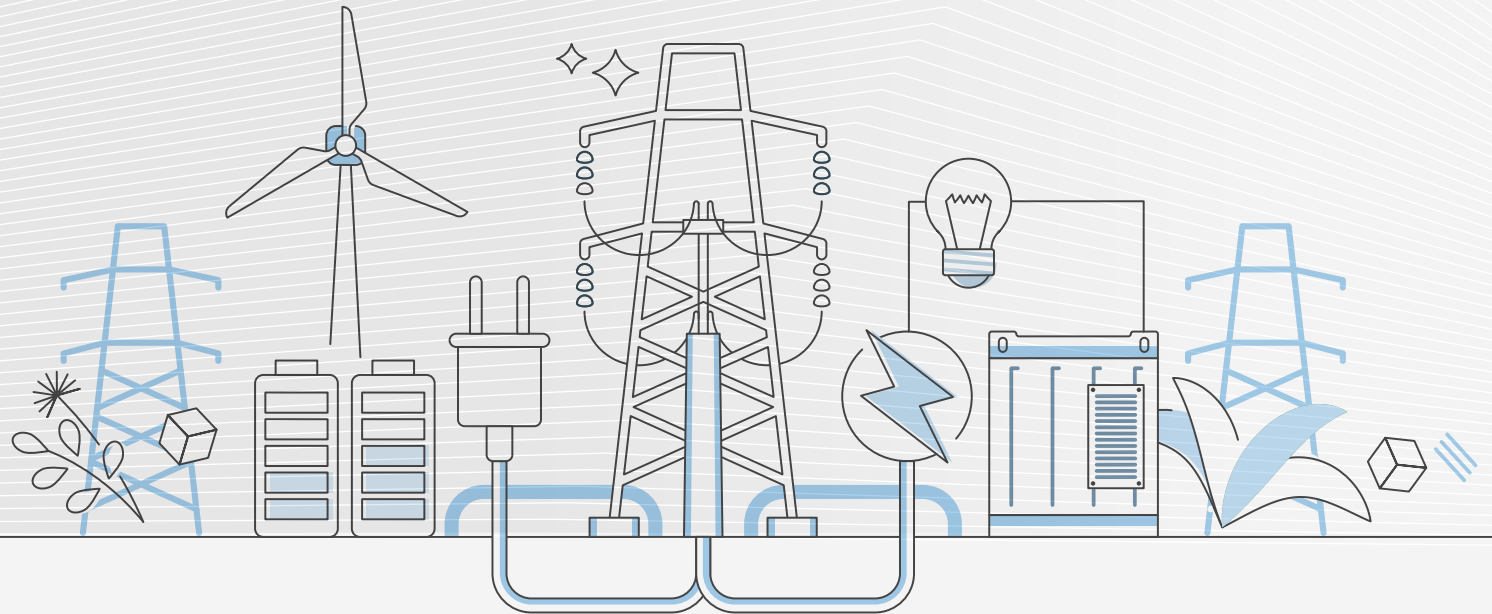


ILJIN Electric

ESG Report 2022



About This Report

Overview

Through our first ESG report, we would like to report and communicate our economic, environmental, and social performance and goals to our stakeholders. This report connects our corporate management with our ESG management strategy and expresses our will and efforts to grow together with the community as a sustainable company. We will continue to transparently communicate with our stakeholders through the publication of the ESG Report every year and fulfill our role in creating the society we dream of together.

Period

This report provides a qualitative and quantitative description of our financial and non-financial activities and performance from January 1, 2022 to December 31, 2022. For some key issues, we have included information up to the second quarter of 2023 to help our stakeholders understand them better. The quantitative performance covers our three-year environmental, social, and governance performance.

Scope

For economic performance, the report covers all of ILJIN Electric's domestic and overseas business sites, and for social and environmental performance, the report focuses on domestic business sites in consideration of their size, nature, and impact.

Standards

This report has been prepared with reference to the GRI(Global Reporting Initiative) Standards 2021. The financial information was prepared based on consolidated financial statements in compliance with K-IFRS. Where financial and non-financial information is presented on a separate basis, this is indicated in the notes.

Assurance

This report has been assured by the ESG Innovation Network, an independent third-party assurance provider, to ensure the reliability of the data and to prevent ESG-washing. The independent assurance statement can be found on page 70.

Inquiries

This report can be downloaded from ILJIN Electric's website(<http://www.iljinelectric.co.kr>), and if you have any questions, please contact us below.

Department in charge	ILJIN Electric Business Support Division
Address	7F, 15 Magokjungang 14-ro (Magok-dong), Gangseo-gu, Seoul, Korea
E-mail	yd.jo@iljin.co.kr
Tel	02-3777-8373



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Company Overview

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CEO Message



We will grow into a leading eco-friendly company in the power infrastructure field.



Dear valued stakeholders,
Thank you very much for your great interest and love for ILJIN Electric.
This is Hwang Soo, CEO.

2022 was a year of crisis and opportunity. The protracted Russia-Ukraine war sent energy and materials prices soaring, while China's zero Covid-19 policy disrupted global supply chains. The liquidity supply of the past two years triggered a global inflation spike, which led to a year of significant economic volatility, with central banks tightening policy by raising interest rates.

Despite these economic conditions, ILJIN Electric achieved 1 trillion KRW in sales for the first time in 11 years since FY2011. This was mainly due to an increase in overseas orders, a strategy of winning orders for high-value-added products by strengthening sales force, and efforts to reduce costs by improving productivity. As a result, we were able to grow both sales and operating profit. This is thanks to the dedication and hard work of all our employees, as well as the interest and encouragement of our stakeholders.

There are expectations of a recovery in 2023 as China reopens. However, macroeconomic uncertainty is expected to increase in 2023 due to prolonged inflation and subsequent monetary and fiscal policy changes in major economies. In addition, global trade is expected to shrink due to the US-China trade dispute and the prolongation of the Russia-Ukraine war.

To create opportunities amid this uncertain economic outlook, ILJIN Electric will focus on the following points.

First, we will strive to secure growth and profitability through market diversification.

In the future, the implementation of carbon neutrality is expected to accelerate globally. In the domestic market, we will expand our presence based on our superior technology in the renewable power generation market, which has been revitalised by the government's Green New Deal policy. We will expand orders for high-capacity and high-efficiency products in the US and the Middle East, our main markets, and explore additional overseas markets in Europe and Africa.

Second, we will strengthen our sales power at home and abroad based on trust with our customers.

For customer satisfaction, we will create products that are recognized in the market by zeroing out the incidence of defects through thorough quality verification. We will also strengthen our competitiveness in the global market through continuous cost reduction and compact product development efforts.

Third, we will enhance our status as a "Total Energy Solution Company" by expanding the development of new eco-friendly and high-efficiency products and discovering future businesses.

We will develop eco-friendly products that are differentiated from our competitors to protect human health and the environment and respond to the climate change crisis. In addition, we will actively promote eco-friendliness and the utilization of new and renewable energy through technologies such as the application of vegetable oil transformers to high-efficiency transformers and the development of HVDC cable systems for high-capacity transmission.

Fourth, we will promote sustainable growth by laying the foundation for ESG management.

After establishing an ESG strategy system, ILJIN Electric is working to secure a foundation for practicing carbon neutrality. We will strive to reduce greenhouse gases by establishing a greenhouse gas reduction plan, optimizing processes, and applying high-efficiency facilities and renewable energy. In addition, we will strengthen our management system for sustainable growth by streamlining our environmental, social, and governance management systems. We will create an organizational culture that enables employees to work proactively and do our best to grow together with local communities and stakeholders.

Hwang Soo, CEO, ILJIN Electric

About ILJIN Electric

Overview



ILJIN Electric is a company specializing in electric power and electric materials, founded in 1968. As the parent company of ILJIN Group, we have continuously taken on challenges since our establishment until now to produce power equipments for transmission and distribution(transformers, circuit breakers, etc.), extra-high voltage wires, Cu wire, etc.

We have expanded into various fields of the electric power industry, including electronic materials, and have grown into a specialized company in the electric power and materials fields that contributes to the development of the national electric power industry.

In particular, we established the Heavy Electric Research Institute and the Cable Research Institute and developed high-quality products to focus on researching and launching eco-friendly, high-efficiency products, which are the company's future core business. By supplying power generation, transmission and substation, and power systems through package order basis, including removal of old cables, installation of new cables, and system completion testing, our technology is recognized in domestic and international markets, and we are establishing ourselves as a Global Total Energy Solution Company.

Recently, as a result of playing a pivotal role in handling the rapidly increasing electricity demand in emerging markets, we achieved sales of 1 trillion KRW in 2022 and entered into over 80 countries.

As of December 2022

Company name	ILJIN Electric
Establishment date	January 22, 1968
CEO	Hwang Soo
Business Areas	Transformers, Circuit breakers, Power cables, etc.
Headquarters Location	905-17, Mannyeon-ro, Hwaseong-si, Gyeonggi-do (Anyeong-dong)
Workplace	<ul style="list-style-type: none"> • Domestic - Hwaseong, Hongseong, Ansan, Seoul • Overseas - USA, Singapore, India, Saudi Arabia, Kuwait, United Kingdom, Bahrain
Employee status	836 people

(Unit: million KRW)



Total Assets

839,513



Total Equity

344,902



Sales

1,164,706



Operating Income

31,491

About ILJIN Electric

History

ILJIN Electric's Growth through development of high technology

1968~1989

- Jun 1968** Established ILJIN Electric Co., Ltd.
- Aug 1975** Localized distribution fittings(dead-end clamp)
- Dec 1976** Localized 25.8kV COS(Cut out switch)
- Jul. 1979** Localized Lightening Arrester(technical partnership with McGAW-EDISON of the USA)
- Apr 1981** Localized 345kV fittings(Obtained a KEMA's in Netherlands)
- May 1983** Localized Load Interrupter Switch and 25.8kV Automatic Sectionalizer
- Dec 1984** Localized 25.8kV Automatic Sectionalizing Breaking Reclosing Switch
- May 1987** Developed and mass-produced 25.8kV Gas Switch(technical partnership with YASKAWA of Jnappn)

1990~2003

- May 1990** Developed and mass-produced 25.8kV ALTS(technical partnership with M.G of France)
- Jun 1991** Localized 25.8kV Gas Switch(technical alliance with ALSTOM of Switzerland)
- Nov 1993** Developed 25.8kV Gas Switch for Underground Use and Initial production
- Dec 1997** Developed 765kV fittings for transmission and Initial production
- Dec 1998** Developed 25.8kV Gas Insulated Switchgear(C-GIS)
- Jun 2000** Merged ILJIN Cable Co. Ltd.
- May 2001** Localized a gas insulated switchgear for rated voltage 170kV
- Aug 2001** Localized a extra high voltage power cable for rated voltage 345kV
- Sep 2001** Independently Developed a tracking resistance insulated wire for rated voltage 22.9kV(ACSR/AW-TR/OC)
- Jul 2002** Localized a gas insulated switchgear for rated voltage 72.5kV
- Aug 2002** Obtained certification of high efficiency energy facility (200kW-4P/160kW-6P)
- Oct 2003** Developed a flame retardant type transformer for rated voltage 154kV
- Oct 2003** Merged ILJIN Co. Ltd.

JUMP for Total Solution Provider

2004~2011

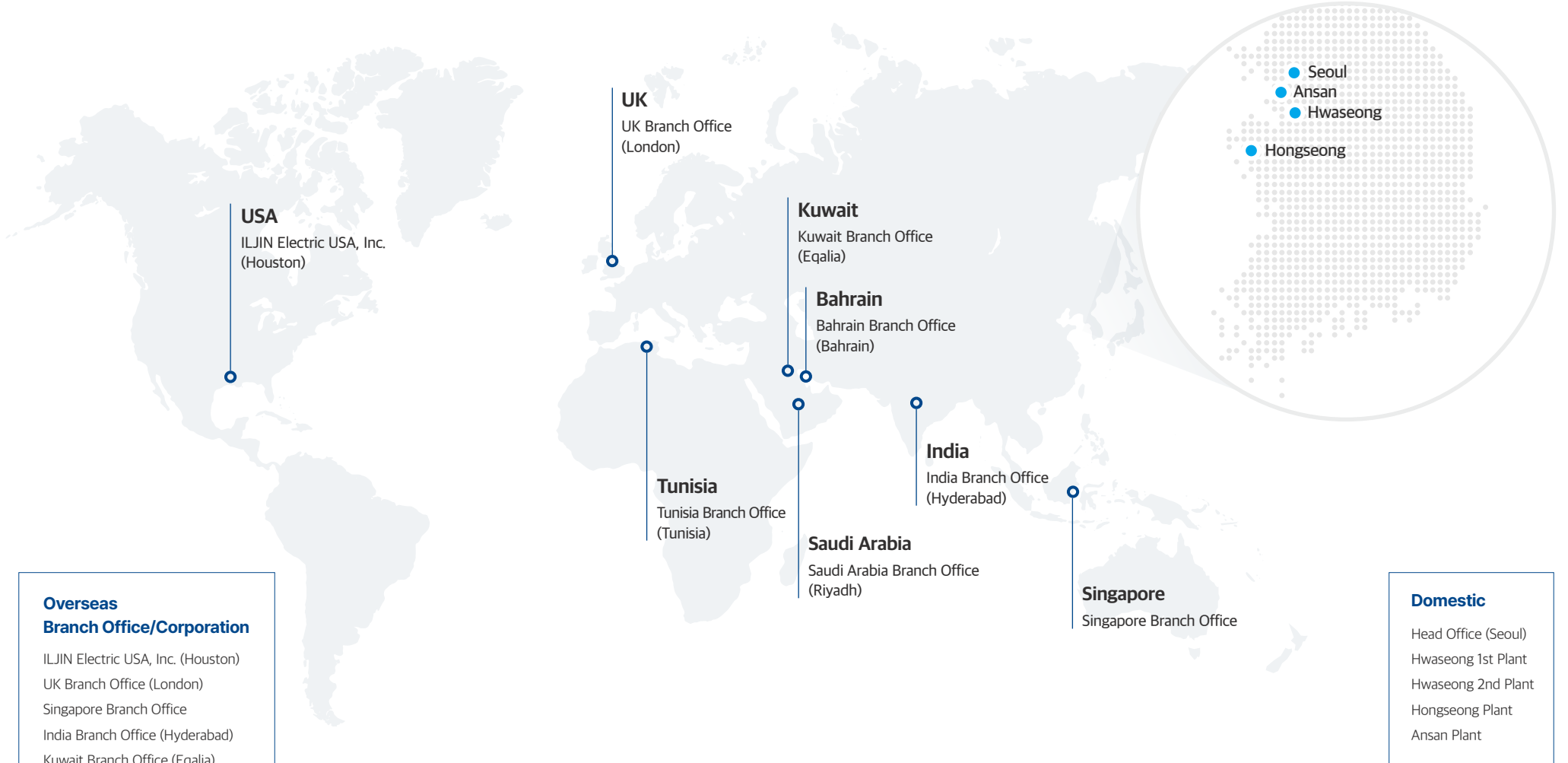
- Dec 2004** Qualified to supply extra high voltage Scott transformer for a electric railroad
- Nov 2006** Won a 100 million USD worth Tower of export
- Aug 2007** Merged ILJIN Heavy Co. Ltd.
- Nov 2007** Won a 300 million USD worth Tower of export
- Jul 2008** Changed to ILJIN Holdings
- Dec 2008** Won a Gold Tower in Order of Industrial Service Merit
- Sep 2009** Obtained a KEMA's certification(220kV 125MVA transformer)
- Dec 2010** Achieved revenue exceeds on trillion won
- Jan 2011** Developed 145kV Gas Insulated Switchgear
- May 2011** Developed 400kV HV cable

2012~Present

- Oct 2012** First in Korea, delivered of 66kV cable with smooth metal sheath(Australia)
- Apr 2013** Completed a transformer factory in ILJIN Hongseong industrial complex
- Jun 2013** Hongseong Factory forwarded a first time order of transformer for rated 345kV 448MVA in USA
- Nov 2013** First in Korea, developed a 400kV cable system with smooth metal sheath
- May 2014** Obtained a KERI's certification(245kV 40kA GIS)
- Jun 2016** Developed a 245kV Gas Insulated Switchgear
- Jul 2017** Developed a 362kV Gas Insulated Switchgear
- Jun 2018** Enter into technical partnership with Siemens of Germany
- Sep 2018** Completed a Circuit Breaker Factory in Hongseong industrial complex
- Jan 2019** Developed a 420kV Gas Insulated Switchgear
- Dec 2020** Developed a 154kV Shunt Reactor
- Dec 2020** Forwarded a first time order of transformer for rated 500kV 350MVA in USA
- Jun 2021** First in Korea, developed 154kV Windcooling Gas TR
- Nov 2021** UK National Grid 400kV cable PQ registration
- Dec 2021** HVDC 320kV cable system T/T completed (KEMA)
- Apr 2022** Completed 29kV eco-friendly GIS and 154kV Variable Shunt Reactor
- Mar 2023** Completed a 154kV Three-phase Gas Transformer

About ILJIN Electric

Global Network



Overseas
Branch Office/Corporation

- ILJIN Electric USA, Inc. (Houston)
- UK Branch Office (London)
- Singapore Branch Office
- India Branch Office (Hyderabad)
- Kuwait Branch Office (Eqalia)
- Saudi Arabia Branch Office (Riyadh)
- Tunisia Branch Office (Tunisia)
- Bahrain Branch Office (Bahrain)

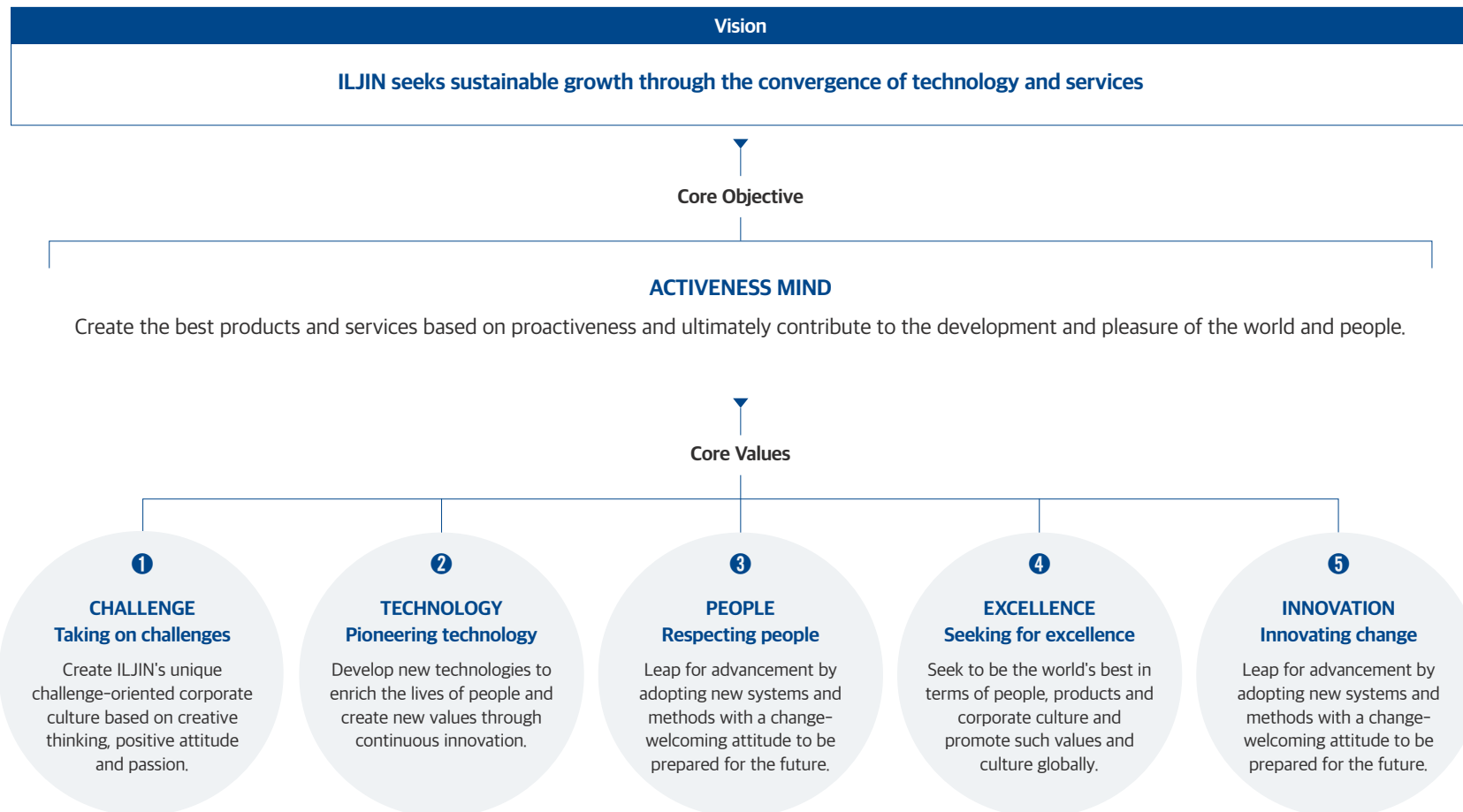
Domestic

- Head Office (Seoul)
- Hwaseong 1st Plant
- Hwaseong 2nd Plant
- Hongseong Plant
- Ansan Plant

About ILJIN Electric

Vision System

Based on the founding philosophy of 'growing through new challenges at every moment and contributing to national development by strengthening the domestic power industry', ILJIN Electric produces most of its products by developing new technologies through its own technology, and is committed to entering the global market and further we strive to improve human life through ESG management. We aim to become a company that practices sustainable management through constant challenges and changes.



