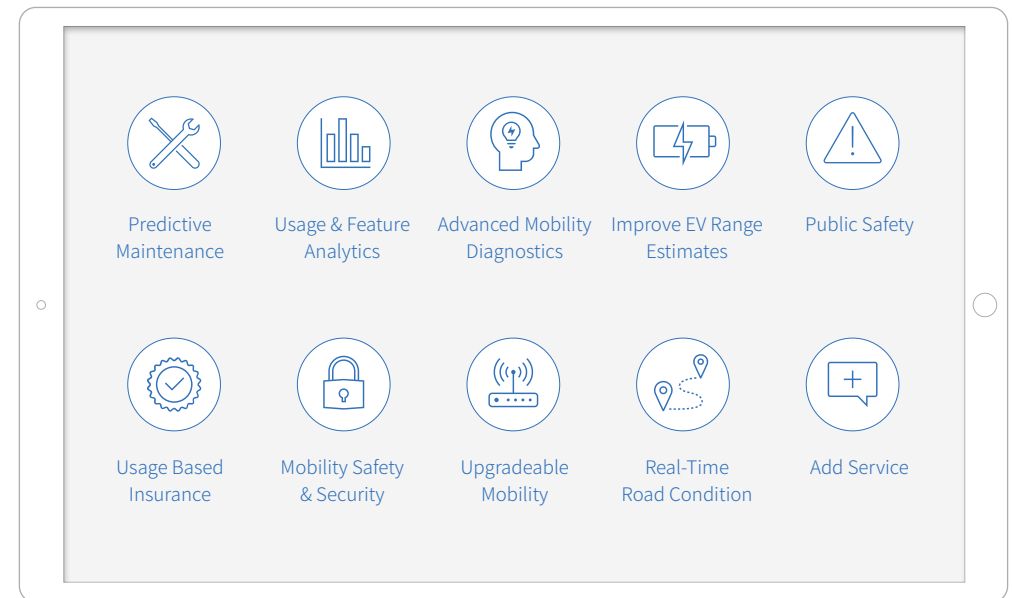


PHM²⁾ Vehicle Diagnostics Solution

HL Mando's PHM technology at the SW Campus contributes to creating an environmental-friendly mobility culture. Using AI, PHM analyzes data in the cloud from connected vehicles to predict faults, enabling the smooth and efficient sharing of vehicles. Continuously monitoring the condition of autonomous vehicles allows their integrity to be improved without driver intervention. Through PHM, HL Mando aims to simultaneously achieve safety and sharing of mobility, and carbon emission reduction from vehicle electrification, creating a safe and environment-friendly future.

2) PHM : Prognosis and Health Management

PHM Application



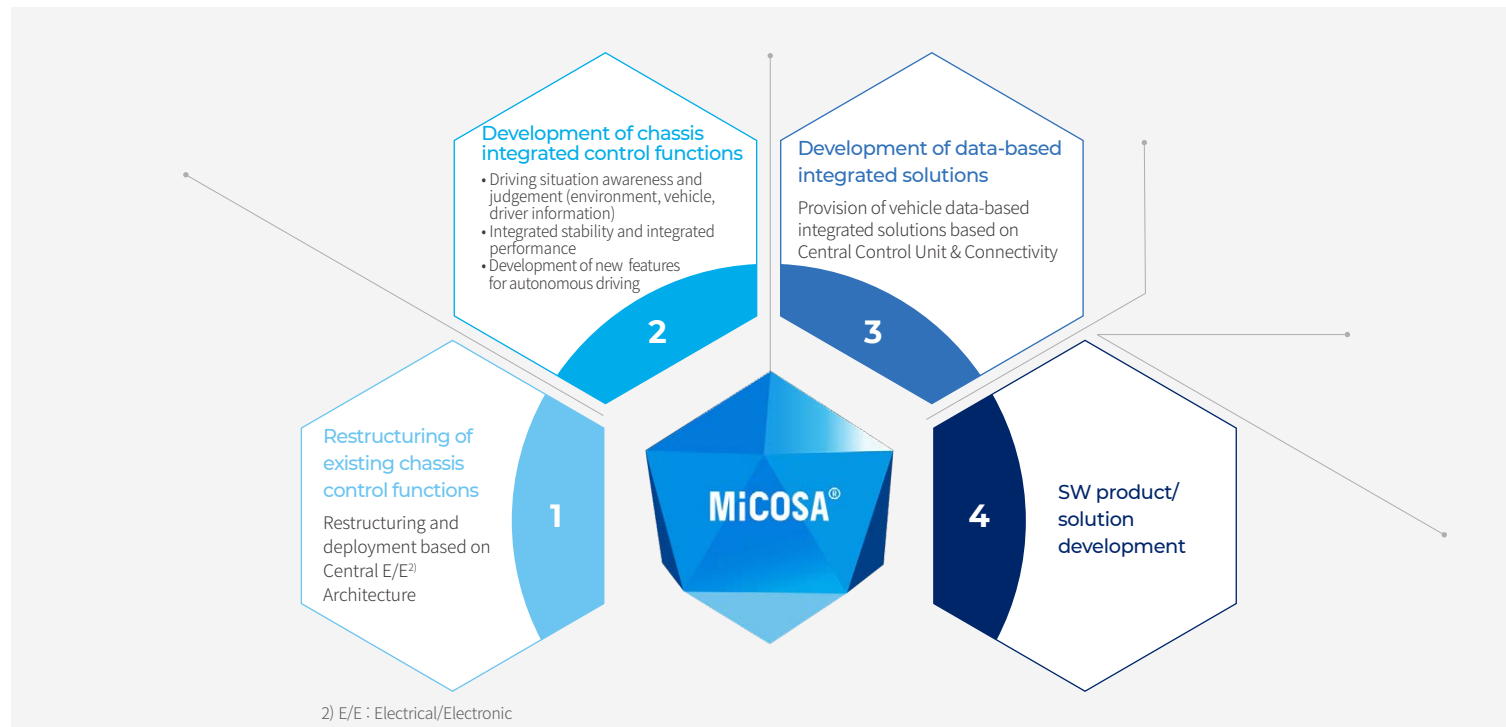
Integrated Control SW MiCOSA¹⁾

The transition to Software Defined Vehicles (SDV) focuses on software rather than hardware becoming the identity of the vehicle, making chassis (steering, braking, suspension) integrated control functions and vehicle data solutions essential. HL Mando's SW Campus is developing MiCOSA, a chassis integrated control function and data-based solution, which is essential for the SDV transition. MiCOSA not only improves vehicle dynamics, which define the perceived quality for the customer, but also utilizes vehicle data, cloud, AI, and machine learning to perceive driving environments and provide safety and convenience functions to drivers.

Additionally, we realize additional services such as customized tuning based on personal preferences. MiCOSA enables continuous performance improvement and new service provision even after vehicle delivery, leading to an unprecedented customer experience in terms of safety enhancement, convenience improvement, and personalization. Furthermore, HL Mando plans to expand MiCOSA, a critical SDV element, from the automotive field to various industries such as smart factories to further enhance competitiveness.

1) MiCOSA : Mando integrated CControl Software Assembly

MiCOSA Strategy



Introducing Smart Factory through SW Advancement

HL Mando is leaping into the future manufacturing environment by using SW advancement and digitalization to transcend the limitations of existing manufacturing environments. To enhance the competitiveness of mass production lines in terms of Quality, Cost, and Delivery, AI vision is applied to final appearance inspection processes, and AMR³⁾ is introduced to achieve smart factories based on production plan coordination, realizing logistics intelligence through SW adoption.

Furthermore, the global dissemination of M-LAP⁴⁾, which provides a comprehensive environment for line operations, has been pursued. In addition, HL Mando efficiently manages factory energy and reduces energy usage by applying the elements necessary for monitoring (FEMS⁵⁾) using self-developed IoT technology. As well, virtualization technology (Simulation) is introduced to prevent potential risks and strive for optimal process design, bringing significant effects not only in manufacturing competitiveness but also in energy savings.

3) AMR : Autonomous Mobile Robot

4) M-LAP : Mando Line operation Assistance Platform

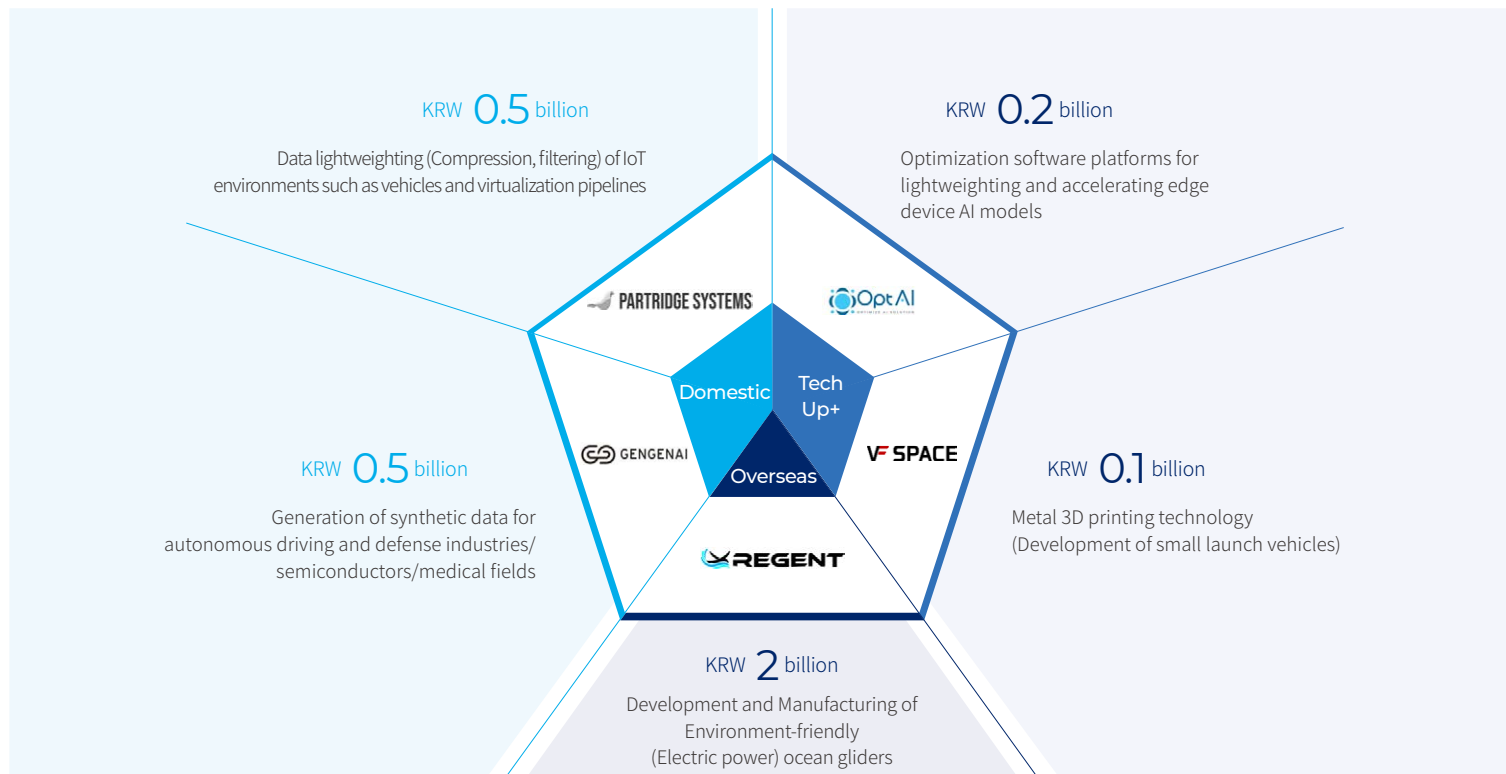
5) FEMS : Factory Energy Management System

Open Innovation

Startup Discovery and Investment

In 2023, HL Mando invested KRW 3.3 billion to explore new future mobility business opportunities and establish strategic partnerships. To identify and nurture startups, we have teamed up with accelerators to operate the “Mobility TechUP+ program.” We helped incubate 15 companies in five rounds between 2019 and 2023, and to date have identified NEUBILITY, Deep-In-Sight, TBU, and Navifra in this Track. Through the TechUP+ program, participating companies are given the investments they need for their early-phase operations as well as practical 5-month training for startup initiation and business management. In addition, we provide the selected companies with up to KRW 0.3 billion in investment funds. Going forward, we will collaborate with a range of future mobility startups.

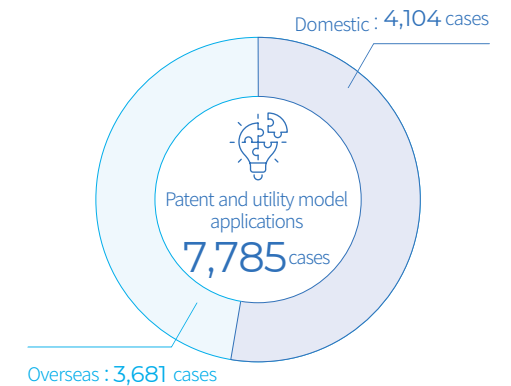
2023 Collaboration with Startups



R&D Competency Advancement

Patent Application & Registration

HL Mando is responding to changes in the mobility industry by securing unparalleled technological expertise and competitiveness in automotive parts. As of December 2023, we have filed approximately 7,785 patents and utility models (4,104 domestic and 3,681 overseas). In terms of design rights, HL Mando holds a total of 56 design rights, with 3 design applications and 26 registrations domestically, and 2 applications and 25 registrations overseas. In the area of trademark rights, we hold a total of 116 trademark rights, with 6 applications and 60 registrations domestically, and 11 applications and 39 registrations overseas.



Quality Management

Quality Management System

Quality Philosophy

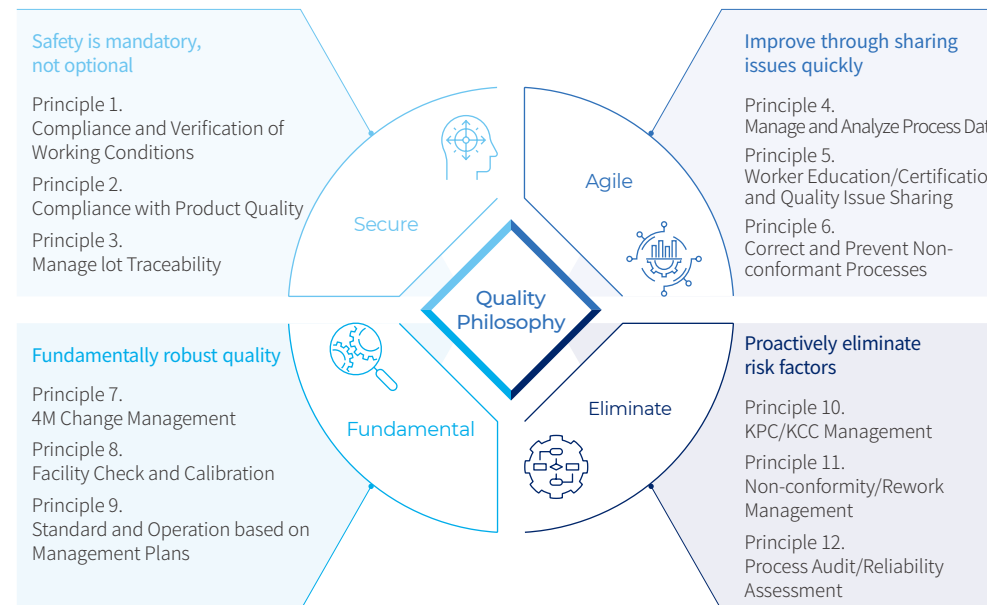
HL Mando deeply understands that quality is the core value of the company. To ensure the safety and quality of its products, we rigorously consider quality in the areas of development, mass production, and warranty. We emphasize proactive quality and predictive prevention in the product development process, strictly adhere to quality principles during mass production, and minimize risks by promptly identifying and resolving issues.

Furthermore, we focus on cost-saving and increasing customer trust during the warranty process. HL Mando pursues passionate and sincere quality management through the Win-win growth of technology, manufacturing, and marketing. The nature of dealing with security components means that quality management is inevitably necessary, and so we will continue to pursue quality management that fulfills our values.

Quality Action Principles

To ensure our quality philosophy is embodied in our day-to-day operations, we stipulated 12 quality action principles. Our quality action principles comprise four chapters – Secure, Agile, Fundamental, and Eliminate – with each chapter having three action principles, and each principle having its own definition, purpose, and key requirements.

Established in 2022, the quality execution principle has been supplemented and revised in 2023, considering the core requirements of various stakeholders. In 2024, HL Mando plans to establish a SAFETY TO DO LIST and produce videos and handbooks to disseminate Safety quality cases and insights, teaching all employees to deeply internalize Safety DNA. We also plan to include this as a mandatory training course for new employees to ensure a more effective practice of quality management.



Mid/long-term Quality Strategy

HL Mando systematically responds to changes in the global quality environment, and aims to enhance its responsiveness to regional quality issues to promote advanced quality management. To achieve this, we have reorganized the quality organization around the CQO (Chief Quality Officer) from the previous BU structure to enable integrated organizational functions at the “Global One Team” level. After reviewing the efficiency of business functions, we will establish an optimized organization to improve regional quality capabilities and enhance quality levels.

Additionally, HL Mando will actively drive digital transformation in the quality sector. We will connect various quality data, derive digital transformation tasks, and ensure the integrity and reliability of data through data standardization. Furthermore, we will cultivate a group of digital transformation experts to spread a culture of digital transformation. Through these efforts, HL Mando will build a real-time Adaptive system to maximize the effectiveness of the integrated organization.

Quality Safety Issue Response System

HL Mando has established the SRM¹⁾ Committee, led by the CEO, to manage internal and external safety risks. This committee meets monthly to discuss and implement improvement activities related to quality issue registration, progress, and resolution status, internal inspections, campaigns, recall measures, and the progress of major safety issues. Additionally, we review the relevance to other companies' recalls and major public safety incidents, and conduct response activities where potential safety risks exist. HL Mando continuously checks and improves the effectiveness of our quality management system and major accident prevention system through internal quality audits. Under the internal quality audit system, annual quality audits are conducted on quality management systems (QMS), manufacturing processes, and products in production. In 2023, we strengthened and enhanced the internal quality audit criteria to reflect the latest requirements of automotive customers, including VDA 6.3²⁾, to further advance its application. Moreover, to systematically manage one of the quality risks, which is claims, HL Mando operates an early warning system. This system processes field claims, considers variables such as claim trends, quantities, and months of use, and automatically alerts quality management personnel when anomalies occur, based on criteria developed from customer data. We operate this system for products across all global operations. To further enhance this system, we utilize machine learning to analyze correlations between variables in field claim data, and set alerts for when unusual patterns are detected. Additionally, HL Mando is building various types of claim data learning models, such as initial, durability, and seasonal, to reduce costs due to claims and swiftly formulate customer response strategies, providing high-quality products by rapidly processing global claim information.

1) SRM : Safety Risk Management

2) VDA (Verband der Automobilindustrie) 6.3 : The process audit criteria designated by the German Association of the Automotive Industry

Quality Management System Certification

As of 2023, HL Mando has obtained and maintained IATF 16949³⁾ quality management system certification for 3 domestic and 13 overseas manufacturing worksites. In addition, we operate a global quality system based on VDA 6.3 to meet the quality requirements of European OEMs, and reflect international quality standards and customer-specific quality requirements to enhance customer satisfaction.

3) IATF 16949 : Standards designated to systematically address customer-specific requirements in the automotive industry based on ISO 9001 (Quality Management System)

Strengthening Quality Capability Activity

Reliability Block Diagram Test for Identifying Potential Risks (DRBTR⁴⁾)

Following the enhancement of the DRBFM⁵⁾ process in 2022, HL Mando has been operating the DRBTR process for reliability verification and decomposition analysis since 2023. Through DRBTR, we have strengthened our detection of issues in the field through decomposition analysis centered on variations based on L/Learned experiences before mass production, and secured the reliability of durability tests. Notably, by expanding the process to the entire company, we have detailed defect analysis items to more thoroughly address potential risks and quality issues where there are gaps in quality management.

4) DRBTR : Design Review Based on Test Result 5) DRBFM : Design Review Based on Failure Mode

Ensuring Electrical Thermal Performance

HL Mando has pursued electrical thermal stability verification for IDB Gen 2.0, IDC⁶⁾, and R-EPS P/PACK to prevent safety risks. Initially, we derived fault modes by conducting Negative FMEA⁷⁾ reviews for potential risks and reflected them in design standards by type of cause. Subsequently, we conducted principal evaluations for both material and non-material thermal stability verification to secure robustness in safety.

6) IDC : Integrated Damping Control

7) FMEA (Failure Mode and Effects Analysis) : A systematic approach used to identify potential failure modes, determine the severity, occurrence, and detection of each failure mode, and prioritize risks accordingly to take actions

Virtual Validation for Product Safety Evaluation and Verification

HL Mando confirms product safety through design specification verification, rigidity tests, NVH⁸⁾ tests related to emotional quality, and safety verification according to temperature changes. To complement the repetitive tasks involved in physical verification processes, HL Mando has introduced virtual verification tests using CAE⁹⁾. This not only systematically manages information but also enhances work efficiency. In 2023, 63 projects and 435 virtual validations were conducted based on the MDS BU standard, and plans are in place to achieve a 42% virtual validation rate by 2025 by expanding validation areas to include dynamics analysis, structural analysis, hydraulic analysis, computational fluid dynamics (CFD¹⁰⁾) and fluid-structure interaction (FSI¹¹⁾). Research is also underway on the feasibility of product validation in Virtual Labs. Virtual Lab validation helps reduce social costs and can contribute to creating an eco-friendly validation environment by minimizing power consumption, carbon emissions, and the generation of hazardous chemical substances.

8) NVH : Noise, Vibration, Harshness 9) CAE : Computer Aided Engineering

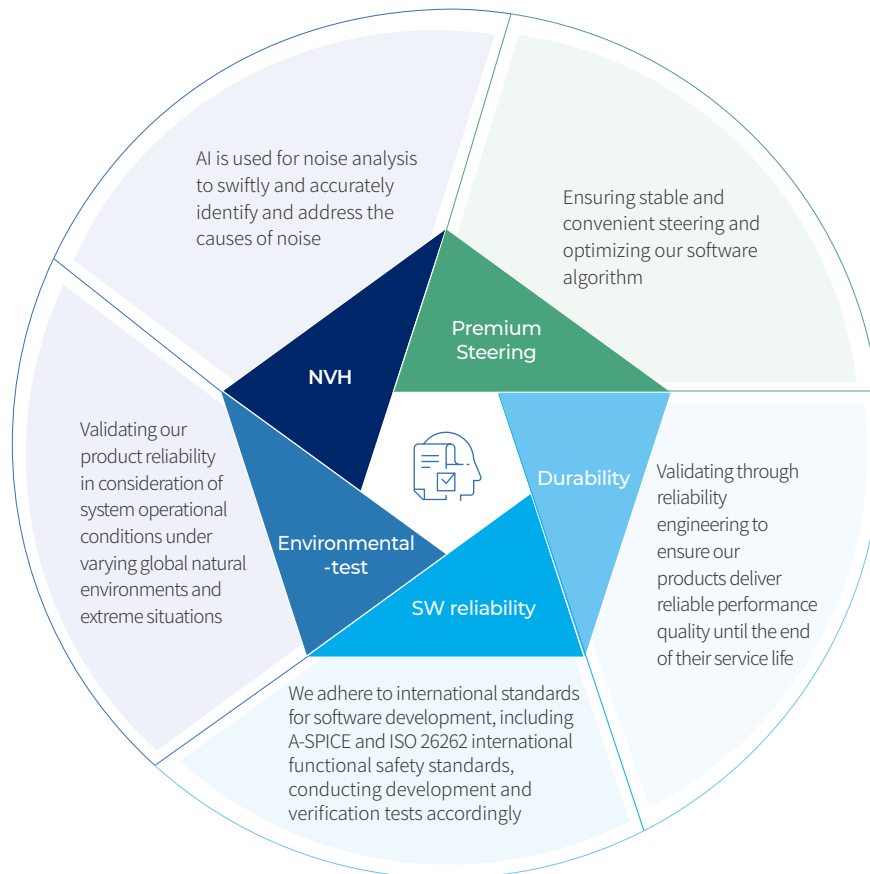
10) CFD : Computational Fluid Dynamics 11) FSI : Fluid Structure Interaction

Steering System and SPM/PE¹⁾ Product Safety Evaluation and Development

HL Mando provides various steering devices to ensure customers have an enjoyable driving experience. By conducting five safety evaluations that consider both users' daily environments and extreme conditions, we demonstrate the safe and convenient steering performance of our products.

1) SPM/PE : Smart Personal Mobility / Power Electronics

Safety Evaluation Items and Contents



In-house Development of Lean Steering Test Machine

To overcome internal and external challenges such as enhanced test specifications, increased development vehicle models, and investment cost reduction, HL Mando successfully developed a Lean test machine using mass produced EPS through our own proprietary Motion Control technology, known as "MABS²⁾." Additionally, by integrating Digital Twin technology, we secured a smart maintenance system utilizing state-based and predictive maintenance. The technology applied to MABS has been patented worldwide. HL Mando's development of the "MABS" technology has led to cost reduction in test machine investments and enhanced operational efficiency through digital twin development, and has also secured possible avenues for the expansion of our test machine business.

2) MABS : Multi Axis Bench Simulator

Winter Test

HL Mando conducts Winter Tests annually at domestic and overseas test sites to verify the safety of automotive parts' functions and performance. In 2023, 130 researchers from Sweden, China, and North America conducted tests on new technology products linked to customer orders, showcasing both product safety and technological capabilities. Among these, our Brake by Wire products received positive evaluations from customers for their outstanding braking performance and adoption of eco-friendly technology. Moving forward, HL Mando will introduce enhanced products tailored to regional and customer-specific needs through Winter Tests, and continue to prove the safety and quality of our products in extreme environments like snow and icy roads.

Smart Lab Operation

HL Mando is establishing a system through Smart Labs to monitor test statuses in real-time, allowing for the confirmation of occurrence times and causes of abnormalities during tests. Additionally, we are developing a system to prevent environmental contamination, such as leaking of operating fluids, by monitoring test equipment operation status. By integrating Smart Lab and Machine Learning, HL Mando aims to derive models for predicting the occurrence of problems.

Steering Track Day Operation

HL Mando hosted a Steering Track Day event, inviting customers from various sectors to the Inje Speedium. At this event, we promoted our state-of-the-art steering technologies and engaged with stakeholders. With Steering Track Day, HL Mando enhanced external promotion of our steering products, improved customer trust, and strengthened key partnerships, leading to a greater understanding regarding HL Mando's technological capabilities and reliability. HL Mando will continue to develop cutting-edge driving systems that will further satisfy our clients and consumers.



Minimizing Risk Costs through Lot Traceability Enhancement

To minimize safety-related risks and damages, HL Mando completed a domestic lot traceability enhancement for 18 products and 42 parts, from 2022 to the first half of 2023. We aim to expand our lot traceability abroad from the second half of 2023 to 2024. HL Mando has investigated the lot management status at our overseas factories, analyzed differences from domestic factories, devised improvement plans considering factory-specific, part-specific, and OEM-specific characteristics, and is working to enhance overseas lot traceability according to investment and application plans. After achieving horizontal deployment of lot traceability in our global operations, HL Mando plans to establish a 1:1 matching traceability system between parts and vehicles and an automatic computerized management system to efficiently manage quality risks and reduce costs.

Implementation of Quality Education

HL Mando systematically conducted educational activities using the quality education system established in 2022. Furthermore, to ensure continuous competency management, we conducted a domestic job competency level assessment in 2023. This evaluation was conducted objectively through a self-assessment and leader assessment of 118 quality personnel, and individualized training courses were provided based on the assessment results to support employees of HL Mando.

Additionally, through quality education and promotion, all employees were requested to adhere to quality principles. By defining the three most important principles that each department must adhere to—design, manufacturing, and quality—employees can proceed with their duties while considering quality principles at all times. HL Mando continues to strive to internalize specific behavioral guidelines by making video clips with the second revision of quality execution principles and broadcasting these to all worksites.

Based on the results of the domestic job competency assessment conducted in 2023, HL Mando will guide employees in developing personal competency development plans in 2024. In addition, we plan to conduct job competency assessments overseas, on 115 employees in China in the first half and 127 employees in India in the second half of the year. HL Mando will continue to create various educational programs to build the competencies of our employees who will lead global quality management in the future.

Quality Management Indicators and Targets

IATF 16949 Quality Management System Certification Achieved

Category		Unit	2021	2022	2023	
Worksites to be certified	HL Mando	No. of sites	14	14	16	
	HL Klemove		4	4	4	
Worksites certified	HL Mando		14	14	16	
	HL Klemove		4	4	4	
Percentage of worksites certified	HL Mando		%	100	100	100
	HL Klemove			100	100	100

Quality-related legal violations

Category	Unit	2021	2022	2023
Legal violations	No. of cases	0	0	0

Sales Warranty Provision and Sales Warranty Expenses

Category	Unit	2021	2022	2023
Beginning of Year Sales Warranty Provision	KRW	48.9	64.7	53.3
Sales Warranty Expenses	billion	25.4	29.5	35.4

Number of recalled vehicles and targets (based on North America)

Category	Unit	2021	2022	2023	Target	
					2024	2025
Number of recalled vehicles, and targets	No. of cases	0	0	0	0	0

Supply Chain

Recently, with the enactment of supply chain due diligence laws centered around the EU, HL Mando has found itself in a position of potentially facing direct legal sanctions. For this reason, ESG management across the entire supply chain has become a critical area. In response, HL Mando has proactively implemented a supply chain ESG management system to address these risks and foster sustainable growth with our suppliers. To implement the supply chain ESG risk assessment, supplier ESG assessments have been conducted in the areas of environment, society, and governance, with a total of 140 suppliers evaluated in 2023. Our annual Partners' Day events also offer rewards and various benefits to suppliers that implement sustainability management to establish competitiveness on the strength of win-win partnerships. Moreover, HL Mando consistently supports our suppliers through initiatives such as ESG education, assistance with quality system certification, free provision of intellectual property rights, and financial support.

In this Area

- 52 Supply Chain ESG Management
- 55 Win-Win Partnership

Link to UN SDGs

- 8.3. Promote development-oriented policies that support productive activities, the creation of high quality jobs, creativity and innovation, and encourage the growth of small and medium-sized enterprises
- 17.16. Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology, and financial resources



Grade in the Mutual Growth Index

Excellent

*Based on domestic operations

Total amount of support provided for mutual growth

KRW **62,844** million

*Based on domestic operations

Transactions made with suppliers

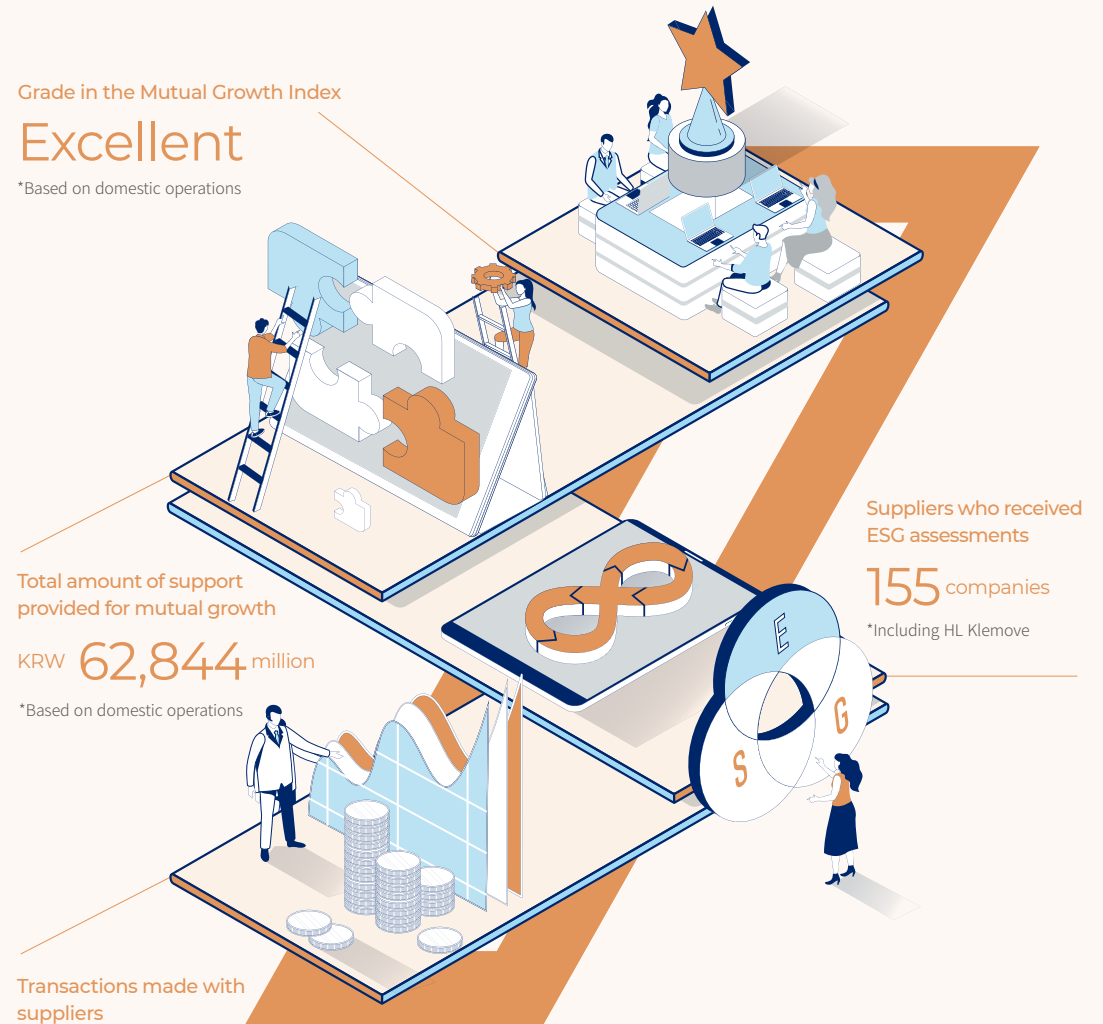
KRW **5,391** billion

*Including HL Klemove

Suppliers who received ESG assessments

155 companies

*Including HL Klemove



Supply Chain ESG Management

Supply Chain Management System

Supply Chain ESG Management Strategy and Organization

HL Mando has established strategies for global supply chain ESG management to facilitate the smooth supply of materials and enhance supply chain competitiveness. The Supplier Cooperation team under the Chief Purchasing Officer (CPO) is responsible for supply chain management among the six areas of sustainability. The Supplier Cooperation team under the Chief Purchasing Officer (CPO) led by the Supplier Cooperation team, which is responsible for managing the chain of custody. Activities related to ESG, such as establishing supplier codes of conduct, evaluating suppliers' ESG, and establishing a conflict minerals policy are being carried out. Through the operation of the ESG Supply Chain Management Council, HL Mando is significantly reducing supply chain risks and actively developing strategies based on ESG principles.

