2026

AI to the Fields.

Daedong Group Sustainability Report

daedong

ABOUT THIS REPORT

Reporting Overview

Daedong Group publishes this 2026 Sustainability Report to disclose its ESG management status and direction transparently to stakeholders and to support open communication. Through its sustainability reports, Daedong Group discloses its ESG management activities and key sustainability-related performance, thereby strengthening stakeholder trust.

Reporting Standards

This report follows the GRI (Global Reporting Initiative) Standards 2021, the international sustainability reporting standard. To report key issues relevant to the industry characteristics of Daedong Group, a specialist in agricultural machinery manufacturing and parts, the report reflects the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures). It also describes Daedong Group's sustainability performance in line with the UN SDGs (UN Sustainable Development Goals) indicators.

Reporting Period

This report covers Daedong Group's sustainability activities and performance from January 1, 2025 to December 31, 2025. For activities deemed significant at the time of reporting, some first-half 2026 performance is also included. For quantitative performance, three years of data from 2023 to 2025 are disclosed to show year-over-year trends. Daedong Group publishes its sustainability report once a year.

Reporting Scope

The reporting scope covers the economic, environmental, social, and governance activities and performance across sustainability management at Daedong, Daedong Mobility, Daedong Gear, and Daedong Metals, based on 2025. Data from some domestic and overseas subsidiaries is excluded from this report, taking into account on-site conditions and circumstances. Where the scope of a reporting item differs or requires distinction, this is indicated separately in the notes.

Reporting Verification

The information in this report received third-party assurance from the Korea Productivity Center Certification, an independent assurance body, to ensure the reliability of the information and improve the quality of the reporting process and the disclosed information. The assurance was conducted in accordance with the reporting principles and requirements of the GRI Standards 2021. The detailed assurance statement is available on p.138-139 of this report.

Interactive Guide

The 2026 Daedong Group Sustainability Report can be viewed and downloaded from the official Daedong website. It is published as an interactive PDF with features such as navigation to relevant content pages and direct page links.

Report Publisher and Contact

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BUSINESS OVERVIEW

Daedong Group

Overview of Key Group Affiliates

daedong

Daedong began by producing Korea's first power tiller, then developed and supplied tractors, combines, and walk-behind rice transplanters, leading the mechanization of Korean agriculture. Building on the technology and market experience it accumulated, the company is driving a paradigm shift toward smart agriculture through intelligent farming solutions and digital-based services.

Industry	Manufacturing of agricultural and forestry machinery
Website	https://ko.daedong.co.kr/

daedong metals

Daedong Metals was the first company in Korea to mass-produce cylinder blocks and cylinder heads for diesel engines, and it has led the localization of technically demanding castings such as functional industrial castings and semiconductor equipment parts. Having pioneered the era of high-grade casting production, Daedong Metals aims to grow into a global company based on "shared growth," "respect for people," and "process stability."

Industry	Casting and foundry
Website	https://www.daedongmetals.co.kr/

daedong AI Lab

Daedong AILab leads the AI robotics transition of Daedong and its group affiliates, serving a central role in the global agricultural robotics market. It develops core technologies in-house, including autonomous driving, robotic AI systems, and AI foundation models, to internalize its AI capabilities.

Industry	Information and communications

daedong mobility

Daedong Mobility specializes in mobility products for agricultural and non-agricultural use, including compact tractors, multipurpose utility vehicles, and riding lawn mowers. After changing its name from Korea Chain Industry to Daedong Mobility in July 2021, it has expanded its smart mobility business, including AI robotic mobility and e-bikes that apply AI and autonomous driving technology, positioning itself as a future mobility specialist.

Industry	Manufacturing and sales of industrial chains, UTVs, and golf carts
Website	https://www.daedongmobility.co.kr/

daedong robotics

Daedong Robotics is a specialist in intelligent autonomous robots, established through a partnership between Daedong Mobility and the Korea Institute of Robotics and Technology Convergence (KIRO). It pursues joint research and commercialization of AI-based autonomous driving robot technology and core robotics technology for agricultural and industrial applications, aiming to lead the future robotics market across diverse industries.

Industry	Robot manufacturing
Website	https://www.daedongrobotics.ai

HT HYDROTECH

Hydrotech builds on its hydraulic component technology for agricultural machinery to develop hydraulic products used in construction equipment, ships, and other heavy industries. It is growing into a hydraulics specialist brand with global-level technology.

Industry	Manufacturing of hydraulic equipment
Website	http://www.hydrotech.kr/

daedong gear

Daedong Gear is a powertrain specialist that produces transmissions for agricultural machinery, reducers for construction equipment, and high-precision gears and shafts. Backed by extensive production experience and technology, it is expanding into global markets. Based on innovation in quality, production, and cost, together with its accumulated core technologies, it aims to grow into a global leader beyond the agricultural machinery, automotive, and industrial machinery sectors.

Industry	Manufacturing of automotive and agricultural machinery transmissions/parts
Website	https://www.daedonggear.com/

daedong agtech

Daedong AgTech moves beyond a business centered on agricultural machinery manufacturing, serving as the starting point of a platform and solutions business that hyper-connects customers with Daedong. Centered on its smart agriculture platform, it continues to advance AI, autonomous driving, and big data technologies, playing a key role in Daedong's transformation into a future agriculture platform company.

Industry	Information and communications
Website	https://daedongagtech.com/

JEJU DAEDONG

Jeju Daedong is developing a "future agriculture experiential tourism complex" of about 210,000 pyeong in Aewol, Jeju Special Self-Governing Province. It serves as a future agriculture hub for Daedong Group, passing on the sustainable value of agriculture to future generations. Based on its food-tech business, it aims to grow into a specialist in developing a future agricultural AgTech Valley.

Industry	Tourism accommodation facility operation

Daedong Group

Management Principles

Business Innovation

- Shift the business paradigm toward a customer– and service–centered model
- Create a foundation for new businesses by identifying future agriculture business models

Process Innovation

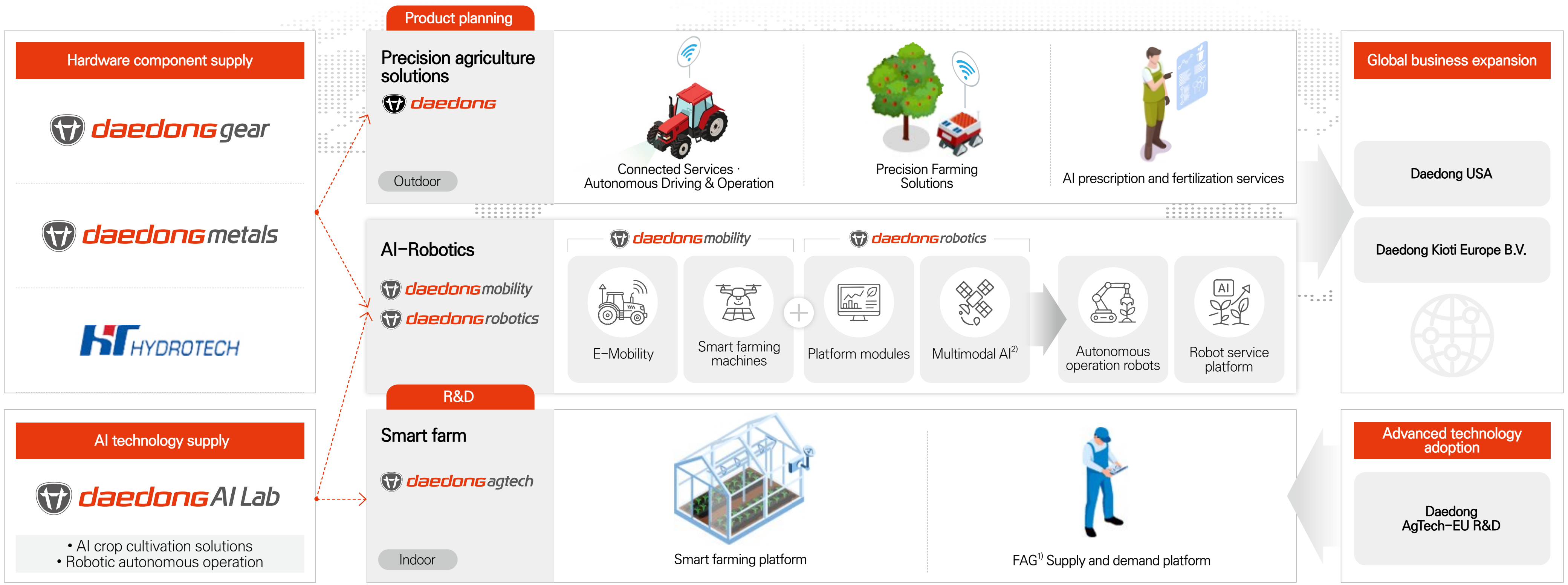
- Advance a data–based smart management system
- Drive productivity innovation through global–level manufacturing quality
- Secure a profitability base to stabilize production processes

Work Innovation

- Establish a digital–based smart work system
- Innovate corporate culture through spaces, culture, and systems for communication and collaboration
- Operate a performance–oriented HR system

Group Affiliate Structure for Future Agriculture Management

Transformation into a Global Future Agriculture Leading Company

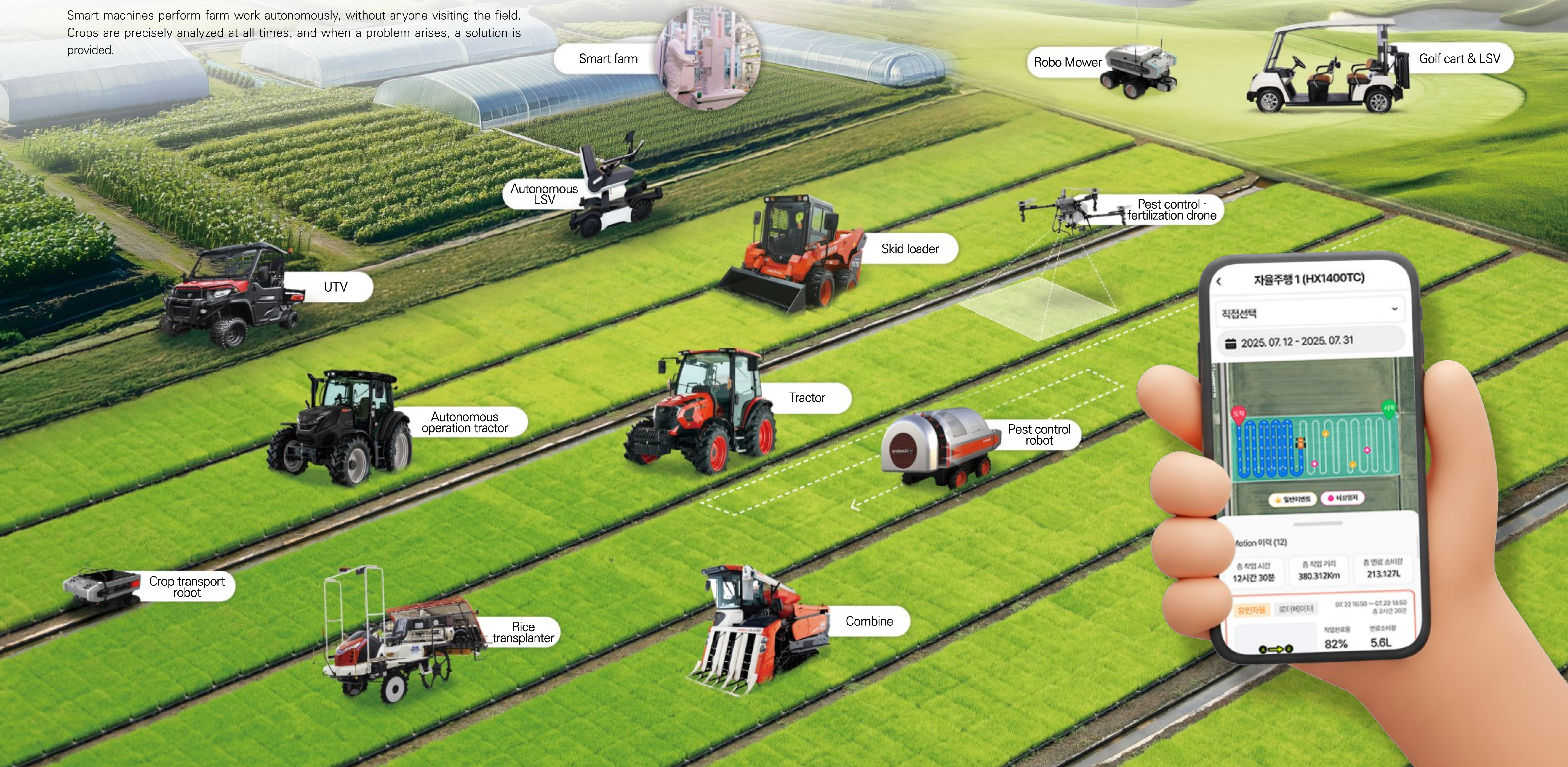


1) Fully Autonomous Greenhouse: a smart farm system that fully automates environmental control, crop cultivation, and harvesting inside a greenhouse using AI and robotics, without human intervention.
2) Multimodal AI: AI technology that simultaneously processes and integrates diverse data types such as text, images, and audio.

Daedong Group

The Future of Agriculture Envisioned by Daedong Group

Smart machines perform farm work autonomously, without anyone visiting the field. Crops are precisely analyzed at all times, and when a problem arises, a solution is provided.



Daedong Group

Global Network

Domestic

Seoul	Anseong	Daegu	Changnyeong	Sacheon	Jeju
Daedong Seoul Office	Daedong Mobility HQ	Daedong HQ	Daedong Changnyeong Campus	Daedong Gear	Jeju Daedong
Daedong AgTech		Daedong Metals			
Daedong AILab		Hydrotech			
Daedong Robotics		Daedong Mobility S-Factory			

Overseas

USA	Canada	Netherlands
Daedong USA	Daedong Canada	Daedong Kioti Europe B.V.

Daedong Group

Key Business Achievements in 2025

daedong

Tractor and combine ranked No. 1 in the 2025 Korean Standard-Quality Excellence Index

Daedong demonstrated its product quality competitiveness by ranking No. 1 in the KS-QEI for five consecutive years for tractors and three consecutive years for combines, and advanced next-generation agricultural machinery technology based on autonomous driving and AI.

Invited as an "Arena Competition" participant at the 2026 Konya Agricultural Fair, Türkiye

At Türkiye's largest agricultural fair, Daedong presented 13 models of KIOTI tractors and was selected to compete in the "Arena Competition," demonstrating its product competitiveness and brand influence.

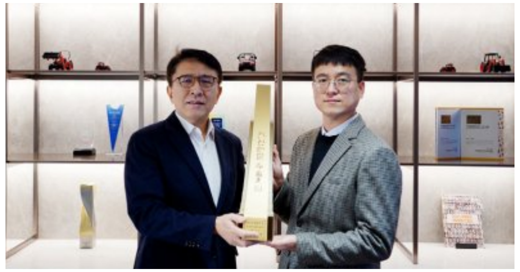
Autonomous operation combine and transport robot earn NeT certification

The autonomous transport robot and combine became the first in the industry to earn NeT (New Excellent Technology) certification for agricultural machinery from the Rural Development Administration, officially recognizing the effectiveness and field applicability of AI agricultural technology.

daedong mobility

Wins the "USD 70 Million Export Tower," accelerating global growth

Backed by stable export growth averaging 12% over the past three years, Daedong Mobility recorded USD 95.515 million in exports and won the "USD 70 Million Export Tower" through a diversified product portfolio and global market expansion.



daedong metals

Wins the Minister of Trade, Industry and Energy Award at the 2025 Root Technology Competition, proving its technological competitiveness

Daedong Metals won the Minister of Trade, Industry and Energy Award at the "2025 Root Technology Competition," demonstrating its excellent technology and manufacturing competitiveness in the plastic forming field.

daedong robotics

"DivotFix," jointly developed with HL Group, wins a CES 2026 Innovation Award

"DivotFix," an AI robot for repairing golf course divots jointly developed with HL Group, won a CES 2026 Innovation Award, demonstrating its global competitiveness in vision-AI and LiDAR-based autonomous driving robot technology and outdoor service robots.

Daedong

CEO Message

Dear stakeholders,

The year 2025 was a severe one for supply chains overall. The US-China technology hegemony competition and rising tariff barriers deepened, the global economy slowed, and heightened geopolitical tension between the US and Iran brought instability to the energy supply chain and greater volatility in raw material prices. Amid this complex crisis of global logistics disruption and high oil prices, Daedong also faced difficult conditions that threatened business continuity.

Building on a solid foundation, Daedong turned this external crisis into an opportunity to strengthen its fundamentals. We expanded our market share in key markets such as North America and Europe and achieved growth in both revenue and operating profit. This reflects Daedong's continuous evolution from a hardware manufacturer into a solutions company leading the future of agriculture and industry.

As market conditions shift rapidly and geopolitical and environmental risks expand simultaneously, Daedong recognizes that "sustainability" is both a company's crisis management capability and fundamental business competitiveness. In 2025, we did not stop at short-term crisis response. We focused company-wide capabilities on securing long-term resilience by embedding ESG management.

Proactive response to climate risk and realizing the value of shared growth

In the environmental (E) area, we completed a financial impact analysis based on SSP scenarios to prepare in advance for the physical risks that climate change may pose to our business. In particular, we conducted a Life Cycle Assessment (LCA) of our core product groups, establishing a data-based strategic foundation for reducing our carbon footprint.

In the social (S) area, our efforts to build a sustainable shared-growth ecosystem with suppliers amid supply chain instability were recognized: we were selected as an outstanding company for subcontract payment indexation and received a ministerial commendation.

In the governance (G) area, we transparently disclosed our corporate value-up plan and enshrined our dividend policy in the articles of incorporation to improve the predictability of shareholder dividends. These efforts led to objective results: an A rating in the Korea Institute of Corporate Governance and Sustainability (KCGS) evaluation and a Silver Medal in the EcoVadis global supply chain ESG assessment.

2026 ESG strategic direction for creating tangible results

In 2026, the "AI and robotics transformation" that Daedong has intensively prepared over the past three years will move beyond a technology declaration to become the first year of proving economic and environmental value in the field. The intelligent technology innovation Daedong pursues optimizes resource use and maximizes customer productivity, serving as a core ESG practice for building a sustainable industrial ecosystem. Treating ESG management integrated with our core business as a key driver of new revenue, we will strongly pursue the following three strategic tasks.

First, we will strengthen eco-friendly product competitiveness by internalizing LCA capabilities. As the environmental standards of global customers and regulators become stricter, we will significantly expand the products subject to Life Cycle Assessment (LCA) and fully internalize our in-house capabilities. We will apply the accumulated environmental data directly to the development of electrified components and product design, delivering differentiated sustainability value: energy efficiency for customers and carbon reduction for the planet.

Second, we will improve both environmental value and customer profitability through AI and robotics-based product innovation. The precision agriculture, autonomous driving, and robotics technologies Daedong pursues go beyond improving mechanical convenience. Through data-based precise control, they fundamentally eliminate unnecessary waste of resources and energy. Based on this product innovation, we will provide "sustainable solutions" that minimize resource use and maximize work efficiency, and prove this through real growth in revenue and profit.

Third, we will establish a data-based, transparent sustainability management system by realizing AX (AI Transformation). Accurate and consistent data management is essential to respond proactively to the increasingly visible mandatory global ESG disclosure. Daedong will build an integrated ESG data management system on a consolidated basis across all affiliates, while actively pursuing AX by applying AI throughout how we work. This will dramatically raise employees' capabilities to systematically analyze and manage data, improving the transparency of decision-making and completing sustainability management that meets global standards.

Dear stakeholders,

Daedong stands in the middle of its journey toward its upcoming 80th anniversary and becoming a 100-year company. We will remain steadfast amid any geopolitical uncertainty and repay your trust through tangible ESG results and "innovative growth accompanied by profit." We ask for your continued support as Daedong moves forward, shaping its own future.

Thank you.

CEO of Daedong **Kim, Jun Sik**

Daedong

Company Overview

Agriculture innovation leader, Daedong

For over 70 years, Daedong has led Korea's agricultural machinery industry and now drives future agriculture innovation through smart agriculture solutions based on advanced ICT. Moving beyond agricultural machinery manufacturing, it is expanding future agriculture technologies such as autonomous driving and precision agriculture, positioning itself as a global future agriculture leading company.
Daedong is building a new agricultural ecosystem by organically connecting its three future businesses, AI precision agriculture, AI facility farming, and AI field robots, with the Operation Center, a data hub and integrated control system. Centered on AI and data, it is realizing the "AI transformation of agriculture."
AI precision agriculture is a future farming solution that connects the entire agricultural process through data, artificial intelligence, and autonomous operation technology, maximizing productivity while efficiently applying only the resources needed. By operating every stage, from seeding to growth management, pest control, and harvesting, on a data basis, it improves the accuracy and efficiency of work, reduces cost burdens, and contributes to a sustainable agricultural environment.

Company name	Daedong Co., Ltd.
Establishment date	May 20, 1947
CEO	Kim Jun Sik, Won Yu Hyun

Address	35, Nongong-jungang-ro 34-gil, Nongong-eup, Dalseong-gun, Daegu
Number of employees	1,106

Assets

KRW **2.28** trillion

Revenue (consolidated)

KRW **1.48** trillion up about 4.9% year over year

Exports

No. **3**
(KIOTI brand ranking in the North American sub-100-horsepower tractor market)

Patents

340 (patents, designs, and trademarks)

Key Product Lineup

Focused on smart agricultural machinery such as tractors, combines, and rice transplanters, Daedong leads agricultural mechanization and the shift to digital agriculture. It continues to expand its business into mobility, including UTVs, loaders, and diesel engine-based CCE (Compact Construction Equipment), e-Scooters, and LSVs, as well as autonomous transport, pest control, and gardening robots. Through the digital platform "Daedong Connect," it provides smart agriculture services such as machinery control, work management, and remote control, focusing on building a future agriculture ecosystem.
In particular, the HX Series AI, Korea's first AI tractor, is a next-generation smart agricultural machine that recognizes the cultivation environment on its own with a single button press and sets the optimal work path to perform precise and efficient autonomous operation. Through autonomous driving and AI-based operation technology, it improves both operator convenience and productivity, presenting a new agricultural paradigm.
The RT100-TA is a smart transport robot that improves transport efficiency and work convenience in orchard operations, based on wire-guided precise control technology and strong loading performance. It is designed to enable stable autonomous transport operation without human presence.

Tractor

Agricultural robot

Skid loader

Combine

Rice transplanter

Daedong Mobility

CEO Message

Dear stakeholders,

In an era when the global climate crisis, technological transition, and supply chain uncertainty are intensifying more than ever, Daedong Mobility began with industrial chains and agricultural machinery components. Building on electrified, intelligent Smart Mobility technology and long-accumulated manufacturing capabilities, the company is advancing toward becoming "a global top-tier AI field robotics company for the agricultural industry." As a comprehensive player spanning the entire value chain, from manufacturing and developing AI robots to solutions and services, we aim to lead innovation in future agriculture through robots and robotization.

Despite a difficult external environment, the past year turned this vision into tangible results. We launched our flagship product, the TB30, established Daedong Robotics, and began our transport robot business in earnest. In particular, the transport robot proved its effectiveness in reducing transport costs and easing labor intensity through PoCs at a large domestic farm and at Spain's largest berry farm. This marked a meaningful milestone, showing that AI and robotics can make a real contribution to improving the sustainability of the global agricultural industry.

We will treat the new three-year period beginning in 2026 as the time to prove our "AI-Robotics transformation" through results. To this end, we are implementing AX (AI Transformation) as the standard for company-wide operations, so that AI and robotics naturally permeate every product and operating process. Data-based decision-making, digital ways of working, and an operating system that connects the field and management in real time will form the foundation of transparent governance and sustainable competitiveness.

At the center of this transformation lies unwavering quality. Quality is an essential promise that maintains customer trust and the starting point of sustainability management that reduces waste of resources and energy. We are shifting to a structure that embeds quality from the design and process stages, with the development, procurement, production, and quality functions collaborating under one standard. This builds a lifecycle-wide accountability system spanning raw material sourcing through after-sales service.

Quality is our responsibility for products; safety is our responsibility to people. Under the belief that "safety, health, and fire prevention are investments for the future," Daedong Group regards safety as a fundamental corporate duty and social responsibility. We introduced a safety and health management system to regularize accident prevention activities and set internal standards exceeding legal requirements to respond proactively. We are also working to establish a culture in which all employees practice safety on their own.

As a company that competes on the density and completeness of execution rather than scale, we will prove our ESG transformation in the field of the agricultural industry. Products that consider the environment, a workplace that respects people, and trusted management: keeping these three promises steadfastly is the path of sustainability management as we define it, and this ESG report is both a commitment to and a record of that journey. We deeply appreciate your continued interest and support, and we ask you to walk with us as a partner toward a sustainable future, building a better tomorrow together.

Thank you.

CEO of Daedong Mobility **Won, Yu Hyun**

Daedong Mobility

Company Overview

Bring happiness to customers' daily lives through the freedom and richness of mobility

For over 40 years, Daedong Mobility has supplied high-quality industrial chains and contributed to factory automation in Korea, producing a wide range of chain products, gardening equipment, and leisure vehicles at the highest quality level. Building on its accumulated mobility, transport, work, and leisure platform technologies and know-how, the company has added an electric-based platform transition. Through a telematics platform, it integrates services spanning asset management, consumables and parts supply management, the after-sales service network, operating data, infotainment, and insurance claim handling, growing into a smart mobility company that adds convenience and value to customer mobility.

Under this direction, the company is expanding its business into agricultural and non-agricultural smart mobility lineups. In the agricultural segment, it offers products optimized for garden care and farm work, including the Robo Mower, which automatically performs the entire process from starting work to completion and automatic charging, and a smart UTV that loads farming tools and crops and moves autonomously based on GPS and telematics. In the non-agricultural segment, it supplies personal mobility devices with healthcare functions, electric-based e-bikes for rapid delivery, and smart golf carts that cover in-course movement, operational efficiency, product purchasing, and golf coaching, expanding its scope as a platform operator providing comprehensive solutions.

Company name	Daedong Mobility Co., Ltd.
Establishment date	June 29, 1977
CEO	Won Yu Hyun

Address	4867-11, Seodong-daero, Daedeok-myeon, Anseong-si, Gyeonggi-do
Number of employees	401

Assets

KRW **312.2** billion

Revenue

KRW **246.8** billion

Exports

USD **95.515** million
(average 12% growth over the past three years)

Market share

About **16%**
(North American sub-compact tractor market)

Key Product Lineup

Daedong Mobility's main product lineup consists of electric scooters, electric carts, and gardening equipment. The electric scooter, known as the GS100 Series, applies a KS standard battery pack, introduced to improve compatibility among electric two-wheeler manufacturers and provide convenient battery swapping. It offers a customized product range covering everyone from customers with heavy long-distance driving and high fuel cost burdens to those focused on short-distance travel. The GA300 electric cart is produced, sold, and serviced directly by Daedong Mobility. It carries a slope sensor optimized for Korean terrain, enabling safe operation on various terrains, and secures safety with a function that adjusts the maximum speed according to the downhill gradient. The sub-compact tractor, the flagship product of the gardening segment, is expanding its presence in overseas export markets, holding about a 16% share in the North American market.

RT100: non-agricultural transport robot

RT100: agricultural transport robot

GS100 Series: electric scooter

GA300: two-row standard cart

GA500: three-row standard cart

Daedong Gear

CEO Message

Dear stakeholders,

This year, Daedong Gear again publishes its ESG Sustainability Report to transparently share the company's key achievements and its work on sustainability management with our stakeholders. This report is a promise to stakeholders, describing the direction in which Daedong Gear is growing amid a changing business environment and the tasks it is pursuing to create sustainable corporate value.

In 2025, despite a global economic slowdown and uncertainty in industrial transition, Daedong Gear focused on advancing its business structure to strengthen its foundation for future growth. Building on the precision machining capabilities and powertrain technology accumulated across the agricultural machinery, automotive, industrial machinery, and mobility sectors, Daedong Gear aims to move beyond a powertrain specialist to become a mobility hardware platform company. In particular, it is securing mid- to long-term growth drivers by expanding high-value-added business areas such as electrified product groups, robot and industrial reducers, and module-based products.

Daedong Gear has set a mid- to long-term goal of reaching KRW 1 trillion in revenue by 2030 and is pursuing a sustainable growth strategy that improves growth, profitability, and financial stability together. To this end, it is securing volumes from existing key customers while rebalancing its business portfolio through non-captive market expansion, stronger capabilities to serve global customers, and an advanced order pipeline management system. Through AX-based operational advancement, stronger cost competitiveness, and improved investment efficiency, it will strengthen not only top-line growth but also a profitability-centered management system.

For Daedong Gear, ESG management is not simply a social responsibility activity but a core management principle for corporate survival and growth. Global customers and markets now require not only product quality and price competitiveness but also environmental management, safety and health systems, responsible supply chain management, and transparent governance. Daedong Gear regards ESG not as a cost but as a key driver that improves operational efficiency, manages risk, and creates new business opportunities, and will strengthen its execution around the following three directions.

First, we will advance sustainable environmental management. Based on an ISO 14001 environmental management system, Daedong Gear is strengthening greenhouse gas emissions management and climate change response capabilities. It will also expand the use of eco-friendly energy, including self-consumption solar power, and continue improvement activities to reduce the environmental impact of production. Linked to the expansion of electrification and future mobility businesses, it will secure manufacturing competitiveness that meets global environmental standards.

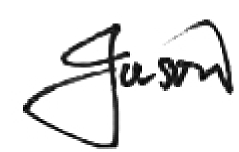
Second, we will build a safe and responsible value chain. Employee safety and health are the most basic premise of sustainable growth. Daedong Gear operates an ISO 45001 safety and health management system and continues to raise the level of accident prevention and field-centered safety management. It also supports suppliers in building serious-accident prevention systems and strengthens win-win cooperation and partnerships with suppliers to build a supply chain that grows together. Based on its human rights management principles and policies, it will create a workplace where members are respected and fulfill its social responsibility through exchange with local communities.

Third, we will establish transparent and trusted governance. Daedong Gear is strengthening its accountable management foundation by reinforcing board independence, building an ethical management system, and operating a cyber reporting center. To enhance corporate value, it will expand communication with the market in a more proactive and consistent way, including C-Level-led IR activities, greater communication with domestic and overseas investors, and stronger English-language and ad hoc disclosures. This will build the trust of all stakeholders, including shareholders and investors, and serve as an important foundation for improving Daedong Gear's sustainable corporate value.

Daedong Gear will continue to grow into a global powertrain leading company based on precision machining technology and quality competitiveness. ESG is a core source of competitiveness for Daedong Gear to be recognized as a sustainable partner in future markets, and at the same time a standard of practice for becoming a better company. We deeply appreciate all stakeholders for their steadfast trust and support. Through sustainable growth and responsible management, Daedong Gear will create greater value and build a better future together with our stakeholders.

Thank you.

CEO of Daedong Gear **Seo, Jong Hwan**



Daedong Gear

Company Overview

Daedong Gear, A Leader in the Global Powertrain Market with the best quality and technology

Daedong Gear is a specialist in power transmission components and powertrains, producing a range of core power transmission components used in agricultural machinery, automobiles, industrial machinery, and future mobility. Backed by accumulated technology and quality competitiveness, it continues to grow. Under the mission to "provide convenient and beneficial means of mobility and work, helping realize humanity's dreams," it works to deliver new value to customers' mobility and work environments.

Building on its existing agricultural machinery-centered capabilities, Daedong Gear is responding to industrial structural change centered on electrification and future mobility, reorganizing its portfolio around future businesses and strengthening global competitiveness. It has set agricultural machinery, automotive/mobility, industrial machinery, and robotics as its core growth axes, securing mid- to long-term growth drivers through smart transformation, stronger R&D, and expanded global partnerships. It is also expanding the development of core future technologies such as high-performance reducer modules, electrified components, and robot actuators, aiming to become a global powertrain specialist.

Company name	Daedong Gear Co., Ltd.	Address	42, Gongdan 1-ro, Sanam-myeon, Sacheon-si, Gyeongsangnam-do
Establishment date	May 29, 1973	Number of employees	263
CEO	Seo Jong Hwan		

Assets

KRW **269.5** billion (up 8.1% year over year)

Revenue

KRW **220.9** billion

Non-Captive revenue share

49%

(expanded share of revenue excluding group Captive sales)

New orders

KRW **1.7** trillion (cumulative, 2024-2025)

Key Product Lineup

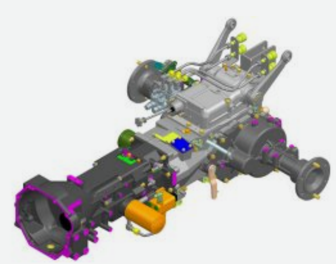
Daedong Gear has built a broad product portfolio, including transmissions and drive components for agricultural machinery such as tractors, rice transplanters, and combines; gear components for automobiles, electric vehicles (EV, Electric Vehicle), and hybrid electric vehicles (HEV, Hybrid Electric Vehicle); the transaxle, an integrated reducer and drive-axle device that controls the power and speed of industrial machinery; and electric powertrain (e-P/T, Electric Powertrain) components used in electric carts and transport robots. Based on this, it provides stable power transmission solutions across agriculture, industry, and mobility, and continues to expand its business scope.

Its flagship product, the Sun Gear, is a core gear component that handles power transmission and rotational speed control within a planetary gear system, efficiently converting and transmitting engine torque. The TC SERIES (25hp-40hp) is a multipurpose tractor transmission that improves work efficiency and operational convenience with excellent durability and strong hydraulic performance, delivering stable performance across various farming environments.

Automotive parts: front transmission

Electric vehicle parts: PE Module

Agricultural machinery parts: transmission



Industrial machinery parts: slewing reducer

Mobility parts: golf cart reducer

Daedong Metals

CEO Message

Dear stakeholders,

Daedong Metals publishes this ESG report to share its journey toward creating sustainable value with our stakeholders. In 2025, amid growing global economic volatility and a continued downturn in the foundry industry, the year called for a higher level of response across quality and production operations. Even in this environment, Daedong Metals steadily pursued company-wide cost reduction and process improvement, improving the efficiency of its cost structure, and made visible progress in expanding revenue and finding new customers. We will use these achievements as a stepping stone for the next stage of growth, turning a difficult environment into an opportunity to renew our business fundamentals.

Daedong Metals has set 2026 as a turning point for renewed growth, establishing "building a sustainable management foundation by securing future growth drivers and strengthening management fundamentals" as its core management goal. We will pursue ESG management around the following three pillars.

First, we will strengthen business competitiveness by securing future growth drivers and reinforcing management fundamentals.
Through expanded new orders, we will lay the foundation for continued revenue growth and the restart of Plant 2 in 2027, and gradually secure mid- to long-term growth drivers by entering the high-functionality lightweight materials market and internalizing advanced materials technology. At the same time, we will reorganize our operating system around higher utilization rates and energy savings, and build a competitive cost structure through optimized use of raw and subsidiary materials and cost efficiency.

Second, we will enhance customer trust through advanced quality management and smart manufacturing innovation.
In the foundry industry, quality is the foundation that determines a company's survival. By advancing our quality management system (QMS) and pursuing company-wide quality improvement, we will raise process stability and core capabilities, and strengthen management across the entire process from receiving to shipping, becoming a Daedong Metals that customers can trust and choose. We will also establish a data-based decision-making culture, spread AI capabilities across the organization, and gradually implement a smart manufacturing innovation system that applies AI to quality, process, and equipment management.

Third, we will manage risk proactively by strengthening our ESG management system.
Treating environment, safety, and fire prevention as top management priorities, we will manage potential risks in advance and embed eco-friendly activities such as greenhouse gas and waste reduction into daily management. Through transparent labor-management communication and win-win cooperation, we will build a stable and sustainable foundation for shared growth.

For Daedong Metals, ESG management is a commitment to a sustainable tomorrow and the foundation of our differentiated competitiveness in a rapidly changing business environment. We are steadily evolving a management system in which non-financial value and financial performance reinforce each other, and this report shares that process without reservation. Daedong Metals will continue to treat safety as the starting point of every decision, practice principle-based integrity management and responsible, forward-looking management, and create sustainable value together with all stakeholders, including shareholders, customers, suppliers, and local communities. We ask for your steadfast interest and support in Daedong Metals' next steps.

CEO of Daedong Metals **Lee, Pung Woo**

Daedong Metals

Company Overview

We contribute to our customers' success as a global quality leader

Since its founding in 1947, Daedong Metals has represented Korea's foundry industry for over half a century. Starting with Korea's first mass production of diesel engine cylinder blocks and heads, it has led the localization and mass-production process design of high-complexity casting materials, from cast-iron cylinder heads and blocks for automobiles to hydraulic valves for construction equipment (MCV, Valve Casing) and industrial functional castings, laying the foundation of Korea's machinery industry. Building on this technology and under its management motto, "customer success," it produces a broad product range, from agricultural machinery components to castings for automotive precision machinery. It has secured differentiated material technologies, including high-strength, high-rigidity CGI (Compacted Graphite Iron) for cylinder blocks and heads, high-strength, high-toughness ADI for robots and industrial machinery, and high-heat-resistant, corrosion-resistant Ni-Resist for vacuum pumps. Through 3D printing-based core-making technology, it now secures quality in advance and realizes integrated core shapes, helping shorten customers' development periods. By advancing its quality management system, including IATF 16949 certification, it is emerging as a leader in the foundry industry. Guided by the core principles of shared growth, respect for people, and process stability, it continues to localize advanced imported materials, stabilize the mass production of new materials, and participate in customer development projects. Under the belief that customer success is Daedong Metals' success, it is building close cooperative relationships.

Company name	Daedong Metals Co., Ltd.
Establishment date	December 29, 1987
CEO	Lee Pung Woo

Address	602, Nongong-ro, Nongong-eup, Dalseong-gun, Daegu
Number of employees	131

Assets

KRW 98.8 billion

Shareholder returns

Dividends for 31 consecutive years
(100% bonus issue in 2026)

Production capacity

75,000 tons per year

Technology

Korea's first mass production of diesel engine cylinder blocks and heads

Key Product Lineup

Daedong Metals produces a wide range of components for the automotive, construction equipment, semiconductor, and agricultural machinery sectors, including high-complexity commercial vehicle cylinder heads, automotive engine components, and heavy equipment components. In particular, based on its technology in commercial vehicle cylinder heads, it manufactures core components for large vehicles such as the CNG Cylinder Head and 3TON Cylinder Head, and is expanding its production scope to passenger-vehicle cylinder blocks. Automotive components are its main business, and together with industrial machinery and semiconductor components they account for about 80% of total output.

Cylinder Block

Cylinder Head

Semiconductor components

ESG MANAGEMENT

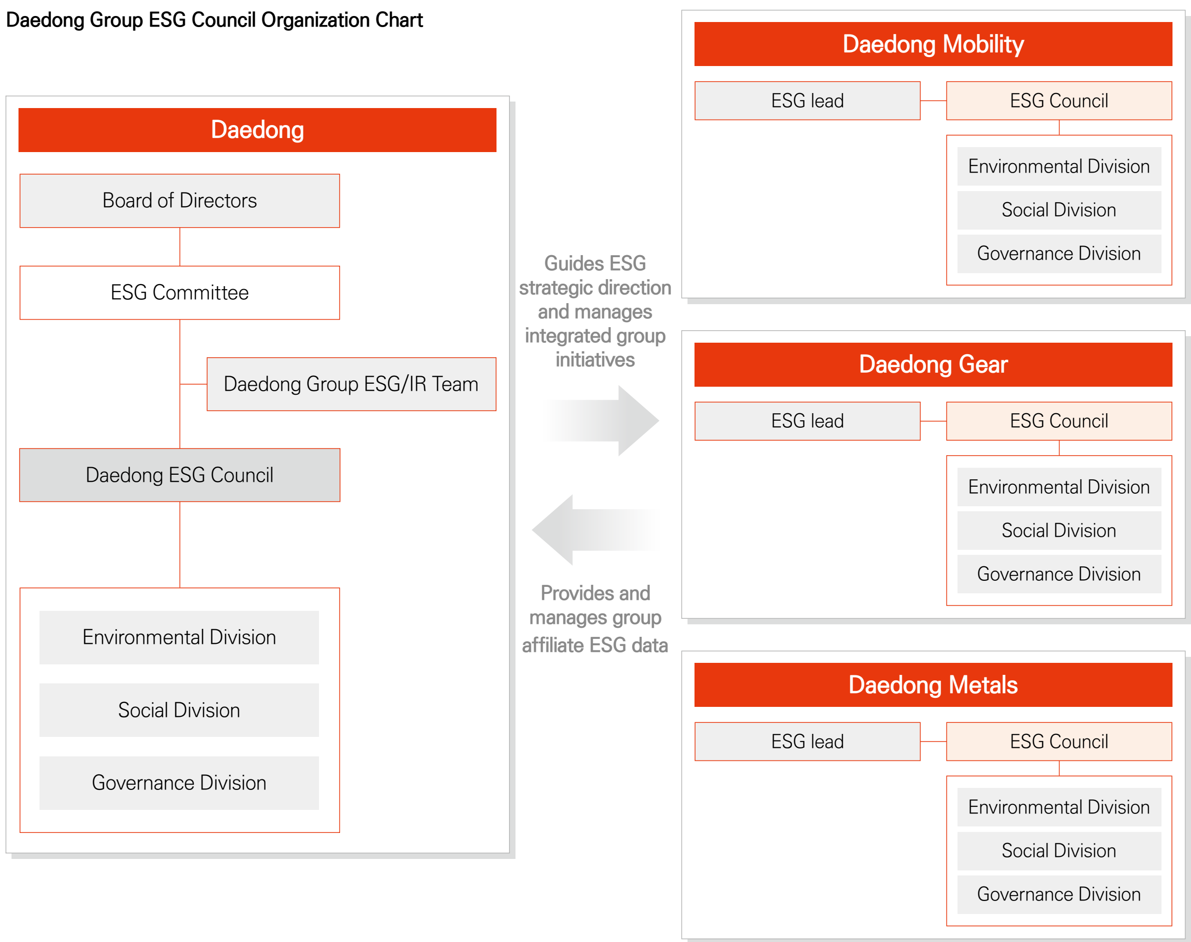
Daedong approach to sustainability

ESG Governance

Group ESG Decision-Making Structure

Daedong Group treats ESG as a core group-wide management priority and systematizes its strategy development and key risk response around the ESG Committee, established in 2023 under the Board of Directors of Daedong Corporation. The group ESG department and the subcommittees at each affiliate set performance targets for the environmental, social, and governance areas, and define and execute KPIs linked to the group strategy. The Daedong ESG Council serves as the working-level hub that coordinates data sharing across affiliates and collaboration on issues such as the financial impact of climate change, leading the cooperation that embeds and advances ESG management at the group level.

Daedong Group ESG Council Organization Chart



ESG Vision & Strategy

Daedong Group's mission, "A great company loved and respected by all," reflects a corporate philosophy that values not only business growth but also social responsibility and sustainability. Building on these values, the Group set its ESG vision as a "future agriculture leading company for a sustainable humanity," giving concrete direction to its management vision. To realize this vision, the Group pursues three strategies, responding to climate change by advancing eco-friendly and future technologies, achieving shared growth based on communication and trust, and establishing transparent governance, and works to implement sustainability management at the level of actual decision-making and execution.

Mission	"The Great One" A great company that inspires its family, customers, and neighbors, and is loved and respected by all		
ESG Vision	Future agriculture leading company for a sustainable humanity		
Strategic Direction	Respond to climate change by advancing eco-friendly and future technologies	Shared growth and win-win cooperation based on communication and trust	Establish transparent and fair governance
Key Tasks	Advance environmental management Respond to climate change	Shared growth with suppliers and local communities Build a safe and happy workplace Strengthen human rights management	Advance ESG management Strengthen the compliance system

ESG Highlights

2025 Key ESG Performance

Daedong Group continues to expand its sustainability performance, focusing on climate change response, energy efficiency, shared growth with the supply chain, and stronger ESG assessments. In 2025, the Group met its greenhouse gas and energy reduction targets and expanded solar power facilities to increase its use of renewable energy. It also operated shared-growth support programs for suppliers to strengthen supply chain competitiveness. Through the integrated A rating from the Korea Institute of Corporate Governance and Sustainability (KCGS) and the Silver and Gold medals from EcoVadis[1], the Group earned external recognition for its ESG management system and global-level sustainability capabilities.

1) EcoVadis: a global ESG assessment platform that evaluates companies worldwide across Environment, Labor & Human Rights, Ethics, and Sustainable Procurement.

Established a biodiversity impact assessment framework

daedong

Conducted the Group's first biodiversity impact assessment to identify potential biodiversity impacts and dependencies arising from business operations.

Earned the EcoVadis Silver medal

daedong

Achieved strong results in the global ESG assessment and earned the EcoVadis Silver medal.*

*top 15%

KRW 8.35 billion in financing for 12 suppliers

daedong gear

Introduced the Shared Growth Network Loan, a shared-growth support program, to strengthen supplier competitiveness

Earned the EcoVadis Gold medal

daedong metals

Achieved strong results in the global ESG assessment and earned the EcoVadis Gold medal.*

*top 4%

Earned an integrated A rating from KCGS

daedong

Advanced its sustainability management system to earn an integrated ESG A rating from the Korea Institute of Corporate Governance and Sustainability.

Expanded solar power generation by 30%

daedong mobility

Secured 3,955 MWh of additional solar power generation in 2025 compared with 2024, building a large-scale renewable energy supply base.

Reduced 55.56 tCO_2 of greenhouse gases through new solar facilities

daedong gear

Installed 182 solar panels on the roof of the headquarters building, reducing 55.56 tCO_2 of greenhouse gases in 2025.

Reduced 109.66 tCO_2 of GHG per year through solar power plant operation

daedong metals

Operated renewable-energy-based solar power generation, reducing 109.66 tCO_2 of greenhouse gases per year.

Double Materiality Assessment

Double Materiality Assessment Process

From a sustainability perspective, Daedong Group identifies the ESG issues embedded across its business activities and performs a systematic materiality assessment each year to reflect them in management decisions. The assessment is designed with reference to the ESRS implementation guidance of the European Financial Reporting Advisory Group (EFRAG). It reviews both the impact of Daedong Group's business activities on external stakeholders and the environment, and the impact of external sustainability issues on the Group's financial performance. In the issue identification stage, candidate issues were selected based on global disclosure standards, key initiatives, major ESG issues in the industry, internal operating data, and customer requirements. Impacts, risks, and opportunities were then analyzed from multiple angles across the entire value chain. For each issue, materiality was derived through both quantitative and qualitative assessment, based on the severity and scope of the impact and its financial repercussions. The assessment also reflected the views of key stakeholders, including employees and customers, to secure objectivity and reliability, and the results serve as a basis for mid- to long-term strategy development and improvement of the ESG management system. The material issues identified through this process are managed systematically in connection with mid- to long-term management direction, and the management status and response activities for each issue are transparently disclosed to stakeholders through the Sustainability Report.

STEP 1. Building issue pool

Build a pool of sustainability issues related to business activities and the value chain

Define key businesses

Understand Daedong Group's businesses

- Daedong
- Daedong Gear
- Daedong Metals
- Daedong Mobility

Value chain analysis

- Upstream
- Own operation
- Downstream
- Business relationships
- Resource dependencies

+

Select the related sustainability issue pool

Review internal data, media, ESG initiatives, peer issues, and customer requirements

All ESRS topics → Identify subjects for assessment

Derive the issue list

STEP 2. Identifying

Identify and classify the impacts related to each issue, based on analysis of business activities and value chain characteristics.

Identify and classify impacts

Environmental and social impact		Financial impact
Impact of business activities on the outside		Impact of the external environment on the business
Positive	Actual	Opportunity
Negative	Potential	Risk

Develop the double materiality assessment sheet

STEP 3. Assessing

Assess impacts through internal and external stakeholders with a strong understanding of Daedong Group's sustainability issues.

Analyze impact

Environmental and social impact	Financial impact
Scale assessment	Scale assessment (quantitative magnitude)
Scope assessment	
Remediability assessment (for negative impacts)	Likelihood assessment
Likelihood assessment (for potential impacts)	

Analyze impact assessment results

STEP 4. Selecting material issues

Select the final material issues based on the assessment results, followed by the highest decision-making body's review of the results and the appropriateness of the material issues.