About ILJIN Electric

Major business areas

Heavy Electric Business

Since starting its power business through the development of substation fittings for the first time domestically, the Heavy Electricity Business Division is developing and manufacturing core device of electric equipment such as extra-high voltage transformers, special and extra-high voltage GIS, and IPB to high voltage devices such as Gas LBS (for overhead, underground), Recloser, and C-GIS.

Furthermore, the Heavy Electricity Business division is playing a part in the overall power industry, ranging from IT technology products that can protect and monitor the power system, eco-friendly products such as eco-friendly opening and closing devices, polymer switches, and Recloser, and smart grid business areas.

Transformer

We have the ability to produce extra-high-voltage transformers up to 765 kV/1,000 MVA, and produces special and eco-friendly vegetable oil transformers for a variety of purposes, such as single-phase, three-phase, single-winding or multi-winding transformers, and reactors that meet customer requirements. In addition, the produced transformers are supplied and installed in power plants, substations, electricity furnace, railways, etc., and then we provide optimal solutions from trial run to maintenance.



▲ 500kV 350MVA(Transformer(First Energy/USA))

Circuit Breaker

In the circuit breaker field, we have the ability to produce from 25.8 kV GIS to 420 kV GIS, and we design and produce single bushing line, double bushing line, and 1.5 breaker methods that meet customer requirements. In addition, eco-friendly GIS is manufactured and supplied for eco-friendly management. The produced GIS provides optimal solutions to power plants, substations, railroads, and large-scale customers from installation and trial run to maintenance.

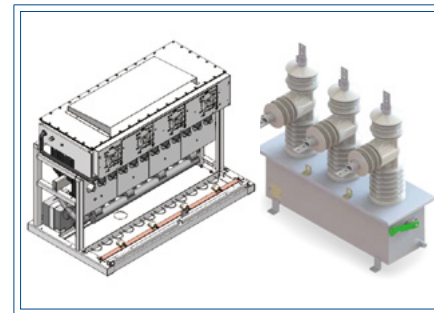


▲ 362kV GIS(KEPCO/Ulsan)

Power Distribution Equipment /Water Distribution Panel

We produce switches and breakers installed on overhead underground distribution lines, and we design, produce, and supply eco-friendly products such as Dry Air insulation and Epoxy insulation products.

In addition, we design, produce, and supply waterfront facilities that meet the customer's requirements. We provide optimal solutions from supply, installation and trial run to maintenance for the large-scale customers.



▲ Recloser

Transmission Line Fittings

We have the ability to produce transmission metal tools that support cables to transmission towers with overhead transmission lines, and manufactures and supplies pylons attached to HVDC 500kV/345kV/765kV tracks, Attachment Bracket, Insulator Equipment, Jumper Device, Space Damper and Spacer, etc.



▲ Transmission Line Fittings(KEPCO/Dangjin)

About ILJIN Electric

Major business areas

Power Cable & System

Since its establishment in 1994, we have played a key role in the power sector, which is the core of the national infrastructure industry, by providing the world-class cable system such as extra-high-voltage cable production and construction (civil engineering-wire routing-connection). Major production items include helix, insulated wires, medium & low-voltage cables, extra-high-voltage cables, special wires, and connecting materials, and has been recognized for its technology specialized in the production and construction of EHV cables and connecting materials through orders for overseas projects.

Extra-high-voltage cable

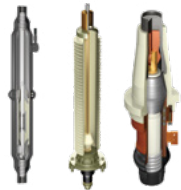
Based on its high technology in the extra-high-voltage power field, we provide extra-high-voltage power cables used for power transportation between power plants and substations.



▲ Extra-high voltage cable

Cable accessories for extra-high voltage cable

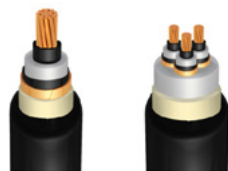
We provide a variety of connections, such as a termination for the purpose of connecting underground cables and overhead cables, and an joint for the purpose of connecting underground cables.



▲ Cable accessories for extra-high voltage cable

Medium and Low Voltage Cable

Medium-pressure cables such as Power cable, Control cable, Fire Retardant & Water Resistance are provided depending on the purpose of transmission and distribution, control signal between devices, and fire damage minimization.



▲ Power Cable

Eco-Friendly PP Insulated Cable

We have a product that switched the insulation, a key material in the power cable field, from existing XLPE to PP of an eco-friendly material. ILJIN Electric provides 154 kV eco-friendly PP insulated cables.



▲ 154kV Eco-Friendly PP Cable

HVDC Cable

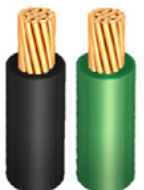
We have the 320kV HVDC XLPE insulated cables for long-distance transmission between countries and regions.



▲ 320kV HVDC Cable

Insulated Wire

This is a wire used for indoor and outdoor wiring below 750V, insulated by PVC or XLPE surrounded to a conductor. It is a low-pressure wire or wire covered with insulation, and provides N, DV, GV, and OW.



▲ Insulated wires

Copper Wire

We provide a variety of wires used in transmission and distribution lines. ACSR with enhanced tensile load function, ACSR/AW with enhanced electrolytic corrosion prevention and corrosion resistance, and TACSR/AW, HTACSR/AW, HSTACIR/AW, etc. with medium capacity special heat resistance.



▲ Aluminium alloy wire

About ILJIN Electric

Major business areas

Materials

We produce/develop COPPER ROD, ALUMINIUM ROD, and ALUMINIUM ALLOY ROD, which are the basic materials that are the basis of all industries..

SCR

High-quality ILJIN SCR produced through process control and quality control based on 30 years of excellent wire and materials (copper and aluminum) manufacturing technology experience is an industrial base material used in a wide range of industries such as power lines, communication lines, enamel lines, ship wires, and automobile wires.



▲ SCR

ALUMINIUM (ALLOY) ROD

ALUMINIUM ALLOY ROD is a new business sector that produces high purity, high quality, and excellent ALUMINIUM ROD using the original technology and production technology of the existing SCR business. And we are focusing on creating customers through product diversification by accelerating the development of heterogeneous size products and ALUMINIUM ROD.



▲ Aluminium ROD

Energy Solutions Business

ILJIN Electric is actively engaged in providing overall energy solutions to grow as a 'Total Energy Solution Provider' in the power industry.

ESS business

With securing various energy storage systems(ESS), such as Lithium-Ion Batteries and high Fire Stability(redox flow batteries), to meet the customer's needs and to perform long/short-term, it provides comprehensive services from consulting, designing, purchasing, construction, and trial operation of various solutions such as ESS solutions and renewable energy-linked ESS solutions.



▲ Naju ESS Solution (1 MWh) in Jeollanam-do

Power Converter Business

With the expansion of renewable energy, various power conversion solutions required by the power system are being supplied. 5kV class MVDC power converter & 750V class LVDC Power converter products are existing products with high efficiency and price competitiveness, and we will provide a total power converter solution through 50KW hybrid under development PCS and gridforming inverter products.



▲ Naju 5kV DC converter (500kW) in Jeollanam-do

About ILJIN Electric

ILJIN Electric's Sustainable Growth, Movement 2022

Expansion of renewable energy business

We participated in the construction of a 100MW solar power plant at Imja-do, located in Jeollanam-do, and contributed to the expansion of the business in the domestic renewable energy sector. ILJIN Electric won an order to build power grid facilities with EPC turnkey and completed the design, manufacture, and installation of extra-high voltage transformers and power cables, contributing to the successful completion of the solar power plant construction.



▲ Solar Power Plant at Imja-do

The expansion of the Middle East market resulted in 144 billion KRW turnkey project

ILJIN Electric Co., Ltd. maintained a steady strategic cooperative relationship with local EPC companies in the Middle East, preempting a firm position in the Middle East market through the development and delivery of 400kV high-end products. Since then, we have taken and completed the delivery of a large-scale new city project worth a total of 144.0 billion KRW with a turnkey with 55.6 billion KRW for heavy electricity of the 400kV project 88.4 billion KRW of power cables in the new city of Al-Mutla, which was ordered by the Kuwait Public Authority for Housing Welfare (PAHW) in 2019. In March 2023, 380 kV PQ registration was completed with the Saudi Electricity Company, and 420 kV GIS PQ registration in commencing to the Kuwait Electric Power Authority to expand the Middle East market in the future, steadily strengthening the position of ILJIN Electric in the Middle East market.



▲ 400kV Power Cables at Al-Mutla in Kuwait

Rapid Sales Growth, Americas Corporation reached \$60M in 2022

ILJIN Electric's Americas Corporation actively secured major customers in the American market, resulting in a big growth of 85% compared to previous year to sales of US\$60 million in 2022. When it first exported 500kV products, the highest voltage in 2020, ILJIN Electric began to be recognized for its technology. Since then, there have been difficulties due to changes in the macroscopic external environment such as protectionist trade in the US market, but through constant response and technology development, we have been able to gain customer trust in the US market and lead to steady sales.



▲ 500kV Transformer exported to USA

About ILJIN Electric

ILJIN Electric's Sustainable Growth, Movement 2022

Receipt of Order of 150 billion KRW at Singapore in Asian market

Since 2008, we have been able to enter the Singapore market and have successfully completed the turnkey project, such as civil engineering, construction, materials and installation, recognizing our technological prowess. In addition, in recognition of the safety of ILJIN Electric products and technology, we won safety awards and we have regularly participated charity events hosted by Electric Power Administration every year, contributing to social contribution. In 2022, we received an order of 150 billion KRW from the Singapore Electric Power Authority (SPPG), and we have successfully won an order of 82.1 billion won in Bangladesh by expanding to the Asian market.

Stable settlement in the European market through Norway's 34 billion KRW order

ILJIN Electric Co. tried to strictly adhere to product and installation quality standards from the early stages in order to stably settle in the European market with high entry barriers. Proving product technology and project management capabilities that meet the strict HSEO (Health, Safety, Environmental and Quality) standards in the European market, we have won 420 kV transmission projects from Statnett, Norway's State Electric Power Authority in March 2023.

In 2023, we established a new British branch and expand it to the European market.



▲ Charity Events hosted by Singapore Electric Power Administration



▲ Contract Signing Ceremony of Statnett, Norway's State Electric Power Authority

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ESG Management

ESG Management Framework

ILJIN Electric has established an ESG management system consisting of an ESG management vision of 'Promise to create a bright future with green energy' and four main directions: Coexistence with the future, Partners together, Sustainable coexistence, and Responsible leadership. In the future, ILJIN Electric plans to strengthen ESG management by setting actionable tasks and detailed goals.

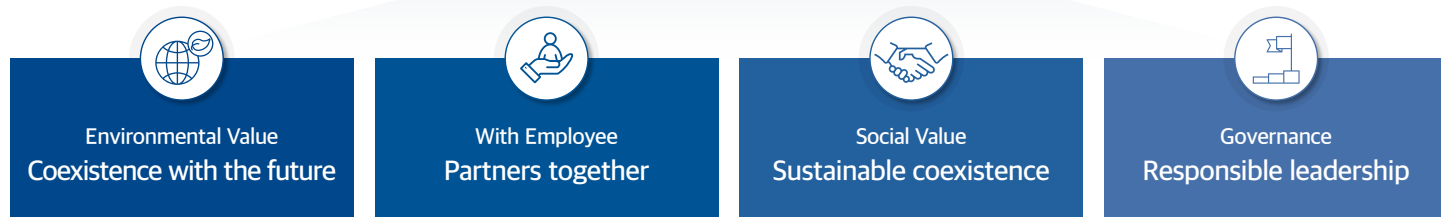


ESG Vision

Promise to create a bright future with green energy

Bright Your Life

Directions



Priorities

- | | | | |
|--|--|---|--|
| <ul style="list-style-type: none"> ① Building a climate change response system ② Expanding eco-friendly workplaces ③ Strengthening the eco-friendly product portfolio | <ul style="list-style-type: none"> ④ Improvement of safety and health system ⑤ Enhancing and internalizing employee competencies ⑥ Work-life balance and generational harmony | <ul style="list-style-type: none"> ⑦ Building a supply chain ESG system ⑧ Expanding community-based social contributions ⑨ Maintaining customer satisfaction and quality competitiveness | <ul style="list-style-type: none"> ⑩ Enhancing the role of governance ⑪ Internalizing compliance and ethics management ⑫ Strengthening grievance channels |
|--|--|---|--|

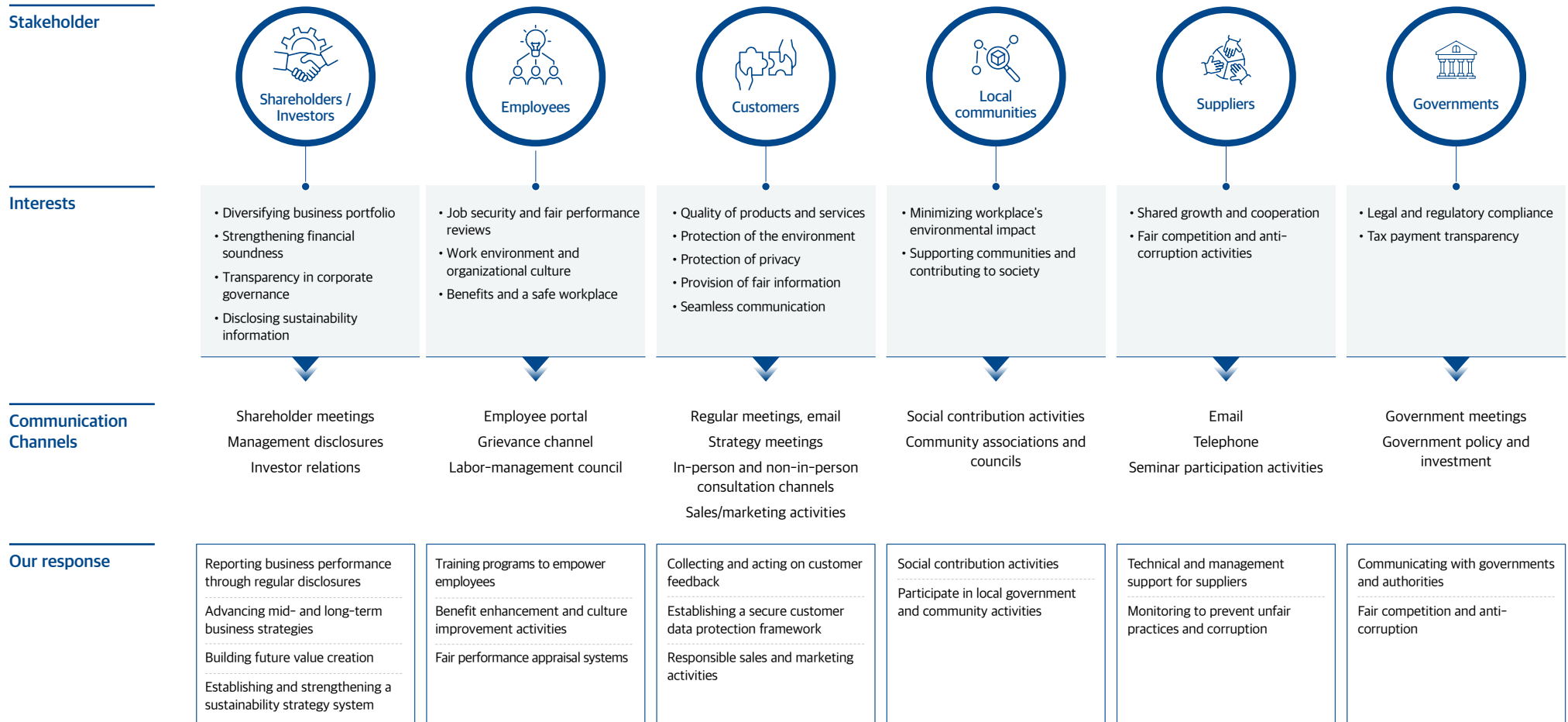
Fundamentals

- ⑬ Establishing an ESG management system
- ⑭ Strengthening global ESG initiatives & partnerships
- ⑮ Enhancing ESG risk management system

ESG Management

Stakeholder Engagement and Communication

ILJIN Electric defines shareholders and investors, employees, customers, local communities, suppliers, and the government as six major stakeholder groups and operates communication channels for each group. Based on smooth communication with stakeholders, we are promoting active stakeholder-centered sustainability management by responding to changes in major issues and reflecting them in management activities.

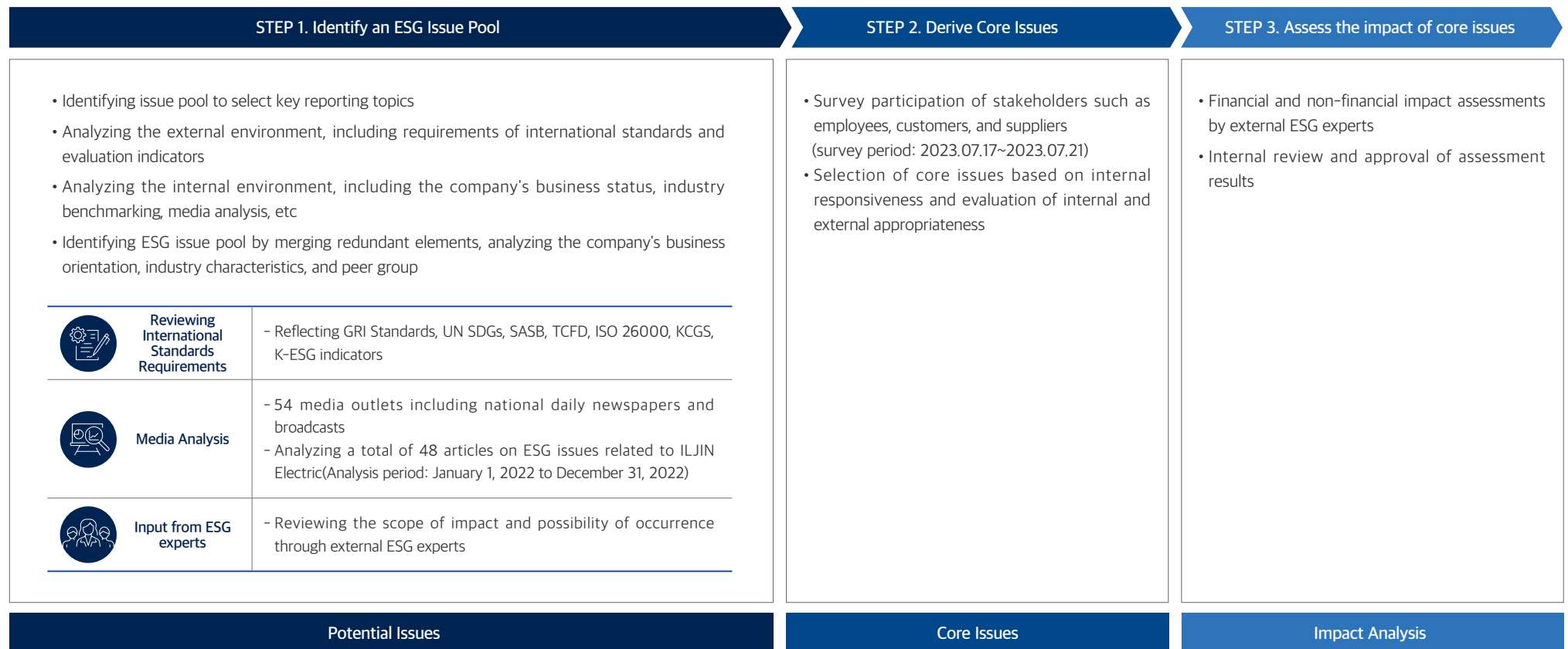


Double Materiality Assessment

Double Materiality Assessment

ILJIN Electric conducts a double materiality assessment and discloses ESG material issues(core issues) in order to consider and respond to both the impact on financial condition and the environmental and social impacts of our business. Seven material issues were derived by comprehensively considering the results of media analysis, peer industry benchmarking, and collecting opinions from stakeholders and ESG experts. The issues identified were finalized through a review process by the ESG department and management, and verification by experts.

Assessment Process

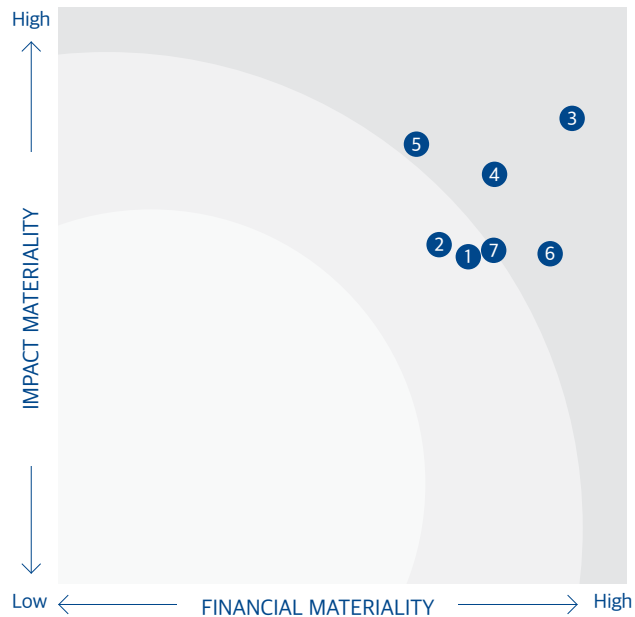


Double Materiality Assessment

Selecting core issues

Seven core issues were selected from the 24 potential issues identified through the assessment. Efforts to reduce pollutant emissions and expanding green products and services were selected in the environmental sector. In the social sector, occupational safety and health, improving the workplace for work-life balance, and strengthening the capabilities of employees were selected, and in the governance sector, creating sustainable economic value and strengthening ethical and anti-corruption activities were selected as core issues. ILJIN Electric will report on its approach to core issues, performance, etc. and manage them continuously.