Supply Chain Management Strategies



Cooperation Team. In 2023, specific details related to minimum wage were included in the wage and benefits section of the supplier code of conduct to prevent risks that may arise in the supply chain. The full text of the Code of Conduct and all amendments are available on the HL Mando website*.

The Code of Conduct applies to all suppliers who engage in transactions with HL Mando, and all employees of these suppliers should comply with the Code in their business conduct. Furthermore, we encourage all stakeholders along the entire supply chain, including sub-tier suppliers doing business with our suppliers, to respect this Code of Conduct. HL Mando may conduct reviews and due diligence on suppliers to assess their compliance with the Code, and recommend improvements based on the results. Improvement activities are developed through consultations and are undertaken accordingly. Suppliers should swiftly take the necessary measures when risks within the supply chain are identified. HL Mando also performs regular reviews of all sourcing activities with suppliers so that suppliers abide by the Code and our ESG requirements are met.

Supply Chain Management Policy

Supplier Code of Conduct

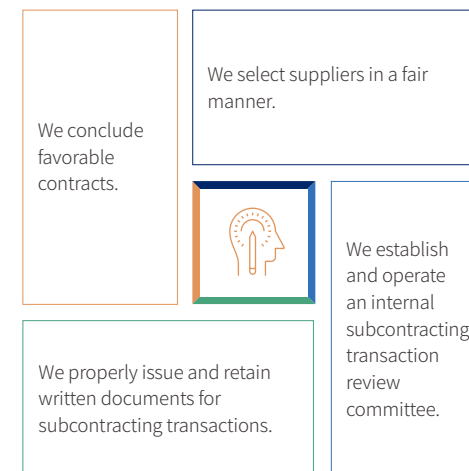
HL Mando established the Supplier Code of Conduct to ensure all suppliers to thoroughly abide by all applicable laws and regulations in the countries where they operate, aiming to establish sustainable supply chains with suppliers. This code also provides guidelines for suppliers to follow in the areas of ethics, environment, human rights, safety, supply chains, and technology to fulfill their social responsibility.

The supplier code of conduct was established in 2022 and is currently being implemented, covering topics such as labor conditions and human rights, safety and health, corporate ethics and environment, and supply chains. Our Supplier Codes of Conduct is continuously supplemented and updated by the Supplier

Fair Trade Principles for Suppliers

HL Mando abides by fair trade principles set forth for subcontracting practices based on our core values of fairness, openness and win-win partnerships. Our business conduct follows the four fair trade practice guidelines of the Fair-Trade Commission to ensure fair trade with our suppliers. In 2023, we published and circulated quarterly fair-trade newsletters for suppliers, and conducted fair trade training for our employees from the Sourcing Division.

4 Fair Trade Practice Guidelines



Supply Chain Management Activity

Supply Chain ESG Assessment

HL Mando evaluates and manages the ESG levels of domestic and overseas suppliers, further strengthening our supply chain ESG management. To assess the sustainability of the supply chain, we conduct evaluations of suppliers that span a total of 80 items related to the environment, society, and governance. In 2023, evaluations were conducted for a total of 140 suppliers through assessments by professional external evaluators and internal evaluations.

After deriving evaluation results, HL Mando recommends improvements for deficiencies in the areas of environment, society, and governance, and receives improvement plans related to these recommendations to ensure that actions have been taken. Additionally, for areas where self-improvement by suppliers is difficult, HL Mando establishes improvement plans to facilitate effective improvements by consulting with external evaluators, or through collaboration with internal specialized departments.

To enhance the ESG performance of suppliers, evaluation results are taken into account in the supplier selection process, and rewards and incentives are provided to outstanding performers. Furthermore, starting from 2024, ESG evaluations will be conducted through a computerized system to systematically reduce risks within the supply chain.

Supplier Selection Process

HL Mando operates a fair and rational supplier selection process to build a sustainable supply chain with our suppliers. When selecting new suppliers, HL Mando follows our supplier selection process to categorize suppliers into potential and eligible suppliers. For potential supplier registration, we have established criteria that include credit ratings, sales, business duration, IATF 16949 and other external certifications, and NSQ survey (new supplier questionnaire). We perform 100% NSQ assessments on new supplier selection, except in exceptional cases. Furthermore, non-financial factors are included in our assessment criteria, such as the operation of anti-corruption and ethics programs, ISO 14001/45001 certifications, and the appointment and training of environmental/safety managers. Once registered as potential suppliers, these suppliers are evaluated for their quality, delivery deadline, and their production processes and management conditions concerning environment and safety among others to prevent and manage supply chain issues. Our new supplier registration process is made public on our website* for anyone to access when necessary.

Conflict Minerals Management

Conflict Minerals Policy

HL Mando actively responds to global conflict mineral issues, and prohibits the use of minerals mined in conflict areas in order to avoid providing any indirect support to human rights violations and environmental destruction. Additionally, HL Mando complies with relevant regulations and establishes policies for conflict minerals based on international guidelines such as OECD's Due Diligence Guidance, practicing responsible management. HL Mando also manages the ethical sourcing status of conflict minerals from suppliers and makes efforts to proactively address conflict mineral risks by regularly monitoring CMRT¹⁾ and EMRT²⁾ data through internal systems.

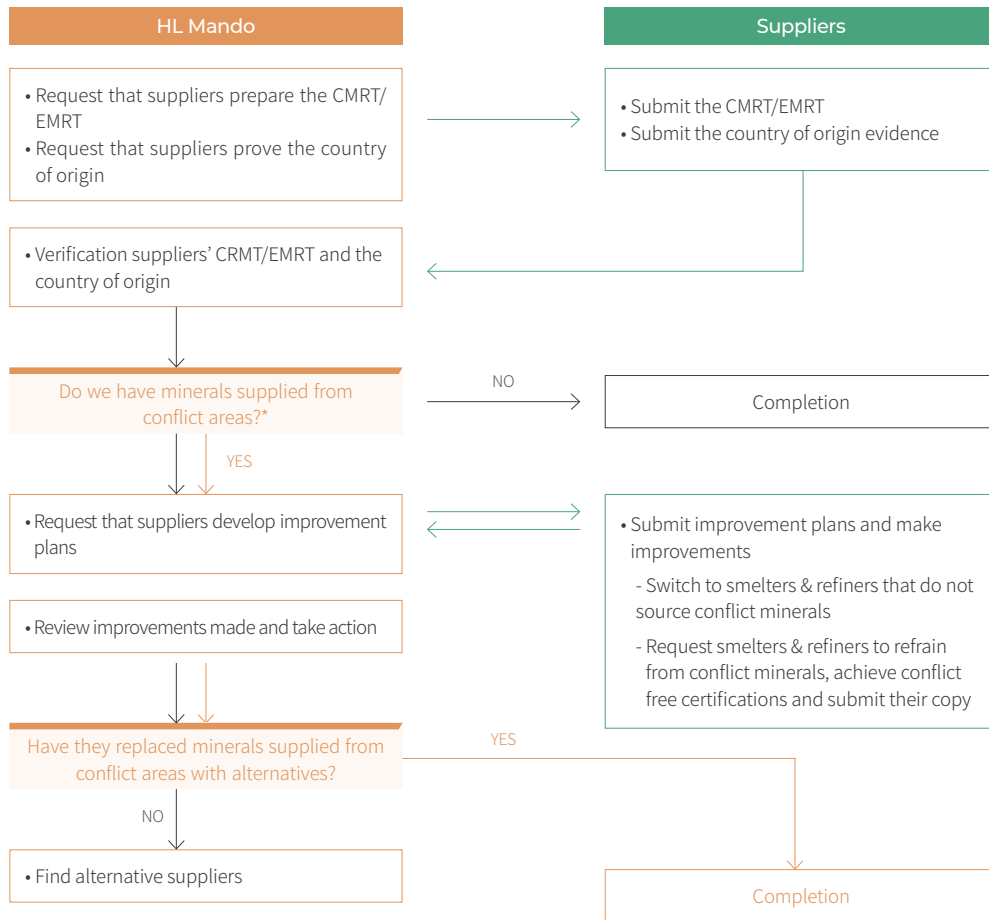
1) CMRT : Conflict Minerals Reporting Template

2) EMRT : Extended Minerals Reporting Template

Conflict Minerals Risk Management System

HL Mando's conflict mineral risk assessment process aims to obtain conflict mineral sourcing information in advance to review conflict mineral risk and pursue the necessary response when issues arise. We mandate all our suppliers to prepare the CMRT and the EMRT and prove the country of origin where there is risk of using conflict minerals when developing new parts. The evidence submitted by suppliers is verified and the conflict mineral risk assessment is completed when suppliers prove that they source no minerals from conflict areas. If minerals are sourced from conflict-affected areas, we request suppliers to make improvement plans and monitor their implementation. For minerals supplied from conflict areas, we make sure that these minerals are replaced with ones supplied by smelters and refiners certified under conflict mineral free programs to manage conflict mineral risk.

Conflict Mineral Risk Assessment Process



*This is verified at the working level by ensuring that we source minerals handled by RMAP-compliant smelters & refiners.

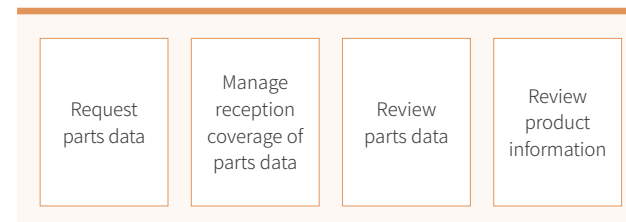
Conflict Minerals Management Activities through MMDS¹⁾

HL Mando introduced its own hazardous substance management system, MMDS, to domestic corporations in 2022, and completed system construction for Global corporations excluding some corporations in 2023. Through MMDS, HL Mando manages hazardous substances and conflict minerals to ensure that substances subject to REACH²⁾ regulations are not included in product design. HL Mando has also initiated integration with the purchasing system (GPM³⁾) to efficiently receive CMRT/EMRT data from suppliers identified as using conflict minerals, and has introduced processes to minimize human errors. Additionally, we have produced and distributed educational video clips on CMRT/EMRT preparation practices for suppliers and purchasing personnel to increase their understanding of and participation in conflict mineral management.

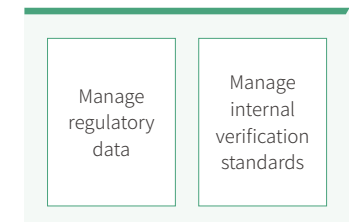
- 1) MMDS : Mando Material Data System, HL Mando's own hazardous substance management system
- 2) REACH : Registration, Evaluation, Authorization and Restriction of Chemicals, European new chemical substance management system
- 3) GPM : Global Parts Management, Component purchasing management system

Phase-specific Description of the MMDS

(1st Phase) Receive and review substance data



(2nd Phase) Manage standards



Supply Chain Management Indicators and Targets*

Category		Unit	2021	2022	2023	2024 (Target)	2025 (Target)
Number of suppliers completed ESG assessment	HL Mando	No. of companies	24	52	140	206	138
	HL Klemove			24	15		
Percentage of all tier-1 suppliers that completed ESG assessment**	HL Mando	%	6.5	4.6	11.9	17.4	11.7
	HL Klemove			16	9		

*HL Mando's 2021 data are based on domestic operations

**Based on HL Klemove's domestic operations

**When calculating the target ratio of completed ESG assessments for 2024 and 2025, the number of core suppliers is used to set target number of suppliers

Win-Win Partnership

Suppliers Support

Protecting Suppliers' IPR

HL Mando respects the intellectual property rights (IPR) of third parties and has set forth rules to ensure compliance with IPR regulations. Through this, we minimize the potential for disputes caused by IPR infringement, and our employees abide by these rules in their business conduct. Our IPR rules apply to all activities that are or could be directly/indirectly associated with the process of our employees' obtaining or handling external IP in product design, development, production, sales, sourcing, import/export, outsourcing, and consignment. Pursuant to Article 13 of these rules ("Compliance Oversight for Suppliers"), we emphasize the obligation of our employees and suppliers to protect third-parties' IPR and prevent IPR infringement.

Training Support for Suppliers

HL Mando operates customized training programs to exchange information necessary to boost the sustainable growth of suppliers and help them to elevate their market competitiveness. In 2023, under the theme "ESG Management and Sustainable Growth Strategy," we provided education on the Serious Accidents Punishment Act in relation to the environment. Additionally, separate video clips were created in

Korean, English, and Chinese for offline education conducted on conflict minerals, which were distributed and provided to all global suppliers and procurement personnel. To promote shared growth with our suppliers, we will continue to identify and implement a range of capacity building activities.

Recruitment Support for Suppliers

In 2023, HL Mando helped suppliers to meet their recruitment needs by hosting an online job fair in collaboration with Halla University. This event aimed to create social value through job creation by HL Mando while supporting suppliers in the supply chain to enhance their capabilities through recruitment. Moreover, HL Mando actively supports suppliers' recruitment by providing financial assistance for the smooth operation of online job fairs, and offering welfare points for the Win-Win Cooperation Platform.

Financing Support for Suppliers

HL Mando provides various forms of financial support to assist suppliers in enhancing their operations and investing in their facilities. In anticipation of the financial difficulties that can result when suppliers execute new investments, we offer various forms of funding, such as

loans and deferred payments. Additionally, we support SMEs with collateral loans for accounts receivable with a maturity of 50 days from the issuance date of the tax invoice, and conduct three-part payments for suppliers who need it. Furthermore, we support suppliers in utilizing the cooperative fund operated by depositing a certain fund in the bank, enabling them to receive additional discounts on interest rates for loans and operating a mutual settlement system to swiftly liquidate cash without the risk of bankruptcy for tier-1 to tier-3 suppliers.

Technology Support for Suppliers

HL Mando makes a portion of our IPR available to suppliers free-of-charge to help them bolster their technology competitiveness. In 2023, we offered a total of 158 IPRs royalty-free to suppliers in Korea, as well as 19 non-exclusive licenses for select suppliers only.

IPRs

158 cases

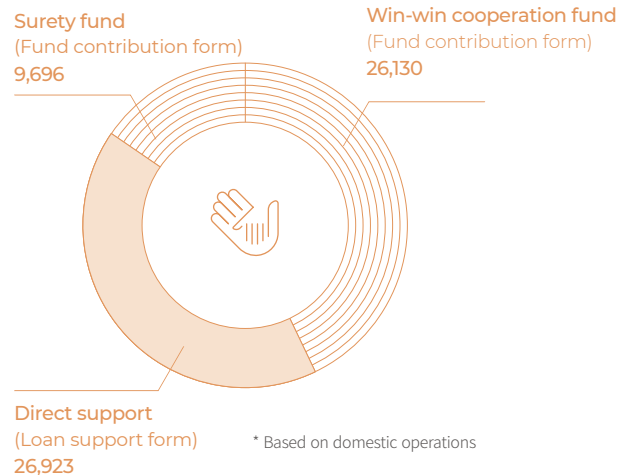
Non-exclusive licenses

19 cases



Financing Support Provided to Suppliers*

(Unit : KRW million)



* Based on domestic operations

Suppliers Communication

Supplier Grievance Center Operation

To establish win-win growth supply chains, HL Mando operates the Supplier Grievance Center. We collect feedback from tier-1 and tier-2 suppliers each month to pursue necessary improvements and activities. Grievances submitted by respective suppliers are categorized, improvements are made and their results are shared. These results are classified into Improvements Possible and Improvements Limited. For Improvements Possible, we follow up by communicating and monitoring results on their implementation. For Improvements Limited, the grievances are related to customers' requirements or are not compliant with HL Mando's policy, and thus their improvement is not considered viable. Such grievances are handled by suggesting potential solutions.

Grievances Submitted to the Suppliers Grievance Center*

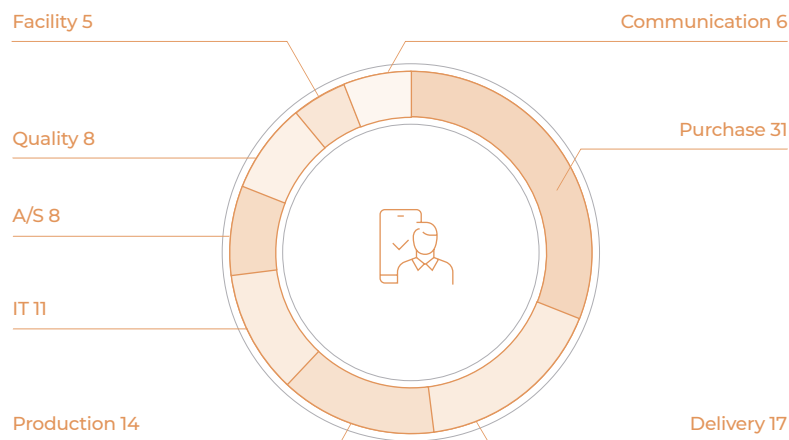
(Unit: No. of cases)

Submitted	Improvement Completed	Improvement On-going	Improvement Limited
36	31	4	1

*Based on domestic operations, excluding grievances submitted related to after-sales service, ESG, etc.

Grievances Submitted by Type

(Unit: %)



Partners' Day

HL Mando holds its annual Partners' Day to promote mutual growth with suppliers. Partners' Day is a tradition unique to HL Mando, in which senior management from HL Mando and suppliers gather to exchange visions and goals and present awards to excellent suppliers based on ESG assessments. In February 2023, plaques were presented to 11 top-performing suppliers in respective categories.

No. of Top-performing Suppliers by Category

Supplier of the Year	Raw material	Win-win partnership	ESG
9 companies	1 company	1 company	1 company

Amity Activity

HL Mando's "Amity Activity" aims to jointly navigate the rapidly shifting automotive industry landscape together with its suppliers. Through this supplier exchange activity program, we either pay direct one-on-one visits to suppliers or host video conferences to promote win-win partnerships while heeding the difficulties our suppliers experience in the field and pursuing necessary improvements. In 2023, we visited a total of 83 suppliers to gather their varying feedback, and simple inquiries submitted were answered within seven days. Depending on the characteristics of the issue at hand, we engaged in in-depth consultations with relevant teams to make improvements and resolve grievances as a result, and the improvements made and results achieved were transparently communicated. Going forward, HL Mando will continue to provide such exchange opportunities to promote win-win partnerships.

Seminar for Supplier Executives

HL Mando holds supplier executive seminars to create networking opportunities, communicate with top management of suppliers, and support the growth of next-generation leaders. In 2023, we conducted seminars with next-generation leaders of suppliers to share domestic and overseas business environment trends, introduce the technological capabilities of suppliers, and provide external lectures. In addition, we conducted a seminar for 64 senior management members from suppliers, including benchmarking visits to advanced Japanese companies and Automotive World Nagoya, and special lectures by KOTRA Japan.

People

Amid the increasing importance of human rights protection and mitigation of human rights risks in workplaces and supply chains worldwide, HL Mando is spreading a culture of respect for human rights across our global operations. Under the leadership of the HL Group, we conduct human rights impact assessments to identify factors that may have a negative impact on employees and stakeholders' human rights. In 2023, a human rights impact assessment was conducted for all global entities. Additionally, HL Mando has established a mid- to long-term strategy for employee growth to support capacity development among employees and is advancing activities to internalize the core value of STRIDE. Furthermore, we conduct a Global Employee Satisfaction Survey for all employees and strive to create a favorable working environment by implementing various welfare benefits, including flexible working hours.

Percentage of worksites conducting human rights impact assessment & Percentage of human rights improvement measures implemented

100 %

*Including HL Klemove

Total number of new hires

3,892 persons

*Including HL Klemove

Percentage of worksites certified against ISO 45001 (Safety and Health Management System)

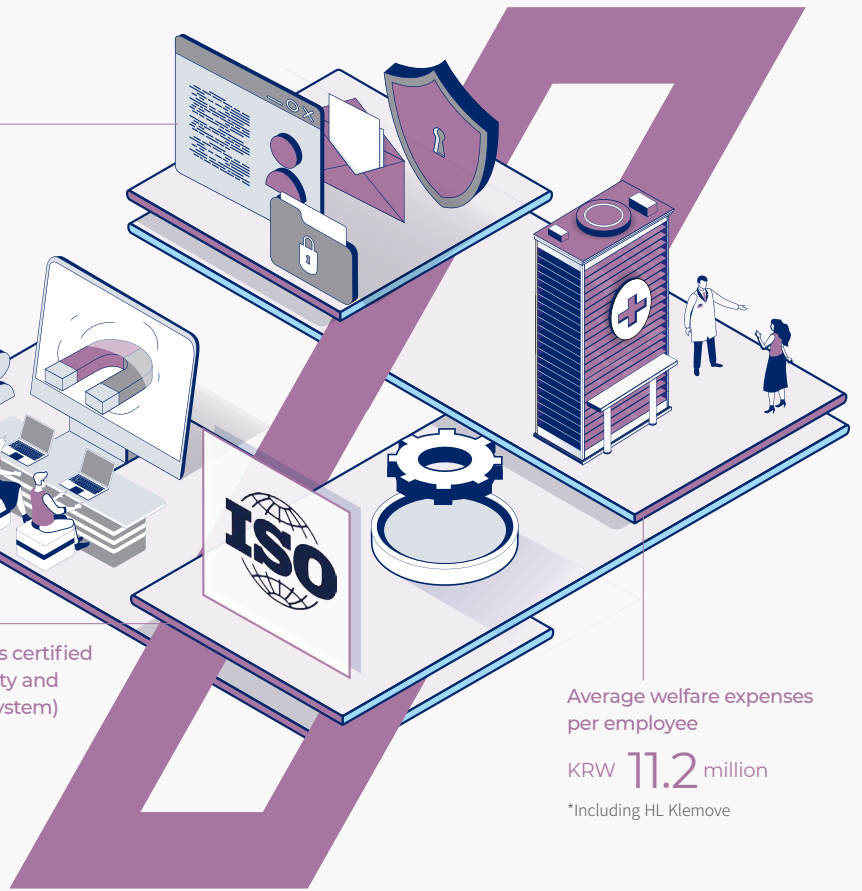
95 %

*Including HL Klemove

Average welfare expenses per employee

KRW 11.2 million

*Including HL Klemove



In this Area

- 58 Employees
- 64 Human Rights Management
- 66 Safety and Health

Link to UN SDGs

- 4.4. Increase the number of youth and adults who have relevant skills, including technical and vocational skills, for decent jobs and entrepreneurship
- 5.4. Recognize and value unpaid care and domestic work through the promotion of shared responsibility within the household
- 8.5. Achieve full employment and decent work for all, and equal pay for work of equal value
- 10.2. Promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or other status



Employees

Employee Management

Fair Recruitment Process

HL Mando endeavors to attract exceptional talents characterized by creative passion, a strong moral code, an international sensibility, and expertise by providing fair opportunities to all applicants. Pursuant to Article 5 (Non-discrimination) of our Human Rights Management Guidelines, we prohibit any form of discrimination on the grounds of gender, age, race, nationality, place of origin, disability, religion, political orientation, family relations, and pregnancy/birth in our hiring process. We create an environment in which individuals with diverse backgrounds can work together by applying preferential treatment to socially vulnerable groups. We also conduct interviewer training to prevent the occurrence of irrelevant questions or actions that violate recruitment fairness during the recruitment interview process. Recruitment information is made available on either HL Group's recruitment webpage* or HL Mando's website**.

Securing Top Talent

When HL Mando recruits external candidates for key positions, we utilize talent pool search services such as LinkedIn and Remember to directly secure applicants. In addition, we have introduced an "Internal Recommendation system" that enables employees to recommend suitable external candidates through internal recommendation notices on the HL Group's recruitment website, and if the recommendation leads to actual recruitment, an internal recommendation fee is provided. External recommendations are

only possible for positions currently under application, and anyone, regardless of affiliation, can recommend outstanding candidates to HL Mando. Anyone who is an excellent candidate needed by HL Mando, including friends, former colleagues, and business partners, can be recommended. HL Mando will continue to carry out such activities consistently in order to proactively secure excellent talents that can enhance our competitiveness through the utilization of Halla University's champion scholarship programs and SW tracks or through internships.

Fair Wage Management

HL Mando ensures that all employees receive compensation exceeding the minimum wage, as outlined in our employment regulations and payroll policies. Permanent employees are compensated above the minimum wage through our salary class and annual salary systems. Those under the salary class system receive regular salary increments based on a standardized table, while employees in managerial or higher clerical roles undergo annual salary reviews based on performance evaluations. Non-regular workers receive salary adjustments above the minimum hourly wage annually in January according to government minimum wage increases. To ensure fairness in wage management, employees working in the same category are subject to the same payment system, and receive bonus pay and wage increases in alignment with their evaluation results. HL Mando also enhances transparency regarding gender pay gaps by disclosing the "Median Gender Pay" annually in the sustainability report.

Operating the MBO¹⁾ Program

HL Mando's Management by Objectives (MBO) program aims to empower employees to set business goals and manage their execution process themselves based on an elevated understanding of the company's vision, strategy, and business plan for the year. To reach our management goals through the self-directed participation and engagement of employees and create a growth-driven workplace, biannual appraisals of senior managers and manager-level employees are held each year, and these are followed by thorough interviews to measure progress against the set goal and share feedback. Year-end final appraisal results inform employees of the basis for their bonus pay and salary raises and are aligned with promotion evaluations. Employees in team leader positions or higher are subject to a separate set of KPIs for performance management.

1) MBO : Management by Objectives

Designing CDP²⁾ and Learning Plans

To maximize professional expertise, HL Mando is creating a proactive learning culture. We provide opportunities for employees to choose and grow in their desired jobs by establishing individual CDP and providing an environment that facilitates smoother career development. Additionally, we arrange a professional development system based on our standardized global job system to bolster performance and competency by product organization.

2) CDP : Career Development Planning

Employee Training

Operating the Retirement Pension Program

HL Mando is subject to the Employee Retirement Benefit Security Act, and operates a Defined Benefit (DB¹⁾) program for all our employees. Since 2015, our plan assets have consistently exceeded the minimum legal reserve threshold each year. As of the end of 2022, the accumulation rate of plan assets amounted to 101% above the legal threshold of 100%. This accumulation rate is set to exceed 100%, with KRW 28 billion contributed in 2023. As we are fully capable of making pension contributions and payments with our separate cash assets worth KRW 148.8 billion as of 2003, we have not separately raised funds to pay our pension liabilities. We reflect contributions to retirement plan assets in our business plans and other cash flow plans. In addition, the 'Retirement Pension Reserve Steering Committee' was established in 2022 to ensure efficiency and stability in the management of pension assets. The committee defines our DB plan asset management principles and target rate of return, and will develop ways to maximize interest earnings to maintain the plan assets' ability to pay benefits.

1) DB (Defined Benefit) : The employer is responsible for managing contributions, and employees receive pre-determined benefits irrespective of asset management performance.

Employee Satisfaction Survey

To identify the overall satisfaction level and improvement points of the organization, HL Mando conducts an employee satisfaction survey targeting all global employees to receive feedback on issues related to our corporate culture. To ensure fairness, the survey is conducted by an externally commissioned company, and individual employees are informed of the evaluation results of their respective organizations. The diagnostic results are used as data to improve the corporate culture. In 2023, the employee satisfaction survey had a participation rate of 66.5%. The survey evaluates a total of 69 items, and based on the results, improvement tasks are selected and specified. According to the satisfaction survey results, over 92% of all employees responded positively*.

*Respondents with a score of 3.0 or higher out of 5.0 are classified as positive responders.

Talent Development System

HL Talent Development Institute focuses on nurturing talents within the HL group who have the HL spirit and outstanding capabilities. Through various learning activities, we help employees to understand the HL spirit and grow to become the entrepreneurial and technical experts who will lead the future of the HL Group. We have established the 'Learning in Work' strategy for the mid to long-term growth of employees, emphasizing growth through work experience rather than mere education or learning.

In 2023, the HL Talent Development Institute operated under three Human Resource Development (HRD) perspectives : 'Essential HRD,' 'Value Enhancement HRD' and 'Learning and Growth.' As part of Essential HRD, we promoted the internalization of STRIDE, enhanced leadership in the 'Young Organization,' and strengthened the onboarding education program for new hires. For Value Enhancement HRD, we improved the core talent development program and focused on strengthening professionalism to support the future value enhancement of the HL Group. To establish a new learning culture centered on learning and growth, we revamped the e-Campus platform, promoted field-oriented 'Learning Organization Activation,' and encouraged employee growth.

Multi-dimensional Leadership Assessment

HL Group conducts multi-dimensional leadership assessments on organizational heads in team leader positions and higher to develop healthy leadership. Assessments are made by one's boss, colleagues and team members on competencies required for business and organizational management. Assessment results are provided individually, and are aligned with leadership development training to support employees to develop the type of leadership that HL Group aspires to nurture.

Key Talent Programs Operation

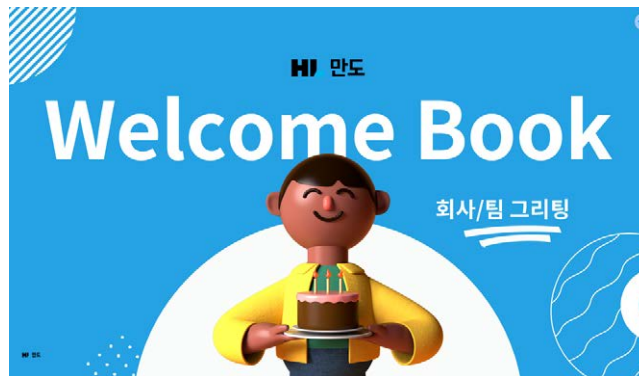
HL Mando participates in programs provided by the HL Business School (HBS), which is run by the HL Human Resources Development Center with the aim of nurturing the leaders of tomorrow who will drive HL Mando's sustainable growth. Courses are open for senior managers (HBS), senior directors (HBS PLUS), and respective job levels to offer intensive education with a focus on the MBA curriculum, covering strategy, financial accounting, marketing, and HR during a training period of 6 to 10 months. HBS PLUS courses were provided for HL Group executives to nurture next-generation CEOs. From 2022 to the first half of 2023, 30 key talents from HL Group, including HL Mando, attended the 9th HBS course. From May to December 2023, 27 attended the 10th HBS course. In addition, 10 key executives joined the HBS PLUS program.

Operating an Online Learning Platform

In July 2023, the HL Talent Development Institute introduced a new online learning platform called 'High Learning' to enhance the work competencies of group employees and support self-development. High Learning provides a variety of job-specific and common competency courses, including a total of 2,548 digital tools, finance, accounting, marketing, humanities, and language courses, based on content provided by seven renowned education companies. We provide various job-specific and common competency courses as well as language courses to enhance the capabilities of our employees. In addition, through our continuous education system, members can freely take the necessary courses at their preferred time, enabling capacity enhancement without disrupting work immersion. Notably, in addition to job competency education, we introduced what we call 'knowledge salad' content to provide all employees with opportunities to acquire knowledge in diverse fields such as society, economy, and the humanities.

Supporting New Employee Onboarding

In October 2023, HL Mando redesigned the onboarding process for new employees into a 'Digital Welcome Book.' Through this, new employees can immediately access information they are curious about without waiting for separate orientation or education sessions. Moreover, edited content online is automatically updated in PDF format, easily distributed via the web, and includes AI voice technology-based in-house instructor e-Learning, offering various benefits to users. The Digital Welcome Book consists of three parts : Part 1 includes company and team introductions, and business etiquette ; Part 2 includes setting up IT and other work environments; and Part 3 covers HR policies and systems.



Diversity and Inclusion

Diversity/Non-Discrimination Policy

HL Mando respects diversity and prevents discrimination. Our policies are outlined in the HL Mando's Human Rights Management Declaration*, Human Rights Management Guidelines**, and Code of Conduct***. According to HL Mando's Code of Conduct, employees' diverse backgrounds and values are respected, and discrimination based on nationality, race, gender, religion, or political beliefs is not tolerated. Moreover, to promote transparency regarding employee diversity, we include data categorized by gender and nationality in the sustainability report. In our recruitment processes, HL Mando strives to live up to our management philosophy of supporting human rights. Interviewers undergo pre-interview training to avoid discriminatory behavior, and questions related to physical conditions, region of origin, marital status, or property, and sign an interviewer's oath to this effect.

Expanding a Culture of Respect for Diversity

HL Mando applies diversity policies to ensure that employees are not subject to discrimination based on nationality, race, gender, religion, political beliefs or social status when determining employment conditions such as wages or welfare benefits. Special measures are also taken to protect the health and safety of pregnant women, people with disabilities, and vulnerable workers, in accordance with the relevant laws. In addition, to embed a respect for diversity into the DNA of our corporate culture, HL Mando set a goal of reaching 19.0% female employees across all worksites by 2026.

After conducting practical work related to diversity and respect for human rights in relevant departments, major matters are reported to the Board of Directors and the Sustainability Management Committee. HL Mando continuously strives to enhance diversity and inclusion, ensuring that all employees can grow in a safe and fair work environment.

Leadership Training Program for Communication with Millennials and Gen Z

The HL Talent Development Institute operates a range of education programs to enhance communication with Millennials and Gen Z and develop younger leadership within the organization. Specifically, the basic course for newly appointed team leaders emphasizes task allocation methods and goal setting tailored to the characteristics of Millennials and Gen Z. The training aims to support performance and goal management skills. Based on this, new team leaders acquire coaching and motivation interview methods for Millennials and Gen Z, enhancing smooth communication and relationship management among team members. In 2023, 16 new team leaders of HL Mando completed this training. We will continue to bolster inter-generational communication leadership through basic and advanced level training in 2024. The 'Millennials and Gen Z Leadership' course provided as part of the HL Group Work Smart program was designed for leaders who wish to generate synergies by integrating the diverse views of different generations. This course allows participants to understand the characteristics of Millennials and Gen Z and receive practice-based coaching skill training. This has strengthened communication between leaders and Millennials and Gen Z and enhanced the leadership of the leaders.