Derive material issues

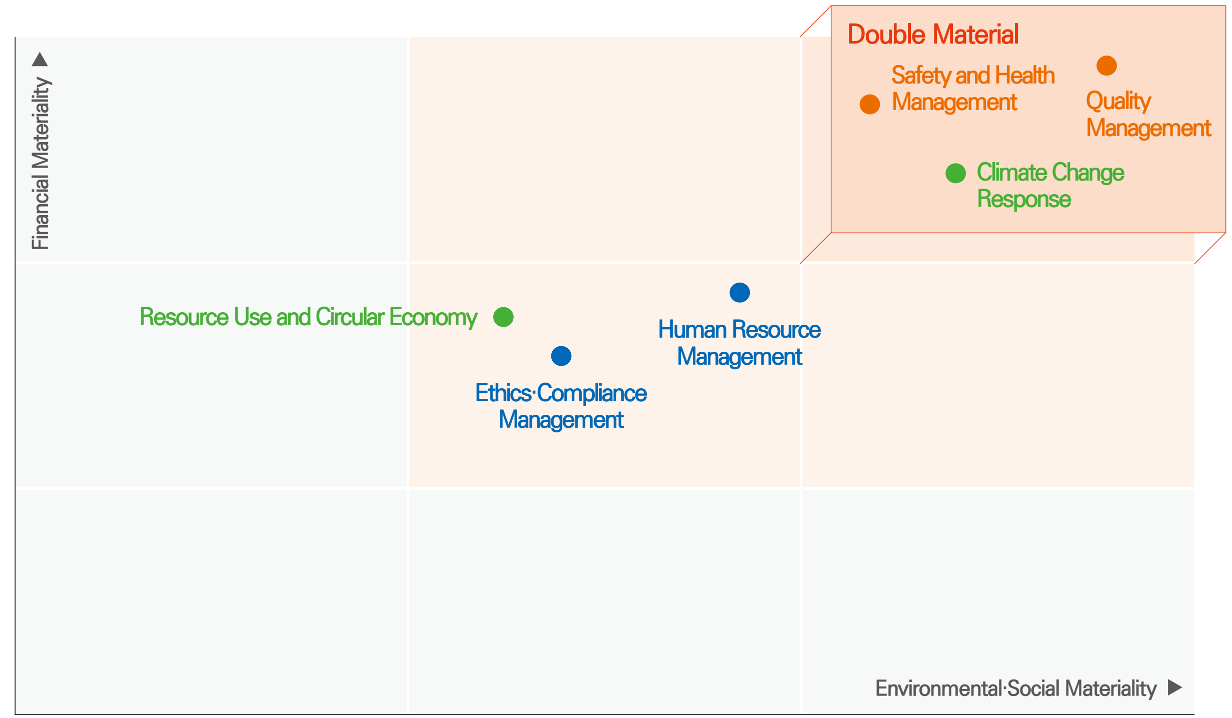
- Environmental: Climate change response
- Social: Safety and Health Management
- Social: Quality management

Board review of sustainability issues

Double Materiality Assessment

Double Materiality Assessment Results

In 2026, Daedong Group conducted a double materiality assessment of six shortlisted issues, comprehensively considering their environmental and social impacts (Impact Materiality) and financial impacts (Financial Materiality). The materiality of each issue was assessed against predefined thresholds, and issues exceeding the thresholds were identified as the final material topics.
As a result, "Climate Change Response," "Safety and Health Management," and "Quality Management" were selected as Daedong Group's top three material topics for 2026. In particular, climate change response and energy management were identified as key issues affecting the entire value chain, including upstream activities, own operations, and downstream activities, and therefore requiring integrated management at the Group-wide level.
Daedong Group has structured the "Material Topics" section around these three priority issues. Relevant information is systematically disclosed based on the four-pillar structure of governance, strategy, risk management, and metrics and targets set out in IFRS S1, "General Requirements for Disclosure of Sustainability-related Financial Information," and IFRS S2, "Climate-related Disclosures," issued by the International Sustainability Standards Board (ISSB), with the aim of strengthening communication with stakeholders.
In addition to the material topics, Daedong Group recognizes the importance of all other sustainability issues and plans to continuously enhance its overall ESG response capabilities through Group-wide monitoring and management systems.



Issue Pool	Environmental·Social Materiality	Financial Materiality	Affected parties					ESRS-based issue pool
			Environment	Employees	Suppliers	Local communities	Consumers	
Climate Change Response	●	●	V			V		[E1] Climate change, Energy
Safety and Health Management	●	●		V				[S1] Employee health and safety
Quality Management	●	●					V	[S4] Consumer safety
Human Resource Management	●	●		V				[S1] Employee working conditions
Resource Use and Circular Economy	●	●	V			V		[E5] Resource circulation and waste
Ethics·Compliance Management	●	●		V	V		V	[G1] Ethics and compliance management

Double Materiality Assessment

Material Issue Management Status

Area	Material Issue	Environmental · Social Impact	Financial Impact	Response Status and Strategic Plans	Page
Environment	Climate Change Response	Negative Actual • Greenhouse gas emissions from raw material production and processing and from product manufacturing accelerate climate change and intensify environmental risks such as extreme weather and rising sea levels.	Risk • A lower free allocation ratio and higher emission allowance prices increase the cost of complying with greenhouse gas regulations and raise emission allowance liabilities. • Higher electricity rates and the shift to high-efficiency energy equipment increase the burden of capital expenditure (CAPEX), depreciation, and operating costs. • Failure to meet carbon-neutrality targets could increase negative perceptions among customers and investors, potentially reducing revenue and capital inflows.	• Strengthen strategic decision-making on climate change by reviewing and approving key climate-related agenda items through the ESG Committee. • Optimize seasonal operation of energy-using and greenhouse-gas-emitting equipment such as RTOs, boilers, and drying furnaces. • Pursue greenhouse gas reduction consulting and build a collaboration process among ESG-related departments. • Establish reduction strategies for each major stage by calculating the product LCA carbon footprint.	p.26-34
		Positive Potential • Lower fuel consumption during the customer use phase helps reduce carbon emissions and accelerates the transition to a low-carbon industry.	Opportunity • A larger share of eco-friendly product sales creates new revenue. • Expanded entry into environmentally regulated markets such as the EU and North America raises revenue.		
Social	Safety and Health Management	Negative Actual • Industrial accidents cause physical and mental harm to workers and lower their standard of living.	Risk • Greater investment in safety equipment increases CAPEX. • Accidents can lead to business suspension, fines, and higher insurance premiums. • Reputational damage from ESG risks can reduce global transactions and lower revenue.	• Strengthen surveys of hazardous factors for musculoskeletal disorders. • Prevent gaps in identifying hazards and risks and strengthen management by operating a PDCA Cycle in the safety management system. • Set standards for mandatory inspection checklists at each site and strengthen proactive, supervisor-led safety activities.	p.35-45
	Quality Management	Negative Potential • Product defects risk causing user safety accidents and reducing customer trust.	Risk • Quality issues incur risk-response costs such as recalls. • Non-compliance with regulations lowers brand trust and reduces revenue.	• Improve the efficiency of quality control by building a QMS and pursue early quality stabilization through real-time monitoring. • Systematically maintain the quality of products and services across the board through ISO 9001 (quality management system) and IATF 16949, the international standard for the automotive industry.	p.46-54
		Positive Actual • Ensuring product reliability and stability improves consumer safety and enhances brand trust.	Opportunity • Expanding the premium product lineup raises the ASP (Average Selling Price). • Stronger price competitiveness based on brand trust raises revenue.		

Stakeholder Engagement

Stakeholder Communication Channels

Daedong Group pursues higher corporate value through sustained growth built on trust across all management activities, and it therefore places importance on communicating with internal and external stakeholders. The Group defines its key stakeholders as customers, shareholders and investors, suppliers, employees, and government and media, and reflects their diverse views and expectations in its management activities according to each group's characteristics. Daedong Group will continue to communicate with stakeholders, conduct its management activities with sincerity and transparency, and expand its communication channels across multiple fronts.

	Expectations	Key communication channels (frequency and cycle)	Daedong Group response activities
Customers	• Stronger product and technology competitiveness • Sustainable products • Higher quality satisfaction • Protection of customer information	• Website (as needed) • Customer inquiry center (ongoing) • Customer satisfaction survey (regular) • Press releases (ongoing)	• Forward-looking technology research and development • Regular component evaluations • Customer satisfaction surveys and VOC monitoring • Information security reviews and upgrades to security levels
Shareholders and investors	• Higher shareholder value • Transparent governance • Corporate risk management	• Sustainability Report (regular) • Disclosures (regular) • General shareholders' meeting (annual) • Key periodic reports (regular)	• Transparent decision-making through the regular general shareholders' meeting • Disclosure of the Sustainability Report, business report, and corporate governance report • Establishment and operation of a corporate risk management system
Suppliers	• Shared-growth cooperation system • Fair trade compliance • Supplier communication and capacity building	• Grievance handling system (ongoing) • Supplier communication events (regular)	• Establishment of a supplier code of conduct and transaction management rules • Regular effectiveness reviews of the voluntary compliance principles and the prohibition of unfair trade practices under the fair trade rules • Supplier training support • Supplier Partnership Day and similar events
Employees	• Fair evaluation and compensation • Better employee benefits • Employee capacity building • Stronger workplace health and safety management	• Grievance handling system (ongoing) • Labor-Management Council (regular)	• Establishment of an employee evaluation system • Employee benefit programs and satisfaction surveys • Employee training • Health and safety training • Regular health and safety review meetings
Government and media	• Association membership and activities • Company's key business direction • Disclosure of corporate management activities • ESG information disclosure	• Sustainability Report (regular) • Website (as needed) • Press releases (ongoing) • Business report and audit report (regular) • Briefings and consultative meetings (as needed)	• Disclosure of the Sustainability Report • Disclosure of press releases (Daedong NEWS) on the website Daedong NEWS

MATERIAL TOPICS

01 Climate Change Response

Governance

Board and Management Oversight

Board Oversight Role

Daedong | Daedong's ESG Committee is a body under the Board of Directors and the highest decision-making body overseeing ESG as a whole, including climate change. It holds the authority to manage and oversee the development and implementation of the climate change response strategy. The Committee holds regular meetings twice a year in principle and convenes ad hoc meetings as needed. It reviews and approves major climate-related matters, including reviewing greenhouse gas reduction targets and implementation strategies, monitoring target achievement, identifying and assessing climate-related risks and opportunities and reviewing responses, and approving the enactment and amendment of climate change response policies. It also regularly reviews the climate change risk management plan and its implementation status, and finalizes company-wide execution directions through key decisions.

ENVIRONMENTAL MANAGEMENT POLICY

Chapter 2 Management System, Article 4 (Governance)

1. Board of Directors
   The Board makes final decisions on agenda items such as climate change response, carbon emissions reduction, and environmental facility investment. It establishes an ESG Committee within the Board to regularly oversee the entire environmental management process, including strategy development, planning, and implementation performance.

Environmental Management Policy

ESG COMMITTEE OPERATING REGULATIONS

Article 10 (Matters for Deliberation) Matters submitted to the Committee for resolution and reporting are as follows.

1. ESG management implementation plans
2. Enactment and amendment of ESG-related policies (environmental, social, governance)
3. ESG risk management plans (climate change, human rights, supply chain, etc.)
4. Results of ESG task implementation

Date	Reporting body	Agenda
May 12, 2025	ESG Committee	Report on greenhouse gas emissions calculation results for climate change response
		Report on Daedong product LCA (Life Cycle Assessment) implementation
November 13, 2025	ESG Committee	Report on 2025 Daedong product LCA (Life Cycle Assessment) results

Daedong Gear | To improve its ESG management level, respond to financial and non-financial risks related to environmental, social, and governance factors, and comply with the Framework Act on Carbon Neutrality, Daedong Gear operates a Carbon Management Committee that convenes quarterly. As part of its practical greenhouse gas reduction activities, in January 2025 it installed and completed a self-consumption solar power plant on the roof of the headquarters (HQ) building and began generating electricity, reporting the completion to the CEO. On April 30, 2025, it reported the 2024 third-party verification results and follow-up work plans to the CEO.

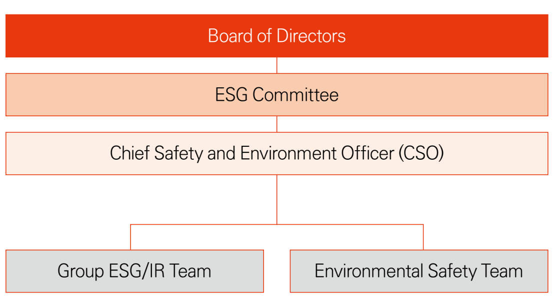
Date	Reporting body	Agenda	Type
January 22, 2025	CEO	Report on completion of the self-consumption solar power plant on the HQ rooftop (building support project)	Reported
April 30, 2025	CEO	Report on the 2024 greenhouse gas emissions verification	Reported

Daedong Metals | In December 2025, Daedong Metals held a Carbon Management Committee meeting and reported the "2025 Carbon Neutrality Comprehensive Report" to the CEO. Based on Daedong Metals' carbon neutrality roadmap, the report systematically integrates the background, key issues, response directions, and implementation plans. It was prepared to comprehensively review the company-wide direction and tasks for carbon neutrality and to reflect them in management decisions.

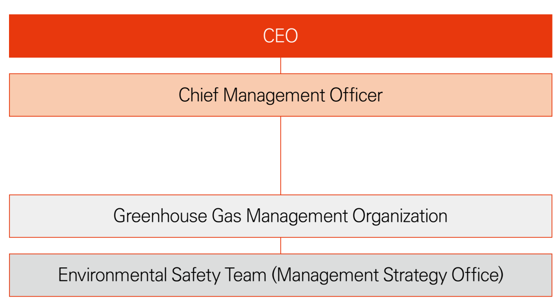
Date	Reporting body	Agenda	Type
December 8, 2025	CEO	Report on the diagnosis of 2025 carbon neutrality and the response implementation plan	Reported

Daedong Group Climate Change Response Governance

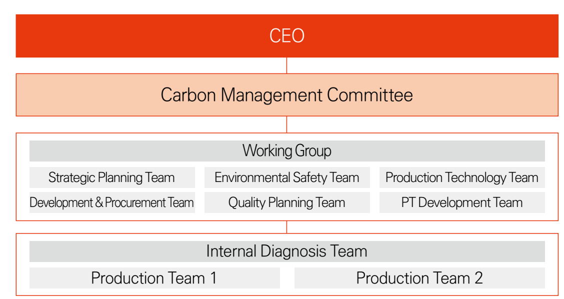
Daedong



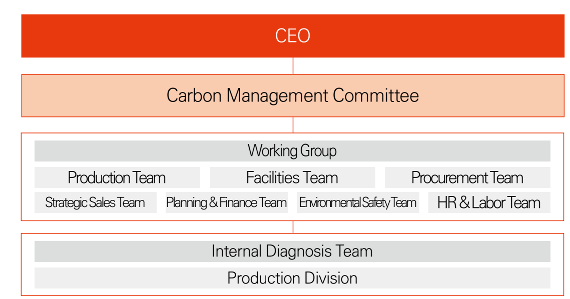
Daedong Mobility



Daedong Gear



Daedong Metals



01 Climate Change Response

Governance

Oversight Role of the Board of Directors and Management

Role of Management in Oversight

Daedong | Daedong's Chief Safety and Environment Officer (CSO) oversees environmental management strategy and policy, including climate change response. The CSO establishes climate-related targets and management systems and oversees the company-wide implementation direction. The Head of the Group Management Office makes business decisions that reflect climate-related risks and opportunities. This role oversees major initiatives such as greenhouse gas emissions management, product environmental impact reduction, and climate risk response, and reviews implementation status based on reports from relevant departments. Key climate-related matters are reported to the CSO and the ESG Committee so that climate strategy and execution are managed and overseen at the management and board levels.

Daedong Mobility | Daedong Mobility operates a system in which the CEO makes climate-related decisions in practice. The CEO holds ultimate responsibility for the direction and key matters of the climate response strategy and oversees the company-wide climate response system. The CEO leads business decisions that reflect climate-related risks and opportunities, along with the establishment and implementation of major initiatives such as greenhouse gas emissions management, energy efficiency improvement, and the expansion of eco-friendly products and operations.

Daedong Gear | Daedong Gear operates a governance system in which the CEO oversees company-wide decision-making for climate change response. The CEO makes final decisions on major investments and strategic direction related to greenhouse gas reduction and manages reduction targets and the implementation base. The Carbon Management Committee comprises executives from key divisions, including the Finance and Planning Division, Production Division, Quality Division, R&D Division, and Business Division. It establishes greenhouse gas reduction plans and related policies, reviews implementation status, and deliberates and resolves on strategic direction, targets, and investment agenda. The Committee meets at least once every half year to review implementation status and reports the reduction plan to the CEO at least once a year.

Daedong Metals | Daedong Metals' CEO serves as the company's highest responsible officer, making final decisions on greenhouse gas reduction plans and setting annual reduction targets. The CEO establishes the base for reduction activities by approving the composition and operation of committees and by allocating budget and resources. The Carbon Management Committee, chaired by the Head of the Production Division, oversees the establishment of reduction plans and policies and the monitoring of activities. It deliberates and approves annual targets, implementation measures, and investment agenda, and reviews the activities of the Working Group. The Committee reports reduction performance to the CEO once every half year and the reduction plan once a year to support decision-making.

Role of the Dedicated Organization

Daedong | Daedong operates the Environmental Safety Team and the Group ESG/IR Team as its climate change response units. The Environmental Safety Team is the dedicated organization responsible for environmental matters overall, including climate change response and environmental system development. It oversees company-wide environmental management from strategy development through execution and monitoring. The Group ESG/IR Team handles ESG initiatives across the group, including climate change response, and drives related strategy development and the strengthening of the greenhouse gas emissions management system. It also enhances organization-wide climate change response capabilities by working with the Environmental Safety Team.

Daedong Mobility | Daedong Mobility operates the Environmental Safety Team under the Management Strategy Office as its climate change response unit. The Environmental Safety Team manages greenhouse gas emissions and establishes strategies to respond to environmental change. It maintains the company-wide climate change response system by operating an ISO 14001-based environmental management system.

Daedong Gear | The Working Group comprises the Strategic Planning Team, Environmental Safety Team, Production Technology Team, Development and Purchasing Team, Quality Planning Team, and PT Development Team, and executes reduction initiatives by function. The Strategic Planning Team reviews and establishes detailed carbon reduction plans, manages the documentation and reporting of reduction targets and execution, and supports execution by working with relevant departments. The Environmental Safety Team collects reduction plan issues and reports them to the Committee, manages the status and data of site carbon emissions calculations (third-party verification), and manages carbon-related disclosures such as product carbon footprint calculation (LCA) and CDP responses. The Production Technology Team plans and manages the execution roadmap for meeting reduction targets and performs inspection and maintenance to improve the energy efficiency of plant facilities. The Development and Purchasing Team collects sub-component data for product carbon footprint calculation (LCA). The Quality Planning Team manages the performance and quality of facilities introduced under the reduction plan and monitors quality before and after introduction. The PT Development Team contributes to reducing carbon emissions through low-carbon product development and eco-friendly material research. The Internal Diagnosis Team comprises Production Team 1 and Production Team 2. It diagnoses site processes and identifies internal reduction items, establishes and implements energy-saving measures for process facilities, and monitors and analyzes in-process energy use, thereby supporting reduction activities at the field level.

Daedong Metals | Daedong Metals' climate change response organization, the Working Group, comprises seven operational departments: the Facilities Team, Purchasing Team, Strategic Sales Team, Finance and Planning Team, Environmental Safety Team, HR and Labor Team, and Production Team. It establishes the details of annual reduction targets, implementation measures, and investments; collects and monitors reduction activity data; reviews technical and financial investments and proposes improvements; executes specific initiatives such as new technology adoption, process improvement, and energy efficiency; and collects and reports regular risks to the Committee while providing feedback.

01 Climate Change Response

Strategy

Climate-related Risks and Opportunities

Daedong treats climate change response as a core management priority and identifies climate-related risks and opportunities to respond ahead of tightening ESG disclosure requirements at home and abroad. It classifies potential climate risks into physical risks and transition risks, identifies climate-related opportunities alongside them, and assesses the financial impact of each factor on its business model and value chain. The identified risks and opportunities serve as the basis for developing the climate change response strategy and are reported to Daedong's ESG Committee.

Risk Type	Subtype	Key Risk and Opportunity Factors	Financial Impact on Business Model and Value Chain	Value Chain	Expected Time Horizon	Response Measures
Physical Risk	Acute	Abnormal weather from more frequent and intense extreme natural disasters such as typhoons and heavy rain	Higher risk of damage to major production facilities and operational disruption (financial impact from typhoons and heavy rain: approx. KRW 4.8 billion)	Entire value chain	Short- to Long-term	1) Prepare and operate a natural disaster response manual 2) Prepare for damage through disaster insurance 3) Regularly review the likelihood of natural disasters
	Chronic	Worsening chronic climate change, including a rising annual average temperature, drought, and water shortages	Reduced work efficiency and disruption of production processes from water shortages (financial impact from drought: approx. KRW 3.5 billion)	Entire value chain	Short- to Long-term	1) Advance the site energy management system 2) Advance the product inventory management process 3) Prepare for damage through disaster insurance
Transition Risk	Policy and Legal	Tighter greenhouse gas emissions regulations and growing external stakeholder demand for carbon neutrality	Higher response costs from rising emission allowance prices, and greater CAPEX, depreciation, and operating cost burdens from converting to high-efficiency facilities	Entire value chain	Short- to Medium-term	1) Manage allowance surplus and shortfall through regular greenhouse gas emissions calculation and reporting to the ESG Committee 2) Establish and implement a mid- to long-term GHG emissions reduction strategy (2025–2050) in phases 3) Reduce emissions by optimizing seasonal operation of energy-emitting facilities such as the RTO (Regenerative Thermal Oxidizer), boilers, and drying furnaces
	Market	Greater energy price volatility, and wider negative perception among customers and investors due to failure to meet carbon neutrality targets	Higher production costs and weaker profitability from a diminished position in global customer supply chains	Entire value chain	Short- to Medium-term	1) Manage product carbon footprint intensity by conducting product life cycle assessment (LCA) 2) Build an LCA database to respond to global customers 3) Decarbonize the supply chain to secure global materials
	Technology	Growing demand to convert to low-carbon production technologies and eco-friendly facilities	Higher CAPEX and greater depreciation and operating cost burdens from converting to high-efficiency, low-carbon facilities	Entire value chain	Short- to Medium-term	1) Shift to a data-driven energy management strategy by adopting FEMS (Factory Energy Management System) 2) Strengthen in-house renewable energy generation capacity by expanding solar power generation facilities 3) Improve energy efficiency by replacing facilities with high-efficiency equipment and improving processes
Climate-related Opportunities	Market	Growing demand in the eco-friendly agricultural machinery market as countries expand support policies for agricultural machinery electrification, such as the EU Green Deal	New revenue from a higher share of eco-friendly product sales, and increased earnings from wider entry into eco-friendly regulated markets	Own operations	Mid- to long-term	1) Expand the eco-friendly engine lineup that meets the European Stage V emissions standard 2) Strengthen eco-friendly product design capabilities and customer responsiveness by conducting product LCA 3) Improve fuel efficiency and gain first-mover advantage in new markets by applying precision agriculture technology based on electrified and smart agricultural machinery

01 Climate Change Response

Strategy

Physical Risk Analysis

Scenario-based Analysis of the Financial Impact of Physical Risks

To quantify physical risks from climate change, Daedong used the S&P Global Climanomics hazard modeling tool to calculate the Modelled Average Annual Loss (MAAL)[1] for its Daegu Campus, a major operating site. The analysis covered nine hazards: Coastal Flooding, Drought, Fluvial Flooding, Landslide, Pluvial Flooding, Temperature Extremes, Tropical Cyclone, Water Stress, and Wildfire, and assessed the potential impact of each hazard on operations and assets. In line with the TCFD recommendations, the analysis applied the four Shared Socioeconomic Pathway (SSP) scenarios based on the IPCC Sixth Assessment Report. This report discloses changes in risk levels through 2050, focusing on the low-carbon, low-emission (SSP1-2.6) and high-carbon, high-emission (SSP5-8.5) scenarios.

Results by Risk Factor and Loss Rate

The physical risk analysis identified Temperature Extremes, Landslide, Pluvial Flooding, and Fluvial Flooding as the main risk factors among the nine climate hazards. Of these, Temperature Extremes and Landslide accounted for most of the total expected losses. Losses from Temperature Extremes grow as the emission scenario intensifies and the time horizon lengthens. On a single-hazard basis, the loss rate under the SSP5-8.5 scenario for 2050-2059 is expected to reach about 4.52% of the Daegu Campus asset value per year, making it the largest financial driver among all physical risks.

Losses from Temperature Extremes expand along two axes at once: time horizon and emission scenario. In the 2020-2029 period, the difference in loss levels between SSP1-2.6 and SSP5-8.5 is limited, but the gap becomes clear by 2050-2059. Even within the same scenario, losses rise with time to about 1.4 times under SSP1-2.6 and about 1.9 times under SSP5-8.5. The effect of the passage of time is therefore greater than the difference between scenarios. This suggests that, regardless of the emission pathway, Temperature Extremes may act as a structural cost driver over the long term, requiring preemptive mid- to long-term response.

Landslide is the second-largest financial driver after Temperature Extremes. Under the high-emission scenario (SSP5-8.5), losses in 2050-2059 are projected to be about 1.8 times those in 2020-2029. Because the Daegu Campus sits at some distance from mountainous terrain, its location should be considered when interpreting the Landslide results. Pluvial Flooding and Fluvial Flooding are also expected to expand under the same scenario, with 2050-2059 losses reaching about 2.5 times those of 2020-2029. This points to the need for a systematic response to compound flood risk from rising rainfall intensity.

Modeled Average Annual Loss by Climate Hazard and SSP Scenario[1]

0.0% | Less than 1.0% | 1.0% to less than 5.0% (Unit: %)

Low (SSP1-2.6)	2020-2029	2030-2039	2040-2049	2050-2059
Coastal Flooding	0.00%	0.00%	0.00%	0.00%
Drought	0.08%	0.10%	0.12%	0.13%
Fluvial Flooding	0.19%	0.24%	0.28%	0.30%
Landslide	0.69%	0.78%	0.86%	0.91%
Pluvial Flooding	0.20%	0.25%	0.29%	0.31%
Temperature Extremes	2.35%	2.79%	3.17%	3.29%
Tropical Cyclone	0.02%	0.03%	0.03%	0.03%
Water Stress	-0.62%	-0.54%	-0.44%	-0.43%
Wildfire	0.04%	0.05%	0.06%	0.06%

High (SSP5-8.5)	2020-2029	2030-2039	2040-2049	2050-2059
Coastal Flooding	0.00%	0.00%	0.00%	0.00%
Drought	0.08%	0.12%	0.16%	0.20%
Fluvial Flooding	0.20%	0.27%	0.37%	0.48%
Landslide	0.68%	0.83%	1.02%	1.22%
Pluvial Flooding	0.20%	0.27%	0.38%	0.50%
Temperature Extremes	2.34%	3.19%	3.79%	4.52%
Tropical Cyclone	0.02%	0.04%	0.05%	0.05%
Water Stress	-0.29%	-0.40%	-0.64%	-0.84%
Wildfire	0.04%	0.05%	0.08%	0.10%

1) Modelled Average Annual Loss (%): the expected annual asset loss from climate hazards, including lost revenue and higher CAPEX and OPEX, expressed as a percentage (%) of total assets.

01 Climate Change Response

Strategy

Climate Change Response Strategy

Carbon Neutrality Strategy

Daedong | Daedong set a company-wide reduction strategy targeting a 30% reduction in greenhouse gas emissions by 2030 and carbon neutrality by 2050. It implements the strategy in phases while regularly reviewing and assessing its feasibility and effectiveness.

Period	Focus Area	Detailed Implementation Plan
Short- to Mid-term Strategy (2025–2030)	Improve energy efficiency	Optimize energy use in processes and facilities; review phased replacement with high-efficiency equipment
	Transition to clean energy	Review measures to lower carbon emission intensity, such as renewable energy purchases and an improved power mix
	Improve production and operational efficiency	Minimize energy loss in production and raise operational efficiency
	Advance greenhouse gas data management	Strengthen internal management capabilities through precise monitoring and improvement-linked systems
Long-term Strategy (2031–2050)	Adopt low-carbon products and technologies	Reduce product emissions by transitioning to eco-friendly products and advancing technology
	Strengthen supply chain reduction cooperation	Collaborate with partners on greenhouse gas reduction and provide guidelines
	Use carbon offsets and external allowances	Review the potential to secure allowances and use offset measures
	Advance the climate response system	Strengthen the response strategy to align with global standards (e.g., ISO, SBTi)

Daedong Metals | Daedong Metals aims to reduce greenhouse gas emissions by 4,224.4 tCO_2eq from 2025 to 2030 through a total of KRW 2.87 billion in facility investment and company-wide operational improvements. Starting with an electric furnace waste heat recovery system and inverter control of melting circulation pumps, it plans phased facility investments including rooftop solar power generation at its site in 2027 and replacement with a high-efficiency compressor in 2028. It also pursues operational optimization such as peak power management and air leak prevention. Daedong Metals plans to embed a carbon reduction culture across the organization by expanding employee engagement programs, including carbon neutrality training and the reflection of KPIs by department.

Daedong Metals Carbon Neutrality Roadmap

Step 1. Build the Foundation (2025)
- Advance the MRV[1] system: improve emissions calculation accuracy and obtain third-party verification
- Establish carbon neutrality governance
- Execute Quick-Wins: immediate reductions such as waste heat recovery and inverter control

Step 2. Scale Up (2026–2027)
- Invest in renewable energy facilities: build rooftop solar PV power generation
- Expand facility efficiency: invest in a two-stage compressor; adopt FEMS[2]
- Build an external reduction portfolio: Green Premium, REC, and others

Step 3. Low-Carbon Transition (2028–2030)
- Sign an off-site power purchase agreement (PPA)3): procure large-scale renewable electricity externally
- Begin supply chain (Scope 3) management: collect and support partner emissions data
- Transition to eco-friendly mobility

1) MRV (Measurement, Reporting and Verification): measurement, reporting, and verification
2) FEMS (Factory Energy Management System): a system that analyzes and manages the flow of energy supplied to a plant
3) Off-Site PPA: an arrangement in which an electricity user signs a direct contract with a renewable energy generator to purchase and use renewable energy

Daedong Gear | Daedong Gear set its 2019 greenhouse gas emissions (12,992.78 tCO_2eq/yr) as the base year and established a mid- to long-term target to reduce emissions intensity by 10% by 2030 across Scope 1, 2, and 3 for all domestic and overseas sites. It regularly discloses greenhouse gas emissions and energy consumption to support transparent stakeholder access to information, and pursues the substantive achievement of its reduction target based on a management cycle of target setting, implementation, review, and disclosure.

Renewable Energy Adoption

Daedong Mobility | On March 31, 2024, Daedong Mobility completed a rooftop self-consumption solar power plant with 4,536 660W solar panels (total capacity of 2,993.76 kW) on an approximately 28,146㎡ site, establishing a renewable energy-based greenhouse gas reduction system. In 2025, annual generation improved compared with the first year of operation, achieving both energy self-sufficiency and eco-friendly management.

Daedong Mobility Solar Power Plant

Daedong Mobility Solar Power Plant Operating Performance

Year	Annual Generation (MWh)
2024	3,030
2025	3,955

Daedong Gear | Daedong Gear installed and operates solar power generation facilities on the rooftop of its main building to respond to climate change and reduce greenhouse gas emissions, advancing its transition to clean energy. The facility has operated stably since it began generating power on January 18, 2025. In 2025, it generated about 119,224 kWh of electricity, saving about KRW 23 million in electricity costs.

Daedong Gear Solar Power Generation Facilities

Daedong Gear Solar Power Generation Facilities Operating Performance

Module Capacity (kW)	Quantity (EA)	Annual Generation (kWh)	GHG Conversion Factor (tCO_2/kWh)	Reduction Effect (tCO_2/yr)
0.545	182	119,224	0.000466	55.56

Daedong Metals | Daedong Metals advances energy efficiency and the transition to clean energy by operating waste heat recovery equipment and a solar power plant. The waste heat recovery equipment, introduced at the end of 2024, is applied to hot water supply in the boiler room. In 2025, it saved 4,037㎥ of city gas (down 26% from the previous year), delivering about KRW 4.27 million in cost savings and reducing greenhouse gas emissions by 8.82 tCO_2eq. While company-wide city gas use rose 21% on higher production, the boiler room was the only area where use declined, confirming the efficiency gains. In addition, its 200 kW solar power plant generated 238,703 kWh of electricity in 2025, cutting emissions by 109.66 tCO_2eq and saving about KRW 47.58 million in electricity costs.

Daedong Metals Renewable Energy Facility Operating Performance

Category	Annual Savings/Generation	Reduction Effect (tCO_2/yr)	Cost Savings (KRW 10,000/yr)
Waste heat recovery equipment (City Gas)	4,037㎥	8.82	427
Solar power plant (Electricity)	238,703 kWh	109.66	4,758

01 Climate Change Response

Strategy

Climate Change Response Strategy

Energy and Process Efficiency

Daedong | As part of its carbon neutrality strategy, Daedong optimizes the management of major energy-using and greenhouse gas-emitting facilities such as the RTO, boilers, and drying furnaces by reflecting seasonal operating conditions. It reduces greenhouse gas emissions in phases by improving facility operating efficiency and minimizing unnecessary energy use. It also improves the site-wide energy use structure through facility-focused energy efficiency activities, including replacing aging equipment, installing inverters, and switching to high-efficiency LED lighting.

Daedong Metals | By adopting energy and process efficiency equipment, Daedong Metals installed a waste heat recovery system that supplies hot water recovered through heat exchange from Electric Furnaces A and B (6-ton) to the boiler feedwater line, reducing LNG use. It also introduced inverter control (three sets in total: 15HP, 20HP, and 30HP) for the circulation pumps of the 5-ton and 6-ton electric furnaces, achieving precise speed control in response to load variations. The combined greenhouse gas reduction from the two items totaled 32.2 tCO_2eq, building the first-year foundation for the five-year quantitative reduction target (1,820.5 tCO_2eq).

Daedong Metals 2025 Greenhouse Gas Reduction Performance

Category	Completion Date	Investment	Annual Savings	ROI	Reduction Performance
Electric furnace waste heat recovery system	February 2025	KRW 5.37 million	KRW 26.8 million	0.2	9.2 tCO_2eq
Inverter control of melting circulation pumps	April 2025	KRW 16.0 million	KRW 6.9 million	2.3	23.0 tCO_2eq

Employee-driven Energy Saving Activities

Daedong | Daedong manages energy use through activities such as shifting electric vehicle charging to off-peak hours and turning off lights during lunch. It runs the "Energy Saving Campaign with Employees" to encourage energy saving in daily work. The campaign provides specific action guidelines, including participation in the vehicle rotation system (excluding eco-friendly vehicles), using video conferencing instead of business trips, turning off lights immediately after meetings, and shutting down PCs before leaving work, expanding energy saving based on voluntary employee participation.

Daedong Gear | Daedong Gear carries out internal reduction activities focused on changing employee behavior, such as a lunchtime lights-off campaign, an everyday carbon reduction campaign, and ESG promotional banners. Through the "Practicing ESG in Daily Life" campaign, it spreads six action rules that employees can practice in daily work: using a tumbler instead of a disposable cup, deleting unnecessary emails promptly, using a cup when brushing teeth, maintaining an appropriate indoor temperature, sorting recyclables for disposal, and refraining from unnecessary printing. It also raises employee awareness by including climate change content in environmental training.

Daedong Metals | Daedong Metals carried out facility-based initiatives such as automatic lighting control, distributed peak power management, and a forklift control system, along with employee-participation activities such as turning off lights during meal times, installing count sensors for restroom lighting, "Reduce 1 kW a Day," internal carbon neutrality training, and the company-wide energy saving campaign "3Go!" during the year. These activities were recognized as a 0.5% annual reduction under non-quantitative reduction criteria.

Low-Carbon Product Development

Daedong | Daedong develops low-carbon products and internalizes eco-friendly technologies to respond ahead of tighter global environmental regulations. In eco-friendly engines, it obtained US EPA emissions certification (1999) and European CE certification (2001), and has since developed engines that meet the European Stage V emissions standard, building an eco-friendly engine lineup usable in any global market. In R&D, it continues to strengthen its development capabilities by setting engine combustion optimization, aftertreatment technology, and matching-algorithm integrated control logic as core research tasks, while improving energy efficiency through powertrain transmission, hydraulic, and control system optimization technologies. In addition, it developed and launched an electric-drive eco-friendly transport robot that helps create an agricultural work environment free of noise, vibration, and exhaust. The robot applies a battery-swapping design to secure both work continuity and energy efficiency.

Daedong Mobility | Daedong Mobility expands its electrification-based eco-friendly mobility business and promotes the adoption of low-carbon mobility centered on the GS100 Series electric scooter. The electric scooter minimizes direct emissions of greenhouse gases and air pollutants during operation and cuts maintenance costs by about 50% compared with internal combustion engines, significantly lowering the annual fuel cost burden. It also offers various charging methods, including a Battery Swapping Station (BSS) and home charging, improving both charging infrastructure access and energy use efficiency. A telematics-based vehicle management system monitors driving data and energy savings to support eco-friendly operation. By advancing these products and services, Daedong Mobility promotes a shift to eco-friendly mobility that meets urban short-distance travel demand and strengthens its sustainable business portfolio.


Daedong Tractor


Daedong Mobility Electric Scooter

01 Climate Change Response

Daedong | Low-Carbon Product Competitiveness Designed with Full Life Cycle Data

Product Life Cycle Assessment (LCA) System

Daedong builds and advances its life cycle assessment (LCA) system to systematically manage the environmental impacts that occur across the entire product life cycle. In 2025, it conducted LCA focused on models exported to Europe and Australia, quantitatively calculating greenhouse gas emissions and resource use by stage: raw material procurement, production, distribution, use, and disposal. Based on the results, it established reduction strategies for the stages with the greatest environmental impact. This data serves as key evidence for responding to global customers' carbon emissions verification requirements. Daedong plans to expand the scope of LCA application in phases and to build an environmental impact management system at the individual model level by internalizing analysis capabilities and improving data precision. It aims to apply LCA to all export models by 2030.

LCA Strategy and Roadmap

Daedong advances an LCA-based management system to systematically manage environmental impacts across the entire product life cycle. To this end, it internalizes LCA in phases and continues to raise the level of quantitative management and use of environmental data by product. It aims to build an LCA implementation system covering all export products by 2030, establishing a foundation to respond to global customer requirements and regulations.

Daedong LCA Advancement Strategy

2025~2026 — LCA Adoption and Internalization

- Conduct LCA for 10% of export items
- Secure a database for six representative products by platform
- Provide internalization training and adopt analysis tools (GaBi software, Ecoinvent DB)

2026~2027 — Expand LCA Operation

- Conduct LCA for 30–40% of export items
- Train in-house LCA specialists

2027~2029 — Build the LCA Process

- Conduct LCA for 100% of export items
- Standardize the LCA process and establish implementation guidelines
- Build a company-wide LCA foundation centered on the LCA council
- Establish internal verification procedures and secure consistency through cross-verification

After 2030 — Advance and Expand LCA

- Minimize data errors by advancing the LCA Datasheet
- Respond to customers through regular data updates
- Develop eco-friendly products and establish strategies based on LCA

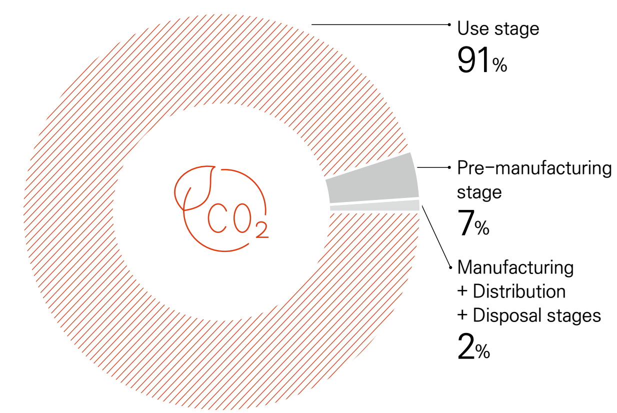
2025 LCA Results

The LCA found that the use stage (fuel consumption during tractor operation) accounted for about 91% of life cycle greenhouse gas emissions. This means that improving manufacturing process efficiency alone has structural limits in reducing the product carbon footprint. The data confirmed that the key reduction levers are improving tractor operating efficiency through electrified component development and autonomous driving technology, and design innovation centered on higher product energy efficiency. The pre-manufacturing stage (raw material extraction and processing, component transport) accounted for about 7%, and the manufacturing, distribution, and disposal stages for about 2%. Accordingly, Daedong plans to also reduce raw material manufacturing emissions by building a low-carbon supply chain.

LCA Scope

Pre-manufacturing stage	Raw material extraction and processing
	Component transport
Manufacturing stage	Tractor manufacturing
Distribution stage	Tractor distribution
Use stage	Tractor operation
Disposal stage	Disposal

Life Cycle Greenhouse Gas Emissions Results



*Based on Daedong compact tractor Climate Change – total 84.4 tCO_2eq/unit

Reduction Strategy Based on LCA Results

Based on the LCA results, Daedong Group derived a stage-by-stage carbon footprint reduction strategy. In 2026, it plans to conduct in-house LCA calculations for six additional products by internalizing LCA, and to build a company-wide LCA implementation system centered on an LCA council in which all departments, including development, production, purchasing, and logistics, participate, with the Group ESG/IR Team as the lead department.

Stage	Analysis Result	Reduction Strategy
Use stage	Emissions from fuel consumption during tractor operation account for about 90% or more of the total	• Improve tractor operating efficiency through electrified component development and autonomous driving • Design innovation centered on higher product energy efficiency
Pre-manufacturing stage	Raw material extraction and processing account for about 7% of the total	• Reduce raw material manufacturing emissions by building a low-carbon supply chain

01 Climate Change Response

Risk Management

Risk and Opportunity Management Process

Identifying Climate-related Risks and Opportunities

Centered on Daedong, Daedong Group regularly identifies climate-related risks and opportunities at the group level. As base data for identification, it reviews internal operating data such as greenhouse gas emissions and energy use by affiliate, uses climate response strategies and implementation plans as analytical material, and sets the analysis scope and key assumptions by reflecting climate scenarios from the IPCC and IEA and domestic and overseas policy and regulatory trends.

Daedong Group assesses physical risks through quantitative analysis using credible external modeling tools such as S&P Global Climanomics, securing greater objectivity and reliability than qualitative assessment that relies on subjective judgment. Using this climate risk analysis tool, it identifies the main hazard types and risk exposure factors at the site level and pinpoints key climate change impact factors such as temperature extremes and heavy rain.

Assessing and Prioritizing Climate Risks

Daedong Group comprehensively reviews the likelihood and impact level of the identified risk and opportunity factors. For physical risks, it uses external experts' climate risk analysis tools (e.g., S&P Global Climanomics) to quantitatively analyze site-level risk exposure on a scenario basis and reviews potential financial impacts such as the modeled average annual loss. For transition risks and opportunities, it conducts qualitative analysis focused on business impacts from policy, market, and technology changes and on possible shifts in cost and revenue structures. Based on the analysis, it prioritizes management targets by considering the significance of the impact.

Monitoring Climate Risks and Opportunities

Daedong Group sets the response direction for key impact factors and reviews whether climate-related factors are reflected in business operations and investment decisions. It periodically checks changes in climate-related impacts and new issues, and refines its response strategy when needed. Key matters are reviewed and reported through the internal decision-making system, and the level of management of climate change-related impacts is continuously monitored.

Category	Identifying Climate-related Risks and Opportunities	Assessing and Prioritizing Climate Risks	Monitoring Climate Risks and Opportunities
Key Content	• Review internal data (greenhouse gas emissions, energy use, etc.) and perform baseline analysis • Review climate response strategies and implementation plans • Set the analysis scope and key assumptions by reflecting external standards (IPCC/IEA scenarios, policy and regulatory trends, etc.) **Physical Risks** • Derive site-level hazard types and risk exposure factors using external tools such as S&P Global Climanomics **Transition Risks and Opportunities** • Derive risk factors such as policy and regulation, market, technology, and reputation, and opportunity factors such as demand for eco-friendly products and low-carbon technologies, referencing TCFD standards, and identify impact pathways	**Physical Risks** • Quantitatively assess risk exposure levels such as the average annual loss rate through external tool-based scenario analysis **Transition Risks and Opportunities** • Qualitative analysis focused on business impacts and changes in cost and revenue structures • Comprehensively review the likelihood and impact level of impact factors • Consider financial impacts (higher costs, investment burden, etc.) • Prioritize management based on impact and significance	• Set the response direction focused on key risk and opportunity factors • Review the reflection of climate factors in business operations and investment decisions • Periodically check changes in impact levels and new issues • Refine the response strategy when needed and report internally
Key Review Points	• Review the timeliness and usability of internal data and strategies • Review the appropriateness of scenarios and assumptions • Review the appropriateness of using external tools to identify physical risks	• Review the results of quantitative physical risk analysis • Review the business and financial impact levels of transition risks and opportunities • Review the likelihood and timing of impacts • Review the appropriateness of significance-based prioritization	• Determine the manageable level of key risks and opportunities • Review areas requiring response and the need to refine strategies • Review the appropriateness of operating the monitoring and reporting system
Responsible Organization	• Risk and opportunity identification led by the dedicated ESG department • Joint review by relevant departments	• Joint review by relevant departments	• Review and management by relevant departments and management

01 Climate Change Response

Metrics and Targets

Climate-related Metrics

Daedong Group sets Scope 1 and 2 greenhouse gas emissions and energy use as key metrics for managing climate-related risks and opportunities, and calculates and monitors the data for these metrics each year. The calculated data is verified by a third party to secure reliability and serves as a key basis for decisions on managing climate-related risks and opportunities.

Daedong Group Scope 1 and 2 Greenhouse Gas Emissions Status (Unit: tCO_2eq)

Category	2023	2024	2025
Daedong[1]	16,765.64	14,637.38	13,179.24
Daedong Mobility	2,803.13	2,197.72	2,363.48
Daedong Gear	15,205.24	15,260.49	15,216.93
Daedong Metals	39,699.78	31,710.55	32,840.08

Daedong Group Total Energy Use Status (Unit: TJ)

Category	2023	2024	2025
Daedong[1]	312.24	278.87	247.06
Daedong Mobility	55.75	50.26	50.20
Daedong Gear	311.11	313.35	313.72
Daedong Metals	763.78	609.20	633.06

1) Following the spin-off establishment of Daedong Robotics Co., Ltd. in October 2024, 2023-2024 greenhouse gas emissions and energy use were recalculated.

Climate-related Targets

Daedong Group set phased greenhouse gas emission reduction targets toward achieving Net Zero by 2050, and continuously reviews and manages its implementation status to respond to climate-related risks and opportunities.

Daedong Group Greenhouse Gas Emission Reduction Targets

Category	Short-term Target (2025)	Mid-term Target (~2030)	Long-term Target (~2050)
Daedong	2025 greenhouse gas emissions target: 13,905.51 tCO_2eq 2025 energy use target: 264.93 TJ	Reduce greenhouse gas emissions by 30% from 2022 by 2030 • Base year (2022) emissions: 16,407.98 tCO_2eq • 2030 target emissions: 11,485.59 tCO_2eq	Achieve Net Zero by 2050
Daedong Gear	2025 greenhouse gas emissions target: 15,216 tCO_2eq	Reduce greenhouse gas emissions by 10% from 2019 by 2030 • Base year (2019) emissions: 12,992.78 tCO_2eq • 2030 target emissions: 11,602.55 tCO_2eq	Achieve Net Zero by 2050
Daedong Metals	2025 greenhouse gas emissions target: 28,141 tCO_2eq	Reduce greenhouse gas emissions by 20% from 2019 by 2030 • Base year (2019) emissions: 34,172 tCO_2eq • 2030 target emissions: 27,338 tCO_2eq	Achieve Net Zero by 2050

02 Safety and Health Management

Governance

Occupational Health and Safety Management Organization

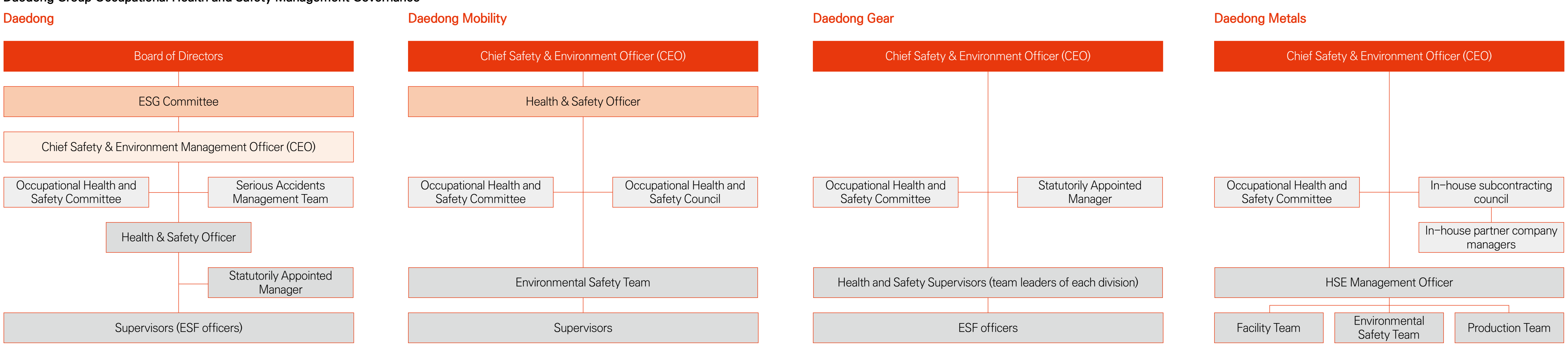
Daedong | Daedong's occupational health and safety governance structure is headed by the Board of Directors. The ESG Committee regularly oversees overall performance and deliberates and approves key health and safety matters. Clear roles and responsibilities are assigned across each level of the organization. The Chief Safety & Environment Management Officer establishes, reviews, and oversees safety, health, and environmental policies. The Occupational Health and Safety Committee, comprising employer and employee representatives, meets at least quarterly to discuss industrial accident prevention and major health and safety issues, with outcomes shared company-wide. The Serious Accidents Management Team supports the management officer and serves as the control tower for occupational health and safety across all sites. The Health & Safety Officer oversees legal compliance and the creation of a safe work environment, while statutorily appointed managers guide and advise supervisors on ESH implementation and accident prevention. Supervisors directly manage employees and partner company workers and are responsible for preventing workplace accidents.

Daedong Mobility | Daedong Mobility designates the CEO as the Chief Safety & Environment Officer and operates its occupational health and safety management system centered on the chief health & safety officer. Under the health & safety officer, A-Factory and S-Factory maintain an Occupational Health and Safety Committee and an occupational health and safety council to deliberate, resolve, or consult on key health and safety matters at each site. At the company-wide level, the Environmental Safety Team of the Management Strategy Office oversees health and safety operations. At the working level, supervisors manage the inspection and improvement of hazards and firefighting facilities and company-wide fire drills and training. Management and technical staff in each relevant department carry out health and safety activities at production, quality, and sales sites, establishing a company-wide implementation base.

