

# Governance



## Key Performance



Newly established

**ESG Committee**



BOD attendance rate

**98%**



Launched a new service

**Dividend Inquiry**



Number of accidents in term of information protection

**ZERO**

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# Sound and Transparent Governance

## BOD Structure

### Composition of BOD

Seoyon E-Hwa's Board of Directors consists of six directors, three inside directors and three outside directors. The BOD resolves matters stipulated in the laws or articles of association, matters delegated by the general meeting of shareholders, basic management policies, and important issues related to the execution of business, and supervises the execution of the duties of directors. The BOD is the premier permanent decision-making body of the Company and has the authority to appoint Inside and outside directors by setting and approving the agenda for the general meeting of shareholders.

### Appointment of Directors

To ensure fairness and independence in the appointment of outside directors, they are appointed by determining their qualifications based on the Commercial Act and related laws and regulations. In addition, Seoyon E-Hwa's Articles of Incorporation and the Audit Committee Terms of Reference stipulate that the Chair of the Board of Directors shall be the Audit Committee Chair, and the Audit Committee Chair shall be selected from the outside directors.

### BOD Independence and Conflict of Interest

The BOD of Seoyon E-Hwa consists of more than a majority of outside directors, which is higher than the mandatory standard set by the Commercial Act (more than one-fourth of the total number of directors) to ensure that the BOD perform its functions independently of management and controlling shareholders, and manages and supervises conflicts of interest in accordance with relevant laws and regulations, including Articles 397 and 398 of the Commercial Act. In addition, the number of directorships of other companies held by outside directors is limited to one in accordance with the Commercial Act. The Board of Directors' Operating Regulations stipulate that a director's concurrent appointment as director of another company is subject to approval agenda.

### BOD Members

Director	Name	Gender	Nationality	Position	Appointment	Term	Expiration Date	Consecutive Terms	Expertise	Concurrent Position (Organization/Position)	Career
	Yongsuk Kang	Male	Korea	CEO	Mar. 28, 2024	1 year	11th general shareholders' meeting (in 2025)	2 times	General management	-	<ul style="list-style-type: none"> <li>Former) Head of Global Business Management Group, Seoyon E-Hwa</li> <li>Current) CEO, Seoyon E-Hwa</li> </ul>
Inside Director	Sooyik Lee	Male	Korea	Inside Director	Mar. 28, 2024	1 year	11th general shareholders' meeting (in 2025)	6 times	Finance (accounting/finance)	-	<ul style="list-style-type: none"> <li>Former) Managing Director, Hanwha Galleria</li> <li>Current) Vice President in Human Resources and Finance, Seoyon E-Hwa</li> </ul>
	Sangcheon Mun	Male	Korea	Inside Director	Mar. 28, 2024	1 year	11th general shareholders' meeting (in 2025)	5 times	Audit/IT/compliance (law)	-	<ul style="list-style-type: none"> <li>Former) Head of Audit Office, Asiana Airlines</li> <li>Current) Vice President in Planning and Information, Seoyon E-Hwa</li> </ul>
	Hyunmoo Kong	Male	Korea	Outside Director, BOD Chairman	Mar. 29, 2023	2 years	11th general shareholders' meeting (in 2025)	Once	Audit/management/finance	SNT Dynamics Co., Ltd./ Standing Auditor	<ul style="list-style-type: none"> <li>Former) Vice President, KB Securities</li> <li>Current) CEO, en2m</li> </ul>
Outside Director	Sangdo Noh	Male	Korea	Outside Director	Mar. 29, 2023	2 years	11th general shareholders' meeting (in 2025)	Once	Industrial engineering	LG Innotek Co., Ltd./ Outside Director, Audit Committee Member	<ul style="list-style-type: none"> <li>Former) President, Korean CDE Society</li> <li>Current) Vice President, Korean Society of Industrial Engineers, Professor at Sungkyunkwan University (Department of Systems Management, Department of Industrial Engineering)</li> </ul>
	Youngjae Kim	Male	Korea	Outside Director	Mar. 28, 2024	2 years	12th general shareholders' meeting (in 2026)	Once	Accounting/finance	Samjin Co., Ltd./ Outside Director	<ul style="list-style-type: none"> <li>Former) Director, KPMG Samjong Accounting Corporation</li> <li>Current) Partner CPA of LIAN Accounting corporation</li> </ul>

# Sound and Transparent Governance

## Diversity and Expertise of the BOD

The BOD at Seoyon E-Hwa is comprised of experts in various fields, including accounting, corporate management, law, and industrial engineering. To ensure professionalism and diversity, we do not limit the fields of expertise when nominating directors. For example, CEO Yongsuk Kang has worked in the automotive industry for over 30 years and has a broad understanding and expertise in the automotive industry and the Company's operations.

Director Sooyik Lee has been in charge of the finance department for many years and has extensive experience in corporate operations and capital markets. Director Sangcheon Moon has experience and expertise in corporate operations, having worked in the planning, legal and audit sectors for many years. Director Hyunmoo Gong, an outside director, has worked for many years at a leading securities company and financial institution in Korea and has expertise in corporate management and financial systems. Director Sangdo Noh, another outside director, has outstanding research achievements based on his academic knowledge gained as a professor of systems management engineering and industrial engineering, and diverse industrial field experience gained through industry-academia collaboration activities. Director Youngjae Kim is an outstanding expert in the field of accounting and finance, having worked for many years at an accounting firm and the Korea Exchange, and has a strong understanding of corporate management and capital markets.

## Board Skills Matrix (BSM)

Classification	Inside Director			Outside Director		
	Yongsuk Kang	Sooyik Lee	Sangcheon Mun	Hyunmoo Kong	Sangdo Noh	Youngjae Kim
Management	○	○	○	○		
Global Experience	○					
Industrial Experience	○	○		○	○	○
Finance		○		○		○
Law/Policy			○			
Audit			○	○	○	○
R&D	○				○	
Risk Management	○	○	○	○	○	○

## Subcommittees under the BOD

To strengthen independence, transparency, and efficient operation, the subcommittees of the BOD are currently composed entirely of outside directors. In particular, the Audit Committee consists of professionals with expertise and experience in accounting, finance, and auditing to strengthen expertise in finance, accounting, and internal control within the organization.

## Subcommittee Members

Name	Outside Director	Experience in Accounting, Finance, and Audit	Subcommittees under the BOD*	
			Audit Committee	ESG Committee
Hyunmoo Kong	○	○	●	●
Sangdo Noh	○	-	○	○
Youngjae Kim	○	○	○	○

\* As of March 2024 / ● (Chairman), ○ (Member)

## Audit Committee

Seoyon E-Hwa currently has an independent Audit Committee to enhance transparency in corporate management. The Audit Committee audits the Company's accounts and affairs in accordance with relevant laws and internal regulations and submits an audit report every financial year. The Audit Committee may at any time request the directors to report on business operations or investigate the Company's property status, and may require relevant executives, employees and external auditors to attend meetings if necessary, and may request experts to provide advisory services at the Company's expenses.

## ESG Committee

On 28 March 2024, Seoyon E-Hwa established the ESG Committee under the BOD for strategic and systematic management of ESG issues. The ESG Committee will be responsible for checking and supervising the planning and implementation of major ESG issues, and will deliberate and resolve on major initiatives and tasks related to ESG management proposed by the ESG Implementation Council and the ESG Committee.