Impact analysis and response activities



Classification	ESG Issue	Response Activities	Financial and non-financial impact		GRI Topic	Page
			Financial	Social/ Environmental		
Environmental	① Efforts to reduce pollutant emissions	Reduce GHGs, Reduce waste, Enhance reuse	M	H	305 (Emissions)	25~27p, 30~31p
	② Expanding green products and services	Developing eco-friendly products using eco-friendly materials	M	M	301(Materials) 302(Energy)	28~29p
Social	③ Occupational safety and health	Establishing and operating a health and safety system in a manufacturing plant	H	H	403 (Occupational Health and Safety)	40~43p
	④ Improving the workplace for work-life balance	Improving the workplace and creating a horizontal organizational culture	M	H	405 (Diversity and Equal Opportunity)	38~39p
	⑤ Strengthening the capabilities of employees	Building employee training systems and running customized training programs	M	H	404 (Training and Education)	35~37p
Governance	⑥ Creating sustainable economic value	Strengthening financial stability and growth	H	M	201 (Economic Performance)	10~14p, 60p
	⑦ Strengthening ethical and anti-corruption activities	Establishing an ethics management strategy and raising ethics and compliance awareness	H	M	205 (Anti-corruption)	54~55p

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Environment

Coexistence with the Future

Environmental Value

Background

Climate Change is a risk facing all mankind and a challenge that must be addressed continuously, to the extent that "Global Warming" has ended and "Global Boiling" has arrived. All countries around the world are announcing various policies to reduce greenhouse gases, and companies are stepping up activities such as changing production processes to decarbonize the entire world. It is time for the industry that produces energy and electricity to actively participate in the transition to carbon neutrality.

Our Approach

ILJIN Electric is striving to secure future growth engines by focusing on the development of eco-friendly products and the expansion of new and renewable energy projects. We enhance the organization's environmental management system and manages environmental management plans and performance for each workplace. In particular, we are focusing on developing eco-friendly products by using eco-friendly materials such as vegetable insulation oil and technology in place of harmful substances. In the future, we plan to upgrade eco-friendly management by evaluating the environmental impact and securing stable technology for carbon neutrality.

Key Performance

01

Obtained environmental management certification



02

Submitted Climate Change Response CDP First Report



03

Development of 29kV eco-friendly Switchgear for the first time in Korea



04

Obtained Green Technology Certification from Ministry of Environment



Environmental Value

Establishment of Environmental Management System

ILJIN Electric has established an environmental management policy to realize eco-friendly and low-carbon management. In order to minimize the negative environmental impact caused by business activities of companies such as air pollutants, wastewater, and waste, we apply it to all workplaces through environmental manuals that employees should follow, and we actively communicate with employees and various stakeholders to promote environmental management.

Policy of Environmental Management

While producing power-related products such as power cables and transformers, ILJIN Electric tried to faithfully carry out environmental management by establishing an environmental management policy to minimize the negative environmental impact of all business activities and actively implement all environmental responsibilities. We are continuously improving environmental performance through the establishment of a preemptive environmental management system and detailed implementation tasks.

Environmental management policy

It shall keep the natural environment and living environment clean by suppressing environmental pollutants and wastes generated by management activities as much as possible, and contribute to environmental preservation through continuous improvement.

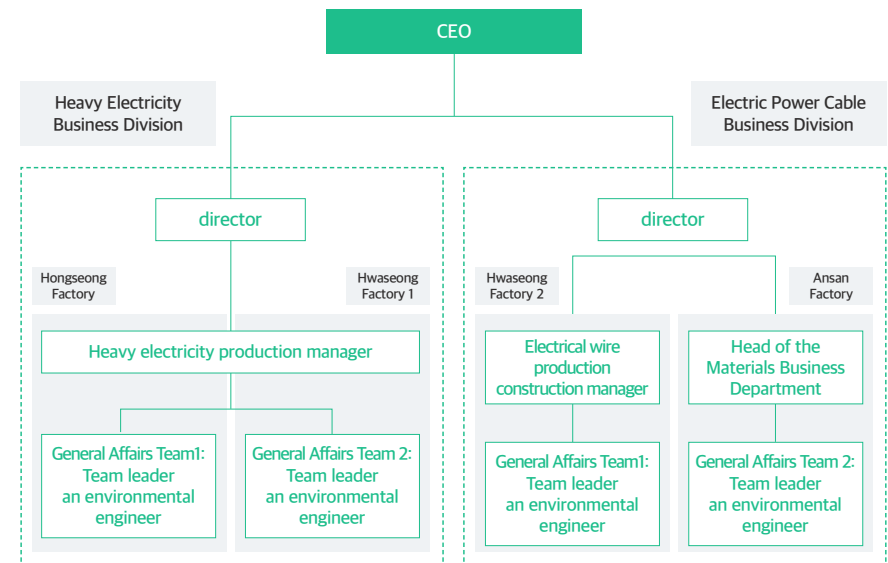
The following are practical measures to faithfully implement the environmental policy.

1. Completely comply with the requirements stipulated in the Environmental Act and other requirements.
2. Establish environmental and detailed goals to minimize the generation of harmful pollutants and wastes.
3. Regenerate and recycle resources as much as possible.
4. Save resources by using energy efficiently.

Organization of Environmental management

Based on the organization that promotes environmental management, we recognize the importance of environmental management and manage systematic goals and achievements throughout the company. We have specialized environmental management responsibilities for each of ILJIN Electric's major business units, the Heavy Electricity Business Division, and the Power Cable Business Division, to conduct environmental impact management and improve the negative impact on the environment through systematic reporting on environmental issues.

Organization chart for environmental management promotion



Environmental Value

Establishment of Environmental Management System

Certification of Environmental Management

As a provider of products and services in the power industry, ILJIN Electric maintains a management that considers both sustainable product development and environmental impact. In addition, we minimize environmental impact through activities such as energy efficiency, resource conservation, greenhouse gas reduction, and waste recycling. We have obtained ISO 14001 (Environmental Management System) certification as an international standard, and continue to renew it to internalize environmental management in environmental management systems.



▲ ISO 14001(Environmental Management System) certification

Goals of Environmental Management

For the active implementation of environmental management, ILJIN Electric is establishing environmental management goals and plans centered on related organizations in each business Division. Through environmental management activities such as waste reduction, environmental awareness, and energy conservation in accordance with the implementation plan reflecting the fair environment, we are finally checking the implementation status and monitoring the results compared to the goals.


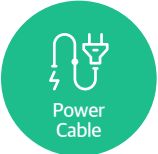

Division	Workplace	Goals	Implementation Plans
Heavy Electricity Business Division	Hwaseong Factory 1	<ul style="list-style-type: none"> Amount reduction of 3% Energy compared to previous year Reduction of 2% Waste Emission compared to previous year 	<ul style="list-style-type: none"> Activities to reduce electricity usage and improvement of facilities Achieved zero case of environmental violations Monitoring to Waste management and improvement of management awareness
	Hongseong Factory	<ul style="list-style-type: none"> Amount reduction of 3% GHG compared to previous year 	<ul style="list-style-type: none"> Reduction of energy use (minimizing factory power usage) Reduction of fuel energy (LNG) Prevention of environmental pollution by strengthening waste disposal
	Ansan Factory	<ul style="list-style-type: none"> Reduction of 2% Waste Emission compared to previous year 	<ul style="list-style-type: none"> Control of Act on the Integrated Management of Environmental Pollution Facilities Achieved zero case of environmental violations Improvement and monitoring through separate disposal of recyclable waste and education
Electric Power Cable Business Division	Hwaseong Factory 2	<ul style="list-style-type: none"> Reduction of 10% Waste Occurrence compared to previous year Chemical registration implementation 	<ul style="list-style-type: none"> Compliance with waste storage and legal reporting requirements. Implementation of Act on Registration and Evaluation of Chemical Substances Registration fulfillment of Pre-reported substances due to expiration of registration grace period

Environmental Value

Establishment of Environmental Management System

Investment into environmental management

ILJIN Electric establishes and promotes an environmental investment plan every year to achieve its goals of energy saving and pollutant reduction and to minimize the negative environmental impact that may occur during the product process. Representatively, we are constantly investing in environmental management to replace facilities and improve systems for the construction of pollution prevention facilities such as filter dust collectors and deodorants. In the future, we are planning to invest in the installation of solar power at Hwaseong Plant 2 and Ansan Plant in order to save energy and expand the field of new and renewable energy

Classification	Energy Reduction Activities
 <p>Heavy Electric</p>	<ul style="list-style-type: none"> • Replacement of aging equipment such as insulating oil moisture meter, gas leakage tester, etc • Replacement of environmental measuring instruments and improvement of systems
 <p>Power Cable</p>	<ul style="list-style-type: none"> • Improvement of cooling water system and electrical equipment aging • Replacement of aged production facilities and improvement of systems
 <p>Material</p>	<ul style="list-style-type: none"> • New investment in aging facilities such as material ingredient analyzer • Improvement of aging equipment related to materials

Spreading awareness of environmental management

In order to enhance employees' understanding of responding to climate change and eco-friendly management, we regularly conduct online and offline environmental education on air, water quality, soil, and waste management for employees at each workplace. In particular, we conducted climate crisis education for employees under the theme of "Global Trends of Carbon Neutrality in the Era of Climate Crisis" so that they can raise employees' awareness of the environment and participate in environmental management. In addition, we specialize in providing job training as environmental technicians and job training as atmospheric environmental technicians so that employees in charge of environmental management can practically acquire our environmental management capabilities.



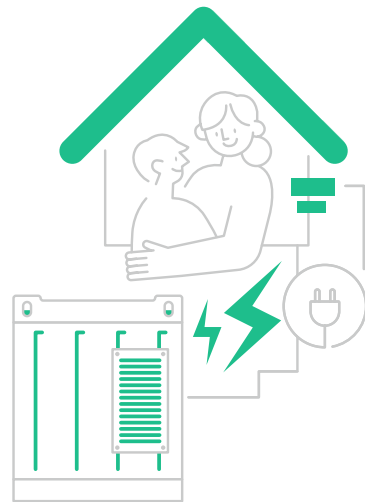
▲ Training on climate change response for all employees

Environmental Value

Establishment of Environmental Management System

Compliance with environmental regulations

ILJIN Electric evaluates environmental impact and complies with environmental regulations for the level of environmental management required by the inside and outside. Each business department, such as the Heavy Electricity Business Division and the Electric Power Cable Business Division, periodically evaluates compliance with regulations, and manages pollutants and wastes in compliance with emission permits.



Clean Air Conservation Act

- Prepare the operation records of emission facilities and prevention facilities
- Regular replacement of preventive facilities consumables
- Conducting bi-monthly self-measurement and complying with emission allowance standards
- Appointment of qualified persons to meet the qualification criteria for each type

Waste Management Act

- Business waste declaration and designated waste confirmation
- Prepare and manage e-Handout when disposing of waste
- Report on waste generated every year

Water Environment Conservation Act

- Measurement of water pollution level of commissioned wastewater and comply with permitted emission standards
- Changes in emission facilities and reasons for change
- Preservation of operation records of discharge facilities and prevention facilities

Offensive Odor Control Act

- Report on installation (change) of discharge facilities
- Compliance with emission standards for odor facilities

Noise and Vibration Control Method

- Management within the permitted emission standard
- Permission and change management for installation of noise and vibration discharge facilities

Sewerage Act

- discharge below permitted emission standards for TOC 50mg/L and SS 800mg/L
- Installation of private sewage treatment facilities and report management of changes
- Measurement of water quality of effluent and cleaning once a year

Special Act on the Improvement of Air Quality in Air Quality Management Areas

- Application for allocation of air pollutant management sites every five years
- Chimney TMS normal operation
- Monthly air pollutant volume management performance registration

Residual Pollutants Control Act

- Report when a reason arises for new installation, disposal, change, etc
- No recycling of insulation oil
- For precision analysis, PCBs of 2 ppm or more are legally treated

Act on the Integrated Management of Environmental Pollution Facilities

- Implementation of integrated environmental permit conditions
- Registration of matters concerning the operation, management, etc. of emission facilities and prevention facilities



Environmental Value

Responding to climate change

Climate Change has a significant impact on the business environment and is bringing about a variety of changes. ILJIN Electric is checking and managing major goals and current status related to climate change to sympathize with preemptive climate change responses and promote 2050 carbon neutrality. We are working to specify four areas of implementation system, strategy, risk management, goals, and indicators related to climate change response, and to increase ILJIN Electric's credibility in responding to climate change.

Response System of Climate Change

In order to respond to climate change professionally, we are making decisions on major agendas related to carbon emissions within the board of directors. The CEO is the final decision maker on climate change response activities, and is responsible for key inspections, derivation, and management. In addition, the members of the board of directors are enhancing their expertise in the climate change response system by verifying and evaluating their qualifications and knowledge related to climate change and appointing them as outside directors. In particular, by including climate change-related performance indicators such as greenhouse gas reduction in the KPI of the top management, we will encourage motivation in responding to climate change and manage the performance of climate change goals.

Strategy

With the axis of eco-friendliness and environmental protection, ILJIN Electric aims to combine business capabilities and become a sustainable company. We have identified climate risks that will affect us and are specifically developing strategies to respond to climate change that meet global needs.

Management Status of Climate Change Indicator

In order to efficiently achieve the goals of greenhouse gas and energy reduction, energy and greenhouse gas status are managed by each business site. Currently, greenhouse gases are monitored with Scope 1 and Scope 2, but we will voluntarily calculate and disclose Scope 3 emissions in the future.

(Unit: Energy-TJ/GHG-tCO₂eq)

Division	Workplace	2020			2021			2022		
		Energy	GHG		Energy	GHG		Energy	GHG	
			Scope 1	Scope 2		Scope 1	Scope 2		Scope 1	Scope 2
	Division	4.4	43.6	177.0	4.4	40.8	181.2	7.9	47.4	426.0
Heavy Electricity Business Division	Hwaseong Factory 1	21.6	87.1	974.1	21.6	123.7	949.0	21.5	95.3	961.9
	Hongseong Factory	110.4	672.0	4,656.6	120.3	662.7	5,141.3	130.3	746.3	5,555.7
Electric Power Cable Business Division	Hwaseong Factory 2	214.6	179.2	10,140.5	216.9	190.2	10,241.6	221.4	189.3	10,459.6
	Ansan Factory	216.8	6,852.6	4,239.6	232.9	7,332.4	4,493.2	249.1	7,942.7	4,645.1
	Total	567.82	7,834.6	20,187.7	596.17	8,349.8	21,006.3	630.23	9,021.1	22,048.3

Environmental Value

Responding to Climate Change

Identify and responding to climate change risks

ILJIN Electric identifies the impact of climate change on financial performance and predicts the future according to various scenarios. To cope with transition risks, the IEA Net Zero by 2050 scenario and the low-carbon scenario in the IPCC Special Report were applied. In addition, risk analysis for each scenario of RCP* 4.5, 6.0, and 8.5 was conducted by applying the National Climate Change Standard Scenario Ensemble Prospects (MMES) model to cope with physical risks. In the future, we plan to establish and systematically manage climate change strategies by subdividing the importance, possibility, and impact of risks by setting contribution to the strategy as an important criterion.

Classification	Item	Major risk	Portencial finance affect	Response
Climate change risk	Policy & Regulation	Strengthening policies and regulations related to carbon emissions	<ul style="list-style-type: none"> Increased technology investment costs to reduce greenhouse gases 	<ul style="list-style-type: none"> Establishment of ILJIN Electric mid to long-term carbon neutral strategy and internal business plan
	Market	Rising cost of raw materials	<ul style="list-style-type: none"> Affects the company's profitability due to changes in product prices from raw materials needed to supply products needed to construct the power grid Rising raw material (steel) costs due to strengthening of global carbon regulations, the burden of responding to carbon regulations on major suppliers 	<ul style="list-style-type: none"> Monitoring market conditions of Raw materials and diversifying supply channels by constantly managing the impact on profit structure and financial risks Minimizing the risk of price increase by designate a person in charge of procurement of raw materials and Establishment of response plan to manage debt ratio
	Technology	Increasing demand for low-carbon and eco-friendly technologies	<ul style="list-style-type: none"> Increasing investment costs in energy-efficient, low-carbon technologies Increasing costs in research, development and introduction 	<ul style="list-style-type: none"> Expand investment in low-carbon/eco-friendly research and development Investment in energy efficiency facilities
	Reputation	Stakeholders' demands for climate change response	<ul style="list-style-type: none"> Concerns about damage to corporate reputation if customer demands are not met 	<ul style="list-style-type: none"> Strengthening sustainability information disclosure Promoting active climate change response activities
Physical risk	Acute	Natural disasters such as typhoons, floods, and forest fires	<ul style="list-style-type: none"> Energy supply pauses and demand management becomes difficult caused by frequency and intensity of extreme weather events such as heavy rain, typhoons, cyclones and floods Increases operating costs from product defect rate due to heavy rain affecting changes in product properties 	<ul style="list-style-type: none"> Use for plan of Climate change risk through prediction of regional and national levels according to representative concentration pathways Improvement of constant temperature and humidity system at each business site Establishment of a 24-hour situation management system
	Chronic	Changes in the global environment due to rising average temperature		

* RCP Scenario: A predictive scenario of how climate change will occur due to artificial causes. The number refers to the degree of influence that changes the equilibrium of energy with greenhouse gases, etc

Environmental Value

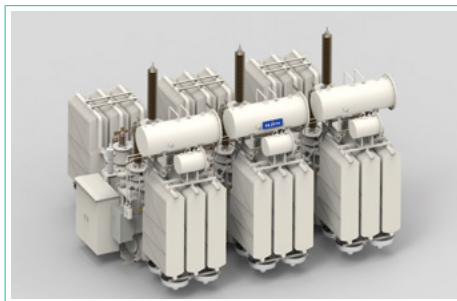
Development of Eco-Friendly Products and Technologies

ILJIN Electric is establishing the foundation for the development and commercialization of eco-friendly and high-efficiency products to realize carbon neutrality through the development of eco-friendly products and technologies. When developing power equipment and power cables, we are trying to convert to eco-friendly materials and develop products related to power generation necessary by expanding new and renewable energy.

Heavy Electrical Sector (Power Equipment)

Development of Eco-Friendly Vegetable Oil Transformers

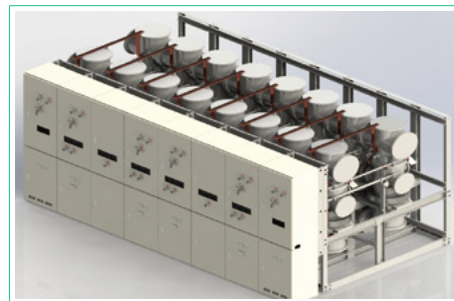
ILJIN Electric recognizes the importance of developing sustainable products using eco-friendly materials. For the first time in Korea, we developed an eco friendly 154kV vegetable oil transformer that can biodegrade 98% using eco-friendly vegetable oil. The ignition point of this product is 360°C, which is higher than the existing ignition point of 165C, which is made of mineral oil, ensuring the stability of the fire. Currently, it has been delivered to three KEPCO sites and has been confirmed to have excellent performance as an eco-friendly product.



▲ 154kV Vegetable Oil Transformer

Development of 29 kV Eco-Friendly Switchgear

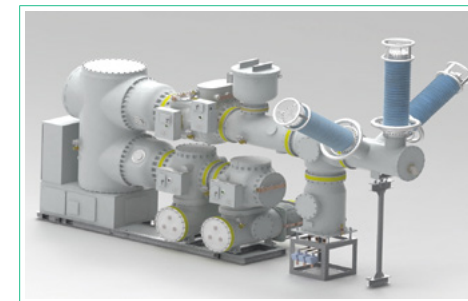
In line with the railway's roadmap for applying eco-friendly products, the 29 kV eco-friendly opening and closing device (EGIS) was developed for the first time in Korea after two years of research. Sulfur hexafluoride (SF6), which is basically used in electric railways as an insulating medium for the GIS, has a global warming index (GWP) of 23,900. Therefore, ILJIN Electric's opening and closing device applied dry-air and vacuum interrupter (VI) operation technology, and developed parallel spring operation technology to improve VI performance, the core of system operation, and was independently recognized for the technology of 29kV EGIS.



