

BRING A NEW ERA IN MOBILITY

2024 HL Klemove Sustainability Report

About this Report

Overview

Under the mission of “Navigating Tomorrow’s Roads with Smart, Safe, and Seamless Mobility Solutions,” HL Klemove actively implements ESG (Environmental, Social, and Governance) initiatives across six core areas: environment and safety, technological innovation, supply chain, labor rights, governance and ethics, and corporate social responsibility. Since 2023, we have been publishing an annual sustainability report to disclose both financial and non-financial information to stakeholders, as well as to share our sustainability strategies and achievements. This report is the third sustainability report, and it comprehensively captures the ESG management performance for the year 2024.

Reporting Standards

This report has been prepared in accordance with the GRI (Global Reporting Initiative) Standards, the international sustainability reporting guidelines, and takes into account the UN SDGs (Sustainable Development Goals). It also reflects the disclosure guidelines of the SASB (Sustainability Accounting Standards Board) and TCFD (Task Force on Climate-related Financial Disclosures).

Reporting Boundary

This report covers HL Klemove (the parent company) and its consolidated subsidiaries. The reporting scope includes the headquarters (Songdo), the global R&D center (Pangyo), and overseas subsidiaries with total assets exceeding KRW 75 billion (China, India, Mexico). The U.S. subsidiary, which is primarily focused on research and development, is excluded from the scope of ESG data collection and management. Data with differing reporting scopes are clearly marked, and economic data is based on the K-IFRS consolidated financial statements.

Reporting Period

This report includes economic, social, and environmental performance and activities from January 1, 2024, to December 31, 2024, with some performance data also including information from the first half of 2025. Quantitative performance data includes figures from the last three years for trend analysis.

Assurance

To ensure the reliability and fairness of the information disclosed in this report, third-party assurance was conducted by BSI, an independent external organization with no conflicts of interest with HL Klemove. The assurance results can be found in the assurance statement section of this report (pages 115-117). The assurance of greenhouse gas emissions and energy consumption was conducted by LRQA (Lloyd’s Register Quality Assurance), an independent assurance body. Detailed assurance results are available in the third-party assurance statement and the greenhouse gas assurance report.

Reporting Cycle

Yearly

Reporting Date

May 2025

Management Information on the Corporate Website

ESG management-related data is disclosed transparently on the website (<https://hlklemove.com/eng/main.do>) on an annual basis. For further information on this report, please refer to our Annual Reports, Audit Report, and the Korea FSS electronic disclosure website.



COVER STORY

This image visualizes the vision of autonomous driving technology moving toward the future. It captures the journey toward a sustainable society, centered on innovative mobility solutions that shine even in challenging environments. HL Klemove is paving the way to a safer and brighter future through autonomous driving technology.






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Contents

Interactive PDF Reader Guide

The 2024 HL Klemove Sustainability Report was published as an interactive PDF, featuring functions such as internal navigation to related pages and direct links to relevant web pages.

-  Go to cover page
-  Go to table of contents
-  Print
-  Page down
-  Page up

4

INTRODUCTION

- 5 CEO Message
- 6 Company Overview
- 10 Business Portfolio

16

ESG STRATEGY

- 17 2024 ESG Highlight
- 18 ESG Management System
- 21 Double Materiality Assessment

27

SUSTAINABILITY AREAS

- 28 **Environment**
- 29 Environmental Management
- 31 Climate Change Response
- 35 Environmental Impact Management
- 38 Biodiversity (TNFD)

40 **Technological Innovation**

- 41 Technological Innovation
- 45 Quality Management

50 **Supply Chain**

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

58 **Labor Rights & Safety**

- 59 Labor
- 66 Human Rights
- 71 Health and Safety

75 **Governance & Ethics**

- 76 Governance
- 79 Ethics and Compliance Management
- 82 Information Security

86 **Corporate Social Responsibility**

- 87 CSR

92

APPENDIX

- 93 ESG Data
- 108 GRI Index
- 111 SASB/TCFD Index
- 112 UN SDGs
- 113 UN Global Compact
- 114 Awards and Associations
- 115 Independent Assurance Statement
- 118 GHG Assurance Statement



INTRODUCTION

CEO Message

Company Overview

Business Portfolio

ESG STRATEGY

SUSTAINABILITY AREAS

APPENDIX

INTRODUCTION

- 5 CEO Message
- 6 Company Overview
- 10 Business Portfolio

INTRODUCTION

CEO Message
Company Overview
Business Portfolio

ESG STRATEGY**SUSTAINABILITY AREAS****APPENDIX**

CEO Message



“Leading the Innovative Mobility Vision for a Sustainable Future.”

It is a great honor to share the progress we have made and the direction we are heading through HL Klemove’s third Sustainability Report. Even in the face of challenging and dynamic conditions, HL Klemove has remained steadfast in its commitment to technology and responsibility. This would not have been possible without the collective efforts of our customers and partners who have walked this path with us, and our employees, whose dedication continues to lead us forward.

Despite the prolonged structural uncertainties caused by geopolitical conflicts, protectionist policies, and the restructuring of global supply chains, autonomous driving technology continues to evolve, fueled by society’s expectations for the future of mobility. At present, the autonomous vehicle market is primarily focused on technologies ranging from Level 0 to Level 2+, and the scope of commercialization is expected to expand gradually as the technology matures. HL Klemove is responding to these practical market demands by concentrating its capabilities on products with strong commercial potential, while also pioneering innovations in areas such as End-to-End AI to prepare for full autonomy. Through this balanced approach, we aim to achieve sustainable growth.

At the center of our efforts are the L2+ highway driving system and the HPC-based autonomous parking controller. Recently, HL Klemove successfully secured an order for the mass production of the L2+ highway driving system, marking a significant turning point in the commercialization of autonomous driving technology. Additionally, since last year, we have been successfully mass producing the HPC-based autonomous parking controller, demonstrating further advancements in high-performance computing-based control technology. These two products are strategic achievements that symbolize HL Klemove’s technological competitiveness and market responsiveness.

In parallel, HL Klemove is advancing the development of key components, including radar, cameras, and ADCUs, while also focusing on X-Domain technology for the integration of IVI and ADAS. Notably, through our

strategic partnership with Harman, a global leader in infotainment, we are jointly developing a central computing platform to integrate autonomous driving and infotainment functionalities. This will serve as a critical enabler for the era of SDV (Software Defined Vehicles).

We have made significant progress in our global manufacturing capabilities. HL Klemove has established India’s first ADAS radar production line, targeting the high-growth potential of the Indian market, and has officially begun local production. In China, we have ramped up operations at our second Suzhou plant, proactively responding to local demand. Meanwhile, our subsidiary in Mexico has fully equipped its facilities and transitioned to full-scale operations across its entire product lineup. This global production network supports our competitiveness, enhancing both supply chain resilience and market responsiveness.

Our commitment to a sustainable future continues to progress steadily. Based on our roadmap to achieve carbon neutrality by 2050, we are driving the transition to renewable energy at each of our facilities and improving energy efficiency across all processes. Additionally, through LCA (Life Cycle Assessment), we are scientifically analyzing the environmental impact of our products. By participating in global CDP evaluations, we are continually enhancing the transparency and credibility of our ESG management.

Guided by our motto, ‘The most comfortable movement can be the safest moment.’ HL Klemove will continue to lead the sustainable evolution of future mobility through technological innovation and sustainability leadership.

May 2025
CEO, Pal-Joo Yoon

INTRODUCTION

- CEO Message
- Company Overview
- Business Portfolio

Company Overview

HL Klemove inherits the ‘Higher Life’ philosophy of Halla, aiming to provide greater value and better lives for customers, employees, and society. With this foundation, we have made new product research and development our top priority as we work to lead innovation in future mobility, while continuously strengthening our global competitiveness. We provide key hardware and software solutions for ADAS¹⁾ and autonomous driving to global automakers and suppliers, and we specialize in the design and manufacturing of core electronic systems for vehicle electrification. In addition, we are at the forefront of the SDV²⁾ trend, one of the most significant shifts in the automotive industry, and are committed to making autonomous driving more widely available and accessible to the broader public. Looking ahead, we will remain agile in responding to the rapid changes shaping the global mobility industry and strive to grow as a leading company that delivers breakthrough innovations.

Company Overview

Name of Company	HL Klemove Co., Ltd.
Date of Establishment	Nov. 26, 2008 ³⁾
CEO	Pal-Joo Yoon
Main Office	224, Harmony-ro, Yeonsu-gu, Incheon, Korea
Business Areas	Design, manufacturing, and sale of automotive parts

Key Figures

Countries	6
Bases	19
No. of employees	2,667
Total assets	KRW 1,170.5 billion
Capital	KRW 316.1 billion
Revenue	KRW 1,630.6 billion
Operating profit	KRW 49.0 billion
Credit rating	AA ⁻⁴⁾
Number of first-tier suppliers	162

*As of Dec. 2024

1) Advanced Driver Assistance System
2) Software Defined Vehicle
3) The integrated corporation was established on December 1, 2021
4) Based on HL Mando's joint corporate bonds

Heritage

HL Klemove

Higher Life

Elevated value and life for customers, employees, and society

Clever

Move

Agile and smart in responding to the uncertain and evolving future mobility industry while generating industry-leading results

Vision House

MISSION

BRINGING TOMORROW'S ROADS WITH SMART, SAFE AND SEAMLESS MOBILITY SOLUTIONS

BRAND TAGLINE

BRING A NEW ERA IN MOBILITY

VISION

THE MOST TRUSTED COMPANY IN INTELLIGENT MOBILITY

KEY BUSINESS AREA

Global Autonomous Driving Solution

Leader

Automotive Electronics

Provider

Cross Solution

Creator

CULTURE

PRO SPORTS TEAM

Growth

Professional

Agility

Teamwork

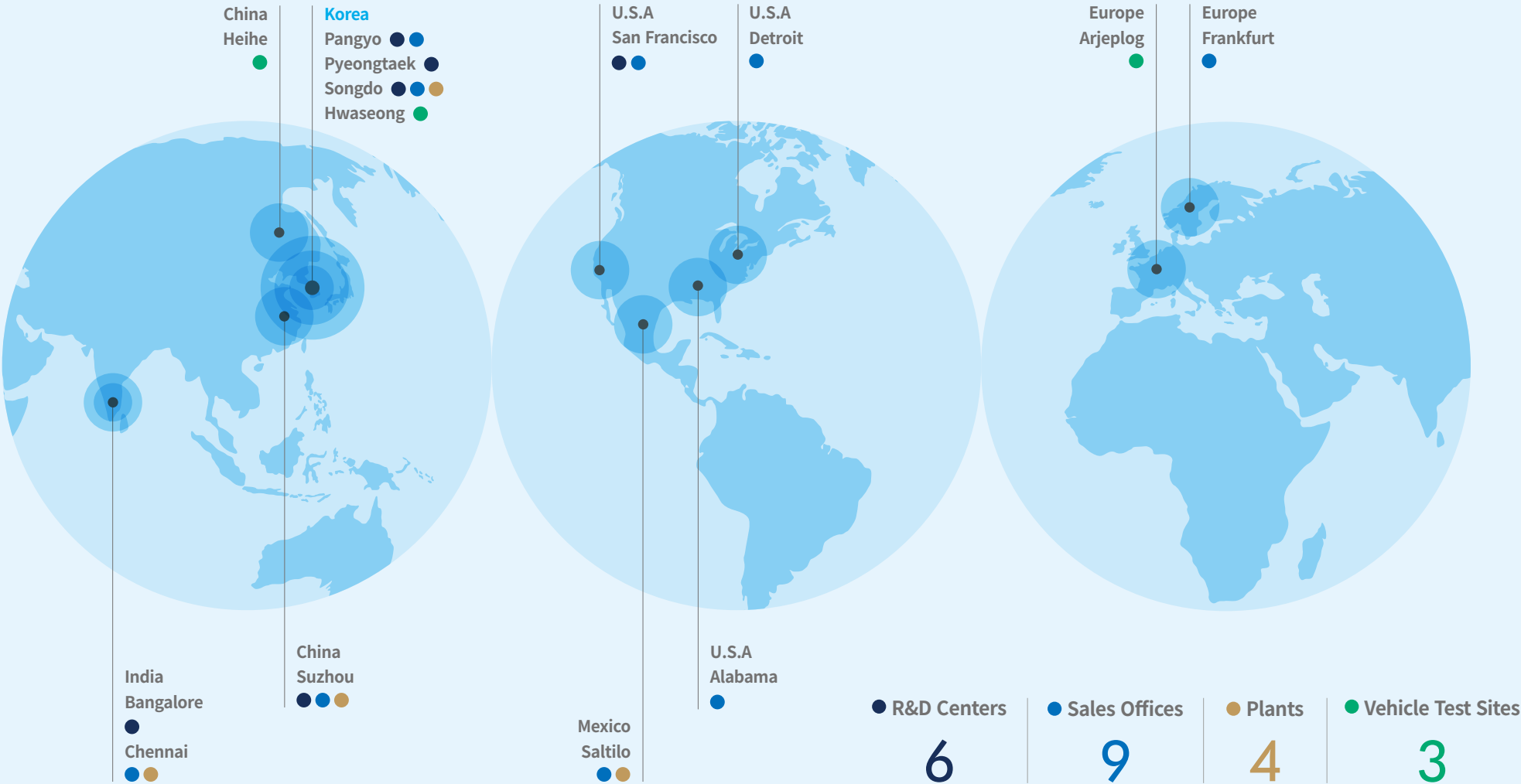
Humanity

INTRODUCTION

- CEO Message
- Company Overview
- Business Portfolio

Global Network

HL Klemove continues to expand its R&D and production footprint to enhance corporate value and drive global growth. Centered around our Pangyo R&D Center, we are developing innovative products using cutting-edge technologies while strengthening our sales and R&D networks in key international markets. As of 2024, we have established a global network spanning 19 sites across 6 countries, including 3 vehicle test sites. This enables us to develop and deliver customized products tailored to the unique needs of each region. Through this localization strategy, we aim to further strengthen our competitiveness in the global market.



Business Portfolio

1) AD : Autonomous Driving solutions
AE : Automotive Electronics solutions



INTRODUCTION

- CEO Message
- Company Overview
- Business Portfolio

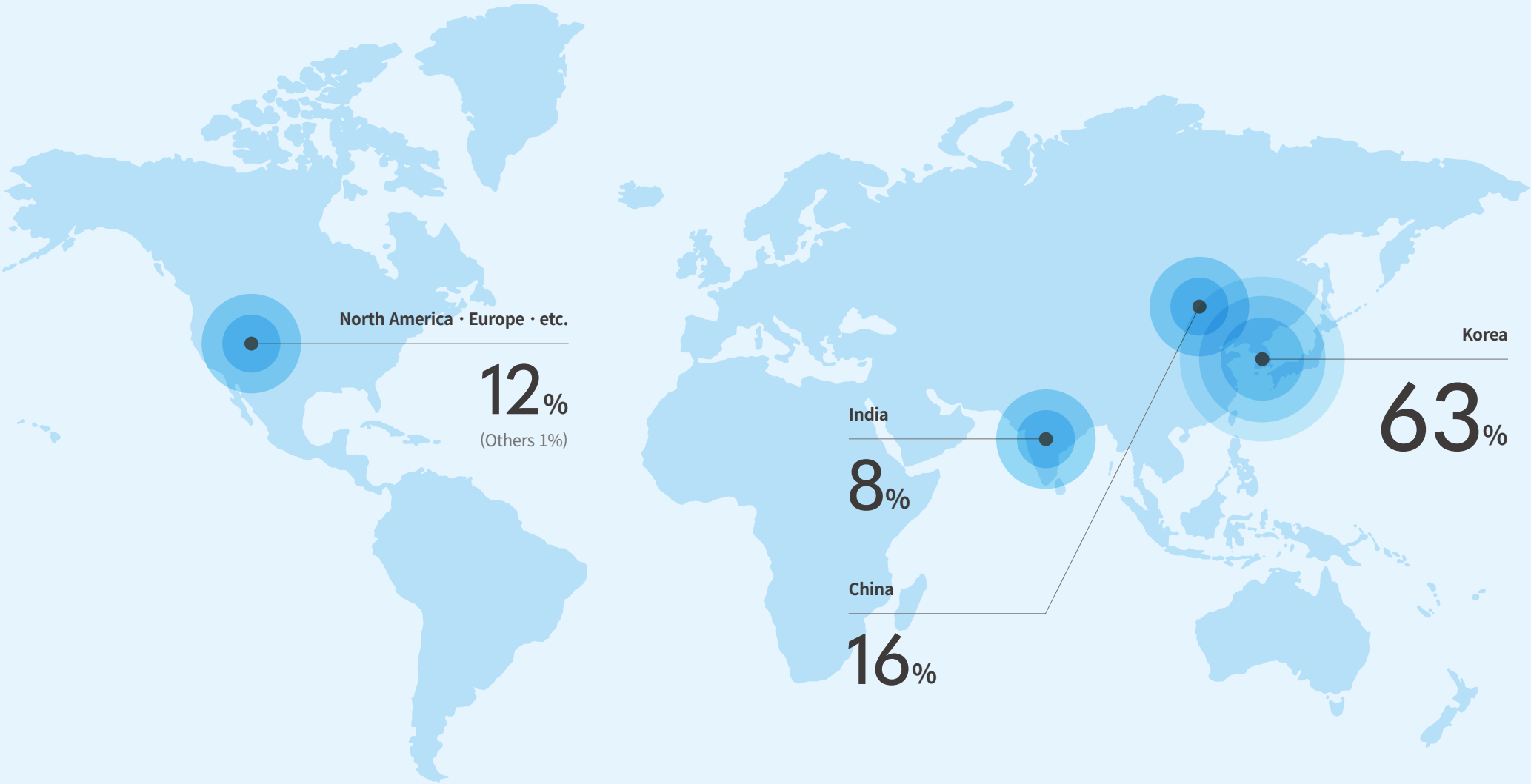
ESG STRATEGY

SUSTAINABILITY AREAS

APPENDIX

Key Customers and Markets

HL Klemove actively operates in major global markets, including Korea, North America, Europe, China, and India. Our primary customers are global automakers and automotive parts manufacturers. Notably, our top five clients account for approximately 88% of total sales, providing a stable revenue base. In the domestic market, products are delivered either directly or through module suppliers. For exports, we adopt a flexible approach depending on local market conditions, supplying directly through overseas subsidiaries or via local module suppliers.





INTRODUCTION

CEO Message

Company Overview

Business Portfolio

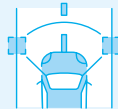
Business Portfolio

HL Klemove provides advanced core hardware and software solutions for ADAS¹⁾ and autonomous driving systems, and specializes in the design and manufacturing of essential automotive electronic components for vehicle electrification.

Key Business Areas

AUTONOMOUS DRIVING SOLUTIONS

- Radar (front, corner), LiDAR, camera
- Autonomous driving control unit (DCU, HPC, SW)
- Mass production of L2+ autonomous driving product
- Development of L3 and ASIL-D grade product



AUTOMOTIVE ELECTRONICS SOLUTIONS

- Braking and steering electronic control unit (ECU)
- Steering sensor (TOS/TAS)
- Acoustic vehicle alert system (AVAS)
- Development of ASIL-D rated steering sensor



Business Strategy

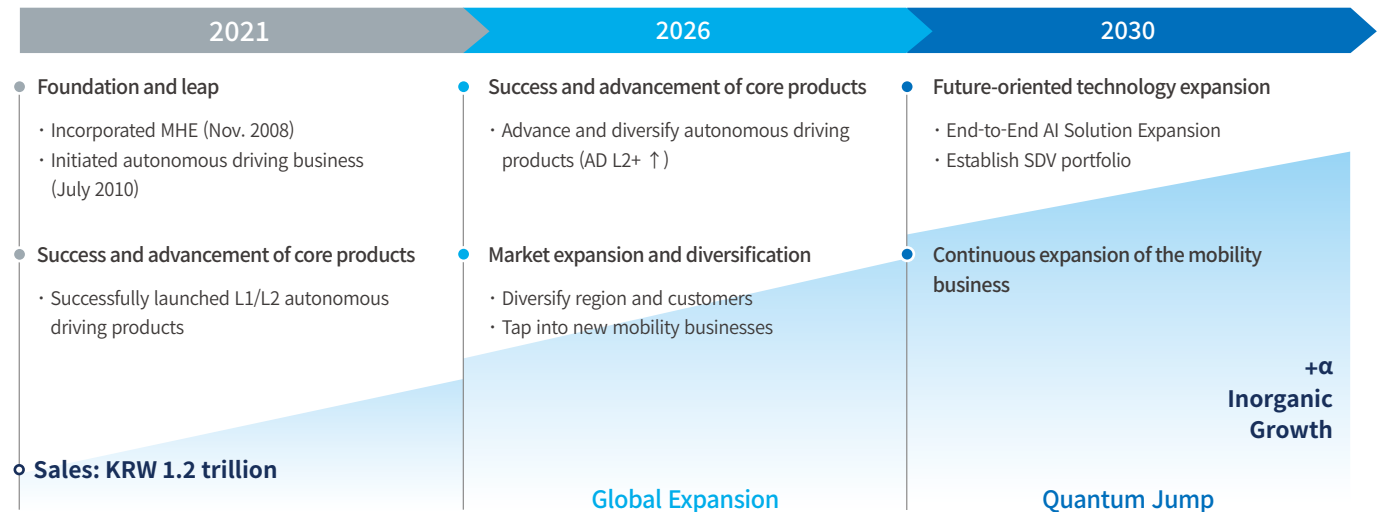
HL Klemove successfully launched Level 1 and Level 2 autonomous driving products in 2010 and has been reliably supplying them to customers both domestically and internationally. Since 2021, the company has been expanding its overseas research centers, focusing on developing locally customized products and strengthening efforts to secure a global customer base. In response to rising demand for Level 2+ products, we have continued to invest in R&D and technology development, resulting in a major contract win. Starting in 2024, we began full-scale mass production of autonomous parking controllers. At the same time, we are advancing our technological edge in autonomous driving by securing Level 3 capabilities. By delivering advanced solutions tailored for advanced autonomous driving in the era of SDV²⁾, HL Klemove is committed to becoming a global leader by driving innovation in autonomous driving and leveraging precise regional and customer data analysis.

1) Advanced Driver Assistance System

2) Software Defined Vehicle



Growth Roadmap





INTRODUCTION

CEO Message

Company Overview

Business Portfolio

AUTONOMOUS DRIVING SOLUTIONS

Accurate perception (Sense), rational judgment (Think), and safe control (Move)

These three principles are at the core of HL Klemove's vision for achieving fully autonomous mobility. HL Klemove is breaking down the boundaries between hardware and software, continuously expanding the limits of autonomous driving technology. Through ongoing research, development, and business expansion, we aim to accelerate the future of eco-friendly mobility and set new standards that provide a safe and comfortable experience for all.

Sense

The eyes for recognizing the safety of drivers and pedestrians first



Think

The brain for assessing the on-road situation for the safety of drivers and pedestrians



Move

The nervous system that controls according to the situation for the safety of drivers and pedestrians

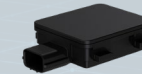


Main Products and Services

Hardware

Radar

Corner Radar



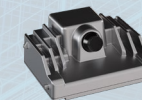
HL Klemove's next-generation corner radar is installed on the front and rear corners of the vehicle, achieving 360-degree omnidirectional detection through wide-angle sensing. By incorporating high-performance 3D antennas and One-Chip SoC technology, it delivers outstanding recognition performance. Compliant with the ECE R79 standard, the radar ensures high safety and reliability, enabling us to expand orders in the global market.

Front Radar



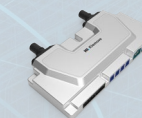
The advanced front radar precisely measures the distance, angle, speed, and height of objects, allowing it to detect even small objects on the road. Based on this data, it supports real-time evasive maneuver assistance. Using deep learning algorithms, it accurately identifies a variety of objects, including vehicles, pedestrians, and bicycles.

High-resolution Front Camera



The 8-megapixel high-resolution next-generation front camera offers a wide field of view up to 120 degrees, enabling it to detect various objects such as lane markings, traffic signs, vehicles, and pedestrians. It also assists in accident prevention through automatic emergency braking (AEB).

Autonomous Driving/Parking Control Unit



HL Klemove's advanced autonomous driving integrated controller realizes L2 to L4 level autonomous driving based on high-performance computing power and a safety software platform. By comprehensively analyzing data collected from various sensors (radar, camera, LiDAR, Ultrasound), it recognizes the vehicle's surrounding environment and makes real-time, accurate driving decisions, ensuring the safety of both drivers and pedestrians. The autonomous parking integrated controller utilizes a 360-degree surround-view camera system and ultrasonic sensors to precisely perceive the surrounding environment, providing advanced autonomous parking and parking assistance features.



INTRODUCTION

CEO Message
Company Overview
Business Portfolio

ESG STRATEGY

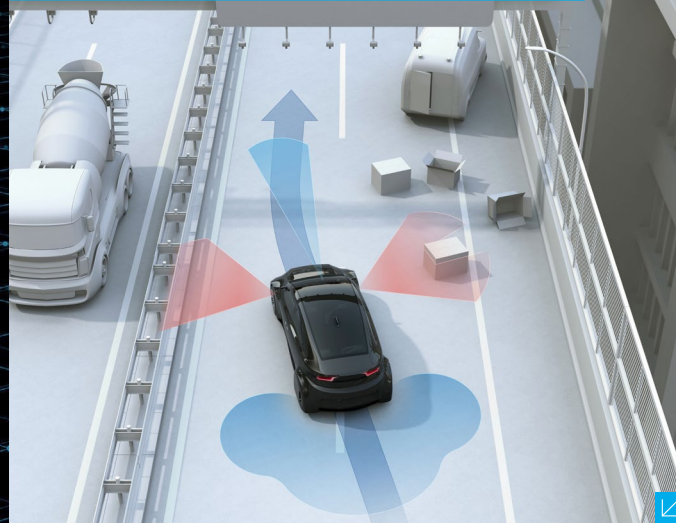
SUSTAINABILITY AREAS

APPENDIX

AUTONOMOUS DRIVING SOLUTIONS

Main Products and Services

Software



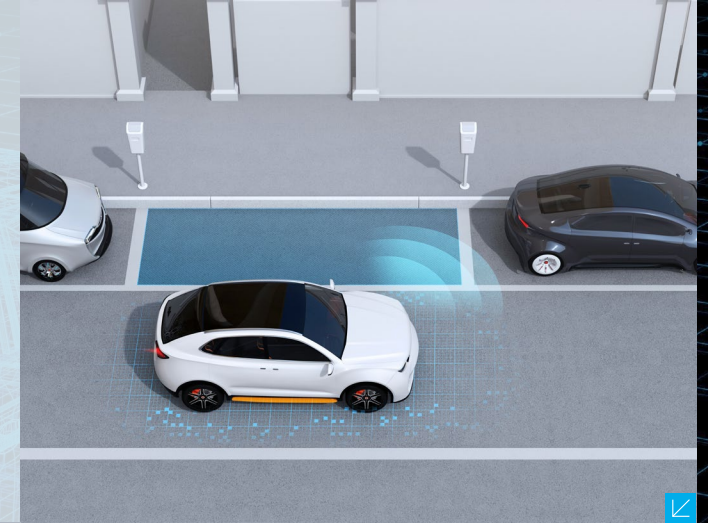
Convenience Solutions

We provide an autonomous driving solution system that enhances driver convenience. From electronic components corresponding to the human nervous system, to sensors that act like the eyes, and controllers that function like the brain, we offer an End-to-End autonomous driving solution.

Adaptive Cruise Control(ACC)

Highway Assist(HWA)

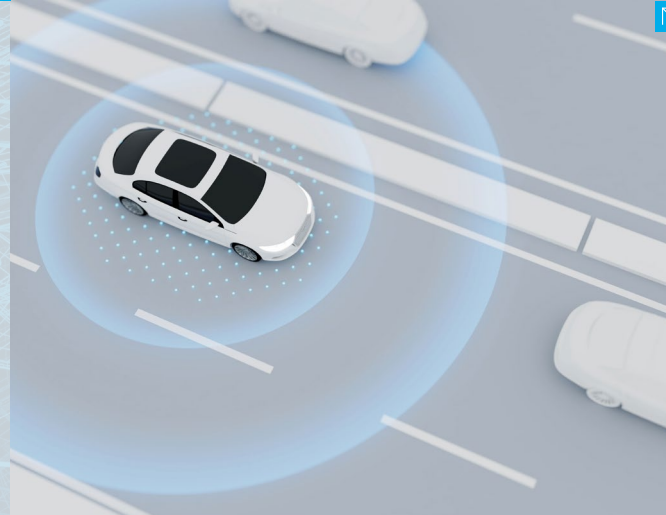
City Driving Assist(CDA)



Safety Solutions

We offer the next-level autonomous driving solution by enhancing active safety, allowing cars to maneuver safely to avoid collisions and alerting drivers to hazards when detected.

- Autonomous Emergency Braking & Steering
- Speed Assist System
- Lateral Support System



Autonomous Parking Solutions

We make parking easier. Through the development of various parking solutions, we are leading efforts to reduce safety issues and the number of accidents during parking.

Surround View Monitoring

Rear-Autonomous Braking

Remote Parking Assist



INTRODUCTION

CEO Message

Company Overview

Business Portfolio

ESG STRATEGY

SUSTAINABILITY AREAS

APPENDIX

AUTOMOTIVE ELECTRONICS SOLUTIONS

Automakers continue to strive to improve the efficiency of internal combustion engines and develop electric vehicles to support the transition to a low-carbon socioeconomic structure. Accordingly, demand in the vehicle electronic parts market is expanding for products that minimize their environmental impact. HL Klemove provides electronic sensors and fuel supply systems for eco-friendly vehicles, along with vehicle notification systems for enhanced pedestrian safety. With the expertise and reliability we have developed in the autonomous driving parts sector, we aim to offer the most advanced electronic solutions.

Acoustic Vehicle Alert System

To address the issue where pedestrians have difficulty recognizing the approach of electric vehicles due to their low noise, we have developed and implemented a virtual engine sound system to enhance pedestrian safety.

Satisfaction of regulations on low-noise vehicles

Customized sound algorithm

Dynamic sound for low-noise vehicles

Torque Only Sensor

To ensure a safe driving environment, the system detects the torsional deformation to precisely measure steering torque, accurately reflecting the driver's intent.

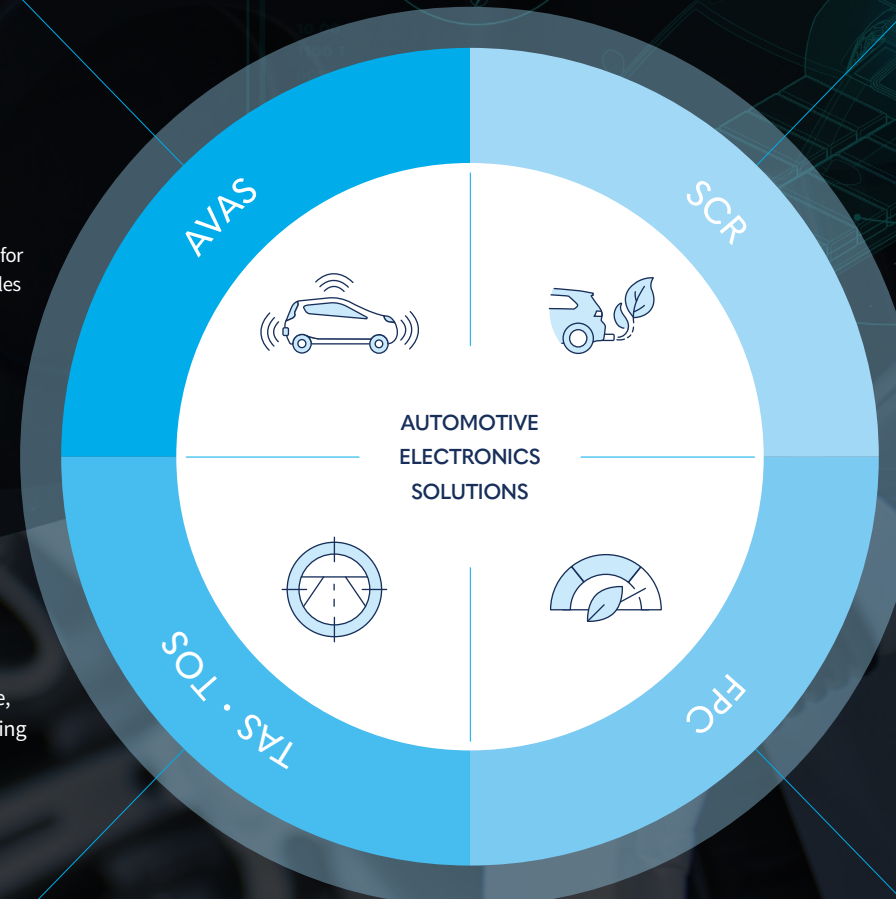
Torque & Angle Sensor

To optimize steering control, this sensor detects steering force, rotation direction, and angle, and provides the absolute steering position even after the vehicle is restarted.

High angle accuracy and reliability

Fully duplex system

Satisfaction of specifications



Selective Catalytic Reduction Controller

Selective Catalytic Reduction controllers reduce the emission of nitrogen oxides by injecting urea into the emitted exhaust gases to induce a chemical reaction for selective reduction.

Reduction of nitrogen oxide emissions from diesel exhaust gases

Compliance with global environmental regulations

Safe driving through real-time exhaust performance diagnosis

Fuel Pump Controller

Our fuel pump controller supplies the prescribed amount of fuel for various driving conditions to the engine through the control of fuel pressure, whereas conventional fuel pump systems only generate a fixed level of fuel pressure regardless of operating conditions. This ultimately contributes to reducing CO₂ emissions and improving fuel efficiency.

Improvement of fuel efficiency

Reduction of CO₂ emissions

Stable fuel supply even in the diverse situations

INTRODUCTION

CEO Message

Company Overview

Business Portfolio

ESG STRATEGY

SUSTAINABILITY AREAS

APPENDIX

BUSINESS DIVERSIFICATION STRATEGY

SDV¹⁾ Leadership

HL Klemove is focusing on the implementation of SDV technology to secure a leading position in the global mobility market. SDVs enable vehicle performance to be controlled through software, allowing continuous improvements via over-the-air updates, ensuring vehicles are always equipped with the most up-to-date technologies.

- **Scalability** HL Klemove provides full-stack total solutions for all stages of L2, L2+, L3 and L4 autonomous driving. We also support various options such as combinations of Front Radar and Camera, Corner Radar and Camera, and HPC depending on the vehicle class, from Entry (basic) to Premium (advanced).
- **Flexibility** We offer customized solutions tailored to customer needs, serving as a full solution provider, hardware/software platform provider, integrator, EMS²⁾ provider, and Saas³⁾ partner.
- **Agility** We possess the capabilities to comply with the latest automotive technology standards and regulations, including NCAP, NHTSA, and A-SPICE. In addition, our R&D centers located in Korea, China, India, and North America strengthen our global development capabilities.

- 1) Software Defined Vehicle
- 2) Electronics Manufacturing Services
- 3) Software as a Product
- 4) Urban Air Mobility

Diverse Mobility

We are leveraging technologies such as camera, radar, and HPC (High-Performance Computing) to power a wide range of mobility products, including robots, ships, and UAM⁴⁾. In terms of consumer devices, we are also driving our healthcare business, including Beetle+, a handheld radar.

Future Service

Beyond the realm of existing sensors, we are developing various sensors to improve the safety of drivers and pedestrians. For instance, the 'Tire Sync,' which won the CES 2024 Innovation Award, is designed to recognize tire wear, temperature, vehicle load, and road conditions. It will detect road hazards such as black ice and potholes, contributing to accident prevention.

Partnership with HARMAN for SDV Innovation

At CES 2025, HL Klemove announced a strategic partnership with HARMAN to drive innovation in SDVs. The collaboration focuses on integrating in-vehicle infotainment systems with autonomous driving technologies. HL Klemove aims to enable smarter vehicle operations by combining its autonomous driving systems with advanced infotainment solutions, continuously enhancing the overall user experience. Through this partnership, HL Klemove is positioning itself as a key global leader in the fields of autonomous driving and automotive infotainment.



INTRODUCTION

- CEO Message
- Company Overview
- Business Portfolio

ESG STRATEGY

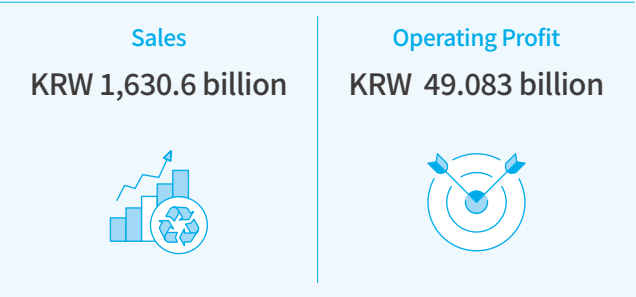
SUSTAINABILITY AREAS

APPENDIX

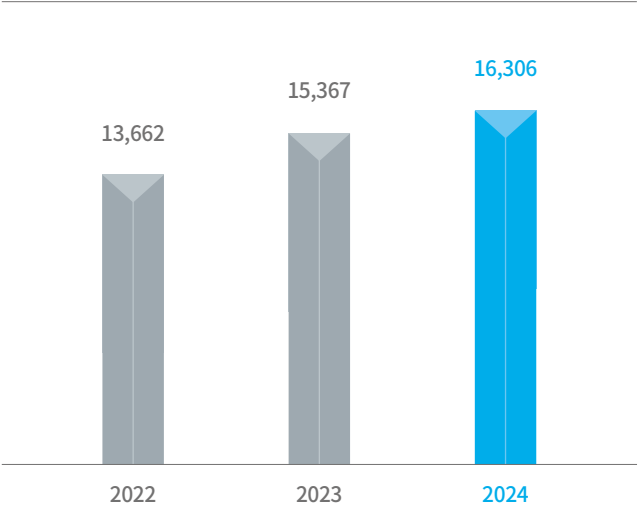
Financial Performance

HL Klemove continues to maintain a stable growth trajectory through continuous market expansion and product competitiveness. In 2024, we recorded total revenue of KRW 1.63 trillion. Additionally, we achieved a five-year compound annual growth rate (CAGR) of approximately 24% with an operating profit of 49.08 billion.

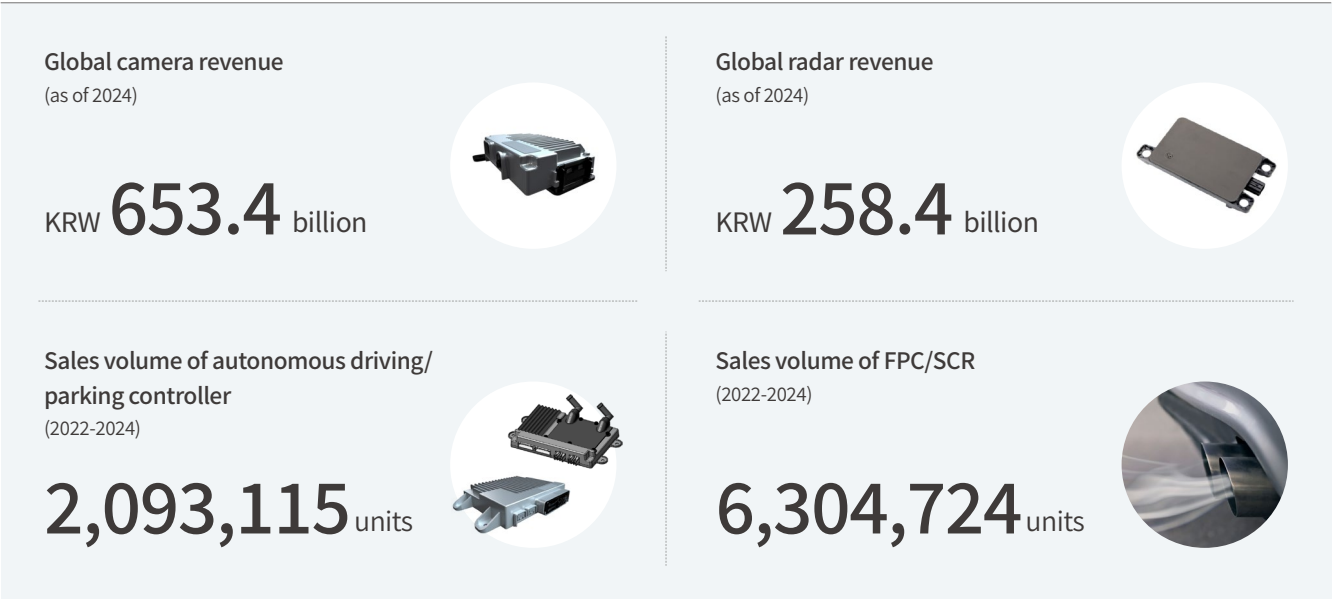
Financial Performance in 2024



HL Klemove’s Sales by Year (Unit: KRW 100 million)



Product Sales Revenue and Volume



Regional Sales Revenue (2022–2024)

Category		Unit	2022	2023	2024
By region	Korea	KRW 100 million	10,501	12,438	11,822
	China	KRW 100 million	2,548	2,658	2,997
	America	KRW 100 million	627	608	2,199
	India	KRW 100 million	1,068	1,382	1,556
	Others	KRW 100 million	12	45	134
Subtotal		KRW 100 million	14,757	17,130	18,708
Eliminated internal transactions		KRW 100 million	1,095	1,763	2,402
Consolidated revenue		KRW 100 million	13,662	15,367	16,306



INTRODUCTION

ESG STRATEGY

2024 ESG Highlight

ESG Management System

Double Materiality Assessment

SUSTAINABILITY AREAS

APPENDIX

ESG STRATEGY


- 17 2024 ESG Highlight
- 18 ESG Management System
- 21 Double Materiality Assessment

2024 ESG Highlight

Response to Climate Change

Renewable energy usage rate 6%

We have expanded the share of renewable energy usage to 6%, enhancing energy efficiency and laying the foundation to achieve our carbon emission reduction goals.




