

SL CORPORATION

2023 SUSTAINABILITY REPORT

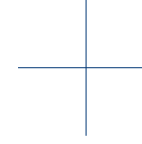
ENVIRONMENTAL SOCIAL GOVERNANCE

SL CORPORATION 2023 SUSTAINABILITY REPORT

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SL Corporation

ENVIRONMENTAL
SOCIAL
GOVERNANCE



SL Corporation



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About This Report

Overview

This is the second Sustainability Report published by SL Corporation (hereinafter referred to as “SL” or “SL Corporation”). SL publishes sustainability reports annually to ensure transparency in disclosing its sustainability management activities and achievements and to collect opinions from stakeholders.

Reporting Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021. The financial information presented in this report is based on consolidated financial statements, and reporting standards and definitions are based on the Korean International Financial Reporting Standards (K-IFRS). Any financial information or other non-financial information aggregated based on the separate standards of SL Corporation has been clearly annotated.

Reporting Period

This report covers the period from January 1, 2022, to December 31, 2022. Some sections are associated with activities conducted in the first half of 2023. Quantitative data from the last three years (2020-2022) are disclosed to show annual trends.

Reporting Scope

The scope of this report encompasses all domestic establishments of SL Corporation, including the head office, factory, research institute, and branch offices. Furthermore, some of the data presented include overseas establishments (SL Yantai, SL Poland, SL Tennessee, SL Alabama, SL Lumax, and SL Brasil). Data with different reporting scopes and boundaries are annotated.

Reliability of the Report

To ensure reliability, this report obtained third-party verification by an independent external organization, Korea Management Registrar (KMR). Details regarding verification can be found on p.120.

Distribution

Our sustainability report, published in Korean and English, is available as PDF files for download on our website. If you have any inquiries regarding SL Corporation's ESG management or the contents of this report, please contact us at the following address.

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LETTER TO STAKEHOLDERS



SL promises to become a long-lasting company
that realizes the People-first Policy,
and a global company that provides premium value innovation.

SL Corporation, President Lee Sung-Yup

이성엽

Dear Stakeholders,

I would like to express my sincere gratitude to all stakeholders including shareholders, customers, employees, suppliers, and local communities who have continuously shown trust and affection to SL.

Despite the continued uncertainty in the business environment, such as global economic slowdown, high inflation and interest rates, and currency volatility, the global automotive industry is rapidly transitioning into the future mobility industry. Various players including finished cars, suppliers, electronics companies, and big tech firms are accelerating their technological innovations to secure leadership in the future mobility market and actively developing strategic moves to establish new business models. Existing parts companies are also fiercely seeking new opportunities in areas such as electric vehicles, robotics, and Urban Air Mobility (UAM).

Welcoming the Volatile, Uncertain, Complex, Ambiguous (VUCA) era, SL aims to build a flexible and resilient management system to secure technological, quality, and price competitiveness that can provide customers with better premium value. Through this, we will move forward as a sustainable company that delivers a better future to various stakeholders.

Last year, SL publicly announced through its first Sustainability Report that it would practice ESG management more strongly to reinforce sustainability of society and the earth. This year, we are all set to grow as a global premium company trusted by stakeholders by practicing more mature ESG management based on the right approach to safety, environment, and social responsibility.

We will first concentrate our efforts on actively promoting three major strategies, viz. 'energy efficiency management', 'resource recycling', and 'eco-friendly product implementation,' to achieve our environmental goal of 'reaching net-zero by 2050 in line with national policy objectives. This year, we aim to achieve our concrete GHG reduction goals through consulting on Scope 3 indirect GHG emissions and product life cycle assessment (LCA), in order to establish a foundation for low-carbon green growth.

In addition, we will fulfill our corporate obligation to accomplish a fair transition to shared values, such as human resource management for employees, win-win cooperation with partners, and quality management that provides premium value to customers, based on the belief that 'safety-first is people-first.' We will create a collaborative environment for all supply chains connected to SL, so that they can work together on ESG management. We will continue to conduct ESG evaluations of our suppliers and strengthen our ESG management support and mutual growth programs to establish a foundation for substantial ESG activities together. Additionally, we will create a corporate culture where we can grow and be happy together with local communities through our social contribution activities.

Lastly, we are building sound governance centered on the expertise and diversity of the Board of Directors. While enhancing shareholder value, we are internalizing ESG management to activate the functions of the Sustainable Management Committee. We will also strive to enhance corporate value through healthy transition toward a more transparent and sound corporate culture.

SL will continue to incorporate core sustainability values such as human rights, labor, environment, and anti-corruption into our business management, and establish a systematic ESG risk management process to strengthen communication with all stakeholders, including our customers. We promise to pursue growth as a 'long-lasting company that practices the People-first Policy' and a 'global premium company'.

SL will continue to strongly practice ESG management. We ask for your support and interest in our efforts and activities.

Thank you.



SL Corporation

OUR VALUE

1

009

Vision & Strategy



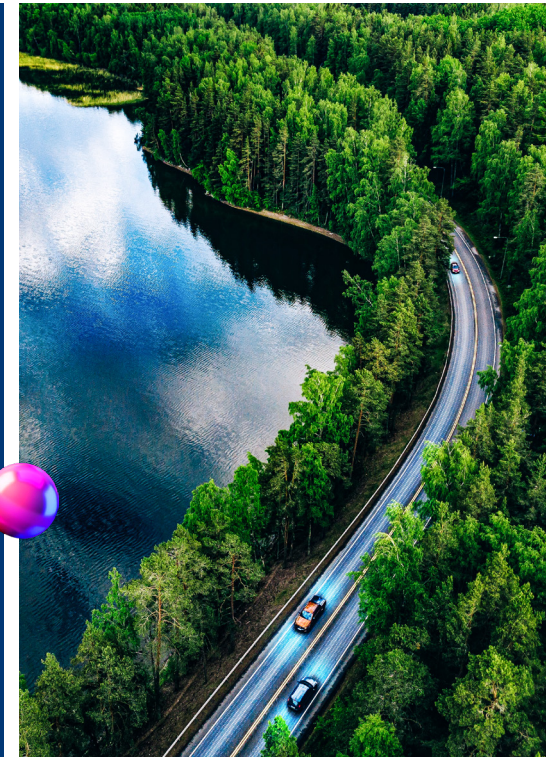
010

SL, The Innovator



015

ESG at a glance



An aerial photograph of a dark asphalt road with yellow dashed lines, winding through a dense, vibrant green forest. The road curves in a series of S-shapes. A small white car is visible on the road, moving towards the upper right. The text "Global SL leading sustainable prosperity through pursuit of challenge and innovation" is overlaid in white in the upper left quadrant.

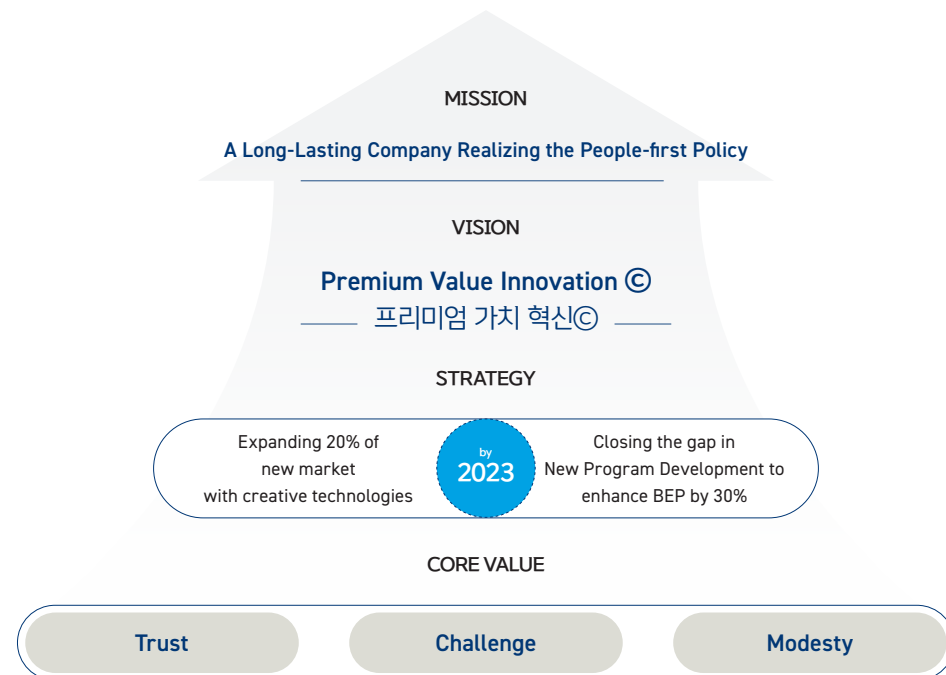
Global SL leading sustainable prosperity
through pursuit of challenge and innovation

SL always think about the meaning of work and focuses on the essence with a sincere heart to offer premium value to customers and society.

Vision & Strategy

Declaring the Vision of 'Premium Value Innovation©'

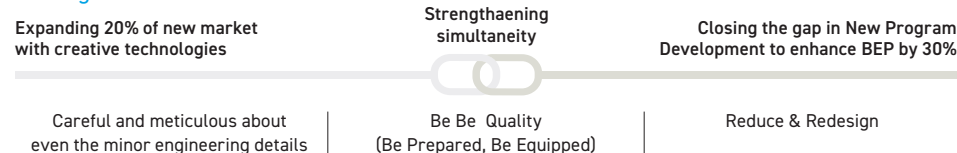
SL declared a new management vision called 'Premium Value Innovation©' in 2022 to fulfill its mission, which is to become a 'long-lasting company realizing the People-first policy.' Guided by this vision, SL will focus on the essence of providing better value to customers and society with a sincere heart, in step with changes in the global environment that demand rapid transitioning into a low-carbon society. SL will strive to become a leading automotive parts company trusted by customers and society, concentrating on core technologies and delivering definite values.



Three Major Strategies

Since 2021, SL has made efforts to establish strategic goals like 'expanding 20% of new market with creative technologies' and 'closing the gap in New Program Development to enhance BEP by 30%' and become a trusted partner for its customers. In 2023, SL will define the strategic direction from the 'HOW' perspective and establish three directions of 'Careful and meticulous about even the minor engineering details,' 'Be Be quality,' and 'Reduce & Redesign' so that our initiatives toward premium value innovation can bear fruit.

Strategic Direction for 2023



Strategic Action Plan for 2023

Careful and meticulous about even the minor engineering details	<ul style="list-style-type: none"> From the bidding stage through the entire process of design, development, and mass production, we examine and confirm every detail to provide a level of engineering completeness that can satisfy our premium customers. Besides the engineering details, we take special care to strengthen the basic competencies of our engineers to ensure that they can provide premium value to customers. The scope of engineering includes activities in all areas, including design, manufacture, sales, and procurement.
Be Be Quality (Be Prepared, Be Equipped)	<ul style="list-style-type: none"> We focus on robust design and SCCAF* activities from the perspective of preventive quality. (Determination of special characteristic factors that satisfy important quality characteristics → allocation of tolerance from products to sub-parts → analysis of performance tolerance stack-up and prediction of mass production yield → reflection of actual distribution → reflection of SCCAF → reduction of distribution to SPC in the mass production stage → improvement of drawing completeness through design feedback) We also execute activities to secure materials throughout all fields as a part of the engineering process.
Reduce & Redesign	<ul style="list-style-type: none"> We reduce unnecessary procedures/tasks within the entire organization and redesign systems/structures to focus on the essence.

* SCCAF: Special Characteris Communication and Agreement Form

SL, The Innovator

Technology Innovation with Customers

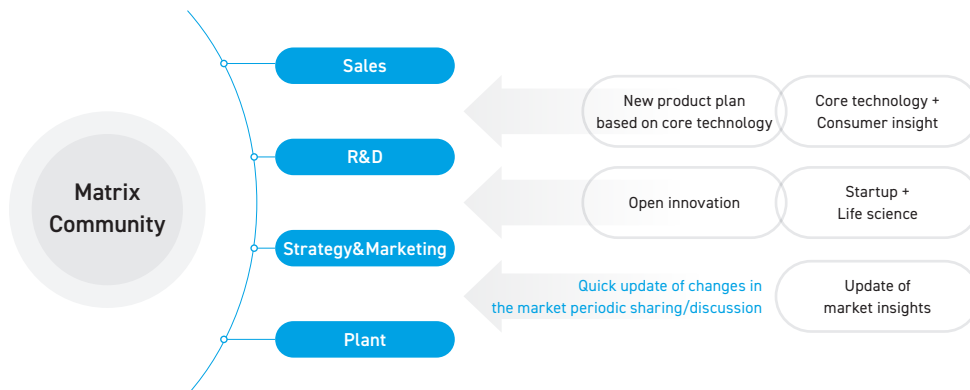
SL has established an R&D strategy to “Continuously innovate and pursue challenges in developing consumer-based products and offering new experiences to consumers.” Furthermore, in order to overcome the rapidly changing business environment driven by electrification and digitalization, SL is making significant investments into strengthening core technologies and research activities. Guided by the vision of “Premium Value Innovation,” SL pursues value creation by customers rather than value creation for customers. SL develops new strategies and activities that reflect customer involvement and needs throughout the entire process, including strategies for entering new markets through quick reflection of consumer insight, development of new products/technologies, patent applications, and commercialization. Through technological innovation with customers, SL will provide satisfying and inspiring products and solutions to customers and continue expanding its R&D investments to add premium value and develop new technologies from the customers’ perspective.

Creating Value Based on Consumer Insight

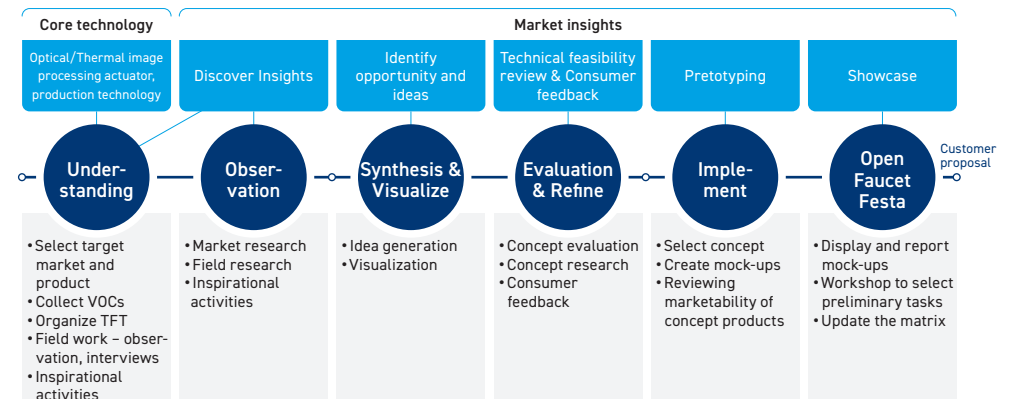
SL reflects consumer insights actively in the process of planning new product development. SL continuously monitors trends in the automotive market and consumer insights and operates a Matrix Community to share and communicate with internal and external stakeholders. The Matrix Community serves as a venue for relevant departments from Korea

and abroad to have reliable and open communication in proactively identifying and sharing a wide range of insights and opinions on a new market and new products trends, beyond one-way communication.

Matrix Community Operating System



New Product Development and Planning Process





OPEN FAUCET

OPEN FAUCET is SL's creative idea and problem-solving process, which means allowing the free flow of creative potential and ideas like water coming out of a faucet. Besides product planning activities, SL is developing OPEN FAUCET into an idea-seeking process and a part of the organizational culture to apply creative ideas in solving various problems. In the past ten years, SL has conducted interviews and surveys targeting consumers in Korea, China, the US, and Europe to gather consumer insights. Through OPEN FAUCET, SL has derived over 3,000 ideas and is excavating more than ten product concepts every year in the lamp, electrification, and mirror sectors. The 'OPEN FAUCET FESTA' event was held in November 2022 under the theme of 'Premium Value: Design Better Future Together' based on four concepts, including 'Moonshot,' 'Leap-Frogging,' 'Open Innovation,' and 'Darwin.' Approximately 300 employees participated and shared their opinions on each concept.



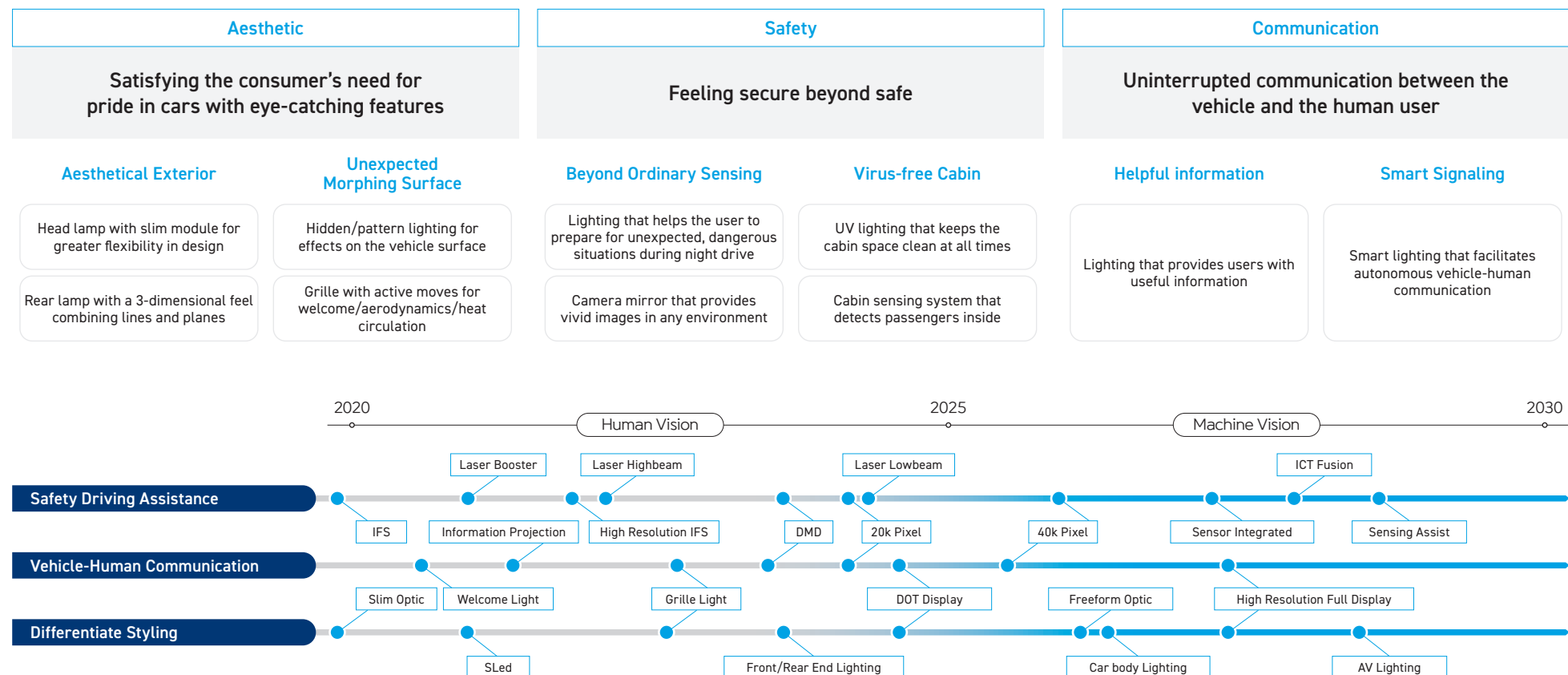
Creating Synergy with Startups

Open Innovation Lounge is an open innovation platform that fosters a creative and flexible culture of developing products and new technologies, and enables the quick application of customers' desired technological experiences to vehicles through cooperation with external startups. Startups can showcase their technologies that satisfy the assessment criteria, such as customer satisfaction with products, the possibility of technology embodiment, and originality. During the Open Innovation Lounge of 2022, SL discovered new product concepts in collaboration with startups in Korea and North America. In particular, the rear lamp, which was implemented using a Korean startup MEMSLUX's transparent surface light source sheet with SL's prototyping* technology, received the spotlight. Light sources with transparent surfaces can embody slim and vivid lighting styles by enabling liberal designs. Since various designs can be formed by differentiating the images before and after lighting, the concept of rear lamps can be redesigned to meet the consumers' aesthetic needs. SL will continue to pursue such collaborative synergy and generate new product value and grow with startups.

* Prototyping: Testing user experience by creating a similar product or service before making a plausible prototype

Pioneering the Future by Finding Opportunities in the Lighting Sector

SL has derived three keywords, 'Aesthetic,' 'Safety,' and 'Communication,' which reflect consumer insights to drive the transitioning of the automotive industry from conventional internal combustion engines to electrification in the Mobility, Electrification, Connectivity, Autonomous (M.E.C.A) era, exploring new opportunities in the lighting sector. Based on the three keywords derived from future opportunities in the lighting sector, SL has established medium to long-term technology roadmaps and continues to pursue stepwise product development.

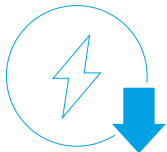

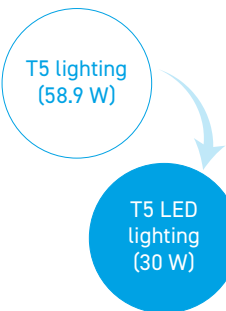


Securing Consumer Safety and Eco-friendliness of Products

Low-power, High-efficiency Modules

SL focuses on developing low-power, high-efficiency modules and eco-friendly products in response to the increasing demand for reducing power consumption and weight of automotive components for fuel efficiency improvement, as well as the global issue of climate

Low-power: Improvement Activities

Building FEMS*	Building energy-saving equipment	Replacing with T5 LED Lighting
 <ul style="list-style-type: none"> Building FEMS - Reducing energy usage continually - Optimizing equipment efficiency 	 <ul style="list-style-type: none"> Introducing energy-saving manufacturing equipment Replacing injection machine with the servo motor driving method 	 <p>T5 lighting (58.9 W)</p> <p>T5 LED lighting (30 W)</p>

* FEMS: Factory Energy Management System

We are striving to optimize energy-saving activities for each workplace in order to improve energy efficiency in product development and consumption stages, and to make efforts in developing eco-friendly products and technologies. Furthermore, in the era of autonomous vehicles, We also focus on implementing bidirectional communication technologies between vehicles and pedestrians, vehicles and traffic infrastructure, to enhance the reliability and safety of automobiles.

change. By innovating technologies to improve light efficiency, optimize heat dissipation, and develop lightweight products, SL aims to contribute to enhancing the fuel economy of electric vehicles and attain net-zero by reducing carbon emissions.

Low-power: Minimized Power Consumption

Increased light efficiency	Optimized dissipation of heat	Lightweight
Applying new optical systems <ul style="list-style-type: none"> - Highly reflective deposition/optimal design - Reduced number of lenses - Optimized LDM* efficiency 	Maximizing heat transfer <ul style="list-style-type: none"> - Developing materials that maximize heat transfer 	Simplified structure (Reduced number of parts) <ul style="list-style-type: none"> - Simplified wire connections - Laminated assembly structure
Applying improved optical system <ul style="list-style-type: none"> - Signal optical system that reduces LED quantity - Slim light module 	Minimizing heat resistance <ul style="list-style-type: none"> - Developing nonconductor metals 	Reduced thickness <ul style="list-style-type: none"> - Reduced housing thickness
		Lightweight materials <ul style="list-style-type: none"> - B/Plate (MG → plastics) - Reflector (BMC → PC) - H/Sink (die casting → thermally conductive plastics)

* LDM: LED Drive Module

Securing Consumer Safety and Eco-friendliness of the Product

Lamps that Help Improve Drivers and Pedestrians' Safety

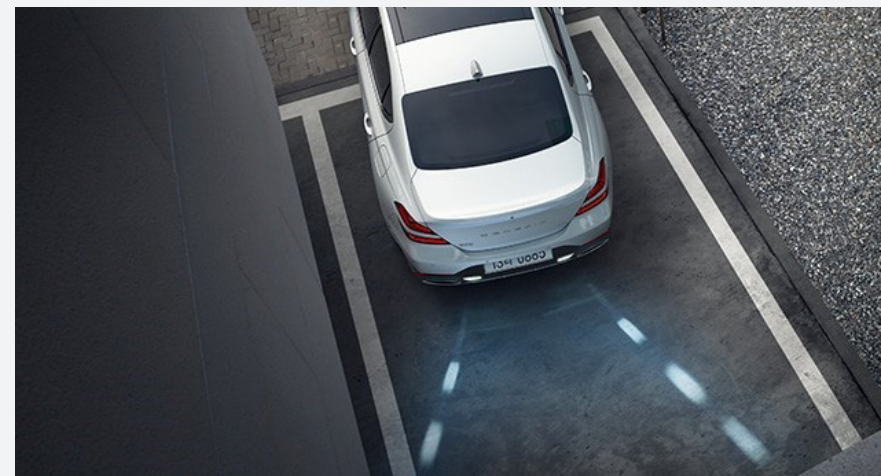
Integrated Turn Signal Guide Lamp

Whereas the existing lamps were designed to increase the drivers' convenience inside the vehicle, SL's lamps allow communication with pedestrians outside the vehicle. The turn signal guide lamp of SL enables communication with pedestrians. The guide lamp integrated with the headlamp received patents in Korea, the US, China, and Europe for the first time in the world. This lamp creates lighting patterns on the road, making it easy to identify the direction of lane changes or turning directions at intersections, even in places where it is difficult to confirm the direction indicators.



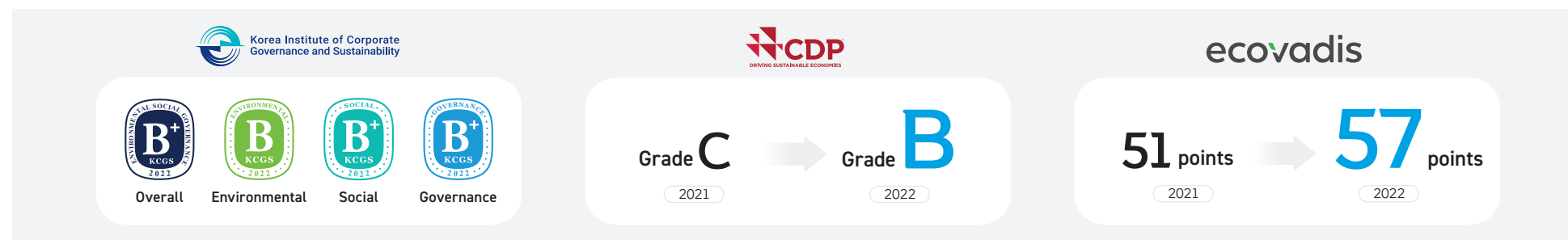
Integrated Backup Guide Lamp

Ordinary backup lamps only play the role of creating light from the lamps to alert the driver behind about reverse gear. The backup guide lamp of SL creates light on the road surface so that people outside can also identify the direction of the vehicle. In particular, this lamp can be used safely when parking vehicles in parallel or when driving at night. It is widely used in Korea and is scheduled to be mass produced overseas.

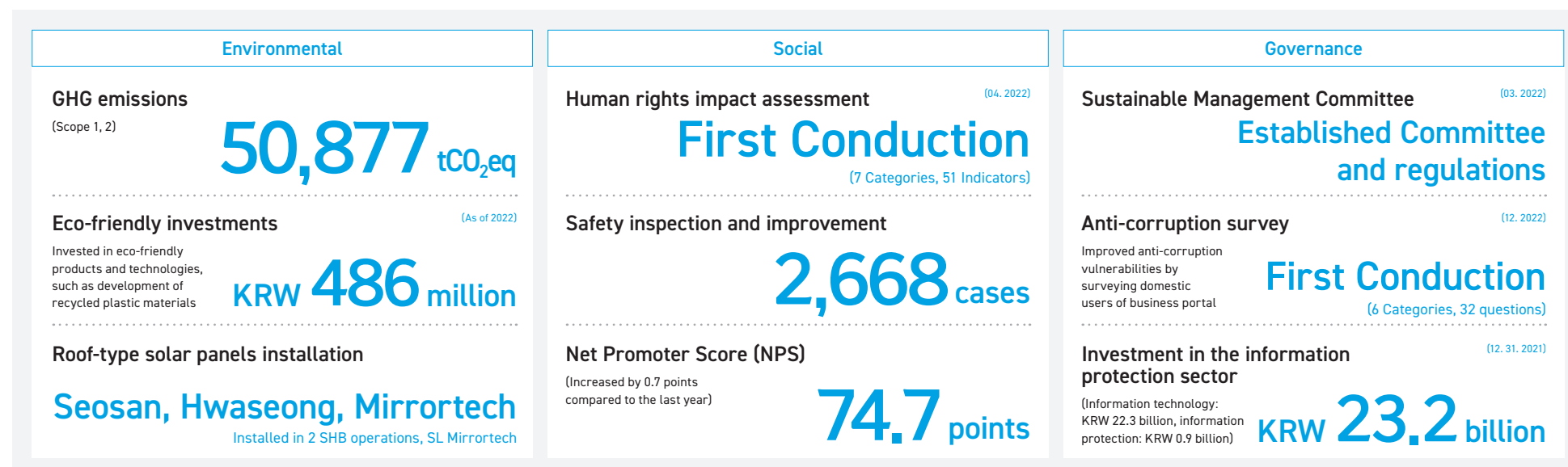


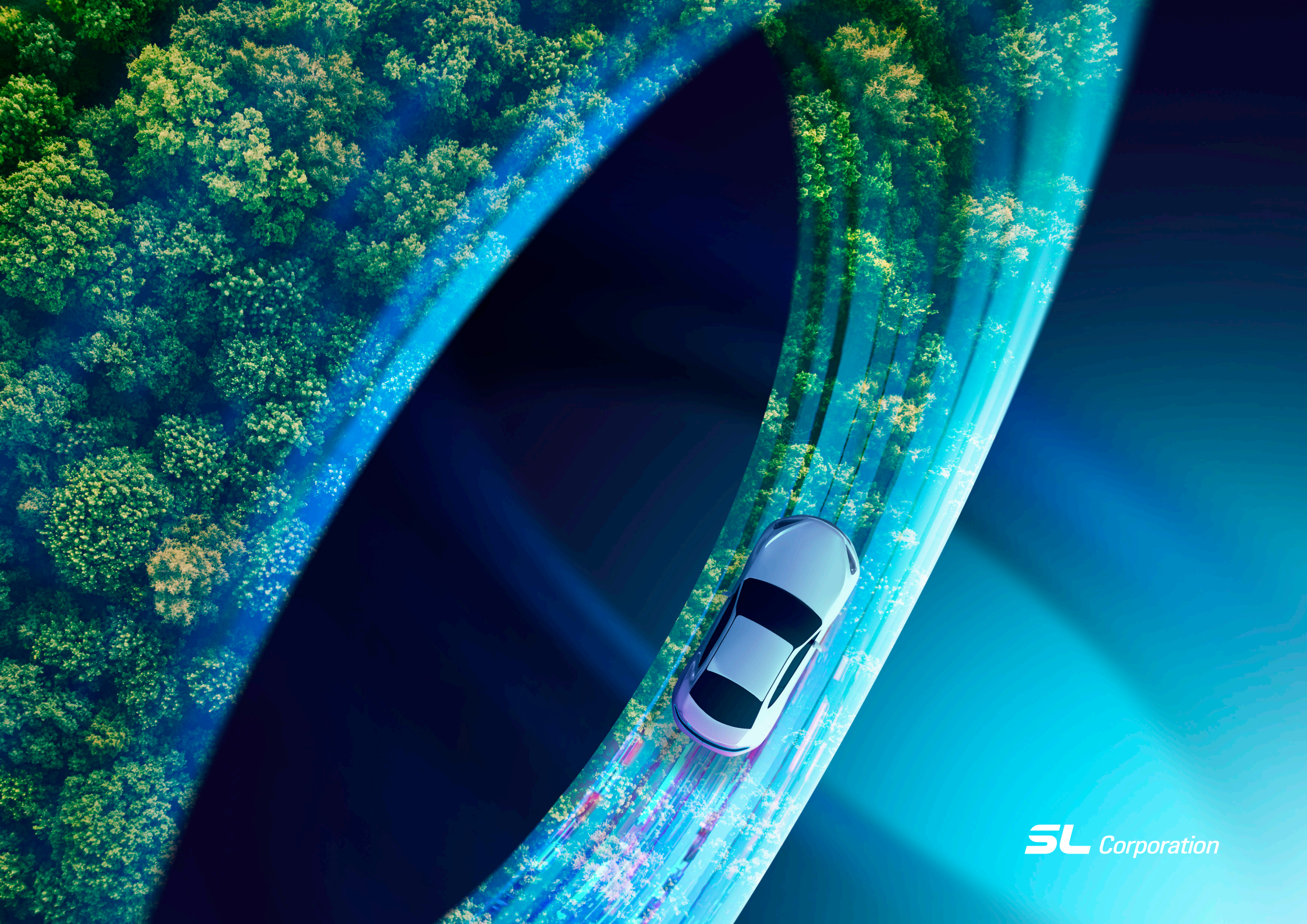
ESG at a glance

Participating in ESG Initiatives and External Assessment



Major Achievements in Each Field





SL Corporation

OUR PROFILE

2

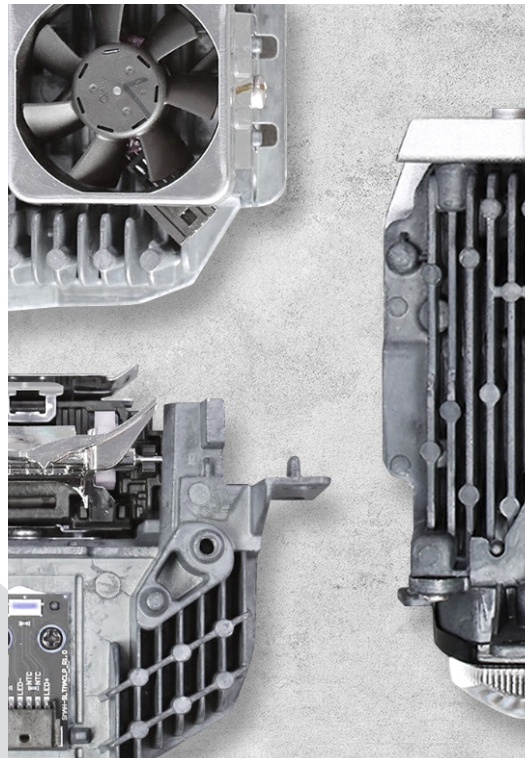
018

Company Overview



022

Business Overview



026

Materiality Test



Company Overview

Company Overview

Ever since its establishment in 1954, SL has been supplying automotive parts, including various lamps such as headlamps, electrification parts, mirrors, Front End Modules(FEM), and Battery Management Systems(BMS), based on its stable sales channels and technological prowess. As a global company specializing in automotive parts, SL has constantly grown with customers through active technological innovations and efficient business operations

worldwide, placing ongoing efforts to create new consumer experiences. SL will continue working to enhance sustainability and grow as a company that delivers premium value to its stakeholders, such as customers and society, in all of its business activities, aiming to drive the transition into a new, low-carbon mobility ecosystem.