# Sound and Transparent Governance

## BOD Operation

### Convocation of the BOD

In 2023, the Board of Directors meeting was held eight times and deliberated and decided on all proposed agenda items.

#### BOD Operation Results

Classification	Unit	2021	2022	2023
Number of meetings held	Times	9	9	8
Director attendance rate	%	87	91	98
Number of agenda items reported	Items	10	9	10
Number of agenda items concluded	Items	35	24	33
Percentage of votes in favor of agenda items	%	100	100	100

#### BOD Activities

Date	Category	Discussion	Approval
Feb. 10	Regular	Report on and approval of safety and health plans in 2023	Concluded
		Approval of the 9th consolidated and separate financial statements and business report	Concluded
		Establishment of overseas subsidiaries, capital contribution to affiliates and subsidiaries, and borrowing of operating funds from the headquarters	Concluded
		9th compliance inspection and operation status of internal accounting management system	Reported
Mar. 14	Ad-hoc	Approval of the 9th consolidated and separate financial statements, business report, cash dividend, electronic voting system at general shareholders' meeting	Concluded
		General approval of inter-affiliate transactions in 10th fiscal year, payment of retirement benefits for executives, and retention of payment guarantee for subsidiaries	Concluded
		Report on evaluation of 9th internal accounting management system operation and submission of audit report	Reported
Mar. 29	Ad-hoc	Appointment of the CEO and borrowing of operating funds from the headquarters	Concluded
Apr. 04	Ad-hoc	Increase in capital of subsidiaries and payment guarantee	Concluded
May 11	Regular	Conclusion of merger agreement, shareholder confirmation date, and approval of borrowing of operating funds from the headquarters and payment guarantee for subsidiaries	Concluded
		Report on the performance of the first quarter of 2023 and progress of previously approved agenda items	Reported
		Approval of small-scale mergers and capital contribution and payment guarantees for subsidiaries	Concluded
Aug. 11	Regular	Approval of capital contribution and payment guarantees for subsidiaries, inter-affiliate transactions, and borrowing of operating funds from the headquarters	Concluded
		Report on the performance of the second quarter of 2023 and progress of previously approved agenda items	Reported
Oct. 04	Ad-hoc	Report on and disclosure of termination of merger and payment guarantee for subsidiaries	Concluded
Nov. 10	Regular	Approval of policy fund borrowing, payment guarantee for subsidiaries, joint guarantee, debt succession/extension	Concluded
		Report on the performance of the third quarter of 2023 and progress of previously approved agenda items	Reported

The operation details of the Audit Committee and ESG Committee under the Board of Directors in 2023 are as follows.

#### Subcommittee Operation Results

	Classification	Unit	2021	2022	2023
Audit	Number of meetings held	Times	6	6	6
	Director attendance rate	%	100	94	94
Committee	Number of agenda items reported and concluded	Items	14	14	15
	Percentage of votes in favor of agenda items	%	100	100	100

#### ESG Committee Operation in 2024

Number of meetings held	Director attendance rate	Number of agenda items reported and concluded	Percentage of votes in favor of agenda items
Once	100%	3 items	100%

#### Audit Committee Activities

Date	Discussion	Approval
Feb. 10	Approval of selection of independent auditors	Concluded
	Report on the 9th consolidated and separate settlement performance and the operation status of the internal accounting management system	Reported
Mar. 14	Approval of the 9th internal accounting management system operation status evaluation report and audit report	Concluded
	Report on post-evaluation of external auditor contract performance	Reported
Mar. 29	Appointment of the Audit Committee Chairman	Concluded
May 11	Report on consolidated and separate financial statements for the first quarter of the 10th fiscal year	Reported
	Communication between the governing body and external auditors for the first quarter of the 10th fiscal year	Discussed
Aug. 11	Report on consolidated and separate financial statements for the second quarter of the 10th fiscal year	Reported
Nov. 10	Report on consolidated and separate financial statements for the third quarter of the 10th fiscal year	Reported
	Communication between the governing body and independent auditors for the third quarter of the 10th fiscal year	Discussed

#### ESG Committee Activities in 2024

Date	Discussion	Approval
May 14	Report on the results of ESG management consulting in 2023	Reported
	Report on the ESG management promotion plan in 2024	Reported
	Approval of the criteria and budget use for the ESG management promotion plan in 2024	Concluded

# Sound and Transparent Governance

## BOD Training

To help outside directors perform their duties professionally and improve their understanding of the business, Seoyon E-Hwa regularly provides education to outside directors on legal amendments and important management issues through in-house experts or external training institutions.

### BOD Trainings for Three Years

Date of commencement	Training Provider	Target (Outside Directors)	Content
Mar. 26, 2021	Our Company	Jaehyun Song Hyunmoo Kong Sangdo Noh	1) Changes in the industrial safety and health regulatory environment, main contents of the Industrial Safety and Health Act and the Serious Accident Punishment Act 2) Guide to establishment of information security and health planning work
Nov. 11, 2021	Our Company	Jaehyun Song Hyunmoo Kong Sangdo Noh	1) Concept and necessity of ESG 2) Establishment of Seoyon E-Hwa Corporate Governance Charter and main system
Jun. 16, 2022	Our Company	Hyunmoo Kong Sangdo Noh Youngjae Kim	1) Tour of Ulsan Plant (Briefing on plant status/products/production/development process, observation of factory production site) 2) Briefing on the status of smart factory construction and on-site inspection
Nov. 10, 2023	Samjong KPMG	Hyunmoo Kong Sangdo Noh Youngjae Kim	1) Introduction to Samjong KPMG 2) Training on internal accounting management system trends and operating cases (Audit Committee)

## BOD Remuneration

### Remuneration Payment Criteria

Outside directors' remuneration is determined based on internal criteria and comprehensive evaluation indicators, such as the director remuneration table approved by the Board of Directors, within the director remuneration limit approved by the general shareholders' meeting. In addition, the average remuneration data of outside directors and audit committee members of listed companies is also used as reference material when reviewing appropriateness.

### BOD Remuneration Payment Criteria

Classification	Remuneration Payment Criteria
Registered director (excluding outside directors and the Audit Committee members)	The base salary is determined by comprehensively reflecting the position, leadership, expertise, and contribution to the company based on internal standards such as the executive remuneration table within the total remuneration amount for executives approved at the general shareholders' meeting. Performance-based pay is determined by comprehensively considering the results of quantitative evaluations such as the company's sales and operating profit, as well as qualitative evaluations such as the achievement of strategic goals and leadership.
Outside directors and the Audit Committee members	The base salary is determined by comprehensively reflecting the position, leadership, expertise, and contribution to the company based on internal standards such as the executive remuneration table within the total remuneration amount for executives approved at the general shareholders' meeting.

### Remuneration Payment Status

To strengthen the soundness and transparency of the governance structure, Seoyon E-Hwa discloses the total remuneration of inside directors, other non-executive directors, outside directors, and unregistered executives in the business report. To ensure independence and transparency, the Audit Committee members are paid only fixed compensation without separate performance-based bonuses.