Daedong Gear | Daedong Gear's occupational health and safety management organization has the CEO as the chief health & safety officer, overseeing the company-wide health and safety management system. Each division, including Production, Quality, Planning and Finance, Business, Purchasing, and R&D, designates its team leaders as supervisors under a unified supervision structure to carry out health and safety activities. Centered on the Environmental Safety Team, it operates statutorily appointed managers in the fields of environment (E), safety (S), health (H), and firefighting (F). It also gathers on-site input through the Occupational Health and Safety Committee, honorary industrial safety supervisors, employer members, and worker members. It implements site-focused health and safety management based on an execution system that runs from ESH officers to supervisors, section and line leaders, and workers.

Daedong Metals | Daedong Metals operates a health and safety management system with the CEO as the chief health & safety officer (CSO), the highest-level manager. The Environmental Safety Team, the dedicated health and safety organization, oversees safety, health, environment, and firefighting operations. Under the chief health & safety officer, it maintains a dual management structure in which the HSE Management Officer manages in-house partner companies and supervisors manage in-house workers. At the site level, each team's supervisor identifies hazards and risk factors, establishes and implements reduction measures, and trains their employees and workers on the results. Departments and partner companies carry out on-site health and safety activities based on this system, and the Occupational Health and Safety Committee regularly discusses health and safety issues between the primary contractor and partner companies.

Daedong Group Occupational Health and Safety Management Governance



02 Safety and Health Management

Governance

Occupational Health and Safety Management Organization

Reporting Status of Health and Safety Agenda Items

Daedong | Daedong operates a system that regularly reports key health, safety, and environmental issues to the Board of Directors. In April 2025, it submitted the 2025 plan on health, safety, and the environment as a Board resolution item, which was approved. In November of the same year, it reported Daedong's serious accident management status, allowing the Board to review the state of serious accident prevention and management.

Date	Type	Reporting Target	Agenda	Resolution
April 11, 2025	Special	Board	Approval of the 2025 plan on health, safety, and the environment	Approved
November 13, 2025	Regular	Board	Report on Daedong's serious accident management status	Reported

Daedong Mobility | In accordance with Article 4 of the Enforcement Decree of the Serious Accidents Punishment Act and the ISO 45001 management review process, Daedong Mobility conducted health and safety management reviews in the first and second halves of 2025 and regularly reports key matters to the CEO. Through these reviews, it checked the operating status of the health and safety management system and the status of accidents, and confirmed that overall legal compliance and the level of key management operations were sound, driven by ESF investment and improved safety awareness.

Date	Reporting Target	Agenda
July 4, 2025	CEO	2025 first-half health and safety management review
December 17, 2025	CEO	2025 second-half health and safety management review and implementation status report

Daedong Metals | Daedong Metals regularly reports key health and safety matters to the CEO. In January 2025, it established and reported a fire safety plan covering fire safety management, self-defense firefighting brigade operation, and evacuation plans. In December of the same year, it reported the results of a musculoskeletal disorder hazard survey and risk assessment, along with the 2026 health and safety operations and Serious Accidents Punishment Act implementation plan. The hazard survey covered three production lines (including in-house partner companies) of the Production Team and the QA Team, identifying improvement needs across 16 processes. In the risk assessment, of a total of 268 items, it established improvement measures for 51 items scoring 9 points or higher, which it plans to report to the Occupational Health and Safety Committee in the first quarter of 2026.

Date	Reporting Target	Agenda
January 6, 2025	CEO	Report on the 2025 fire safety plan
December 3, 2025	CEO	Completion report on the 2025 musculoskeletal disorder hazard survey and risk assessment
December 24, 2025	CEO	Report on the 2026 health and safety operations and Serious Accidents Punishment Act implementation schedule

Linking Safety and Health KPIs to Compensation

Daedong Mobility | To strengthen the effectiveness of its health and safety management system, Daedong Mobility sets health and safety key performance indicators (KPIs) for the Environmental Safety Team and other relevant organizations and reflects them in the health & safety officer's management performance evaluation. Accordingly, in 2025 the Environmental Safety Team set as priority tasks: reducing safety accidents caused by unsafe behavior, zero administrative penalties during government inspections and audits, zero major fires and environmental accidents, and advancing the ISO 45001 system. As a result, it maintained zero serious accidents and received the Korea Safety Awards based on its record of zero administrative penalties in government inspections. It also achieved zero non-conformities in external audits and advanced its certification system by expanding ESF activities across departments. Going forward, it plans to improve by setting priority management tasks in vulnerable areas, including strengthening accident prevention activities for the management group, investing in response to A-Factory facility aging, preventing the recurrence of major fires, and advancing the system in preparation for the 2026 recertification audit.

Daedong Gear | Daedong Gear set the goals of complying with health and safety laws and regulations, improving hazards, and establishing a safety culture through communication and collaboration. In 2025, it operated its health and safety management targets based on an accident rate below 1%, the maintenance and management of the LTIR (Lost Time Injury Rate), and 100% compliance with environmental and firefighting standards. In connection with this, it reflects "ZERO serious and industrial accidents" as a quantitative indicator in the KPI of the Head of the Production Division, directly linking health and safety performance to the performance evaluation and compensation system of the top executive in the production area. This indicator is managed annually based on the number of accidents, with a target of zero. Through this KPI, it establishes safety accident prevention as a management responsibility at the Production Division level rather than an individual management task at the site level, and operates "ZERO accidents" as a standing management target across the organization.

Daedong Metals | From 2026, Daedong Metals will formally introduce "number of safety accidents" as a quantitative indicator in its management performance evaluation (KPI) and apply it directly to the Head of the Production Division. This measure elevates safety accident prevention from an individual site manager's competency to the management responsibility of organizational leadership. It is designed to set phased reduction targets against the previous year and to award the highest score when the maximum limit is achieved, encouraging safety improvement activities. It also assigned safety-related KPIs to the Environmental Safety Team, including a 50% reduction in lost workdays and 100 days without accidents company-wide, and applied a 50% reduction in lost workdays as a KPI for the Production Team, extending health and safety performance down to the department level.

02 Safety and Health Management

Strategy

Safety and Health Strategy

Daedong | Daedong pursues a company-wide ESF (Environment, Safety and Health, and Firefighting) business strategy to recognize and identify risks related to environment (E), safety and health (S), and firefighting (F), and to continuously improve them. The 2026 ESF strategy sets as its vision "Creating a workplace where safety becomes a 'value' and a 'daily practice' rather than a rule," and as its mission "Building a Safety First workplace." Reflecting the 2025 results, in which environmental and fire accidents declined but the number of accidents and accident loss costs rose, Daedong set three strategic directions for 2026: strengthening execution, shifting the ESF paradigm, and building an external environment response system.

Daedong 2026 ESF Strategy

Vision	Creating a workplace where safety becomes a "value" and a "daily practice" rather than a rule		
Mission	Building a Safety First workplace		
Strategy	01 Strengthen execution of what has been committed	02 Shift the ESF paradigm for T.O.P change	03 Build a rapid response system to external environment volatility
Implementation Plan	1.1 Establish on-site risk assessment Strengthen risk assessment by subdividing unit processes and updating accident history	2.1 Technology change Advance ESF operations based on agent-type AI	3.1 Create an ESF top-priority workplace Approach ESF management from the perspective of "obligation" rather than "cost"
	1.2 Shift education methods Convert existing lecture-based training into participatory training such as emergency drills and workshops	2.2 Organization change Establish a company-wide ESF management system and set a strategy for One Daedong	3.2 Build an external environment response system Provide tailored responses to trend changes in laws and government policies
	1.3 Improve on-site inspection methods Shift from experience-based inspection to mutual inspection using checklists	2.3 Person (human behavior) change Adopt an advanced culture for human error prevention and roll out standard compliance activities	3.3 Eliminate ESF management blind spots Prioritize the management of preventable basic safety accidents and implement in-depth inspections to eliminate blind spots.

Daedong 2025 ESF Activity Performance

Category	Activity Performance
Environment (E)	• Inspected and replaced aging wastewater and rainwater pipes • Installed new pollution prevention facilities for the pretreatment coating process • Updated Material Safety Data Sheets (MSDS) • Tested all water pollutant categories
Safety and Health (S)	• Rolled out essential safety measures by fully revising safety management standards • Conducted regular training for supervisors (department heads) • Improved job stress assessment and management measures • Improved musculoskeletal hazard survey activities • Established a new chemical receiving control process • Supported external (partner company) health and safety activities • Supported consulting and improvement by external diagnostic agencies • Enhanced the quality of monthly council meetings • Supported quarterly joint and routine patrol inspections
Firefighting (F)	• Identified risks through diagnosis by a hazardous materials specialist firm • Conducted a full survey of firefighting equipment and adopted QR code-based inspection • Minimized fire CCTV blind spots • Converted CCTV screen masking to responsive mosaic masking

02 Safety and Health Management

Strategy

Safety and Health Strategy

Daedong Mobility | Daedong Mobility sets the direction of company-wide health and safety through its management objectives and management policy. It translates these into priority tasks by area and manages them so that a health and safety culture spreads down to on-site employees.

Vision	Achieving ZERO serious industrial accidents by creating a safe and healthy work environment		
Implementation Plan	• Establish health and safety targets for health and safety management by business division and site • Establish a safety culture through ongoing prevention and improvement activities	• Practice all members' participation in health and safety management and the identification and removal of hazards • Reflect safety evaluation when newly registering and selecting partner companies	• Strengthen health and safety management by activating a near-miss reporting system and its operation • Activate health and safety inspections with management participation

Daedong Gear | Centered on the Environmental Safety Team, Daedong Gear sets the direction of environmental and health and safety management and translates it into six strategic tasks: proactive accident prevention, environmental law compliance, fire prevention, chemical management, employee health promotion, and strengthening ESG management, which it implements company-wide. Based on this, it spreads a zero-accident operating system with zero serious and industrial accidents, environmental accidents, and fire accidents down to the site, and internalizes climate change response and ESG management as company-wide management strategies.

Vision	Realizing an accident-free, eco-friendly workplace that supports the happiness of all members and sustainability		
Implementation Plan	Accident prevention	Environmental law compliance	Fire prevention
	Chemical management	Employee health promotion	Strengthening ESG management

Daedong Metals | Under the vision "Strengthening the foundation for sustainable management through ESF management that integrates carbon neutrality and AI technology," Daedong Metals pursues an ESF strategy across three areas: Environment, Safety, and Firefighting. It set as core tasks: preemptive response to environmental issues and response to carbon neutrality and climate change in the environment area; accident prevention by applying an AI safety enhancement system in the safety area; and strengthening fire response drills and improving firefighting facilities in the firefighting area.

Daedong Metals ESF Strategy

Vision	Strengthening the foundation for sustainable management through ESF management that integrates carbon neutrality and AI technology		
Strategic Direction	**Environment** Preemptive environmental issue response & carbon neutrality and climate change response	**Safety** Accident prevention by applying an AI safety enhancement system	**Firefighting** Strengthening fire prevention activities & improving firefighting facilities
Detailed Targets	• Implement carbon reduction (annual target 2.8%) • Advance reduction performance management • Manage environmental facilities appropriately	• Reduce industrial accidents by 50% from the previous year • Achieve the 100 days without accidents target	• Fire drills (at least twice per year) • Advance firefighting equipment management • Improve firefighting facilities (at least 2 cases per year)
Detailed Strategy	• Raise awareness through ESF patrols and group training focused on environmental accident cases (1 hour per month) • Respond to climate change policy by pursuing carbon neutrality targets and reductions (quarterly plan-versus-performance reporting) • Hold regular carbon emission reduction meetings (once per quarter) • Reduce risks in advance and comply with regulations through on-site patrol inspections (2 hours per day)	• Prevent serious accidents by adopting an AI virtual fence • Enhance the safety suggestion system and conduct manager-led safety communication visits • Strengthen joint labor-management safety inspections (monthly regular inspections) • Strengthen safety activities between the primary contractor and partner companies (100 Accident-Free Days campaign, external instructor training, incentives for excellent companies) • Develop TBM leaders and reward excellent leaders	• Strengthen training by conducting fire drills and designating a partner company training day (at least twice per year) • Manage firefighting equipment based on checklists and establish a hot work process • Adopt simple fire hydrants in vulnerable areas and assign fire wardens (completed May 2026) • Normalize the air-tube-type detector at Plant 1 (aftertreatment process, completed March 2026)

02 Safety and Health Management

Strategy

Occupational Health and Safety Policy

Daedong Group establishes and operates an occupational health and safety policy for each affiliate, reflecting the characteristics of its business and operating environment. Each company sets safety as its top priority and manages its operations around core directions: legal compliance, the early identification and improvement of hazards, and the establishment of a safety culture based on employee participation. Building on this, each company establishes a health and safety management system and strengthens site-focused execution through regular inspections and management reviews, training, and communication activities. Each affiliate's policy is based on common principles but reflects the risk characteristics of its business, securing consistency and effectiveness in the level of health and safety management.

Daedong | Occupational Health and Safety Policy

As a specialized agricultural machinery manufacturer, the Company identifies and controls hazards arising from production activities to prevent occupational accidents and diseases. It operates its health and safety management system in accordance with applicable laws, internal standards, and ISO 45001, pursuing a zero-accident workplace through continuous improvement. The policy is communicated to all employees, and the Company periodically reviews whether the system is understood, effectively implemented, and maintained with the participation of stakeholders, including partner companies, consumers, and local communities.

Four Health and Safety Strategies

01	02	03	04
Establish an autonomous health and safety system	Respond preemptively to production diversification	Strengthen the Green & Health management system	Create a channel for active on-site communication

Daedong Mobility | Occupational Health and Safety Management Policy

To build a corporate culture that "puts health and safety first," Daedong Mobility Co., Ltd. creates a comfortable work environment and removes hazards and risks to protect workers' lives. To achieve ZERO serious accidents by advancing its health and safety management system, it establishes and practices the following management policy:

- Establish a corporate culture that puts safety first and treats workers like family
- Build a health and safety culture in which everyone participates and takes action
- Comply with basics and principles and realize preemptive RISK prevention activities
- Realize an open safety culture through workers' active participation

Daedong Gear | Environment, Safety, and Health Management Policy

Environmental, Safety and Health Management Policy

Daedong Gear Co., Ltd. recognizes that environment, safety, and health are key elements of corporate prosperity and sustainable growth, and practices the following activities so that all employees and stakeholders can work in a safe and comfortable environment:

- Do its best to operate an environment, safety, and health management system, and prioritize environment, safety, and health in all work
- Strictly comply with environment, safety, and health laws, regulations, and procedures
- Set environment, safety, and health management targets and pursue a virtuous cycle of management activities through planning, periodic monitoring, and improvement to achieve them
- Build a risk assessment-based self-regulatory prevention system to continuously identify and improve hazards and risks
- Guarantee the participation and consultation of all employees and stakeholders and strengthen the autonomous safety activity system through mutual cooperation and communication
- Ensure that all employees faithfully fulfill their responsibilities and duties for health and safety activities such as environmental and safety training, drills, and suggestions

January 1, 2025
Daedong Gear Co., Ltd. CEO Seo Jong Hwan

Daedong Metals | Environmental, Safety and Health Management Policy

Environmental, Safety and Health Management Policy

Daedong Metals recognizes that environment, safety, and health are fundamental elements for securing differentiated competitiveness, and will faithfully implement the following to continuously improve environmental, safety, and health performance based on clear targets and strong execution:

1. We comply with laws and establish and operate environmental and safety regulations that lead the domestic and overseas industry.
2. We improve the risks identified through environmental and health and safety risk assessments and establish an organizational culture that strictly complies with basic principles.
3. We pursue continuous innovation throughout the production process to provide eco-friendly products and services.
4. Based on social responsibility, we actively support environmental and safety improvements for partner companies and local communities.
5. We disclose information transparently and communicate faithfully with stakeholders.

January 1, 2025
Daedong Metals Co., Ltd. CEO Lee Pung Woo

02 Safety and Health Management

Strategy

Occupational Health and Safety Management System

Operation of the Health and Safety Management System

Daedong Group sets “creating an accident-free workplace” as its top health and safety target and operates a health and safety management system based on its own standards, which reflect the ISO 45001 certification requirements and related laws such as the Occupational Safety and Health Act and the Serious Accidents Punishment Act. Accordingly, it publishes its health and safety policy and annual targets company-wide to raise employee safety awareness, and regularly checks the registration and compliance status of laws and regulations to promptly correct any shortcomings. These management activities reflect the views of stakeholders such as partner companies, consumers, and local communities, periodically verifying the effectiveness of the system and continuously improving the tasks identified.

Daedong Group Third-party Certification Status for Health and Safety Management

Group Company	Certification Standard	Certified Site	Certification Validity Period
Daedong	ISO45001:2018	Daegu Campus, Vision Campus	2023.01.03 ~ 2026.01.03
Daedong Mobility	ISO45001:2018 / KSQ ISO45001:2018	Headquarters and factory (A-Factory), S-Factory	2023.10.30 ~ 2026.10.29
Daedong Gear	ISO45001:2018	Daedong Gear	2025.10.17 ~ 2028.10.16
Daedong Metals	ISO45001:2018	Daedong Metals	2024.10.22 ~ 2027.10.06

Daedong Group Health and Safety Management Certificates

Health and Safety Enhancement Activities

On-site Hazard Identification and Improvement Activities

Daedong | Daedong identifies and improves hazards and risks at its sites in advance. In 2025, it fully revised its safety management standards and rolled out essential safety measures, established a new chemical receiving control process, and updated Material Safety Data Sheets (MSDS). It also identified related risks through diagnosis by a hazardous materials specialist firm, confirmed the risk of exceeding the designated quantity in the paint mixing room and coating line, and derived improvement measures. In 2026, it plans to strengthen both facility safety and technical safety to prevent recurring accidents such as bumping, jamming, and tripping that occur in physical and managerial blind spots. On facility safety, it conducts in-depth inspections of vulnerable areas such as factory perimeters and non-standard workplaces, and operates a three-stage response system of “immediate action, short-term repair, and mid- to long-term improvement” based on the inspection results. On technical safety, it standardizes inspection criteria and checklists by process reflecting process characteristics, and strengthens the technical safety review system for management of change (MOC), equipment modification, and the introduction of new equipment.

Daedong Mobility | Daedong Mobility operates an ESH inspection system to continuously identify and improve hazards and risks at its sites. It shares the health & safety officer’s inspection items and health and safety officials’ daily inspection results company-wide, and continuously reviews key issues and action results through Tool Box Meetings (TBM), team meetings, and health and safety evaluation meetings. In 2025, it inspected safety accident risks such as inadequate use of protective equipment, slips and falls at work sites, equipment operation deficiencies, and environmental safety risks in gas, firefighting, and wastewater treatment facilities. Accordingly, it carried out follow-up actions such as managing protective equipment use, controlling hazardous areas, supplementing equipment, improving leakage and sealing issues, and strengthening compliance with storage standards. Based on these activities, it received the Fire Commissioner’s Award at the 2025 Korea Safety Awards, earning external recognition for the operating performance of its safety management system.

Fire Commissioner’s Award at the Korea Safety Awards

Daedong Gear | Targeting “ZERO serious and industrial accidents,” Daedong Gear manages its LTIR (Lost Time Injury Rate) at around 2%. To this end, it operates a system for ongoing risk assessment and monthly improvement result reporting, builds an operating system for hazardous machinery and equipment, and strengthens preventive inspections for jamming accidents and hazardous machinery. It also operates a health and safety management system with worker and labor-management participation, including phased implementation of risk assessment, the development and distribution of highly applicable on-site checklists, activation of pre-work Tool Box Meetings (TBM), and a three-stage regular sharing system by month, week, and day. Over the mid to long term, it plans to build an autonomous health and safety management system, strengthen partner companies’ autonomous health and safety capabilities, resolve statutory safety inspection risks, adopt AI-based safety equipment, and activate the voluntary suggestion of potential hazards.

Daedong Metals | Through health and safety patrol inspections, Daedong Metals identifies key hazards such as collision, falling objects, electric shock, and falls, and pursues improvement activities tailored to on-site characteristics, including installing AI cameras, reinforcing safety covers and safety fences, applying non-slip measures, and improving illumination.

02 Safety and Health Management

Strategy

Health and Safety Enhancement Activities

Strengthening Health and Safety Management System Implementation

Daedong Mobility | Daedong Mobility conducted a gap analysis to check its level of compliance with Articles 4 and 5 of the Enforcement Decree of the Serious Accidents Punishment Act, and is advancing its health and safety management system based on the results. The analysis confirmed that key items were generally sound. For items requiring some improvement, it is taking phased actions such as revising the management policy, supplementing procedures, improving hazardous processes, providing training, and strengthening contractor management. It also operates a "near-miss reporting system" based on the recognition that employee participation and a single small report can be the starting point for preventing serious accidents. It established a reporting channel so that employees can preemptively share unsafe situations at the site, and operates a reward system to activate reporting, building a safety culture based on worker participation.

Daedong Metals | Under the Serious Accidents Punishment Act and the Occupational Safety and Health Act, Daedong Metals establishes and implements 17 safety compliance measures to strengthen its health and safety management system. It laid the foundation of the management system by setting health and safety targets and a management policy, forming a dedicated organization, and allocating an ESH budget. It checks the effectiveness of the system on a semi-annual basis through risk assessments, management officer evaluations, and legal compliance checks. It also conducts multi-layered on-site monitoring, including the Occupational Health and Safety Committee, joint labor-management inspections, joint inspections with contractors, and on-site ESH patrols by the management officer, completing all 17 safety compliance measures in 2025.

Fire Prevention and Firefighting Safety Management

Daedong Gear | Targeting "ZERO fire accidents in the factory," Daedong Gear preemptively manages related risks based on fire prevention activities and a firefighting response system. On prevention, it achieved ZERO administrative penalties by removing fire hazards, strengthening prevention activities, and replacing aging firefighting facilities, and it pursues stronger monitoring of fire-vulnerable areas, inspection and replacement of aging firefighting equipment, and training by invited external experts. On response, it reorganized the site-focused firefighting brigade to build an initial response system, and strengthened emergency response capabilities by restructuring the mission organization and clarifying roles. It also operates training scenarios reflecting the characteristics of vulnerable and hazardous areas. Over the mid to long term, it plans to strengthen its management system by activating a hot work approval system, imposing penalty points for unauthorized work, and applying the same procedures to outsourcing and partner companies, and to reinforce aging firefighting equipment, improve vulnerable areas, and adopt a smart firefighting system and thermal imaging cameras. It also plans to continuously advance an autonomous fire prevention culture and response capabilities by expanding in-house campaigns and training and public-private joint drills.

Daedong Metals | In the firefighting area, Daedong Metals conducted operational inspections of automatic fire detection facilities, evacuation facilities, and firefighting facilities, identifying a total of 35 findings. It completed improvements for 27 of these, excluding 8 that require the introduction of new equipment. It plans to reflect the 8 unaddressed items in the 2026 investment budget and address them sequentially.

Employee Health Management

Daedong | Daedong operates various health management programs to improve employees' physical and mental health. For health examinations, it conducts pre-employment, pre-placement, special, and general health examinations. Office workers receive a general health examination at least once every two years, and other workers at least once a year. For those subject to special health examinations, it conducts both general and special examinations, and for those with findings, it takes follow-up actions such as job reassignment, work restriction, reduced working hours, and treatment support. It also measures the work environment twice a year and, when permissible limits are exceeded, takes work environment improvement measures centered on facility and equipment upgrades. To prevent musculoskeletal disorders, it operates an exercise therapy room at the Daegu plant. It conducts clinical evaluations for workers performing musculoskeletal-burden tasks and those reporting symptoms, classifying them into those requiring observation and those with findings. It provides an exercise therapy program of two weeks (1 hour per day, 5 days) for those requiring observation and three weeks (1 hour per day, 5 days) for those with findings. For mental health, it conducted an in-house job stress assessment in 2025 and confirmed a "very good" result, and also provided follow-up management such as meditation-based self-care training for high-risk groups. It also operates various employee health support programs, including flu vaccinations and ultrasound examinations, and runs an in-house fitness program at the Seoul office to relieve workplace stress and improve employee health.

Daedong Mobility | Daedong Mobility operates a health management system tailored to job characteristics and length of service to improve employee health and prevent disease. Office workers receive a general health examination once every two years, and technical workers receive a special health examination and pre-placement examination once a year. Employees with 10 or more years of service receive a comprehensive health examination in the form of an on-site examination. To prevent infectious diseases, it supports an in-house quadrivalent flu vaccination once a year, and conducts health management counseling once a month for employees with health findings. It also combines a musculoskeletal disorder prevention program, job stress and depression assessments, and health follow-up management to create an environment where employees can work in good physical and mental health.

Daedong Gear | Daedong Gear screens high-risk groups such as those with hypertension and diabetes, provides counseling, and connects them to hospital treatment. Through ongoing counseling and follow-up management, it strengthens a health management system focused on preventing disease-related accidents. Going forward, it plans to build a differentiated management process by disease level and to raise practical management effectiveness by linking work adjustments, dietary control, and additional exercise facilities. It also strengthens in-house health capabilities by using public resources such as smoking cessation and mental health programs, and provides employees with accurate health information using materials and experts provided by public health centers. Going forward, it aims to establish a regular program operation system of one to two times a year by continuously operating programs linked to government agencies.

Daedong Metals | In accordance with the Health and Safety Management Regulations, Daedong Metals operates a health examination system to protect employees' health and secure job suitability. It conducts pre-placement health examinations for new hires and those transferring departments at the time of hiring or work change, provides special health examinations once a year for workers in special processes, and general health examinations once a year for all on-site employees. All health examinations are conducted through designated medical institutions to secure expertise and reliability.

02 Safety and Health Management

Strategy

Health and Safety Enhancement Activities

Health and Safety Training and Drills

Daedong | Daedong establishes and systematically operates implementation plans for monthly regular health and safety training and for training of supervisors, management officers, new hires, and special health and safety training. Key training content includes industrial safety and accident prevention, health promotion and disease prevention, hazardous work environment management, occupational safety and health legislation, and job stress prevention. In 2025, as part of its regular health and safety training, it provided "2025 Health and Safety Activity Plan" training to all 585 employees, including night shift workers. It also conducted tailored training reflecting job characteristics, including musculoskeletal disorder prevention training for 27 members of the Materials Management Team and self-defense firefighting brigade training and oil-related environmental accident response training and drills for 31 members of the Production Team. Through this, it raises the safety awareness of all employees and prevents potential hazards at its sites.

Daedong Mobility | In accordance with the 2025 training plan established in the previous year, Daedong Mobility systematically operates statutory ESF training for A-Factory and S-Factory. It conducts statutory training by field, such as safety and health, hazardous materials, electricity, environment, firefighting, and elevators, on schedule, and manages the training completion status for the health & safety officer, safety managers, health managers, supervisors, and all workers. In particular, it operates supervisor training and workers' regular safety training according to the annual plan, and combines environmental training in areas such as air, water, waste, noise, and vibration with statutory training for each facility. To prevent industrial accidents among employees and partner companies, it also provides emergency response training and drills and training on cardiopulmonary resuscitation (CPR) and the use of an automated external defibrillator (AED). In addition, to respond to supply chain safety risks such as fire, explosion, and battery flame accidents, it operates company-wide fire drills and strengthens initial-response and on-site response capabilities in emergencies.

Daedong Mobility First Aid Training

Daedong Mobility Fire Drill

Daedong Gear | In March 2025, Daedong Gear conducted group safety training on hazard and risk assessment for production-related team leaders, aiming to build a health and safety management system and improve implementation capabilities, strengthen staff competencies, and enhance corporate competitiveness. The training focused on the definition and importance of risk assessment and its methods and procedures.

Daedong Gear | Daedong Gear provides role-based health and safety training to strengthen its management system and on-site implementation. In March 2025, production team leaders received group training on hazard identification and risk assessment, covering its purpose, methods, and procedures. Supervisors also completed 16 hours of statutory training through an institution accredited by the Korea Occupational Safety and Health Agency, combining in-person and postal remote learning. The program focused on manufacturing-specific topics, including process-based hazard management, risk assessment, and accident prevention based on case studies.

Daedong Metals | Since 2025, Daedong Metals has provided health and safety competency training for supervisors through an external specialized institution. Twelve supervisors receive two hours of training each month to strengthen their ability to verify that appropriate health and safety measures are implemented at work sites.

Category	Training Institution	Training Hours	Training Method	Participants
Supervisor training	People Who Create Value	2 hours per month, annually	In-person training	12

Daedong Metals conducts fire drills at least twice a year for employees and partner company workers. In April 2025, partner company workers received training on fire extinguisher and outdoor hydrant use, as well as assembly point procedures. In November, the company conducted statutory training for employees and its self-defense firefighting brigade. The drills identified limited participation by partner company personnel and an overrepresentation of management staff. In 2026, Daedong Metals plans to designate a "Partner Company Training Day" and use regular safety training hours to ensure participation by both management and production employees.

2025 Daedong Metals Fire Drills

Category	Date	Target	Key Training Content	Participants	Note
Partner company training	2025.04.17	Partner company workers	Use of fire extinguishers / outdoor fire hydrants	17	Separate fire drill
	2025.04.24		Assembly point check	40	
Company training	2025.11.14	Employees / self-defense firefighting brigade	Use of in-house firefighting facilities, fire extinguishers / outdoor fire hydrants	43	Statutory regular training

02 Safety and Health Management

Strategy

Health and Safety Enhancement Activities

Partner Company Health and Safety Management

Daedong | Daedong has established a partner company health and safety management standard to systematically manage contractor-related risks. It operates a monthly health and safety council for partner companies that are permanently based on site or perform hazardous or high-risk work for at least 60 days a year. The council discusses work schedules, communication methods, emergency evacuation procedures, and risk assessments. Hazardous work, including hot work, excavation, confined space entry, and work at heights of 2 meters or more, may begin only after an ESH work permit is issued. Work is suspended or personnel are removed when safety requirements are violated. Following the expanded application of the Serious Accidents Punishment Act to workplaces with fewer than 50 employees, Daedong participates in the Ministry of Employment and Labor's "Health and Safety Win-Win Cooperation Project for Large Enterprises and SMEs." Through the program, it supports partner companies in building autonomous safety cultures and serious accident prevention systems. In 2025, Daedong provided two partner companies with health and safety consulting, including comprehensive inspections, technical guidance, and result reports, as well as protective equipment, safety signs, and banners. Partner companies are also assessed across seven health and safety criteria on a 100-point scale and assigned grades from A to D. Follow-up measures vary by grade and may include incentives, improvement plans, and further review.

Daedong Partner Company Health and Safety Qualification Assessment Items

Assessment Area	Detailed Item	Key Assessment Criteria
General	Members' roles and responsibilities	Whether an organization is formed and roles/authority are specified
Implementation Level	Risk assessment of contracted work	Whether assessment regulations and history are held
	Safety inspection and monitoring	Whether pre-inspection items are held
	Health and safety training plan and record management	Whether a training plan is established and implemented
Operational Management	Hazardous materials and equipment management	Work procedures and level of risk identification
	Emergency response measures	Whether response plans by accident type are established and implemented
Industrial accident history	Status of industrial accidents over the past 3 years	whether an accident-free record is maintained

Daedong Partner Company Follow-up Actions by Assessment Result

Grade	Score Criteria	Action
A	90 points or higher	Provide incentives (bonus points at the next contract)
B	60 points or higher	Maintain contract
C	Below 60 points	Implement improvement plan (submit an implementation plan and reassess after a set period)
D	Below 30 points	Review partner company (serious improvement needed; subject to reassessment of whether cooperation continues)

Daedong Mobility | To create a safe workplace together with contractors, Daedong Mobility systematically operates a contractor health and safety management standard. At the selection stage, it reviews the level of safety management and related information, and evaluates and registers contractors based on their safety management plan and pre-assessment documents. After registration, it continuously checks health and safety capabilities through regular, initial, and ad hoc evaluations. It maintains an on-site management system based on operating an on-site council at least once a month, patrol inspections of workplaces at least once every two days, and joint patrols at least once a quarter. It also carries out preventive measures such as providing venues and materials for health and safety training, offering emergency action plans and drills, operating workplace alarms, guiding evacuation methods, and installing health and safety facilities. In addition, it assigns duties to contractors, such as conducting health and safety training, immediately reporting accidents and submitting written reports within 24 hours, and maintaining accident records, so that safety management standards are effectively implemented at the site.

Daedong Gear | To create a safe workplace that grows together with partner companies, Daedong Gear operates a partner company health and safety management system. The Environmental Safety Team and related departments manage and oversee partner companies' overall health and safety activities and support the maintenance and improvement of their health and safety management through council operation and regular inspections and evaluations. As part of this management system, it also operates safety training for partner companies tailored to job and work characteristics, supporting the strengthening of partner company workers' health and safety capabilities through supervisor training, regular training, new hire training, and training when work content changes. After training, it systematically manages the results and requires submission of a result report verified by the partner company representative, continuously checking training completion status.

Daedong Metals | For health and safety management across its sites, Daedong Metals clearly operates roles and responsibilities by organization and systematically carries out key health and safety activities such as training, risk assessment, work stoppage, health management, accident investigation, and protective equipment management. It also includes not only employees but also visitors and partner companies in its management scope so that the same health and safety standards apply across the site. In particular, for sites where partner companies work together, it manages the level of health and safety implementation through council operation, patrol inspections, training support, and work environment measurement. When the primary contractor and partner companies work together at the same site, it inspects on-site hazards based on a shared health and safety management system, and improves them by taking corrective actions and follow-up management for any unsafe conditions and behaviors identified. Through this, Daedong Metals continuously checks and improves the level of health and safety management across the entire site, including partner companies.

02 Safety and Health Management

Risk Management

Workplace Risk Assessment

Risk Assessment Process

Daedong | Daedong identifies potential hazards and risks in production and support activities across four categories: Machine, Media (materials and environment), Man, and Management. Risk levels are calculated by multiplying accident frequency by severity, and improvement measures are applied according to the assigned risk grade. For unacceptable risks, specific corrective measures are implemented and their effectiveness is verified to confirm that the risk level has been reduced. Risk assessments are conducted annually across all departments and on an ad hoc basis when changes occur, such as accidents, equipment modifications, or new product development.

Daedong Risk Assessment Process and Implementation Progress by Stage

Implementation strategy	Identify hazards	Verify risk level	Establish reduction measures	Re-assess risk
Train all employees and confirm risk information (process classification)	Identify and determine hazards and risks	Verify the risk level and confirm on site	Establish measures to reduce high risks (measures meeting)	After completing improvements, reassess whether risk remains

Daedong Mobility | Daedong Mobility systematically identifies and assesses company-wide hazards by classifying risks arising from all business activities under normal and abnormal conditions. Risk assessments evaluate the adequacy of existing controls and determine whether identified risks are acceptable. The Environmental Safety Team leads regular and major risk assessments, while the responsible department conducts ad hoc assessments in consultation with relevant departments. The head of the lead department plans company-wide assessments, manages procedures, and requests departmental reviews. Each department head identifies hazards, assesses risks, and shares the results. The assessment scope includes unsafe conditions and behaviors, as well as job stress factors. Daedong Mobility also operates a standardized company-wide process for preventing and managing safety incidents. Employees involved in developing the process provide training to other departments and employees to promote consistent implementation and organization-wide understanding.

Daedong Mobility Health and Safety Inspection Process

Issue arises → Responsible department confirm and review → Environmental Safety Team → Report to health & safety officer → Consult on improvement measures → Implement improvement

Daedong Gear | Daedong Gear continuously identifies hazards and risks across its sites and operates an accident prevention system through risk assessment and management measures. It conducts risk assessments not only for production processes but also across the entire site, including equipment and devices, buildings, storage facilities, and transport facilities, identifying hazards that may arise during work in advance and linking them to improvement activities. The CEO, the Environmental Safety Team, and each department share roles to review assessment results, implement follow-up actions, and connect them to ongoing prevention management activities. It also systematically operates the entire process from prompt reporting and emergency action when an accident occurs at the site to cause investigation, recurrence prevention measures, and follow-up management. This system covers industrial and natural disasters and aims to identify accident causes and prepare improvement measures to prevent the recurrence of the same or similar accidents. When an accident occurs, witnesses and relevant departments immediately report and take emergency action, and centered on the Environmental Safety Team, the site is preserved and data is investigated, followed by interviews with relevant parties and cause analysis to prepare an accident investigation report. Based on the investigation results, it then establishes and implements recurrence prevention measures and improvement activities, and maintains its prevention management system through accident statistics and follow-up management.

Daedong Gear Health and Safety Inspection Process

Identify hazards	Assess risk	Derive improvement tasks	Establish improvement plan	Follow-up management
Analyze work activities and derive hazards and accident scenarios	Review likelihood and severity of damage and determine the risk level	Select items requiring improvement and reflect them in the improvement register	Establish improvement measures such as elimination, substitution, technical and administrative measures, and use of protective equipment	Reassess improvement results and link them to follow-up monitoring and regular assessment

Daedong Metals | Daedong Metals operates a risk assessment related to current issues, divided into regular analysis and ad hoc assessment. Regular analysis is conducted once a year. The head of the health and safety lead department establishes a risk assessment plan covering the identification of issues, the identification of worker and stakeholder requirements, the assessment target, scope, and schedule, and the composition of an issue risk analysis team, then obtains the CEO's approval and notifies each team. Because regular assessment covers the entire scope of application of the health and safety management system, it is conducted by comprehensively considering whether the system guarantees the achievement of intended results, prevents or reduces undesirable effects on the entire organization, and achieves continuous improvement. Ad hoc assessment is conducted, with management approval, when planning or execution that may have a significant impact on the health and safety management system takes place outside regular assessment, or when health and safety management performance needs improvement during system implementation.

02 Safety and Health Management

Metrics and Targets

Health and Safety Metrics

Daedong Group sets the number of industrial accidents and the Lost Time Injury Rate (LTIR) as key metrics for managing health and safety risks, and calculates and monitors these metrics each year. Industrial accident data is reported to the relevant authorities under the Occupational Safety and Health Act. The metrics calculated from this data serve as key management indicators for checking the level of health and safety at each site, deriving improvement tasks, and supporting management decisions.

Daedong Group Industrial Accident Occurrence Status

Company	Metric	Unit	2023	2024	2025
Daedong[1]	Total number of accidents	Cases	7	4	9
	Lost Time Injury Rate (LTIR)	Cases/200,000 work hours	2.21	1.81	1.71
Daedong Mobility	Total number of accidents	Cases	3	1	4
	Lost Time Injury Rate (LTIR)	Cases/200,000 work hours	1.68	0.23	1.01
Daedong Gear	Total number of accidents	Cases	0	2	1
	Lost Time Injury Rate (LTIR)	Cases/200,000 work hours	0	0.85	1.95
Daedong Metals	Total number of accidents	Cases	8	1	7
	Lost Time Injury Rate (LTIR)	Cases/200,000 work hours	4.86	0.64	4.74

1) Based on the Daegu site, calculated focusing on sites where accidents may occur.

Health and Safety Targets

Daedong Group sets a reduction in the Lost Time Injury Rate (LTIR) as a group-wide common target for managing health and safety risks, and establishes and manages detailed targets reflecting each affiliate's business characteristics and operating environment. It also regularly checks the implementation status of these targets and continuously monitors the level of industrial accidents and changes in key hazards to systematically manage the level of health and safety.

Daedong Group Mid- to Long-term Health and Safety Targets

Company	Metric	Unit	Short-term Target (2025)	Mid-term Target (2026-2027)	Long-term Target (2028-2029)
Daedong	Lost Time Injury Rate (LTIR)	Cases/200,000 work hours	1.75	1.7	1.65
Daedong Mobility	Lost Time Injury Rate (LTIR)	Cases/200,000 work hours	1	0.9	0.8
Daedong Gear	Lost Time Injury Rate (LTIR)	Cases/200,000 work hours	1.7	1.65	1.6
Daedong Metals	Annual number of industrial accidents	Cases	4	2	1
	Annual average accident-free days	days	110	150	200

03 Quality Management

Governance

Quality Management Organization

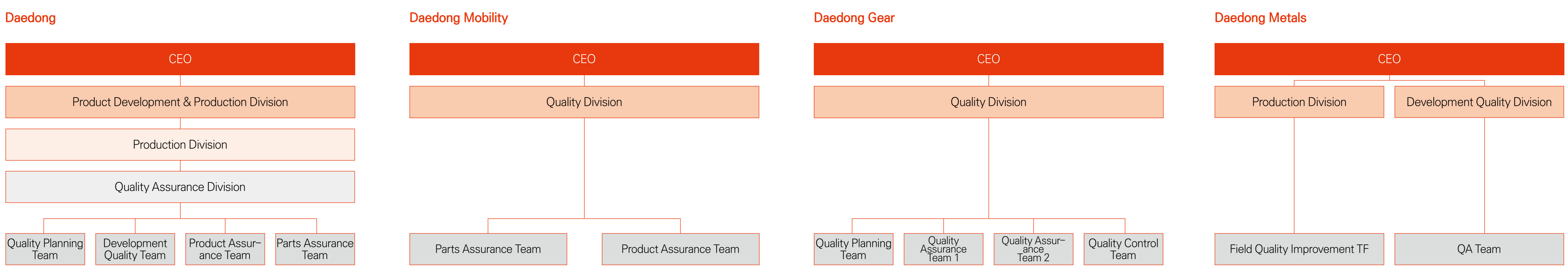
Daedong | Daedong has built its quality-related organization around the Quality Assurance Division to ensure systematic quality management. The Quality Assurance Division works in close coordination with the Product Development & Production Division and the plant functions. Through four dedicated teams, the Quality Planning Team, Development Quality Team, Product Assurance Team, and Parts Assurance Team, it operates a quality management system that spans the full lifecycle from product planning through production and market response. The Quality Planning Team sets quality policy and operates and manages the Quality Management System (QMS), supporting company-wide quality direction and the establishment of an institutional foundation. The Development Quality Team secures quality during product development by reviewing and mitigating quality risks in advance. The Product Assurance Team handles inspection and shipment control of finished products and market quality response, covering post-production quality assurance. The Parts Assurance Team manages quality across the supply chain through parts inspection and supplier quality management and improvement.

Daedong Mobility | Under the operating direction of "securing mobility product quality through flexible, close communication based on job specialization and team specialization," Daedong Mobility reorganized its previous structure, which centered on advanced quality, parts quality, and manufacturing quality, into a two-team system of the Parts Assurance Team and the Product Assurance Team in 2025, strengthening its quality assurance and market quality response capabilities. The Parts Assurance Team handles parts inspection, structural analysis, and supplier quality management and improvement. The Product Assurance Team manages finished-vehicle inspection, market quality indices and claims, and operation of the market quality information management system. This structure supports a full-lifecycle quality management system from the development stage through post-launch in the market.

Daedong Gear | Daedong Gear has built its quality-related organization around the Quality Division to ensure systematic quality management. The Head of the Quality Division oversees all quality matters, requires corrective action when nonconformities are found, and holds final responsibility for quality management. At the working level, the division operates the Quality Planning Team, Quality Assurance Team 1, Quality Assurance Team 2, and Quality Control Team. The Quality Planning Team manages parts quality performance, operates the integrated claim cost-sharing program, and handles Quality Division KPI and profitability management as well as quality improvement. Quality Assurance Team 1 carries out the Quality 5-STAR Level-up, compiles and manages quality failure costs, guides automotive-sector suppliers, and reviews measuring instruments for newly developed products. Quality Assurance Team 2 manages the Daedong Claim Improvement TFT, conducts plant revision inspections, and responds to new business in the agricultural machinery parts area. The Quality Control Team oversees full inspection of TM and FA customer assemblies, automotive quality impact management, comprehensive supplier guidance and improvement, and quality-awareness training.

Daedong Metals | Daedong Metals performs its quality management function through the Production Division and the Development Quality Division under the CEO. The Field Quality Improvement TF sits within the Production Division, and the QA Team sits within the Development Quality Division, handling quality management at the working level.

Daedong Group Quality Management Governance



03 Quality Management

Governance

Quality Management Organization

Quality Assurance Meeting Body

Daedong Metals | Daedong Metals operates a quality assurance meeting body under the requirements of IATF 16949:2016 to ensure that products meet regulatory requirements and that the quality management system is effectively maintained and improved. The meeting body is divided into a company-wide management meeting and a quality meeting that addresses quality issues. Meetings are held on annual, monthly, weekly, and ad hoc cycles depending on the nature and urgency of each matter, verifying the adequacy and execution of quality management activities. The management meeting comprises the CEO-chaired management review meeting, monthly management meeting, and weekly executive meeting, along with team-level operating meetings chaired by team leaders. It evaluates the adequacy and effectiveness of the quality management system, deliberates on management policy and key company-wide activities, and reviews team performance and operational coordination. The quality meeting is chaired by the quality team leader and, at the monthly regular quality meeting, deliberates on quality system management review and improvement directions. Customer complaints and internal nonconformities are addressed through the quality improvement meeting, and supplier quality issues through the quarterly outsourced quality improvement meeting. In addition, the quality information exchange meeting and improvement MDT (Multi-Disciplinary Team) run on an ad hoc basis to share quality information and drive project-based improvement activities related to quality, cost, delivery, and production.

Daedong Gear | To achieve its quality targets, Daedong Gear structures its quality operating system around two pillars, key meetings and regular reviews. It checks progress by task and establishes catch-up plans for shortfalls. Key meetings center on the monthly quality meeting chaired by the CEO, running in parallel with meetings chaired by division and team leaders and meetings involving suppliers and field workers on monthly, weekly, and biweekly cycles, deliberating on quality issues and improvement directions at multiple levels. Regular reviews are built around the CEO's on-site patrols and division heads' supplier visits, and perform team-level improvement themes and KPI reviews as well as quality evaluations of key parts and equipment on cycles suited to item characteristics. Through the organic linkage of these meeting bodies and regular reviews, Daedong Gear supports early identification of quality issues and swift decision-making, securing execution toward its 2026 quality targets.

Quality Management KPI Linked to Compensation

Daedong Mobility | The Daedong Mobility Quality Division assigns quality KPIs by organization and position and links them to management performance evaluation to ensure systematic quality management. The Head of the Quality Division is responsible for and manages the key indicators across market quality and development quality. At the working level, the Parts Assurance Team manages performance centered on improving supplier and parts quality, while the Quality Assurance Team focuses on finished-product quality and customer response capabilities. Non-quantitative strategic tasks are also pursued in parallel, including securing initial quality for new models, advancing the reliability verification system, refining service policy, and achieving zero safety accidents. Through this KPI operation, Daedong Mobility is establishing an integrated management system in which management and working-level organizations share responsibility, rather than confining quality management to the field working level.

Daedong Gear | To strengthen company-wide quality competitiveness in 2025, the Daedong Gear Quality Division set and managed company-wide common indicators, such as parts quality, quality failure cost, and profitability improvement, along with KPIs by business area for automotive, agricultural machinery, and suppliers. The automotive area strengthened customer claim response and advanced verification of development products, achieving its targets for raising the Hyundai Motor Quality 5-STAR grade and for the first-time pass rate of development products. It also met its targets for overall supplier quality management and Q-COST reduction activities. Some indicators, such as certain parts quality and evaluation of priority-managed suppliers, fell short of target, but continued a double-digit improvement trend year-over-year. Going forward, Daedong Gear plans to build a stable quality management system by strengthening supplier quality capabilities, closing company-wide quality variances, and responding preemptively to customer risks.

Daedong Metals | Daedong Metals applies quality-related management performance evaluation (KPI) directly to key position holders, including the Head of the Development Quality Division, managing quality responsibility at the level of organizational leadership. The Head of the Development Quality Division is assigned KPIs across quality overall, including quality improvement, corrective and preventive management of customer complaints, shipment quality assurance and reduction of escaped defects, and advancement of the GATE review process, holding final responsibility. At the working level, the development team leader and QA team leader are also assigned core quality indicators as KPIs, such as development defect rate, mass-production defect rate, customer claim rate, corrective action implementation rate, and enactment and revision of inspection standards, managing team-level quality performance. Each KPI is calculated quantitatively based on weighting, annual target, monthly plan and performance, and evaluation grade, so that quality performance feeds directly into individual evaluations. This embeds quality responsibility as the management accountability of organizational leadership rather than depending on the individual capabilities of field managers, and operates a quality management system across the full process from development through mass production, shipment, and customer response.

03 Quality Management

Strategy

Quality Management Strategy

Daedong | Daedong built the Daedong Quality Management System (DQMS), an integrated quality management system, to systematically manage quality across the full process from product planning and development through production, sales, and service. DQMS covers development quality, parts quality, mass-production quality, quality management, nonconformity and improvement, and market quality. It manages quality data in real time on an integrated basis and strengthens supply chain quality management through a system linked with suppliers.

Process Chain	Strategic Direction	Key Management Content
Development Stage	Preemptive quality assurance	• Design verification and pre-set quality standards • Q-GATE-based stage-by-stage quality checks
Parts/Procurement Stage	Embed supplier quality	• Supplier quality evaluation and process checks • Quality standard management for key parts
Manufacturing Stage	Prevention-focused process quality management	• Process Patrol and In-line Audit operation • Early detection of and response to process anomalies
Shipment Stage	Secure shipment quality reliability	• Pre-shipment quality inspection and standard compliance check • Product completeness verification
Market Stage	Customer-based quality improvement	• Claim and market quality data analysis • Feedback-based quality improvement

Daedong Mobility | Daedong Mobility is advancing its quality strategy to strengthen quality competitiveness across all stages of parts, manufacturing, market, and development. It sets core management indicators for each quality area and pursues strategies suited to the characteristics of each stage, including prevention-focused process management, integrated supplier quality management, and preemptive quality assurance at the development stage.