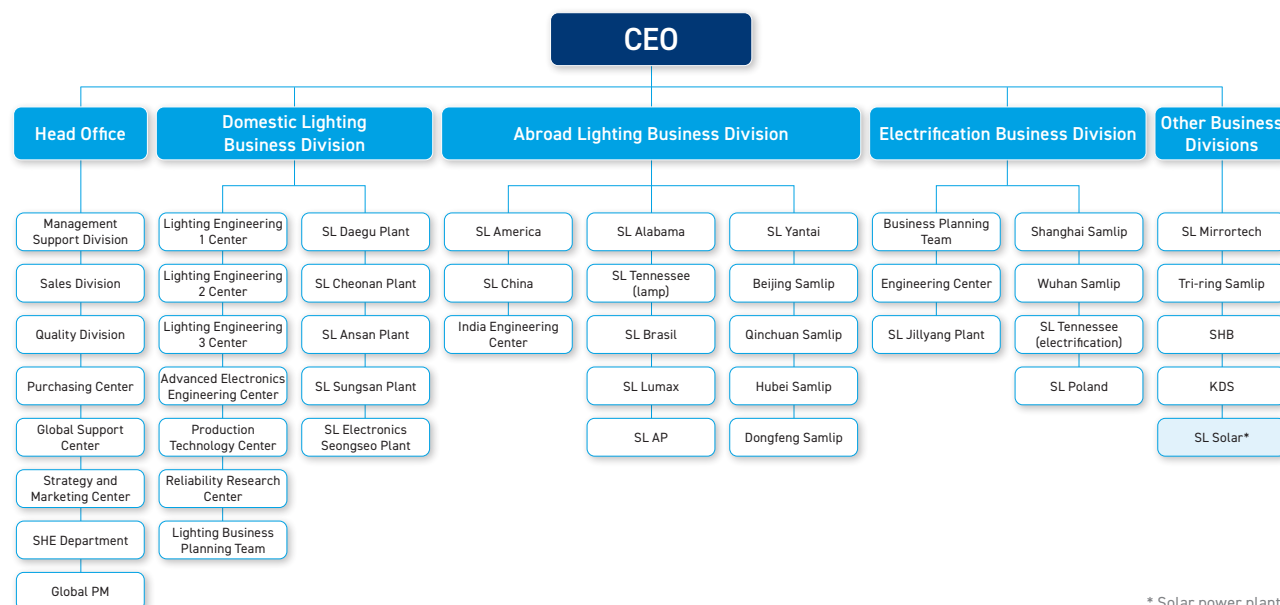
General Status

(As of December 31, 2022)

Company name	SL Corporation
Date established	May 22, 1954
Presidents	Lee Sung-Yup, Kim Han-Young, Kim Jueong-Hyun (as independent representatives)
Head office	32 Geomdangongdan-ro, Buk-gu, Daegu (Geomdan-dong)
Major business	Automotive parts manufacturing
No. of employees	4,590
Credit rating	A+ (ECREDIBLE Co., Ltd., as of April 2023)
Homepage	www.slworld.com

Organization System

(As of December 31, 2022)



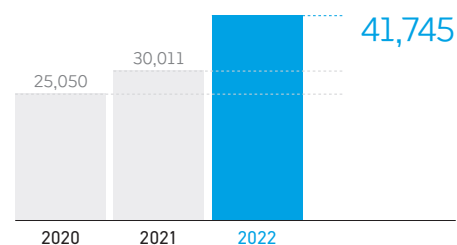
* Solar power plants

Financial Highlights

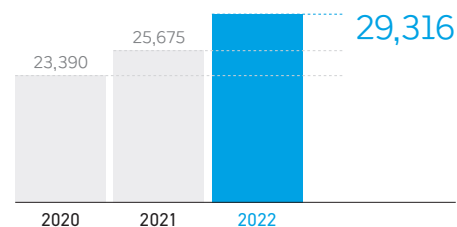
SL has stabilized its business foundations to maintain solid results despite uncertainties. Based on the consolidated financial statements according to K-IFRS, SL achieved an annual revenue of KRW 4,174.5 billion and an operating profit of KRW 197.9 billion in 2022. These results were made possible by providing innovative products and services in new business areas in addition to SL's primary businesses such as lamps and electrification.

Key Economic Results

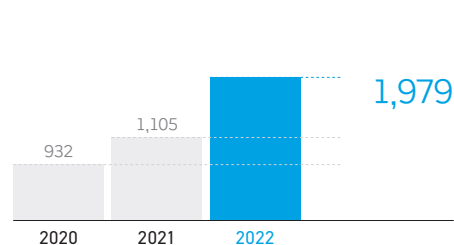
Revenues (Unit: KRW 100 million)



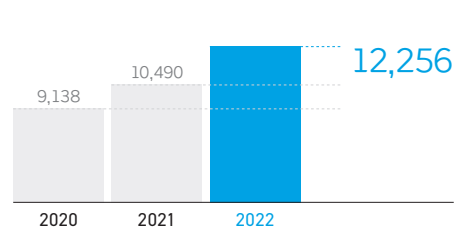
Assets (Unit: KRW 100 million)



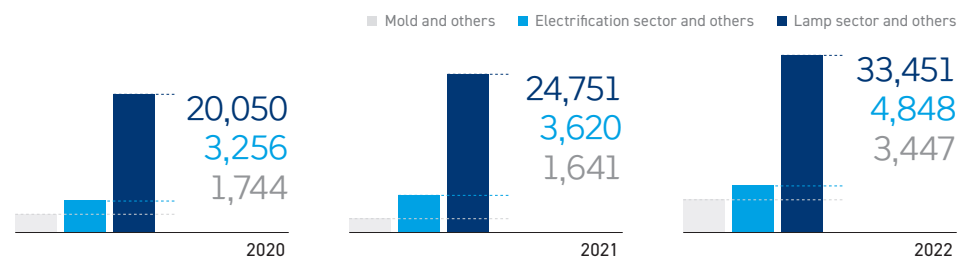
Operating Profits (Unit: KRW 100 million)



Liabilities (Unit: KRW 100 million)



Revenues by Sector (Unit: KRW 100 million)



Global Revenues (Unit: KRW 100 million)

Market	Korea	North America	China	India	Europe	Latin America	Others	Total
2020	14,247	5,486	1,811	2,756	434	300	16	25,050
2021	16,544	6,917	1,853	4,016	415	249	18	30,011
2022	20,357	12,684	2,046	5,379	784	469	25	41,745



Other Economic Results

R&D Status

Category	Unit	2020	2021	2022
Total R&D investment	KRW million	133,288	135,203	148,927
R&D/revenue ratio	%	7.7	6.8	6.3

Ratio of New Employees' Wages to the Minimum Wage (By gender)

Category	Unit	2020	2021	2022
Male	%	215.7	213.6	222.4
Female	%	206.4	204.7	213.5

Patents and Utility Models*

Category	Unit	2020	2021	2022	2022
Domestic	Registered	Cases	47	67	91
	Applied	Cases	113	101	110
Overseas	Registered	Cases	49	57	58
	Applied	Cases	83	57	67

Government Subsidies

(Based on separate financial statements)

Category	Unit	2020	2021	2022
Tax reduction and deduction	KRW million	11,629	14,355	16,139
Subsidies	KRW million	1,207	137	312
Investments, R&D, other support, etc.	KRW million	1,858	3,814	2,479

* Correction of data for 2021: The number of registrations and applications for 2021 has been revised due to differences in joint applications with other companies and overseas registrations. These data are subject to change in future reports for the same reason.

Global Network

SL has created a global network encompassing seven countries around the world to promote balanced growth.

Engineering centers

Korea 2, China 3, USA 1, India 1, Germany 1

Production bases

Korea 12, China 8, USA 2, India 2, Europe 1, Brazil 1

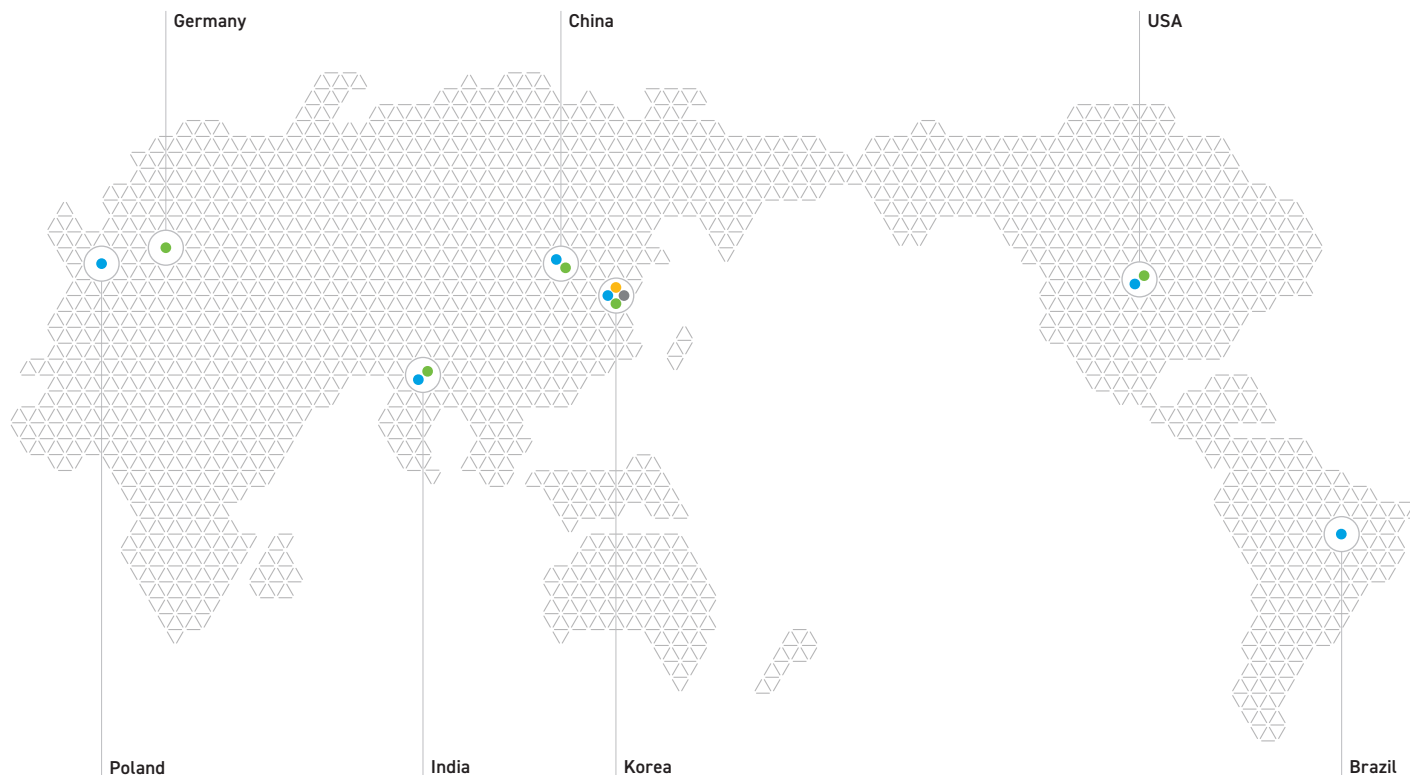
Office

Korea 1

Solar Power Plants

Korea 2

8
26
1
2



Korea

SL Head Office, Daegu Plant (Daegu/lamp)
SL Ansan Plant (Ansan/lamp)
SL Cheonan Plant (Cheonan/lamp)
SL Sungsan Plant (Daegu/lamp)
SL Jillyang Plant (Gyeongsan/electrification)
SL Jillyang Electronics Plant (Gyeongsan/electronics)
SL Seongseo Electronics Plant (Daegu/electronics)
SL Production Technology Center

(Gyeongsan)
SL Production Technology Center (Pyeongchon)
SL Solar (Hwaseong)
SL Solar (Seosan)
SHB Head Office (Gyeongsan/FEM)
SHB Ulsan Plant (Ulsan/FEM)
SHB Hwaseong Plant (Hwaseong/FEM)
SHB Seosan Plant (Seosan/FEM)
KDS (Gyeongsan/chassis)
SL Mirrortech (Siheung/mirror)

China

SL Yantai (Yantai/lamp, mold)
Beijing Samlip (Beijing/lamp)
Dongfeng Samlip (Shiyan/lamp)
Qinchuan Samlip (Congqing/lamp)
Hubei Samlip (Wuhan/lamp)
Shanghai Samlip

(Shanghai/electrification)
Wuhan Samlip (Wuhan/electrification)
Tri-ring Samlip (Wuhan/mirror)
SL China (Shanghai, Yantai, Wuhan/engineering and sales)

USA

SL Tennessee (Tennessee/lamp, electrification)
SL Alabama (Alabama/lamp, mirror)
SL America (Michigan/engineering and sales)

India

SL Lumax (Tamil Nadu/Lamp, electrification, mirror)
SL AP (Andhra Pradesh/Lamp, mirror)
India Engineering Center (Tamil Nadu)

Brazil

SL Brasil (Gravataí/lamp)

Germany

SL Germany (Munich)

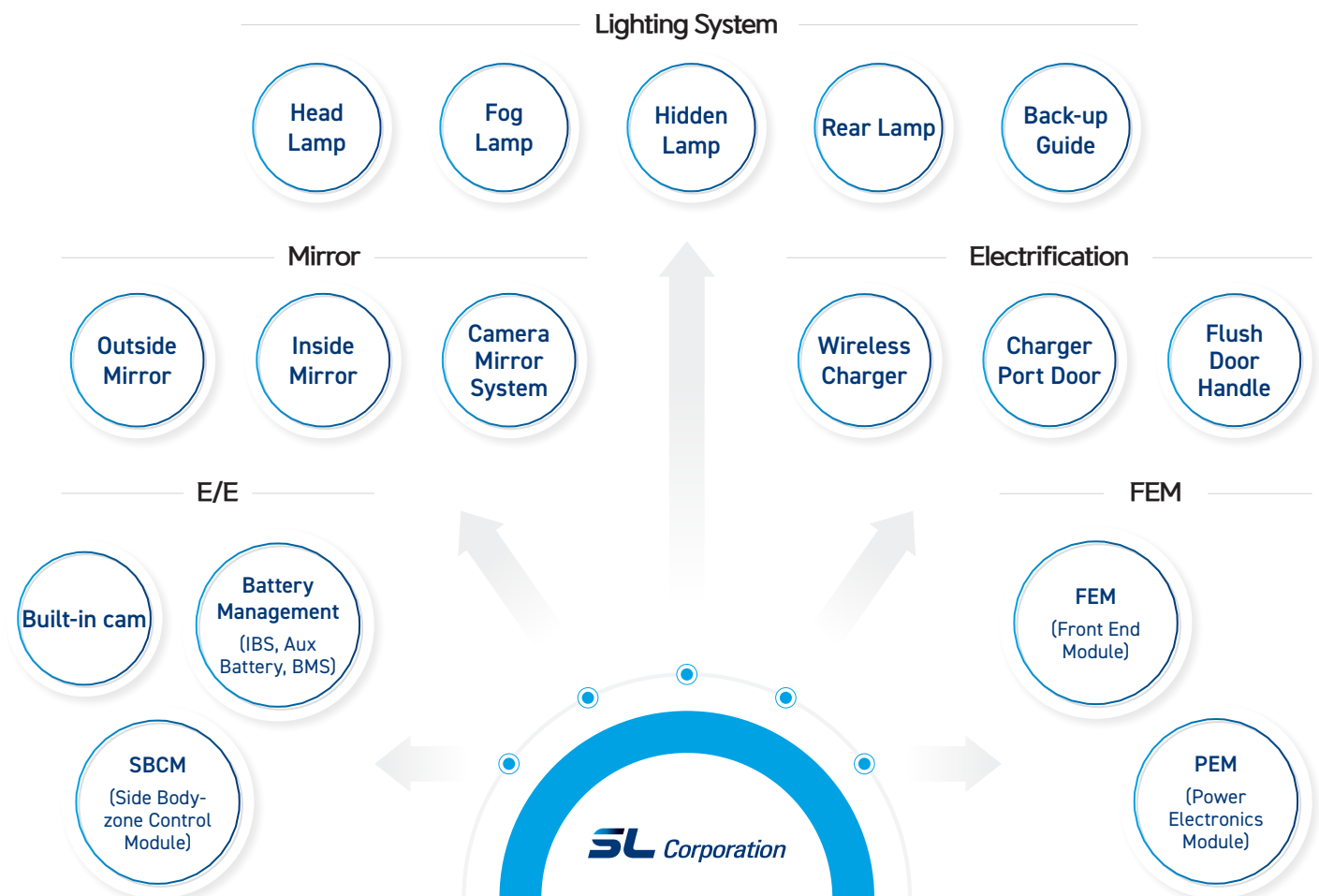
Poland

SL Poland (Zory/Electrification, mirror)

Business Overview

SL is a company that delivers premium value to customers and supplies high-quality products through continuous development and quality innovation in systems such as core lamp products in the lighting system, as well as the electrification, mirror system, and electronics. Moreover, in line with rapid changes in the automotive market with the launch of eco-friendly cars and the era of autonomous driving, SL is putting every effort into the digitalization of products and working toward development and technological innovation appropriate for the electrification era. As a result, SL has been recognized for its technological prowess and superior quality and is supplying its products to automotive OEMs in Korea and abroad, such as HKMC, GM, FORD, BMW, and GEELY.

Business Areas





<https://www.genesis.com/kr/ko/models/luxury-sedan-genesis/g90/gallery.html>

Lighting System

The lighting system, one of the core businesses of SL, is an essential automotive part that uses lamps to send signals to other drivers and pedestrians, thereby securing visibility for drivers and ensuring safe driving. SL constantly invests in developing and upgrading the lighting system, including headlamps, rear lamps, fog lamps, and CHMSL, which are produced at business sites in Korea and abroad. In particular, SL's flagship production component, the headlamps, are a crucial component directly related to the safety of drivers and pedestrians at night. Headlamps help prevent accidents and protect lives through reduced lighting on traffic signs, pedestrian recognition, and precise LED control based on ADB*. SL develops various lamps, such as display lighting and road communication lighting, to assist communications between drivers and pedestrians and implement future mobility devices.

* Adaptive Driving Beam (ADB): Embodiment of permanent high beam that does not cause glare that affects cars on the opposite lane and pedestrians by receiving surrounding position signals using a camera



<https://www.genesis.com/kr/ko/models/luxury-sedan-genesis/g90/performance.html>

Electrification System

Besides devices that enhance the convenience and operability of vehicles, the electrification system of SL also includes devices for eco-friendly vehicles. SL produces various automotive parts, including wireless charging modules that increase driving convenience, E-shifter that changes the velocity of vehicles by delivering the driver's intention as electronic signals using TCU control, SBW* System operated by an actuator that allows for communication between products and transmission, and charger port door that utilize electronic signals to open/close the door for eco-friendly vehicles. In the future, SL aims to provide premium value to customers and contribute to society by producing and supplying high-quality products that consider the environment and the convenience of drivers.

* Shift By Wire (SBW): Automatic transmission system that operates and changes transmission modes in a vehicle using an electronic lever without mechanical connections

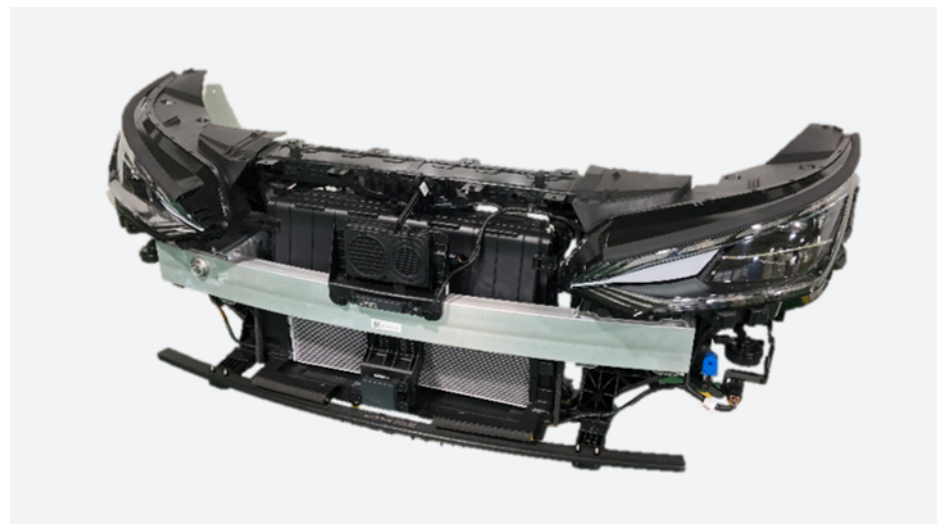


<https://www.hyundai.com/kr/ko/e/vehicles/ioniq6/intro>

Mirror System

SL has continually improved its mirror system to improve the safety of vehicles and enhance driving convenience, improving the existing mirror by providing drivers with vehicle side and rear visions using light reflection of the glass. SL has developed a hybrid mirror that combines a camera with a regular mirror, a camera mirror that displays camera-based videos on a monitor, and an ADAS* that uses the camera mirror, advanced sensors, and GPS to enable the vehicle to control itself or perceive driving situations to notify the driver of risk factors. In addition, SL has built an integrated, video-based information system that records driving videos using front and side/rear sensors in order to support autonomous driving features. This advanced mirror system of SL offers better safety and convenience to drivers.

* Advanced Driver Assistance Systems (ADAS): A Driver Assistance System that uses advanced sensors, GPS, communication, and intelligent video equipment to perceive and judge driving situations or notify risk factors using sound, light, vibration, etc.



FEM

Front End Module (FEM) is an integrated system developed to assemble various front-end parts of a vehicle, such as headlamps, cooling, bumper beam, Active Air Flap (AAF), horn, hood-latch, Smart Cruise Control (SCC), Virtual Engine Sound System (VESS), and sensors instead of assembling them separately. By applying the FEM, we have been able to reduce the cost and weight of vehicles and shorten the production time of automotive assembly lines. SL contributes to improving the quality of finished vehicles by innovating the FEM quality.

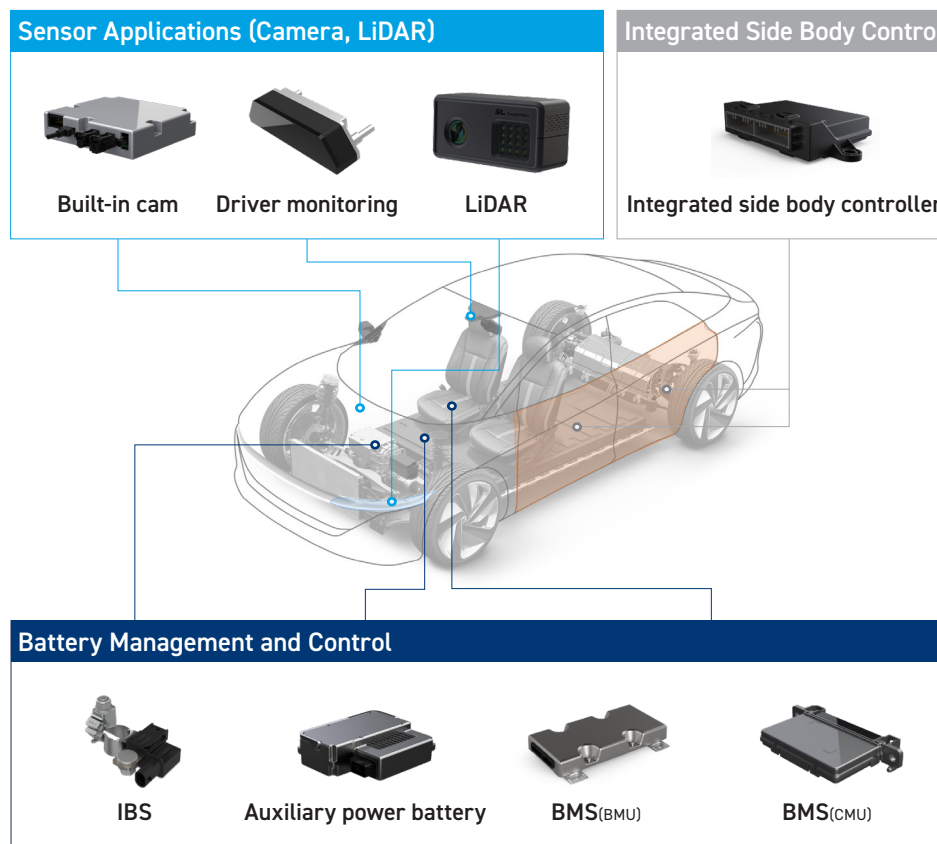
Electronics

SL's electronics technology division strives to quickly grasp customer and market feedback in the areas of integrated side body control, battery management and control, and sensor application. SL reflects such feedback in its product development and continuously explores opportunities for mass production and new business through building trust with customers.

In the area of integrated side body control, SL integrates multiple control modules that are mounted individually on the side body into one controller in accordance with the function-central development flow of vehicle E/E architectures, thereby reducing cost, enhancing power efficiency, and securing expandability for future technologies.

In the area of battery management and control, SL strives to offer safety and efficiency to drivers and customers and achieve the electrification of vehicles through IBS*, which senses the batteries' inner conditions for internal combustion engine vehicles, and BMS*, which monitors and controls the optimal performance of auxiliary batteries providing stable power to electronic parts and high-voltage batteries for hybrid/electric vehicles. SL is also striving towards achieving eco-friendliness and carbon neutrality, and making efforts towards the electrification of automobiles.

In the area of sensor application, SL develops built-in cams that record driving and parking videos in the front and rear of vehicles using cameras to provide convenience and accuracy in analyzing driving videos and accident scenarios. SL has also developed a driver monitoring system that implements tailored active convenience technologies by measuring the driver's heart rate without contact and determining his/her emotional state. Additionally, SL strives to maximize customer satisfaction through integrated research on LiDAR* head/rear lamps, which can detect the size, position, and distance of near/far objects in the front, rear, and sides of vehicles, providing driving convenience and safety.



* Intelligent Battery Sensor (IBS): A sensor system that helps related devices to operate optimally by detecting internal conditions such as voltage and current of vehicle batteries

* Battery Management System (BMS): A system that detects internal conditions of high-voltage lithium batteries, such as voltage and current, in real-time and controls them to be in optimal conditions

* Light Detection And Ranging (LiDAR) :A sensing technology that sheds a light source onto an object and measures the distance

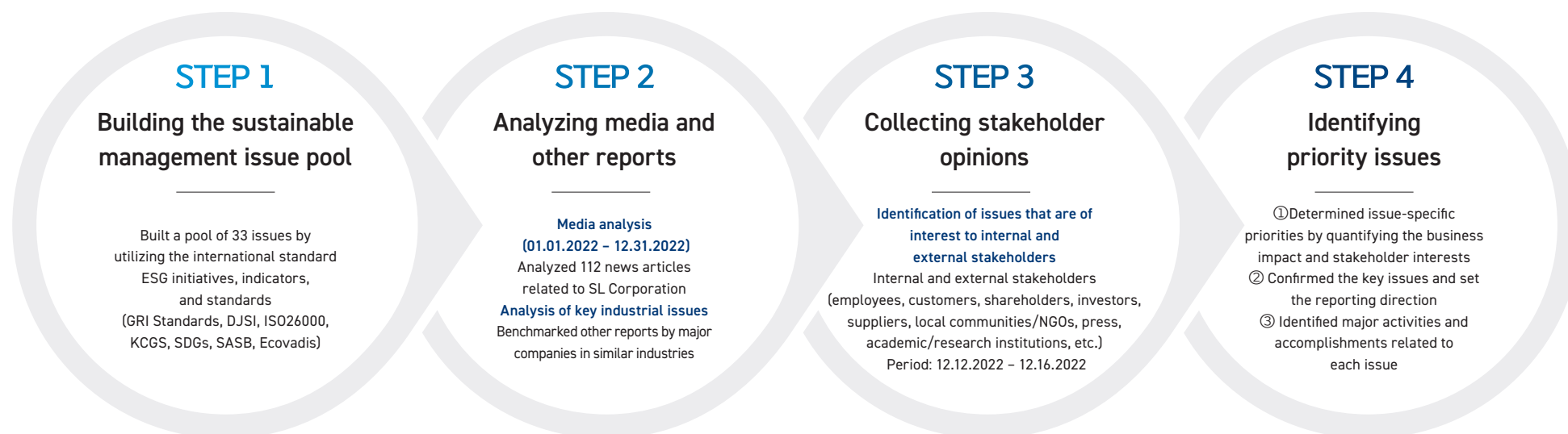
Materiality Test

Materiality Test Process and Results

SL conducted a materiality test to manage ESG issues in a systematic and timely manner and communicate transparently with its stakeholders. The materiality test was carried out according to the Global Reporting Initiative (GRI) Standards. We reviewed the materiality and impact of relevant issues by collecting opinions from internal and external stakeholders. Accordingly, we are reporting our activities and accomplishments regarding the key issues identified. The materiality test was applied as a reference for the material topics of the Sector Standards announced so far, and the Automotive Sector Standards will be reflected once they are announced later.

* —————>

Materiality Test Process



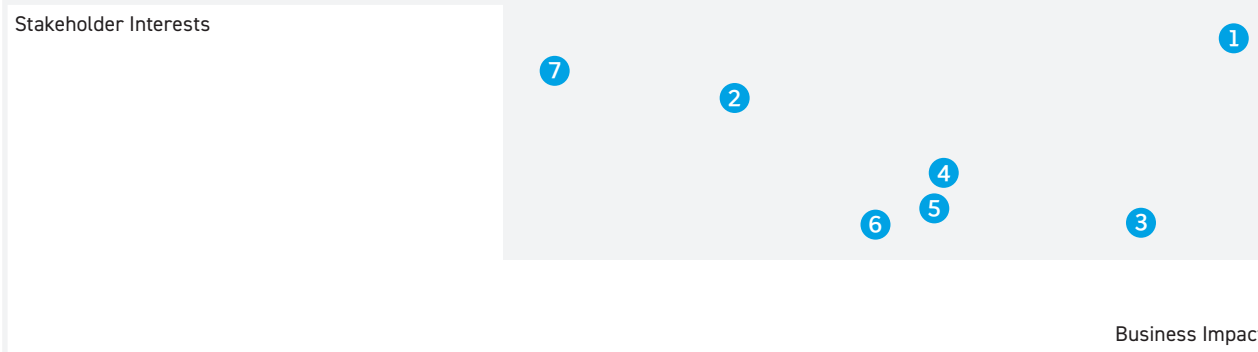


Materiality Test Results

Through the materiality test, SL selected seven key issues.

SL's key issues in 2023 include sustainable new growth drivers, product and service safety, responding to climate change, energy use management and efficiency, resource cycling and efficiency, sound governance and transparency, and creation of economic value.

Compared to the previous year, the ratings for sustainable new growth drivers and product and service safety issues have risen, reflecting the institutional flow of environmental innovation centered on electrification and the enforcement of the Serious Accidents Punishment Act.