### BOD Remuneration Status

Classification		Unit	2021	2022	2023
Inside Director	Number of members	Persons	3	3	3
	Total remuneration	KRW in million	894	843	929
	Average remuneration per person	KRW in million	298	281	310
Outside Director	Number of members	Persons	3	3	3
	Total remuneration	KRW in million	120	123	124
	Average remuneration per person	KRW in million	40	41	41

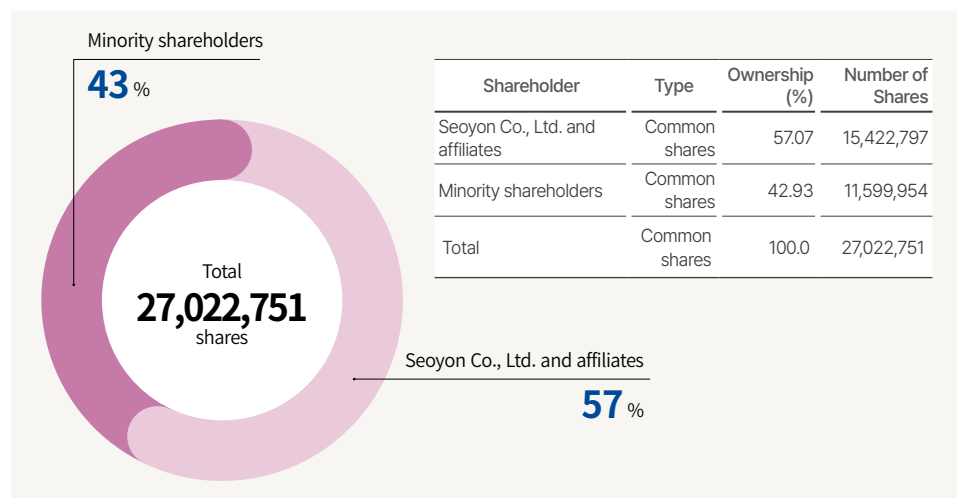
# Sound and Transparent Governance

## Shareholders

### Share Ownership

As of the end of 2023, the total number of shares issued by Seoyon E-Hwa is 27,028,437 (including 5,686 treasury shares), of which the largest shareholder, Seoyon Co., Ltd. and affiliates hold approximately 57.07% ownership (15,422,797 shares).

### Shareholder Structure



### Convocation of Shareholders' Meeting

Seoyon E-Hwa discloses the convocation of the shareholders' meeting two weeks prior to the meeting so that shareholders can exercise their voting rights after sufficiently reviewing the agenda. The company operates an electronic voting system for the annual general shareholders' meeting and strives to hold the general shareholders' meeting on a date when there are no concentrated general shareholders' meetings. In addition, when holding the general shareholders' meeting, proxy voting is conducted for all shareholders in accordance with relevant laws. In addition, when notifying shareholders of the convocation of the shareholders' meeting, we provide materials so that shareholders can sufficiently consider our management performance and current status to help them exercise their voting rights. These include business reports, audit reports, outside director activities and compensation, and transaction details with the largest shareholder and affiliates.

### Protection of Shareholder Rights

Seoyon E-Hwa's Corporate Governance Charter sets out the company's policy on protecting shareholder rights and is posted on the corporate website.

Classification	Details
Corporate Governance Charter (Chapter 2 Protection of Shareholder Rights: Article 7 Shareholder Rights)	1. The company guarantees the following basic rights of shareholders in accordance with the Commercial Act and other related laws: - Right to participate in profit distribution - Right to attend and vote at general shareholders' meetings - Other rights guaranteed by the Commercial Act and related laws and regulations and articles of incorporation
	2. The following matters that bring about significant changes to the existence of the company and shareholder rights must be decided at the general shareholders' meeting in a way that protects shareholder rights to the maximum extent possible. - Amendment of articles of incorporation - Merger, transfer of business, and spin-off - Dissolution - Reduction of capital - Comprehensive exchange and transfer of shares, etc.
	3. The company guarantees one vote per share. However, voting rights for specific shareholders are restricted in accordance with the law.
	4. The Board of Directors shall ensure that shareholders who oppose major structural changes, such as mergers or transfers of business, may exercise their appraisal right at a fair price reflecting the actual value of their shares in accordance with the provisions of the law.
	5. The company must guarantee the exercise of minority shareholder rights to protect the interests of all shareholders. On the other hand, controlling shareholders who exert influence over the management of the company must act for the interests of the company and shareholders, and must endeavor not to infringe upon the rights of other general shareholders by acting against these interests.

### Transparent Information Disclosure

Seoyon E-Hwa's management information is provided through the website and the Financial Supervisory Service DART system. In order to improve the accessibility of information to shareholders and investors, the company has established investment information and ESG (governance structure) sections on the website. The investment information section provides financial, public disclosure, stock price information, and dividend inquiry services, and the ESG (governance structure) section provides various information related to governance (articles of incorporation, governance charter, shareholders, Board of Directors, Audit Committee, etc.). In order to protect the rights and interests of foreign shareholders, the website is also operated in English, and audit reports are also provided in English on the Investor Relations section of the website.

# Sound and Transparent Governance

## Shareholder-friendly Management

### Shareholder Return Policy

Seoyon E-Hwa pays dividends through a resolution of the general meeting of shareholders to enhance shareholder value and has established policy of paying dividends of 20-30% of the par value of its shares each year based on a comprehensive review of the uncertain internal and external business environment. Based on the current level of dividend, we plan to maintain the direction of shareholder-friendly dividend policy by comprehensively reviewing the internal and external business environment, the Company's investment plans and cash flows, the profit for the year, and the surplus.

In addition, Seoyon E-Hwa transparently announces and shares its dividend policy and implementation plan with shareholders through electronic disclosures (periodic reports such as business reports) and on its website at least once a year. In addition, the Company launched the online Seoyon E-Hwa Dividend Inquiry Service replaced the existing mailed dividend notice in April 2023, to improve shareholder convenience.



Dividend Inquiry Service - Login ([srpage.co.kr](http://srpage.co.kr))

### Dividend Status

Classification		Unit	2021	2022	2023
Common share	Dividend per share	KRW	150	150	200
	Total dividend payment	KRW in million	4,053	4,053	5,405
	Cash dividend payout ratio (consolidated)	%	15.4	7.3	3.4
Dividend yield	Par value	KRW	500	500	500
	Par value dividend yield	%	30	30	40
	Dividend yield	%	2.1	1.8	1.1
Ratio of shareholder return*		%	14.4	8.2	3.5

\* Ratio of shareholder return: Shareholder return amount / (consolidated) net profit for the year

### Shareholder Communication

Seoyon E-Hwa responds to requests for separate meetings or explanations of the Company's status to strengthen communication with all stakeholders, including shareholders, securities companies, asset managers, and investment advisors.

In addition, to improve shareholders' access to company information, the Company's website is divided into categories such as financial information, disclosure information, stock price information, and ESG governance information. An IR inquiry center has also been established to receive related inquiries directly from the relevant department on the Company's website, including a telephone consultation channel through a representative of the IR department.