Category	Strategic Direction	Key Implementation Tasks	KPI/Target
Parts Quality	Supplier-based quality stabilization and strengthened preventive management	• Supplier process checks and grade evaluation • Focused improvement of quality-weak suppliers • Build supplier quality performance monitoring system	20% reduction in parts loss man-hours
Manufacturing Quality	Shift to prevention-focused process quality management system	• Expand Process Patrol and In-line Audit • Process compliance checks and preemptive anomaly prevention • Rework Loss reduction activities	Establish Audit-based process quality management system
Market Quality	Advance customer-claim-based quality improvement system	• Claim data analysis and key issue management • Root-cause analysis and improvement of recurring defects • Operate market quality monitoring system	Claim rate 0.41% or lower
Development Quality	Preemptive quality assurance at development stage	• Q-GATE operation and stronger quality standards • PPAP approval process management • Front Loading-based advance quality verification	Q-GATE 98 points PPAP (Production Part Approval Process) approval rate 100%
Common	Embed execution capability and management system	• Quality standard and process compliance management • Worker training and stronger quality awareness • Build and operate quality management system	Establish process-compliance-based standard operating system

Daedong Gear | Under the vision "Daedong Gear quality that goes beyond perfection to lead the future," Daedong Gear set its 2025 quality management strategic tasks around three pillars: expanding Non-Captive sales and securing new customers; building a sustainable management environment through cost competitiveness; and strengthening competitiveness by advancing production and quality management. It pursued these in parallel with process improvement and risk management. Daedong Gear reorganized its response system for new customer orders and carried out profitability improvement activities. It strengthened product quality competitiveness by building a standard model line for automotive parts quality management and by improving agricultural machinery quality. It also refined its priority supplier management and industry-specific evaluation systems, and continued to embed Q-GATE and QMS operation and internal quality management procedures, raising the overall level of the quality management system. Based on these 2025 results, Daedong Gear plans to systematically advance quality competitiveness and customer response across all business areas, reflecting a quality assurance strategy that meets domestic and overseas market and customer needs across automotive, agricultural machinery, and new businesses.

Daedong Gear Quality Division Business Plan

Secure automotive parts quality competitiveness
- Systematic management of gear precision
- Strengthen traceability management of sub-assemblies
- Strengthen mass-production process management

Supplier Quality Level-up
- Full-inspection system for customer assemblies
- Strengthen theme-based quality-awareness training
- Strengthen comprehensive guidance and improvement work

Agricultural Machinery/Mobility Quality Level-up
- Optimize initial quality defect detection
- Continuously improve customer claims
- Strengthen basic quality assurance

Advancement of Quality Management System
- Optimize Q-GATE assessment
- Establish the QMS system
- Standardize pre-order evaluation work

Secure automotive parts quality competitiveness | Supplier Quality Level-up
daedong
Agricultural Machinery/Mobility Quality Level-up | Advancement of Quality Management System

Daedong Gear is also pursuing a mid- to long-term quality strategy to secure sustainable competitiveness in global markets. To respond to global customers' stronger quality requirements and the "Zero Defect" approach, it established quality targets for three areas: common, agricultural machinery, and automotive. It plans to lower overall parts quality issues and quality failure costs to roughly half in stages, and to manage agricultural machinery and automotive parts toward near "Zero Defect" levels. To achieve this, Daedong Gear plans to build a self-reliant quality management system by operating a global-standard quality management system and strengthening supplier capabilities, and to advance in stages the training of quality specialists, improved process defect detection, prevention-focused quality checks, and an established advanced verification system. Building on these strategic efforts, Daedong Gear will advance its quality capabilities to secure global-level quality competitiveness.

03 Quality Management

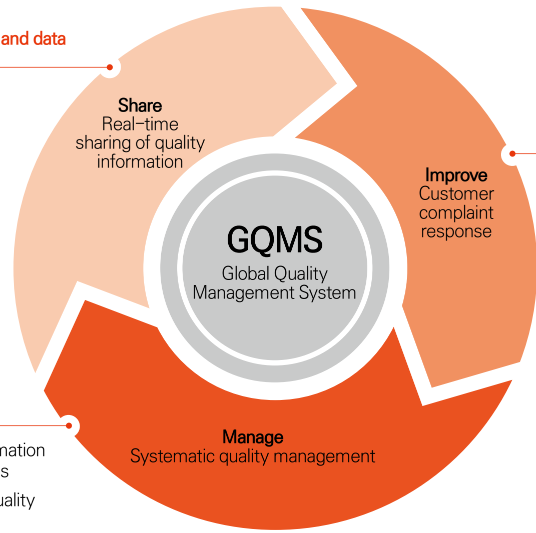
Strategy

Quality Management Strategy

Daedong Gear Global Quality System Strategy

Real-time sharing across all quality areas and data

- Scope: improvement measures, 4M (Man, Machine, Material, Method) changes, customer complaints, etc.
- Content: management of notification/recognition/completion timing, Alert management



Systematizing customer complaint response to increase customer satisfaction

- Link customer complaints, SAMPLE response, and improvement and corrective action
- Integrated management from claim compensation processing to detail analysis

Integrated management of quality information scattered across existing legacy systems

- Integrated management of quality information scattered across existing legacy systems
- Real-time integrated management of quality history and change history

Daedong Metals | Daedong Metals is pursuing a mid- to long-term quality assurance strategy through advancement of its Quality Management System (QMS) and stronger basic quality capabilities, targeting a defect rate of 8.0% or lower in 2026 and entry into the Global Top Tier level by 2030. In 2026, it will minimize escaped defects by securing basic quality (minimizing pouring variation, core quality issues, and process variation) and building a pre-inspection process. In 2027, it will improve the finishing inspection process and inspection area environment. In 2028 to 2029, it will advance its equipment base by introducing the latest molding and pouring machines, applying sand 3D printers, and building a vision inspection system. After 2030, it plans to continue strengthening quality competitiveness toward becoming a global top foundry, based on advanced vision inspection and zero escaped defects.

Daedong Metals Mid- to Long-Term Quality Assurance Strategy

	2026-2027	2028-2029	After 2030
Quality assurance	1 Process improvement to secure basic quality 2 Advancement of the worst-quality assurance season 3	5 Review and implement equipment investment to secure quality 6 Minimize human error	9 Achieve Global Top Tier quality level
Recovery of customer trust	3 Build a pre-inspection process to minimize escaped defects 4 Improve export product inspection processes and advance standards	7 Build the final inspection area and secure personnel 8 Introduce vision inspection	10 Advance vision inspection and achieve zero escaped defects

Quality Management Strategy

Quality Management System Operation

Daedong | Daedong obtained ISO 9001:2015 certification, the international quality management system standard, demonstrating that its quality management system meets international standards in the smart agricultural machinery and smart mobility fields.

Daedong Mobility | Daedong Mobility obtained ISO 9001:2015 certification, the international quality management system standard, and operates a quality management system that meets international standards at its head office and plants (A-Fac. and S-Fac.). The head office and plants set the main product groups produced at each site as the certification scope and apply systematic quality management across the entire design, development, and production process. It also secured CoP (Conformity of Production) certification for vehicles and parts exported to Europe and KC parts safety certification for elevator parts, gaining recognition for its overseas market response and product safety.

Daedong Gear | Daedong Gear obtained both ISO 9001:2015, the international quality management system standard, and IATF 16949:2016, the international automotive industry quality management system standard, operating a quality management system that meets international standards across agricultural machinery and vehicle assembly and gear and shaft manufacturing.

Daedong Metals | Daedong Metals obtained both ISO 9001:2015, the international quality management system standard, and IATF 16949:2016, the international automotive industry quality management system standard, operating a quality management system that meets international standards across all casting product manufacturing.

Daedong Group Quality Management Certifications

Category	Certification Standard	Certified Site	Certification Validity Period
Daedong	ISO 9001:2015	Head Office, Changnyeong and Daegu R&D Centers, Seoul Office, regional headquarters	2024.11.12 ~ 2026.11.30
Daedong Mobility	ISO 9001:2015	S-Factory, A-Factory	2025.02.28 ~ 2028.01.27
Daedong Gear	ISO 9001:2015	Head Office and Plant[1]	2021.07.01 ~ 2027.06.30
	IATF 16949:2016	Head Office and Plant[1]	2024.03.11 ~ 2027.03.10
Daedong Metals	ISO 9001:2015	Head Office and Plant[2]	2020.11.27 ~ 2026.10.26
	IATF 16949:2016	Head Office and Plant[2]	2023.10.27 ~ 2026.10.26

1) 42 Gongdan 1-ro, Sanam-myeon, Sacheon-si, Gyeongsangnam-do
2) 602 Nongong-ro, Nongong-eup, Dalseong-gun, Daegu

03 Quality Management

Strategy

Product Quality Improvement Activities

Stage-by-Stage Finished Product Inspection System

Daedong | Daedong operates a stage-by-stage inspection system for finished products, covering self-inspection, assembly process AUDIT, final inspection, performance inspection, and initial quality performance testing. Self-inspection applies full inspection based on a self-check sheet, and inspectors attach a sticker to each inspected unit to distinguish it from uninspected units. The Product Assurance Team conducts assembly process AUDIT first on first-run products in mass production, new models, and seasonal first-run products, performing inspections by process against S- and A-grade items on the quality characteristics sheet, revision histories, and major quality issues. Inspection results are reported to the approver once a month, and improvement actions are requested from the relevant departments. Performance inspection samples at least one unit per 50 mass-produced units and evaluates quality based on defect scores derived from defect ratings. When a critical defect occurs, production is halted and an emergency improvement plan is established; major defects are shipped only after correction is complete, as a matter of principle. In addition, products certified for Europe and North America undergo a reliability inspection once a year by type approval number, and inspection quantities follow each country's certification standards (EU Commission Delegated Regulation, U.S. EPA, and others). Product-related regulations are reviewed quarterly and shared with the relevant departments.

Daedong Product Quality Verification Process

Production Self-Inspection	Assembly Process AUDIT	Final Inspection	Performance Inspection	Initial Quality Performance Testing
Before requesting final inspection, the relevant production team inspects the finished product on its own, based on the "self-check sheet."	To stabilize the assembly process, checks whether mass-produced and new products comply with the standards on the quality characteristics sheet for each assembly process, and whether identified problems have been improved.	Performs a final inspection of assembly, appearance, operability, and other aspects of finished products that have passed production self-inspection, and determines whether they can be shipped.	Samples finished products that have passed final inspection and verifies whether their performance, appearance, and other aspects meet the levels required by product specifications, the quality characteristics sheet, and similar standards.	To verify the quality of developed products, conducts field reproduction testing that matches customer usage conditions during the new product development stage.

Company-wide Quality Improvement Activities

Daedong Mobility | Based on improvement tasks derived from the previous year's management review, Daedong Mobility established its 2025 quality assurance plan and carried out systematic improvement activities across all quality areas: development, parts, product, and market. Led by its dedicated quality planning organization, it reorganized the design and development process and the quality gate system, applying consistent quality standards to all development projects. It also improved supplier quality management through Level-up activities for key managed suppliers, expansion of the parts approval process, and upgrades to measurement infrastructure. In addition, it reorganized the quality management system and quality standard framework to secure management effectiveness at the point of application, and upgraded the quality indicator system to intensively improve major issues, thereby strengthening the quality verification system that runs from the development stage through to the market.

Nonconformity Corrective and Preventive Management System Operation

Daedong Metals | Daedong Metals operates a QA Team-led corrective and preventive action process to identify the root causes of product and system nonconformities and customer complaints and prevent recurrence. The process covers quality and HSE system nonconformities and all customer complaints. Corrective actions are classified into Grades A through D based on severity. Grade A applies to identical defects across an entire production line or defects involving critical characteristics, while Grade B applies to defects affecting at least 30% of a work lot or 50% of production volume, as well as major customer complaints. The QA Team leader determines the severity of other cases. Preventive actions address potential risks by identifying abnormal trends through statistical process control, extending improvements to similar processes and parts, and implementing follow-up measures after system audits and reliability tests. The implementation rate of corrective and preventive actions is monitored as a performance indicator, and effectiveness is reviewed periodically.

Daedong Gear | Daedong Gear operates a corrective and preventive management system covering the entire nonconforming product management process. It regularly assesses process risks and applies controls at each stage. During inspection and claim handling, nonconforming products are identified and isolated to prevent their entry into subsequent processes or misuse. When nonconformities occur, the company identifies the responsible party and loss amount, conducts root cause analysis, and issues corrective actions. For customer claims, improvement measures are communicated to the customer and evaluated after one month. Effectiveness may be reassessed up to three times if the issue persists, with results reflected in the FMEA and control plan. Daedong Gear also evaluates supplier quality semiannually and applies differentiated compensation measures to encourage voluntary improvement and reduce nonconformities.

Employee Quality Capability Enhancement Program

Daedong Mobility | Daedong Mobility operates the "Quality Master Training Plan," a program to improve employees' technical and functional skills, and links it to training courses aimed at improving parts quality. It provides ISO 9001 training to quality-related departments to develop internal certification auditors, and strengthens both the pre-emptive product quality planning process capability and on-site quality management through APQP&FMEA training and first-pass yield management training for Quality Division managers and technical staff.

Daedong Metals | To reduce defect costs and encourage employees' voluntary quality improvement activities, Daedong Metals introduced the "Q-Cast Incentive" program in 2025. Under this program, WORST products with high defect rates are selected as improvement tasks, and incentives are paid to participating employees based on the results. The results of each field's tasks are reported at the monthly quality meeting, and incentives are paid following a quarterly evaluation, drawing engineers into active participation in improvement activities. Alongside this, Daedong Metals operates a "Product Quality Improvement Idea Reward Program," which evaluates teamwork and accountability, idea proposal and execution capability, technology acquisition and application capability, and contribution to quality improvement, both quantitatively and qualitatively, across four areas: team member participation, team member competency, engineering skill improvement, and quantitative results. Through this, Daedong Metals is embedding a voluntary improvement culture across the organization.

03 Quality Management

Strategy

Service Quality Improvement Activities

End-to-End Service Quality Management System

Daedong | Daedong operates a customer-centered service quality management system across the entire process from product delivery to after-sales service. At product delivery, it educates customers through the "End-User Education Confirmation Form" on product operation and inspection procedures, safety precautions, quality warranty matters, and the use and disposal of agricultural machinery related to environmental conservation. It operates a 50-hour free inspection service, providing free replacement of required parts and inspections upon customer request. When claims arise, it secures and operates QS (Quick Service) agricultural machinery to build a rapid response system that supports customers' timely farming and machinery use. QS agricultural machinery consists of base units, exteriors, engines, transmissions, and implements, and is supplied in advance to each Biz division to enable immediate claim response. Service personnel training regularly provides technical training and customer response training to service personnel at the head office, Biz divisions, and dealerships to improve service capabilities. In addition, at the new-product development stage, the Service Business Team operates a pre-service quality assurance system that reviews customer complaints, requirements, and serviceability and requests their reflection in design.

Customer Feedback-Based Product and Service Improvement System

Daedong Mobility | Daedong Mobility conducts an annual Voice of Customer (VOC) survey to objectively assess customer satisfaction, improve and supplement problems, and derive development direction by reflecting market needs for products planned for new development, systematically gathering the voice of the customer. The development team, Quality Division, and domestic sales team jointly visit dealerships nationwide, combining interviews and surveys, and gather quantitative evaluations and qualitative opinions across four areas: delivery, quality, technology, and price, from dealerships and customers. Gathered results are managed through a process in which the relevant departments hold a first consultation to confirm whether improvement will proceed and the responsible department, then a second consultation to establish improvement measures and schedules, followed by staged reporting to the relevant division heads. This reflects customer requirements in improvement tasks across quality, delivery, technology, and price, continuously raising customer satisfaction.

2025 Daedong Mobility Customer Satisfaction Survey Results

Category	Based on surveys of 35 dealerships and customers			
	Delivery	Quality	Technology	Price
Dissatisfied	8.60%	2.80%	1.00%	31.40%
Satisfied	28.60%	35.20%	47.60%	31.60%
Very Satisfied	62.80%	62.00%	51.40%	37.00%

Daedong Metals | Daedong Metals operates a systematic customer information management system to maximize customer satisfaction and raise quality and service levels. With the Strategic Sales Team as the responsible department, it standardizes and manages procedures for advance satisfaction surveys, complaint receipt, and corrective action. It conducts a customer satisfaction survey once a year under IATF 16949 requirements for all business partners except exporters and short-term partners. The survey consists of five areas, including satisfaction with quality, development, sales, and delivery, plus general items, and each item is evaluated on a five-level scale (A to E) and calculated quantitatively. Items that fall below the target score or below the area average undergo in-depth analysis to select strategic areas for innovation by customer (SAI), and improvement tools are used to drive continuous improvement. Evaluation results are reflected in management review meetings and the next business plan to raise the effectiveness of customer satisfaction management. In 2025, it distributed the survey form to purchasing managers at its top eight customers by sales share (about 89% of sales) and conducted a comprehensive evaluation of overall service, including quality, development, sales, and delivery, with an overall satisfaction score of 4.1. Based on this, it established cause analysis and improvement measures by customer, focusing on companies with declining satisfaction and items below the standard, and continues activities to stabilize material quality, strengthen supplier collaboration, and improve dissatisfaction factors by company and item, with preventing defect escape as its top priority.

2025 Daedong Metals Customer Satisfaction Survey Results

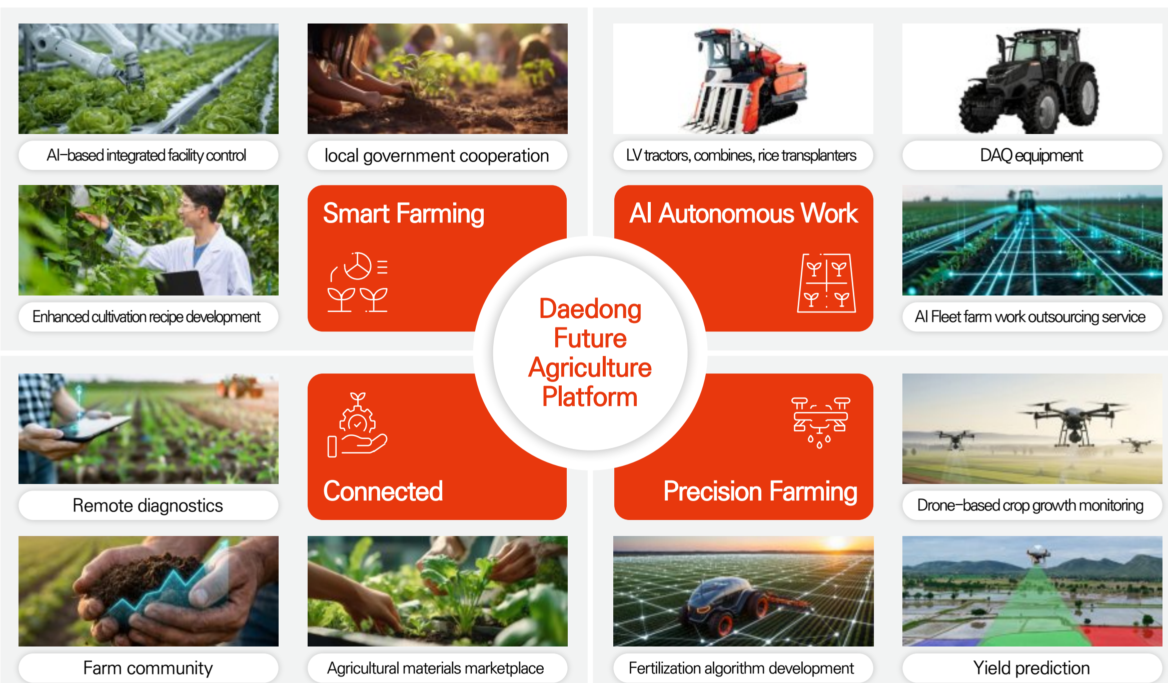
Quality Satisfaction	Development Satisfaction	Sales Satisfaction	Delivery Satisfaction	Overall
3.6	4.3	4.2	4.4	4.1

03 Quality Management

Daedong | AI-Based Agricultural Information Service – Daedong Connect Platform

Daedong launched Daedong Connect, a precision agriculture digital platform, in 2021 to support the shift to data-based farming. It is evolving into a comprehensive solution platform that links agricultural machinery management, work data, agricultural information, distribution, and community functions to digitally support the entire farming lifecycle, from farming preparation to harvest and sales. Based on telematics technology, the platform provides real-time status monitoring, remote control, and diagnostic services for agricultural machinery such as tractors, rice transplanters, and combines, and raises the operational stability of the machinery through work history management and emergency response functions. It also improves information accessibility and farming decision-making by integrating customized agricultural content, subsidy information, agricultural product price trends, and weather information that reflect farm location, crops grown, and regional characteristics.

The platform also improves machinery maintenance efficiency through remote diagnostics and preventive inspection functions, and raises operational convenience by linking parts and consumables purchases within the platform. It supports information sharing through the agricultural community and plans to expand into a marketplace linking agricultural materials and product transactions and into a data- and AI-based farm work outsourcing service.



In 2024, Daedong became the first in the industry to embed AI Daedong-i, an AI-based agricultural information service, in the Daedong Connect app, supporting farmers' digital transformation. AI Daedong-i is an agriculture-specialized conversational AI assistant based on OpenAI's GPT-4 Turbo. It responds to user questions within 10 seconds and provides needed information quickly and accurately based on vast agricultural data. Any Daedong Connect app subscriber can use it for free, so both general and urban farmers can easily access customized agricultural information. Daedong plans to advance the service beyond agricultural information to machinery repair and inspection, agricultural technology, and agri-industry information.

AI Daedong-i Key Service Areas

Service Area	Key Content
From crop cultivation to sales	• Provides information across the entire farming process, including crop characteristics, cultivation, harvest, management, and sales methods • Guides stage-by-stage customized information such as soil preparation, sowing timing, irrigation methods, pest management, and harvest timing, contributing to farming efficiency
Agricultural terms	• Clearly explains technical terms that are frequently used in the field but may be unfamiliar to the general public, such as sowing and fertilization
Checking the benefits and effects of specific crops	• Systematically explains the main nutrients and health benefits contained in specific crops • Provides practical information such as proper intake methods and cooking applications
Agricultural machinery repair and maintenance methods	• When machinery problems occur, guides stage-by-stage repair methods for self-maintenance items such as hydraulic system checks, oil changes, and pump condition checks
Pet plant care methods	• Provides systematic plant care methods by type of pet plant, including watering, maintaining proper temperature and humidity, and seasonal environment management

Daedong-i

Residence | Daedong Connect app
Birthplace | OpenAI's GPT-4 Turbo
Response time | within 10 seconds
Likes | all agriculture-related questions
Good at | quickly finding vast agricultural information and summarizing and providing useful information to help with what users want to know

03 Quality Management

Risk Management

Quality Risk Management Process

Daedong | To identify and block product quality risks in advance, Daedong operates a nonconformity and corrective action management system through DQMS. When a nonconformity occurs, it carries out root cause analysis and corrective actions stage by stage under the 8D (8 Disciplines) process, and monitors the progress of corrective actions in real time. For change management (4M changes), when a major change occurs in Machine, Material, Method, or Man, it performs advance quality assurance procedures through a 4M reporting and approval system, and manages initial product approval (PPAP) documents electronically at each stage.

Daedong Quality Risk Management Process

Stage	Content	Management Tool
Risk Identification	Identifies risks when a nonconformity occurs, a 4M change is made, a customer VOC is received, or a field claim arises	DQMS nonconformity DB, VOC management system
Risk Evaluation	Classifies defect grades based on defect-rating criteria and determines whether a critical defect exists	Performance inspection defect-rating evaluation criteria
Risk Response	Applies differentiated measures according to defect grade, such as halting production, shipping after correction, or reviewing improvements, and proceeds with 8D corrective action	Product inspection standards, 8D process
Monitoring	Analyzes and reports monthly DIQS trends, monitors corrective action progress in real time, and conducts quarterly product regulation surveys	DQMS real-time monitoring, quarterly reporting

Daedong Mobility | To identify management risks in advance and minimize their impact, Daedong Mobility operates a company-wide risk management system led by the Management Planning Team. This system applies across major management activities, including strategy development, decision-making, operations, and the management of products, services, and assets, and runs as a closed-loop structure that connects risk identification through to response and improvement. Risk evaluation is performed based on likelihood of occurrence and level of impact, and major risks are derived by reflecting changes in the internal and external environment and stakeholder demands. Identified risks are linked to strategic direction and performance indicators to set response tasks, and are managed on a differentiated basis according to importance. Each department identifies, analyzes, and responds to the risks under its jurisdiction, and the Management Planning Team integrates, manages, and verifies these to establish the company-wide response direction. Major risks and response results undergo management review and approval, followed by implementation checks and reassessment. Through regular annual evaluation and ad hoc evaluation as needed, Daedong Mobility continuously upgrades its risk management system.

Daedong Mobility Quality Risk Management Process

Advance Information Distribution	Risk Analysis	Strategy Development	Approval and Action
Delivers baseline evaluation data, such as internal and external audit results, customer complaints, management review items, and major risks, to the relevant departments.	Identifies and evaluates risks and opportunities for each process through SWOT analysis.	Establishes plans to improve and reduce threats and weaknesses by linking them to strategic direction and KPIs.	Reviews and approves the analysis results, and re-approves after issuing revision instructions when necessary.
Management Planning Team	Each Team / Department Head	Each Team / Management Planning Team	Management

Daedong Gear | Led by its Quality Planning Team, Daedong Gear operates a risk management process aligned with ISO 9001 and IATF 16949. The company systematically identifies, assesses, and manages risks arising from internal and external factors and stakeholder requirements. To ensure consistent and objective assessments, risks are quantitatively evaluated based on severity and occurrence and classified for improvement, review, or maintenance according to their significance. Severity considers potential impacts on business operations, including compliance with international standards, customer requirements, and applicable laws. Risk assessments are conducted annually and reassessed when business conditions change or new processes are introduced. Daedong Gear manages the entire process, from risk identification and improvement to effectiveness verification, under the PDCA cycle, strengthening the stability of its quality management system and responsiveness to customer requirements.

Daedong Gear Risk Factor Management Items

Category	Factor Category	Item	Example Evaluation Item
Severity	Requirements	Standards	International standards such as ISO 9001, IATF 16949, ISO 14001, ISO 45001
		Customer (CSR)	Documented customer-specific requirements (e.g., CSRs of IATF OEMs)
		Laws•Regulations	Legal and regulatory requirements
Occur-rence	Stakeholder Needs and Expectations	Customer	Audit check sheets such as Customer MQRS, MSQ, SQ, PQ, and PSA; needs or expectations required by customers
		Stakeholders	Needs or expectations of parties other than customers, such as suppliers, management, and certification bodies
	Issues Based on the Organization's Context	Internal	The organization's internal context or issues, and internal audit results
		External	External context or issues affecting the organization

Daedong Metals | Daedong Metals operates a quality management system based on IATF 16949:2016 and continuously improves its effectiveness through management reviews and data analysis. Management review meetings and regular quality meetings monitor operating status, while system, manufacturing process, and product audits are conducted at least twice a year to verify conformity and effectiveness. Identified nonconformities are addressed under standardized procedures covering nonconforming product control, rework, customer notification, and special acceptance. Measurement reliability is maintained through the calibration and verification of monitoring and measuring equipment and measurement system analysis (MSA). The product safety management process covers legal and regulatory requirements, special approval of process FMEAs and control plans, and lot traceability across the supply chain. Corrective and preventive actions and error-proofing techniques are also applied to prevent recurrence and potential nonconformities, supporting the stable operation and continuous improvement of the quality management system.

Quality Management Process

Quality Management System and Responsibilities	Quality Management Resources	Product and Service Quality	Measurement, Analysis, and Improvement
Quality manual and system management / Quality cost analysis / Organization and assignment of responsibilities and authorities	Human resources training / Infrastructure and work environment management / Information and IT resource operation	Sales management / New product development management (APQP) / Measuring equipment management / Purchasing and supplier management / Production and process management	System, process, and product audits / Measurement, testing, and inspection / Laboratory operation / Nonconformity management / Corrective and preventive actions

03 Quality Management

Metrics and Targets

Quality Management Metrics

Daedong Group sets, compiles, and manages key indicators to manage quality-related risks by affiliate. These indicators are calculated based on key data generated during production and quality operations and are used as core management indicators for reviewing quality levels by site, deriving improvement tasks, and supporting management decision-making.

Daedong Group Key Quality Management Indicators

Category	Indicator	Unit	2023	2024	2025
Daedong	Number of sites subject to QMS certification	Sites	7	7	7
	Number of QMS-certified sites	Sites	7	7	7
	QMS-certified site rate	%	100	100	100
	Number of product recalls[1]	Cases	0	0	0
Daedong Mobility	Number of sites subject to QMS certification	Sites	2	2	2
	Number of QMS-certified sites	Sites	2	2	2
	QMS-certified site rate	%	100	100	100
	Number of product recalls[1]	Cases	0	0	0
Daedong Gear	Number of sites subject to QMS certification	Sites	1	1	1
	Number of QMS-certified sites	Sites	1	1	1
	QMS-certified site rate	%	100	100	100
	Number of product recalls	Cases	0	0	0
Daedong Metals	Number of sites subject to QMS certification	Sites	1	1	1
	Number of QMS-certified sites	Sites	1	1	1
	QMS-certified site rate	%	100	100	100
	Number of product recalls	Cases	0	0	0

1) Number of domestic recalls

Quality Management Targets

Daedong Group systematically manages and continuously improves group-wide quality levels to provide products and services that customers trust. To this end, Daedong, Daedong Mobility, and Daedong Gear set maintaining a 100% Quality Management System (QMS) certification rate from 2026 to 2030 as their short-, medium-, and long-term target. This means all sites in the group stably operate quality management systems that meet international standards, and they will continue to maintain this level. Daedong Metals is pursuing a phased reduction in defect rate to advance manufacturing process quality. It targets lowering the defect rate from 8.0% in 2026 to 7.0% in 2028 and 5.8% in 2030, and plans to raise product reliability through process improvement and stronger quality inspection.

Daedong Group Mid- to Long-Term Quality Management Targets

(Unit: %)

Category	Indicator	Short-Term (2026)	Medium-Term (2027-2028)	Long-Term (2029-2030)
Daedong	QMS certification rate	100	100	100
Daedong Mobility	QMS certification rate	100	100	100
Daedong Gear	QMS certification rate	100	100	100
Daedong Metals	Defect rate	8.0	7.0 (2028)	5.8 (2030)

ESG PERFORMANCE

Environmental

Environmental Management

Environmental Management System

Environmental Management Organization Structure

Daedong | Daedong operates an environmental governance structure headed by the Board of Directors. The Board makes final decisions on key matters, including environmental facility investments, while the ESG Committee oversees environmental strategies, plans, and implementation performance. Under its supervision, the Chief Safety & Environment Management Officer (CSO) leads overall environmental management and strategic decision-making. The Environmental Safety Team serves as the main implementing body, managing air, water, chemicals, environmental training, and environmental management systems. It coordinates with site-level environmental managers and oversees company-wide activities from strategy development to implementation and monitoring. Key environmental matters deliberated and resolved by the Board during the reporting period are presented below.

Date	Type	Reporting Body	Agenda	Resolution
April 11, 2025	Special	Board of Directors	Approval of the 2025 Safety, Health, and Environment Plan	Approved

Daedong Environmental Safety Team Roles

Role Category	Key Tasks
Environmental change response	• Environmental compliance • Annual planning and implementation • Environmental management administration
Air, water, and chemical substance management	• Water use and wastewater discharge management • Greenhouse gas emission management • Pollutant measurement and management • Chemical substance safety management

Role Category	Key Tasks
Environmental training	• Annual training planning • In-house environmental training • Environmental accident prevention drills
Building environment-related systems	• Environmental management system operation (ISO 14001) • Environmental impact assessment • Environmental improvement measure planning

Daedong Mobility | Daedong Mobility operates an environmental management system led by the CEO, with the Management Director overseeing environment and safety and the Environmental Safety Team under the Management Strategy Office handling implementation. The Management Director establishes policies, sets management direction, and decides key environmental matters. The Environmental Safety Team manages regulatory compliance, annual plans, permits, water and wastewater, greenhouse gases, pollutants, chemicals, environmental training and drills, ISO 14001, and environmental impact assessments.

Daedong Gear | Daedong Gear operates a three-tier environmental governance structure comprising the Board, management, and implementing departments. The Board approves key matters, including environmental facility investments, and oversees overall performance. The CEO convenes the Environmental Management Council to review the management system, monitor targets, risks, and performance, and deliberate on investments based on environmental impacts. At the operational level, the Production Division manages environmental operations and facilities, while the Management Administration Division serves as the environmental management representative and its Environmental Safety Team coordinates overall activities.

Daedong Metals | Daedong Metals manages environmental matters under the CEO, with the Head of the Production Division serving as environmental management manager. The Board approves key issues, including climate change response, carbon reduction, and environmental investments. The CEO-led Environmental Management Council reviews system operations, targets, risks, performance, and investment decisions. The Environmental Safety Team manages systems, targets, risks, disclosure, and compliance, while the Production Team oversees site operations and the Facility Team manages environmental equipment, energy, and utilities.

Environmental Performance KPI Linked to Compensation

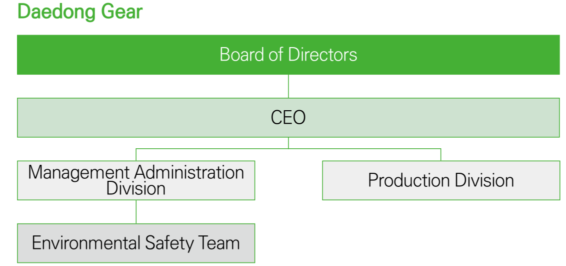
Daedong Group has set the expansion of ISO environmental management system certification and zero environmental regulatory violations as key targets. Environmental management organizations are evaluated based on environmental information disclosure and regulatory compliance. The Group also recognizes employees who actively participate in eco-friendly campaigns or propose outstanding ideas to encourage voluntary engagement in environmental management.

Daedong Group Environmental Management Governance

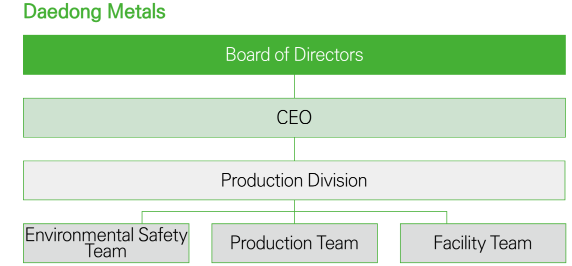
Daedong

Daedong Mobility

Daedong Gear



Daedong Metals



Environmental Management

Environmental Management System

Environmental Management Policy

Daedong | Based on its Environmental Management Policy, Daedong manages the environmental impacts arising across its business operations. The policy incorporates targets for key areas such as greenhouse gas emissions, energy use, and pollutant management. These targets are set based on relevant laws and international standards, and their implementation status is checked and managed in connection with worksite-level action plans.

Daedong Environmental Management Policy

Daedong Environmental Management Targets by Key Area

Area	Target
Environmental management system	• Expand the scope of ISO environmental management system certification
Environmental laws	• Zero environmental law violations
Greenhouse gas	• Reduce Scope 1+2 greenhouse gas emissions by 100% by 2050
Renewable energy	• 100% renewable energy use ratio by 2050
Water	• Reduce water intake and consumption • Expand reuse and recycling ratio
Waste	• Reduce waste generation • Expand recycling rate

Daedong Mobility | To secure the effectiveness of environmental management, Daedong Mobility has established and operates an Environmental Management Policy. The policy was prepared based on the ISO 14001 environmental management system and domestic and international laws and international conventions, and serves as a standard for assessing environmental impacts and applying reduction measures across the entire process, including product design, raw material selection, process operation, and logistics. With legal compliance as a basic principle, Daedong Mobility promotes reducing greenhouse gas emissions, improving energy efficiency, transitioning to renewable energy, innovating processes, and transitioning to a circular economy. It shares environmental standards with suppliers across the supply chain and discloses environmental performance and implementation status.

Daedong Gear | For systematic implementation of environmental management and continuous improvement, Daedong Gear has enacted and operates an Environmental Management Policy. The policy was prepared based on the ISO 14001 environmental management system and domestic and international environmental laws and international conventions, and serves as a standard for identifying and reducing environmental impacts across the entire process, from parts design, development, and production to sales and services. The policy covers key environmental areas such as climate change response, resource circulation, biodiversity conservation, local pollution reduction, and hazardous chemical management, and applies to domestic and international worksites, employees, and joint ventures. It also asks stakeholders such as suppliers, customers, and local communities to join in the intent of the policy, and reviews regulatory trends, environmental performance, and stakeholder requirements at least once a year, revising the policy when necessary.

Daedong Gear Environmental Management Policy

Daedong Metals | To secure the effectiveness of environmental management, Daedong Metals has established and operates an Environmental Management Policy. The policy was enacted based on the ISO 14001 environmental management system, reflecting domestic and international environmental laws and international conventions, and serves as a standard for identifying and managing environmental impacts that may arise across business operations, from raw material procurement to product sales and services. Through this, Daedong Metals contributes to the 1.5°C target under the Paris Agreement and the achievement of national greenhouse gas reduction targets, and promotes the activation of the circular economy and the recovery and expansion of natural ecosystems. The policy applies to all of Daedong Metals' domestic and international worksites, employees, and joint ventures, and it also encourages stakeholders such as customers, suppliers, and local communities to comply and participate in joint environmental protection activities. In addition, it is reviewed regularly at least once a year based on domestic and international laws, international standards, the previous year's implementation results, and environmental performance, and is revised with the approval of the final decision-maker.

Daedong Metals Environmental Policy

Environmental Management Framework

Operation of Environmental Management System

Daedong | Daedong has product competitiveness that meets global environmental regulatory standards. The U.S. Environmental Protection Agency (EPA) and the California Air Resources Board (CARB) apply the U.S. Tier 4 standard, the world's highest-level emissions regulation for non-road engines. Daedong's engines passed the stringent emissions certification review under U.S. (EPA/CARB) standards and obtained EPA and CARB certification.

Daedong Group Environmental Management System Certificate

Daedong Group Environmental Management System Third-Party Certification Status

Company	Certified Worksite	Certification Standard	Validity Period
Daedong	Daegu Campus	ISO 14001:2015	2023.12.07~2026.11.30
Daedong Mobility	S-Factory, A-Factory	ISO 14001:2015	2023.10.30~2026.10.29
Daedong Gear	Headquarters and Plant[1]	ISO 14001:2015	2024.02.13~2027.02.12
Daedong Metals	Headquarters and Plant[2]	ISO 14001:2015	2024.10.22~2027.10.06

1) 42, Gongdan 1-ro, Sanam-myeon, Sacheon-si, Gyeongsangnam-do
2) 602, Nongong-ro, Nongong-eup, Dalseong-gun, Daegu

Environmental Management

Environmental Management Activities

Site Environmental Impact Management

Environmental Risk and Opportunity Management Process

Daedong | Daedong reviews risks and opportunities once a year centered on organizations subject to its environmental management policy. It conducts climate change risk assessment and environmental impact assessment across all sites to identify key environmental issues and impacts, and transparently discloses material matters to stakeholders. When necessary, it performs assessments in cooperation with third-party experts after obtaining approval from the final decision-maker. It also builds a response system to prevent and mitigate potential and actual environmental risks and continuously monitors to prevent these risks from occurring.

Daedong Environmental Risk and Opportunity Management Procedure

01 Advance preparation, including selection of assessment targets

02 Identify environmental impacts and risks arising in business planning and execution

03 Estimate environmental impacts and risks for each identified hazard and risk factor

04 Determine whether the estimated environmental impacts and risks are acceptable

05 Establish and implement measures to reduce environmental impacts and risks

06 Record the details and results of the environmental impact assessment

Daedong systematically identifies key environmental issues from short-, medium-, and long-term perspectives and derives the risks and opportunities that may arise for each issue. It calculated potential financial impacts by comprehensively considering response costs, operating costs, and regulatory response costs linked to environmental impacts, and established specific response strategies on this basis.

Environmental Risk and Opportunity Identification Results

Type	Environmental Issue	Risks and Opportunities	Potential Financial Impact	Response Strategy
Short-term	Possibility of on-site environmental accidents	• Risk: concern over oil leaks during assembly and product movement, fuel spills during maintenance, and waste tip-over accidents such as waste paint during forklift movement • Opportunity: innovation of logistics and equipment operation systems	About KRW 30 million per year in operating costs for emergency response materials such as oil absorbents and containment kits About KRW 3 million per year allocated for environmental liability insurance	• Establish advance inspections by process and standard procedures for fuel handling • Conduct environmental accident response training for workers once a year • Keep emergency response kits near equipment at all times
Short-term	Wastewater and sewage management issues	• Risk: concern over discharge of water pollutants and environmental agency citations due to aged wastewater pipes and water treatment control system problems • Opportunity: stabilize wastewater treatment plant operation and raise water management reliability by advancing the control system	About KRW 400 million increase in wastewater and waste treatment service costs About KRW 40 million in control system advancement costs	• Inspect and replace aged wastewater and stormwater pipes • Advance monitoring facilities such as wastewater treatment facility PLC, software, and sensors
Short-term	Air pollutant and fugitive dust emissions	• Risk: hazardous substances and dust generated during welding and painting processes • Opportunity: lay the groundwork for eco-friendly certification by building high-efficiency dust collection equipment	About KRW 500 million for new prevention facility construction (RTO basis) Possible community response costs if complaints arise	• Regularize air emission monitoring (at least once a quarter) • Establish management standards for areas with heavy fugitive dust generation • Assess equipment aging and pursue phased replacement
Medium-term	Waste discharge and management	• Risk: poor treatment of industrial waste such as metalworking and painting sludge • Opportunity: secure responsiveness to ESG evaluation by improving the resource circulation rate	Up to KRW 70 million in fines for legal violations About KRW 100 million per year for dedicated storage installation and operation	• Check the legal requirements of consigned treatment companies in advance • Build a system to sort and separate recyclable materials for discharge • Paint waste storage containers to ensure visibility
Long-term	Production disruption due to natural disasters	• Risk: plant flooding, logistics delays, material supply disruption • Opportunity: secure business continuity by strengthening the disaster response system	About KRW 100 million per year in insurance premiums Up to hundreds of millions of KRW in average daily loss during production stoppage	• Build natural disaster response scenarios and checklists • Operate an advance weather information monitoring system • Maintain drainage channels around the plant and secure backup generators

Environmental Management

Environmental Management Activities

Site Environmental Impact Management

Environmental Impact Assessment

Daedong | Daedong manages risk assessment systematically by classifying targets into internal and external environmental issues, key stakeholders, and environment-related tasks to comply with, to respond proactively to tightening ESG management and environmental regulations. Internal issues cover environmental issues related to material use, resource consumption, human resources, and organizational culture; external issues cover guidance and inspections by the competent administrative agency and changes in environmental regulations; and stakeholder issues cover environment-related requirements from customers, suppliers, regulators, and local communities. Each risk item is quantitatively evaluated on a 5-point scale based on three criteria, likelihood, severity, and risk, to derive priorities, and response measures are established as needed to reduce risks.
Environmental impact assessment is, as a rule, conducted regularly once every three years, but additional non-regular assessments are carried out when major change factors arise, such as new equipment introduction or modification, revisions to domestic or international environmental laws, new product development, various construction orders, and emergencies. Assessment results are finalized after CEO approval, and for material environmental impacts, action plans are established and managed within the integrated environmental management system.

Daedong Environmental Impact Assessment Results

Risk				Management Measures	Risk Assessment		
Category	Issue	Risk	Cause		Likelihood	Severity	Risk
Internal	Leaks when outdoor-stored parts are defective or reworked	Oil film on the ground during rain and external outflow because floor leaks are not removed	Lack of awareness of environmental pollution from leaks	Supplier training and warnings and request for cooperation from related departments	1	3	5
External	Guidance inspections by the competent authority (twice a year), detection of legal violations	Detection of legal violations	Difficulty in real-time control of the entire plant	Conduct ad hoc inspections	1	4	5
Stakeholder	Supplier requests for environmental regulation training and guidance	Production and procurement problems for suppliers when subject to environmental regulations	Lack of environmental regulation response capability among small suppliers	Collaborate with the Purchasing Team for suppliers subject to environmental regulations	1	3	4
Compliance task	Violation of Article 15 of the Water Environment Conservation Act	Imprisonment of up to 3 years or a fine of up to KRW 30 million	Outflow of specific water pollutants or designated waste into public waters	Periodic inspection and management	1	3	4

Daedong Mobility | Daedong Mobility predicts and assesses environmental impacts in advance throughout the entire business process, identifies key environmental risks, and establishes appropriate mitigation measures. Through environmental impact assessment, it comprehensively reviews impacts on key environmental items such as air quality, water quality, soil, noise, vibration, ecosystems, landscape, and community living environment, and reflects the assessment results in business plans and operational management measures.
At the business planning stage, it reviews location, design, construction methods, and operating conditions to minimize the possibility of environmental damage, and prepares avoidance, mitigation, and restoration measures as needed. Key management items include pollutant emission management, fugitive dust and noise reduction, water pollution prevention, soil contamination prevention, and ecosystem protection measures.
After business implementation, it continuously monitors changes in key environmental indicators through post-environmental impact surveys. For environmental impacts confirmed by the surveys, it analyzes the causes and implements improvement measures, systematically managing environmental impacts that may arise during operation.

Daedong Gear | Daedong Gear regularly identifies community pollution issues caused by production facilities and other management activities at its site. When problems arise, it establishes and implements mitigation plans in cooperation with the local community. It reviews emergency accident response procedures once a year to check the effectiveness of its response system, securing the capacity to respond quickly and systematically to potential environmental accidents.

Daedong Metals | Daedong Metals identifies environmental aspects arising from activities, products, and services by comprehensively considering direct and indirect aspects; normal, abnormal, and accident operating conditions; past, present, and planned future timeframes; and the full scope of all activities, products, and services. When identifying environmental impacts, it reviews key environmental factors such as air pollutants, water pollutants, waste, and soil contaminants; raw material and natural resource use; human health; and energy. Environmental impact assessment evaluates management methods and frequency of occurrence in terms of likelihood, and severity, duration, and regulatory compliance in terms of consequences, and is performed comprehensively by also reflecting regulatory requirements, corporate image, and management perspectives. Items judged to be material environmental impacts from the assessment are registered and managed in the environmental impact register and reflected in setting the environmental policy, environmental objectives, and detailed environmental objectives. Whether to publicly disclose material environmental impacts is subject to CEO approval.

Environmental Management

Environmental Management Activities

Site Environmental Impact Management

Environmental Regulatory Compliance

Daedong | Daedong established and operates the Regulatory Management Regulations to respond to tightening domestic and international environmental regulations and to strictly comply with environmental laws. Following its environmental law handling process, the Environmental Safety Team reviews the compliance level of related departments quarterly and, based on the results, operates a follow-up management system that includes requests for corrective and preventive action and training.

Daedong Mobility | Daedong Mobility operates a monitoring system for water and air emission and control facilities to ensure environmental compliance. It regularly checks facility operations and measures and records pollutant concentrations under its self-monitoring plan to ensure compliance with emission limits. Key indicators, including control facility status, chemical dosing volume, and treatment efficiency, are recorded in operating logs, with corrective action taken when anomalies are identified. The company also monitors regulatory developments, reports inspection results and recurrence prevention measures to management, and conducts preventive maintenance and operator training.

Daedong Gear | Daedong Gear strengthens its environmental compliance system with the goal of achieving zero environmental accidents and regulatory citations. It identifies and prevents environmental risks through monthly site inspections, company-wide training, and joint inspections with operating units. Equipment and production line changes are reviewed in advance for permitting requirements through pre-operation filings and coordination with the Environmental Safety Team. The company prevents mixed waste disposal by installing designated waste bins by area and applying separate disposal standards. It also strengthens wastewater treatment monitoring by assigning inspection personnel and installing CCTV cameras and water-level gauges.

Daedong Metals | Daedong Metals conducts root cause analysis and corrective and preventive actions for operational nonconformities, environmental incidents and emergencies, regulatory violations, and exceedances of internal standards. The relevant team leader assesses required corrective measures, environmental impact mitigation, recurrence prevention, and potential risk controls. The Environmental Safety Team leader reviews and approves action plans and verifies their implementation and effectiveness. Related procedural changes are documented, and the results are incorporated into management reviews and continuous improvement activities.

Daedong Group Environmental Regulatory Violations

Category	Indicator	2023	2024	2025
Daedong	Number of environmental regulatory violations	0	0	2
	Number of non-monetary sanctions from environmental regulatory violations	0	0	0
Daedong Mobility	Number of environmental regulatory violations	0	0	0
	Number of non-monetary sanctions from environmental regulatory violations	0	0	0
Daedong Gear	Number of environmental regulatory violations	0	0	0
	Number of non-monetary sanctions from environmental regulatory violations	0	0	0
Daedong Metals	Number of environmental regulatory violations	1	1	0
	Number of non-monetary sanctions from environmental regulatory violations	1	0	0

Eco-Friendly Purchasing

Daedong | Daedong continues to expand eco-friendly purchasing in line with the government's policy to spread eco-friendly products. It expands the purchase of products that meet eco-friendly criteria, such as eco-labeled products, low-carbon products, and outstanding recycled products, contributing to greenhouse gas emission reduction, environmental pollution prevention, and improved energy and resource efficiency.