No.	Material Topics	GRI Topic Standards	Changes between 2022-2023	Impact of Issue		
				Cost	Revenue	Risk
1	Sustainable new growth drivers	Non GRI	Rise in rank	Medium	High	Low
2	Product and service safety	Non GRI	New	Low	High	Medium
3	Response to climate change	201-2, 302, 305	Decline in rank	Medium	Low	High
4	Energy use management and efficiency	302	Decline in rank	High	Medium	Low
5	Resource cycling and efficiency	301, 306	Rise in rank	High	Medium	Low
6	Sound governance and transparency	-	Same	Low	Medium	High
7	Creation of economic value	201-1	New	Medium	High	Low

Managing Key Issues

Topic	Management	Documents	Action	Results	Page
Sustainable new growth drivers	As the market trends indicate a shift towards eco-friendly and autonomous vehicles, automotive parts are facing the era of electrification. SL sees the rapidly changing environment as an opportunity to focus on development of core technology and research activities. To lead the new mobility ecosystem and expand its global portfolio, SL strives to create premium value for various stakeholders, including customers and society, in all management activities.	Lighting Roadmap	<ul style="list-style-type: none"> • Reflecting customer insights and market trends in the planning and development stages for new products • Operating a matrix community • Establishing and implementing environmental investment plans 	R&D/revenue ratio: 6.3%	10-14, 20
Product and service safety	SL is fully committed to implementing substantial quality improvements based on its quality management policy to meet customer expectations and demands for product quality, safety, and reliability. SL continues to verify quality thoroughly to supply reliable and safe products. SL aims to achieve customer satisfaction, safe driving for end-consumers, and reduced accident rates.	Quality Management Policy	<ul style="list-style-type: none"> • Monitoring new vehicle issues • Global field monitoring • Quality satisfaction surveys • Maintaining the quality management system certification • Conducting quality education for employees 	Quality education for employees: 2 new courses	83-84
Response to climate change	To address the climate crisis issue, SL has established the Three Major Strategies for 2050 Net-Zero, and is implementing detailed tasks and managing performance in line with the strategies. SL is working continuously to identify transition risks and physical risks caused by climate change and exploring new business opportunities. In addition, SL will further develop its net-zero roadmap in a more detailed and systematic manner by establishing scientific net-zero goals through participation in SBTi and conducting LCA.	Three Major Strategies for 2050 Net-Zero	<ul style="list-style-type: none"> • Managing energy use, GHG emissions, and GHG intensity and participating in CDP • Managing GHG emissions of suppliers 	GHG intensity: 2.16	32-37
Energy use management and efficiency	SL has been exploring ways to reduce GHG emissions by expanding the use of renewable energy and improving energy efficiency. As a result, after installing roof solar panels at three operation sites in 2022, SL joined K-RE100. In addition, SL has expanded the application of smart factories using the Factory Energy Management System (FEMS) at Seongseo Electronics Plant and Jillyang Electronics Plant as part of the groundwork for optimizing energy use.	Safety, Health, and Environmental Policy '2M IS SL'	<ul style="list-style-type: none"> • Expanding facilities subject to FEMS-applied smart factory • Implementing energy-saving activities optimized for each operation • Installing roof solar power 	Energy intensity: 0.04495	36, 38-39



Topic	Management	Documents	Action	Results	Page
Resource cycling and efficiency	As environmental demands continue to increase throughout the product life cycle, developing eco-friendly raw materials has become a significant challenge in the automotive parts industry. Accordingly, SL has established and implemented raw material plans to enhance resource cycling and efficiency from the product planning and production stages. Moreover, SL strives to build a circular economy by managing the annual waste recycling rate.	Material Management Process Long-term Inventory Management Guidelines	• Developing eco-friendly recycled plastic materials	Ratio of recycled ingredients: 3.87% Amount of waste recycled: 1,016.47 tons	40-42
Sound governance and transparency	Transparent and sound governance strengthens the competitive advantage for companies. In addition, active and consistent attention from the Board of Directors is essential for ESG to be integrated into SL's overall management direction from the perspective of sustainable management. SL is well aware that soundness and transparency of governance are necessary elements for its growth, increased corporate value, and the protection of stakeholders' rights, and is working continually to establish advanced governance centered on the Board of Directors.	Corporate Governance Report Corporate Governance Charter	• Conducting independent director education (in ESG management, risk management)	Average participation rate of the Board of Directors: 99.1%	92-96
Creation of economic value	Since the creation and distribution of economic profits are the fundamental responsibility of companies, SL must maintain balanced growth through active technological innovation and efficient business operations. Furthermore, business operations and structural expansion of SL have a significant impact on various stakeholders, including employees, shareholders, investors, suppliers, and local communities, by providing greater added value. Accordingly, SL strives proactively to cope with the market environment by managing risks across its businesses, creating sustainable economic value.	Business Report IR Report	• Conducting various IR activities, such as corporate briefings	Sales: KRW 41,745 100million Operating profit: KRW 1,979 100million	19, 50-51, 109-110

An aerial, top-down perspective of a sleek, silver sports car driving along a dark road that cuts through a dense, vibrant green forest. The road is flanked by two large, circular cutouts in the forest canopy, creating a tunnel-like effect. The car is positioned at the bottom center of the frame, moving towards the top. The text 'SL Corporation' is centered in the upper half of the image, within the dark road area.

SL Corporation

ENVIRONMENTAL

3



032

Climate Change



040

Circular Economy



043

Environmental Management



Climate Change

Climate Change Response

Governance

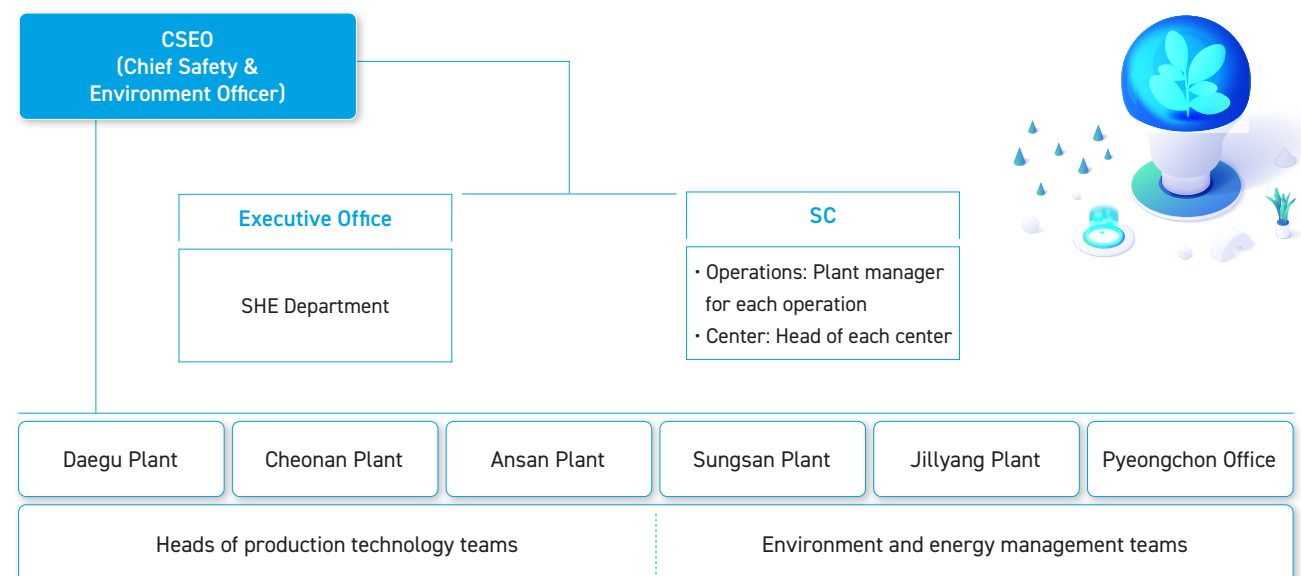
Supervision by the Board of Directors

In March 2022, SL established the Sustainable Management Committee, the highest decision-making body related to ESG, to promote ESG management seamlessly and address climate change issues. The Committee comprises three members, including two independent directors and one executive director. The Chief Safety & Environment Officer (CSEO), a standing director, is appointed among the three CEOs by the Board of Directors according to the Articles of Incorporation. The Sustainable Management Committee has comprehensive authority over the environment, safety and health-related organization, personnel, and budget. It serves as the highest decision-making body that approves climate change-related strategies and policies, manages implementation and performance, and convenes one committee meeting every six months to discuss and decide on various agendas like climate change risks and opportunities, strategies, activities, plans, goals, and budgets.

Roles of the Management

SL has designated one of its CEOs to manage crucial ESG issues, such as climate change, safety, and health, in response to issues associated with climate change and the environment. In addition, SL has formed an exclusive organizational system with a working group on environmental management at each plant to ensure the seamless execution of practical duties.

Climate Change Response System and Organization



Strategy

Approaches to Climate Change Risks and Opportunities

SL aims to identify transition risks and physical risks that may arise during the implementation of the low-carbon economy and turn them into new business opportunities. Since 2020, SL has been designated for the management of GHG targets and has been monitoring monthly GHG reductions. As of 2022, SL showed a 84% reduction rate compared to the target (Target reduction: 2,773 tons, Final reduction: 2,326 tons). SL plans to establish a carbon-neutrality plan based on the 1.5 °C scenario and participate in the SBTi initiative.



Category	Factors	Potential Impact	Period	Response Method
Risks	Physical	<ul style="list-style-type: none"> Increase in the severity and frequency of weather phenomena (Heat waves, floods, typhoons, hurricanes, etc.) 	Short-term	<p>(Acute) Establish plans and conduct periodic inspections to ensure disaster safety and business continuity, with emphasis on high-risk operations located in Tennessee and Alabama, U.S., and Tamil Nadu, India</p> <p>(Chronic) Conduct preliminary surveys, analyses, and improvement measures for climate-related risks in water-stressed operations, including the SL Plant in India: Promote IATF 16949 certification for all operations</p>
	Transition	<ul style="list-style-type: none"> Changes in customer behavior and market trends 	Medium to long-term	<p>(Technology) Expand investments in R&D for eco-friendly product solutions and production facilities: Reduce power consumption by 18% by developing eco-friendly digital lamps, Invest 10% of sales (every year) for the development of eco-friendly technologies and products / Focus on developing high-efficiency products and producing electrified products, such as batteries, drive systems, etc.</p> <p>(Reputation) Respond to climate-related assessments like CDP, Ecovadis ESG assessment, and NQC SAQ assessment and disclose information since 2021</p> <p>(Market) Strengthen technology innovation and expand the customer base through strategic investment partnerships</p>
	Transition	<ul style="list-style-type: none"> Reinforcement of product and service regulations 	Long-term	<p>(Policy) Establish long-term roadmaps to attain 2050 net-zero</p> <ul style="list-style-type: none"> - Periodically analyze legal claims in the automotive industry and strengthen monitoring to identify legality and reputation risks - Manage carbon emissions throughout the supply chain
Opportunities		<ul style="list-style-type: none"> Creation of eco-friendly operations 	Long-term	<p>(Energy resources) Establish long-term roadmaps to attain 2050 net-zero: Install solar panels (approximately KRW 1.5 billion), secure new and renewable energy</p> <p>(Resilience) Manage carbon emissions throughout the supply chain: Conduct annual risk assessment on each supplier, identify high-risk suppliers, and conduct improvement activities</p>
		<ul style="list-style-type: none"> Changes in customer behavior and markets 	Medium-term	<p>(Resilience) Fulfill the clients' needs by reducing carbon emissions</p> <p>(Resource efficiency) Promote the transition to new and renewable energy</p> <p>(Market) Strengthen low-carbon economic activities, such as green purchase, etc.</p>
		<ul style="list-style-type: none"> Development of eco-friendly products and services 	Medium-term	<p>(Products and services) Develop and introduce solutions and products to reduce carbon emissions</p> <p>(Market) Expand product groups to meet the environmental requirements of global OEMs: Expand environmental lamps by 50%</p>

Strategy

Implementing the Transition to Net-Zero Society

SL recognizes its responsibility as a member of the international community and maintains a proactive and leading position in environmentally conscious corporate management. SL aims to build a virtuous ecosystem where everyone can coexist by working toward net-zero as an opportunity for growth. SL engages in various activities, such as establishing medium- to long-term carbon strategies and responding to related initiatives, and will continue its efforts to build a low-carbon society. Accordingly, SL has established three major net-zero strategies to attain net-zero by 2050, with a target of reducing GHG emissions by 40% by 2030. SL will build a sustainable, low-carbon, green growth foundation to lead the transition to a net-zero society.

Three Major Net-Zero Strategies by Stage

Stage 1: Management of energy efficiency	Stage 2: Resource recycling	Stage 3: Eco-friendly product implementation
Establishing inventory for GHG management	Use of eco-friendly raw materials containing recycled materials	Eco design
Managing energy efficiency through FEMS operation	Recycling waste (trituration)	Conducting Life Cycle Assessment (LCA)
Monitoring plans for energy reduction	Introducing and expanding new/renewable energy (solar facility)	Establishing purchasing policies for green and eco-friendly products
Reduction activities through new technologies/methods	Conducting campaigns to reduce GHG emissions company-wide	
Managing GHG emissions of suppliers		

Risk Management

Climate Risk Management Process

SL strives to maintain stability of business and achieve management goals by evaluating and managing climate-related risks and opportunities comprehensively through its company-wide risk management process. Our company systematically manages climate-related risks, including GHG emissions of suppliers, and conducts monitoring and evaluation throughout the year. Climate change is a multilateral phenomenon that extends over a long period, and climate-related risks can have a negative impact on our business operations. Regulatory changes arising from climate change responses may increase uncertainties, and physical changes may cause a decline in asset value and lead to financial losses. SL determines risks and opportunities associated with climate change and stakeholder needs, establishes long-term plans for adaptation and management through environmental impact assessments, and responds in various ways.

Approaches to Climate Risks

Type	Approach
Short-term	<ul style="list-style-type: none"> Review of SL's eco-friendly business portfolio and establishment of strategy (every year) <ul style="list-style-type: none"> Promotion of SL 'Making Eco-friendly Green Operations II', etc. Implementation of climate change-related tasks and transparent disclosure of outcomes according to customer needs
Medium-term	<ul style="list-style-type: none"> Substantive implementation according to SL's 'Stepwise Net-zero Promotion Strategy' Expansion of eco-friendly product and service lines and efforts to strengthen energy efficiency Increased capacity to manage climate risks and disclosure of TCFD <ul style="list-style-type: none"> Identification and evaluation of customers and businesses' resilience to climate-related risks through scenario analysis
Long-term	<ul style="list-style-type: none"> Establishment of SL's 'Long-term Roadmaps to Attain 2050 Net-zero' <ul style="list-style-type: none"> Activities based on the requirements associated with climate-related initiatives Strengthened efforts to attain zero carbon emissions Disclosure of SL's long-term stance and role regarding climate change and expansion of technological investments to solve environmental issues

Targets and Indicators

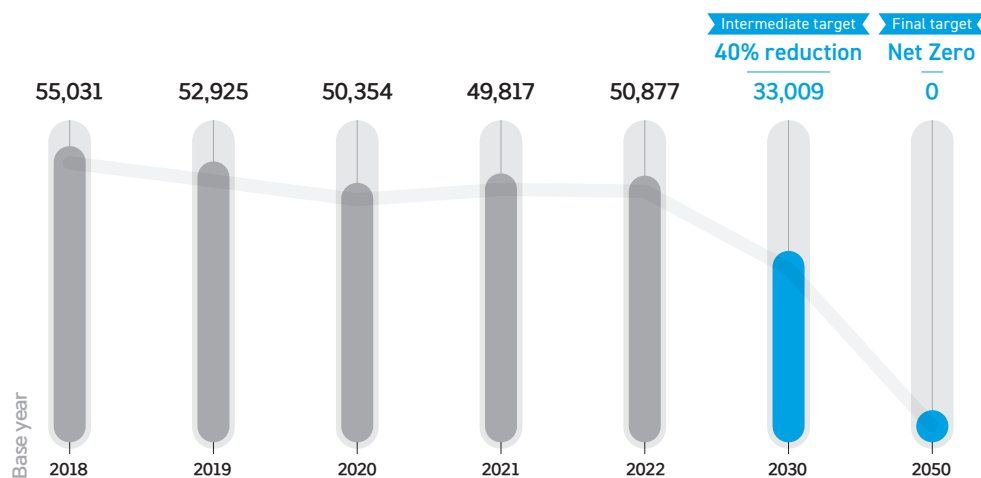
Climate Change-related Indicators and Targets

SL has a net-zero implementation roadmap and reduction plan that is aligned with the Paris Climate Agreement and the '2050 national net-zero roadmap' of the South Korean government based on the results of GHG emissions calculations. In addition, SL strives to accomplish more transparent and reliable disclosure by improving the integrity of data related to the organization's indicators and targets used in managing climate change-related risks and opportunities. SL will set indicators for climate change response in business operations, such as production, sales, and R&D investment, and accomplish net-zero by 2050 through various eco-friendly technologies and innovations. SL manages data considering indicators such as

energy use, GHG emissions, and GHG intensity as required by the Carbon Disclosure Project (CDP), and discloses relevant information through CDP responses annually. As of the end of 2022, Scope 1 and Scope 2 GHG emissions of SL were 50,877 tCO₂eq. Through the systematic management of climate change indicators, SL was able to raise the CDP rating from grade C in the previous year to grade B in 2022. In 2023, SL plans to establish a plan for the management of indirect emissions (Scope 3), including carbon emissions data of suppliers, by collaborating with external organizations. SL is also developing a plan to calculate and manage LCA carbon emissions of its representative primary type vehicles.

SL 2050 Net-Zero Milestone

(Unit: tCO₂eq, Scope 1, 2)



Climate Change Response

Targets and Indicators

Greenhouse Gas Emissions and Energy Consumption Status

Total Greenhouse Gas Emissions and Intensity

Category		Unit	2020	2021	2022
Total GHG emissions	Domestic	tCO ₂ eq	50,354	49,817	50,877
	Overseas	tCO ₂ eq	-	58,764	80,427*
GHG emission intensity		tCO ₂ eq/KRW 100 million	2.48	2.49	2.16
GHG reductions (compared to previous year)		tCO ₂ eq	3,571	537	-1,081**

* Increased due to the expansion of two plant buildings of SL Tennessee

** Power usage increased due to the installation of equipment for the mass production of new items

Energy Consumption and Intensity

Category	Unit	2020	2021	2022
Total non-renewable fuel consumption within the organization	TJ	21	21	18
Total renewable fuel consumption within the organization	TJ	0	0	0
Power consumption (electricity)	TJ	1,013	1,016	1,042
Power sold (electricity)	TJ	0	0	0
Total energy use*	TJ	1,033	1,037	1,057
Total domestic revenue**	KRW 100 million	17,394	19,942	23,516
Energy intensity**	TJ/KRW 100 million	0.05939	0.05200	0.04495

* Possible differences in values between the sum of individual management companies and the truncated sum

** Correction of data for 2020: Unified and applied the gross domestic sales used to calculate energy intensity based on the business report



Scope 1 (Direct Greenhouse Gas Emissions)

	Category	Unit	2020	2021	2022
Domestic	Daegu Plant	tCO ₂ eq	136.993	123.895	134.734
	Cheonan Plant	tCO ₂ eq	209.475	259.952	249.414
	Ansan Plant	tCO ₂ eq	121.439	144.311	103.289
	Sungsan Plant	tCO ₂ eq	166.669	179.761	160.917
	Jillyang Plant	tCO ₂ eq	351.676	361.669	350.736
	Seongseo Electronics Plant	tCO ₂ eq	176.037	133.151	30.700
Overseas	SL Yantai	tCO ₂ eq	-	54.312	48.606
	SL Poland	tCO ₂ eq	-	132.661	161.155
	SL Tennessee	tCO ₂ eq	-	25.551	365.219
	SL Lumax	tCO ₂ eq	-	196.786	149.171
	SL AP	tCO ₂ eq	-	137.16	152.405
	Beijing Samlip	tCO ₂ eq	-	38.136	27.610
	Shanghai Samlip	tCO ₂ eq	-	37.921	32.207
	Dongfeng Samlip	tCO ₂ eq	-	6.302	6.190
	Qinchuan Samlip	tCO ₂ eq	-	29.639	17.318
	Tri-ring Samlip	tCO ₂ eq	-	1.916	1.916
	Hubei Samlip	tCO ₂ eq	-	20.042	0*
	SL Alabama	tCO ₂ eq	-	154.919	188.237
	SL Brasil	tCO ₂ eq	-	3.801	1.053

* Reduced emissions from transportation by replacing office vehicles with electric vehicles

Scope 2 (Indirect Greenhouse Gas Emissions)

	Category	Unit	2020	2021	2022
Domestic	Daegu Plant	tCO ₂ eq	7,891.999	7,673.200	7,767.374
	Cheonan Plant	tCO ₂ eq	10,530.157	9,143.190	11,978.312*
	Ansan Plant	tCO ₂ eq	9,840.243	10,847.346	10,279.376
	Sungsan Plant	tCO ₂ eq	6,394.177	6,543.227	6,445.235
	Jillyang Plant	tCO ₂ eq	11,378.289	11,313.673	10,478.557
	Seongseo Electronics Plant	tCO ₂ eq	2,656.214	2,552.441	2,425.000
Overseas	SL Yantai	tCO ₂ eq	-	10,238.537	10,765.386
	SL Poland	tCO ₂ eq	-	892.635	950.289
	SL Tennessee	tCO ₂ eq	-	4,061.644	19,630.285
	SL Lumax	tCO ₂ eq	-	11,593.473	13,145.100
	SL AP	tCO ₂ eq	-	4,214.134	5,248.550
	Beijing Samlip	tCO ₂ eq	-	6,050.897	6,064.680
	Shanghai Samlip	tCO ₂ eq	-	1,577.422	1,302.321
	Dongfeng Samlip	tCO ₂ eq	-	1,702.668	1,098.662
	Qinchuan Samlip	tCO ₂ eq	-	3,576.094	2,786.586
	Tri-ring Samlip	tCO ₂ eq	-	100.479	182.453
	Hubei Samlip	tCO ₂ eq	-	2,311.166	3,965.154
	SL Alabama	tCO ₂ eq	-	9,711.118	11,172.526
	SL Brasil	tCO ₂ eq	-	1,894.674	2,971.017

* Power usage increased due to the installation of equipment for the mass production of new items

Energy Management

Installation of Solar Panels on Roofs

SL has completed installing roof solar panels at three operation sites, SHB Seosan, Hwaseong, and SL Mirrortech. This is a meaningful step towards accelerating the transition to renewable energy and becoming an eco-friendly company manufacturing automotive parts. In addition, SL is participating voluntarily in K-RE100 on a full scale by installing such renewable energy generation facilities. In the future, SL will not only expand the scope of operations subject to installing solar panels but also continuously review and apply methods to expand the purchase and use of renewable energy.

Operations Installed with Solar Panels on Roofs



Expansion of Smart Factory

SL has expanded its smart factory capacities with the application of the Factory Energy Management System (FEMS) for energy optimization. Starting with the introduction of the system at Ansan Plant in 2019, SL expanded the system to Hubei Samlip Plant and Cheonan Plant in 2020 and Seongseo and Jillyang Electronics Plants in 2022. Through the construction of the Seongseo Electronics Plant, SL has secured the core technology for FEMS and internalized service responsiveness, while the construction of Jillyang Electronics Plant has expanded the application of the standard FEMS not only in Korea but also in overseas plants. In 2023, SL Yantai Plant plans to strengthen its collaboration with local partners and expand the application of the system through automation of measurement, further enhancing the efficiency of energy management.

FEMS Main Dashboard and Facility Status



Installation of ESS(Energy Storage System)

Along with the installation of roof solar panels, SL Mirrortech introduced an Energy Storage System (ESS), which is expected to utilize electricity efficiently and save cost.

Capacity	2.8MW
Annual cost savings	120 KRW million
Investment	1,700 KRW million



Energy Management

Energy Saving Activities

SL seeks energy management measures to reduce GHG emissions by enhancing energy efficiency. SL engages in various energy-saving activities, such as activities that would prevent the waste of electric power applied at operations.

Energy Saving Activities and Results in 2022 (Unit: kWh/year)

Category	Reduction effect
Operated small-capacity compressors	6,132
Built FEMS Reduced air conditioning operation time through external dehumidifiers/humidifiers - Reduced compressor operation time by removing air leakage points - Optimized compressor operations and built a monitoring system	83,123
Replaced air conditioners and heaters (inverter type)	24,528
Made and installed covers for outdoor air conditioning units	31,392

Creating Eco-friendly Operations

SL plans to promote the development of eco-friendly operations to achieve its environmental goals of a 40% reduction in GHG emissions by 2030 and carbon neutrality by 2050. In 2023, SL will promote 'Making Eco-friendly Green Operations II' to reduce GHG emissions through the management of energy efficiency and build the groundwork for attaining net-zero through recycled and eco-friendly products.

SL 'Making Eco-friendly Green Operations'

Category	Energy efficiency management	Implementation of recycled and eco-friendly products
2022 Results	<ul style="list-style-type: none"> • Reinforcement of greenhouse gas inventory operation <ul style="list-style-type: none"> - Response to GHG target management system (Completed verification of GHG emissions and submission of implementation plan) - Aggregation of GHG emissions from 13 overseas factories and major suppliers • Continuous operation of energy consumption reduction activities <ul style="list-style-type: none"> - Promotion of GHG reduction activities for each unit operations 	<ul style="list-style-type: none"> • Use of recycled plastic Material development for application of recycled plastic (housing, lens, etc.) • Securing renewable energy use Installed solar panels at 2 SHB factories and SL Mirrortech • Development of a new method for reducing greenhouse gas emissions Lamp deposition top coating gas change ($N_2O \rightarrow O_2$) • Development of low-power, high-efficiency LED lighting modules
2023 Plans	<ul style="list-style-type: none"> • Expansion of GHG inventory management <ul style="list-style-type: none"> - Scope 3 aggregation and datafication - Designation of plant managers at domestic affiliates to aggregate Scope 1 and 2 GHG emissions and implementation of related education • Support for suppliers' GHG emissions management • Continuous operation of energy consumption reduction activities <ul style="list-style-type: none"> - Change of top coating deposition gas change ($N_2O \rightarrow O_2$) - Energy efficiency management through FEMS system operation (Ansan, Yantai, Tennessee) 	<ul style="list-style-type: none"> • Establishment and operation of waste recycling plan Establishment of recycling plan for waste discharged by each plant • Prepare a plan to secure renewable energy Establishment of REC purchase plan in collaboration with overseas companies • Major Product Life Cycle Assessment (LCA) Selection of representative primary vehicle type and calculation and datafication of carbon emissions by process • Analysis of current level of environmentally friendly product purchases

Circular Economy




Eco-friendly Products

Developing Eco-friendly Products

SL has been strengthening investments for the development of eco-friendly materials and products to reduce GHG emissions. For three years, from 2020 to the end of 2022, SL invested in the development of recycled plastic materials that can be applied to lamp parts.

Development Status of Recycled Plastic Materials

[Background]	Preparing for the expansion of new customer orders and the strengthening of environmental regulations
[Development status]	Completed reviewing and verifying the performance of eco-friendly recycled plastics for opaque/transparent materials, and identified the expected effects of application
[Future plan]	Will consider applying eco-friendly recycled materials for each customer and develop additional recycled materials continuously

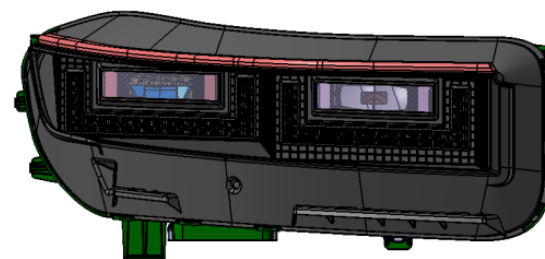
Total Investment	KRW 15 million	Total Period of Investment	10.01.2020 - 12.31.2022
Details	<ul style="list-style-type: none"> Reduce GHG emissions by using eco-friendly recycled plastic materials Apply recycled plastics in lamp parts to ensure reliability and stable quality Applying recycled plastics can reduce GHG emissions by approximately 30% compared to the previous level 		
Category	Eco-friendly Recycled Plastic Parts		
Opaque materials	Bezel 	Housing	
Transparent materials	Lens 		

We expect to reduce GHG emissions by approximately 30% through the application of the eco-friendly recycled plastic materials developed by SL to automotive lamps.

Application Status of Eco-friendly Lamps

[Background]	Developing CO ₂ -reducing recycled plastics that can be applied to automotive lamps and securing eco-friendly materials technology
[Development status]	Completed collecting information on recycled materials and evaluating their physical and production properties, and developed and applied recycled plastics that satisfy the CO ₂ reduction requirements and the reliability of lamp assembly
[Future plan]	Will gradually apply recycled raw materials for opaque and transparent parts to secure improve CO ₂ reduction effects compared to the existing plastic materials

By manufacturing lamps applied with recycled plastics
Expected effect of 30% reduction in CO₂



Management of Raw and Side Materials

Expanding the Use of Recycled Raw and Side Materials

SL establishes and implements raw material plans continually to enhance resource circulation and efficiency from the product planning and production stages. Starting with the preparation to conduct tests for applying eco-friendly recycled raw materials to lamps in January 2022, SL has endeavored to utilize recycled plastic materials actively through investments and technology adoption. Additionally, SL has established material management

processes and long-term inventory management guidelines to prevent damages to materials and products in long-term storage, ensuring there are no disruptions to planned production schedules by managing the warehousing, release, and inventory of purchased materials. By doing so, SL has been able to promote the efficient and safe management of side materials and inventory items.

Use of Raw and Side Materials

Category	Unit	2020	2021	2022
Daegu Plant	kg	5,377,980	5,165,734	5,816,361
Cheonan Plant	kg	2,654,286	2,929,874	10,494,817*
Ansan Plant	kg	4,218,654	4,399,747	4,247,140
Sungsan Plant	kg	3,379,508	2,085,538	1,931,368
Jillyang Plant	kg	1,161,864	1,193,419	707,825
Seongseo Electronics Plant	kg	239,916	526,547	525,423
Total	kg	17,032,208	16,300,859	23,722,934

* Increased according to mass production of new items

Use of Recycled Raw and Side Materials

Category	Unit	2020	2021	2022
Ratio of recycled materials	%	-	-	3.87



Waste Management

Efforts In Reducing Waste

SL manages the entire process, from the generation of waste to its disposal, safely by maintaining a waste management ledger on a monthly basis. SL manages the amount of waste generated and reduced thoroughly by linking it with the 'All-Baro System' operated by

the Korea Environment Corporation, and all details are disclosed transparently through the environmental disclosure system.

Amount of Waste Generated

Category		Unit	2020	2021	2022
Designated waste	Daegu Plant	ton	17.90	8.20	5.59
	Cheonan Plant	ton	77.70	46.54	36.96
	Ansan Plant	ton	35.43	28.02	32.44
	Sungsan Plant	ton	115.08	93.68	18.89
	Jillyang Plant	ton	17.98	29.58	22.90
	Seongseo Electronics Plant	ton	1.53	0.83	0.17
General waste	Daegu Plant	ton	425.84	397.47	369.44
	Cheonan Plant	ton	200.77	144.43	219.36
	Ansan Plant	ton	382.75	375.46	333.67
	Sungsan Plant	ton	363.25	259.97	297.42
	Jillyang Plant	ton	250.41	280.79	207.25
	Seongseo Electronics Plant	ton	30.42	61.97	60.54
Total waste generated		ton	1,919.06	1,726.94	1,604.63

Amount of Waste Recycled and Disposed*

Recycled waste	Category		Unit	2020	2021	2022
	Designated waste		ton	-	-	15.7
	General waste		ton	1,260.54	1,057.45	1,000.7
	Total		ton	1,260.54	1,057.45	1,016.4
Disposed waste	Category		Unit	2020	2021	2022
	Designated waste	Incineration (Excluding energy recovery)	ton	-	-	101.9
	General waste	Incineration (Excluding energy recovery)	ton	520.79	515.44	484.8
		Other disposal	ton	96	72	
	Total		ton	616.79	587.44	586.7

* Due to accounting reasons of waste disposal company, some volume may be carried over to the following year. Therefore, differences may occur between the total waste generated and the amount of recycled and disposed.

Environmental Management

Environmental Management System

Environmental, Safety and Health Management Policy

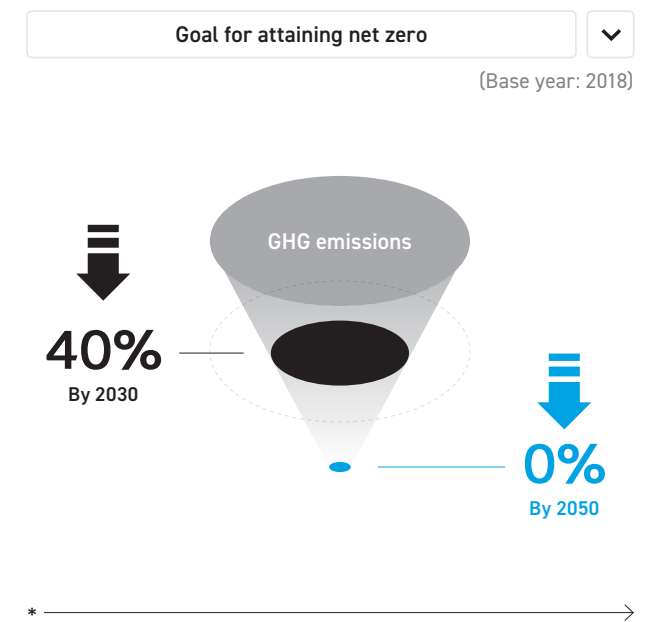
SL has established and is operating '2M IS SL,' an environmental/safety and health management policy developed to implement environmental management actively and protect the environment in local communities. 2M stands for Minimization and Management system, and IS stands for Improvement and Social role. Based on 2M IS SL, SL promotes environmental management that is aligned to its business strategy by communicating actively with various stakeholders, including customers and employees.

2M IS SL



Target and Performance Management

SL manages the goal for reduction of GHG Emissions to achieve its goal of 'attaining net-zero by 2050.'