*Based on global operations

Research on Eco-friendly Products

Expanded the number of products subject to LCA to 13

By expanding the number of products evaluated through LCA (Life Cycle Assessment) to 13 (a 130% increase compared to the previous year), we are systematically managing their environmental impacts.




*Including order response evaluation, based on OEM response completion

Technology Innovation

Won the CES Innovation Award for 2 consecutive years

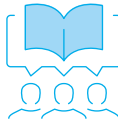
At CES 2025, the portable obstacle detection radar 'Beetle+' and the wildlife deterrent device 'AgriShiled' with vision AI were awarded the Innovation Award, marking the second consecutive year of winning the CES Innovation Award.



Supply Chain Management

Supported the level-up of 48 suppliers

Through the 'Level-up' program for our partners, we have enhanced ESG performance. The initiative has helped build a sustainable supply chain and strengthened the ESG capabilities of our partners.




*Based on domestic operations

Spreading DEI Culture

Expanded the diversity of foreign and female workforce


We have expanded workforce diversity and corporate inclusivity through campus recruiting and internship programs at women's universities, as well as by increasing the hiring of international students.



CSR Activities

1,581 volunteer hours by employees

In 2024, we contributed to solving social issues in the local community and creating social value through a total of 1,581 hours of employee volunteer participation.




*Based on global operations

ESG Report

Won the Gold Award at the LACP Vision Awards in the U.S.


In September 2024, we received Gold Awards in two categories- 'Sustainability Management Report' and 'ESG Report-at the LACP Vision Awards, with participation from over 1,000 institutions worldwide.



Participation in Global Initiative

Participated in CDP

We participated in the CDP (Carbon Disclosure Project) for the first time, enhancing the transparency of our environmental management, including climate change response and water resource management.



ESG Management System

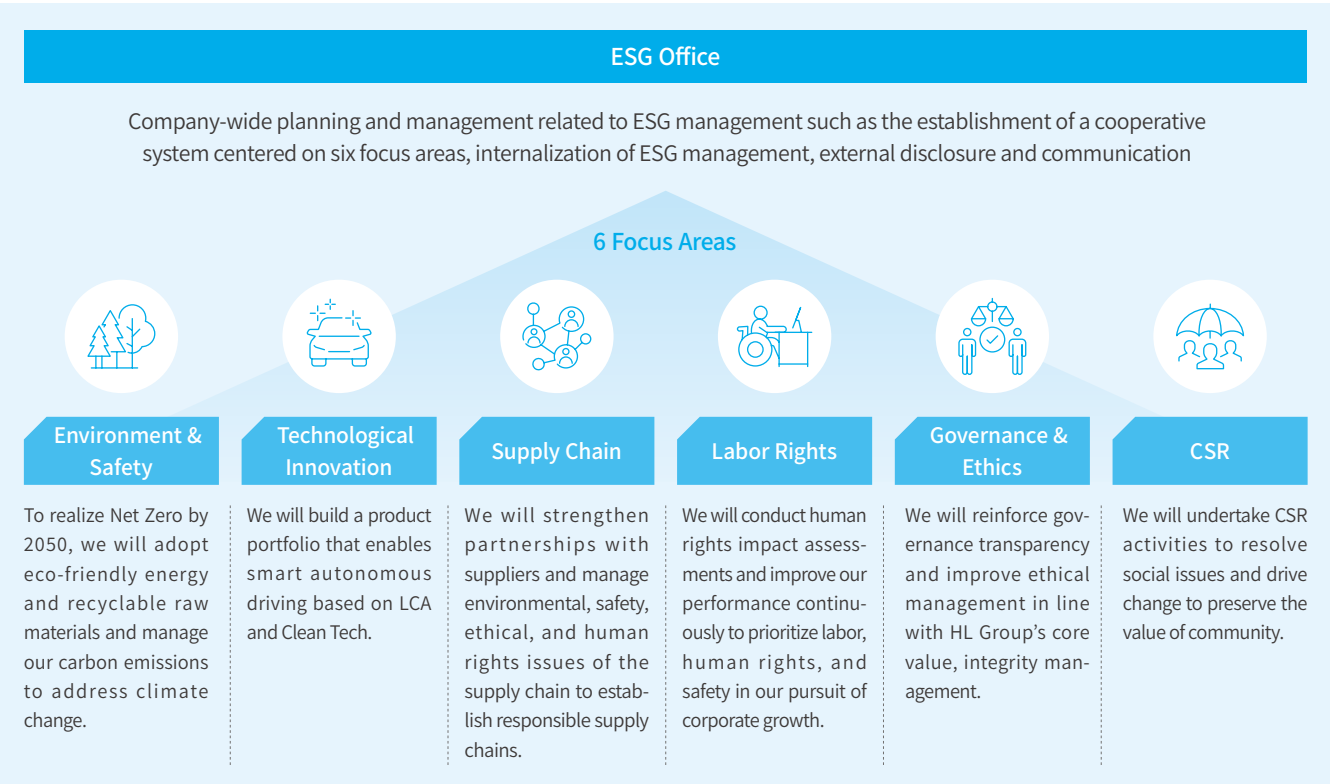
ESG Governance

HL Klemove is driving company-wide ESG management through an ESG Secretariat led by the CEO and six key organizational areas. To this end, global champions have been appointed for each area, including Environment & Safety, Technological Innovation, Supply Chain Management, Labor & Human Rights, Governance & Ethics, and Corporate Social Responsibility. Quarterly champion ESG Champion Meetings and monthly working-level consultations are held to monitor ESG risks and develop improvement measures. Additionally, biannual board reports strengthen C-level management and oversight, and monthly group meetings with the parent company, HL Mando, further enhance collaboration and the advancement of ESG management.

ESG Agenda

Date of the Board Meeting	Agenda	Report/Resolution
2024.04.26.	Report on the status and plans for promoting ESG sustainable management	Report
2024.10.29.	Report on the status and plans for promoting HKL sustainable management	Report
	Approval of the 2025 Safety and Health Plan	Approved

Responsibility and Role of Each Department



ESG Management System

ESG Strategy

ESG Implementation Strategy

In the face of rapid changes in the external environment such as climate change, shift in industrial structures, and increasing responsibility across the supply chain, HL Klemove views ESG management as a key priority for securing future competitiveness. To address this, we have developed an ESG strategy that integrates environmental responsibility, social value, and ethical business practices, embedding these principles throughout our operations. Each initiative is designed to respond to environmental, social, and governance issues in a connected and holistic manner. Through this approach, we are building a sustainable mobility ecosystem and striving to become a company that aligns with global standards of ESG excellence.

ESG Vision

Leading a new era of mobility with sustainable connections

ESG Strategic Direction



Strategic Initiative

Eco-friendly product development and innovation in safe mobility technologies	Supply chain ESG due diligence and partner performance improvement	Carbon Neutrality and Community Contribution
<ul style="list-style-type: none">Perform LCA¹⁾ and develop eco-friendly products to reduce the environmental impactStrengthen autonomous driving safety technology and develop technology considering the transportation disadvantaged	<ul style="list-style-type: none">Conduct supply chain assessment, including ESG due diligence, for major suppliersOperate the supplier performance improvement support program	<ul style="list-style-type: none">Establish a net zero roadmap and expand the use of renewable energyStrengthen community participation through social contribution activities

1) Life Cycle Assessment

Global Initiatives

To realize its commitment to ESG management, HL Klemove supports a variety of global initiatives that align with international standards. These efforts enhance the company's environmental responsibility, social contribution, and governance transparency. Based on this foundation, HL Klemove is pursuing sustainable growth and creating long-term corporate value.



TCFD(Task Force on Climate-Related Financial Disclosure)
We are transparently disclosing climate-related financial information based on the TCFD recommendations. This allows us to analyze climate risks and opportunities and to develop strategies that strengthen our response to climate change.



CDP(Carbon Disclosure Project)
HL Klemove participates in the CDP to transparently disclose our environmental management performance, including greenhouse gas emissions, energy consumption, and water resource management. Through this, the company fulfills its environmental responsibilities and strives to achieve sustainable management.



UN SDGs(United Nations Sustainable Development Goals)
We are contributing to the realization of the UN's 17 Sustainable Development Goals (SDGs), and we are particularly strengthening our corporate activities with a focus on environmental sustainability and social inclusion.



UNGC(United Nations Global Compact)
We support the 10 principles of the UN Global Compact (UNGC) and rigorously adhere to the principles of human rights protection, labor rights guarantee, environmental protection, and anti-corruption in our corporate activities.



K-EV100
We actively support the Korean-style electric vehicle transition initiative, K-EV100, and are promoting the electrification of transportation.

INTRODUCTION

ESG STRATEGY

2024 ESG Highlight
ESG Management System
Double Materiality Assessment

SUSTAINABILITY AREAS

APPENDIX

ESG Management System

ESG Journey

The inaugural year of ESG management

2022. 01.
Established the ESG Office

2022. 01.
Established the human rights policy and implemented human rights impact assessment

2022. 02.
Established six key ESG divisions

2022. 04.
K-EV100 approval

2022. 05.
Obtained ISO 27001 certification

2022. 11.
Conducted pilot ESG assessment for 5 companies in the supply chain

The full-scale implementation of ESG practices

2023. 01~06.
Organized and pilot-operated the LCA TFT

2023. 03.
Established the ESG KPI

2023. 05.
Joined the UNGC

2023. 06.
Published the first sustainability report (FY 2022)

2023. 08.
Established environmental policy and tax policy

Internalization and Advancement of ESG Management

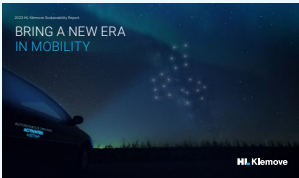
2024. 02~12.
Standardization of ESG disclosure data through strengthened collaboration with HL Mando

2024. 06.
Published the second sustainability report (FY 2023)

2024. 07~11.
Responded to external ESG evaluations (CDP, Ecovadis)

2024. 10.
Expanded the supply chain ESG assessment

2024. 12.
Declared net zero and established a road map



ESG STRATEGY

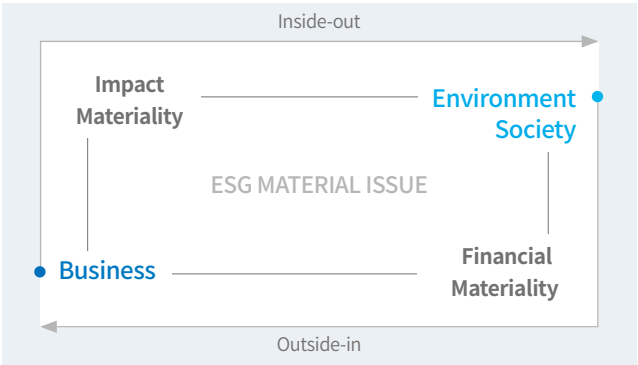
2024 ESG Highlight

ESG Management System

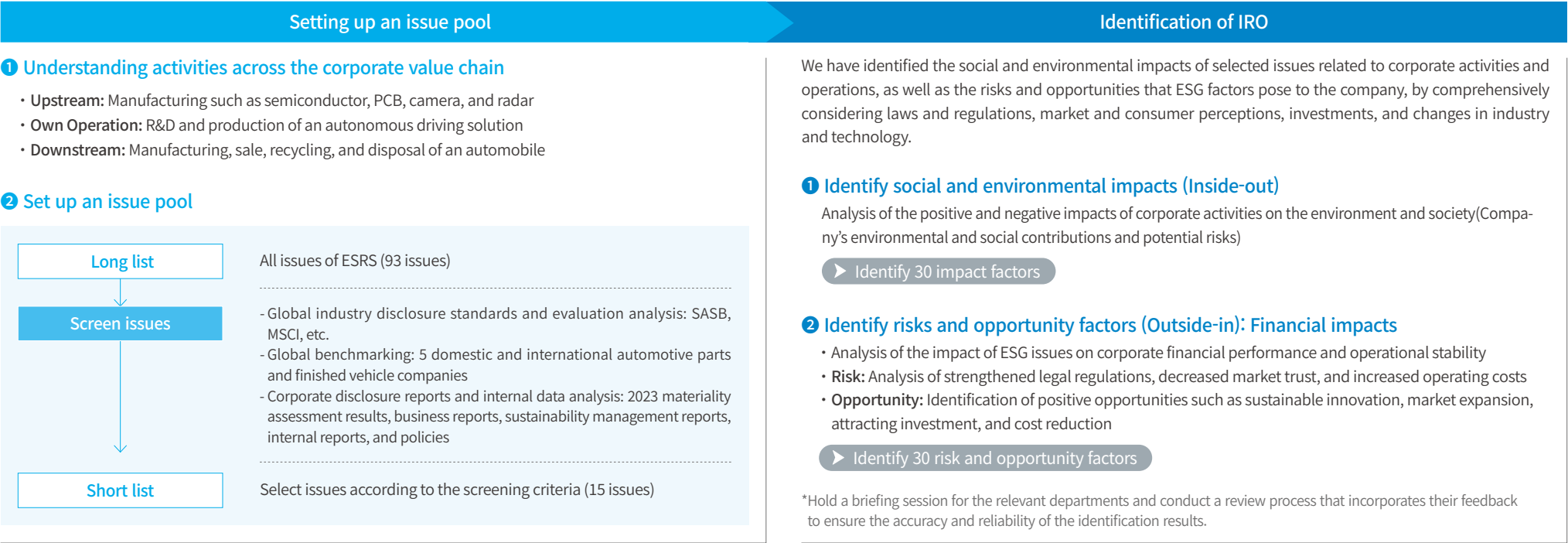
Double Materiality Assessment

Double Materiality Assessment

HL Klemove has established an assessment methodology aligned with the European Sustainability Reporting Standards (ESRS) and applied corresponding procedures to conduct a double materiality assessment on key environmental, social, and governance (ESG) topics. Double materiality is a holistic approach that evaluates both impact materiality effects of business activities on the environment and society and financial materiality, which considers how ESG factors influence the company’s financial performance and operational resilience. This assessment was conducted in accordance with the ESRS guidelines and issue pool to identify HL Klemove’s material ESG topics. It involved analyzing the environmental and social impacts(Impact) as well as the financial risks and opportunities(Risk & Opportunity) associated with each topic. During the IRO (impact, Risk, & Opportunity) identification and evaluation phase, we actively gathered input from internal and external stakeholders to ensure diverse perspectives were reflected and to enhance the credibility of the assessment. The identified material issues were prioritized based on their significance and have been integrated into the company’s strategic decision-making processes and disclosed in this sustainability report.



Double Materiality Assessment Process



We have identified the social and environmental impacts of selected issues related to corporate activities and operations, as well as the risks and opportunities that ESG factors pose to the company, by comprehensively considering laws and regulations, market and consumer perceptions, investments, and changes in industry and technology.

1 Identify social and environmental impacts (Inside-out)

Analysis of the positive and negative impacts of corporate activities on the environment and society(Compa-ny’s environmental and social contributions and potential risks)

▶ Identify 30 impact factors

2 Identify risks and opportunity factors (Outside-in): Financial impacts

- Analysis of the impact of ESG issues on corporate financial performance and operational stability
- **Risk:** Analysis of strengthened legal regulations, decreased market trust, and increased operating costs
- **Opportunity:** Identification of positive opportunities such as sustainable innovation, market expansion, attracting investment, and cost reduction

▶ Identify 30 risk and opportunity factors

*Hold a briefing session for the relevant departments and conduct a review process that incorporates their feedback to ensure the accuracy and reliability of the identification results.

ESG STRATEGY

2024 ESG Highlight

ESG Management System

Double Materiality Assessment

Double Materiality Assessment

Double Materiality Assessment Process



We assessed the environmental, social, and financial materiality of each issue by comprehensively considering both the likelihood of occurrence and the potential impact. To ensure reliability and objectivity, relevant department representatives and external experts participated, and a quantitative assessment was conducted based on the ESRS guidelines. The key elements are the likelihood of occurrence, the magnitude, scope, and severity of the impact. Through this approach, we analyzed how ESG issues may affect both the company and its stakeholders.

1 Assessment Participants

ESG supervising department, IRO related departments, external stakeholders and experts

2 Assessment

Financial Materiality Assessment

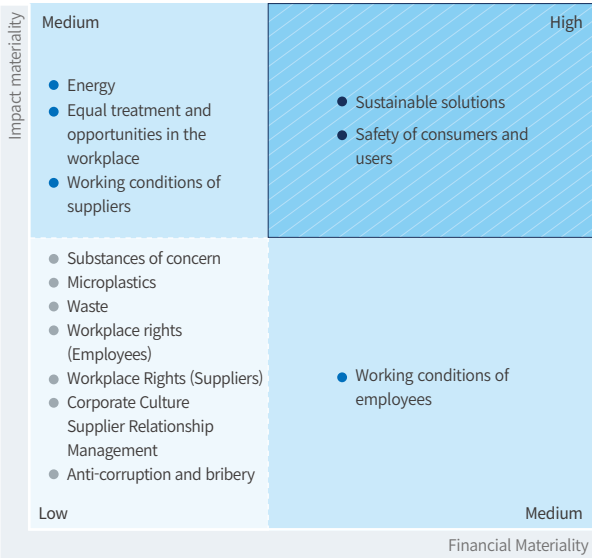
Likelihood of occurrence	Magnitude/Scope	Severity
The probability of a risk or opportunity arising (short-term/ mid-term/long-term*)	The extent of the impact of the risk or opportunity on the company	The severity (only applicable to risks) if ESG issues lead to financial losses

Impact Materiality Assessment

Likelihood of occurrence	Magnitude/Scope	Irremediability
The likelihood that the impact of corporate activities on society and the environment will occur. (short-term/mid-term/long-term*)	The extent to which the company's activities related to the issue impact external society/environment	The extent to which the negative impact is at an irremediable level (only applicable to negative impacts)

*Short-term: Within 1 year, Mid-term: 2 years to less than 5 years, Long-term: 5 years or more

Materiality Assessment Matrix



*By conducting the materiality assessment based on the ESRS issue pool, Certain issue names were revised, and additional material issues were selected to reflect regulations related to the mobility industry and requirements within the global supply chain.

Changes in material issues from the previous year

2024 ESG material Issues	Changes from 2023
● Sustainable solutions	Same as last year
● Energy	
● Working conditions of employees	
● Equal treatment and opportunities in the workplace	
● Working conditions of suppliers	New addition
● Safety of consumers and users	

Using a 2x2 matrix based on financial materiality and impact materiality, we systematically classified and prioritized the material ESG issues of the company. To achieve this, we set a threshold, and if the evaluated IRO scored above the threshold in either of the two aspects of materiality, it was selected as a final material issue.

Social and environmental impact

Applied threshold to 30 issues for assessment

➤ Six IRO items were identified

Financial impact

Applied threshold to 30 issues for assessment

➤ Three IRO items were identified

ESG STRATEGY

2024 ESG Highlight

ESG Management System

Double Materiality Assessment







Double Materiality Assessment

IRO by 2024 Material Issues

HL Klemove develops strategic response measures through a comprehensive analysis of major issues and actively reflects them in corporate management activities. By closely identifying where each key IRO factor arises within the value chain, the company formulates timely and appropriate strategies that align with each issue’s point of occurrence, aiming to drive sustainable growth and maximize corporate value. Each response strategy is supported by clear objectives and actionable plans, ensuring that initiatives are not only well-defined but also result in tangible outcomes.

Environment

I Impact R Risk O Opportunity

Issue	Main IRO		Materiality (5-point scale)		Period of occurrence ¹⁾	Position in value chain	Policy	Response Strategy	Metrics and Targets ²⁾	Page in the Report
	Category	Factor	Likelihood of occurrence	Impact						
 Sustainable Solutions	O	Expansion of autonomous driving and eco-friendly mobility markets due to stricter GHG and air pollutant regulations.	4.14	4.29	Mid-term	Own Operations, Downstream	Environmental Policy 	<ul style="list-style-type: none">• Advancement of Electrification and Autonomous Driving Solutions<ul style="list-style-type: none">- Enhancement of high-efficiency electrification technology- AI-based driving optimization (predictive energy management system)• GHG reduction leveraging policy incentives<ul style="list-style-type: none">- Expansion of low-carbon materials and local production	<ul style="list-style-type: none">• Number of completed Simplified LCA programs among all programs for the current year<ul style="list-style-type: none">- 2024 performance: 13 completed	44p
	I	GHG emission reduction and environmental impact mitigation through contributions to the eco-friendly mobility market.	4.0	3.8	Mid-term	Own Operations, Downstream	Growth Roadmap 	<ul style="list-style-type: none">• Strengthening leadership in SCR and sustainable mobility technologies<ul style="list-style-type: none">- Promotion of high-efficiency SCR systems and dual strategy of electrification and hybridization	<ul style="list-style-type: none">- Long-term and mid-term goal: Continuously expand according to customer demands.	33p
 Energy	I	Joining K-EV100 by 2030, transitioning to renewable energy, and improving energy efficiency contribute to mitigating climate change and achieving national NDC goals.	3.6	3.0	Mid-term	Own Operations	Environmental Policy  Carbon Neutrality Roadmap 	<ul style="list-style-type: none">• Transition to renewable energy and improvement of energy efficiency<ul style="list-style-type: none">- Expanding the purchase of renewable energy through PPA contracts and producing renewable energy in-house (such as solar power)- Introduction of energy efficiency technologies and setting energy reduction targets• Establishment and implementation of a roadmap for achieving net zero goals<ul style="list-style-type: none">- Joining K-EV100 and accelerating the transition to electric vehicles EV100- Carbon emission monitoring and setting reduction targets by site	<ul style="list-style-type: none">• Proportion<ul style="list-style-type: none">- 2024 performance: 6%- 2030 Target: 72.5%	31-34p

1) Short-term: Within 1 year, Mid-term: 2 years to less than 5 years, Long-term: 5 years or more

2) Based on global operations; separate criteria are indicated.

ESG STRATEGY

2024 ESG Highlight

ESG Management System

Double Materiality Assessment

Double Materiality Assessment

IRO by 2024 Material Issues

Social

I Impact R Risk O Opportunity

Issue	Main IRO		Materiality (5-point scale)		Period of occurrence ¹⁾	Position in value chain	Policy	Response Strategy	Metrics and Targets ²⁾	Page in the Report
	Category	Factor	Likelihood of occurrence	Impact						
 Working conditions of employees	R	Increased cost pressure due to the strengthening of labor-related laws such as work hour restrictions, minimum wage increases, and enhanced industrial safety regulations	3.0	3.43	Long-term	Own Operations	Occupational Health and Safety Management Policy ⓘ Human Rights Management Declaration ⓘ	<ul style="list-style-type: none">• Optimization of working hours and wage management<ul style="list-style-type: none">- Introduction of flexible working hours and performance-based compensation- Retaining talent through a competitive compensation system• Strengthening industrial safety and regulatory compliance<ul style="list-style-type: none">- Establishing safety management systems and enhancing industrial safety training	<ul style="list-style-type: none">• Proportion of employees applying flexible work arrangements<ul style="list-style-type: none">- 2025 Target: 38%- 2030 Target : 40%• Employee safety training participation rate<ul style="list-style-type: none">- 2025 Target: 100%- 2030 Target : 100%	64, 71-74p
 Equal treatment and opportunity in the workplace	I	Contribution to the development of a society without prejudice by implementing inclusive programs such as hiring IT personnel with disabilities and operating sports teams for athletes with disabilities	3.8	3.0	Mid-term	Own Operations	Code of Conduct for Employees ⓘ	<ul style="list-style-type: none">• Expanding employment opportunities for people with disabilities and providing job-specific support<ul style="list-style-type: none">- Hiring considering the characteristics and capabilities of people with disabilities- Providing education and support necessary for the job performance of people with disabilities• Operation of sports teams for people with disabilities and strengthening social responsibility<ul style="list-style-type: none">- Support for sports activities tailored to various types of disabilities	<ul style="list-style-type: none">• Expanding the employment rate of people with disabilities in the IT sector<ul style="list-style-type: none">- 2030 Target : 6 people• Number of disabled sports team members<ul style="list-style-type: none">- 2030 Target : 16 people	69-70p
	I	Providing fair career development opportunities and addressing career polarization through employee competency training	4.0	3.0	Mid-term	Own Operations		<ul style="list-style-type: none">• Expansion of competency-based education programs<ul style="list-style-type: none">- Designing customized training programs by job role and level- Establishing a career development roadmap to set a self-directed path• Strengthening digital competencies and fostering a culture of continuous learning<ul style="list-style-type: none">- Introduction of an online education platform- Providing educational content tailored to the latest technologies and trends	<ul style="list-style-type: none">• Employee training participation time per person (hours)<ul style="list-style-type: none">- 2030 Target : 24 hours	61-63p

1) Short-term: Within 1 year, Mid-term: 2 years to less than 5 years, Long-term: 5 years or more

2) Based on global operations; separate criteria are indicated.

ESG STRATEGY

2024 ESG Highlight

ESG Management System






Double Materiality Assessment

Double Materiality Assessment

IRO by 2024 Material Issues

Social

I Impact R Risk O Opportunity

Issue	Main IRO		Materiality (5-point scale)		Period of occurrence ¹⁾	Position in value chain	Policy	Response Strategy	Metrics and Targets ²⁾	Page in the Report
	Category	Factor	Likelihood of occurrence	Impact						
 Working conditions of suppliers	I	Enhancing the overall sustainability of the industry and revitalizing the local economy through strengthening cooperative relationships with suppliers	3.25	3.25	Long-term	Upstream	Supplier Code of Conduct 	<ul style="list-style-type: none">• Building a sustainable supply chain<ul style="list-style-type: none">- Expanding the proportion of suppliers that have received ESG evaluations• Revitalization of the local economy and collaboration with the community<ul style="list-style-type: none">- Participation in local employment creation and job provision programs• Strengthening the capabilities of suppliers and providing educational programs<ul style="list-style-type: none">- Providing ESG training programs for suppliers- Hold regular meetings and share information with suppliers	<ul style="list-style-type: none">• Proportion of ESG assessment suppliers<ul style="list-style-type: none">- 2025 Target: 40%- 2030 Target: 51%• Proportion of suppliers participating in the ESG training program<ul style="list-style-type: none">- 2025 Target: 64%- 2030 Target: 86% <p><small>*Based on domestic operations; purchase amount of KRW 100 million or more</small></p>	55-57p
	R	Fines or recalls may occur due to strengthened automobile safety regulations, potentially leading to decreased customer trust and sales.	3.14	3.57	Long-term	Downstream		<ul style="list-style-type: none">• Strengthening compliance with safety regulations and quality control<ul style="list-style-type: none">- Thorough safety inspections on production processes and finished products- Regular inspection and minimization of defect rates in the quality control process	<ul style="list-style-type: none">• Number of product safety regulation violations<ul style="list-style-type: none">- 2025 and 2030 Target: 0 cases• Number of product recalls<ul style="list-style-type: none">- 2025 and 2030 Target: 0 cases	
 Safety of consumers and users	I	Contribution to the strengthening of the social safety net by enhancing product safety, protecting consumers' lives and health, and reducing traffic accidents	3.6	3.8	Mid-term	Downstream	Quality Management Strategic System  Quality Safety Issue Handling Procedure 	<ul style="list-style-type: none">• Establishment of recall and safety incident response plans<ul style="list-style-type: none">- Formation of a specialized recall response team- Quickly notify customers during a recall and minimize inconvenience.- Continuous improvement of vehicle safety systems		45-49p

1) Short-term: Within 1 year, Mid-term: 2 years to less than 5 years, Long-term: 5 years or more

2) Based on global operations; separate criteria are indicated.

Double Materiality Assessment

Stakeholder Engagement

To ensure objectivity and reliability, we expanded stakeholder participation and enhanced procedures to reflect their expectations. This allowed better alignment between our business strategy and ESG risk management. ESG surveys with internal experts helped identify key issues and improvement areas. We conducted an IRO (Impact, Risk, and Opportunity) assessment for each sustainability issue for the first time, enabling a more detailed and precise analysis.

Stakeholder Engagement Methods

Stage	Method	Participants
Identification of IRO	- Working-level meeting - Expert review	Employees of related departments and experts
Assessment of IRO	Stakeholder survey	Internal and external stakeholders and experts - Employees from related departments, analysts, external experts, etc.
Selection of material issues	Executive meeting	Management

Main Opinions of Stakeholders

Product carbon emissions

In response to the requirements of global OEMs, providing LCA (Life Cycle Assessment) results and demonstrating carbon emissions reduction for components have become essential. This necessitates proactive reduction efforts from PCB and electronic component manufacturers.



Business Operation Risk Management

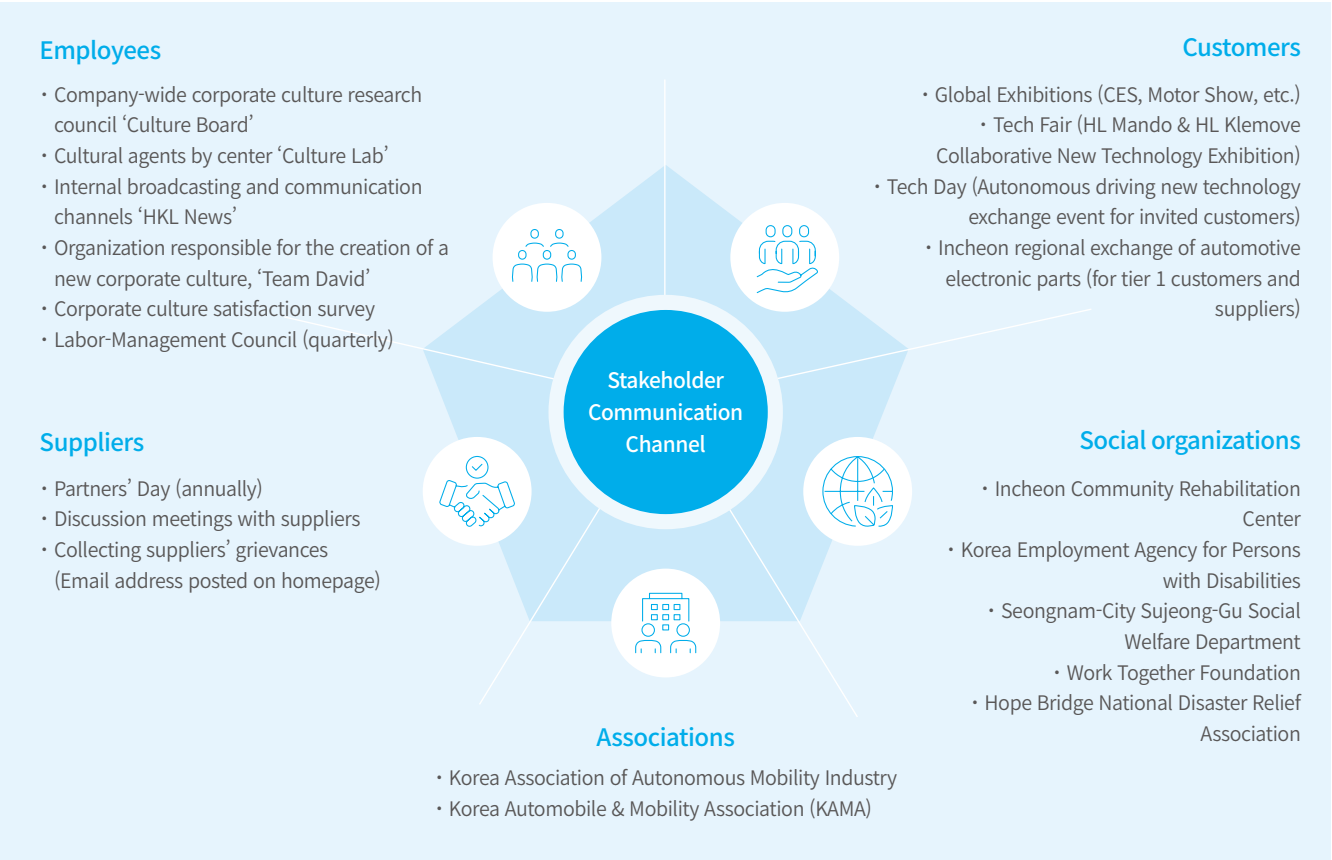
The expansion of eco-friendly mobility presents new business opportunities; however, it also calls for proactive measures to address potential risks related to semiconductor supply, exchange rate fluctuations, and labor issues.

Strengthening ESG Regulatory Compliance

We should strengthen human rights due diligence in the supply chain and supplier inspections in accordance with the tightening of ESG regulations and enhance the transparency and reliability of ESG disclosures.

HL Klemove defines internal stakeholders as its employees, while categorizing customers, suppliers, local communities (including civic organizations), and industry associations as external stakeholders who have a direct or indirect impact on its business operations. The company manages these stakeholders through a structured approach and actively operates diverse communication channels to ensure transparent and consistent engagement. Feedback collected through these channels is actively and thoughtfully integrated into business practices to co-create sustainable value. HL Klemove particularly focuses on strengthening partnerships with customers and suppliers, while fostering collaboration with social organizations and associations to build a foundation for mutual growth with local communities. Through these efforts, the company continues to build stakeholder trust with all stakeholders and carries out meaningful, action-oriented initiatives to realize truly sustainable management.

Stakeholder Communication Channel





INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

- Environment
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility

APPENDIX

SUSTAINABILITY AREAS

28	Environment
40	Technological Innovation
50	Supply Chain
58	Labor Rights & Safety
75	Governance & Ethics
86	Corporate Social Responsibility

SUSTAINABILITY AREAS

- Environment
 - Environmental Management
 - Response to Climate Change
 - Environmental Impact Management
 - Biodiversity (TNFD)
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility

Environment



In these Areas	Environmental Management	29
	Climate Change Response	31
	Environmental Impact Management	35
	Biodiversity (TNFD)	38

HL Klemove prioritizes environmental impact in technology development and business initiatives. To achieve the goal of carbon neutrality by 2050, the company is establishing environmental policies and management systems. In line with advancements in electrification and autonomous driving technologies, HL Klemove is driving technological innovations to reduce energy consumption and carbon emissions. The company is also contributing to the development of sustainable supply chains by expanding the use of eco-friendly materials and improving power conversion efficiency. Furthermore, HL Klemove practices responsible environmental management through compliance with relevant regulations, management of hazardous chemicals and waste, and raising environmental awareness among its employees. The company is enhancing sustainability through strengthened cooperation with its suppliers.

Aligned with UN SDGs



- Environment
- Environmental Management
- Response to Climate Change
- Environmental Impact Management
- Biodiversity (TNFD)
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility

Environmental Management

Environmental Management System

Environmental Policy

HL Klemove recognizes environmentally friendly management as a core element of sustainable growth. Since establishing its environmental policy in August 2023, the company has been updating the policy annually. Through a revision in November 2024, HL Klemove enhanced the policy by reinforcing the governance structure and operational systems for promoting company-wide environmental management. Additionally, in collaboration with its parent company, Mando, HL Klemove pursued membership in the SBTi (Science Based Targets initiative) and successively received the approval of its near-term commitment targets on January 9, 2025. Moving forward, the company plans to proceed with the Target Validation process. HL Klemove shares its environmental goals and tasks, including carbon neutrality by 2050, with the entire organization and transparently discloses its annual performance to all stakeholders, including employees and suppliers. Furthermore, in its overseas operations, the company applies standards that are stricter than local regulations and operates a flexible policy revision process to address rapidly changing environmental regulations and issues.

Guiding Principles of Environmental Policy

01	02	03	04	05
Comply with environmental laws and regulations	Operate an environmental management system	Conduct environmental management for the business	Prevent pollution and protect the environment	Promote transparent environmental management
<div><div>- Regular monitoring of environmental regulations</div><div>- Conducting regular compliance assessments</div><div>- Enhancing environmental awareness among employees</div><div>- Continuous advancement of policies</div></div>	<div><div>- Considering environmental impact throughout all stages of corporate activities including design, development, production, sales, and disposal</div><div>- Establishing and monitoring the environmental management system</div></div>	<div><div>- Reviewing environmental impact when pursuing new business</div><div>- Assessing environmental risks throughout all stages of business activities</div></div>	<div><div>- Hazardous chemicals</div><div>- Resource conservation and waste management</div><div>- Air emission monitoring</div><div>- Energy consumption and greenhouse gas emissions management</div><div>- Minimizing pollutant emissions</div><div>- Developing and promoting eco-friendly technologies</div><div>- Water management</div><div>- Carbon neutrality</div><div>- Community environmental pollution</div><div>- Biodiversity</div></div>	<div><div>- Establishing communication channels with employees and stakeholders</div><div>- Sharing environmental policies, goals, and implementation tasks</div></div>



Environmental Management Organization

HL Klemove has established an environmental safety organization to manage tasks related to environmental, energy, and occupational safety and health activities necessary for business operations. We conduct regular council meetings led by the COO and also organize working-level consultative body meetings to share activities and manage performance in each sector. The council meeting, led by the COO, is held quarterly, with division heads and team leaders attending to report major achievements and issues. Additionally, every fourth week of the month, a practical staff committee is convened under the leadership of the team leader to ensure compliance with environmental and safety regulations.

Environmental Safety and Climate Change Response Organization



Operational Plan for the Environment and Safety Committee

Category	Committee supervised by the COO	Working-level consultative body
Meeting frequency	Quarterly	4 th Wednesday each month
Method	Convening/Written report	Convening
Supervision	COO	Team leaders
Participants	COO, division heads, team leaders	Team leaders, working-level personnel

INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

- Environment
- Environmental Management
- Response to Climate Change
- Environmental Impact Management
- Biodiversity (TNFD)
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility

APPENDIX

Environmental Management

Environmental Management Certification and Environmental Education

Since 2010, HL Klemove has been implementing a systematic environmental management based on the ISO 14001 Environmental Management System across its domestic and overseas operations, including the Songdo headquarters, the Pangyo Global R&D Center, and operations in China and India. The company designates key personnel in each department to lead a range of educational programs, such as training on environmental and occupational health and safety management systems, environmental impact assessment and ESH (Environment, Safety, Health) risk management, including energy-saving activities. Through these initiatives, HL Klemove fosters a company-wide commitment to environmental management, sets ESH goals, and works toward achieving them. In 2024, 63 employees completed environmental education, and the company managed the registries for environmental impact assessments and significant environmental aspects.

ISO 14001 Certified Operations			
Category		Sites	Certification
Domestic	Songdo	Plant 1	O
		Plant 2	O
	Pangyo	R&D Center	O
Overseas	China	KLS	O
	India	KLI	O
	Mexico	KLM	Scheduled to be obtained in 2025

Education of Environmental Issues				
Category		2022	2023	2024
Number of employees who completed education		64	61	63

*Based on domestic Operations

Environmental Risk Assessment

HL Klemove conducts annual environmental risk assessments for both domestic and overseas operations. Through this process, the company identifies environmental risks such as waste generation, greenhouse gas emissions, and energy consumption across its business units. Risks are prioritized based on legal compliance requirements and their potential environmental impact. Based on the assessment results, HL Klemove develops improvement measures to mitigate these risks and implements preventive actions to minimize environmental impact. Furthermore, the company regularly reviews and updates the risk management measures and achieve sustainable management through compliance with ISO 14001 standard.

Operations that received an environmental risk assessment				
Category		2022	2023	2024
Number of sites that received environmental risk assessment		4	4	4
Proportion relative to the total number of sites (%)		100	100	80

*This includes the domestic (Songdo, Pangyo) and overseas (China, India, Mexico) operations. The newly established Mexico operation s reflected from the 2024 data.

Compliance with Environmental Regulations

HL Klemove prioritizes compliance with environmental regulations throughout the entire product lifecycle- from product design to disposal- and is committed to continuously minimizing environmental impact. We regularly monitor relevant laws and regulations announced by government agencies such as the Ministry of Environment and the Ministry of Employment and Labor, as well as by the Korea Environmental Preservation Association and the Korea Industrial Safety Association. Any necessary improvements based on compliance evaluations are promptly implemented. Additionally, we thoroughly manage and verify the implementation of improvements through regular inspections. As a result of these efforts, the emissions of air and water pollutants are maintained below legal standards, and there are no environmental violations as of 2024.