A Value Board composed of Millennials and Gen Z

HL Mando fosters an innovative corporate culture by operating the 'Value Board,' a direct advisory group to the CEO composed of young (Millennials and Gen Z) employees. Initiated in 1990, the Value Board has contributed to building a constructive corporate culture across varying areas, from training and communication to working conditions and processes. In 2023, the 15th Value Board was joined by 12 employees to work on the themes of Culture (corporate culture), ESG (corporate social responsibility), and STRIDE (work process improvement). The CEO Town Hall Meetings have also been instrumental in promoting communication among employees and fostering empathy. Additionally, a system was introduced to allow employees to autonomously approve leave without requiring a separate authorization, contributing to improvements in the corporate culture. Efforts have also been made to enhance the working culture by producing leaflets for easy access to HL Mando's work welfare system, and through active participation in social contribution activities such as clothing donation and river clean-ups.

Leading Corporate Culture: Team David

HL Group's 'Team David' is a non-standing organization under the chairman's office, composed of young talents with expertise in various fields of the HL Group. The team autonomously selects and pursues tasks related to realizing the group's management philosophy and establishing a healthy corporate culture. In 2023, the team proposed the 'HL STRIDE Conference (Paper Competition)' aimed at early identification and securing of outstanding talents, and is currently formulating operational plans with 'Future Mobility' as the main theme. Through this initiative, we aim to enhance the promotion and recruitment branding effects of the HL Group, and plan to grow this into a large-scale competition that can be a representative R&D competition in the future.

Diversity Indicators and Targets

Female Leaders at Revenue-generating (Sales) Departments*

Category	Unit	2021	2022	2023
Percentage of female employees	HL Mando	15.5	16.4	17.3
	HL Klemove	20.3	20.9	20.8
Percentage of female new hires	HL Mando	23.7	23.6	23.2
	HL Klemove	28.9	30.3	23.0
Number of women in leadership positions	HL Mando	109	110	144
	HL Klemove	4	5	11
Percentage of female leadership	HL Mando	9.2	9.7	11.2
	HL Klemove	1.8	1.9	4.1
Number of female executives	HL Mando	3	4	4
	HL Klemove	0	0	6

*Some reported figures have been changed due to the recalculation of HL Mando's 2022 data and HL Klemove's 2021 data

Female R&D Engineers*

Category	Unit	2021	2022	2023
Total number of R&D engineers	HL Mando	1,712	1,815	2,354
	HL Klemove	451	580	546
Number of female R&D engineers	HL Mando	185	208	251
	HL Klemove	58	62	73
Percentage of female R&D engineers	HL Mando	10.8	11.5	10.7
	HL Klemove	12.9	10.7	13.4

*Some reported figures have been changed due to the recalculation of HL Klemove's 2021 data

Female Leaders at Revenue-generating (Sales) Departments*

Category	Unit	2021	2022	2023
Total number of leaders	HL Mando	127	138	75
	HL Klemove	8	9	20
Number of women in leadership positions	HL Mando	28	25	16
	HL Klemove	0	0	0
Percentage of female leaders	HL Mando	22	18	21
	HL Klemove	0	0	0

*Some reported figures have been changed due to the recalculation of HL Klemove's 2021 data

Diversity Targets

As of 2023, the proportion of female employees among HL Mando's total employees is 17.3% and we are steadily increasing the ratio of female each year. With a goal of ensuring diversity within HL Mando's workforce, we aim to raise the proportion of female employees to 19% by 2026.

Organizational Culture and Labor Relations

Welfare Programs

HL Mando implements our corporate welfare regulations, developed in accordance with our management philosophy of respect aimed at assisting our employees in leading a flourishing, rewarding, fulfilling, and stable life while ultimately improving productivity. Welfare is defined as a range of programs run by the company to improve the quality of life for employees, and welfare programs and facilities are operated in a way that equally benefits each and every employee. In recognition of our commitment to providing an autonomous and pleasant work environment and creating a corporate culture for work-life balance, HL Mando was certified as a family-friendly business in 2022 by the Ministry of Gender Equality and Family, and is proud to retain this certification.

Securing Work-life Balance

HL Mando has various financial and non-financial support policies to help employees achieve a sound work-life balance. In addition to monetary benefits such as congratulatory money, scholarships, housing loans, and internal welfare funds, HL Mando provides comprehensive welfare support for employee welfare, including health check-ups, hobby clubs, and employee housing operations. These welfare programs are fairly administered to ensure equal benefits for all employees, with the company bearing the overall costs in principle. Welfare benefits are systematically managed under categories of facility support, life support, and health culture activities to achieve a sound work-life balance. Approved gatherings according to hobby club operating rules are eligible for support in the form of vehicles, supplies, and facilities for employees' leisure activities. Support for the education expenses of employees' children reduces the burden of education costs, particularly through separate provisions for children with disabilities, and ensuring equal opportunities for all.

Major Welfare Programs



Facility Support

- Employee housing (apartment/dormitory)
- Sports facilities
- Other welfare facilities (in-house cafeteria, medical rooms, changing rooms, etc.)



Life Support

- Meals
- Vehicle support (commuting, returning home)
- Provision of uniforms and safety equipment
- Financial and other support for family events, and Scholarships
- National pension/health insurance benefits
- Employee stock ownership
- Retirement gifts for retirees
- Internal labor welfare funds and personal pension
- Housing loan funds provision



Health & Cultural Life Support

- Health check-ups
- Summer resorts
- Hobby clubs
- Company-wide events (drawing contests, sports events, etc.)
- Compensation for industrial accident
- Subsidies for general injuries and others

Operating Hobby Clubs for Leisure and Rapport

HL Mando supports diverse hobby activities to help employees enjoy a healthy leisure life and build rapport with their peers. Participation in the hobby clubs voluntarily formed by employees sharing similar interests is encouraged, and we encourage employees to join at least one hobby club. Their activities are publicized through our in-house bulletin board, and we are always seeking to improve our support for hobby clubs through continuous labor-management consultations. As of 2023, we had baseball, soccer, and basketball clubs, among others.

Hybrid Work Arrangements Driven by Autonomy and Responsibility

HL Mando applies flexible work arrangements with a goal of embracing a 40-hour workweek, enabling a flexible work environment driven by employees' autonomy and responsibility. Our employees can manage their work schedule on a monthly basis according to their individual workload, and choose when to start and finish work at 10-minute increments. They only need to work within the boundary of 40 hours a week on average, including normal, overtime and holiday work, and may work autonomously without any additional approval from their team leader. We ensure employees work a minimum of four hours a day and implement a monthly maximum working hour system. Additionally, our working hour accrual system allows employees to leave work early or earn holiday in proportion to excess hours worked. We also apply 'Hybrid Work Schedules' that mix office and remote work. Our employees may choose to work in an office, at home or in a shared office depending on their individual work schedule. As well, our 'Flexible Summer Holiday System' enables employees to freely choose their summer vacation dates within the range of April to September rather than having to take their holiday during a specific and fixed period.

Maternity Leave and Parental Leave

HL Mando provides maternity leave in accordance with Paragraph 5 (Maternity Protection), Article 60 (Pregnancy Protection) of our rules of employment, as well as parental leave in accordance with Paragraph 4 (Time-off and Reinstatement), Article 12 (Time-off) of the employment regulation. Expectant mothers are given 90 days of pre/post-natal maternity leave, and this is extended to 120 days for a multiple pregnancy. We also make it mandatory that employees take at least 45 days of maternity leave after birth (60 days for multiple births). Furthermore, our parental leave program enables all employees with children aged eight years or younger or in grade 2 or below (including adopted children) to apply for a one-year leave to take care of their children. At HL Mando, both male and female employees are entitled to maternity leave and family care leave to maintain a stable work-life balance. HL Mando also supports parents in balancing their home and work lives through measures such as reducing working hours during childcare. Through such systems, HL Mando takes responsibility for employee welfare, supporting employees in maintaining a balanced work-life equilibrium.

Maternity and Parental Leave Taken*

(Unit : No. of persons)

Category		2021	2022	2023
Employees who took maternity leave	HL Mando	108	92	70
	HL Klemove	42	44	61
Employees who took parental leave	HL Mando	26	28	17
	HL Klemove	20	12	20

*Based on domestic operations of HL Mando and HL Klemove

*HL Mando's and HL Klemove's 2021 and 2022 data are restated due to changes in the calculation standards

Daycare Center and Infant Learning Support

HL Mando provides a safe childcare environment and specialized in-house daycare center learning programs so that our employees can fully engage in their work knowing their young children are well taken care of. Currently, daycare centers are being operated at our Pangyo R&D Center and our worksites in Pyeongtaek and Wonju, and these provide differentiated educational programs designed with age-specific development needs in mind based on the national standard educational curriculum. By providing various experiences and enjoyable learning opportunities in-house to the young children of our employees, we help children to actively learn and grow in diverse areas, enhancing their problem-solving skills, creativity, and teamwork abilities.

Collective Bargaining and Labor Negotiations

HL Mando guarantees our employees the right to freedom of association and collective bargaining pursuant to Article 33 (three basic labor rights) of the Constitution, and our Code of Conduct specifies that employees have the right to advocate for their own interests through their elected representative. Accordingly, all employees are guaranteed the right to establish, join, and operate labor unions. HL Mando conducts wage negotiations annually and collective agreement renewal negotiations every two years. In 2023, wage negotiations were conducted in accordance with the procedures for consolidating multiple labor unions into a single bargaining unit. We conducted negotiations with all labor unions that requested negotiations, without discrimination, and are sincerely following up on the negotiation results.

Operating Labor-Management Council

HL Mando, in accordance with the Act on Improvement of Workers' Engagement and Cooperation, has established and operates a labor-management council to promote worker participation and

cooperation for the mutual benefit of labor and management. The council consists of an equal number of representatives from workers and management, with no more than nine members from each, and worker representatives are elected every three years. In 2023, we held four plenary sessions of the company-wide labor-management meetings, addressing 18 agenda items, and conducted three management briefings between labor and management, as well as a business plan briefing session for all employees.

Operating Employee Stock Ownership Association

HL Mando operates an employee stock ownership association to enhance employees' asset formation and labor-management cooperation. Over 99% of eligible employees are members of the association, and we operate a 1:1 matching contribution system between employees and HL Mando to support monthly stock acquisitions by members. Accordingly, each member contributes KRW 30,000 monthly, which is matched by a company contribution of the same amount, totaling KRW 60,000 monthly. As well, various contribution methods are offered, including the option for additional monthly contributions according to members' preferences and the option for one-time contributions at the end of the year. Through these efforts, roughly 140,000 shares (approximately KRW 6.3 billion in purchase value) of the company's stock were acquired by employees in 2023.

Employee Stock Ownership Association Shares Ownership Status

*As of December 31, 2023

Number of Shares Owned

638,129 shares

Ownership Percentage

1.36%



Human Rights Management

Human Rights Management System

Human Rights Management Declaration*

HL Mando has publicly announced its human rights management policies through the human rights management declaration*, code of conduct**, and human rights management guidelines***. In particular, the human rights management declaration contains nine human rights principles set by HL Mando : respect for human rights, non-discrimination, prohibition of forced labor and child labor, compliance with labor laws and guarantees freedom of association and collective bargaining, health and safety, responsible supply chain management, information protection, environmental rights guarantees, human rights to the community. The human rights management declaration applies to all employees of HL Mando and its affiliates. According to the human rights management declaration, HL Mando strives to comply with labor regulations and customer requirements in each country or region in which it operates, and works to ensure its compliance with all labor principles recommended by the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and all labor principles ratified by countries.

Human Rights Management Guidelines

HL Mando develops human rights management guidelines to facilitate systematic and proactive integration of human rights principles into our management and business operations. These guidelines outline various aspects of HL Mando's human rights management, including procedures for human rights impact assessments and remedies. By doing so, we aim to proactively identify and address any potential human rights risks.

Human Rights Management System

HL Mando has established a human rights risk reporting system within the Sustainability Management Committee in order to efficiently drive human rights management and manage human rights risks. This committee deliberates on the issuance and revision of human rights management-related declarations and guidelines, as well as the development and evaluation of human rights management plans. Moreover, collaborating with the human rights management working group within the HL Group, it performs tasks related to preventing human rights risks. The formulation and implementation of the basic plan for human rights management, as well as human rights impact assessments, are the responsibility of the HR and Labor departments. Furthermore, HL Mando publicly discloses human rights management declarations through channels such as the website and sustainability reports, ensuring that employees and stakeholders can easily access information on human rights management. In addition, to internalize human rights management, HL Mando has set Zero occurrences of child and forced labor as key performance indicators (KPIs) for executives and manages them accordingly. In 2023, no risks of child labor or forced labor were identified.

Human Rights Risk Management

Conducting Human Rights Impact Assessments

To protect human rights, HL Mando conducts comprehensive human rights impact assessments across all its global worksites. The assessment process involves both written and on-site evaluations, as well as stakeholder interviews, conducted by the working-level human rights management council. The assessment covers a range of items to identify human rights risks for all stakeholders, including employees, labor unions, suppliers, community members, and customers, based on domestic and international guidelines and regulations. Since 2022, human rights impact assessments have been conducted for all our worksites worldwide. In 2023, potential human rights risks identified for HL Mando encompassed issues such as forced labor, child labor, irregularities in hiring practices, and morale deterioration stemming from unfair employee evaluations and treatment. Subsequently, improvement plans were devised for pertinent overseas sites, and the human rights risk assessment process for the supply chain was bolstered. Additionally, educational materials are being developed through the human rights impact assessment response process to promote the spread and internalization of human rights management. HL Mando will continue to strengthen human rights management and minimize human rights risks through practical implementation.

Human Rights Impact Assessment Process

- 01 Development of human rights impact assessment checklist
- 02 Self-assessment by responsible departments using the checklist
- 03 Evaluation by the working-level Human Rights Management Council
- 04 Reporting to the Human Rights Management Committee
- 05 Identification of improvement tasks and establishment of action plans
- 06 Review and decision on evaluation results/ improvement tasks
(HL Group Human Rights Management Committee)

10 Areas of Human Rights Impact Assessment

Establishment of a human rights management system	Assurance of Industrial Safety
Non-discrimination in Employment	Responsible Supply Chain Management
Guarantee of Freedom of Association and Collective Bargaining	Protection of Stakeholder Rights
Prohibition of Forced Labor	Guarantee of Environmental Rights
Prohibition of Child Labor	Protection of Consumer Rights and Employee Information

Human Rights Risk Mitigation and Disciplinary Action

HL Mando is committed to preventing human rights violations, and is also establishing an organization to provide victims with protection and remedies, a channel to submit and receive reports, and a process to operate the remedy procedure in the event such violations occur. Once a whistleblowing report of a human rights violation is submitted, factual grounds are established in cooperation with the group’s legal affairs team according to the set handling procedure, and when necessary, legal verifications are made by the relevant authorities. The disciplinary committee is also convened in accordance with our internal disciplinary process to decide on and implement disciplinary action. Separate processes and standards are being developed to ensure that whistleblowers and/or victims of human rights and workplace harassment do not suffer any identity exposure or HR-related disadvantages in the investigation process, and victims are supported through separation in the workplace, paid time-off, and psychological counseling at their request. HL Mando investigated all submitted cases of workplace harassment and is strengthening prevention to ensure such cases do not reoccur. We also practice preventive Human Rights and Ethics Education for Employees.

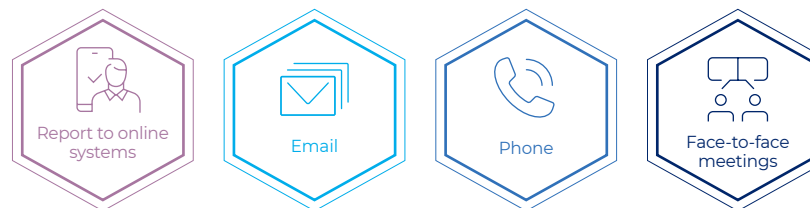
Human Rights Training

HL Mando provides human rights education to all domestic employees to raise their awareness of human rights issues. This includes education on preventing workplace harassment, preventing sexual harassment, and improving awareness of disabilities. In 2023, e-learning sessions on ‘Preventing Forced Labor, Child Labor, and Human Trafficking’ were conducted for all domestic employees. In addition, guides for preventing workplace harassment have been developed and distributed. Human rights related ESG indicators are integrated into the key performance indicators (KPIs) of our executives to emphasize the practice of human rights management. HL Mando aims for global human rights management, not only within the company but throughout the supply chain. Plans are underway to develop independent human rights training curricula, including preventing forced labor, child labor, and human trafficking, that can be applied to overseas business sites in the future.

Operating Grievance Mechanisms and Disciplinary Action

HL Mando operates grievance mechanisms to allow employees to report and provide feedback on all human rights management risks and grievances, including discrimination. The accessibility of the grievance mechanism process is specified in the Human Rights Management Guidelines, and grievances are accepted through various channels, including online systems, email, phone, and face-to-face meetings. When complaints related to human rights violations or discrimination are received, the relevant departments investigate the facts and, if necessary, convene a disciplinary committee. Protection of the identity of the whistleblower is prioritized. Grievances are transparently and promptly handled according to the grievance mechanism process, and the number of cases processed compared to grievances received is transparently disclosed in the Sustainability Report.

Grievance Mechanisms



Human Rights Indicators

Human Rights Impact Assessments Performed*

Category		Unit	2021	2022	2023
Worksites subject to human rights impact assessment or human rights review	HL Mando	No. of sites	4	19	20
	HL Klemove			3	5
Worksites which conducted human rights impact assessments	HL Mando		4	19	20
	HL Klemove			3	5
Percentage of worksites which conducted human rights impact assessments	HL Mando	%	100	100	100
	HL Klemove			100	100

*HL Mando’s and HL Klemove’s 2021 data are based on domestic operations

Grievances Handled*

Category		Unit	2021	2022	2023
Grievances submitted	HL Mando	No. of cases	21	16	0
	HL Klemove		3	0	3
Grievances resolved	HL Mando		21	16	0
	HL Klemove		3	0	3
Percentage of grievances resolved	HL Mando	%	100	100	0
	HL Klemove		100	0	100

*HL Mando’s and HL Klemove’s 2021 data are based on domestic operations

*Some reported figures have been changed due to the recalculation of HL Mando’s 2022 data

Human Rights Management Targets

In the past three years, HL Mando has had zero cases of child labor and forced labor. The target is to maintain zero occurrences of child labor and forced labor in the future.

Safety and Health

Safety and Health Management Policy

HL Mando views creating a safe workplace for all employees as a top priority. To achieve this, we fulfill our social responsibility by focusing on six major safety, health, and environmental management policies, and strive to create a safe and pleasant working environment while preserving the global environment. Furthermore, by applying the safety, health, and environmental management policies not only to HL Mando employees but also to the employees of suppliers, we contribute to creating a safe workplace within the supply chain. The safety, health, and environmental management policies are reviewed annually and revised as needed based on the requirements and appropriate measures for safety, health, and environmental concerns, and have been publicly disclosed to all employees after approval by the Board of Directors. To comprehensively apply these policies to our global operations, we plan to establish and disclose a global safety and health policy by 2024.

Safety, Health, and Environment Management Policy

 <p>We regularly review our workplace safety, health, and environment management system to pursue continuous improvement.</p>	 <p>We independently set and abide by high standards that comply with the applicable laws and regulations, as well as stakeholder requirements and expectations.</p>	 <p>We analyze potential risks in each phase of product design, manufacturing, and disposal, and provide appropriate financial and technical support to reduce such risks.</p>
 <p>We do our utmost to optimize our use of resources and energy and to mitigate the discharge of pollutants.</p>	 <p>We do our best to create a clean and healthy workplace through workplace environment improvements and employee health promotion activities.</p>	 <p>We ensure participation of and consultation with all employees and suppliers in our workplace safety, health, and environmental activities, and establish a culture of autonomy around workplace safety through continuous education and training.</p>

Safety and Health Management System

Safety and Health Management System

HL Mando has implemented the ISO 45001 safety and health management system at both domestic and overseas operations to actualize our systematic safety and health management principles. Guided by the safety and health management vision of ‘Higher Safety, Higher Life HL Mando’ we endeavor to operationalize safety and health management by establishing execution plans, conducting risk assessments, implementing improvement measures, and evaluating the performance of safety and health activities. The safety and health management system applies to all employees, including those from suppliers who are stationed at our worksites, and covers all aspects of the business. We chose the Frequency Severity Index (FSI) as one of our KPIs, and manage the frequency and severity of injuries occurring at our entire operations in Korea and abroad.

Worksites certified to ISO 45001

93%



Operating the Occupational Safety and Health Committee

As required by Article 24 of the Occupational Safety and Health Act, HL Mando operates an Occupational Safety and Health Committee, which holds quarterly meetings to discuss key safety and health issues with labor representatives and make policy decisions. Through the operation of the Occupational Safety and Health Committee, HL Mando strives to secure safety in the workplace and establish a systematic safety management system, while encouraging employees to raise their awareness of safety and contribute to the operation of a safe and healthy workplace.

Operating the Safety and Health Council

As part of our efforts to prevent serious accidents, HL Mando operates regular safety and health council meetings for different levels (management, OP Center head at each worksite, and working level). Through monthly working-level meetings, we share amendments to major laws and regulations and our responses with health and safety team leaders and members. Health and safety worksite meetings are also held for all suppliers stationed at our worksites. Furthermore, bimonthly worksite meetings are hosted by the Safety and Health officer of each worksite, and these meetings are joined by team leaders to discuss the results of health and safety checks and the issues identified. Quarterly executive meetings supervised by the Chief Safety Officer (CSO) are attended by the ER Center head, the OP Center head, and the Administration head to share our responses to applicable laws and regulations and major health and safety issues.

Organizational Structure of the Safety and Health Council

Category	Executive Meeting	Worksite Meeting	Working-level Meeting
Host	CSO	OP Center head at each worksite	Safety & Health Planning
Cycle	Quarterly	Bi-monthly	Monthly
Mandate	Share response strategies to applicable laws and regulations and key health and safety issues	Discuss the results of worksite health and safety checks and issues identified	Share amendments made to major laws and regulations and our responses

Health and Safety Checks

HL Mando conducts multifaceted checks, including headquarters and worksite checks, to comply with regulations such as the Serious Accidents Punishment Act. Through company-wide labor-management health and safety checks, we check various aspects of safety and health management at each worksite, including compliance with safety and health regulations, performance evaluations of risk management for dangerous machinery and equipment, health examinations, and environmental measurements. In addition, to examine on-site health and safety conditions, we investigated the safety measures taken for robotic facilities and safety fences, the operation of forklifts and relevant safety measures, and safety 'blind spots' such as areas surrounding our factories. In the event of a serious accident, HL Mando formulates post-accident measures and measures to prevent recurrence, confirming that health management and site management at each worksite are being conducted appropriately. The best practices of worksites are shared and studied, and immediate improvement measures are taken where it is identified that the set standards have not been met.

Operating Response to Serious Accidents Punishment Act

HL Mando has established a system to comply with the Serious Accidents Punishment Act. In January 2022, a dedicated safety and health organization was established, and safety and health-related issues across the company are being reported to the CSO. The CSO reports the status and resolutions regarding safety and health management to the regular Board of Directors meeting each year. The dedicated safety and health organization formulates and manages safety and health environment management policies and objectives, establishes and applies manuals for the assessment and improvement of hazardous risk factors and emergency responses to serious occupational accidents, and supports efforts to secure safety and health at suppliers. Additionally, as required by Article 4 of the Serious Accidents Punishment Act, semi-annual checks on compliance with safety and health securing obligations of business owners and management executives are conducted based on the results of the inspections, and the results are shared during the operational committee meetings. Improvement measures based on the 2022 inspection results have been implemented since January 2023, and the results and improvement measures are shared during the committee meetings, promoting horizontal deployment. HL Mando will continue our full range of activities and efforts to prevent accidents and secure a healthy working environment.

Health and Safety Risk Management

Health and Safety Risk Assessment

HL Mando conducts annual risk assessments for all processes to evaluate the safety and health standards at the worksites. These assessments involve categorizing processes or tasks, compiling risk information, and identifying potential hazards across production and support activities. The identified hazards are calculated, taking the probability (frequency) and significance (severity) of injuries or illnesses into account, and risk reduction measures are developed and implemented accordingly. Even after this process, risks are continually reassessed to ensure the prevention of safety and health incidents. Assessments are also made on an as-needed basis when constructions are installed, relocated, modified, or disassembled at the worksite; when machinery, equipment, facilities, and raw materials are newly introduced or modified; when work methods or procedures are newly implemented or modified; and, when injuries occur. The results of the risk assessment and significant risk factors are reported to the safety management officer, and appropriate measures such as education are taken to ensure that department members are aware of them. HL Mando ensures employee participation at all stages of the risk assessment process, in line with the Ministry of Employment and Labor's roadmap for reducing serious accidents, with dedicated monitoring by specialized teams.

Risk Assessment Process



Scheduled Inspections of High-risk Machinery/Equipment

HL Mando's machinery and equipment management guidelines stipulate the inspection procedure and other matters required to prevent the occupational injuries that can occur while handling high-risk machinery/equipment, and to ensure the safety of machine equipment as specified by the Occupational Safety and Health Act. The scope of these guidelines spans facilities subject to protection measures as well as equipment subject to safety certification, voluntary safety verification reporting and/or safety inspection as specified by occupational health and safety regulations. The purchase of equipment subject to safety certification and voluntary safety verification reporting is enabled, prior approval is granted by the Environment & Safety Team according to preliminary environmental safety evaluation guidelines, and relevant evidence is submitted. The E&S Team also conducts regular annual inspections of equipment subject to safety inspection under our safety inspection or voluntary inspection programs. The use of such equipment is immediately suspended when defects are found in inspections, prompt follow-up measures are taken, and this is reported to the head of the E&S Team. If necessary, the results are communicated to the relevant authorities. Through these rigorous procedures and guidelines, HL Mando strives to minimize industrial accidents and maintain a safe working environment.

Health and Safety Incident Handling Process

HL Mando applies its 'Injury Investigation and Reporting Guidelines' in order to take immediate action in the event of an accident. These guidelines outline response procedures for different types of incidents, including serious accidents and occupational accidents, and incidents are promptly reported to the top management for a swift response. As well, HL Mando empowers all employees with the authority to suspend operations immediately if there is a risk of an industrial accident, as specified in company regulations and collective agreements, in order to proactively prevent safety incidents. When an incident occurs, joint investigations into the causes are carried out with the health and safety manager and the supervisor of the team concerned in attendance, and the team involved should identify its causes and develop measures to prevent its reoccurrence.

Eliminating Potential Hazard/Risk Factors

To strengthen safety, HL Mando identifies and makes improvements following near miss incidents to eliminate potential risk factors along with risk assessments. In 2023, each of our processes was reviewed for their potential risk of slip, fall, jamming, explosion, fire, and forklift accidents : near misses were discovered as a result, and safety measures are being taken in a timely manner. Moving forward, HL Mando will diligently manage potential worksite hazards to establish a safe working environment.

Internalizing a Health Management and Safety Culture

Mando Golden Time Saver (MGTS) First Aid Training

HL Mando trains employees in internal emergency response capabilities through MGTS (Mando Golden Time Saver). Following a February 2022 incident in which a colleague collapsed due to cardiac arrest, HL Mando has been training emergency responders every two years to ensure prompt responses and protect employees' lives and health in the event of cardiac arrest during work hours. Employees who completed CPR training in 2022 received refresher training in 2023. A total of 236 emergency responders completed the '1st CPR Training' through practical training in CPR and AED (Automated External Defibrillator) usage. To ensure these first aid staff are recognized by their peers and thus informed of an emergency as promptly as possible, 'CPR training completion' plates were placed on their desks. HL Mando plans to nurture first aid personnel to take life-saving action during the golden hour.

Employees completed
the CPR training



236 persons

Health Management Support for Employees

HL Mando conducts annual health check-ups and comprehensive check-ups for employees to prevent potential health issues. Various health management programs have been implemented, including on-site health management rooms staffed by occupational nurses at domestic workplaces. These facilities provide various health consultations and monitor and manage the health data of employees at high risk of conditions such as hypertension, diabetes, and hypercholesterolemia. In addition, employees diagnosed with brain cardiovascular diseases are provided with follow-up health management. HL Mando also operates physical therapy rooms to prevent musculoskeletal disorders, and conducts surveys of ergonomic factors, making improvements to facilities accordingly. Through these programs, HL Mando actively monitors employee health to create a safe and healthy working environment.

Ensuring Safety and Health of Suppliers

HL Mando participates in the mutual cooperation project organized by the Occupational Safety and Health Agency. This project aims to improve the safety and health management levels of suppliers by establishing preventive systems and providing technical guidance. A total of 48 suppliers, including 29 in Pyeongtaek worksite, 10 in Wonju worksite, and 9 in Iksan worksite, participated in the mutual cooperation project with HL Mando. HL Mando supports suppliers through safety and health consultation and funding and plans to continue the mutual cooperation project in 2024. Monthly meetings with representatives from suppliers are held to address safety and health concerns and expand support activities.

Mind Rest, Psychological Counseling for Employees

HL Mando operates a psychological counseling center called 'Mind Rest' to enable all employees to address the stress they experience during work, as well as personal or familial psychological issues, and to support work-life balance. Counseling was offered for five sessions per employee per year in 2022, and since 2023 this has been increased to up to 10 sessions per year. If the employee receiving counseling is believed to have particularly serious issues, additional sessions are provided. Psychological counseling is conducted by external professionals, and the content and records of counseling are protected and cannot be accessed by the company, in accordance with Article 83 of the Labor Welfare Basic Act. Employees who wish to receive counseling can directly register for counseling at their desired time and location through online messenger or the company's website. In 2023, special job stress training sessions targeting management supervisors were provided by safety and health management personnel to promote activities that can relieve work stress.

Employees completed Job stress management training



189 persons

Occupational Health and Safety Training

At the beginning of each year, we develop annual health and safety training plans for the year and provide training to certain target groups according to the decision made by the Occupational Safety and Health Committee. Such training consists of regular training, special training, training for new hires, and training initiated when an employee changes positions. Office employees receive more than three hours of such training each quarter; this extends to six hours or longer for floor employees. For supervisors, more than 16 hours of regular training is provided per year. New hires receive more than eight hours of training, and more than two hours of training is provided in the event of a change of position for workers other than day laborers. Employees subject to special training receive special health and safety training pursuant to applicable work-specific regulations.

Selected as an Excellent Workplace for Workers' Health Promotion, and Signed Labor-Management Agreement to Spread a Culture of Safety

HL Mando has been evaluated by the Korea Occupational Safety and Health Agency as an excellent workplace for workers' health promotion. Under the evaluation system for workers' health promotion activities, 43 items were evaluated positively, confirming HL Mando's active efforts in various safety and health areas such as health promotion system, awareness level, organizational culture, and environmental management. In September 2023, HL Mando signed a labor-management agreement with the Wonju Branch of the Ministry of Employment and Labor and the labor union branch of HL Mando's Wonju worksite to promote and spread a culture of safety in the worksites, suppliers, and local communities.



Certificate of Selection as an Excellent Workplace for Workers' Health Promotion

Safety and Health Indicators and Targets

Safety and Health Key Indicators* and Targets

Category		Unit	2021	2022	2023	2024 Target
Occupational incident rate	HL Mando	%	0.45	0.99	1.08	1.05
	HL Klemove		0.26	0.05	0.15	
OIFR (Occupational Illness Frequency Rate)	HL Mando	No. of cases/million hours worked	0	0.04	0	0
	HL Klemove		0	0	0	
Fatal accidents	HL Mando**	No. of persons	0	0	1	0
	HL Klemove		0	0	0	
LWR (Lost Workday Rate)	HL Mando	No. of days/1,000 hours worked	0.23	0.19	0.17	0.16
	HL Klemove		0.07	0.01	0.01	
FSI (Frequency Severity Index)	HL Mando		0.66	0.89	0.88	0.85
	HL Klemove		0.32	0.05	0.99	

*HL Mando's and HL Klemove's 2021 data are based on domestic operations

**Fatal accidents : Occurred at an overseas subsidiary of HL Mando

Governance & Ethics

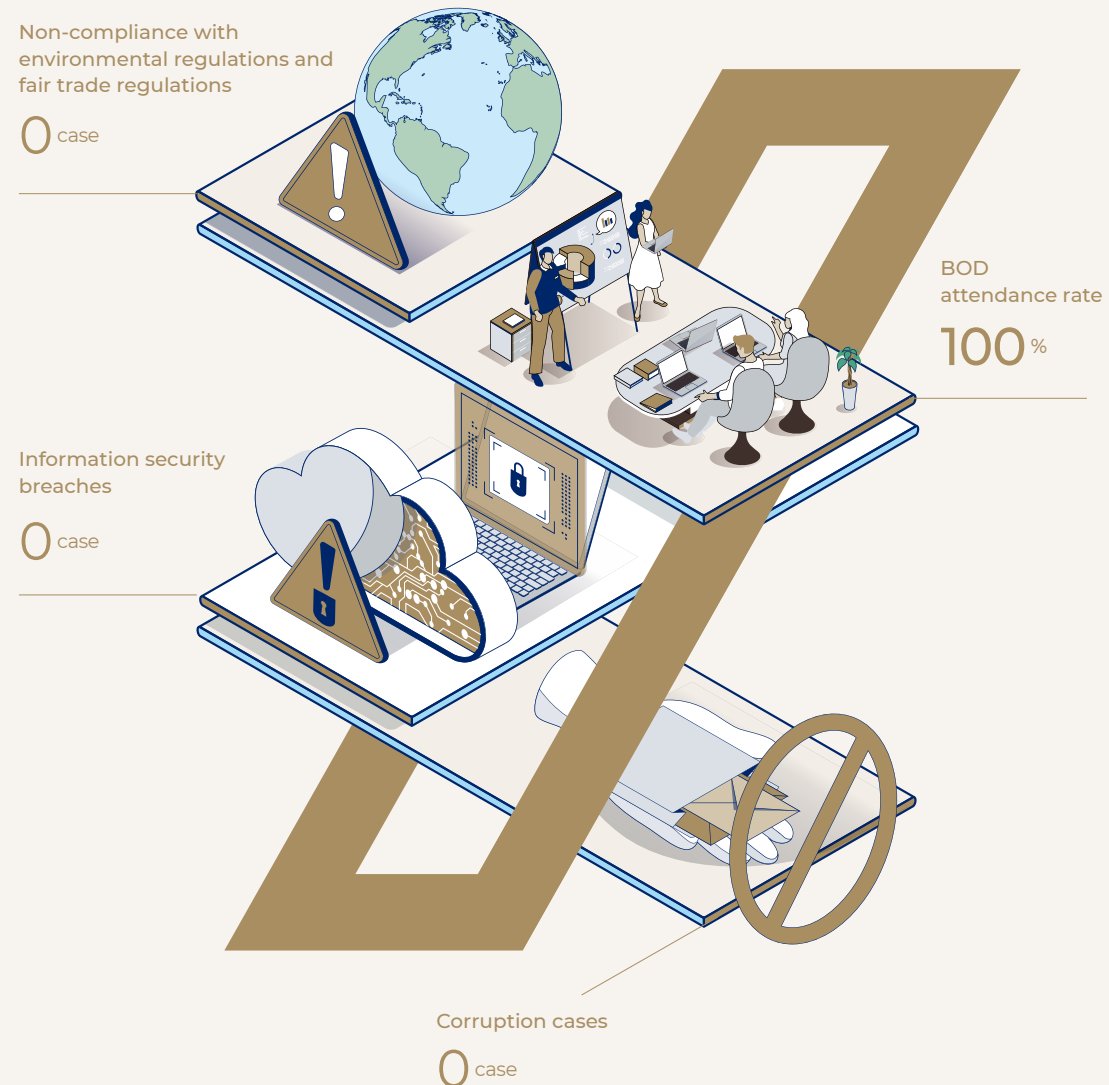
HL Mando is committed to fostering a transparent and efficient governance system among all employees, with integrity management at the core of its corporate values. Ethical conduct and compliance within the organization are promoted to ensure adherence to regulations. In pursuit of comprehensive risk management, specialized teams are established, and regular meetings are held to identify and address risks across various areas. Considering the increasing importance of automotive cybersecurity, HL Mando has also obtained the ISO/SAE 21434 certification for automotive cybersecurity to ensure that world-class level cybersecurity is provided to its customers. Based on a globally transparent governance system, HL Mando aims to enhance stakeholder trust through responsible corporate behavior, fulfilling its societal responsibilities, and thereby enhancing corporate value.