▲ 29kV Eco-Friendly Switchgear

Development of 170kV Eco-Friendly Switchgear

ILJIN Electric has developed a design technology that can be applied to ultra-high voltage transmission circuit breakers and switches by applying 'eco-friendly insulation gas' that replaces SF6, the main culprit of global warming in the power equipment sector. As SF6 gas accounts for a significant portion of Korea Electric Power Corporation's total greenhouse gas emissions, development of alternatives is required to cope with the climate crisis and realize carbon neutrality, ILJIN Electric is developing a 170kV eco-friendly Switchgear (ECO GIS) used by KEPCO by applying a new eco-friendly insulation gas design technology. ILJIN Electric's 170kV eco-friendly switching device has a GWP (Global warming potential) index of less than 1 that affects global warming, is non-toxic, and the Boiling point, which is a prerequisite for insulation, is also low, so it has secured safety by applying a new 'eco-friendly insulation gas' technology suitable for the actual use environment.



▲ 170kV EGIS

Environmental Value

Development of Eco-Friendly Products and Technologies

Power Cable Division

Development of 320kV HVDC XLPE insulated cable and 525kV HVDC XLPE/PP Insulated Cable

ILJIN Electric has completed the development of HVDC cable system, a key technology for large-scale power transmission of new and renewable energy in North America and Europe markets. In 2023 As of July 2023, it has completed the Type Test and PQ Test International Certification (KEMA) for the 320kV HVDC XLPE land cable system, which officially recognizes its stability and performance. The 525kV HVDC XLPE cable system is also under development and aims to complete the PQ test by 2025. In addition, ILJIN Electric is developing an eco-friendly 525kV HVDC PP cable system for the first time in Korea through 2025 as a technological innovation project with KEPCO. PP cables are future-oriented products that increase power transmission usage by increasing the temperature at which conductors are used and reduce carbon emissions by reducing power usage in the manufacturing process.



▲ 320kV HVDC Cable

Development of Eco-Friendly PP Insulated Cable

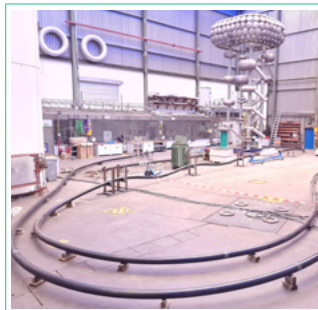
As the existing crosslinked polyethylene (XLPE) insulator, which can be said to be a key material in the power cable field, was classified as an environmentally hazardous material, ILJIN Electric switched to an eco-friendly material and developed a 154kV eco-friendly PP insulation cable using polypropylene (PP) capable of large transmission capacity. Currently, through the approval of the Ministry of Industry's empirical special case and the establishment of a technical standard plan, the company is promoting a pilot project linking Korea Electric Power Corporation with domestic transmission lines, aiming to become self-reliant in technology in response to related overseas advanced technologies. In particular, it received green certification from the Ministry of Environment in recognition of the effect of reducing greenhouse gas emissions due to the cable manufacturing process applying eco-friendly materials, and is striving to actively respond to decarbonization by recognizing its product technology using eco-friendly materials.



▲ 154kV Eco-Friendly PP Cable



▲ 320kV HVDC Type Test Track



▲ 320kV HVDC PQ Test Track



▲ PQ Test Report



▲ Obtained confirmation of empirical special cases from Ministry of Trade, Industry and Energy



▲ Obtained Green Technology Certification from Ministry of Environment

Environmental Value

Reduction of environmental impact

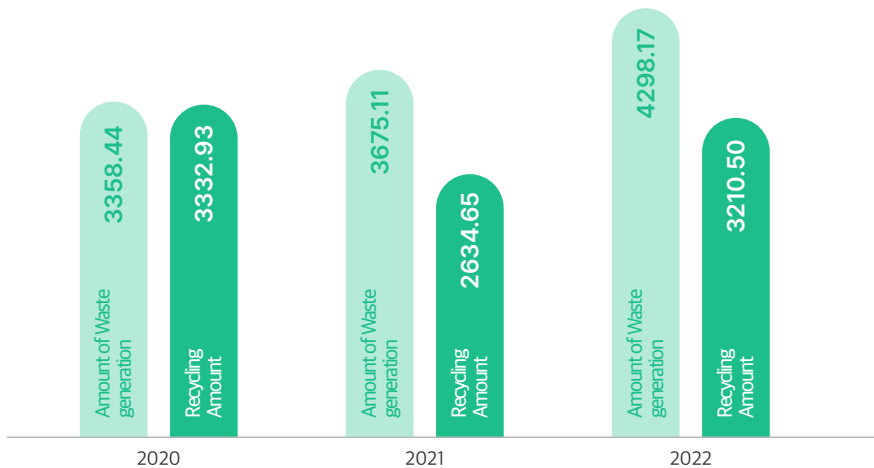
We regularly diagnose the environment of domestic workplaces and actively carry out activities to reduce air pollutants, water pollutants, and wastes that may occur during the production process.

Management of Waste

For the efficient management and reduction of waste, ILJIN Electric has established a 'Waste Management Procedure' to store and dispose of waste in a safe manner. In addition, the person in charge prepares a waste list table and manages the activities from waste discharge to storage and treatment systematically. Through this, we intend to actively respond to the government's waste policy and practice fundamental waste management through activities to strengthen waste separation and discharge and improve recycling.

Amount of Waste generation & Recycling Capacity

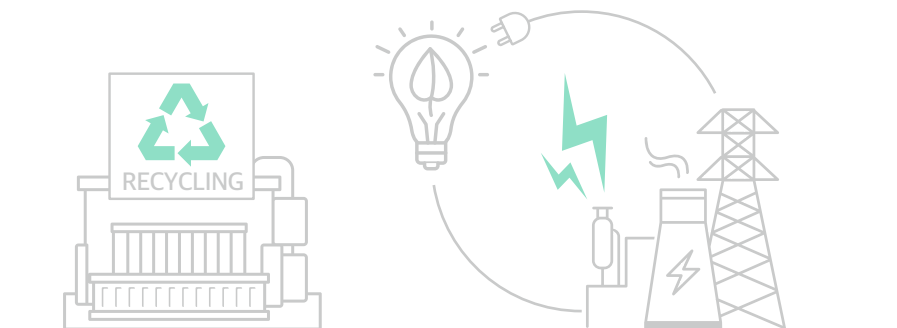
(Unit: ton)



Expansion of waste recycling

Each business site of the Heavy Electricity Business Division and the Electric Power Cable Business Division produces products and sells the remaining materials to recycle them, or applies them to raw materials when manufacturing other products. In the future, we will try to reduce our own waste and expand the activities of recycling waste as a circulating resource.

Heavy Electricity Business Division	At the time of making transformer, after selection of scrap iron, silicon steel plate, copper, covered wire and insulating oil, and sell it for use as recycled materials.
Electric Power Cable Business Division	MV coating, copper, aluminum, silver, etc. remaining after use in manufacturing cables, etc. are used for ROD. In addition, among the metal wastes recycled as materials during making production, Aluminum and copper are sorted and sold to specialized recycling companies.



Environmental Value

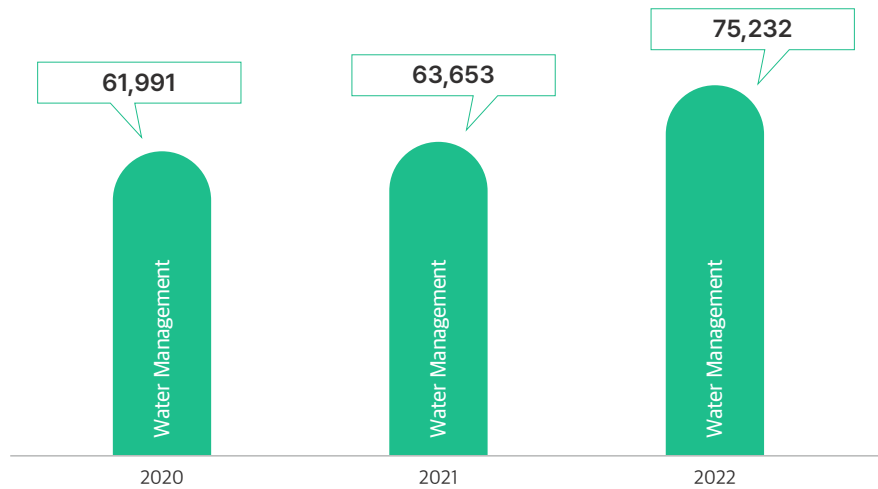
Reduction of environmental impact

Water Management

In order to effectively manage the water required in the production process, the water usage is managed in accordance with the standards of the 'Water Quality Management Plan'. In addition, various facilities are in operation by clarifying the wastewater treatment standards to prevent water pollution caused by waste oil and wastewater at each workplace, and the facilities are improved by monitoring each facility.

Water Consumption

(Unit: ton)



※ Scope of data Calculation: Hwaseong Factory 1, Hwaseong Factory 2, Ansan Factory, Hongseong Factory

Management of Contaminant Emission

In order to reduce air pollutants, emissions such as dust, SOx, and NOx that can negatively affect each workplace are monitored, and they are legally managed through the installation of air pollution prevention facilities.

In addition, air pollution prevention facilities such as adsorption dust collection facilities and filtration dust collection facilities are periodically replaced to prevent excessive pollutant emissions due to aging.

Amount of Air pollutant emissions

(Unit: ton)

	2020	2021	2022
NOx	12.2	11.4	12.6
SOx	0.0	0.9	0.9
Dust	0.9	1.2	7.2
others	0.0	0.1	0.1

Practice of Biodiversity Protection

In order to contribute to the protection of the ecosystem and reduce the negative environmental impact, ILJIN Electric is conducting environmental purification activities around its Seoul offices, Hwaseong, Hongseong, and Ansan workplaces with its executives and employees. In the future, we plan to practice various activities to protect the environment of the community and create an environment that coexists with living things

Employees

Partners Together

With Employee

Background

In recent years, companies have been trying to achieve harmony between different generations, such as Gen MZ and Gen Alpha. A broader understanding between the generations will be required in terms of work styles, attitudes toward jobs, distribution of performance, and lifestyles. In addition, legal standards for safety are being strengthened, such as the revision of the Occupational Safety and Health Act and the enforcement of the Serious Accident Punishment Act. It is necessary to establish a response system for preventing safety accidents in the industry and to actively respond to major issues.

Our Approach

ILJIN Electric operates a human resources system to recruit diverse talents, and conducts talent development, human resource management, and performance management. We also operate and support various welfare programs for work-life balance.

We are making active efforts to create a safe working environment for all employees, from office workers to field workers, by establishing safety and health plans, activity plans, and a roadmap for reducing major accidents.

Key Performance

01

Health and Safety
Management Budget
242% increase



02

Establishment of
a serious disaster
reduction roadmap



03

Quality jobs
created
278% increase
(compared to 2020)



04

Internalizing positivity
through happiness
concerts



With Employee

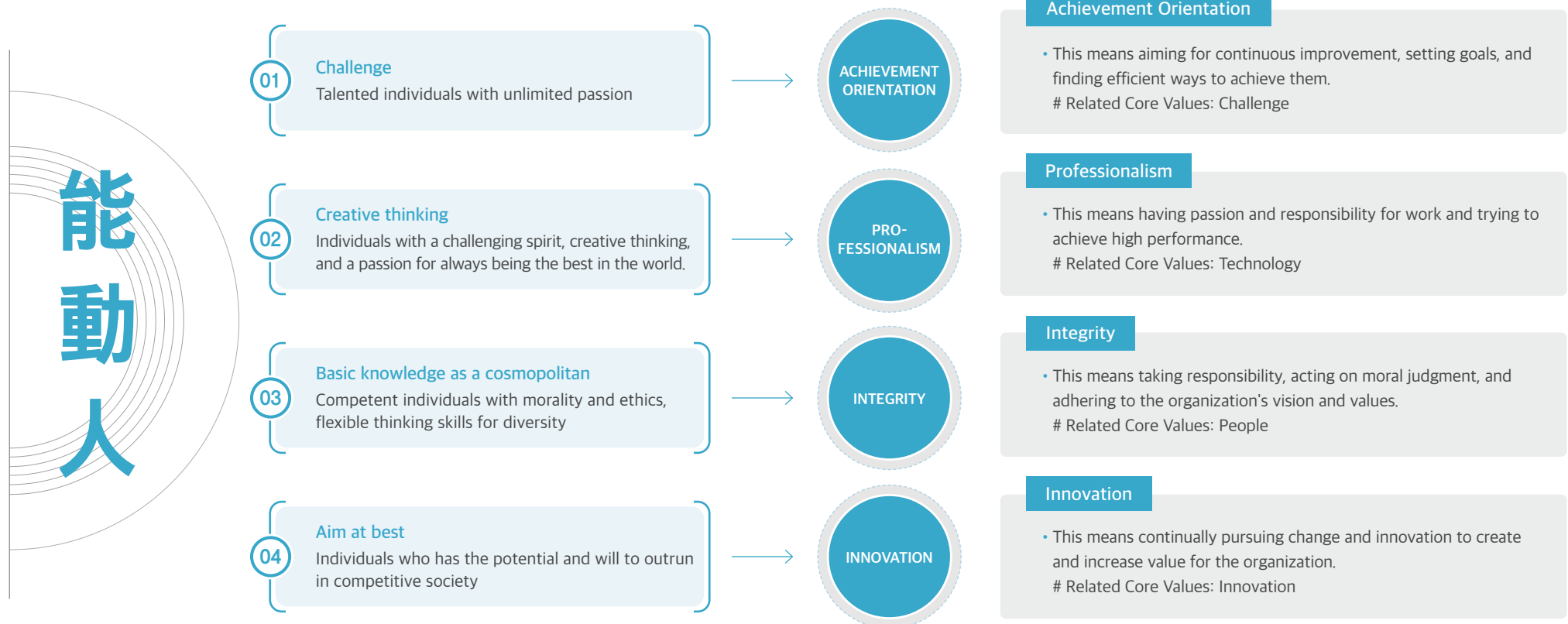
Concept of Talent

ILJIN Electric is creating corporate sustainability with talented people who lead new values and changes. Based on 'talents who seek new values and changes without being bound by existing conventions', we want to work with talents who possess four competencies: a challenging spirit, creative thinking, basic skills as a global citizen, and the desire to be the best in the world. We provide information for future employees by sharing our thoughts on the core values of each talent image through our website.

ILJIN Electric Concept of Talent

Common Competencies

Talents who seek new values and changes without being bound by existing conventions



With Employee

Talent Management

ILJIN Electric secures suitable human resources through regular and occasional recruitment. We operate a non-discriminatory talent recruitment system, including hiring people with disabilities and national veterans. We are also committed to employee development, fair evaluations, and transparent performance management. In particular, we practice talent-centered management by enhancing fairness and transparency through differentiated compensation systems and evaluation feedback systems.

Recruitment

ILJIN Electric conducts open recruitment on a regular basis every year, and also conducts recruitment on a rolling basis to recruit the best talent needed for the business in a timely manner. In addition, we have set a goal to continuously expand the proportion of female workers and female managers by 2035. We are actively recruiting women for roles such as sales, overseas sales, and management support. We also have a degree support system for development jobs that does not discriminate against men and women. In particular, we have established and managed internal regulations to ensure that women are not discriminated against in recruitment, wages, training, promotion, retirement age, and dismissal. Recruitment is mainly conducted through document screening and interview screening, and includes personality tests and physical examinations.

Classification	Step	Description
Document Screening	Documentation Review	• Graduate or recent graduate
	Personality Test	• Conduct personality and aptitude tests for open recruitment(to check for compatibility with our personality profile and basic competencies)
Interview Screening	First Round Interview	• Interview by department heads(business unit heads and team leaders conduct interviews on job competencies)
	Second Round Interview	• Interview by the CEO(interview on ability and character to achieve the vision)
	Physical Examination	• Check health status through recruitment physical examination

Diversity

ILJIN Electric has established an employment plan for the recruitment of people with disabilities and national veterans, and is seeking ways to continuously expand it. We comply with the number of employees required by law, including people with disabilities and national veterans, as much as possible. In the case of people with disabilities, we divide them into job groups such as office workers and equipment and machinery operators so that they can be assigned appropriate tasks.

Personnel evaluations

We conduct fair evaluations through performance evaluations and competency(leadership) evaluations. By establishing an evaluation feedback meeting process, we have enhanced the fairness of evaluations so that the evaluated can receive reasonable feedback on the results.

Performance Evaluation

1. Measure/evaluate the degree of performance achievement against the KPIs established at the beginning of the year
2. Team(organizational) evaluation
 - Applicable to: Team Leader
 - Evaluation items: Team leader KPI achievement rate, major achievements of the year
 - Evaluation authority: Business Head, CEO

Competency(Leadership) Evaluation

1. Assess the common competencies and professional competencies(leadership competencies) set by the group/entity in five steps(S,A,B,C,D)
 - Common competencies(for all employees) : achievement orientation, professionalism, ethical behavior/integrity, and willingness to innovate
 - Professional competence(for team members) : set separately for each job(goal management, problem solving, analytical thinking, etc.)
 - Leadership competencies(for team leaders) : ① profit and loss mindset, ② drive, ③ strategic thinking, ④ judgment



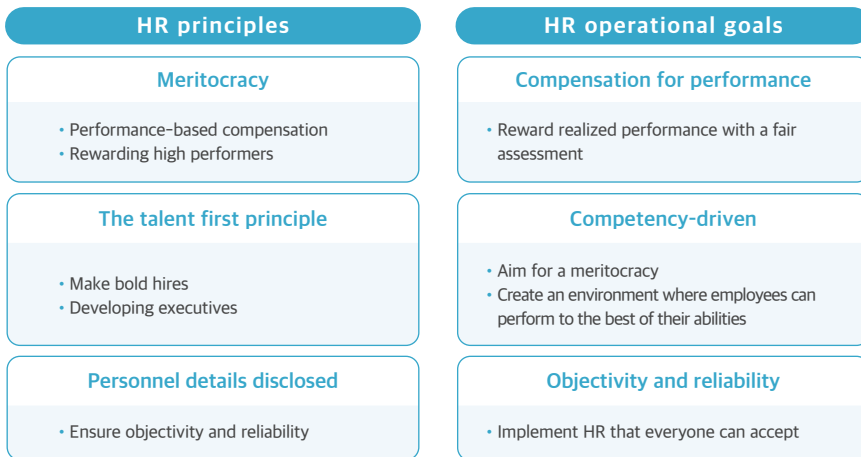
With Employee

Talent Management

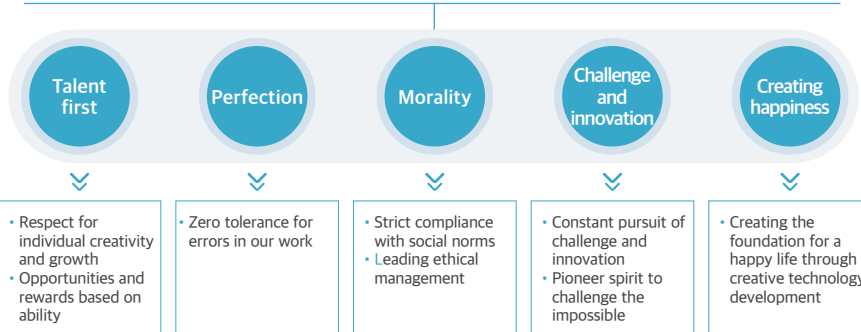
Human Resources System and Performance Management

ILJIN Electric operates a talent-first principle and a differentiated compensation system that respects individual creativity and growth. In addition, monetary and social rewards are provided based on a fair assessment of employees' performance and achievements, abilities and qualities. Through compensation based on individual abilities and performance, we create an environment where employees can maximize their abilities. Employees are evaluated once a year, and the results of the evaluation are reflected in personnel transfers, work assignments, promotions, compensation, and training.

Principles of Human Resources Operations



Future creative company to grow sustainably by converging technology and services



Performance Management Process



Classification	Description
Compensation system	<ul style="list-style-type: none"> Compensation system consists of base salary and profit sharing(PS) based on management performance Promotion, raises, and differential compensation of base salary/profit sharing in conjunction with the evaluation system
Incentive programs	<ul style="list-style-type: none"> ① Anniversary Awards(Group)/C&I Awards (Corporate): Rewards for employees and departments that are recognized for their contributions to the development of the company. ② Star Award: Special Team for ADVANCED R&D Award A system that shares profits generated through new businesses/products or improvements to existing processes with employees and departments that are recognized for their contributions

With Employee

Human Resource Development

To foster systematic talent development, ILJIN Electric conducts job training, self-directed learning, statutory mandatory training, and special training. In particular, we have introduced a credit system so that employees can complete mandatory credits for each position, and we support new employees to start their social life stably through mentoring programs.

Training Framework

We provide a variety of internal and external training programs that are linked to credits and promotion points. In order to foster the next generation of leaders and strengthen global capabilities, we introduce innovative systems and provide continuous support for all employees to identify and solve issues on their own.