DAEDONG ECO-FRIENDLY PURCHASING CRITERIA

1. Eco-labeled products under the Environmental Technology and Industry Support Act
2. Outstanding recycled products under the Act on the Promotion of Saving and Recycling of Resources
3. Low-carbon products under the Act on the Promotion of Purchase of Green Products
4. High-efficiency energy equipment and Energy Efficiency Grade 1-2 products under the Energy Use Rationalization Act
5. HB (Healthy Building Material) certified products certified by the Korea Air Cleaning Association

Environmental Training

Daedong | Daedong operates an employee environmental training program to raise environmental awareness within the organization and support members in making decisions and taking actions that consider environmental factors. In 2025, it conducted environmental training on topics including energy conservation and hazardous substance management for 172 employees and 50 supplier personnel, strengthening environmental management capabilities across the company and supply chain.

Daedong Gear | Daedong Gear operates an employee environmental training program to raise environmental awareness and encourage eco-friendly thinking in work performance. It also builds a cooperative system with external specialized institutions and uses their expertise and experience in building environmental management systems to strengthen its internal management system and improve the efficiency and performance of environmental management.

Daedong Metals | Daedong Metals operates a systematic training system to raise the capabilities and awareness of those who perform environment-impacting work. The HR and Labor Team leader establishes and operates the annual training plan, and relevant team leaders conduct department-specific training for new employees, special-process workers, and emission and control facility operators. Key training content includes the importance of complying with the environmental policy and environmental management system, the environmental impact of work, roles and responsibilities in emergency response, and risks that may arise from deviating from procedures. It also regularly conducts carbon neutrality training for all employees, sharing the concept and necessity of carbon neutrality, the Paris Agreement and the 1.5°C target, climate crisis response measures, and domestic and international carbon neutrality policies, spreading a low-carbon management culture through the company's carbon neutrality vision and practical activities. Training is delivered in various formats, including lectures, job training, material circulation, site visits, and external training and qualification maintenance training are managed through effectiveness evaluation.

Environmental Management

Environmental Management Activities

Site Environmental Impact Management

Eco-Friendly R&D Activities

Daedong pursues R&D centered on electrification, autonomous driving, and smart agriculture technologies to strengthen the eco-friendliness of its agricultural machinery and mobility products. It develops and commercializes electrification-based smart mobility, autonomous transport robots, and lithium-ion battery-based products, shifting its product portfolio to reduce greenhouse gas emissions and consumable use compared with internal combustion engine-centered products.
To systematically manage environmental impacts across the product life cycle, Daedong performs life cycle assessment (LCA) on tractor products and secures environmental impact data by stage: raw material procurement, production, use, and disposal. These analysis results are reflected in eco-friendly design, resource efficiency improvement, and product competitiveness, and based on these R&D activities, Daedong generates environmental impact reduction results at each stage of the product life cycle.

Eco-Friendly R&D Targets

Daedong uses its LCA-based environmental impact analysis system to build a development system that reflects environmental load reduction from the product design stage. It established a short-, medium-, and long-term development roadmap for 2025 to 2030 to secure a foundation for reducing environmental impacts across the product life cycle and to advance environmental-performance-centered product design. Through this, it aims to provide reliable environmental data to customers and stakeholders and to contribute to the spread of low-carbon agriculture and eco-friendly mobility.

Environmental Impact Reduction Results by Product Life Cycle Stage

Category	Content
Environmental improvement at the raw material procurement stage	Daedong operates an advance management system to reduce hazardous substances at the material introduction stage. It applies an internal review procedure that considers environmental load in the material approval process, expanding the use of eco-friendly materials.
Environmental improvement at the product and service use stage	Daedong reduces environmental impacts at the product use stage by expanding electrification and improving energy efficiency. Electric scooters, lithium-ion battery golf carts, and electric transport robots help reduce operational emissions. Transport robots with swappable batteries also lower maintenance-related impacts by reducing the use of consumables such as filters and oil. In addition, autonomous smart agricultural machinery improves operating efficiency and reduces fuel consumption.
Environmental improvement after disposal of products and services	Daedong includes environmental conservation guidance to be observed when using and disposing of products in its user manuals to minimize environmental impacts arising after the end of product use. This encourages proper disposal and resource recycling at the user stage. It also provides extended warranty services to lengthen product service life, preventing early disposal and reducing environmental load across the product life cycle.

Environment-Related Certifications

Daedong obtains domestic and international environment-related certifications to respond to product environmental regulations and verify technical compliance. Through California Air Resources Board (CARB) and Environmental Protection Agency (EPA) certifications in the United States, it verifies whether products meet environmental regulatory standards, such as engine exhaust emissions, and responds to regulatory requirements for overseas market entry.
Daedong's RT100 autonomous transport robot obtained "Autonomous Agricultural Power Transport Vehicle" certification from the Foundation of Agri. Tech. Commercialization & Transfer, verifying the performance, safety, and field applicability of autonomous driving-based agricultural machinery. Being electrically driven, it produces no exhaust smoke and reduces noise and vibration, while automating repetitive transport work to improve efficiency, easing energy use and environmental burden in the farming process.
Daedong's combine products obtained New Technology Agricultural Machinery certification from the Rural Development Administration, recognizing the products' technological innovation and applicability in the agricultural field. By improving work precision and optimizing work paths, they reduce work overlap and fuel use, lowering energy use per unit of work and creating indirect environmental impact reduction effects.
Daedong defines products verified to have a direct or indirect positive impact on the environment through such certifications as eco-friendly products and manages the related revenue.

Pollutant Management

Air Pollutants

Air Pollutant Management System

Daedong | Daedong places the Environmental Safety Team as the department in charge of managing air pollutants generated in production processes. It defines major emission sources such as painting, welding, and combustion processes as management targets and manages emission levels according to legal standards. When emission facilities operate, it runs control facilities simultaneously, prepares daily operation records, registers them in the internal system, and confirms control facility operating hours and operation history by emission outlet through regular review and approval by the person in charge and the team leader. The person in charge continuously checks operating status to confirm anomalies and takes necessary action, operating a management system that maintains normal facility operation and responds quickly when anomalies occur.

Daedong Mobility | Daedong Mobility systematically manages emission and control facility operation, pollutant measurement, and inspection and reporting procedures, centered on the Environmental Safety Team, with the head of the responsible department overseeing annual measurement plan establishment and execution and control facility management standard operation. At the operating stage, air environment technicians manage emission and control facility operating status, prepare operation logbooks daily, and take immediate action when anomalies occur, while the operating department manages facilities under the relevant standards and notifies the environmental manager and responsible department when anomalies occur. The environmental manager conducts inspections at least once a week, records and manages the results, and reports anomalies to the responsible department.
Air pollutants are managed through self-measurement or external consigned measurement under the Process Test Methods for Environmental Pollutants, and measurement results are used to confirm compliance with legal standards and to take corrective action. When installing or expanding facilities or changing processes, it reviews compliance with standards through advance confirmation measurement and operates equipment in compliance with permit and reporting procedures under environmental law.

Daedong Gear | Daedong Gear manages air pollutants generated at its site based on related regulations such as the Clean Air Conservation Act, confirms legal permissible standards, measures emission levels through lawful procedures, and submits them to the competent authority.

Daedong Metals | Under the overall supervision of the Head of the Production Division, Daedong Metals operates procedures for air pollution prevention planning, facility inspection, corrective action, and follow-up management. The Environmental Safety Team and environmental technicians manage emission and control facilities according to standards, prepare operation records daily, and plan and perform air pollutant measurement. At the site level, the Production Team leader manages facility operating status, notifies environmental technicians when anomalies occur, and takes initial action, while the Facility Team leader handles facility installation and repair and implements facility changes after review and approval by the Environmental Safety Team.
Facilities subject to inspection are inspected regularly. When corrective action items arise, the relevant content is received and reported, an action plan is established through a joint inspection by the Head of the Production Division and the statutory manager, and implementation and follow-up management are linked, managing to prevent exceedances of emission limits or abnormal operation. When compliance is difficult due to control facility anomalies, it takes necessary measures such as stopping emission facility operation under the delegation and approval procedure. When installing or expanding facilities or changing processes, it confirms through advance review whether control facility installation and environmental-law permits or reports are required and operates lawfully.

Air Pollutant Reduction Activities

Daedong | Daedong fully installs and operates control facilities to minimize air pollutants generated at production sites. It records control facility operating hours by emission outlet daily and operates a regular review and approval process by the person in charge and the team leader. To prepare for emergencies, it establishes an air pollutant leak response manual and strengthens training for all employees.

2025 Daedong Air Pollutant Management Key Results

Category	Content	Result
New installation of control facilities in the pre-treatment process	Installed 2 Wet Scrubbers (300 CMM, 500 CMM)	Air pollutants stably maintained below the legal standard (average 1.3mg/Sm³, legal standard 40mg/Sm³)
Improvement of exhaust equipment in the pre-treatment process	Resolved some untreated gas generated due to insufficient airflow	Improved sections with aged exhaust hoods and unsuitable structures

Daedong Mobility | Daedong Mobility runs control facilities simultaneously when operating emission facilities to reduce pollutant emissions. It prohibits dilution discharge of pollutants and prohibits installing bypass discharge structures that do not pass through control facilities. To prevent pollutant leaks caused by facility corrosion and wear and machinery breakdowns, it performs regular inspection and maintenance. It attaches identification plates to control facilities to clarify the responsible manager, and the operating department conducts self-inspections under the management status board standards and notifies the responsible department for action on items needing improvement. It conducts regular self-measurement of major emission and control facilities at the site to manage emission levels of key pollutants such as dust and nitrogen oxides, reports the measurement results to the competent authority, and manages the history internally.

Daedong Gear | Daedong Gear regularly checks the operating status of air pollutant reduction facilities at its site to prevent pollutant leaks and introduces additional equipment as needed to improve reduction levels, managing key air pollutants including airborne dust within legal standards.

Daedong Metals | To reduce air pollutants generated in casting, melting, sand treatment, painting, grinding, and post-treatment processes, Daedong Metals links emission facilities and control facilities, centered on bag filter dust collection facilities and including centrifugal dust collection facilities, adsorption facilities, and Regenerative Thermal Oxidizers (RTO), and raises dust collection efficiency through a multi-stage collection method by process. It runs control facilities simultaneously when operating emission facilities to prevent dilution and bypass discharge, performs inspection and maintenance to prevent leaks from facility corrosion, wear, and machinery breakdown, and designates a responsible manager for each control facility to regularly check operating status.
For management standards, it sets internal environmental standards stricter than legal standards to manage dust, SOx, NOx, odor (THC), and fugitive dust, and systematically manages the installation location, specifications, replacement cycle, and operation history of major equipment, continuously managing operating hours and status based on daily inspection records.

Pollutant Management

Water Pollutants

Water Pollutant Management System

Daedong | Daedong places the Environmental Safety Team as the department in charge of preventing water pollution and establishes internal management standards stricter than related regulations to manage wastewater treatment and discharge levels. Wastewater generated at the site is treated at its own wastewater treatment facilities, and operating status is managed through annual wastewater treatment planning, regular inspection, and water quality monitoring. A water environment manager performs daily inspections and prepares and reports the operation log. It measures pH and flow of the discharged water daily, manages zinc concentration through weekly external measurement, and manages key water quality items through quarterly external measurement.

Daedong Mobility | Daedong Mobility manages wastewater treatment plant operation, facility inspection, and measurement and reporting procedures, centered on the Environmental Safety Team, which performs planning and operation management, corrective action for nonconformities, and wastewater treatment facility inspection and maintenance. The operating department conducts worker training and facility management and immediately shares any facility change or anomaly with related departments. A water environment technician inspects wastewater treatment plant operating status daily, prepares and reports the operation log, and manages emission and control facilities according to standards. Inspections are divided into regular inspections by the responsible department and routine inspections by the operating department, and anomalies are managed under notification and action procedures. Discharged water is regularly measured and managed for key items such as TOC, BOD, SS, pH, T-N, T-P, and ecotoxicity. When expanding, replacing, or changing emission and control facilities, it confirms legality through advance review and inter-departmental consultation before implementation, and after installation, it operates the facilities after environmental, compliance, and safety checks and permit and reporting procedures.

Daedong Gear | Daedong Gear confirms related regulatory standards for water pollutants generated at its site, measures emission levels through lawful procedures, and submits them to national agencies. It measures and manages water use and wastewater discharge by major water source, and for water-stressed areas, separately manages and reports withdrawal rate and consumption. It regularly checks the operating status of pollutant reduction facilities at the site to confirm leaks and operates them under water pollution management procedures.

Daedong Metals | Daedong Metals manages water emission facilities, treatment facilities, equipment, and substances at its site, centered on the Environmental Safety Team. It appoints an environmental manager to regularly inspect the operating status of emission and control facilities and performs environmental impact assessment and permit work when changing facilities. The operating department shares changes in raw materials and usage with the Environmental Safety Team and operates related facilities according to legal standards, and the facility management department conducts construction after environmental impact assessment and prior consultation when changing or newly installing emission and control facilities.
Environmental technicians inspect emission and control facility operating status, record and manage pollutant measurement results in the operation log, and perform inspection and calibration of measuring equipment. Water-related facilities are operated separately for wastewater and sewage, and operation logs and self-measurement records are prepared and retained in statutory formats. For wastewater and sewage, it conducts self-measurement focused on key items such as pH, BOD, COD, and SS and records and manages results through analysis by external measurement institutions.

Water Pollutant Reduction Activities

Daedong | Daedong operates wastewater treatment facilities to reduce pollutants generated at its site and manages discharged water quality through operation management across the entire treatment process. When water quality measurement results exceed emission limits, it operates a procedure to immediately stop facility operation, analyze the cause, and take action, minimizing pollutant outflow.

2025 Daedong Water Pollutant Management Key Results

Category	Content	Result
Wastewater treatment control system improvement	Pursued replacement construction of wastewater treatment control and monitoring facilities such as PLC, software, monitors, and sensors	Stabilized wastewater treatment operation

Daedong Mobility | Daedong Mobility reduces water pollutants by operating wastewater treatment facilities and maintains treatment efficiency through inflow and discharge water management, chemical dosing, retention time securing, and sludge management. It prevents environmental pollution accidents through winter freeze prevention and facility inspection and maintenance. When newly installing or expanding emission facilities or changing chemicals used, it confirms compliance with standards through advance measurement. When water quality measurement results exceed standards, it immediately stops facility operation, identifies the cause, takes action, and then confirms compliance through re-measurement before restarting. When compliance is difficult due to abnormal operation or there is concern over water pollutant outflow, it takes measures such as stopping emission facility operation under the emergency response manual, and in urgent situations, it acts first and reports afterward.

Daedong Metals | Daedong Metals operates wastewater and sewage treatment facilities and consigns all wastewater generated from wheel washing facilities and compressor equipment for treatment. When self-measurement results require correction against internal standards, it requests action from the facility management department, and when changing facilities or raw and subsidiary materials, it takes action through environmental impact assessment. After construction, it operates facilities after confirming normal operation and compliance with standards through trial operation. It maintains levels below water emission limits through control facility operation while continuously pursuing process improvement.

Pollutant Management

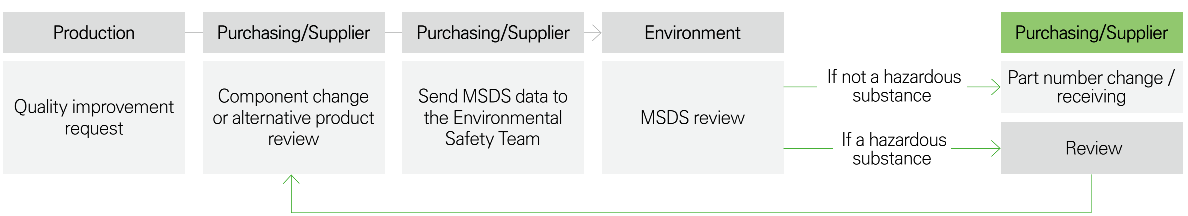
Chemical Substances

Chemical Substance Management System

Daedong | Led by the Environmental Safety Team, Daedong sets procedures for handling, storing, and disposing of chemical substances across production activities and the entire product and service process. It monitors domestic and international product environmental regulations such as REACH[1]•RoHS[2] semi-annually, reviews changes, and notifies related departments. To manage hazardous chemical substances in export products, it operates DESMS (Daedong Environmental Substance Management System) to confirm delivery information related to hazardous chemical substances from suppliers. When introducing new materials, it links with the PLM and ERP systems to review in advance whether they contain hazardous substances or are subject to regulation, and operates an internal process that restricts registration of problematic materials. This procedure reviews component changes and whether new materials contain hazardous substances based on MSDS data, and links to purchasing or alternative material review depending on regulatory applicability.

1) REACH: (Registration, Evaluation, Authorization and Restriction of Chemicals) a system for the registration, evaluation, authorization, and restriction of chemicals
2) RoHS: (Restriction of Hazardous Substances Directive) a directive restricting hazardous substances

Daedong Chemical Substance Management Process



Daedong Mobility | In accordance with the Chemical Substances Control Act and the Act on the Registration and Evaluation of Chemical Substances, Daedong Mobility systematically manages chemicals from purchase and handling to storage and disposal under the Environmental Safety Team. New chemicals require prior approval at the purchasing stage based on reviews of hazards, risks, and intended use, preventing inappropriate substances from entering the site. After introduction, MSDS information is centrally managed through an internal system, enabling employees to access details on composition, hazards, first aid, and protective equipment. Quarterly training covers small-container labeling, handling precautions, and emergency response. The company also conducts environmental assessments of outsourced chemical waste contractors and performs statutory chemical release and statistical surveys.

Daedong Gear | In accordance with applicable chemical regulations, Daedong Gear manages hazardous substances and establishes plans for chemical waste generated on site, including identification, classification, and treatment by type. Outsourced treatment contractors are subject to environmental assessments to verify proper disposal. Quarterly training covers hazardous substances, MSDS, handling precautions, small-container labeling, and management records. Daedong Gear also performs statutory duties, including safety labeling, MSDS management, and chemical release and statistical surveys, and regularly monitors hazardous substance and noise exposure through workplace environment measurements.

Daedong Metals | Daedong Metals manages the handling, storage, and disposal of chemical substances overall, led by the Environmental Safety Team. Management targets include substances used at the site, such as chemicals and fuels, that may affect the environment or human health. The Environmental Safety Team oversees internal management tasks and appoints a legally qualified chemical substance manager to perform management work.
Related departments register chemical substances with the Environmental Safety Team before use and submit related documents such as component tables and MSDS upon registration. The Environmental Safety Team leader receives registration applications and records and manages them in the registration ledger, applying the same procedure when using new substances or changing components.
Chemical substances are stored separately by item and managed not to exceed storage capacity, and storage facilities are equipped with protective equipment, ventilation facilities, safety devices, and warning signs. Inspections are performed under related regulations, and when nonconformities occur, corrective action and follow-up management are conducted and related records are retained.

Chemical Substance Reduction Activities

Daedong | Daedong plans and implements measures to reduce and replace chemical substance use. To reduce the impact of hazardous chemical substances generated in painting and cleaning processes, it operates a Regenerative Thermal Oxidizer (RTO) to remove volatile organic compounds (VOCs) and manages hazardous substance emissions through regular inspection and supplementation of this facility.

Daedong Gear | Daedong Gear targets zero chemical substance management risk and pursues a 100% risk improvement action rate. To this end, it conducts weekly on-site inspections of chemical handling areas using checklists and immediately implements improvement measures and follow-up management when risks are found. It systematically operates statutory management tasks such as chemical safety and health labels, Material Safety Data Sheet (MSDS) management, and chemical emission and statistical surveys, and continuously checks hazardous substance exposure risks in connection with occupational health and work environment measurement.

Daedong Mobility | Daedong Mobility conducts periodic hazard re-assessment of hazardous chemical substances in use at its site to confirm replacement possibilities. It gradually switches to eco-friendly alternative substances that can perform equivalent functions, reducing hazardous chemical substance use and cutting fundamental chemical risk factors.

Daedong Metals | Daedong Metals plans and implements measures to reduce and replace chemical substance use. It installs control facilities to prevent chemical substances from leaking externally, seeping underground, or scattering, and responds under related procedures when accidents occur.

Water Resource Management

Water Management

Water Management System and Status

Daedong | Daedong measures and manages water use at each site by supply source. The Daegu Campus uses tap water, surface water, and groundwater, while the Seoul Office and the Changnyeong Vision Campus mainly use tap water and groundwater, respectively. It continuously monitors water use at each site and removes leaks and unnecessary water waste factors in advance through regular facility inspections.

Water use over the past three years has generally trended downward. Based on total water use in 2022 (74,388 m³), Daedong targets managing total water consumption at 66,949.2 m³, a 10% reduction, by 2030. In 2025, it set a target of reducing water use by 5% from the prior year and exceeded the target by achieving an actual reduction of about 7%.

Daedong Water Use by Site

(Unit: m³)

Site	Supply Source	2023	2024	2025
Daegu Campus	Total use	65,220	60,812	58,812
	Tap water	3,690	3,364	3,954
	Surface water	52,320	28,555	23,589
	Groundwater	9,210	28,893	31,269
Seoul Office	Total use (tap water)	7,615	5,835	5,563
Changnyeong Vision Campus	Total use (groundwater)	4,665	6,916	4,090

Category	2025 Target	2025 Result
Water use	Reduce by 5% from 2024 (69,607m³)	68,465

Daedong Metals | At its site in Nongong-eup, Dalseong-gun, Daegu, Daedong Metals receives and uses water from external water purification plants for production activities and welfare facility operation. Living water is sourced from the Maegok Water Purification Plant and industrial water from the Jukgok Water Purification Plant, both of which use the Nakdong River as their raw water source. Living water is used in welfare facilities such as the cafeteria and shower rooms, and industrial water is used across production processes. It continuously monitors water use by facility, conducts regular inspections for leaks and inefficiency factors, and pursues total water use reduction through technical reviews to improve the recovery rate of water reusable in processes. It plans to further strengthen its sustainable water management system by improving facilities and identifying reduction tasks.

Water Resource Risk Management

Water Stress Diagnosis

Daedong Group evaluates water resource risks using the WRI (World Resources Institute) Aqueduct Water Risk Atlas tool to identify and manage water stress at each site. An assessment of the water stress index for 13 of Daedong Group's sites confirmed that no site falls under the High or Extremely High category.

Daedong Group Water Stress Diagnosis Result

Company	Site	Location	Water Stress Index
Daedong	Daegu Campus (Head Office)	35, Nongong-jungang-ro 34-gil, Nongong-eup, Dalseong-gun, Daegu	Medium high
	Seoul Office	2493, Nambusunhwan-ro, Seocho-gu, Seoul	Medium high
	Central Business Team, Gangwon region	73, Sakju-ro 145beon-gil, Chuncheon-si, Gangwon-do	Medium high
	Central Business Team, Gyeonggi/Chungbuk/Chungnam regions	9, Pungse-sandan 5-ro, Pungse-myeon, Dongnam-gu, Cheonan-si, Chungnam	Medium high
	Western Business Team, Jeonbuk/Jeonnam regions	53-1, Hanam-sandan 8beon-ro, Gwangsan-gu, Gwangju	Medium high
	Eastern Business Team, Gyeongbuk/Gyeongnam regions	493, Songsin-ro, Jangcheon-myeon, Gumi-si, Gyeongbuk	Medium high
	Vision Campus	39, Changnyeong-gongdan-gil, Changnyeong-eup, Changnyeong-gun, Gyeongnam	Medium high
Daedong Mobility	A-Factory	4867-11, Seodong-daero, Daedeok-myeon, Anseong-si, Gyeonggi-do	Medium high
	S-Factory	30, Gukgasandan-daero 39-gil, Guji-myeon, Dalseong-gun, Daegu	Medium high
	Seoul Office	1F, 4F, 347, Hyoryeong-ro, Seocho-gu, Seoul	Medium high
	Busan Office	30, Gonghang-ro 1207beon-gil, Gangseo-gu, Busan	Low
Daedong Gear	Daedong Gear	42, Gongdan 1-ro, Sanam-myeon, Sacheon-si, Gyeongsangnam-do	Low
Daedong Metals	Daedong Metals	602, Nongong-ro, Nongong-eup, Dalseong-gun, Daegu	Medium high

Daedong Group Water Stress Evaluation Result

Assessed Sites	Water-Stressed Sites (High / Extremely High)
13	0

Resource Use and Circular Economy

Waste Management

Waste Management System

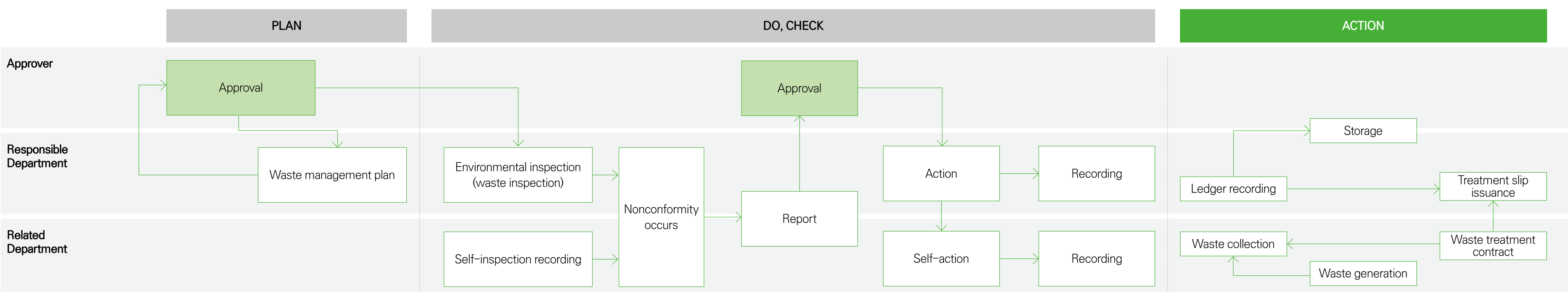
Daedong | Daedong manages waste at its sites by classifying it into general waste and designated waste. The waste management officer inspects waste storage conditions and related facilities once a week and immediately reports anomalies to the responsible department for corrective action. When treating general and designated waste, it registers waste discharge information (generation volume, treatment date, treatment quantity, etc.) in the Allbaro System, an electronic information processing system, for management.

Daedong Mobility | Daedong Mobility manages waste generated at its site, led by the Environmental Safety Team. The head of the responsible department secures and maintains storage areas, confirms permits and regulatory compliance of consigned treatment companies, and takes action on nonconformities. The waste officer analyzes and reports whether new waste contains specific pollutants and confirms storage conditions through monthly on-site environmental inspections, submitting waste charge and Extended Producer Responsibility calculation data within statutory deadlines. Related department heads perform waste separation and appoint environmental managers for each team, and environmental managers inspect storage conditions and facilities once a week, taking action themselves or notifying the responsible department when anomalies occur.
Waste generated at the site is managed by classifying it into designated waste and general waste. It is separated by type and stored indoors, and liquid waste is managed to flow into separate storage facilities or the wastewater treatment plant. Storage areas are equipped with identification plates, roofs, and windbreak walls to prevent scattering and leaks.
Waste treatment is performed under contracts with companies permitted and registered under related regulations. When contracting new companies, it reviews treatment feasibility through visits and confirmation. When new waste is generated, it confirms whether it contains specific pollutants through analysis by public institutions, and registers the treatment process in the Allbaro System, managing it with electronic transfer forms.

Daedong Gear | Daedong Gear manages waste at its site with the goals of minimizing waste discharge and expanding the recycling rate, in compliance with related laws such as the Waste Control Act. It sets waste generation reduction and recycling rate improvement as key goals, establishes management plans for waste generated at the site, and identifies, classifies, and treats it by type. For consigned treatment, it judges proper treatment through environmental assessment of waste treatment suppliers and manages related records. It keeps empty drums, waste paint, and waste batteries orderly by stacking them in two tiers and prohibits mixed discharge and unauthorized removal of internal waste. When accidents such as leaks occur, it notifies the Environmental Safety Team and takes initial action.

Daedong Metals | Under the collection, transport, storage, and treatment standards of the Waste Control Act, Daedong Metals separates and stores waste by type. As a rule, it stores waste indoors to prevent pollutant mixing during rain. Where there is concern over liquid waste leakage, it installs collection and storage facilities and attaches identification plates at storage area entrances for classification, storing designated waste separately from general waste. Waste is classified into designated waste such as waste oil and waste paint and general waste such as slag, dust, waste synthetic resin, waste rubber, and household waste, and stored in designated storage areas by the generating department.
Waste treatment is performed under contracts with permitted and registered companies, and the Environmental Safety Team leader confirms the legality of consigned treatment and the appropriateness of the transport process once every six months. During treatment, the weighed quantity is recorded using the company weighbridge and reported to the department head daily after final confirmation by the security office. Consigned company status is managed in a management ledger, and the officer confirms proper transport and treatment through methods such as photography.

Daedong Group Waste Management Work System Diagram



Resource Use and Circular Economy

Waste Management

Waste Management System

Daedong Group Circular Economy Performance Management System

Daedong Group[1] established its own circular economy targets and manages target achievement and implementation in response to the national task of building a mid- to long-term circular economy. The circular economy performance management system evaluates performance based on material flows across the entire process from waste generation to final disposal, monitoring the circular use rate and final disposal rate as core indicators.
Daedong targets managing total waste generation at 926.52 tons, a 30% reduction from the 2022 baseline of 1,323.60 tons, by 2030.

1) Daedong Mobility's sites are excluded as they are not subject to the circular economy performance management system.

Daedong Group Resource Circulation Performance

Company	Category	Circular Use Rate	Final Disposal Rate
Daedong	Target	60.48% or higher	Below 18.38%
	Result	69.32%	12.09%
	Achievement rate	114.61%	152.02%
Daedong Gear	Target	55.96% or higher	Below 44.04%
	Result	83.60%	7.61%
	Achievement rate	149.40%	182.70%
Daedong Metals	Target	76.17% or higher	Below 23.83%
	Result	99.66%	0.13%
	Achievement rate	130.84%	18,331%

Waste Reduction Activities

Daedong | Daedong classifies waste at its site into general waste and designated waste and separately treats recyclable resources among internally generated waste. As a result, it consistently reduces total annual waste generation.

Daedong Mobility | Daedong Mobility set a 10% reduction in waste generation as a key environmental performance indicator (KPI) to reduce environmental load and pursues company-wide reduction activities. As part of this, it built and operates a recovery and reuse system for the large volume of waste wood generated in the agricultural machinery parts assembly process. Rather than uniformly disposing of wood pallets and packaging materials that arrive with parts from suppliers, it classifies them on-site immediately based on whether they are damaged, stores reusable materials separately, and returns them to suppliers. This minimizes the conversion of waste wood into waste while realizing the circular use of packaging materials across the supply chain through cooperation with suppliers.

Daedong Gear | To reduce the use of raw and subsidiary materials generated in product production and consumption, Daedong Gear selects easily recyclable materials and designs recycling-based products through R&D investment. It separates and designates discharge areas for major waste such as waste synthetic resin, process sludge, dust (shot balls), waste oil, and oil rags to prevent mixed discharge, and manages shot dust and process sludge within 70% of capacity by tying them in sacks with string. Waste wood is discharged without mixing it with vinyl, scrap metal, and the like; lacquer spray cans are discharged after being punctured; and oil rags are separated and discharged as designated waste. It also operates an oil recycling system using a sludge press to separate and recover cutting oil and lubricating oil contained in processed sludge and reuses them after an in-house refining process.

2025 Daedong Gear Oil Recycling System Operation Records

Oil Recovery Volume (L)	Sludge Reduction Volume (ton)
34,500	139

Daedong Metals | Daedong Metals regenerates waste sand generated during the casting process and in post-treatment through a sand treatment facility, then mixes it with new sand for reuse. This simultaneously reduces raw and subsidiary material use and waste generation, building an in-process resource circulation system and practicing circular economy implementation.

Waste Training

Daedong | Daedong conducts regular waste management training for employees and suppliers to convey the importance of waste reduction.

Daedong Mobility | Daedong Mobility conducts training for employees and suppliers to raise awareness of the social responsibility and economic value of reducing waste generation.

Daedong Gear | Led by the Environmental Safety Team, Daedong Gear operates waste training for employees to strengthen site waste management capabilities. The training covers basic concepts such as the definition of waste under the Waste Control Act and the classification of business waste and household waste, along with discharge methods and improvement measures by type for major waste such as empty drums, waste oil, waste synthetic resin, oil rags, process sludge, dust, and waste wood.

Daedong Metals | Led by the Environmental Safety Team, Daedong Metals conducts waste management training for all employees. The training is structured around waste types, proper discharge and storage methods, and legal violation cases, raising employees' practical understanding and encouraging compliance with waste management standards.

Biodiversity Conservation

Natural Capital Management

Biodiversity Policy

Daedong Group complies with the legal requirements for biodiversity protection and for areas subject to international conventions (World Heritage areas, IUCN Category I–IV protected areas) and minimizes ecosystem impacts through environmental impact assessment and monitoring of site pollution issues. It practices ecosystem conservation near its sites by conducting employee awareness training alongside nature cleanup activities.

Natural Capital Risk Analysis

Daedong, Daedong Mobility, Daedong Gear, and Daedong Metals analyzed biodiversity impacts at their major sites by applying the LEAP (Locate, Evaluate, Assess, Prepare) approach based on the TNFD[1] recommendations. In response to the major risks identified through the analysis, they implement management activities by environmental issue, including ecosystem impact monitoring, habitat protection, water resource management, and pollutant and waste management.

LEAP Analysis Process

LEAP Analysis Stage		Key Activities
Locate	Identify points of contact between business and nature	Identify interactions with nature and sensitive areas based on business activities and locations
Evaluate	Assess dependencies on and impacts on nature	Identify ecosystem services and impact drivers and assess the materiality of dependencies and impacts
Assess	Analyze biodiversity-related risks and opportunities	Identify and measure biodiversity-related risks and opportunities and assess their materiality
Prepare	Establish strategy and respond to disclosure	Establish response strategies and targets and manage and disclose implementation performance

Daedong Group conducted its first natural capital impact analysis at major sites this year. The Daedong Daegu Campus completed all LEAP stages, while the Daedong Gear, Daedong Metals, and Daedong Mobility sites applied the analysis through the Locate stage to analyze their points of contact with major natural capital elements such as World Heritage sites, Ramsar wetlands, and IUCN Red List threatened species. It plans to gradually expand the analysis scope to all sites and the entire value chain.

Sites Analyzed

Operating Entity	Site Name	Country	Location	Main Function
Daedong	Daegu Campus	Korea	Daegu	Assembly of tractors, combines, and engines and parts machining
Daedong Gear	Daedong Gear Head Office	Korea	Sacheon-si	Production of agricultural machinery and automobile parts and power transmission components
Daedong Metals	Daedong Metals Head Office	Korea	Daegu	Manufacturing of engine cylinder heads and blocks and pig iron castings
Daedong Mobility	A-Factory	Korea	Anseong-si, Gyeonggi-do	Production of agricultural machinery, mobility, and transport equipment

1) TNFD (Taskforce on Nature-related Financial Disclosures): an international body that supports corporate disclosure of nature-related financial risks and opportunities

Locate

In the Locate stage of the LEAP approach, Daedong Group analyzed whether its four sites are adjacent to major international sensitive areas and threatened species habitats. It assessed natural capital risks using the BRF[2] analysis tool, confirmed the distribution of World Heritage sites and Ramsar wetlands within a 50 km radius of each site based on the WDPA[3], and analyzed threatened species habitats through the IUCN Red List[4] database.

The analysis identified that all four sites had a BRF natural capital risk (Physical Risk) composite score of 3.5 or higher (High). No World Heritage sites were distributed within the radius of any of the four sites, but one Ramsar wetland was confirmed within a 50 km radius of the Daegu Campus and Daedong Metals Head Office. The Critically Endangered category, the highest threatened species grade, was confirmed to have 12 species at the Daedong Gear Head Office and 7 species at the Daedong Mobility A-Factory.

IUCN Red List Classification System

Endangered Species (CR, EN, VU)

EX	EW	CR	EN	VU	NT	LC	DD
Extinct	Extinct in the Wild	Critically Endangered	Endangered	Vulnerable	Near Threatened	Least Concern	Data Deficient

Analysis Result

Category	Daedong	Daedong Mobility	Daedong Gear	Daedong Metals
	Daegu Campus	A-Factory	Headquarters	Headquarters
Natural capital risk (WWF – BRF)	High	High	High	High
World Heritage sites[5]	None	None	None	None
Ramsar sites[5]	1	None	None	1
Critically Endangered species[5]	None	7	12	None
Endangered species[5]	12	33	43	12
Vulnerable species[5]	19	51	61	19

2) BRF (Biodiversity Risk Filter): a global biodiversity risk screening tool developed by the World Wide Fund for Nature (WWF)
3) WDPA (The World Database on Protected Areas): a global database of protected areas built based on the IUCN definition of protected areas
4) IUCN Red List: an international list of threatened species in which the International Union for Conservation of Nature (IUCN) assesses the extinction risk of species and classifies them into nine grades
5) Based on a 50 km radius of the analyzed site

Biodiversity Conservation

Natural Capital Management

Evaluate

In the Evaluate stage of the LEAP approach, Daedong assessed its natural capital dependencies and impact levels using ENCORE[1], a natural capital dependency and impact analysis tool. The industries assessed were selected based on the UN International Standard Industrial Classification (ISIC Rev.5)[2].

Dependencies	Flood mitigation services	Storm mitigation services	Water flow regulation services	Water purification services	Water supply
Impacts	Disturbances (e.g., noise, light)	Emissions of GHG	Emissions of toxic pollutants to water and soil	Volume of water use	

1) ENCORE: a TNFD-recommended natural capital analysis platform jointly built by Global Canopy, UNEP FI, and UNEP-WCMC
2) ISIC Rev.5: the UN International Standard Industrial Classification system (2024)

Prepare

Based on the natural capital risk analysis results for each affiliate, Daedong Group pursues management activities to mitigate and improve risks.

Category	Daedong	Daedong Mobility	Daedong Gear	Daedong Metals
Water quality / water	• Operates its own wastewater treatment plant • Conducts water pollutant emission reduction activities • Monitors water use by site • Conducts Aqueduct-based water stress diagnosis	• Operates a water pollutant emission management system	• Conducts water pollutant emission reduction activities	• Operates a water pollutant management system • Conducts emission reduction activities • Monitors site water use • Conducts water reduction activities
Air	• Operates air pollution reduction equipment such as Wet Scrubbers • Conducts air pollutant emission reduction activities	• Operates air pollution reduction equipment	• Operates air pollution reduction equipment	• Operates air pollution reduction equipment
Chemical substances	• Responds to international regulations such as REACH and RoHS • Operates DESMS (Daedong Environmental Substance Management System) • Built an integrated management process linked with PLM and ERP • Conducts hazardous chemical substance reduction activities	-	• Operates a chemical substance management system • Conducts hazardous chemical substance reduction activities	• Operates a chemical substance management system • Conducts hazardous chemical substance reduction activities
Waste	• Complies with the Waste Control Act • Manages general and designated waste separately • Uses the Allbaro System for electronic management • Conducts monthly on-site environmental inspections • Confirms the legality of consigned treatment suppliers	• Complies with the Waste Control Act • Manages general and designated waste separately • Conducts monthly on-site environmental inspections	• Complies with the Waste Control Act • Identifies and separates waste by type • Conducts environmental assessments of consigned treatment suppliers	• Complies with the Waste Control Act • Separates and stores waste by type • Operates a separate storage area for designated waste • Confirms the legality of consigned treatment once every six months • Maintains internal and external site environment based on 3-Fixed 5S activities

Assess

In the Assess stage of the LEAP approach, Daedong identified its major risk and opportunity factors by referencing the risk and opportunity list in the TNFD Sector Guidance, based on the ecosystem service dependency and natural capital impact analysis results derived in the preceding stages.

Daedong Risk and Opportunity Factors

Category			Key Issue
Risk	Physical	Acute	Damage to manufacturing plant infrastructure and production disruption from natural disasters such as floods and storms
Risk	Physical	Chronic	Difficulty securing water for manufacturing processes and rising production costs due to intensifying water resource stress
Risk	Transition	Regulatory	Tightening environmental regulations on greenhouse gas and hazardous substance emissions in manufacturing processes
Risk	Transition	Market	Declining market share of existing agricultural machinery as customer preference shifts to low-carbon, low-emission machinery
Risk	Transition	Technology	Burden of large-scale R&D investment from the transition to next-generation agricultural machinery technology
Opportunity	Business	-	Reduced operating costs through water savings and wastewater recycling in manufacturing processes and painting process efficiency

Social

Human Rights Management

Human Rights Management System

Human Rights Management Policy

Daedong | Daedong complies with domestic labor and human rights laws while also supporting internationally recognized standards, including the Universal Declaration of Human Rights[1], the UN Guiding Principles on Business and Human Rights[2], the International Labour Organization Constitution[3], and the OECD Due Diligence Guidance for Responsible Business Conduct.[4] It reflected these standards in establishing its human rights policy. Daedong also stipulates in the policy the obligation to conduct human rights due diligence and the organization and processes for carrying it out.

Detailed Principles of Human Rights Guidelines			Prohibition of human trafficking
Prohibition of forced labor	Prohibition of child labor	Prohibition of inhumane treatment	Protection of protected workers
Compliance with working hours	Guarantee of health and safety	Freedom of association and collective bargaining	Guarantee of wages and welfare benefits
Fair compensation and equal pay	Respect for diversity and non-discrimination	Prohibition of workplace harassment and sexual harassment	Respect for the human rights of local residents

1) Universal Declaration of Human Rights
2) UN Guiding Principles on Business and Human Rights
3) International Labour Organization Constitution
4) OECD Due Diligence Guidance for Responsible Business Conduct

Daedong Gear, Daedong Metals | Daedong Gear and Daedong Metals enacted Human Rights Policies in 2024 to uphold respect for human rights across all regions where they operate. They comply with domestic labor and human rights laws and support international standards, including the Universal Declaration of Human Rights (UDHR), the UN Guiding Principles on Business and Human Rights (UNGPs), the ILO Constitution, and the OECD Due Diligence Guidance. The policies apply to domestic and overseas employees, subsidiaries, suppliers, subcontractors, and joint ventures. They cover key labor and human rights principles, including the prohibition of forced labor, child labor, human trafficking, inhumane treatment, workplace harassment, and sexual harassment; protection of vulnerable workers; compliance with working hours; occupational health and safety; freedom of association and collective bargaining; fair and living wages; diversity and non-discrimination; and respect for the rights of customers and local communities.

Daedong Gear Human Rights Policy   Daedong Metals Human Rights Policy

Human Rights Management Targets

Daedong | Based on its ethics regulations, Daedong prohibits discrimination among employees based on academic ties, regional ties, blood ties, gender, religion, age, nationality, and race, and laid the foundation for human rights management by guaranteeing labor rights and preventing workplace harassment. Building on this, it established a phased roadmap to integrate stakeholder human rights across management and to systematically identify and manage human rights risks.

Daedong Human Rights Management Targets

Short-term (2026-2027)	Mid-term (2028-2029)	Long-term (2030-2031)
Raise employee human rights awareness and build the foundation	**Introduce a human rights risk inspection system**	**Monitor human rights in the core supply chain**
• Conduct an employee human rights awareness survey • Company-wide human rights management training	• Implement a simplified human rights risk checklist for key internal departments • Conduct improvement activities for identified key human rights issues	• Introduce written self-assessment for major tier-1 suppliers

Human Rights Grievance Handling and Remedy Procedures

Operation of Human Rights Grievance Channels

Daedong Group operates a cyber reporting system through each group company's website and works to resolve human rights grievances of all stakeholders. Through this system, it receives cases of human rights violations such as unreasonable treatment or discrimination, and prioritizes whistleblower protection through strict confidentiality of the reporter's identity, report content, and related evidence.

For continuous human rights management monitoring, it operates various online and offline channels, including the internet, email, and postal mail, centered on the ethics management reporting website. All stakeholders, including not only employees but also business partners and third parties, can report human rights violations under their real name or anonymously.

Daedong Cyber Reporting   Daedong Mobility Cyber Reporting   Daedong Gear Grievance Handling   Daedong Metals Cyber Reporting

Human Rights Violation Remedy Procedures

When a human rights violation occurs, Daedong receives the grievance through the cyber reporting system, and relevant departments cooperate to verify and investigate the facts. Based on the investigation results, it then prepares corrective actions and improvement measures, delivers them to the reporter, and conducts training and monitoring to prevent recurrence. All of these processes are documented and managed company-wide.

Human Rights Violation Remedy Process

Receipt	Grievance receipt	· Receive human rights grievances through the cyber reporting system (real name or anonymous)
Investigation	Grievance verification and review	· Establish the facts · Discuss with relevant and related departments
Reporting and Action	Action based on review results	· Deliver review and action results to the reporter · Corrective action and disciplinary measures · Discuss resolutions for grievances and notifications and prepare a result report
	Recurrence Prevention	· Conduct company-wide recurrence prevention training

Human Rights Management

Human Rights Management Activities

Human Rights Risk Management

Human Rights Impact Assessment

Daedong | Daedong conducts human rights risk assessments to identify and prevent human rights violation factors that may arise across its business. The assessment is driven through collaboration between the dedicated ESG organization and related departments, deriving assessment items and indicators by comprehensively reflecting international standards, external databases, and internal interviews. Through this process, it analyzes the likelihood of human rights risks and the materiality of their impact and systematically monitors the impact of corporate activities on human rights.

Daedong Human Rights Risk Management Process

1 Human rights risk identification	2 Risk assessment and prioritization	3 Mitigation measure establishment and implementation	4 Monitoring and performance evaluation	5 Communication and remedy procedure operation
• Survey human rights risks within sites and the supply chain • Use international standards, external databases, internal interviews, etc.	• Analyze severity, likelihood, and business impact • Select high-risk areas as priority response targets	• Improve policies and strengthen contract terms • Training and on-site inspections, imposition of a supply chain code of conduct	• Check implementation and improvement effects • Set KPIs and report to management	• Protect victims and operate reporting channels • Transparent communication with stakeholders

Human Rights Protection Activities

Human Rights Management Activities

Daedong | Daedong practices human rights management that respects the value of all stakeholders. To prevent human rights violations that may arise across management activities and to raise awareness of respect for human rights, it conducts various human rights training programs. In particular, it operates statutory training such as workplace sexual harassment prevention training and disability awareness improvement training for all employees, and encourages active participation to help spread a culture of respect for human rights.

Disability Employee Support Program

Daedong | Daedong continues to employ people with disabilities and, over the mid to long term, targets expanding its disability employment rate to 4% by 2030, exceeding the statutory mandatory employment rate. To this end, it will establish a systematic plan to expand disability employment and build an inclusive work environment by strengthening job adaptation and support programs.

Daedong Gear | Beginning with a labor contract with a severely disabled worker in 2023, Daedong Gear has maintained a stable employment relationship to date, laying the foundation for severely disabled members to grow as part of the organization.

Daedong Metals | Daedong Metals operates customized training programs to support the stable working life and personal capability development of employees with disabilities. It provides regular training with professional trainers for employees who participate in disability sports such as billiards and table tennis, and offers systematic training sessions tailored to the characteristics of each sport at specialized facilities such as disability sports centers. The training consists of programs for injury prevention and basic fitness improvement, including rotator cuff strengthening, core stabilization, upper-limb stretching, flexibility improvement, and muscle strengthening. It also provides careful care such as condition management aligned with competition schedules and health management for daily temperature variations. Through these activities, it supports the fitness improvement and self-growth of employees with disabilities and substantively strengthens diversity and inclusion within the organization.

Talent Management

Talent Management Strategy

Talent Recruitment

Daedong Mobility | Daedong Mobility selects talent by comprehensively verifying job fit and organizational fit through document screening and interviews. Job fit is assessed based on the capability to perform the relevant job, and organizational fit based on the capability to realize the company's core values of trust, passion, and teamwork. The document screening confirms the potential to realize core values. In interviews, candidates for positions of responsibility are assessed mainly on common competencies (core values) and job and leadership competencies, while candidates for non-managerial positions are assessed on common competencies (core values) and job competencies.

Daedong Metals | Daedong Metals established three core competencies as its ideal talent profile: Professional, Ownership, and Lead Change, and consistently pursues talent identification and capability development activities based on these. It secures excellent talent through annual open recruitment and occasional recruitment as a rule, and comprehensively verifies job fit for applicants who meet the job qualification requirements through multi-stage screening, including document screening, written and practical tests, aptitude and personality tests, interviews, and physical examinations. For experienced hires, it objectively recognizes prior experience under career conversion standards to ensure fair treatment. It operates a practice and probation period of up to six months for new hires, and for jobs requiring a separate training period, such as the casting process, it operates a "Training Relief Man System" that includes a training course to support new personnel in adapting to work and settling in early.

Talent Development

Daedong | Daedong operates customized talent development programs reflecting job grade and job characteristics to support employees' capability building. It also expands training opportunities to group company and supplier employees to enhance capabilities across the organization. In 2025, a total of 574 employees completed about 6,000 hours of training, and it plans to continuously improve and advance its programs based on training satisfaction surveys.

Daedong 2025 Training Performance

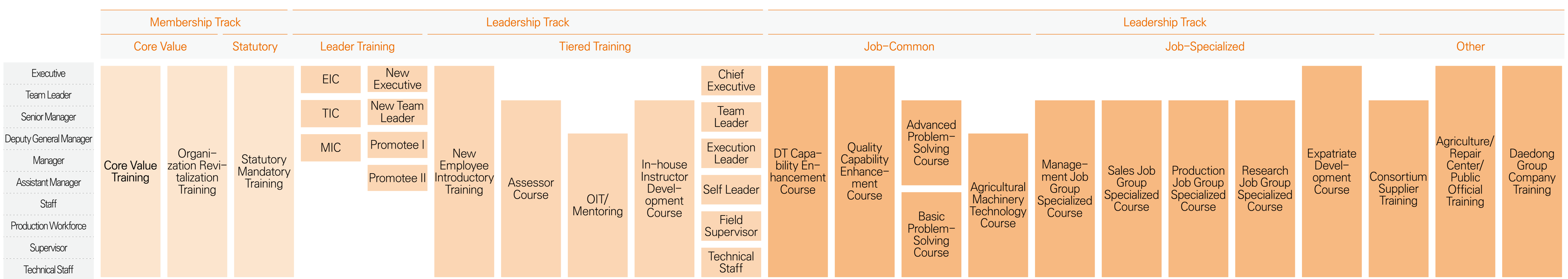
Category	Course Name	Total Hours (hr)	Total Completions (persons)	Average Satisfaction[1](points)
Introductory	New employee introductory training	1,628	95	6.64
Leadership	New team leader upskilling course, etc.	616	79	6.79
Job	Service capability enhancement course for the A/S job group, etc.	3,928	400	6.62

1) Average satisfaction: based on a 7-point scale

Daedong Mobility | Daedong Mobility conducts leadership training for division heads and team leaders. It aims to build trust within the organization by strengthening performance management and performance evaluation feedback capabilities and improving conflict management capabilities between leaders and members, operated as an integrated DDR course.