In this Area

- 71 Board of Directors
- 74 Integrity Management
- 78 Compliance
- 79 Information Security
- 83 Risk Management

Link to UN SDGs

- 16.3. Promote the rule of law at the national and international levels and ensure equal access to justice for all
- 16.5. Substantially reduce corruption and bribery in all their forms
- 16.6. Develop effective, accountable, and transparent institutions at all levels



Board of Directors

BOD Composition and Operation

BOD Composition

HL Mando's Board of Directors (BOD) is the highest decision-making body for our entire business management and operation. Pursuant to Article 33 of the Articles of Incorporation, the BOD consists of three or more directors, and appoints outside directors as stipulated by the applicable laws. To ensure proactive participation, our directors should have a Board attendance rate of at least 75%; in 2023, all members of the Board had a 100% attendance rate.

As of March 2024, the Board is comprised of three inside and four outside directors and is chaired by a CEO in consideration of his expertise and career experience. The tenure of directors is typically three years, with outside directors allowed a maximum tenure of six years, when reappointed as specified in the applicable regulations. Additionally, to ensure efficient operation, the board operates three subcommittees.

Key Activities of the BOD

As of the end of Dec. 2023

BOD meetings	Date	Attendance rate	Major agenda
1 st regular	02.09.2023	100%	Approval of the 2023 business plan, approval of the 9th fiscal year financial statements and operating reports
Temporary	03.08.2023	100%	Report on the operation status of the internal accounting management system, approval of Term Loan guarantee for the Mexico subsidiary
Temporary	03.24.2023	100%	Approval of the appointment of the CEO, appointment of members to the Committee for Recommending Outside Director Candidates
2 nd regular	04.21.2023	100%	Report on the management performance for the 1st quarter of 2023, report on ESG activities for the 1st quarter of 2023
3 rd regular	07.26.2023	100%	Report on the management performance for the 2nd quarter of 2023, approval of extension of long-term borrowings in KRW
Temporary	08.24.2023	100%	Approval of the sale/retirement of treasury stock, approval of inter-company transactions between affiliates
4 th regular	10.27.2023	100%	Report on management performance for the 3rd quarter of 2023, report on ESG activity results for the 3rd quarter of 2023
Temporary	12.26.2023	100%	Approval of inter-company transactions between affiliates

Independence of the BOD

To promote the independence of the Board, HL Mando ensures that the Board functions independently of senior management or controlling shareholders in accordance with the Guidelines on the Appointment of Outside Directors. To ensure the Board's independence, Outside Directors make up the majority of the Board. Inside directors are selected among executives assuming major roles at HL Mando, and outside directors are appointed at the annual general meeting of shareholders among candidates recommended by the Outside Director Nomination Committee based on their qualifications pursuant to applicable regulations. In 2023, all of our outside directors have not been members of our top management within the last two years, and have had no direct family members in executive positions at HL Mando or our subsidiaries, ensuring that they had no interest in the decisions made by the Board. Our Outside directors are not engaged in any major transactional or contractual relationship with HL Mando or our senior management, and have no interest in any non-profit activities that receive significant donations from HL Mando. In accordance with Article 38 of the Articles of Incorporation, HL Mando may appoint one or more CEOs, and CEOs are delegated to represent the company.

BOD Composition

As of Mar. 2024 / ● : Chair ○ : Member

Director	Name	Position	Date of Appointment /Term	Board of Directors Committee		
				Audit Committee	Outside Director Nomination Committee	Sustainability Management Committee
Inside director	Seong-Hyeon Cho	CEO, Vice Chairman, Automobile Sector head	03.26.2024/ 03.25.2027			
	Hyeon-Wook Kim	CEO (CSO)	03.24.2023/ 03.23.2026		○	
	Mong-Won Chung	Overall management	03.24.2023/ 03.23.2026			
Outside director	Won-Il Kim	Advisor of HYUN Law	03.24.2023/ 03.23.2026	●	●	○
	Nam-Il Kang	Representative lawyer of Kangnam-il law firm	03.24.2023/ 03.23.2026	○	○	●
	Gi-Chan Park	Co-managing director of Sylvan Capital Management - Korea	03.20.2020/ 03.23.2026			○
	Si-Young Chung	Partner of Seo-hyun Accounting Corporation	03.26.2024/ 03.25.2027	○		○

Expertise of the BOD

HL Mando assists in the operation of the Board and its subcommittees, as well as assisting outside directors in performing their work. In 2023, all our outside directors attended quarterly special executive lectures hosted by HL Group to boost their competency, and we plan to support a range of further training to bolster the expertise of the Board. In addition, we manage the competency table which indicates the expertise, experience, and other competency metrics required by the Board to ensure efficient Board operation and enable investors to make reasonable decisions. Outside directors may seek assistance from experts according to the rules of the Board of Directors.

Board Competency Table

Competency	Mong-Won Chung	Seong-Hyeon Cho	Hyeon-Wook Kim	Won-Il Kim	Nam-Il Kang	Gi-Chan Park	Si-Young Chung
Leadership	●	●	●	●	●		
Finance	●			●		●	●
Management/Accounting	●			●		●	●
R&D		●					
Labor relations			●				
Law/Regulation					●		
Independence				●	●	●	●

Diversity of the BOD

HL Mando endeavors to ensure diversity in our Board appointments by considering factors such as gender, race or ethnicity, nationality, and background to avoid bias towards specific backgrounds and professions. In March 2024, by appointing one female outside director (Si-Young Chung), the Board ensured it is not composed solely of a single gender. Additionally, the Board comprises experts from various fields such as automotive business, finance, law, management/accounting. Going forward, HL Mando plans to further expand the diversity of the Board to reflect the perspectives of various stakeholders in its management decisions.

BOD Committees

Audit Committee

The Audit Committee consists of three or more outside director who bring their extensive knowledge and experience, as accounting or financial experts, in the areas of the accounting standards that apply to financial statement preparation, accounting audit, internal control, and risk management, as well as the legally required qualifications and appropriate career history. They perform their audit function independently of the Board, executive organizations, and other teams while maintaining their objectivity. The committee convenes each quarter in principle and may do so more frequently as the need arises.

The committee audits the work of top management and HL Mando's accounting operations to promote sound governance. To facilitate the operation of the committee, the Internal Accounting Management Team supports the work of the committee by operating G-BPMS, our company-wide process management system, and by evaluating and reporting on the operational status of the consolidated internal accounting management system operational in Korea, China, the US, India, and Poland. HL Mando also provide necessary training for the efficient operation of the Audit Committee : in 2023, training was conducted on two occasions by inviting lecturers on the topics of the "Consolidated internal accounting management system" and "Considerations on corruption and embezzlement."

Sustainability Management Committee

HL Mando operates the Sustainability Management Committee for advancement of sustainability management at all levels in a systematic and integrated manner. The committee engages in discussions and verifications on key agendas, policies, and activities related to sustainability management, and is responsible for overseeing HL Mando's ESG impact and making relevant decisions. For major ESG issues, the Board serves as the highest decision-making body and the committee conducts semi-annual deliberations. Our sustainability management achievements and plans are reported to the committee or the Board each quarter.

Outside Director Nomination Committee

HL Mando operates the Outside Director Nomination Committee. The committee, established to nominate outside director candidates in conformity with applicable laws, the Articles of Incorporation, and the rules of the Board of Directors, is comprised of outside directors who account for more than half of the total members pursuant to Article 542-8 of the Commercial Law, and ensures transparency in operating the nomination and assessment process to select candidates with relevant qualifications and expertise.

Appraisal and Remuneration System

BOD Evaluation

HL Mando operates the BOD evaluation system to ensure the objectivity and fair assessment of the Board. Directors are surveyed to collect their feedback, and the questionnaire asks them to rate the Board on a scale of one to five considering its role and responsibility, composition and independence, operation, and subcommittee operation. In 2023, the evaluation score was 4.9 points on average, and scores on the independence and operation of the Board were slightly higher than the previous year. We will continue to engage in regular annual evaluations to promote transparency and soundness in our Board operation.

Director Performance Appraisal

Pursuant to Article 26 of the Audit Committee operational rules, we assess the performance of Audit Committee members each year. This appraisal process concerns overall Board operations, including Audit Committee members' independence, expertise, and oversight of financial reporting and external audit as well as risk management, internal control, matters delegated by the Board and ESG performance. Appraisal results are used to decide compensation for and reappointment of Audit Committee members. Our inside directors are also evaluated for their performance in general, including their attendance and participation in subcommittee meetings.

Director Remuneration Policy

HL Mando's directors and auditors are compensated in accordance with the regulations governing director and outside director remuneration within the limit approved at the annual general meeting of shareholders. In determining remuneration, registered directors are comprehensively evaluated based on the company's business performance and their contribution, and outside directors based on their field-specific expertise and participation in subcommittees. CEO remuneration is decided by considering ROIC (Return on invested capital), operating profit margin, ordinary profit margin, debt-to-equity ratio, and other financial return metrics, as well as corporate value, ESG management activity, and other relevant financial metrics.

BOD Remuneration

(Unit : KRW million)

Category	Member	Total Remuneration	Average Remuneration per Person
Registered directors (excluding outside director and Audit Committee members)	3	3,797	1,266
Outside directors (excluding Audit Committee members)	1	69	69
Audit Committee members	3	211	70
Auditors	-	-	-

As of the end of Dec. 2023

Stock Ownership

Shareholder	Relationship	Type of Stock	Shares Owned (No. of shares)	Ownership (%)	Note
HL Holdings	Principal	Common share	14,203,250	30.25	Largest shareholder
Mong-Won Chung	Executive	Common share	3,310	0.01	
Jae-Young Chung	Executive	Common share	300	0.00	
Kwang-Heon Kim	Executive	Common share	1,461	0.00	
Yong-Joo Lee	Executive	Common share	2,085	0.00	
Hyeon-Wook Kim	Executive	Common share	1,003	0.00	
Total		Common share	14,211,409	30.26	
		Preferred share	-	-	

As of the end of Dec. 2023

Integrity Management

Integrity Management System

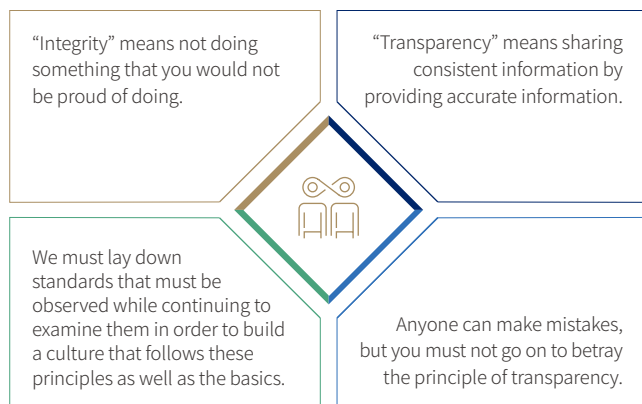
Integrity Management Policy

Integrity management is HL Group’s founding spirit and core value. To conduct business in ways that are fair and square and in compliance with sound ethics and principles, all our employees are aligned towards the goal of integrity management while pursuing specific management strategies to serve the public good. As proud HL members, our employees prioritize fair business conduct and live by the philosophy of sincerity, fidelity, and honesty.

HL Mando performs regular internal audits on overall management including corrupt or inappropriate conduct, progress towards implementing management policies and instructions, non-performing loans, and conducts risk management while special audits to manage corruption risk.

HL Group's Integrity Management Philosophy

A company must engage in fair competition and fulfill its social responsibilities and obligations based on transparent and proper decision-making in line with principles and basics.



Integrity Management Operating Guideline



Ethics Policy

HL Mando has implemented its Code of Ethics, Ethical Action Guide, and Code of Conduct to fulfill our ethical responsibility, strengthen trust and cooperation with stakeholders, and establish transparent and reasonable business practices. These ethical norms guide our business operations and our employees’ conduct. We ensure that the Code of Conduct is honored by all our stakeholders in transactional relationships with HL Mando, including all our affiliated companies, domestic/overseas production and sales sites, subsidiaries, and joint ventures, and strive to spread proper ethical norms at all levels. Our Code of Conduct includes provisions on political neutrality, and prohibits making political donations with corporate funds or under the company name. The Code of Conduct* is made available at HL Mando’s website, and the Code of Ethics and the Ethical Action Guide** which specify our standards on anti-corruption, bribery, and fair trade are disclosed on HL Group’s integrity management webpage.

Ethics Management Organization

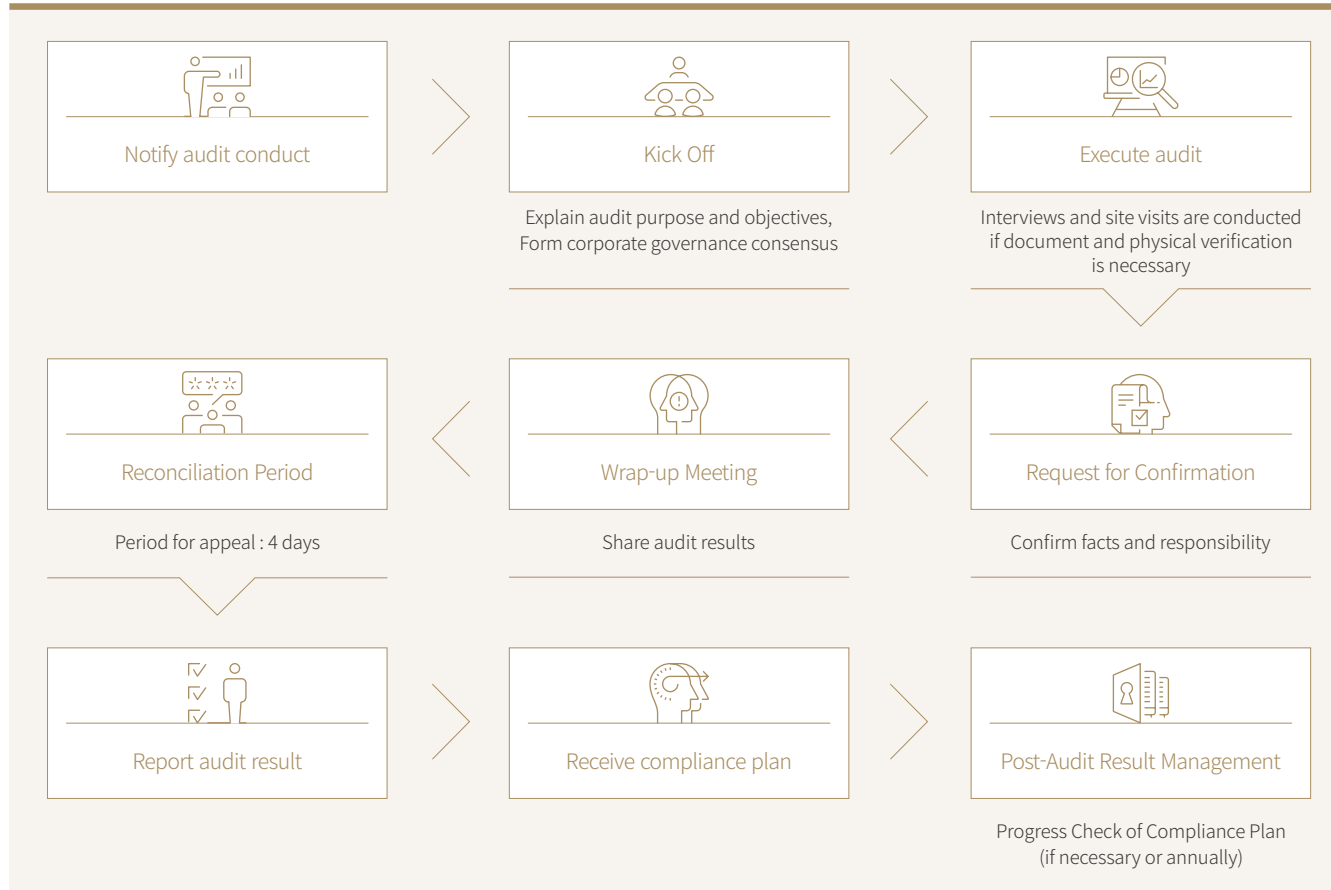
HL Mando is against all forms of corruption including unjustified gains and bribery. To this end, we operate our Integrity Management Office to support the fair and systemic management and oversight of our Code of Ethics and Code of Conduct. Pursuant to Article 4 of the audit regulations (Responsible Team and its Mission), the office is responsible for all audit operations and may appoint employees from other teams or external organizations to delegate or jointly conduct audit work. To establish transparent and reasonable business practices and support the Code of Ethics, HL Mando established the Ethical Action Guide and the Code of Conduct to specify matters related to integrity management, including responsibilities and duties, the reporting system, attribution, and reward & punishment. These regulations apply to all corporate organizational units and their employees within the Group, guiding our entire business operations and employee conduct.

Ethics/Anti-Corruption Risk Management

Ethics/Anti-Corruption Risk Assessment

HL Mando conducts audits based on predetermined audit procedures for regular or special audits, including anti-corruption impact assessments. We report on the status of anti-corruption management through the anti-corruption prevention program at least once a year to the Audit Committee during the Board of Directors for the previous year and the plans for the current year, and disclose this information to the public through sustainability reports.

Ethics/Anti-Corruption Risk Assessment Procedure



Operating HL Group's Integrated Online Report Center

HL Mando checks ethics/anti-corruption risks identified by the Integrity Management Office during regular/special audits. Pursuant to Article 6 of the Ethical Action Guide (Compliance with the Code of Ethics and Reporting of Its Non-compliance), our employees should report to the Integrity Management Office when they become aware of their own or others' non-compliance with the Code of Ethics. To ensure various stakeholders as well as our employees report unfair transactions or non-compliance with the Code of Ethics and the Ethical Action Guide, the HL Group Online Report Center* was launched in May 2022. In July 2023, English and Chinese versions were also opened to increase accessibility, allowing any global stakeholder to report easily.

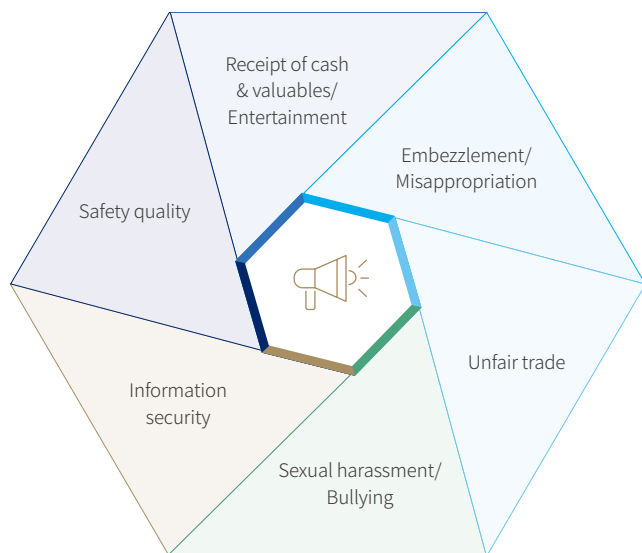
HL Group's Integrated Report Center's Report Handling Process



Disciplinary Action Taken Against Non-Compliance with Ethics

Our disciplinary system is operated in accordance with Article 18 of the audit regulations. Based on the evaluation results, HL Mando implements rewards or disciplinary measures for employees, integrating compliance with employee compensation. The Integrity Management Office may demand disciplinary personnel actions when critical findings are identified as a result of audits, regulations are violated, or intentional delays or disruptions concerning audit work are caused. The Integrity Management Deliberation Committee may be organized and operated independently of HR committee regulations. In 2023, a total of 12 code of conduct violations were identified through regular/special audits and the Integrated Online Reporting Center. Among these, one resulted in severe disciplinary action.

Reporting Areas Covered by the HL Group Online Report Center



Whistleblower Protection Mechanism

<p>Confidentiality</p> <p>Any disclosure of details that may reveal or indicate the personal information of whistleblowers is prohibited. To this end, all employees at the Integrity Management Office must sign a non-disclosure agreement.</p>
<p>Prohibition of disadvantages</p> <p>No one can impose any identity/administrative/economic disadvantages on whistleblowers for reasons of whistleblowing.</p>
<p>Exemption for voluntary whistleblowers</p> <p>Whistleblowers who report their own misconduct could be granted an exemption from some disadvantages they face according to the severity of the issue at hand, their usual conduct, and the level of remorse that they demonstrate. They are allowed to look back on their misdeeds and are given a second chance with full confidentiality guaranteed.</p>

Ethics Training

HL Mando implements the following diverse training and policies to strengthen anti-corruption, fair trade, and protection of trade secrets. Through these efforts, HL Mando aims to practice integrity management and transparent management, build a positive corporate image, and gain customer trust.

Content of Ethics Training

<p>Integrity Management Training Program</p>	<p>Conducted for new employees and experienced hires to enhance employees' ethical awareness and compliance capabilities.</p>
<p>Online Ethics Training</p>	<p>Provided to all employees to enhance their understanding of anti-corruption and fair trade and promote appropriate behavior.</p>
<p>Ethics Training for Suppliers</p>	<p>Conducted for supplier representatives to improve understanding of HL Mando's norms and relevant regulations and promote ethical behavior within the collaboration.</p>
<p>Translation and Dissemination of Overseas Operation Education</p>	<p>Translated HL Mando's ethics training content into Chinese and English and disseminated it to global employees to ensure consistent implementation of HL Mando's ethics policies at overseas operations.</p>
<p>Groupware Messaging</p>	<p>Regularly disseminated messages prohibiting corrupt solicitations and bribery via groupware during holidays to remind all employees and external stakeholders of the importance of integrity management and transparent management, and encourage compliance.</p>

Integrity Management Indicators and Targets

Integrity Management Indicators

Corruption and Breach of the Code of Conduct

Category		Unit	2021	2022	2023
Corruption	Cases (on a legal basis)	HL Mando	0	0	0
		HL Klemove		0	1
	Cases handled (pay cuts or more severe disciplinary actions)	HL Mando	0	0	0
		HL Klemove		0	1
	Percentage of corruption cases handled (pay cuts or more severe disciplinary actions)	HL Mando	0	0	0
		HL Klemove	%		0
Breaches of the Code of Conduct	Breaches (according to internal standards)	HL Mando	0	11	12
		HL Klemove		1	17
	Breaches handled (pay cuts or more severe disciplinary actions)	HL Mando	0	1	1
		HL Klemove		1	1
	Percentage of breaches handled (pay cuts or more severe disciplinary actions)	HL Mando	0	9.1	8.3
		HL Klemove	%		100

Anti-corruption Management

Category		Unit	2021	2022	2023	
Anti-corruption reports	HL Mando	No. of cases	7	3	2	
	HL Klemove			0	2	
Anti-corruption reports handled (pay cut and/or more severe disciplinary actions)	HL Mando	No. of cases	2	0	0	
	HL Klemove			0	0	
	HL Mando	%	28.6	0	0	
	HL Klemove			0	0	
Internal Audit (Ethics/ Business)	Worksites subject to audit	HL Mando	4	19	20	
		HL Klemove		1	3	
	Worksites audited	HL Mando	4	11	4	
		HL Klemove		1	3	
	Percentage of audit performed	HL Mando	%	100	57.9	20.0
		HL Klemove			100	100

Integrity Management Targets

Category		Unit	2025	2030
Percentage that completed ethics training	HL Mando	%	70	100
	HL Klemove		70	100
Percentage of regular assessments of corruption and bribery risks performed	HL Mando		50	100
	HL Klemove		70	100
Percentage of audit performance for control procedures to prevent corruption and bribery	HL Mando		50	100
	HL Klemove		70	100

Compliance

Compliance Risk Management

HL Mando carries out compliance oversight on an ongoing basis to minimize the risk of regulatory violation by reviewing all worksites for regulatory non-compliance when making decisions or signing contracts. We also assess IT system security and check the data privacy management level of our personnel information system to ensure compliance with the applicable laws, including the Personal Information Protection Act and the Information and Communications Network Act. We provide employees with regular training to raise their awareness of respective compliance areas including personal data, IPR, and anti-corruption. Our HL Group's Integrated Online Report Center serves to collect unfair trade issues among others to prevent and manage compliance risk.

Management of the Risk of Unfair Trade

Identifying and Addressing the Risk of Unfair Trade

HL Mando performs regular and ad-hoc compliance reviews of all domestic/overseas operations. Our compliance reviews inform our efforts to reflect necessary improvements in our business operations, in order to effectively ensure compliance with applicable laws and regulations. In 2023, we took stock of our fair-trade compliance on five occasions and disclosed the results through our annual report.

Reviews Made on Fair Trade Compliance in 2023

Period of Review	Description of Review
Jan.	Subcontracting payments made
Feb.	Requests for technical data provided
May	Basic contracts signed
Jul.	Requests for technical data and confidentiality agreement signed
Oct.	Requests for technical data and confidentiality agreement signed

Subcontracting Transaction Verification

Driven by our philosophy of fairness, openness, and win-win partnerships, we abide by the "Fair trade principles for subcontracting" and engage in fair trade with our suppliers. To this end, we properly issue and retain written documents in making subcontracting transactions, and have established our internal subcontracting deliberation committee to implement operational guidelines for signing desirable contracts.

Furthermore, to manage subcontracting risks, HL Mando verifies the regular payment status of subcontractors in the first and second halves of the year. For this purpose, relevant personnel within HL Mando and our suppliers collect relevant information and conduct post-transaction verification to ensure the legality of subcontracting transactions.

Raising Awareness on Fair Trade

To enhance compliance risk management and establish a fair trading culture, HL Mando publishes quarterly fair-trade newsletters and distributes them to suppliers to share the latest news and information on legal compliance. In addition, the Purchasing Division strengthens education on fair trade to help purchasing employees better understand and practice fair trade laws. In transactions between affiliates, regular education on relevant matters and the disclosure system under fair trade laws are emphasized for legal compliance. Notably, in 2023, education was provided to 203 purchasing personnel on the amendments to the Subcontracting Act, with a focus on payment linkage. HL Mando will continue to effectively manage compliance risks, establish a fair trading culture, and strictly adhere to relevant laws and regulations.

Compliance Indicators and Targets

Compliance Indicators

Compliance*

Category		Unit	2021	2022	2023
Non-compliance with environmental regulations	HL Mando	No. of cases	0	0	0
	HL Klemove		0	0	0
Non-compliance with fair trade regulations	HL Mando		1	0	0
	HL Klemove		0	0	0
Non-compliance with safety regulations	HL Mando		2	2	3
	HL Klemove		0	1	1
Personal data breaches	HL Mando		0	1	0
	HL Klemove		0	0	0
Breach of data related to customers (OEMs)	HL Mando		0	0	0
	HL Klemove		0	0	0

*Some reported figures have been changed due to the recalculation of HL Klemove's 2022 data

Compliance Targets

To ensure the stable operation of our overseas operations, HL Mando has begun enhancing our compliance management system to proactively prevent risks by adhering to relevant foreign laws and regulations. In 2023, compliance management activities were conducted for the U.S. worksites, including the establishment of a code of conduct considering U.S. laws and conditions, and the creation of new reporting channels for compliance-related issues. In 2024, efforts will be made to enhance compliance management systems at our worksites in Mexico, with plans to gradually extend these systems to other overseas worksites in the future.

Information Security

Information Security Policy

HL Mando has established and implemented information security policies, including security management regulations and operational guidelines, to protect critical information such as trade secrets from internal and external threats and to comply with domestic and international information security laws and customer security requirements. The information security policy applies to all employees and personnel related to HL Mando and our affiliates, as well as all information assets held and operated by us.

The Corporate Information Security Management Department conducts ongoing security checks, legal reviews, and consultations, and reviews and revises relevant policies with the approval of the Chief Information Security Officer (CISO¹⁾). The revised content is made available for all employees to access through corporate announcements and the Global Business Process Management System (G-BPMS²⁾).

In addition, HL Mando actively promotes improvement activities by incorporating external resources such as security solutions and professional consulting to securely protect customer and employee personal information, including trade secrets. Efforts are also underway to transition to a proactive information security management system through measures such as security monitoring, anomaly detection, and security center establishment.

1) CISO : Chief Information Security Officer

2) G-BPMS : Global Business Process Management System

Information Security System

Information Security Management System

HL Mando operates a dedicated information security team and business unit security organizations to protect core technologies and systematically enhance our corporate information security management system under the leadership of the HL Group Integrity Management Director, who also serves as the CISO. In addition, we operate a Corporate Security Committee under the leadership of the CISO in accordance with security management regulations (Chapter 3 : Information Security Organization). The Corporate Security Committee consists of managers and staff members from the Corporate Information Security Management Department, Physical Security Department, and Technical Security Department who possess expertise and consulting experience in performing corporate security tasks effectively, and is joined as needed by common departments such as legal, audit, and human resources. The Corporate Information Security Management Department regularly and on an ad hoc basis controls and supervises necessary security tasks related to major issues based on security management regulations. Information security and cybersecurity performance are evaluated annually in connection with key performance indicators (KPIs) associated with compensation for the CISO and Team heads, demonstrating HL Mando's commitment to protecting tangible and intangible assets. We also comply with security-related laws and customer security requirements by performing corporate security tasks, including publicly disclosing our security status as required by information protection laws.

Information Security Certification

HL Mando has remained certified to the ISO 27001 international information security management system standard since 2013 to lay the foundation needed to safeguard our information assets. HL Mando continuously expands the scope of ISO 27001 certification to global operations to protect core technologies. Since 2020, HL Mando has obtained and maintained TiSAX certification for our German subsidiaries to comply with the security requirements of global OEMs. Our Pyeongtaek worksite achieved H-ISMS, Hyundai Motor Group's supplier information security management system certification, in 2018, and our Wonju worksite did the same in 2022. HL Mando will continue to perform security activities based on external information security certifications to comply with domestic and international security requirements and enhance security capabilities.

Information Security
Management System
Certification

9 worksites

*Includes HL Klemove
worksites



ISO 27001

Trusted Information
Security Assessment
Exchange

2 worksites

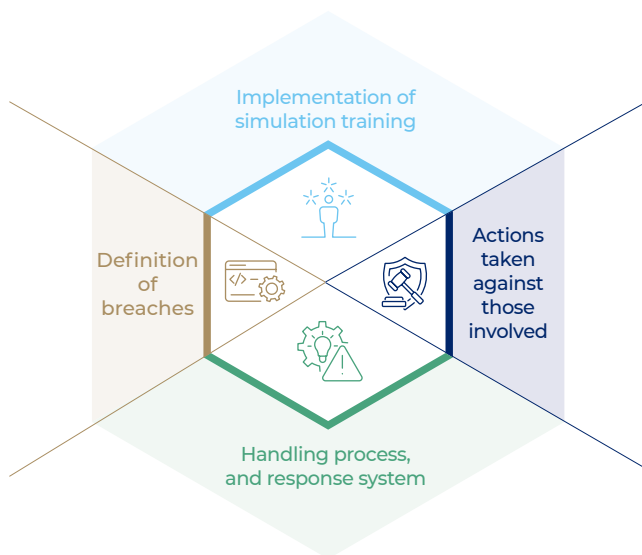


TiSAX

Information Security Activity

Information Security Breach Response System

HL Mando operates a systematic incident response system to prevent information security breaches and respond promptly in the event of an incident. Under HL Mando's information security policy, which is defined in the Security Management Regulations, detailed provisions on the definition of security breaches, the roles and responsibilities of information, the information breach handling process, and actions taken against those involved in breaches have been established to build a response system. Additionally, business continuity plans are established to ensure the availability of information assets, and annual simulation training is conducted based on these plans. Regular reviews are conducted, and revisions are made as necessary.