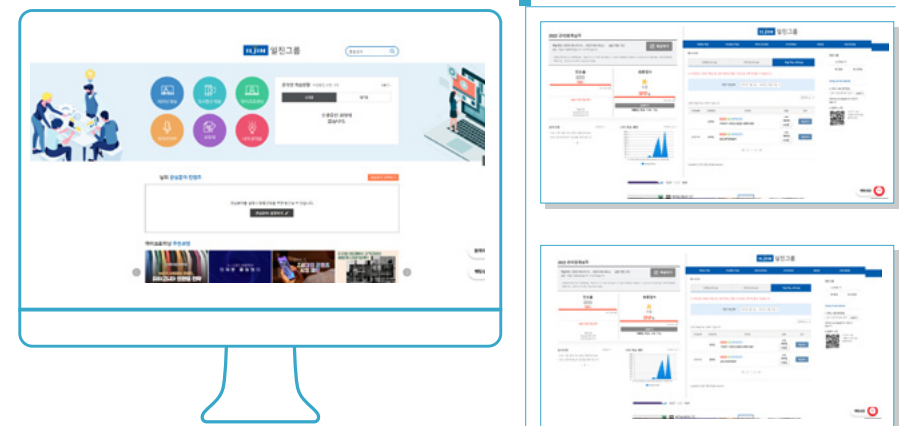
Classification	Content	Target	Host Department	Mandatory/Optional	비고
Job training (STEP-style operations)	Step.1 Leadership Course	Assistant supervisor - Department managers	Corporate HR Team	Optional	Online /Offline
	Step.2 Basic Course (in-house)	Staff member - Section supervisor			Online
	Step.3 Intensive Course(external)	Deputy managers - Department managers			Offline
Self-Directed Learning (online/reading correspondence training)	Employee General Skills Training	All employees	Group HR Team	Optional	Online /Offline
Course for promoted person	Role change and leadership	Promoted person	Group HR Team	Mandatory	Offline
Mandatory Training	Sexual harassment prevention course, etc.	All employees		Mandatory	
Specialized Training	Special training field training	Selected personnel	Corporate HR Team		Online /Offline
Other Training	Training based on employee needs	Target Personnel		Optional	

Education Program

ILJIN Electric operates education programs that consider the needs and capabilities of employees, including self-directed learning(educational credit management), support for employees to obtain degrees, and mentoring.

Self-Directed Learning

In the case of self-directed learning, training programs are held from March to November every year and are announced monthly at the ILJIN Group Cyber Training Center. Employees can take online and reading communication courses, and the completion standards for each course have been strengthened to improve learning effectiveness. The number of credits earned is managed through the goal of achieving annual compulsory credits by position, and compulsory education and compulsory credits are managed differently depending on the position.



Self-Directed Learning

With Employee

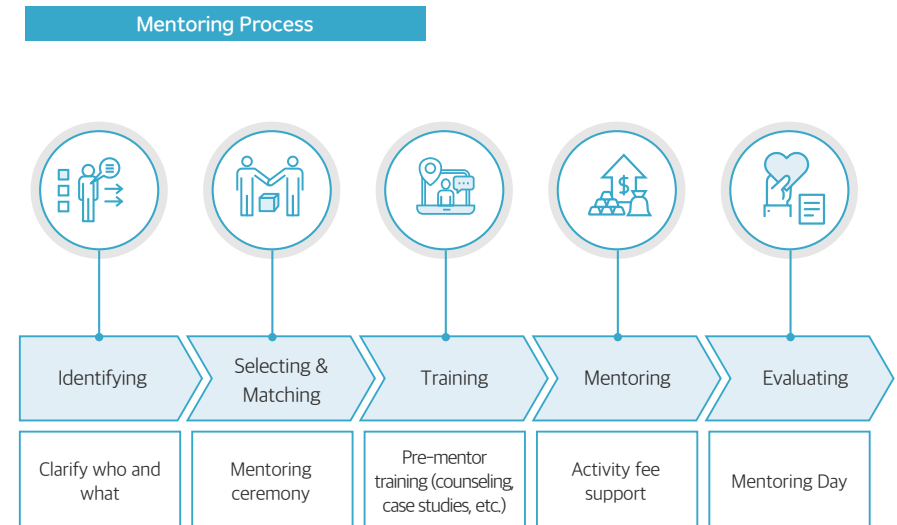
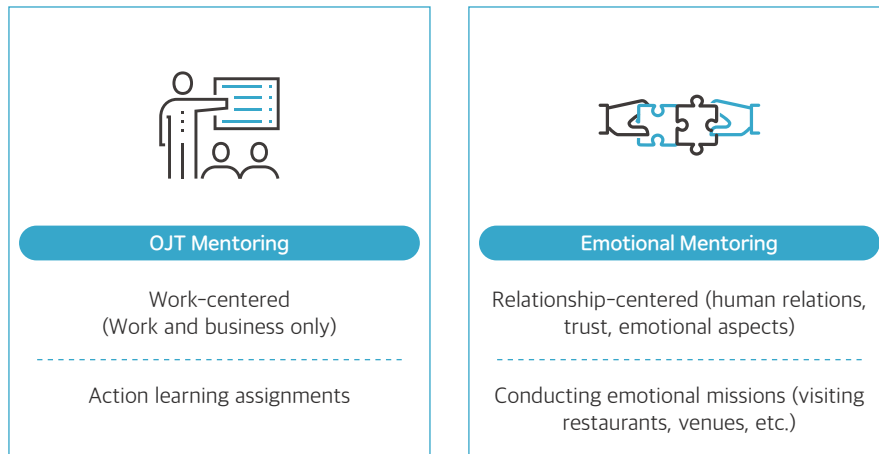
Human Resource Development

Supporting Degree Attainment

We support R&D employees to obtain a degree for the purpose of core humanization and motivation. The selection criteria is that the employee must have at least two years of service, be in the top 30% of the personnel evaluation, and the research topic must be in line with the business. We support out-of-pocket expenses for master's and doctoral programs, and salaries are paid during the course.

Mentoring Program

ILJIN Electric operates a mentoring system. Mentoring allows new employees to quickly adapt to company life and improves their work capabilities. Through mentoring, mentors are strengthening their leadership and counseling skills, and mentees are strengthening their relationship-building skills. Two mentors are matched for each mentee, and mentors are divided into work-centered (OJT) mentors and relationship-centered (emotional) mentors. A small activity fee is provided to mentors for mentoring programs.












With Employee

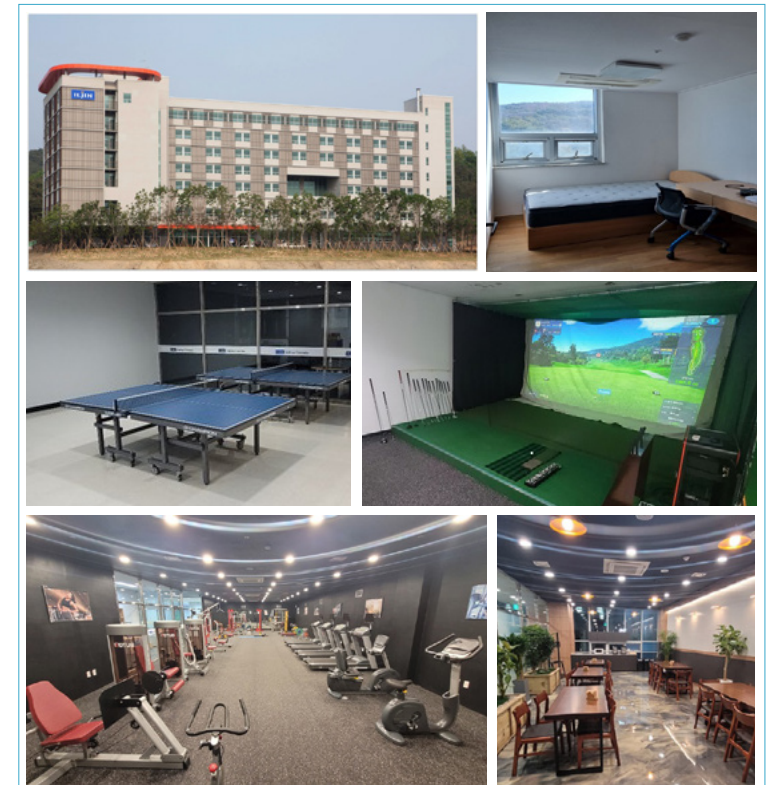
Work-life balance

ILJIN Electric operates various welfare programs. We pay close attention to our employees so that they can lead a stable life through our welfare programs. Through happiness concerts, we are creating an internal culture that uses positive language such as happiness, gratitude, and appreciation within the organization. The company supports employees to respect each other and improve their quality of life.

Various welfare programs

We operate a number of welfare programs to help employees achieve a better work-life balance. We operate programs such as congratulations and condolences expenses, school expenses, and self-driving subsidies to help employees lead a stable life.

Welfare programs		
 <p>Congratulations and Condolences Expenses, Vacation</p> <p>Paid leave, Congratulations and condolences payments</p>	 <p>Student Financial Aid</p> <p>Child attending college, high school, or middle school</p>	 <p>Self-Driving Subsidy Program</p> <p>Self-driving subsidy payments</p>
 <p>Certification/Licensure Support</p> <p>Book expenses, school fees, examination expenses, etc.</p>	 <p>Telecommunications Cost Assistance</p> <p>Cell phone bill assistance</p>	 <p>Home and Marriage Loans</p> <p>Home Loans, Marriage Financing</p>
 <p>Comprehensive Health Checkup Support</p> <p>Support for comprehensive health checkups other than public health checkups depending on age</p>	 <p>Running a company club</p> <p>Encourage employee hobbies and socialize to build a healthy organizational culture</p>	 <p>Running a company dormitory</p> <p>Provide housing for residential purposes</p>



With Employee

Positive organizational culture

Work-life balance

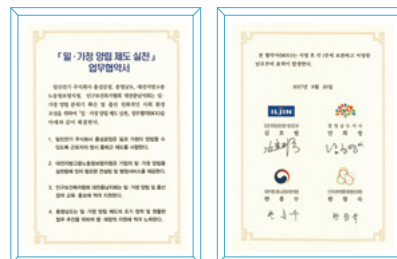
In 2023, ILJIN Electric held a total of five happiness concerts to realize a positive and energetic workplace. A total of 314 people attended the concerts with a 93% attendance rate. We also conducted 6 campaigns on happiness in the organization and the use of positive expressions such as gratitude and appreciation.



▲ Happy Workplace Campaign

Local government agreement for work-family balance

In order to create an atmosphere where employees can be faithful to their work and family, the Hongseong Plant has signed a business agreement with the local government to implement the system. We will continue to do our part to proactively create work-family compatibility with the local community so that they can maintain a stable social life.



Labor-Management Coexistence Culture

We continue to operate councils and communicate with each other for mutual growth between labor and management. Labor and management will continue to work together for the growth of the company and the happiness of workers.

Labor-Management Council

ILJIN Electric strives to resolve current issues between labor and management by holding continuous meetings with labor unions. The company has established and operates a labor-management council operating regulation, and the council is held regularly by selecting a number of members representing workers and employers. If a labor-management representative raises an issue, an extraordinary meeting can be held, and the time, place, and agenda are announced at least seven days in advance so that members can attend. The committee mainly discusses agenda items categorized into report items, consultation items, and resolution items.

Classification	Reports	Discussions	Resolutions
Categories	<ul style="list-style-type: none"> Management Information Worker Needs 	<ul style="list-style-type: none"> Productivity improvement Grievance handling and welfare promotion 	<ul style="list-style-type: none"> Education, training, and skill development plans Welfare facilities and funds Joint labor-management organizations
Meaning	<ul style="list-style-type: none"> Foundations of Labor-Management Trust 	<ul style="list-style-type: none"> Participatory Work Organization 	<ul style="list-style-type: none"> Developing Knowledge Workers Implementing Labor-Management Partnerships
Obligations	<ul style="list-style-type: none"> Reporting Obligations of Management Representatives Requests for Documentation from Labor Representatives 	<ul style="list-style-type: none"> Obligation to consult in good faith Resolution in accordance with labor-management agreement or council regulations 	<ul style="list-style-type: none"> Duty to vote in council
Key contents	<ul style="list-style-type: none"> Management plan and performance Production plan and performance Economic and financial situation of the company Workers' demands (labor side) 	<ul style="list-style-type: none"> Productivity improvement Grievance handling and monitoring Safety, health, and work environment Work system and work rules New technologies and work process improvements Welfare improvement Maternity protection and work-family balance Other labor-management cooperation issues 	<ul style="list-style-type: none"> Education, training, and skill development plans Establishment and management of welfare facilities Establishment of an employee welfare fund Addressing outstanding grievances Establishment of joint labor-management committees

With Employee

Occupational Safety and Health

ILJIN Electric complies with the Occupational Safety and Health Act and the Serious Accident Punishment Act, and establishes a safety and health management system, establishes safety and health management policies, and conducts continuous management and supervision to create a safe work environment. We will select safety and health as the top priority value of management and prevent disasters by discovering and improving risks and harmful factors in advance.

Safety and Health Management System

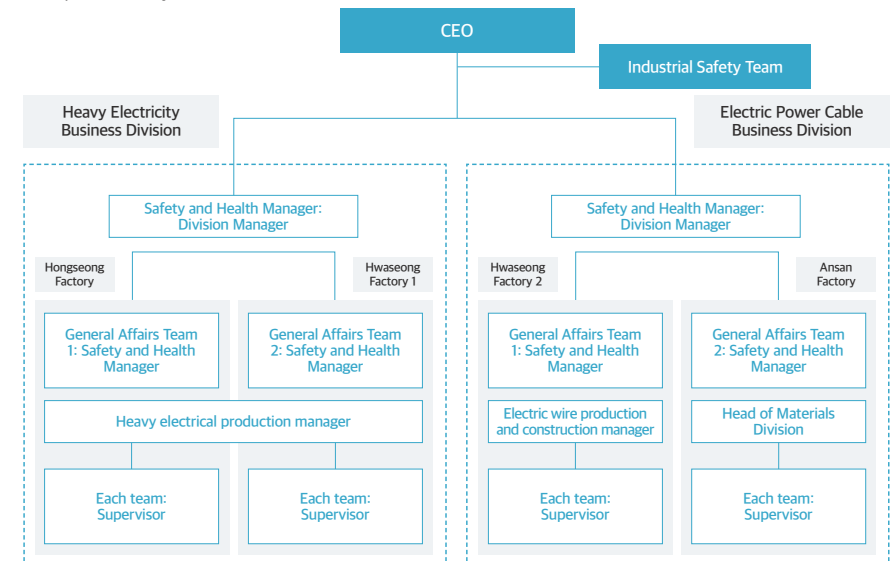
ILJIN Electric creates a management climate of respect for human beings and provides a comfortable working environment. In addition, we have established a safety and health policy as an expression of our intention to pursue a company that puts the highest value on improving the quality of life by preventing disasters and prioritizing customer safety.

Safety and Health Management Policy

1. We recognize safety and health as the basis of management and promote the establishment of proactive safety and health activities.
2. We prioritize safety and health in all stages of product design, production, shipment, and installation.
3. We shall make appropriate investments to prevent potential disasters and conduct activities to improve the health of our employees.
4. We establish goals for achieving safety and health performance and promote continuous improvement through regular evaluation.
5. We shall pursue a safe company by actively involving all employees in safety and health activities and faithfully fulfilling their respective responsibilities.

Health and Safety Management Organization

The safety and health management organization is headed by the CEO, who is the chief decision maker, and consists of the Occupational Safety Team, an organization directly under the CEO, and two business divisions. The management organization has a safety manager and a health manager, or an agency is performing the work. We have supervisors at our business sites. The Occupational Safety Team plays a role in responding to the Serious Accident Punishment Act and establishes, implements, inspects, and reports on the safety and health management system. It also oversees the safety and health work of the corporation. In addition, the General Affairs Team and the Construction Team are responsible for responding to the Occupational Safety and Health Act, fulfilling their obligations to ensure safety and health, and managing workplace safety and health.



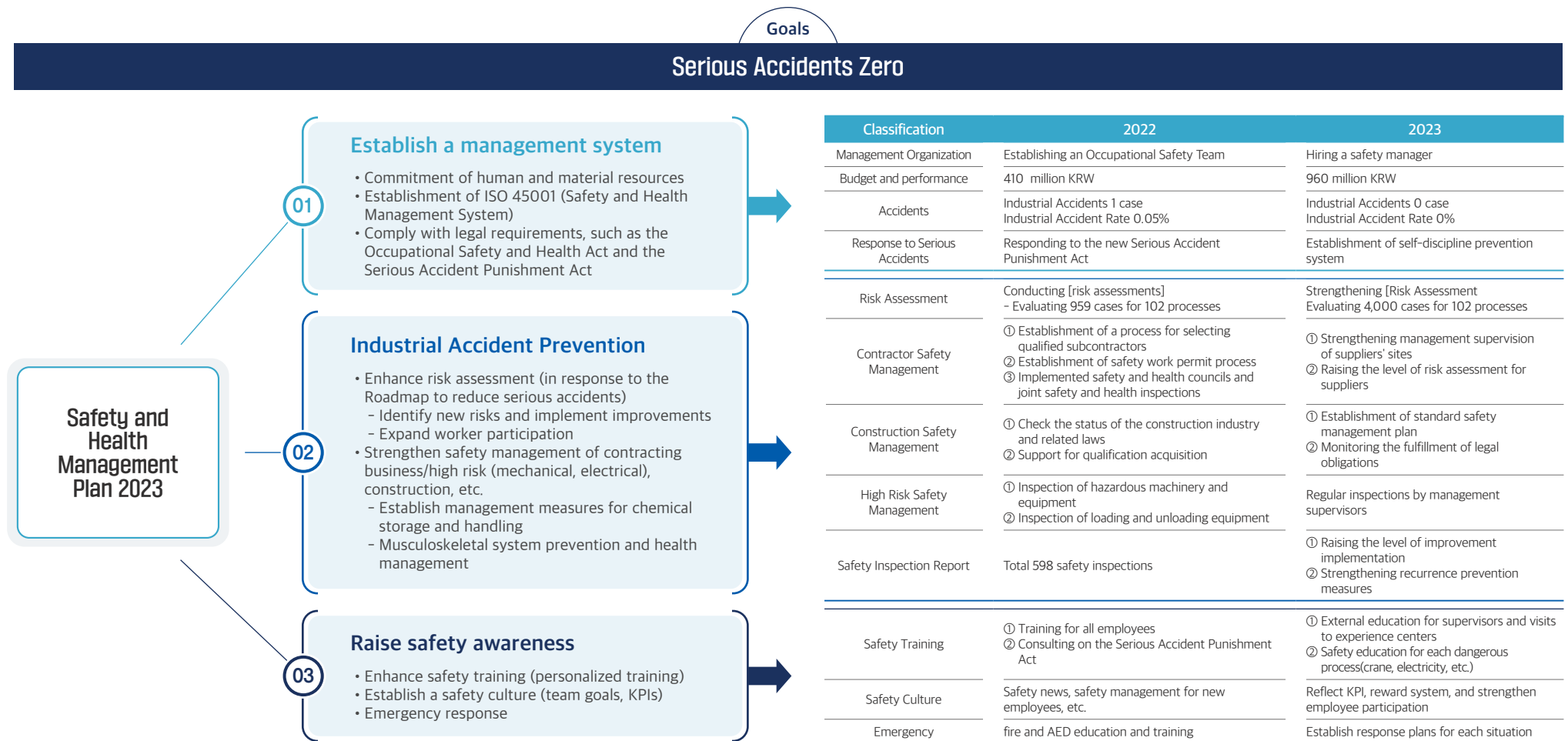
With Employee

Safety and Health Plan

We have established a safety and health management plan for 2023 with the goal of achieving zero major accidents. We will carry out the tasks by establishing three strategies. In particular, we have allocated KRW 980 million for safety and health in 2023, an increase of 242% from last year, to enable active implementation. We have also established a roadmap for reducing major accidents, strengthened risk assessment, and enhanced safety management for contracting projects, construction, and high-risk sites.

Goals

Serious Accidents Zero



01 Establish a management system

- Commitment of human and material resources
- Establishment of ISO 45001 (Safety and Health Management System)
- Comply with legal requirements, such as the Occupational Safety and Health Act and the Serious Accident Punishment Act

02 Industrial Accident Prevention

- Enhance risk assessment (in response to the Roadmap to reduce serious accidents)
 - Identify new risks and implement improvements
 - Expand worker participation
- Strengthen safety management of contracting business/high risk (mechanical, electrical), construction, etc.
 - Establish management measures for chemical storage and handling
 - Musculoskeletal system prevention and health management

03 Raise safety awareness

- Enhance safety training (personalized training)
- Establish a safety culture (team goals, KPIs)
- Emergency response

Safety and Health Management Plan 2023

With Employee

Roadmap to reduce serious accidents

In accordance with the Ministry of Employment and Labor's roadmap for reducing major accidents, ILJIN Electric is preventing industrial accidents by conducting risk assessments and strengthening TBM (Tool Box Meeting) activities to build a self-discipline prevention system, which is a key strategy.