### IR Activities

Date	Target	Type	주요 내용
Jan. 01 to May 03, 2024 (Responded on a regular basis)	Domestic institutional investors and minority shareholders	Face-to-face meeting, conference call, landline call	1) Guide to establishing safety and health plans, including monthly and quarterly performance trends and future outlook 2) Dividend policy and payment period, etc. 3) Performance trends and future outlook of overseas subsidiaries, etc.
Jan. 01 to Dec. 31, 2023 (Responded on a regular basis)	Domestic institutional investors and minority shareholders	Face-to-face meeting, conference call, landline call	1) Guide to establishing safety and health plans, including monthly and quarterly performance trends and future outlook 2) Dividend policy and payment period, etc. 3) Performance trends and future outlook of overseas subsidiaries, etc.

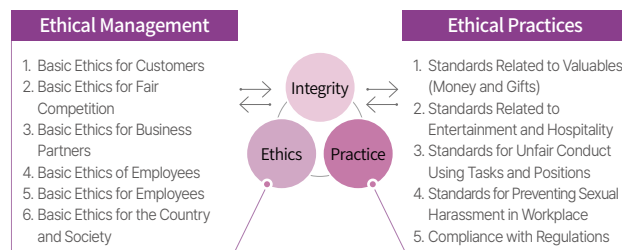
# Enhancement of Ethics and Compliance Management System

## Ethical Management and Anti-corruption Activities

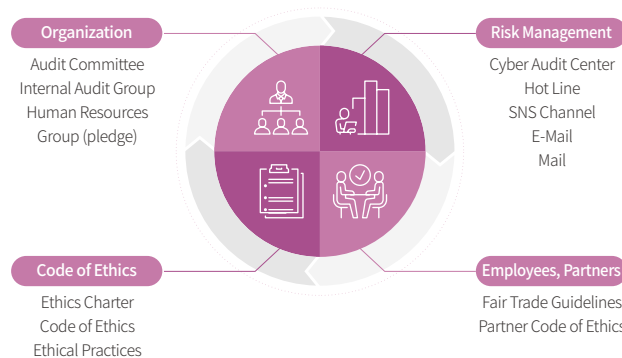
### Seoyon E-Hwa's Declaration of Righteousness Management

Righteousness Management entails fulfilling the responsibility and obligation to align actions with the expectations, standards, and values of stakeholders—including customers, employees, and investors—while also ensuring sustainable profitability. Seoyon E-Hwa is dedicated to fostering a mature organizational culture founded on mutual trust and understanding. This commitment is demonstrated through the promotion of customer and shareholder rights, the establishment of supplier partnerships, and the respectful treatment of each employee as an independent individual.

 [Seoyon E-Hwa's Righteousness Management](#)



### Righteousness Management System



### Code of Ethics and Ethical Practices

#### Charter of Ethics

Seoyon E-Hwa has created the Ethics Charter with five key themes. This initiative aims to promote transparent management in alignment with our corporate Ideology, which prioritizes customer satisfaction through creative management that respects the dignity of all human beings.

 [Seoyon E-Hwa's Ethics Charter](#)

#### Ethics Charter with Five Key Themes

We "protect the rights and interests of stakeholders and impress customers."	<ul style="list-style-type: none"> <li>• We strive to protect the rights and interests of shareholders and investors and to provide information.</li> <li>• We provide the best quality and services to customers and keep our promises.</li> </ul>
We "conduct fair trade and win-win partnerships with partners."	<ul style="list-style-type: none"> <li>• We establish a fair competition and transparent trade order.</li> <li>• We pursue win-win partnership with our partners.</li> </ul>
We "create a workplace that is fun and pleasant to work in."	<ul style="list-style-type: none"> <li>• We are not afraid of failure, challenge and innovate, and actively cooperate with colleagues and other teams.</li> <li>• We do our best to manage workplace safety.</li> </ul>
We "create a corporate culture of trust."	<ul style="list-style-type: none"> <li>• We respect each other as human beings with mutual trust.</li> <li>• We promote work to nurture creative talents and provide equal opportunities.</li> </ul>
We "comply with laws and love the environment"	<ul style="list-style-type: none"> <li>• We observe and comply with all laws and regulations.</li> <li>• We fulfill environmental protection and social responsibility.</li> </ul>

#### Code of Ethics

Seoyon E-Hwa has defined its responsibilities and obligations to various stakeholders in the Code of Conduct. For each stakeholder group, the Company has established precise behavioral standards rooted in the fundamental principles that guide both the organization and its employees

 [Seoyon E-Hwa's Code of Ethics](#)



#### Ethical Practices

Seoyon E-Hwa has implemented the Ethical Practice Guidelines to uphold ethical management principles. These guidelines provide detailed standards for gifts, entertainment, and hospitality, address misconduct related to duties and positions, prevent sexual harassment within the Company, and ensure compliance with regulations. Additionally, the guidelines specify how to apply the Code of Ethics, outline regulated subjects, and provide detailed practice guidelines. This comprehensive approach enables all employees to adhere to the Code of Ethics.

 [Seoyon E-Hwa's Ethical Practices](#)



# Enhancement of Ethics and Compliance Management System

## Practicing and Embedding Ethical Management

### Ethics audit and Ethical Management Reporting Channel

To achieve ethical and compliant management and enhance employee ethical awareness, Seoyon E-Hwa conducts regular inspections at both domestic and overseas business sites in alignment with the annual business plan. Additionally, periodic inspections are carried out, considering social issues and anonymous reports. Furthermore, we maintain a dedicated professional channel for ethical management reporting. This channel facilitates the reporting, receipt, and investigation of unethical and illegal activities related to the Company, including bribery, entertainment, human rights violations, trade secret infringements, and unfair trade practices. Violators are addressed in accordance with internal procedures.

### Status of Ethics and Internal Audit, and Inspection Activities

Classification		Unit	2021	2022	2023
Ethics and Internal Audit	Business sites subject to audit (domestic/overseas)	Places	9	6	4
	Business sites that conducted audit (domestic/overseas)	Places	9	6	4
	Ratio of business sites that conducted audit	%	100	100	100
Inspection Activities	Number of regular inspections	Cases	9	9	7
	Number of random inspections	Cases	4	-	2
	Number of post-inspections	Cases	-	2	1
	Number of transparency investigations (cyber-report investigations, etc.)	Cases	-	1	3


### Types and Status of Reports Received


Classification	Unit	2021	2022	2023
Cyber Audit Center		1	-	-
SNS Channels		-	-	1
Hot-line (phone)		-	-	2
Post	Cases	1	1	-
E-mail		-	-	-
Total number of violations/reports		2	1	3

### Actions Taken for Violations of the Code of Ethics

Classification	Unit	2021	2022	2023
Dismissal		-	-	-
Suspension		1	2	-
Pay reduction		2	-	1
Reprimand	Cases	2	-	-
Warning		-	-	-
Other		-	-	-
Total number of actions		5	2	1

### Report Type

- ① Cyber Audit Center
  - ② Hot-line: +82-31-420-3202
  - ③ Kakao Talk
  - ④ E-mail: holigun@seoyoneh.com
  - ⑤ Post: Seoyon E-hwa Internal Audit Group, 41-22, Burim-ro 170beongil, Dongan-gu, Anyang-si, Gyeonggi-do (14055)
- 

[Report to Seoyon E-Hwa](#)
- 

[Kakao Talk Open Chatting](#)