Security Issue Reporting Process

HL Mando prohibits employees from tampering concealing, destroying, or aiding in the concealment of evidence related to security incidents, or attempting to resolve issues arbitrarily. Employees are required to report incidents immediately through their department heads or the information security department. To facilitate swift reporting and response, HL Mando provides a KakaoTalk channel ("Information Keeper") service and operates the "HL Group Integrated Reporting Center," which allows not only employees but also suppliers and customers to report security incidents, post-incident discoveries, suspicions, etc. Upon receiving a report, security incident investigations are conducted according to the relevant procedures, and disciplinary measures are taken in accordance with internal regulations once a breach is confirmed.

Bolstering Employees' Security Awareness

HL Mando makes a range of efforts to raise the information security awareness of employees. Every year, all employees are required to sign a "Security and Compliance Pledge" to emphasize the importance of information security and compliance obligations. Tailored security education is provided to different groups, including general staff, security system operators, and security personnel. New employees receive information security education, are briefed on employee security compliance requirements on their first day, and sign security and compliance pledges. Retiring employees are informed of which security compliance requirements persist in their retirement, and sign security and compliance pledges upon retirement. Additionally, various promotional activities such as distributing card news, quizzes, and producing content for internal broadcasts are conducted to raise awareness of information security. Through events like Security Awareness Day, departments are

encouraged to conduct voluntary security checks during designated periods each month to raise awareness of the importance of security. Moreover, experiential activities such as simulated phishing exercises, ransomware simulations, and security workshops for security personnel are expanded to encourage employee participation.

Signing the IP Compliance Pledge

Our employees sign the online compliance pledge each year to raise their awareness and further commit to IP and information security compliance. At HL Mando's Korean operations, 100% of employees have signed the compliance pledge*, which encourages employees to recognize the importance of IP and information security compliance themselves and prevent relevant incidents.

*Tied with the information security pledge

Information Security Diagnostics

HL Mando regularly conducts security checks on our own worksites, subsidiaries, and supplier worksites under the auspices of the Corporate Information Security Management Department, with the approval of the Chief Information Security Officer (CISO), to protect core information such as trade secrets. Security diagnostics include administrative and physical security checks, from security risk measures to prevent information leakage at worksites, as well as technical security checks on security solutions, information systems, and infrastructure equipment. In particular, for newly established systems, a security review process is followed, including penetration testing to address security vulnerabilities prior to system launch. All security diagnostics are conducted based on principles of independence, objectivity, and fairness. Identified security vulnerabilities are addressed through improvement measures, compliance checks, policy reflections, etc., to prevent recurrence.

Tightening Cybersecurity

Establishing a Robust Cybersecurity System through ISO/SAE 21434 Certification

The importance of automotive cybersecurity is increasing in the global mobility market. In response, HL Mando has achieved certification in ISO/SAE 21434, an international certification for automotive cybersecurity. This certification defines security processes and requirements for the entire security lifecycle, from automotive design to development, testing, and mass production. As the first manufacturer in Korea to obtain this certification, HL Mando is proactively responding to global market demands, enhancing our global competitiveness.

Acquisition of the First Domestic Automotive Cyber Security International Certification



ISO/SAE 21434

Cybersecurity Policy

HL Mando stipulated cybersecurity management regulations in 2022 to specify matters required by customers and international standards and to safeguard our assets from internal/external threats. These regulations are amended regularly, on an annual basis. The scope of these regulations covers teams and employees associated with the cybersecurity lifecycle (research, development, production, sales, supplier management, and post-production), and also includes third parties who access HL Mando's information due to contracts and other legal relationships. Our company-wide cybersecurity operations are managed by the cybersecurity management organization as well as business unit-specific organizations, while product-related cybersecurity operations are led by product-specific cybersecurity organizations in performing working-level cybersecurity work, planning incident responses, and supporting the management organization. When factors in the entire production process from conceptualization to development and mass production that give rise to risks or security breaches are identified, they should be immediately reported to our automotive cybersecurity organization. These regulations are posted on our company-wide process management system (G-BPMS¹⁾) website for all employees to refer to.

1) G-BPMS : Global Business Process Management System

Operating the CSMS²⁾ Council

The global advent of autonomous driving underlines the importance of cybersecurity along the vehicle lifecycle. It's essential to prevent hacker attacks, personal data breaches, and other security incidents that may occur during the vehicle-to-vehicle data exchange process. Since 2022, the UNECE³⁾ has mandated the CSMS certification and made cybersecurity a prerequisite for the Cybersecurity Approval (VTA⁴⁾) for car OEMs and vehicles, and a lack of compliance can lead to a sales ban and other highly stringent measures. At the request of car OEMs, parts makers establish the CSMS as a cybersecurity management system and submit documentary evidence along the vehicle lifecycle. HL Mando organized a dedicated task force team in 2021 and operates the CSMS Council. CSMS Council meetings serve as forums for discussing the establishment and amendment of key cybersecurity policies, analyzing internal/external cybersecurity trends, identifying domain-specific cybersecurity issues and recurring incident prevention measures, and sharing monitoring results.

2) CSMS : Cyber Security Management System

3) UNECE : United Nations Economic Commission for Europe

4) VTA : Vehicle Type Approval

Supplier CSMS Inspect

In conformity with Article 13 (Cybersecurity Supplier Management) of our automotive cybersecurity management regulations, we apply our cybersecurity management standards to select suppliers who require cybersecurity management from among our pool of outsourcing material suppliers. Suppliers requiring cybersecurity management are selected through separate procedures and criteria established by the purchasing department's cybersecurity management system. At the time of contract, they stipulate obligations related to cybersecurity system management, including the "Automobile Cybersecurity Compliance Agreement." Even after the contract, the establishment, operation, and improvement of the cybersecurity systems of suppliers is continuously managed through CSMS inspections. Matters related to supplier management are governed by our "Cybersecurity supplier management policy," and matters related to the cybersecurity quality of products delivered by suppliers are governed by our "Cybersecurity quality management policy."

Raising Cybersecurity Awareness

HL Mando conducts awareness and technical education under the auspices of HL Talent Development Institute to enhance our employees' awareness of cybersecurity. Seminars and cybersecurity education programs are conducted to strengthen additional competencies. In 2023, HL Mando conducted group internal assessor training sessions. Furthermore, an e-learning course outlining automotive cybersecurity was provided for key roles in the automotive sector, with the exception of R&D and production positions.

Automotive Cybersecurity Incident Response and Management

We follow our cybersecurity incident response policy to minimize the impact of automotive cybersecurity incidents and take actions to prevent their recurrence. This policy applies to all our organizations in the areas of automotive parts research, development, production, and sales. Product-specific quality assurance managers form cybersecurity incident response organizations and provide measures and training to prevent the recurrence of similar incidents when deemed necessary. When a cybersecurity incident occurs, we analyze its risk and categorize its severity as Critical, Medium, or Low. The head of our Incident Response Quality Team is required to document and manage the reports submitted and their details including incident levels in the cybersecurity incident management ledger, and to reach agreement with the cybersecurity management system manager in developing plans to take corrective measures. The manager may disclose the details of incidents and conduct training for employees within the acceptable boundary while supplementing our regulations, policies, and processes to prevent their recurrence. In addition, our ongoing cybersecurity monitoring process enables us to monitor cybersecurity issues identified through development activities and field operations, and to assess and report on vulnerabilities.

Information Security Indicators and Targets

Information Security Indicators

Information Security Performance

Category		Unit	2021	2022	2023
Employees who completed security training*	HL Mando	No. of persons	2,234	2,062	2,279
	HL Klemove			1,162	835
Information security incident occurrence	HL Mando	No. of cases	0	0	0
	HL Klemove			0	0
Information security management system certification (ISO 27001)	HL Mando	%	80	80	80
	HL Klemove			100	100

*Based on domestic operations of HL Mando and HL Klemove

2023 Employees who signed IP Compliance Pledge*

(Unit : No. of persons)

Worksite	Employees who signed	Worksite	Employees who signed
India	909	Europe	72
China	503	Korea	2,440
America	237	Total	4,161

*784 employees of HL Klemove's domestic corporation signed compliance pledge.

Information Security Targets

HL Mando pursues annual activities related to information security with the goal of achieving ZERO breaches of the law and ZERO incidents related to information security. Additionally, in the field of cybersecurity, continuous education based on new cybersecurity technologies and trends will be implemented and expanded from 2024 onwards. In 2025, measures will be taken to respond to post-assessment audits to maintain ISO/SAE 21434 certification*.

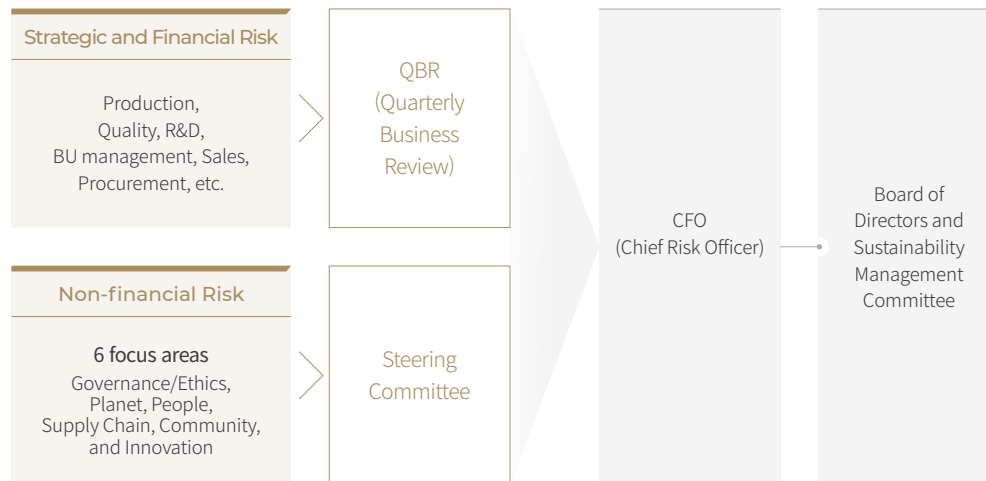
Risk Management

Risk Management System

Risk Management Governance

HL Mando establishes and operates a comprehensive risk management system at the corporate level to respond to various internal and external risks that may arise in the constantly changing industrial environment. We hold quarterly meetings for financial and non-financial risk management, and our CFO (Chief Financial Officer) serves as the CRO (Chief Risk Officer) to oversee risk management company-wide. Each relevant department builds a systematic management system based on the types and scenarios of risks, detects risk factors through quarterly meetings, promptly devises response measures, and conducts checks. For significant risks, reports are made to the Sustainability Management Committee and the Board of Directors through the CRO, and comprehensive monitoring and management of risks are conducted.

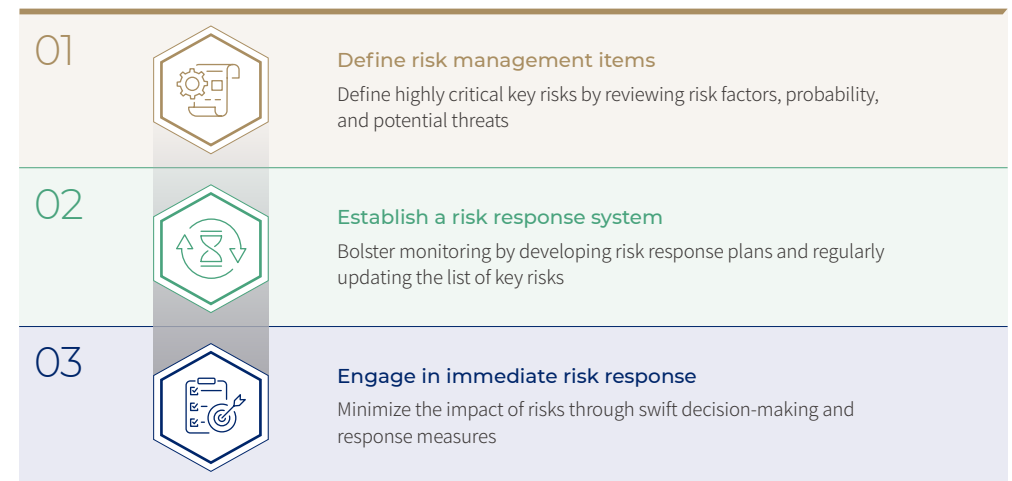
Risk Management Operation System



Risk Management Process

HL Mando integrates risk management collaboratively among relevant organizations and establishes a response system from a preventive rather than a reactive perspective. High-priority key risk items are defined by reviewing risk factors, occurrence probability, and potential threats. Key risk factors are monitored regularly, and response plans are updated when needed. A swift decision-making system is established to enable immediate risk response, and proactive risk prevention and response activities are actively carried out. When significant risks are discovered, reports are promptly made to the management through the Risk Management Officer, and efforts are made to minimize the ripple effects of risks.

Preventive Risk Management



Key Risk Management

HL Mando selects key risk categories and reports our progress made in each of the six focus areas of sustainable management every quarter for risk management and response. We identify risk factors and assess their probability, potential threats, and expected results. Risk assessments are conducted quantitatively through a matrix format evaluating the risk using probabilities of occurrence (history of occurrences, trend of occurrence frequency, systematic management) on one axis and potential threats (regulatory violations, financial impacts, external disclosure impacts, etc.) on the other axis. We also monitor detailed response plans and measures as well as their progress in accordance with type-specific risk management scenarios and management regulations. Additionally, we identify key risks for business operations concerning tax, liquidity, currency fluctuations, and internal accounting to enable their integrated management. Additionally, we link performance evaluations of employees to compensation for risk management, including greenhouse gas reduction, information security, corruption prevention, and human rights protection.

Risk Management System

Risk Classification		Risk Identification		Response Measures Taken
Level 1	Level 2	Cause	Consequences	
Governance & Ethics	Data security/leaks	Technical/physical/personnel security incidents	Leakage of key information assets, declining corporate competitiveness	<ul style="list-style-type: none"> Establish network security control solutions Perform security certification assessment (ISO 27001, etc.) and information security risk assessment Create information security and compliance pledges for employees
	Non-compliance with integrity management	Bribery and misuse of alumni relations among stakeholders	Non-compliance with integrity management, unfair business practices, declining corporate competitiveness	<ul style="list-style-type: none"> Introduce online compliance education and education for all employees Conduct special audits for reported cases Conduct compliance education for suppliers
Planet	Demand for the use of renewable energy	Customer demand for net zero commitment and supply chain expansion	Disadvantages in winning orders	<ul style="list-style-type: none"> Form and implement renewable energy strategies for all global operations
	Enhanced regulation of greenhouse gas emissions from Scope 1 and 2	Country-level net zero announcements	Payment of fines and penalties	<ul style="list-style-type: none"> Implement activities to achieve carbon neutrality by 2045 (implement emission rights management, energy saving, and efficiency improvement activities at each worksite, etc.)
People	Human rights management risk	Workplace harassment, forced/child labor, etc.	Declining competitiveness of corporate human rights management, punishment of senior management (imprisonment or fines)	<ul style="list-style-type: none"> Conduct human rights impact assessments for all global operations Conduct human rights education for all employees of all global operations
	Severe accident management	Facilities and other serious accidents	Legal risks occurring from fatalities and other serious accidents, declining external credibility	<ul style="list-style-type: none"> Establish and operate safety and health management systems through safety and health council led by the CSO Implement the Golden Rule system to enhance employee safety awareness, and issue safety and health journals
Supply Chain	Conflict minerals	Suppliers' use of conflict minerals, EU regulations	Supplier management issues, suspension of business with OEMs	<ul style="list-style-type: none"> Ongoing activities to identify the use of conflict minerals by suppliers and establish systems Conduct education on conflict mineral use for suppliers
	Supplier ESG assessment	EU's mandate of Corporate Sustainability Due Diligence Directive	Restrictions in exporting to EU countries, penalties, restrictions in winning orders from OEMs	<ul style="list-style-type: none"> Expand companies subject to ESG evaluations among suppliers and conduct continuous ESG evaluations
Innovation	Lack of eco-friendly material use	Demand from ESG evaluators and customers	Restrictions in winning orders, degrading ESG rates	<ul style="list-style-type: none"> Implement activities to secure eco-friendly materials (trend analysis, roadmap development, etc.)

Emerging Risk

Emerging Risks are risks that are newly emerging, or existing risks with significant impacts that are not fully understood. HL Mando is actively monitoring emerging risks in order to enable a proactive risk response at the organizational and long-term risk management level. We analyze potential impacts, derive risk mitigation activities, and establish plans.

Category	Climate Change Adaptation	Cybersecurity	ESG Disclosure
Risk description	<p>Countries around the world, including Korea, have announced their net zero commitment, and carbon taxes are being introduced to support the transition to a low-carbon economy, adding to the global momentum for climate change adaptation. A wide range of stakeholders – countries, investors, OEMs and others – are increasingly advocating for climate change adaptation. This makes climate change adaptation a major management risk for companies, requiring them to address it in their operations by reducing GHG emissions and developing low-carbon products.</p>	<p>With the increasing importance of software in the automotive industry, the significance of cybersecurity is growing. As automotive parts become interconnected through software, the need to securely protect important data such as personal information, smart keys, and automotive operating software from external threats arises. Considering that the use of electronic parts is projected to increase further in future mobility, the cybersecurity of parts is emerging as a must-have functionality in line with expanding connected car sales.</p>	<p>Recently, laws and regulations mandating ESG disclosure have been introduced, particularly in the United States and Europe. The European Union, in particular, is strengthening ESG information disclosure, focusing on climate change and supply chain management. ESG disclosure regulations continue to evolve, requiring ongoing efforts and resources from companies to comply with and adapt to new regulations. Additionally, ESG disclosure can bring about changes in business models, and is perceived as a significant financial risk.</p>
Potential impact	<ul style="list-style-type: none"> • Rising cost of carbon credits amid tightening GHG emissions trading schemes • Increasing overall operational costs with the introduction of carbon taxes • Increasing R&D cost due to growing demand for low-carbon products • Declining brand value due to insufficient climate change adaptation efforts 	<ul style="list-style-type: none"> • Road accidents and life damage caused by hacker attacks committed to take control of vehicles • Leakage of core information caused by hacker attacks • Incidents of improper software injection via over the air (OTA) 	<ul style="list-style-type: none"> • Additional costs incurred for data collection and report compilation to comply with ESG disclosure requirements • Criticism and demands for corrective action from shareholders, investors, and customers due to negative ESG performance evaluations • Penalties and legal issues resulting from non-compliance with ESG regulations, damaging corporate reputation
Response activity and plan	<ul style="list-style-type: none"> • Manage energy saving activities, GHG emissions reduction, and allowances • Increase R&D and investment in eco-friendly products • Operate a LCA taskforce team • Joined the SBTi and review and plan to join the RE100 • Set a goal of carbon neutrality by 2045 	<ul style="list-style-type: none"> • Operate the Cybersecurity Collaboration Lab to secure product security technology by signing MOUs with mobility security companies • Secure specialized and optimized technical capabilities for products like braking and steering systems • Conduct risk analysis and improvement activities in the event of cybersecurity incidents • Plan to horizontally deploy CSMS¹⁾ through continuous improvement and process enhancement in overseas research institutes 	<ul style="list-style-type: none"> • On a trial basis, apply essential ESRS²⁾ items to the sustainability report in 2024 • Transparently disclose governance structures, strategies, risk management, and GHG reduction goals related to climate change in accordance with TCFD recommendations • Measure and disclose GHG emissions of global operations

1) CSMS : Cyber Security Management System

2) ESRS : European Sustainability Reporting Standards

Tax Transparency

Tax Policy

HL Mando formulates tax policies and thoroughly fulfills its various tax obligations. The Global Tax team under the CFO organization manages tax-related issues of our overseas entities. The CFO and Global Tax team establish tax strategies and drive decision-making activities in accordance with internal regulations. We abide by the OECD TP¹⁾ Guideline commonly recognized in country-specific tax jurisdictions in establishing and operating our transfer pricing policy, and keep a close tab on changing global tax trends. We seek advice from qualified experts outside the company when necessary to continuously amend and supplement our transfer pricing policy, and fully understand BEPS (Base Erosion Profit Shifting). Also, we disclose our global transfer pricing policy and its operational status each year through relevant reports. Such information is verified by third-party professionals and registered in the National Tax Service computer system as a transfer pricing report. For uncertainties associated with tax treatment, we consult with third-party accounting auditors and separately reflect these in our corporate accounting book.

1) TP : Transfer Price

Tax Governance

HL Mando systematically manages and efficiently operates global tax activities by establishing and operating a dedicated Global Tax team under the CFO's direction. The CFO determines the strategic direction for global taxation, and the team formulates tax strategies and executes tax-related tasks according to the CFO's guidance. Tax strategies are periodically reviewed to adapt to changing tax environments and business requirements. Additionally, HL Mando complies with the law and conducts related to transparent and systematic tax activities.

Tax Risk Management

HL Mando actively manages tax risks by strictly adhering to national tax laws and regulations, contributing to national finances, securing customer benefits, and maximizing shareholder value. We observe tax management principles and apply risk management systems across the organization by using a systematic and specialized tax team. We fully understand country-specific tax systems and applicable tax laws so that we can sincerely fulfill our tax reporting and payment obligations and promptly respond to requests for taxation data. We do not engage in any tax evasion activities that take advantage of varying tax laws and rates among countries, as well as the international taxation system. We submit our Country-by-Country Report (CbCR) to the National Tax Service to meet our disclosure obligations, fulfill our duty as a sincere taxpayer, and internally prepare our Tax Compliance Calendar for cooperation with global operations to earn the trust of our stakeholders through our transparent and reasonable approach. When tax evasion is suspected, anyone can access the whistleblowing mechanism operated by our Integrity Management Office (Audit Office). Furthermore, for significant tax issues, we carefully review potential risks through consultation with external experts and present them to the Board of Directors for decision-making when necessary.

Community

As a member of the global community, HL Mando engages in a range of corporate social responsibility activities to spread social values and achieve a sustainable world. To this end, we operate the Global 1 Company 1 Representative program and run social contribution programs in four themes : Move Together, Green Together, Dream Together, and Happy Together, based on HL Mando's vision of "Together." HL Mando will continue to collaborate with society, neighbors, and our employees to create a sustainable future, in line with both the trends of the times and the needs of local communities.

In this Area

88 Corporate Social Responsibility

Link to UN SDGs

- 1.2. Reduce the number of people living in poverty, in all its dimensions
- 2.2. End all forms of malnutrition and address the nutritional needs of adolescent girls, pregnant and lactating women and older persons
- 3.6. Reduce the number of deaths and injuries from road traffic accidents worldwide
- 4.1. Ensure that all girls and boys complete free, equitable and quality primary and secondary education



Amount of donation for social contribution

KRW **3,141** million

*Including HL Klemove

Number of employees participated in volunteer activities

2,157 persons

*Including HL Klemove

Percentage of employees participated in volunteer activities

13.4%

*Including HL Klemove

Beneficiaries of the Roly-poly Wheelchair of Love program

709 persons

*Accumulated














Corporate Social Responsibility

Our CSR Framework

Aligned with the vision of CSR “Together,” HL Mando dreams of a sustainable future together with its stakeholders (Dream Together), and takes the lead in solving social issues through collaborations with local communities (Happy Together). Beyond this, HL Mando contributes to creating a more sustainable world by supporting the convenience of the socially vulnerable (Move Together) and addressing climate change and ecosystem conservation efforts (Green Together). Since 2022, HL Mando has implemented the Global 1 Company 1 representative program to put the vision of “Together” into practice.

CSR Vision System

Vision & Slogan	Together Sustainable Future Created by Society, Neighbors and HL Mando						
Principle	Fair World	Eager Participation		Continuous Activities			
Section	 Move Together	 Green Together	 Dream Together	 Happy Together			
	Offer mobility convenience to the handicapped and socially disadvantaged	Respond to climate change and preserve the sustainable ecosystem	Support the nurturing of future generations for a better future	Take the lead in resolving social issues through collaboration with local communities			
Action	<ul style="list-style-type: none"> Roly-poly Wheelchair of Love Support for children bereaved by traffic accidents Safety Speed 5030 campaign House repair 	<ul style="list-style-type: none"> Environmental protection activities with NGOs (1 company 1 stream campaign, etc.) Providing plants for seniors living alone Growing a Green Forest Biodiversity preservation 	<ul style="list-style-type: none"> Scholarships for communities where we operate Support for students under the Smart Mobility program 	<ul style="list-style-type: none"> Blood Drive for Love Donating kimchi and briquettes Sharing Rice of Love Support for children from low-income families Woosoori Happiness+ 			
Sustainable Development Goals	 No poverty	 Zero hunger	 Good health and well-being	 Quality education	 Reduced inequalities	 Climate action	 Life on land
Foundation	Leadership level initiative	Policy support by the company		Engagement and participation of employees			

Move Together

Roly-poly Wheelchair of Love Donation

HL Mando operates “Roly-poly Wheelchair of Love Donation” to carry on the ‘Roly-poly spirit’ of the late Ungok Chung In-Young, the Honorary Chairman of HL Mando, and to support individuals who are living with mobility challenges due to severe disabilities caused by traffic accidents. This is one of HL Mando’s representative CSR programs, which has sponsored wheelchairs worth KRW 910 million for 709 people with severe disabilities-from 2012 to 2023. In 2023, through the Korea Transportation Safety Authority, HL Mando delivered ‘Roly-poly Wheelchair’, electric and manual wheelchairs, electric scooters, and wheelchair batteries worth KRW 100 million to 74 individuals nationwide who were made severely disabled by car accidents. HL Mando will continue to provide ongoing support for the rehabilitation and return to daily life of families affected by traffic accidents.



Roly-poly Wheelchair of Love Donation ceremony

Safety Speed 5030 Eco-drive Campaign

To contribute to reducing fatalities from road accidents and raise funds in order to help create assets for children who lost their parents in traffic accidents, HL Mando partnered with the Korea Transportation Safety Authority to launch the “Safety Speed 5030 Eco-drive” campaign. In line with the new government policy taking effect, this multi-stakeholder campaign is driven by matching funds provided by KOTSA as well as HL Mando and its employees, private sector partners, and public participation.

In 2023, the campaign was contributed to by 72,884 individuals, raising a total of KRW 80 million in private sponsorship funds for the public interest. We supported 557 children under 18 who lost their parents in traffic accidents. Through this campaign, HL Mando aims to support the stable independence of children in need using the funds raised. Notably, for children who did not receive support in the form of government matching funds, contributions are made to provide support, and psychological counseling is offered to families suffering from mental distress due to accidents.

HL Mando will create a range of consortiums to achieve an advanced culture of traffic safety and address any issues that go unnoticed in promoting the economic independence of such bereaved children.

Sponsoring Organization	Support Provided
Korea Transportation Safety Authority	Private sponsorships
KB Insurance	
HL Mando	
Hope VORA	
Ministry of Land, Infrastructure, and Transport (KOTSA)	Government matching funds



Safety Speed 5030 Eco-driven campaign poster

Green Together

Ecological Environment Management

HL Mando conducts ecological environmental management activities to restore natural ecosystems and conserve biodiversity. In March 2023, we launched a water conservation campaign on World Water Day, and in June, to mark Environment Day, HL Mando employees participated in a riverbank cleanup activity. Additionally, in August, we initiated the “1 Company 1 Ecosystem Invasive Plant Removal Project” in accordance with the MOU agreement with the Ministry of Environment, removing invasive plant species near rivers. HL Mando will continue to actively pursue local ecosystem conservation projects to promote ecological environmental management both inside and outside the worksite.



Employee participation in 1 Company 1 River activity

Pet Trees Sharing Campaign

HL Mando’s “Pet Trees Sharing Campaign” activity is an eco-friendly CSR activity in which over 100 teams of employees at the Pangyo office each nurture one ‘pet’ tree for eight weeks in the office, and then deliver it to marginalized communities in each region. This activity has been carried out annually since 2021. This activity will continue each year as part of HL Mando’s efforts to conserve ecosystems.



Pet trees of love

Global Natural Disaster Relief Support Activity

As part of our sustainable management efforts, HL Mando has actively extended a helping hand in situations of large-scale natural disasters causing human and property damage. Recently, HL Mando has been supporting affected areas following events such as the Turkiye-Syria earthquakes, Gangwon Province wildfires, and Slovenia floods. In the aftermath of the Turkiye-Syria earthquakes, search and rescue and recovery activities were carried out while collaborations with local communities aided in the reconstruction of the affected area in Gangwon Province following the wildfires. Assistance was provided to local communities in Slovenia affected by floods, working in cooperation with local authorities and agencies for community recovery. HL Mando’s emergency relief efforts have had positive impacts both domestically and internationally, and we will continue to create a better future through various CSR activities.

Dream Together

Modernization of School Facilities

HL Mando supported the construction of Katrabbakkam Government High School in India, creating a high-quality education environment for future generations. The newly established school was designed considering ventilation and lighting needs, with a comfortable two-story learning space equipped with a total of 11 classrooms, optimized for students to study in a comfortable environment. HL Mando will continue to support domestic and international future generations in pursuing their dreams.

HL Mando's India Worksite helps students in the Pudupet area to develop their digital literacy by providing funding for computer labs, furniture, electronic devices, and other necessary resources for learning. As the accessibility to digital environments is low in the region, establishing a computer research center here is expected to provide significant learning opportunities for students in need.

Halla University SW Track Industry-Academia Scholarship Program

Since 2022, HL Mando has signed a "Halla University SW Track Industry-Academia Program Agreement" to proactively secure SW talent and foster customized practical talents. Through this agreement, KRW 142 million in scholarship funds and KRW 122 million in operation expenses for talent development programs were provided to 91 SW Track students in 2023. Notably, five students who completed the program have started careers at HL Mando, thereby enhancing our software competitiveness. We plan to continue our efforts to secure and nurture SW talents in the future.

Scholarships for Underprivileged Youth

HL Mando supports underprivileged youth in South Korea by providing scholarships, enabling them to pursue their dreams regardless of their difficult circumstances. In 2023, scholarships totaling KRW 120 million were distributed to 120 youths, each receiving KRW 1 million, in Pyeongtaek, Wonju, and Iksan, where our domestic worksites are located.

Supporting Underprivileged Children in China

HL Mando is dedicated to enhancing CSR activities for marginalized communities near our business locations worldwide. In 2023, we provided stationery sets for 500 disadvantaged children and adolescents and 600 winter jackets to those in need near our five worksites in China. We will continue to do our best to fulfill our social responsibilities.

Happy Together

HL Mando's Social Volunteer Group

HL Mando encourages our employees to participate in at least one social volunteering activity and rewards outstanding contributors with incentives based on volunteer hours. Our social volunteer group has four domains : Volunteer, Woosoori, Donation, and 1:1 Sponsorship. A total of 1,082 employees joined our Social Volunteer Group in 2023.

Social Volunteer Group Activities by Domain



Volunteer once a year (4 hours)
(choose either group or individual participation)



Deduct a set amount of wage (KRW 5,000 or more) and donate monthly (equivalent to 0.4 hours of volunteering per month)



Cumulative monthly deductions of less than KRW 1,000 and donate them to the less fortunate



Donate KRW 20,000 or more per month to a sponsored child (equivalent to 0.4 hours of volunteering per month)

House Repair of Love

HL Mando conducts a community-based CSR activity called "House Repair of Love" that is focused on vulnerable populations, in particular people with disabilities and those receiving livelihood support, to create safe and comfortable living environments. In areas like Pyeongtaek, Wonju, and Iksan, which are rural-urban complex regions with many old houses, we conduct housing repairs, boiler installations, and kitchen upgrades. In urban areas like Pangyo, improvements focus more on household items such as lights and bidets.



Employee participation in House Repair of Love activity



Employees participating in the Sharing Rice of Love activity

Sharing Rice of Love

HL Mando runs its “Sharing Rice of Love” activity on the third Friday of every month in collaboration with the local community to support marginalized populations residing in Seongnam. The activity is run by volunteer employees, and aims to share meals with local marginalized communities. HL Mando supports it by providing a monthly food budget of KRW 300,000.

Support for International Day of People with Disabilities

HL Mando participated in the International Day of People with Disabilities event organized by the Seongnam Volunteer Center, where we donated 800 specially made eco-bags to members of the local community. By providing various support items that can be used in daily life in high-quality eco-bags, a greater sense of respect and consideration was conveyed to the recipients.



Delivery Ceremony of Support Items for International Day of People with Disabilities

Donating Kimchi in Summer

Through communicating with the local community, HL Mando learned that kimchi shortages typically occur in the summer. For this reason, we changed the paradigm of our previous winter-focused kimchi-sharing event by organizing the "Donating Kimchi in Summer" event. In 2023, HL Mando delivered kimchi to veterans in June, the beginning of summer, providing necessary assistance to them.



Delivery Ceremony of Summer Kimchi Sharing for Veterans Month

Support for Mobile Laundry Vehicles

The mobile laundry vehicles operated by the Seongnam Senior Citizens Association provide laundry services to vulnerable elderly people within the community. In 2023, HL Mando found that the broken washing machines inside the vehicles were left unused due to the aging of the machines. HL Mando addressed this issue by replacing the washers, contributing to an improvement in the welfare and quality of life of elderly residents of Seongnam.