Roadmap to reduce serious accidents

Classification	Description
Policy Status	Establishment of a prevention system through [risk assessment] → Replacing regular supervision by the Ministry of Employment and Labor with risk assessment supervision and checking implementation through worker interviews → [Preventing serious accidents] and [preventing punishment risks] by strengthening risk assessment
Notice of Revision	Revision of Guidelines on Risk Assessment at Workplace (Ministry of Employment and Labor Notification No. 2023-19, revised and enforced on May 22, 2023)
Purpose of revision	Clarification and streamlining of risk assessment guidelines

Classification	Before	After
	Assessment Method	Risk estimation (likelihood x materiality) Quantitative calculation - Difficult to apply in the field - Lots of documentation
Assessment Techniques	KRAS*	Three-step method for determining risk level
When to Evaluate	Initial, Periodic, Ongoing	Continuous evaluation ① Monthly: Joint labor-management inspection, near miss, employee suggestions → Conduct risk assessment ② Weekly: Joint safety inspection meeting → Confirmation of implementation and inspection ③ Daily: TBM(pre-work safety inspection meeting) → Sharing
Action Plan	Steps	<div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;"> <p>Step 1</p> <div style="border: 1px solid #0070c0; border-radius: 10px; padding: 5px; background-color: #0070c0; color: white; width: 80px; margin: 0 auto;">Preparation</div> <p>① Classification of targets (process/facility/substance) ② Conduct training (10 minutes per class)</p> </div> <div style="text-align: center;"> <p>Step 2</p> <div style="border: 1px dashed #0070c0; border-radius: 10px; padding: 5px; background-color: #0070c0; color: white; width: 120px; margin: 0 auto;">Identify hazards</div> <p>① Participation of workers - Understanding the entire risk assessment process ② Share progress during TBM</p> </div> <div style="text-align: center;"> <p>Step 3</p> <div style="border: 1px solid #0070c0; border-radius: 10px; padding: 5px; background-color: #0070c0; color: white; width: 100px; margin: 0 auto;">Implement improvement measures</div> <p>① Raise the level of implementation ② Conduct regular training</p> </div> </div>
	Complete risk assessment	

*KRAS(Korea Risk Assessment System): Korean risk assessment method for six types of risk assessment mechanical(equipment), electrical, chemical, biological, work characteristics, and work environment factors.

With Employee

Occupational Safety and Health System

Safety and Health Management System

ILJIN Electric has established a safety and health management system for hazardous risk factors to prevent serious accidents that may occur when operating heavy goods, high-voltage electricity, and construction sites. The headquarters and all four business sites have obtained ISO 45001 (Safety and Health Management System) certification.



ISO 45001 (Safety and Health Management System) Certification ▶

Inspect and remediate hazards

In 2022, we conducted a total of 598 inspections to check and improve hazardous risk factors, with an improvement rate of 95%. In January 2023, we completed the improvement of all inspections, achieving a 100% improvement rate.

Classification	No. of inspections	No. of improvements	Remediation rate
Risk assessment	73	73	100%
Regular safety inspections	189	189	100%
Joint safety inspection	161	161	100%
Special safety inspections	175	175	100%

*A risk assessment has been conducted for hazards categorized as high risk.

General and specialized medical exams

We manage the health of our employees by diagnosing their health to detect and prevent occupational diseases at an early stage. A total of three rounds of medical examinations are conducted, with the first round consisting of a health interview; the second round consisting of a diagnosis to help employees manage their health, including individualized medical visits, dietary control, exercise, alcohol consumption, and smoking cessation; and the third round consisting of active measures to manage their health, such as changing workplaces, switching jobs, shortening working hours, and limiting night work, if it is determined that they are at high risk of developing an illness.

Work Environment Measurement

We manage safety by measuring the working environment at Hwaseong Plant 1, Hwaseong Plant 2, Hongseong Plant, and Ansan Plant to identify hazardous factors and analyze the highest exposure levels on site against the exposure standards for hazardous factors. In response to hazardous factors that exceed the exposure standards, we make various efforts to ensure the safety of field workers, such as providing hearing protection and implementing hearing preservation programs.

*Hazardous factors managed: Approximately 40 species, including noise, welding fumes and dusts, aluminum(fumes), metalloids, iron oxide dust and fumes, manganese, and inorganic compounds.

Safety and Health Education

ILJIN Electric conducts 100% training for safety and health officers, safety managers, and health managers, and mandates safety and health training for new hires to strengthen and internalize the safety and health awareness of all employees.

(Unit: hours)

Classification	Training Hours				Total
	Hwaseong Factory 2	Hwaseong Factory 1	Hongseong Factory	Ansan Factory	
Regular	3,528	2,392	4,400	1,066	11,386
Supervisors	288	80	360	162	890
When hired	88	152	288	56	584
When a task is changed	-	-	4	-	4
Special	14,912	328	2,176	4,048	21,464
Other	-	-	-	344	344
Total	18,816	2,952	7,228	5,676	34,672
Fulfillment rate(%)	100%	100%	100%	100%	100%

Partners

Sustainable Coexistence

Social Value

Background

Having experienced global supply chain disruptions due to COVID-19, many global companies recognize the importance of their customers and supply chains. In addition, companies are promoting various collaborations and activities to develop together with their communities. It has become important to build a healthy, coexisting ecosystem.

Our Approach

ILJIN Electric meets the needs of customers and enhances their satisfaction through customer-centered management. In addition, we have established a stable and reliable system by establishing information protection and intellectual property protection processes. We have established various institutional devices to actively support and manage our suppliers to grow together with them. We are also promoting various cooperation and activities to develop together with the local community.

Key Performance

01

Partners in Coexistence
662 companies



02

Industry-government-
academia partnerships
Strengthened



03

Customer feedback
Processing Rate **100%**



04

Personal Information
Leakage **Zero**



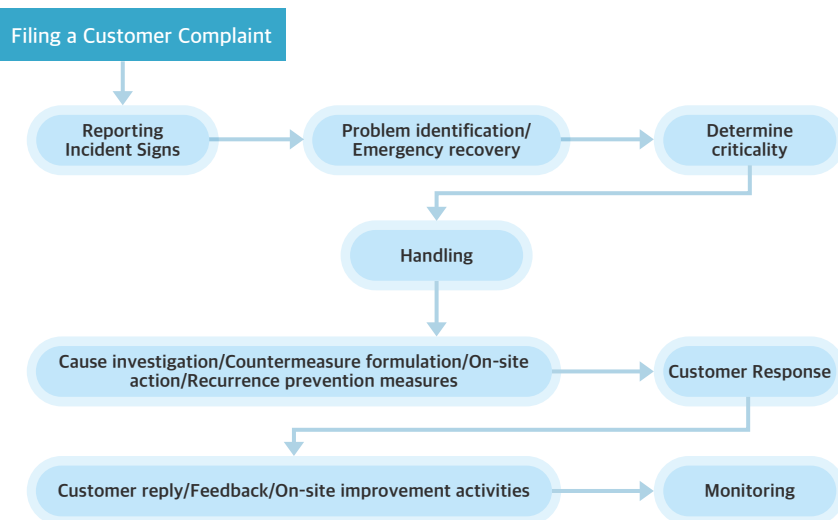
Social Value

Customer-centered management

ILJIN Electric operates a complaint center to communicate with customers. Furthermore, we are discovering and operating various programs to improve customer satisfaction. ILJIN Electric has established processes to protect information and intellectual property rights. We are making various efforts to ensure the safety and convenience of our customers.

Communicating with customers

For domestic customers, we utilize an intranet channel where customers can submit complaint requests and claim processing forms to address their issues. For international customers, we communicate with them through Ariba Network channels. In particular, we have established a customer response system that responds to claims within 24 hours of their occurrence, and we conduct investigations into the causes and phenomena by designating dedicated personnel for each product. For major claims, we convene a countermeasures meeting or organize a task force if necessary. We share cases of claims across the company to prevent recurrence, and monitor the progress of improvement activities.



Improving customer satisfaction

ILJIN Electric conducts customer satisfaction surveys when implementing projects to quickly identify and take action on customer needs in the short term, and strives to improve shortcomings in the medium and long term. In particular, in 2023, we conducted on-site training for specialized personnel in the field of transmission test and inspection at the Suwon plant for field representatives of customer companies to satisfy customers. We will continue to discover various contents to enhance customer satisfaction.



▲ On-site training for specialized personnel in the transmission field

Social Value

Customer-centered management

Strengthening Quality Competitiveness

ILJIN Electric aims to lead business competitiveness and customer satisfaction through continuous technology development and excellent quality competitiveness. Accordingly, we have established a quality policy and are striving to achieve the three quality goals of 'quality improvement', 'customer satisfaction', and 'technology leadership' through the quality manual. In order to provide products and services that meet not only customer requirements but also legal regulations related to quality, the quality manual is managed by applying terms and definitions based on the quality management system. In particular, we have secured external credibility by obtaining the quality management system (ISO 9001) certification.

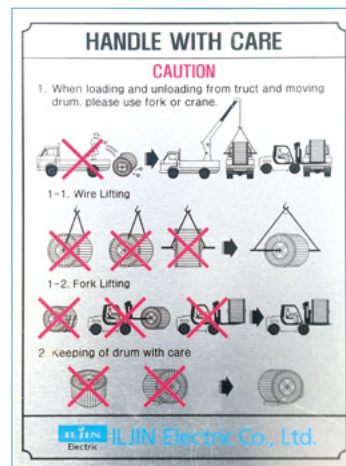
We have established a dedicated organization for quality management and assigned the role of the organization under the decision-making of the CEO. In addition, we establish and manage company-wide and departmental quality goals on an annual basis in accordance with the quality policy, and continuously verify and monitor the adequacy of products and services. In addition, we support the acquisition of updated information to strengthen the capabilities of quality departments and personnel.



▲ Quality Management System (ISO 9001) certification

Enhancing Customer Safety

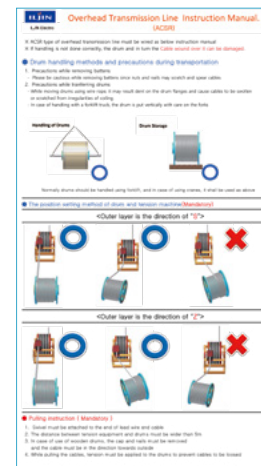
To protect the safety of all customers who use our products and services, we have established and operate safety management guidelines throughout the value chain, including handling, storage, packaging, preservation, and delivery of products. In addition, we strive to protect the safety of our customers by displaying product characteristics and precautions in an indelible manner in a conspicuous place on the product.



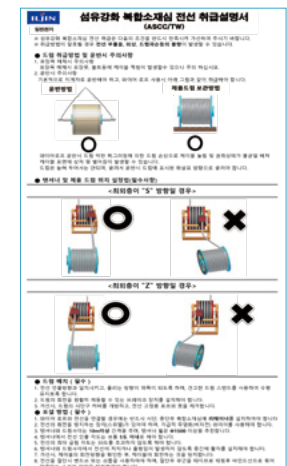
▲ Cautionary sticker on the product (English)



▲ Handling precautions (Korean)



▲ ACSR Instruction Manual (English)



▲ Instruction manual for ASCC TW (Korean)

Social Value

Customer-centered management

Establishment of Information Security System

ILJIN Electric has established an organizational system to perform information security tasks and operates an information security committee to strengthen company-wide management. We have established a security officer, security manager, and security team to divide duties, and we categorize security items into administrative security, physical security, and technical security, and monitor them through detailed guidelines such as the Security Management Regulations and Security Incident Management Regulations.

In addition, we are building response plans for security incidents and conducting periodic security audits to prevent failures and diagnose vulnerabilities. In addition, information assets are classified and controlled by security class, and a business continuity plan is in place to establish a rapid response system for emergencies.

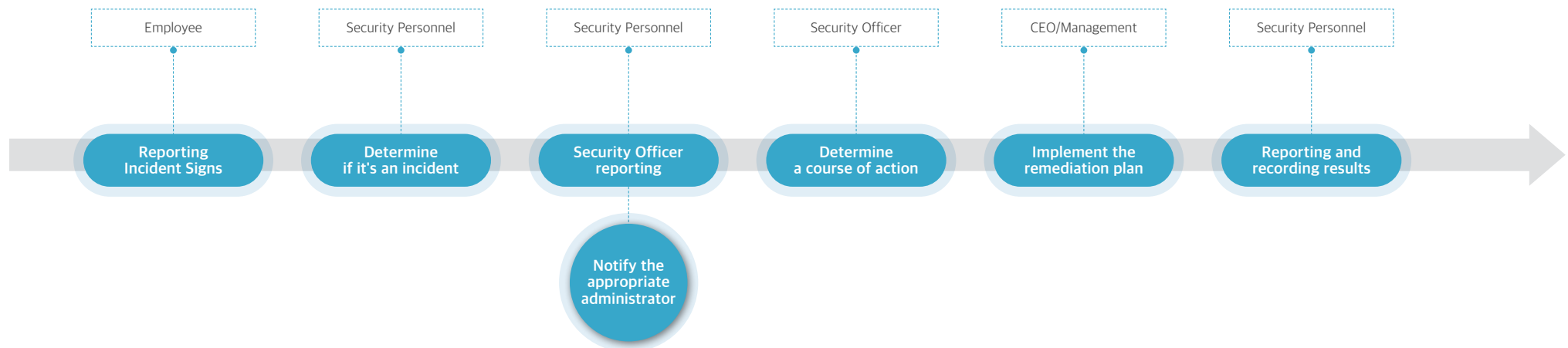
Information security education is conducted for employees, security officers, and security personnel, and we strive to raise security awareness among employees and prevent security incidents in advance.

In addition, we have established internal guidelines such as Internet usage rules and PC security management rules to enhance the safety and reliability of program use. We effectively manage security risks caused by system damage or information disclosure, and thoroughly secure information assets against misuse, loss, and exposure. In particular, we specify management departments and work divisions in detail and establish a series of processes such as diagnosis, monitoring, inspection, response, training, feedback, and improvement.

Protection of Intellectual Property Rights

To prevent information leakage, we specify in our contracts a confidentiality agreement not to leak or disclose information learned during transactions between domestic and overseas companies. In addition, we prevent leakage or theft of trade secrets by conducting screening of employees who are hired, retained, and retired through the personnel protection system.

Incident Handling Process



Social Value

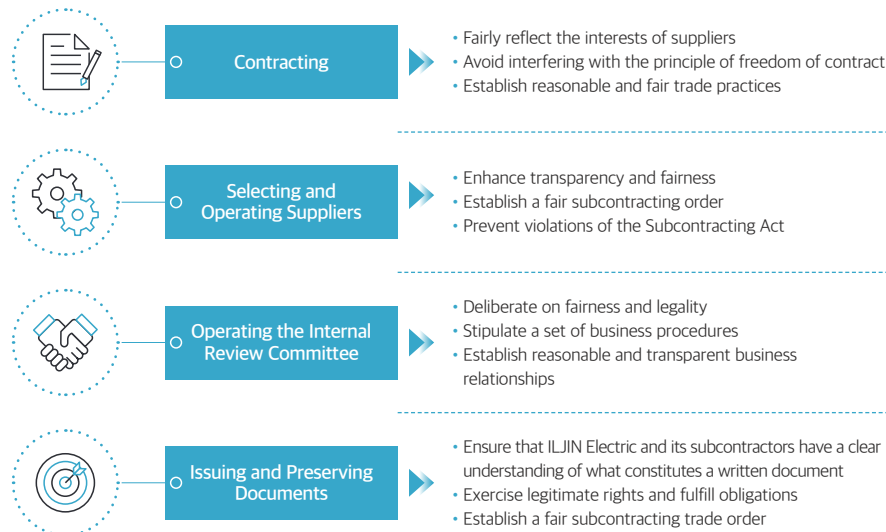
Shared Growth

In order to grow together with our suppliers, we share 4 action items for shared growth, including contracting, selecting and operating, committee, contracting and preserving. In addition, we evaluate ESG-related items in the process of identifying and contracting with suppliers, and actively implement efforts and support for sustainable coexistence along with supply chain risk management.

Shared Growth

For shared growth with suppliers, we have established 4 action items and guidelines against retaliation and disclosed them on our website. In addition, we reflect ESG items such as safety, environment, and human rights as evaluation factors when evaluating suppliers, and we separately write ethical pledges. In particular, in the field of safety and environment, we evaluate continuous efforts and improvement performance by evaluating safety management improvement activities and environmental pollution improvement activities.

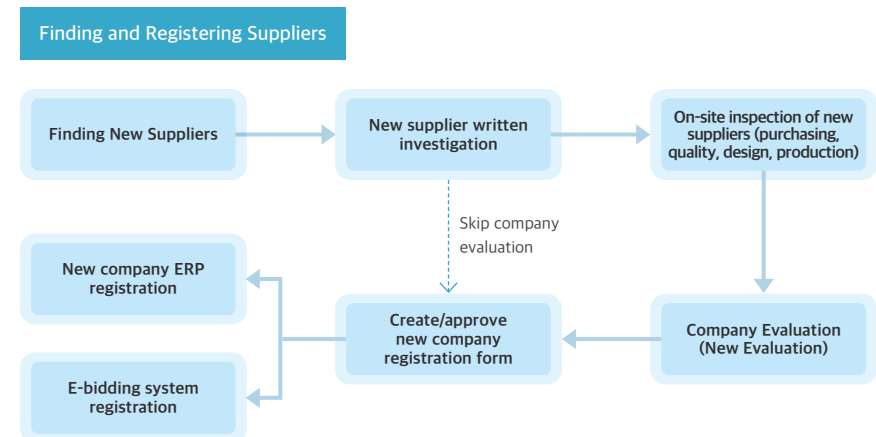
4 Action Items



Select Suppliers

By selecting suppliers that provide materials, equipment, and services, ILJIN Electric enhances the competitiveness of its products and conducts evaluations to secure excellent suppliers. We select suppliers with the ability to meet our purchasing and quality assurance requirements. Preliminary data evaluation and on-site inspections are conducted.

In addition, we continuously monitor the qualifications and capabilities of our suppliers through new, regular, and occasional evaluations, and in November of each year, we conduct an evaluation to select the Outstanding Supplier of the Year. The winner is designated as the Outstanding Supplier of the Year and receives a merit plaque and encouragement.



Social Value

Sustainable Purchasing

For fair and transparent purchasing, ILJIN Electric has established and complies with the code of ethics for proper purchaser behavior and ethical decision-making and the 5 code of conduct for purchasing ethics. In addition, we have established and operated a purchasing process to transparently manage the screening and evaluation of purchasing companies through internal guidelines.

Procurement Ethics

In order to respect the market order and comply with laws and regulations in pursuit of fair and transparent competition, we have established principles for ethical decision-making by purchasers. We comply with the buyer's code of conduct and the five themes of procurement ethics, and share our procurement ethics with our suppliers through the signing of ethics pledges in the purchasing process.

Code of Conduct for Procurement Ethics

We, the purchasers of ILJIN Electric, resolve to act as follows.

1. Use of purchasing authority

We shall act in good faith and fairness within the authority granted to us by the company and comply with all laws and rules.

2. Selection and Retention of Suppliers

We shall select suppliers in accordance with transparent and fair procedures and endeavor to achieve mutual development based on the principle of mutual benefit.

3. Sound and reasonable purchasing activities

We do not accept unfair behavior that violates common decency and conduct sound and reasonable purchasing activities.

4. Open Communication

We listen to the opinions of our suppliers with an open mind, strive for sincere and smooth communication, and keep our promises.

5. Leader in Procurement Development

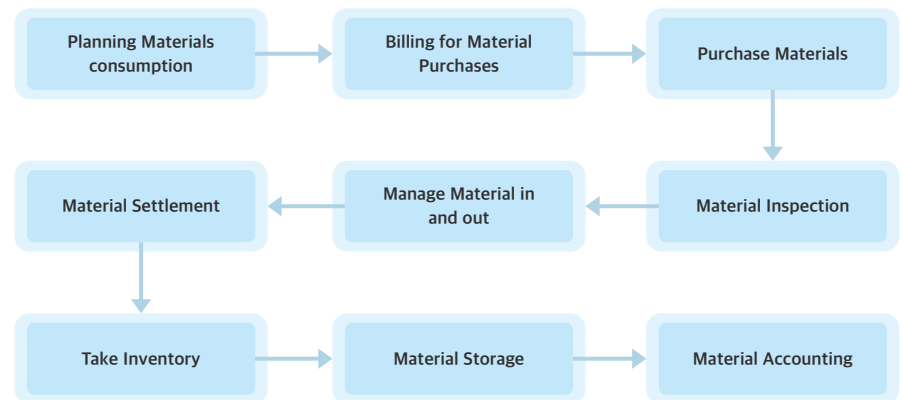
We take pride in being a purchasing agent of a company representing the Republic of Korea, uphold honor and dignity, and always strive to be a leader in the purchasing sector with a sense of mission.



Purchasing and material management process

We have established regulations for purchasing and managing materials, which are managed by a dedicated department. In particular, to ensure the security and storage of purchased materials, a warehouse manager is designated to manage the entry and exit of materials on site when operating a warehouse in the factory. Purchased materials are stored in appropriate places such as warehouses to prevent damage, loss, and other accidents. Oil and flammable materials, precision instruments, etc. are stored separately and a person in charge is appointed to manage them.

Materials Management Process



Social Value

Community Development

As a member of society, ILJIN Electric recognizes its role as a company in the sustainable development of local communities and revitalization of the local economy. We are contributing to the creation of quality jobs and the local economy by building industrial complexes, discovering excellent human resources through industry-government-academia MOU, and running events for the underprivileged and local communities.

Groundbreaking for Hongseong General Industrial Complex

In 2014, we built the Hongseong General Industrial Complex, a 1.135 million square meter industrial complex in Hongseong-gun, Chungcheongnam-do. We have completed the construction of our own factory and land sales to revitalize the economy of Hongseong, and are playing a role in creating jobs in the region through continuous investment and factory expansion.