Daedong Metals | Daedong Metals operates a customized training system based on job grade, role, and qualification requirements. For specialized roles, including quality and HSE internal auditors, testers, and inspectors, it combines qualification verification with competency assessments. To improve administrative employees' data processing and documentation capabilities, the company provides hands-on office automation training covering Excel functions, macros, VBA, pivot tables, and ChatGPT-based macro development. It also strengthens managers' leadership capabilities through tiered training programs.

Daedong Employee Training Programs



Talent Management

Evaluation and Compensation System

Performance Management System

Daedong | Daedong conducts performance and competency evaluations to assess employees fairly. Performance evaluations focus on short-term achievement of key organizational goals, while competency evaluations assess long-term knowledge, skills, and attitudes. Performance evaluations are based entirely on individual KPIs, with quantitative and qualitative targets established to support objective assessment. Quantitative indicators are evaluated using the 2QT criteria of Quality, Quantity, and Time. Competency evaluations for team members and team leaders cover common, leadership, and job competencies, with criteria differentiated by job grade. Evaluation results are used for compensation and promotion decisions, while the annual appraisal process also reviews the appropriateness of wage levels.

Daedong Performance Evaluation Method

Stage	Key Content	
Team member goal-setting	• Establish and confirm organizational goals • Establish self-development plan (IDP)	• Establish own KPI/MBO
Discussion and confirmation	• Detailed discussion of self-development plan (team member ↔ team leader)	• Confirm and set difficulty of team member KPI/MBO goals and specific action plan • Confirm division member goals
Interim review	• Revise according to goal changes	
Evaluation	• Conduct multi-rater evaluation and self-evaluation • Conduct first and second evaluations	• Calibration / HR evaluator perspective alignment
Feedback	• Confirm evaluation results and provide feedback • Discuss next-year development plan	

Daedong Mobility | Daedong Mobility operates an HR evaluation system that combines performance evaluation and competency evaluation for all administrative positions. Evaluation proceeds in three stages, goal-setting at the start of the year, mid-year interim review, and year-end final evaluation, performed under consistent standards through the HRP system.

Goal-setting		Interim review	Final evaluation			
Own goal-setting	Goal verification session and confirmation	Interim evaluation	Own evaluation (performance & competency)	First / Second evaluator evaluation	HR Evaluation Committee (by division)	Final grade / Feedback
Performance / own goals Establish own goals following the evaluation guide **Prepare competency development plan** Prepare a competency development plan centered on job competencies	**Team leader and team member verify and confirm goal adequacy** HR team and some departments participate in sessions (focused on departments with large gaps from the evaluation guide)	**Check interim performance, provide feedback, and review future tasks** ※ Revisions allowed only in special circumstances, such as organizational goal changes	**Performance / own evaluation** Evaluate own performance per the evaluation criteria **Competency / own evaluation** Enter scores based on standard behavior indicators	**First evaluation** Assign performance evaluation scores **Second evaluation** Assign performance evaluation grades	**HR Evaluation** Committee Review evaluation adequacy and confirm the final grade	**Grade confirmation and feedback** The team leader provides feedback on evaluation results to the evaluatee

Daedong Metals | Daedong Metals operates a career development foundation that allows employees to continuously develop job competencies. It operates a dual evaluation system that combines performance evaluation (KPI) and competency evaluation, with quantitative evaluation based on performance indicators and qualitative evaluation checking common, leadership, and job competencies conducted across the first and second halves of the year. It also enhances the objectivity and reliability of evaluation through multi-rater evaluation for administrative positions.

Employee Compensation System

Based on employee competency evaluation results, Daedong Group directly links performance and compensation to motivate employees to grow into core talent. This evaluation-compensation linkage system is openly communicated to all employees through HR system guidance materials, so that any employee can clearly understand the overall compensation process, including base salary increase criteria and promotion requirements.

Daedong Group Compensation System Evaluation Grades Definition

Grade	Definition
Superior	Demonstrates performance exceeding expectations and is fully adequate as a role model
Excellent	Exceeds expectations and possesses multiple strengths
Good	Generally performs the given role without difficulty but requires some effort to improve
Not bad	Falls short of expectations, with some areas requiring development observed
Unsatisfactory	Falls short of expectations overall and requires intensive improvement

Daedong Mobility | Daedong Mobility operates a differentiated compensation system linked to HR evaluation results to promote employee motivation and performance creation. Individual incentives are paid differentially according to performance evaluation results, and salary increase rates are applied differentially by grade, comprehensively reflecting performance and competency evaluation results. This expands compensation for high performers and establishes a performance-oriented organizational culture.

Daedong Metals | Under the “Annual Salary Payment Regulations,” Daedong Metals operates a performance-oriented differentiated compensation system, applying differentiated increase rates by evaluation grade according to performance appraisal results. Performance-based annual salary is paid based on management performance such as revenue and net income, and separate performance compensation is provided to departments that contribute to exceeding targets. In addition, it ensures transparency and fairness in compensation decisions through an objection procedure for annual salary and a re-negotiation system via the Salary Adjustment Committee, and strictly complies with related laws for all payroll matters.

Talent Management

Evaluation and Compensation System

Promotion and Wage Increase System

Daedong Group operates a promotion system that awards promotion mileage based on performance evaluation and competency evaluation grades. Promotions are divided into fast-track promotion and general promotion. Fast-track promotion targets employees who averaged Excellent or higher over the past two to three years with no Not bad or Unsatisfactory grades and who are recognized by the CEO. General promotion targets employees who meet the standard service period and, among those with high mileage over the past three years, are recognized by the HR Committee. In addition, an employee evaluated at S grade for three years in one job grade may be included among promotion candidates regardless of education level or years to promotion.

Daedong Group Promotion Mileage Standards

Grade	Description	Performance Mileage	Competency Mileage
Superior	Demonstrates performance exceeding expectations and is fully adequate as a role model	4	4
Excellent	Exceeds expectations and possesses multiple strengths	3	3
Good	Generally performs the given role without difficulty but requires some effort to improve	2	2
Not bad	Falls short of expectations, with some areas requiring development observed	1	1
Unsatisfactory	Falls short of expectations overall and requires intensive improvement	-	-

Daedong Mobility | Daedong Mobility ensures fairness by operating a transparent promotion procedure based on objective, clear, performance-oriented screening criteria. Regular promotions are divided into general promotion and fast-track promotion depending on whether standard service periods and promotion mileage are met, and promotion mileage is accumulated and managed each year by converting performance and competency evaluation results by grade. General promotion targets those who meet the standard service period and general promotion mileage, while fast-track promotion targets those who meet the fast-track service period and fast-track mileage, decided through the Promotion Screening Committee. During screening, it reviews performance achievements using the performance system, and after reporting screening results to the CEO and confirming those to be promoted, it carries out HR appointments.

Daedong Metals | Based on performance evaluation results, Daedong Metals systematically reflects promotions and compensation across five grades (S, E, G, N, U) according to Daedong Group promotion mileage standards, and established an objection procedure to ensure fairness in evaluation. It operates a performance- and competency-oriented promotion system, unified the required promotion period, and introduced a mileage system to comprehensively manage evaluation history. Regular promotions are deliberated by the Promotion Screening Committee according to mileage standards, and employees who create outstanding performance are given early promotion opportunities. It also supports salary step advancement upon attaining a higher education level.

Corporate Culture

Organizational Culture Vitalization System

Daedong, Daedong Gear | Daedong and Daedong Gear conduct employee engagement surveys to raise employee satisfaction, improve organizational productivity, and foster a healthy organizational culture. Through these surveys, they systematically analyze the key factors affecting member engagement. The organizational culture satisfaction survey confirmed that a "family/relationship-oriented culture" is a key factor with a positive effect on employee engagement and morale. Based on these results, Daedong specifies the direction for improving its HR system and organizational culture and establishes and pursues a mid- to long-term action plan reflecting them. Through continuous monitoring, it works to refine an HR system that satisfies employees and to build an organizational culture that raises member engagement.

Daedong HR System and Organizational Culture Improvement Process

Gather opinions	Results sharing and Focus Group Interview • Top Management, related departments, NGC (Junior Board), and other Opinion Leaders
Establish plan	Set long-term organizational culture goals and HR system improvement direction • Define an organizational culture aligned with future management goals and mid- to long-term plans, expand education and training, etc.
Build Initiative Pool	Advanced-company case studies, improvement task Profile development • Benchmark advanced companies' organizational culture cases and establish short-, mid-, and long-term improvement plans based on priorities
Sustainable operation of Plan-Do-See	Regular review of results, horizontal deployment to domestic family companies and overseas subsidiaries • Conduct annual HR diagnosis, share and review results, and establish and pursue a Rolling Plan

Daedong Metals | Daedong Metals conducts an annual welfare satisfaction survey to continuously check and improve the welfare level that employees experience. In 2025, it conducted an online anonymous survey of all employees on major welfare items such as the company cafeteria, work uniforms, and safety gear to gather candid opinions. The survey found that satisfaction with work uniforms and safety gear rose from the previous year, and it derived improvement points for the company cafeteria based on detailed opinions by item. Opinions identified through the survey are shared with the department responsible for each item and connected to specific improvement tasks. It is pursuing follow-up actions reflecting employee needs, including improving work uniform durability, preparing a collection and recycling scheme for discarded work uniforms, refining safety shoe provision criteria by job group, and improving the convenience of wearing safety gear. Through these regular satisfaction surveys and improvement activities, it promotes both higher employee satisfaction and greater work engagement and continuously enhances a healthy and safe working environment.

Talent Management

Corporate Culture

Work–Life Balance Support System

Work System

Daedong Group introduced a staggered work hours system to guarantee flexibility in working hours and to foster an organizational culture that helps employees achieve work–life balance. Through telecommuting and remote work systems, it enhances both work efficiency and individual convenience.

Welfare System

Daedong Group operates various welfare programs for employees. It provides not only individual programs such as vacation expense support and long-service awards, but also family-linked welfare programs such as family health checkups, medical expense support, and children's tuition support, contributing to a better quality of life for employees.

Daedong Group Welfare Support Programs

Item	Description
Tuition support	Supports tuition from kindergarten to university and enrollment congratulatory funds
Holiday travel allowance	Provides KRW 1 million each in travel allowance for Seollal (Lunar New Year) and Chuseok
Summer vacation	Provides five days of paid vacation and KRW 1 million in vacation expenses
Childcare support	Maternity leave, parental leave
Health checkup support	Provides comprehensive checkups beyond statutory checkups for employees with five or more years of service and aged 40 or older (including one family member)
Family event leave and event expense support	Provides family event leave and event expenses for occasions such as weddings, 60th and 70th birthdays, and deaths
Fitness facility operation	Operates fitness facilities (gym, table tennis facilities, etc.) for employee health management
Recreational facility operation	Operates recreational facilities for employee use
Childbirth congratulatory gift	Provides a childbirth congratulatory gift to celebrate the birth of a new life
Retirement gratuity for employees reaching retirement age	Provides a retirement gratuity based on years of service to employees reaching retirement age
Long-service award	Provides service award gifts and travel support to long-service employees
Medical expense support	When the employee or a family member (spouse, children, parents) is hospitalized or treated, supports part of the out-of-pocket copayment among covered care benefit items (for the portion exceeding KRW 500,000 per year)
Encouragement gift for employees' children taking the CSAT	Provides a CSAT gift to encourage employees whose children are taking the College Scholastic Ability Test (CSAT)
Meal support	Supports lunch, dinner, and late-night meals for employees

Daedong Mobility, Daedong Gear | To support employees' work–family balance, Daedong Mobility and Daedong Gear designate two days each week as "Family Day," promoting both greater work efficiency and a better quality of life for members.

Daedong Metals | Daedong Metals operates a leave system for employees' employment stability and work–family balance, and supports flexible adjustment of the work environment to fit individual circumstances. Workers with a child under one year of age may take up to one year of parental leave together with their spouse, and their employee status is maintained during the leave to ensure employment stability. Reinstatement applications are processed within seven days as a rule. The retirement age is 60, but the company provides flexibility so that employees can retire at their preferred time. It also supports an annual comprehensive health checkup for employees and their families, and enhances the effectiveness of health management through follow-up care and counseling based on checkup results. In cooperation with a consigned health management institution, it regularly visits worksites and integrally manages physical and mental health through job stress assessments and work environment management. It also operates a smoking cessation clinic program to support employees in quitting smoking.

Talent Management

Corporate Culture

Labor–Management Cooperation System

Labor Union

Under the Trade Union and Labor Relations Adjustment Act, Daedong Group guarantees workers' rights to organize, to bargain collectively, and to take collective action, and works to improve employees' working conditions and resolve grievances through collective bargaining and the labor–management council. Daedong Group also actively guarantees freedom to establish and operate labor unions. The labor union consults on various matters to build healthy labor–management relations and improve employee welfare, and continuously renews the collective agreement through annual collective bargaining.

Daedong Group Labor Union Membership Rate and Number of Members

Category	Labor Union Membership Rate	Number of Labor Union Members
Daedong	100%	506
Daedong Mobility	100%	149
Daedong Gear	100%	103
Daedong Metals	100%	81

Labor–Management Council

Under the Act on the Promotion of Workers' Participation and Cooperation, Daedong Group operates a regular labor–management council once per quarter at each group company, and established a system that can convene additional councils when necessary. Each affiliate composes an equal number of worker-side and employer-side members under its own labor–management council regulations, and appoints one co-chairperson from each side to ensure fairness and balance in consultation. Going forward, Daedong Group plans to systematically gather and resolve employee grievances through regular labor–management council operation and to continuously promote employee welfare based on an organizational culture grounded in mutual respect.

Daedong Group Labor–Management Council Operating Performance

Category	Number of Labor–Management Councils Held
Daedong	4 times
Daedong Mobility	4 times
Daedong Gear	4 times
Daedong Metals	5 times

Employee Communication

Daedong | To foster a healthy and inclusive work environment, Daedong regularly operates a two-way communication system between employees and management, making multifaceted efforts to reflect members' opinions in organizational operations. In particular, it established an official communication channel that represents employees, centered on the labor union, and gathers opinions on various matters such as working conditions, welfare, and organizational culture through regular consultation and information exchange. Under the collective agreement, major management decisions such as the company's division, spin-off, merger, and business transfer must be notified to the labor union at least 60 days in advance and implemented after prior consultation.

Daedong Labor Union-Based Employee Communication System

Item	Description
Representative channel	Labor union (official employee representative body)
Communication method	Regular consultations, ad hoc meetings, written inquiries, etc.
Discussion topics	Working conditions, welfare benefits, organizational culture, on-site difficulties, etc.
Operating basis	Consultation structure based on the collective agreement and mutual trust between labor and management
Communication cycle	Regular consultation (quarterly or semiannual), including ad hoc responses
Feedback use	Reflected in substantive policies such as system improvement, welfare expansion, and strengthened safety management
Outcomes and features	Represents employee opinions, builds trust within the organization, and improves policies with an on-site focus

Daedong Mobility | Daedong Mobility promotes harmony and fellowship between employees and labor-management through an annual labor-management harmony outing and a labor-management win-win sports event, contributing to productivity and the achievement of management goals. It also holds sessions twice a year for new union members, where union officers and labor-management cooperation department staff serve as mentors to share workplace tips and grievances. Labor and management cooperate to inform workers of their rights and interests and help them settle successfully into the organization.

Daedong Metals | Daedong Metals operates regular communication channels to build trust-based labor-management relations. In particular, through quarterly management briefings, it transparently shares information on overall management with all employees, including business performance, the status of new business initiatives, R&D activities, and the occurrence of and response to safety accidents. This substantive information sharing raises employees' understanding of the organization and contributes to building a sustainable labor-management partnership based on mutual trust.

Sustainable Supply Chain

Supply Chain Management System

Supply Chain Sustainability Management Policy

Supplier Code of Conduct

Daedong | Daedong prepared a supplier code of conduct to build an ethical and sustainable supply chain, and receives an ethics management practice pledge that includes clauses prohibiting unfair trade and preventing misconduct and corruption during the contracting process. The supplier code of conduct contains the environmental and social responsibility standards that all suppliers doing business with Daedong must comply with, and consists of four areas: human rights and labor, safety and health, environmental protection, and ethical management.

Daedong Mobility | Daedong Mobility established and operates a supplier code of conduct to secure sustainability across the supply chain. In the environmental area, it requires Daedong Mobility and its suppliers to comply with environmental laws and fulfill pollution prevention obligations, and clearly stipulates sanctions and liability for damages in the event of a violation. In the safety and health area, it established and operates safety and health management standards to prevent industrial accidents, including compliance with relevant laws, appointment of managers, provision of protective equipment, implementation of training and health examinations, cost execution, sanctions and damages for violations, and the validity period of the agreement.

Daedong Gear | Daedong Gear is strengthening its ESG management system to build sustainable supply chain competitiveness together with suppliers. It sets its core management areas as follows: in the environmental area, climate change response, carbon emission reduction, resource and waste management, and energy efficiency improvement; in the social area, respect for human rights and non-discrimination, a safe working environment, customer satisfaction, and community relations; and in the governance area, anti-corruption, fair trade, legal compliance, and transparent management. It also enacted an ESG Code of Conduct for suppliers' sustainable management practices and conducts pledges. By requesting suppliers' voluntary practice and internal reflection, it proactively responds to changes in the management environment, such as strengthened regulations, expanded ESG demands from investors and customers, and reflection in corporate evaluations.

Daedong Gear ESG Code of Conduct

Daedong Metals | To build a sustainable supply chain and fulfill social and environmental responsibilities across the supply chain, Daedong Metals enacted a Supplier Code of Conduct and a Supplier Code of Ethics, operating a dual normative framework. The Code of Conduct sets standards for fulfilling social and environmental responsibilities across the supply chain, including human rights, safety, environment, and ethics. The Code of Ethics focuses on strengthening partners' ethical responsibility and transparency, establishing ethical norms that align with international standards. Through these, Daedong Metals carries out responsible business activities together with partners at every stage of the supply chain and builds sustainable win-win cooperative relationships.

Daedong Metals Supplier Code of Ethics and Conduct

Conflict Minerals Management Policy

Daedong Metals | To fully consider environmental and social responsibility in resource procurement and prevent illegal or unethical sourcing, Daedong Metals established and operates a Responsible Raw and Subsidiary Material Sourcing Policy. This policy applies to all raw materials Daedong Metals uses, and by requiring all suppliers and subcontractors in the supply chain to comply with the same standards, it secures supply chain transparency and lays the foundation for sustainable resource procurement.
To realize responsible resource procurement, Daedong Metals operates an integrated management system spanning conflict minerals management, responsible mineral sourcing, sustainable resource use, supplier management, and transparent reporting. It strictly restricts the use of conflict minerals (tin, tantalum, tungsten, and gold) mined in the Democratic Republic of the Congo (DRC) and neighboring countries that may be used to support armed groups or violent activities, and requires the entire supply chain to use only responsible minerals mined and traded ethically with consideration for environmental and social responsibility. To minimize environmental destruction during resource extraction, it applies sustainable procurement methods and encourages the use of recycled and alternative resources. It also requires suppliers to establish raw material management policies and transparently report sources and mining processes, raising the level of ethical and environmental responsibility across the supply chain.

Key Contents of Daedong Metals' "Responsible Raw and Subsidiary Material Sourcing Policy"

Area	Key Content
Conflict minerals use restriction	Strictly restricts the use of conflict minerals (tin, tantalum, tungsten, gold); requires suppliers to report on use
Responsible mineral sourcing	Requires the use of only responsible minerals at every stage of the supply chain; requires suppliers to establish and comply with responsible mineral sourcing policies
Sustainable resource procurement	Minimizes environmental destruction and encourages the use of recycled and alternative resources and expansion of their proportion
Supplier raw material management	Requires transparent reporting of raw material sources and mining processes and the establishment of responsible management policies
Transparency and reporting	Discloses information by supply chain stage and verifies it based on external audits and certifications

Daedong Metals Responsible Raw and Subsidiary Material Sourcing Policy

Sustainable Supply Chain

Supply Chain Risk Management Activities

Supplier Selection and Evaluation

Daedong | Daedong unified its supplier evaluation into the DCP (Daedong Certified Partner) certification assessment. It conducts a regular evaluation of existing suppliers every two years and assigns grades by combining performance and status evaluation results. For new suppliers, it grants a "qualified" rating to companies with a credit rating of B or higher that obtain a DCP assessment grade of 3 or higher. The evaluation is divided into performance evaluation (documents) and status evaluation (on-site) and proceeds in stages, with the grade and new registration decided based on the results. The DCP certification assessment classifies suppliers into groups by importance and business dependency and applies a quantitative performance evaluation system. Evaluation items include environmental standards such as hazardous substance management and social responsibility standards such as quality and process management. Based on the results, it grants excellent partner certification, and suppliers that repeatedly receive low grades are managed as candidates for removal or consolidation.

Daedong Supplier Evaluation Criteria (DCP, Daedong Certified Partner)

Category	Evaluation Area	Evaluation Items
Performance evaluation	Quality	• Defect rate during assembly • Quality target achievement rate • Line delay time (related to part nonconformity)
	Development and purchasing	• On-time delivery rate for production and service parts • Production line delay man-hours • Financial stability • Cost reduction rate
Status evaluation	Quality	• Management • Quality assurance management • Process management, etc.
	Development and purchasing	• Cost • Management • Others
	Common	• Hazardous substance management

Daedong DCP Incentives and Penalties

Grade	Incentive	Penalty
Grade 1	• DCP certification plaque and 30% cash payment of amounts due • Priority in development	–
Grade 2	• Maintain current transaction relationship • Priority in development	–
Grade 3	• Maintain current transaction relationship • Eligible to participate in new development items	–
Grade 4*	–	Suspension of new development items

*Removal or consolidation is carried out for suppliers rated Grade 4 for three consecutive times.

Daedong Mobility | Based on its Purchasing Management Process, Daedong Mobility operates company-wide purchasing and supplier management under the Purchasing Division. It integrates purchasing development, supplier management, and asset management for all purchased items, including raw and subsidiary materials, consumables, and outsourced parts, and regularly checks key indicators such as cost reduction achievement rate and TCS (standard cost) achievement rate through its IT system.

For new suppliers, it evaluates management, quality, and development capabilities, and conducts an on-site evaluation jointly by the purchasing, quality, and development functions after a feasibility study. The evaluation applies a total of 100 points and a failing-line standard to register passing companies, and grants one re-evaluation opportunity if a company fails. Upon registration, it concludes a safety and health management agreement and an environmental pollution prevention agreement along with confidentiality, quality assurance, claim compensation, and prevention of similar-product leakage, reflecting quality, safety and health, environment, and information security factors in the supplier selection and management process. Suppliers undergo a regular evaluation once a year, assessed across four areas: management, production management, quality management, and management capability. In the quality management area, it evaluates the quality level by reflecting defect rate, NCR response, and quality assurance system, and calculates an overall grade including on-time delivery rate and cost reduction performance. It also tracks and manages improvement activities based on the results, and conducts a re-evaluation within three months if a supplier fails. Suppliers that still fail to meet the standard after re-evaluation are subject to measures such as transaction restriction, removal, or consolidation.

Daedong Mobility New Supplier Required Contract Items

Category	Contract Documents
Transaction basis	Basic transaction agreement, non-disclosure agreement (NDA)
Quality and compensation	Quality assurance agreement, claim compensation agreement, prevention of similar-product leakage agreement
ESG	Safety and health management agreement, environmental pollution prevention agreement

Daedong Mobility Supplier Overall Grades and Management Measures

Grade	Score Criteria	Management Measures
A (Excellent)	80 points or higher	Maintain long-term relationship, modularization and focused development
B (Value)	70 to below 80 points	Expand transactions, provide technical support
C (Improvement)	67 to below 70 points	Support quality and delivery improvement; subject to rebuilding if not improved
D (Risk)	Below 60 points	Removal/dual sourcing, subject to rebuilding, restricted from participating in new project quotes for three years

Sustainable Supply Chain

Supply Chain Risk Management Activities

Supplier Selection and Evaluation

Daedong Metals | Daedong Metals operates a Purchasing Management Process to procure the materials needed for production activities at the right quality, timing, quantity, and price. The purchasing team oversees company-wide purchasing, classifying procurement targets such as raw and subsidiary materials, general materials, facilities and machinery, and service work, and applying procurement standards and procedures by material characteristics. Under its Supplier Management Process, it manages new registration, quality evaluation, and regular inspections of suppliers, and regularly checks indicators such as the receipt rate of major raw and subsidiary materials and purchasing ratio trends to manage purchasing efficiency and supply stability.
It also conducts regular evaluations of partner family companies across three areas: quality management, environment, and safety and health. It classifies the results into five grades (A to E) and reflects them in supplier management and contract decisions. For lower-grade suppliers, it applies follow-up measures such as improvement requests and contract exclusion, continuously strengthening the level of ESG management across the supply chain.

Daedong Metals Supplier Evaluation Areas

Category	Evaluation Area	Points
Environment	ISO 14001 environmental management system certification, compliance with environmental laws, environmental emission facility permits and operation, appointment and training of environmental managers, air and water self-measurement and management of emission and prevention facilities, waste storage and treatment management, chemical substance and MSDS management, energy savings, and management excellence	20 points
Safety and health	Establishment of safety and health policies and goals, appointment of a management supervisor and organizational operation, safety and health budget planning and execution, safety and health training (regular, special, new, and change), risk assessment, industrial accident reporting and prevention activities, worker health checkups, protective equipment and guard device management, and emergency response system	20 points
Quality management system	4M management (facility daily inspection, worker experience, work standard compliance, raw material incoming inspection, 4M change management), quality management (claim response, quality improvement cooperation, inspection staff and standards, quality training, quality system certification), delivery management (delivery management and on-time rate, urgent and small-lot response, delivery response planning)	20 points
Process inspection	Process inspection response and improvement, standard work implementation, quality problem improvement measures, improvement suggestion activities / 3 Fixed Principles and 5S (raw material storage, orderliness, work environment and pollution management, product identification and storage)	40 points
Total	-	100 points

Daedong Metals Supplier Evaluation Grade Classification

Grade	Outstanding (A)	Excellent (B)	Fair (C)	Poor (D)	Very Poor (E)
Score	90 points or higher	80 to below 90 points	70 to below 80 points	60 to below 70 points	Below 60 points

*Lower-grade suppliers are subject to follow-up measures such as improvement requests and exclusion from contracts.

Strengthening Supplier Communication

Daedong | Daedong defines suppliers not as mere sources of supply but as key partners with whom it builds technology and competitiveness together, and pursues various communication activities to advance cooperative relationships from a mid- to long-term perspective. Each year, Daedong holds a "Supplier Partnership Day" to promote win-win cooperation and shared growth with major suppliers. The "2026 Supplier Partnership Day," held in February 2026, was attended by about 150 people, including Daedong's key executives and employees and representatives and employees from 95 suppliers. At the event, Daedong shared its mid- to long-term vision for securing sustainable competitiveness amid a rapidly changing global business environment and its company-wide operating direction for 2026, and presented business directions by major function, including purchasing, quality, production, development, and parts service. It also introduced its vision to expand future businesses centered on agricultural AI, robotics, and smart technology, and expressed its commitment to broaden the scope of technical collaboration with suppliers and continue shared growth in future business areas. In addition, it selected and awarded 10 suppliers that created outstanding performance across various areas such as quality, delivery, and technical cooperation during the year, reaffirming the meaning of win-win cooperation.

Supplier Grievance Handling

Daedong | Daedong operates various online channels for close communication with suppliers and prompt complaint handling. It continuously receives suppliers' opinions and complaints through the supplier portal bulletin board, and separately operates a hazardous substance management system bulletin board for parts suppliers to share information on environmental regulation response and hazardous substances. Through these, it strengthens a foundation for transparent communication with suppliers and builds sustainable supply chain relationships based on mutual trust.

Daedong Metals | Daedong Metals conducts systematic partnership activities for continuous communication and win-win cooperation with suppliers. In 2025, with seven suppliers in the casting, finishing, and machining fields participating, it operated a total of five activities over 13 sessions, including partnership meetings, monthly and semiannual quality exchanges, and exchange programs for all supplier employees. At monthly partnership meetings, it jointly pursued quality improvement activities by sharing evaluation indicators and quality exchanges. At regular meetings in the first and second halves, it shared quality and purchasing policies and gathered supplier opinions to reflect them in the management direction. It also operates exchange programs and social events for all supplier employees, such as visiting major supplier worksites and providing a coffee truck to about 200 employees, to boost supplier employees' morale and sense of belonging. Through these, it strengthens trust-based relationships with suppliers and fosters a culture of win-win cooperation.

Sustainable Supply Chain

Supply Chain Risk Management Activities

Supply Chain Sustainability Due Diligence Process

Daedong Group operates a supply chain sustainability due diligence process consisting of four stages to systematically manage ESG risks within the supply chain: risk and opportunity identification, risk assessment, establishment of risk mitigation measures, and monitoring and continuous improvement. It first identifies suppliers' ESG issues such as human rights, environment, and ethics, and prioritizes the review of high-risk industries and regions to identify risk and opportunity factors. It then classifies each supplier's risk level through self-diagnosis and document and on-site evaluations, and implements risk mitigation measures that support corrective action requests and improvement plan establishment by risk. Finally, through re-evaluation, training, and implementation checks, it continuously strengthens sustainability across the supply chain.

Daedong Group Supply Chain Sustainability Due Diligence Process

STEP 01	Risk and opportunity identification	• Identify supplier ESG issues (human rights, environment, ethics, etc.) • Prioritize review of high-risk industries and regions
STEP 02	Risk assessment	• Classify risk levels through self-diagnosis and document and on-site evaluations
STEP 03	Establishment of risk mitigation measures	• Request corrective actions by risk • Establish and support improvement plans
STEP 04	Monitoring and continuous improvement	• Strengthen sustainability through re-evaluation, training, and implementation checks

Daedong | Daedong requires suppliers to sign an "Environmental Pollution Prevention Agreement" when entering into contracts to systematically manage environmental risks. The agreement covers key practices, including waste reduction, pollutant emission control, and environmental training. Supplier evaluations also assess hazardous substance management, pollution prevention capabilities, and pollution measurement capacity, with the results reflected in supplier selection. Daedong also conducts supplier risk assessments through its win-win cooperation program. Based on each supplier's risk assessment procedures, the process includes prior training, hazard identification, assessment reporting, and the establishment and implementation of improvement plans. These activities strengthen supplier employees' safety awareness and support a sustainable cooperation framework.

Daedong Metals | Daedong Metals operates regular due diligence and monitoring to implement its responsible sourcing policy. Suppliers are required to disclose conflict mineral use and submit supporting documentation. When conflict mineral use is suspected, the company verifies the source and suspends transactions if illegal procurement is confirmed. The ESG department also conducts regular supplier ESG due diligence and audits and prepares an annual conflict and responsible minerals report for internal stakeholders and external auditors. Policy implementation is reviewed quarterly, and the policy is updated in response to regulatory changes and stakeholder feedback, continuously strengthening the responsible sourcing system.

Supplier Shared Growth Activities

Supplier Financial Support

Daedong | Daedong operates a win-win payment system to build fair and transparent transaction relationships with suppliers. Win-win payment supports the prompt cash delivery of payments Daedong makes to first-tier suppliers down to second-tier and lower suppliers, contributing to securing liquidity for small and medium-sized suppliers. Daedong continuously expands the win-win payment ratio for first-tier and lower suppliers and promotes the spread of cash payment to second-tier and lower suppliers. It monitors win-win payment performance through an online portal and systematically manages cash payment implementation using its IT system.
Daedong also operates a subcontract price indexation system to strengthen win-win cooperation with suppliers. In 2025, it concluded 674 agreements (135 indexed, 539 non-indexed) with a total of 19 companies, reflecting 100% of the material cost change rate in delivery payments when major raw material prices fluctuate. It also conducts semiannual training for purchasing division staff to strengthen practical capabilities such as identifying major raw materials, understanding the indexation formula, and managing indexation indicator data. Based on these efforts, Daedong was selected as a "2025 Excellent Company in Subcontract Price Indexation" and received a commendation from the Minister of SMEs and Startups.

Daedong Win-Win Payment Operation Status

Category	Description
Win-win payment target	First-tier and lower suppliers
Win-win payment amount to first-tier and lower suppliers	KRW 877,264,723
Ratio of suppliers paid	5.12%

Daedong Gear | Daedong Gear operates various financial support programs to secure suppliers' liquidity and build a stable supply chain. Through the Korea SMEs and Startups Agency (KOSME)'s "Shared Growth Network Loan," it supports suppliers' short-term working capital, prepaying loans to suppliers and then recovering them in installments from delivery payments over one year. In 2025, it supported a total of KRW 8.35 billion for 12 companies. Using KOSME's "Accounts Receivable Factoring Support Program," it also supports the early cash conversion of suppliers' trade receivables, stabilizing supplier cash flow through a structure in which KOSME prepays payment to suppliers and Daedong Gear repays KOSME on the agreed settlement date. In addition, it introduced the "win-win payment system" operated by the Ministry of SMEs and Startups and financial institutions to support early cash conversion of suppliers' delivery payments and provide a stable settlement environment and liquidity.

Daedong Metals | Daedong Metals operates various financial support programs to support suppliers' financial stability and cost competitiveness. It applies an indexation system when raw material prices fluctuate, and reflects supply cost change factors such as design changes and labor and expense costs in purchase amounts to share suppliers' burden. It also supports procurement cost reduction through joint purchasing, and eases suppliers' funding burden and fosters a stable management environment through early payment of delivery amounts during holidays, operation of the win-win payment system, and support for the paid supply of raw materials.

Sustainable Supply Chain

Supplier Shared Growth Activities

Supplier Training Support

Daedong | Daedong operates various training support programs to strengthen suppliers' capabilities and build a sustainable supply chain. It provides tailored training courses by field, such as quality, purchasing, and environment, for supplier employees, and pursues workforce development and exchange support activities to enhance the competitiveness of small and medium-sized suppliers. In 2025, it operated six training courses for a total of 107 companies, providing practical, field-oriented training that suppliers need, including purchasing cost practice, quality management, environment and chemical substance management, and data analysis. It also supports the long-term retention of suppliers' core personnel and helps suppliers secure excellent talent through supplier job fairs and online recruitment site support. Through a guidance training program, Daedong's specialists are dispatched directly to suppliers to provide technical guidance, and it prioritizes technical innovation collaboration related to strengthening the competitiveness of materials, parts, and equipment.

2025 Daedong Supplier Training Support Status

No.	Course Name	Number of Companies Supported
1	Purchasing Cost Practice course	24
2	Agricultural Machinery Chemical Substance Inspection and Assessment course	28
3	Big Data Power Query Practice and Statistical Analysis course	3
4	Continuous Process Quality Improvement Management course	15
5	Measuring Instrument Use and Management course	23
6	Quality Management Innovation Activity course	14
	Total	107

Daedong Metals | To develop suppliers' talent, strengthen their technical competitiveness, and enhance sustainability, Daedong Metals operates a comprehensive supplier support program ranging from quality and technical training to ESG support. It jointly pursues programs for quality and technical development and management consulting and technical guidance programs using the Korea Automotive Parts Industry Promotion Foundation to strengthen suppliers' expertise, and promotes the advancement of suppliers' quality management systems by supporting SQ certification acquisition and grade improvement. On the technical competitiveness side, it jointly provides opportunities to learn advanced technologies such as competitor vehicle benchmarking and new-technology exhibitions and seminars, and combines joint patent applications for automotive-related patents, patent provision and transfer, and technology transfer and application support to strengthen suppliers' technical foundation and sustainable growth capabilities. On the workforce side, it supports suppliers in securing excellent talent and enhancing organizational capabilities through recruitment support programs, including Global Win-Win Cooperation Center training, supplier job fairs, and operation of an ad hoc recruitment support site.

Supplier ESG Support

Daedong | With the Serious Accidents Punishment Act extended to worksites with fewer than 50 employees from January 27, 2024, the need to manage the safety and health risks of in-house suppliers increased. Accordingly, Daedong participates in the large-company/SME safety and health win-win cooperation project run by the Ministry of Employment and Labor to support suppliers in establishing a voluntary safety culture and building a serious-accident prevention system. In 2025, it regularized joint safety and health inspections and patrol inspections between prime and subcontractors, and consulted on resolutions and agenda items through the supplier safety and health council. It also provided consulting, safety supplies, and seminars to suppliers through the win-win cooperation project, and checked the implementation status by stage of building a safety and health system and confirmed compliance through supplier level evaluations. In 2026, it plans to complete implementation by providing forms and supporting their preparation for companies that have inadequately conducted risk assessments, and, based on that completion, to support the establishment of implementation plans in line with risk assessment procedures. It also plans to strengthen the safety and health council's operation so that a supplier's manager chairs the safety and health council, thereby raising accountability and participation in implementing identified items, and to build a system that identifies risk factors early and improves them immediately by regularly operating joint safety and health inspections and patrol inspections.

2025 Daedong Supplier Safety and Health Consulting Support

Category	Number of Suppliers Supported	Support Details
Safety and health consulting	2 external companies	Comprehensive inspection, technical guidance, result report provision
Safety supplies support	5 in-house companies, 2 external companies	Protective equipment, safety signs, banners, etc.
Seminars	3 in-house companies, 1 external company	Operation of safety and health seminars

Daedong Gear | To strengthen suppliers' ESG management capabilities and build a sustainable supply chain, Daedong Gear operates a "Supplier ESG Support Program" supported by the Korea Commission for Corporate Partnership and the Ministry of SMEs and Startups. It conducts ESG self-diagnosis for suppliers and provides tailored training and consulting based on the diagnosis results, promoting suppliers' improved sustainability management capabilities and a higher ESG level across the supply chain.

Local Community

Community Investment System

Community Investment Policy

Daedong Group uses Article 30 (Community Investment Activities) of "Chapter 8, Ethics on Environment and Society, of the Code of Ethics" as the governing norm for community investment, faithfully fulfilling corporate social responsibility. Under this article, Daedong Group guarantees and actively supports employees' participation in sound social and volunteer activities and, as a member of the community, contributes to community development. It also supports cultural, artistic, and sports activities and works to preserve traditional culture, leading the creation of social and cultural value.

Daedong Group Community Investment Policy (Code of Ethics)

Article 30 Community Investment Activities*

1. Guarantees and actively supports employees' participation in sound social and volunteer activities and, as a member of the community, contributes to community development.
2. Supports cultural, artistic, and sports activities and works to preserve traditional culture.

* Article 30, Community Investment Activities, within Chapter 8, Ethics on Environment and Society, of the Code of Ethics

Community Investment Targets

To further strengthen socially responsible management based on continuous community investment activities, Daedong Group established a three-year community investment target through 2028. Starting from a donation scale of about KRW 120 million as of 2025, it plans to increase the amount by about 10% each year in stages, expanding to KRW 130 million by 2026 (short-term target), KRW 140 million by 2027 (mid-term target), and KRW 155 million by 2028 (long-term target). Through this, it aims to strengthen systematic and practical support for various underserved groups in the local community.

Daedong Group Community Investment Target (Unit: KRW million)

Category	Amount
2026 (short-term target)	130
2027 (mid-term target)	140
2028 (long-term target)	155

Community Investment Activities

Community Support Activities

Startup Open Innovation Project

Daedong | Together with the Daegu Center for Creative Economy and Innovation, Daedong carried out the "2026 Future Agriculture Platform Open Innovation Demonstration Support Project" for startups holding future-agriculture innovation technologies. It accepted applications across eight fields, including AI robotics-based smart farming solutions, autonomous driving and autonomous work technology, and electrification (EV), and selected two final companies. It provided each company with about KRW 40 million in PoC (Proof of Concept) demonstration support funds, along with collaboration with Daedong's relevant business departments and support for technology advancement and commercialization.

Agricultural AI Agent Business Support

Daedong | In partnership with NAVER Cloud, Daedong is developing an agricultural AI agent business to reduce the digital divide in farming and improve productivity. In the short term, its AI Call service uses voice recognition to automatically record farming journals and provide customized agricultural information and expert recommendations. Over the mid to long term, Daedong plans to integrate the service with physical AI technologies, including autonomous agricultural machinery and robots, to enhance farm productivity and sustainability. Through this partnership, the company aims to accelerate smart technology adoption and support shared growth with farmers and local communities.

Free Agricultural Machinery Rental in Wildfire-Damaged Areas of Gyeongbuk

Daedong | To support the swift recovery of farmers in the Gyeongbuk region affected by the 2025 wildfires, Daedong worked closely with local agricultural technology centers and local governments to provide 49 units of its own agricultural machinery, including tractors, cultivators, and transport robots, free of charge — 9 tractors, 20 transport robots, and 20 cultivators — across five cities and counties in Gyeongbuk by year-end. Beyond machinery rental, it also strengthened human support, including free maintenance services and the dispatch of on-site volunteer teams. It also provided daily necessities for farmers who had lost their homes, aiming to deliver practical help on multiple fronts.

Support for Vulnerable Groups in Local Communities

Daedong Metals | With coexistence with the local community as a core value, Daedong Metals carries out various community investment activities based on employees' voluntary participation. Each year-end, the company and employees raise donations on a one-to-one matching basis to share with local neighbors. In 2025, 67 employees raised KRW 3.5 million, and the company added KRW 3.5 million in donations, for a total of KRW 7 million, which it donated to the Dalseong Welfare Foundation of Dalseong-gun Office to support child-headed households within Dalseong-gun.

Governance

Board of Directors

Board Composition

Board Members

Daedong Group operates a decision-making system in which the Board of Directors deliberates and resolves major management matters. Based on a composition with independence and expertise from management, the Board deliberates and resolves major agenda items and drives the company's sustainable growth and enhanced stakeholder value.

Daedong Board Composition (as of March 31, 2026)

Category	Name	Gender	Key Career	First Appointed	Term Expires
Executive Director	Kim Jun Sik (Chair)	Male	Co-CEO; Executive Vice Chairman	2004.03	2028.03
	Won Yu Hyun	Male	Co-CEO; Managing Director of Future Convergence Business Promotion, KT	2020.03	2029.03
	Kwon Ki Jae	Male	Head of Product Development and Production; Head of Group Management Office	2026.03	2029.03
Independent Director	Kim Hyung Joon	Male	Honorary Chair Professor, Pai Chai University	2021.03	2027.03
	Cho Yong Ho	Male	Director, Nexia Samduk Accounting Corporation	2024.03	2027.03
	Kim Chang Bong	Male	Executive Vice President, Chung-Ang University	2024.03	2027.03
	Kim Hak Jin	Male	Director, National Instrumentation Center for Environmental Management, Seoul National University	2026.03	2029.03

Daedong Gear Board Composition (as of March 31, 2026)

Category	Name	Gender	Key Career	First Appointed	Term Expires
Executive Director	Seo Jong Hwan (Chair)	Male	Head of Global Channel Strategy Office Executive Director, Hyundai Motor Company	2025.03	2027.03
	Kim Jun Sik	Male	Co-CEO, Daedong	2020.03	2028.03
Independent Director	Park Sung Wook	Male	Head of Policy Research Division, Korea Institute of Science and Technology Information (KISTI) Professor, Department of Data Economy, Hanbat National University	2026.03	2028.03
	Kang Kook Hyun	Male	CEO, KT Skylife Head of Customer Business Group, KT	2026.03	2028.03
	Kim Chul Ho	Male	Deputy Managing Partner, BnH Accounting Corporation Independent Director, IHQ, Inc.	2026.03	2028.03

Daedong Mobility Board Composition (as of March 31, 2026)

Category	Name	Gender	Key Career	First Appointed	Term Expires
Executive Director	Kim Jun Sik	Male	Co-CEO, Daedong	2013.03	2027.03
	Won Yu Hyun (Chair)	Male	Co-CEO, Daedong Managing Director of Future Convergence Business Promotion, KT	2020.03	2028.03
	Kwon Ki Jae	Male	Head of Vision Promotion Office, Daedong Head of 5G Service, KT	2023.03	-
Independent Director	Kang Byoung Cheol	Male	Dean, College of Agriculture and Life Sciences, Seoul National University Professor, Seoul National University	2026.03	2028.03

Daedong Metals Board Composition (as of March 31, 2026)

Category	Name	Gender	Key Career	First Appointed	Term Expires
Executive Director	Lee Pung Woo (Chair)	Male	Graduate School, Korea University Executive Director, Daedong	2023.09	2028.03
	Kim Jun Sik	Male	B.S. in Business Administration, Korea University CEO, Daedong	2001.03	2027.03
Independent Director	Hyun Soo Ryong	Male	Director, Deloitte Anjin LLC CEO, Samwon Accounting Corporation	2024.03	2028.03
	Kim Joo Nam	Male	Chair, Institute of Nation Brand Promotion Adjunct Professor, aSSIST University	2024.03	2028.03
	Chun Chang Hoo	Male	Professor, Department of Agriculture, Forestry and Bioresources, Seoul National University	2025.03	2027.03

Board of Directors

Board Operation

Board Committees

Daedong | Daedong operates four committees under the Board of Directors, namely the ESG Committee, Independent Director Recommendation Committee, Compensation Committee, and Audit Committee, to enhance the efficiency and expertise of the Board. Each committee deliberates on and resolves key management matters. All or a majority of the members of each committee are independent directors, thereby reinforcing Board independence and establishing a responsible corporate governance framework. The ESG Committee was established in November 2023 to advance sustainable management. Comprising three executive directors and three independent directors, the Committee is responsible for overseeing and resolving key ESG-related risks, reviewing sustainable management strategies and direction, and evaluating related performance and issues. The Committee meets four times a year, once each quarter, and reports key sustainability performance and agenda items to the Board to support decision-making. The Independent Director Recommendation Committee and the Compensation Committee were established in March 2024 to enhance the transparency and independence of corporate governance. Both committees are composed entirely of independent directors. The Independent Director Recommendation Committee ensures a fair appointment process by recommending suitable independent director candidates and managing the candidate pool. The Compensation Committee determines executive compensation levels and reviews the adequacy of the compensation system.

Composition of Committees under Daedong's Board

Category	Director	ESG Committee	Independent Director Recommendation Committee	Compensation Committee
Executive Director	Kim Jun Sik	● Chairperson		
	Won Yu Hyun	● Vice Chairperson		
	Kwon Ki Jae	●		
Independent Director	Kim Hyung Joon	●	●	● Chairperson
	Cho Yong Ho	●		●
	Kim Chang Bong		● Chairperson	●
	Kim Hak Jin	●	●	

Audit Committee

The Audit Committee is established and operated in accordance with Article 34-2 of the Articles of Incorporation. Composed entirely of independent directors, the Committee is responsible for supervising the work of directors and management, approving the selection of external auditors, and handling other audit-related matters stipulated in the Articles of Incorporation or internal regulations.

2025 Daedong Audit Committee Operations

Position	Role	Name	Audit Committee Attendance Rate
Independent Director	Chairperson	Cho Yong Ho	85%
Independent Director	Member	Kim Chang Bong	100%
Independent Director	Member	Kim Hak Jin[1)]	-

1) Newly appointed on March 26, 2026

2025 Daedong Gear Audit Committee Operations

Position	Role	Name	Audit Committee Attendance Rate
Independent Director	Member	Park Dae Kwang	100%
Independent Director	Member	Park Hee Joon	100%
Independent Director	Member	Jung Yoon Sik	100%

2025 Daedong Metals Audit Committee Operations

Position	Role	Name	Audit Committee Attendance Rate
Independent Director	Member	Hyun Soo Ryong	100%
Independent Director	Member	Kim Joo Nam	100%
Independent Director	Member	Chun Chang Hoo[2)]	-

2) Appointed after the Audit Committee meetings held in 2025

Board of Directors

Board Operation

Board Independence and Restrictions on Concurrent Positions

Daedong | In March 2024, Daedong established the Independent Director Recommendation Committee and has since conducted an annual process for systematically reviewing, managing, and reporting on its pool of independent director candidates. The Committee identifies candidates in advance based on their independence, expertise, diversity, and other relevant qualifications. It continuously manages the candidate pool to enhance the transparency of independent director nominations, diversify the composition of the Board, and strengthen its effectiveness. The Committee also receives annual reports on the status of the candidate pool and any related changes. Pursuant to Articles 382 and 542-8 of the Commercial Act and Article 34 of its Enforcement Decree, all independent directors are prohibited from concurrently serving as a director, executive officer, or statutory auditor at two or more entities other than Daedong.

INDEPENDENCE CRITERIA FOR INDEPENDENT DIRECTORS

Independent directors must satisfy the qualification requirements prescribed by the Commercial Act and other applicable laws and regulations, including the following:

- An independent director must not have served as an executive of the Company during the preceding two years.
- An independent director must not be an immediate family member of an executive of the Company or any of its subsidiaries.
- An independent director must not have a material relationship with the Company, including serving as an advisor or consultant under a material advisory agreement with the Company or its senior management, serving as an executive or employee of an entity under such an agreement, or being a major shareholder.
- An independent director must not be an executive, employee, or major shareholder of a significant customer or supplier of the Company as prescribed in Article 34(5)2(a) and (b) of the Enforcement Decree of the Commercial Act.
- An independent director must not have been a partner or employee of the Company's external auditor during the preceding two years.
- An independent director must have no other conflicts of interest, including any financial interest in matters to be decided by the Board.