Strengthening Environmental Management

Disclosure of Environmental Information

SL is a GHG target management company and was selected as the target of information disclosure under the 'Environmental Technology and Industry Support Act' in 2021. SL transparently discloses key environmental information regarding its operations subject to reporting, including Daegu, Sungsan, Ansan, Electronics, Jillyang, and Cheonan Plants, through the environmental disclosure system. In addition to the mandatory disclosure items, SL has voluntarily expanded the scope of environmental reporting to disclose additional environmental information and reinforce the autonomous management of environmental information. In the future, SL will continue to provide verified environmental information to various stakeholders, securing transparency of information disclosure and reliability of data.

Environmental Education for Employees

SL conducts periodic environmental education for its employees to raise their environmental awareness. SL conducts user education on the GHG inventory system, internal auditors of the environmental management system, harmful substances and waste management, and education related to environmental laws. In 2022, environmental education was completed 100% in six operations of SL (Daegu, Cheonan, Ansan, Sungsan, Jillyang, and Seongseo Electronics).

Participating in the Carbon Disclosure Project

SL recognized its responsibility for climate change and participated in the Carbon Disclosure Project (CDP) in 2022. CDP is a global environmental initiative that has been conducted annually since 2000, in which financial institutions and institutional investors worldwide investigate the responsibility and risks related to climate change for companies and incorporate them in the management of the transacting companies. SL received grade B, which is higher than the industry average, during the 'CDP Climate Change Questionnaire 2022' evaluation. By participating in the project, SL seeks opportunities to link environmental issues with corporate value by disclosing its response to climate change in a transparent manner.



Strengthening Environmental Management

Environmental Investment Plan and Implementation

SL establishes an annual environmental investment plan at the beginning of each year and invests in eco-friendly facilities to save energy and reduce air pollution. SL aggregates and manages the actual results and data related to environmental investments systematically. SL will invest actively in optimal facilities and equipment for each operation, as well as pursue the development of eco-friendly products and technologies.

Key Environmental Investment Implementation in 2022

Category	Environmental Investment Results	Amount
Jillyang Plant	Improvement of heaters (ceramic heaters → carbon heaters)	KRW 4 million
Daegu Plant	Installation of insulation covers for the outdoor unit of air conditioners to block direct sunlight	KRW 3 million
Cheonan Plant	Replacement with high-efficiency compressors to reduce power consumption	KRW 31 million
Ansan Plant	Replacement with high-efficiency transformers in substations and electric injection molding machines	KRW 30 million
Sungsan Plant	Installation of an automatic shut-off valve in the main pipe of compressors to save power	KRW 3 million
Electronics Plant	Reduction of energy use by operating small-capacity compressors	KRW 60 million
Total		KRW 131 million

Compliance with Environmental Laws

SL has not violated any environmental laws and regulations in the last three years.

Category	Unit	2020	2021	2022
Violation of environmental laws	Case	0	0	0

Environmental Management System Certification

SL has obtained and maintained ISO 14001 (International Environmental Management Certification System) for each operation site in Korea and overseas to ensure environmental management that meets global standards. As of the end of 2022, SL has ISO 14001 certification for 12 operations in Korea (100% certification rate) and 12 overseas operations (86% certification rate). SL promotes continuous improvement activities by managing and inspecting the environmental impact at each operation systematically.

Environmental Management System (ISO 14001) Certification Status

Korea (12/12)			Overseas (12/14)		
Jillyang	Jillyang Electrification	●	Lumax		●
	Jillyang Electronics	●	AP		—
Daegu		●	Yantai		●
Sungsan		●	Beijing		●
Cheonan		●	Shanghai		●
Ansan		●	Dongfeng		●
Seongseo Electronics		●	Qinchuan		●
SL Mirrortech		●	Tri-ring		●
KDS		●	Hubei		●
SHB	Ulsan	●	Alabama		●
	Hwaseong	●	Tennessee	Lamp Electrification	●
	Seosan	●	Poland		●
			Brasil		—

Management of Environmental Impact

Water Resource Management

SL has installed and operates a closed cooling water system that is applicable to both tap water and groundwater for reusing water. In addition, SL entrusts wastewater generated entirely to external wastewater treatment facilities and continuously monitors treatment such

as submitting a wastewater discharging business survey result. SL will implement measures to reduce water use and promote reuse.

Water Withdrawal

Category	Unit	2020	2021	2022
Water withdrawal	ton	125,398	159,473	161,850

Water Consumption

Category	Unit	2020	2021	2022
Daegu Plant	ton	14,016	18,983	19,987
Cheonan Plant	ton	25,209	20,823	27,291
Ansan Plant	ton	32,377	44,850	29,722
Sungsan Plant	ton	15,238	19,431	21,191
Jillyang Plant	ton	32,928	48,279	56,777
Seongseo Electronics Plant	ton	5,630	7,107	6,882
Total	ton	125,398	159,473	161,850
Basic unit of usage	ton/KRW 100 million	7.209	7.997	7.496

Volume of Wastewater*

Category	Unit	2020	2021	2022
Wastewater generation	ton	8,697	722	724

* Correction of data for 2020 and 2021 due to changes in standards: Excluded the volume of wastewater at Jillyang Plant and recalculated, as water supply and sewage at Jillyang Plant were aggregated as wastewater

Management of Harmful Chemicals

SL has established stringent chemical substance management guidelines for the purchase, use, storage, and disposal of harmful chemicals. In particular, SL operates its own harmful substance management system to gather data and review the registration status of suppliers on the International Material Data System (IMDS). Through this system, SL manages information comprehensively, from the confirmation of data registered by suppliers to the process of requesting customers' IMDS data approval. The system can monitor harmful substance status systematically by checking the results of harmful substance analysis by product and parts type against the legal standards. SL conducts periodic safety education for employees who handle harmful chemicals using scenarios applied to the harmful substance management system manual established in 2020. SL also shares the seriousness of harmful chemical leakage accidents through annual safety education for all employees.

Management of Air Pollutants

Starting in October 2022, SL Mirrortech has been operating a Regenerative Thermal Oxidizer (RTO) that breaks away from the conventional activated carbon dust collection method to prevent air pollution. The RTO is a high-efficiency energy-saving system that concentrates and removes Volatile Organic Compounds (VOCs) and odorous gases that may occur during processes, releasing them as clean gases (CO₂, H₂O). Further, the clean gases generated by the combustion of the RTO at a high temperature are reused to recover waste heat. With the eco-friendly RTO technique, SL expects to see various environmental effects, such as the removal of over 98% of pollutants, reduction of Total Hydro Carbons (THCs) and fuel costs, and increased efficiency of waste heat recovery.

Air Pollutant Emissions

Category	Unit	2020	2021	2022
THC	ppm	364.41	529.58	427.80
Dust	mg/Sm ²	114.89	70.7	58.2

* Measured emission sources: 5 in Daegu, 5 in Sungsan, 4 in Ansan, 5 in Electronics, 4 in Jillyang, and 8 in Cheonan in total

* NOx and SOx not applicable





SL Corporation

SOCIAL

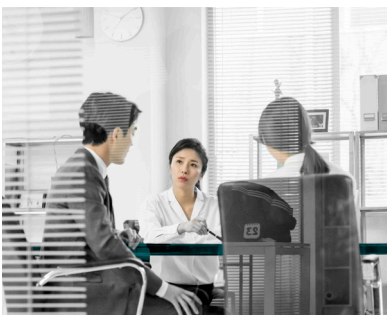
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050 Stakeholder Engagement



052 Employees



064 Safety and Health



069 Suppliers



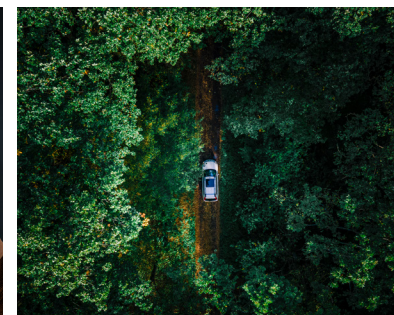
080 Human Rights



083 Customers



087 Local Communities



Stakeholder Engagement

SL defines individuals and organizations that may be affected by the company's activities currently or in the future as stakeholders. SL operates customized communication channels for each stakeholder group to listen to their opinions and respond to them. SL will continue to engage in active two-way communication with various stakeholders.

* Based on separate financial statements

Category	Communication Channels	Response Activities	Creation and Distribution of Economic Value*								
Employees	<ul style="list-style-type: none">• Online communication channel 'SL HR Radio'• Labor-Management Council• Survey of organizational engagement• Online education for employees and in-house school• Operation of technical school• Time for communication with team leaders• Cyber whistleblowing system• Operation of SL's newsletter 'SL Way'• Operation of leaders' meeting• Personnel system information session	<ul style="list-style-type: none">• Implementation of company-wide security and compliance pledges• Operation of various welfare programs• Operation of education programs to develop employees' capabilities• Preparation of communication opportunities between the management and employees• Activities to strengthen employees' job skills and leadership capabilities• Improvement of the work environment and organizational culture• Creation of a safe workplace and respect for human rights	<p>Wages, Retirement Benefits, Welfare Benefits (Unit: KRW million)</p> <p>(Corrected data for 2020 and 2021 based on the business reports)</p> <table><tr><th>Year</th><th>Value</th></tr><tr><td>2020</td><td>385,115</td></tr><tr><td>2021</td><td>403,011</td></tr><tr><td>2022</td><td>441,197</td></tr></table>	Year	Value	2020	385,115	2021	403,011	2022	441,197
Year	Value										
2020	385,115										
2021	403,011										
2022	441,197										
Customers	<ul style="list-style-type: none">• Tech Shows• Listening to VOC• Customer satisfaction surveys• Technology exchange meetings• Sustainability assessments	<ul style="list-style-type: none">• Collection of customers' opinions and reflection of feedback• Sales and marketing activities• Provision of customer satisfaction services• Management of customer satisfaction• Reflection of VOC• Provision of various product-related information and use cases• Introduction of next-generation and advanced technologies	<p>Sales (Unit: KRW million)</p> <table><tr><th>Year</th><th>Value</th></tr><tr><td>2020</td><td>1,739,395</td></tr><tr><td>2021</td><td>1,994,230</td></tr><tr><td>2022</td><td>2,351,609</td></tr></table>	Year	Value	2020	1,739,395	2021	1,994,230	2022	2,351,609
Year	Value										
2020	1,739,395										
2021	1,994,230										
2022	2,351,609										
Suppliers	<ul style="list-style-type: none">• SL suppliers council• Fostering capabilities of second-generation entrepreneurs of SL suppliers council• SL supplier seminars• SL supplier job academy	<ul style="list-style-type: none">• Financial support for mutual growth (mutual payment/fund)• Compliance with anti-corruption laws• Fair selection of vendors and ensuring compliance with subcontracting guidelines• Rectification of unfair business practices by suppliers• Education to strengthen practical skills• Supplier guidance activities• Awards for exemplary suppliers• Sharing of SL's strategies	<p>Purchasing Expenses (Unit: KRW million)</p> <table><tr><th>Year</th><th>Value</th></tr><tr><td>2020</td><td>1,054,217</td></tr><tr><td>2021</td><td>1,267,020</td></tr><tr><td>2022</td><td>1,542,126</td></tr></table>	Year	Value	2020	1,054,217	2021	1,267,020	2022	1,542,126
Year	Value										
2020	1,054,217										
2021	1,267,020										
2022	1,542,126										

* Based on separate financial statements

Category	Communication Channels	Response Activities	Creation and Distribution of Economic Value*
Shareholders and investors	<ul style="list-style-type: none">• General meetings of shareholders• Disclosure of financial information• Corporate briefings• Website• Conference calls	<ul style="list-style-type: none">• Vitalizing communication with shareholders through IR meetings• Disclosure of financial performance through business reports, etc.• Transparent disclosure of the governance system through corporate governance reports• Transparent disclosure of information	<div>Dividend and Interest Expenses (Unit: KRW million)</div> <div><div><div>23,032</div><div>23,028</div><div>27,633</div></div><div><div>2020</div><div>2021</div><div>2022</div></div></div>
Government and NGOs	<ul style="list-style-type: none">• Reports (Business reports, audit reports, corporate governance reports)• SL website• Industry-university-research technology cooperation• Ministry of Environment, Ministry of Strategy and Finance, • Ministry of Trade, Industry and Energy	<ul style="list-style-type: none">• Operation of various internal control systems and audit organizations• Faithful payment of taxes• Continuous training and recruitment of excellent human resources• Communication with the government and related organizations• Compliance with laws and regulations	<div>Taxes and Dues, Income Tax Expenses (Unit: KRW million)</div> <div><div><div>30,996</div><div>66,272</div><div>46,332</div></div><div><div>2020</div><div>2021</div><div>2022</div></div></div>
Local communities	<ul style="list-style-type: none">• SL Seobong Foundation• Community welfare organizations• HuStar Innovation Academy Project Group• Vitury Sports Group	<ul style="list-style-type: none">• Activation of local economy• Support for socially vulnerable groups• Operation of several social contribution programs• Social contribution activities carried out as social investments• Expansion of social contributions and local community investments• Donations	<div>Donations and Social Contributions (Unit: KRW million)</div> <div><div><div>3,182</div><div>158</div><div>120</div></div><div><div>2020</div><div>2021</div><div>2022</div></div></div>

Employees

Personnel Management

Human Resource Management

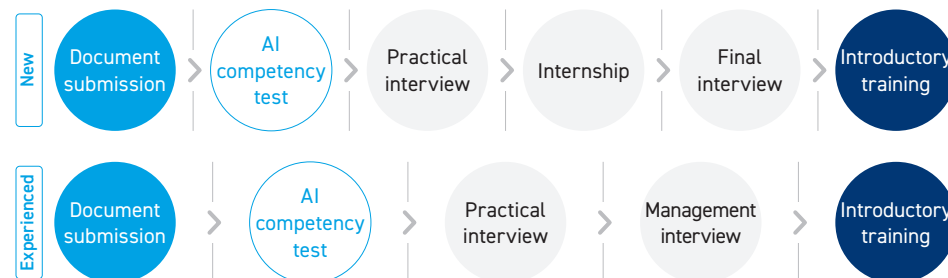
Based on the People-first Policy, SL is preparing to make bold strides forward as the world's leading automotive parts company. The ideal people that SL is looking for are talents who can

work passionately inspired by the core values of trust, challenge, and modesty. SL strives to build a fair and transparent corporate culture centered around such talents.

Diversifying the Recruitment Methods

SL provides equal employment opportunities regardless of gender and educational background in the recruitment process. SL has introduced AI competency tests to improve efficiency of the recruitment process and provide equal chances for all candidates to demonstrate their capabilities. Additionally, SL has developed and applied various recruitment programs, such as project-linked recruitment, employee referral program, outreach recruitment, and continuous recruitment (talent pool registration), to discover the optimal talents suitable for the jobs.

Recruitment Process



The Right People for SL

Trust

They take responsibility based on a sense of ownership and sincerity.

Challenge

They participate actively and do their best in solving all problems with a positive mindset.

Modesty

They know their shortcomings and engage in self-reflection and continuous learning.

Various Recruitment Programs

Task-linked Recruitment

Preliminary verification and proactive recruitment of excellent human resources, assessing aspects like personality, capabilities, and behaviors

Employee Referral Program

Minimization of recruitment mismatches, recruitment that addresses Hard to Find and Hard to Keep issues

Outreach Recruitment

Recruitment of outstanding talents by promoting SL's vision, core values, and future business plans

SL Talk & Talk

Operation of an online community space using social media to form consensus with job seekers



What is Re-Start?

Re-Start Support

Education and services (16-hour education) provided to support the smooth reemployment or startup of workers who are scheduled to retire due to reasons like reaching retirement age

Providing Re-Start Service

SL has introduced the 'Re-Start' system to support the re-employment or startup of retirees. This service supports employees with career planning after their retirement. Re-Start provides practical information to assist retirees in managing a healthy and fulfilling life after retirement, such as exploring job information in the last stage of life and knowhow on developing resumes and attending interviews.



Human Resource Management

General Status of Executives and Employees

Category		Unit	2020	2021	2022
Total number of employees	Total	Person	4,403	4,363	4,590
	Male	Person	3,766	3,757	3,918
	Female	Person	637	606	672
By gender	Male	Permanent	3,296	3,331	3,263
		Contract	470	426	655
	Female	Permanent	551	538	530
		Contract	86	68	142
	Korea	Permanent	3,847	3,869*	3,793
		Contract	556	494	797
By region	Over-seas	Permanent	2,886	3,257*	3,843
		Contract	1,720	1,857*	2,230

- Korea: SL (Daegu, Cheonan, Ansan, Jillyang, Electronics, Sungsan)

- Overseas: SL China, Hubei Samlip, SL America, SL Tennessee, SL Alabama, SL Poland, SL Lumax, SL AP, SL Brasil (total number of employees for all overseas subsidiaries, excluding expats)

* Past data was revised according to the recalculation of human resources recruited in 2020-2022 based on the consolidated financial statements of overseas subsidiaries.

Diversity of Employees

Category	Unit	2020	2021	2022
Total number of female employees	Person	637	606	672
Total number of managers (Professional or higher)	Person	1,271	1,115	1,416
Female managers (Professional or higher)	Person	63	80	90
Ratio of female managers	%	5.0	7.2	6.4
Number of disabled employees	Person	116	135	152
Ratio of disabled employees	%	2.6	3.1	3.3

Local Talents Recruited at Major Operations*

Category	Unit	2020	2021	2022
Locally recruited employees	Person	1,210	2,333	4,315
Senior employees** among the persons recruited	Person	28	28	31
Ratio of senior employees among locally recruited persons	%	2.3	1.2	0.7

* Past data was revised according to the recalculation of human resources recruited in 2020-2022 based on the consolidated financial statements (Reaggregated by the total number of employees of global subsidiaries in 2020-2021)

** Senior employees: Team leaders or higher



New Recruitment and Turnover Status

Category		Unit	2020	2021	2022
New recruitment status	Overall	Person (%)	429 (9.7)	316 (7.2)	709 (15.4)
	By age	Under 30	229 (5.2)	160 (3.7)	398 (8.7)
		Over 30 and under 50	139 (3.2)	129 (2.9)	223 (4.9)
		50 or over	42 (1.0)	22 (0.5)	72 (1.6)
		Under 70	19 (0.4)	5 (0.1)	16 (0.3)
	By gender	Male	360 (8.2)	278 (6.3)	576 (12.5)
		Female	69 (1.6)	38 (0.9)	133 (2.9)
	By region	Daegu Plant	59 (1.3)	46 (1.0)	86 (1.9)
		Cheonan Plant	30 (0.7)	13 (0.3)	213 (4.6)
		Ansan Plant	116 (2.6)	93 (2.1)	40 (0.9)
		Sungsan Plant	99 (2.2)	58 (1.3)	78 (1.7)
		Jillyang Plant	75 (1.7)	102 (2.3)	268 (5.8)
		Electronics Plant	50 (1.1)	4 (0.1)	24 (0.5)

Category		Unit	2020	2021	2022
Turnover status	Overall turnover rate	Person (%)	178 (4.0)	209 (4.8)	225 (4.9)
	Voluntary turnover rate	Person (%)	62 (1.4)	61 (1.4)	113 (2.5)
	By age	Under 30	91 (2.1)	93 (2.1)	66 (1.4)
		Over 30 and under 50	63 (1.4)	98 (2.2)	116 (2.5)
		50 or over	24 (0.5)	18 (0.4)	43 (0.9)
	By gender	Male	157 (3.6)	190 (4.3)	197 (4.3)
		Female	21 (0.5)	19 (0.4)	28 (0.6)
	By region	Daegu Plant	24 (0.5)	54 (1.2)	18 (0.4)
		Cheonan Plant	4 (0.1)	8 (0.2)	105 (2.3)
		Ansan Plant	70 (1.6)	72 (1.6)	10 (0.2)
		Sungsan Plant	61 (1.4)	41 (0.9)	0 (0.0)
		Jillyang Plant	17 (0.4)	30 (0.7)	88 (1.9)
		Electronics Plant	2 (0.05)	4 (0.1)	4 (0.1)

Personnel Training Strategy

SL provides various self-development and job competency education programs to achieve 'Premium Value Innovation,' the SL vision to provide better value to customers and society. Especially for new employees, SL operates a systematic education curriculum that places emphasis on the core values, field training, and job academy to foster talented individuals

Developing Employees' Capabilities

SL establishes an annual education plan to provide appropriate educational programs for employees to develop their competency. The team organizing the education identifies the need for supplementing or introducing educational programs every year and conducts various programs accordingly. SL plans to continue providing various educational programs for developing employee competency.

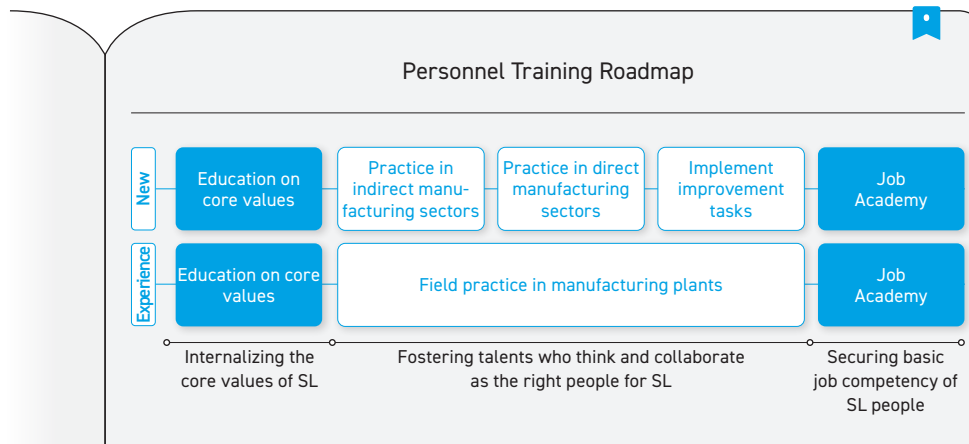
Common/Elective Education Status in 2022

Category		No. of Trainees (Persons)	Mean Hours of Education per Person (h)
Common education	• E-learning (General, GD&T)	109	30
	• Personal reading	1,552	21.7
	• Team reading (Once a year)	1,553	27.8
	• Foreign language (Online, telephone)	1,484	55.6
Elective education	• Job Academy	844	48.5
	• Mentoring	40	4,500
	• Learning Club	325	2,484
	• External training	172	23.3

who can access and adapt easily to the field. SL also operates reward systems, such as the reading communication mileage, to foster outstanding talents by providing opportunities for individuals to create their own value and develop their capabilities.

Education and Training Status

Category		Unit	2020	2021	2022
Hours of education	Total hours of education	Hour	380,176	409,471	390,407
	Mean hours of education per person	Total	86.3	93.9	85.1
		Female	66.5	72.9	68.9
		Male	88.4	95.7	87.8
Educational expenses	Total educational expenses	KRW 100 million	9.3	6.6	9.0
	Mean educational expenses per person	KRW	210,575	150,261	195,474



Operating the Team Leader Rotation System

SL operates a Team Leader Rotation System to secure excellent team leaders with leadership skills, selecting target employees for a probationary period and conducting a Competency Based Interview (CBI) to verify their leadership capacity after a year. The interview is a procedure to reverify the leadership capabilities of team leaders. Furthermore, this system offers open opportunities for employees and cultivates work competency and leadership among employees holding team leader positions.

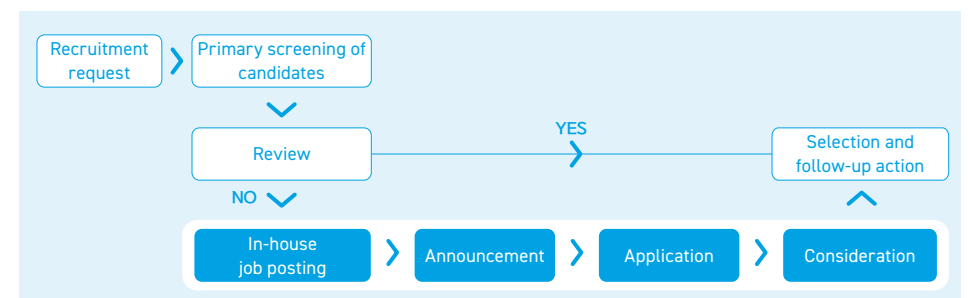
Implementing an In-house Job Posting and Bidding System

SL runs various motivation programs to create a corporate culture that encourages the achievement of its goals and innovation. Among them, the In-house Job Posting and Bidding System boosts the vitality of the organization by enabling the smooth placement of human resources in the right place for each team, motivating employees, and facilitating self-development.

Motivation Process



In-house Job Posting and Bidding Process



Performance Evaluation and Wages

Fair Performance Evaluation and Rewards

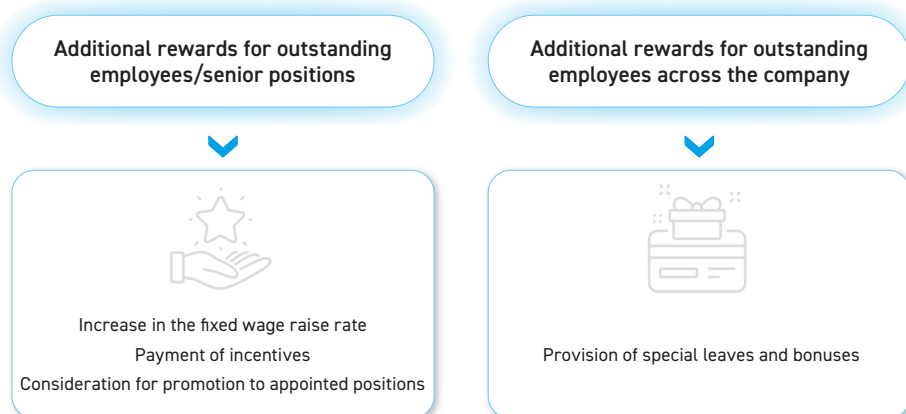
SL was conducting quantitative performance evaluations by setting KPIs until 2018, but the performance evaluation system was revised to conduct comprehensive evaluations that assess individual growth and performance through self-description (essays). In addition, SL

is building fair and transparent reward systems by providing appropriate rewards based on the results of individual and collaborative evaluation.

Performance Evaluation Process



Additional Reward Systems for Outstanding Employees



Employees Receiving Regular Performance Evaluation

Category		Unit	2020	2021	2022
Number of employees subject to performance evaluation	Male	Person	3,766	3,757	3,918
	Female	Person	637	606	672
Number of employees who received performance evaluation	Male	Person	1,656	1,687	1,683
	Female	Person	141	153	153
Ratio of employees who received performance evaluation	Male	%	44.0	44.9	43.0
	Female	%	22.1	25.2	22.8

Ratio of women's base salary compared to men

No gender-based differences in compensation

Category	Unit	2020	2021	2022
Ratio of women's base salary compared to men	%	100	100	100

Good Place to Work

Balance of Work and Life

Welfare Benefit Systems for Employees

SL establishes various welfare policies and places unstinted efforts to improve employees' satisfaction with their work life, increase work efficiency, and enhance their quality of life.

Category	Major Activities
Long service awards	Long service awards (5, 10, 15, 20 years) / medals and travel support provided
Health examinations	Support for health examinations (general, special, comprehensive) to improve health and welfare
Vehicle and communication expenses	Support for vehicle driving expenses and communication expenses
Commemorative gifts	Gifts for New Year, Labor Day, company anniversary, Chuseok, and birthdays
Childbirth gifts	Gifts celebrating employee's or their spouses' childbirth for work-life balance
Housing fund loans	Pursuit of employees' life quality by supporting housing fund loans
Livelihood security funds	Support for new and experienced employees to stabilize living conditions
Company housing	Provision of company or rental houses to qualified employees
Recreational facilities	Provision of recreational facilities for all employees
Exclusive parking lot for pregnant women	Setting up a designated parking area exclusively for pregnant employees to ensure their safety
Sports	Reserved seats in the Samsung Lions Sweet Box for baseball and football
Healing services	Personal, family, work, and financial counseling for employees
Shortened working hours during pregnancy and childcare period	Shortened working hours during pregnancy and childcare period
Support for medical expenses about critical illness and severe disability	Support for medical expenses to employees' spouse and children with a critical illness and severe disability

Shortened Work Hour Systems for Pregnancy and Childcare

Category	Pregnancy	Childcare
Definition	Shortened work hours for pregnant workers	Shortened work hours to care a child
Shortened	Shortened by up to 2 hours a day	Shortened by 1-5 hours a day
Targets	All women before 12 weeks or after 36 weeks of pregnancy	Workers with a child aged 8 years or below or in the 2nd grade or below
Details	<ul style="list-style-type: none"> • Delaying clock-in time by 2 hours • Advancing clock-out time by 2 hours • Delaying clock-in time by 1 hour and advancing clock-out time by 1 hour • Adding intermediate breaks 	<ul style="list-style-type: none"> • Can be up to 1 year • Can add the residual childcare leave • Can be split into 2 occasions • At least 3 months
Wages	No change	Deducted by ordinary wages according to the shortened hours

Status of Welfare Benefit Systems In 2022

Category	Unit	Result	Details
Commemorative gifts	KRW 1,000	2,848,824	Gifts for New Year, Labor Day, company anniversary, long-serving employee awards, Chuseok, and birthdays
Childbirth gifts	KRW 1,000	20,549	KRW 100,000 for the first, KRW 200,000 for the second, and KRW 300,000 for the third child support
Housing fund loans	KRW 1,000	749,000	33 persons
Support for medical expenses about critical illness and severe disability	KRW 1,000	333,000	80 persons

Status of Healing Services

Category	Unit	2019	2020	2021	2022
Number of users	Person	105	127	151	122
Number of counseling	Cases	905	1,142	1,823	1,475
Costs	KRW 1,000	87,174	101,087	159,436	128,472

Status of Shortened Work Hour Systems for Pregnancy and Childcare

Category	Unit	2020	2021	2022
Number of users	Person	3	12	10

Balance of Work and Life

Parental Leave Status*

Category		Unit	2020	2021	2022
Male	Number of executives and employees entitled to parental leave	Person	1,076	906	1,071
	Number of executives and employees who used parental leave	Person	4	18	17
	Number of executives and employees who returned after parental leave	Person	1	6	18
	Ratio of returnees after parental leave	%	100.0	100.0	100.0
	Ratio of continued service for 1 year or longer after availing parental leave	%	100.0	100.0	66.7
Female	Number of executives and employees entitled to parental leave	Person	22	18	21
	Number of executives and employees who used parental leave	Person	19	16	19
	Number of executives and employees who returned after parental leave	Person	18	17	17
	Ratio of returnees after parental leave	%	100.0	100.0	100.0
	Ratio of continued service for 1 year or longer after availing parental leave	%	100.0	88.9	94.1

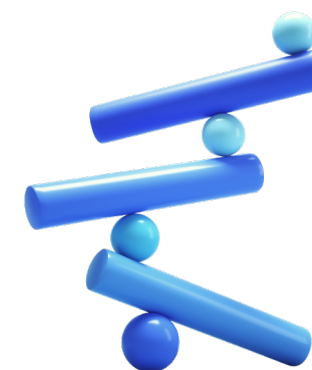
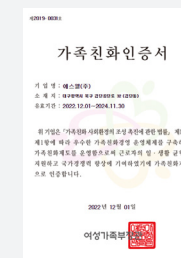
* Corrected data for 2020 and 2021 due to change in criteria: excluded existing child care leave users

Welfare Expenses

Category	Unit	2020	2021	2022
Total welfare expenses	KRW million	38,254	39,747	46,793
Welfare expenses per person	KRW million	8.7	9.1	10.2

Family-friendly Business Certification

SL has continuously maintained a family-friendly management system and introduced improvements to foster a family-friendly culture among employees. In recognition of these efforts, SL was certified by the Ministry of Gender Equality and Family as a Family-friendly Company in 2019 and was re-certified in 2022.



Activating a Healthy Organizational Culture

Flexible Organizational Culture

SL has introduced a selective working hour system that allows flexible working based on personal and job characteristics and a PC-Off program to enhance work concentration among employees. On the other hand, SL creates a robust organizational culture by offering opportunities for employees to acquire diverse experiences outside of work. Furthermore, SL has institutionalized work-from-home and remote work systems to provide a smart work environment. In addition, SL strives to foster a family-friendly, horizontal organizational culture by operating various motivation programs and open discussions.

Programs for Activation of the Organizational Culture

Category	Details	Unit	2020	2021	2022
Flexible work hours	Number of employees availing time adjustments	Person	157	235	535
	Number of employees working from home	Person	901	970	975
SL mentoring	Number of mentoring cases	Cases	125	40	40
Note culture (compliments/improvements)	Number of notes sent	Cases			6,779
	Number of employees who received gifts (Mileages)	Person	-	-	745
It's everyone's treat!	Number of beneficiaries	Person	128	55	360
	Amount	KRW	7,615,810	3,380,020	4,300,000
SL HR Radio	Number of stories requested	Cases	-	30	56
	Number of stories shared	Cases	-	17	60

Flexible work hours

We are implementing a staggered commuting system, working from home system, and telecommuting system that allow individuals to freely decide when to go to work while maintaining the prescribed working hours of 8 hours.

SL mentoring

It is an activity for senior employees to nurture junior employees through practical training linked to the workplace, and is carried out in various ways such as work guidance, coaching on organizational life, consultation on difficulties, and other personal support.

Note culture

It is a culture where compliments, opinions, and other matters can be shared among members at all times through 'Send Message' on the in-house portal.