CSR Indicators and Targets

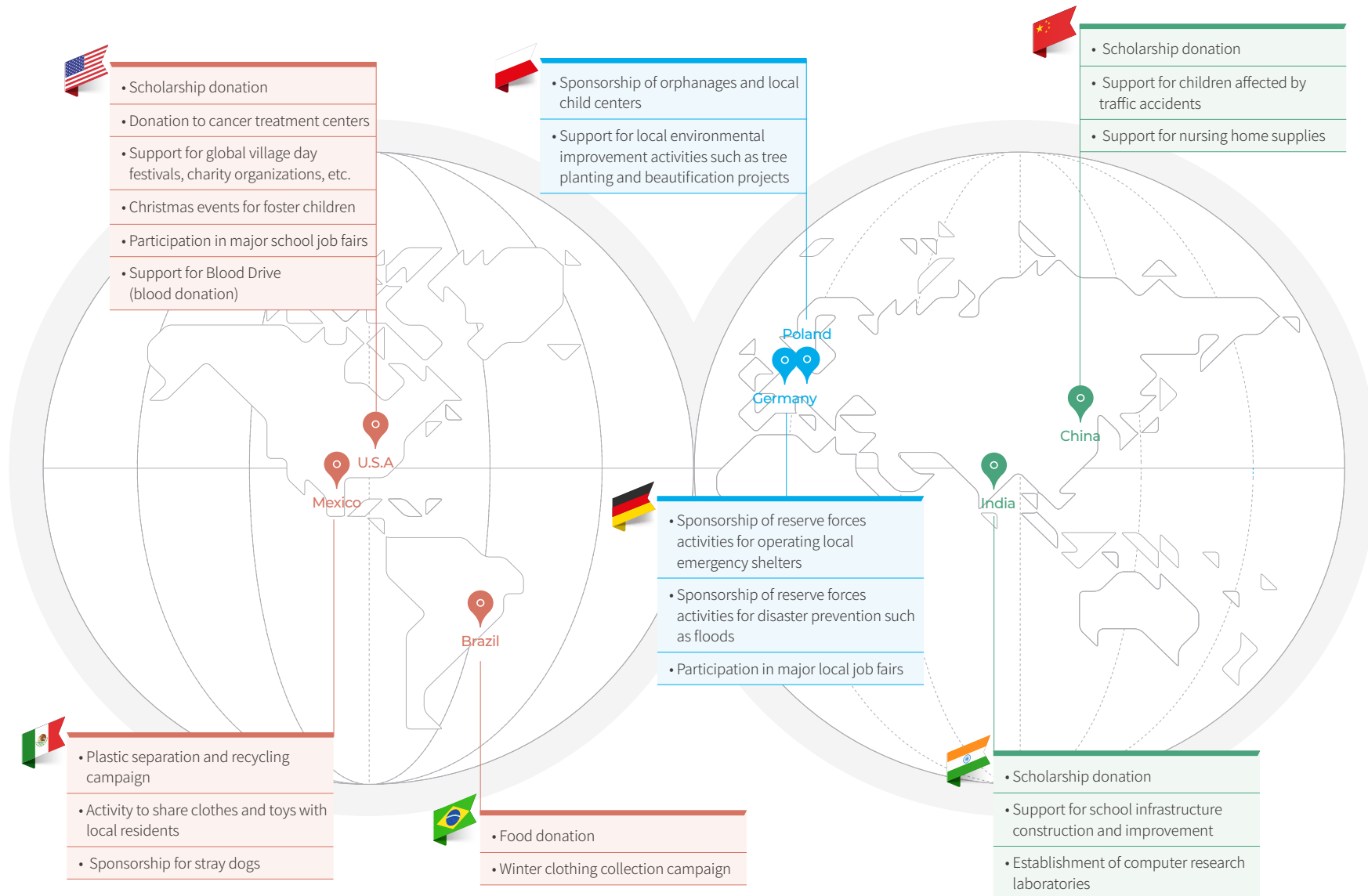
CSR Indicators

Category		Unit	2021	2022	2023
Employees who participated in CSR activities	HL Mando	No. of persons	1,277	1,032	1,075
	HL Klemove			311	1,082
Hours of CSR activities participated in	HL Mando	No. of hours	7,168	6,387	6,169
	HL Klemove			589	1,643
Amount of CSR support	HL Mando	KRW million	888	1,158	2,677
	HL Klemove			44	67

CSR Targets

HL Mando's domestic worksites have established a mid-term plan to increase its social contribution support funds to practice sustainable social responsibility. The support funds are planned to increase from KRW 1.57 billion in 2024 to KRW 1.75 billion in 2025 and KRW 1.93 billion in 2026. HL Mando will continue to drive systematic CSR activities and grow together with the local community.

Key CSR Activities by Country



APPENDIX

094	ESG Data
112	GRI Index
116	ESRS Index
119	TCFD / SASB Index
120	UN SDGs
121	UN Global Compact
122	Stakeholder Engagement
123	Awards and Associations
124	Independent Assurance Statement
127	GHG Assurance Statement

ESG Data

Economy

Financial Statement

Category	Unit	2021	2022	2023
Assets	KRW billion	5,704	5,846	6,287
Cash and cash equivalents		852	492	615
Liabilities		3,660	3,572	3,931
Debt		2,127	1,918	2,017
Net debt		1,275	1,426	1,402
Equity		2,044	2,274	2,356
Capital		47	47	47
Debt-to-equity percentage	%	179	157	167
Net debt-to-equity percentage		62	63	60

Profit and Loss Statement

Category	Unit	2021	2022	2023
Sales	KRW billion	6,147	7,516	8,393
Cost of sales		5,246	6,510	7,263
Operating profit	%	232	248	279
		3.8	3.3	3.3
EBITDA	KRW billion	559	587	601
		%	9.1	7.8
Net profit	KRW billion	179	118	155
		%	2.9	1.6
Parent company's controlling interest	KRW billion	167	98	136
Basic earnings per share		3,567	2,096	2,890
Total dividend		38	23	28
Dividend payout ratio		%	22.5	23.9

Sales*

Category		Unit	2021	2022	2023
By region	Korea	KRW billion	2,623	2,791	3,057
	China		1,553	1,809	1,963
	Americas		1,178	1,350	1,446
	India		553	744	767
	Europe		240	822	1,161
Consolidated sales	6,147		7,516	8,393	

*Prepared based on net sales by region, rather than non-consolidated sales by region

Sales Breakdown

Category		Unit	2021	2022	2023
By customer	HKMC	%	55.5	50.7	48.8
	OEMs in North America		21.9	25.2	27.0
	Local OEMs in China		11.4	11.8	10.6
	Europe and others		11.2	12.3	13.5
By product	Brake		36.2	35.1	34.2
	Steering		33.6	34.8	33.5
	Suspension		17.8	17.9	19.4
	ADAS		12.0	10.2	10.9
	Others	0.5	2.0	2.0	

Governance and Ethics

Composition of the BOD

Category	Unit	2021	2022	2023
Total number of directors	No. of persons	7	7	7
Inside directors		3	3	3
Outside Directors		4	4	4
Percentage of outside Directors	%	57.1	57.1	57.1
Percentage of outside directors allowed to assume up to 4 other positions		100	100	100
Percentage of outside directors who possess industrial experience		100	100	100

Diversity of the BOD

Category	Unit	2021	2022	2023	
By gender	Male directors	No. of persons	7	6	6
	Female directors		0	1	1
	Percentage of female directors		%	0	14.3
By age	Under 50	No. of persons	0	1	1

BOD Operation

Category	Unit	2021	2022	2023	
Meetings held	BOD	No. of cases	9	11	8
	Audit Committee		5	6	5
	Outside Director Nomination Committee		0	1	1
	Sustainability Management Committee		3	3	2
Agenda items (proposed & reported)	BOD	No. of cases	45	44	44
	Audit Committee		19	21	17
	Outside Director Nomination Committee		0	1	1
	Sustainability Management Committee		9	10	10
Attendance rate	All director	%	100	100	100
	Outside director (non-executive)		100	100	100

BOD Tenure

Category	Unit	2021	2022	2023
Average director tenure	No. of years	3	3	3
Maximum tenure outside directors may serve through re-appointment	years	6	6	6

Corruption and Breach of the Code of Conduct

Category	Unit	2021	2022	2023		
Corruption	Cases (on a legal basis)	HL Mando	No. of cases	0	0	0
		HL Klemove		0	0	1
	Cases handled (pay cuts and/or more severe disciplinary actions)	HL Mando		0	0	0
		HL Klemove		0	0	1
Percentage of corruption cases handled (pay cuts and/or more severe disciplinary actions)	HL Mando	%	0	0	0	
	HL Klemove		0	0	100	
Breaches of the Code of Conduct	Breaches (according to internal standards)	HL Mando	No. of cases	0	11	12
		HL Klemove		0	1	17
	Breaches handled (pay cuts and/or more severe disciplinary actions)	HL Mando		0	1	1
		HL Klemove		0	1	1
Percentage of breaches handled (pay cuts and/or more severe disciplinary actions)	HL Mando	%	0	9.1	8.3	
	HL Klemove		100	100	5.9	

Anti-corruption Management

Category		Unit	2021	2022	2023	
Anti-corruption reports	HL Mando	No. of cases	7	3	2	
	HL Klemove			0	2	
Anti-corruption reports handled (pay cut and/or more severe disciplinary actions)	HL Mando		2	0	0	
	HL Klemove			0	0	
Percentage of anti-corruption reports handled (pay cut and/or more severe disciplinary actions)	HL Mando	%	28.6	0	0	
	HL Klemove			0	0	
Internal audit (ethics/task)	Worksites subject to audit	No. of sites	HL Mando	4	19	20
			HL Klemove		1	3
	Worksites audited		HL Mando	4	11	4
			HL Klemove		1	3
	Percentage of audits performed	%	HL Mando	100	57.9	20.0
			HL Klemove		100	100

Ethics Training*

Category		Unit	2021	2022	2023
Employees who completed ethics training	HL Mando	No. of persons	201	287	2,167
	HL Klemove		0	112	794

*HL Mando's and HL Klemove's data are based on domestic operations

Information Security Performance

Category			Unit	2021	2022	2023
Information security management system certification (ISO 27001)	Worksites to be certified	HL Mando	No. of sites	10	10	10
		HL Klemove			1	1
	Worksites certified	HL Mando	8	8	8	
		HL Klemove		1	1	
	Percentage of certified worksites	HL Mando	%	80	80	80
		HL Klemove			100	100
Inspections performed on information security vulnerabilities		HL Mando	No. of cases	7	7	4
		HL Klemove			1	1
Information security incident occurrence		HL Mando		0	0	0
		HL Klemove			0	0
Information security breaches that occurred or were identified	Incidents	HL Mando		0	0	0
		HL Klemove			0	0
	Penalties	HL Mando	KRW million	0	0	0
		HL Klemove			0	0
Information security training*		HL Mando	No. of persons	2,234	2,062	2,279
		HL Klemove			1,162	835

*HL Mando's and HL Klemove's data are based on domestic operations

Compliance*

Category			Unit	2021	2022	2023
Non-compliance with environmental regulations	Cases	HL Mando	No. of cases	0	0	0
		HL Klemove			0	0
	Penalties	HL Mando	KRW million	0	0	0
		HL Klemove			0	0
Non-compliance with fair trade regulations	Cases	HL Mando	No. of cases	1	0	0
		HL Klemove			0	0
	Penalties	HL Mando	KRW million	0	0	0
		HL Klemove			0	0
Non-compliance with safety regulations	Cases	HL Mando	No. of cases	2	2	3
		HL Klemove			0	1
	Penalties	HL Mando	KRW million	34.5	3.7	14.1
		HL Klemove			0	2
Personal data breaches	Cases	HL Mando	No. of cases	0	1	0
		HL Klemove			0	0
	Penalties	HL Mando	KRW million	0	0	0
		HL Klemove			0	0
Breach of data related to customers (OEMs)	Cases	HL Mando	No. of cases	0	0	0
		HL Klemove			0	0

*Some reported figures have been changed due to the recalculation of HL Klemove's 2022 data

Environment

GHG Emissions*

Category		Unit	2021	2022	2023	
Total emissions (Scope 1,2)	HL Mando	tCO ₂ eq	236,826	237,898	272,846	
	HL Klemove			25,073	23,190	
Scope 1	Emissions		HL Mando	15,086	15,206	15,160
			HL Klemove		2,610	2,499
	Intensity		tCO ₂ eq/KRW billion	2.45	2.37	2.10
Scope 2	Emissions		HL Mando	221,740	222,692	257,686
		HL Klemove		22,463	20,691	
	Intensity	tCO ₂ eq/KRW billion	36.07	32.62	33.17	
Scope 3	Emissions	HL Mando	7,151,876	7,583,237	7,370,447	
		HL Klemove		397,238	388,860	

*Corrected the entire GHG emissions data for HL Mando for 2021 and 2022, and for HL Klemove for 2022, based on global operations.

*Include data from HL Mando's APT operations in the USA

*The intensity data are calculated based on net sales

GHG Emissions Reduced (Scope 1, 2)*

Category		Unit	2021	2022	2023
Total emissions reduced	HL Mando	tCO ₂ eq		-1,072	-34,948
	HL Klemove				1,883
Scope 1	HL Mando			-120	46
	HL Klemove				111
Scope 2	HL Mando			-952	-34,994
	HL Klemove				1,772
Percentage of GHG emissions reduced from the previous year (intensity)		%		9.19	-0.81

*The intensity data are calculated based on net sales

*The 2020 data are based on domestic operations, while the 2021 data are based on global operations. As a result, the GHG reduction amount and reduction rate for 2021 are not reported

GHG Emissions Trading*

Category	Unit	2021	2022	2023
Excess credits	tCO ₂ eq	28,766	22,733	18,409
Proceeds from selling excess credits	KRW million	216	54	
Cost of purchasing credits		128	97	51

*Based on domestic operations of HL Mando

*Due to the non-termination of the 2023 emission trading period, the sales amount of surplus emission rights for 2023 is not disclosed

Total Emission of Air Pollutants*

Category	Unit	2021	2022	2023
Total emission of air pollutants	kg	8,325.1	5,046.1	95,879.0
Emission of air pollutants (intensity)	kg/KRW billion	3.174	1.808	11.424
Percentage of air pollutants reduced from the previous year (intensity)	%	37.3	43.0	-531.9

*The data for 2021 and 2022 are based on domestic operations, the data for 2023 are based on global operations, leading to an increase in figures

*The intensity data are calculated based on net sales

Emission of Air Pollutants by Substance*

Category	Unit	2021	2022	2023
NOx Emissions	kg	3,174	2,611	16,737
SOx Emissions		77	20	1,293
Dust Emissions		2,279	1,430	49,418
VOCs Emissions		2,255	985	28,431

*The data for 2021 and 2022 are based on domestic operations, the data for 2023 are based on global operations, leading to an increase in figures

Energy Consumption*

Category		Unit	2021	2022	2023	
Total energy consumption	HL Mando		2,625.5	2,648.1	2,830.5	
	HL Klemove			283.7	278.8	
Non-renewable energy	Liquid fuel	TJ	38.5	44.8	30.0	
			Gaseous fuel	221.8	214.3	222.8
				Electricity	2,233.8	2,253.4
	HL Mando		Steam	57.4	48.7	25.0
			Liquid fuel		3.9	6.3
				Gaseous fuel		3.5
			HL Klemove	Electricity		272.1
Steam		2.3		2.1		
Renewable energy consumption	Renewable energy	HL Mando	74	86.9	59.6	
Percentage of renewable energy consumed		HL Klemove		1.9	12.7	
		%	HL Mando	2.8	3.3	2.1
		HL Klemove		0.7	4.6	

*HL Mando's 2021 and 2022 data and HL Klemove's 2022 data have been corrected based on global operations

*Includes data from HL Mando's APT worksite in the USA

Energy Consumption (Intensity)*

Category	Unit	2021	2022	2023
Non-renewable Energy (Intensity)	TJ/KRW billion	0.415	0.341	0.330
Renewable Energy (Intensity)		0.012	0.012	0.009
Percentage of reduction in energy consumption compared to the previous year (intensity)	%		17.91	3.12

*The intensity data are calculated based on net sales

Waste Generated*

Category		Unit	2021	2022	2023
Total waste	Designated	HL Mando	1,108	916	4,621
		HL Klemove		29	36
	General waste	HL Mando	1,332	1,260	50,629
		HL Klemove		486	880
	Construction waste	HL Mando	3	0	0
		HL Klemove		0	0
	Total	HL Mando	2,443	2,177	55,250
		HL Klemove		515	916
Waste generated (intensity)		ton/KRW billion	0.931	0.964	6.692
Percentage of reduction in waste generation compared to the previous year (intensity)		%	68.0	-3.5	-594.2

*The data for 2021 and 2022 are based on domestic operations, the data for 2023 are based on global operations, leading to an increase in figures

*The intensity data are calculated based on net sales

Waste Disposal*

Category		Unit	2021	2022	2023
Recycling	HL Mando	ton	1,491	1,208	36,573
	HL Klemove			344	792
Landfill	HL Mando		351	405	15,221
	HL Klemove			0	0
Incineration	HL Mando		495	514	1,434
	HL Klemove			171	124
Others	HL Mando**		106	50	2,023
	HL Klemove			0	0
Total	HL Mando	2,443	2,177	55,251	
	HL Klemove		515	916	
Waste recycling rate	HL Mando	%	61.0	55.5	66.2
	HL Klemove			66.8	86.5

*The data for 2021 and 2022 are based on domestic operations, the data for 2023 are based on global operations, leading to an increase in figures

**Amount disposal through neutralization or smashing

Consumption of Hazardous Chemicals*

Category		Unit	2021	2022	2023	
Hazardous chemicals consumed	HL Mando	kg	2,775	2,550	750	
	HL Klemove			6,784	5,860	
Chemical emissions	HL Mando		0	1,690	0	
	HL Klemove			22,280	24,120	
Hazardous chemicals consumed (intensity)			kg/KRW billion	1.06	3.34	2.16
Percentage of reduction of hazardous chemicals compared to the previous year (intensity)			%	32.6	-215.5	35.3

*HL Mando's and HL Klemove's data are based on domestic operations

*HL Klemove's 2022 data of hazardous chemicals consumed were corrected and of chemical emissions were disclosed

*The intensity data are calculated based on net sales

Water Withdrawals and Consumption at All Worksites*

Category		Unit	2021	2022	2023	
Water supply (waterworks+industrial water)	HL Mando	m ³	327,151	353,234	949,491	
	HL Klemove			31,061	61,880	
Underground water	HL Mando		99,727	122,511	197,513	
	HL Klemove			0	0	
Total	HL Mando		426,878	475,745	1,147,004	
	HL Klemove			31,061	61,880	
Water consumed (intensity)			m ³ /KRW billion	162.7	181.6	144.0
Percentage of reduction of consumption compare to the previous year (intensity)			%	14.0	-11.6	20.7

*Water withdrawals and consumption are the same

*The data for 2021 and 2022 are based on domestic operations, the data for 2023 are based on global operations, leading to an increase in figures

*Water Stress by worksite of HL Mando : Medium-high (Pyeongtaek), High (Wonju, Iksan)

Water Reusage*

Category	Unit	2021	2022	2023
Water reused	m ³			167
Percentage of water reused	%			3.2

*HL Mando's data are based on domestic operations

Effluents Discharged*

Category	Unit	2021	2022	2023
Effluents discharged	m ³	221,684	214,500	193,788
Effluents discharged (intensity)	m ³ /KRW billion	84.52	76.85	63.40
Percentage of reduction of effluent discharge from the previous year (intensity)	%	1.0	9.1	17.5

*HL Mando's data are based on domestic operations

Water Pollutants Discharged*

Category	Unit	2021	2022	2023
TOC**	kg		1,846	1,292
COD		1,575		
BOD		1,248	1,399	1,094
SS		682	1,024	776
Total		3,505	4,270	3,161
Water pollutants discharged (intensity)		kg/KRW billion	1.34	1.53
Percentage of discharge of water pollutants reduced from the previous year (intensity)	kg	15.1	-14.5	32.4

*HL Mando's data are based on domestic operations

*The intensity data are calculated based on net sales

**TOC data have been aggregated rather than COD data due to change in legal standards

Raw Materials*

Category	Unit	2021	2022	2023
Total raw materials used	ton	90,540	68,984	65,849
Non-renewable raw materials used		2,569	1,595	1,580
Renewable raw materials used		87,971	67,389	64,268
Percentage of renewable or recycled raw materials used	%	97.2	97.7	97.6
Total raw materials used (intensity)	ton/KRW billion	34.52	24.72	21.54

*HL Mando's data are based on domestic operations

*Packaging data are excluded from the scope of calculation

*Cutting fluids and others were categorized into non-renewable raw materials, and metal scraps and others into renewable raw materials

Environmental Management and Environmental Training

Category		Unit	2021	2022	2023
Environmental management system certification achieved (ISO 14001)	Worksites to be certified	HL Mando	14	15	16
		HL Klemove	3	4	4
	Worksites certified	HL Mando	13	14	15
		HL Klemove	3	4	4
Percentage of worksites certified	HL Mando	93	93	94	
	HL Klemove	100	100	100	
Environmental training*	Employees to be trained	No. of persons	350	21	108
	Employees who attended training		350	21	108
	Percentage of employees who attended training	%	100	100	100

*HL Mando's and HL Klemove's data are based on domestic operations

Environmental Investments*

Category		Unit	2021	2022	2023
Total investments made in relation to the environment	GHG emission reduction	HL Mando	1,276	1,640	2,456
		HL Klemove**		28	635
	Waste reduction	KRW million	142	98	37
	Effluent reduction		130	197	80
	Air pollution reduction		193	342	182
	Others		0	16	119
Total	1,741	2,321	3,509		
Percentage of environmentally friendly investments made against sales (intensity)	%	0.07	0.08	0.11	

*HL Mando's and HL Klemove's data are based on domestic operations

*The intensity data are calculated based on net sales

**HL Klemove's 2022 investment amount in GHG reduction were corrected

Labor, Human Rights and Safety

Total Employee Data*

Category		Unit	2021	2022	2023		
Permanent	HL Mando	Korea	3,585	3,658	3,706		
		China	2,169	2,187	2,218		
		US	1,033	1,086	1,243		
		India**	2,240	1,504	3,465		
		Germany	102	91	102		
		Poland	638	727	937		
		Japan	2	2	2		
		Indonesia	5	4	4		
		Brazil	142	197	215		
		Mexico	539	893	1,237		
		Turkiye	1		544		
		Others		2	2		
		HL Klemove	Korea	1,012	1,049	1,080	
			China	300	375	414	
India	200		395	350			
Temporary	HL Mando	No. of persons	Korea	72	70	87	
			China**	389	284	37	
			US**	159	227	14	
			India**	613	1,582	13	
			Germany	5	6	6	
			Poland	0	0	3	
			Japan	0	0	0	
			Indonesia	1	1	1	
			Brazil	9	10	11	
			Mexico	50	339	99	
			HL Klemove	Korea	93	94	66
				China	0	0	0
				India	63	56	0
			Dispatched	HL Mando	No. of persons	Korea	60
Overseas	98	105				42	
HL Klemove	Korea	10		17		17	
	Overseas	181		166		128	

*Some reported figures have been changed due to the recalculation of HL Klemove's 2021 data

**Changed in the calculation standards since 2023

Breakdown of Employees by Nationality*

Category		Unit	2022	2023
Number of Korean nationals	HL Mando	No. of persons	4,150	4,244
	HL Klemove		1,175	1,176
Proportion of Korean nationals	HL Mando	%	31.82	30.20
	HL Klemove		54.60	57.23
Number of Korean nationality managers	HL Mando	No. of persons	566	592
	HL Klemove		806	852
Percentage of Korean nationality managers in total managers	HL Mando	%	49.69	46.91
	HL Klemove		91.90	92.51
Number of US nationals	HL Mando	No. of persons	1,002	923
Proportion of US nationals	HL Mando	%	7.68	6.57
Number of US nationality managers	HL Mando	No. of persons	52	74
Percentage of US nationality managers in total managers	HL Mando	%	4.57	5.86
Number of Chinese nationals	HL Mando	No. of persons	2,486	2,247
	HL Klemove		531	528
Proportion of Chinese nationals	HL Mando	%	19.06	15.99
	HL Klemove		24.67	26
Number of Chinese nationality managers	HL Mando	No. of persons	290	311
	HL Klemove		30	32
Percentage of Chinese nationality managers in total managers	HL Mando	%	25.46	24.64
	HL Klemove		3.42	3.47
Number of Indian nationals	HL Mando	No. of persons	3,124	3,499
	HL Klemove		446	351
Proportion of Indian nationals	HL Mando	%	23.95	24.90
	HL Klemove		20.72	17.08
Number of Indian nationality managers	HL Mando	No. of persons	148	177
	HL Klemove		41	37
Percentage of Indian nationality managers in total managers	HL Mando	%	12.99	14.03
	HL Klemove		4.68	4.02

*Some reported figures have been changed due to the recalculation of HL Klemove's 2022 data

Category	Unit	2022	2023
Number of Polish nationals	No. of persons	665	838
Proportion of Polish nationals	%	5.10	5.96
Number of Polish nationality managers	No. of persons	39	48
Percentage of Poland nationality managers in total managers	%	3.42	3.80
Number of Mexican nationals	No. of persons	1,267	1,347
Proportion of Mexican nationals	%	9.71	9.59
Number of Mexican nationality managers	No. of persons	13	32
Percentage of Mexican nationality managers in total managers	%	1.14	2.54
Number of Brazilian nationals	No. of persons	224	228
Proportion of Brazilian nationals	%	1.72	1.59
Number of Brazilian nationality managers	No. of persons	10	10
Percentage of Brazilian nationality managers in total managers	%	0.88	0.79
Number of German nationals	No. of persons	59	61
Proportion of German nationals	%	0.45	0.43
Number of German nationality managers	No. of persons	19	16
Percentage of German nationality managers in total managers	%	1.67	1.27
Number of Turkish nationals	No. of persons		541
Proportion of Turkish nationals	%		3.85
Number of Turkish nationality managers	No. of persons		26
Percentage of Turkish nationality managers in total managers	%		2.06
Number of other nationals	No. of persons	67	124
Proportion of other nationals	%	0.51	0.88
Number of other nationality managers	No. of persons	2	2
Percentage of other nationality managers in total managers	%	0.18	0.16

*Some reported figures have been changed due to the recalculation of HL Klemove's 2022 data

Employees by Contract Type (Gender)

Category		Unit	2021	2022	2023	
Total number of employees	HL Mando	No. of persons	11,912	13,044	14,052	
	HL Klemove		1,859	2,152	2,055	
Permanent	Total number of permanent employees	HL Mando	10,456	10,351	13,675	
		HL Klemove	1,512	1,819	1,844	
	Male	HL Mando	Korea	3,410	3,463	3,490
			Overseas	5,559	5,349	7,898
		HL Klemove	Korea	902	935	967
			Overseas	338	535	532
	Female	HL Mando	Korea	175	195	216
			Overseas	1,312	1,344	2,071
		HL Klemove	Korea	110	114	113
			Overseas	162	235	232
Temporary	Total number of temporary employees	HL Mando	1,298	2,519	271	
		HL Klemove	156	150	66	
	Male	HL Mando	Korea	41	37	44
			Overseas	981	1,963	147
		HL Klemove	Korea	81	77	46
			Overseas	46	42	0
	Female	HL Mando	Korea	31	33	43
			Overseas	245	486	37
		HL Klemove	Korea	12	17	20
			Overseas	17	14	0
Dispatched	Total number of dispatched employees	HL Mando	158	174	106	
		HL Klemove	191	183	145	
	Male	HL Mando	Korea	19	25	22
			Overseas	57	66	21
		HL Klemove	Korea	1	0	1
			Overseas	114	114	82
	Female	HL Mando	Korea	41	44	42
			Overseas	41	39	21
		HL Klemove	Korea	9	17	16
			Overseas	67	52	46

*Some reported figures have been changed due to the recalculation of HL Klemove's 2021 data

Employees by Gender and Age Group*

Category				Unit	2021	2022	2023
By gender	Male	HL Mando	Korea	No. of persons	3,470	3,525	3,556
			Overseas		6,597	7,378	8,066
		HL Klemove	Korea		984	1,012	1,014
			Overseas		498	691	614
	Female	HL Mando	Korea		247	272	301
			Overseas		1,598	1,869	2,129
		HL Klemove	Korea		131	148	149
			Overseas		246	301	278
By age	Below 30	HL Mando	Korea	328	397	464	
			Overseas	3,335	3,997	4,837	
		HL Klemove	Korea	166	202	142	
			Overseas	399	566	443	
	30 and below 50	HL Mando	Korea	2,002	1,881	1,887	
			Overseas	4,309	4,538	4,723	
		HL Klemove	Korea	903	912	959	
			Overseas	342	422	442	
	50 and older	HL Mando	Korea	1,387	1,519	1,506	
			Overseas	551	712	635	
		HL Klemove	Korea	46	46	62	
			Overseas	3	4	7	

*Some reported figures have been changed due to the recalculation of HL Klemove's 2021 data

Employees by Type of Work

Category				Unit	2022	2023
By type of work	Office employee	HL Mando	Korea	No. of persons	2,103	2,273
			Overseas		3,700	3,716
		HL Klemove	Korea		800	842
			Overseas		405	317
	Floor employee	HL Mando	Korea		1,694	1,584
			Overseas		5,547	6,479
		HL Klemove	Korea		360	321
			Overseas		587	575

Locally Hired Employees*

Category			Unit	2021	2022	2023		
Number of managers	HL Mando	Korea	No. of persons	432	421	425		
		China		332	325	346		
		US		160	89	127		
		India		149	175	200		
		Germany		26	25	21		
		Poland		52	53	63		
		Japan		0	1	1		
		Indonesia		0	1	1		
		Brazil		14	14	11		
		Mexico		21	34	63		
		Turkiye		1		28		
		Others		0	1	1		
		Number of managers hired locally		HL Klemove	Korea	176	177	195
					China	28	37	41
India	19		46		34			
Number of managers hired locally	HL Mando		Korea					
			China	292	290	321		
			US	126	73	103		
		India	119	113	176			
		Germany	20	17	18			
		Poland	43	53	56			
		Japan	0	0	0			
		Indonesia	0	0	0			
		Brazil	11	5	9			
		Mexico	7	15	43			
		Turkiye			4			
Percentage of managers hired locally	HL Klemove	Korea	23	29	31			
		India	14	40	12			
	HL Mando	Korea						
Overseas		82	79	85				
Percentage of managers hired locally	HL Klemove	Korea						
		Overseas	79	83	57			

*Managers : Part leaders and above

*Some reported figures have been changed due to the recalculation of HL Klemove's 2021 data

Total New Hires (Permanent)

Category			Unit	2021	2022	2023
Total number of new hires	HL Mando	Korea	No. of persons	84	283	353
		Overseas		1,701	2,832	3,248
	HL Klemove	Korea		201	184	196
		Overseas		276	275	95

New Hires by Gender and Age Group (Permanent)

Category			Unit	2021	2022	2023
By gender	Male	HL Mando	No. of persons	1,362	2,379	2,766
		HL Klemove		339	320	224
	Female	HL Mando		423	736	835
		HL Klemove		138	139	67
By age group	Below 30	HL Mando		1,249	2,067	2,758
		HL Klemove		301	242	141
	30 and below 50	HL Mando		498	943	773
		HL Klemove		169	215	144
	50 and older	HL Mando	38	105	70	
		HL Klemove	7	2	6	

New Hires by Nationality

Category		Unit	2023	
HL Mando	Korea	No. of persons	413	
	China		254	
	US		308	
	India		1,573	
	Germany		6	
	Poland		222	
	Japan		0	
	Indonesia		1	
	Brazil		88	
	Mexico		522	
	Turkiye		171	
	Others		43	
	HL Klemove		Korea	196
			China	77
India		18		

Internal Recruitment

Category			Unit	2022	2023
Number of positions required for new hires	T/O due to replacement of resignees	HL Mando	No. of persons	881	947
		HL Klemove		341	158
	T/O due to new business work	HL Mando		802	766
		HL Klemove		118	158
Number of vacancies filled by internal employees rather than new employees	Number of internal replenishments of T/O due to the replacement of resignees	HL Mando	236	258	
		HL Klemove	1	6	
	Number of internal replenishment of T/O due to new business work	HL Mando	50	242	
		HL Klemove	0	3	
Percentage of vacancies filled by internal employees rather than new employees	HL Mando	%	16.99	29.19	
	HL Klemove	%	0.22	2.85	

Employee Turnover*

Category			Unit	2021	2022	2023
Total number of employee turnover	HL Mando	No. of persons	2,190	3,905	2,256	
	HL Klemove		341	341	224	
By gender	Male	HL Mando	1,782	2,967	1,806	
		HL Klemove	249	266	178	
	Female	HL Mando	408	938	450	
		HL Klemove	92	75	46	
By age	Below 30	HL Mando	1,439	1,948	1,199	
		HL Klemove	190	161	97	
	30 and below 50	HL Mando	593	1,385	734	
		HL Klemove	146	175	123	
	50 and older	HL Mando	158	572	323	
		HL Klemove	5	5	4	
Total employee turnover rate	HL Mando	%	18.4	29.9	16.1	
	HL Klemove	%	18.3	15.8	10.9	
Total number of voluntary employee turnover				1,255	881	1,640
Voluntary employee turnover rate by gender	Male	No. of persons	913	658	1,302	
	Female		342	223	338	
Voluntary employee turnover rate by age	Below 30	HL Mando	708	325	1,043	
	30 and below 50		481	447	477	
	50 and older		66	109	120	
Voluntary employee turnover rate			%	10.5	6.8	11.7

*Some reported figures have been changed due to the recalculation of HL Mando's and HL Klemove's 2021 data

Employment of Females*

Category	Unit	2021	2022	2023
Percentage of female employees	HL Mando	15.5	16.4	17.3
	HL Klemove	20.3	20.9	20.8
Percentage of female new hires	HL Mando	23.7	23.6	23.2
	HL Klemove	28.9	30.3	23.0
Number of female managers	HL Mando	109	110	144
	HL Klemove	4	5	11
Percentage of female managers	HL Mando	9.2	9.7	11.2
	HL Klemove	1.8	1.9	4.1
Number of female executives	HL Mando	3	4	4
	HL Klemove	0	0	6

*Some reported figures have been changed due to the recalculation of HL Mando's 2022 data and HL Klemove's 2021 data

Female R&D Engineers*

Category	Unit	2021	2022	2023
Total number of R&D engineers	HL Mando	1,712	1,815	2,354
	HL Klemove	451	580	546
Number of female R&D engineers	HL Mando	185	208	251
	HL Klemove	58	62	73
Percentage of female R&D engineers	HL Mando	10.8	11.5	10.7
	HL Klemove	12.9	10.7	13.4

*Some reported figures have been changed due to the recalculation of HL Klemove's 2021 data

Female Managers at Revenue-generating (Sales) Departments*

Category	Unit	2021	2022	2023
Total number of managers	HL Mando	127	138	75
	HL Klemove	8	9	20
Number of female managers	HL Mando	28	25	16
	HL Klemove	0	0	0
Percentage of female managers	HL Mando	22	18	21
	HL Klemove	0	0	0

*Some reported figures have been changed due to the recalculation of HL Klemove's 2021 data

Vulnerable Employees*

Category	Unit	2021	2022	2023
Number of employees with disabilities	HL Mando	113	122	131
	HL Klemove	3	37	37
Percentage of employees with disabilities**	HL Mando	0.9	0.9	0.9
	HL Klemove	0.2	1.7	1.8
Number of employees of national merit***	HL Mando	73	68	60
	HL Klemove	4	4	6
Percentage of employees of national merit****	HL Mando	2.0	1.8	1.6
	HL Klemove	0.4	0.3	0.5