Concurrent Positions Held by Daedong Independent Directors

Name	Initial Appointment	Term Expiration	Concurrent Position Status			
			Organization	Concurrent Position	Period of Service	Listing Status
Kim Hyung Joon	2021.03	2027.03	Pai Chai University	Yes	'23.04 ~	Unlisted
Cho Yong Ho	2024.03	2027.03	Nexia Samduk Accounting Corporation	Yes	'21.10 ~	Unlisted
Kim Chang Bong	2024.03	2027.03	Chung-Ang University	Yes	'22.02 ~	Unlisted
Kim Hak Jin	2026.03	2029.03	Seoul National University	Yes	'10.09 ~	Unlisted

Concurrent Positions Held by Daedong Mobility Independent Directors

Name	Initial Appointment	Term Expiration	Concurrent Position Status			
			Organization	Concurrent Position	Period of Service	Listing Status
Kang Byoung Cheorl	2026.03	-	FarmyirehSe Co., Ltd.	Yes	'22~Current	Unlisted

Concurrent Positions Held by Daedong Gear Independent Directors

Name	Initial Appointment	Term Expiration	Concurrent Position Status			
			Organization	Concurrent Position	Period of Service	Listing Status
Park Sung Wook	2026.03	2028.03	Korea Institute of Science and Technology Information (KISTI)	Yes	'00.06~'20.01 '21.09~'23.08	-
Kang Kook Hyun	2026.03	2028.03	KT Skylife Co., Ltd.	Yes	'17.12~'20.03	Listed
Kim Chul Ho	2026.03	2028.03	IHQ, INC	Yes	'23.08~'24.03	Unlisted

Concurrent Positions Held by Daedong Metals Independent Directors

Name	Initial Appointment	Term Expiration	Concurrent Position Status			
			Organization	Concurrent Position	Period of Service	Listing Status
Hyun Soo Ryong	2024.03	2028.03	Samwon Accounting Corporation	Yes	'17-Present	Unlisted
Kim Joo Nam	2024.03	2028.03	aSSIST University	-	-	-
Chun Chang Hoo	2025.03	2027.03	Department of Agriculture, Forestry and Bioresources, Seoul National University	-	-	-

Board of Directors

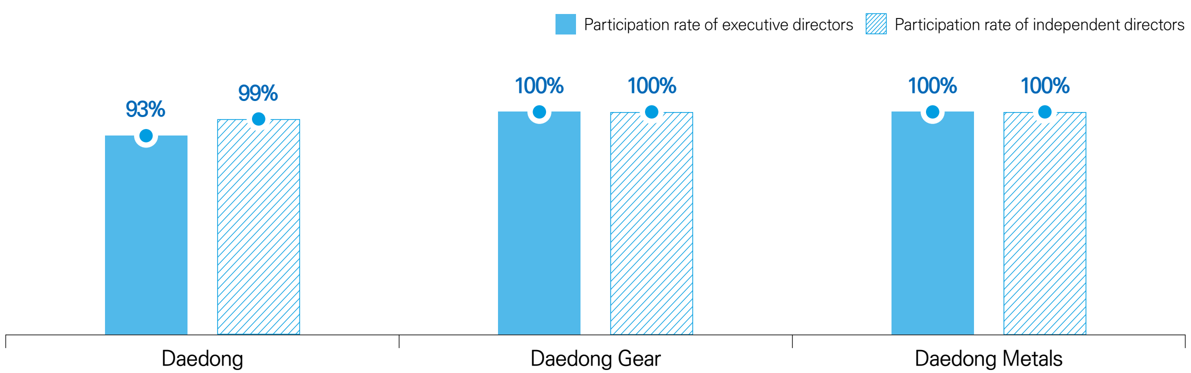
Board Operation

Directors' Duty of Loyalty

Daedong Group 2025 Board Operation Record

(2025.01.01 ~ 2025.12.31)

Category	Agenda		Attendance	
	Resolved	Reported	Executive Directors	Independent Directors
Daedong	104	10	93%	99%
Daedong Gear	14	2	100%	100%
Daedong Metals	9	2	100%	100%



Board Performance Evaluation and Remuneration

Daedong | To ensure the reasonableness and transparency of director remuneration, Daedong determines director remuneration through the Compensation Committee, composed entirely of independent directors. The Compensation Committee establishes the director remuneration policy, reviews the appropriateness of remuneration levels, and deliberates and resolves the director remuneration cap to be submitted to the General Meeting of Shareholders, securing independence and objectivity in the process of determining management remuneration. Director remuneration is finalized through the Compensation Committee's deliberation and resolution, reporting to the Board of Directors, and approval at the General Meeting of Shareholders. This procedure enhances the transparency of director remuneration decisions and forms part of a systematic governance structure that secures the trust of shareholders and stakeholders.

Board Oversight of ESG

Reporting Materiality Assessment Results and Establishing Strategy

Daedong Group manages and oversees major ESG-related decisions and strategy formulation at the level of the Daedong Board of Directors. In 2026, it conducted a double materiality assessment of six short-list issues, comprehensively considering social and environmental impact (Impact Materiality) and financial impact (Financial Materiality). Based on preset thresholds for each issue, the assessment selected "climate change response," "safety and health management," and "quality management" as Daedong Group's top three core issues. The assessment results were formally reported at the Board level, including the ESG Committee, and, based on them, the Group systematically established mid- to long-term ESG strategies and action tasks for each core issue.

Daedong ESG Committee Meeting Details

Session	Date	Agenda
1	May 12, 2025	1. Report on 2025 ESG materiality assessment results 2. Report on greenhouse gas emissions calculation results for climate change response 3. Report on Daedong product LCA (Life Cycle Assessment) implementation
2	August 12, 2025	1. Report on the publication of the 2025 Daedong Group ESG Report
3	November 13, 2025	1. Report on 2025 Daedong product LCA (Life Cycle Assessment) results

Ethics and Compliance Management

Ethics and Compliance Management System

Ethics and Compliance Organizational Structure

Daedong | Daedong performs its compliance control function by appointing a Compliance Officer and operating a compliance support organization. It discloses the status of these activities in its business report, transparently verifying compliance with the Compliance Control Standards.

Daedong Gear | To advance as a leader in ethical management, Daedong Gear has established its own framework and, through its dedicated Strategic Planning Team, translates management's ethical guidelines into actionable policies and procedures. It periodically assesses whether employees and stakeholders comply with the Code of Ethics and, when a violation is confirmed, links it to immediate investigation and corrective action. It operates accessible channels such as phone and online, together with the Cyber Reporting Center, a dedicated window for ethics and compliance, to continually strengthen a healthy organizational culture.

Daedong Metals | Daedong Metals designates its HR and Labor Team as the department in charge of ethical management, which enacts the Code of Ethics and related procedures and regularly investigates and audits employee compliance with the Code of Ethics. When a violation is confirmed, it prevents recurrence through prompt corrective action and internal notice, and it operates communication and reporting channels with internal and external stakeholders to establish a healthy ethical management culture.

Ethical management rules

Daedong Group has established and operates the "Ethics Charter," the "Code of Ethics," and the "Employee Practice Guidelines" to strengthen its ethical management system. These standards define the basic principles and conduct criteria that employees must observe in ethical decision-making and the performance of their duties. Their scope extends beyond an employee's own conduct to conduct through family, relatives, and acquaintances. They also present specific conduct criteria so that employees can make reasonable decisions across the various situations that may arise during work, and include compliance standards on job ethics and the prohibition of accepting money and other valuables. Each company separately enacts and manages the relevant standards and checks compliance in accordance with its internal rules. Daedong Group provides guidance on ethical standards to new hires and current employees, and the related documents are available on each company's website.

Daedong Ethical Management Rules
Daedong Mobility Ethical Management Rules
Daedong Gear Ethical Management Rules
Daedong Metals Ethical Management Rules

Reporting Channel Operation

Daedong Group operates reporting centers across multiple channels, including its website, phone, email, and mail, to improve employees' access to ethical management reporting. Employees can report violations of the Code of Ethics and Practice Guidelines, and all reports are handled under strict confidentiality. Under Article 16 of the Code of Ethics, Obligation to Protect Internal Whistleblowers, the Group protects reporters so that no personnel or work-related disadvantage occurs even if their identity is disclosed.

SUBJECT OF INTERNAL REPORTING

1. Matters that violate the Code of Ethics and the Internal Accounting Management Regulations
2. Illegal, unlawful, and criminal acts related to employees' duties
3. Illegal or improper instructions given to company employees or external stakeholders by abusing one's position
4. Other matters deemed likely to give rise to any of the above

Daedong Cyber Reporting
Daedong Mobility Cyber Reporting
Daedong Gear Grievance Handling
Daedong Metals Cyber Reporting

Ethics and Compliance Management

Ethics and Compliance Activities

Ethics Training

Daedong Group provides quarterly ethics training to strengthen ethical awareness across the organization. The training covers key topics such as the importance of ethical management, workplace harassment prevention, and fair trade standards. Video materials are also used to improve employee understanding and engagement.

Daedong | Daedong is driving the internalization of ethical awareness across all employees, with a target of a 100% ethical management training completion rate by 2030.

Daedong Group 2025 Ethics Training Status

(Unit: hours)

Company	Ethics and Compliance Training Hours
Daedong	562
Daedong Mobility	401
Daedong Gear	263
Daedong Metals	42

Ethical Management Internalization Activities

Daedong | To strengthen employees' ethics and compliance practices, Daedong shares relevant violation cases and recent issue articles every two weeks. Each article includes a title, source link, key summary, and practical implications to help employees understand and apply ethics and compliance principles in their work. The company also runs the "No Giving, No Receiving of Holiday Gifts" campaign to prevent ethical violations involving stakeholder gifts.

Daedong Mobility | Daedong Mobility conducts the annual "No Giving, No Receiving of Holiday Gifts" campaign before Lunar New Year and Chuseok to promote anti-corruption and fair trade. It prohibits gift exchanges involving employees and stakeholders and sends campaign notices to key suppliers and customers, requesting their participation to prevent the acceptance of money, valuables, and entertainment.

Daedong, Daedong Mobility
"No Giving, No Receiving of Holiday Gifts" campaign

Daedong Ethics and Compliance Management Newsletter

Compliance System

Daedong Mobility | Daedong Mobility operates a standard basic transaction agreement grounded in the Fair Transactions in Subcontracting Act and the Monopoly Regulation and Fair Trade Act. It codifies principles across all stages of a transaction, including reasonable unit price calculation, delivery procedures, and quality assurance, into contract documents to block unfair elements in advance, and on this basis builds a trust-based, win-win supply chain.

Daedong Gear | Daedong Gear has organized its fair trade work regulations and operates a management system so that all employees can put them into practice, and it assesses the effectiveness of its voluntary compliance principles and prohibition clauses on unfair trade practices every year. It has also incorporated the Korea Fair Trade Commission's "Four Major Guidelines for Fair Subcontracting Transactions" as mandatory clauses in its fair trade agreement and applies them consistently to all subcontracting transactions, securing fairness across the entire transaction life cycle from agreement conclusion to performance and expanding a shared-growth ecosystem.

Daedong Metals | Based on fair trade agreements with suppliers, Daedong Metals complies with related laws such as the Subcontracting Act, and secures fairness and transparency across the entire contract process through the use of standard contracts, reasonable unit price calculation, and the operation of an internal review committee and dispute resolution procedures. It also operates diverse win-win programs such as technical support, training, and joint purchasing to strengthen the foundation for shared growth with suppliers. At the raw material procurement stage, it operates an open competitive bidding structure to block anti-competitive elements in advance. In particular, ferroalloy procurement is conducted through monthly regular bidding, and order volumes are allocated according to predefined distribution principles for single-award and multiple-award situations, preventing concentration on a single supplier and maintaining balanced transaction opportunities among multiple suppliers.

Risk Management

Enterprise-wide Risk Management System

Risk Management Organization

Daedong | To respond preemptively to financial and non-financial risks that may arise across management activities, Daedong identifies, manages, and oversees potential items. To address latent risks in advance, it focuses on quality control, environmental, and safety and health risks in its core industrial areas of manufacturing and technology. It classifies risk types according to assessment results and operates a response system by responsible department. It is also enacting Risk Management Regulations to build an integrated risk management system.

Daedong Gear | Daedong Gear operates an enterprise-wide system to identify, manage, and oversee financial and non-financial risks. Based on internal and external environment analysis and stakeholder requirements, it identifies risks across management administration, HR and labor, sales, R&D, purchasing and production, finance, environment and safety, and information systems. Identified risks are recorded in a risk register, and responsible departments establish and implement response plans. The management representative determines major risks and opportunities, while the Quality Planning Team oversees enterprise-wide risk management and integrates departmental responses. Effectiveness is verified through ongoing monitoring and internal audits.

Daedong Mobility | Daedong Mobility operates an integrated management system to respond preemptively to financial and non-financial risks across management activities. Reflecting the characteristics of the mobility manufacturing and technology field, it identifies potential factors focused on quality, environment, and safety and health. Under the enterprise-wide oversight of the Management Planning Team, the Accounting Team and the Finance and IR Team handle financial risks, and the Environmental Safety Team is dedicated to ESG and EHS risks, forming a shared-responsibility structure.

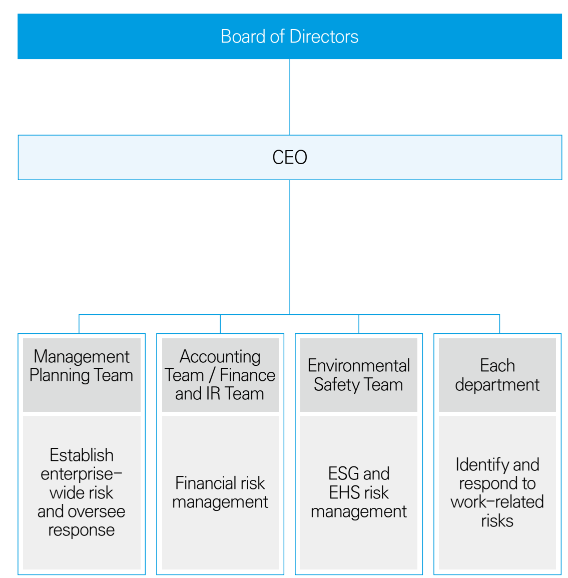
Daedong Metals | Daedong Metals operates an integrated management system to respond preemptively to financial and non-financial risks across management activities. It has established a decision-making structure centered on the Board of Directors, the Audit Committee, and the CEO, with the Planning and Finance Team overseeing enterprise-wide risk establishment and response and managing financial risks. The HR and Labor Relations Team manages IT risks, the Environmental Safety Team is dedicated to ESG and EHS risks, and each department identifies and responds to work-related risks under a shared-responsibility structure.

Daedong Group Risk Management Governance

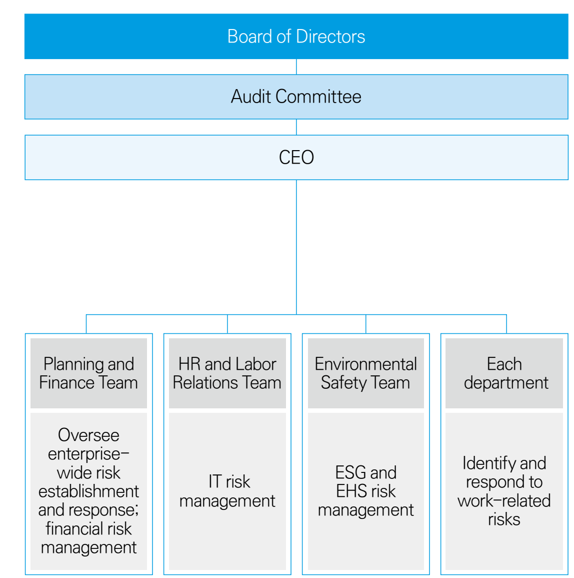
Daedong

Daedong Gear

Daedong Mobility



Daedong Metals



Risk Management

Enterprise-wide Risk Management System

Risk Management Regulations

Daedong | To systematically identify, assess, and manage quality, environmental, and safety and health risks that may arise across management activities, Daedong has enacted and operates Risk Management Regulations. These regulations aim to improve the ability to identify opportunities and risks by identifying and assessing risks latent in the achievement of organizational goals, and to enhance stakeholder trust, prevent losses, and improve incident management.

Daedong Mobility | To identify and minimize risks that may arise across management activities in advance, Daedong Mobility has established and operates a "Risk Management Process." This process applies to all management areas, from establishing the management system, deciding on strategy, operations, and process execution, to managing products, services, and assets. It operates as an enterprise-wide risk management system in which the Management Planning Team oversees company-wide risk management and each department identifies, assesses, and responds to risks.

Daedong Gear | To systematically manage internal, external, and stakeholder risks and opportunities, Daedong Gear operates an "Issue and Risk Assessment Management Process." This process covers all departments and defines procedures from identifying and assessing risks and opportunities, establishing improvement plans, responding, and checking effectiveness. It operates in three stages: analysis of assessment targets, risk identification and response planning, and execution and performance management. Under the direction of the management agent, an assessment team is formed across the management, finance, production, R&D, technology, sales, and QA divisions to identify issues and select assessment targets. Identified risks are recorded in a risk assessment sheet and a risk register, and after reviewing the need and feasibility of improvement, a response plan including a contingency response plan is established. Reassessment and performance management are then carried out through execution and monitoring, and the risk improvement rate, a key performance indicator, is assessed once a year.

Daedong Metals | To respond quickly and systematically to contingencies that may arise across manufacturing processes and to meet customer delivery deadlines without disruption, Daedong Metals has established and operates a "Contingency Response Standard." This standard applies to the entire production process, from the input of raw and subsidiary materials, through manufacturing, to delivery of products to customers. The Production Innovation Team oversees enterprise-wide response, and related departments such as production, electrical, maintenance, and sales collaborate closely under an integrated response system to secure business continuity.

Risk Management Process

Daedong | To preemptively prevent potential risks from escalating into crises, Daedong operates a systematic enterprise-wide risk management system. It continuously raises risk sensitivity and captures risk factors early through effective identification and mitigation activities. When an identified risk actually materializes, it promptly shares information with the relevant departments in accordance with the manual and activates an immediate response system. After a crisis ends, the relevant departments monitor the implementation of recurrence-prevention measures and verify the results to prevent similar risks from recurring at the source.

Daedong Risk Management Process

Risk Identification	Risk Response	Follow-up Management
- Risk identification: Identify risks from multiple perspectives by analyzing mid- to long-term strategy and work processes - Risk review: Intensively review the business environment during the mid- to long-term strategy and business planning stages to prevent occurrence and mitigate damage	- Promptly share information with relevant departments and immediately activate the response system in accordance with the manual - Implement prompt normalization measures that prioritize the life and safety of customers and local communities	- Monitor the implementation of recurrence-prevention measures and verify results, led by relevant departments - Prepare for the future by analyzing the crisis situation and damage impact - Develop crisis response scenarios, including the Emergency Response Committee's decision-making process, and apply them through simulation drills

Risk Management

Enterprise-wide Risk Management System

Risk Management Process

Daedong Mobility | Daedong Mobility operates a six-stage management process, covering risk recognition, analysis, assessment, control, improvement, and results analysis, to secure a systematic and effective risk management approach. Through internal and external environmental analysis, including national, regional, legal, technological, market, social, and economic conditions and stakeholder issues, it comprehensively identifies the causes, scope of impact, and potential consequences of risks. It links the SWOT analysis results for each process to KPIs to establish strategic implementation tasks. Analyzed risks are managed differently by grade based on likelihood and severity, and the company continuously monitors the results of improvement actions to advance its management system.

In addition, Daedong Mobility operates a quantitative assessment system to determine risk priorities and response levels. It classifies likelihood into five levels based on internal and external occurrence history and future probability of occurrence, and it assesses severity across five areas, including information, property damage, management loss, corporate image, and lost opportunity, on a five-level scale to calculate the overall risk level.

Daedong Mobility Risk Management Process

Risk Recognition	Risk Analysis	Risk Assessment	Risk Control and Improvement	Results Analysis
Identify internal and external issues; identify stakeholder needs	Conduct SWOT analysis by process; link to KPIs; establish strategic implementation plans	Assess likelihood and severity; calculate grades	Take differentiated action by grade; respond through prevention, reduction, and transfer	Monitor implementation results; conduct follow-up verification and improvement

Daedong Mobility Actions by Risk Severity Grade

Assessment Grade	Action Stage	Actions
High (4~5)	Immediate action	Establish detailed implementation plan, allocate resources, conduct regular monitoring, take top management action
Medium (2~3)	Routine management	Assign routine management responsibility, conduct department-level monitoring
Low (1)	Routine work	Monitor and manage within routine work

Daedong Mobility Risk Likelihood Grade System

Grade	Level	Occurrence Criteria
O-1	Very low	Occurs only in exceptional circumstances
O-2	Low	Occurs occasionally
O-3	Moderate	Clearly occurs occasionally
O-4	High	Expected to occur in most situations
O-5	Very high	Almost certain to occur

Daedong Gear | To secure a systematic and effective risk management approach, Daedong Gear operates a five-stage management process covering recognition, identification, assessment, response, and effectiveness evaluation. Based on the requirements of IATF 16949:2016, it identifies issues across management as a whole, including national, legal, technological, market, social, and economic conditions and internal and external stakeholders, thereby comprehensively identifying the causes, scope of impact, and potential consequences of risks. The owner of each process diagnoses threats and weaknesses and strengths and opportunities, and reflects the results in KPIs and strategic implementation plans. At the assessment stage, it determines risk priorities and response levels by combining severity, based on standards, customer (CSR), legal, and regulatory requirements, with occurrence likelihood, based on customer, stakeholder, and internal and external issues. Identified risks are managed differently by grade, and the company advances its management system through continuous monitoring of improvement action results.

Risk Management

Enterprise-wide Risk Management System

Daedong Gear Risk Management Process

Issue Identification	Risk Identification	Risk Assessment	Risk Response	Effectiveness Evaluation
• Identify internal and external issues • Identify stakeholder requirements, key environment, safety and health matters, and compliance obligations	• Identify uncertainties by process • Prepare a Risk Evaluation Sheet	• Assess severity and occurrence • Calculate scores • Determine grades	• Establish management measures for each risk factor • Implement actions and monitor	• Verify effectiveness through internal audits • Conduct follow-up verification and improvement

Daedong Gear Risk Grade Calculation Method

Category	Calculation Method	Score Range
Severity	Standards + Customer (CSR) + Laws/Regulations	3 to 12 points
Occurrence	Customer + Stakeholders + Internal + External	4 to 10 points
Risk Score	Severity × Occurrence	12 to 120 points

Daedong Gear Actions by Risk Grade

Assessment Grade	Score Range	Action Stage	Actions
High	60 to 120	Mandatory improvement	Mandatory improvement point range; establish and implement immediate improvement plans
Medium	30 to 54	Apply after review	Improvement point range applied after review; department-level monitoring
Low	12 to 27	Maintain current level	Range recommended for maintaining current level; monitor within routine work

Enterprise-wide Risk Management Activity

Risk Management Process

Daedong Metals | Daedong Metals classifies contingencies that may arise in manufacturing processes into four types, labor issues, utility failures, manufacturing equipment failures, and non-supply of raw and subsidiary materials, and operates standard response procedures for each type. For emergencies such as fires and natural disasters, it applies a separate "Emergency Response Standard," securing comprehensive response capabilities for diverse crisis situations.

Daedong Metals Response Measures by Contingency Type

Type	Main Response Measures
Labor issues	• Organize non-union member work assignments and review outsourcing • Establish a plan for using day laborers • Secure emergency personnel through staffing agencies • Coordinate customer delivery schedules and outsourcing with peer companies
Utility failures	• Operate a standing system for in-house generators and in-house groundwater pumps • Prioritize operation of key equipment by adjusting transformer wiring • Rent external equipment and organize emergency recovery teams • Coordinate recovery times with supply agencies such as KEPCO
Manufacturing equipment failures	• Apply emergency recovery procedures in accordance with the Facility Management Regulations • Prioritize recovery of molding lines and melting lines
Non-supply of raw and subsidiary materials	• Check available line operating time and adjust customer delivery schedules • Urgently procure and receive the same raw and subsidiary materials from peer companies • Prevent recurrence by dualizing raw and subsidiary material suppliers • Maintain appropriate inventory of raw and subsidiary materials at all times
Fires and natural disasters	• Operate a separate response system in accordance with the Emergency Response Standard • Apply procedures by type, such as heavy snow, flooding, and earthquakes

Information Security

Information Security Management System

Information Security Organizational Structure

Daedong | Daedong operates an information security organization comprising the Information Security Committee, information security department, and personal information protection department. Chaired by the Chief Information Security Officer (CISO), the Committee includes functional managers and department heads and meets annually or as needed. It deliberates and approves key matters, including security plans, regulations, budgets, security controls, risk management, audits, and breach response. The CISO oversees information security activities and is responsible for establishing and improving security plans, conducting audits and risk assessments, implementing response measures, and operating training and simulation exercises. The CISO may concurrently serve as the Chief Privacy Officer.

Daedong Mobility | Daedong Mobility operates an information security governance structure led by the Chief Information Security Officer (CISO), who oversees company-wide strategy and key decisions. The information security department leads policy implementation, with responsibilities divided among the AX Promotion Team for technical security, Environmental Safety Team for physical security, HR Team for personal information protection, and Management Planning Team for compliance. External experts are engaged when necessary to strengthen expertise and objectivity.

Daedong Gear | Daedong Gear operates a multi-layered information security management system led by the chief security officer, supported by an information security manager, technical security personnel, and departmental security officers. Security policies covering all information assets are continuously established, implemented, reviewed, and improved to strengthen protection and stakeholder trust.

Daedong Metals | Daedong Metals operates a security governance structure comprising the Chief Security Officer (CSO), company-wide security personnel, and divisional security managers. A semiannual security council reviews the establishment and implementation of security policies, while an integrated security system protects the confidentiality, integrity, and availability of information assets. The Chief Privacy Officer (CPO) oversees personal information protection plans, processing practices, and internal controls. Personal information handlers comply with relevant standards throughout the information lifecycle, while the CSO oversees the establishment, implementation, and management of related security measures.

Information Security Policy

Daedong | Daedong operates the Information Security Management System Operation Regulations as its highest-level information security standard. The regulations define employee and external personnel responsibilities and protect the confidentiality, integrity, and availability of information assets. Employees sign security pledges upon joining and, upon departure, return information assets, access rights, and identification cards. External personnel are subject to contractual confidentiality, security compliance, and liability requirements, with access revoked upon contract termination. Prior consent is also required before confidential information may be shared or stored externally.

Daedong Confidential Information Sharing and Storage Procedures

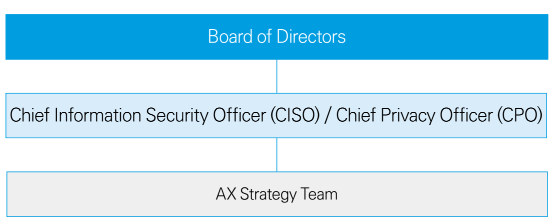
Item	Content	Cycle	Documented
Confidential information identification and classification	Determine whether information is sensitive and assign grades	Ongoing	O
Stakeholder consent procedure	Obtain explicit consent before collecting, sharing, or storing information	As it occurs	O
Information security inspection	Regularly inspect information storage systems and access controls	Quarterly	O
Record retention and disposal	Perform safe disposal procedures when the retention period for confidential information is reached	Once a year	O

Daedong Gear | Daedong Gear maintains a comprehensive information security policy framework, including guidelines and standards for security systems, passwords, inspections and audits, personal information management, whistleblowing, and IT security incident response. It also operates an internal management system in accordance with the Personal Information Protection Act. When personal information processing is outsourced, contracts specify required safeguards and oversight standards, and contractors are subject to regular inspections and training.

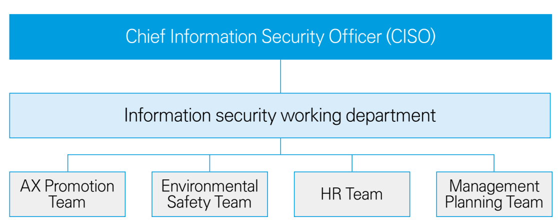
Daedong Metals | Under its Security Regulations, Daedong Metals operates integrated administrative, physical, and technical security controls. Information assets and documents are classified by confidentiality, integrity, and availability, with differentiated access, storage, disposal, and recordkeeping requirements. Protected zones control personnel access and asset movement, while quarterly inspections reflect regulatory and customer requirements. The company also applies personal information safeguards throughout collection, use, provision, and destruction in accordance with applicable laws.

Daedong Group Information Security Governance

Daedong



Daedong Mobility



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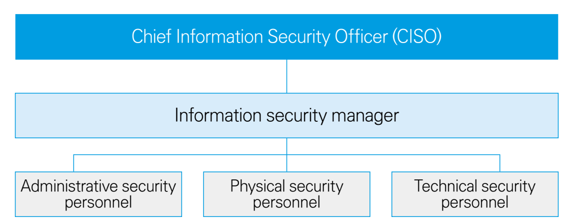
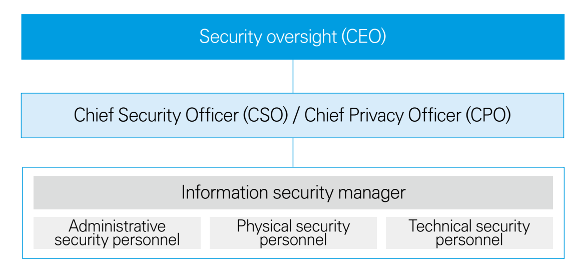


Daedong Metals



Information Security

Information System Management Activity

Information Security Management System

Operation of Information Security Management System

Daedong | Daedong has obtained ISO/IEC 27001:2022 certification and operates an information security management system. It carries out information security management activities based on the certification requirements and maintains the certification through regular renewal.

Daedong Information Security Management Certificate

Daedong Information Security Third-Party Certification Status

Company	Certification Standard	Certification Validity Period
Daedong	ISO/IEC 27001:2022	2024.02.19~2027.02.18

Information Security Risk Assessment and Management System

Daedong | Daedong operates a regular inspection and audit system to objectively diagnose its information security level and to identify and manage risks. Information security inspections, including self-inspection based on the group security framework, self-inspection of the information security management system (ISMS), information system vulnerability assessment, and legal compliance checks, are conducted regularly at least once a year, and the results are reported to the CISO. The targets of vulnerability assessment include servers, network equipment, databases, information security systems, web services, and mobile apps. Ad hoc inspections are additionally conducted when systems are changed, newly introduced, or when personal information-related systems are developed. For information asset risk management, risk levels are assessed based on the importance, vulnerability, and threat level of information assets. The priority of protection measures is determined by considering urgency (risk level), required resources (budget and personnel), and feasibility (expected effect), and a risk management plan is established and operated.

Daedong Gear | Daedong Gear establishes an inspection plan at least once a year and comprehensively inspects items such as self-inspection of the group security framework and the information security management system (ISMS), daily security and retiree security inspections, information system vulnerability assessments, and compliance status. It regularly reviews the enactment and revision of information security laws such as the "Act on Promotion of Information and Communications Network Utilization and Information Protection" and the "Personal Information Protection Act," analyzes the impact on the company, and reflects the results in related policies. In addition, it conducts vulnerability assessments at least once a year in accordance with the standards of accredited institutions for major information systems such as servers, network equipment, databases, information security systems, web services, and mobile apps, and conducts ad hoc inspections and security reviews at major change points such as the introduction of new systems, system changes, and the development of personal information-related systems.

Breach Prevention

Information Security Controls and Data Protection Measures

Daedong | Daedong installs and operates information security systems such as firewalls, intrusion prevention systems (IPS), and virtual private networks (VPN). It operates these systems as technical means to prevent intrusion through the network. Any change to the security policy is carried out only after obtaining the approval of the information system administrator, and the related details are recorded and managed. For account management, administrator accounts and privileges are granted only to the minimum number of authorized personnel, the one-account-per-person principle is observed, and the appropriateness of administrator accounts is periodically reviewed to remove unnecessary accounts and privileges. Passwords are changed regularly at least every six months, set to a minimum of 10 characters when combining two or more of uppercase letters, lowercase letters, numbers, and special characters, and a minimum of 8 characters when combining three or more types. In addition, logs such as information security system access records, system event logs, and policy change histories are retained for at least one year. When anomalies occur, they are immediately reported to the information security manager, and major security patches for the OS and software are continuously applied after verifying safety through prior testing.

Daedong Metals | To protect information assets in multiple layers and prevent breach incidents, Daedong Metals has built an integrated security operation system spanning the administrative, technical, and physical domains. It applies a document security system, including watermarks and encryption, to security documents that constitute trade secrets, and separates the internal network from the outside to operate multi-layered technical security such as account management, access control, log management, and encrypted communication. It deploys CCTV and security personnel at key points to build a 24-hour facility surveillance system, designates locations that handle video information as protected zones to prevent misuse, and secures the stability of information systems and business continuity through system vulnerability assessments, breach incident response procedures and recovery plan development, and regular simulation drills.
For personal information protection, access rights to the personal information processing system are granted differently within the minimum scope necessary for work, and rights are changed or revoked without delay upon personnel transfer or resignation. Account sharing is blocked by granting a unique account to each handler. For external access, safe authentication means such as a virtual private network (VPN) and public certificates are applied. Unique identification information is stored using a secure encryption algorithm, and passwords and biometric information are stored using a one-way encryption method. In addition, physical, technical, and administrative measures, including operating intrusion prevention and intrusion detection systems, regularly updating antivirus programs, checking and backing up access records, controlling access to server rooms and data storage locations, and locking documents and storage media, are applied together to safely protect personal information. It also conducts security awareness activities for all employees and all personnel in a contractual relationship, operates security pledges by life cycle stage for new hires, current employees, experienced hires, and retirees, and applies third-party security pledges and security obligations in standard contracts to outsourcing companies and visitors to secure the security level across the entire supply chain.

Information Security

Information System Management Activity

Breach Prevention

Information Security Inspection Activities

Daedong | Daedong conducts information security audits objectively and independently based on its policies and standards. The information security audit organization establishes an audit plan at least once a year and carries it out after obtaining CISO approval. Audits are conducted through review of data and documents, interviews, and on-site investigations. The audit scope includes whether information security regulations and standards have been violated, the security status of users such as PCs and auxiliary storage media, and the security management status of suppliers and their employees. Audit results are reported to the information security manager, and disciplinary action may be taken against violators.

Category	Target	Cycle	Content
Group security framework self-inspection	Enterprise-wide	At least once a year	Check implementation based on the group security framework
ISMS self-inspection	Enterprise-wide	At least once a year	Check implementation of the information security management system (ISMS)
Vulnerability assessment	Servers, network equipment, DBs, security systems, web services, mobile apps	At least once a year (ad hoc upon change, introduction, or development)	Apply public agency verification standards; establish protection measures when vulnerabilities are found
Legal compliance check	Enterprise-wide	At least once a year	Check compliance with information security laws and regulations
Information security audit	Enterprise-wide (including suppliers)	At least once a year	Audit whether regulations and standards are violated, user security status, and supplier security management status Report results to the CISO

Daedong Gear | Information security audits are conducted objectively and independently based on facts and evidence, grounded in policies and standards. To secure objectivity, they are performed by a third party in principle, and external experts participate when necessary to strengthen audit expertise. Audit results, along with improvement requirements, are shared with the audited department to ensure that corrective measures are implemented, and a follow-up management system is operated through training and drills based on the audit results and their reflection in policies.

Breach Response System

Breach Response and Incident Management

Daedong | Daedong operates a system to prevent breach incidents in advance and respond quickly when they occur. It classifies the severity of breach incidents into three levels, critical, warning, and caution, and applies differentiated reporting and response procedures by level. When a breach incident occurs, the CISO forms an incident response team to conduct cause investigation and analysis, take measures to minimize the spread of damage, establish recurrence-prevention measures, and recover systems. After response and recovery are complete, it prepares a breach incident detection and action report and reflects it in follow-up management. It also conducts information security training and breach incident response simulation drills at least once a year to verify the effectiveness of response procedures.

Daedong Breach Incident Response System by Severity Grade

Grade	Criteria	Response Content
Critical	Major breach incident occurs	Report to CISO and CEO; immediately report to the Ministry of Science and ICT or KISA
Warning	Significant breach incident occurs	Report to the CISO and manage under the CISO's direction
Caution	Minor breach incident occurs	Report to and manage under the information security department

Daedong Gear | Daedong Gear operates a systematic response process to minimize damage and prevent recurrence when a security incident occurs. It applies four severity grades, Critical (Red), Alert (Orange), Caution (Yellow), and Attention (Blue), and carries out step-by-step response in the following order: confirmation of incident occurrence, grade classification, determination of whether it can be resolved internally, formation of a response team, establishment of a response strategy, monitoring and recurrence-prevention measures, completion report, and history management.
For incident response, it operates a Computer Emergency Response Team (CERT) comprising security personnel by department, security managers, and the security organization, and has a system to request cooperation from external breach incident response agencies or experts when internal resolution is difficult. To prevent security incidents, it continuously manages unnecessary accounts, operates access control systems, installs intrusion detection systems, and keeps antivirus programs up to date. After an incident ends, it continuously advances its response capabilities through analysis of the incident circumstances, establishment of recurrence-prevention measures, and training and drills for relevant departments.

Information Security

Information System Management Activity

Information Security Training and Drills

Daedong | Daedong operates a systematic training system to raise information security awareness among all members. Information security training is conducted through various methods, including internal training and externally outsourced training. After training, evaluations analyze effectiveness and issues, which are reflected in the next year's training plan.

Daedong Information Security Training System

Category	Target	Cycle	Content
Regular information security training	All employees	At least once a year	Training on information security policies and information security activities needed for work
Personal information protection training	Personal information handlers (including external personnel)	At least once a year	Compliance with personal information protection laws and policies; personal information processing standards
New hire training	New hires	Upon joining (before department assignment)	The company's information security regulations and standards and information security activities needed for work
External personnel training	External personnel (service, outsourcing, suppliers)	Before performing work	The company's security policies and confidentiality obligations; collection of information security pledges
Breach incident response simulation drill	Information security personnel	At least once a year	Training on breach incident response procedures and evaluation of results

Daedong Gear | Daedong Gear conducts information security training and breach incident response simulation drills for employees at least once a year to verify the effectiveness of response procedures. It reflects improvements identified in security audits and inspections in subsequent training to strengthen security capabilities, and systematically records and manages training history to raise information security awareness and establish a security culture across the organization.
It also conducts regular phishing email simulation drills. In 2025, in the first and third quarters, it conducted scenario-based training for 126 employees reflecting real phishing methods such as prize event winnings and insurance-related notices, and quantitatively analyzed the number of emails opened, phishing link accesses, and information leakage cases to check the effectiveness of its response system.

Daedong Metals | Daedong Metals conducts personal information protection training for the Chief Privacy Officer and handlers at least once a year through various methods such as group sessions, department-level sessions, and groupware, strengthening the capabilities for safe processing and breach incident prevention. It also regularly inspects the implementation of technical and administrative protective measures to identify improvement tasks, and manages the level of personal information protection across the supply chain through regular management and supervision of suppliers entrusted with personal information processing.
It also regularly conducts phishing email simulation drills for employees. In 2025, it conducted real phishing scenario-based training once each in the first and second halves for groupware users, checking response levels at each stage: email identification, link clicks, attachment downloads, and personal information entry. As a result, most employees identified and responded to phishing emails appropriately. For infection cases, individual cautionary measures and preventive training materials were distributed. Training results and improvements are reflected in subsequent drills to continuously strengthen security response capabilities.

Information Security Investment

Daedong | To strengthen its information security capabilities, Daedong allocates and operates the budget needed to establish technical, physical, and administrative security measures. The Information Security Committee deliberates and resolves budget and execution matters for implementing information security, and the CISO oversees the establishment and implementation of the information security investment plan.

Daedong Mobility | To respond preemptively to rapidly increasing cyber threats and secure the stability of information assets, Daedong Mobility conducted a penetration-testing-based security vulnerability assessment in June 2025 with support from the Korea Internet & Security Agency (KISA) and a specialized security company. The assessment covered external services and internal infrastructure and applied realistic hacking scenarios to comprehensively diagnose penetration possibilities and potential security threats.
For improvements identified in the assessment, Daedong Mobility establishes action plans and systematically carries out remediation activities. It submits the results to the Korea Internet & Security Agency, operating a system that extends to follow-up management. Daedong Mobility uses such assessments linked with external specialized institutions as a key pillar of its information security management system to strengthen its capabilities for preventing cyber breach incidents and continuously advance the foundation for safely protecting stakeholders' information assets.

Daedong Gear | To prevent internal information leakage and protect important information assets, Daedong Gear builds and operates a data loss prevention (DLP) system. It controls various information leakage channels such as USB, external storage devices, smartphones, wireless LAN, and Bluetooth, and blocks the possibility of important information leaking externally through functions that restrict attachment uploads on messengers and web browsers. It also operates differentiated media control policies by department, position, and individual, along with audit log management, and has introduced a mobile security function that blocks external visitors from using in-house cameras to manage even the possibility of physical information leakage.
For output security, it has introduced a print security solution that operates functions such as authentication-based printing, print history management, and watermark printing, strengthening both security and work efficiency through integrated management based on print policies. To protect enterprise-wide document assets and improve collaboration efficiency, it operates an Enterprise Content Management (ECM) system. By consolidating dispersed documents into a central repository, it manages the entire document life cycle, minimizes document leakage risk through external storage media control and an approval-based export process, and simultaneously secures information security and collaboration efficiency through document version management, access and activity history monitoring, and URL-based sharing functions.

Daedong Metals | To prevent cyber security incidents and preemptively manage technology leakage risks, Daedong Metals systematically builds and operates information security systems. In 2025, in connection with a major customer's supplier competitiveness enhancement support program, it introduced network access control (NAC) and data loss prevention (DLP) systems across its worksites. The NAC system systematically controls internal network access rights and blocks the connection of unauthorized terminals, while the DLP system monitors the entire process of data movement, copying, and printing and applies multi-layered leakage prevention policies such as watermarking, file upload restrictions, and log management. Building this security infrastructure has strengthened employees' information asset management capabilities, improved the security level across the supply chain, and established a foundation to stably protect core assets from technology leakage risks.

ESG FACT BOOK

Economic

Daedong

Consolidated Financial Statement

(Unit: KRW Thousand)

Category	2023	2024	2025
Current Assets	1,174,544,147	1,133,886,384	1,154,896,655
Trade Receivables and Other Current Receivables	438,799,214	299,350,611	274,281,704
Inventory	638,723,253	728,384,758	749,188,301
Other Current Assets	97,021,680	106,151,015	131,426,650
Non-Current Assets	781,831,962	1,004,955,090	1,120,104,252
Investments in Associates and Joint Ventures	29,284,548	-	-
Tangible Assets	690,126,346	844,582,646	937,328,974
Intangible Assets	26,929,217	46,293,480	49,179,055
Others	35,491,851	114,078,964	133,596,224
Total Assets	1,956,376,109	2,138,841,474	2,275,000,907
Current Liabilities	1,110,209,880	1,101,155,537	1,159,210,682
Non-Current Liabilities	269,106,532	436,470,592	469,284,016
Total Liabilities	1,379,316,412	1,537,626,129	1,628,494,698
Equity Attributable to Owners of the Parent Company	453,878,420	431,724,092	484,822,396
Capital	25,392,588	25,640,788	28,826,865
Capital Surplus	40,771,996	45,467,021	78,442,197
Capital Adjustment	-63,547,281	-65,409,508	-77,476,982
Other Components of Equity	162,485,464	167,699,223	216,265,286
Retained Earnings (Loss)	288,775,653	258,326,568	238,765,029
Non-Controlling Interest	123,181,279	169,491,253	161,683,813
Total Equity	577,059,699	601,215,345	646,506,209

Consolidated Comprehensive Income and Loss

(Unit: KRW Thousand)

Category	2023	2024	2025
Sales	1,433,390,777	1,415,582,422	1,484,722,098
Operating Profit (Loss)	65,403,445	18,456,575	31,224,606
Profit from Continuing Operations	11,919,510	-45,134,482	-29,871,784
Net Income (Consolidated)	11,919,510	-45,134,482	-29,871,784
Net Income, Attributable to Owners of the Parent Company	17,594,928	-30,721,182	-16,843,721
Net Income, Non-Controlling Interest	-5,675,418	-14,413,300	-13,028,062
Comprehensive Income (Consolidated)	82,866,998	-38,576,582	26,953,023
Comprehensive Income Attributable to Owners of the Parent Company	89,316,512	-22,855,403	30,549,757
Comprehensive Income, Non-Controlling Interest	-6,449,514	-15,721,179	-3,596,735
Basic Profit (Loss) per Share (Unit: KRW)	794	-1,313	-703
Diluted Profit (Loss) per Share (Unit: KRW)	747	-1,272	-687

Economic

Daedong

Economic Value Distributed (Consolidated Basis)

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Total Economic Value Distributed		KRW Million	3,774,600	3,592,263	3,908,576	603,764	527,482	673,405	732,975	677,652	572,125	355,260	271,077	269,088
Direct Economic Value Generated		KRW Million	1,460,013	1,496,173	1,559,544	220,106	204,066	255,962	282,182	257,755	221,640	134,079	99,833	101,970
Operating Costs		KRW Million	1,367,987	1,397,126	1,453,497	221,840	218,233	249,458	273,149	252,593	220,777	131,764	106,017	101,717
Employees	Salaries	KRW Million	94,080	101,735	117,501	12,076	14,987	15,260	22,350	20,957	21,469	13,729	12,871	14,031
	Employee Benefits	KRW Million	13,640	16,292	19,238	1,602	2,111	2,729	2,789	2,774	2,698	1,446	1,518	1,379
	Education Expenses	KRW Million	543	487	401	38	89	26	44	37	30	6	6	7
	Retirement Benefits	KRW Million	5,216	7,486	8,762	827	1,366	2,330	2,108	2,297	2,101	1,426	1,514	1,609
Shareholders and Investors	Dividends	KRW Million	2,380	2,410	2,410	–	–	–	360	360	360	191	191	191
Government	Corporate Income Tax	KRW Million	11,969	–4,544	–2,322	–	–	–	147	–892	4,673	349	–1,483	–126
Suppliers	Raw Material Costs	KRW Million	818,392	574,921	749,428	147,275	86,630	147,640	149,845	141,771	107,722	72,264	50,604	48,310
Local Communities	Donations	KRW Million	380	176	117	–	–	–	1	1	1	6	6	–
Government Financial Support	Total Financial Support	KRW Million	46,891	51,652	6,569	3,335	3,762	1,573	–	–	–	233	23	509
	Tax Deductions and Credits	KRW Million	1,143	2,220	3,949	1,351	2,381	982	–	–	–	30	23	96
	Grants	KRW Million	45,749	49,433	2,619	1,984	1,381	591	93	–	–	203	–	413

[Consolidated] Environmental Performance

Greenhouse Gas (GHG)

Category	Indicator	Unit	Daedong[4]			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
GHG Emissions[1]	Total GHG Emission (Scope 1+2)	tCO_2eq	16,765.64	14,637.38	13,179.24	2,803.13	2,197.72	2,363.48	15,205.24	15,260.49	15,216.93	39,699.78	31,710.55	32,840.08
	Scope 1	tCO_2eq	7,945.96	6,616.06	5,923.74	1,062.15	921.72	1,097.74	1,493.47	1,294.90	1,166.39	4,340.43	3,635.89	3,839.90
	Scope 2	tCO_2eq	8,819.68	8,021.32	7,255.50	1,740.98	1,276.00	1,265.74	13,711.77	13,965.59	14,050.54	35,359.35	28,074.66	29,000.18
	GHG Emissions Intensity (Scope 1+2)	tCO_2eq/KRW 100 Million	1.62	1.74	1.53	1.31	1.09	0.96	5.41	5.94	6.89	29.83	31.87	32.25
	GHG Reduction Amount (Scope 1+2)[2]	tCO_2eq	–	2,128.26	1,458.13	–	605.41	–	–	–	43.56	4,308.94	7,989.23	–
	GHG Reduction Rate (Scope 1+2)[3]	%	–	12.69	9.96	–	21.6	–	–	–	0.29	9.79	20.12	–

1) Daedong's 2025 GHG emissions target: 13,905.51 tCO_2eq
2), 3) '–' indicates no GHG reduction compared to the previous year, and therefore no reduction rate for that year.
4) Figures were revised from the previous report due to the spin-off and establishment of Daedong Robotics Co., Ltd.