It's everyone's treat!

The program provides various types of gifts to executives and employees, providing a pleasant and special experience to the employees' families.

SL HR Radio

We receive requests from company members in the form of a radio to talk about trivial but curious things, things that need to be shared, and things they want to share.

Organizational Commitment Surveys

SL conducts an annual Employee Organizational Commitment Surveys. Organizational commitment is a factor that indicates job satisfaction and effectiveness of the organization. It refers to a state of psychological adjustment where an individual has affection for the organization and is willing to accept the values and goals of the organization. Based on the survey results, SL understands the need for improvements and changes in the work environment and is developing programs to create a positive and horizontal organizational culture.

Changes Introduced through Organizational Commitment Surveys

For organizational commitment	"What makes my heart beat faster?"
TO BE	HOW TO DO
<ul style="list-style-type: none"> Psychological stability and motivation among employees A company that makes work enjoyable A company where employees look forward to going to work A company where employees are committed 	<ul style="list-style-type: none"> Organizational culture <ul style="list-style-type: none"> Activities to create a positive atmosphere A horizontal and communicative culture Systems/Environment <ul style="list-style-type: none"> Creation of an efficient office environment Support for improving work efficiency
Need for small improvements and changes	
Plan to improve employees' satisfaction/commitment through gradual changes, starting with small things	

Selected as the Best Reading Management Company

SL has introduced a reading mileage system to promote a reading culture among employees. In 2022, SL was certified by the Ministry of Culture, Sports and Tourism as the Best Reading Management Company that drives the reading culture.



Healthy Labor-Management Culture

Strengthening Labor-Management Communication

Operating the Labor-Management Council

SL operates quarterly meetings of the Labor-Management Council to enhance employees' welfare and promote the sound development of the company through participation and cooperation, and the percentage of employees covered by council agreements is 100%. Each plant has a labor union to discuss various matters depending on the characteristics of the operation. SL will continue to establish a healthy labor-management culture based on cooperative labor-management relations.

Labor-Management Council Meetings in 2022

1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
<p>Date: 02.08.2022</p> <ul style="list-style-type: none"> • Providing PCR testing expenses for employees who had close contact with persons infected with COVID-19 • Effective safety education • Support for family members and friends with major illnesses • Simplified procedure for providing childbirth gifts 	<p>Date: 06.28.2022</p> <ul style="list-style-type: none"> • Avoiding gatherings due to COVID-19 • Prevention of fire/safety accidents • Provision of picnic and club expenses • Sincere engagement in bargaining agreement 	<p>Date: 09.27.2022</p> <ul style="list-style-type: none"> • Avoiding gatherings due to COVID-19 • Prevention of fire/safety accidents • Measures to keep warm in the winter and check the heating equipment • Providing year-end holiday party expenses 	<p>Date: 12.23.2022</p> <ul style="list-style-type: none"> • Provision of year-end production bonuses • COVID-19 quarantine standards (Same as the government guidelines) • Thorough prevention of fire/safety accidents in the winter • Avoiding year-end/new-year gatherings and meetings (Due to COVID-19)

Holding Joint Labor-Management Events

SL has established communication channels between labor and management through various events to form mutual understanding among employees. In view of the spread of COVID-19, most joint labor-management events have been scaled down, and SL has been communicating by different methods. After the quarantine rules were lifted in 2022, SL resumed some of the events that had been halted. Considering the occurrence and prevention of COVID-19, we held the SL football exchange meeting on a smaller scale than usual, but labor and management came together to promote harmony and solidarity. From now on, SL will expand joint labor-management events while considering social circumstances.

SL football exchange meeting in 2022

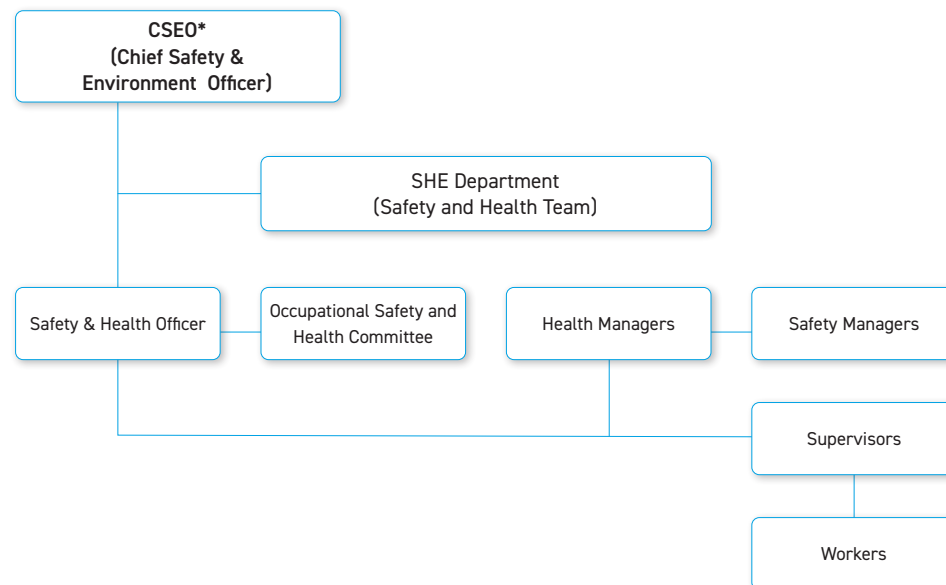


Safety and Health

Safety and Health Management System

We operate a safety and health management system to ensure that employees can work safely and healthily under the slogan 'Safety First, People First'. We are committed to safety and health management, including operating a safety and health management system, safety and health education, potential risk management, and risk assessment to achieve our safety and health strategic goal of 'Accident-Free Workplace'. In addition, in order to prevent industrial accidents through participation and cooperation and create a safe and

Safety and Health Organization



* CSEO : Chief Safety & Environment Officer

to create a safe and pleasant workplace, the Occupational Safety and Health Committee is established and operated at each business site to promote industrial accident prevention activities tailored to the characteristics of the business site. Based on this, we will continue to strengthen our autonomous safety and health management system and create a safe workplace through active participation between labor and management.

SL Accident-Free Workplace II

Safety and health goals for 2023

- 1 Zero accident: 0% rate of industrial accidents
- 2 Improve 2,000 potential risks



Safety and health management system

- Operating safety and health practice meetings
- Workshops to check operation of the management system
- Reestablishing standards for atypical safety work
- Establishing and operating safety standards for equipment

Safety inspection

- Participatory risk assessment – Field-oriented
- MDT inspection – Focused on high-risk work areas
- Cross-checking – Focused on preventing recurrence
- Do together – Identifying and improving potential risks

Safety culture

- Safety and health operation meetings
- Substantializing safety and health education
 - Developing videos, training by professional instructors, seminars for management officers
- Publishing safety and health improvement case books (Horizontal deployment and education of cases)

Safety and Health Management System

Operating the Safety and Health Management System

SL has built a safety and health management system to prevent various safety accidents and risk factors that may occur at operations and promote safety and health activities systematically. SL is expanding the scope of certification in Korea and overseas operations. SL carries out related activities according to a systematic procedure, such as the enactment and amendment of 66 regulations, guidelines, and manuals that correspond with the ISO 45001 requirements and secures relevance to hands-on duties.

Safety and Health Management System (ISO 45001) Certification

Korea			Overseas	
Jillyang	Jillyang Electrification	●	SL Lumax	●
	Jillyang Electronics	●	SL AP	-
	Daegu	●	SL Yantai	●
	Sungsan	●	Beijing Samlip	●
	Cheonan	●	Shanghai Samlip	●
	Ansan	●	Dongfeng Samlip	●
	Seongseo Electronics	●	Qinchuan Samlip	-
	SL Mirrortech	●	Tri-ring Samlip	●
	KDS	●	Hubei Samlip	-
SHB	Ulsan	●	SL Alabama	●
	Hwaseong	●	SL Tennessee	Lamp
	Seosan	●	Electrification	-
			SL Poland	●
			SL Brasil	-

Safety Education for Executives and Employees

SL conducts legally mandatory education for all employees pursuant to the Occupational Safety and Health Act and job/competency education for safety personnel to inculcate safety awareness and prevent safety accidents. In 2022, SL conducted safety and health education for about 700 new employees upon recruitment, regular education for 3,900 field workers and managers, special education for 570 target workers, and 40 workers whose duties were changed.

Education Status

Category		Unit	2020	2021	2022
Industrial safety and health education	Hours completed	Hour	112,976	106,544	95,734
	Persons completed	Person	4,200	4,217	4,574



Managing Safety and Health Risks

SL applies and implements the 'Severe Industrial Accident Response Guidelines' to minimize the risks of serious accidents and safety accidents. In order to minimize loss of life in the event of an accident, we maintain a program to respond to major industrial accidents by situation, such as jamming, fall, electric shock, fire, collapse, etc. We systematically manage and respond to safety and health through safety and health compliance assessments for guardians, suspension of work for urgent risks, pre-training in accordance with the scenarios, and supplementary measures for deficiencies.

Training Procedure to Prevent Serious Industrial Accidents

- 1 Establishment of annual training plans to address serious industrial accident scenarios
- 2 Announcement of training according to the annual training plans
- 3 Implementation of pre-training and training on serious industrial accidents
- 4 Establishment and execution of measures to improve the training results
- 5 Reporting and approval of training reports
- 6 Review of adequacy and revision of serious industrial accident response programs

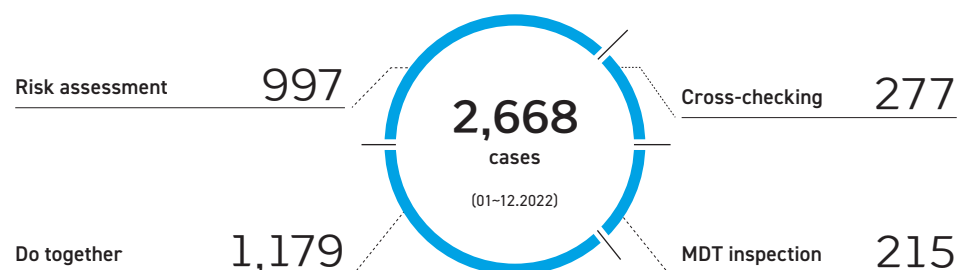
Safety Inspection Activities

Safety Management and Prevention Activities

Zero Accident Operations

SL established the "SL Zero Accident Site" strategy in 2022 to prevent safety accident risks and build a safe work environment. In addition, SL has set the primary safety and health goal of achieving zero accidents and improving 100% of potential risks. SL conducts safety inspections and improvement activities, such as Do Together, risk assessments, cross-checking, and MDT inspections, focusing on work sites with a high risk of safety accidents.

Safety Inspections and Improvement Activities



Accident Status

Category	2020	2021	2022
Industrial accident rate	0.02	0.00	0.04

Risk Assessment

SL conducts risk assessments twice a year to identify and prevent harmful risk factors in its operations. SL's risk assessments are carried out according to the procedure by applying the KRAS technique [characteristics of mechanical, electrical, and chemical (substance) work and the work environment]. In 2022, SL achieved a 100% improvement rate by identifying

harmful risk factors and establishing 997 reduction measures through risk assessments. Starting in 2023, SL will conduct evaluations by external agencies in parallel with its in-house evaluations to ensure the objectivity of risk assessments. SL will continue reinforcing its risk assessment system to prevent serious accidents and reduce safety accidents.

Cases of Improvement Based on Risk Assessment

Before improvement	Risk of fall by stepping on the skylights while working on the roof	Risk level		After improvement	Prevention of falling accidents by covering the roof skylights and restricting access	Risk level	
		Frequency @	3			Frequency @	1
		Intensity ㉓	4			Intensity ㉓	4
		Risk ㉓X㉓	12			Risk ㉓X㉓	4
		Risk type	Work environment factor			Risk type	Work environment factor

Safety-first Culture

Do Together System for Suggestions to Improve Potential Risks

SL operates a suggestion system to improve potential risks (Do Together) and prevent safety accidents caused by equipment defects, where field workers' opinions are collected directly and fundamental problems in equipment and devices are identified. Since this system is intended to reduce potential safety accident risks at the work sites, communication with field workers is crucial. QR codes have been applied recently to receive opinions promptly from workers and carry out on-site improvement activities. SL continues to improve the system by offering incentives to employees who present suggestions and take action.

Raising Safety and Health Awareness

SL holds a monthly company-wide safety and health management meeting hosted by CSEO to share and learn about safety and health management status and to improve company-wide safety awareness. We monitor safety and health-related concerns such as safety accident cases, safety inspection and improvement performance, and related laws and regulations. We installed a safety and health comprehensive status board at the workplace and strengthened face-to-face education and training so that workers can voluntarily participate in safety and health management activities.

Efficient system improvement

QR code applied



System activation

Incentives: Provision of mileages

Targets: Persons making suggestions,
persons taking measures

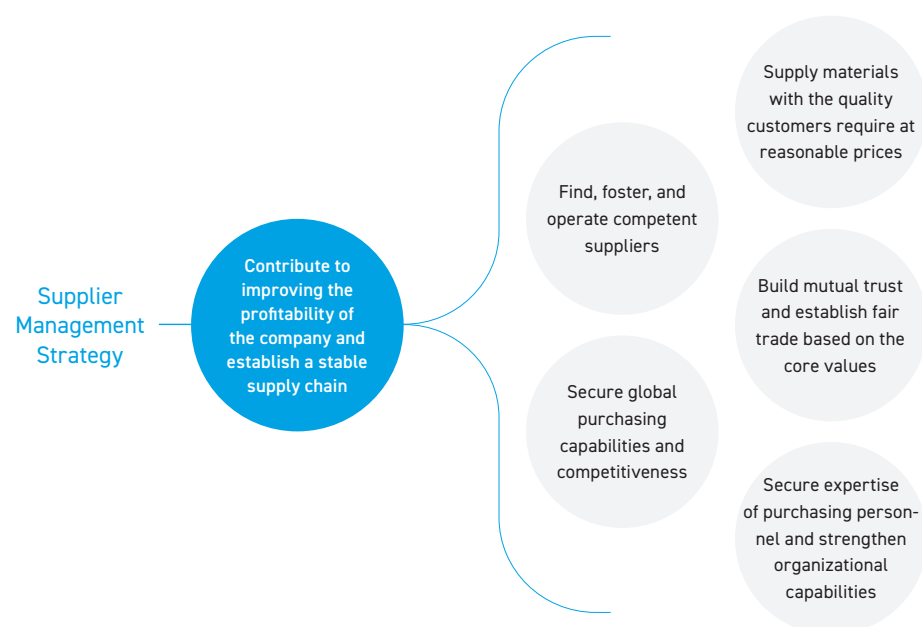


Suppliers

Supplier Management System

Supplier Management Strategy

SL Corporation maintains a long-term symbiotic relationship with its suppliers based on strong trust in all business areas. To ensure sustainable development in cooperation with suppliers and comprehensive management of the supply chain, SL has enacted the Code of Conduct for Suppliers and established five supplier management strategies. Based on these principles, SL maintains close collaboration with its suppliers, thereby securing its profitability, sustainability global purchasing power, and competitiveness.



Details of the Code of Conduct for Suppliers

[Code of Conduct for Suppliers](#)

Management system

Disclosure of corporate statement, risk inspection, operation of a grievance handling system, etc.



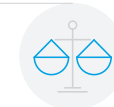
Environment

Environmental management system, energy use, management of GHG emissions, management of biodiversity, etc.



Ethics

Transparent management, anti-corruption, prevention of conflicts of interest, responsible procurement of materials, etc.



Labor/Human rights

Non-discrimination, humane treatment, guarantee of freedom of association, prohibition of child/forced labor, etc.



Safety/Health

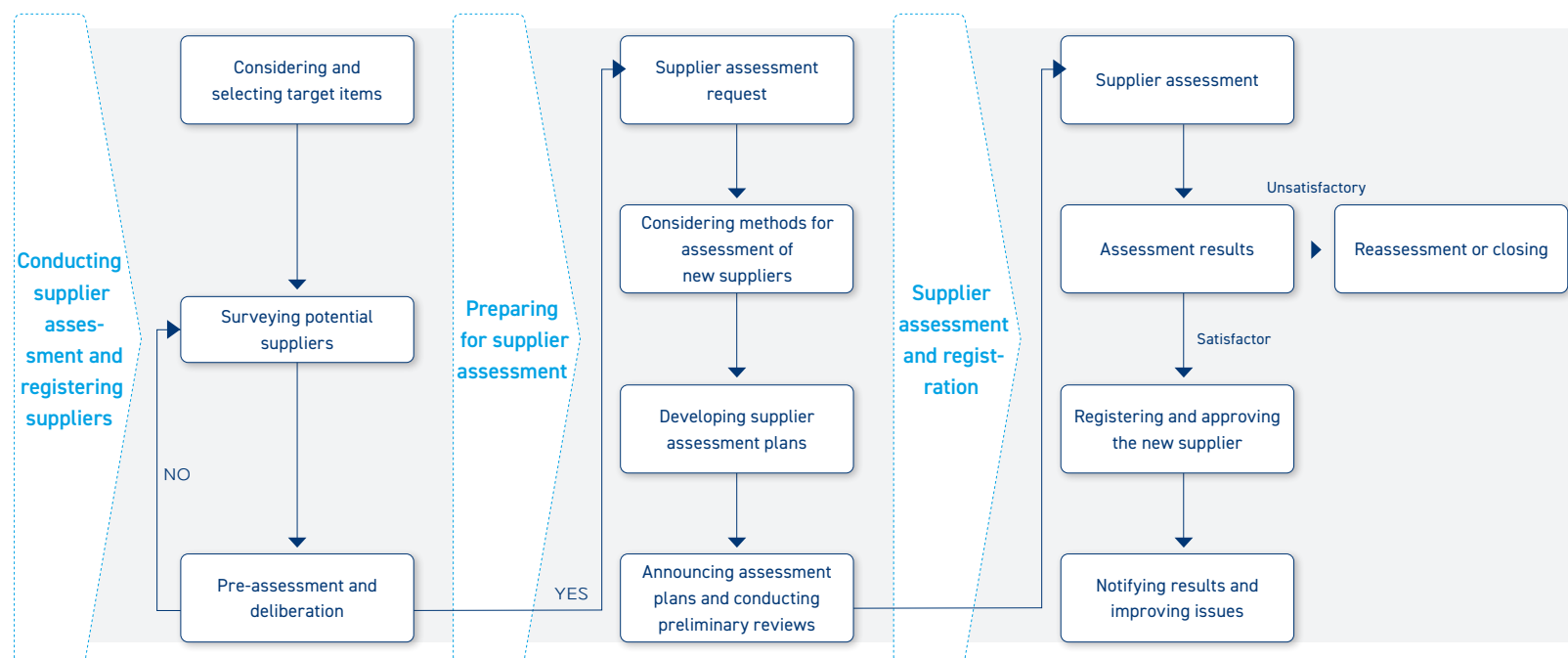
Safety and health management system, response to emergencies, safety diagnosis, health management, etc.



Eligibility Assessment when Registering New Suppliers

To form a long-term symbiotic relationship with its suppliers, SL evaluates not only financial factors such as quality and credit but also non-financial factors such as environment and safety measures when selecting new suppliers. SL evaluates new suppliers based on the registration criteria, which include ISO 14001 and ISO 45001 certifications, the designation of environmental and safety managers and the education provided to them. In 2022, 18 new suppliers in Korea and overseas that fulfilled the quality, credit, environment, and safety criteria were registered with SL.

Process for the Registration and Assessment of New Suppliers



Supplier Management System

Selecting and Assessing Suppliers

SL operates a fair and reasonable procedure for the selection of suppliers. When selecting new suppliers, SL assesses financial factors such as quality and credit rating and non-financial factors such as the environment and safety measures adopted by the suppliers. The assessment results are notified to the suppliers within the deadline set by the Fair Trade Commission. For existing suppliers, SL conducts assessment on quality, delivery, quality management system, environment, and safety to suggest improvements to suppliers and manage the progress of improvements. The assessment system ensures that the environmental and safety systems of the supply chain are strengthened. Also, SL assesses ESG requirements for suppliers that provide mass-production parts to the major subsidiaries of SL. The results of ESG assessment are used to operate an incentive system, which grants additional points to the regular QMS assessment results of suppliers. Ultimately, suppliers trading in mass-produced products are assessed based on the QMS assessment, ESG assessment, corporate culture, quality index, and delivery to apply a competitiveness rating under the competitiveness rating system. The competitiveness rating is considered when selecting suppliers for new vehicle models, ensuring fairness in selecting suppliers.

Operating a Competitiveness Rating System

SL implements the 'Competitiveness Rating System,' which assesses the suppliers' capabilities, to expand global sourcing. The competitiveness rating comprises four categories, encompassing the quality management system that includes ESG factors, corporate culture, quality index, and delivery. In 2022, SL reviewed the competitiveness ratings of 236 suppliers. The ratings were assigned according to the fair standards set by the Competitiveness Rating System. The ratings are considered when selecting suppliers for new vehicle models.

General Status of Suppliers

(Purchase: calculated by criteria of internal management system)

Category		Unit	2020	2021	2022
Total number of suppliers	Korea	EA	1,003	1,052	1,063
	Overseas	EA	991	1,019	1,065
Purchase from all suppliers	Korea	KRW 100 million	16,629	20,525	24,440
	Overseas	KRW 100 million	4,561	5,238	7,627
Number of new suppliers	Korea	EA	11	49	11
	Overseas	EA	51	28	46
Number of core suppliers*	Korea	EA	134	134	119
	Overseas	EA	74	99	117
Purchase from core suppliers**	Korea	KRW 100 million	9,481	12,599	15,244
	Overseas	KRW 100 million	1,822	1,905	2,500

* Parts (mass production/ service), raw material

** Correction of data for 2020 and 2021 due to changes in standards: Excluded some subsidiaries of SL and direct transaction amounts since 2023 to increase the accuracy of the amount purchased from major suppliers

Supplier Management System

On-site ESG Assessment of Suppliers

SL aims to promote sustained growth with diverse suppliers that comply with the Code of Conduct for Suppliers. SL conducted on-site ESG assessments for 120 suppliers in 2022. The ESG assessment was integrated with the Quality Management System (QMS), which assesses quality management factors like capabilities for inspection, production, and development. The ESG assessment evaluates levels of safety, environmental measures, labor/human rights, ethics, and social enterprise management. In 2022, SL further supplemented the assessment

system to enhance ESG risk management and added the management of conflict minerals and carbon emissions by suppliers to the evaluation criteria. The mean QMS assessment score was 78 points in 2022, which increased by 0.9% compared to the previous year. An incentive system was implemented to grant additional points for the ESG assessment results, encouraging suppliers to foster ESG management independently.

Supply Chain Assessment Items and Criteria

Category	Assessment Items			
QMS assessment	Standards	Contractors/ Outsourced goods	Inspection/ Management of non-conforming products	Measuring instruments, E/Proofing
	Equipment/ Preventive maintenance	Process/ Production capacity	Packing/ Shipping	Change management
	Quality management system	Education/ Training	Development management	Waste elimination/ improvement suggestions
	Sustainable management Corporate ethics policy, guarantee of work environment and respect for human rights, contributions to local communities			
ESG aspects	Climate change		Responsible purchase of materials	
	GHG/Carbon emissions management (energy consumption, GHG emissions)		Conflict minerals management process	
	Environment (E)	Social (S)	Governance (G)	
	Water resource management (Water usage, reuse, etc.)	Labor policy, anti-discrimination, grievance handling system, protection of whistleblower	Ethical management and anti-corruption	

ESG Management Status of Suppliers

* Integrated assessment on QMS + ESG

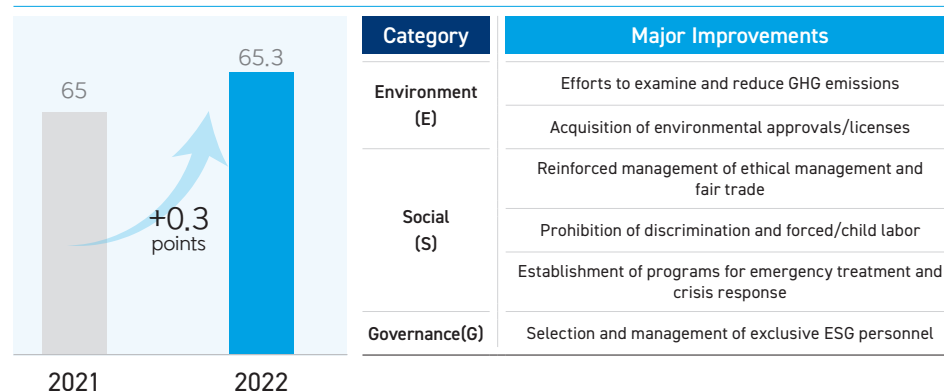
Category	Unit	2020	2021	2022
New suppliers selected through review based on environmental and social criteria	EA	12	30	18
Ratio of new suppliers selected through review based on environmental and social criteria	%	19.4	39.0	31.6
Suppliers that received ESG assessment*	EA	-	111	120

ESG Risk Management of Suppliers

ESG Self-inspection by Suppliers

SL conducts 'ESG self-inspection by suppliers,' which reflects the requirements presented by customers and external assessment agencies to improve the ESG management capabilities of suppliers for mutual growth. The assessment results are used as basic information to identify the suppliers' ESG weaknesses in advance and help them level up their ESG management. SL conducted on-site education and training based on the weaknesses identified through ESG self-inspection in 2022, thereby accomplishing improvements and level-up. SL supervises education and training to improve upon inadequacies found during self-inspection, but it also encourages suppliers to engage in self-improvement through follow-up inspection and support. The ESG self-inspection questionnaire in 2022 consisted of 52 questions, covering environment (8), ethics (6), labor/human rights (19), safety/health (12), and management system (7). The mean score was increased by 0.3 points compared to the previous year.

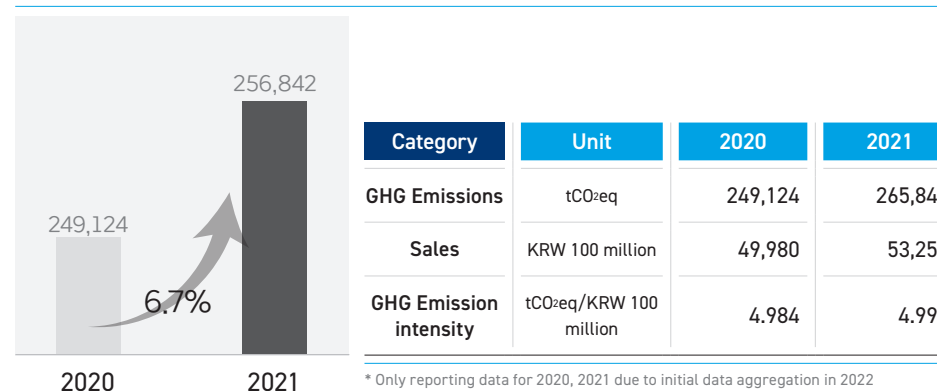
Results of ESG Self-inspection and Major Improvements (2022)



Management of Suppliers' GHG Emissions

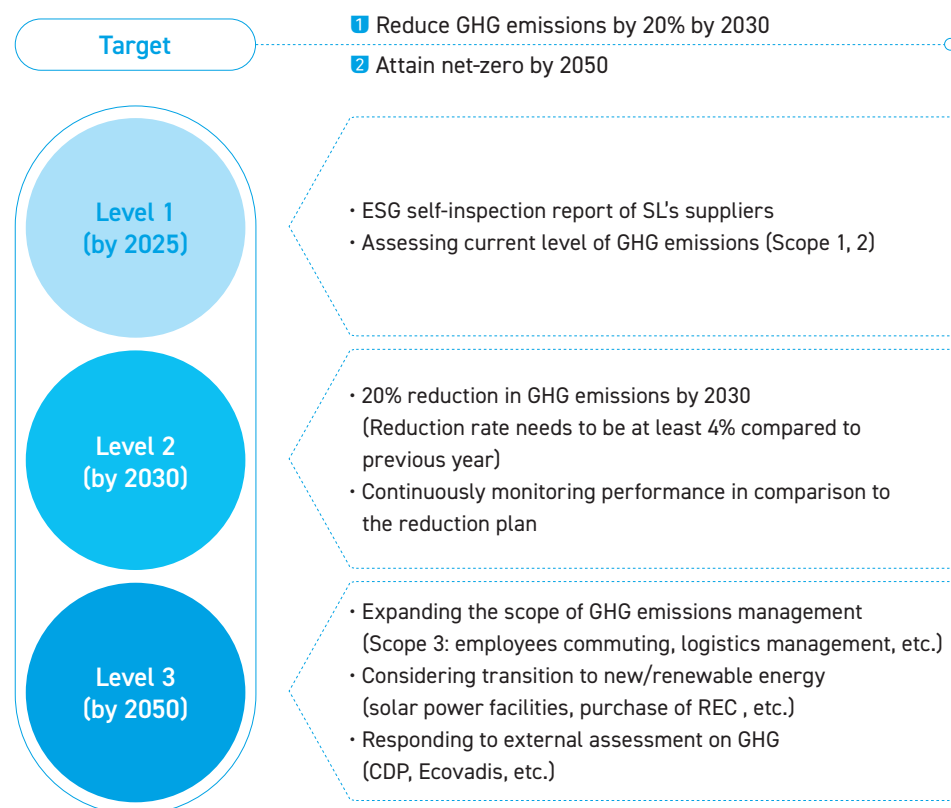
SL identifies and manages GHG emissions generated by suppliers to contribute to net-zero by aligning its supply chain to the company's environmental/energy strategy. The GHG emissions of suppliers increased by 6.7% in 2022 compared to the previous year, and the primary cause of the increase was a rise in electricity usage resulting from increased sales/production volume of suppliers. SL plans to monitor GHG emissions by selecting major suppliers that account for 30% of total emissions to manage reduction. Besides monitoring the GHG emissions generated by suppliers, SL will establish guidelines for GHG emissions management to hold briefings and educate suppliers.

GHG Emissions of Suppliers* (Scope 1+2)



* Only reporting data for 2020, 2021 due to initial data aggregation in 2022

GHG Emissions Management Roadmap for Suppliers



Management of Suppliers' ESG Risks

Conflict Mineral Management System

SL prohibits the use of conflict minerals (3TGs) and responsible minerals (cobalt) that are mined unethically in conflict and high-risk areas, including the Democratic Republic of the Congo, during product manufacturing processes. This includes the efforts to comply with the global ban on the use of conflict minerals, to review the use of conflict minerals and refinery information of suppliers, and to identify the current status of use and improve non-certified refineries. Moreover, SL aims to prevent serious violations of human rights, labor exploitation, and the financing of armed groups that occur during the mineral mining process in these regions.

Establishing a Conflict Mineral Management Policy

Recognizing its corporate social responsibility and as part of respect for human rights, SL has established a conflict mineral management policy to only procure raw minerals that do not support conflicts. SL has prepared four management standards to support this policy.



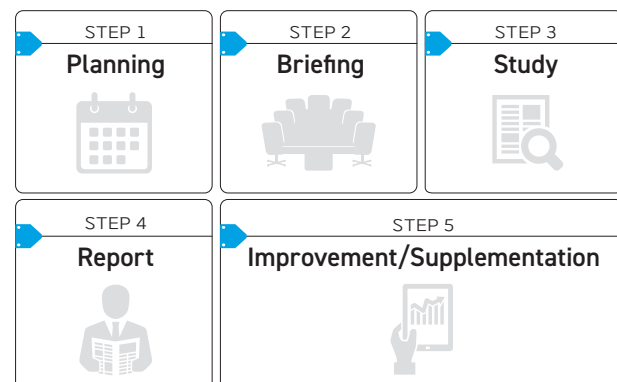
Conflict Mineral Management Standards for Sustainable Purchasing

1. We perform due diligence with regard to conflict minerals on relevant suppliers according to the OECD guidelines and advise sub-suppliers to comply with our conflict mineral management policy.
2. We provide due diligence information to prove that tin, tantalum, tungsten, gold, cobalt, and their derivatives in the supply chain do not support conflicts, expecting suppliers' cooperation in providing this information.
3. We demand correction from suppliers that pose reasonable risks of supporting conflicts and terminate transactions immediately if appropriate measures are not taken.
4. We increase transparency by reporting the implementation and progress of our conflict mineral policy to customers, stakeholders, and the public as necessary.

Conflict Mineral Guidelines

In 2022, SL divided its conflict mineral operation plan into the mass-production stage and development stage, and held briefings for 121 suppliers to proactively prevent conflict minerals from entering the product supply chain. With the widespread use of electric vehicles, conflict minerals and responsible minerals have become critical issues. SL has established a conflict mineral policy and is adopting active measures, such as investigating the use of conflict minerals (3TG) and responsible minerals (cobalt) and limiting transactions to refineries certified for each mineral.

Conflict Mineral Management Process for the Supply Chain (Mass Production)



Conflict Mineral Management Activities and Status

SL implements responsible mineral procurement actively by managing the use of conflict minerals and certified refinery transactions in order to prevent ESG issues and respond to customer requirements related to conflict minerals. In response to customer requirements with regard to the conflict mineral management policy, traceability management, improvement of non-certified refineries, and issuance of conflict mineral reports, SL executes various response activities, including establishing the Code of Conduct for Suppliers and the Conflict Mineral Policy. As a result of investigating conflict minerals in 2022, 170 out of 170 refineries were confirmed as certified refineries. If non-certified refineries are identified, we are managing to urge suppliers to change non-certified refineries or get them certified so that 100% of the transacting refineries would be certified. In addition, SL takes immediate improvement measures on any inadequacies found during ESG self-inspections and on-site assessments.