▲ Groundbreaking ceremony for Hongseong General Industrial Complex



▲ Aerial view of Hongseong General Industrial Complex



▲ Hongseong Transformer and Breaker Factory

Industry-Government-Academia MOU

To revitalize the local economy, we promoted industry-government-academia MOU to support the employment of specialized vocational schools in Hongseong County. In particular, we signed an industry-academia cooperation agreement with the Hongseong Campus of Korea Polytechnics to foster local talented manpower and link them to employment. This contributed to the creation of new jobs. We signed a MOU with Korea Polytechnics to support employment in the field of heavy electricity, such as generators and transformers, and to develop the power industry. We support the field experience and education programs of human resources, such as on-site training, joint use of facilities and equipment, joint development of curriculum and textbooks, field training, and joint research.



▲ Industry-Academic Cooperation - Chungnam Drone Aviation High School



▲ Industry-Academic Cooperation - Korea Polytechnics



▲ Industry-academia agreement ceremony



▲ Industry-academia agreement for apprenticeship programs



▲ Industry-academia agreement with a vocational school

Social Value

Community Development

Organizing Local Events

We continue to carry out community-oriented social contribution activities, such as supporting the underprivileged and actively participating in local events. In 2021, we participated in the operation of an industry-university apprenticeship school in Chungcheongnam-do, contributing to improving the job skills of students learning new skills. In addition, we actively participate in and strive for the development of local communities by supporting representative festivals in the region, such as the Hongseong Historical Figures Festival.



▲ Certificate of Appreciation from Chungnam Provincial Office of Education



▲ Support for the Hongseong Historical Figures Festival

Supporting the Employment of Sports Athletes with Disabilities

ILJIN Electric signed an MOU with Hongseong County and the Korea Disability Employment Agency to support the employment of athletes with disabilities. Currently, we have employed nine athletes with disabilities (5 weightlifting, 2 table tennis, 1 fencing, and 1 rowing), leading the way in realizing social values by supporting an environment where athletes can focus on their sports. In particular, athletes Lee Eunjung and Shin Donghee won multiple medals for their outstanding performances at the Gyeonggi-do Governor's Para Weightlifting Competition and the National Para Weightlifting Championships this year.



▲ Signing Ceremony to Support Employment of Sports Athletes with Disabilities



▲ Winner of the Weightlifting Competition - Shin Donghee



▲ Winner of the Weightlifting Competition - Lee Eunjung

Donation

We donated KRW 50 million to the Korean Red Cross to provide emergency relief for the earthquakes in Turkiye and Syria. The donation was made to help the numerous victims of the strong earthquakes in Turkiye and Syria and to repair the damage.

In addition, we regularly support the Fruits of Love every year and have participated in Hongseong County's Hope Sharing Campaign for two consecutive years. We will continue to strive to provide warmth to the well-being of not only domestic communities but also humanity.



▲ Donations for Emergency Relief for the Earthquake

Operated Junior Engineering Technology Class

We participated in a social contribution project organized by the National Academy Engineering of Korea to help foster future industrial technology talents by improving the understanding of engineering technology among elementary school students. A total of 246 students from elementary schools in Hongseong participated as lecturers.



▲ Junior Engineering Technology Class



Governance

Responsible Leadership



Governance

Background

The spread of ESG management has increased the demand for continuous improvement of governance and management transparency, including the roles and responsibilities of corporate boards, protection of shareholders' rights, and building trust with stakeholders. The Ethics Round (ER), which seeks to regulate the products and services of unethical companies, is becoming an important trading standard for international transactions. Risk management activities from both financial and non-financial perspectives are becoming more important due to the rapidly changing global business environment and stakeholder demands.

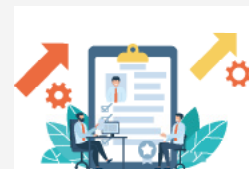
Our Approach

ILJIN Electric aims to establish transparent and sound corporate governance for management that grows together with its stakeholders. We recognize that ethical standards are fundamental to the value creation activities we pursue, and we strictly apply them to all of our work. In addition, we will proactively analyze possible risks in the course of corporate management and make company-wide efforts to respond to them.

Key Performance

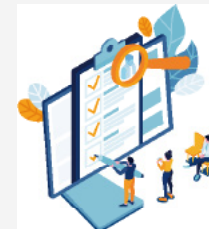
01

Enhancing board
transparency and
professionalism



02

No. of Compliance/
Ethics Violations
Zero



03

Compliance/Ethics pledge
by all employees
100%



Governance

Transparent Management

ILJIN Electric operates a responsible and transparent decision-making organization to enhance the sustainability of the company and its stakeholders. The BOD determines major policies for the overall management of the company, and strives for balanced corporate management by securing expertise and diversity in BOD operations.

Composition of the Board of Directors

The Board of Directors is the highest decision-making body of the company and is composed of experts in various fields to operate independently from management. As of the end of March 2023, the Board of Directors consisted of three inside directors and one outside director. The proportion of outside directors is 25%. The CEO also serves as the chairman of the BOD, and in the event of his absence, the next highest ranking director takes over, ensuring a smooth decision-making structure.

Classification	Name	Activity Area	Biography
Inside Directors	Soo Hwang	CEO (Chairman of the Board)	Current) Representative Director of ILJIN Electric Head of Heavy Electricity Business Division
	Sangseok Yoo	Head of Power Cable Business Division	Current) Head of Power Cable Business Division, ILJIN Electric
	Jaechan Yang	Head of Business Support Division	Currently) Head of Business Support Division, ILJIN Electric
Outside Directors	Sangkyu Kang	Professor	Current) Outside Director of ILJIN Electric Associate Professor, Seoul National University

Role of the Board of Directors




Shareholder Meetings




Company management




Financial matters




Other important matters of company business

Independence

Outside directors are appointed through a transparent and independent process in accordance with the Articles of Incorporation of the BOD. To strengthen the independence of all directors, including outside directors, we transparently disclose all information about directors before the shareholders' meeting when they are appointed, including their relationship with the largest shareholder and their transactions with the company. In electing directors, we check whether the qualifications required by relevant laws and regulations and the Articles of Incorporation are met.

Expertise

In the case of internal directors, we have organized them to have overall management expertise and responsibilities, such as the CEO, head of business division, and head of management support, and in the case of external directors, we have organized them to have an understanding based on their long work experience in related industries. In addition, the Human Resources Team strengthens the participation of external directors and the fulfillment of their roles by explaining board agendas to them in advance and providing support for requests necessary for external directors to perform their duties.

Remuneration Status

Compensation for internal and external directors is paid transparently in accordance with the BOD regulations, and the total amount of compensation and average compensation per person are disclosed in the Annual Report.

Governance

Ethics and Compliance Management

To ensure that all employees follow the rules and make the right actions and judgments in the performance of their duties, ILJIN Electric continuously establishes and strengthens its own ethics and compliance culture by establishing a code of ethics and ethical behavior guidelines and promoting compliance management practice pledges.

Ethical Management Policy

ILJIN Electric conducts its business and decision-making based on the Code of Ethics. The Code of Ethics is transparently disclosed to employees and applies the principle of zero tolerance for unethical behavior. We comply with the Code of Ethics not only for internal employees but also for corporations and individuals who have various business relationships with the company.

Code of Ethics

- We provide the best products and services by putting customer value at the forefront of our management with the belief that there is a company because of customers.
- We will not engage in any form of illegal behavior such as soliciting or demanding money from business partners and stakeholders unfairly using our duties, and we will actively take the lead in becoming a dignified employee to eradicate unethical behavior that may damage the reputation of the company.
- We guarantee equal opportunities to our suppliers and aim for win-win development with the company through good faith competition and fair trade among suppliers.
- We actively protect the company's assets and do not divulge or use company and customer trade secrets learned in the course of our work.
- We respect the personality of our colleagues and take the lead in creating an organizational culture of mutual trust.
- We comply with laws and regulations, respect the order of a free competitive market, and fulfill our social responsibilities through fair trade.
- We strengthen trust and pursue shared prosperity by valuing our shareholders, investors, and business partners through management activities and mutual cooperation.

Strengthening Ethical Behavior

We prevent corruption incidents and protect the rights and interests of the company and its stakeholders by stipulating ethical behavior guidelines that all employees must comply with. In particular, we strive to maintain transparent business relationships by making pre- and post-reporting of entertainment, bribery, and financial transactions in principle.

Ethical Behavior Guidelines

01

Accepting money and gifts

02

Accepting hospitality and favors

03

Receiving congratulations and condolences

04

Establishing a work ethic

05

Expense Guidelines

06

Prohibited direct and indirect transactions with the company

Pledge to Practice Ethical Management with Suppliers

In 2023, ILJIN Electric held a meeting with representatives of 30 major suppliers to pledge to practice ethical management. The event was held to ask suppliers to actively participate in the 'Building a Clean Company' movement, and the company promised to hold regular meetings with suppliers in the future to actively inform them of company policies. In particular, as part of the ethical management movement, the company received pledges from representatives of suppliers from February 2023 to prohibit all hospitality, entertainment, money, and holiday gifts.

Governance

Ethics and Compliance Management

Compliance Management Policy

ILJIN Electric recognizes that the practice of compliance management is a core principle for implementing righteousness management, a means to achieve a first-class company, and a prerequisite for the self-realization of each employee. In order to comply with the Code of Conduct in the course of performing their duties, all employees take a pledge to practice compliance management.

Compliance Management Practice Pledge

- I understand the management values and compliance philosophy of ILJIN Electric, and I will perform my duties fairly and transparently in accordance with a high sense of compliance.
- I will comply with domestic and international laws and regulations and internal regulations in the course of my work, and will not engage in acts that may be violated or suspected of being violated, nor will I direct, authorize, abet, or condone them.
- I will respect the free and fair market economic order, comply with fair trade laws and regulations, and not engage in any behavior that hinders free competition, such as collusion.
- I recognize suppliers as business partners and targets for mutual growth, and I will comply with relevant laws and regulations, such as the Subcontracting Act, and will not abuse my superior position by making unreasonable demands or retaliatory acts.
- I will always consult with the relevant departments such as the Legal Department in advance to reduce the risk of violating the law when conducting company business such as business implementation and contract signing.
- I will immediately notify the relevant departments, including the Legal Department, if I become aware of any act that violates or may violate domestic or foreign laws and regulations, internal regulations, and this Code of Conduct.
- I will actively participate in the company's activities to practice compliance management, including employee training, monitoring, on-site inspection and follow-up.

Reporting channels

We operate the Ethics and Compliance Reporting Channel to root out fraudulent behavior that impedes fair and transparent management. Anyone can make a report, and all reports are private and anonymous.

Procedures for the Cyber Audit Office



- Bribery, Unfair Demands
- Solicitation of misuse of authority
- Unfair trade practices based on academic affiliation, region, etc. when selecting suppliers
- Suggestions for improving unreasonable practices
- Illegal or unfair use of company assets
- Other violations of the Code of Ethics
- Unfair equity participation in trading companies

- The Audit Office will conduct a fact-checking investigation on the information received.
- Provide confidentiality and identity guarantees so that informants (suggestors) can report various matters with confidence.

- Both real name and anonymous applications are available
- Quickly check processing results for real-name applications

In addition, to encourage reporting, we operate a system that considers compliance and ethics awareness as a top priority in management, such as paying rewards to suppliers and outsiders, supporting the expansion of group-wide transactions, and reflecting it in HR evaluations for employees.

Governance

Human Rights Management

ILJIN Electric practices human rights management that puts people first in order to respect stakeholders, fulfill social responsibility, and become the best company trusted through professional management.

Human Rights Management Policy

ILJIN Electric has established the Human Rights Management Policy to protect human rights that must be understood and practiced in work life. All stakeholders, including executives and employees, are encouraged to comply with the Human Rights Management Charter so that human rights management can be implemented.

Human Rights Management Charter

ILJIN Electric declares the following 'Human Rights Management Charter' in order to actively implement human rights management, prevent human rights violations in business operations, and mitigate related risks.

- We respect international standards and norms on human rights, including the UN Universal Declaration of Human Rights and the OECD Guidelines for Multinational Enterprises.
- We do not discriminate against any stakeholder, including employees, on the basis of race, gender, education, age, disability, religion, place of birth, or political affiliation.
- We proactively prevent human rights violations and inhumane behavior, including violence, coercion, harassment, and verbal abuse, and actively seek redress.
- We set the working hours of our employees in accordance with the nature of our work and the relevant laws and regulations of each country, and comply with laws, policies, and standards related to working conditions, such as minimum wage guarantee and social insurance.
- We do not tolerate child labor and comply with the minimum working age set by law and international standards in the countries where we do business.
- We guarantee free and voluntary labor and do not unduly restrain mental or physical freedom.
- We manage and protect personal information that we acquire in the course of our management and business operations.
- We ensure freedom of collective bargaining and association in accordance with labor relations laws and collective agreements.
- We strive to prevent human rights abuses and protect the environment in the communities where we operate.
- We create a work environment that prioritizes the safety and health of our employees.

Efforts to eliminate sexual harassment and workplace bullying

ILJIN Electric strictly prohibits sexual harassment in the workplace. To prevent sexual harassment in the workplace and create a safe working environment for employees, we provide sexual harassment prevention education.

In addition, in cases of confirmed incidents of sexual harassment in the workplace, we take disciplinary and corresponding measures against the perpetrators without delay. In the last three years, we have had zero incidents of sexual harassment and sexual assault in the workplace. Not only employees within the organization, but also employees of suppliers are prohibited from engaging in workplace bullying behavior, and the company implements joint checks and preventive measures through organizations such as trade unions and labor-management councils. To this end, we train all employees using the Ministry of Employment and Labor's Guidelines for Determining, Preventing, and Responding to Workplace Bullying as a textbook. As a result of these efforts, we have not had a single incident of workplace bullying in the last three years.



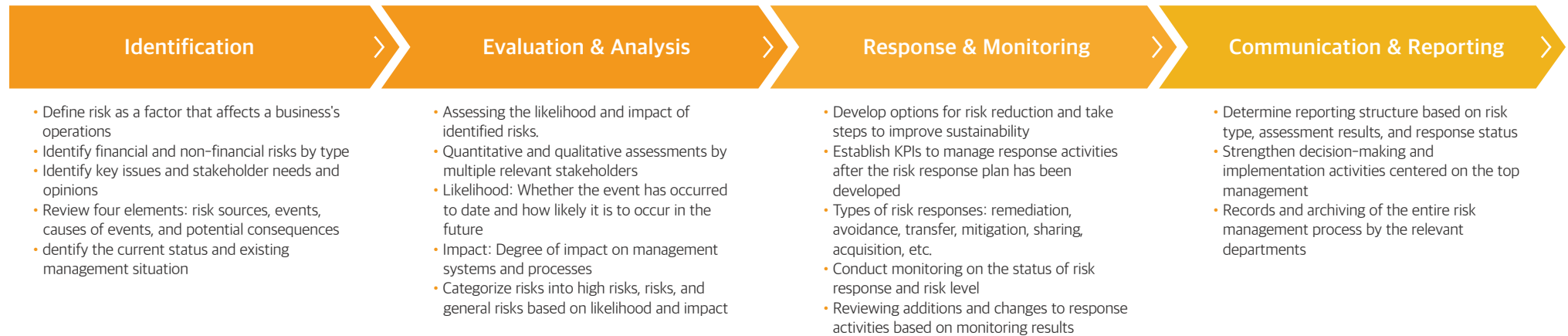
Governance

Risk Management

Rapid changes in the business environment at home and abroad require companies to manage and respond to uncertainty at a high level. ILJIN Electric strives to create a proactive business environment by systematically managing legal, financial, and non-financial risks associated with business activities. We identify legal and financial risks associated with domestic and overseas business activities and operate a risk management process to prevent and effectively manage them.

Risk Management Process

Since 2018, ILJIN Electric has been operating a risk management process to identify and respond to risks and opportunity factors that may arise in the company's management activities and financial and non-financial activities such as quality, environment, and safety and health. We define risks by specifying internal and external issues and stakeholder requirements, analyze the impact of risk identification and evaluation, and establish and monitor response activities according to the case. In particular, all information is documented and recorded to ensure that risk management is continuous and permanent, not a one-time event.



Financial risk	Markets, credit, liquidity, tax, currency, oil prices, etc.
Non-financial risks	Climate change, environment, health and safety, ethics, human rights, etc.

Impact Rating	Likelihood Rating					Assessment Score	Risk Level	Registration status
	Almost none (1)	Low (2)	Medium (3)	Somewhat high (4)	High (5)			
Acceptance (1)	1	2	3	4	5	1-5	Acceptance	Not registered
Concern (2)	2	4	6	8	10	6-8	Concern	Not registered
Caution (3)	3	6	9	12	15	9-12	Caution	Not registered
Alert (4)	4	8	12	16	20	13-16	Alert	Registered
Critical (5)	5	10	15	20	25	17-25	Critical	Registered

Risk Management Procedure Statement	
1. Purpose	5. Risk Management Procedures
2. Scope of Application	6. Records and Archiving
3. Definition of Terms	7. Revision and Disposal
4. Responsibilities and Authorities	

Governance

Risk Management

ESG risk and opportunity analysis

Classification	Key Issues	Opportunities	Risks	Opportunity and risk factors	Response activities
Regulation	Increased climate change laws and regulations		●	Allocation targets for 2050 carbon neutrality and 2030 national GHG reduction targets	<ul style="list-style-type: none"> Monitoring climate change legislation, amendments, and trends, Establishing and implementing reduction targets Monitoring compliance with laws and regulations to manage risk of legal violations
			●	Introduction of the European Carbon Border Tax and increased demand for Scope 3 management	
	Increased safety laws and regulations	●		Evaluation of high safety level by upgrading internal safety management system	
Technology/ Business	Adopting eco-friendly technologies/infrastructure and engaging in new businesses	●		Preemptive response to changes to eco-friendly ecosystems, creating opportunities for market preemption	<ul style="list-style-type: none"> Research and development of eco-friendly products Establishing a system to prevent business environment risks due to the climate crisis
			●	Reduced short-term profits from participating in green initiatives and investing in equipment and facilities	
	Increasing eco-friendly consumption practices and interest	●		Creation of new markets/customers due to an increase in consumers practicing eco-friendly consumption	
Markets	Formation of eco-friendly markets		●	Reduced opportunities to participate in new businesses due to lack of eco-friendly responses	<ul style="list-style-type: none"> Invest in R&D to develop low-carbon, high-efficiency products Identifying and fostering new low-carbon and renewable energy businesses
	Increased incidence of unfair trade		●	Increase in misuse of internal information, unfavorable contracts and lawsuits, unfair trading of stocks, etc.	
	Strengthening the protection of corporate information		●	Leakage of customer information, system failure, etc.	
Reputation	Heightened stakeholder demands		●	Investor and consumer disengagement and company valuation decline due to inaction on climate change	<ul style="list-style-type: none"> Strengthening stakeholder communication through various channels Expanded disclosure of internal and external information(activities and performance) Prepare company-wide responses to major issues
		●		Long-term corporate value enhancement due to eco-friendly corporate image	
Physical	Environmental performance is reflected in company valuations		●	Decrease in corporate credit rating due to increased consideration of ESG impacts in credit ratings	<ul style="list-style-type: none"> Monitoring global trends and establishing Scope 3 inventory
	Natural disasters and extreme weather		●	Increased natural disasters, such as typhoons and heavy snowfall, can impact business and damage assets	

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Financial Performance

Economic performance data

Condensed Consolidated Statements of Financial Position

(Unit: KRW)

Classification	2020	2021	2022
Current assets	305,742,723,154	358,603,605,679	360,680,352,497
Non-current assets	484,636,368,488	479,339,005,154	478,832,896,654
Total assets	790,379,091,642	837,942,610,833	839,513,249,151
Current liabilities	277,617,259,789	367,087,635,956	321,654,655,572
Non-current liabilities	203,877,582,437	147,797,414,561	172,956,218,115
Total liabilities	481,494,842,226	514,885,050,517	494,610,873,687
Capital stock	37,080,390,000	37,080,390,000	37,080,390,000
Retained earnings	135,821,284,615	149,338,457,385	170,001,866,889
Total equity	308,884,249,416	323,057,560,316	344,902,375,464

Condensed Consolidated Statement of Comprehensive Income

(Unit: KRW)

Classification	2020	2021	2022
Sales	707,930,789,714	932,362,520,580	1,164,706,090,212
Cost of sales	634,594,295,702	853,019,534,219	1,068,497,385,360
Gross profit	73,336,494,012	79,342,986,361	96,208,704,852
Operating income	13,776,691,618	20,402,669,112	31,490,877,242
Net income before income taxes	5,007,072,044	19,710,708,068	27,728,684,638
Net income	4,818,812,413	14,946,262,435	24,221,646,869
Other comprehensive income	340,971,308	1,451,384,605	1,308,392,754
Total comprehensive income	5,159,783,721	16,397,647,040	25,530,039,623

ESG Data

Environmental performance data

GHG Management

Classification		Unit	2020	2021	2022
GHG emissions	Scope 1 (direct emissions)	tCO ₂ eq	7,834.63	8,349.83	9,021.07
	Scope 2 (indirect emissions)	tCO ₂ eq	20,187.70	21,006.33	22,048.25
	Total	tCO ₂ eq	28,022.33	29,356.16	31,069.32
GHG emissions intensity	GHG emissions per revenue	tCO ₂ eq/ 100 million KRW	3.96	3.15	2.67

Energy Management

Classification		Unit	2020	2021	2022
Energy consumption	Non-renewable energy	TJ	567.82	596.17	630.23
	Renewable energy	TJ	-	-	-
	Total	TJ	567.82	596.17	630.23
By energy source	Electricity	TJ	415.35	433.77	454.85
	Fuel	TJ	152.47	162.40	175.38
Energy intensity	Energy consumption per revenue	TJ/ 100 million KRW	0.08	0.06	0.05

Water Management

Water Management	Unit	2020	2021	2022
Water consumption	ton	61,991	63,653	75,232

※ Scope of data Calculation: Hwaseong Factory 1, Hwaseong Factory 2, Ansan Factory, Hongseong Factory

Waste Management

Classification		Unit	2020	2021	2022
Waste generated	General Waste	ton	2095.00	3014.47	3542.02
	Waste generated	ton	1263.44	660.632	756.154
	Total	ton	3358.44	3675.11	4298.17
Waste Disposal	Sale	ton	901	898	1319
	Recycling	ton	3332.93	2634.65	3210.50

ESG Data

Environmental performance data

Air Pollutant Management

(Unit: ton)

Classification	2020	2021	2022
Nitrogen oxides(NOx)	12.2	11.4	12.6
Sulfur oxides(SOx)	0.0	0.9	0.9
Dust	0.9	1.2	7.2
Other	0.0	0.1	0.1

※ Air pollutant management is based on Ansan Plant, and other plants do not have emission facilities.