Process for Environmental Regulation Management

STEP 01	Identify latest regulatory trends
STEP 02	Register in the regulatory register
STEP 03	Distribute across the board
STEP 04	Monitor regulatory compliance
STEP 05	Make improvements

Issuing Green Bonds

To support investment in facilities and research and development related to eco-friendly vehicle components, HL Klemove issued a five-year green bond in 2021 to raise the necessary funds. In November 2023, the company underwent a regular post-issuance verification of the green bond and maintained a “Green 1” rating- the highest grade- consistent with its 2022 evaluation. The company received a top-tier assessment (‘Excellent’) in all areas, including project eligibility, appropriateness of project selection, adequacy of fund management, quality of external disclosures, and environmental management activities. In accordance with the Ministry of Environment’s Green Bond Guidelines, HL Klemove discloses environmental data such as greenhouse gas emissions, electricity consumption, and waste generation on its official website. As of April 2024, the full KRW 60 billion raised through the green bond had been allocated to eligible projects.

Use of Proceeds from Green Bonds in 2024

Category	Amount of Investment (Unit: KRW 100 million)
Facility	259
R&D	318
Expenses	23
Total	600

- Environment
- Environmental Management
- Response to Climate Change
- Environmental Impact Management
- Biodiversity (TNFD)
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility

Response to Climate Change

Governance

HL Klemove has established and operates a climate change response governance system based on the recommendations of the TCFD (Task Force on Climate-Related Financial Disclosures). The CEO (Chief Executive Officer) oversees climate-related issues and risks. The COO is responsible for managing climate risks and monitoring key response outcomes. Performance related to climate change response is reported at the quarterly Champion meetings, which support company-wide implementation of climate strategies. The Facility & Safety Team collects and analyzes climate data quantitatively and conducts monthly monitoring. Climate-related performance is evaluated through KPI-based assessments, which are linked to executive performance reviews, thereby strengthening the company's future climate response capabilities. Additionally, in collaboration with its parent company, HL Mando, HL Klemove is participating in the 'Autosector' Carbon Neutrality Consortium starting in February 2025. This initiative aims to enhance information sharing and cooperation to achieve carbon neutrality targets, including SBTi targets, while collectively strengthening climate response capabilities within the mobility industry.



Strategy

HL Klemove is committed to achieving carbon neutrality by 2050 and has established a phased implementation plan to reduce carbon emissions by 42% by 2030 and by 70% by 2040 compared to 2023 levels. In response to climate change, we have established a system to measure and manage energy consumption and greenhouse gas emissions. In 2023, we established a company-wide Scope 1, 2, and 3 inventory, laying the foundation for mid- to long-term actions toward carbon neutrality. Additionally, we are reviewing various measures such as renewable energy generation, certificate purchases, and PPAs (Power Purchase Agreements) to effectively promote the transition to renewable energy by applying suitable solutions for each operation. To align with the Paris Agreement's goal of limiting global temperature rise to 1.5°C, we have pursued membership in the SBTi (Science Based Targets initiative) in order to achieve carbon neutrality across the entire value chain by 2050, and we are currently carrying out the Target Validation Process. On January 9, 2025, we received the approval of the SBTi Near-Term Target, further strengthening the establishment of science-based targets for climate change response.

Carbon Neutrality Strategy

Goal

Achieve Carbon Neutrality by 2050

Key Implementations

Reduction of energy consumption and efficiency enhancement

Energy-saving activities, participation in EP100

Procurement of renewable energy

Participation in and promotion of RE 100, installation of solar power generation facilities, advancement of PPAs

Supply chain cooperation and support

Support for strengthening suppliers' ESG management

Carbon Neutrality Action Plan

Action Plan	Objectives	'23	'24	'25	'26	'27	'28	'29	'30~'50
Calculate the company-wide inventory for Scope 1, 2, 3 emissions	Lay the foundation for the management of climate risks and performance measurement	Calculation/ Verification	Building a system						
Join and implement SBTi ¹⁾	Declare the company's net zero goals and commitments publicly			Submit targets	Implementation/ Assessment	Verification of targets	Continuous implementation		
Join and implement EP100 ²⁾	Declare energy efficiency goals and commitments publicly				EP plans	Participation/ Approval	Implementation and performance reporting (~2036)		
Join and implement RE100 ³⁾	Declare renewable energy goals and commitments publicly			RE plans	Participation/ Approval	Implementation and performance reporting			
Achieve energy efficiency & reduction/Fuel shift	Reduce emissions/energy/costs through enhancing energy efficiency	Business review	Reduction activity	Performance assessment	Continuous implementation				
Procure renewable energy	Reduce emissions through renewable energy procurement		Market research	Purchase certificates			PPA renewable energy procurement		

1) SBTi: A global initiative that verifies companies' greenhouse gas reduction targets

2) EP100: A program in which companies choose and implement one or more of the following: improving energy productivity, implementing energy management systems, and achieving carbon neutrality.

3) RE100: A global campaign where companies commit to sourcing 100% of their electricity from renewable energy.

Response to Climate Change

Risks and Opportunities

HL Klemove analyzes climate-related risks across various dimensions — including policy, market, technology, and reputation — to effectively respond to the rapidly changing climate and crisis landscape. At the same time, the company assesses opportunities by evaluating energy resources, products and services, and market conditions, while forecasting their potential financial impacts. Based on these analyses, HL Klemove develops climate response strategies aimed at enhancing its competitiveness and achieving sustainable business operations.

Category		Factors	Financial impact	Period ¹⁾
Risks	Policy	- Increased legal sanctions and management costs due to strengthened climate change disclosure obligations - Increased certification procedures and recall risks due to strengthened regulations on autonomous driving and automotive parts	Low	Long-term
	Technology	- Increased initial investment costs due to changes in equipment and construction methods for the transition to low-carbon technology	High	Short-term
	Reputation	- Decreased consumer and investor trust and reduced brand value due to insufficient response to climate change	Medium	Long-term
Oppor- tunities	Energy resources	- Reducing operating costs through the expansion of renewable energy use, such as solar power, and improving energy efficiency	Low	Short-term
	Products and services	- Securing a competitive edge in the eco-friendly market and creating new business opportunities that meet customer demands through the development and expansion of low-carbon products and services.	High	Long-term
	Market	- Expansion of the eco-friendly mobility market, including autonomous driving and electrification technologies, due to strengthened domestic and international greenhouse gas emission regulations. - Generating revenue through participation in the carbon market	High Low	Short-term Long-term

1) Short-term: 1 year or less, Medium-term: 2-5 years, Long-term: 5 years or more

Energy Efficiency

HL Klemove is actively promoting energy efficiency with the goal of reducing annual electricity costs by 1%. We continue to introduce energy efficiency measures at our workplaces, such as replacing high-efficiency LEDs, adjusting the capacity of pumps, and installing cold water pump inverters for valve control. In 2023, HL Klemove replaced outdated HVAC systems at 38 operations, resulting in electricity savings of 6,000 kWh per month. Additionally, in June 2024, the company replaced a large chiller unit at a newly established plant, achieving a 39% reduction in annual electricity consumption. Plans are also in place to replace one remaining large chiller to further enhance energy efficiency. HL Klemove remains committed to regularly inspecting and upgrading its facilities to meet its energy-saving targets and support sustainable operations.

Transition to Zero-emission Cars

To contribute to the government's carbon neutrality goals and align with global environmental policies, HL Klemove plans to transition 100% of its owned and leased vehicles to zero-emission vehicles by 2030. HL Klemove was selected to participate in K-EV100 by the Ministry of Environment in April 2022. As of 2024, 13 out of 16 company vehicles have already been converted to zero-emission models, with the remaining vehicles scheduled for conversion by 2025.

Korea Energy Efficiency Partnership Project (KEEP+)

HL Klemove has also been selected as a leading company in the Korea Energy Efficiency Partnership Project, organized by the Ministry of Trade, Industry and Energy and the Korea Energy Agency. Starting in 2025, we will receive expert energy diagnosis support and will continue to pursue energy-saving initiatives through targeted energy efficiency investments and a voluntary energy efficiency management system.

2024 Highlights

Expanding the use of renewable energy and participation in CDP

Increased the share of renewable energy use to 6%.

In 2024, HL Klemove significantly increased its use of renewable energy compared to the previous year, raising the share of renewables to 6% of total energy consumption. This represents a 1.4% point increase year-over-year, driven largely by the adoption and expansion of renewable energy at global operations, including operations in India and China.

- **India operation:** Signed a PPA (Power Purchase Agreement) for renewable energy procurement.
- **China operation:** Installed solar power generation systems.
- **Global operation:** Implemented energy efficiency improvement projects, resulting in overall reductions in energy consumption.

Participation in CDP

In 2024, we participated in the CDP (Carbon Disclosure Project) SC (Supply Chain) program, and we plan to officially join CDP for the first time starting in 2025. CDP is a global platform for systematically disclosing corporate greenhouse gas emissions, environmental risks, and opportunities. Through this participation, HL Klemove aims to strengthen the transparency of its environmental management and establish more specific carbon reduction targets. Additionally, we plan to enhance our climate risk management system, continuously develop real-time monitoring and transparent reporting frameworks, and strengthen our capacity to respond to climate change.



INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

- Environment
- Environmental Management
- Response to Climate Change
- Environmental Impact Management
- Biodiversity (TNFD)
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility

APPENDIX



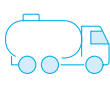



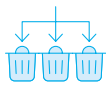
Response to Climate Change

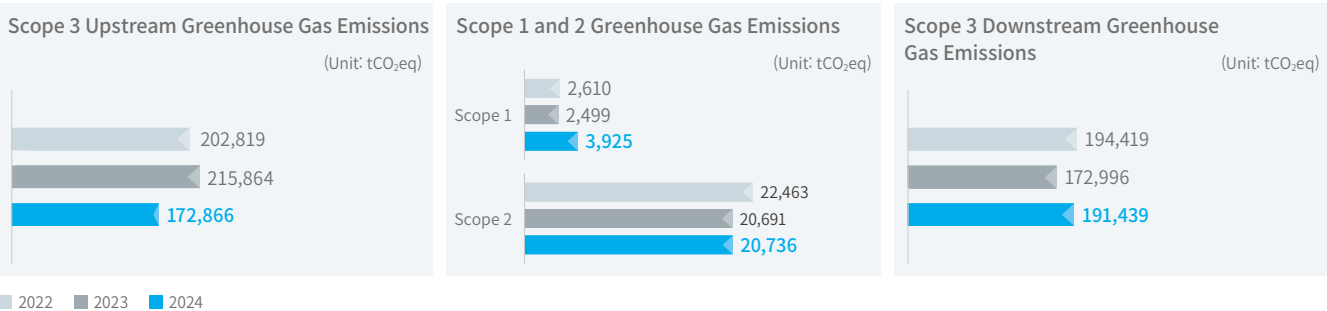
Global GHG Emissions Management

To minimize environmental impact throughout the entire process from production to disposal, HL Klemove is building a greenhouse gas inventory for all its global operations and conducting continuous monitoring. In 2021 and 2022, we established a GHG inventory to systematically manage the carbon emissions of Scope 1, 2, and 3 across all production operations. With a strong sense of responsibility toward achieving carbon neutrality, the company is consistently working to enhance its data collection and management capabilities. In 2024, HL Klemove internalized the global carbon emissions calculation system for 2023 and voluntarily completed the calculation. The company also ensured the credibility of its GHG emissions data by undergoing external verification by the ISO 14064 standard.

Greenhouse gas emissions by key stages of product production, use, and disposal

(Unit: 10,000 tCO₂eq)

Purchase of raw materials	Purchase of fuel and energy	Transportation & distribution of raw materials	Manufacturing	Shipping	Use	Disposal
						
Production					Use	Disposal
Scope 3	Scope 3	Scope 3	Scope 1, 2	Scope 3	Scope 3	Scope 3
Category 1. Purchased goods and services	Category 3. Fuel and energy related activities	Category 4. Upstream transportation and distribution	Manufacturing of HL Klemove products	Category 9. Downstream transportation and distribution	Category 11. Use of sold products	Category 12. End-of-life treatment of sold products
14.57	0.89	0.81	2.5	0.89	17.93	0.1



Risk Management

With climate change increasingly manifesting across Asia, Europe, Africa, and other parts of the world, it has become a top priority for global companies. HL Klemove has processes in place to identify, assess, and monitor climate risks to prepare for the various ones we will face in the future. Risks identified as requiring focused response through the evaluation process are addressed through defined improvement initiatives. Progress and outcomes are reported to executive leadership and shared with external stakeholders to ensure transparency and accountability.

Risk Management Process

STEP 01

Identification of Risk

► Scoping:

Identify physical and transition risks that may arise in our business operations, supply chain, and investment activities.

► Risk type analysis:

physical risk, transition risk

► Identification of potential risks based on data

STEP 02

Risk Assessment

► Probability Analysis:

Quantitatively and qualitatively assess the likelihood of climate risks occurring

► Impact Assessment:

Analyze the impact of risks in terms of financial losses, operational disruptions, etc.

► Setting priorities:

Classify risks according to the severity of the risk to determine management priorities

STEP 03

Management and Monitoring

► Establish response strategies:

Deriving response strategies and implementation tasks based on evaluation results

► Regular monitoring of key indicators related to climate risk

► Performance Management:

Monitor management performance and promote continuous improvement activities

STEP 04

Reporting Result

► Report evaluation results to management

► Disclosure to external stakeholders:

Disclose risk performance according to the TCFD framework

INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

- Environment
- Environmental Management

→ Response to Climate Change

Environmental Impact Management

Biodiversity (TNFD)
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility

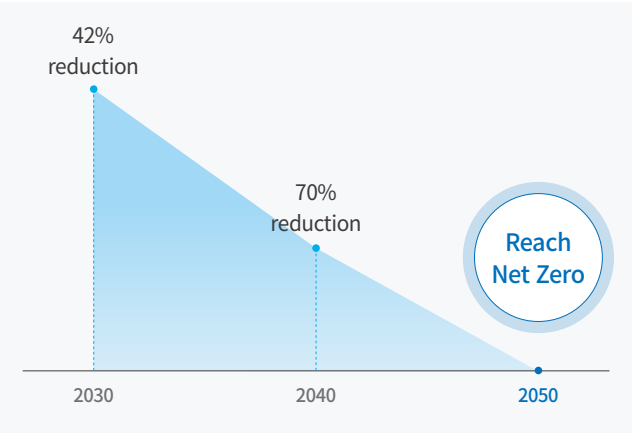
APPENDIX

Response to Climate Change

Metrics and Targets

We have set targets to reduce emissions by 42% by 2030 and achieve net-zero emissions by 2050 compared to 2023 levels, using Scope 1, 2, and 3 emissions as key indicators to measure and manage progress toward these goals.

Carbon Neutrality Roadmap



Scope 1, 2 Emissions

Category		Unit	2022	2023	2024	2030 Target	2040 Target	2050 Target
Scope 1	Emissions	tCO ₂ eq	2,610	2,499	3,925	973	70	0
	Intensity	tCO ₂ eq/KRW 1 million	0.00191	0.00163	0.00241	-	-	
Scope 2	Emissions	tCO ₂ eq	22,463	20,691	20,736	12,001	3,414	0
	Intensity	tCO ₂ eq/KRW 1 million	0.01644	0.01346	0.0127	-	-	

*Based on global operations

Scope 3 Emissions

Category		2022	2023	2024	(Unit: tCO ₂ eq)		
Category 1. Purchased goods and services		170,227	185,742	145,703			
Category 2. Capital goods		3,674	1,186	1,996			
Category 3. Fuel and energy		10,145	8,526	8,924			
Category 4. Upstream transportation and distribution		11,075	16,534	8,139			
Category 5. Waste generated in operations		625	431	451			
Category 6. Business travel		476	683	1,350			
Category 7. Employee commuting		2,931	2,493	6,023			
Category 8. Upstream leased assets		3,665	270	280			
Category 9. Downstream transportation and distribution		6,328	6,082	8,947			
Category 10. Processing of sold products		2,115	2,002	2,032			
Category 11. Use of sold products		185,131	164,037	179,336			
Category 12. End-of-life treatment of sold products		845	875	1,087			
Category 15. Investments		0.059	0.046	37.07			
Total		397,238	388,860	364,304			

*Based on global operations

Energy Consumption

Category		Unit	2022	2023	2024	2025 Target	2030 Target
Total energy consumption		TJ	283.7	278.8	291.4	262.3	169.0
Renewable energy consumption		TJ	1.9	12.7	17.6	19.4	122.5
Percentage of renewable energy consumption		%	0.7	4.6	6.0	7.4	72.5

*Based on global operations

- Environment
- Environmental Management
- Response to Climate Change
- Environmental Impact Management
- Biodiversity (TNFD)
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility

Environmental Impact Management

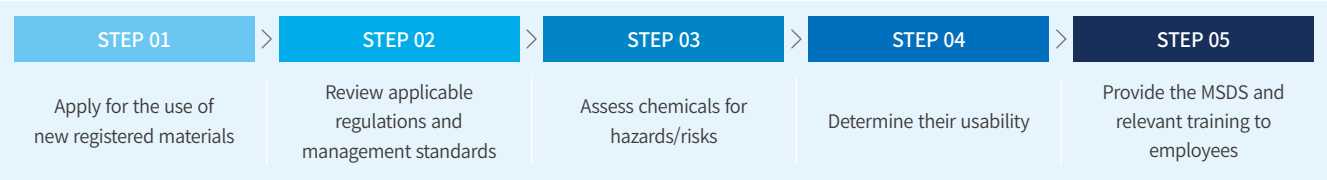
Hazardous Chemicals Management

Hazardous Chemicals Risk Management

HL Klemove strictly adheres to Hazardous Chemicals Management Guidelines throughout the product manufacturing and management process and is committed to achieving its goal of “Zero Chemical Accidents” across all operations. To this end, the company has established an emergency response process covering the entire lifecycle of hazardous chemicals-from storage and transportation to handling- and conducts safety training for all employees at least once a year to strengthen both prevention and response capabilities. In particular, when using hazardous chemicals, we review relevant legal regulations and management standards through applications for the use of newly registered substances and decide on their use based on assessments of hazard and risk. Especially when using hazardous chemicals, we closely review legal regulations and management standards through the new substance registration application process, and provide an MSDS (Material Safety Data Sheet) based on this, to ensure that the responsible person can accurately verify safety information. In addition, the company conducts intensive inspections of hazardous chemicals every two months, checking for proper MSDS labeling and posting, the use of unregistered hazardous substances, and adherence to PPE (personal protective equipment) requirements. The results of these inspections are reflected in the management system for ongoing improvements. Starting in 2024, we have introduced the i-HRM system to digitize MSDS and clearly indicate the applicability of legal regulations for each hazardous chemical component, thereby further enhancing management efficiency. Additionally, in the storage, handling, and transportation of hazardous chemicals, the use of safety protective equipment and labeling is mandatory, and the management status is verified through daily inspections and recorded in logs. In the workplace and laboratories, the storage of hazardous chemicals is systematically managed to prevent excessive storage and unused substances are safely disposed of after project completion. Particularly, hazardous substances, HL Klemove ensures legal and environmentally responsible disposal through certified waste management companies, minimizing safety and environmental impacts. All these chemical management activities are supported through 5S¹⁾ activities, making it easy and systematic for employees to understand and practice, and we continuously strive to create a safe and sustainable working environment.

1) 5S: Sort (Seiri), Set in Order (Seidon), Shine (Seiso), Standardize (Seiketsu), Sustain (Shitsuke)

Chemicals Management Process



Number of Chemical Accidents in 2024

0 case

*Based on global operations

Reduction of Hazardous Chemical Use

HL Klemove requests the submission of IMDS (International Material Data System) and ICP data from suppliers upon raw materials purchase approval to reduce the emission of harmful substances during the product manufacturing process. After verifying and approving all the raw material components of the product, we request ICP data to check each material, thereby regulating the use of harmful substances. Additionally, we are working hard to manage harmful substances in various ways, such as changing the soldering method from traditional to press-fit to reduce the amount of lead used in the product manufacturing process. To further minimize the use of lead-based solder, the company has adopted alternative technologies, achieving measurable results in reducing hazardous substance usage.

Process of Work Environment Measurement



- Environment
- Environmental Management

Response to Climate Change

→ Environmental Impact Management

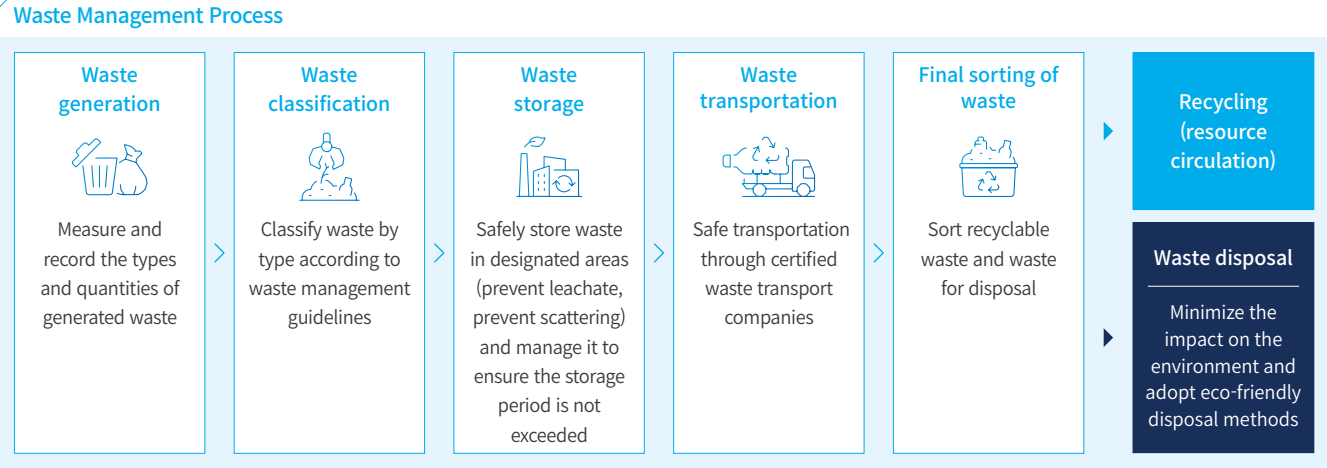
Biodiversity (TNFD)
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility

Environmental Impact Management

Waste Management

Waste Separation and Management Process

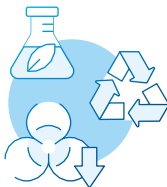
HL Klemove adheres to strict waste management guidelines and implements a range of initiatives to accurately manage, recycle, and properly dispose of waste generated during the manufacturing process. We separate and dispose of general, industrial, and designated waste at least once daily, entrusting the disposal to certified waste management contractors. A permanent waste collection team resides within the waste storage area, collecting waste from each generation site, sorting it in detail, and then entrusting it to appropriate processing companies. After the entrusted processing, we meticulously record the waste management ledger and transparently operate the management process in real-time through the ‘Olbaro System.’



Reduction and Reuse of Waste

HL Klemove is actively working to reduce internal waste by strengthening its material reuse and recovery activities. In particular, through activities that reduce equipment waste by reusing equipment from overseas subsidiaries, we have reduced waste by 20 metric tons compared to the previous year. We regularly inspect the storage and management conditions of waste and take corrective actions immediately if any non-conformities are found. We evaluate the suitability of waste disposal companies at least once a year and sign contracts only with companies that score 85 or higher to achieve sustainable waste management. As a result of these efforts, HL Klemove achieved a waste recycling rate of 83.7% in 2024.

Waste Recycling Rate in 2024



*Based on global operations

Waste generation

990 ton

Waste recycling rate

83.7%

Team-based Waste Separation and Resource-saving Activities

HL Klemove is committed to reducing waste generation by encouraging waste separation practices at the team level. Each team is provided with designated recycling bins to separate paper, plastics, and general waste, ensuring that resources can be properly recycled. Waste is classified and disposed of as general waste, recyclable waste, or designated waste. In particular, separated recyclable waste and scrap metal are handled by specialized recycling companies, and for office supplies, the recycling of toner and ink cartridges we follow. These items are purchased under a system in which suppliers are responsible for collecting the used containers. To promote resource conservation and circularity, HL Klemove sets specific targets for reducing office supply usage by the team and strictly manages progress toward those goals.

Metrics and Targets

Waste Management						
Category	Unit	2022	2023	2024	2025 Target	2030 Target
Total waste generated	ton	881	917	990	941	693
Designated (Hazardous) waste	ton	46	53	67	64	47
General (Non-hazardous) waste	ton	835	864	923	877	646
Amount of waste recycled	ton	700	792	829	796	622
Waste recycling rate	%	79.5	86.4	83.7	85.0	90.0

*Based on global operations

Environmental Impact Management

Air and Water Resource Management

Air Pollution and Noise Management

Although HL Klemove is not subject to mandatory installation requirements for air pollutant emission control facilities, the company has proactively installed five dust collectors. In 2024, we completed an improvement project to install turbo silencers on the dust collection ducts to minimize the environmental impact on the apartment building across from the facility, reducing the existing noise level by 10 dB. Additionally, to alleviate road congestion and support employee commuting convenience we operate a commuter bus service and implement a staggered work schedule. In this way, we are reducing traffic congestion and spreading out commuting times to further minimize environmental impact. Additionally, we conduct noise measurements bianually to maintain a pleasant working environment and minimize the noise impact on the surrounding community. Through this, we analyze the impact of the generated noise on the environment and, based on the analysis results, establish strict management standards to meet environmental regulations and community requirements. HL Klemove also develops and implements replacement plans for noise-prone equipment components. Through regular inspections and ongoing maintenance, the company continues to enhance its noise management system.

Water Management and Reduction Activities

HL Klemove is actively implementing various initiatives to reduce consumption and foster a culture of water conservation. Our water usage is primarily focused on domestic water, such as in restaurants and dormitories. Since the discharge of water pollutants is managed below legal thresholds in accordance with the Water Environmental Conservation Act, the company does not operate a separate wastewater treatment facility. We attach water-saving stickers in the office and dormitory restrooms to inform employees about the importance of water conservation and conduct campaigns to help them reduce water consumption in their daily lives. Additionally, water pressure in restrooms has been adjusted to minimize water use, and HL Klemove continues to promote a culture of conservation through voluntary employee participation.

Metrics and Targets

Water Management

Category	Unit	2022	2023	2024	2025 Target	2030 Target
Water Consumption	m³	71,268	61,880	60,708	52,672	42,496
Water Consumption (per unit of revenue)	m³/ million KRW	0.0522	0.0403	0.0372	-	-

*Based on global operations

INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

- Environment
- Environmental Management

Response to Climate Change

Environmental Impact Management
- Biodiversity (TNFD)
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility

APPENDIX

Biodiversity (TNFD)

HL Klemove is committed to minimizing its impact on biodiversity and is continuously working toward this goal. We systematically manage biodiversity protection within our environmental policy and analyze environmental impacts based on a precise understanding of natural capital. We also plan to establish specific goals and strategies to evaluate and effectively manage risks related to biodiversity. Going forward, HL Klemove will strengthen its biodiversity conservation efforts by implementing a range of programs aimed at minimizing negative impacts on ecosystems. It will also collaborate with local communities to enhance biodiversity protection at the regional level.

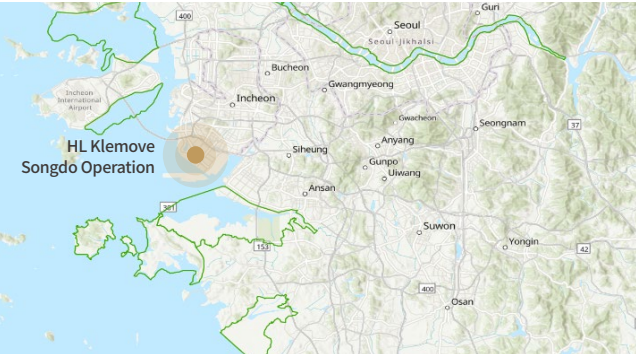
Natural Capital Risk Assessment

HL Klemove has applied the LEAP approach outlined in the TNFD framework to identify risks related to natural capital. This biodiversity risk assessment considered the locations and operational activities of HL Klemove's operations and categorized the risks into physical risks and reputational risks for a more detailed analysis.

Locate | The interface with nature

HL Klemove's headquarters in Songdo is located in Yeonsu-gu, Incheon, and has identified biodiversity issues based on geographical location using IBAT¹⁾ and the UN Biodiversity Lab. In the vicinity, there are important biodiversity areas, such as Shihwa Lake, Yeongjongdo, Daebudo, and Yeongheungdo. Within 10 km, there are four protected areas, including wetland protection areas and urban nature parks. According to the National Institute of Ecology, Incheon Yeonsu-gu is home to three first-grade endangered species (all birds) and fourteen second-grade endangered species (including 12 bird species, one amphibian/ reptile species, and one invertebrate species), underscoring the high ecological value of the region.

1) IBAT: The Integrated Biodiversity Assessment Tool



Evaluate | Dependencies and impacts

Taking into account the industrial characteristics of HL Klemove, we analyzed the dependency and impact on natural capital using ENCORE¹⁾. The analysis revealed that HL Klemove has the highest dependency on natural services related to water resources. In terms of impact, the most significant areas were identified as air and soil pollutant emissions and water usage, particularly in relation to impacts on local communities.

1) ENCORE: Exploring Nature Capital Opportunities, Risk and Exposure

Natural Capital Dependency and Impact Factors

Natural Capital Dependency Factors		Dependency
Supply service	Groundwater/surface water	M
	Global climate control	VL
	Rainfall pattern adjustment	VL
	Local climate regulation	L
	Soil and sediment conservation	L
Adjustment and maintenance services	Solid waste treatment	L
	Water quality maintenance	M
	Maintaining water resource circulation	M
	Flood mitigation	M
	Storm mitigation	M
	Noise reduction	VL
	Other adjustment and maintenance services	VL
Natural Capital Impact Factors		Impact
Pollution (e.g., noise, light)		M
GHG emissions		M
Non-GHG emissions		H
Solid waste generation and emission		L
Land use area		L
Discharge of toxic pollutants into water and soil		M
Water usage		M

* Industries: Electronics and semiconductor manufacturing/measurement, testing, and control equipment manufacturing

The LEAP Methodology of TNFD

Locate The interface with nature	Evaluate Dependencies and impacts	Assess Important risks and opportunities	Prepare To respond and report
L1 Span of the business model and value chain	E1 Identification of environmental assets, ecosystem services and impact drivers	A1 Risk and opportunity identification	P1 Strategy and resource allocation plans
L2 Dependency and impact screening	E2 Identification of dependencies and impacts	A2 Adjustment of existing risk mitigation and risk and opportunity management	P2 Target setting and performance management
L3 Interface with nature	E3 Dependency and impact measurement	A3 Risk and opportunity measurement and prioritization	P3 Reporting
L4 Interface with sensitive locations	E4 Impact materiality assessment	A4 Risk and opportunity materiality assessment	P4 Presentation

INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

Environment

- Environmental Management
- Response to Climate Change
- Environmental Impact Management

→ Biodiversity (TNFD)

Technological Innovation

Supply Chain

Labor Rights & Safety

Governance & Ethics

Corporate Social Responsibility

APPENDIX

Biodiversity (TNFD)

Assess | Important risks and opportunities

HL Klemove carried out a thorough risk assessment for the ‘electronic and semiconductor manufacturing’ and ‘automobile, electrical equipment, and machinery production sectors, using WWF’s BRF¹⁾ as the assessment tool. At the Songdo headquarters, both physical and reputational risks were identified as a “Very High” risk among the 33 individual indicators used in BR*F analysis. To mitigate this, HL Klemove is actively managing its use of hazardous chemicals and waste emissions and is transparently disclosing relevant data to stakeholders. Additionally, among the physical risks, resource procurement has been identified as the greatest risk, and we plan to analyze its impact on the business and manage it systematically.

1) BRF: Biodiversity Risk Filter

Prepare | To respond and report

HL Klemove considers the conservation of biodiversity and natural capital as a core value. Based on this principle, we plan to utilize the biodiversity risk assessment results to establish protection and conservation strategies for key natural capital and services. Looking ahead, HL Klemove will expand its analysis to include additional sites and business activities. It also intends to establish clear indicators and set targets aligned with global standards, such as the SBTN¹⁾. Additionally, we will disclose biodiversity-related business activities annually in accordance with the TNFD framework and will continuously strive to enhance these activities gradually.

1) SBTN : Science Based Targets Network

Result of Biodiversity Risk Assessment

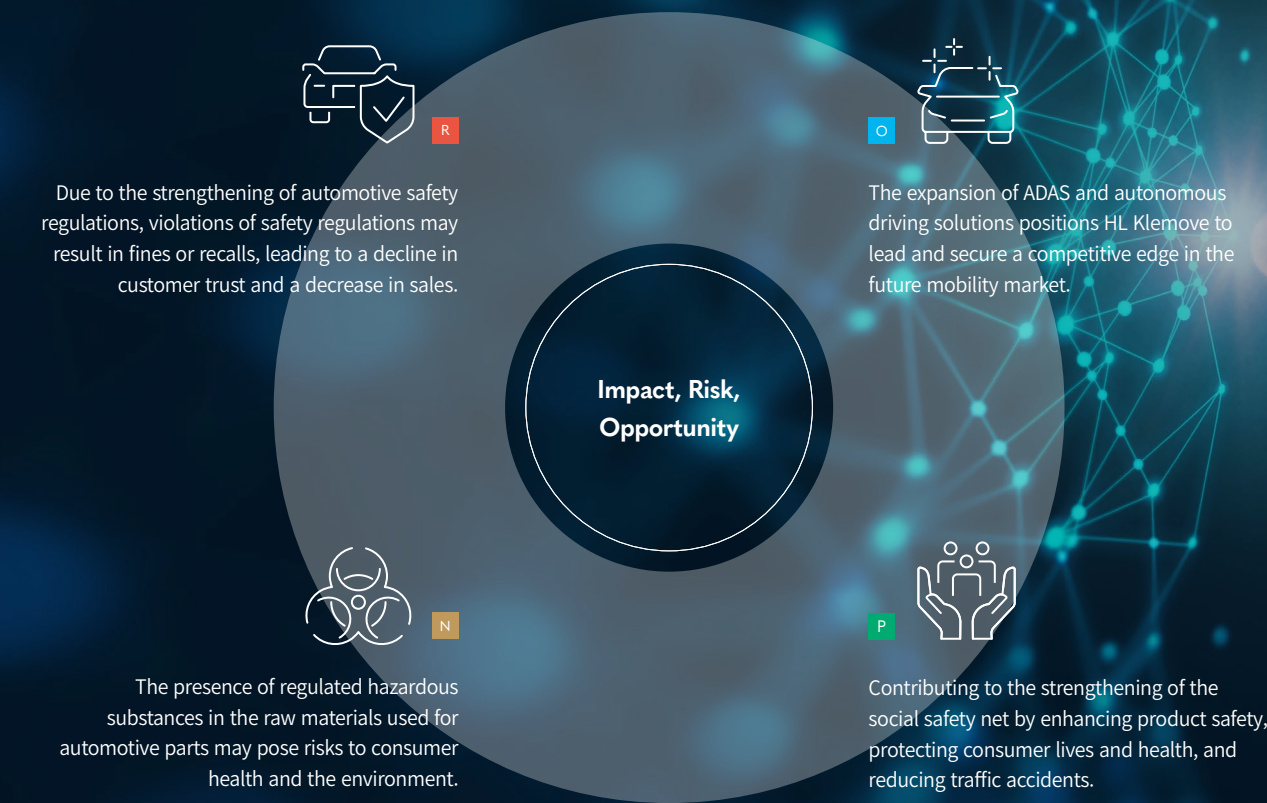
Metrics with a rating of high or above among the 33 metrics			
Electronics and semiconductor manufacturing		Automobile, electrical equipment, and machinery production	
Water availability	3.6	Water availability	3.6
Air condition	3.5	Air condition	3.5
Tropical night	3.5	Tropical night	3.5
Tropical depression	4	Tropical depression	4
Pollution	4.67	Pollution	4.67
International area of interest	3.5	International area of interest	3.5
		Limited availability of wild animals and plants	4

Category	Definitions and detailed factors	Assessment result by sector	
		Electronics and semiconductor manufacturing	Automobile, electrical equipment, and machinery production
Physical risks	Risks arising from the way business operations depend on nature	2.29	3.38
Resource procurement	Freshwater, timber, wild flora and fauna, marine life	1.8	3.8
Ecosystem regulation and resources	Soil condition, water quality, air quality, ecosystem condition, moisture condition	2.25	2.25
Disaster control	Landslides, wildfire risk, plant, forest, and aquatic pests and diseases, herbicide resistance, heatwaves, tropical depressions	3.38	3.38
Biodiversity pressure	Changes in land, freshwater, and marine use, loss of forest resources, invasive and alien species, soil, and water pollution	2.29	2.29
Reputation risks	Risks arising from stakeholders’ and local communities’ perceptions of corporate biodiversity responsibility	2.88	2.88
Environmental factors	Proximity to protected and conservation areas, proximity to key biodiversity areas, proximity to other important areas, ecosystem conditions	2.5	2.5
Socioeconomic factors	Indigenous territories, food shortages, water shortages, air quality, labor and human rights, economic inequality	2.62	2.62
Other factors	Media investigation, Ramsar and World Natural and Cultural Heritage, national-level risk preparedness related to biodiversity	3.12	3.12

SUSTAINABILITY AREAS

- Environment
- Technological Innovation
 - Technological Innovation
 - Quality Management
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility

Technological Innovation



R Risk O Opportunity P Positive Impact N Negative Impact

In these Areas	Technological Innovation	41
	Quality Management	45

To lead the sustainable future mobility sector, HL Klemove is concentrating on quality innovation and technological development. We constantly expand our research and development capacity and seek eco-friendly and sustainable technology innovation to improve the competitiveness of autonomous driving and electrified component solutions. Through these efforts, HL Klemove aims to maximize safety and efficiency, fulfill its corporate social responsibilities, and generate sustainable value. Guided by a strong philosophy and principles of quality management, the company enforces rigorous oversight, systematic verification processes, and continuous monitoring to produce highly reliable products. In addition, HL Klemove is consistently upgrading its quality management system to meet global standards, delivering top-tier quality to customers and stakeholders worldwide.

Aligned with UN SDGs



INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

Environment

Technological Innovation

→ Technological Innovation

Quality Management

Supply Chain

Labor Rights & Safety

Governance & Ethics

Corporate Social Responsibility

APPENDIX

Technological Innovation

Autonomous Driving Solutions

Industrial Contribution Award at the Korea Industrial Technology R&D Expo

In December 2023, HL Klemove was awarded the Order of Industrial Service Merit at the Korea Industrial Technology R&D Exhibition, hosted by the Ministry of Trade, Industry, and Energy. This prestigious recognition highlights the company's achievements in independently developing core autonomous driving technologies and leading the domestic autonomous mobility industry. HL Klemove's contributions date back to 2004, when it spearheaded the development of systems such as Adaptive Cruise Control (ACC) and the Smart Parking Assist System (SPAS) under HL Mando. The award also acknowledges the successful commercialization of long-range radar, front-facing cameras, mid-range radar, and integrated controllers since 2014.



Yoon pal Joo, CEO of HL Klemove, awarded the Order of Industrial Service Merit at the Korea Industrial Technology R&D Exhibition

Commendation of the Minister of Trade, Industry, and Energy on the 59th Invention Day

Han Yoon-ki, principal researcher at HL Klemove, has been awarded a commendation from the Minister of Trade, Industry, and Energy in recognition of his contributions to the advancement of autonomous driving technology. As the lead researcher who spearheaded the domestic development and commercialization of the Mid Range Radar (MRR), he contributed to the mass production development of high-performance front radars and corner radars and is currently focusing on the localization of the cutting-edge perception sensor 'LiDAR.'

Excellent Company Certification for Invention Compensation

HL Klemove has established and actively implemented invention compensation regulations to encourage active research participation and activities of employees who are key players in technological innovation. We have obtained the Excellent Company Certification for Invention Compensation, which offers various benefits such as expedited patent examination, reduced registration fees, and additional points for participating in government-supported projects. Through this initiative, HL Klemove aims to maximize outcomes in original, innovative technology development while continuously enhancing employee expertise.