Reception of bribery, money transactions, and entertainment, hospitality



Embezzlement of public money, theft, and fraudulent behavior



Abuse of authority, position and solicitation



Violation of the Fair Trade Act



Environmental issues



Human rights violations, workplace harassment, and sexual harassment



Matters related to work discipline



Infringement of trade secrets



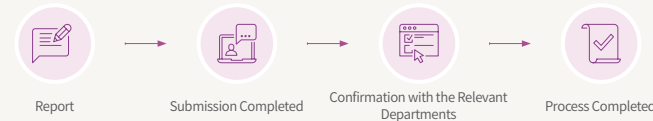
Information security violations



Other issues

### Reporting Procedure

Confirmation and internal due diligence will be conducted with the relevant department within 15-20 days, and reports and consultations will be conducted in a strictly confidential manner. (However, in the case of anonymous reports, additional confirmation schedule is required, and if necessary, transfer can be made to the relevant department)



### Protection of Informant



#### Confidentiality of Identity of Informant

- #### Compensation Payment and Exemption Standards for Informant
- A certain level of compensation is paid if the report has the effect of increasing the company's profits and reducing losses.
  - In the case of a voluntary report, the informant is exempted from all liability including sanctions regardless of the content of the report or the reporting period.
- #### Prohibition of Revealing and Tracking Down Informant
- All employees must not reveal the identity of the informant, even if they recognize the identity of the informant by accident or on the job.
  - Any activity that may reveal the identity of the informant, such as inquiries about the identity of the informant and inquiry activities to track down the informant, is prohibited.
  - Disclosing or implying the identity of the informant and investigative supporter without consent is prohibited.
  - Violation of the duty to protect identity may result in punishment for those involved.

# Enhancement of Ethics and Compliance Management System

## Ethical Management Training

For the purpose of enhancing corporate value through transparent and fair business practices, Seoyon E-Hwa regularly conducts training on ethics, dispute resolution and business ethics for all employees, including candidates, and lays the foundation for the company's implementation of Ethics Management.

### Ethical Management Training Result

Trained by	Training Content	Classification	Unit	2021	2022	2023
Chief Audit Executive	Ethical management training for department heads and request for disseminating training	Completed	Persons	-	25	49
		Completion rate	%	-	88	83
Chief Executive Officer	Conducting ethics training for executives and employees	Completed	Persons	-	-	120
		Completion rate	%	-	-	98
Human Resources Group	Ethical management training for new employees (Serious Accident Punishment Act, contracts, ethics, subcontracting, compliance)	Completed	Persons	34	46	85
		Completion rate	%	100	100	100

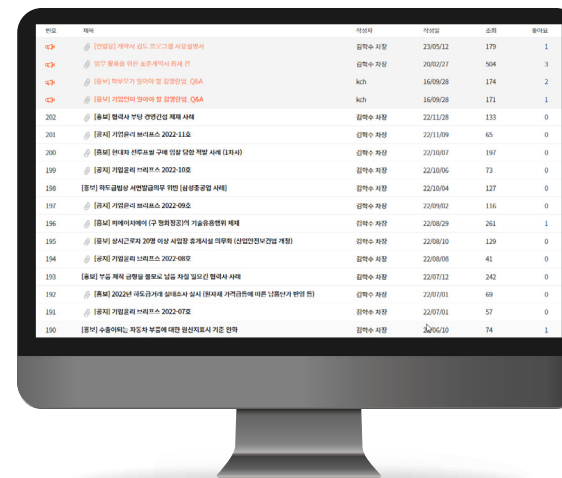


## Reinforcement of Ethical Awareness

Seoyon E-Hwa employs various channels to enhance employees' ethical awareness. The internal compliance support (Audit Group NEWS) bulletin board, provides employees with a comprehensive understanding of the Company's compliance initiatives and ethical principles. Additionally, the Seoyon E-Hwa Group actively leads the 'Transparent and Ethical Management Together' campaign, emphasizing the significance of ethical values and transparent management for all employees. This campaign encourages and supports employees in practicing these principles, contributing to the establishment of an open and transparent and ethical management culture across the entire organization.

### Activities to Reinforce Ethical Awareness

Channel	Activities	Cycle	Unit	2021	2022	2023
Bulletin Board/ Compliance Support (Audit Group NEWS)	Sharing materials to strengthen ethical awareness	Frequent	Cases	24	27	29
Groupware (GW) Mail	Sending e-mails requesting the cooperation in the campaign	Before and after holidays (Lunar New Year, Chuseok)	Times	2	2	2



Audit Group NEWS



Screen of campaign for transparent and ethical management

# Enhancement of Ethics and Compliance Management System

## Compliance Management

### Establishing and Operating Compliance System

Seoyon E-Hwa has established and enforced the Compliance Control Standards to promote fair and transparent business conduct by complying with laws and regulations and to secure the sound development of the company and the trust of customers, and has appointed one compliance officer with legal qualifications to check and supervise whether employees comply with established laws and regulations and properly conduct company management. The status as of the date of submission of this report is as follows:

#### Compliance Officer

Name	Date of Appointment	Career
Sangcheon Mun	Mar. 28, 2024	Former) Audit Director, Asiana Airlines Co., Ltd. Current) Vice President of Planning and IT Innovation, Seoyon E-Hwa

#### Compliance Support Organization

Department	Number of Members	Duty
Internal Audit Group	4 persons	<ul style="list-style-type: none"> <li>Establishment and implementation of compliance education and programs</li> <li>Management of compliance control standards and compliance inspection</li> <li>Quarterly execution of internal inspection/preliminary inspection/compliance inspection</li> <li>Dissemination of compliance guidelines, department-specific risk inspection, etc.</li> </ul>

### Raising Compliance Awareness

To enhance compliance awareness and deepen employees' understanding, Seoyon E-Hwa conducts annual legal training sessions covering various laws. These include regulations related to workplace harassment, general criminal offenses, the Personal Information Protection Act, the Serious Accidents Punishment Act, the Subcontracting Act, and the Fair Trade Act. Additionally, Seoyon E-Hwa has established an internal control system to ensure compliance with standards. Regular self-checks are conducted semi-annually, during which employees provide electronic signatures via the system.

#### Compliance Awareness Activities

Channel	Classification	Cycle	Unit	2021	2022	2023
Electronic Signature / Compliance Control	Self-inspection rate	First half of year	%	98.8	99.1	98.5
		Second half of year		95.9	99.8	99.2

## Fair Trade

### Fair Trade Compliance Activities

Seoyon E-Hwa disseminates distinct internal regulations and guidelines related to fair trade to both employees and suppliers. These guidelines stipulate reporting and action procedures for violators when violations of the Company's transparent management regulations occur, and specify related disciplinary standards and items.

Additionally, Seoyon E-Hwa has incorporated fundamental ethical principles for suppliers within its Code of Conduct. This inclusion aims to foster mutually beneficial collaboration with suppliers and prevent instances of unfair trade or competition. The Code of Conduct specifies that Seoyon E-Hwa employees and suppliers who encounter requests, entertainment, or solicitations falling under relevant disciplinary guidelines must promptly complete either a 'Declaration Report of Request of Money and Valuables, and Solicitation' or a 'Confirmation Sheet of Receipt of Money and Valuables, and Entertainment,' depending on the circumstances. These reports are then submitted to the Company's Internal Audit Group or Cyber Audit Office to prevent recurrence.