Environmental Violations

Classification	Unit	2020	2021	2022
Monetary sanctions	cases	1	-	1
Fines	KRW	800,000	-	22,260

Effluent Discharge and Treatment

Classification	Unit	2020	2021	2022
Total Generation	ton	11,138.74	9,975.4	9,902.0
Consignment Volume	ton	338.74	507.42	431.03
Sewage discharge	ton	10,800.0	9,468.0	9,471.0

※ In the case of the Hongseong plant, the effluent is treated in batches at the treatment plant in the industrial complex, and the treatment volume is not counted separately.

Social performance data

Employees

Classification	Unit	2020	2021	2022	
General Status (Officers+Regular)	Male	persons	742	722	763
	female	persons	35	30	24
	Total	persons	777	752	787
By job title	Male managers	persons	221	212	206
	Female managers	persons	5	4	4
	Total	persons	226	216	210
	Ratio of female managers	%	2.2%	1.9%	2.0%
Diversity	Disabilities	persons	10	10	8
	National Merit	persons	4	4	4
	Temporary Workers (including Contract Workers)	persons	42	43	49
	Local youth	persons	219	199	197

ESG Data

Social performance data

Hiring and retention

Classification	Unit	2020	2021	2022	
Job Creation and Turnover	New hires	persons	58	94	161
	Turnover(voluntary + recommended)	persons	93	105	116
	Turnover rate	%	12.0	14.0	14.7
	Average years of service (based on employees at the end of the year)	years	10	10	10
	Number of workers laid off	persons	-	-	-

Benefits

Classification	Unit	2020	2021	2022	
Total Benefits Cost	million KRW	1,913	1,611	1,379	
Average benefit cost per employee	10 thousand KRW	229	203	168	
Parental Leave Usage and Return Status	Parental Leave Users	persons	3	4	15
	Returners after use	persons	6	2	8
	12-month work rate after returning from parental leave	%	16.7%	100.0%	75.0%

Training Status

Classification	Unit	2020	2021	2022	
Total Training Status(including statutory training)	Total Training Hours	hours	25,235	22,974	19,949
	Training hours per employee	hours	31	29	24
	Total number of trainees(excluding duplicates)	persons	819	795	836
	Employee Training Participation Rate	%	100	100	100
	Total Education and Training Expenses	million KRW	83	78	166
Sexual harassment prevention education	Training Hours	hours	819	795	836
	Participants	persons	819	795	836
Workplace harassment prevention education	Training Hours	hours	819	795	836
	Participants	persons	819	795	836
Disability Awareness Training	Training Hours	hours	819	795	836
	Participants	persons	819	795	836

ESG Data

Social performance data

Labor Unions and Membership Status

Classification	Unit	2020	2021	2022
Employees eligible to join the union	No. of meetings	294	283	284
Labor Union Membership	No. of meetings	258	245	242
Labor unionization rate	%	88%	87%	85%
Labor-Management Council Meetings	No. of meetings	13	12	13
Number of grievances received	cases	31	50	37
Number of grievances handled	cases	18	28	21
Average days to respond	days	80.56	84.07	85.95

※ The disclosure of the results of the response process will be made quarterly.

Safety Management

Classification	Unit	2020	2021	2022	
Accident Rate	%	0.27%	0.21%	0.05%	
Number of accidents	Injuries	cases	3	2	1
	Fatalities	cases	-	-	-
LTIFR(Lost Time Injury Frequency Rate)	Incidents per Million Hours	1.84	1.25	0.6	

Safety Training

Classification	Unit	2020	2021	2022
Total Training Hours	hours	14,684	13,798	34,672
Total number of people trained	persons	633	641	668
Training hours per employee	hours/person	23.2	21.5	51.9

ESG Data

Social performance data

Suppliers

Classification	Unit	2020	2021	2022
Total number of suppliers	companies	657	672	662
Number of major suppliers	companies	50	55	66
Total Supplier Purchases	million KRW	5,280	7,438	9,076
Purchase amount from major suppliers	million KRW	4,246	6,632	8,234
Competency training for employees of suppliers	Number of companies (or people)	-	-	-

Supply Chain Risk Management

Classification	Unit	2020	2021	2022
Suppliers to be evaluated(self-set)	companies		100	
Evaluated Suppliers	companies	33	43	24
Ratio	%		100	

Social Contribution

Classification	Unit	2020	2021	2022
Cash Donations	million KRW	10	20	45

Data Protection

Classification	Unit	2020	2021	2022
Data Protection and Privacy Training Targets	persons	-	-	507
Completed data protection and privacy training	persons	-	-	295

※ Due to COVID-19, collective education on data protection was being conducted online.

Anti-competitive Behavior

Classification	Unit	2020	2021	2022
Number of non-monetary sanctions	cases	-	-	-
Lawsuits filed	cases	1	1	-
Total amount of fines	million KRW	-	2,510	-

ESG Data

Governance performance data

Board of Directors

Classification		Unit	2020	2021	2022	
Board performance	Number of meetings	Regular	No.	23	18	24
		extraordinary	No.	0	0	1
	Resolutions	items	23	18	24	
	Report agenda	items	23	18	24	
	Prior review rate	%	100%	100%	100%	
	Average attendance	%	89%	100%	100%	
General Status of the BOD	Inside Directors	persons	3	3	3	
	Outside Directors	persons	1	1	1	
	auditor	persons	1	1	1	

GRI Standards Index

Universal Standards(General Disclosures)

Topic	Disclosure	Page	Remarks	
The organization and its reporting practices	2-1	Organizational details	6	
	2-2	Entities included in the organization's sustainability reporting	6	
	2-3	Reporting period, frequency and contact point	2	
	2-4	Restatements of information	-	Initial report
	2-5	External assurance	2	
Activities and workers	2-6	Activities, value chain and other business relationships	6	
	2-7	Employees	6	
	2-8	Workers who are not employees	62	
	2-9	Governance structure and composition	53	
Governance	2-10	Nomination and selection of the highest governance body	53	
	2-11	Chair of the highest governance body	53	
	2-12	Role of the highest governance body in overseeing the management of impacts	26, 53	
	2-13	Delegation of responsibility for managing impacts	53	
	2-14	Role of the highest governance body in sustainability reporting	26	
	2-15	Conflicts of interest	53	
	2-16	Communication of critical concerns	53	
	2-17	Collective knowledge of the highest governance body	53	
Strategy, policies and practices	2-22	Statement on sustainable development strategy	5	
	2-23	Policy commitments	5, 9, 16	
	2-24	Embedding policy commitments	5, 16, 22, 40, 49, 55, 56	

Topic	Disclosure	Page	Remarks
Strategy, policies and practices	2-25	Processes to remediate negative impacts	57
	2-26	Mechanisms for seeking advice and raising concerns	55
	2-27	Compliance with laws and regulations	55
	2-28	Membership associations	71
Stakeholder engagement	2-29	Approach to stakeholder engagement	17
	2-30	Collective bargaining agreements	39

Universal Standards(Material Topics)

Topic	Disclosure	Page	Remarks
Disclosures on material topics	3-1	Process to determine material topics	18
	3-2	List of material topics	19
	3-3	Management of material topics	19

GRI Standards Index

Topic-specific Standards (Economic Performance, GRI 200)

Topic	Disclosure	Page	Remarks
Economic Performance	201-1	Direct economic value generated and distributed	60
	201-2	Financial implications and other risks and opportunities due to climate change	27, 58
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	50-51, 65
	203-2	Significant indirect economic impacts	50-51, 65
Procurement Practices	204-1	Proportion of spending on local suppliers	65
	205-1	Operations assessed for risks related to corruption	57
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	54
	205-3	Confirmed incidents of corruption and actions taken	66

Topic-specific Standards (Environmental Performance, GRI 300)

Topic	Disclosure	Page	Remarks
Materials	301-2	Recycled input materials used	30
	301-3	Reclaimed products and their packaging materials	28-29
Energy	302-1	Energy consumption within the organization	26, 61
	302-3	Energy intensity	61
	302-4	Reduction of energy consumption	26, 61
	302-5	Reductions in energy requirements of products and services	28, 29

Topic	Disclosure	Page	Remarks	
Water and Effluents	303-1	Interactions with water as a shared resource	31	
	303-2	Management of water discharge-related impacts	31, 61	
	303-4	Water discharge	31, 61	
	303-5	Water consumption	31, 61	
Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-	N/A
	304-2	Significant impacts of activities, products and services on biodiversity	-	N/A
	304-3	Habitats protected or restored	-	N/A
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-	N/A
Emissions	305-1	Direct (Scope 1) GHG emissions	26, 61	
	305-2	Energy indirect (Scope 2) GHG emissions	26, 61	
	305-4	GHG emissions intensity	61	
	305-5	Reduction of GHG emissions	26, 61	
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant	31	
Waste	306-1	Waste generation and significant waste-related impacts	30	
	306-2	Management of significant waste-related impacts	30	
	306-3	Waste generated	30	
	306-4	Waste diverted from disposal	30	
	306-5	Waste directed to disposal	61	
Supplier Environmental Assessment	308-2	Negative environmental impacts in the supply chain and actions taken	48	

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Topic-specific Standards (Social Performance, GRI 400)

Topic	Disclosure	Page	Remarks	
Employment	401-1	New employee hires and employee turnover	63	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	48-49	
	401-3	Parental leave	63	
Labor/ Management Relations	402-1	Minimum notice periods regarding operational changes	39	
	403-1	Occupational health and safety management system	40	
	403-2	Hazard identification, risk assessment, and incident investigation	41-43	
	403-3	Occupational health services	43	
	403-4	Worker participation, consultation, and communication on occupational health and safety	43	
Occupational Health and Safety	403-5	Worker training on occupational health and safety	43	
	403-6	Promotion of worker health	43	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	43	
	403-8	Workers covered by an occupational health and safety management system	-	Cover all employees
	403-9	Work-related injuries	64	
Training and Education	404-1	Average hours of training per year per employee	63	
	404-3	Percentage of employees receiving regular performance and career development reviews	35	
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	62	

Topic	Disclosure	Page	Remarks	
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	56	
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	N/A
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	-	N/A
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	N/A
Human Rights Assessment	412-2	Training on human rights policies and procedures	56, 63	
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	50-51	
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	48-49, 65	
	414-2	Negative social impacts in the supply chain and actions taken	48-49	
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	46	
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-	
	417-1	Requirements for product and service information and labeling	46	
Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	-	
	417-3	Incidents of non-compliance concerning marketing communications	-	
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	

Independent Assurance Statement

To: The Stakeholders of ILJIN Electric

Introduction

ESG Innovation Network(the 'assurance provider' hereafter) has been requested to provide third-party assurance on the ILJIN Electric ESG Report 2022(the 'report' hereafter). The responsibility for all information and claims contained in the report rests solely with ILJIN Electric, the entity preparing the report. The assurance provider that it was not involved in the preparation of the report and is responsible only for its assurance statement on the report.

Assurance standard

The assurance engagement was conducted in accordance with the international assurance standard AA1000AS v3. The assurance provider applied Type 2, which assesses the application of the 4 principles of assurance, the robustness of the information collection system, and the reliability and quality of the disclosed information. The assurance provider also applied moderate level, which is based on limited evidence. GRI Standards and ISO 26000 were referenced.

Assurance scope

As an independent assurance organization, we followed the procedures and guidelines of the Assurance Standard, and the scope of our assurance included:

- The robustness of the processes and management systems for collecting, analyzing, and reviewing information.
- Reliability and quality of disclosed information.
- Compliance with the reporting standard GRI Standards 2021
- Application of the four principles of the Assurance Standard(Inclusivity, Materiality, Responsiveness, Impact)

Methodology

The assurance was conducted through the following methods.

- Reviewing various supporting materials and documents.
- Reviewing the system for collecting, accumulating, analyzing, and reviewing data and information.
- Interview with the TF responsible for the report.
- Site visit

Our findings

The assurance opinion derived from the assurance methodology and activities described above is as follows.

- We conclude that ILJIN Electric has adequate systems in place for the collection, accumulation, analysis, and review of data and information.
- We conclude that the information and data described in the report is accurate, reliable, and free from material error or bias.
- We conclude that the report complies with the requirements for reporting with reference to the GRI Standards 2021, including the reporting principles, required disclosures, and the GRI Content Index.

- Inclusivity involves identifying key stakeholders and involving them in the selection of the organization's ESG material issues and the development of strategic responses. ILJIN Electric has identified key stakeholders, including shareholders and investors, employees, customers, communities, suppliers and governments, and has implemented various stakeholder engagement programs. We conclude that the report appropriately applies the inclusivity principle of the Assurance Standard.
- Materiality is the identification and prioritization of the most important ESG issues considering their impact on the organization and society. ILJIN Electric conducted a double materiality assessment, which considers both the impact on the organization and the impact on the environment and society, and identified material issues such as pollutant reduction efforts, occupational safety and health. We conclude that the report appropriately applies the materiality principle of the Assurance Standard.
- Responsiveness refers to an organization's appropriate response to material ESG issues and related impacts. ILJIN Electric has incorporated material issues into the organization's strategy and activities and responded appropriately to stakeholder needs. We conclude that the report demonstrates an appropriate application of the responsiveness principle of the Assurance Standard.
- Impact is the effect of an organization's activities and performance on other groups, the organization itself, or the economy, environment, and society. ILJIN Electric identifies and evaluates impacts and discloses the impacts determined for each material issue in the report. We conclude that the report demonstrates an appropriate application of the Assurance Standard's impact principle.

Key areas for ongoing development

We make the following recommendations to the extent that they do not affect our conclusion. We recommend establishing an ESG Committee(or Sustainability Committee), a specialized committee to review and discuss the company's ESG plans and performance.

Statement of independence, impartiality and competence

We conducted the assurance independently. The assurance provider does not have any business relationship with ILJIN Electric and does not have any conflict of interest. The assurance provider is comprised of team members with extensive experience in the sustainability, CSR and ESG fields and an excellent understanding of the assurance methodology.



December 2023



Hyun Lee, Chair of the ESG Assurance Committee, ESG Innovation Network

GHG Assurance Statement

Assurance Statement for GHG emissions from 2020 to 2022

Preface

The Korea Foundation for Quality(hereinafter referred to as the Foundation) verified the greenhouse gas emissions(Scope1, 2) of five domestic business sites of ILJIN Electric(hereinafter referred to as ILJIN Electric) for the years 2020 to 2022.

※ Domestic business sites: Seoul Office, Hwaseong 1 Plant, Hwaseong 2 Plant, Hongseong Plant, Ansan Plant

Scope

The verification covered all Scope 1. 2 GHG emission facilities under the operational control of ILJIN Electric.

Criteria

Based on the "Guideline on Emission Reporting and Certification for GHG Emission Trading System(MOE Notification 2021-278)" and "Verification Guideline for GHG Emission Trading System Operation(MOE Notification 2021-112)" and "ISO14064-3".

Assurance Level

The assurance was performed in accordance with the procedures stipulated in the Assurance Guidelines for the Operation of the GHG Emissions Trading System, and the assurance level was performed to satisfy the limited assurance level. In addition, we confirmed through internal deliberation that the procedures for the entire process of the assurance were performed effectively.

Limitations

Assurance has inherent limitations that can arise from the application of criteria and methods.

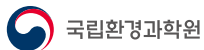
Conclusions

Based on our assurance engagement, we offer the following conclusions on the GHG emissions data included in the Statement.

- 1) The GHG emissions for 2020 to 2022 have been properly calculated in accordance with the "Guidance on Reporting and Verification of Emissions from Greenhouse Gas Emissions Trading System" and the "ISO14064-1" calculation guidelines.
- 2) The data and information used in the calculation of GHG emissions for 2020 to 2022 are appropriate and reasonable, and no material errors and omissions that may affect the assurance opinion were found.
- 3) Therefore, we express an "adequate" opinion on the GHG emissions of ILJIN Electric for the years 2020 through 2022.

※ Emission calculation results by source for 2020~2022

July 18, 2023



Ji Young Song

CEO, Korea Foundation for Quality
Jiyoung Song

Results of the 2020-2022 emissions calculation

Company Name

ILJIN Electric

Emissions Calculation Period

The emissions data collection period is from January 1, 2020 to December 31, 2022.

Emission Calculation Results

Based on the "Guideline on Emission Reporting and Certification of GHG Emission Trading System(MOE Notification 2021-278)" and "Verification Guideline for GHG Emission Trading System Operation(MOE Notification 2021-112)" and "ISO14064-3".

Emissions Calculation Results

Unit: tCO2eq

Company Name	Year	Scope1	Scope2	Total(scope1+2)
ILJIN Electric	2020	7,834.632	20,187.700	28,022
	2021	8,349.833	21,006.331	29,356
	2022	9,021.066	22,048.252	31,069

1) GHG emission totals are rounded to the nearest whole number and may differ from the actual value in the GHG calculation sheet by less than ±1 tCO2eq.

Certifications and Awards

Certifications

Certifications	Certification Period	Authority
ISO 14001	2021.07. ~ 2024.07.	CrebizQM
ISO 9001	2021.07. ~ 2024.07.	CrebizQM
ISO 45001	2023.06. ~ 2026.06.	CrebizQM
KS Certification	2022.10. ~ 2025.10.	KTR
Electrical Product Safety Certification	Depending on the product	KTC

Awards

Awards	Authority	Date
Commendation	Governor of Chungcheongnam-do	2020.09.
Certificate of Appreciation(Power Transformer_154kV and above)	KEPCO	2021.11.
Commendation	Ministry of Trade, Industry and Energy	2021.12.

Associations

Associations	Associations
KOEMA	Korea Battery Industry Association (Korea Battery Research Association)
Korea Electrotechnical Research Institute	Korea Institute of Production Technology
Korea Electrical Society	Korea Electrochemical Society
CIGRE-KOREA	Korea Electrochemical Society
Korea Institute of Energy Technology Evaluation and Planning	Korea Society of Powder Materials
Power Transformer Research Society	Korea Electronics Technology Research Institute
Switchgear for Power Research Institute	Green Energy Research Institute
Korea Electric Wire Industry Cooperative	Korea M&A Exchange
Green Energy Research Center	KEPCO Energy New Industry Office
Korea Advanced Institute of Science and Technology	Jeonbuk Technopark
Korea Electric Power Research Institute	Korean Register
Korea Electric Power Research Institute	The Korea Chamber of Commerce & Industry
CESI(KEMA)	Fire Safety Management Institute
Korea Electrical Contractors Association	

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General Manager Business Planning Team - Changho Jung, Youngdeuk Jo, Doeun Lee

People who helped create this report

Heavy Electricity Business Division

Planning Team	Jinup Kim
MV Design & Production Team	Hyunkuk Kang
General Affairs Team 2	Gangsan Kim
GIS QA Team	Hyunsoo Jeon
Transformer Production Team	Hyunsung Jung
HV Production Team	Seunghoon Yoo
HV R&D Team 2	Kyonghoe Kim
General Affairs Team 1	Gilhwan Jo, Sumin Chae, Hana Bok
Transformer QA Team	Yonghui Kim

Electric Power Cable Business Division

Planning Team	Joosung Hong
Power Cable Production Team	Jekyung Yoon
ACC Production Team	Sunfeel Baek
General Affairs Team 1	Oyang Kwon, Seoyoung Lee
R&D Team	Minah Kim, Jiyeon Yoon
QA Team	Sooyun Won
Material Production Team	Jeonmin Kim, Inseob Hwang
General Affairs Team 2	Joosuk Kim
Material Sales Team	Heetaik Park

Corporate

Business Development Team	Hyuntae Ban
Purchasing Strategy Team	Seunghoun Ryu
HR Team	Geono Kim, Soyeon Kim, Dahye Ham
Occupational Safety Team	Hoyoung Lee, Changho Lee



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