Recipient of the Minister of Trade, Industry, and Energy Award at the 59th Invention Day Commemoration Ceremony

2024 Highlights

CES 2025 Innovation Award

Committed to delivering a wide range of autonomous mobility solutions, HL Klemove has once again demonstrated its technological leadership and creativity by receiving the CES Innovation award for the second consecutive year. Following its recognition at the CES 2024, the company was honored at CES 2025 with awards for two groundbreaking innovations. The 'Beetle+,' an upgraded version of the previously awarded Beetle, is a portable obstacle detection radar designed for small personal mobility devices such as bicycles and wheelchairs. It offers enhanced precision and sensitivity, enabling real-time detection of unexpected obstacles for improved user safety. Also recognized was 'AgriShield,' an advanced smart scarecrow system developed to protect crops from wildfire. Equipped with 360-degree omnidirectional detection, AgriShield can identify various animal species approaching farmland and deploy species-specific deterrence measures. 'Beetle +' and 'AgriShield' received awards in the Smart Cities and Industrial Equipment & Machinery categories, respectively validating HL Klemove's innovation capabilities in emerging mobility and smart infrastructure technologies.



Beetle+



AgriShield

- Environment
- Technological Innovation
 - Technological Innovation
 - Quality Management
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility

Technological Innovation

Mass Production and Development of High-Performance Computing Units

In 2024, HL Klemove began mass production of its autonomous parking controller, marking the start of full-scale production of high-performance computing units (HPCs). Building on this progress, we expanded into-driving control systems supporting Level 2+ autonomous functions, securing key customer orders. HPCs are core computing units that process large volumes of sensor data and perform AI-based control tasks with advanced processing power. Compared to conventional ECUs, they offer significantly higher processing capacity and greater functional integration, enabling flexible responses to various autonomous driving scenarios on a single platform. To meet diverse customer needs, we are developing a broad HPC lineup—from integrated units to customized solutions optimized for driving and parking. These controllers also demonstrate strong potential in robotics, industrial machinery, and beyond, positioning HL Klemove as a key partner in the Software-Defined Vehicle (SDV) era.

Expansion of Global R&D Capabilities

HL Klemove operates R&D hubs in four countries — Korea, India, China, and the U.S. — and significantly strengthened its overseas research capabilities in 2024 to enhance global competitiveness in autonomous driving technologies. Each center develops exclusive technologies tailored to local road conditions and customer needs. Notably, the Bengaluru center in India specializes in perception and decision-making technologies tailored to the country's unique road environment, while expanding collaborations with local OEMs. Leveraging our technological strengths, we maintain a solid No.1 market share in India's autonomous driving sector. Over the course of 2024, R&D staff at overseas subsidiaries increased by more than 20%, with the Bengaluru center growing by approximately 28%, establishing itself as a key global technology hub. The Silicon Valley lab doubled its research staff, strengthening partnerships with EV OEMs in North America. The Suzhou center continues to strengthen its regional capabilities through customer-focused support and big data analysis related to autonomous driving. Through this global R&D network, HL Klemove focuses on internalizing and advancing autonomous driving solutions aligned with the SDV era.

Enhancing Global Supply Capabilities through India's First Radar Mass Production

In April 2024, HL Klemove began mass production of automotive radars for autonomous vehicles at its Chennai plant in India—the first of its kind in the country. This milestone marked a significant turning point for India's autonomous driving parts industry. The Chennai plant, established under the 'Make in India' initiative, has enabled HL Klemove to improve delivery times and better address customer needs by building a localized manufacturing base for autonomous vehicle components. By establishing a stable local supply system, we have also reinforced our partnerships with global OEMs. Given that approximately 65% of HL Klemove's total order volume originates from overseas subsidiaries, India plays a key role in our global growth strategy.

Technological Advancement for Customized Autonomous Driving Solutions

HL Klemove is committed to advancing not only the functionality of autonomous driving systems but also their efficiency—aiming to maximize performance using minimal resources. We are developing sophisticated algorithms that maintain high driving performance with fewer sensors. Some of these technologies are currently undergoing PoC testing with OEM partners in real-world vehicles to evaluate their potential for market launch. A notable example includes a parking assistance function that works without ultrasonic sensors—enabling an optimized sensor configuration and reducing overall system costs. We are also pursuing scalable solutions based on customer-tailored sensor architectures, working closely with OEMs to co-develop customized sensor configurations. Through these technological advancements, we are proactively responding to global customer needs and strengthening our leadership in next-generation autonomous driving solutions.



High-Performance Computer, HPC



Global Research Centers-China, India, USA



First mass production of radar at the autonomous driving parts plant in Chennai, India

Technological Innovation

Open Innovation

Participation in the KAIST Deep Mobility Consortium

HL Klemove is participating in the “Deep Mobility Consortium,” a multi-institution consortium hosted by KAIST. This is the nation’s first academic-led, multi-institution consortium that fosters collaboration between multiple professors and companies—going beyond the traditional one-to-one model of industry-academia partnerships. Through this consortium, we plan to develop the ‘Open Integrated Mobility Platform,’ a core technology for future mobility.

MOU for Cybersecurity

HL Klemove is enhancing its cybersecurity to ensure the safe protection of its technological capabilities. As part of this initiative, we have signed an MOU with PESCARO, a specialized cybersecurity solutions provider. Through this collaboration, we aim to implement robust security measures for SDV development and build a strategic partnership to accelerate our global expansion.

Hosting the Autonomous Driving Mobility Competition

In 2024, HL Klemove successfully hosted the ‘Mando & HL Klemove Autonomous Mobility Competition,’ inspiring future autonomous mobility talents and enhancing their technical skills. Since its launch in 2021, this annual event has become the nation’s largest autonomous driving competition, providing participants with online programming education, technical support, and the necessary tools and resources for the competition. The 2024 finals featured 135 high school and university teams competing in three categories. Using a virtual simulation platform, the teams completed missions such as lane detection, traffic signal recognition, and handling unexpected scenarios to demonstrate their autonomous driving capabilities.



Deep Mobility Consortium



HL Mando & Klemove Autonomous Mobility Competition



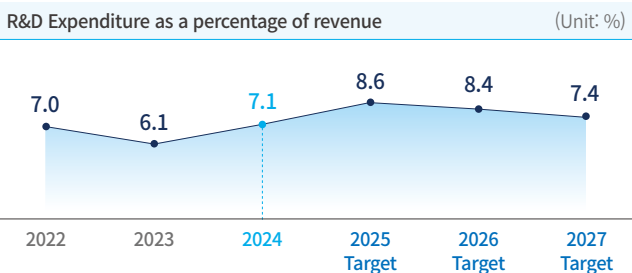
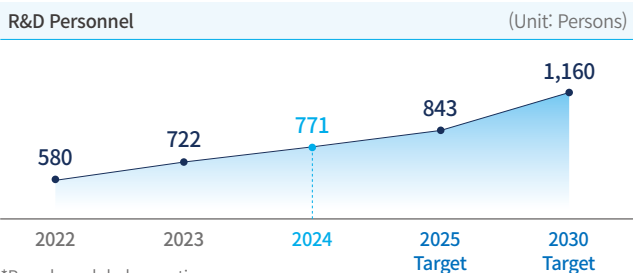
HL Klemove–HARMAN Partnership Agreement Signed

Integrated Collaboration with HARMAN for Autonomous Driving and Infotainment

HL Klemove has partnered with Samsung Electronics’ subsidiary HARMAN to jointly develop a Central Compute Platform integrating autonomous driving and in-vehicle infotainment (IVI) functions. This collaboration enables the shift from a traditional vehicle architecture—built on dozens or even hundreds of distributed ECUs—to a centralized E/E(Electrical/Electronic) architecture. By enabling a shift to a centralized E/E architecture, this serves as a key foundation for the transition to Software-Defined Vehicles (SDVs), where continuous enhancements to functions and user experience are made possible through Over-the-Air (OTA) updates. Since late 2023, HL Klemove and HARMAN have developed a Cross-Domain (ADAS–IVI) Proof of Concept (PoC), completing Phase 1 after about a year. At CES 2025, the two companies showcased an integrated prototype combining HL Klemove’s Level 2 autonomous system with HARMAN’s Central Compute Unit (CCU), which was validated through vehicle testing and a public demonstration. Currently in Phase 2, the project is expanding the platform to support Level 2+ autonomous driving and parking features. The collaboration combines HL Klemove’s ADAS expertise with HARMAN’s IVI capabilities to deliver a next-generation integration platform optimized for SDV. The two companies are jointly planning marketing and go-to-market efforts targeting major OEMs in North America, India, and Europe. Through this partnership, HL Klemove aims to lead the SDV market by offering innovative and seamlessly connected in-vehicle experiences.

Metrics and Targets

R&D Investment



- Environment
- Technological Innovation
 - Technological Innovation
 - Quality Management
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility

Technological Innovation

2024 Highlights

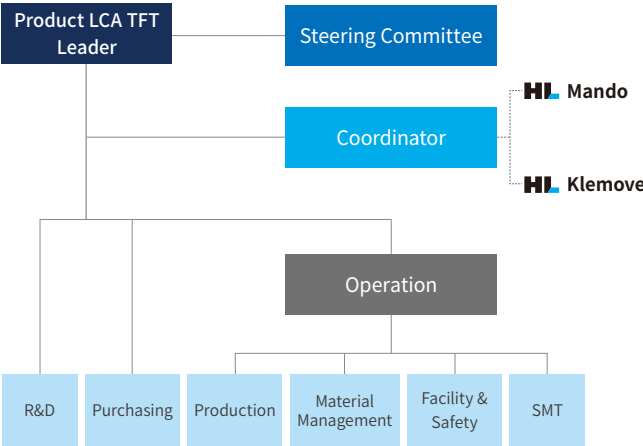
Implementation of LCA and Use of Eco-friendly Materials

HL Klemove is systematically evaluating the environmental impacts of its products and strengthening strategic efforts to improve them. To achieve these goals, we are establishing an environmental management system that meets global standards and are expanding the range of products subject to LCA (Life Cycle Assessment) evaluations each year. Through LCA, HL Mando precisely measures carbon emissions throughout the entire product lifecycle, using the results to develop targeted strategies for carbon reduction.

Operation of LCA TFT

HL Klemove, in collaboration with its parent company HL Mando, has formed an LCA TFT to assess the environmental impact of its products. The team holds biweekly working-level meetings and monthly leadership-led meeting to review progress and plans. In addition, regular online meetings are conducted with HL Mando's dedicated LCA team to ensure close coordination.

LCA TFT Organizational Chart



LCA Evaluation and Key Achievements in 2024

In June 2023, HL Klemove launched a pilot LCA (Life Cycle Assessment) for its IDB (Integrated Dynamic Brake) system. To enhance the accuracy of the evaluation, we comprehensively utilized the verified data from our customer HKMC (Hyundai-Kia Motor Company), reliable data provided by suppliers, and advanced assessment methodologies from our European customer STLA (Stellantis). Through this approach, HL Klemove established an environmental management system aligned with global standards, ensuring the credibility and reliability of its product assessments.

* Number of Simplified LCA completed programs among all programs for the current year, including order response evaluation, based on OEM response completion.

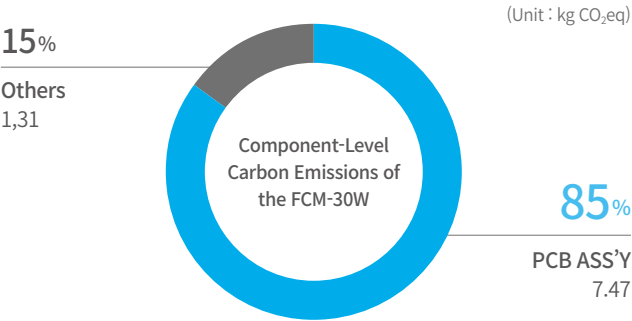
LCA Product Analysis Results

The LCA evaluation of HL Klemove followed international standards ISO 14040/44, measuring carbon emissions for Scope 1, 2, and 3 based on energy use, production materials, and external recycling methods. Using the Gabi software and database, widely recognized in Europe, the analysis revealed that the majority of carbon emissions originate from the manufacturing processes of suppliers. The emissions generated in our processes account for only 10% of the total emissions, which is attributed to the impact of our clean production processes. Notably, the production of PCBs and electronic components was found to contribute approximately 85% of the total emissions.

LCA Analysis Result - FCM-30W

Category		Carbon Emissions (Unit : kg CO ₂ eq)	Percentage
Scope1	Consumables and waste	0.02	0.3%
Scope2	Utility	0.83	9.5%
Scope3	Raw material components	7.88	89.7%
	Transportation	0.05	0.6%
Total		8.78	100%

Evaluation results of carbon emissions by component



HL Klemove plans to continuously update LCA data and strengthen improvement activities aimed at minimizing environmental impact. By reflecting on the improvements identified in the LCA assessment, we plan to refine our strategy to reduce product carbon emissions and enhance environmental performance. Through these efforts, HL Klemove will drive the development of sustainable products, comply with global environmental standards, and further strengthen its competitive advantage.

Use of 100% Recyclable Aluminum Products

HL Klemove contributes to resource circulation and carbon emission reduction by using 100% recyclable aluminum products. Recycled aluminum significantly reduces the environmental burden associated with raw material extraction and supports the development of sustainable products.

Life Cycle Assessment (LCA)

Category	Unit	2022	2023	2024
Number of programs that completed Simplified LCA for the current year	Pieces	0	1	13

* Including order response evaluation, based on OEM response completion

Quality Management

Quality Management Strategy







HL Klemove aims to earn customers’ trust and uphold the highest level of quality through leading quality innovation. Recognizing the significance of safety in quality, we have established “MOVE for Safety” as our quality philosophy, which is executed according to four principles: continuous monitoring (Monitoring), systematic quality management (Organization), thorough validation (Validation), and gradual improvement (Evolution).



Product Development and Stability Management Process

HL Klemove develops its products in accordance with the V-Cycle, the software development lifecycle management requirement of the ISO 26262 international standard, to ensure functional safety. To guarantee safety, the company identifies, evaluates, and manages potential risks that may arise during software development and operation. Through the analysis of customer usage conditions and international standards, we identify market requirements to proceed with software design and product realization and verify the functionality of individual modules or components. This process is completed with validation under real vehicle conditions provided by the customer, thereby enhancing overall product quality and reliability.

V Cycle

Stage	Key Activities	Validation Method
<div>Analysis of Requirements</div> <div></div>	<ul style="list-style-type: none">Analyze customers’ usage conditionsAnalyze international standards	<div>Review of requirements</div> <div>Check if functional requirements are met</div>
<div>Detailed Design</div> <div></div>	<ul style="list-style-type: none">Create a blueprint for software architectureDesign system design-based software	<div>Design review</div> <div>Design document verification</div>
<div>Realization of Software</div> <div></div>	<ul style="list-style-type: none">Develop individual modules or components	<div>Unit testing</div> <div>Verification of each module’s functionality</div>
<div>Validation of Function</div> <div></div>	<ul style="list-style-type: none">Validate the functions of individual modules or components	<div>Unit verification</div> <div>Individual module testing and verification</div>
<div>Validation of Targets</div> <div></div>	<ul style="list-style-type: none">Validate integrated various modules or components	<div>System integration verification</div> <div>Verification of interactions between modules</div>
<div>Validation of Vehicle</div> <div></div>	<ul style="list-style-type: none">Validate in real vehicle environmentFail-safe validation under malicious conditions	<div>Real vehicle verification</div> <div>Verification of customer conditions and safety</div>

Quality Management

Quality Enhancement

Monitoring

Quality Control System

HL Klemove has divided the entire process from product design to production into 10 stages through strategic quality management tailored to the characteristics of the business. Each stage is managed through a rigorous monitoring system, enabling the company to meet customer requirements and proactively prevent quality issues through a structured approach. In particular, we are implementing optimized product design and quality management processes in compliance with the international standard for automotive functional safety, ISO 26262. Through this process, we are not only enhancing the safety and reliability of our products but also continuously strengthening our competitiveness in the global market.



Response System for Quality Issues

In the event of a quality issue, HL Klemove addresses it swiftly and accurately through a documented process and a quality issue registration system. All issues are immediately reported to the relevant departments and executive management. The final resolution is carried out following review and approval by senior leadership, including the CEO. This structured approach helps prevent the recurrence of quality issues and ensures transparency throughout the problem-solving process.

Management of Key Performance Indicators (KPIs)

HL Klemove manages a range of KPIs (key performance indicators) to quantitatively and systematically assess the effectiveness of its quality management. These KPIs are regularly reported to executive management during the Monthly Quality Review, allowing for continuous evaluation of quality performance and the identification of areas for improvement.

Monthly Quality Review Operation

HL Klemove operates a Monthly Quality Review (MQR) system to enable strategic and efficient quality management. Held once a month, the meeting is attended by the CEO, business division heads, and department leaders to discuss key quality issues such as directives from the previous month, quality KPIs, monthly quality performance, and corrective measures. Additionally, a global monthly quality meeting involving overseas subsidiaries is held, where key quality issues and countermeasures are discussed, major trends in product quality are analyzed, and various quality themes, such as internal and external system changes, are addressed. Through these meetings, HL Klemove gains insights into global quality performance ensures rapid resolution of quality concerns, and continuously strengthens its quality management system. With this framework in place, HL Klemove aims to secure quality, stability, and support ongoing technological advancement through 2025 and beyond.

Quality Management

Organization

Standardization of Global Processes

HL Klemove is advancing the standardization of global processes across its overseas subsidiaries in line with its growth trajectory, including an expansion into global markets and the acquisition of new customers. To ensure systematic and efficient support and management of these subsidiaries, the company analyzed the roles of each organization and the differences in processes among locations. Based on this analysis, a total of 382 quality management system documents were standardized. In 2024, under the supervision of the headquarters, we conducted checks on the compliance of standardized documents through internal audits and online meetings with overseas subsidiaries, focusing on key processes. By addressing the non-conformities identified during these checks, we ensured the integrity and compliance of the processes. Looking ahead to 2025, HL Klemove plans to conduct on-site visits to overseas facilities, performing comprehensive inspections of all processes and identifying any operational gray areas. These efforts aim to establish a more robust and systematic global management framework.

Management System Based on GQCS Grades

HL Klemove operates a graded quality management system to ensure effective global quality control by categorizing customer and process-related quality issues into five severity levels (A to E) and responding accordingly. Grade E corresponds to general customer-related or process quality issues, which are reported to the team leader and registered in the system for management. Grade D applies to quality issues worth less than KRW 50 million and reported by customers, such as those identified in pre-shipment or pre-sale inspections, poor lot quality, quality cost risks, and cybersecurity issues. Process quality issues that occur more than 10 times consecutively or exceed 10% per hour are categorized under Grade D. Issues categorized as Grade D or higher are placed on the monthly quality meeting agenda and reported to the management, including the CEO. Grade C encompasses one-time safety issues, customer quality concerns like customer shipments or line stops, and process quality issues such as potential lot quality problems and customer line stops. Grade B is designated for lot safety issues, and Grade A for safety recalls and field campaigns. All Grade C or higher cases are treated as company-level KPIs (Key Performance Indicators) and may require formal countermeasure presentations, fostering a strong sense of accountability and a proactive quality culture across the organization.

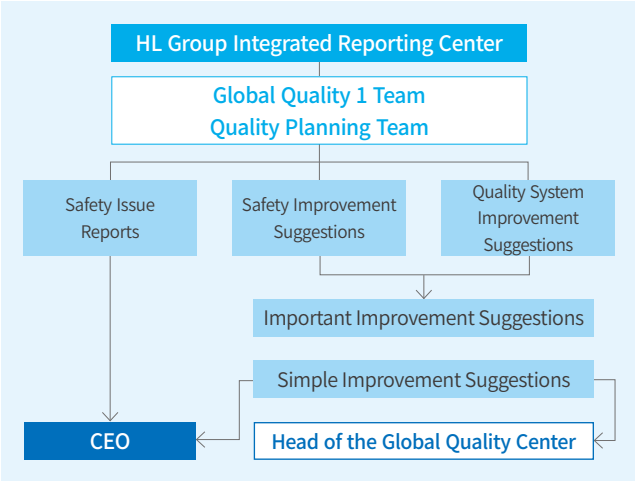
Management System Based on GQCS Grades

Grade	KPI	Action	Reporting Line
E	-	Registered in system (Prepare countermeasures)	Team leader
D	-	Reported to the Monthly Quality Review	Management including the CEO
C	Integrated into company-wide KPIs	Reported to the Monthly Quality Review	
B			
A			

Procedure for Handling Quality Safety Issues

HL Klemove has established a comprehensive customer complaint-handling process to ensure prompt and effective responses to product safety issues. Customers can report quality-related concerns through the HL Group Integrated Reporting Center according to the established quality safety issue reporting and handling procedures, and the Global Quality 1 Team (GQ1 Team) and the Quality Planning Team are responsible for managing the received reports based on their type. Additionally, reported safety issues are immediately reported to the CEO, and ‘safety issue improvement suggestions’ or ‘quality system improvement suggestions’ are further classified into simple improvement suggestions and important improvement suggestions based on their significance. Simple improvement suggestions are reported to the Head of the Global Quality Center, whereas important suggestions for improvement are reported to the CEO. Every reported issue undergoes final decision-making, and the results, along with the company’s response plan, are communicated back to the reporting party. Importantly, HL Klemove ensures full confidentiality for all whistleblowers, actively embracing customer feedback and continuously working to improve product safety and quality standards.

Quality Safety Issue Handling Process



Quality Management

Validation

Autonomous Driving Validation through the HILS System

HL Klemove utilizes the Hardware in the Loop Simulation (HILS) system to pre-validate the accurate performance of vehicle software and electronic components under virtual environmental conditions before the actual vehicle testing. This advanced simulation approach enables the company to verify ADAS (Advanced Driver Assistance Systems) and AD (Autonomous Driving) technologies without relying on costly equipment or large-scale test environments, thereby overcoming the limitations of traditional vehicle modeling and sensor validation methods. By adopting the HILS system, we have effectively reduced costs and time in the verification process, enabled repeated testing under the same conditions, and ultimately enhanced driver safety. We prioritize quality assurance as our top task and are continuously building verification equipment for all mass-produced ADAS products, starting from SPAS¹⁾ the initial ADAS product, to FCM²⁾, FRM³⁾, ADCU⁴⁾, and others. In response to growing global regulatory demands for virtual testing, HL Klemove also plans to further expand the scope of its HILS-based simulation capabilities.

- 1) SPAS : Smart Parking Assist System
- 2) FCM : Front Camera Module
- 3) FRM : Front Radar Module
- 4) ADCU : Automated Driving Control Unit

Real-World ADAS Verification

To meet customer requirements based on the type and function of vehicles, HL Klemove conducts verification of specifications at each stage of development and ensures that past issues have been addressed and improved. We also conduct system tests to evaluate the robustness of the system under extreme functional and environmental conditions and verify whether our products function according to the set specifications even in failure mode. In addition, on-road tests are performed to evaluate the reliability of sensors and systems under varying road and traffic conditions, along with performance validations conducted in domestic and overseas ADAS test operations. These efforts are aligned with stringent regional NCAP (New Car Assessment Program) requirements in North America, South Korea, China, and other key markets, ensuring comprehensive and localized safety and performance compliance.



FCM implemented in HILS



ADAS Real Vehicle Verification

Quality Management System Certification

HL Klemove has obtained quality management system certifications as part of its commitment to delivering high-quality products and top-tier services. Across its five domestic and overseas sites, we comply with the international standards A-SPICE for vehicle software and ISO 26262 for automotive functional safety during product development, and we conduct internal audits and certification audits based on IATF 16949 (Automotive Quality Management System). Additionally, HL Klemove conducts FMEA (Failure Mode and Effects Analysis) and other verification processes to proactively identify and mitigate potential safety issues during both the design and manufacturing phases, ensuring product safety from the outset.

Quality Management System Certification

Category		Site	IATF 16949 Certification
Domestic	Songdo	Plant 1	O
		Plant 2	O
Overseas	China	KLS	O
	India	KLI	O
	Mexico	KLM	O

Evolution

Anti-ESD Training

HL Klemove conducts comprehensive training for employees to prevent ESD (electrostatic discharge), a critical factor that can affect manufacturing quality. This training targets all personnel who handle or come into contact with electrostatically sensitive components. Employees are required to score at least 80 points on a post-training assessment to be assigned to relevant tasks; those who score below must undergo retraining to reinforce their understanding. Furthermore, for management and technicians who enter the EPA (ESD Protected Area), we conduct annual training on static discharge prevention. In 2024, to strengthen static control in the manufacturing area, we improved the management of insulators and optimized the placement of ionizers within the EPA. In this process, we improved a total of 286 insulator management cases and 18 ionizer-related cases, thereby enhancing the stability of manufacturing quality. Additionally, to prevent potential short circuits caused by foreign substances in anti-static gloves across the company, we have changed the material from copper to carbon. This change not only ensures ESD compliance but also improves product durability, contributing to greater safety and reliability for end users.

INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

- Environment
- Technological Innovation
- Quality Management
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility

APPENDIX

Quality Management

Improving Awareness of Quality Management

HL Klemove is attempting a multifaceted approach to raise employee awareness to ensure quality stability. In 2023, we created and distributed promotional content in the form of webtoons to help employees easily understand and practice the importance of quality. In 2024, we registered the same format for overseas branches (China, India, and Mexico) to convey a quality message to global employees. In addition to this, HL Klemove shared quality campaign videos focused on workplace safety and summarized key insights related to quality impacts. Looking ahead to 2025, we aim to implement quality management together with all employees through quality campaign activities.



Quality campaign video

Emergency Response Process for Serious Civil Accidents

HL Klemove operates a structured response protocol to address serious accidents and public safety incidents within its business operations. In the event of a fatality or injury caused by a defect in product design, manufacturing, or management, the company prioritizes immediate situation assessment and executive reporting. A dedicated response team is formed to conduct a thorough investigation into the causes and consequences of the incident. The accident analysis results are submitted to the relevant authorities, and subsequent joint field investigations are conducted to identify issues and carry out appropriateness reviews accordingly. Based on these insights, we establish improvement measures to prevent recurrence, and after verifying their effectiveness, we carry out a comprehensive reporting and formal closure procedures.

Procedure for Responding to Serious Civil Accidents

STEP 01	Identify and report accident-related information to the management
STEP 02	Review the cause of the accident and its effect
STEP 03	Submit initial comments, findings to the responding organization
STEP 04	Conduct a joint field investigation with the responding team and organization
STEP 05	Review the appropriateness of findings of the field investigation
STEP 06	Establish response measures and plans for the prevention of recurrence and validate their effectiveness
STEP 07	Report results to the management and finalize the case

Metrics and Targets

Quality Management System

Category		Unit	2022	2023	2024	2025 Target	2030 Target
Quality Management System: IATF 16949	Number of Target Operations	site	4	4	5	-	-
	Number of Implemented Operations	site	4	4	5	-	-
	Implementation Rate	%	100	100	100	100	100

*Based on global operations

Consumer and user safety

Category	Unit	2022	2023	2024	2025 Target	2030 Target
Product Safety Regulations, Number of Violations	Cases	0	0	0	0	0

*Based on global operations

SUSTAINABILITY AREAS

- Environment
- Technological Innovation
- Supply Chain
 - Supply Chain ESG Management
 - Win-Win Partnership
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility

Supply Chain



Labor strikes or disputes caused by poor working conditions at partner companies can lead to disruptions in the supply chain.



The expansion of regulations on responsible and conflict minerals, such as lithium and cobalt used in products, may result in supply chain disruptions, leading to potential financial losses.



Strengthening partnerships with suppliers enhances the overall sustainability of the industry and contributes to revitalizing the local economy.



The unethical sourcing of conflict minerals can lead to human rights violations and environmental degradation.

Impact, Risk, Opportunity

R Risk P Positive Impact N Negative Impact

In these Areas	Supply Chain ESG Management	51
	Win-win partnership	55

HL Klemove aims for mutual growth with all stakeholders within the supply chain, including suppliers, and seeks to lead the global market based on coexistence and cooperation. To strengthen ESG capabilities among its suppliers, the company provides training, consulting, and evaluation programs through events such as Partners Day and regular meetings. We also promote a culture of open communication based on trust and create a fair and ethical business environment by adhering to transparent trading practices. In line with its Supplier Code of Conduct and Fair Trade Guidelines, the company continuously manages and monitors supply chain risks to ensure a responsible and sustainable partnership ecosystem.

Aligned with UN SDGs








Supply Chain ESG Management

Suppliers’ Code of Conduct

HL Klemove established its Supplier Code of Conduct in 2023 to build and manage a sustainable supply chain and revised it in 2024 to reflect evolving global standards. Based on the “Global Automotive Sustainability Practical Guidance” from Drive Sustainability, the Code outlines best operational practices expected from suppliers in areas such as ethics, environment, human rights, safety, supply chain management, and technology. The 2024 revision introduced new provisions addressing the protection of local residents’ human rights, biodiversity and animal welfare, information security, and intellectual property management. These provisions apply to all suppliers and stakeholders who have signed a transaction agreement with HL Klemove. Within legal limits, we assess supplier compliance and provide recommendations and support to ensure faithful implementation. HL Klemove also conducts regular compliance checks to improve supplier sustainability and build a responsible, resilient supply chain. Through these ongoing efforts, we help suppliers continuously enhance their ESG practices based on the annually updated Code of Conduct.



Main Provisions of the Code of Conduct for Suppliers

 Working Conditions and Human Rights	 Ethics	 Environment	 Supply Chain	 Management System
<ul style="list-style-type: none">• Humane treatment• Non-discrimination• Prohibition of bullying• Prohibition of forced labor and human trafficking• Prohibition of child labor• Fair wage and benefits• Fair working hours• Freedom of association• Occupational health and safety• Political neutrality• Protection of the rights of local residents• Protection of human rights related to security	<ul style="list-style-type: none">• Fair competition and anti-cartel practices• Prohibition on the use of counterfeits• Prohibition of corruption, extortion and bribery• Compliance with export sanctions• Financial responsibility and anti-money laundering• Documentation and records• Disclosure• Anonymity and non-retaliation• Privacy protection• Information security and protection of intellectual property	<ul style="list-style-type: none">• Development and dissemination of eco-friendly technology• Energy consumption and GHG emissions• Conservation of resources and waste management• Management of hazardous chemicals• Management of water resources• Atmospheric emissions• Biodiversity• Carbon neutrality	<ul style="list-style-type: none">• Supplier management• Responsible sourcing of raw materials	<ul style="list-style-type: none">• Commitment• Training• Risk assessment and management• Animal welfare

Capacity Building Training for the Procurement Team

HL Klemove provides ESG training as part of its efforts to effectively integrate social and environmental considerations into supply chain management. All members of the domestic procurement center have completed this training to strengthen their capabilities in managing a sustainable supply chain. This training is designed to enhance participants’ abilities to identify and respond to environmental and social risks within the supply chain. Key topics include responsible sourcing, human rights protection, and minimizing environmental impact. This training equips procurement personnel to make sustainability-focused decisions and offers practical guidance for fostering long-term, responsible relationships with suppliers.

Sustainable Procurement Training

Year	2022	2023	2024
Number of employees engaging in procurement who have completed the training	-	-	30
Percentage of total employees engaging in procurement (%)	-	-	100

* Based on domestic operations

Supply Chain ESG Management

Supplier Assessment

Supplier ESG Assessment System

HL Klemove conducts annual ESG evaluations of its suppliers as part of a structured supply chain management strategy. In 2022, we established an evaluation system and conducted assessments for key suppliers (with a purchase amount exceeding KRW 1 billion), including online diagnostics and on-site inspections. Based on this, we prepared reports and delivered them to the suppliers. In 2024, the evaluation targets were expanded to include strategic key suppliers and a total of 20 companies were evaluated, which is an increase from 15 companies in 2023. Results showed that participating suppliers performed at least one grade higher than the automotive industry average, with improvements or sustained high ratings across all ESG categories compared to the previous year. The evaluations identified specific environmental and social risk factors for each supplier. Furthermore, the evaluation criteria included items such as environmental management, social responsibility, and governance, which were used to score risks and systematically analyzed during the risk analysis phase. Based on the evaluation results, we provide customized consulting for areas that need improvement and promote continuous improvement efforts with our suppliers. Also, the company is establishing an internal ESG evaluation system to internalize the management of ESG risks for our suppliers.

To embed ESG risk management more deeply, HL Klemove is developing an in-house ESG evaluation framework. By 2025, the company plans to train internal evaluators through joint audits with external agencies and will collaborate with HL Mando and Mando Brose to develop unified assessment metrics through the HL Group procurement council. Additionally, since Q2 2024, we have incorporated ESG evaluation results into the criteria for selecting new suppliers, and we are systematically managing the history of evaluation results by adding ESG evaluation items within the KSAS¹⁾ system. For new mass-production supplier selection, the company is now reviewing ways to provide bonus scores in the supplier selection process based on ESG performance.

1) KSAS: Klemove Supplier Assessment System

Supplier Assessment Process



Supplier Assessment Items

Area	
Environment	Environmental management systems, greenhouse gas management, water and wastewater management, waste management, air pollutant management
Society	Human rights and labor standards, workplace safety, supply chain human rights and labor
Governance	Ethical management, ESG information management and disclosure, governance

Supplier ESG Assessment and Corrective Action Plan

HL Klemove analyzes deficiencies in environmental, social, and governance aspects based on ESG assessment results to build sustainable relationships with suppliers and manages them by establishing systematic corrective action plans for items that need improvement. ESG improvement tasks are prioritized based on their strategic importance, considering the importance and feasibility of the industry, and a system is established to manage the entire process.

For issues that suppliers may struggle to resolve independently, HL Klemove collaborates with external ESG experts to develop effective remediation strategies. The status of ESG evaluations and supplier performance is regularly reported to senior management, ensuring high-level oversight. In addition, HL Klemove operates a range of support programs enhancing suppliers' ESG capabilities, helping them meet evolving industry standards and customer expectations.

Key recommendations for improvement

Area	
Environment	- Establishing long-term goals for corporate environmental indicators (greenhouse gases, waste, etc.) - Management of operation energy usage data and greenhouse gas emissions information
Society	-Establishment of suppliers' code of conduct
Governance	- Conducting activities to disclose ESG-related information - Discussion of ESG-related issues or performance reports at the highest decision-making body

INTRODUCTION

ESG STRATEGY

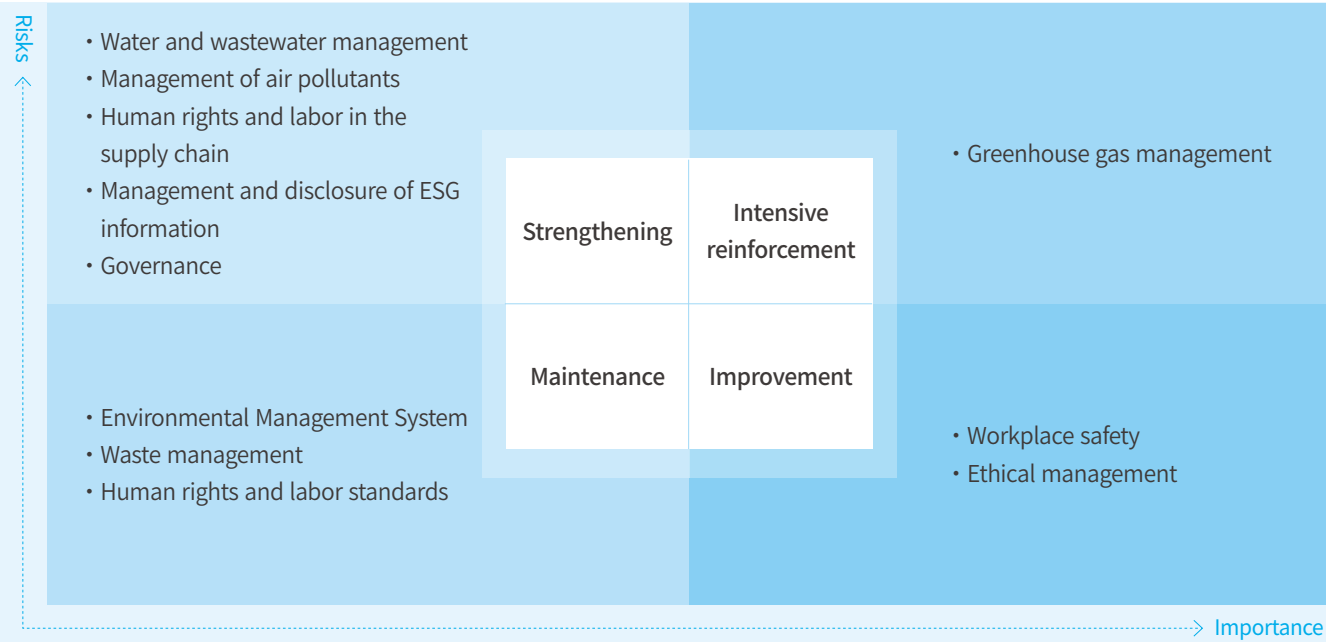
SUSTAINABILITY AREAS

Environment
Technological Innovation
Supply Chain
→ Supply Chain ESG Management
Win-Win Partnership
Labor Rights & Safety
Governance & Ethics
Corporate Social Responsibility

APPENDIX

Supply Chain ESG Management

Supplier Assessment Result



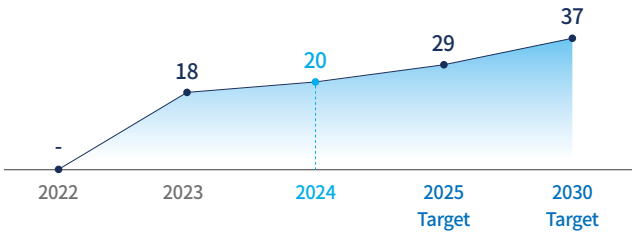
Support for Suppliers' ESG Practices and Capacity Building

HL Klemove provides an ESG practice guide to support suppliers in implementing practical improvement activities. This guide includes detailed requirements for each policy, key cases, and practical measures to support suppliers in carrying out feasible improvement activities. Drawing from the ESG evaluation experiences of leading domestic automotive OEMs and parts manufacturers, HL Klemove also shares model examples aligned with each evaluation question, helping suppliers not only achieve short-term improvements but also build long-term ESG management capability. In 2024, HL Klemove extended online ESG consulting services to all 20 suppliers, with the services delivered by an external agency. This initiative allowed suppliers to enhance their ESG management maturity and strengthen their competencies for sustainable sourcing.

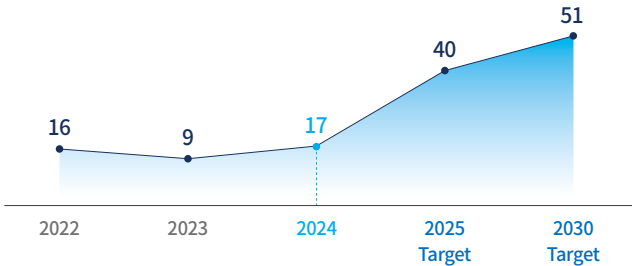
Metrics and Target

Supply Chain Risk Management

Percentage of Suppliers That Have Signed the Supplier Code of Conduct
(Unit : %)



Percentage of Suppliers Evaluated for Sustainability Management (ESG)
(Unit : %)



*Based on domestic operations

INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

- Environment
- Technological Innovation
- Supply Chain
 - Supply Chain ESG Management
 - Win-Win Partnership
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility

APPENDIX

Supply Chain ESG Management

Conflict Minerals Management

Conflict Minerals Policy

As a global autonomous driving components company, HL Klemove is committed to responsible mineral sourcing in accordance with international guidelines, including the OECD Due Diligence Guidance. We prohibit the use of conflict minerals to eliminate environmental destruction and violations of human rights in conflict areas, and also manage the ethical procurement status of suppliers. Moving forward, the company plans to enhance its management scope and systems to further strengthen its response to conflict minerals in a more structured and systematic manner.

Conflict Minerals Risk Management

HL Klemove provides suppliers with relevant norms and management guidelines to prevent conflict mineral risks and raises awareness through briefings and training sessions. We also share the conflict mineral response policies and best practices of leading global automakers to strengthen our social risk management initiatives. HL Klemove continuously monitors conflict mineral tracking and high-risk smelters through investigations of CMR¹⁾, EMRT²⁾. In 2024, the company introduced an IT system for managing conflict minerals to strengthen the management framework during supplier ESG assessments. Looking ahead to 2025, HL Klemove plans to expand its management scope from conflict minerals to responsible minerals in line with automaker requirements, while continuing to enhance its responsible mineral management system through stronger partnerships with suppliers.

1) CMRT : Conflict Minerals Reporting Template

2) EMRT : Extended Minerals Report Template

Establishment of a Computer System for Conflict Minerals and Grievance Handling System

HL Klemove built a computer system optimized for conflict mineral management in 2023 to strengthen its conflict mineral risk management. Through this system, we systematically manage conflict mineral-related data and support prompt and accurate responses to the demands of OEMs and primary suppliers. In 2024, HL Klemove provided system training and orientation sessions for its suppliers and plans to fully implement the system starting in 2025 to enhance its conflict mineral risk oversight. Through this system, we assess suppliers for the use of conflict minerals, recommend corrective actions for those at risk, and implement effective management measures. Additionally, HL Klemove operates a grievance mechanism that allows stakeholders within the supply chain to freely raise concerns related to conflict minerals. Through this system, suppliers, employees, and other stakeholders can anonymously report issues related to conflict minerals, and these reports are recorded and monitored in the conflict minerals database. The reported issues received are reviewed by the relevant department, and appropriate measures are taken. If necessary, risk mitigation measures are implemented in consultation with the supplier.