Furthermore, Seoyon E-Hwa diligently adheres to laws and regulations related to subcontracting, including the Fair Transactions in Subcontracting Act, to establish a fair trade environment. The Company has also selected and publicly disclosed the 'Four Practices for Fair Trade (Fair Trade Guidelines)' on its official website.

### Fostering Fair Trade Culture

Seoyon E-Hwa provides annual training for its employees to foster fair trade culture, enhance employees' understanding of contracts, and promote fairness in subcontracting transactions. Additionally, Seoyon E-Hwa internally collects compliance pledges from new staff members regarding adherence to the Code of Ethics. This practice ensures the implementation of transparent management procedures.

#### Pledge to Comply with the Code of Ethics for New Employees

Classification	Unit	2021	2022	2023
Number of targets	Persons	59	63	120
Pledge ratio	%	100	100	100

Seoyon E-Hwa employs contracts that adhere to standard forms and requirements for subcontracting transactions, as recommended by relevant government departments, fair trade commissions, and industry associations in the countries where each business site is located—including Korea. This practice aims to minimize violations of pertinent laws, such as the Subcontracting Act, and eliminate anti-competitive and unfair trade practices.

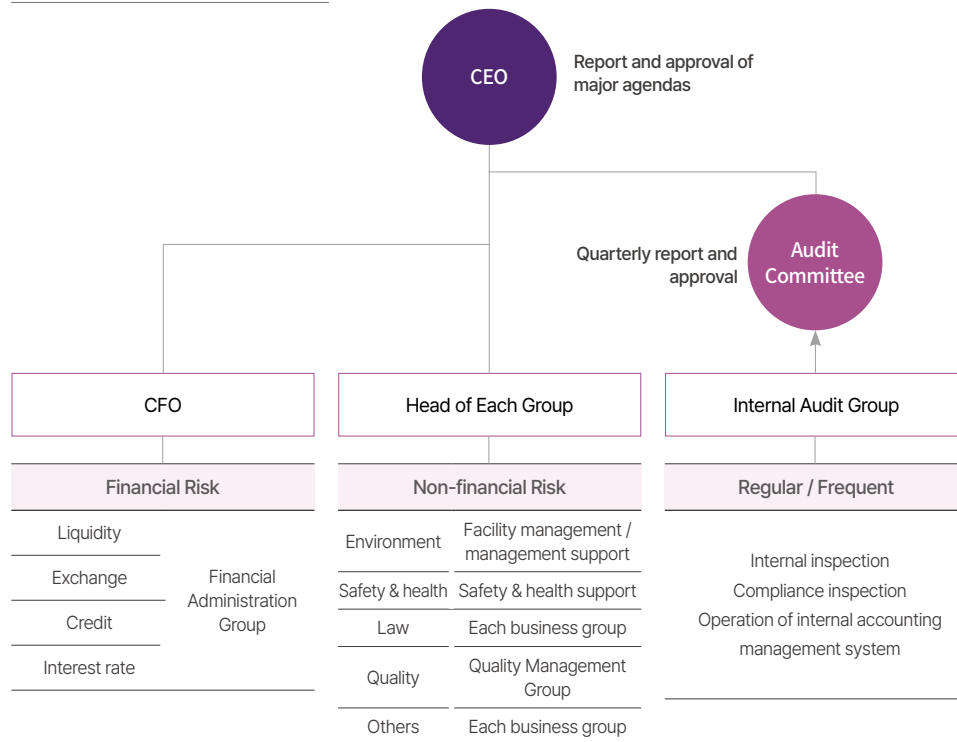


# Company-wide Integrated Risk Management

## Risk Management Governance

### Establishing and Operating Management System

#### Risk Management Organization



Seoyon E-Hwa has implemented a continuous monitoring and management system to enhance risk response and follow-up procedures. The risk management organization involves the Board of Directors and the Audit Committee. Financial risks are overseen by the Finance Department, while non-financial risks fall under the purview of the relevant business departments. Notably, the Internal Audit Group, which provides support to the Audit Committee, conducts routine internal inspections, compliance assessments, and maintains the internal accounting control system. Quarterly reports on these activities are submitted to the Audit Committee.

### Risk Mitigation by Type

#### Financial and Non-financial Risk

Seoyon E-Hwa classifies risks into two main categories: financial and non-financial risks. Financial risks include currency risk, interest rate risk, credit risk, and liquidity risk arising from both domestic and overseas business operations. Non-financial risks stem from changes in the business environment, encompassing areas such as environmental factors, health and safety, legal compliance, and quality. As of the report submission date, each responsible organizational unit diligently manages and responds to these risks in a detailed manner.

#### Major Risks

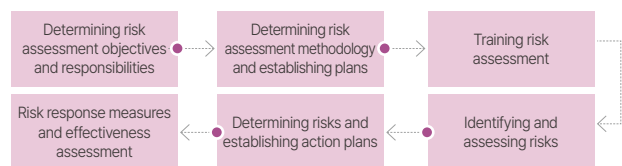
	Classification	Description	Impact on Business	Response and Management
Financial Risks	Liquidity risk	Risk due to lack of cash liquidity	Excessive exposure to market risk	Managing financial plans and building financing system
	Exchange risk	Risk due to fluctuations in international exchange rates	Exchange loss when importing raw materials and exporting products	Expanding foreign currency inventory and appreciating Korean won, etc.
	Credit risk	Risk due to default of debtor or default of counterparty	Economic loss due to trade receivables	Establishing a credit guarantee business strategy such as insurance subscription
	Interest rate risk	Risk due to interest rate fluctuations such as interest rate hikes	Financial loss due to excessive interest expenses	Establishing a financial soundness plan such as redemption of borrowings
Non-financial Risks	Environmental risk	Risks related to environmental regulations	Disadvantages in attracting orders and investments and environmental fines	Establishing and implementing mid-to long-term ESG strategy
	Safety & health risk	Risks related to safety and health, such as deaths due to major accidents	Loss of external credibility and legal risks	Establishing safety and health policy and conducting trainings
	Legal risk	Risks related to legal damages caused by technology, security, and disaster	Legal costs such as lawsuits	Continuously conducting compliance training
	Quality risk	Risks related to quality maintenance	Disruption in production and sales	Building quality management manual and system

# Company-wide Integrated Risk Management

## Risk Management Process

Seoyon E-Hwa evaluates risk factors through a preemptive management process for potential risks and establishes action plans for each factor.