[Consolidated] Environmental Performance

Energy

Category	Indicator	Unit	Daedong[4]			Daedong Mobility[5]			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Energy Consumption[1]	Total Energy Consumption	TJ	312.24	278.87	247.06	55.75	50.26	50.20	311.11	313.35	313.73	765.63	609.20	632.18
	Energy Intensity	TJ/KRW 100 Million	0.03	0.03	0.03	0.03	0.02	0.02	0.11	0.12	0.14	0.57	0.61	0.62
Primary Energy Consumption	Total Consumption	TJ	127.94	111.25	95.44	19.37	16.84	19.98	24.59	21.52	19.69	24.69	21.66	25.33
	Gasoline	TJ	1.56	1.45	1.75	0.29	0.38	0.43	0.11	0.12	0.14	0.49	0.36	0.35
	Diesel	TJ	38.31	32.24	32.27	3.03	2.41	3.35	5.26	3.58	1.74	7.70	6.12	6.62
	Kerosene	TJ	1.09	1.24	1.37	0.99	0.88	0.75	0.19	0.17	0.12	–	–	–
	LPG	TJ	9.14	13.7	8.00	–	–	–	19.03	17.66	17.69	–	–	–
	LNG	TJ	77.83	62.62	52.05	15.06	13.17	15.45	–	–	–	16.50	15.18	18.36
	Renewable Fuel	MWh	–	–	–	–	–	–	–	–	–	–	–	–
	Others	TJ	–	–	–	–	–	–	–	–	–	–	–	0
Secondary Energy Consumption	Total Consumption	TJ	184.30	167.62	151.61	36.38	26.66	26.45	286.53	291.83	293.61	738.88	586.66	606.00
	Non-Renewable Electricity	TJ	184.30	167.62	151.61	36.38	26.66	26.45	286.53	291.83	293.61	738.88	586.66	606.00
	Steam	TJ	–	–	–	–	–	–	–	–	–	–	–	–
	Others	TJ	–	–	–	–	–	–	–	–	–	–	–	–
Energy Reduction	Energy Reduction Amount[2]	GJ	–	33,367	31,813	–	5,490	58.36	–	–	–	86,074	154,576	–
	Energy Reduction Rate[3]	%	–	10.69	11.41	–	9.85	0.12	–	–	–	10.13	18.19	–
Renewable Energy Consumption	Total Consumption	TJ	–	–	–	–	6.75	3.77	–	–	0.43	0.21	0.89	0.86
	Purchased Renewable Energy	TJ	–	–	–	–	–	–	–	–	–	–	–	–
	Self-Generated Renewable Energy	TJ	–	–	–	–	29.08	14.24	–	–	0.43	0.21	0.89	0.86
	Renewable Energy Usage Ratio	%	–	–	–	–	13.44	7.52	–	–	0.14	0.03	0.15	0.14

1) Daedong's 2025 energy consumption target: 264.93 TJ
2), 3) '–' indicates no energy reduction compared to the previous year, and therefore no reduction rate for that year.
4) Figures were revised from the previous report due to the spin-off and establishment of Daedong Robotics Co., Ltd.
5) Figures were revised from the previous report following a review of the data calculation methodology.

[Consolidated] Environmental Performance

Pollutant Emissions

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Air Pollutants	NOx	Ton	0.71	1.08	0.70	0.16	0.05	–	–	–	–	1.65	1.54	0.50
	SOx	Ton	0.16	0.32	0.003	–	–	–	–	–	–	0.18	0.03	–
	Particulate Matter	Ton	1.96	2.50	1.92	0.23	0.07	0.31	1.15	1.04	0.61	18.94	17.34	8.60
Chemicals	Chemical Emissions	Ton	0.54	0.36	0.16	–	–	–	–	–	–	0.16	0.14	0.18
Water Pollutants	TOC	Ton	0.04	0.14	0.01	0.73	0.23	0.04	0.07	0.13	0.11	0.003	0.004	–
	BOD	Ton	0.05	0.04	0.02	0.51	0.29	0.03	0.06	0.09	0.16	–	–	–
	SS	Ton	0.16	0.01	0.01	0.14	0.07	0.10	0.01	0.04	0.07	0.004	0.004	–

Water

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Water Consumption[1] (by Source)	Total Consumption	m^3	77,500	73,563	68,465	40,821	21,299	20,028	16,388	14,828	14,858	67,595	64,885	69,213
	Industrial Water	m^3	61,530	57,448	54,858	8,961	5,944	4,243	–	–	–	35,141	30,854	34,925
	Domestic Water	m^3	15,970	16,115	13,607	31,860	15,354	15,785	–	–	–	32,454	34,031	34,288
	Water Reused	m^3	–	–	–	–	–	–	–	–	–	–	–	–
	Water Reuse Rate	%	–	–	–	–	–	–	–	–	–	–	–	–
Water Withdrawal	Total Water Withdrawal	m^3	77,500	73,563	68,465	–	–	20,028	16,388	14,828	14,858	67,595	64,885	69,213
	Tap water	m^3	11,305	9,199	9,517	–	–	6,769	16,388	14,828	14,858	32,454	34,031	34,288
	Surface Water	m^3	52,320	28,555	23,589	–	–	–	–	–	–	35,141	30,854	34,925
	Groundwater	m^3	13,875	35,809	35,359	–	–	13,259	–	–	–	–	–	–
	Seawater	m^3	–	–	–	–	–	–	–	–	–	–	–	–
	Others	m^3	–	–	–	–	–	–	–	–	–	–	–	–

1) Daedong's 2025 water consumption target: 69,607 m^3

[Consolidated] Environmental Performance

Waste Management

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Waste Generation[1]	Total Waste Generation	Ton	1,079.10	966.29	738.78	317.40	265.85	332.34	722.89	764.72	558.79	38,250.24	28,730.10	27,334.56
	Total Amount of General Waste (Non-hazardous Waste)	Ton	502.70	444.36	401.57	315.00	261.30	320.50	539.49	585.01	406.29	38,233.78	28,712.50	27,319.11
	Recycling	Ton	488.60	423.59	382.23	245.40	218.57	320.50	534.49	578.56	403.65	38,184.63	28,656.59	27,285.37
	Landfill	Ton	14.10	20.77	19.34	69.60	42.73	–	5.00	6.45	2.64	35.04	34.12	33.74
	Incineration	Ton	–	–	–	–	–	–	–	–	–	14.11	21.79	–
	Others	Ton	–	–	–	–	–	–	–	–	–	–	–	–
	Total Amount of Designated Waste (Hazardous Waste)	Ton	576.40	521.93	337.21	2.40	4.55	11.84	183.40	179.71	152.50	16.46	17.60	15.45
	Recycling	Ton	141.30	159.3	133.93	2.40	3.17	8.83	183.00	178.15	134.00	8.58	6.60	7.54
	Landfill	Ton	27.40	22.15	–	–	–	–	–	–	–	–	–	–
	Incineration	Ton	407.70	340.48	203.28	–	1.38	3.01	0.40	1.56	18.50	7.88	11.00	7.91
	Others	Ton	–	–	–	–	–	–	–	–	–	–	–	–
	Waste Recycling Amount (General + Hazardous)	Ton	629.90	582.89	516.16	247.80	221.74	329.33	717.49	756.71	537.65	38,193.21	28,663.19	27,292.91
	Waste Recycling Rate (General + Hazardous)	%	58.37	60.32	69.87	78.07	83.41	99.09	99.25	98.95	96.22	99.85	99.77	99.85

1) Daedong's 2025 total waste generation target: 917.98 ton

[Consolidated] Environmental Performance

Environmental Training

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Environmental Training	Employees Eligible for the Training	Persons	152	152	172	230	330	190	240	240	240	141	132	132
	Employees Completed the Training	Persons	32	152	172	230	330	190	240	240	240	141	132	132
	Participation Rate in the Training	%	21	100	100	100	100	100	100	100	100	100	100	100

Environmental Management System

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
ISO 14001 (Environmental Management System–EMS)	Sites Subject to EMS Certification	Sites	2	2	2	2	2	2	1	1	1	1	1	1
	EMS Certified Sites	Sites	2	2	2	2	2	2	1	1	1	1	1	1
	EMS Certification Rate	%	100	100	100	100	100	100	100	100	100	100	100	100

[Consolidated] Environmental Performance

Environmental Risk

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Environmental Risk	Sites Subject to Risk Assessment	Sites	2	2	2	2	2	2	1	1	1	1	1	1
	Sites Assessed	Sites	2	2	2	2	2	2	1	1	1	1	1	1
	Assessment Rate	%	100	100	100	100	100	100	100	100	100	100	100	100

Environmental Compliance

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Environmental Compliance	Violations	Cases	0	0	2	0	0	0	0	0	0	1	1	0
	Fines/Penalties (Total)	KRW Million	–	–	2.6	–	–	–	–	–	–	–	0.6	–
	Non-Monetary Sanctions	Cases	0	0	0	0	0	0	0	0	0	1	0	0

Environmental Investment

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Environmental Investment	Investment	KRW Million	23.0	260.0	479.0	12.0	7.6	75.8	–	–	–	350	–	186
	Investment Plan	KRW Million	23.0	260.0	479.0	–	16.0	52.0	–	–	–	–	–	–

[By Entities] Environmental Performance

Biodiversity

Daedong

Category	Indicator	Unit	2023	2024	2025
Distribution of Threatened Species (by Sites)	(Daegu Campus) Critically Endangered Species	Species	2	2	2
	(Daegu Campus) Endangered Species	Species	10	10	10
	(Seoul Office) Critically Endangered Species	Species	5	5	5
	(Seoul Office) Endangered Species	Species	19	19	19
	(Vision Campus–Changnyeong) Critically Endangered Species	Species	3	3	3
	(Vision Campus–Changnyeong) Endangered Species	Species	17	17	17

Daedong Mobility

Category	Indicator	Unit	2023	2024	2025
Distribution of Threatened Species (by Sites)	(A–Factory) Critically Endangered Species	Species	2	2	2
	(A–Factory) Endangered Species	Species	14	14	14
	(S–Factory) Critically Endangered Species	Species	2	2	2
	(S–Factory) Endangered Species	Species	10	10	10
	(Seoul Office) Critically Endangered Species	Species	–	–	–
	(Seoul Office) Endangered Species	Species	–	–	–
	(Busan Office) Critically Endangered Species	Species	10	10	10
	(Busan Office) Endangered Species	Species	27	27	27

Daedong Gear

Category	Indicator	Unit	2023	2024	2025
Distribution of Threatened Species (by Sites)	(Sacheon Site) Critically Endangered Species	Species	2	2	2
	(Sacheon Site) Endangered Species	Species	23	23	23

Daedong Metals

Category	Indicator	Unit	2023	2024	2025
Distribution of Threatened Species (by Sites)	(Daegu Site) Critically Endangered Species	Species	2	2	2
	(Daegu Site) Endangered Species	Species	10	10	10

Raw Materials

Daedong

Category	Indicator	Unit	2023	2024	2025
Raw Materials	Total Raw Material Consumption	Ton	–	21,510	14,721

[Consolidated] Social Performance

Employee

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Total Number of Employees	Total Employees (Domestic)	Persons	1,276	1,022	1,106	420	436	401	272	235	264	132	130	128
By Employment Type	Full Time Employees	Persons	957	971	1,014	303	355	349	200	185	202	129	127	122
	Male	Persons	906	912	954	289	337	332	189	176	192	128	126	121
	Female	Persons	51	59	60	14	18	17	11	9	10	1	1	1
	Full-Time Employee Ratio	%	75.00	95.01	91.68	72.14	81.42	87.03	73.53	78.72	76.52	97.73	97.69	95.31
	Temporary Employees	Persons	319	51	92	117	81	52	72	50	62	3	3	6
	Male	Persons	304	44	89	111	74	49	72	50	61	2	2	5
	Female	Persons	15	7	3	6	7	3	-	-	1	1	1	1
	Temporary Employee Ratio	%	25.00	4.99	8.32	27.86	18.58	12.97	26.47	21.28	22.31	2.27	2.31	4.69
	Indirect Employment (Dispatch, Subcontracting, Services, etc.)	Persons	130	163	148	-	-	-	-	-	-	-	-	-
By Gender	Male	Persons	1,210	956	1,043	400	411	381	261	226	253	130	128	125
	Female	Persons	66	66	63	20	25	20	11	9	11	2	2	3
	Female Employee Ratio	%	5.17	6.46	5.70	4.76	5.73	4.99	4.04	3.83	3.72	1.52	1.54	2.34
By Job Category	Office Employees	Persons	575	443	605	236	300	210	92	96	106	48	50	45
	Technical Employees	Persons	701	579	501	190	148	191	180	146	158	84	84	83

[Consolidated] Social Performance

Employee

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
By Position	Executives	Persons	23	24	25	14	16	16	9	9	8	3	2	2
	Male	Persons	23	24	25	14	16	16	9	9	8	3	2	2
	Female	Persons	–	–	–	–	–	–	–	–	–	–	–	–
	Female Executives Ratio	%	–	–	–	–	–	–	–	–	–	–	–	–
	Managers (above the Section Chief)	Persons	272	289	333	150	138	134	39	42	44	23	30	32
	Male	Persons	261	277	316	144	132	128	39	42	44	23	30	32
	Female	Persons	11	12	17	6	6	6	–	–	–	–	–	–
	Female Managers Ratio	%	4.0	4.2	5.1	4.0	4.3	4.5	–	–	–	–	–	–
	Deputy Section Chiefs	Persons	87	113	106	80	66	58	17	21	20	8	8	9
	Male	Persons	80	98	95	74	60	54	17	21	20	7	7	8
	Female	Persons	7	15	11	6	6	4	–	–	–	1	1	1
	Staff	Persons	894	596	642	176	15	140	207	170	192	98	94	90
	Male	Persons	846	564	610	167	11	133	196	163	183	97	93	88
	Female	Persons	48	32	32	9	4	7	11	7	9	1	1	2

[Consolidated] Social Performance

Recruitment

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
New Hire	Total Number of New Hires	Persons	475	477	183	175	81	145	145	49	60	13	7	11
By Employment Type	Full Time Employees	Persons	128	104	106	92	61	32	40	27	12	1	5	9
	Temporary Employees	Persons	347	373	77	83	20	113	105	22	48	12	2	2
By Gender	Male	Persons	455	466	173	164	72	144	142	47	53	13	7	11
	Male Ratio	%	95.79	97.69	94.5	93.71	88.89	99.3	97.93	95.92	88.33	100	100	100
	Female	Persons	20	11	10	11	9	1	3	2	7	–	–	–
	Female Ratio	%	4.21	2.31	5.50	6.29	11.11	0.70	2.07	4.08	11.67	–	–	–

Turnover and Retirement

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Turnover and Retirement	Total Turnover and Retirement	Persons	605	608	326	10	21	174	130	77	79	21	12	13
	Resignation	Persons	578	580	309	8	18	174	116	72	76	18	5	12
	Retirement	Persons	27	28	17	2	3	0	14	5	3	3	2	1
	Resignation Ratio	%	42.1	50.6	27.9	1.9	4.0	43.4	42.6	29.8	28.8	13.6	3.7	9.4
	Average Years of Service for Current Employees	Years	10.7	11.7	11.3	–	–	–	14.0	13.0	10.0	11.8	12.3	13.6

[Consolidated] Social Performance

Remuneration

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Compensation per Employee	Average Compensation per Employee	KRW Million	73.2	92.3	83.8	53.0	61.0	68.0	70.6	54.0	77.7	89.9	90.0	100.0
By Gender	Male	KRW Million	73.9	85.3	84.7	53.8	62.0	68.0	72.1	75.1	79.1	89.9	95.6	101.0
	Female	KRW Million	59.9	66.1	69.0	45.3	43.0	61.0	35.5	45.6	45.9	65.2	67.4	66.5
	Female-to-Male Basic Salary Ratio	%	81.1	77.5	81.5	84.2	69.3	89.7	49.2	60.7	58.0	72.5	70.5	65.8
	Unadjusted Average Gender Pay Gap	%	18.9	22.5	18.5	15.8	30.7	10.3	50.8	39.3	42.0	24.5	22.9	34.2

Work Environment

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Working Hours	Total Working Hours	Hours	2,449,491	2,247,396	2,061,989	833,280	888,832	792,376	606,528	538,561	617,472	329,190	309,375	295,076
	Average Weekly Working Hours per Employee	Hours	38	38	37	40	40	40	48	44	48	44	44	45
	Maximum Overtime Hours per Week	Hours	12	12	12	12	12	12	4	8	4	-	-	-

Labor-Management Relations

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Labor-Management Relations	Collective Bargaining Coverage Rate	%	100	100	100	100	100	37.2	100	100	100	100	100	61.8
Labor-Management Council	Labor-Management Council Meetings Held	Meetings	4	4	4	4	4	4	4	4	4	13	6	5
Labor Union	Total Eligible Employees	Persons	522	519	506	131	149	149	120	104	103	94	88	81
	Union Members	Persons	522	519	506	131	149	149	120	103	103	88	88	81
	Labor Union Membership Rate	%	100	100	100	100	100	100	100	99	100	94	100	100

[Consolidated] Social Performance

Parental Leave

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Parental Leave	Parental Leave Users	Persons	13[1]	21	29	–	–	3	–	–	–	–	–	1
	Male	Persons	8[1]	16	26	–	–	3	–	–	–	–	–	1
	Female	Persons	5[1]	5	3	–	–	–	–	–	–	–	–	–
	Parental Leave Utilization Rate	%	25	24	48	0.2	–	0.7	–	–	–	–	–	0.8
	Male	%	16	18	43	0.3	–	0.7	–	–	–	–	–	0.8
	Female	%	10	6	5	–	–	–	–	–	–	–	–	–
	Employees who have Worked for more than 12 Months after Returning from the Leave	Persons	17[1]	11	16	–	–	–	–	–	–	–	–	–
	Male	Persons	11[1]	7	14	–	–	–	–	–	–	–	–	–
	Female	Persons	6[1]	4	2	–	–	–	–	–	–	–	–	–
	Paternity Leave Users	Persons	50	86	30	–	6	9	–	–	–	–	–	3

1) Restated following a retrospective review of the prior year's calculation methodology and updated with values disclosed in the 2024 year-end business report.

[Consolidated] Social Performance

Occupational Accident

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Employees	Total Number of Occupational Accidents[2]	Cases	7	4	9	3	1	2	0	2	0	8	1	7
	Fatalities	Persons	0	0	0	0	0	0	0	0	0	0	0	0
	Lost Time Accidents	Cases	27	17	14	7	1	4	0	2	1	8	1	7
	LTIR (Lost Time Injury Rate)[1]	Cases/ 200,000 Work Hours	2.21	1.81	1.71	1.68	0.23	1.01	0	0.85	0.38	4.72	0.64	4.74
	Near Misses	Cases	27	31	32	9	7	6	0	2	0	0	0	0
	NMFR (Near Miss Frequency Rate)	%	3.30	3.79	3.91	2.16	1.58	1.51	0	0.85	0	0	0	0
Suppliers	Occupational Accident Victims	Persons	0	0	0	1	1	1	0	0	0	2	0	0
	Occupational Accident Rate	%	0	0	0	0.24	0.22	0.25	0	0	0	1.52	0	0
	Lost Time Injuries	Cases	0	0	0	1	1	1	0	2	0	2	0	0
	LTIR (Lost Time Injury Rate)	Cases/ 200,000 Work Hours	0	0	0	0.24	0.23	0.25	0	0.59	0	1.01	0	0

1) Daedong data are based on the Daegu site and calculated primarily for sites where occupational accidents may occur.
2) Cases subject to occupational accident reporting and recognized by the competent Ministry of Employment and Labor office.

[Consolidated] Social Performance

Health and Safety Management System

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
ISO 45001 (Occupational Health and Safety Management System)	Sites Subject to the Certification	Sites	2	2	2	2	2	2	1	1	1	1	1	1
	Certified Sites	Sites	2	2	2	2	2	2	1	1	1	1	1	1
	Certification Rate	%	100	100	100	100	100	100	100	100	100	100	100	100
Occupational Health and Safety Regulatory Violations	Number of Occupational Health and Safety Regulatory Violations	Cases	0	0	0	0	0	0	0	0	0	0	0	0

Safety Risk Assessment

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Safety Risk Assessment	Sites Subject to Assessment	Sites	2	2	2	2	2	2	1	1	1	12	12	12
	Assessed Sites	Sites	2	2	2	2	2	2	1	1	1	12	12	12
	Assessment Rate	%	100	100	100	100	100	100	100	100	100	100	100	100
Occupational Health and Safety Training	Average Safety Training Completion Rate	%	100	100	100	100	100	100	–	–	100	–	–	–

[Consolidated] Social Performance

Employee Training

Category	Indicator	Unit	Daedong[1]			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Training Cost	Total Training Cost	KRW Million	318.5	487	543.2	51	102	33.5	2	2	2	7.5	13.3	6.2
	Training Cost per Employee	KRW Thousand	249.61	476.56	491.13	121.43	226.85	83.52	–	8.51	7.55	56.82	102.23	48.67
Training Hours	Total Training Hours	Hours	14,168	17,219	19,002	10,674	9,669	11,390	8,704	9,200	8,900	3,978	3,826	3,655
	Training Hours per Employee	Hours/Person	11.1	16.8	17.2	25.41	21.58	28.40	32.0	38.0	33.6	30.1	28.6	28.6
	Male	Hours	13,357	15,980	17,342	10,674	9,045	11,374	–	–	–	3,907	3,761	3,530
	Female	Hours	811	1,238	1,660	–	624	16	–	–	–	72	65	105
Training Satisfaction Survey	Employee Training Satisfaction Survey	Points	6.7	6.6	6.76	–	–	–	–	–	–	–	–	83

Employee Training – Job Training

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Job Training	Total Training Hours	Hours	7,673	9,807	9,737	–	680	994	230	238	265	546	692	667
	Training Hours per Employee	Hours/Person	30.3	23.3	26.6	–	14.5	13.3	2.5	2.5	2.5	23.7	23.9	25.7
	Employees Subject to Training	Persons	574	580	554	–	47	75	92	95	95	40	45	42
	Rate of Employees Subject to Training	%	45.0	56.6	50.1	–	10.5	18.7	33.8	39.3	35.8	30.3	34.62	32.8
	Employees Completed Training	Persons	253	421	366	–	47	75	92	95	95	23	29	26
	Completion Rate	%	44.1	72.6	66.1	–	100	100	100	100	100	57.5	64.4	61.9

1) Daedong's employee training satisfaction survey is based on a seven-point scale.

[Consolidated] Social Performance

Employee Training – Human Rights (Diversity) Training

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Human Rights (Diversity) Training	Total Training Hours	Hours	5,104	4,088	4,340	840	249	1,600	816	726	795	544	411	524
	Training Hours per Person	Hours/Person	4	4	4	2	0.57	4	3	3	3	4	3	4
	Employees Subject to Training	Persons	1,276	1,022	1,106	420	437	400	272	242	265	140	137	131
	Employees Completed Training	Persons	1,276	1,022	1,106	420	437	400	272	242	265	136	137	131
	Completion Rate	%	100	100	100	100	100	100	100	100	100	97.14	100	100

Employee Training – Occupational Health and Safety Training

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Occupational Health and Safety Training	Total Training Hours	Hours	22,776	17,568	16,488	9,834	8,740	8,796	480	220	265	3,432	3,432	3,216
	Training Hours per Employee	Hours/Person	24	24	24	22	20	22	2	0.91	1	24	26	24
	Employees Subject to Training	Persons	949	732	687	447	437	400	240	242	265	143	134	134
	Employees Completed Training	Persons	949	732	687	447	437	400	240	242	265	143	134	134
	Completion Rate	%	100	100	100	100	100	100	100	100	100	100	100	100

[Consolidated] Social Performance

Human Rights Grievance Resolution

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Human Rights Grievance Resolution	Grievances Received	Cases	–	1	–	–	–	–	–	–	–	–	–	–
	Grievances Resolved	Cases	–	1	–	–	–	–	–	–	–	–	–	–
	Grievance Resolution Rate	%	–	100	–	–	–	–	–	–	–	–	–	–
Human Rights-related Regulatory Violations	Violations of Human Rights, Employment and Labor Regulations	Cases	0	0	0	0	0	0	0	0	0	0	0	0

Employee Satisfaction

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals[2]		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Employee Satisfaction	Satisfaction Survey Score[1]	Points	3.48	3.34	3.30	3.61	3.22	3.16	3.00	3.00	3.20	–	–	70.8
	Eligible for Survey	Persons	387	431	449	165	204	449	70	70	110	–	–	131
	Participated in Survey	Persons	253	247	218	100	150	218	50	50	78	–	–	69
	Survey Participation Rate	%	65.3	57.3	48.6	60.6	73.5	48.6	80.0	80.0	70.9	–	–	52.7

1) Evaluation scales differ by company. Daedong, Daedong Mobility, and Daedong Gear use a five-point scale, while Daedong Metals uses a 100-point scale.
2) Daedong Metals began conducting the employee satisfaction survey in 2025.

[Consolidated] Social Performance

Performance Evaluation

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Employee Performance Evaluation	Employees Eligible for Regular Performance Evaluations and Career Development Reviews	Persons	391	473	450	140	195	184	90	90	90	132	134	131
	Employees Covered by Regular Performance Evaluations and Career Development Reviews	Persons	391	473	450	140	195	184	90	90	90	132	134	131
	Coverage Rate of Regular Performance Evaluations and Career Development Reviews	%	100	100	100	100	100	100	100	100	100	100	100	100

Employee Diversity

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Female Employees	Female Executives	%	–	–	–	–	–	–	–	–	–	–	–	–
Minorities and Vulnerable Groups	with Disabilities	Persons	19	17	10	5	5	5	4	4	4	–	2	2
	with Disabilities	%	2.48	2.74	0.90	1.19	1.18	1.25	1.47	1.70	1.51	–	1.49	1.56
	with National Merit	Persons	9	8	–	1	1	1	–	–	–	2	2	2
	with National Merit	%	0.75	0.76	–	0.24	0.23	0.25	–	–	–	1.52	1.54	1.56
	Foreign	Persons	3	3	2	1	1	1	–	–	–	–	–	–
	Foreign	%	0.25	0.28	0.18	0.24	0.23	0.25	–	–	–	–	–	–
	Minority Groups in Executive Management	%	–	–	–	–	–	–	–	–	–	–	–	–

[Consolidated] Social Performance

Fair Trade with Suppliers

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Fair Trade with Suppliers	Fair Trade Agreement	Suppliers	–	68	66	207	7	2	283	252	11	4	4	5
	Cases of Sanctions by the Fair Trade Commission	Cases	–	0	0	0	0	0	0	0	0	0	0	0

Social Contribution

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Donations	Total Amount	KRW Million	380.4	176.1	117.4	–	–	–	1.2	1.2	1.2	6.5	7.6	7.0

Products and Services

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
QMS (Quality Management System)	Sites Subject to QMS	Sites	7	7	7	2	2	2	1	1	1	1	1	1
	Certified Sites	Sites	7	7	7	2	2	2	1	1	1	1	1	1
	Certification Rate	%	100	100	100	100	100	100	100	100	100	100	100	100
Product Recalls	Number of Product Recalls	Cases	–	–	–	–	–	–	–	–	–	–	–	–

[By Entities] Social Performance

Employee Health Management

Category	Indicator	Unit	Daedong		
			2023	2024	2025
Health Screening	General Health Screening	Persons	655	574[1]	570
	Pre-assignment Medical Examination	Persons	389	304	243
	Special Health Screening	Persons	537	384	509
	Ultrasound Health Screening	Persons	471	533	543
	Comprehensive Health Screening (for Eligible Employees and Spouses)	Persons	715	729	720
	Influenza Vaccination (for Eligible Employees and Spouses)	Persons	1,053	990	1,068
	Employee Health Screening Rate	%	100	100	100

Supplier Training

Category	Indicator	Unit	Daedong			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025
Training Support for Suppliers	Total Training Hours	Hours	900	2,062	399	–	–	1	–	12	12
	Number of Suppliers Provided with Training	Suppliers	19	71	82	–	–	54	–	4	5
	Supplier Employees Eligible for Safety Training	Persons	117	117	111	–	–	–	120	90	90
	Supplier Employees Participated in Safety Training	Persons	117	117	111	–	–	–	120	90	90
Occupational Health and Safety Training for Suppliers	Participation Rate	%	100	100	100	–	–	–	100	100	100
	Suppliers Regularly Assessed for Safety Competency	Suppliers	8	8	12	–	–	–	12	12	12

1) Revised to include only employees who received the general health examination.

[Consolidated] Governance Performance

Board of Directors

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Board of Directors	Executive Directors	Persons	3	3	3	3	3	3	2	2	2	2	2	2
	Independent Directors	Persons	3	4	4	–	–	–	3	3	3	1	3	3
	Independent Directors Ratio	%	50	57	57	–	–	–	60	60	60	33	60	60
	Total Directors	Persons	6	7	7	3	3	3	5	5	5	3	5	5
By Gender	Male	Persons	6	7	7	3	3	3	5	5	5	3	5	5
	Female	Persons	–	–	–	–	–	–	–	–	–	–	–	–
	Percentage of Female Directors	%	–	–	–	–	–	–	–	–	–	–	–	–
	Female Directors other than Independent Directors	Persons	–	–	–	–	–	–	–	–	–	–	–	–
By Age	Under 30	Persons	–	–	–	–	–	–	–	–	–	–	–	–
	30~50	Persons	–	–	–	–	–	–	–	–	–	–	–	–
	Over 50	Persons	6	7	7	3	3	3	5	5	5	3	5	5

Board Expertise

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Board Expertise	Directors with Industry Experience	Persons	2	2	2	3	3	3	5	5	5	–	–	–
	Directors with Industry Experience Ratio	%	33.33	28.57	28.57	100	100	100	100	100	100	–	–	–

[Consolidated] Governance Performance

Board of Directors – Operations

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Board Meetings	Board Meetings	Times	13	15	24	20	20	17	25	16	15	12	9	8
Board Attendance Rate	Overall Attendance Rate	%	100	98	96	87	89	100	70	80	100	66	67	100
	Executive Directors' Attendance Rate	%	100	100	93	87	89	100	100	100	100	100	100	100
	Independent Directors' Attendance Rate	%	100	96	99	–	–	–	50	67	91	33	44	100
Board Agenda Items	Total Agenda Items	Cases	57	71	104	22	25	22	25	10	15	12	9	11
	Deliberations	Cases	57	71	104	22	25	22	25	10	15	11	7	9
	Reports	Cases	3	3	10	2	2	2	25	10	15	1	2	2
	Agenda Items with Independent Directors' Dissent	Cases	–	–	1	–	–	–	–	–	–	–	–	–
Board ESG Agenda Items	ESG Agenda Deliberations	Cases	1	–	1	–	–	–	–	–	–	–	–	–
	ESG Agenda Reports	Cases	1	4	5	–	–	–	–	–	–	–	–	–
	Climate Change Related Reports	Cases	–	1	1	–	–	–	–	–	–	–	–	–
	Occupational Health and Safety Reports	Cases	1	1	1	–	–	–	–	–	–	–	–	–

Board of Directors – Compensation

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Executive Directors	Number of Directors	Persons	3	3	3	3	3	3	2	2	2	2	2	2
	Total Compensation	KRW Million	3,060	2,839	3,900	1,473	1,719	1,862	907	881	1,500	619	828	1,040
	Average Compensation per Person	KRW Million	1,020	946	1,300	491	573	621	453	440	750	310	414	520
Compensation Ratio	Highest-Paid Individual-to-Median Employee Annual Total Compensation Ratio	%	21	15	22	–	–	–	–	–	–	6	5	8

[Consolidated] Governance Performance

Ethics/Anti-corruption Reporting

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Ethics/Anti-corruption Reports Received	Cases Reported	Cases	1	–	–	–	–	–	–	1	4	–	–	–
	Corruption	Cases	–	–	–	–	–	–	–	–	3	–	–	–
	Discrimination	Cases	–	–	–	–	–	–	–	–	–	–	–	–
	Other	Cases	1	–	–	–	–	–	–	1	1	–	–	–
Ethics/Anti-corruption Cases Resolved	Total Cases Resolved	Persons	1	–	–	–	–	–	–	1	4	–	–	–
	Dismissal	Persons	–	–	–	–	–	–	–	–	–	–	–	–
	Disciplinary Action	Persons	–	–	–	–	–	–	–	1	4	–	–	–
	Other	Persons	1	–	–	–	–	–	–	–	–	–	–	–
	Resolution Rate	%	100	–	–	–	–	–	–	100	100	–	–	–

Ethics Training

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Ethics and Compliance/ Anti-corruption Training	Total Training Hours	Hours	124.1	570	562	129.4	448	401	240	240	263	144	47	42
	Training Hours per Person	Hours/Person	0.3	1.1	1.0	0.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	Employees Eligible for Training	Persons	575	529	582	199	448	401	240	240	263	144	47	42
	Employees Completed Training	Persons	438	523	562	199	448	401	240	240	263	144	47	42
	Completion Rate	%	76.2	98.9	96.6	100	100	100	100	100	100	100	100	100
Fair Trade Training	Total Training Hours	Hours	44	35	47	–	–	–	240	240	263	–	–	–
	Participants	Persons	22	523	562	–	–	–	240	240	263	–	–	–

[Consolidated] Governance Performance

Compliance

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Fair Trade Act Violation	Violations	Cases	0	0	0	0	0	1	0	0	0	0	0	0
	Fines	KRW Million	–	–	–	–	–	0.4	–	–	–	–	–	–
Personal Data Protection Violation	Violations	Cases	0	0	0	0	0	0	0	0	0	0	0	0
	Fines	KRW Million	–	–	–	–	–	–	–	–	–	–	–	–
Client Data Protection Violation	Violations	Cases	0	0	0	0	0	0	0	0	0	0	0	0
	Fines	KRW Million	0	–	–	–	–	–	–	–	–	–	–	–
Other Legal Violations	Violations	Cases	0	0	1	0	1	0	0	0	0	0	0	0
	Fines	KRW Million	–	–	2.64	–	200	–	–	–	–	–	–	–

Information Security Management System

Category	Indicator	Unit	Daedong			Daedong Mobility			Daedong Gear			Daedong Metals		
			2023	2024	2025	2023	2024	2025	2023	2024	2025	2023	2024	2025
Information Security Management System	Sites Subject to ISMS Certification	Sites	–	10	10	–	–	–	–	–	–	–	–	–
	Certified Sites	Sites	–	10	10	–	–	–	–	–	–	–	–	–
	Certification Rate	%	–	100	100	–	–	–	–	–	–	–	–	–
Information Security Incidents	Number of Information Security Incidents	Cases	0	0	0	0	0	0	0	0	0	0	0	0
	Number of Information Security Regulatory Violations	Cases	0	0	0	0	0	0	0	0	0	0	0	0

APPENDIX

GRI Standards Index

Statement of use	Daedong Group has reported its sustainability management for the period from January 1 to December 31, 2025, in accordance with the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	As of the report disclosure date (JUN, 2026), there are no applicable GRI Sector Standards for Daedong Group.

GRI Standards Index

Indicators		Page
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	101-5. Locations with biodiversity impacts	p.69
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	205-3. Confirmed incidents of corruption and actions taken	p.125
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Water and Effluents	303-1. Interactions with water as a shared resource	p.66
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	305-7. Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	p.105
Waste	306-1. Waste generation and significant waste-related impacts	p.67-68, 106
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	306-4. Waste diverted from disposal	p.106
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	308-2. Negative environmental impacts in the supply chain and actions taken	p.80-81

GRI Standards Index

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UN SDGs Index

UN SDGs	Objectives	Daedong Group's Activities	Page
Goal 1	End poverty in all its forms everywhere	• Support for vulnerable groups in local communities • Investment in social contribution activities	p.84
Goal 2	End hunger, achieve food security and improved nutrition and promote sustainable agriculture	• Free rental of agricultural machinery in wildfire-affected areas of Gyeongsangbuk-do • Support for agricultural AI agent projects	p.84
Goal 3	Ensure healthy lives and promote well-being for all at all ages	• Occupational health and safety management activities for employees • Work-life balance support programs	p.40–43, 77
Goal 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	• Support for vulnerable groups in local communities	p.84
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Goal 9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	• Environmentally friendly R&D activities • Investment in information security	p.62, 99
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Goal 11	Make cities and human settlements inclusive, safe, resilient and sustainable	• Identification and management of community risks	p.84
Goal 12	Ensure sustainable consumption and production patterns	• Development of low-carbon products • Establishment of a chemical receiving control process	p.31, 65
Goal 13	Take urgent action to combat climate change and its impacts	• Greenhouse gas reduction strategy • Identification and monitoring of climate-related risks and opportunities	p.30, 33
Goal 14	Conserve and sustainably use the oceans, seas and marine resources for sustainable development	• Water consumption reduction initiatives • Water-related risk management	p.66
Goal 15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	• Natural capital impact assessment using the LEAP approach • Biodiversity awareness training	p.69–70
Goal 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	• Operation of a Code of Ethics and internal reporting system • Activities to embed ethical management	p.90–91
Goal 17	Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development	• Monitoring of customer VOCs • Strengthening supplier engagement and communication	p.51, 81

Daedong Group Certifications and Memberships

Health and Safety Management Certification


Daedong ISO 45001


Daedong Mobility ISO 45001


Daedong Gear ISO 45001


Daedong Metals ISO 45001


Daedong Metals KOSHA-MS

Environmental Management Certification


Daedong ISO 14001


Daedong Gear ISO 14001


Daedong Metals ISO 14001


Daedong CARB Certificate


Daedong EPA Certificate

Quality Management Certification


Daedong ISO 9001


Daedong Gear ISO 9001


Daedong Metals ISO 9001


Daedong Mobility ISO 9001


Daedong Gear IATF 16949


Daedong Metals IATF 16949


Daedong Metals DNV Certificate

Information Security Certification


Daedong ISO 27001

Memberships

Korea Fair Competition Federation (KFCF)	Korea Metal Industry Employer Association	Nakdong River Environmental Protection Movement Headquarters	Korea Agricultural Machinery Industry Cooperative (KAMICO)	Daegu Employers Federation
Daegu-Gyeongbuk Environmental Engineers Association	Daegu Chamber of Commerce and Industry	Korean Nurses Association (KNA)	Korea Industrial Safety Association (KISA)	Korea Chamber of Commerce and Industry (KCCI)
Korea Association of Standards & Testing Organizations (KASTO)	Korea Customs Association	Korea Agricultural Machinery Industry Cooperative (KAMICO)	Korean Society for Agricultural Machinery (KSAM)	Korea International Trade Association (KITA)
Korea Environmental Preservation Association (KEPA)	Korea Fire Safety Institute (KFSI)	Korea Electric Engineers Association (KEEA)	Federation of Middle Market Enterprises of Korea (FOMEK)	Korean Standards Association (KSA)

GHG Emission Verification Opinion

Daedong Co., Ltd. and Daedong Mobility Co., Ltd.

1. Verification Goal

The goals of greenhouse gas (GHG) emission verification (hereinafter referred to as 'verification') conducted by the Korean Standards Association are as follows.

- Confirming the conformity with standards and procedures of GHG emission and GHG emissions calculated within the scope of verification
- Checking the validity of declarations related to the organization's GHG emissions or removals
- Confirming the effective implementation of the organization's management of GHG emissions or removals
- Confirming the conformity of processes for implementing, managing and improving the organization's GHG emissions or removals estimates

2. Verification Scope

Korean Standards Association conducted a limited assurance verification of Daedong Co., Ltd. and its affiliates' Scope1 and Scope2 GHG statement.

- Reporting Target
  - Daedong : Daegu Headquarters, Changnyeong Development Headquarters, Seoul Office, Gyeongbuk Regional Headquarters, Jeonnam Regional, Headquarters, Chungnam Regional Headquarters, Gangwon Regional Headquarters, Central Business Headquarters
  - Jeju Daedong : Jeju Headquarters
  - Daedong Mobility : A-factory, S-factory, Seoul office, Busan office
  - Hydrotech : Daegu Headquarters
- Boundary : Scope1(Direct emissions), Scope2(Indirect emissions)
  - Scope1 : Stationary combustion, Mobile combustion, Process emissions(RTO)
    *Process emission(RTO) is only for Daedong Co., Ltd.
  - Scope2 : Externally purchased power
- Year : January 1, 2025 to December 31, 2025

3. Verification Criteria and Guidelines

Korean Standards Association conducted verification according to the procedures stipulated in ISO 14064-3 : 2019.

- Calculation criteria
  - KS I ISO 14064-1:2018
  - Guidelines for Reporting and Certification of Emissions from Greenhouse Gas Emissions Trading System Ministry of Environment No. 2025-64)
  - 2006 IPCC Guidelines for National Greenhouse Gas Inventories
  - WRI(World Resources Institute) Greenhouse Gas Protocol

4. Level of assurance verification and Responsibility

Korean Standards Association provides verification at limited level of assurance to strengthen GHG management for your company's GHG emissions.

- On-site inspection : Visits to Daedong Co., Ltd. (Daegu Headquarters), Jeju Daedong Co., Ltd. (Jeju Headquarters), Daedong Mobility Co., Ltd. (Anseong Plant), and Hydrotech Co., Ltd. (Daegu Headquarters).
- Method of confirmation
  - Interview with greenhouse gas emissions manager and field staff
  - Review of the management system and data used to calculate greenhouse gas emissions during the reporting period
  - Tracking review of internal documents and basic data

Daedong Co., Ltd. and its affiliates should provide fair data on information and evidence related to GHG emissions, and the KSA is limited to guaranteeing GHG emissions.

5. Verification Limit

GHG emissions can be affected by factors such as data limits and uncertainties in the scope of verification, and inherent limitations may exist accordingly.

6. Verification Conclusion

Korean Standards Association confirmed that the GHG emissions calculated by Daedong Co., Ltd. and its affiliates meet the level of assurance and the materiality threshold (less than 10%) in accordance with the verification criteria. No evidence was found to suggest that the GHG data and information were unfairly presented.
Daedong Co., Ltd. and its affiliates have taken appropriate corrective actions on the major findings identified by the verification team. Based on the verification results, including the absence of material errors or omissions, the data and processes are considered to meet the verification and guidelines. Therefore, a 'Unmodified opinion' is issued.

Appendix. GHG Emissions of Daedong Co., Ltd. and its affiliates

Division	Scope1	Scope2	Subtotal
Daedong	5,924	7,256	13,179
Jeju Daedong	71	672	743
Daedong Mobility	1,098	1,266	2,363
Hydrotech	34	423	457
Total	7,125	9,617	16,742

Note : The final GHG emission was cut below the decimal point and expressed in integer units.

MAY 8, 2026
KOREAN STANDARDS ASSOCIATION

KSA IAF 국립환경과학원

GHG Emission Verification Opinion

Daedong Gear Co., Ltd.

Verification Scope

Korean Standards Association has conducted verification for GHG emissions based on GHG report provided by Daedong Gear Co., Ltd. which includes Scope 1 and Scope 2 emissions.

Verification Standards and Guidelines

To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

- Guidance for reporting and verification of GHG emissions trading scheme (No. 2025-64 provided by Ministry of Environment, Republic of Korea)
- Verification Guidelines for the Operation of the Greenhouse Gas Emission Trading System (No. 2025-165 provided by Ministry of Environment, Republic of Korea)
- For matters not specified in other guidelines, refer to KS I ISO 14064-1: 2018 and KS I ISO 14064-3: 2019

Level of Assurance

Daedong Gear Co., Ltd.'s GHG emissions satisfy the requirements for Reasonable Assurance (less than 5.0% of total emissions).

Verification Conclusion

As a result of verification activities, verification team has found no significant errors, omissions, and misstatements. Therefore, Korean Standards Association confirms that the following emissions data are adequately quantified.

2025 GHG Emissions (Scope1, Scope2) (Unit : tCO_2eq)

Year	Scope 1	Scope 2	Total
2025	1,166.387	14,050.544	15,216

Note : Decimal places are not considered when calculating the emissions of each workplace.

June 23, 2026
KOREAN STANDARDS ASSOCIATION

GHG Emission Verification Opinion

Daedong Metals Co., Ltd.

INTRODUCTION

The Korea Testing & Research Institute (KTR) conducted an independent third-party verification of Daedong Metals Co., Ltd. 2025 greenhouse gas (GHG) emissions in accordance with ISO 14064-3:2019 and the "Verification Guidelines for the Operation of the Greenhouse Gas Emissions Trading Scheme (Ministry of Environment Notification No. 2025-165)." This verification statement has been prepared based on the defined scope and level of assurance, and it applies solely to the GHG information within the specified boundaries.

SCOPE

- Organizational boundary : the whole business under the operational control
- Verification object workplaces : A total of one business site under the operational control of Daedong Metals Co., Ltd.
- Reporting period : Calendar year of 2025
- Reporting greenhouse gas : CO_2, CH_4, N_2O, HFCs, PFCs, SF_6
- Type of emission : Direct Emissions (Scope 1), Indirect Emissions (Scope 2)
- The level of assurance : Reasonable assurance (materiality threshold : ±5.0%)

STANDARDS

- Guidelines on Reporting and Verification of Emissions under the Emissions Trading Scheme (Ministry of Environment Notification No. 2025-64)
- Emissions Trading Scheme Statement Guidelines (2024)
- 2006 IPCC Guidelines for National Greenhouse Gas Inventories
- 2025 Emission Monitoring Plan

RESULTS

GHGs Emissions	Scope 1 (tCO_2eq)	Scope 2 (tCO_2eq)	Total (tCO_2eq)
2025	3,839.902	29,000.176	32,840

Energy Consumption	Fuel (TJ)	Electricity (TJ)	Steam (TJ)	Total (TJ)
2025	25.344	606.857	0	632

CONCLUSION

The "2025 Greenhouse Gas Emissions and Energy Consumption Statement" of Daedong Metals Co., Ltd. has been prepared without material misstatements. The reported greenhouse gas data and information are fairly presented. The statement was appropriately prepared in accordance with the Ministry of Environment's Guidelines on Reporting and Verification of Emissions under the Emissions Trading Scheme. Furthermore, we confirm that Daedong Metals Co., Ltd. has established an adequate system for collecting, aggregating, and analyzing quantitative data to calculate greenhouse gas emissions within the defined reporting period and organizational boundaries.

May 8, 2026

Approved by

국립환경과학원

Independent Assurance Statement

Dear Stakeholders of DAEDONG GROUP

Assurance Outline

Korea Productivity Center Quality Assurance (hereinafter "KPCQA") was commissioned by DAEDONG GROUP (hereinafter "DAEDONG") to conduct an independent assurance on the 2025 ESG Sustainability Report (hereinafter "the report") and issues an assurance statement. DAEDONG has sole responsibility for the preparation of the data within the report. KPCQA's responsibility is to provide objective opinions on this report with the specified criteria and scope of assurance.

Scope

This report describes DAEDONG's sustainability efforts and performance. The scope of assurance included activities from January 1, 2025 to December 31, 2025. Activities through 2026 have also been included in some areas. The report was assured focusing on the reporting of sustainable management policies, strategies, goals, businesses, and performance, and conformity of data collection and analysis, and the report creation process.

Criteria

The assurance was carried out in accordance with the following standards:
- AA1000AS v3
- KPCQA ESG Report Assurance Protocol

Levels

The assurance of this report was conducted in line with the requirements of the AA1000AS v3 Type 1 (Adherence to the AA1000 four principles) at a moderate level of assurance. The assurance was applied by professional judgement about materiality.
The report has been produced in accordance with GRI Standards. We confirmed that the report complied with the reporting principles of the GRI Standards, Universal Standards, and Topic Standards based on the data and information provided by DAEDONG

Universal Standards

Organizational and its reporting practices	2-1 ~ 2-5
Activities and workers	2-6 ~ 2-8
Governance	2-9 ~ 2-21
Strategy, policies and practices	2-22 ~ 2-28
Stakeholder engagement	2-29 ~ 2-30
Material topics	3-1 ~ 3-3

Topic Standards

Biodiversity	101-1, 101-2, 101-4, 101-5
Economic Performance	201-1, 201-2, 201-4
Indirect Economic Impacts	203-1, 203-2
Anti-corruption	205-2, 205-3
Anti-competitive Behavior	206-1
Materials	301-1
Energy	302-1, 302-3, 302-4, 302-5
Water and Effluents	303-1, 303-2, 303-3, 303-5
Emissions	305-1, 305-2, 305-4, 305-5, 305-7
Effluents and Waste	306-1, 306-2, 306-3, 306-4, 306-5
Supplier Environmental Assessment	308-1, 308-2
Employment	401-1, 401-2, 401-3
Occupational Health and Safety	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9
Training and Education	404-1, 404-2, 404-3
Diversity and Equal Opportunity	405-1, 405-2
Non-discrimination	406-1
Local Communities	413-1
Supplier Social Assessment	414-1, 414-2
Customer Health and Safety	416-1
Customer Privacy	418-1

Independent Assurance Statement

Methodology

- Review of Sustainability Performance Data and Management System
- Review of the reporting process and data management framework
- Review of materiality assessment process and Internal Analysis Procedure
- Review of media report on sustainability
- Interviews with executives and employees involved in material topics and report preparation
- Review of the overall report

Limitations

This assurance is limited assurance based on limited criteria with comparative review of data provided by DAEDONG. It has its own limitations depending on the characteristics and calculation method of the data.

Conclusions

KPCQA conducted assurance on the draft by review of the data, onsite verification and interview with the employees. It was confirmed that all errors identified during the assurance were corrected.
As a result of the assurance of this report, no material errors or improper descriptions have been found and the conclusions are as follows.

- Inclusivity : Participation of stakeholders
  DAEDONG operates stakeholder communication channels to gather opinions from various stakeholders to derive material topics and ensure that they are reflected in decision-making.
- Materiality : Selection and reporting of material topics
  DAEDONG presented sustainability performance data without any material omissions. Relating to the material issues in the report, nothing came to our attention that would cause a problem in the decision-making process.
- Responsiveness : Organizational response to issues
  KPCQA checked and reviewed the data related to DAEDONG's internal and external stakeholders. We confirmed that DAEDONG identified the reporting scope and stakeholders' interests and reflected them. We confirmed that DAEDONG has a management process for material topics through materiality assessment.
- Impact : Monitoring and measurement of business activities
  KPCQA reviewed how DAEDONG identified and monitored the impact of DAEDONG's business activities on stakeholders. We confirmed that the impact associated with material issues has been properly measured.

Independence of Assurance

KPCQA is a 3rd Party Conformity Assessment Body that conforms to ISO/IEC 17021:2015 and has documented policies, assessment processes, and quality assurance systems with an assurance team of ESG experts.
KPCQA was not involved in any of the business operations of DAEDONG and the assurance was conducted with independence.

kpc 한국생산성본부인증원 KOREA PRODUCTIVITY CENTER QUALITY ASSURANCE

AA1000 Licensed Report 000-404/V3-HBGJ0

Jun. 2026
Korea Productivity Center Quality Assurance

President **Jang Jean, Kang**

daedong