Metrics and Target

Conflict Minerals Management

Category		Unit	2022	2023	2024	2025 Target	2030 Target
Number of suppliers with verifiable information related to conflict minerals	Number of subject suppliers	Site	122	148	139	-	-
	Number of suppliers with verifiable information	Site	122	148	139	-	-
	Percentage of suppliers with verifiable information	%	100	100	100	100	100

*Key suppliers at domestic operations (Based on purchase amounts of KRW 10 million or more)

- Environment
- Technological Innovation
- Supply Chain
 - Supply Chain ESG Management
 - Win-Win Partnership
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility

Win-Win Partnership

Mutual Growth Strategy

HL Klemove is actively implementing a mutual growth strategy with the goal of fostering a healthy and sustainable development of both our company and the entire supply chain. Our strategy focuses on establishing a culture of fair trade, strengthening supplier competitiveness, and building trust-based relationships. We conduct a mutual growth evaluation every year, and in 2024, we obtained a “Good” rating. Additionally, we continuously expand and refine our strategic initiatives each year to further solidify partnerships with our suppliers.

Key Strategic Areas for Mutual Growth

Culture

Establish a fair trade culture



- Comply with the four action principles
- Provide training for employees
- Spread the integrity management culture

Competitiveness

Bolster suppliers’ competitiveness



- Improve payment conditions
- Promote quality and safety management

Trust

Build trust-based relationships



- Host Partners’ Day
- Resolve grievances promptly
- Convene discussion meetings for suppliers

Establishment of a Fair Trade Culture

Fair Transactions in Subcontracting

HL Klemove actively adopts and implements the four key fair trade practices established by the Korea Fair Trade Commission. In addition, we sign fair trade agreements with our partners and are committed to establishing a fair subcontracting system.

Four Subcontracting Practices			
01. Sign desirable contracts	02. Select and manage suppliers in a fair manner	03. Establish/operate the internal deliberation committee	04. Issue and retain proper paper documents
Describe unit price adjustments based on fluctuations in raw material prices and ensure compliance with the payment terms	Establish and publicly disclose policies regarding fairness in the selection process	Disclose the operation of the internal review committee for subcontracting transactions, along with related internal policies and procedures	Introduce and apply standard subcontracting agreements and develop plans to operate a contract management system

Fair Trade Training for Employees

HL Klemove systematically operates ethics and fair trade training programs to achieve sustainable shared growth based on trust with our partners. Through this, we aim to establish a more horizontal relationship with our partners and create a transparent and fair business environment. This includes providing training in business etiquette, strategies for effective communication and improving stakeholder engagement, as well as training related to subcontracting law. Furthermore, we regularly conduct training on subcontracting laws and fair trade regulations to proactively prevent legal risks in our transactions with suppliers and to strengthen an ethical corporate culture.

Distribution of the Integrity Management Practice Messages

As part of strengthening ESG management, HL Klemove distributed “Integrity Management Practice Messages” to key suppliers during holidays such as Lunar New Year and Chuseok, encouraging them to practice ethical management and laying the foundations for mutual growth. Through these efforts, HL Klemove continues to make ongoing strides toward building a clean, transparent corporate ecosystem.

Complying with Payment Conditions

HL Klemove adheres to payment terms to ensure transparent management. For small and medium enterprises, we pay within 3 days from the payment due date for amounts of KRW 13.2 million or less, including VAT. For amounts exceeding this threshold, we adhere to the principle of paying within 50 days from the date of issuing the tax invoice for both consignment and subcontract transactions. Additionally, we are striving to improve payment terms to ensure a smooth cash flow for our suppliers.



Win-Win Partnership

Bolstering Suppliers’ Competitiveness

Managing Supplier Quality and Employee Safety

HL Klemove requires its partners to obtain ISO 9001 certification as a mandatory condition for selection, in order to enhance their quality capabilities. Additionally, we minimize educational gaps through continuous development and quality training, not only for new suppliers but also when initiating new projects or changing personnel. These efforts aim to strengthen suppliers’ quality management capabilities and support consistent product and service quality. Furthermore, we continuously manage the status of ISO 14001 certification acquisition to strengthen the supplier’s environmental management capabilities and make various efforts to ensure that supplier employees can work in a safe and healthy environment.

2024 Highlights

Operation of a Program to Strengthen Supplier ESG Capabilities

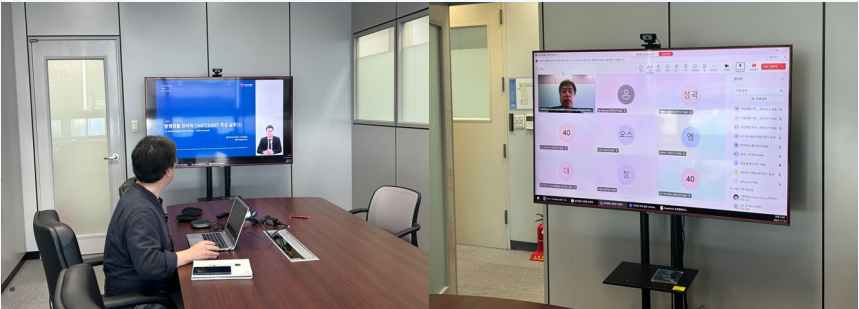
HL Klemove supports a variety of programs to strengthen ESG management among its suppliers. We conduct more than four capacity-building programs annually for key and newly onboarded suppliers and carry out regular ESG assessments of our partners. Additionally, based on the results of the supplier ESG assessment, we provide sustainable management consulting to high-risk suppliers to actively support the practice of ESG management. Through this consulting, suppliers can identify their level of ESG compliance, and we encourage improvements by raising awareness and helping them upgrade their ESG ratings. By doing so, HL Klemove aims to foster mutual growth by helping suppliers integrate ESG more effectively.

2024 Program to Strengthen Suppliers’ ESG Capabilities

Objectives	<ul style="list-style-type: none">Enhance understanding of the importance of ESG for suppliers and their willingness to implement itShare information through the announcement of the HKL policy to key partnersStrengthen relationships and foster a win-win atmosphere through regular communication with partners				
Category	Purchase Policy Briefing	Partner’s Day	PPAP Training	FTA Training	Conflict Minerals Training
Candidates	51 suppliers (equipment vendors)	Key suppliers (26)	8 suppliers	40 suppliers	30 suppliers
Main Contents	<ul style="list-style-type: none">HL Klemove Road Map2024 Equipment Investment PlanOperational plan for regular evaluations of equipment suppliers	<ul style="list-style-type: none">HL Klemove’s departmental policiesSharing and exchanging information on ESG trends	<ul style="list-style-type: none">Development quality trainingSupport for improving the quality and work efficiency of suppliers	<ul style="list-style-type: none">Basic concepts and importance of FTA	<ul style="list-style-type: none">Definitions and issues of conflict minerals and responsible mineralsConflict mineral risk management and response measures
Period	Jan. 2024	Mar. 2024	Jan.–Nov. 2024	Oct. 2024	Nov. 2024



Supplier Quality Training



Supplier Conflict Minerals Training

Win-Win Partnership

Metrics and Targets

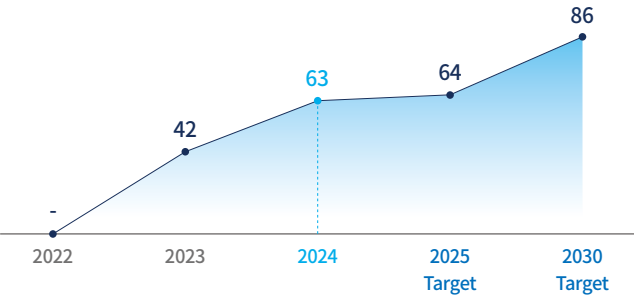
Supplier Quality Certification

Category	Unit	2022	2023	2024	2025 Target	2030 Target
Number of suppliers with quality management system certification	Com-panies	121	148	139	-	-
Percentage of eligible suppliers with quality management system certification	%	100	100	100	100	100

*Based on key domestic partners (with purchases of KRW 10 million or more)

Supplier Development Progress

Percentage of suppliers participating in ESG capability enhancement programs (Unit : %)



*Supplier Criteria for Domestic Operations: Purchases of KRW 100 million or more (2024: 76 companies)

Building Trust-based Relationships

Regular Communication Channels

HL Klemove operates a variety of online and offline channels to facilitate effective engagement with its suppliers. Through communication channels such as email, we collect real-time feedback from suppliers and respond promptly. In addition, Partners Day events and regular monthly and quarterly meetings are held with key suppliers to share strategic goals and major business plans. These sessions also provide a platform for mutual feedback and collaboration.

Collecting Supplier Grievances

HL Klemove is committed to working collaboratively with its suppliers to address challenges and drive continuous improvement through regular communication. We continuously strive to identify and resolve suppliers' difficulties, and we particularly support suppliers in promptly voicing their opinions on sensitive issues such as conflict minerals. To this end, we have posted a dedicated email address (withhlklemove@hlcompany.com) on our website so that suppliers can convey their grievances at any time, and we continuously receive feedback regardless of time and place.

Hosting Partners Day

HL Klemove regularly hosts Partners Day events and roundtable meetings with the goal of fostering mutual growth with key suppliers. At the Partners Day held in March 2024, 26 core partner companies participated. The event served as an opportunity to share critical information such as business plans, objectives, and the mid- to long-term roadmap, while also reinforcing mutual trust and collaboration.



2024 HL Klemove Partners Day

SUSTAINABILITY AREAS

- Environment
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
 - Labor
 - Human Rights
 - Health and Safety
- Governance & Ethics
- Corporate Social Responsibility

Labor Rights & Safety



In these Areas	Labor	59
	Human Rights	66
	Safety & Health	71

HL Klemove values the dignity and rights of all employees and strives to create a healthy and happy work environment. We adhere to international standards and national labor principles, practice human rights management, and identify and improve risks through annual human rights impact assessments. HL Klemove also enforces policies to prevent workplace harassment and discrimination and has established a robust occupational health and safety system to ensure a secure working environment. Additionally, we maintain preventive processes for swift responses and provide support programs and training to enhance the physical and mental health of employees, continuously improving the work environment.

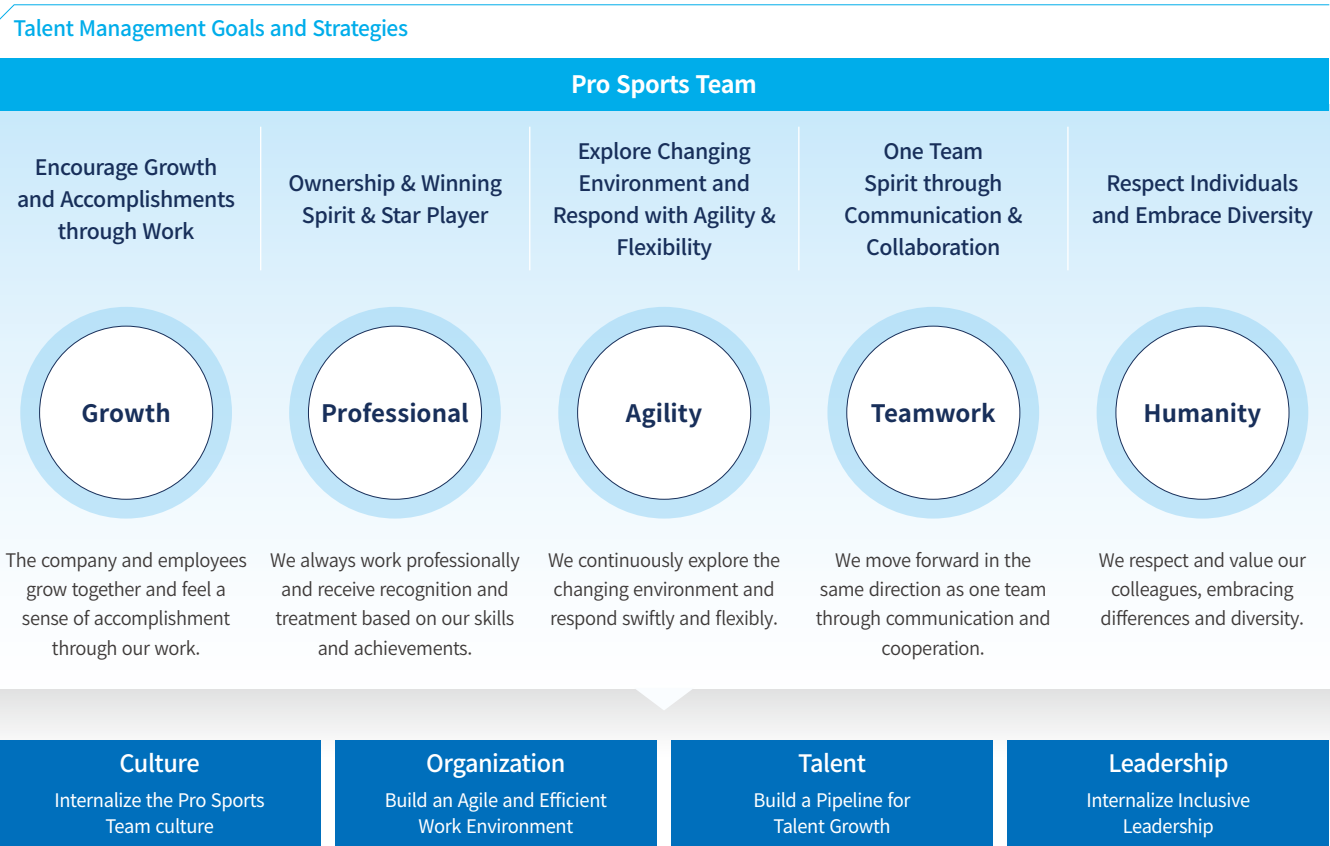
Aligned with UN SDGs



Labor

Talent Management Strategy

As HL Klemove transitions into the SDV (Software Defined Vehicle) era, the company is enhancing its recruitment competitiveness to identify and secure top software talent. Additionally, workers’ perspectives on job values are shifting from the concept of work-life separation to one of work-life balance. To respond to these changes in the external environment, HL Klemove has set the “Pro Sports Team” as its goal and established a talent management strategy based on G-PATH (Growth Path) as its core value. Additionally, HL Klemove plans to identify and execute key initiatives for sustainable management across four areas: Culture, Organization, Talent, and Leadership. We will continue to recruit and develop talent that aligns with the organization’s needs and goals.



Talent Recruitment and Management

Enhancing Recruitment Competitiveness

HL Klemove is pursuing a multi-pronged talent strategy to drive mobility industry growth and sustainable development. We foster new talent through industry-academia partnerships and software-focused scholarships, while enhancing recruitment appeal through MZ-targeted branding on YouTube, social media, university newspapers, and kiosks. We also actively run In-house Recruiting to directly secure talent for key roles, using coding tests, AI-based developer assessments, and culture fit evaluations. Looking ahead, we aim to broaden our talent pipeline through global hiring and internship programs linked to full-time opportunities.

Strategy for Securing Top Talent

Category	Details of Achievements
Industry-Academia Cooperation	- Support for SW career industry-academia scholarship - Conduct industry-academia projects and seminars
Bolstering Branding	- Utilize SNS channels, Conduct on-campus promotions - Operate company tours and one-on-one consultation channels for university students
Advancing the recruitment process	- Introduce practical coding tests and AI assessments for developers - Conduct culture fit assessments

Human Resource Development Committee

HL Klemove operates the Human Resource Development Committee to make decisions on HR-related matters, including the implementation of HR strategies for employees, discussion of organizational issues, promotions, appointments, rewards, and disciplinary actions. The Committee is chaired by the CEO or those delegated by the CEO and has one personnel manager as its secretary. If a decision related to personnel matters is necessary, the Committee ensures a transparent and fair decision-making process. In 2024, a total of 12 committee meetings were held, reflecting the company's commitment to providing reasonable and fair decision-making for all employees.

INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

- Environment
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Labor
- Human Rights
- Health and Safety
- Governance & Ethics
- Corporate Social Responsibility

APPENDIX

Labor

Internal Referral and Recruitment Program

HL Klemove operates an internal referral system and recruitment programs to effectively acquire top talent and manage the talent pool. The internal referral system allows employees to recommend external talent. If the referred candidate meets the hiring criteria and possesses exceptional skills for the position, they go through the same hiring process as regular applicants. Employees who recommend outstanding talent are rewarded with a referral grant upon final confirmation of the new hire. In 2024, we successfully selected three talented individuals through this system.

The internal job posting system provides employees with opportunities for diverse job experiences and career development. It is utilized as a means to facilitate internal mobility. In 2024, internal recruitment was conducted for each department by job category, including group internal recruitment, and we plan to continue these activities in 2025.

HL Klemove is actively engaged in talent development both domestically and internationally. Not limited to domestic initiatives, we operate an overseas assignment program to provide employees with opportunities to gain international experience. Through this program, employees can build experience in diverse cultural backgrounds and enhance their global competencies. Participation in internal job postings is open to all employees through email applications. All stages of the process, including application and progress updates, are handled confidentially to ensure privacy protection.

Fair Compensation System

HL Klemove manages and operates a performance-based evaluation and compensation system to ensure that employees performing the same tasks, regardless of gender, nationality, or employment status, do not experience disparities in working conditions. Equal pay for equal work is applied to both men and women, with compensation based on individual performance evaluations. To motivate employees and drive high performance, we operate a reward system for outstanding employees. Under the auspices of the group company, we recognize employees through awards such as the ‘Ungok Award’ and ‘Small Victory,’ and HL Klemove itself grants ‘Special Awards’ to recognize outstanding contributions. HL Klemove is committed to fostering a corporate culture free from discrimination and inequality and will continue to strengthen this culture moving forward.

Communication Regarding Performance Evaluation and Compensation

HL Klemove operates a fair and transparent performance management and compensation system. Based on the company’s vision and strategy, we operate a performance management system (MBO) where employees set and manage their individual work goals. This system enhances employee engagement and promotes the improvement of professional competencies. Performance is evaluated quarterly using both quantitative and qualitative indicators, and one-on-one meetings with team leaders are conducted to manage individual performance and assess goal achievement. Evaluation results are reflected in various HR and compensation systems, including performance bonuses, salary increases, and promotion reviews. The entire performance management process is operated through our own online HR system, newly established in 2024, enhancing the fairness of the system and the convenience of use for employees. In particular, through the Hanmaru electronic approval system, we clearly guide the communication process related to compensation and systematically manage it using the office job performance evaluation (MBO) documents.

The technician group decides on wage increases through regular negotiations between labor and management, and in 2024, a new personnel system was introduced to address the wage gap between different levels by reflecting employees’ opinions. Office jobs operate based on two systems: regular pay raises and performance-based pay raises. A mid-term evaluation system has been introduced to improve predictability and transparency in performance assessments. The labor-management council plays a crucial role as a practical communication channel and maintains a fair compensation system by reflecting the evaluation results in compensation.

Corporate Culture Diagnosis

HL Klemove conducts an annual corporate culture diagnosis to comprehensively evaluate the work environment and gather feedback within the organization. This initiative allows the company to listen to employee opinions candidly and identify areas that require management attention or improvement. The diagnostic items consist of 8 areas and 70 items in total, including core values, leadership of the management, organizational structure, collaboration and support, work processes, decision-making processes, human resource management, organizational commitment, and employee satisfaction. The diagnosis is conducted once a year for all employees. To ensure anonymity and convenience, it is conducted online through an external professional firm. The diagnosis results are used to set the direction for improving corporate culture. Based on the areas that need improvement, we review overall HR policies, identify tasks for corporate culture improvement, and refine systems, policies, and detailed programs.

Evaluation Items for Corporate Culture Diagnosis

Organizational Components (Input)				
Vision & Value	Structure	People	Process	System
<div>• Vision and Strategy</div> <div>• Core Values</div> <div>• Crisis Awareness</div>	<div>• Organizational Structure</div> <div>• Roles and Responsibilities</div> <div>• Collaboration and Support</div>	<div>• Leadership of the Management</div> <div>• Leadership of Team Leaders</div> <div>• Communication</div>	<div>• Work Processes</div> <div>• Decision-Making Process</div>	<div>• Human Resource Management</div> <div>• Infrastructure</div>
Employee Awareness (Output)				
<div>• Organizational Commitment</div>	<div>• Organizational Satisfaction</div>	<div>• Intention to Stay</div>		

Labor

Human Resources Development

Talent

Customized Self-Development Program

HL Klemove operates customized training programs for skill development for its employees. Apart from the current job training, we are strengthening self-development education to enable employees to enhance their self-efficacy. As part of this initiative, HL Klemove introduced the Class 101 and Welaaa platforms in 2023. Employees can freely take courses in many categories, including programming and languages, via subscription-based platforms, and they are actively supported in their personal growth and skill development.

To further support language proficiency, we also provide video and phone-based English courses. In 2024, HL Klemove launched an AI (artificial intelligence) education program to respond to the fast-changing AI landscape. Through various training courses that reflect the needs of our employees, we intend to develop people who can adjust to changes in the industrial environment in the future.

Eureka

HL Klemove also promotes a culture of learning and research through Eureka, a study and research group initiative launched in 2024. Focused on supporting R&D professionals in the automotive sector, Eureka encourages knowledge sharing and technical growth. Currently, 17 employees are participating across four groups, working together to advance their skills and expertise.

Leadership

Leadership Program

HL Klemove operates various leadership training programs to cultivate leaders in the rapidly changing global market. The headquarters conducted team leader leadership training in three sessions for a total of 59 team leaders, while 26 part leaders completed a dedicated leadership training program for their role. This program, designed to teach leadership that adapts to changes in leaders' roles, helps team members develop and succeed in their projects. Among the many aspects of leadership, it covers team culture development, the conversational abilities of coaching leaders, and the newest developments in leadership self-awareness via MBTI.

Additionally, we operate various leadership programs such as “Book Learning,” which provides leadership books for executives, “Leadership 1 on 1 Coaching” for team leaders, and “Webzine,” which offers introductions and case studies on leadership for part leaders and above, and we spare no effort in supporting the development of leadership skills.

2024 Highlights

Intelligent Vehicle School

In line with the continuous growth and diversification of the mobility software industry, HL Klemove sees securing talent with software capabilities as a key competitive factor. In response to this need, HL Klemove is conducting the “Intelligent Vehicle School,” a software manpower training program, as a member of the K-Digital Training Digital Leading Company Academy—a project operated with support from the Ministry of Employment and Labor.

In 2024, a total of 34 trainees completed the program, gaining practical skills essential for the future mobility industry through systematic and professional training. The training is structured around the latest technologies and a practical-oriented curriculum required in the industry, supporting trainees to grow into talented professionals in the mobility software field. In particular, outstanding graduates have been offered interview opportunities for a position at HL Klemove, and so far, five individuals have joined HL Klemove through this program. This initiative provides a practical pathway where education and recruitment are directly linked, and HL Klemove is thereby securing future talent and laying the groundwork to contribute to the advancement of the mobility industry.



Intelligent Vehicle School Entrance Ceremony

INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

- Environment
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
 - Labor
 - Human Rights
 - Health and Safety
- Governance & Ethics
- Corporate Social Responsibility

APPENDIX

Labor

HL Business School

HL Klemove’s Talent Development Center is nurturing the next generation of leaders who will drive sustainable management through its HBS (HL Business School). For about 6 to 10 months, intensive training focused on the MBA curriculum such as strategy, financial accounting, marketing, and HR, is conducted for each position, such as manager level (HBS) and executive level (HBS PLUS). In 2024, HL Klemove launched the “HL Youth” program to identify and develop young talent early on. This initiative includes career coaching, special lectures, and a variety of development programs aimed at building the foundational competencies required for future leadership.

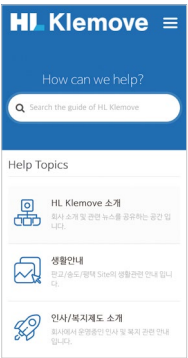
Future Leader

Since 2020, HL Klemove has been operating the Future Leader program to identify and develop promising young talent early in their careers, preparing them to become the company’s next generation of leaders. Selected employees receive personalized career coaching, high-quality job training, and guidance from internal job experts, with all aspects of the program tailored to their individual career aspirations, circumstances, and organizational needs. They also participate in top-tier job-specific training to build deep expertise in their fields. A key feature of the program is direct engagement with senior leadership-Future Leaders are given opportunities to attend roundtable discussions with top executives, where they can gain insights into leadership experiences and the company’s management philosophy.

Organization

On-Boarding

HL Klemove operates a comprehensive onboarding program to help new employees smoothly adapt to the company, supporting their quick understanding of the work environment and corporate culture. In 2024, we created and provided a Welcome Book and a Welcome Kit for the MZ generation (Millennials and Generation Z), incorporating the opinions of new employees, and offered practical information for their daily lives through a One-Day Living Handbook and a checklist. To further support mindset development and peer bonding, HL Klemove held biannual In-Group training sessions for new employees. These sessions aim to enhance self-leadership, acquire business etiquette, and foster a sense of belonging, thereby supporting new employees in quickly adapting to the company culture. Through these efforts, HL Klemove ensures that new team members are well-equipped to integrate into the company culture and start their journey with confidence and clarity.



On-Boarding site

Internal Exchange Programs

HL Klemove is expanding interaction across hierarchies and departments by conducting an internal exchange program. To enhance team communication and drive work innovation, we encouraged a casual coffee chat culture among employees and launched the “Su-O-In-Co” campaign, which includes coffee chat sessions with the HR department. Additionally, to promote interaction among employees, we test-operated a voluntary lunch communication program called ‘Lunch Talk’, which was attended by a total of 510 people. The satisfaction survey results showed a 98% positive response rate, so we plan to expand it to full operation by 2025 to increase opportunities for interaction among employees.

Internal Exchange Program
‘Lunch Talk’

Culture

Operation of Employee-led Councils

HL Klemove actively fosters a vibrant and inclusive workplace through employee-led corporate culture initiatives, namely the Culture Board and Culture Agents. The Culture Board, a company-wide research council, is responsible for identifying and promoting initiatives to internalize and shape a unique corporate culture and providing the management with ideas for creating a youthful corporate culture. On a more localized level, Culture Agents function as center- and team-level councils that design and run programs to strengthen internal communication and team engagement. Their focus is on making workplace interactions more engaging and enhancing employees’ sense of community through creative and participatory activities. HL Klemove will continue to support the creative activities of the two councils to bring innovation to the corporate culture and foster the next generation of leaders.

Culture Board	
Members	Tasks
8 employees	· Identify and drive unique culture-shaping challenges
	Details
	· Enterprise work maps, work streamlining, etc.
Culture Agent	
Members	Tasks
65 employees	· Run center-specific programs to activate communication, facilitate town hall meetings
	Details
	· Movie Day, Guerrilla picnics, coffee events, etc.

INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

- Environment
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Labor
- Human Rights
- Health and Safety
- Governance & Ethics
- Corporate Social Responsibility

APPENDIX

Labor

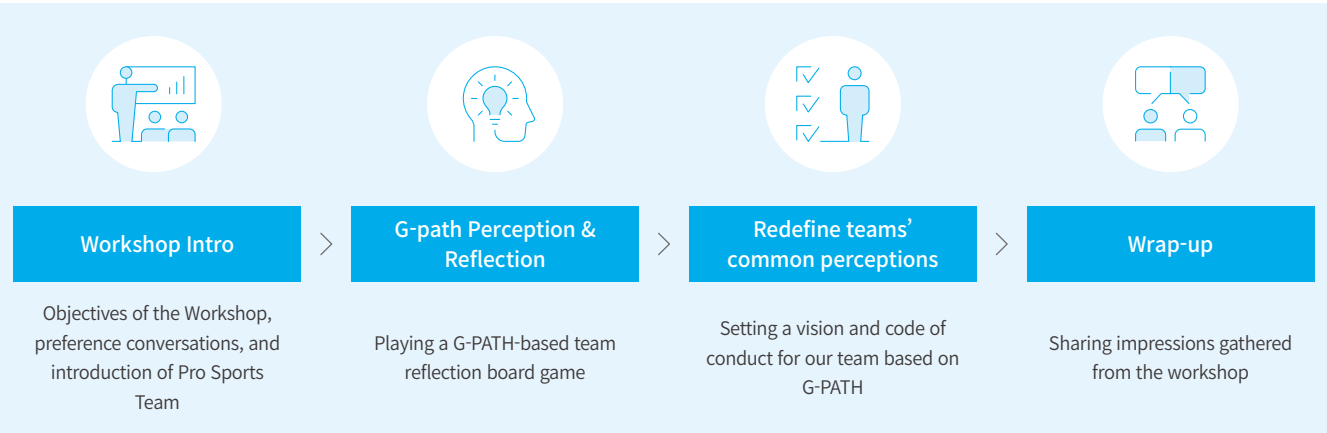
Deep Dive Workshop

HL Klemove held a Vision Workshop (Deep Dive Workshop) to enable members to internalize the company's unique culture. In 2024, we designed the Deep-Dive Workshop with the goal of enhancing team cohesion and communication indices. The program creatively incorporated board games to connect the company's core culture with everyday work, guiding teams to develop their own vision and strategic goals and providing a framework to ensure effective feedback and implementation. In 2024, nine departments participated in the pilot program, and facilitation workshops were held for the employee-led corporate culture research organizations, Culture Board, and Culture Agent. In 2025, we plan to hold Deep Dive Workshops for each team across the company to further strengthen the internalization of our corporate culture.

Town Hall Meeting

In 2024, town hall meetings were held at both the company-wide level, organized by the CEO, and at the center level, organized by the center heads. We conducted Q&A sessions to share policies and environments both inside and outside of work with employees and to facilitate real-time mutual communication. Through these meetings, we are strengthening two-way communication between management and employees, helping them to better understand the company's direction and strategy. Moving forward, we plan to actively utilize open communication channels to engage with employees about the work environment and conditions, and to align with the company's vision.

Highlights of the Workshop



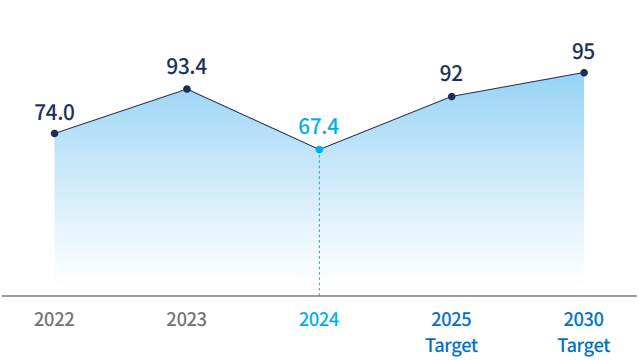
Metrics and Targets

Employee Training

Category	Unit	2022	2023	2024	2025 Target	2030 Target
Average Training Hours per Employee	Hours	23	19	24	24	24

*Based on global operations

Percentage of Employees completing training (Unit : %)



*Based on global operations

INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

- Environment
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Labor
- Human Rights
- Health and Safety
- Governance & Ethics
- Corporate Social Responsibility

APPENDIX

Labor

Work-Life Balance

Welfare Programs

HL Klemove offers a variety of employee benefits aimed at improving work satisfaction and quality of life, including programs related to health education, and culture. Both full-time and contract employees are equally eligible for benefits, including medical expense support, comprehensive health check-up support, housing loan programs, and living stabilization funds. To allow for a detailed review of various welfare benefits, we have posted the “Welfare System Manual” on the new online HR system’s HR Communication message board. On this board, employees can conveniently check the welfare system at any time, and we actively incorporate their feedback when improving the system.

Welfare Programs

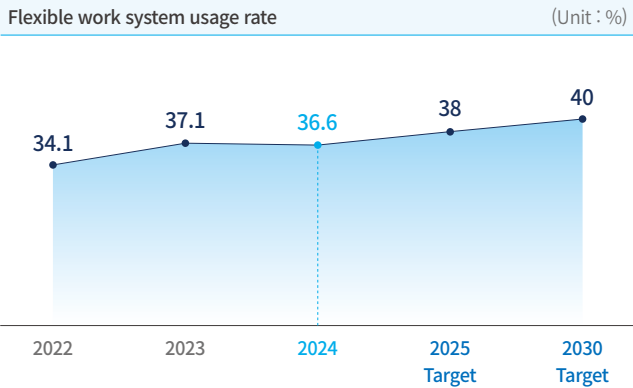
Healthcare	Education/Culture
<ul style="list-style-type: none">• Medical expense support• Flu vaccination• Comprehensive health check-ups	<ul style="list-style-type: none">• Foreign language courses• Tuition support• Support for hobby clubs
Life/Convenience	Family
<ul style="list-style-type: none">• Housing loan• Livelihood stability loans• Holiday/birthday gifts	<ul style="list-style-type: none">• Family allowances (spouse/parents/children)• Expenditure/Leave for congratulations and condolences• Condolences support
Others	
<ul style="list-style-type: none">• Support for long-term employees/retirees• Early retirement withdrawal• Corporate dining, gift cards, etc	

Flexible Work Arrangement

The company offers flexible work arrangements, such as flexible working hours and hybrid work, to help employees work with greater engagement and efficiency. The Flexible Work system mandates core working hours at each workplace, allowing employees to set their own commute times outside of these hours. The Hybrid Work system enables employees to choose their work location, either from home or a designated shared office, twice a week. This flexible and autonomous approach to work not only helps improve employee productivity but also supports a healthier work-life balance. These systems help to improve employees’ work capabilities through flexible and autonomous working styles.

Metrics and Targets

Flexible work system



*Based on global operations

Supporting Employees’ Emotional Health

HL Klemove prioritizes the emotional well-being of its employees, recognizing it as a foundation for a strong and sustainable corporate culture. In September 2024, a mental health assessment was conducted for all employees, which included nine tests, such as the stress perception scale, depression test, job stress factor test, and insomnia test, to diagnose mental stress. Based on the results, improvement measures were reviewed and implemented by each organization. The results showed that employees at HL Klemove demonstrated a higher level of emotional stability across all indicators compared to the average in other private-sector companies. Building on this positive outcome, the company plans to continue its proactive approach to managing mental health as a key part of cultivating a healthy workplace culture. In addition, HL Klemove conducts surveys and statistical analyses to monitor job-related stress and operates a psychological counseling program called “Todak Todak”, which offers employees convenient and confidential access to mental health support.

Family-friendly Workplace

HL Klemove strictly adheres to paid maternity leave and parental leave policies and operates various programs to create a family-friendly work environment. For employees with children aged 6-7, we provide subsidized childcare fees for using external daycare centers approved by the Ministry of Health and Welfare. At the Pangyo operation, we operate an in-house daycare center for children under the age of 4, ensuring a maximum enrollment period of up to 2 years. The return rate from parental leave is 100%, and we support employees in balancing work and family by implementing a reduced working hours system during child-rearing periods. In 2024, HL Klemove introduced additional family-focused measures, including congratulatory gifts and personalized cards from the CEO for employees celebrating the birth of a child. The company also expanded infertility treatment leave from three to six days per year and introduced compassionate leave in the event of miscarriage. Starting in 2025, paternity leave will be extended to 20 days, and parental leave will be extended up to 18 months.

Labor

Labor Relations

Win-Win Partnerships between Labor and Management

HL Klemove respects and upholds the labor rights guaranteed by the Constitution, including the right to organize, the right to collective bargaining, and the right to collective action. In accordance with the relevant laws, such as the Trade Union and Labor Relations Adjustment Act, the company does not interfere in any way with employees' decisions to join or leave a labor union, thereby upholding the right to organize. In support of the right to collective bargaining, we engage in negotiations with labor unions in a sincere manner, following the prescribed regulatory process, which includes providing notice of negotiations, confirming the participation of unions, and establishing a unified bargaining platform. In addition to these constitutional labor rights, we also operate the Labor-Management Council on a quarterly basis, as mandated by the Act on the Promotion of Employees' Participation and Cooperation. Furthermore, we have established an Occupational Health and Safety Committee in accordance with the Industrial Safety and Health Act. We conduct annual presentations to share our business plans and management conditions with employees. Additionally, we provide monthly updates on production operations and biannual management environment briefings, allowing labor and management to work together in understanding the business landscape and striving toward shared performance goals.

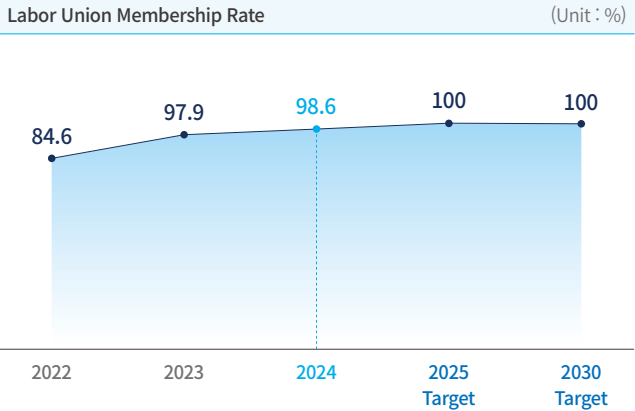
Labor-Management Council

HL Klemove conducts quarterly labor-management councils to promote employee participation and cooperation. In 2024, we held a total of four labor-management councils, addressing ten agenda items to improve working conditions. Additionally, we hold labor-management councils every quarter to enhance employee participation and cooperation. As part of these efforts, the 2024 labor-management council established a Grievance Committee, introduced new workplace harassment prevention policies and response manuals, and implemented practical measures to enhance employee health and safety, including improvements to the working environment. These initiatives reflect HL Klemove's ongoing commitment to fostering a cooperative and respectful workplace culture.

Collective Bargaining

HL Klemove conducts collective bargaining in accordance with relevant laws and regulations, and the validity period of the agreement is 2 years from the date of signing. The bargaining process is initiated by the labor union three months prior to the expiration of the current agreement, and negotiations proceed through a cooperative approach between labor and management. In 2024, as the existing collective agreement expired, collective bargaining was conducted, and labor and management reached a smooth, dispute-free settlement. Through collective bargaining, we discuss and revise the contents of the collective agreement, which includes various topics such as employee health and safety, working conditions, education, and career management. In particular, we implement collective agreements that reflect the promotion of diversity and the prevention of discrimination, sexual harassment, and sexual violence, ensuring that employees can work in an equal and non-discriminatory environment.

Metrics and Targets



*Based on domestic operations, the target is set in accordance with the union membership guarantee rate.

Human Rights

Human Rights Management System

Human Rights Management Declaration

HL Klemove values the human rights of all stakeholders, including customers, employees, shareholders, investors, partners, and local communities, and respects their rights to pursue their values and happiness. In April 2023, the company officially declared its commitment to human rights management during a regular board meeting, clearly expressing its intent to uphold and implement these values. The Declaration aligns with international standards on human rights, including the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and the International Labor Organization standards, and it applies to all employees and stakeholders in business relationships with HL Klemove. Moving forward, HL Klemove will practice human rights management in accordance with the nine core principles outlined in the declaration and will pursue sustainable development based on these values. All these principles apply to all stakeholders who are members of the company and have business relationships with it.



Code of Conduct for Employees

HL Klemove established a Code of Conduct to reinforce the company's and its employees' ethical responsibility and human rights management practices. This Code was implemented in November 2023 following a review by the ESG Labor Rights Steering Committee. Based on the Code, we promote the institutionalization of human rights management throughout our business activities.

9 Principles of the Human Rights Management Declaration

Principle 1	Principle 2	Principle 3
 <div>Respect for Human Rights</div>	 <div>Prohibition of Discrimination</div>	 <div>Prohibition of Forced Labor and Child Labor</div>
Principle 4	Principle 5	Principle 6
 <div>Compliance with Labor Laws/Assurance of Freedom of Association</div>	 <div>Health and Safety</div>	 <div>Responsible Supply Chain Management</div>
Principle 7	Principle 8	Principle 9
 <div>Protection of Stakeholder Information</div>	 <div>Guarantee of Environmental Rights</div>	 <div>Protection of Human Rights in Local Communities</div>

Code of Conduct for Employees

Category			Content
Chapter 1 General Provisions			Purpose, Applicability, and Governing Organization
Chapter 2 Main Provisions	Sec. 1	Working Conditions and Human Rights	Work Environment, Respect for Human Rights, Freedom of Association, Political Neutrality, Health, and Safety
	Sec. 2	Corporate Ethics	Fair Competition and Trade, Transparency, Protection of Company Information and Assets, Prevention of Conflict of Interest, Identity Protection and Non-Retaliation, Prohibition of Counterfeit Parts
	Sec. 3	Environment	Tackling Climate Change, Management of Environmental Impact
	Sec. 4	Supply Chain	Supply Chain Management
	Sec. 5	Management System	Legal Compliance, Education, Workers' Participation and Handling of Grievances, 2023 HL Klemove Social Contributions

Human Rights

Human Rights Impact Assessment

Human Rights Impact Assessment

HL Klemove conducts an annual human rights impact assessment across its domestic and international operations to embed human rights management into its business practices and to establish a system that proactively identifies and mitigates related risks. The improvements identified through the evaluation are systematically managed, and human rights risks are minimized through continuous monitoring and improvement activities. The human rights impact assessment is based on the National Human Rights Commission’s standard human rights impact assessment and consists of a total of 10 areas and 179 items. After the company conducts its own evaluation, the results are finalized through verification by the group’s overseeing organization. By implementing improvement measures for the key issues identified thereafter, we are enhancing the effectiveness of human rights management. Additionally, HL Klemove has delegated the highest level of decision-making authority regarding human rights management policies and related risks to the board of directors, ensuring that human rights management is systematically managed and supervised across the entire organization.