### Risk Management and Assessment Process



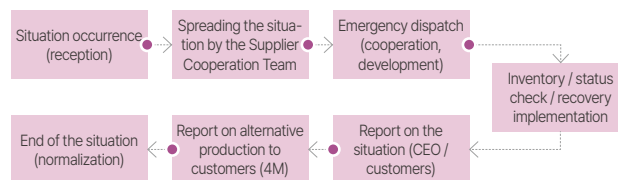
### Risk Assessment Targets, Responsibilities and Management Methods

Assessment Target	Assessment Responsibility	Risk Management Method
Organizational management	All departments	Business plan
Process & unit work		Risk analysis table
Product	Engineering Design	DFMEA
Manufacturing process	Production Technology	PFMEA
Project	PM	Risk analysis table
Outsourcing (partner)	Supplier Cooperation	Purchase policy or audit plan
Outsourced Parts	PM	PFMEA
Environment, safety and health	Safety & Health Staff of Management Support	Environmental and risk improvement plan
Business continuity		Crisis response manual and recovery plan
Plant, facility, and equipment planning	Production Technology	Modified production and investment plan or business plan
Test equipment	Quality Testing	Business plan through Capa analysis
Change management	Quality Management	4M change management ledger, EO change management ledger
Temporary change of process management	Production Technology	PFMEA
Modification (repair)	Production/Quality Management	
Field return	Quality Management	
Customer complaints	Customer Management	DFMEA, PFMEA
Product recall		
Disposal	Responsible team in manufacturing division	
Quality regulations	Quality Testing	Reliability test plan

## Serious Accident Management Process

In the event of a major disaster (such as fire or natural disaster), Seoyon E-Hwa has established and thoroughly familiarized itself with the serious accident emergency response manual. It outlines standardized procedures and detailed actions to be taken during crises, ensuring both production continuity and the safety of employees and suppliers. During emergencies, Seoyon E-Hwa implements an optimal preemptive response process. This involves simultaneous coordination of emergency response scenarios between the Company and its suppliers, overseen by the Situation Room. Additionally, we proactively manage safety by conducting comprehensive inspections and improvements at our supplier sites.

### Emergency Response Scenario Process



### Risk Assessment Procedure

Seoyon E-Hwa operates its proprietary Risk Assessment (RA) system to identify, analyze, and evaluate risks within the scope of the Business Continuity Management System (BCMS). In pursuing this objective, management teams develop customized risk questionnaires for analysis. Risk ratings are calculated, taking into account various evaluation criteria such as the probability of occurrence, average response time, and impact scope. The relevant risk assessments receive approval from the heads of respective implementing departments. Additionally, the Management Support Team reviews the validity of scores assigned based on each department's risk assessment and may make adjustments as necessary.

## Environmental, Health and Safety Emergency Management Procedure

Seoyon E-Hwa has implemented environmental, health, and safety emergency management procedures to mitigate damage related to environmental pollution and safeguard health and safety during emergencies. Under the leadership of the Head of Health and Safety, we proactively identify potential disasters and anticipated emergencies that could impact the entire company. Subsequently, we establish comprehensive emergency action plans. When an emergency is declared, we convene and operate a disaster safety countermeasures headquarters according to the circumstances of the situation to disseminate the situation, carry out restoration measures, report the results of measures, and establish post-management and preventive measures. In addition, company-wide emergency drills are conducted at least once a year with the approval of the CEO to establish a quick emergency response system for employees.

## Tax Risk

Seoyon E-Hwa recognizes the significant impact that rightful tax payment, in compliance with tax laws, has on both the country and the local community. To mitigate related tax risks, Seoyon E-Hwa fulfills its social responsibilities across various domains, including accurate tax payment and reporting obligations. The Company has established a systematic organization to efficiently manage all domestic and international tax risks associated with its business operations. Major tax items, such as corporate income tax and withholding tax, are meticulously classified and overseen by each responsible department. These tax departments carefully evaluate tax-related matters with the guidance of external experts. Subsequently, relevant findings and agendas are regularly and irregularly reported to the Chief Financial Officer (CFO) and the Board of Directors. Furthermore, Seoyon E-Hwa has implemented a management process to effectively address the ever-evolving business environment and tax risks, both domestically and abroad. This proactive approach includes considerations for new business expansions. Through these efforts, the Company ensures comprehensive compliance with tax laws, regulations, and systems.

# Company-wide Integrated Risk Management

## Information Security

### Policy Guidelines on Information Security

Seoyon E-Hwa operates an information security management system in accordance with information protection laws and the internal information security management process (SMS-A-20). Information security management is divided into administrative, physical, and technical security areas. Departments and designated personnel responsible for each area conduct regular inspections and management activities in accordance with established regulations. Seoyon E-Hwa's information protection policy applies universally to all employees, contractors, visitors, and information assets (including records, storage, utilization media, computer equipment, and management facilities). The policy is meticulously determined, effectively communicated, and diligently implemented through the Security Council. Responsibilities and roles are clearly delineated for the security organization to ensure that information security activities proceed clearly and smoothly. In the event of a violation of the security policy, we first determine the severity of the violation. If it is determined to be a violation of the security policy, appropriate action is taken after reporting to the CISO. We then take follow-up measures after handling security incidents in accordance with the internal security procedures (SMS-A-20-W01 IT Security Incident Response Guidelines).

### Information Security Management Regulations

Process	Management Area	Duty	Related Procedure/Guideline
Enterprise security management process	1. Managerial security	1) Security organization structure and management 2) Security pledge management 3) Security training 4) Retiree management 5) Security violator management 6) Security inspection	- Computer security management procedures (security training and activities) - Personal information management guidelines - Overseas staff management procedures
	2. Physical security	1) Establishment of protection zones 2) Control of asset export/import 3) CCTV operation and facility monitoring 4) Business continuity management	- Access control management procedures - Environmental, safety, and health emergency management procedures
	3. Technical security	1) User security 2) Network security 3) System security 4) Security system operation 5) IT security incident management	- User security guidelines - Network security guidelines - System security guidelines - Security system operation guidelines - IT security incident response guidelines

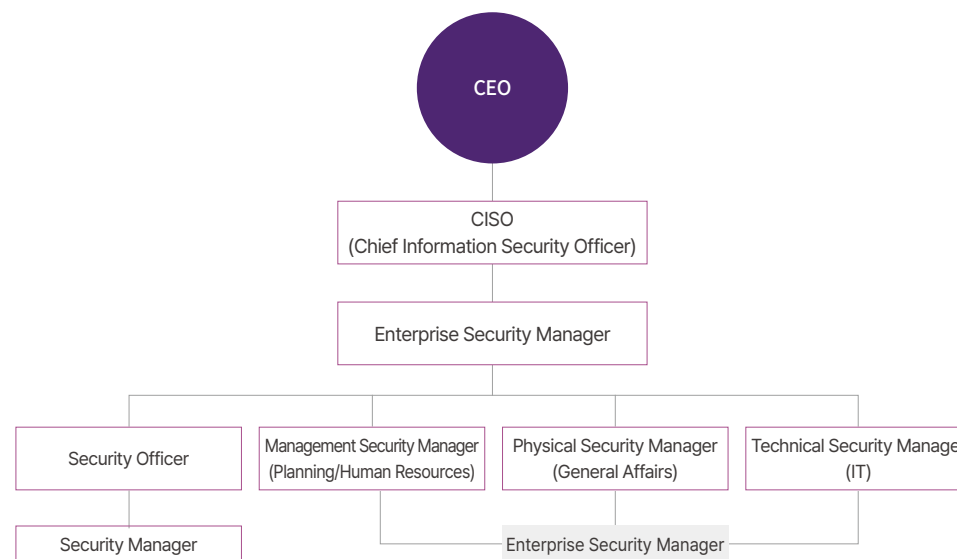
### Details of Computer Security Management Procedures

Classification	Description
Security training	Security training for employees
Information security activities	Pledge on information security Writing information security pledges for employees and related parties
	PC management security Account management, login, screen saver, file sharing, Windows security updates
	External security Virus/worm/spyware vaccine, E-mail security, firewall, breach security, blocking of harmful factors
	Internal security Virus/worm/spyware vaccine, E-mail security, firewall, breach security, blocking of harmful factors
	Security for application programs Information leak prevention and internal hacking security system
Intrusion accident/disaster recovery	Network, database, sequence system

### Information Security Management System

Seoyon E-Hwa has established an information security organization for systematic information protection. The Chief Information Security Officer (CISO) is in charge of comprehensive information protection work, including determining all policy areas related to security, appointing enterprise security managers and personnel, and supervising the implementation of security measures. Enterprise security managers and enterprise security staff (divided into administrative security staff, physical security staff, and technical security staff) appointed by the CISO plan and manage information security activities, including information security policies, regulations, training, and follow-up. The management process is operated in such a way that the person in charge of enterprise security replies to the enterprise security manager with the action method/schedule for the requested improvement. Upon completion, the results are reported back to the enterprise security manager and ultimately to the head of enterprise security.