Certified Refinery Transaction Status by Mineral in 2022

Category	Tin	Tantalum	Tungsten	Gold	Cobalt
Total number of refineries	54	18	28	62	8
Number of certified refineries	54	18	28	62	8
Ratio (%)	100	100	100	100	100

* Vehicle models surveyed : IONIQ5, EV6, GV60(EV)

Status of Conflict Mineral Operation

Category	Operation Status (2022)		
Conflict Mineral Management Policy	Traceability management for conflict minerals	Non-certified smelter improvement management	Conflict mineral report
Establishment of the Supplier Code of Conduct	<ul style="list-style-type: none"> Submission of customer reports Supplementation of plans to operate conflict mineral management - Selection of companies to manage conflict minerals - Establishment of conflict mineral management process Holding conflict mineral management briefings: For 121 suppliers 		

Mutual Growth Activities

Establishing a Culture of Mutual Growth

Recognizing that the growth of its suppliers is connected to its growth, SL practices mutual growth activities based on fair transactions, including various cooperation support systems. In particular, to activate the mutual growth culture, SL places efforts to strengthen its suppliers' capacities through various support programs, such as financial and technological support, education, and training.

Strengthening Supplier Communication

SL operates various communication channels to accomplish mutual growth through communication with its suppliers. In 2022, the Supplier Association, comprised of 60 suppliers, was divided into three groups. The association listens to the concerns raised by suppliers and discusses various support measures. In addition, an annual seminar is held for the representatives of about 120 major suppliers to share SL's company-wide strategies and procurement policies as well as strategies of key organizations.

Status of Supply Chain Communication Channel Operation

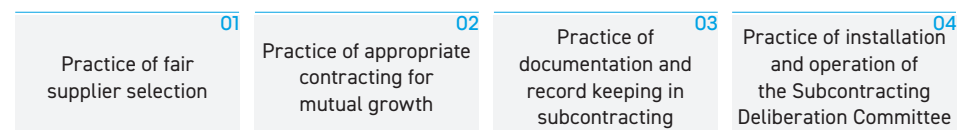
Category	2020	2021	2022
Operation of association	63 companies	60 companies	60 companies
Seminars	(Not implemented due to COVID-19)	110 companies	118 companies

Strengthening Fair Trade Foundation for Suppliers

SL has established and operates four subcontracting practices to strengthen a fair trade order with its suppliers. In addition, the Subcontracting Deliberation Committee meets every month to deliberate on the fairness and legality of subcontracting transactions, contributing to the establishment of a fair subcontracting trade order. SL also makes efforts to raise legal compliance awareness among purchasing managers by conducting online education on fair trade and subcontracting laws.



Four Subcontracting practices



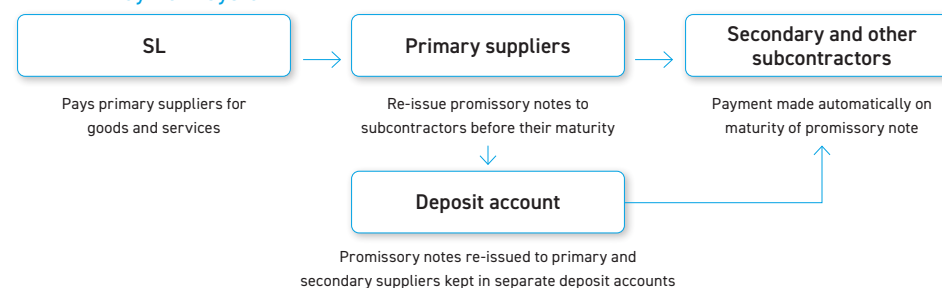
Financial Support for Suppliers

SL runs financial support programs to resolve financial difficulties and secure liquidity for its suppliers. Since 2010, SL has been operating a special fund of KRW 10 billion to actively support the stabilization and investment of suppliers in the form of operational/emergency funds. In 2020, SL provided KRW 7 billion as COVID-19 relief fund. Starting from 2021, SL changed its payment to suppliers into the win-win payment system recommended by the National Commission for Corporate Partnership to enhance the competitiveness of the automotive industry and promote mutual growth with suppliers. In 2022, SL provided KRW 3.7 billion as emergency management stabilization funds to pursue mutual growth with its suppliers.

Standards for Financial Support

Category	Win-Win Fund	Operation Fund	Emergency Stabilization Fund
Use	Provided for strategic facility investments	Provided to secure business stability	Provided if supply issues are expected due to short-term fund shortage
Method	Cash support		Carryover of deductions for subcontract of credit (Within 90% of mean monthly credit for 6 months)
Limit	KRW 1 billion (Within 80% of facilities)		KRW 0.5 billion

Win-Win Payment System



Operation of cooperative loans for ESG mutual growth

SL signed a mutual growth agreement with the Industrial Bank of Korea in May 2023 for ESG Mutual Growth Cooperation Loans, which reduce the loan expenses for suppliers. Amid the continued rise in interest rates and the ongoing economic slowdown, this loan program was implemented to stabilize the business foundation of suppliers facing difficulties. The ESG Mutual Growth Cooperation Loan sets the total loan limit to 2 times the fund set up by SL, offering interest rate reductions by about 2-3% for up to KRW 0.5 billion per supplier. This year, SL has created a mutual growth fund of KRW 10 billion and will continue to expand its support for resolving financial difficulty and stabilizing the businesses of suppliers.

Capacity Building for Suppliers

SL conducts various educational and improvement activities to support quality and technological competitiveness. SL strives to enhance the capacity of its suppliers by introducing additional ESG elements besides focused inspection on weaknesses, level-up of the quality management system, and effective assessment of the quality system.

Improving Work Efficiency of Suppliers

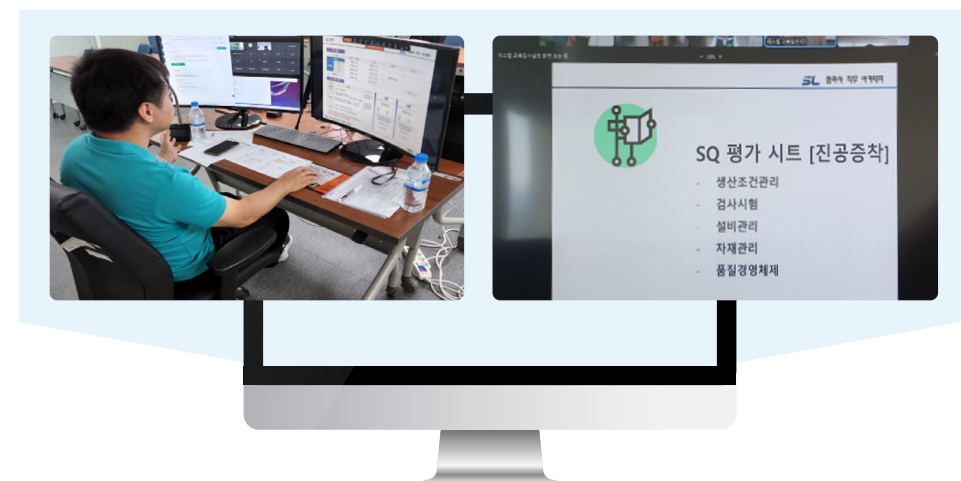
SL carries out various support activities, such as supplier guidance, level-up of the quality management system, and level-up of new SQ certification, to improve the work efficiency of its suppliers.

Category		2020	2021	2022
Guidance	<ul style="list-style-type: none"> Guidance areas: Development, processes, etc. Composition: 10 experts KPIs for improvement 	23 company	25 company	21 company
QMS level-up	<ul style="list-style-type: none"> Targets: Suppliers with inadequate QMS assessment results in the previous year and suppliers that apply for assistance with QMS Composition: 8 experts KPIs for level-up 	6 company	3 company	3 company
Level-up of new SQ certification	<ul style="list-style-type: none"> Targets: Selection of suppliers that need new Supplier Quality (SQ) certification based on new development schedule and purchasing operation Human resources to reduce the suppliers' costs 	6 company 7 business	14 company 17 business	5 company 5 business

* SQ is a supplier management system operated by HMC/KMC to evaluate the quality management level of parts manufacturers/suppliers and determine possibility of transaction.

Operating Job Academy

SL annually operates the 'Job Academy' for employees of its suppliers to suppliers' Voice of Customers (VOC) by adding and adjusting courses linked to strategies. In 2022, SL added new courses like 'Understanding ESG' and 'Understanding BEP/Target Cost.' In 2023, in addition to including the 'Understanding ESG' course in the common education program, SL will add new courses, such as 'Understanding the Serious Accidents Punishment Act,' 'Understanding Information Security,' and 'Qualitative Quality Education.' SL will continue its efforts to provide high-quality education to suppliers, reflecting their willingness to participate in education and conducting satisfaction surveys afterward.



Operating Job Academy

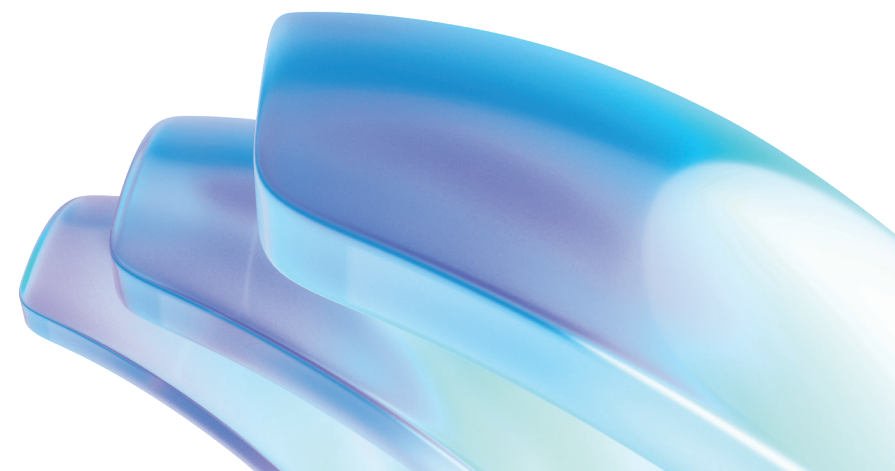
Job Academy Operation Status (Company/Person)

Category		2020	2021	2022
Improve- ment of productivity and quality	APQP education (basic/advanced) to enhance the understanding and execution capabilities of suppliers' managers for development processes	15	19	62
	Education to enhance the quality management capability of suppliers through providing information on SL's quality system	0	48	81
	Education to strengthen quality system management through improved understanding of SQ requirements for functional assembly	0	9	50
	Support for enhancing mold maintenance capability	0	9	9
	Education on methods for the management of harmful substances and system practice to cultivate IMDS writing capabilities	12	12	16
R&D	Education to enhance understanding of geometric tolerance and strengthen capacities for drawing interpretation	0	19	23
	Education to improve understanding of lamp structures and injection molding processes	0	12	15
	Enhancing drawing interpretation skills through education on concept and detailed items of special characteristics	0	6	30
	ESD*/EOS* model and standard learning	0	1	0
Strategy link (newly introduced in 2022)	Understanding ESG	-	-	132
	Understanding BEP/Target cost	-	-	54

Mutual Growth Activities with Suppliers

Category		Unit	2020	2021	2022
Direct/Indirect fund support	Supported amount	KRW million	8,801	2,350	3,740
Job Academy for Suppliers	Number of participating suppliers	EA	33	121	162
	Number of trainees	Person	62	378	911
Mutual Growth Index*		-	Satisfactory	Satisfactory	-

* 2022 Rating Unannounced As of Publication Date



Human Rights

Human Rights Management

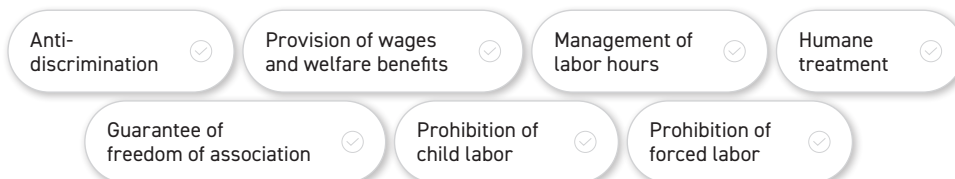
Human Rights Management System

Human Rights Policy

SL actively pursues human rights management to protect the human rights of all stakeholders. At the same time, SL has adopted the Human Rights Management Charter to prevent violations of human rights and reduce related risks in business operations. To comply with the global standards for human rights management, SL abides by the international standards and guidelines pertaining to human rights and labor, including the UN Universal Declaration of Human Rights (UDHR), UN Guiding Principles on Business and Human Rights (UNGPs), UN Global Compact (UNGC), and International Labor Organization (ILO) Declarations. SL will continue its efforts to pursue 'human rights management that considers people first.'

Regulations for Human rights Management

Basic Principles of the Human Rights Policy



Human Rights Education

SL conducts human rights education for all employees every year to internalize a culture of respecting human rights. SL makes efforts to raise employees' awareness on respect for human rights by conducting regular education on prevention of sexual harassment, improving disability awareness at the workplace, and preventing workplace bullying.

Education Status

Category		Unit	2020	2021	2022
Education to improve disability awareness at the workplace	Hours completed	Hour	4,349	4,416	4,891
	Persons completed	Person	4,349	4,416	4,485
Education to prevent sexual harassment at the workplace	Hours completed	Hour	4,363	4,343	4,990
	Persons completed	Person	4,363	4,343	4,562
Education to protect personal information	Hours completed	Hour	3,629	3,837	4,330
	Persons completed	Person	3,629	3,837	3,914
Education to prevent bullying at the workplace	Hours completed	Hour	3,881	4,321	4,887
	Persons completed	Person	3,881	4,321	4,474

Human Rights Risk Management

Preventing and Responding to Human Rights Risks

Implementing Human Rights Impact Assessment

In April 2022, SL conducted a self-diagnosis on the human rights impact assessment of relevant organizations to identify the human rights impact on stakeholders in the overall business process and prevent negative human rights incidents. The human rights impact assessment comprises seven categories, including the human rights management system, prohibition of forced labor, prohibition of child labor, guarantee of industrial safety, responsible management of the supply chain, protection of environmental rights, and protection of consumer rights, with 51 detailed indicators. There were no elements of human rights violation in the entire evaluation indicators. SL will update the human rights impact assessment checklist regularly by considering human rights-related issues and trends, making efforts to guarantee and promote the basic rights of stakeholders through annual human rights impact assessments.

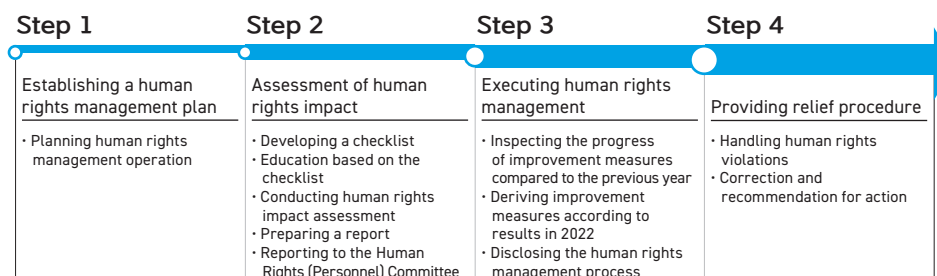
Prevention of Workplace Bullying

SL has established and implemented the 'Regulations on Prevention and Response to Workplace Bullying' to prevent bullying behaviors that may occur in the workplace. SL has a response organization and a reporting system to prevent workplace bullying, which include detailed guidelines on the incident handling process and follow-up measures.

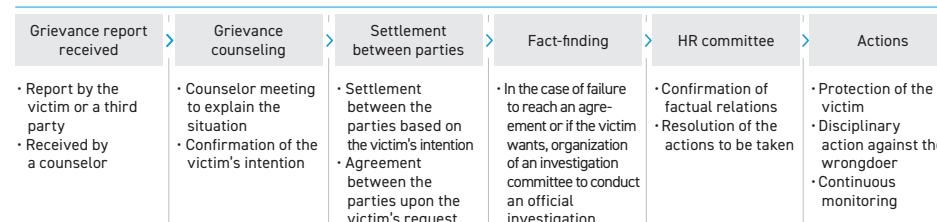
Operating Grievance Handling System

SL takes appropriate measures to prevent the occurrence and recurrence of grievances, sexual harassment, and bullying that may occur during work through an efficient grievance handling system. The general affairs team leader of each company is designated as the counselor in charge under the supervision of SL's HR Team, building a reporting system that involves counselors of external mental counseling companies. In addition, if necessary, SL places efforts to resolve employees' grievances through availing counseling services of external counselors.

Human Rights Management System



Grievance Handling Process



Grievance Handling Status

Category	2020	2021	2022
Grievances received	1 cases	0 cases	0 cases
Handling completed	1 cases	0 cases	0 cases

Limited to cases about bullying and sexual harassment

Cases of Discrimination During the Reporting Period

Category	2020	2021	2022
Number of discrimination cases during the reporting period	1 cases	0 cases	0 cases

Human Rights Risk Management

Preventing and Responding to Human Rights Risks

Strengthening Human Rights Risk Management

SL manages human rights risks in all key areas, including forced labor/child labor, working hours, discrimination and bullying, freedom of association, safety and health, and the environment, to protect the human rights of all stakeholders, including employees and suppliers. SL will continue monitoring human rights issues that are occurring or may potentially occur.

Human Rights Risk Management Status by Area (2022)

Human Rights Management Area	Details	Number of Serious Cases
Prohibition of forced labor/ child labor	<ul style="list-style-type: none"> Ongoing check on compliance with the Labor Standards Act Check on compliance with the Code of Conduct for Suppliers 	1 case*
Management of labor conditions	<ul style="list-style-type: none"> Regular inspection and management of labor conditions Check on compliance with the Code of Conduct for Suppliers 	0 cases
Humane treatment	<ul style="list-style-type: none"> Monitoring of the grievance handling system operations Inspection of the ethical management compliance checklist 	0 cases
Prohibition of discrimination and bullying	<ul style="list-style-type: none"> Education to prevent sexual harassment/bullying at the workplace Compliance check 	0 cases
Guarantee of freedom of association	<ul style="list-style-type: none"> Operation of the Labor-Management Council (regular) Compliance with labor laws in each country 	0 cases
Safety and health	<ul style="list-style-type: none"> Maintenance of ISO 45001 at operation sites in Korea and overseas Check on compliance with the Code of Conduct for Suppliers 	0 cases
Guarantee of environmental rights	<ul style="list-style-type: none"> Strengthened management of pollutants and harmful substances Strengthened GHG reduction activities 	0 cases
Protection of residents' human rights	<ul style="list-style-type: none"> Communication through CSR activities by region/operation 	0 cases
Protection of customers' human rights	<ul style="list-style-type: none"> Receipt and handling of grievances through operation of a Customer Counseling Channel 	0 cases

Establishing Measures to Prevent the Recurrence of Child Labor



In 2022, SL Alabama operated a response TFT, which included external legal experts, to strengthen the prevention and management of child labor issues.

The TFT prepared various risk management measures and established preventive measures, including the operation of a compliance management supervisor system, the introduction of an identity verification system, the improvement of employment procedures for contractors and subcontractors, and regular education on child labor laws.

In early 2023, SL appointed three external experts as third-party legal compliance officers to implement legal compliance management that meets global standards.

Additionally, SL has improved the suppliers' operational systems by adding a clause that strictly prohibits the employment of under-aged persons in renewed contracts with existing service providers. While reinforcing communication channels, SL operated voluntary compliance programs by including child labor laws in job-related education.

SL ensures that education on child labor laws is included in its education programs for employees. All manager-level employees of our company and service-related sectors will receive regular education through external educational institutions for the next three years. SL has also requested secondary suppliers to comply with child labor laws.

Moreover, SL tries to prevent relevant risks by expanding regular employment and strengthening the identity verification process. Moving forward, SL will continue to monitor related issues to prevent human rights risks in their entirety, including child labor, and concentrate all its capabilities on protecting the human rights of stakeholders.

Customers

Quality Management

Quality Management System

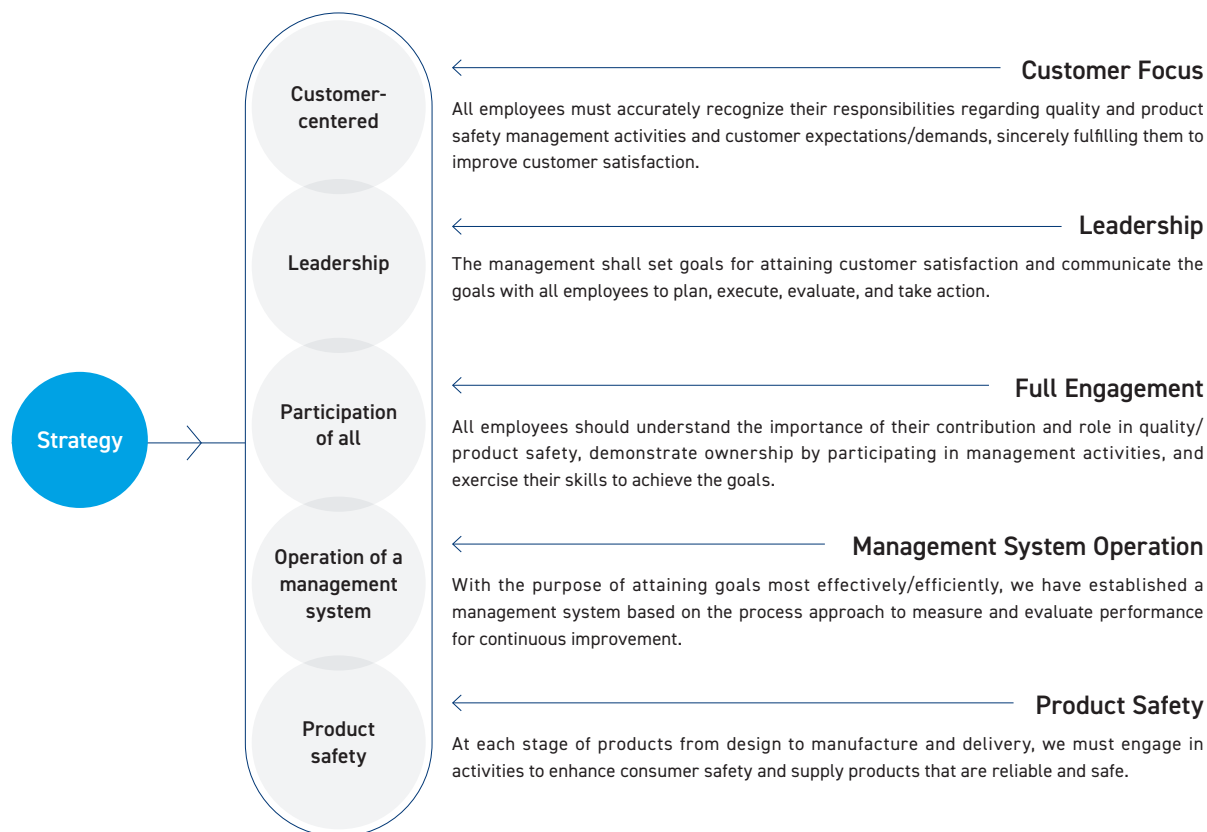
SL has established and implemented a quality management policy to meet customers' expectations and demands regarding product quality, safety, and reliability. SL continues its efforts to verify and improve quality to achieve customer satisfaction and supply products with the highest quality and safety in the automotive industry.

Quality Management Process

SL operates stringent preventive quality activities to ensure the safety and quality of new technologies and products and realize people-first values. SL focuses on front-loading activities that help predict and prevent issues through pre-failure and impact analyses based on AIAG-VDA* FMEA. Through the gate activity, which is a self-quality verification system for each development stage, experts check the quality level to satisfy the quality standards demanded by customers. Additionally, SL strives to improve process stability by analyzing the processes regularly to provide customers with quality products. To address customer complaints that occur in the field in a timely manner, SL monitors them through FRS* in real time and takes appropriate actions.

* AIAG-VDA(Automotive Industry Action Group & Verband der Automobilindustrie)

* FRS(FieldClaim Radar System)



Strengthening Quality Competitiveness

Quality Improvement and Monitoring Activities

SL monitors product quality regularly. Field complaints about our products reported by consumers in Korea and overseas are shared with the head office immediately. Defects that correspond to worst cases are reported to the management through Weekly reporting. SL conducts systematic monitoring of products categorized by warranty periods, such as three months or one year after release, to verify and improve quality.



Quality Management System Certification

SL has acquired IATF 16949, the international certification for quality management systems in the automotive industry, at all its global operations. To ensure better quality, SL has obtained accreditation as a certified testing institution by A2LA(American Association for Laboratory Accreditation), serving as a certification body for machinery(14 items) and noise and vibration(4 items).

Quality Education for Employees

SL conducts quality education for employees to enhance their awareness of quality management while also making efforts to expand awareness through various events. SL provides quality school education courses on eight topics to enhance the expertise of quality managers. In 2022, two courses were added, including 'Failure Mechanisms of Electronic Parts,' 'Global Customer Quality System Requirements'. In addition, SL provides various educational programs and qualifications to foster internal experts.

Enhancing Customer Value

Expanding Communication with Customers

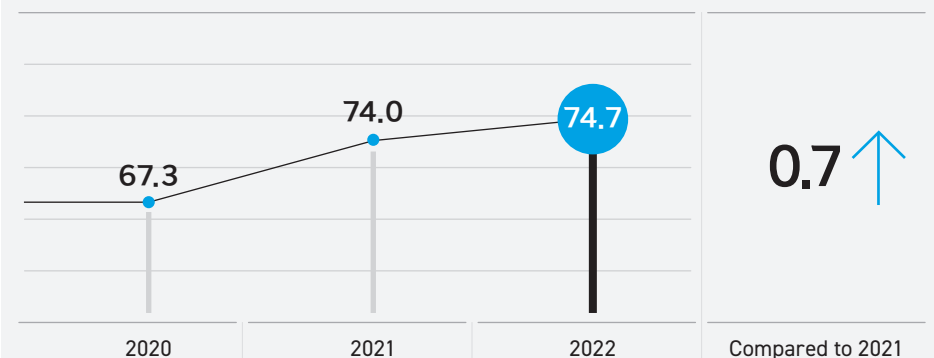
SL conducts regular tech shows and technical exchange meetings to strengthen its communication with customers. In 2022, SL held online and offline tech shows for customers like HKMC, GM, Ford and so on to introduce key products and listen to their opinions. Additionally, SL has participated in the Daegu International Future Auto Expo for six consecutive years to gain insights from the end customers' perspective and collaborate with them. Through exhibitions where SL communicates with customers, SL keeps track of the rapidly changing trends in the automotive industry and prepares for the future. Further, SL actively reflects customers' needs by communicating and collaborating with customer representatives on topics such as design, sales and quality, at customer-contact sites and PM to collect their opinions.



Enhancing Customer Satisfaction

SL actively listens to the opinions and suggestions of customers in Korea and overseas and conducts periodic customer satisfaction surveys to reflect customer feedback in businesses. SL identifies customers' complaints and requirements through comprehensive surveys on the work satisfaction of each department; and changes in technologies, products, price competitiveness, and project recommendation indices. The survey results are shared with leaders of all organizations and teams to determine improvement plans for each organization and secure the medium- to long-term competitiveness of SL. In 2022, 253 customers from 13 global OEMs responded to the survey, and the satisfaction score increased by 0.7 points compared to the previous year. SL will continue its efforts to enhance customer values.

Results of Customer Satisfaction Survey (NPS*)

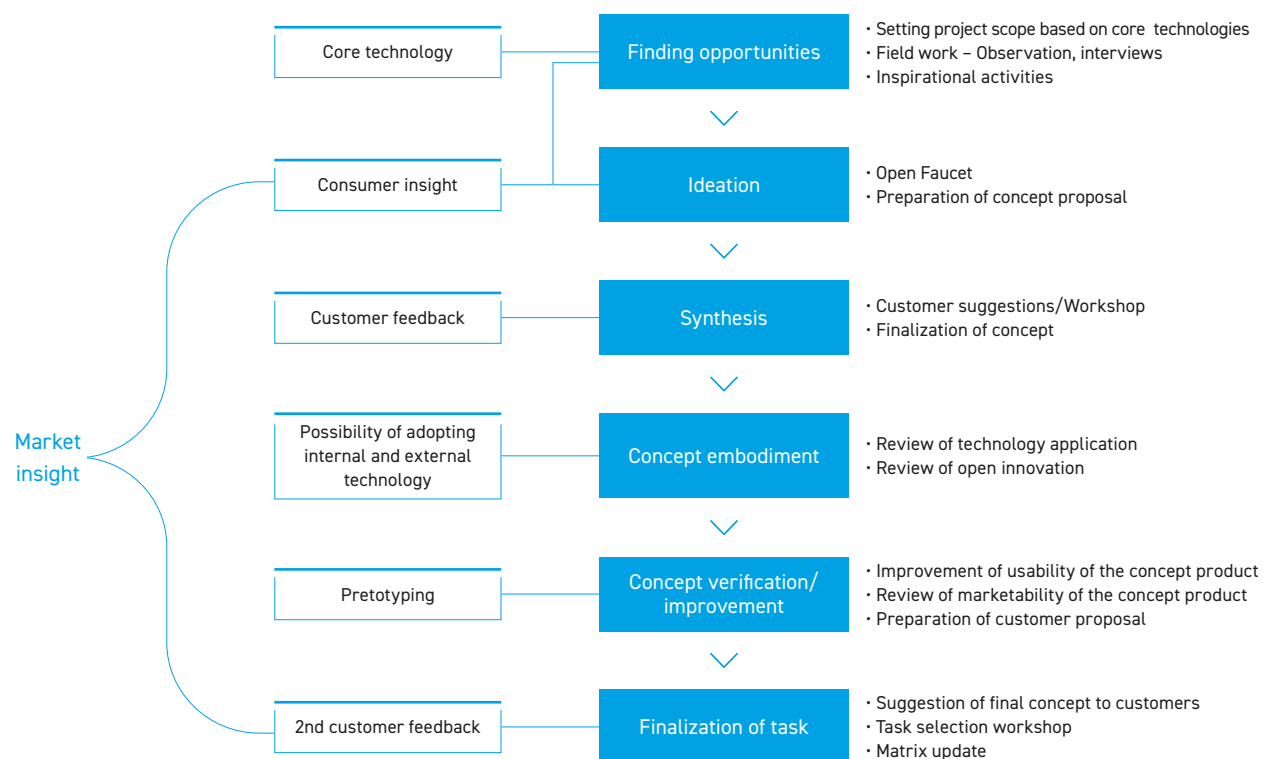


* NPS(Net Promoter Score) = $\frac{\{(\text{Very satisfied} + \text{Satisfied}) - (\text{Unsatisfied} + \text{Very unsatisfied})\}}{\text{number of respondents}} \times 100$

Strengthening Collaborative Activities with Customers

SL has been promoting activities to connect product planning and development organically with the mass production of new technologies and products in collaboration with customers. SL identifies pain points that customers find inconvenient or difficult and proposes solutions that realize customer values based on the products and technologies of SL. To this end, SL introduces technologies and new products through proactive technology development before customers request them. In addition, SL is involved in reflecting its technologies and product lines in the TRM(Technology Road Map) of major customers, and maintains continuous communication and connection through active face-to-face and non-face-to-face customer contacts. In fact, SL technologies have been reflected in the TRMs of customers, and five joint projects have led to mass production in the last three years. Among them, two items, high-voltage BMS and Side Body Control Module(SBCM), were commissioned in 2022 and are both scheduled to start mass production in 2024.

Process for Promoting Joint Tasks with Customers



Local Communities

Social Contribution Strategy

Social Contribution Promotion Status

SL plans and practices various social contribution activities, such as projects to support local communities, sharing events, and academic research support projects, to return the value created based on the people-first management philosophy to society. Through representative social contribution programs, including the Jomdori Campaign at the Ansan Plant, Vitury

Sports Group, and. SL Seobong Foundation, SL strengthens communication and solidarity with local communities and fulfills its role and responsibility as a corporate citizen. SL also promotes overseas social contribution activities actively, with focus on global operations.

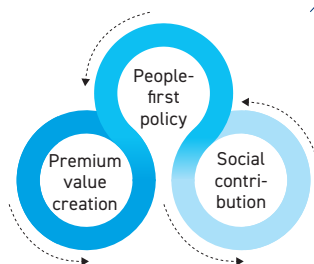
Social Contribution Promotion System



Chairman of SL Corporation
and SL Seobong Foundation

Lee Choong-Kon

“The value of a company
shines when it coexists
with society.”



VISION

> A respected company, a world for
everyone's happiness

MISSION

> Respect for human
> A society where everyone is happy together
> A world of love, dreams, and future

Social Contribution Activity Status

Category		Unit	2020	2021	2022
Investment in social contribution	Company's donation	KRW million	3,182	158	120
	Employees	KRW million	6,765	3,760	-
Volunteer activities by employees*	Number of participants	Person	-	-	50
	Hours of participation	Hour	-	-	65
	Hours per person	Hour	-	-	0.014
	Scholarships	KRW million	430	530	435
SL Seobong Foundation	Development fund	KRW million	88	120	105
	Charity business	KRW million	143	514	612
	Total	KRW million	661	1,164	1,152

* There were no volunteer activities in 2020 and 2021 due to COVID-19. Female products packing and delivery activities were carried out for Good Neighbors in 2022.