Results of Human Rights Assessment

Category	2023	2024	Year-on-year change
1. Establishing a human rights management system	90.7	95.7	+5
2. Non-discrimination in recruitment	98.1	100	+1.9
3. Guaranteeing the freedom of association and collective bargaining	96.7	100	+3.3
4. Prohibition of forced labor	95.5	98.5	+3
5. Prohibition of child labor	100	100	-
6. Ensuring occupational safety	94.9	95.8	+0.9
7. Responsible supply chain management	63.2	87.6	+24.4
8. Protecting stakeholders’ human rights	83.4	100	+16.6
9. Protecting environmental rights	97.4	98.2	+0.8
10. Protecting consumers and employee data	88.1	97.2	+9.1
Average	90.8	97.3	+6.5

Metrics and Targets

Human Rights Impact Assessment

Category	Unit	2022	2023	2024	2025 Target	2030 Target
Percentage of Business Operations Covered by Human Rights Impact Assessment	%	100	100	80	100	100

*Based on global operations

► **2024 Human Rights Impact Assessment Targets** : All domestic operations and overseas operations in China and India

Human Rights Impact Assessment Process

STEP 01	STEP 02	STEP 03	STEP 04	STEP 05	STEP 06
Conduct self-assessments and vulnerability analysis	Perform validation	Analyze results	Conduct improvement activities	Monitor results	Analyze effectiveness and share the results
Self-assessment and vulnerability analysis for domestic and overseas business operations <ul style="list-style-type: none">- Conduct self-assessment of the department responsible for the checklist- Inspection of key items such as working conditions, prevention of discrimination, and industrial safety	Group-level reviews and validation of the assessment results <ul style="list-style-type: none">- Conduct on-site inspections and additional interviews if necessary	Identification and prioritization of human rights risks <ul style="list-style-type: none">- Comparative analysis with global standards (UNGP, OECD, etc.)	Establishment of improvement goals and action plans <ul style="list-style-type: none">- Implement customized improvement tasks for each workplace	Checking the performance of improvement measures and periodic monitoring <ul style="list-style-type: none">- Manage improvement tasks and incorporate field feedback	Analysis of the effectiveness of evaluation and improvement activities <ul style="list-style-type: none">- Disclose the results externally, such as the sustainability management report, and implement follow-up actions

INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

- Environment
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
 - Labor
 - Human Rights
 - Health and Safety
 - Governance & Ethics
 - Corporate Social Responsibility

APPENDIX

Human Rights

Internalizing the Human Rights Policy

Human Rights Management Activities

HL Klemove implements a range of preventive and monitoring measures to address human rights risks, including child labor and forced labor. To prevent child labor, the company enforces age restrictions on its recruitment platforms in accordance with Article 64 of the Labor Standards Act, ensuring that individuals below the legal working age cannot be hired. Furthermore, employees are not required to provide a copy of their ID upon joining; the required papers for employment are directly submitted through the HR system. Not demanding the needless filing of identification documents such as ID cards helps us to avoid excessively exposing personal information and preemptively eliminate risks that can lead to forced labor or other violations of human rights. Additionally, we are operating a risk management system to prevent child labor, forced labor, and human trafficking. This system is continuously monitored through group-level audit activities, and compliance with all relevant laws and recruitment procedures is regularly reviewed through internal audits and inspections. The Group Compliance Management Office (Jeongdo Management Office) oversees the implementation of these protocols and ensures that all related regulations are strictly followed, reinforcing HL Klemove’s commitment to ethical and responsible business practices.

Whistleblowing and Initiatives to Mitigate Risks Associated with Human Rights

HL Klemove respects all stakeholders and actively strives to prevent any impersonal treatment. In cases where employees experience workplace discrimination, harassment, or other human rights violations if there are concerns related to child labor or forced labor, anyone can report the issue through an online whistleblowing channel. For the reports received, we conduct thorough investigations and take protective measures and based on this, we systematically manage risks through procedures such as investigating the facts of the incident, preparing incident reports, holding disciplinary committees, finalizing disciplinary actions, and providing preventive training to avoid recurrence. In particular, we ensure the separation of the perpetrator from the victim and appropriate disciplinary actions, and we operate a group-integrated reporting center that is easily accessible to all employees in case of any incidents. Additionally, we implement an internal whistleblower protection system that includes confidentiality obligations, prohibitions against retaliatory measures, and the liability protections for self-reporting whistleblowers. In addition, the company regularly analyzes reporting trends and the outcomes of investigations to monitor the effectiveness of its corrective actions and follows up on support for victims to ensure accountability and lasting resolution.

Grievances Handled

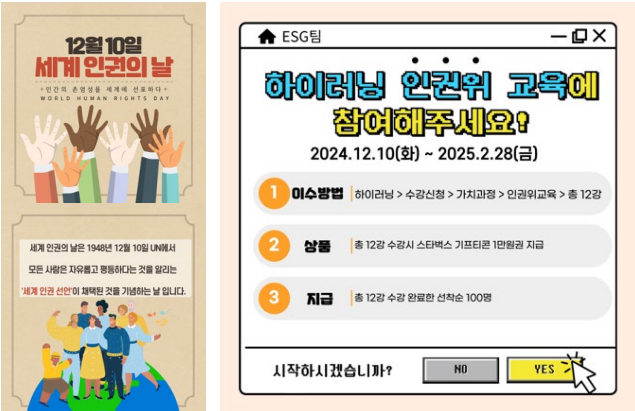
Category	2024	
	HL Klemove	Group Integrity Management Center
Number of grievances submitted	4	4
Number of grievances handled	4	4
- Disciplinary actions	4	-
- Actions below warning level	0	-
Percentage of grievance handled (%)	100	100

Human Rights Management for Suppliers

In addition to internal assessment, HL Klemove extends its human rights impact evaluations to its suppliers across the supply chain. To promote human rights practices among partners, the company has established a Supplier Code of Conduct and formally requests documentation of relevant activities and compliance from its suppliers. Particular attention is given to suppliers and worksites considered to have a higher risk of human rights violations such as child labor or forced labor on-site visits are conducted to verify adherence to the Code of Conduct. If any instance of human rights infringement is identified, HL Klemove demands immediate corrective action. Should the supplier fail to address the issue, the company may take further steps, including suspension or termination of business relations.

Human Rights Training

HL Klemove provides a wide range of human rights education programs for employees to proactively prevent potential risks. These include mandatory training on workplace harassment prevention, sexual harassment prevention, disability awareness, and personal data protection. These include legally mandated disability awareness training and comprehensive human rights education, such as the interpretation of the Act on the Prohibition of Discrimination Against Persons With Disabilities and Remedy Against Infringement of Their Rights, anti-discrimination laws, and anti-discrimination prevention education, employees learn how to respond to relevant laws and solutions and raise awareness about gender equality, sexual harassment and bullying, and a culture of respect for human rights. In 2024, HL Klemove also launched group-wide ESG ethics training, introducing a campaign that enabled employees to voluntarily engage with human rights content through card news distributions and event pop-up windows. Topics included “Inclusive Language in a Multicultural Society,” “International Labor Rights,” and “Climate Refugees,” helping raise awareness of global ethical issues and strengthening the company’s culture of social responsibility. Additionally, the HiLearning system allows for efficient performance tracking and training management, including the issuance of certificates, ensuring that all educational achievements are formally recorded and monitored.



- Environment
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
 - Labor
 - Human Rights
 - Health and Safety
 - Governance & Ethics
 - Corporate Social Responsibility

Human Rights

Expanding DEI Culture

Diversity Policy

HL Klemove strictly prohibits discrimination based on gender, age, race, nationality, religion, place of origin, or disability, and operates its HR processes in accordance with the principles of equality and respect for diversity. We prohibit discrimination based on religion, place of origin, nationality, and disability, and guarantee the freedom of entry and employment retention. To this end, HL Klemove has established human rights management principles that specify the prohibition of discrimination and respect for diversity in the Human Rights Management Declaration and continues to make substantial efforts to prevent discrimination. In 2024, we placed particular focus on preventing discrimination against women and individuals with disabilities, undertaking various initiatives to promote inclusion. To support the growth of female employees, we operated a development program and employed more disabled individuals than the legally mandated quota. To facilitate their smooth work performance and daily life, our internal staff obtained the Life Counseling Advisor certification and provided counseling services. Additionally, to enhance fairness and equality in the hiring process, interview evaluators were informed about the “Fair Hiring Procedure Act” and the “Equal Employment Opportunity and Work-Family Balance Assistance Act” before the interview stage, ensuring that all procedures were conducted without discrimination.

2024 Highlights

Expanding Employment of Foreigners and Women

HL Klemove is making concrete and systematic efforts to promote a culture of DEI (diversity, equity, and inclusion), recognizing DEI as a cornerstone for sustainable growth and innovation. The company places DEI at the heart of its talent management and organizational culture strategies. Through the discovery of female and foreign talent, we aim to enhance the organization’s creativity and problem-solving capabilities and secure a competitive edge in the global market. In the future, we plan to lead innovation based on a broader perspective and ideas by organizing a diverse group of talents.

DEI Strategy Roadmap

Steps	Expanding female talent >	Global talent exchange >	Improvement of diversity indicators in the organization >	Sustainable growth
Goals	Expand the proportion of female talent within the organization and strengthen their entry into leadership positions	Expand exchanges with global talent from diverse backgrounds and cultures	Quantitatively improve and manage the DEI level in the organization	Link DEI with corporate sustainability management and ESG strategy
Key Action Strategies	<ul style="list-style-type: none">• Set recruitment goals for female talent and provide equal opportunities• Cultivate women’s leadership (mentoring and support programs)• Expand care support	<ul style="list-style-type: none">• Operate talent rotation programs between overseas and domestic subsidiaries• Conduct multicultural and diversity training	<ul style="list-style-type: none">• Analyze diversity indicators (gender, nationality, age, etc.) and set goals• Reflect employee feedback	<ul style="list-style-type: none">• Develop products and services incorporating diverse talent’s ideas• Comply with and benchmark against global DEI standards (UN SDGs, GRI, etc.)

Discovery And Support Of Female Talent

In 2024, HL Klemove actively pursued a strategy to expand the recruitment of female talent and create an environment where they can continuously grow within the organization. To attract female talent, the company strengthened direct communication channels such as female university recruitment fairs and branding pop-up stores. As a result of these efforts, the female applicant rate noticeably increased. In particular, the internship program for female university students in the second half of the year saw an approximately threefold increase in applications compared to the previous year.

HL Group Branding Pop-up Store



Expanding Global Diversity with International Talent

HL Klemove views foreign talent as a key driver for enhancing organizational diversity and is leveraging their active participation to strengthen global competitiveness. We have deepened collaboration with its operations in India, assigning two professionals from the Indian Operation to our domestic headquarters to facilitate knowledge sharing and technological cooperation between domestic and international teams. We are also expanding the hiring of foreigners at domestic operations and training hired foreign personnel as overseas expatriates to support their growth as local leaders in each region. This approach goes beyond mere employment and serves as a foundation for strengthening strategic decision-making capabilities in local markets.

INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

- Environment
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
 - Labor
 - Human Rights
 - Health and Safety
 - Governance & Ethics
 - Corporate Social Responsibility

APPENDIX

Human Rights

Operating Teams of Athletes with Disabilities

HL Klemove directly employs athletes with severe disabilities to operate its sports team. Athletes specializing in cue sports and shuffleboard are selected through recommendations from the Korea Paralympic Committee. Employment regulations and contracts are tailored to reflect the specific nature of their work. Additionally, we establish an annual work plan, monitor the athletes' health and attendance weekly through dedicated coaches, and address any concerns. In 2024, HL Klemove organized a special event to present gifts to the team, demonstrating ongoing support and communication. Currently, a total of 16 athletes with disabilities are active members of the HL Klemove team. Through a corporate culture that embraces diverse talent, HL Klemove aims to drive innovation in technology development and contribute to the creation of social value.



Sports Team of Athletes with Disabilities

Recruiting IT Employees with Disabilities

HL Klemove conducts software development and recruitment of a testing workforce through an agreement with the Korea Employment Agency for Persons with Disabilities (KEAD) based on the Disability Adjustment Training Program (SIAT). HL Klemove is the first and only automobile company among the 19 participating companies, expanding the horizons of the industry by combining IT and the automotive sector. Through the establishment of a specialized training course tailored to our business needs, we conducted a total of three months of software developer training. In 2024, one trainee was hired, bringing the total number of program hires to two. HL Klemove plans to continue and gradually expand this initiative in 2025.

We are also committed to fostering a workplace that enables those with disabilities to carry out their responsibilities and daily activities free of discomfort. Along with enhancing physical accessibility, we change schedules for external events like hospital visits for employees with disabilities and offer tailored assistance required for their job. Two certified vocational life counselors for persons with disabilities serve as liaisons, helping employees adapt to their roles and navigate workplace challenges. HL Klemove is dedicated to fostering smooth communication and proactive problem-solving. Additionally, the company offers various training programs and workshops to increase awareness and understanding within the organization, enabling all employees to build more inclusive and collaborative working relationships with colleagues who have disabilities.

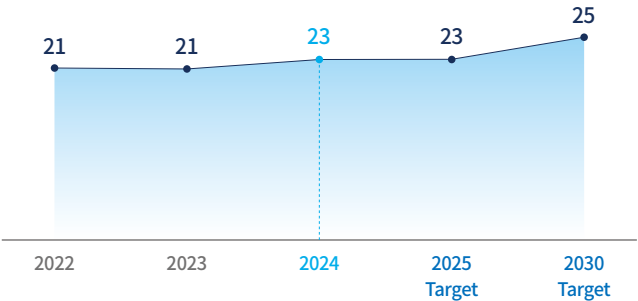
Metrics and Targets

Diversity and Inclusion

Category	Unit	2022	2023	2024	2025 Target	2030 Target
Percentage of women in new hires	%	20.8	18.9	29.9	30.0	30.0
Number of employees with disabilities in the IT division	Person	0	2	3	2	6
Number of athletes in the Para sports team	Person	16	16	16	16	16

*Based on global operations

Percentage of female employees (Unit : %)



*Based on global operations

Health and Safety

Health and Safety System

Health and Safety Management Policy

HL Klemove has implemented a Health and Safety Management Policy to provide a safe working environment and a reliable internal safety system for all employees. The policy covers areas such as environmental and occupational safety, legal compliance and continuous improvement, risk preparedness, transparent communication, and accountability. In each department, we ensure that our actions go beyond the standards set by our established policy.

Health and Safety Strategy

Following the establishment of our safety and health management policy, HL Klemove has set strategic goals for 100% regulatory compliance, identifying and improving 100% of on-site hazards, achieving zero chemical accidents, and creating a comfortable work environment. To ensure sustainable safety and health, our long-term vision is to create a 'healthy and safe workplace that respects human dignity and improves quality of life.' Through a systematic approach, we aim to build a zero-accident workplace.

Health and Safety Management Policy

Category	Content
Prioritize environment · safety · health	Prioritize environmental, safety and health considerations in all phases of design, development, production, value-added services, and disposal, aiming to eliminate hazards and reduce risks to safety and health.
Comply with laws and regulations	Comply with legal requirements and other applicable regulations regarding environmental, safety, and health management.
Continuous improvement	Provide safe and healthy working conditions to prevent work-related injuries and health impairments, improve the environmental safety and health management system continuously to prevent environmental pollution, protect the environment, and enhance environmental safety and health performance.
Remain prepared for emergencies and respond appropriately in the event of emergencies	Establish an emergency response system by identifying potential emergencies and conducting drills to prevent human and material losses and environmental pollution.
Communication	Encourage active participation in ESH management through open communication, consultation, and involvement of all employees, worker representatives, and suppliers.
Ensure transparency	Ensure transparency in EHS management by making EHS policies and performance data available upon request to customers or stakeholders.

Health and Safety Management Strategy



INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

- Environment
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
 - Labor
 - Human Rights
- Health and Safety
- Governance & Ethics
- Corporate Social Responsibility

APPENDIX

Health and Safety

Occupational Health and Safety Committee

HL Klemove operates an industrial safety and health committee for the systematic management of safety and health risks and prompt action. The committee establishes and monitors compliance with work standards related to safety accidents to ensure that there are no disadvantages due to the mandatory suspension of work under the Occupational Safety and Health Act. Additionally, we analyze safety risks caused by equipment and environmental factors and establish and implement measures to prevent recurrence. In 2024, a total of four meetings of the Occupational Health and Safety Committee were held, addressing key agenda items such as the revision of safety and health management regulations, line floor leveling, and the introduction of workwear to prevent plantar fasciitis.

Health and Safety Organization

HL Klemove has established a dedicated safety and health organization to prevent industrial accidents and implement responsible safety management, thereby enhancing corporate competitiveness. The Facility Safety Team, led by the COO and CTO, who are responsible for safety management, performs the role of safety manager, and supervisors are being assigned to each center. Through biannual CEO-led safety management meetings and quarterly joint inspections by management, we ensure strong safety leadership. Additionally, safety and health activities are carried out according to the safety and health plan approved by the board of directors each year.

Health and Safety Management Organization

Category	No. of Personnel
Safety Management Managers	Songdo Plant (COO_Operation Center Head), Pangyo Research Center (Research Center Head_CTO)
Safety Managers	2 in Songdo, 2 in Pangyo
Health Managers	1 in Songdo, 1 in Pangyo
Supervisors	106

Health and Safety Certifications

HL Klemove is certified under the ISO 45001 Occupational Health and Safety Management System for its product design and manufacturing operations in both domestic sites (Songdo, Pangyo) and international sites (China, India). This certification demonstrates our commitment to prioritizing the health and safety of our employees while establishing an occupational health and safety management system that meets global standards. Additionally, we conduct training on system requirements and for internal auditors for key personnel in all departments to enhance understanding of the occupational health and safety management system and to foster company-wide participation.



ISO 45001 Certification

Operations Certified under the ISO 45001 Occupational Health and Safety Management System

Category		Target sites	Certification of ISO 45001
Domestic	Songdo	Plant 1	O
		Plant 2	O
	Pangyo	R&D Center	O
Overseas	China	KLS	O
	India	KLI	O
	Mexico	KLM	Scheduled to obtain certification in 2025

Health and Safety Risk Management

Conducting Risk Assessment

HL Klemove conducts biannual risk assessments to proactively prevent safety accidents and effectively manage safety risks. We identify potential hazards and risk factors, and assess their likelihood and severity to derive hazard ratings and implement appropriate management measures. In 2024, we conducted risk assessments in both the first and second halves of the year, resulting in the identification of 51 hazards/risk factors in the first half and 63 in the second half, with corrective actions completed. Additionally, we have made continuous efforts to improve working conditions. In 2024, we further subdivided the work environment measurements from a total of 120 operations to 150 operations, managing the exposure standards for harmful factors more strictly. As a result, the exposure levels of major harmful factors such as metals, dust, and noise were all found to be below 10% of the standard levels, confirming that the impact on workers is minimal.

Risk Assessment Process

STEP 01	Conduct a pre-assessment for risk factors
STEP 02	Identify risks
STEP 03	Determine the level of risks
STEP 04	Determine the range of acceptability
STEP 05	Establish and implement measures for risk reduction

Health and Safety

Themed Audits and Joint Audits

HL Klemove proactively manages the safety risks of high-risk processes through theme-based inspections and joint safety audits. In accordance with legal inspection cycles, external professional agencies conduct safety inspections of hazardous machinery, equipment, and devices. Additionally, twice a year, each production line undergoes a full-day intensive inspection across all processes. The improvement rate for the issues identified during the 2024 safety inspection was 100%. Furthermore, we are continuously striving to support workers' safety activities and ensure the stability of the work environment by holding safety practice meetings once a month.

Emergency Preparedness and Response Process

HL Klemove operates emergency preparedness and response protocols to respond promptly in the event of an emergency and to minimize damage from incidents. By analyzing past records and case studies, HL Klemove identifies potential emergency scenarios and establishes appropriate response measures tailored to each situation. We manage the emergency response manual internally and regularly conduct emergency response drills to continuously improve our response capabilities. In the event of an emergency, immediate suppression and prioritization of urgent measures are essential. After the initial witness reports and emergency measures, the same task must be halted, and a swift report should be made to the accident occurrence team and the safety management team, as well as to relevant authorities. Subsequently, an accident response team is formed to carry out follow-up procedures, and a thorough investigation and analysis of the accident are conducted to take measures to prevent similar incidents from recurring. Additionally, relief measures and damage prevention training are conducted to efficiently respond to major accidents, such as falls, asphyxiation, and forklift accidents.

Themed Audits for High-Risk Groups

Item	Check schedule	Details	No. of deficiencies	No. of improvements
Forklifts	Feb.	1. Status of protective devices / 2. Qualifications of forklift drivers / 3. Condition of the workplace floor / 4. Completion of work plans	1	1
Electricity	Apr.	1. Presence of protective covers for charging sections of distribution panels / 2. Condition of wires in terms of damage or aging / 3. Condition of outlet sockets in terms of stability and damage / 4. Existence of equipment grounding	3	3
Exposure of driving parts	Jun.	1. Existence of exposed driving parts / 2. Presence of damaged protective covers	6	6
Interlock	Aug.	1. Installation status of door interlocks / 2. Presence of damage to door interlocks / 3. Status of door interlocks in terms of proper functioning	4	4
Chemicals	Oct.	1. Posting status of MSDS / 2. Attachment status of MSDS warning labels / 3. Storage conditions of chemical substances	3	3
Fire & Explosion	Dec.	1. Storage condition of flammable materials / 2. Condition of gas facilities / 3. Other fire and explosion hazards	2	2

Incident Investigation Process



Management Activities For The Safety And Health Of Subcontractors

HL Klemove conducts safety and health management activities for subcontractors to establish safety and health within the supply chain. Quarterly joint inspections are conducted four times a year, and monthly subcontractor council meetings are held. Daily safety patrols include on-site inspections of subcontractor work areas. In addition, we also cover subcontractor operations in work environment measurements and provide safety-related educational materials concurrently. Furthermore, we are working together to create a safer workplace by sharing our 2024 safety and health performance and the 2025 annual safety and health plan.

INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

- Environment
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
 - Labor
 - Human Rights
 - Health and Safety
- Governance & Ethics
- Corporate Social Responsibility

APPENDIX

Health and Safety

Embedding a Culture of Health and Safety

Occupational Health and Safety Training

HL Klemove establishes an annual safety and health training plan and conducts regular mandatory training in accordance with the Occupational Safety and Health Act. We provide 8 hours of safety training for new employees, and for new employees working on-site, we conduct an initial special safety and health training course of 56 hours. Additionally, for all employees in office positions, we conduct 6-hour quarterly online safety training sessions organized by a specialized institution, while technical staff undergo 2 hours of in-person training each month. In 2024, we conducted a total of 12 training sessions on learning from the previous year’s accident cases, chemical safety and health, musculoskeletal education, fire safety training, and hazardous material management. Additionally, if the work of on-site personnel changes, an additional 4 hours of safety training are conducted.

Status of Occupational Health and Safety Training (Mandatory)

Category	Unit	2022	2023	2024
Employees subject to be trained	Persons	1,146	1,163	2,644
Rate of Employees who completed training	%	100	100	100
Safety training hours per person	Hours	24	24	24

*Based on global operations, including both employees and external personnel

Health Management Support

HL Klemove implements various health support programs for the physical and mental well-being of its employees. We support initiatives for the prevention of occupational diseases, provide regular health check-ups, and offer health management services. To prevent musculoskeletal disorders, HL Klemove has improved hazardous work environments and supplied employees with wrist supports, back braces, and compression bands to help prevent varicose veins.

Health Support Program

Category		Content
Employee Health Checkups	General checkups	Health screenings to manage employee health
	Specialized medical checkups	Specialized medical checkups for personnel exposed to hazards
	Comprehensive checkups	Support for comprehensive medical checkups for employees who are aged over 38 and have 10+ years of service
Prevention of Occupational Diseases	Management of job stress	Surveys and statistical analysis to manage job stress
	Prevention of brain and cardiovascular diseases	Risk assessments and physician health counseling to prevent brain and cardiovascular diseases
	Prevention of musculoskeletal disorders	Conduct investigations into harmful factors and improve the work environment to prevent musculoskeletal disorders, and implement stretching programs to prevent repetitive strain injuries
Health Management	Operate a healthcare center	Remain prepared for emergencies with capabilities for providing first aids and manage employee health by operating a healthcare center
	Flu vaccinations	Free flu vaccination for employees and their spouse
	Provide health counseling for persons with clinical symptoms	Improve employee health through health counseling for persons with clinical symptoms based on health screening results

Health and Safety Grievance Handling System

HL Klemove operates a grievance handling channel to respond promptly and effectively to safety and health-related concerns, ensuring that all issues are addressed through established procedures. The labor union’s industrial safety manager tours the operation to consult workers and then discusses with the environmental safety team to prepare necessary improvements. In addition, a monthly safety operations meeting is held, where the labor union and environmental safety team jointly review safety and health issues and discuss possible solutions. In 2024, we contributed to enhancing workplace safety by addressing contamination in the lounge exhaust duct, reducing the number of products stored on-site to prevent musculoskeletal disorders, and installing rubber packings in chemical storage cabinets within the potting equipment.

Metrics and Targets

Occupational Health and Safety Risk Management

Category	Unit	2022	2023	2024	2025 Target	2030 Target
Percentage of worksites conducting Safety/Health Risk Assessments	%	100	100	100	100	100
Number of work-related accidents	No. Of cases	1	3	1	0	0
Lost workdays	No. Of days	40	116	28	0	0
Injury rate	%	0.05	0.15	0.04	0	0
Percentage of employees participating in safety training	%	100	100	100	100	100

*Based on global operations

- Environment
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
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- Ethical and Compliance Management
- Information Security
- Corporate Social Responsibility

Governance

Board of Directors

BOD Composition and Roles

The Board of Directors, the highest decision-making body of HL Klemove, is composed of a total of 5 members, including 4 internal directors and 1 external director. The CEO concurrently serves as the chairperson of the board to ensure swift decision-making and enhance management efficiency. Furthermore, we operate an audit committee to maintain the independence and transparency of the board, thereby strengthening checks and balances on the management. The board of directors, composed based on fairness and diversity, meets quarterly to oversee and check the management and operation of the company and can convene an emergency board meeting in case of urgent situations. The directors are appointed in accordance with the relevant legal procedures, such as the Commercial Act, by meeting the qualifications required by law. The appointed director represents the rights and interests of all shareholders and stakeholders based on ethical awareness and plays a role in enhancing corporate value and improving shareholder rights. According to Article 20 of the Articles of Incorporation, directors serve a term of three years. The CEO is appointed by resolution of the Board and is responsible for overseeing all company operations. In 2024, the Board held a total of six meetings, during which 21 resolutions and 10 reports were presented.

Board of Directors (As of December 2024)

Category	Name	Position	Expertise	Relationship with the largest shareholder or major shareholder	Date of termination of tenure
CEO, President (Board Chair)	Pal-Joo Yoon (Male)	CEO of HL Klemove	Autonomous driving technology and management	Executive at affiliate	Aug. 02, 2027
Inside Directors	Mong-Won Chung (Male)	Chairman of HL Group	Stable external operations	Related Party	Dec. 02, 2027
	Seong-Hyeon Cho (Male)	CEO of HL Mando, Head of Automotive Sector	Management	Executive at affiliate	Aug. 02, 2027
	Chul Lee (Male)	Head of Corporate Management of HL Mando	Management strategy and finance	Executive at affiliate	Mar. 26, 2027
Independent Director	Moo-Sang Kim (Male)	Professor of Mechanical Engineering, University of Siegen, Germany (Full-time Lecturer)	Knowledge and technological skills in the automotive industry	-	Mar. 29, 2025

Diversity, Expertise, and Independence of the BOD

The Board of Directors is composed of experts with a profound understanding of the automotive industry and selects members without discrimination based on gender, race, ethnicity, religion, or origin. Moving forward, we plan to recruit experts from various fields continuously, such as ESG and IT, as outside directors.

Furthermore, we provide the training necessary for board members to make efficient and strategic decisions in their roles. In April and July 2024, special lectures were held for HL Group directors to strengthen governance related to ESG management, and the results of the board operation evaluation were shared, discussing future sustainable management tasks. Independent directors are appointed as individuals with no vested interest in HL Klemove and participate independently in major decision-making. In the future, we plan to continuously increase the proportion of outside directors to enhance the independence and transparency of the board. Additionally, we operate internal processes to prevent conflicts of interest based on the independence of the board of directors. The Board of Directors is composed with consideration for the balance between management and stakeholders, and it performs the role of oversight and checks on overall management.

INTRODUCTION

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SUSTAINABILITY AREAS

- Environment
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Governance
- Ethical and Compliance Management
- Information Security
- Corporate Social Responsibility

APPENDIX

Governance

Board of Directors Activities

HL Klemove’s Board of Directors serves as the company’s highest decision-making body, addressing a wide range of agenda items and approving key business decisions in accordance with board regulations. It operates under a clear and transparent governance framework that ensures efficiency and accountability. In 2024, a total of 6 board meetings were held, with 21 resolution items and 10 report items presented. The main resolutions discussed included the approval of the business plan and the approval of internal transactions and dividend policies, while the main reports covered the internal accounting management system, business performance, the status of sustainable management initiatives, and the evaluation results of the board’s operational performance evaluation.

Board of Directors Activities

Sessions	Opening Date	Agenda	Status	Rate of Approval	Rate of Attendance
124th	Feb. 05, 2024	Report on the status of internal accounting control system operations	Reported	-	100%
		Report on the evaluation results of the internal accounting control system	Reported	-	
		Report on the results of the board operation evaluation survey	Reported	-	
		Approval of the 2023 financial statements and business report	Approved		
		Approval of the 2023 dividend proposal	Approved		
		Approval of the 2024 business plan	Approved		
		Approval of the appointment of new directors and auditors and the approval of the remuneration limits	Approved		
		Approval of the amendment to the board of directors’ regulations	Approved		
		Approval of new borrowing	Approved		
		Convening of the 16th Annual General Meeting of Shareholders and approval of the agenda	Approved		
125th	Apr. 26, 2024	Report on the status and plans for promoting ESG sustainable management	Reported	-	100%
		Report on the review of the KLM factory expansion	Reported	-	
		Report on the management performance for the first quarter of 2024 and annual projections	Reported	-	
		Approval of new credit limit	Approved		
		Approval for the increase in the forward exchange contract limit	Approved	100%	
126th	Jul. 26, 2024	Approval of subsidiary payment guarantee	Approved		
		Convening of an extraordinary general meeting and approval of the agenda	Approved	100%	
127th	Jul. 26, 2024	Report on the Expansion of the North American Plant	Reported	-	100%
		Report on the management performance for the first half of 2024	Reported	-	
		Approval of the reappointment of directors and the CEO	Approved		
		Approval for loan renewal and refinancing	Approved		
		Approval of new credit limit	Approved		
128th	Oct. 29, 2024	Report on the status and plans for HKL’s sustainable management	Reported	-	100%
		Report on the management performance for the third quarter of 2024	Reported	-	
		Approval of new KRW loan agreement	Approved		
		Approval of new credit line agreement	Approved		
		Approval of subsidiary payment guarantee	Approved		
		Approval of the 2025 corporate bond issuance limit	Approved		
		Approval of the 2025 Safety and Health Plan	Approved		
129th	Dec. 27, 2024	Convening of an extraordinary general meeting and approval of the agenda	Approved		100%
		Approval of internal transactions between affiliates	Approved	100%	

Governance

BOD Assessment & Remuneration Systems

Board Performance Evaluation

HL Klemove conducts an annual board operation evaluation to monitor the effectiveness of the Board in fulfilling its responsibilities. We collect opinions from the entire board through a survey regarding the board’s important decision-making and its function of overseeing management, and the survey items consist of the board’s roles and responsibilities, the board’s structure, the board’s operations, and the committees within the board. In December 2024, we conducted an assessment of the board’s operations. Based on the evaluation results, we identify and address areas for improvement to create an efficient and transparent board.

Board Remuneration Policy

The remuneration of directors and auditors complies with the limits set by the general meeting of shareholders, as specified in the Directors’ Remuneration Regulations and the Independent Directors’ Remuneration Regulations. Remuneration is determined comprehensively, considering factors such as duties, position, contribution to the company, and leadership. For registered directors, remuneration takes into account management performance and contributions, while expertise in specialized fields and participation in various committees are considered for outside directors. The CEO’s performance-based compensation is tied to metrics such as ROIC, operating margin, corporate value, and ESG management activities.

Board Remuneration in 2024			
Category	Members(Persons)	Total Remuneration (KRW 1 million)	Average Remuneration per person (KRW 1 million)
Registered directors	4	2,330	583
Independent directors	1	68	68
Auditor	1	0	0

Audit Body

Appointment of Auditor and Internal Control

In accordance with relevant laws and the Articles of Incorporation, HL Klemove appoints a single auditor and does not operate a separate Audit Committee. The appointed auditor is an accounting expert with over 20 years of experience, and is responsible for auditing the company’s accounting and business affairs, as well as supervising the execution of duties to support directors and management in making informed management judgments. In the future, we plan to enhance the audit system as an internal control organization by establishing an audit committee and consulting with external experts.

Auditor Profile	
Name	Hyo-Seong Cho
Position	Auditor
Career Highlights	Head of the Global Accounting Center of HL Mando
Conflicts of Interest with The Company	None
Relationship with the Largest Shareholder or Major Shareholder	Executive at affiliate
Date of Termination of Tenure	March 2027

- Environment
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics**
 - Governance
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Ethics and Compliance Management

Ethics Management

Ethics and Anti-Corruption Policy

HL Klemove has established the Code of Ethics to practice integrity management and is strictly adhering to it. The Code of Ethics specifically outlines the responsibilities and obligations that all stakeholders, including suppliers, must adhere to, providing detailed guidelines on responsibilities towards the nation and local communities, customers, fair trade, business ethics, and employee rights and welfare. All employees are required to avoid conflicts of interest between the company and personal matters during the course of their duties and must reject any undue requests or pressures that may compromise the fairness of their work. We clearly state that all employees have the responsibility to perform their duties transparently and fairly in accordance with the anti-corruption policy, and they must strictly adhere to the Ethical Guidelines. In particular, employees are strictly prohibited from abusing their position or authority to promote the interests of a third party, and any act or proposal to provide or receive monetary benefits to influence work or enhance their position must be strictly prohibited. Additionally, any act of providing or receiving benefits that exceed reasonable value, or using company assets or personal information for personal gain, is strictly prohibited. In 2024, no unfair trade practices occurred, and we will continue to eliminate corruption risks thoroughly and pursue sustainable growth based on honest technology and trust.

Ethics Management Organization

HL Klemove operates an ethical management organization for sustainable business operations. Based on our Code of Ethics and Code of Conduct, the Integrity Management Division is responsible for all audit activities and entrusts joint audits to external professional institutions. To establish transparent and appropriate working principles, we have stipulated the responsibilities and obligations of integrity management, implemented a robust reporting system, and put in place appropriate attribution, rewards, and penalties that can be applied company-wide, including all organizational units and employees.

Corruption Risk Assessment

HL Klemove operates systematic internal audit and control procedures to prevent corruption and bribery. The HL Group Ethics Management Office conducts annual internal audits that cover all business areas, including accounting and procurement, to regularly assess corruption risks across core processes. This allows for a clear definition of the audit scope. During the audit, any identified risk factors undergo both quantitative and qualitative analysis to evaluate the likelihood and severity of potential corruption. Based on the findings, we develop corrective action plans and implement immediate improvements. When necessary, additional measures are taken to ensure that an ethical and transparent corporate culture is upheld.

Anti-corruption Due Diligence

HL Klemove operates a systematic anti-corruption due diligence program targeting employees and specific transactions to prevent corruption and bribery. In particular, we assess the corruption risk associated with the transaction itself and the transaction counterpart. If the residual corruption risk is identified as medium (M) or higher, we conduct due diligence related to the operation and process before (or simultaneously) concluding the transaction or contract. The due diligence is conducted by the HL Klemove transaction officer using Hanmaru (groupware) electronic documents to carry out a self-assessment. Additionally, for the business partners (related parties), a due diligence evaluation form is prepared, and the HL Klemove transaction manager conducts a final review to comprehensively analyze the corruption risks. Through these due diligence procedures, we collect data on business partners and apply a risk-based approach to identify and proactively address risks.

Ethics Training

HL Klemove conducts mandatory ethics training for new employees to proactively prevent all unethical behaviors in the workplace. In 2024, we conducted ethics training for the entire company on the topics of “Ethical Management Impacting Corporations” and “HL’s Integrity Management,” and all employees completed the training. In this training, we conducted ethics education aimed at improving ethical awareness, including preventing corruption and bribery, and preventing anti-competitive practices such as unfair trade. The training focused on strengthening ethical awareness and covered key topics such as anti-corruption, anti-bribery, and the prevention of anti-competitive practices, including fair-trade principles.

Operation of the Ethics Reporting Channel

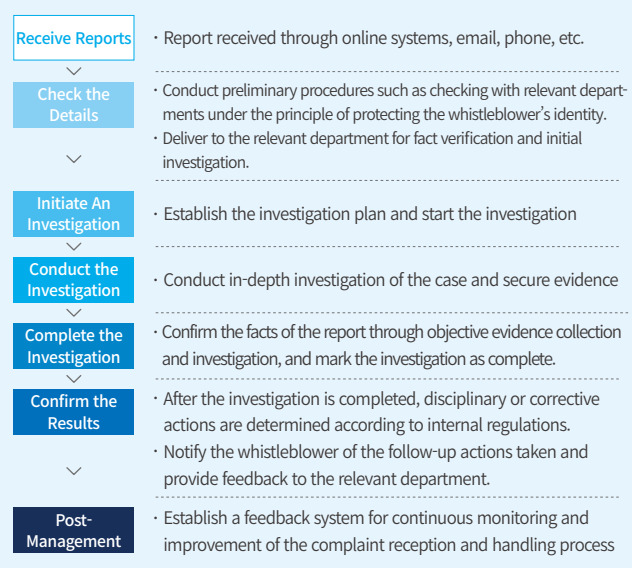
HL Klemove operates a Cyber Audit Office as an ethics reporting channel to continuously monitor ethical compliance in business and workplace practices. In the event of unfair trade practices or violations of the Code of Ethics and Ethical Conduct Guidelines, employees or external stakeholders can report issues through the Cyber Audit Office, and the reported issues will be investigated after confirming the details. After the investigation is completed, we take disciplinary actions in accordance with internal regulations, thoroughly eradicating ethical violations and striving to enhance vigilance.

Ethics and Compliance Management

Types of reports for violations of the Code of Ethics



Handling Process



Protection of Whistleblowers

HL Klemove maintains the confidentiality of whistleblower information for sustainable ethical management. We do not disclose any information that reveals or implies the identity of the whistleblower without their consent, and we compensate the whistleblower for any disadvantages that occur due to our failure to comply with this policy.

Whistleblower Protection Program

Category	Content
Confidentiality Obligations	<ul style="list-style-type: none">- We prohibit the disclosure of personal information or any details that imply the identity of internal reporters.- All employees of the Integrity Management Office are required to adhere to these guidelines and sign a confidentiality agreement.
Reduction of Liability for Voluntary Whistleblowers	<ul style="list-style-type: none">- Voluntary whistleblowers are allowed the mitigation of responsibility to a certain level when imposing disadvantages based on the severity of misconduct, general work attitude, and degree of reflection.- We facilitate their self-reflection and provide new opportunities for whistleblowers who engage in voluntary reporting, and also give the benefit of strict confidentiality measures.
Non-adverse Action Obligations	<ul style="list-style-type: none">- No one may take any adverse action against a whistleblower for reporting a violation, including penalties using authority, administrative measures, or economic penalties.- The option to “request prevention of adverse action” is available if there is a clear risk of adverse action.