*Some reported figures have been changed due to the recalculation of HL Klemove's 2021 and 2022 data

**HL Mando's and HL Klemove's domestic operations comply with regulatory provisions governing the proportion of employees with disabilities

***HL Mando's and HL Klemove's data are based on domestic operations

Payment by Gender*

Category	Unit	2022	2023	
Median male salary	HL Mando	KRW million	106	106
Median female salary		81	79	
Gender-based discrepancy in median salary		25	26	

*HL Mando's data are based on domestic operations

Percentage of Total Annual Remuneration Paid

Category	Unit	2023
Total annual remuneration paid to the CEO against the total median remuneration of all employees	Fold	8.2
Total annual remuneration paid to the CEO	KRW million	854
Total annual median remuneration of all employees		104
Increase in total annual remuneration paid to the CEO against increase in total annual median remuneration of all employees	Fold	-6.2
Increase in total annual remuneration paid to the CEO	%	11.8
Increase in total annual median remuneration of all employees		-1.9

Maternity Leave*

Category	Unit	2021	2022	2023
Employees who took maternity leave	HL Mando	108	92	70
	HL Klemove	42	44	61
Employees who returned to work after maternity leave	HL Mando	108	92	70
	HL Klemove	42	44	61

*HL Mando's and HL Klemove's data are based on domestic operations

*HL Mando's and HL Klemove's 2021 and 2022 data are restated due to the change of the recalculation

Maternity Leave by Gender*

Category			Unit	2021	2022	2023
Employees who took maternity leave	Male	HL Mando	No. of persons	96	81	62
		HL Klemove		41	40	56
	Female	HL Mando		12	11	8
		HL Klemove		1	4	5
Employees who returned to work after maternity leave	Male	HL Mando		96	81	62
		HL Klemove		41	40	56
	Female	HL Mando		12	11	8
		HL Klemove		1	4	5
Percentage of employees who returned to work after maternity leave**	HL Mando		%	100	100	100
	HL Klemove			100	100	100

*HL Mando's and HL Klemove's data are based on domestic operations

*HL Mando's and HL Klemove's 2021 and 2022 data are restated due to changes in the calculation standards

** $(\text{Number of employees who returned to work after maternity leave} / \text{number of employees who took maternity leave}) * 100$

Parental Leave*

Category			Unit	2021	2022	2023
Employees entitled to parental leave	Total	HL Mando	No. of persons	632	500	479
		HL Klemove		162	185	119
	Male	HL Mando		612	485	469
		HL Klemove		154	180	113
	Female	HL Mando		20	15	10
		HL Klemove		8	5	6
Employees who took parental leave	Total	HL Mando		26	28	17
		HL Klemove		20	12	20
	Male	HL Mando		6	13	7
		HL Klemove		12	7	14
	Female	HL Mando		20	15	10
		HL Klemove		8	5	6
Percentage of employees who took parental leave out of employees entitled to parental leave	Total	HL Mando	%	4.1	5.6	3.5
		HL Klemove		12.3	6.5	16.8
	Male	HL Mando		1.0	2.7	1.5
		HL Klemove		7.8	3.9	12.4
	Female	HL Mando		100	100	100
		HL Klemove		100	100	100

*HL Mando's and HL Klemove's data are based on domestic operations

*HL Mando's and HL Klemove's 2021 and 2022 data are restated due to changes in the calculation standards

Employees Who Returned to Work after Parental Leave*

Category			Unit	2021	2022	2023
Employees planning to return to work after parental leave	HL Mando		No. of persons	23	26	20
	HL Klemove			19	15	27
By gender	Male	HL Mando		9	9	9
		HL Klemove		11	9	18
	Female	HL Mando		14	17	11
		HL Klemove		8	6	9
Employees who returned to work after parental leave	HL Mando			23	26	
	HL Klemove			19	15	
By gender	Male	HL Mando		9	9	
		HL Klemove		11	9	
	Female	HL Mando		14	17	
		HL Klemove		8	6	
Percentage of employees who returned to work after parental leave**	HL Mando		%	100	100	
	HL Klemove			100	100	
By gender	Male	HL Mando		100	100	
		HL Klemove		100	100	
	Female	HL Mando		100	100	
		HL Klemove		100	100	

*HL Mando's and HL Klemove's data are based on domestic operations

*HL Mando's and HL Klemove's 2021 and 2022 data are restated due to changes in the calculation standards

*The data for 2023 are scheduled to be calculated in 2024

** $(\text{Number of employees who returned to work after parental leave} / \text{total number of employees set to return to work after parental leave}) * 100$

Employees Who Worked More Than 12 Months After Parental Leave*

Category			Unit	2021	2022	2023	
Employees who worked more than 12 months after returning to work	HL Mando		No. of persons	22	23		
	HL Klemove			14	15		
By gender	Male	HL Mando		8	9		
		HL Klemove		9	9		
	Female	HL Mando		14	14		
		HL Klemove		5	6		
Percentage of employees who worked more than 12 months after returning to work**	HL Mando			%	95.7	88.5	
	HL Klemove				73.7	100	
By gender	Male	HL Mando			88.9	100	
		HL Klemove			81.8	100	
	Female	HL Mando			100	82.4	
		HL Klemove			62.5	100	

*HL Mando's and HL Klemove's data are based on domestic operations

*HL Mando's and HL Klemove's 2021 and 2022 data are restated due to changes in the calculation standards

*2023 data are scheduled to be calculated in 2024

** $(\text{Number of employees who worked more than 12 months after returning to work} / \text{number of employees who returned to work after parental leave}) * 100$

Number of Hours Worked*

Category		Unit	2021	2022	2023
Annual hours worked per employees	HL Mando	No. of hours	2,155	1,923	1,814
	HL Klemove		2,005	2,025	1,840
Average hours worked per week	HL Mando		43.2	37.0	38.8
	HL Klemove		43	43	36

*HL Mando's and HL Klemove's data are based on domestic operations

Performance Appraisal*

Category		Unit	2021	2022	2023
Number of employees required to establish management by objectives (MBO)	HL Mando	No. of persons	4,821	4,785	5,471
	HL Klemove		673	675	860
Number of employees establishing MBO under discussion with their superior	HL Mando		4,821	4,785	5,471
	HL Klemove		673	675	860
Percentage of employees establishing MBO under discussion with their superior	HL Mando	%	100	100	100
	HL Klemove		100	100	100

*For permanent office employees

*Some reported figures have been changed due to the recalculation of HL Klemove's 2021 and 2022 data

Welfare*

Category		Unit	2021	2022	2023
Average welfare expenses per employee		KRW million	10.6	9.9	11.2
Employees with flexible work schedules**	HL Mando	No. of persons	1,984	2,106	2,261
	HL Klemove		708	744	783

*Added HL Klemove's 2021 data *Some reported figures have been changed due to the recalculation of HL Mando's 2021 data **HL Mando's and HL Klemove's data are based on domestic operations

Operation of In-house Daycare Centers*

Category		Unit	2021	2022	2023
Worksites operating a day-care center	HL Mando	No. of sites	3	3	3
	HL Klemove		1	1	1
Number of children taken care of	HL Mando	No. of persons	67	49	51
	HL Klemove		93	75	75
Number of teachers	HL Mando		27	25	26
	HL Klemove		17	17	17

*HL Mando's and HL Klemove's data are based on domestic operations

*Some reported figures have been changed due to the addition of HL Klemove's 2021 data and the recalculation of HL Klemove's 2022 data

Employees Who Voluntarily Set Their CDP* (Career Development Plan)

Category		Unit	2021	2022	2023
Employees who set their individual career development plans	No. of persons		1,705	1,610	1,481
	%		100	100	100

*HL Mando's data are based on domestic operations

Training Provided to Employees*

Category		Unit	2021	2022	2023
Total number of employees who received training (cumulative)	HL Mando	No. of persons	10,476	7,769	10,144
	HL Klemove		438	1,213	1,824
Training hours per employee	HL Mando	No. of hours	9	13	35
	HL Klemove		72	28	23
Total training expenses	HL Mando	KRW million	778	1,723	2,261
	HL Klemove		343	1,542	1,380
Training expenses per employee	HL Mando		0.20	0.22	0.22
	HL Klemove		0.78	1.27	0.76

*HL Mando's and HL Klemove's 2021 data are based on domestic operations

*HL Mando's 2021 data were calculated on a cumulative basis

*Added HL Klemove's 2021 data

Employee Training by Category*

Category		Unit	2021	2022	2023
By age	Below 30	HL Mando	2,331	2,809	4,908
		HL Klemove	113	256	401
	30 and below 50	HL Mando	7,030	4,045	4,334
		HL Klemove	579	902	1,355
	50 and older	HL Mando	1,115	915	902
		HL Klemove	41	55	68
By gender	Male	HL Mando	9,269	6,253	8,312
		HL Klemove	564	958	1,431
	Female	HL Mando	1,207	1,516	1,832
		HL Klemove	169	255	393
By training type**	Technical/vocational training	HL Mando	4,775	12,463	15,078
		HL Klemove	457	1,166	857
	Competency training	HL Mando	5,701	9,250	17,200
		HL Klemove	398	460	1,163
	Retiree training	HL Mando	21	50	65
		HL Klemove	0	0	3
By position	Below manager	HL Mando	4,115	5,456	6,756
		HL Klemove	335	283	354
	Manager	HL Mando	4,347	1,872	1,370
		HL Klemove	294	394	518
		HL Mando	2,014	441	2,018
	Leader (Part Leader, Team Leader, Executive)	HL Klemove	104	198	29

*Added HL Klemove's 2021 data

**HL Mando's 2022 quantitative data by type of training were calculated on a cumulative basis

Employee Engagement*

Category		Unit	2023		
Employees who participated in a survey related to employee engagement	Below manager	HL Mando	No. of persons	2,275	
		HL Klemove		133	
	Manager	HL Mando		1,659	
		HL Klemove		281	
	Executive	HL Mando		56	
		HL Klemove		0	
Employees with high employee engagement among survey participants	Below manager	HL Mando	No. of persons	2,030	
		HL Klemove		97	
	Manager	HL Mando		1,255	
		HL Klemove		203	
	Executive	HL Mando		38	
		HL Klemove		0	
Proportion of employees with high engagement		HL Mando	%	83.3	
		HL Klemove		72.5	

*HL Klemove's 2023 data are based on domestic operations

*Proportion of employees who responded that their work engagement was high in the employee engagement survey

*This survey covers items such as job satisfaction, happiness at work, stress, and motivation

Human Rights Impact Assessment*

Category		Unit	2021	2022	2023
Number of worksites subject to human rights impact assessment or human rights review	HL Mando	No. of sites	4	19	20
	HL Klemove			3	5
Number of worksites conducting human rights impact assessment	HL Mando	No. of sites	4	19	20
	HL Klemove			3	5
Percentage of worksites conducting human rights impact assessment	HL Mando	%	100	100	100
	HL Klemove			100	100
Number of human rights risks (any harassment) that occurred	HL Mando	No. of cases	0	2	2
	HL Klemove			0	0
Number of improvement measures implemented	HL Mando	No. of cases	0	2	2
	HL Klemove			0	0
Percentage of improvement measures implemented	HL Mando	%	0	100	100
	HL Klemove			0	0

*HL Mando's and HL Klemove's 2021 data are based on domestic operations

Grievances Handled*

Category		Unit	2021	2022	2023		
Grievance handling	Grievances submitted	HL Mando	No. of cases	21	16	0	
		HL Klemove		3	0	3	
	Grievances handled	HL Mando		21	16	0	
		HL Klemove		3	0	3	
	Percentage of grievances handled	HL Mando		%	100	100	0
		HL Klemove			100	0	100

*HL Mando's and HL Klemove's 2021 data are based on domestic operations

*Some reported figures have been changed due to the recalculation of HL Mando's 2022 data

Human Rights Training Provided*

Category		Unit	2021	2022	2023
Employees who attended human rights training	HL Mando	No. of persons	2,234	3,481	7,929
	HL Klemove		1,080	1,162	1,163
Percentage of employees who completed out of total employees	HL Mando	%	18.8	26.7	56.4
	HL Klemove		97	100	100

*Discrimination, harassment, sexual harassment, child labor, forced labor, etc

*HL Mando's 2021 data are based on domestic operations

*HL Klemove's 2021, 2022 and 2023 data are based on domestic operations

Health and Safety Data*

Category		Unit	2021	2022	2023		
Number of full-time workers	HL Mando	No. of persons	3,744	11,271	13,000		
	HL Klemove		772	1,993	2,053		
Total hours worked per year	HL Mando	No. of hours	8,985,600	27,050,400	31,200,000		
	HL Klemove		1,421,899	3,744,619	4,039,882		
Safety training (including employees from suppliers stationed at our worksite)**	Employees who completed training	HL Mando	No. of persons	3,744	10,094	12,974	
		HL Klemove		772	1,146	1,163	
	Percentage of employees who completed training	HL Mando		%	100	89.6	99.8
		HL Klemove			100	100	100
	Safety training hours per employee	HL Mando		No. of hours	24	9	10
		HL Klemove			24	24	24

*HL Mando's 2021 data are based on domestic operations

*Domestic operations conducted safety training in compliance with applicable laws

*HL Klemove's data are based on domestic operations

ISO 45001 Certification Achieved

Category		Unit	2021	2022	2023
Worksites to be certified against ISO 45001	HL Mando	No. of sites	16	15	15
	HL Klemove		3	4	4
Worksites certified against ISO 45001	HL Mando		15	14	14
	HL Klemove		3	4	4
Percentage of worksites certified against ISO 45001	HL Mando	%	94	93	93
	HL Klemove		100	100	100

Occupational Injury Data*

Category		Unit	2021	2022	2023	
Total number of injured employee	HL Mando	No. of persons	17	112	141	
	HL Klemove		2	1	3	
Number of injured employee	Fatalities**		HL Mando	0	0	1
			HL Klemove	0	0	0
	Injuries		HL Mando	17	111	140
			HL Klemove	2	1	3
Work-related illnesses	HL Mando	0	1	0		
	HL Klemove	0	0	0		
Total number of occupational incidents	HL Mando	No. of cases	17	112	141	
	HL Klemove		2	1	3	
Number of workdays lost***	HL Mando	No. of days	2,543	6,346	6,437	
	HL Klemove		104	44	116	

*HL Mando's and HL Klemove's 2021 data are based on domestic operations

*Some reported figures have been changed due to the recalculation of HL Klemove's 2022 data

**Fatalities : Occurred in overseas operations of HL Mando

***Number of days not worked due to occupational injuries or illnesses

Occupational Health and Safety Data*

Category		Unit	2021	2022	2023
Occupational incident rate	HL Mando	%	0.45	0.99	1.08
	HL Klemove		0.26	0.05	0.15
TRIFR (Total Recordable Injury Frequency Rate)	HL Mando	No. of cases/million hours worked	1.89	4.14	4.52
	HL Klemove		1.41	0.27	0.99
LWR (Lost Workday Rate)	HL Mando	No. of days/1,000 hours worked	0.23	0.19	0.17
	HL Klemove		0.07	0.01	0.01
FSI (Frequency Severity Index)	HL Mando	-	0.66	0.89	0.88
	HL Klemove	-	0.32	0.05	0.09
LTIFR (Lost-Time Injuries Frequency Rate)	HL Mando	No. of cases/million hours worked	1.89	4.10	4.52
	HL Klemove		1.41	0.27	0.99
OIFR (Occupational Illness Frequency Rate)	HL Mando		0	0.04	0
	HL Klemove		0	0	0

*HL Mando's and HL Klemove's 2021 data are based on domestic operations

*2023 Safety data of HL Mando's domestic operations : Occupational incident rate (0.62%), TRIFR (2.59 cases/million hours worked), LWR (0.28 days/million hours worked), FSI (0.85), LTIFR (2.59 cases/million hours worked), OIFR (0 cases/million hours worked)

Labor Relations*

Category		Unit	2021	2022	2023
Employees eligible for labor unions	HL Mando	No. of persons	3,683	3,495	3,563
	HL Klemove		292	293	286
Employees participating in unions	HL Mando		1,647	1,569	1,527
	HL Klemove		243	248	280
Percentage of employees in unions	HL Mando	%	44.7	44.9	42.9
	HL Klemove		83.2	84.6	97.9
Labor-management meetings held	HL Mando	No. of cases	20	24	27
	HL Klemove		26	26	34

*HL Mando's and HL Klemove's data are based on domestic operations

Supply Chain Management

Transactions Made with Suppliers*

Category		Unit	2021	2022	2023	
Total number of suppliers (tier 1 suppliers)	HL Mando	No. of suppliers	1,199	1,119	1,181	
	HL Klemove		145	150	168	
Number of major suppliers**	HL Mando	No. of suppliers	222	232	220	
	HL Klemove		48	52	51	
Transactions made with suppliers	Parts and components	KRW billion	HL Mando	3,844	4,242	4,425
			HL Klemove	402	703	701
	Raw and subsidiary materials		HL Mando	167	254	266
			HL Klemove	402	703	701
	Total		HL Mando	4,011	4,496	4,690
			HL Klemove		3,759	3,771
Purchase amount from major suppliers		HL Mando		3,759	3,771	
		HL Klemove	382	679	678	

*HL Mando's 2023 data excludes Turkiye worksite's data

*HL Mando's and HL Klemove's data are based on domestic operations

**HL Mando top 20% based on purchase amount, HL Klemove purchases exceeding KRW 1 billion

Suppliers by Worksite

Category		Unit	2021	2022	2023
HL Mando*	MDK (Korea)	No. of Suppliers	367	346	359
		Purchase amount	KRW billion	1,872	2,110
	MDC (China)	No. of Suppliers	320	281	267
		Purchase amount	KRW billion	975	1,147
	MAIL (India)	No. of Suppliers	199	210	218
		Purchase amount	KRW billion	385	541
	MCA (US)	No. of Suppliers	111	64	107
		Purchase amount	KRW billion	434	191
	MCP (Poland)	No. of Suppliers	101	121	131
		Purchase amount	KRW billion	161	182
	MCM (Mexico)	No. of Suppliers	72	68	70
		Purchase amount	KRW billion	153	258
	MCB (Brazil)	No. of Suppliers	29	29	29
		Purchase amount	KRW billion	32	68
Total number of suppliers		No. of suppliers	1,199	1,119	1,181
HL Klemove**	Suppliers		145	150	168
	Purchase amount		KRW billion	402	703

*HL Mando's 2023 data excludes Turkiye worksite's data

**HL Klemove's data are based on domestic operations

Sustainable Procurement*

Category		Unit	2021	2022	2023
Training on sustainable procurement	Employees engaging in procurement	No. of persons	156	155	152
	Procurement personnel who have received training		2	57	78
	Percentage of procurement personnel who received training	%	1.3	36.8	51.3
Suppliers who signed contracts containing provisions on environment, labor, human rights and ethics	Suppliers	No. of suppliers	120	120	143
	Percentage of suppliers	%	32.7	34.6	39.8

*HL Mando's data are based on domestic operations

Supplier ESG Assessment*

Category		Unit	2021	2022	2023	
Suppliers who received ESG assessments	Suppliers	HL Mando	No. of suppliers	24	52	140
		HL Klemove			24	15
	Percentage of suppliers	HL Mando	%	6.5	4.6	11.9
		HL Klemove			16	9
On-site ESG assessments performed	Suppliers	HL Mando	No. of suppliers	13	44	140
		HL Klemove			0	15
	Percentage of suppliers	HL Mando	%	3.5	3.9	11.9
		HL Klemove			0	9
Suppliers rated excellent in ESG assessments	Suppliers	HL Mando	No. of suppliers	3	12	69
		HL Klemove			1	4
	Percentage of suppliers	HL Mando	%	12.5	23.1	49.3
		HL Klemove			4	27
Suppliers with risks identified (E, S, G)	Suppliers	HL Mando	No. of suppliers	3	2	8
		HL Klemove			1	1
	Percentage of suppliers	HL Mando	%	12.5	3.8	5.7
		HL Klemove			4	7
Suppliers who developed correction plans out of those identified as at-risk	Suppliers	HL Mando	No. of suppliers	-	2	4
		HL Klemove			0	0
	Percentage of suppliers	HL Mando	%	-	100	50
		HL Klemove			0	0

*HL Mando's 2021 data are based on domestic operations *HL Klemove's data are based on domestic operations

*HL Mando's 2023 data excludes Türkiye worksite's data

Mutual Growth with Suppliers*

Category		Unit	2021	2022	2023
Grade in the Mutual Growth Index		Grade	Excellent	Excellent	Excellent
Total amount of support provided for mutual growth	Royalty-free patent	KRW million	70.3	146.9	84.7
	Non-exclusive license		7.8	9.4	9.8
	Loans		38,696	38,496	26,923
	Mutual Cooperation Funds		34,880	32,040	35,826
	Total		73,654	70,692	62,844

*HL Mando's data are based on domestic operations

Quality Certification and Patent Support for Suppliers*

Category		Unit	2021	2022	2023	
Quality certification	Suppliers who achieved quality system certifications	HL Mando	No. of suppliers	184	394	429
		HL Klemove			121	148
	Percentage of suppliers who achieved quality system certifications	HL Mando	%		100	100
		HL Klemove			100	100
Patent	Royalty-free patents used	No. of cases	138	304	158	
	Non-exclusive licenses granted		20	20	19	

*HL Mando's and HL Klemove's data are based on domestic operations

Communication*

Category		Unit	2021	2022	2023
Number of meetings held	HL Mando	No. of cases	4	6	9
	HL Klemove			1	1

*HL Mando's and HL Klemove's data are based on domestic operations

Working-level Competency Training for Supplier Employees*

Category		Unit	2021	2022	2023	
Working-level competency training	Number of suppliers who conducted training		No. of suppliers	80	77	68
	Percentage of suppliers who conducted training		%	21.7	22.3	18.9
	Employees of suppliers who completed training		No. of persons	367	684	364
	Conducting quality assurance training for all suppliers		No. of cases			16

*HL Mando's data are based on domestic operations

Handling of Suppliers' Grievances*

Category		Unit	2021	2022	2023
Number of grievances submitted		No. of cases	52	26	36
Grievances handled	Grievances handled		29	25	31
	Percentage of grievances handled		%	55.8	96.2

*HL Mando's data are based on domestic operations

Safety and Health Training for Suppliers*

Category		Unit	2021	2022	2023	
Environmental training	Suppliers who conducted training		No. of suppliers	22	108	72
	Percentage of suppliers who conducted training		%	60	31.1	20.1
Safety training	Suppliers who conducted training		No. of suppliers	22	108	72
	Percentage of suppliers who conducted training		%	60	31.1	20.1

*HL Mando's data are based on domestic operations

Raw and Subsidiary Materials*

Category		Unit	2021	2022	2023		
Conflict Minerals	Suppliers subject to conflict mineral-information check	HL Mando	No. of suppliers	91	61	67	
		HL Klemove			122	148	
	Suppliers whose conflict mineral-related information is made available	HL Mando		91	61	926	
		HL Klemove			122	148	
	Suppliers who submitted CMRT (mandatory)			HL Mando			67
	Percentage of suppliers whose conflict mineral-related information is made available	HL Mando		%	100	100	7.24
		HL Klemove				100	100

*HL Mando's 2021 and 2022 data are based on domestic operations *Excludes 2023 data of HL Mando's Türkiye worksite

*HL Klemove's data are based on domestic operations

CSR

Donations

Category		Unit	2021	2022	2023
Donations made	Cash	HL Mando	606	1,058	2,290
		HL Klemove	44	17	455
	In-kind	HL Mando	282	100	387
		HL Klemove	0	50	9
	Total	HL Mando	888	1,158	2,677
		HL Klemove	44	67	464
Percentage of donations against sales		%	0.02	0.02	0.04

Investments (Activity Expenses) Made for Community Development

Category		Unit	2021	2022	2023
Investments made for community development	HL Mando	KRW million	459	911	1,201
	HL Klemove	million		16	226
Percentage of investments made for community development against sales		%	0.01	0.01	0.02
Expenses for CSR activities aligned with business operations (public marketing, etc.)	HL Mando	KRW million	85	110	120
	HL Klemove	million			238

Volunteering*

Category		Unit	2021	2022	2023
Volunteer hours	Total volunteer hours	HL Mando	7,168	6,387	6,169
		HL Klemove		589	1,643
	Volunteer hours per employee	HL Mando	0.60	0.49	0.44
		HL Klemove		0.27	0.80
Number of employee volunteers	Cumulative number of employee volunteers	HL Mando	14,000	12,320	11,294
		HL Klemove		311	1,393
	Number of employee volunteers	HL Mando	1,277	1,032	1,075
		HL Klemove		311	1,082
	Percentage of employee volunteers out of total employees	HL Mando	10.7	7.9	7.7
		HL Klemove	%		14.5

*Some reported figures have been changed due to the recalculation of HL Klemove's 2022 data

Technology Innovation

Sustainable Technology*

Category	Unit	2022	2023
Sales of sustainable Technology	KRW billion	3,308	3,780
Sales percentage of sustainable Technology	%	44	45

*HL Mando data include HL Klemove data *HL Mando's entire sustainable technology products are Type II certified products

R&D Investment*

Category	Unit	2021	2022	2023
R&D personnel	No. of persons	2,191	2,395	2,605
Total R&D investment	KRW billion	332.9	404.9	368.7
Percentage of R&D expenses against sales	%	5.42	5.39	4.39

*HL Mando data include HL Klemove data *Some reported figures have been changed due to the recalculation of 2021 and 2022 data

Patent*

Category		Unit	2021	2022	2023
Registration	HL Mando	No. of cases	247	369	463
	HL Klemove		63	55	93
Application	HL Mando		478	778	1,028
	HL Klemove		101	134	106

*Based on domestic operations *Some reported figures have been changed due to the recalculation of HL Klemove's 2021 and 2022 data

Open Innovation

Category	Unit	2021	2022	2023
Investment in tech startups	KRW million	27,500	13,800	3,300

Sales Warranty Reserve and Sales Warranty Expenses*

Category	Unit	2021	2022	2023
Beginning of year sales warranty reserve	KRW billion	48.9	64.7	53.3
Sales warranty expenses		25.4	29.5	35.4
Percentage of warranty expenses against sales	%	0.41	0.39	0.42
Recalled cars*	No. of cases	0	0	0

*In North America

IATF 16949 Quality Management System Certification Achieved

Category		Unit	2021	2022	2023
Worksites to be certified	HL Mando	No. of sites	14	14	16
	HL Klemove		4	4	4
Worksites certified	HL Mando		14	14	16
	HL Klemove		4	4	4
Percentage of worksites certified	HL Mando	100	100	100	
	HL Klemove	100	100	100	

LCA (Life Cycle Assessment)

Category		Unit	2023	
Total number of programs for the current year		HL Mando	No. of cases	15
Total number of programs for the current year that have completed Simplified LCA			5	
Percentage of total programs for the current year that have completed Simplified LCA			%	33.3

GRI Index

Statement of use	HL Mando is reporting our sustainability management information in accordance with the GRI Standards for the period from January 1, 2023, to December 31, 2023.
GRI 1 used	GRI 1 : Foundation 2021
Applicable GRI Sector Standard(s)	Currently unavailable (as of the reporting date in December 2023, the standard for the Automotive industry applicable to HL Mando has not been published)

Universal Standards

Topic	No.	Indicators	Page and Description	Note	Assurance
The Organization and its Reporting Practices	2-1	Organizational details	6-7p		●
	2-2	Entities included in the organization's sustainability reporting	2p		●
	2-3	Reporting period, frequency and contact point	2p		●
	2-4	Restatements of information		Quantitative data annotations	●
	2-5	External assurance	124-126p		●
Activities and Workers	2-6	Activities, value chain and other business relationships	6-13p, 15p		●
	2-7	Employees	100-104p		●
	2-8	Workers who are not employees		Insufficient information usage (information is not collected in accordance with relevant regulations)	●
Governance	2-9	Governance structure and composition	71-72p		●
	2-10	Nomination and selection of the highest governance body	71-72p		●
	2-11	Chair of the highest governance body	71p		●
	2-12	Role of the highest governance body in overseeing the management of impacts	17p, 72p		●
	2-13	Delegation of responsibility for managing impacts	17p, 72p		●
	2-14	Role of the highest governance body in sustainability reporting	72p		●
	2-15	Conflicts of interest	71-72p		●
	2-16	Communication of critical concerns	71p, 312p		●
	2-17	Collective knowledge of the highest governance body	71-72p,		●
	2-18	Evaluation of the performance of the highest governance body	73p		●
	2-19	Remuneration policies	73p		●
2-20	Process to determine remuneration	73p		●	
2-21	Annual total compensation percentage	73p, 104p		●	

Topic	No.	Indicators	Page and Description	Note	Assurance
Strategy, Policies and Practices	2-22	Statement on sustainable development strategy	4-5p		●
	2-23	Policy commitments	23p, 52-53p 64p, 66p 73-74p, 79p, 86p		●
	2-24	Embedding policy commitments	23p, 52-53p 64p, 66p 73-74p, 79p, 86p		●
	2-25	Processes to remediate negative impacts	64-65p 75-76p, 78p, 83p, 86p		●
	2-26	Mechanisms for seeking advice and raising concerns	65p, 75-76p, 79p, 86p		
	2-27	Compliance with laws and regulations	78p		
		2-28	Membership associations	123p	
Stakeholder Engagement	2-29	Approach to stakeholder engagement	122p		●
	2-30	Collective bargaining agreements	63p		
Disclosures on Material Topics	3-1	Process to determine material topics	19-20p		●
	3-2	List of material topics	20p		●
	3-3	Management of material topics	20p, 26p, 33p, 40p		●

Topic Standards

Topic	No.	Indicators	Page and Description	Note	Assurance
Topic 1 : Mitigating Climate Change	3-3	Management of material topics	26p		●
Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	28-30p		●
Emissions	305-1	Direct (Scope 1) GHG emissions	32p, 97p		●
	305-2	Energy indirect (Scope 2) GHG emissions	32p, 97p		●
	305-3	Other indirect greenhouse gas emissions (Scope 3)	32p, 97p		●
	305-4	GHG emissions intensity	32p, 97p		●
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	37p		●
Topic 2 : Energy	3-3	Management of material topics	33p		●
Energy	302-1	Energy consumption within the organization	34p		●
	302-3	Energy intensity	97p		●
	302-4	Reduction of energy consumption	33-34p, 97p		●
Topic 3 : Future Growth Drivers	3-3	Management of material topics	40p		●

Topic	No.	Indicators	Page and Description	Note	Assurance
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	43-45p		●
	203-2	Significant indirect economic impacts	40-46p		●
Topic 4 : Resource Leakage Related to Products and Services	3-3	Management of material topics	35-36p		●
Waste	306-2	Management of significant waste-related impacts	35-36p		●
	306-3	Waste generated	36p		●
	306-4	Waste diverted from disposal (Reuse, recycle, etc.)	35p		●
	306-5	Waste directed to disposal (Incineration, landfill, etc.)	35p		●
Topic 5 : Employee Health and Safety	3-3	Management of material topics	66-69p		●
Occupational health and safety	403-1	Occupational health and safety management system	66-69p		●
	403-2	Hazard identification, risk assessment, and incident investigation	67-68p		●
	403-3	Occupational health services	68-69p		●
	403-4	Worker participation, consultation, and communication on occupational health and safety	66-68p		●
	403-5	Worker training on occupational health and safety	69p		●
	403-6	Promotion of worker health	68-69p		●
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	68-69p		●
	403-8	Workers covered by an occupational health and safety management system	66-67p		●
	403-9	Work-related injuries	69p		●
Topic 6 : Equal Opportunities for Employees	3-3	Management of material topics	58p		●
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	60-61p		●
	405-2	Percentage of basic salary and remuneration of women to men	104p		●
Topic 7 : Working Conditions for Employees	3-3	Management of material topics	58-59p, 62-63p		●
Employment	401-1	New employee hires and employee turnover	58-59p, 103p		●
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	62-63p		●
	401-3	Parental leave	63p		●
Topic 8 : Relationship with Suppliers	3-3	Management of material topics	52-54p		●
Procurement Practices	204-1	Proportion of spending on local suppliers	109p		●
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	53p		●
	308-2	Negative environmental impacts in the supply chain and actions taken	53p		●
Supplier Social Assessment	414-1	New Suppliers that were screened using social criteria	53p		●
	414-2	Negative social impacts in the supply chain and actions taken	53p		●
Topic 9 : Corruption and Bribery	3-3	Management of material topics	74-76p		●
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	75-76p		●
	205-3	Confirmed incidents of corruption and actions taken	77p		●
Public Policy	415-1	Political Contributions	74p,		●

Topic	No.	Indicators	Page and Description	Note	Assurance
Topic 10 : Corporate Culture	3-3	Management of material topics	86p		●
Tax	207-1	Approach to tax	86p		●
	207-2	Tax governance, control, and risk management	86p		●
	207-3	Stakeholder engagement and management of concerns related to tax	86p		●
	207-4	Country-by-country reporting			●

Other General Reporting Issues

Topic	No.	Indicators	Page and Description	Note	Assurance
Economic Performance	201-1	Direct economic value generated and distributed	94p		●
	201-3	Defined benefit plan obligations and other retirement plans	59p		●
Market Presence	202-2	Proportion of senior management hired from the local community	100-101p		●
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	92p		●
Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	78p		●
Materials	301-1	Materials used by weight or volume	99p		●
	303-2	Management of water discharge-related impacts	38p, 98p		●
Water and Effluents	303-3	Water withdrawal	38p, 98p		●
	303-4	Water discharge	38p, 98p		●
	303-5	Water consumption	38p, 98p		●
Training and Education	404-1	Average hours of training per year per employee	106p		●
	404-2	Programs for upgrading employee skills and transition assistance programs	58-60p		●
	404-3	Percentage of employees receiving regular performance and career development reviews	106p		●
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	48-49p		●
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	82p		●

ESRS Index

In line with the mandatory sustainability disclosure requirements of the EU, the Corporate Sustainability Reporting Directive (CSRD) has been effective since March 2023. For implementation management, the ESRS outlines the scope and standards for sustainability-related disclosure information. In the final ESRS draft released in November 2022, the European Financial Reporting Advisory Group (EFRAG) requires two common standards, 11 thematic standards, 84 disclosure requirements, and 1,144 quantitative and qualitative data points. Considering the significance of the EU market, HL Mando is establishing a system to manage related information and respond to global standard requirements by keeping up with the latest trends in CSRD and ESRS.