Social Contribution in Korea

Community Sharing Activities

Ansan Plant conducts the Jomdori Campaign annually to practice sharing with the local community. Jomdori refers to a pot used to collect a small amount of rice every time the rice is cooked to help neighbors in need. SL continues this traditional practice by donating rice and instant noodles to the Welfare Policy Division of Ansan City during the Chuseok and Lunar New Year holidays. In addition, SL Mirrortech conducts a kimchi-sharing event to donate kimchi made by employees to the Siheung Food Market Center as a warm gesture of sharing with the local community and low-income households.



Support Project for Girls from Low-income Households

The Support Project for Girls from Low-income Households is one of the social contribution programs sponsored by the SL Seobong Foundation to reduce the economic burden of low-income families that face difficulties purchasing hygiene products and to support healthy living. Employees of SL participated in making and delivering female hygiene kits. On November 5, 2022, employees at the Jillyang Plant made and delivered 200 kits, sharing their kind hearts with the local community.



Inauguration ceremony of SL Vitury Sport Group National Para Games

Vitury Sports Group

SL founded Vitury Sports Group in August 2020 to practice the spirit of respect and consideration for disabled persons and promote the development of sports for the disabled. The Group has been participating in national competitions every year and showing excellent results. In addition, SL employs disabled athletes as employees, fulfilling its social responsibility for creating jobs in local communities and supporting vulnerable groups.

Composition of Sports Groups (Unit: Persons)

Table Tennis	Badminton	Swimming	Track	Total
7	9	5	7	28

History

Date	Details
08.01.2020	Founded SL Vitury Sport Group
10.20-10.25.2021	Participated in the 41st National Para Games (Gyeongbuk) - Table Tennis (Bronze 1), Badminton (Silver 1), Track (Gold 2, Silver 3, Bronze 3) - Korean records set by Jeong Chang-Min for Track 200m T20 (Club Division) (23.35 seconds)
07.29.2022	Inauguration ceremony of SL Vitury Sports Group
10.19-10.24.2022	Participated in the 42nd National Para Games (Ulsan) - Table Tennis (Bronze 2), Badminton (Bronze 1), Track (Gold 2, Silver 4, Bronze 2), Swimming (Gold 1, Silver 7, Bronze 2)

Social Contribution Overseas

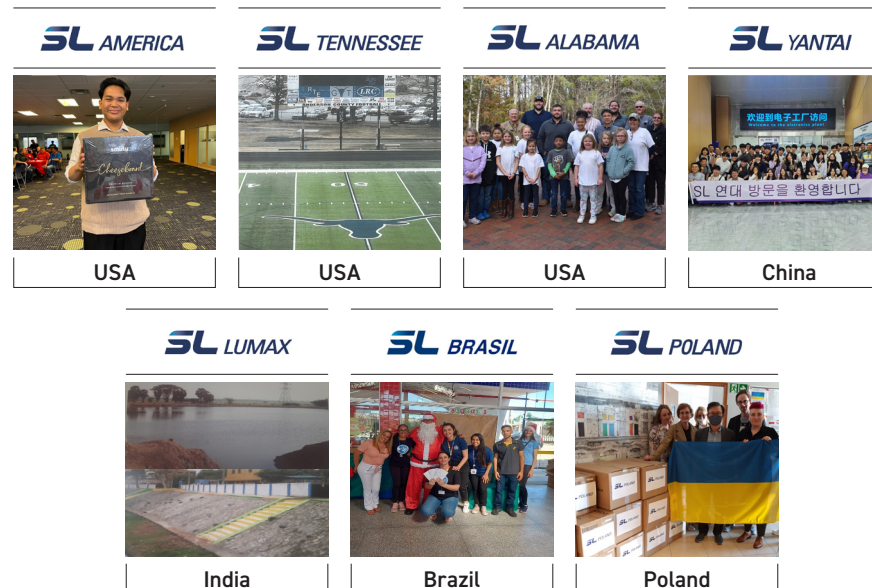
Global Social Contribution Activities

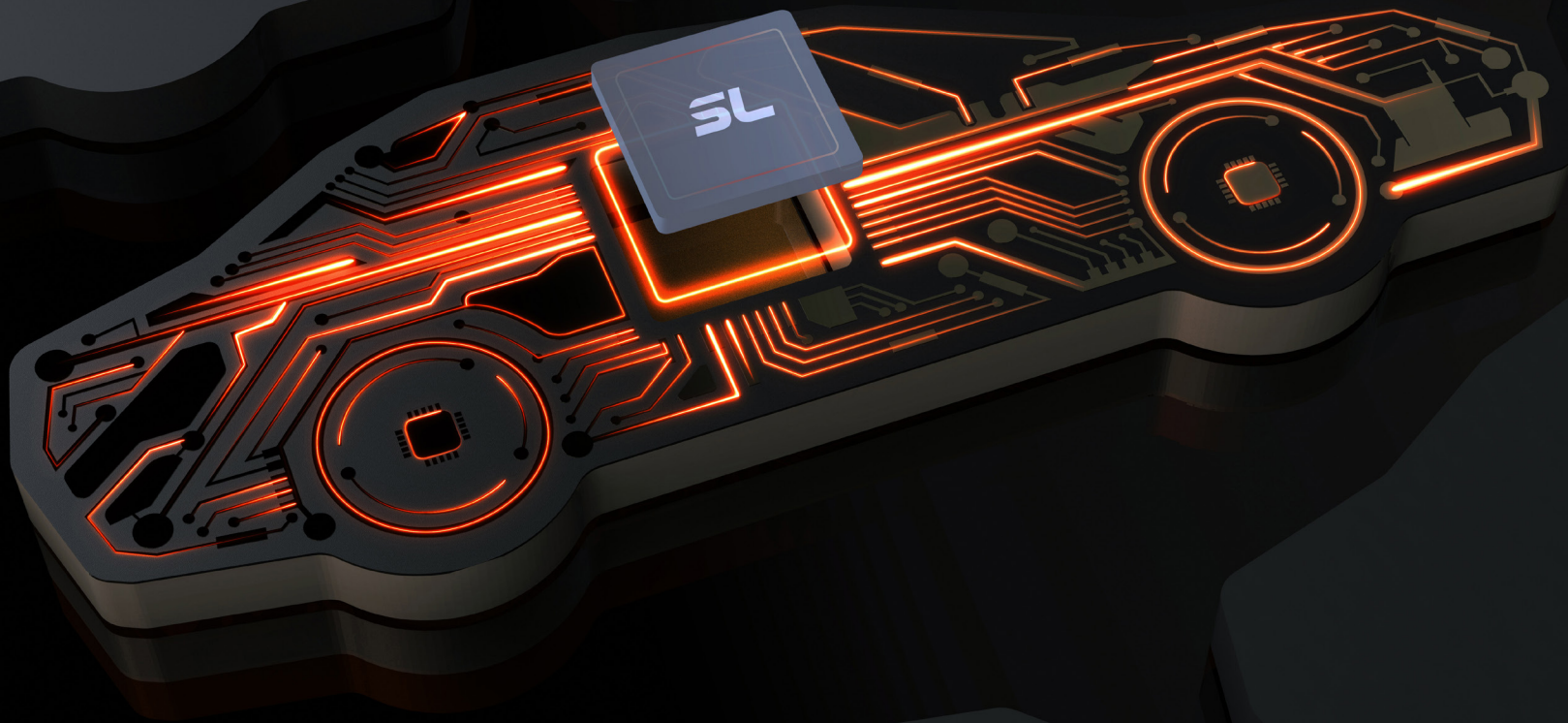
SL practices its social contribution mission and vision based on the people-first philosophy, both in Korea and overseas. SL continues to promote beautiful partnerships with the global communities where it operates, including the United States, China, India, Brazil, and Poland. In 2022, SL continued various social contribution activities, such as providing funds and scholarships to local charity organizations, supporting socially vulnerable groups and

Ukrainian refugees, supporting sports facilities, conducting corporate visiting programs, providing COVID-19 relief supplies, local community services, and repairing water supply facilities. SL will continue to expand diverse social contribution activities considering the needs and environment of local communities

Major Global Social Contribution Activities

Category	Major Activities in 2022
SL America (USA)	<ul style="list-style-type: none"> • Raised funds and donated to a local charity organization (The Tate Myre Foundation) • Connected mentees to students at a local school (Oxford High School) and created scholarships
SL Tennessee (USA)	<ul style="list-style-type: none"> • Participated in fundraising to install a scoreboard for the American football team (Mavericks) at Anderson County High School
SL Alabama (USA)	<ul style="list-style-type: none"> • Innovative donation to local communities (improvement of technical education, enhancement of employment opportunities, expansion of technical programs, etc.) • Community service: Rebuilt a community playground (The Imagination Station), etc.
SL Yantai (China)	<ul style="list-style-type: none"> • Participated in the Yantai corporate visiting program • Donated COVID-19 quarantine supplies • Donated funds for Korean COVID-19 patients to purchase emergency medicines
SL Lumax (India)	<ul style="list-style-type: none"> • Installed restrooms for 450 households to prevent environmental pollution • Repaired water supply facilities and built parks
SL Brasil (Brazil)	<ul style="list-style-type: none"> • Provided Christmas gifts to about 200 underprivileged children in the local community through the 'Solidary Christmas' event
SL Poland (Poland)	<ul style="list-style-type: none"> • Supported a rehabilitation center for disabled persons (3,000 PLN) • Supported Ukrainian refugees (10,000 PLN)





SL Corporation

GOVERNANCE

5



092 Sound Governance



097 Corporate Ethics and Compliance



101 Company-wide Risk Management



104 Information Protection



Sound Governance

Composition and Operation of the Board of Directors

Status of the Board of Directors

SL recognizes that the soundness and transparency of corporate governance are essential elements for achieving sustainable growth, increasing corporate value, and protecting the rights and interests of stakeholders. SL strives relentlessly to embody sound and transparent governance by executing 'management centered on the Board of Directors.' Members of the Board of Directors are appointed through a transparent procedure that widely reflects the opinions of various shareholders. As of the end of March 2023, the Board of Directors consists of six members, including three executive directors and three independent directors, meeting the legal requirements.

Board of Directors Operation Status

Category	Unit	2020	2021	2022
Executive directors	Person	3	3	3
Independent directors	Person	3	3	3
Ratio of independent directors	%	50	50	50
Ratio of female directors	%	0	0	0
Number of BOD meetings held	Time	24	13	14
Average attendance rate	%	73.8	94.6	99.1
Number of agendas objected by independent directors	case	0	0	0

Board of Directors Composition Status

(As of 03.31.2023)

Type	Name	Present and Former Positions		Tenure	Area of Expertise	Gender
Executive directors	Lee Sung-Yup	(Present)	Co-President, SL Corporation, Chair of the Board	04.01.2006 - 03.28.2026	General Management	Male
	Kim Han-Young	(Former) (Present)	President, SL Seobong Corporation Co-President, SL Corporation	03.29.2022 - 03.29.2025	Lamp	Male
	Kim Jueong-Hyun	(Former) (Present)	General Manager, Beijing Samlip Co-President, SL Corporation	03.31.2021 - 03.30.2024	Electrification	Male
Independent directors	An Kyung-Jun	(Former) (Present) (Concurrent)	General Manager, Kyung Shin Accounting Corporation Audit Committee Chair, SL Corporation General Manager, Sunil Accounting & Consulting Firm	03.31.2020 - 03.28.2026	Financial audit	Male
	Huh Moon-Goo	(Former) (Former) (Present) (Concurrent)	President, Korean Strategic Management Society Vice President, Korean Academic Society of Business Administration Auditor, SL Corporation Professor, Kyungpook National University Business School	03.29.2022 - 03.29.2025	Business organization, human resources	Male
	Kim Do-Seong	(Former) (Present) (Concurrent)	Member, KRX Corporate Review Committee Auditor, SL Corporation Dean, Sogang University Business School and Master of Business Administration	07.16.2020 - 03.28.2026	General business, capital market	Male

Composition and Operation of the Board of Directors

Committees Within the Board of Directors

SL has established and is operating the Audit Committee, Independent Director Candidate Recommendation Committee, and Sustainable Management Committee within the Board of Directors. The Audit Office, Internal Accounting Management Team, and Finance Team support each committee. By organizing and operating the Committees, SL has been able to make professional and efficient business decisions and enhance the independence and transparency of the Board of Directors.

Audit Committee

The Audit Committee, the internal audit body of SL, is entirely composed of independent directors to ensure its independence. Accounting and financial experts are included in the Committee to secure expertise, and members undergo online education from external agencies. In addition, the Audit Office was established under the Audit Committee to take responsibility all related duties and compliance enforcement.

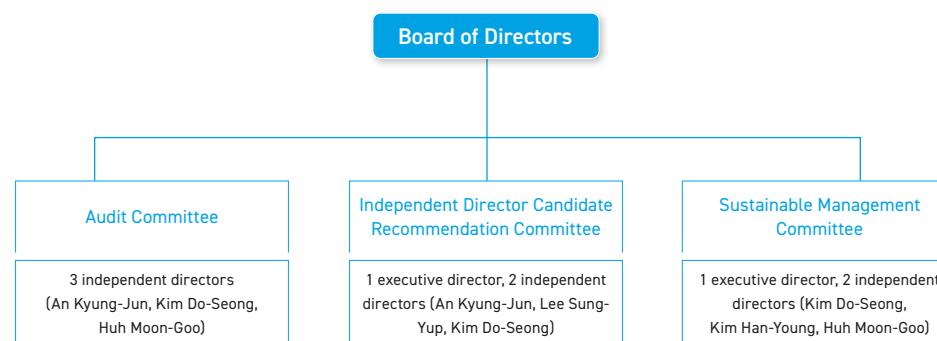
Independent Director Candidate Recommendation Committee

To strengthen the independence of the Board of Directors, SL operates the Independent Director Candidate Recommendation Committee, composed of one executive director and two independent directors (66.7%), with an independent director serving as the chair. In the future, this Committee will play the role of verifying the independence and capability of independent director candidates and recommending candidates to the Board of Directors.

Sustainable Management Committee

The Sustainable Management Committee, newly established in 2022, discusses sustainable management policies and major issues in depth and manages related activities and outcomes in a systematic manner. This year, the Committee held four meetings to discuss and report on sustainable management issues, including deliberations on the sustainability report, investment in solar power plants, child labor issues of SL Alabama, and ESG assessment status.

Committees Within the Board of Directors



Committee Operation Status Within the Board of Directors

Category		Unit	2020	2021	2022
Audit Committee	No. of meetings	Time	8	8	11
	Attendance	%	98	93	100
	Ratio of independent directors	%	100	100	100
Independent Director Candidate Recommendation Committee*	No. of meetings	Time	-	-	1
	Attendance	%	-	-	100
	Ratio of independent directors	%	-	-	67
Sustainable Management Committee**	No. of meetings	Time	-	-	4
	Attendance	%	-	-	100
	Ratio of independent directors	%	-	-	67

* Newly established in 2021 and first held in February 2022

** Newly established in 2022

Composition and Operation of the Board of Directors

Evaluation and Remuneration of the Board of Directors

SL evaluates the Board of Directors' performance quantitatively and qualitatively based on the operation and role of the Board of Directors in accordance with internal regulations, and the evaluation is performed in conjunction with the business performance. The evaluation of independent directors is based on individual performance, including attendance rate, contribution to decision-making, and the effectiveness of advice as an expert. The evaluation results are reflected in decisions regarding reappointment. The remuneration for independent directors is approved by the regular general meeting of shareholders considering the responsibilities and risks of their duties, and the details of the payment execution are delegated to the Board of Directors.

Board of Directors Remuneration Status

Category		Unit	2020	2021	2022
Executive directors	No.	Person	3	3	3
	Total remuneration paid	KRW million	3,208	2,496	2,256
	Average per person	KRW million	1,069	832	752
Independent directors	No.	Person	3	3	3
	Total remuneration paid	KRW million	48	54	70
	Average per person	KRW million	16	18	23

Education for Independent Directors

SL conducted internal and external education for members of the Audit Committee to reinforce the expertise of independent directors.

Independent directors education status

Date	Educating Body	Content	Target	Participation
04.19. 2022	Audit Committee Forum	<ul style="list-style-type: none"> • Introduction of KSSB disclosure standards • Supervision of ESG disclosure by the Audit Committee 	Audit Committee	100%
06.30. 2022	Korea Listed Companies Association	<ul style="list-style-type: none"> • Changes to the guidelines for the consolidated internal accounting management system • Survey on the internal accounting management system • Response to embezzlement and internal control 	Audit Committee	100%
09.14. 2022	Audit Committee Forum	<ul style="list-style-type: none"> • Global status and implications related to ESG response of the Audit Committee • Functions and roles of governance to secure the effectiveness of ESG management 	Audit Committee	100%
12.01. 2022	In-house	<ul style="list-style-type: none"> • Introduction of new product concept 	Audit Committee	100%

Responsibilities and Roles of the Board of Directors

Independence and Expertise of the Board of Directors

Ensuring the independence and expertise of the Board of Directors is crucial in creating a transparent and ethical corporate culture and securing sound governance. SL transparently discloses all information about directors two weeks before the General Meeting of Shareholders when appointing directors. In addition, SL selects directors with expertise in business management, economics, law, or relevant technologies or with social prestige. Candidates for the position of executive directors are selected at the general meeting of shareholders by reviewing their qualifications and experience. Independent directors are selected by the Independent Director Candidate Recommendation Committee through a careful evaluation process based on various evaluation criteria, including the legal qualifications required by the Commercial Act, to ensure expertise and rich experience.

Diversity of the Board of Directors

SL reflects the principle of diversity in the composition of the Board of Directors, ensuring that the Board of Directors does not have a specific common background or represent a certain stakeholder. In actual operation, the Board of Directors is composed of individuals with diverse expertise so that the Board of Directors is not biased towards a particular gender, background, or occupation.

Process of Appointing Independent Directors

Consideration	Recommendation	Appointment	Post-appointment
Statements are made to ensure candidates are not disqualified as independent directors as defined by Article 382 and Article 542-8 of the Commercial Act. Each candidate is considered based on the disqualification criteria, and candidates with independence issues are excluded.	Before the Independent Director Candidate Recommendation Committee finalizes candidates, candidates are checked for disqualification based on information about the former and present positions held by them.	Written confirmations of independent director qualifications are submitted to the KRX.	Even after appointment, independent directors lose their position if they fall under disqualification conditions. Accordingly, independent directors must undergo regular qualification reviews.

Increasing Shareholder Value

Transparent Disclosure of Information

To guarantee the rights and interests of shareholders, sufficient and timely information must be provided so that shareholders can exercise their rights. Two weeks before the General Meeting of Shareholders, SL sends out a notice of convocation indicating the date, time, place, and agenda of the meeting to its shareholders and publicly announces the convocation.

Transparent Disclosure of Information

Provision of information about the General Meeting of Shareholders

1

Date, time, and place of the meeting are disclosed on the KRX on the day of the Board of Directors decision

2

Public announcement of the convocation is made two weeks before the meeting

Provision of information about candidates for directors' positions

1

Provision of detailed information about candidates for directors' positions two weeks before the General Meeting of Shareholders

2

Transparent disclosure of information about candidates for reappointment

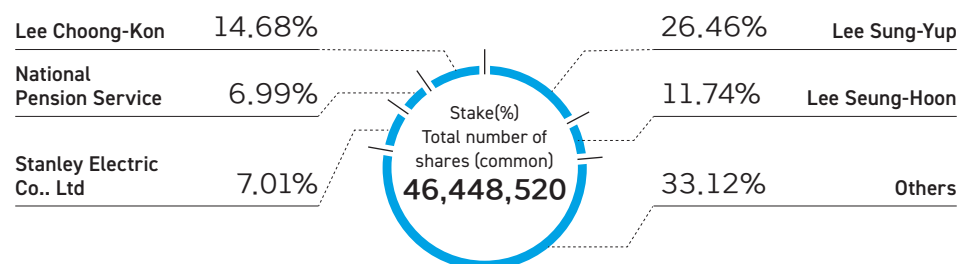
Continuous dividends and disclosure of related information

1

Implementation of continuous dividends and disclosure of related information (Amount per share and date) two weeks before the General Meeting of Shareholders through the disclosure system and postal mail

Shareholder Status

As of December 31, 2022, the total number of shares issued is 46,448,520, and the major shareholder and its affiliated parties hold 30,055,077 shares. The combined number of shares owned by the major shareholder, relatives, and affiliated companies is 64.71% of the total shares issued.



Status of the Shareholder-friendly System

Based on separate financial statements

Category	Unit	2020	2021	2022
Total cash dividends	KRW million	23,028	23,028	27,633
Cash dividend payout ratio	%	25.1	17.4	16.9
Cash dividends per share(Common)	KRW	500	500	600
Voting in writing system	Y/N	N	N	N
Electronic voting system	Y/N	Y	Y	Y

Protecting Shareholders' Rights and Interests

SL implements various activities to protect the rights and interests of shareholders. In addition to guaranteeing basic shareholder rights such as the right to participate in profit distribution, attend and vote at shareholder meetings, and receive regular and timely information as regulated in the Commercial Act, SL strives to establish transparent governance by communicating with shareholders through various channels.

Shareholder Voting System

At the General Meetings of Shareholders of SL, voting rights are exercised through direct participation of shareholders or proxy voting. Based on the principle of one voting right per share, SL implemented an electronic voting system at the General Meeting of Shareholders held in March 2022 to guarantee the voting rights of small shareholders. SL also strengthens communication with shareholders and investors through various IR channels, including regular General Meetings of Shareholders and business briefings.

Strengthening Communication with Shareholders (IR)

SL holds business briefings, including quarterly performance presentations,. SL communicates with shareholders through various channels to build governance that meets global standards.

Shareholder Return (Dividend) Policy

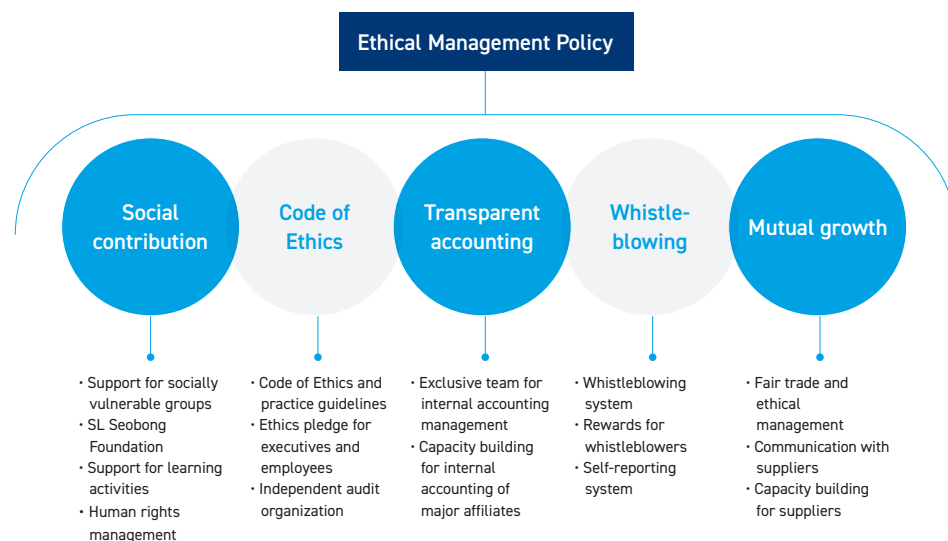
SL has been paying dividends consistently to enhance shareholder value, and the amount of dividends is determined by considering investments for continuous growth, business performance, and the cash flow situation. In 2022, SL decided on a cash dividend of KRW 600.

Corporate Ethics and Compliance

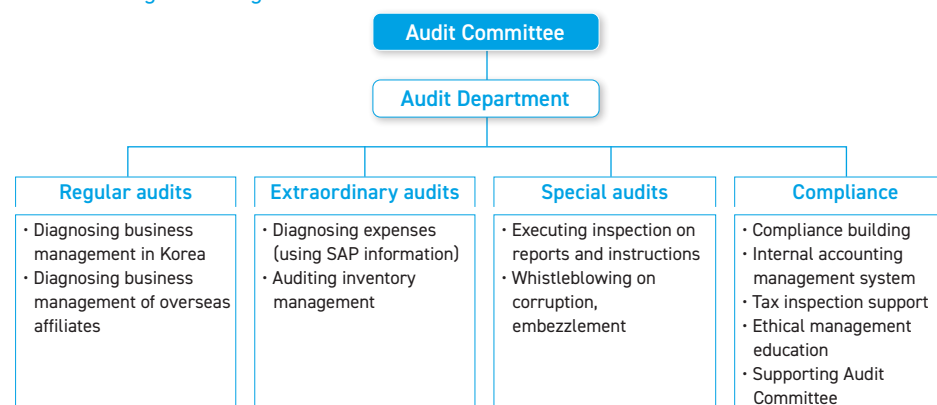
Ethical Management

Ethical Management Policy and Organization

SL has organized and operates an ethical management system and a responsible organization to regulate corporate activities and employee behavior based on ethical values. The Audit Office is run directly under the Audit Committee to maintain the independence of the ethical management organization, enhancing the effectiveness of the system. Under the slogan, "SL's unshakable foundation lies in ethical management," SL promotes awareness regarding the importance of ethical management and practices ethical management based on sustainability. SL discloses its ethical management policy on the website to share it with internal and external stakeholders, making an effort to become a leading company in ethical management both in Korea and abroad.



Ethical Management Organization



Operating Code of Ethics and Practice Guidelines

SL has established the Code of Ethics and Practice Guidelines to reinforce the practice of ethical management. The Code of Ethics defines our responsibilities and obligations regarding customers (Chapter 1), fair competition (Chapter 2), fair trade (Chapter 3), basic ethics to be followed by employees (Chapter 4), responsibilities for employees (Chapter 5), national and social responsibilities (Chapter 6), and attitude toward shareholders and investors (Chapter 7). The Code of Ethics Practice Guidelines stipulate the use of the Code of Ethics, regulatory targets, measures, and detailed practice guidelines so that all employees can practice the Code of Ethics. Through this, SL strives consistently to become a transparent and ethical company by securing transparency of accounting and soundness of financial activities and correcting irregularities like corruption and embezzlement.

Internalizing Ethical Awareness

Activities to Inspire Ethical Awareness

Ethical Education for Employees

SL conducts systematic ethical education to enhance corporate value through ensuring that its employees engage in transparent and fair business practices. In 2022, SL expanded the scope of ethical education to its overseas operations to internalize the ethical culture throughout the company, and a total of 2,409 employees completed ethical education. SL plans to continue operating various forms of educational content and programs to enhance compliance and ethical awareness among employees and establish a healthy corporate ethics culture.

Ethical Education Status

Category	Unit	2020	2021	2022*
Number of persons who completed education	Person	90	85	2,409
Ratio of completion	%	1.9	1.7	53

* 2022: All managers and on-site managers (including leader positions), all resident employees

Signing the Ethical/Compliance Pledge

SL receives ethical pledges through a portal from all employees as part of its efforts to create a sound corporate ethics culture. In addition, SL has signed compliance pledges with 83 suppliers to enhance its ethics culture and maintain mutually transparent and fair partnerships.



Operating SL Whistleblowing System

Since 2014, SL has been operating the 'SL Whistleblowing System' to strengthen its communication with internal and external stakeholders, including employees. Based on the three principles of 'protection, reward, and empathy,' the SL Whistleblowing System receives reports on violations and corruption through the SL website and internal portal system. In 2023, SL prepared measures to guarantee anonymity for free reporting, such as collecting a confidentiality pledge from whistleblowers.

Status of SL Whistleblowing System Operations

Category	Unit	2020	2021	2022
Improvement of the welfare and work environment	Case	4	3	6
Attitude and violation of rules	Case	8	6	5
Unethical conduct	Case	7	6	7
Employment and compensation complaints and enquiries	Case	7	2	0
Improvement of work rules and processes	Case	4	4	5
Corruption reporting	Case	6	4	7
Others	Case	3	7	4
Total	Case	39	32	34

Compliance

Compliance Operation System

Compliance Policy

SL operates a compliance organization to effectively achieve its goals, such as efficient sales, reliable financial reporting, and compliance with laws and regulations. SL strengthens compliance awareness among employees by verifying legal compliance in all fields internally and through external third-party organizations, taking preventive measures to avoid potential compliance risks.

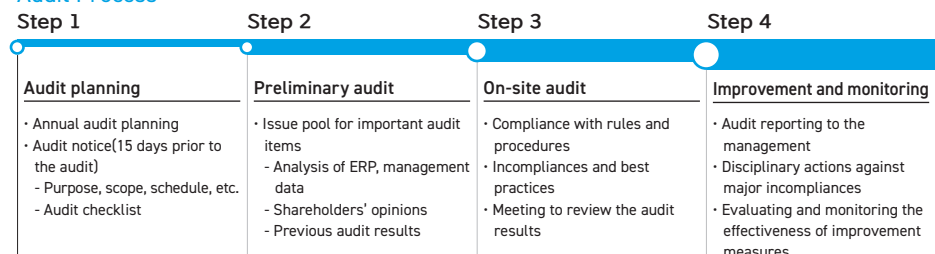
Internal Control System

SL is committed to reinforcing the transparency and consistency of regulatory compliance and work procedures through the operation of its internal accounting management system. SL strives to secure the reliability and transparency of financial statements by preventing fraudulent activities that may occur in financial accounting. In addition, SL receives audit of its systems from external auditors to secure the transparency and objectivity of the systems.

Audits

SL conducts regular, non-regular, and special audits targeting all operations and affiliates to practice compliance management. To guarantee the independence of audits, SL has set up the Audit Office directly under the Audit Committee to perform audits. Additionally, SL has established an audit process and conducts audits according to the procedures, aiming to practice compliance management by verifying the compliance status and identifying and improving compliance status for each operation.

Audit Process



Number of Disciplinary Actions against Confirmed Cases of Corruption

Category	Unit	2020	2021	2022
Resignation	Case	1	0	1
Demotion	Case	0	0	1
Suspension from work	Case	1	0	1
Pay cut	Case	0	0	1
Reprimand	Case	1	0	1

Anti-corruption and Anti-competition

Category	Unit	2020	2021	2022
Total number of operations	Operation	7	7	7
Number of operations that evaluated corruption risk	Operation	7	7	7
Ratio of operations that evaluated corruption risk	%	100	100	100
Legal actions taken against anti-competition, monopoly, and other unfair trade conduct	Case	0	0	0
Fines and other payments arising from anti-competition conduct	KRW	0	0	0

Monetary/Non-monetary Sanctions against Incompliance

Category	Unit	2020	2021	2022
Total fines	KRW million	1,785.0	0	52.6

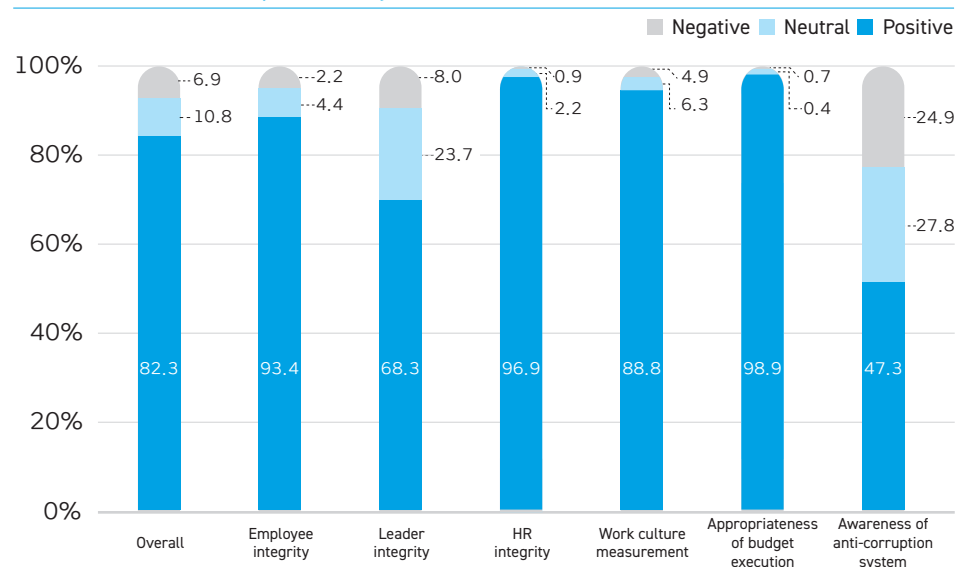
Compliance

Internalizing Compliance Awareness

Anti-corruption Survey

In December 2022, SL conducted an 'Anti-corruption Survey' targeting its employees to identify and improve areas of vulnerability. The survey was conducted on 3,187 portal users at operations in Korea, covering six major categories. The six categories included 'integrity, integrity of leaders, measurement of the work culture, appropriateness of budget execution, and awareness of the anti-corruption system,' with 32 detailed questions. SL plans to expand the survey to its global operations in the future.