Metrics & Targets

1) Integrity Management Target

Category	Unit	2025 Target	2030 Target
Rate of regular risk assessments for corruption and bribery	%	70	100
Audit coverage rate of anti-corruption and anti-bribery control procedures		70	100

*Based on global operations

2) Ethics Training

Category	Unit	2022	2023	2024	2025 Target	2030 Target
Ethics training participants	Person	112	795	849	947	1,213
Training completion rate	%	100	100	98.5	100	100

*Based on domestic operations, completion rate is calculated from enrolled participants

Ethics and Compliance Management

Tax Transparency

Tax Policy

HL Klemove has established a tax policy and adheres to the tax laws and regulations of each country in which the company operates. The core principles of our tax policy include strict compliance with local tax laws, good-faith tax payment, adherence to transfer pricing standards, transparent tax practices, and active engagement with stakeholders. By conducting tax affairs in line with our tax policy, we aim to maintain transparent communication with stakeholders, including tax authorities. Additionally, we monitor and revise the policy continuously in response to changes in the internal and external tax environment to ensure effective implementation.

Management of Tax Risks

HL Klemove is pursuing stable management through systematic and thorough tax risk management. The company strictly interprets tax laws and files and pays taxes diligently to manage tax risks. For new or significant transactions, we conduct preliminary discussions with the tax and finance departments and communicate with tax authorities. In the event of tax adjustments, we assess compliance with domestic tax policies, prepare a Base Erosion and Profit Shifting (BEPS) report, and evaluate adherence to international tax policies. In addition, HL Klemove engages external tax experts regularly to assess our compliance with tax laws and risks. All domestic and overseas subsidiaries obtain advice from tax experts with a certain level of qualification. For the disclosed income tax expense, we conduct verification through accounting audits, and we also have systematic verification procedures in place for taxes paid, including corporate income tax and value-added tax. We will continue to diligently implement strict and transparent tax management in the future.

Basic Principles of Tax Policy

Basic Principles	
Abide by tax laws and pay taxes honestly	Based on the management philosophy of “Integrity Management,” we strictly comply with tax laws and regulations when paying taxes. Our domestic and overseas subsidiaries perform business in accordance with the laws of each country where they operate, following the policies of the parent company, and fulfilling their tax obligations in good faith.
Comply with transfer pricing guidelines	We do not engage in transactions or contracts to exploit differences in tax laws or loopholes in international tax systems to avoid taxes. Instead, we ensure that the value created and taxable income is allocated consistently in each country of operation. Transactions with related parties are conducted based on the arm’s length principle, as outlined in the OECD’s transfer pricing guidelines and local laws and regulations. These transactions are reviewed by external experts when necessary to ensure transparency.
Ensure transparent tax operations	All transactions are accounted for in accordance with Korean International Financial Reporting Standards (K-IFRS). Relevant information is recorded in the accounting and taxation system, and we provide legitimate evidence in good faith when requested by tax authorities. Furthermore, we do not engage in business activities in tax havens that exploit tax law loopholes or withhold tax information.
Build partnerships with stakeholders	Our tax-related personnel adhere to tax laws in line with our tax policy and maintain cooperative relationships with stakeholders, including tax authorities, through transparent communication.

Information Security

Information Security Management System

Information Security Guideline

Recognizing the importance of information assets, HL Klemove strives to enhance its information security systems. We have established a comprehensive management system and clear security guidelines to protect key data assets and customer information from unauthorized access or breaches. We have formed a dedicated organization to carry out practical information security activities, and internal employees and company affiliates are responsible for complying with regulations to protect important information and customer information, ensuring thorough inspections to safeguard both tangible and intangible assets.

Highlights of the Information Security Guideline

- Ensure secure and reliable management of system operations and applications, including networks, computer systems, databases, documentation, and controlled areas within the computer network.
- Limit access of all information assets to authorized users and restrict external-to-internal access to business-related purposes and pre-approved activities.
- Develop a business continuity plan to ensure the safety and reliability of information assets in the event of various disasters and failures.
- Conduct periodic testing to verify validity and perform regular checks to ensure compliance with policies and guidelines.

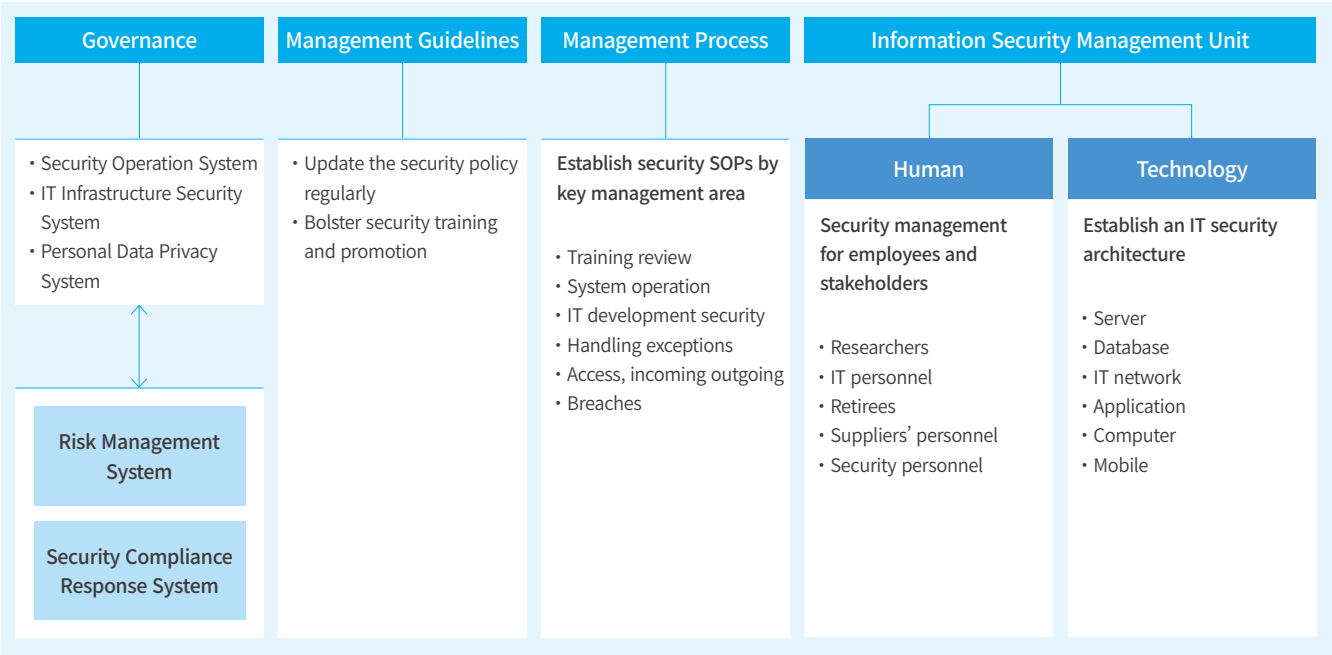
Information Security Policy

HL Klemove continuously reviews and revises its information security policies as needed, reflecting changes that occur during the risk analysis and assessment process of information assets by the corporate information security department. The information protection policy undergoes regular annual reviews by the Chief Information Protection Officer (CISO). To ensure that our information security objectives and principles are communicated, we officially publish our information security policies and related guidelines. This applies to all stakeholders, including employees, partners, contractors, and visitors.

Information Security Organization

HL Klemove has established an information security organizational system to implement information security activities systematically. The Chief Information Security Officer (CISO) is appointed to oversee and supervise these activities and is supported by qualified executives as required by relevant laws such as the Promotion of Information and Communication Network Utilization and Information Protection Act. The CISO and staff responsible for information security possess expertise in management, physical security, and technical security. The information security division is composed of personnel with appropriate competencies, including expertise in information security, cybersecurity, and consulting experience. Furthermore, we emphasize the responsibility of protecting information assets by incorporating company-wide information security and cybersecurity performance into the evaluation of key performance indicators (KPIs) for information security officers and team leaders.

Information Security Management System



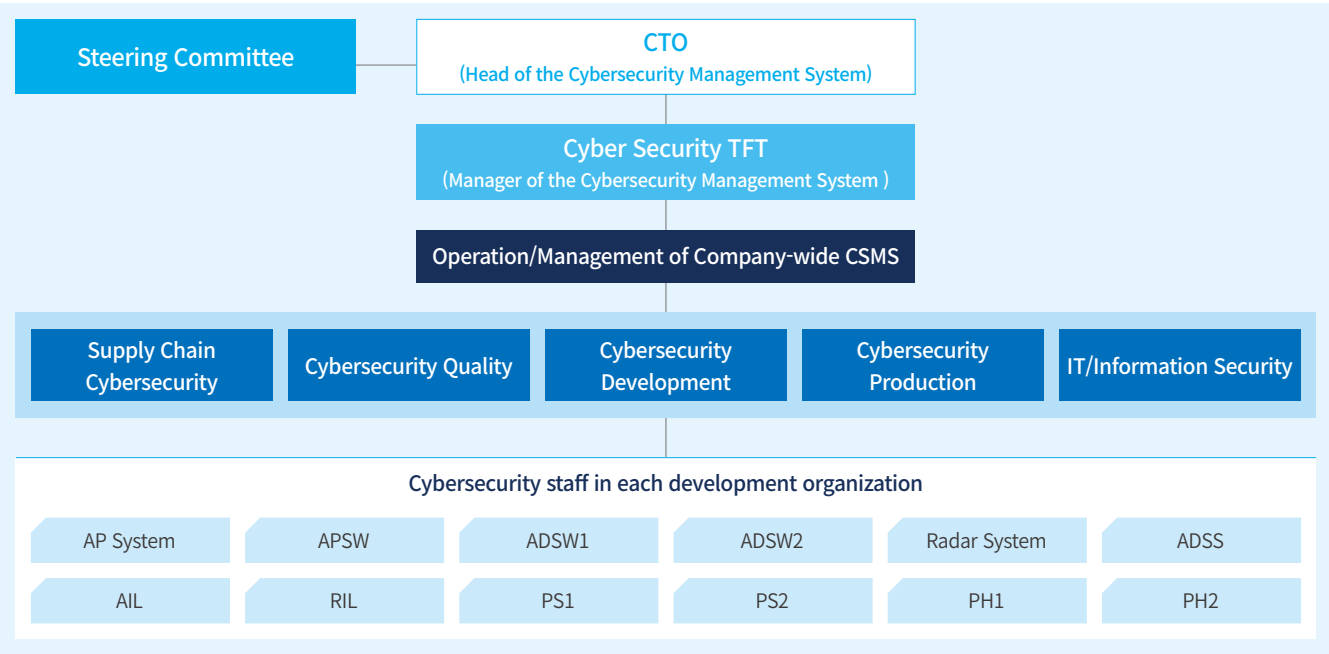
Information Security

Establishment of a Cybersecurity System Based on ISO 21434

HL Klemove is committed to delivering safe and reliable autonomous driving solutions by establishing and operating a cybersecurity framework based on ISO 21434. To that end, a dedicated TFT (Task Force Team) for cybersecurity, known as the CSMS (Cyber Security Management System), was formed in 2024. In 2025, we plan to further strengthen our cybersecurity management system in line with the updated organizational structure. The purpose of CSMS is to manage and operate a system that identifies cybersecurity threats and vulnerabilities throughout the vehicle lifecycle, establishes response strategies, and applies them. The main goals of TFT are to obtain ISO 21434 certification, establish and operate a cybersecurity management system, and identify and rapidly comply with cybersecurity threats.

The TFT has strengthened its competitiveness in the cybersecurity sector by establishing and operating a Key Management System (KMS) to prevent the leakage of cryptographic keys and ensure software integrity. Additionally, by participating in national projects, we are promoting the development of a threat analysis system based on automotive security vulnerabilities to respond to global cybersecurity regulations, and we have been developing the system for five years in collaboration with the Korea Automotive Technology Institute, LG Electronics, and others. We are conducting a PoC (Proof of Concept) for the introduction of cybersecurity solutions, evaluating the organization's suitability, accuracy, validity, and product reliability. HL Klemove plans to obtain cybersecurity process certification by 2025, and in 2024, it underwent two cybersecurity audits by HKMC, achieving a score of 81, exceeding the passing criteria.

Cybersecurity System Based on ISO 21434



Information Security Risk Management

Information Security System Certification

As part of our efforts to enhance the security of our information assets, HL Klemove obtained ISO 27001 certification, an international standard for information security management systems, in 2022. In 2023, HL Klemove successfully verified the effectiveness of its information security management system through the first surveillance audit. In 2024, the company underwent an additional audit to transition its ISO 27001 certification from the 2013 version to the updated 2022 standard and received official certification confirming compliance with the revised ISO 27001 requirements.



ISO 27001 Certificate

Personal Data Privacy Management

In accordance with Article 29 of the Personal Information Protection Act, we established the Internal Management Plan Guidelines for Personal Information Protection in 2022 to systematically manage personal information and prevent incidents such as the loss or theft of personal information. These guidelines ensure that personal information handlers, including employees and temporary workers, safely manage personal information and comply with relevant laws and regulations. Additionally, HL Klemove appointed an executive from the Human Resources Department as the personal information protection officer responsible for handling personal information. Furthermore, we are continuously promoting information security activities to prevent personal information leakage.

INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

- Environment
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- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
 - Governance
 - Ethical and Compliance Management
- Information Security
- Corporate Social Responsibility

APPENDIX

Information Security

Strengthening the Information Security System and Document Management

HL Klemove operates a continuous monitoring system to prevent information security incidents and enhance security. Through this, we identify risk factors and their owners related to the loss of confidentiality, integrity, and availability, and based on the risk assessment results, we establish appropriate response measures. Additionally, we continuously promote security enhancements by establishing necessary control measures. Under the leadership of the CISO (Chief Information Security Officer), HL Klemove conducts annual vulnerability assessments of internal information systems. Any issues identified are promptly addressed through preemptive corrective actions. The IT operations department requests a security review from the corporate information security department during the introduction, modification, and disposal processes of systems to proactively eliminate potential security threats. To raise employees' security awareness, we conduct regular training to prevent security incidents and promotional activities, and we carry out annual emergency drills based on the ransomware response process to ensure swift and efficient responses in case of emergencies. To enhance the effectiveness of the training, we regularly conduct simulated drills based on real scenarios and continuously improve our response manuals through post-drill evaluations. The evaluation results are shared with management and key stakeholders, and we are strengthening the system for rapid response and damage minimization through collaboration with external specialized institutions. Additionally, to systematically manage documents related to information security, we establish retention periods based on an electronic approval system and thoroughly manage them to enhance confidentiality and prevent incidents. Retention periods are established based on relevant laws and internal regulations, and is managed with differentiated levels according to the confidentiality of the information.

Security Management to Block Unauthorized Access

We operate various security systems to block unauthorized access. Key measures include the use of IPS (Intrusion Prevention Systems) and firewalls to proactively block external threats. Access to servers and DB (Databases) is strictly limited to authorized personnel through the implementation of OS and DB access control solutions, ensuring systematic and secure management. Furthermore, we monitor all access attempts in real-time. If any authorized access or abnormal activity is detected, immediate blocking measures are taken to safeguard our systems and data.

Management of Confidential Information Processing and Sharing

We obtain consent through a clear consent procedure before processing, sharing, and storing confidential information. In this process, we adequately inform users about the types of data collected and the scope of sharing, and we comply with relevant laws and internal policies. To ensure the secure handling and protection of confidential information, we also conduct regular security training and audits as part of our ongoing commitment to data protection.

Information Security Inspection Activities

HL Klemove thoroughly conducts security reviews at each stage of work to ensure the safety of IT systems when carrying out application system development and maintenance projects, by Article 49 of the Information Security Guidelines (Security Review and Vulnerability Management). Additionally, to proactively manage system vulnerabilities, we conduct regular inspections, including annual penetration tests. In June 2024, we conducted a simulated hacking of three critical servers in collaboration with an external specialized agency, and we promptly completed improvement measures for the vulnerabilities identified. In the case of technical vulnerabilities, a total of 29 items were manually checked based on international standards (OWASP Top 10) and domestic standards (KISA), and vulnerabilities related to personal information were thoroughly examined for compliance with personal information protection laws. As a result, we discovered four vulnerabilities and promptly addressed them, thereby enhancing security.

Response to Information Security Incidents

In the event of an information security incident, employees must report the matter immediately to the information security management department. The information security organization, led by the Chief Information Security Officer, establishes a response system and action points to prevent further damage through prompt response. For major issues and cases requiring specialized skills, CERT¹⁾ is convened with the approval of the information protection manager. Efforts are made to prevent recurrence by involving representatives from related departments, depending on the case. Additionally, to protect confidential information, we establish response procedures for information leaks or unauthorized access incidents and document these incidents to strengthen preventive measures. We regularly check the effectiveness of the incident response procedures through training and testing, and collaborate with external specialized agencies to support effective responses.

1) CERT: Computer Emergency Response Team

Incident Response Process

STEP 01	Incident recognition
▽	
STEP 02	Initial response
▽	
STEP 03	Incident analysis
▽	
STEP 04	Recovery work
▽	
STEP 05	Post-incident inspection and reporting

Information Security

Raising Information Security Awareness

Information Security Training

HL Klemove conducts regular information security training at least once a year to ensure that each employee takes ownership of the information security and fully understand information protection policies. We conduct training through various methods on topics such as personal information protection, prevention of internal information leaks, and information security policies and guidelines. The training methods include internal and cyber education, the use of broadcast media, and on-site training with invited experts and irregular training is also conducted when issues related to information security arise. In 2024, we conducted information security training for all employees and encouraged them to recognize and practice the importance of information security by having them write a security pledge. Moreover, every month, we utilize the security participation forum on the groupware to provide information related to the “Information Security Day” event and share applicable information security tips for work and daily life, such as how to respond to spam and phishing emails, rules for dealing with hacking emails, and safe usage of public Wi-Fi.

IP Compliance Training

In line with our IP compliance policy, we require all employees to undergo annual training in IP compliance. The training covers important aspects such as necessary precautions to take in acquiring and using third-party IP information, the introduction of our IP compliance policy, and potential liabilities for non-compliance.

Personal Data Privacy Training

HL Klemove conducts privacy training at least once a year using various methods such as online training and group sessions. If necessary, we engage external specialized organizations or personnel to conduct training. The training provides information on the meaning and scope of personal information, changes in laws and regulations, the protection of the rights of data subjects, and remedies for damages, highlighting the importance of information security and personal information protection. In 2024, we conducted an online personal information protection training course, and all 878 participants completed it.

Metrics and Targets

Information security

Category	Unit	2022	2023	2024	2025 Target	2030 Target
Percentage of operations certified with ISO 27001	%	100	100	100	100	100
Number of information security vulnerability assessments	Case	1	1	1	1	1
Number of information security incidents	Case	0	0	0	0	0
Completion rate of information security training	%	100	100	100	100	100
Number of information security violations	Case	0	0	0	0	0

*Based on domestic Operations

SUSTAINABILITY AREAS

- Environment
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility
 - CSR

Corporate Social Responsibility

In these Areas CSR 87



P

Contribute to the creation of an inclusive society by enhancing mobility convenience through support activities for transportation-vulnerable and socially vulnerable individuals.



P

Supporting Vulnerable Groups and Contributing to the Local Community through Employee Participation-Based Sharing Activities.



P

Expand eco-friendly infrastructure through eco-friendly social contribution activities (climate change response and ecosystem conservation activities).



P

Expanding educational opportunities and nurturing innovative talents by supporting future generations through scholarships and other means.

Impact, Risk, Opportunity

HL Klemove is diligently fulfilling its responsibility for social contribution as a global company. Under the vision of ‘delivering greater comfort and safety through trusted and dependable mobility,’ we have continued our efforts for the community and various social classes in 2024. Under the slogan ‘MOVE TOGETHER, GREEN TOGETHER, GROW TOGETHER, SUSTAIN TOGETHER,’ we have achieved our three-year social contribution plan. Looking ahead, we will remain actively engaged in initiatives that enhance community safety and well-being and will continue to uphold our social responsibility wherever support is needed.

Aligned with UN SDGs



P Positive Impact

HL Klemove has established dedicated departments to promote sustainable social contributions, divided into the GA (General Affairs) team and the ER (Employee Relations) team. The plans and achievements of the CSR initiatives are reported annually to the CEO by the CSR Champion, the head of the HR Center, and the GA team leader. In 2024, HL Klemove's total global donations amounted to 200 million KRW, and employees contributed 1,581 hours of volunteer service, actively supporting communities and individuals in need through generous giving and hands-on involvement.

- Serving meals at community centers
- Summer kimchi/kit donation
- Support for traffic accident victims
- Support for low-income households moving



Employee interest and participation

- Environment
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility
 - CSR

CSR

CSR Activities

Move Together

Donating Transport Cards

HL Klemove has been continuously implementing the ‘Love Transportation Card’ support project since 2022. To alleviate the inconvenience of public transportation and mobility for vulnerable groups within the community and to ensure free movement, we have implemented a project to support transportation cards for basic livelihood recipients in Sujeong-gu, Seongnam City. In the future, we will continue activities to contribute to the comfortable and safe movement of our neighbors.

Transportation Cards (50,000 KRW value)

200 cards



Donating Transport Cards

Donation of vehicles and goods for people with disabilities

HL Klemove is actively engaged in various social contribution activities aimed at improving the quality of life for people with disabilities who have limited mobility. In 2024, we contributed to improving the mobility of people with disabilities by delivering a vehicle for their transportation to the Gyeonggi-do Association for the Visually Impaired. Additionally, we continuously carry out support projects for people with disabilities every year. In April 2024, we practiced warm sharing in cooperation with the local community to commemorate Disability Day. Along with eight local companies in Seongnam City, HL Klemove donated a total of 5 million KRW to provide goods, such as grains, for the event, further contributing to meaningful activities for people with disabilities.



Donation Amount
5 million KRW



Donating a special vehicle for people with disabilities



Distribution ceremony for items for people with disabilities



INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

- Environment
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility
 - CSR

APPENDIX

CSR

Green Together

Companion Tree Donation

As part of HL Klemove’s eco-friendly and emotional support initiatives for marginalized groups, we launched the “Companion Tree Sharing Project,” where employees personally nurture small plants for six weeks and deliver them with heartfelt messages. In this initiative, employees share plants they have nurtured themselves (employees donate or gift plants they have personally nurtured) over a six weeks, along with encouraging messages, to those who have limited mobility or freedom of movement. A total of 96 employees participated in the project in 2024, contributing 384 hours of volunteer work. Moving forward, we will continue to devise and implement various methods to provide material and emotional support to our neighbors.

Plogging

HL Klemove conducted plogging activities to create a clean community. Employees and their families collected trash while walking around parks and trails in their residential areas, and our company provided eco-friendly plogging kits for this volunteer activity, considering the environment.



Plogging activities

Grow Together

Sponsoring Halla University Autonomous Mobility Contest

HL Klemove sponsors the “HL Group Autonomous Mobility Contest” to foster local talent and secure a mobility workforce. Since its inception in 2021, this competition has provided high school and university students interested in the field of autonomous driving with the opportunity to learn related technologies through online education. It offers training in four categories: line cameras, artificial intelligence, autonomous driving simulators, and future mobility startups, and awards prizes to teams with outstanding technical skills in each category. In 2024, reflecting the rapidly expanding autonomous driving market, more talented individuals participated than in previous years, and many new talents and ideas were discovered. HL Klemove has provided a learning platform through the competition for students to cultivate core technologies and specialized knowledge in the mobility field and has contributed to training SW professionals by utilizing the knowledge, technology, and infrastructure held by autonomous driving companies.

Happy Study Room Support Project

HL Klemove is participating in the ‘IFEZ-Happy Study Room’ project, which supports study rooms in homes in the old downtown area for companies located in the Incheon Free Economic Zone (IFEZ), improving the study environment for students in the old downtown area with poor living conditions and motivating them to learn. Through the support project, we have newly decorated the study rooms of students from old downtown families by replacing wallpaper, flooring, and lighting, and provided bookshelves and educational equipment. In addition to the efforts in 2023, HL Klemove has selected four more households for continued support in 2024, demonstrating its commitment to this ongoing initiative.



Happy Study Room Agreement Ceremony

Contributing Scholarships to Halla University

HL Klemove contributes scholarships to Halla University every year to foster human resources. We plan to continue working together to support and foster future generations.



Scholarship
15 million KRW

SUSTAINABILITY AREAS

- Environment
- Technological Innovation
- Supply Chain
- Labor Rights & Safety
- Governance & Ethics
- Corporate Social Responsibility
 - CSR

CSR

Sustain Together

Employee Participation-based Donation Project

HL Klemove promotes employee-led social contribution programs aimed at supporting vulnerable groups. We are committed to involving more employees in these efforts and will continue to actively engage with the local community in the future.

Employee Participation-based Programs	
Program	Activities
Meal service at general social welfare center	Since May 2023, we have been conducting meal service volunteer activities at the Seongnam Wirye General Social Welfare Center on the third Thursday of every month, and in 2024, approximately 130 employees from the headquarters participated.
Summer kimchi sharing for vulnerable groups	HL Klemove conducted a kimchi-making and sharing event to help improve the lives of vulnerable groups. This year's event, held for the second time following 2023, saw the participation of around 20 employees who prepared kimchi with warm hearts and spent meaningful time practicing sharing within the community.
Sharing coal briquettes with love	At the end of 2024, we participated in the 'Incheon Free Economic Zone (IFEZ) Love Briquette Sharing' event. About 20 employees from our headquarters supported the event, personally delivering briquettes to vulnerable households in the heating-weak area of Michuhol-gu, Hakik-dong, and spreading warmth through sharing.
Essential goods kit distribution project	In December 2024, the company donated 250 'Winter Essential Goods Kits' for residents in need in Seongnam City. The essential goods kits prepared in collaboration with the Seongnam Volunteer Center made up of various types of food purchased from small business owners in Seongnam to revitalize the local economy, and about 30 of our employees participated in the packaging process.



Meal service at general welfare center



Sharing essential goods kit



Sharing coal briquettes with love

INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

Environment
Technological Innovation
Supply Chain
Labor Rights & Safety
Governance & Ethics
Corporate Social Responsibility
→ CSR

APPENDIX

CSR

Sustain Together

Global CSR Activities

In 2024, the Indian subsidiary (KLI) conducted participatory activities considering local circumstances, such as blood donation drives by employees and tree planting. The Chinese subsidiary (KLS) provided essential goods to traffic police and urban management personnel during the summer to demonstrate their interest in and social responsibility towards the community and visited senior citizen centers to give gifts, creating meaningful opportunities.



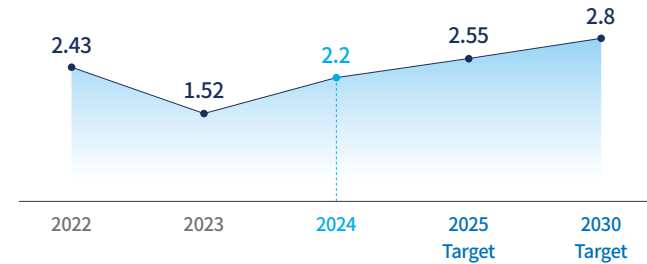
Environmental Cleanup Activities by Employees at the China Operations



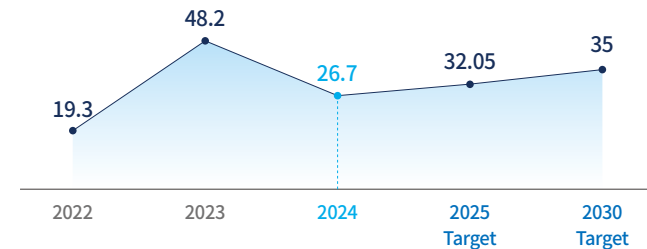
Blood Donation Campaign Conducted at the India Operations

Metrics and Targets

Employee volunteer participation hours per person (Unit : Hour)



Percentage of Employees participating in volunteer activities compared to total employees (Unit : %)



*In 2022, data is based on domestic operations, from 2023 onwards, data is based on global operations.

2024 Highlights

Adding hope to the community

Starting in 2024, HL Klemove has launched a new social contribution initiative aimed at supporting low-income residents and families affected by traffic accidents. For low-income residents in the area, we have donated 5 million won as part of our moving support sponsorship program. Given the local characteristics, where many residents live in rental properties, we select low-income residents who frequently move and provide them with moving expenses. This project is realized through public-private cooperation, completing everything from proposal to selection and implementation, and thereby achieving community welfare activities within the region. Additionally, HL Klemove donated 5 million won as scholarships for children affected by traffic accidents through the Incheon Community Chest of Korea in 2024. The scholarships are specifically allocated to children from low-income families affected by traffic accidents, ensuring they receive the support they need.



INTRODUCTION

ESG STRATEGY

SUSTAINABILITY AREAS

APPENDIX

- ESG Data
- GRI Index
- SASB/TCFD Index
- UN SDGs
- UN Global Compact
- Awards and Associations
- Independent Assurance Statement
- GHG Assurance Statement

APPENDIX

93	ESG Data
108	GRI Index
111	TCFD/SASB Index
112	UN SDGs
113	UN Global Compact
114	Awards and Associations
115	Independent Assurance Statement
118	GHG Assurance Statement

ESG Data

Economy

Financial Statement

Category	Unit	2022	2023	2024
Assets	KRW 100 million	8,712	10,084	11,705
Cash and cash equivalents	KRW 100 million	784	282	242
Liabilities	KRW 100 million	5,937	6,825	8,544
Debt ¹⁾	KRW 100 million	3,394	3,869	4,943
Net debt ¹⁾	KRW 100 million	2,610	3,587	4,701
Equity	KRW 100 million	2,775	3,259	3,161
Capital	KRW 100 million	138	138	138
Det-to-equity ratio	%	213.9	209.4	270.3
Net debt-to-equity ratio ¹⁾	%	94	110	149

1) 2022-2023 data revised due to changes in calculation criteria

Profit and Loss Statement

Category	Unit	2022	2023	2024
Sales	KRW 100 million	13,662	15,367	16,306
Cost of sales	KRW 100 million	11,348	13,162	13,933
Operating profit	KRW 100 million	679	469	491
	%	5.0	3.1	3.0
EBITDA	KRW 100 million	1,123	976	1017.55
	% ¹⁾	8.3	6.6	6.2
Net income	KRW 100 million	610	664	-179
	%	4.5	4.3	-1.1

1) 2022-2023 data revised due to changes in calculation criteria

Sales

Category		Unit	2022	2023	2024
By region	Korea	KRW 100 million	10,501	12,438	11,822
	China	KRW 100 million	2,548	2,658	2,997
	America	KRW 100 million	627	608	2,199
	India	KRW 100 million	1,068	1,382	1,556
	Other	KRW 100 million	12	45	134
Subtotal		KRW 100 million	14,757	17,130	18,708
(Related transactions excluded)		KRW 100 million	1,095	1,763	2,402
Consolidated sales		KRW 100 million	13,662	15,367	16,306

Sales Breakdown

Category		Unit	2022	2023	2024
By customer	Hyundai/Kia	%	51	53	53
	HL Mando	%	32	28	28
	North America OEM/Tier 1	%	1	2	2
	China OEM/Tier1	%	6	7	7
	Other OEM/Tier1	%	11	9	9
By parts	Brake	%	17	16	15
	Steering	%	17	15	16
	Sensor & Electronics	%	8	8	8
	ADAS	%	55	59	59
	Other	%	2	2	2

ESG Data

Environment*

GHG Emissions

Category	Unit	2022	2023	2024
Total GHG emissions	tCO ₂ eq	422,312	412,050	388,965
GHG emissions Scope1	tCO ₂ eq	2,610	2,499	3,925
GHG emissions Scope2	tCO ₂ eq	22,463	20,691	20,736
GHG emissions Scope3	tCO ₂ eq	397,238	388,860	364,304
GHG emissions Scope1 (Intensity) ¹⁾	tCO ₂ eq/KRW 1 million	0.00191	0.00163	0.00241
GHG emissions Scope2 (Intensity) ¹⁾	tCO ₂ eq/KRW 1 million	0.01644	0.01346	0.01272

1) Based on revenue; 2022-2023 data revised due to changes in calculation criteria

GHG Emissions Reduction

Category	Unit	2022	2023	2024
Total GHG emissions reduction	tCO ₂ eq	-	10,262	23,085
Scope 1 reduction	tCO ₂ eq	-	111	-1,426
Scope 2 reduction	tCO ₂ eq	-	1,772	-45
Scope 3 reduction	tCO ₂ eq	-	8,378	24,556
Y-o-Y GHG Emissions Change Rate (Intensity) ¹⁾	%	-	-13.3	-11.0
Amount invested annually for carbon reduction purposes	KRW 1 million	1,018	635	333
Estimated annual cost savings from investment	KRW 1 million	18	123	31

1) Based on revenue; 2023 data revised due to changes in calculation criteria

*Data Coverage: All global operations (Pangyo, Songdo, China, India, Mexico)

Energy Consumption

Category		Unit	2022	2023	2024
Total energy consumption		TJ	283.7	278.8	291.4
Total non-renewable energy consumption		TJ	281.8	266.1	273.8
Non-renewable energy consumption	Liquid fuel	TJ	3.9	6.3	5.4
	Gas fuel	TJ	3.5	3.3	2.5
	Electricity	TJ	272.1	254.4	263.7
	Steam	TJ	2.3	2.1	2.2
Total renewable energy consumption		TJ	1.9	12.7	17.6
Renewable energy consumption rate		%	0.7	4.6	6.0
Energy consumption (Intensity) ¹⁾	Non-renewable energy	TJ/KRW 1 million	0.0002063	0.0001731	0.0001679
	Renewable energy	TJ/KRW 1 million	0.0000014	0.0000083	0.0000108
	Total	TJ/KRW 1 million	0.0002077	0.0001814	0.0001787
Y-o-Y Energy Consumption Change Rate (Intensity) ¹⁾		%	-	-12.6	-1.5

1) Based on revenue; 2022-2023 data revised due to changes in calculation criteria

ESG Data

Environment

*Data Coverage: All global operations (Pangyo, Songdo, China, India, Mexico)

Waste & Recycling¹⁾

Category		Unit	2022	2023	2024
Total waste discharge	Total waste discharge	ton	881	917	990
Waste discharge	Designated waste	ton	46	53	67
	General waste	ton	835	864	923
Waste discharge (Intensity) ²⁾		ton/KRW 1 million	0.000645	0.000596	0.000607
Y-o-Y change rate in waste discharge (Intensity) ²⁾		%	-	-7.5	1.8
Waste disposal		ton	881	917	990
- Recycling		ton	700	792	829
- Landfilling		ton	0	0	45
- Incineration		ton	180	124	115
- Other		ton	0	0	1.3
General waste disposal		ton	834	864	922
- Recycling		ton	680	768	798
- Landfilling		ton	0	0	45
- Incineration		ton	154	95	79
Designated waste disposal		ton	46	53	69
- Recycling		ton	20	24	32
- Landfilling		ton	0	0	0
- Incineration		ton	26	29	36
- Other		ton	0	0	1
Waste recycling rate		%	79.5	86.4	83.7
Non-recycling waste		ton	180	124	161
Non-recycling waste rate		%	20.5	13.6	16.3

1) Due to data recalculation, the 2022–2023 data has been revised. All figures are rounded to the nearest first decimal place, and totals may not add up exactly.
2) Based on revenue

ESG Data

Environment

Hazardous Chemicals

Category	Unit	2022	2023	2024
Consumption of hazardous chemicals	kg	809	385	605
Consumption of hazardous chemicals (Intensity) ¹⁾	kg/KRW 1 million	0.00059	0.00025	0.00037
Y-o-Y Change Rate in Hazardous Chemical Usage (Intensity) ¹⁾	%	-	-57.7	48.1
Chemical discharge	kg	22,280	24,120	32,600

1) Based on revenue; 2022 and 2023 data revised due to changes in calculation criteria

Water Resources

Category	Unit	2022	2023	2024
Water withdrawal and consumption	m³	71,268	61,880	60,708
Waterworks	m³	71,268	61,880	60,708
Groundwater	m³	0	0	0
Water consumption (Intensity) ¹⁾	m³/KRW 1 million	0.0522	0.0403	0.0372
Y-o-Y change in water consumption (Intensity) ¹⁾	%	-	-22.8	-7.5

1) 2022-2023 data revised due to data recalculation

Water and Air Pollutants

HL Klemove does not operate any business sites subject to legal emission standards for air pollutants (e.g., NO_x, SO_x, particulate matter, VOCs, ozone-depleting substances) or water pollutants (e.g., BOD, COD, SS), and therefore does not generate such emissions in the course of its operations.