### Organization for Information Security Management





# Company-wide Integrated Risk Management

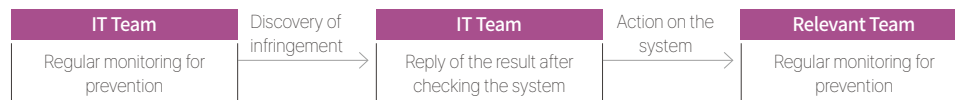
## Data / Trade Secret Breach and Incident Response System

Seoyon E-Hwa has a thorough security incident management system in place for prompt and effective response to data/trade secret breach and incidents. In advance, we proactively define potential security incident types and continuously engage in preventive measures through mock drills and training. In the event of a security incident, Seoyon E-Hwa swiftly establishes a dedicated security incident response organization and formulates an initial response plan for rapid action. Also, Seoyon E-Hwa supports effective response in the process of handling incidents through safe management of evidence materials. After an incident occurs, we establish a management plan, educate employees, and periodically review and enhance our security incident response procedures. In addition, we strengthen our response to cyberattacks by conducting our own response drills and forming an emergency response team. When security policies are violated, Seoyon E-Hwa promptly reports and addresses such incidents in accordance with the IT Security Incident Response Guidelines. Violators are classified as minor or major based on our internal criteria, considering the severity of their actions

### Detailed Guidelines on Technical Security

Classification	Description
IT security incident response guidelines	Management guidelines for ensuring continuous business activities through standardization of security incident prevention, response procedures, and reporting systems
Network security guidelines	Management guidelines for improving the level of information protection required when connecting to internal and external networks and for operating a stable network infrastructure
Security system operation guidelines	Management guidelines for establishing management policies for technical security systems to respond to internal/external technical security threats
User security guidelines	Management guidelines for safely utilizing the company's information assets and preventing damage from threatening activities (information leaks, Internet intrusions, etc.)
System security guidelines	Management guidelines for preventing illegal use and protecting assets by defining work procedures for safe management of the system

### Recovery Procedures in Case of Infringement



(Scope: Network, D/B, Sequential System, etc.)

## Investment in Information Protection

Seoyon E-Hwa strategically increases its investment in information protection to enhance information security operation system. Annually, we disclose information protection status on the comprehensive information protection disclosure portal managed by the Korea Internet & Security Agency (KISA), according to the "Enforcement Decree of the Personal Information Protection Act" and the "Notification on Information Protection Disclosure."

## Investments in the Information Technology and Security Sector

Classification	Unit	2021	2022	2023
Investments in information technology	KRW in millions	6,843	8,309	8,975
Investments in information security		667	838	1,066
Investment in information security to total IT-related investment	%	9.8	10.1	11.9

## Activities to Strengthen Information Security and Improve Awareness

Seoyon E-Hwa conducts IT information security training once a year to strengthen employees' security mindset and prevent security accidents. In addition, we complete security training on external intrusions hosted by Hyundai Motors every quarter to develop more practical security response capabilities.

### Employee Security Training in 2023

Training	Hosted by	Completion of Training		
		Target (persons)	Completed (persons)	Completion Rate (%)
Information Technology Management Training for AEO Certification	IT Team (IT Innovation Team)	339	323	95
Online Training on Industrial Security	Korea Industrial Technology Protection Association	467	422	90

### Employee Information Security Campaign

Campaign	Hosted by	Posting	Posting Date
Trade Secret Security Training	IT Team	Pop-up bulletin board	1st and 3rd week of every month
Security Advisory for Ransomware Infections	(IT Innovation Team)	Pop-up bulletin board	2nd and 4th week of every month

In addition to trainings, Seoyon E-Hwa conducts regular information security campaigns for its employees every month through pop-up bulletin boards. We receive personal information protection pledges from in-house personal information handlers and security pledges from outsourced personnel once a year to emphasize security obligations. Human Resources Group handles personal information comprehensively and has subscribed to personal information protection insurance to prepare for personal information leakage incidents. As a result of these efforts, there have been no cases of customer personal information protection or information security breaches as of 2023.

# ESG Performance Data

## R&D

### R&D Expenditure

Classification		Unit	2021	2022	2023
Total R&D expenditure (R&D investment)	Selling and administrative expenses	KRW in millions	38,613	40,604	49,026
	Government subsidies		1,498	2,121	3,188
	Manufacturing expenses		241	221	470
	Development expenses (intangible assets)		638	767	322
R&D expenses to sales ratio		%	3.6	3.3	3.1

### R&D Personnel

Classification		Unit	2021	2022	2023
Total R&D personnel (Number of R&D staff)	Research personnel	Persons	158	143	161
	Research assistants		28	29	29
	Domestic employees		912	896	933
Ratio of R&D personnel to domestic employees		%	20.4	19.2	20.4

### Patent (Intellectual Property Rights)

Classification		Unit	2021	2022	2023
Number of domestic and overseas patent applications for the automobile parts business	Domestic	Cases	151	122	136
	Overseas		36	54	62
Number of domestic and overseas patents registered in the automobile parts business	Domestic	Cases	145	152	88
	Overseas		23	25	34

## Governance

### Violations of the Code of Ethics and Reporting

Classification		Unit	2021	2022	2023
Violations of the code of ethics and reporting	Total number of violations and reports	Cases	2	1	3
	Bribes, monetary transactions, and receiving entertainment		1	-	2
	Embezzlement and theft of public funds, and seeking personal gain		-	-	-
	Abuse of authority and solicitation		-	-	-
	Violations of the Fair Trade Act		1	-	-
	Infringement of human rights, workplace bullying and sexual harassment		-	1	-
	Matters related to work discipline		-	-	-
	Infringement of trade secrets		-	-	1
Compliance with regulations	Violation of the Personal Information Protection Act	KRW 100 million	-	-	-
	Violation of laws and regulations		-	-	-
	Total fines		-	-	-

### Anti-competitive Practices

Classification		Unit	2021	2022	2023
Financial loss due to anti-competitive acts, etc.		KRW 100 million	-	-	-
Legal actions on unfair trade practices such as anti-competitive acts and monopolies		Cases	-	-	-

### Information Security

Classification		Unit	2021	2022	2023
Information security training	Number of employees subject to trainings	Persons	297	420	339
	Number of employees who completed trainings	Persons	276	408	323
	Completion rate	%	93	97	95
Number of Information Security Vulnerability Checks		Times	-	1	8
Number of Information Security Incidents		Cases	-	-	-
Information security violations and detection	Number of cases	Cases	-	-	-
	Fines	KRW in millions	-	-	-