ESRS 2. General Disclosures

Indicator No.	Title	Page
ESRS 2 BP-1	General basis for preparation of the sustainability statements	2p
ESRS 2 BP-2	Disclosures in relation to specific circumstances	124-126p, Changed data are mentioned with separate annotations
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	16-17p, 71-73p
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	19-20p
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	17p, 26p, 35p, 64p, 66p, 79p
ESRS 2 GOV-4	Statement on due diligence	52-54p, 64-65p, 66-67p, 74-75p, 77-78p, 83p
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting	-
ESRS 2 SBM-1	Strategy, business model and value chain	6-13p
ESRS 2 SBM-2	Interests and views of stakeholders	122p
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	20p
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	19p
ESRS 2 IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	116-118p

ESRS E1. Climate Change

Indicator No.	Title	Page
ESRS E1-1	Transition plan for climate change mitigation	27p, 29p
ESRS E1-2	Policies related to climate change mitigation and adaptation	23p, 28-30p
ESRS E1-3	Actions and resources in relation to climate change policies	28-30p
ESRS E1-4	Targets related to climate change mitigation and adaptation	32p
ESRS E1-5	Energy consumption and mix	34p, 97p
ESRS E1-6	Gross Scope 1, 2, 3 and Total GHG emissions	32p, 97p
ESRS E1-7	GHG removals and GHG mitigation projects financed through carbon credits	32p, 97p
ESRS E1-8	Internal carbon pricing	-
ESRS E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	20p, 26p, 28-30p

ESRS E2. Pollution

Indicator No.	Title	Page
ESRS E2-1	Policies related to pollution	23p
ESRS E2-2	Actions and resources related to pollution	25p, 37-38p
ESRS E2-3	Targets related to pollution	25p, 37-38p
ESRS E2-4	Pollution of air, water and soil	25p, 37-38p, 97p, 99p
ESRS E2-5	Substances of concern and substances of very high concern	36p-37p, 98p
ESRS E2-6	Anticipated financial effects from pollution-related risks, impacts and opportunities	-

ESRS E3. Water and Marine Resources

Indicator No.	Title	Page
ESRS E3-1	Policies related to water and marine resources	23p
ESRS E3-2	Actions and resources related to water and marine resources	38p
ESRS E3-3	Targets related to water and marine resources	38p
ESRS E3-4	Water consumption	98p
ESRS E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	-

ESRS E4. Biodiversity and Ecosystems

Indicator No.	Title	Page
ESRS E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	-
ESRS E4-2	Policies related to biodiversity and ecosystems	23p, 38p
ESRS E4-3	Actions and resources related to biodiversity and ecosystems	38p
ESRS E4-4	Targets related to biodiversity and ecosystems	-
ESRS E4-5	Impact metrics related to biodiversity and ecosystems change	38p
ESRS E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	-

ESRS E5. Resource Use and Circular Economy

Indicator No.	Title	Page
ESRS E5-1	Policies related to resource use and circular economy	23p, 35p
ESRS E5-2	Actions and resources in relation to resource use and circular economy	35p
ESRS E5-3	Targets in relation to resource use and circular economy	35-36p
ESRS E5-4	Resource inflows	99p
ESRS E5-5	Resource outflows	98p
ESRS E5-6	Anticipated financial effects from resource use and circular economy-related risks and opportunities	-

ESRS S1. Own Workforce

Indicator No.	Title	Page
ESRS S1-1	Policies related to own workforce	60p, 64p
ESRS S1-2	Processes for engaging with own workers and workers' representatives about impacts	59-61p, 64-65p, 66p
ESRS S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	64-65p
ESRS S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	64-65p
ESRS S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	65p
ESRS S1-6	Characteristics of the undertaking's employees	100-104p
ESRS S1-7	Characteristics of non-employee workers in the undertaking's own workforce	100-101p
ESRS S1-8	Collective bargaining coverage and social dialogue	63p, 108p
ESRS S1-9	Diversity metrics	100-102p
ESRS S1-10	Adequate wages	104p
ESRS S1-11	Social protection	62-63p
ESRS S1-12	Persons with disabilities	104p
ESRS S1-13	Training and skills development metrics	106p
ESRS S1-14	Health and safety metrics	108p
ESRS S1-15	Work and life balance metrics	104-106p
ESRS S1-16	Compensation indicators (pay gap and total compensation)	104p
ESRS S1-17	Incidents, complaints and severe human rights impacts	65p, 107p

ESRS S2. Workers in the Value Chain

Indicator No.	Title	Page
ESRS S2-1	Policies related to value chain workers	52p
ESRS S2-2	Processes for engaging with value chain workers about impacts	56p
ESRS S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	56p
ESRS S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	53p
ESRS S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	54p

ESRS S3. Affected Communities

Indicator No.	Title	Page
ESRS S3-1	Policies related to affected communities	88p
ESRS S3-2	Processes for engaging with affected communities about impacts	75p, 122p
ESRS S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	75p, 122p
ESRS S3-4	Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	89-92p
ESRS S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	91p

ESRS S4. Consumers and End Users*

Indicator No.	Title	Page
ESRS S4-1	Policies related to consumers and end-users	-
ESRS S4-2	Processes for engaging with consumers and end-users about impacts	-
ESRS S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	-
ESRS S4-4	Taking action on material impacts on consumers and end-users, and approaches to managing material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	-
ESRS S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	-

*Not applicable

ESRS G1. Business Conduct

Indicator No.	Title	Page
ESRS G1-1	Corporate culture and business conduct policies and corporate culture	74p, 76p
ESRS G1-2	Management of relationships with suppliers	52-53p
ESRS G1-3	Prevention and detection of corruption and bribery	74-78p
ESRS G1-4	Confirmed incidents of corruption or bribery	95-96p
ESRS G1-5	Political influence and lobbying activities	123p
ESRS G1-6	Payment practices	55p

TCFD Index

TCFD Recommendations		Page
Governance	a) Describe the board's oversight of climate-related risks and opportunities	26p
	b) Describe management's role in assessing and managing climate related risks and opportunities	26p
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	28-30p
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	28-30p
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related 2°C or lower scenarios	27-30p
Risk Management	a) Describe the organization's processes for identifying and assessing climate-related risks	26p, 28p
	b) Describe the organization's processes for managing climate-related risks	26p, 28p
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	26p, 28p, 83p
Metrics and Targets	a) Describe the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	27-30p
	b) Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse (GHG) emissions and the related risks	30p, 32p, 97p
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	32p

SASB Index

Sustainability Disclosure Topics & Accounting Metrics






Topic	Code	Accounting Metric	Page
Energy Management	TR-AP-130a.1	(1) Total energy consumed	97p
		(2) Percentage grid electricity	
		(3) Percentage renewable	
Waste Management	TP-AP-150a.1	(1) Total amount of waste from manufacturing	98p
		(2) Percentage hazardous	
		(3) Percentage recycled	
Product Safety	TP-AP-250a.1	Total units recalled	111p
Design for Fuel Efficiency	TP-AP-410a.1	Revenue from products designed to increase fuel efficiency and/or reduce emissions	111p
Materials Sourcing	TP-AP-440a.1	Description of the management of risk associated with the use of critical materials	52-54p
Materials Efficiency	TP-AP-440b.2	Percentage of input materials from recycled or remanufactured content	99p
Competitive Behavior	TP-AP-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	96p

Activity Metrics

Topic	Code	Content
Area of manufacturing plants	TP-AP-000.C	724,339 m ²

UN SDGs

Category	Goals and Key Activities
Environment	 <p>Goal 7. Sustainable and Eco-friendly Energy HL Mando has established a company-wide roadmap for transitioning to renewable energy and is actively promoting the adoption of renewable energy at our global operations. Additionally, we are working to reduce energy consumption by introducing the Factory Energy Management System (FEMS) at our worksites.</p>
	 <p>Goal 13. Response Action to Combat Climate Change and Its Impacts HL Mando is analyzing climate change risks and opportunities to develop response plans and strengthen our capabilities. To implement our carbon neutrality strategy, we have established a Carbon Neutrality Promotion Committee and have advanced our management system through the creation of a global GHG inventory.</p>
Technological Innovation	 <p>Goal 8. Promoting Inclusive and Sustainable Economic Growth, Complete and Productive Employment, and Decent Work HL Mando is developing and providing new solutions aligned with the autonomous driving and software-centric mobility market. We aim to contribute to market growth and offer better driving experiences to drivers through innovative technological advancements.</p>
	 <p>Goal 9. Building Resilient Infrastructure, Promoting Sustainable Industrialization, and Fostering Innovation HL Mando is contributing to the establishment of a green mobility market by developing and implementing a roadmap for eco-friendly materials and products. We are also conducting Life Cycle Assessments (LCA) on major products and participating in training to enhance related capabilities and expand LCA.</p>
Supply Chain Management	 <p>Goal 8. Promoting Inclusive and Sustainable Economic Growth, Complete and Productive Employment, and Decent Work HL Mando is pursuing cooperative growth with our suppliers by providing tailored education and financial support. We support job fairs to help our suppliers secure talent and have established compliance rules for intellectual property rights to promote mutual growth.</p>
	 <p>Goal 17. Global Partnership for Strengthening Means of Implementation and Sustainable Development HL Mando continuously enhances our code of conduct and conducts ESG assessments to strengthen the ESG capabilities of our suppliers. By advancing the ESG assessment system and implementing measures based on results, and by developing a conflict minerals management system, we help our suppliers manage risks and contribute to sustainable growth.</p>

Category	Goals and Key Activities
Labor Rights and Safety	 <p>Goal 4. Ensuring Inclusive and Equitable Quality Education and Promoting Lifelong Learning Opportunities for All HL Mando offers various educational programs aimed at enhancing employee capabilities, with a strategy focused on growth through work experience. We are enhancing onboarding education for new hires, leadership training, and improving key talent development programs to boost the future value of HL Mando through talent development.</p>
	 <p>Goal 10. Reducing Inequality Within and Among Countries HL Mando is working to internalize human rights management by distributing the human rights management declaration and guidelines. We conduct human rights impact assessments across all global operations and have established a human rights risk mitigation process to foster a culture where the rights of all stakeholders are valued.</p>
Governance and Ethics	 <p>Goal 16. Peace, Justice for Sustainable Development and Establishing Strong Institutions To ensure the independence of the Board, HL Mando maintains a majority of outside directors. We enhance the integrity of our governance structure through the Audit Committee's operational and financial audits. Additionally, by assessing ethical and anti-corruption risks and implementing disciplinary measures for ethical violations, HL Mando practices integrity management.</p>
CSR	 <p>Goal 1. Ending Poverty in All its Forms Everywhere Under the vision of "Together," HL Mando is continuously working to improve the living standards of vulnerable groups in the community. We engage in various CSR activities, including scholarships and meal-sharing programs, and will continue to strive for the sustainable development of local communities.</p>
	 <p>Goal 3. Ensuring Healthy Lives and Promoting Well-Being for All Ages To ensure healthy lives in the community, HL Mando runs support programs for individuals with severe disabilities and supports traffic accident victims through the "Safe Speed 5030 Eco-Drive Campaign."</p>

UN Global Compact

In April 2021, HL Mando joined the international sustainability management initiative of the UNGC (United Nations Global Compact) and endorsed its ten principles. We abide by every principle ratified by the countries where we operate and will continuously endeavor to advance our human rights and environmental management further.

Human Rights		Page
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights; and We make sure that we comply with the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and labor standards recommended by ILO conventions.	64p
Principle 2	make sure that they are not complicit in human rights abuses. HL Mando has policies such as a human rights declaration and human rights management guidelines. To advance our human rights management, we have designated human rights personnel at domestic and overseas subsidiaries and have conducted the Human Rights Impact Assessment to adopt and manage major human rights indicators.	64p
Labor		Page
Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; Based on Article 33 (the three labor rights) of the Constitution, HL Mando guarantees employees' freedom of association and collective bargaining. HL Mando's code of conduct states that employees have the right to association and to represent their interests through elected representatives. Accordingly, all employees are guaranteed the right to form, join, and operate labor unions.	63p
Principle 4	the elimination of all forms of forced and compulsory labor; HL Mando prohibits forced labor through policies such as the code of conduct and the human rights declaration. We conduct annual human rights impact assessments to preemptively mitigate risks.	64p, 74p
Principle 5	the effective abolition of child labor; and HL Mando prohibits child labor through policies such as the code of conduct and the human rights declaration. We conduct annual human rights impact assessments to preemptively mitigate risks.	64-65p
Principle 6	the elimination of discrimination in respect of employment and occupation. We respect the diverse backgrounds and values of our employees, provide equal opportunity to all job applicants and employees, abide by applicable laws and regulations, and prohibit discrimination on the grounds of gender, age, region, ethnicity, nationality, religion, political association, or social status in our recruitment process and business conduct. This is specified in our rules of employment along with our human rights management declaration.	58p, 60-61p, 64p

Environment		Page
Principle 7	Businesses should support a precautionary approach to environmental challenges. We are fully aware of the severity of climate change and environmental pollution, made our 2045 net zero commitment to reduce GHG emissions that cause climate change, and perform LCAs to mitigate our environmental impact along the entire lifecycle from product design to manufacturing and disposal. We establish and operate a carbon neutral supply chain management system and consecutively introduce renewable energy to manage our net zero goal.	24p, 27p
Principle 8	undertake initiatives to promote greater environmental responsibility; and HL Mando conducts an annual environmental risk assessment and management. We report on the implementation and management of environmental management to the Sustainability Management Committee under the Board of Directors twice a year. Additionally, the Carbon Neutrality Promotion Committee meets quarterly to focus on discussions about the transition to renewable energy, climate change risk response strategies, and methods. Various measures are implemented to enhance employees' environmental awareness and expand eco-friendly investments.	17p, 23p, 26p
Principle 9	encourage the development and diffusion of environmentally friendly technologies. HL Mando is expanding the development and production of eco-friendly automotive parts and is focusing on the continuous development of sustainable technology. We are also making significant efforts in developing eco-friendly materials, such as circular polymer materials and upcycling technologies. These efforts aim to contribute to the establishment of the eco-friendly mobility market.	40-41p
Anti-corruption		Page
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery. We operate the Integrity Management Office for the fair and systemic management of our Code of Ethics and Code of Conduct. To establish fair and reasonable business practices, we set forth the Code of Ethics, the Ethical Action Guide, and the Code of Conduct to specify matters on integrity management, including its responsibilities and duties, reporting system, attribution, and disciplinary actions. These norms apply to all organization units and their employees within the group to guide proper conduct of our entire business and our employees.	74p

Stakeholder Engagement

HL Mando selects employees, partners, customers, shareholders/investors, communities/NGOs, academia, and governments/ associations as our key stakeholder groups who interact with us directly/ indirectly. We operate a range of communication channels to facilitate communication, trust, and cooperation with stakeholders while collecting and reflecting their varying voices and creating sustainable value with stakeholders.

Stakeholder Communication Channel

Category	Communication Channel	Activity
Customers	Global exhibitions (CES, Motor shows, etc.)	Introduce our innovations, environmentally friendly products, and new technologies
	Tech fairs (Track day, etc.)	Provide technology experience opportunities and demonstrations through test driving
	Ride Sessions (test drives, winter tests, etc.)	Undertake cooperation projects including preemptive development and measurement of product security
	Industry conferences and forums (SAE ¹⁾ , future auto expos, etc.)	Introduce our innovations, eco-friendly products and new technologies
Shareholders/ investors	HL Mando Website & SNS (YouTube, Linked-in, etc.)	Transparently communicate our key achievements, products, and sustainability
	Annual general meetings of shareholders/BOD meetings	Transparently communicate our key achievements, products, and sustainability
	Disclosures/reports (business/audit/corporate governance reports)	Share key pending management issues and collect feedback
	IR events (domestic/international NDR ²⁾ , conferences, one-on-one meetings, etc.)	Transparently share financial and non-financial information
Suppliers	Investor Day	Support investment decision-making by providing business information
	Partners' Day	Support investment decision-making by providing mid- to long-term business strategies and financial goals
	HL Mando Suppliers CEO seminars	Share HL Mando's management strategy, shared growth, and other development approaches with suppliers, and explore ways for shared growth with HL Mando
	HL Mando Suppliers BU meetings	Collect the voice of partner management and share ways for shared growth with HL Mando
Employees	Supplier communication website (G-TOPs)	Gather feedback from suppliers by key business area and share ways for shared growth with HL Mando
	Amity Activity to collect suppliers' feedback	Implement activities to improve through collecting suppliers' feedback through one by one
	Management status and direction sharing seminar 'Mando ON'	Share business plans, management performance and status, strategies
	'Value Board' and 'Open Communication' to facilitate our corporate culture	Implement activities to improve and innovate our corporate culture
	'Team David' to create a new corporate culture	Implement activities to improve and innovate our corporate culture
	Corporate culture satisfaction surveys	Collect the voice of employees and implement activities to improve our corporate culture
	Group communication channel 'Hallo'	Share HL Group news
	In-house information sharing channel 'With Mando'	Provide useful information on HL Mando's global news, welfare and etc.
Communities/ NGOs	AI-enabled 'Hani' ChatBot to provide HR information	Provide useful information on HL Mando's training, general affairs, recruitment, welfare and etc.
	Labor-management council	Host council meetings for the purpose of improving labor-management partnerships
	In-house broadcasting, global webzines (newsletters)	Share HL Mando news
	Local volunteer group	Engage employees for volunteering
Academia	ChildFund Korea	Support youth from low-income families
	Korea Transportation Safety Authority (Roly-poly Wheelchair of Love)	Implement activities to support the victims of traffic accidents
	Jungtap social welfare center in Seongnam	Participate in campaigns to protect the environment and create a safety first road traffic culture
Governments/ associations	Activities undertaken as a member of the UNGC (UN Global Compact)	Comply with and implement the UNGC 10 principles
	Industry-academia cooperation	Industry-academia cooperation to nurture talent in the smart mobility sector
	Technology consultation body	Various collaboration activities for technology development
	Ministry of Environment, Ministry of Trade, Industry and Energy, Ministry of Employment and Labor	Join policy discussion meetings and presentations
Governments/ associations	Regional administrative agencies (Pyeongtaek City Hall, Gyeonggi-do Provincial Government, etc.)	Operate startup incubation and support programs
	Fair Trade Commission, Korea Commission for Corporate Partnership	Join policy discussion meetings and presentations
	Korean Society of Automotive Engineers, Korea Industrial Technology Association	Obtain information on automotive technology and explore technology advancement through academic conferences

*Communication is conducted with all stakeholders, but local communities/NGOs, academia, and government/associations are managed by targeting some stakeholders with high direct interests.

1) SAE : Society of Automotive Engineers, an American association of automotive engineers

2) NDR : Non-Deal Roadshow, an investment/corporate presentation

Awards and Associations

Awards

Country	Date	Award
Korea	2023.5	Awarded the 'Presidential Citation' on the 58th Invention Day
	2023.5	Awarded the Minister of Science and ICT Award at the 56th Science Day Ceremony
	2023.8	Selected as one of LACP's Global Top 100 Companies (75th) and awarded Gold
	2023.10	Silver in the Annual Reports Print category at the Galaxy Awards
	2023.12	'ESG Disclosure' award at the 2023 The ESG Awards by Chosun Biz
	2023.12	CES 2024 'Best of Innovation' Award for the parking robot 'Parkie'
Turkiye	2023.12	Industrial Service Medal at the 2023 Korea Industrial Technology R&D Exhibition
	2023.3	Awarded 1st place in the 'Environmentally Friendly Application' category by the Istanbul Chamber of Industry

*Inclusion criteria for awards in the sustainability report : public awards from government and accredited institutions

Associations

NO.	Organization	Purpose of Membership
1	Korean Society of Automotive Engineers	Promote technology advancement through networking and conferences
2	Korea Industrial Technology Association	Collect information to develop plans and strategies for technology development and Manage technology institute
3	National Academy Engineering of Korea	Obtain information on new automotive material technology trends
4	The institute of Electronics and information Engineers	Exchange technical information on interdisciplinary research on electronics, information technology and communications
5	NAFEMS (overseas CAE Community)	Obtain information on CAE (Computer Aided Engineering) trends
6	Korean Institute of Electrical Engineers	Obtain information on advanced electrical technologies
7	Institute of Control, Robotics and Systems	Obtain information on control robotics technology
8	Korean Institute of Power 'electronic'	Obtain information on advanced power technologies
9	AUTOSAR Association Partnership	Obtain information on new automotive technology
10	ADASIS	Obtain information on standards related to ADAS Map
11	Korea Association of Autonomous Mobility Industry	Communicate and collaborate with relevant organizations in the field of autonomous driving
12	Korean Society of Automotive Engineers	Promote technology advancement through networking and conferences
13	Institute of Electrical and Electronics Engineers (IEEE)	Identify global electrical/electronic R&D trends

NO.	Organization	Purpose of Membership
14	Korea Industrial Technology Association	Monitor automotive industry technology trends
15	Korea International Trade Association	Obtain information and make policy proposals on exports, tariffs and other trade areas
16	Korea Enterprises Federation	Collaborate and make policy proposals to build cooperative relationships between labor and management
17	Korea Auto-vehicle Safety Association	Review and address risks in line with policy (institutional) changes in the automotive safety sector
18	Korea Intellectual Property Association	Obtain IP-related information among businesses and respond to dispute risk
19	UN Global Compact Network Korea	Comply with the 10 principles of the UN Global Compact
20	Emergency Planning Council of the Ministry of Trade, Industry and Energy	Cooperate in reserivist emergency preparedness exercises in accordance with guidelines from the Ministry of Trade, Industry and Energy
21	Gyeonggi Workplace Reserve Forces Commanders' Association	Cooperate in reserivist emergency preparedness exercises in accordance with guidelines from the Ministry of Trade, Industry and Energy
22	Korea Exchange	Participate in carbon credit trading markets to engage in the competitive bidding and auction of GHG emissions allowances
23	Korea Industrial Safety Association	Obtain information on safety issues and enhance the job performance of industrial safety managers
24	Safety Manager Council	Reinforce disaster prevention activities through networking
25	Korea Nurses Association	Obtain information on occupational health hazards and risks
26	Health Manager Association	Strengthen injury prevention activities through exchange among health personnel
27	Korea Fire Safety Association	Obtain information on fire prevention and enhance job performance through education for fire prevention officers
28	Safety Manager Council	Obtain information on fire and promote networking
29	Green Company Council	Prevent environmental risks by network building
30	Korea Environmental Engineers Federation	Prevent environmental risks through information exchange at the working-level
31	Korea Environmental Preservation Association	Obtain information on environmental issues and manage the completion of mandatory training for environmental personnel
32	Korea Environmental Engineers Federation in the Gangwon province	Exchange information with environmental technicians and share key issues in environmental regulations in the Gangwon province
33	Public Wastewater Treatment Plant Operation Council	Approve the expenses charged by the Munmak Industrial Complex and review possible improvements
34	Korea Mech.Const.Contractors Association	Perform safety inspections on machinery/equipment and job training for machinery/equipment maintenance managers
35	Korea Electric Engineers Association	Stably operate electrical facilities and bolster the competency of electrical safety managers
36	Korea Electrical Safety Corporation	Promote exchange among electrical safety personnel and enhance their work competency
37	Occupational Nursing Association	Obtain information on occupational health hazards and risks, and enhance health work competency
38	Chemical Safety Community Council in the Seoul Metropolitan Area	Chemical accident response training and safety accident prevention education
39	Korea Chemical Management Association	Enhance job performance by exchanging technical information related to the operation of hazardous chemical handling facilities

*Top 5 association memberships based on membership fees : Institute of Electrical and Electronics Engineers (KRW 70 million), Korea Enterprises Federation (KRW 34 million), AUTOSAR Association Partnership (KRW 30 million), UNGC (KRW 22 million), Korean Society of Automotive Engineers (KRW 9.6 million)

Independent Assurance Statement



To : The Stakeholders of HL Mando Corporation

Overview

BSI (British Standards Institution) Group Korea (hereinafter referred to as the "Assurer") was requested to verify the 2023 HL Mando Corporation Sustainability Report (hereinafter referred to as the "Report"). The Assurer is independent of the HL MANDO CORPORATION and has no major operational financial interest other than the assurance. This assurance opinion statement is intended to provide information related to the assurance of the HL Mando Corporation report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any purpose other than the purpose of publication. This assurance opinion statement was prepared based on the information presented by the HL Mando Corporation and the assurance was carried out under the assumption that presented the information and data were complete and accurate.

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

The Assurer is responsible for providing HL Mando Corporation management with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of HL Mando Corporation. The Assurer shall not bear any other responsibility, including legal responsibility, to any third party other than HL Mando Corporation in providing the assurance opinion and shall not be liable to any other purpose, purpose or stakeholders related thereto for which the assurance opinion may be used.

Scope

The scope of engagement agreed upon with HL MANDO CORPORATION includes the following :

- Reporting contents during the period from January 1st to December 31st 2023 included in the report, some data included the half of 2024.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of

materiality assessment.

- Appropriateness and consistency of processes and systems for data collection, analysis and review.
- In Accordance with the four principles of AA1000 AccountAbility in the report, based on the type of Sustainability Assurance based on AA1000AS v3 and if applicable, the reliability of the sustainability performance information contained in the report.

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

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

Assurance Level and Type

The assurance levels and types are as follows;

- Moderate level based on AA1000 AS and Type 2 (confirmation to the four principles as described in the AA1000 Accountability Principle 2018 and quality and reliability of specific performance information published in the report.)

Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the assurer reviewed the following Disclosures based on the sampling of information and data provided by HL Mando Corporation.

[Universal Standards]

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

[Topic Standards]

201-1~3, 202-2, 203-1~2, 204-1, 205-2~3, 206-1, 207-1~4, 301-1, 302-1, 302-3~4, 303-2~5, 305-1~4, 305-7, 306-2~5, 308-1~2, 401-1~3, 403-1~9, 404-1~3, 405-1~2, 414-1~2, 415-1, 416-1, 418-1

Methodology

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

- A top-level review of issues raised by external parties that could be relevant to organizations policies to provide a check on the appropriateness of statements made in the report.
- Discussion with managers and staffs on organization's approach to stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
- Review of the system for sustainability management strategy process and implementation.
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results.
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures where available.
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles Standard (2018).
- Visit of the HL Mando Corporation Pan-gyo Office (R&D Center) to confirm the data collection processes, record management practices.

Limitations and approach used to mitigate limitations

The Assurer performed limited verification for a limited period based on the data provided by the reporting organization. It implies that no significant errors were found during the verification process, and that there are limitations related to the inevitable risks that may exist. The Assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Competency and Independence

BSI (British Standards Institution) is a leading global standards and assessment body founded in 1901. BSI is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services globally. No member of the assurance team has a business relationship with HL Mando Corporation. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers

who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Opinion Statement

The assurer was carried out by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. Assurer planned and performed this part of our work to obtain the necessary information and explanations assurer considered to provide sufficient evidence that HL Mando Corporation's description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI standards were fairly stated.

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

Conclusions

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

▪ Inclusivity : Stakeholder Engagement and Opinion

HL Mando Corporation defined customers, shareholders/investors, suppliers, employees, communities/NGO, academia and government/associations as a Key Stakeholder Groups. In order to collect opinions by each stakeholder groups in the context of sustainability, operated the stakeholder engagement process. HL Mando Corporation was conducting a review of the stakeholder engagement process at the Steering Committee in order to reflect the major issues derived through the stakeholder engagement process in sustainability strategy and goals. HL Mando Corporation disclosed the results related to the process in the Report.

▪ Materiality : Identification and reporting of material sustainability topics

HL Mando Corporation implemented its own materiality assessment process in consideration of the major business and operational characteristics to derive important reporting issues related to sustainability. In the materiality assessment, HL Mando Corporation conducted the analysis of global sustainability disclosure and evaluation standards, and conducted the IRO (Impact, Risk, Opportunity)

analysis to derive the impact and financial materiality. HL Mando Corporation derived 10 material issues through the process, selected 3 key material issues through the relevant process, and disclosed GRI topic standards (topic standards disclosures) related to material issues in the Report.

▪ **Responsiveness : Responding to material sustainability topics and related impacts**

HL Mando Corporation operated a management process for material issues in the context of sustainability derived from the materiality assessment. HL Mando Corporation established mid- to long-term sustainability plans and goals in according to the management methodology established to effectively reflect the expectations of key stakeholders. HL Mando Corporation disclosed the process including policy, indicator, activity and response performance on key issues in the Report.

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

HL Mando Corporation identified the scope and extent of the impacts to the organization and key stakeholders in the context of the sustainability of the material issues reported. HL Mando Corporation established sustainability strategies and objectives based on the analysis results of major impacts, including risks and opportunities for material issues at the governance level, disclosed mid- to long-term plans and strategic system in the Report.

Findings and conclusions concerning the reliability and quality of specified performance information

Among the GRI Topic Standards, the following disclosure related Economic, Social and Environmental were carried out in a assurance Type 2 based on the information and data provided by the reporting organization. In order to verify the reliability and accuracy of the data and information, internal control procedures related to data processing, processing, and management were verified through interviews with the responsible department, and accuracy was verified through sampling. Errors and intentional distortions in sustainability performance information included in the report were not found through assurance processes. The reporting organization manages the sustainability performance information through reliable internal control procedures and can track the process of deriving the source of the performance. Errors and unclear expressions found during the assurance process were corrected during the assurance process and prior to the publication of the report, and the assurer confirmed the final published report with the errors and expressions corrected.

▪ **GRI Topic Standards**

201-2, 202-2, 203-1~2, 204-1, 205-2~3, 207-1~4, 301-1, 302-1, 302-3~4, 303-3~5, 305-1~4, 305-7, 306-2~5, 308-1~2, 401-1~3, 403-1~9, 404-1~3, 405-1~2, 414-1~2, 415-1, 416-1

Recommendations and Opportunity for improvement

The assurer will provide the following comments to the extent that they do not affect the result of assurance;

- It may be helpful to advance the sustainability management system by intergrating internal control procedures /sustainability(social and enviromental) performance indicators management system of major subsidiaries and securing consistency and comparability of key performance indicators.

GRI-reporting

HL Mando Corporation provided us with their self declaration of compliance within GRI Standards. Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index. The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the Universal Standards and Topic Standards Indicators based on the data provided by HL Mando Corporation. The sector standard was not applied.

Issue Date : 12/06/2024

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

BSI representative

Jungwoo Lee,
Lead Assurer, ACSAP



Seonghwan Lim, Managing
Director of BSI Korea




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GHG Assurance Statement



Scope

Scope 1, 2, 3 GHG emissions of HL Mando's domestic and overseas business sites in the calendar year of 2023. The verification calculated GHG emission based on the activity data from the GHG Emission Report for business sites of HL Mando.

- Complying with the suggestion of WRI/WBCSD GHG Protocol, the sources and the quantity of GHG emissions are calculated by applying operational control approach.
- Scope 3 GHG emissions related to category 1~15.

Data Verified

GHG emissions of HL Mando's business sites in from 2023 are as follows : (Unit : ton CO₂-e/yr)

Country	Business Site	2023			
		Scope 1	Scope 2	Scope 3	Total
Korea	Pangyo	690	6,180	803,314	810,184
	Pyeongtaek	4,464	32,033	563,803	600,300
	Wonju	673	15,341	503,714	519,728
	Iksan	384	10,833	369,360	380,577
Domestic Subtotal		6,211	64,387	2,240,191	2,310,789
China	MSC	537	18,655	269,117	288,309
	MBC	56	13,234	852,129	865,420
	MTC	554	52,314	14,690	67,558
	MNC	72	2,369	562,153	564,594
	MRC&MBTC	112	676	5,150	5,938
America	MCA AL	319	4,555	542,264	547,139
	MCA G1	301	9,309	88,702	98,312
	MCA G2	384	16,974	26,967	44,324
	APT	739	994	662	2,394
	MESA	264	1,725	1,476	3,465
Brazil	MCB	64	289	176,298	176,651
Mexico	MCM	719	11,120	579,760	591,600
Poland	MCP	875	12,597	656,853	670,326
Germany	MCE	110	101	1,056	1,266
Türkiye	MMT	1,669	4,787	232,113	238,569
India	MAIL	2,108	43,387	1,119,644	1,165,138
	MSI	66	214	1,221	1,501
Overseas Subtotal		8,949	193,299	5,130,256	5,332,504
Total		15,160	257,686	7,370,447	7,643,293

*The total emissions can differ to a cut-off decimal point

*The Pangyo site includes Scope 1,2 emissions from small emission sites (Next-M, HRD Center, Songpa Office, and Munjeong Office)

GHG Criteria & Protocols used for Verification

This verification was performed at the request of HL Mando applying the following criteria and guidelines:

- ISO14064-1 : 2018 and ISO14064-3 : 2019
- Guideline for Reporting and Certification of Amounts of Emissions in the Greenhouse Gas Emission Permits Trading Scheme (Notification No. 2023-221 of the Ministry of Environment of Korea)
- WBCSD/WRI GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard
- 2006 IPCC Guidelines
- BSI GHGEV Manual

The standard confidentiality principle of BSI Group Korea was applied to all verification activities.

Verification Opinion

As a result of the verification in accordance with the protocols and the best practice listed above, it is the opinion of BSI that :

- The verification was conducted with activity data and evidence provided by HL Mando based on a reasonable level of assurance for scope 1, 2 of domestic sites and a limited level of assurance for scope 3 of domestic and scope 1, 2, 3 of overseas sites.
- This verification may be affected by limited factors such as the limitation of provided data, non-execution of on-site verification, and sampling. Due to the limitation of this verification, there is an unavoidable risk that important errors may not be found and exist.
- No material misstatement in the GHG emission calculations were detected, and relevant records were maintained appropriately.
- Therefore, the BSI Group Korea Verification Team provides a verification opinion that is "appropriate".

For and on behalf of BSI : Managing Director Korea,
Issue : 10/06/2024 Seong Hwan Lim

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2023 HL Mando Sustainability Report

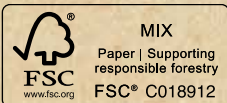
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HL Mando



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Bamboo



Non-timber



Biodegradable