*Data Coverage: All global operations (Pangyo, Songdo, China, India, Mexico)

ISO 14001 Certification Status

Category		Unit	2022	2023	2024
Implementation of Environmental Management System Certification (ISO 14001)	Sites subject to ISO 14001	Sites	4	4	5
	Sites certified to ISO 14001	Sites	4	4	4
	ISO 14001 certification rate	%	100	100	80

Environmental Training¹⁾

Category	Unit	2022	2023	2024
Employees eligible for environmental training	Employees	64	61	63
Employees who participated in environmental training	Employees	64	61	63
Participation rate in environmental training	%	100	100	100

1) Based on domestic operations

ESG Data

Technological Innovation*

R&D Investments

Category	Unit	2022	2023	2024
R&D personnel	Employees	580	722	771
Total R&D investments	KRW 1 billion	101	93	124
Percentage of R&D expenses against sales	%	7.4	6.1	7.1

Patent

Category	Unit	2022	2023 ¹⁾	2024
Registrations	Case	146	913	1,072
Applications	Case	232	608	567

1) Data recalculation

Quality Assurance

Category	Unit	2022	2023	2024
Annual QA budget	KRW 1 billion	9.70	17.14	11.65
Annual QA expenses	KRW 1 billion	6.28	16.82	11.03
Percentage of QA expenses against sales	%	0.45	1.02	0.64

*Data Coverage: All global operations (Pangyo, Songdo, China, India, Mexico)

IATF16949 Quality Management System Certification

Category		Unit	2022	2023	2024
Implementation of IATF 16949 quality management system	Sites subject to IATF 16949	Sites	4	4	5
	Sites certified to IATF 16949	Sites	4	4	5
	IATF 16949 certification rate	%	100	100	100

LCA(Life Cycle Assessment)

Category	Unit	2022	2023	2024
Total number of programs for the current year	Programs	0	1	13
Number of programs completed with simplified LCA for the current year	Programs	0	1	13
Percentage of programs completed with simplified LCA for the current year	%	-	100	100

National R&D Project¹⁾

Category	Unit	2022	2023	2024
Government grant	KRW 1 million	1,313	1,466	1,039

1) Based on domestic operations

ESG Data

Supply Chain Management*

Transactions with Suppliers

Category		Unit	2022	2023	2024
Total suppliers		No. of suppliers	150	168	162
Major suppliers ¹⁾		No. of suppliers	52	51	54
Total transaction amount	Total transaction amount	KRW 100 million	7,027	7,014	7,165
Transaction amount by category	Parts	KRW 100 million	7,027	7,014	7,165
	Raw materials	KRW 100 million	-	-	0
Purchase amount from major suppliers (tier 1) out of total purchase amount	Purchase amount from major suppliers (tier 1)	KRW 100 million	6,792	6,783	6,970
	Percentage of purchase amount from major suppliers (tier 1) out of total purchase amount	%	97	97	97

1) Purchase amount of 1 billion KRW or more

Sustainable Procurement

Category		Unit	2022	2023	2024
Training on sustainable procurement	Employees engaging in procurement	No. of persons	24	23	24
	Procurement personnel who have received training	No. of persons	0	0	24
	Percentage of procurement personnel who received training	%	-	-	100
Suppliers who signed contracts containing provisions on environment, labor, human rights and ethics	Suppliers	No. of suppliers	0	30	33
	Percentage of suppliers	%	-	18	20

*Data Coverage: Domestic operations (Pangyo, Songdo)

Supplier ESG Assessment

Category		Unit	2022	2023	2024
Suppliers who received ESG assessments	Suppliers	No. of suppliers	24	15	20
	Percentage of suppliers	%	16.0	8.9	12.3
Assessed suppliers in the past three years	Suppliers	No. of suppliers	24	39	59
	Percentage of suppliers	%	16.0	23.2	36.4
On-site ESG assessments performed	Suppliers	No. of suppliers	0	15	20
	Percentage of suppliers	%	-	8.9	12.3
Suppliers rated excellent in ESG assessments	Suppliers	No. of suppliers	1	4	5
	Percentage of suppliers	%	4.2	26.7	25.0
Suppliers with risks identified (E, S, G)	Suppliers	No. of suppliers	1	1	1
	Suppliers who developed corrective action plans	No. of suppliers	0	0	0
	Percentage of suppliers who developed corrective action plans	%	-	-	-
	Suppliers who implemented corrective actions within 12 months	No. of suppliers	0	0	0
	Percentage of suppliers who implemented corrective actions within 12 months	%	-	-	-
	Suppliers removed from contracts for failing to implement corrective actions	No. of suppliers	0	0	0

ESG Data

Supply Chain Management

Supplier Support

Category		Unit	2022	2023	2024
Win-Win growth index rating		-	Good	Good	To be announced in September 2025
Supplier quality certification	Suppliers certified to quality system certification	No. of suppliers	121	148	139
	Certification acquisition rate among eligible suppliers	%	100	100	100
Competency training	Suppliers provided with training	No. of suppliers	-	7	48
	Suppliers provided with training	%	-	4	30
	Employees of suppliers trained	Employees	-	24	48

Communication

Category		Unit	2022	2023	2024
Discussion meetings held		Meetings	1	1	1
Grievances submitted		Cases	0	0	0
Grievances resolved		Cases	0	0	0
Percentage of grievances resolved		%	-	-	-

Conflict Minerals

Category		Unit	2022	2023	2024
Suppliers with verified conflict minerals information	Suppliers subject to information verification	No. of suppliers	122	148	139
	Suppliers with verifiable information	No. of suppliers	122	148	139
	Percentage of suppliers with verifiable information	%	100	100	100
Sales ratio of products containing minerals from conflict-affected high-risk areas (as a share of total product sales)		%	0	0	0
Sales ratio of products sourced from conflict-free verified suppliers in conflict-affected high-risk areas (as a share of total product sales)		%	0	0	0

*Data Coverage: Domestic operations (Pangyo, Songdo)

ESG Data

Labor and Human Rights*

Employee status

Category		Unit	2022	2023	2024
Total employees	Total employees	Employees	2,180	2,244	2,667
Types of employment ¹⁾	Total permanent employees	Employees	1,731	1,816	2,157
	- Male	Employees	1,409	1,482	1,724
	- Female	Employees	322	334	433
	Total temporary employees	Employees	226	224	253
	- Male	Employees	174	166	178
	- Female	Employees	52	58	75
	Total dispatched employees	Employees	223	204	
	- Male	Employees	144	114	147
	- Female	Employees	79	90	110
Types of work	Office	Employees	1,199	1,145	1,334
	Production	Employees	981	1,099	1,333
By gender	Male	Employees	1,727	1,762	2,049
	Female	Employees	453	482	618
By age group	Under 30	Employees	808	803	996
	Under 30	%	37.1	35.8	37.3
	30-under 50	Employees	1,321	1,380	1,597
	30-under 50	%	60.6	61.5	59.9
	50 and over	Employees	51	61	74
	50 and over	%	2.3	2.7	2.8
By position	Manager	Employees	1,566	1,598	1,927
	Senior manager	Employees	599	627	723
	Executive	Employees	15	19	17
By nationality ²⁾	Korean nationals	Employees	1,175	1,177	1,267
	Percentage of Korean nationals	%	53.9	52.5	47.5
	Korean nationals in management positions	Employees	160	176	198

*Data Coverage: All global operations (Pangyo, Songdo, China, India, Mexico)
Correction of 2022-2023 data due to changes in calculation criteria, including total number of employees

Category		Unit	2022	2023	2024
By nationality ²⁾	Percentage of Korean nationals in management positions	%	80.4	78.6	72.8
	Chinese nationals	Employees	531	528	557
	Chinese nationals	%	24.4	23.5	20.9
	Chinese nationals in management positions	Employees	26	28	36
	Percentage of Chinese nationals in management positions	%	13.1	12.5	13.2
	Indian nationals	Employees	474	539	617
	Percentage of Indian nationals	%	21.8	24.0	23.1
	Indian nationals in management positions	Employees	13	20	32
	Percentage of Indian nationals in management positions	%	6.5	8.9	11.8
	Mexican nationals	Employees	-	-	225
	Percentage of Mexican nationals	%	-	-	8.4
	Mexican nationals in management positions	Employees	-	-	6
	Percentage of Mexican nationals in management positions	%	-	-	2.2
	US nationals	Employees	-	-	1
	Percentage of US nationals	%	-	-	0
Localization ³⁾	Employees in manager positions	Employees	52	67	102
	Locally-hired employees in manager positions	Employees	39	48	74
	Percentage of locally-hired employees in manager positions	%	75	72	73

1) Temporary employees: Provide support in roles such as administrative assistance (e.g., office admin) and research assistance (e.g., test drivers)/Dispatched employees: Personnel supporting office and production tasks
2) Management positions: Refers to team leaders and above
3) Managers: Refers to individuals officially appointed to managerial roles through internal HR assignments

ESG Data

Labor and Human Rights

Wage

Category		Unit	2022	2023	2024
Gender	Median male hourly pay	KRW 1 million	65	65	64
	Median female hourly pay	KRW 1 million	58	57	57
	Gender-based difference in median hourly pay	KRW 1 million	7	8	7
	Wage gap by gender	%	89	88	89
Percentage of the highest compensation (CEO) relative to the median annual total compensation of all employees ¹⁾		%	7	7	7

1) Based on domestic operations, information regarding the highest compensation is available on pages 211-213 of the business report

New hires

Category		Unit	2022	2023	2024
Total new hires		Employees	419	434	829
By gender	Male	Employees	332	352	581
	Female	Employees	87	82	248
By age group	Under 30	Employees	275	305	511
	30-under 50	Employees	141	127	307
	50 and over	Employees	3	2	11
By nationality	New hires in Korea	Employees	125	128	144
	New hires in China	Employees	55	26	11
	New hires in India	Employees	239	280	310
	New hires in Mexico	Employees	-	0	364
By position	Manager	Employees	345	387	775
	Senior Manager	Employees	74	47	54
	Executive	Employees	0	0	0

*Data Coverage: All global operations (Pangyo, Songdo, China, India, Mexico)

Correction of 2022-2023 data due to changes in calculation criteria, including total number of employees

Turnover Status

Category		Unit	2022	2023	2024
Total turnover		Employees	435	423	621
By gender	Male	Employees	347	341	451
	Female	Employees	88	82	170
By age	Under 30	Employees	232	254	365
	30-under 50	Employees	201	167	247
	50 and over	Employees	2	2	9
Turnover rate		Employees	20	19	23
Voluntary turnover		Employees	351	347	559
By gender	Male	Employees	275	273	402
	Female	Employees	76	74	157
By age group	Under 30	Employees	178	212	328
	30-under 50	Employees	171	133	223
	50 and over	Employees	2	2	8
Voluntary turnover rate		%	16	15	21
Number of positions required for new hires	Turnover due to replacement of resigning employees	Employees	328	277	458
	Turnover due to new tasks	Employees	70	141	141
Number of positions filled through internal transfers among required new hires	Number of internal fills due to replacement of resigning employees	Employees	28	31	29
	Number of internal fills due to new tasks	Employees	6	6	2
Percentage of positions filled through internal transfers among required new hires	Percentage of positions filled through internal transfers among required new hires	%	8.5	8.9	5.2

ESG Data

Labor and Human Rights

Employee Diversity

Category		Unit	2022	2023	2024
Gender diversity	Percentage of female employees out of total	%	20.8	21.5	23.2
	Female new hires	%	20.8	18.9	29.9
	Female managers	Employees	8	15	25
	Percentage of female managers out of total managers	%	4.0	6.7	9.2
	Female executives	Employees	0	0	0
	Total female R&D engineer	Employees	72	97	115
	Total R&D engineer	Employees	590	678	751
	Percentage of female engineers	%	12.2	14.3	15.3
	Female managers in revenue-generating department	Employees	0	0	3
	Managers in revenue-generating department	Employees	10	16	21
	Percentage of female managers in revenue-generating department	%	0	0	14.3
	Employees with disabilities	Employees	37	37	40
Special recruitments and vulnerable employees ¹⁾	Percentage of employees with disabilities	%	1.9	1.8	1.7
	Employees entitled to national merit	Employees	4	6	9
	Employees entitled to national merit	%	0.2	0.3	0.4

1) Based on domestic operations, the number of employees with disabilities is reported according to the ministry of employment and labor’s disability employment rate filings.

Maternity Leave

Category		Unit	2022	2023	2024
Employees who took maternity leave		Employees	57	73	60
Gender	Male	Employees	47	64	51
	Female	Employees	10	9	9
Employees who returned to work after maternity leave		Employees	57	73	60
Gender	Male	Employees	47	64	51
	Female	Employees	10	9	9
Percentage of employees who returned to work after maternity leave		%	100	100	100

*Data Coverage: All global operations (Pangyo, Songdo, China, India, Mexico)

Correction of 2022-2023 data due to changes in calculation criteria, including total number of employees

Parental Leave¹⁾

Category		Unit	2022	2023	2024
Employees eligible for parental leave		Employees	75	93	102
Gender	Male	Employees	69	83	91
	Female	Employees	6	10	11
Employees who took parental leave		Employees	10	21	17
Gender	Male	Employees	7	14	10
	Female	Employees	3	7	7
Employees who are expected to return to work after parental leave		Employees	9	19	17
Gender	Male	Employees	6	12	10
	Female	Employees	3	7	7
Employees who returned to work after parental leave		Employees	9	19	-
Gender	Male	Employees	6	12	-
	Female	Employees	3	7	-
Percentage of employees who returned to work after parental leave ²⁾		%	100	100	-
Gender	Male	%	100	100	-
	Female	%	100	100	-
Employees who worked 12 or more months after parental leave		Employees	9	19	-
Gender	Male	Employees	6	12	-
	Female	Employees	3	7	-
Percentage of employees who worked 12 or more months after parental leave ³⁾		%	100	100	-
Gender	Male	%	100	100	-
	Female	%	100	100	-

1) Based on domestic operations

2) (Number of employees who returned to work after parental leave / Total number of employees scheduled to return after parental leave) *100

3) (Number of employees who remained employed for 12 months or more after returning / Number of employees who returned from parental leave in the previous reporting year) *100

ESG Data

Labor and Human Rights

Working Hours

Category	Unit	2022	2023	2024
Annual hours worked per person	Hours	2,098	1,954	2,056
Average weekly hours worked	Hours	43	39	41
Number of employees utilizing flexible hours	Employees	744	832	975
Percentage of employees utilizing flexible hours	%	34.1	37.1	36.6

Performance Appraisals

Category	Unit	2022	2023	2024
Employees subject to MBO-setting ¹⁾	Employees	1,045	1,244	1,287
Employees who set an MBO with their boss	Employees	867	1,056	1,055
Percentage of employees who set an MBO with their boss	%	83.0	84.9	82.0

1) Based on office workers at domestic operations

Benefits¹⁾

Category	Unit	2022	2023	2024
Average benefit expenses per person	KRW 1 million	3.89	3.77	4.18
Operation of daycare center	Sites with daycare center operation	Sites	1	1
	Number of children in daycare centers	Persons	75	72
	Number of daycare center staff	Persons	18	14

1) Based on domestic operations

*Data Coverage: All global operations (Pangyo, Songdo, China, India, Mexico)

Correction of 2022-2023 data due to changes in calculation criteria, including total number of employees

Employee Training

Category		Unit	2022	2023	2024
Total number of training participants		Employees	1,614	2,096	1,798
Percentage of training participants		%	74.0	93.4	67.4
By age	Under 30	Employees	540	667	730
	30 - under 50	Employees	1,016	1,369	1,016
	50 and over	Employees	58	60	52
By gender	Male	Employees	1,279	1,688	1,371
	Female	Employees	335	408	427
By training type	Technology and task training	Employees	1,404	1,062	1,373
	Competency training	Employees	573	1,271	716
	Retiree training	Employees	50	53	75
By position	Manager	Employees	1,000	1,548	1,264
	Senior manager	Employees	455	529	382
	Leader (Partial/Leader/Executive) team	Employees	159	19	152
Total completed training hours		Hours	36,820	40,128	43,355
Training hours completed per person		Hours	23	19	24
Total training expenses		KRW 1 million	1,542	1,394	1,348
Training expenses per person		KRW 1 million	0.96	0.67	0.75

ESG Data

Labor and Human Rights

Employee Engagement

Category		Unit	2022	2023	2024
Participants in the employee engagement survey	Manager	Employees	607	718	772
	Senior manager	Employees	355	433	429
	Executive	Employees	0	0	0
Employee with high engagement among the survey participants	Manager	Employees	513	551	574
	Senior manager	Employees	298	308	293
	Executive	Employees	0	0	0
Percentage of employees with high engagement		%	84.3	74.6	72.2

Labor Relations¹⁾

Category		Unit	2022	2023	2024
Labor union	Employees eligible for labor union membership	Employees	293	286	284
	Employees who joined labor unions	Employees	248	280	280
	Labor union membership	%	84.6	97.9	98.6
	Labor management meetings	Cases	26	34	34
Collective agreement	Number of employees covered	Employees	358	310	321
	Percentage of employees covered	%	31.3	27.0	26.3

1) Based on domestic operations

*Data Coverage: All global operations (Pangyo, Songdo, China, India, Mexico)
Correction of 2022-2023 data due to changes in calculation criteria, including total number of employees

Human Rights

Category		Unit	2022	2023	2024
Human rights impact assessment	Worksites subject to human rights impact assessment or review	Sites	3	5	5
	Worksites that received human rights impact assessment	Sites	3	5	4
	Proportion of worksites that received human rights impact assessment	%	100	100	80
	Incidences of human rights risk	Cases	0	0	4
	Improvements made	Cases	0	0	4
	Proportion of improvements made	%	-	-	100
Human rights violation prevention program (Discrimination, harassment, sexual harassment child labor, forced labor, etc)	Grievances submitted	Cases	0	3	4
	Grievances resolved	Cases	-	3	4
	Resolution rate	%	-	100	100
Human rights ¹⁾ (Discrimination, harassment, sexual harassment, child labor, forced labor, etc.)	Employees who attended human rights training	Employees	1,160	1,162	1,809
	Proportion of employees who attended human rights training	%	100	100	67.8

1) For 2022-2023, the data is based on domestic operations, while for 2024, it is based on global operations

ESG Data

Safety*

Health and Safety Risk Assessment

Category	Unit	2022	2023	2024
Target Sites	Sites	2	2	5
Sites assessed	Sites	2	2	5
Percentage of sites assessed	%	100	100	100

* 2022-2023: Based on domestic operations, 2024: Based on global operations

Injuries Status

Category	Unit	2022	2023	2024
Total injuries	Employees	1	3	1
Fatalities	Employees	0	0	0
Injuries	Employees	1	3	1
Work-related illnesses	Employees	0	0	0
Workplace injuries	Cases	1	3	1
Work-related accidents	Cases	0	0	1

Occupational Health & Safety Performance¹⁾

Category	Unit	2022	2023	2024
Lost workdays	Days	44	116	28
Number of regular employees	Employees	1,993	2,055	2,667
Total annual working hours	Hour	3,744,619	4,039,882	5,906,671
Accident rate	%	0.05	0.15	0.04
Total Recordable Injury Frequency Rate (TRIFR)	Cases/million hours worked	0.27	0.74	0.17
Lost Workday Rate (LWR)	-	0.01	0.02	0.004
Frequency Severity Index (FSI)	-	0.05	0.13	0.03

*Data Coverage: All global operations (Pangyo, Songdo, China, India, Mexico)

Occupational Health & Safety Performance

Category	Unit	2022	2023	2024
Lost-Time Injuries Frequency Rate (LTIFR)	Cases/million hours worked	0.27	0.74	0.17
In-house partner lost workday accident rate	Cases/million hours worked	0	0	0
Occupational Illness Frequency Rate (OIFR)	Cases/million hours worked	0	0	0

1) 2022, 2023 data corrected due to changes in data calculation criteria

Health & Safety Training¹⁾

Category	Unit	2022	2023	2024
Employees subject to training	Employees	1,160	1,162	2,667
Percentage of employees who completed the training to the total number of employees	%	100	100	100
Safety training hours per person	Hours	24	24	24

1) Including employees, executives, and on-site external staff

ISO 45001 Certification¹⁾

Category		Unit	2022	2023	2024
Implementation of ISO 45001 certified workplaces	Sites subject to ISO 45001	Sites	4	4	5
	Sites certified to ISO 45001	Sites	4	4	4
	ISO 45001 certification rate	%	100	100	80

1) 2022-2023 data revised due to data recalculation

ESG Data

Governance · Ethics*

Anti-corruption/Ethics¹⁾

Category		Unit	2022	2023	2024
Corruption	Incidences of corruption (legal criteria)	Cases	0	1	0
	Measures taken (pay cuts and/or more severe)	Cases	-	1	-
	Percentage of measures executed (pay cuts and/or more severe)	%	-	100	-
Non-compliance with the Code of Conducts	Non-compliance with the Code of Conduct (internal criteria)	Cases	1	1	0
	Measures taken (pay cuts and/or more severe)	Cases	1	1	0
	Percentage of measures executed (pay cuts and/or more severe)	%	100	100	-
Reports on Anti-corruption	Whistleblowing reports on corruption	Cases	0	2	0
	Whistleblowing reports on corruption handled (pay cuts and or more severe)	Cases	0	2	0
	Anti-corruption report handling rate (overall)	%	-	100	-
	Anti-corruption reports resulting in disciplinary action of salary reduction or higher	Cases	0	0	0
	Percentage of anti-corruption reports resulting in disciplinary action of salary reduction or higher	%	-	-	-
Internal audit (ethics/work)	Worksites subject to audits	Sites	1	3	4
	Worksites audited	Sites	1	3	1
	Implementation rate	%	100	100	25

1) Based on global operations

Ethics Training¹⁾

Category	Unit	2022	2023	2024
Employees who completed ethics training	Employees	112	795	849
Training completion rate	%	100	100	98

1) The completion rate is calculated as the percentage of participants who successfully completed the training among those enrolled.

*Data Coverage: Domestic operations (Pangyo, Songdo)

Information Security¹⁾

Category		Unit	2022	2023	2024
Information security management system certification	Worksites subject to certification	Sites	1	1	1
	Worksites certified	Sites	1	1	1
	Certification rate	%	100	100	100
Number of information security vulnerability assessments	Number of cyberattack response process assessments	Cases	1	1	1
Number of information security incidents	Number of information security/cybersecurity incidents	Cases	0	0	0
Information security training ¹⁾	Number of employees who completed the training	Employees	1,162	835	878
	Training completion rate	%	100	100	100

1) As the training is mandatory for all employees at the time of enrollment, the completion rate is 100% as of year-end.
The completion rate is calculated based on those enrolled in the training.

Compliance¹⁾

Category		Unit	2022	2023	2024
Non-compliance with environmental regulations	Cases	Cases	0	0	0
	Penalties	KRW 1 million	0	0	0
Non-compliance with fair trade regulations	Cases	Cases	0	0	0
	Penalties	KRW 1 million	0	0	0
Non-compliance with safety regulations ²⁾	Cases	Cases	0	1	0
	Penalties	KRW 1 million	0	2	0
Non-compliance with personal data privacy regulations	Cases	Cases	0	0	0
	Penalties	KRW 1 million	0	0	0
Non-compliance with customer (OEM) data-related information security regulations	Cases	Cases	0	0	0

1) Based on business report disclosure standards
2) 2023 data corrected due to changes in data calculation criteria

ESG Data

CSR*

*Data Coverage: Based on domestic operations in 2022; based on all global operations from 2023 to 2024

Donations

Category		Unit	2022	2023	2024
Corporate donations	Total corporate donations made	KRW 1 million	66	464	180
	Cash	KRW 1 million	16	455	180
	In-kind	KRW 1 million	50	9	0
	Percentage of donations against sales	%	0.006	0.027	0.011
Investments made in community development activity expenses		KRW 1 million	16	226	145
Percentage of investments made in community development against sales (activity expenses)		%	0.001	0.013	0.009
Percentage of investments made in community development against sales (activity expenses)		KRW 1 million	-	238	35

Volunteer Work

Category		Unit	2022	2023	2024
Volunteer hours	Total employee volunteer hours	Hours	589	1,643	1,581
	Volunteer hours per person ¹⁾	Hours	2.43	1.52	2.2
Employee volunteers	Employee volunteers	Employees	224	1,082	712
	Percentage of employee volunteers out of total	%	19.3	48.2	26.7

1) 2022-2023 data revised due to data recalculation

GRI Index

Category	Indicator name
Statement of use	HL Klemove reported for the period from January 1, 2024, to December 31, 2024, in accordance with GRI standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	Currently unavailable (As of the reporting date in May 2024, the standards for the Automotive industry, which HL Klemove falls under, have not been released.)

GRI 2 : General Disclosures 2021			Page
The organization and its reporting practices	2-1	Organizational details	6
	2-2	Entities included in the organization’s sustainability reporting	2
	2-3	Reporting period, frequency and contact point	2
	2-4	Restatenebts of information	93-107, with separate notation in the footnotes
	2-5	External assurance	115-117
Activities and Workers	2-6	Activities, value chain and other business relationships	7, 8
	2-7	Employees	100
	2-8	Workers who are not employees	100
Governance	2-9	Governance structure and composition	18, 76
	2-10	Nomination and selection of the highest governance body	76
	2-11	Chair of the highest governance body	76
	2-12	Role of the highest governance body in overseeing the management of impacts	18
	2-13	Delegation of responsibility for managing impacts	18
	2-14	Role of the highest governance body in sustainability reporting	18
	2-15	Conflicts of interest	76
	2-16	Communication of critical concerns	18, 77
	2-17	Collective knowledge of the highest governance body	76
	2-18	Evaluation of the performance of the highest governance body	78
	2-19	Remuneration policies	78, Current business report pages 210-213
	2-20	Process to determine remuneration	78, Current business report pages 210-213
	2-21	Annual total compensation ratio	101
Strategy, Policies, and Practices	2-22	Statement on sustainable development strategy	5
	2-23	Policy commitments	29, 51, 66, 69, 71, 79, 81, 82
	2-24	Embedding policy commitments	29-37, 51-57, 67-70, 71-74, 79-80, 81, 82-85
	2-25	Processes to remediate negative impacts	67
	2-26	Mechanisms for seeking advice and rasiing concerns	68
	2-27	Compliance with laws and regulations	106
	2-28	Membership associations	104
Stakeholder Engagement	2-29	Approach to stakeholder engagement	26
	2-30	Collective bargaining agreements	104



INTRODUCTION

ESG STRATEGY

APPENDIX

- ESG Data
- GRI Index
- SASB/TCFD Index
- UN SDGs
- UN Global Compact
- Awards and Associations
- Independent Assurance Statement
- GHG Assurance Statement

GRI Index

GRI 3: Material Topics 2021			Page
Disclosures on Material Topics	3-1	Process to determine material topics	21-22
	3-2	List of material topics	22
	3-3	Management of material topics	23-25

Topic-Specific Disclosures			Page
Topic 1: Climate Change Mitigation	3-3	Management of material topics	23, 31-34, 44
	201-2	Financial implications and other risks and opportunities due to climate change	32
	305-1	Direct (Scope 1) GHG emissions	34, 94
	305-2	Energy indirect (Scope 2) GHG emissions	34, 94
	305-3	Other indirect (Scope 3) GHG emissions	34, 94
	305-4	GHG emissions intensity	34, 94
	305-5	GHG emissions reduction	32
Topic 2: Energy	3-3	Management of material topics	23, 31-34
	302-1	Energy consumption within the organization	94
	302-3	Energy intensity	94
	302-4	Energy consumption reduction	32
Topic 3 : Employee working condition	3-3	Management of material topics	24, 64-65, 71-74
	401-1	New employee hires and employee turnover	101
	401-3	Parental leave	102
	403-1	Occupational health and safety management system	72
	403-2	Hazard identification, risk assessment, and incident investigation	72
	403-3	Occupational health services	74
	403-4	Worker participation, consultation, and communication on occupational health and safety	74
	403-5	Worker training on occupational health and safety	74, 105
	403-6	Promotion of worker health	74
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	72-74
	403-8	Workers covered by an occupational health and safety management system	72, 105
	403-9	Work-related injuries	105
	403-10	Work-related illness	105

INTRODUCTION

ESG STRATEGY

APPENDIX

- ESG Data
- GRI Index
- SASB/TCFD Index
- UN SDGs
- UN Global Compact
- Awards and Associations
- Independent Assurance Statement
- GHG Assurance Statement

GRI Index

Topic 4 : Equal treatment and opportunities in the workplace	3-3	Management of material topics	24, 60-63
	404-1	Average hours of training per year per employee	103
	404-2	Programs for upgrading employee skills and transition assistance programs	61-63
	404-3	Ratio of employees who received regular performance and career development reviews	103
	405-1	Diversity of governance bodies and employees	102
	405-2	Ratio of basic salary and remuneration of women to men	101
Topic 5 : Working conditions of partner companies	3-3	Management of material topics	25, 51-53
	308-2	negative environmental impacts in the supply chain and corresponding actions	52-53, 98-99
	414-2	Negative social impacts in the supply chain and corrective measures taken	52-53, 98-99
Topic 6 : Safety of consumers and users	3-3	Management of material topics	25, 46-49
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	49

Other General Reporting Issues			Page
Economic value generation and distribution	201-1	Direct economic value generated and distributed	93
Local employment	202-2	Ratio of senior management hired locally at key business operations	100
Incidents of corruption	205-3	Confirmed incidents of corruption and actions taken	106
Fair trade	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	106
Tax	207-1	Approach to tax	81
	207-2	Tax governance, control, and risk management	81
Water	303-3	Water withdrawal	96
	303-5	Water consumption	96
Biodiversity	304-2	Significant impacts of the organization's activities, products, and services on biodiversity	38-39
	304-4	Ecosystem services	38-39
Airpollution	305-6	Ozone-depleting substances	96
	305-7	Air pollutants	96
Waste	306-2	Management of significant waste-related impacts	36
	306-3	Waste generated	95
	306-4	Waste diverted from disposal	95
	306-5	Waste directed to disposal	95
Customer personal data	418-1	Substantiated complaints concerning breaches of customer privacy and loss of customer data	106

SASB/TCFD Index

SASB Index

Sustainability Disclosure Topics

Topic	Metrics Code	Accounting Metric	Page
Energy Management	TR-AP-130a.1	(1) Total energy consumed	94
		(2) Percentage grid electricity	
		(3) Percentage renewable	
	TR-AP-150a.1	(1) Total amount of waste from manufacturing	95
		(2) Percentage of designated waste among the total waste generated	
		(3) Percentage of recycled waste among the total waste generated	
Materials Sourcing	TR-AP-440a.1	Description of the management of risk associated with the use of critical materials	98-99
Competitive Behavior	TR-AP-520a.1	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	106

Accounting Metrics

Topic	Metrics Code	Content
Area of Manufacturing Plants	TR-AP-000.C	52,590m ²

TCFD(IFRS S2) Index


















TCFD Recommendations		Page
Governance	a) Describe the board’s oversight of climate-related risks and opportunities	31
	b) Describe management’s role in assessing and managing climate related risks and opportunities	31
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	32
	b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning	32
	c) Describe the resilience of the organization’s strategy, taking into consideration different climate- 2°C or lower scenarios	31
Risk Management	a) Describe the organization’s processes for identifying and assessing climate-related risks	33
	b) Describe the organization’s processes for managing climate-related risks	33
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management	33
Metrics and Targets	a) Describe the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	34
	b) Disclose Scope 1(direct emissions), Scope 2 (indirect emissions), and Scope 3 (other indirect emissions) GHG emissions and the related risks	34
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	34

*This index has been prepared based on the TCFD recommendations and will continue to be aligned with the ISSB’s IFRS S2 climate disclosure standards to strengthen consistency going forward.

UN SDGs



HL Klemove supports the UN SDGs (United Nations Sustainable Development Goals) and is committed to contributing to the sustainable development of humanity and the global community. To this end, the company has identified and manages specific SDG targets that align with its six key areas of sustainable management.

6 main categories	SDGs	Goals	HL Klemove Major Activity
 Environment, Safety	 	<p>11.6. Managing air quality, urban areas, and other waste to reduce negative environmental impacts</p> <p>13.1. Strengthening the capacity and resilience to adapt to climate-related risks and natural disasters</p>	HL Klemove is continuously working to improve energy efficiency, with the goal of reducing annual electricity costs by 1%. The company is also gradually increasing the proportion of renewable energy used each year. In addition, efforts to reduce waste generation and improve recycling rates led to an 83.7% waste recycling rate in 2024.
 Technological Innovation	 	<p>8.2. Achieving improved economic productivity through industrial diversification, technological advancement, and innovation</p> <p>9.4. Applying high resource efficiency, clean technologies, and environmentally friendly processes in industries</p> <p>9.5. Significantly increasing investments in research and development personnel and activities to encourage innovation</p>	HL Klemove is playing a leading role in the autonomous driving and electric vehicle markets through innovative technology development. In 2024, the company maintained its R&D investment at 7.1% of total sales and conducted LCA (Life Cycle Assessments) for 13 products to evaluate their environmental impact.
 Supply Chain Management	 	<p>8.3. Supporting production activities, job creation, creativity, and innovation, while promoting the formation and growth of small businesses and SMEs</p> <p>17.16. Strengthening global partnerships for sustainable development by mobilizing and sharing knowledge, expertise, technologies, and resources</p>	In 2024, HL Klemove conducted ESG assessments for 20 partner companies and provided online consulting to support improvements in their ESG performance. Additionally, the company continuously monitors the quality certification status of its partners to strengthen quality and safety management. To ensure ongoing communication, both online and offline channels are actively maintained.
 Labor Rights and Human Rights	 	<p>4.4. Expanding the pool of talent with the necessary vocational skills for quality jobs and business activities</p> <p>10.2. Promoting social, economic, and political inclusion for all people, regardless of age, gender, disability, race, ethnicity, origin or religion</p>	Through industry-academia collaboration programs and scholarships for students in software-related fields, HL Klemove is actively nurturing new talent. At the same time, the company leverages internal referral programs and open recruitment to secure outstanding individuals. To promote female talent, HL Klemove participates in women’s university job fairs and operates branded pop-up stores. Furthermore, in partnership with the Korea Employment Agency for the Disabled, the company runs a customized training program, SIAT (Specialized IT Training for Young People with Disabilities), to foster and recruit software testing personnel with disabilities.
 Governance and Ethics		<p>16.3. Promoting the rule of law and ensuring equal access to justice for all</p> <p>16.5. Reducing all forms of corruption and bribery</p> <p>16.6. Developing effective, transparent, and accountable institutions</p>	HL Klemove is committed to ethical management, having established and adhered to a corporate code of ethics. The HL Group’s Ethics Management Office conducts annual internal audits to regularly review corruption-related risks across all major business processes, including accounting and procurement. In addition, the company provides annual ethics training for all new and current employees, covering topics such as anti-corruption and anti-bribery, to strengthen ethical awareness across the organization.
 CSR	 	<p>1.5. Building resilience for the poor and vulnerable by 2030, and reducing exposure and vulnerability to extreme climate-related events, as well as other economic, social, and environmental shocks and disasters</p> <p>4.3. Ensuring equal access to affordable, equality technical education, vocational training, and higher education, including universities, for all women and men by 2030.</p>	Under the social contribution vision of “A company that provides greater comfort and safety through trusted mobility of all,” HL Klemove has established and implemented four key strategies: MOVE TOGETHER , GREEN TOGETHER, GROW TOGETHER, and SUSTAIN TOGETHER. In 2024, employees participated in a total of 1,581 hours of volunteer activities, and the company made donations totaling KRW 200 million.

UN Global Compact



HL Klemove joined the UNGC (United Nations Global Compact) in May 2023, a global sustainable business initiative under the UN. By doing so, we expressed its support for the 10 principles across four key areas: human rights, labor, environment, and anti-corruption. HL Klemove continues to apply these principles across its business operations.

The 10 Principles across the four key areas		Page
► Human Rights		
Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights.	66
Principle 2	Make sure that they are not complicit in human rights abuses.	66
► Labor		
Principle 3	Business should uphold the freedom of association and the effective recognition of the right to collective bargaining.	65
Principle 4	The elimination of all forms of forced and compulsory labor.	64
Principle 5	The effective abolition of child labor.	64
Principle 6	The elimination of discrimination in respect of employment and occupation.	69
► Environment		
Principle 7	Businesses should support a precautionary approach to environmental challenges.	29-30
Principle 8	Undertake initiatives to promote greater environmental responsibility.	31-37
Principle 9	Encourage the development and diffusion of environmentally friendly technologies.	29
► Anti-corruption		
Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.	79

Awards and Associations

Awards

Date	Award	Host
2022.04.22.	2022 Science and Technology Award	Ministry of Science and ICT
2022.07.21.	2022 Industrial Technology Innovation Award	Ministry of Trade, Industry, and Energy
2023.05.02.	2023 56th Science Day, Minister of Science and ICT Award	Ministry of Science and ICT
2023.12.06.	2023 Korea Industrial Technology R&D Expo, Industrial Medal	Ministry of Trade, Industry, and Energy
2024.01.09.	CES 2024 Innovation Award	CES
2024.05.21.	59th Invention Day, Minister of Trade, Industry, and Energy Award	Ministry of Trade, Industry, and Energy
2025.01.10.	CES 2025 Innovation Award	CES

Associations

NO.	Organization	Purpose of Membership
1	ADASIS	Obtain information on ADAS Map-related standards
2	Korea Association of Autonomous Mobility Industry (KAAMI)	Communicate and collaborate with a host of private sector organizations, universities, and relevant organizations in the field of autonomous driving
3	Korea Automobile Manufacturers Association(KAMA)	Promote technology development through networking and academic conferences in relation to automobiles
4	Institute of Electrical and Electronics Engineers (IEEE)	Identify global electrical/electronic R&D trends
5	Korea Industrial Technology Association (KOITA)	Maintain and manage associated technology research centers

Independent Assurance Statement

The Stakeholders of HL Klemove Corporation

Overview

BSI (British Standards Institution) Group Korea (hereinafter referred to as the “Assurer”) was requested to verify the 2024 HL Klemove Sustainability Report (hereinafter referred to as the “Report”). The Assurer is independent of the HL Klemove and has no major operational financial interest other than the assurance. This assurance opinion statement is intended to provide information related to the assurance of the HL Klemove Corporation report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any purpose other than the purpose of publication. This assurance opinion statement was prepared based on the information presented by the HL Klemove Corporation and the assurance was carried out under the assumption that presented the information and data were complete and accurate.

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

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

Scope

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

- Reporting contents during the period from January 1st to December 31st 2024 included in the report, some data included the first half of 2025.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.
- In Accordance with the four principles of AA1000 AccountAbility in the report, based on the type of Sustainability Assurance based on AA1000AS v3 and if applicable, the reliability of the sustainability performance information contained in the report.

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

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

Assurance Level and Type

The assurance levels and types are as follows;

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

Description and sources of disclosures covered

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

[Universal Standards]
2-1 to 2-5 (The organization and its reporting practices), 2-6 to 2-8 (Activities and workers), 2-9 to 2-21 (Governance), 2-22 to 2-28 (Strategy, policies and practices), 2-29 to 2-30 (Stakeholder engagement), 3-1 to 3-3 (Material Topics Disclosures)
[Topic Standards]
201-1~2, 202-2, 205-3, 206-1, 207-1~2, 302-1, 302-3~4, 303-3, 303-5, 304-2, 304-4, 305-1~7, 306-2~5, 308-2, 401-1, 401-3, 403-1~10, 404-1~3, 405-1~2, 414-2, 416-2, 418-1

Independent Assurance Statement

Methodology

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

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

Limitations and approach used to mitigate limitations

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

Competency and Independence

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

Opinion Statement

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

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

Conclusions

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

Inclusivity: Stakeholder Engagement and Opinion

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

Materiality: Identification and reporting of material sustainability topics

HL Klemove Corporation implemented its own materiality assessment process in consideration of the major business and operational characteristics to derive important reporting issues related to sustainability. In the materiality assessment, HL Klemove Corporation conducted the analysis of global sustainability disclosure and evaluation standards, and conducted the IRO (Impact, Risk, Opportunity) analysis to derive the impact and financial materiality. HL Klemove Corporation derived 6 material issues through the process, and disclosed GRI topic standards disclosures related to material issues in the Report.

Independent Assurance Statement

Responsiveness: Responding to material sustainability topics and related impacts

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

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

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

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

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

- GRI Topic Standards: 201-2, 302-1, 302-3~4, 305-1~5, 308-2, 401-1, 401-3, 403-1~10, 404-1~3, 405-1~2, 414-2, 416-2



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Hold Statement Number : SRA 790002



Recommendations and Opportunity for improvement

The assurer will provide the following comments to the extent that they do not affect the result of assurance; Considering HL Klemove's industrial and business characteristics,

- It may be helpful to advance the sustainability management by specifying a stakeholder engagement-based impact identification frameworks.
- It may be helpful to advance the sustainability management by strengthening management systems and internal control procedures by sustainability performance indicators.

GRI-reporting

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

Issue Date: 12/05/2025

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

BSI representative



Jungwoo Lee | Lead Assurer, LCSAP



Seonghwan Lim | Managing Director of BSI Korea

GHG Assurance Statement

Relating to HL Klemove Corporation’s Report for the calendar year 2024



Terms of Engagement

This Assurance Statement has been prepared for HL Klemove Corporation. LRQA was commissioned by HL Klemove Corporation (HL Klemove) to assure its GHG Report for the calendar year 2024 (hereafter referred to as “the Report”). The Report relates to direct GHG emissions and indirect GHG emissions. HL Klemove’s geographical boundary includes its operations in the head office and Pangyo office in Korea, and in five manufacturing plants located in Korea, China, India and Mexico. The main activities of the organization include production of automotive parts and the GHG emissions have been consolidated using an operational control approach.

Management Responsibility

HL Klemove’s management was responsible for preparing the claim, report and conformity with ISO 14064- 1:2018 and Corporate Value Chain (Scope 3) Accounting and Reporting Standard¹⁾, and for maintaining effective internal controls over the data and information disclosed. LRQA’s responsibility was to carry out an assurance engagement on the Report in accordance with our contract with HL Klemove. Ultimately, the Report has been approved by, and remains the responsibility of HL Klemove.

LRQA’s Approach

Our verification has been conducted in accordance with ISO 14064–3:2019, ‘Specification with guidance for verification and validation of greenhouse gas statements’ to provide limited assurance that GHG data as presented in the Report have been prepared in conformance with ISO 14064–1:2018, ‘Specification with guidance at the organizational level for quantification and reporting of greenhouse gas emissions and removals’ and Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

To form our conclusions the assurance engagement was undertaken as a sampling exercise and covered the following activities:

- reviewed processes related to the control of GHG emissions data and records;
- reviewed summarized source data;
- interviewed relevant staff of the organization responsible for managing GHG emissions data and records;
- verified emission factors were appropriately selected from recognized sources;
- visited HL Klemove’s head office and reviewed additional evidence made available by HL Klemove; and
- verified historical GHG emissions data and records at an aggregated level for the calendar year 2024.

Level of Assurance & Materiality

In accordance with our contract agreement, the assurance was conducted at a limited level of assurance at a materiality of 5% for Categories 1 - 5. The opinion expressed in this Assurance Statement has been accordingly formed.

LRQA’s Opinion

Based on LRQA’s approach nothing has come to our attention that would cause us to believe that the GHG emissions for Categories 1-5 disclosed in the Report as summarized in Table 1 below are not materially correct and that the Report has not been prepared in conformance with ISO 14064–1:2018 and Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Note The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

1) <https://ghgprotocol.org>

GHG Assurance Statement

Summary of HL Klemove GHG Report 2024

Scope of GHG emissions	Tonnes CO ₂ e
Direct GHG emissions (Category 1)	3,925
• Republic of Korea	656
• China	2,776
• India	430
• Mexico	63
Indirect GHG emissions from imported energy (Category 2, Location-based)	23,221
• Republic of Korea	9,730
• China	7,328
• India	4,602
• Mexico	1,561
Indirect GHG emissions from imported energy (Category 2, Market-based)	20,736
• Republic of Korea	9,730
• China	7,328
• India	2,117
• Mexico	1,561
Indirect GHG emissions from transportation (Category 3)	24,458
• Upstream transportation - transportation of raw materials and parts purchased	8,139
• Downstream transportation - transportation of automotive parts sold	8,947
• Employee commuting	6,023
• Business travel	1,350
Indirect GHG emissions from products used by organization (Category 4)	157,354
• Purchased goods and services - raw materials, parts, water and services	145,703
• Fuel- and energy-related activities (not included in scope 1 or scope 2)	8,924
• Waste generated in operations - treatment of waste generated from the plants	451
• Upstream leased assets - Pangyo office	280
• Capital goods	1,996



Scope of GHG emissions	Tonnes CO ₂ e
Indirect GHG emissions associated with the use of products from the organization (Category 5)	182,492
• Use of sold products - GHG emissions allocated to automotive parts sold based on the total GHG emissions during the stages of automobile usage	179,336
• Processing of sold products	2,032
• End-of-life treatment of sold products	1,087
• Investments	37

*Note 1: Location-based and market-based are terminologies from Annex E of ISO 14064-1:2018.

*Note 2: The subcategories of Categories 3 - 5 from ISO 14064-1:2018 correspond to the Scope 3 categories presented in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Dated: 12 May 2025

Tae-Kyoung Kim

LRQA Lead Verifier

On behalf of LRQA Limited

2nd Floor, T Tower, 30, Sowol-ro 2-gil, Jung-gu, Seoul, Republic of Korea

LRQA reference number: SEO00001423



HL Klemove