Results of the Anti-corruption Survey in 2022



Anti-corruption Issues by Area and Improvement Methods

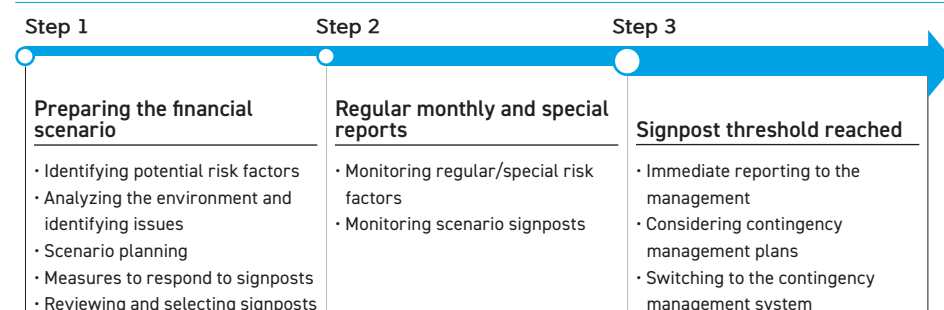
Category	Anti-corruption Issues
Employees' integrity	Partial lack of fairness due to favoritism in handling tasks
Leaders' integrity	Distrust and awareness gap regarding leaders
HR integrity	Dissatisfaction with functional job recruitment and evaluation
Measurement of the work culture	Improper performance and unfair instructions by superiors
Appropriateness of budget execution	No anti-corruption issues
Awareness of the anti-corruption system	Dissatisfaction with the protection of whistleblowers and strict punishment
Methods for Improvement	
Strengthening methods <ul style="list-style-type: none"> Improving anti-corruption levels continuously <ul style="list-style-type: none"> Conducting regular surveys once a year Strengthening ethical management education <ul style="list-style-type: none"> Education for all employees and case-based education Improving the whistleblowing system and strengthening accessibility <ul style="list-style-type: none"> Operating a global whistleblowing system (multiple languages) and improving convenience for users 	Supplementing and improving methods <ul style="list-style-type: none"> Creating a transparent and fair work culture <ul style="list-style-type: none"> Establishing a fair recruitment/evaluation process Reevaluating rotational appointment Improving awareness regarding the anti-corruption system <ul style="list-style-type: none"> Renotifying the three principles of the whistleblowing system (Protection, reward, empathy) Securing confidentiality pledges from the investigating employees and strengthening the objectiveness of audits

Company-wide Risk Management

Risk Management System

SL has adopted integrated management of financial and non-financial risks at the company level. The Finance Team prepares financial scenarios each year and monitors the signposts derived from the scenarios on a regular basis. The Team monitors and reports the overall liquidity, foreign exchange risk, and financial markets to the management by holding monthly 'Financial Audit Meetings.' The identified risks are reported promptly to the management for prevention, and there is a post-incident response system in place. The Audit Office and Internal Accounting Management Team also monitor risks that occur routinely. In addition, the Sustainable Management Committee, newly established in 2022, manages non-financial risks strictly by monitoring, reporting, and making decisions on the possibility and business impact of ESG-related non-financial risks, in areas including environment, safety, health, personnel, and information security.

Risk Management Process



Financial Review Meeting Agenda

(As of December 2022)

Regular reporting	Liquidity risks	Reports <ul style="list-style-type: none"> Key Risk Indicators (KRI)/bond delinquency rate/debts Available funds in new overseas operations Status of recovering development costs Receivables of operations in China
	Exchange risk	Reports <ul style="list-style-type: none"> Foreign exchange inflow and outflow Monitoring of exchange rate Forward exchange hedge history and fluctuations Forward exchange and TRF suggestions
Special reporting		Reports <ul style="list-style-type: none"> Funding support to suppliers Reviewing receivables uncollected (Korea) Financial results of global customers/competitors Financial strategy plan for 2023 SL solar power business
Signpost observation		Reports <ul style="list-style-type: none"> Monitoring of scenario signposts Macroscopic indicator monitoring

Risk Management by Type

SL largely classifies risks into two types and manages them comprehensively through collaboration between internal organizations. All types of risks are monitored and managed proactively. Situation-specific scenarios are established to minimize the impact and damage of unpredictable risks, such as disasters. SL defines key and potential risk factors by analyzing the likelihood of risk occurrence and the degree of damage, derives items for management, and focuses on managing them. Every year, the progress of core risk

management items is checked to determine whether to resolve or maintain risk factors, strengthening the maintenance of response systems and monitoring potential risks that can affect businesses. In 2022, SL identified and managed risk factors like infectious diseases, fires, explosions, GHG emissions, leaks of dangerous substances, and accidents as priority risks. SL constantly manages risks related to key issues and business factors according to the materiality test.

Major Risks by Type

Category		Risk Definition	Negative Impact on Business	Response and Management Measures
Financial risks	Liquidity risk	Financial loss due to changes in liquidity in the financial market	Weakening of the management base due to environmental changes	Continuous monitoring of financial markets and securement of preemptive credit line
	Exchange risk	Increased foreign exchange fluctuations due to uncertainties in the global economic environment	Weakening of the management base due to environmental changes	Continuous monitoring of financial markets and securement of preemptive credit line
	Operational risk	<ul style="list-style-type: none"> • Supply shortages and delays in parts supply related to the supply chain • Shortage of human capital due to technology transition and talent outflow • Serious accidents 	<ul style="list-style-type: none"> • Decrease in sales and decline in customer satisfaction • Increased uncertainties due to weakening of future growth basis • Increased overall management risks and decline in corporate value 	<ul style="list-style-type: none"> • Adjustment of global production capacities and development of alternative suppliers • Diversification of strategies to secure and foster talented human resources • Internalization of the safety-first culture and prevention of serious accidents
Non-financial risks	Environmental risk	Health risks due to continuation of the pandemic	Decrease in productivity due to shortage of production workers and closure of operations	Establishment of emergency response scenarios and a contact-free work environment
	Supply chain risk	Decline in corporate value due to inadequate management of the supply chain	Decline in trust among customers and investors	Reinforcement of the supply chain collaboration system and management functions
	Regulatory risk	Strengthening global policies and regulations based on ESG	Increase in dissatisfaction among stakeholders, leading to difficulty in attracting investments and securing orders, with a decline in reputation	Advancement and internalization of ESG policies and process that meet global standards
	Transition risk	Increased need for portfolio shift towards eco-friendly products	Management burden due to increased investment cost necessitated by the transition	Reinforcement of global trend monitoring and establishment of investment plans linked to medium- to long-term strategies

Managing Tax Risks

Transparent Tax Reporting

Tax Policy

SL recognizes that complying with tax laws and obligations and paying taxes faithfully are essential to maximizing customer benefits, contributing to national finance, and increasing shareholder profits. Tax payment is a crucial condition for ensuring the sustainability of companies. Accordingly, SL has established standards and procedures for transparent payment of taxes and risk management, and is operating a transparent tax policy in compliance with relevant laws and systems.

Tax Strategy

SL is continuously monitoring tax law amendments and tax issues in Korea and overseas in consultation with internal managers and external consultants. Based on its core business activities and economic substance, SL strives to prevent risks of double taxation. Transactions are conducted according to the principle of normal trade, and revenues are reported where substantial value is created in accordance with country-specific Base Erosion and Profit Shifting (BEPS) regulations. Moreover, SL does not seek tax havens for the purpose of avoiding taxes.

Observing Tax Regulations

SL has a thorough understanding of Korean tax laws and regulations, as well as international tax treaties and OECD guidelines. SL executes all transactions in Korea and overseas in accordance with the tax laws and regulations stipulated by the relevant tax authorities. SL also maintains close cooperation with tax authorities to ensure transparent and complete compliance with tax regulations.

Principles of Tax Management

- SL's executives and employees involved in tax accounting perform the obligations to report and pay tax faithfully under relevant laws and regulations and keep transparent relations with the tax authority.
- SL responds to investigations and requests from the tax authority in a transparent and responsible manner.
- Where there are changes in relevant laws and regulations, for example, an amendment to the tax law or the establishment of a regulation or case law, SL monitors the aspects that are potentially applicable to SL, considers relevant risks, and responds to them accordingly.
- SL reports and pays tax honestly in compliance with laws and tax treaties in jurisdictions where it conducts business activities and faithfully performs its obligations as a taxpayer in close cooperation with tax authorities in the respective countries.
- SL does not conduct trans-border income shifting or tax dodging by taking advantage of differences in tax laws in different jurisdictions, vacuums in the international taxation system, or tax havens. SL works to ensure the lawful distribution of taxable income from the value generated in all countries where SL has business presence and conducts business activities.
- Pursuant to country-specific Base Erosion and Profit Shifting (BEPS) reporting and other rules, SL submits details about transfer prices to tax authorities and appoints external professionals if needed.
- SL's tax payment details are disclosed publicly and transparently. Information on corporate tax cost estimation criteria, deferred tax assets and liabilities, breakdown of corporate tax costs, and applicable tax rates can be found in the financial statements and notes in SL's audit reports, which are prepared by an external auditor for transparency and objectivity.
- SL does not use tax structures without commercial substance to evade tax.
- In transactions with affiliates, SL sets prices based on the normal prices (normal trading prices with third parties that are not in a special relationship). The appropriateness of the transfer prices is verified by external professionals.

Information Protection

Information Protection System

Information Protection Strategy and Organization

SL has prepared a security operation system based on the information security roadmap to prevent information leaks at business operations and protect the personal information of employees. SL operates a security system with the goal of zero security accidents. Under the Chief Security Officer (CSO), SL has appointed information security officers and persons in charge of the company, headquarters, and each affiliate to operate a well-organized information security organization. SL has set up three directions, 'management security,' 'technical security,' and 'security awareness,' to promote security activities and corporate education. In addition, SL has reorganized the Information Security Team (Department) to respond flexibly to information security issues arising from the rapidly changing technologies and strengthen the information security governance system. In 2023, SL is obtaining international security certifications such as *TISAX to strengthen its information security continuously. (SL, SL Yantai, SL Poland: Certified / SL Tennessee: Certifying)

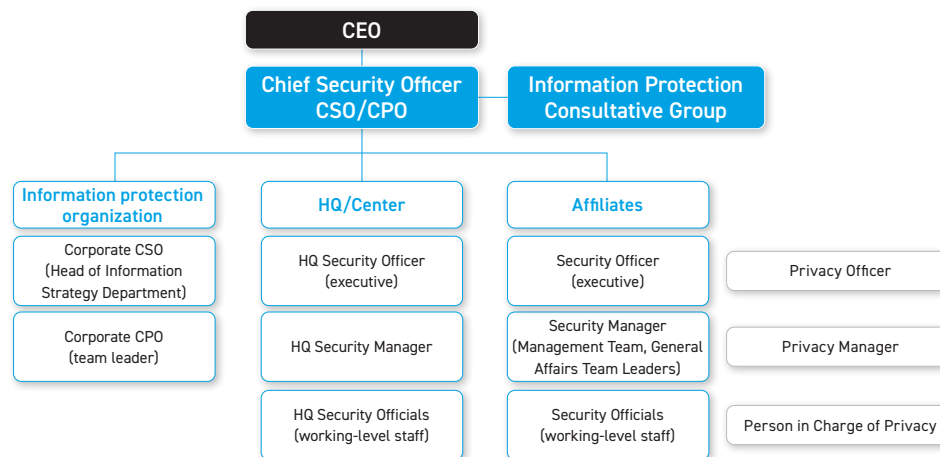
*TISAX: Trusted Information Security Assessment eXchange / The TISAX certification system is an evaluation system developed by the German Association of the Automotive Industry (VDA) and operated through the European Automobile Manufacturers Association (ENX) to certify the exchange of information security based on standardized processes.

Information Security Operation System

----- Scheduled

NO	KNOW	KNOWLEDGE
Building foundations for information security <ul style="list-style-type: none"> Foundations for information security Security roadmaps Quick-Win USB control Personal identification system Drawing security 	Building security systems <ul style="list-style-type: none"> Security organization Security regulations SL security certification (Jillyang/Daegu) SHB security certification 	Internal check system <ul style="list-style-type: none"> Monitoring Tracking of individual security history Justification process Security personnel regulations Personnel Committee
Cloud environment <ul style="list-style-type: none"> Application to HQ Expansion to affiliates in Korea Expansion to overseas affiliates (8 companies) Expansion to off-cloud affiliates 	Security monitoring <ul style="list-style-type: none"> Application of Security index Classification Identification of risk groups Risk warning Security monitoring 	TODO <ul style="list-style-type: none"> Expansion of cloud to uncovered overseas affiliates AI-based security blocking Expansion of security monitoring overseas Company-wide security certification International security certification

Information Protection Management Organization



Violations of Information Protection/Cyber Security

Category	Unit	2020	2021	2022
Number of information security/cyber security accidents	Case	0	1*	0

* Ransomware attack was identified and measures were completed.

Number of Personal Information Leaked/Stolen/Lost

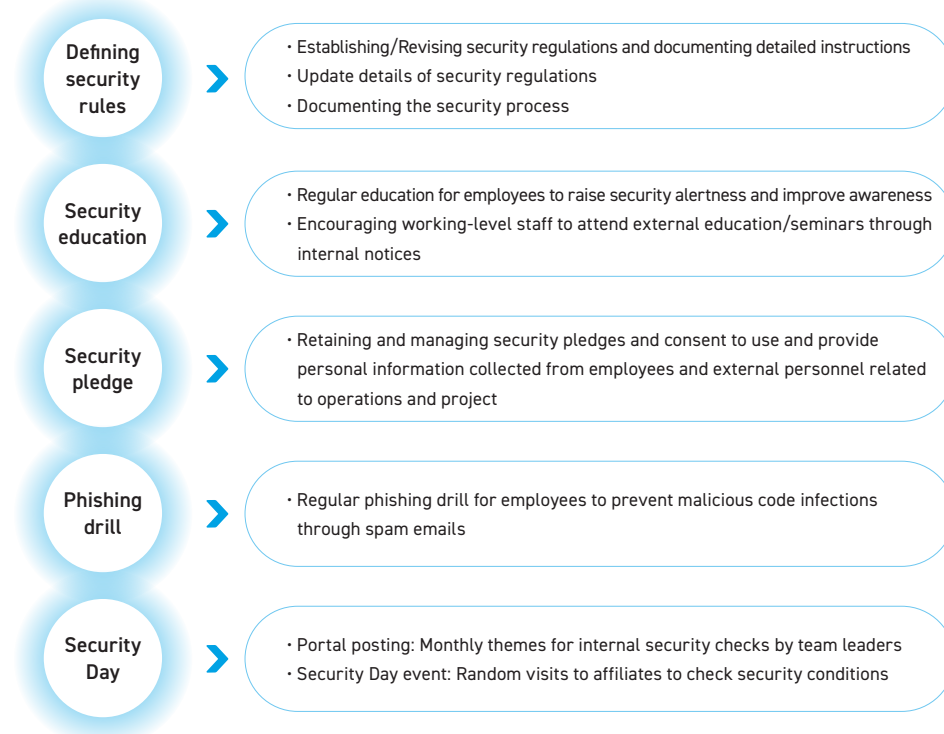
Category	Unit	2020	2021	2022
Number of personal information violations	Case	0	0	0

Information Protection System

Information Protection Infrastructures

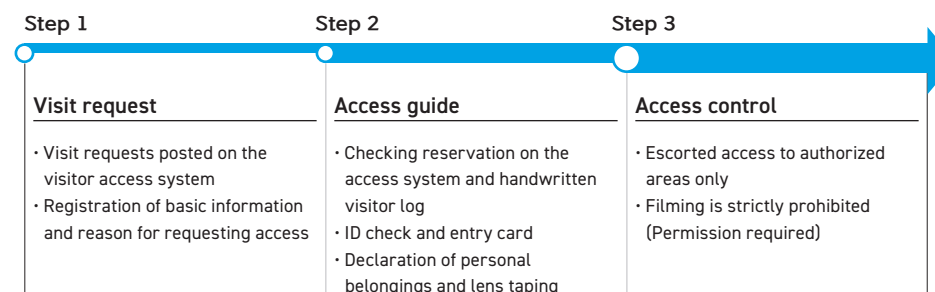
SL has established an information security infrastructure based on three categories, including administrative security, physical security, and technical security, to protect the information of its operations and employees in a systematic manner.

Administrative Security

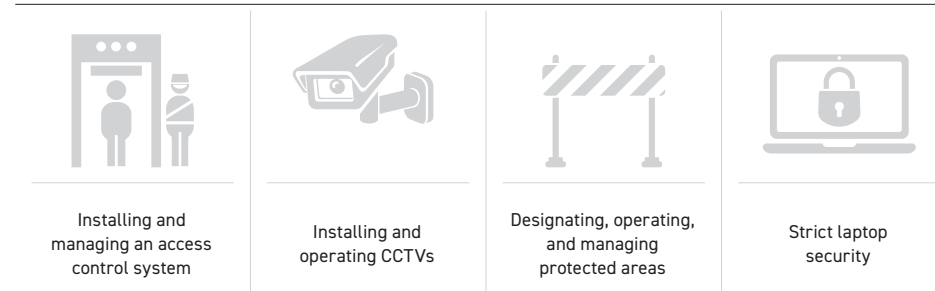


Physical Security

Strict access control



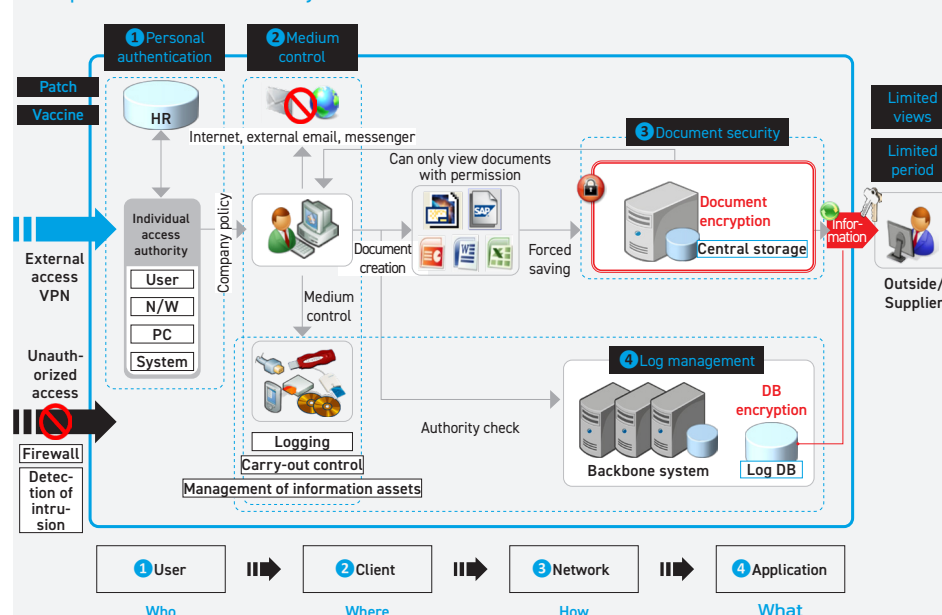
Controlled and restricted areas and laptop security



Technical Security

SL Cloud application	Provision of comprehensive security status
<ul style="list-style-type: none"> SL Cloud to turn documents, drawings, and emails into assets → Integrated search available Confidential documents are taken out after obtaining approval (Limited views, period, and PDF conversion) 	<ul style="list-style-type: none"> Security databases to provide notices on security history and abnormalities Comprehensive security status to ensure proactive security

Example of Technical Security



Information Protection Activities

Information Protection Education and Certifications

SL provides regular information security education for employees to raise their security awareness in compliance with information protection laws and the Personal Information Protection Act. In 2022, SL started a regular internal information security education course and acquired the HKMC Information Security Management System (H-ISMS) certification. SL continues to renew and manage the certification to ensure its security preparedness.

Information Protection Education Status

Category	Unit	2020	2021	2022
Number of persons who completed education	Person	3,629	3,837	4,330
Hours of education completed	Hour	3,629	3,837	3,914

* Corrected data for 2020 and 2021 due to change in criteria: recalculation based on the legal education of personal information protection.



Expansion of Information Protection Investments

SL expands investment in the information protection sector to improve its information protection system and discloses its information protection status annually on the Korea Internet and Security Agency (KISA) portal in accordance with the Act on the Promotion of Information Security Industry and the Notice on Information Protection Disclosure. In 2022, SL also strengthened technical and system security activities to maintain security and prevent information leakage in business operations by increasing investments in the information protection sector, such as the introduction of Network Access Control and network threat detection monitoring solutions.

Investment in the Information Protection Sector

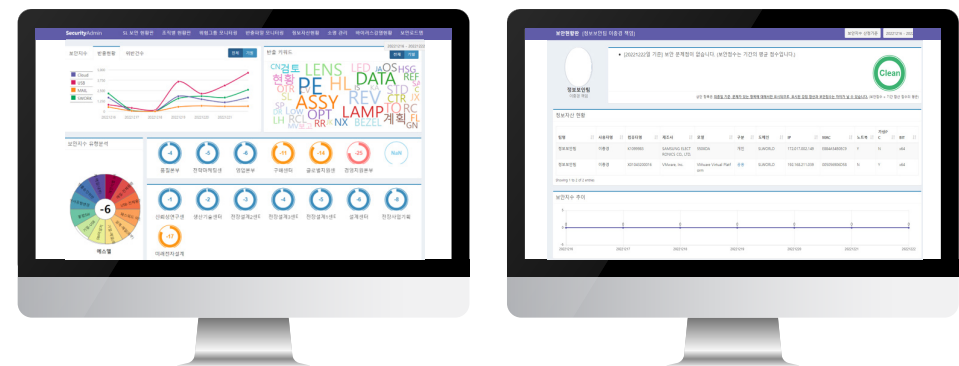
(12.31.2021)

Category	Investment in information technology sector (A)	Investment in information protection sector (B)
Investment Amount	KRW 22.3 billion	KRW 0.9 billion
Ratio (B/A)	4.19 %	
Investment Item	1. Operations of design tool and drawing security licenses 2. Introduction of Network Access Control 3. Introduction of network threat detection monitoring solutions 4. Introduction of security infrastructure equipment	

Operating an Information Security Monitoring System

SL operates a security status board, which is a system that enables real-time monitoring of the organization's overall information security situation. The ultimate purpose of this system is to prevent security accidents by providing comprehensive information on security status for strengthening security. SL generates positive effects based on security awareness by analyzing and applying big data patterns, identifying security risks in advance, and comparing security among organizations.

Information Security Status Board



ADDENDUM

SL Corporation

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123	Awards and Membership

Consolidated Financial Statements

Consolidated Statement of Financial Position

(Unit: KRW million)				
No.		2022	2021	2020
	Assets			
①	Non-current assets	1,158,284	966,165	898,577
	Tangible assets	734,990	645,618	605,118
	Investment properties	48,054	27,527	28,043
	Rights of use	7,559	2,185	4,597
	Intangible assets	45,811	17,505	18,829
	Other non-current receivables	5,061	1,617	1,262
	Investments in associates and joint ventures	164,980	159,590	156,658
	Deferred income tax assets	4,882	8,126	6,883
	Non-current financial assets	86,380	66,710	51,736
	Defined benefit assets	20,934	-	-
	Other non-current assets	39,633	37,287	25,451
②	Current assets	1,773,353	1,601,328	1,440,380
	Inventory	404,346	360,848	245,188
	Accounts receivable & other receivables	861,045	636,363	637,244
	Current financial assets	81,804	159,683	238,316
	Other current assets	152,341	113,870	167,188
	Current income tax assets	8,288	16,994	19,331
	Cash and cash equivalents	265,530	313,570	133,112
	Total assets	2,931,637	2,567,493	2,338,957

(Unit: KRW million)				
No.		2022	2021	2020
	Equity			
①	Controlling equity	1,634,590	1,501,766	1,409,520
	Capital	23,224	24,102	24,102
	Capital surplus	459,660	459,660	459,660
	Capital adjustment	-11,823	-12,701	-12,701
	Accumulated other comprehensive income	-11,322	-5,674	-33,730
	Retained earnings	1,174,850	1,036,379	972,189
②	Non-controlling equity	71,420	16,708	15,648
	Total equity	1,706,009	1,518,474	1,425,168
	Liabilities			
①	Non-current liabilities	133,176	150,496	139,729
	Provisions for non-current liabilities	38,973	33,111	38,705
	Other non-current liabilities	15,229	13,224	13,718
	Non-current financial liabilities	35,122	36,242	18,624
	Non-current lease liabilities	5,546	731	3,365
	Defined benefit liabilities	-	38,509	34,475
	Deferred income tax liabilities	38,307	28,679	30,843
②	Current liabilities	1,092,452	898,523	774,060
	Provisions for current liabilities	20,962	18,240	22,307
	Trade and other current payables	599,980	434,751	418,071
	Current financial liabilities	392,539	398,956	284,799
	Current lease liabilities	1,288	602	620
	Other current liabilities	63,976	20,609	31,364
	Current income tax liabilities	13,707	25,364	16,898
	Total liabilities	1,225,628	1,049,019	913,789
	Total equity and liabilities	2,931,637	2,567,493	2,338,957

Consolidated Financial Statements

Consolidated Statement of Profits and Losses

(Unit: KRW million)				
No.		2022	2021	2020
①	Sales	4,174,538	3,001,142	2,505,017
②	Cost of goods sold	-3,709,015	-2,714,481	-2,250,232
③	Gross profit	465,523	286,661	254,784
	Selling and administrative expenses	-267,608	-176,120	-161,620
④	Operating income	197,915	110,541	93,164
⑤	Non-operating income	17,784	44,937	-4,188
	Gain on investment in associates and joint ventures	12,538	11,949	6,617
	Financial income	14,555	10,676	10,155
	Other income	88,646	59,635	55,776
	Financial cost	-31,662	-11,159	-10,046
	Other non-operating cost	-66,294	-26,164	-66,690
⑥	Income before income tax expenses	215,699	155,478	88,976
⑦	Income tax profits (expenses)	-49,786	-59,265	-24,773
⑧	Current net income	165,913	96,213	64,203
	Net income attributable			
	Controlling interests	154,729	96,451	65,675
	Non-controlling interests	11,183	-238	-1,472
⑨	Earnings per owner's share			
	Basic and diluted earnings per share (unit: KRW)	3,360	2,094	1,420

GRI Content Index

SL Corporation has reported in accordance with the GRI Standards for the period from January 1, 2022, to December 31, 2022. (GRI Sector Standards: Not Applicable)

Classification	Disclosure	Location	Comment
GRI 2: General disclosures 2021	The organization and its reporting practices		
	2-1 Organizational details	18	
	2-2 Entities included in the organization's sustainability reporting	About This Report	
	2-3 Reporting period, frequency and contact point	About This Report	
	2-4 Restatements of information	-	On each page
	2-5 External assurance	120-121	
	Activities and workers		
	2-6 Activities, value chain and other business relationships	21-25, 69-72	
	2-7 Employees	54	
	2-8 Workers who are not employees	54	
	Governance		
	2-9 Governance structure and composition	92-93	
	2-10 Nomination and selection of the highest governance body	95	
	2-11 Chair of the highest governance body	92	
	2-12 Role of the highest governance body in overseeing the management of impacts	92-93	
	2-13 Delegation of responsibility for managing impacts	92-93	
	2-14 Role of the highest governance body in sustainability reporting	92-93	
	2-15 Conflicts of interest	95	
	2-16 Communication of critical concerns	92-95	
	2-17 Collective knowledge of the highest governance body	92-95	
	2-18 Evaluation of the performance of the highest governance body	94	
	2-19 Remuneration policies	94	
	2-20 Process to determine remuneration	94	
	2-21 Annual total compensation ratio	-	Confidentiality constraints

GRI Content Index

Classification	Disclosure	Location	Comment
GRI 2: General disclosures 2021	Strategy, policies and practices		
	2-22 Statement on sustainable development strategy	5	
	2-23 Policy commitments	69, 80	
	2-24 Embedding policy commitments	69, 80	
	2-25 Processes to remediate negative impacts	81-82, 98	
	2-26 Mechanisms for seeking advice and raising concerns	98	
	2-27 Compliance with laws and regulations	99	
	2-28 Membership associations	123	
	Stakeholder engagement		
	2-29 Approach to stakeholder engagement	50-51	
	2-30 Collective bargaining agreements	63	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	26	
	3-2 List of material topics	27	

GRI Content Index

Classification	Disclosure	Location	Comment
Material Topics			
Sustainable new growth drivers			
GRI 3: Material Topics 2021	3-3 Management of material topics	28	Non-Topic Standards
Product and service safety			
GRI 3: Material Topics 2021	3-3 Management of material topics	28	Non-Topic Standards
Response to climate change			
GRI 3: Material Topics 2021	3-3 Management of material topics	28	
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	33-34	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	36	
	302-2 Energy consumption outside of the organization	36	
	302-3 Energy intensity	36	
	302-4 Reduction of energy consumption	36	
	302-5 Reductions in energy requirements of products and services	39	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	37	
	305-2 Energy indirect (Scope 2) GHG emissions	37	
	305-3 Other indirect (Scope 3) GHG emissions	-	Information unavailable/incomplete
	305-4 GHG emissions intensity	36	
	305-5 Reduction of GHG emissions	36	
	305-6 Emissions of ozone-depleting substances (ODS)	-	None
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	47	

GRI Content Index

Classification	Disclosure	Location	Comment
Material Topics			
Energy use management and efficiency			
GRI 3: Material Topics 2021	3-3 Management of material topics	28	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	36	
	302-2 Energy consumption outside of the organization	36	
	302-3 Energy intensity	36	
	302-4 Reduction of energy consumption	36	
	302-5 Reductions in energy requirements of products and services	40	
Resource cycling and efficiency			
GRI 3: Material Topics 2021	3-3 Management of material topics	29	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	41	
	301-2 Recycled input materials used	41	
	301-3 Reclaimed products and their packaging materials	-	Information unavailable/incomplete
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	42	
	306-2 Management of significant waste-related impacts	42	
	306-3 Waste generated	42	
	306-4 Waste diverted from disposal	42	
	306-5 Waste directed to disposal	42	
Sound governance and transparency			
GRI 3: Material Topics 2021	3-3 Management of material topics	29	Non-Topic Standards
Creation of economic value			
GRI 3: Material Topics 2021	3-3 Management of material topics	29	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	19, 50-51, 109-110	

GRI Content Index

Classification	Disclosure		Location	Comment
Non Material Topics				
GRI 201: Economic Performance 2016	201-3	Defined benefit plan obligations and other retirement plans	-	Refer to business report
	201-4	Financial assistance received from government	20	
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	20	
	202-2	Proportion of senior management hired from the local community	54	
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	87-89	
	203-2	Significant indirect economic impacts	50-51	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	71	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	99	
	205-2	Communication and training about anti-corruption policies and procedures	97-98	
	205-3	Confirmed incidents of corruption and actions taken	99	
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	99	
GRI 207: Tax 2019	207-1	Approach to tax	103	
	207-2	Tax governance, control, and risk management	103	
	207-3	Stakeholder engagement and management of concerns related to tax	103	
	207-4	Country-by-country reporting	-	Information unavailable/incomplete

GRI Content Index

Classification	Disclosure	Location	Comment
Non Material Topics			
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	46
	303-2	Management of water discharge-related impacts	46
	303-3	Water withdrawal	46
	303-4	Water discharge	46
	303-5	Water consumption	46
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	-
	304-2	Significant impacts of activities, products and services on biodiversity	-
	304-3	Habitats protected or restored	-
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	-
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	70, 72
	308-2	Negative environmental impacts in the supply chain and actions taken	70-75
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	55
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	59
	401-3	Parental leave	60
GRI 402: Labor/Management Relations 2016	402-1	Minimum notice periods regarding operational changes	63

GRI Content Index

Classification	Disclosure	Location	Comment
Non Material Topics			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	64-65	
	403-2 Hazard identification, risk assessment, and incident investigation	66-67	
	403-3 Occupational health services	64-68	
	403-4 Worker participation, consultation, and communication on occupational health and safety	64	
	403-5 Worker training on occupational health and safety	65	
	403-6 Promotion of worker health	64-68	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	64-68	
	403-8 Workers covered by an occupational health and safety management system	64	
	403-9 Work-related injuries	66	
	403-10 Work-related ill health	-	Information unavailable/incomplete
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	56	
	404-2 Programs for upgrading employee skills and transition assistance programs	56-57	
	404-3 Percentage of employees receiving regular performance and career development reviews	58	
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	54	
	405-2 Ratio of basic salary and remuneration of women to men	58	
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	81	
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	-	None

GRI Content Index

Classification	Disclosure	Location	Comment
Non Material Topics			
GRI 408: Child Labor 2016	408-1	Operations and suppliers at significant risk for incidents of child labor	82
GRI 409: Forced or Compulsory Labor 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	-
GRI 410: Security Practices 2016	410-1	Security personnel trained in human rights policies or procedures	80
GRI 411: Rights of Indigenous People 2016	411-1	Incidents of violations involving rights of indigenous peoples	-
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	87-89
	413-2	Operations with significant actual and potential negative impacts on local communities	87-89
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	70, 72
	414-2	Negative social impacts in the supply chain and actions taken	70-75
GRI 415: Public Policy 2016	415-1	Political contributions	-
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	-
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	-
	417-1	Requirements for product and service information and labeling	-
GRI 417: Marketing and Labeling 2016	417-2	Incidents of non-compliance concerning product and service information and labeling	-
	417-3	Incidents of non-compliance concerning marketing communications	-
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	104

TCFD

Category	Recommendation	Page
Governance	a. Describe the board's oversight of climate-related risks and opportunities	32
	b. Describe management's role in assessing and managing climate-related risks and opportunities	32
Strategy	a. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	33-34
	b. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	33-34
	c. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	33-34
Risk Management	a. Describe the organization's processes for identifying and assessing climate-related risks	34
	b. Describe the organization's processes for managing climate-related risks	34
	c. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	34
Metrics and targets	a. Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	35-37
	b. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	35-37
	c. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	35-37

Third-party Verification Statement

To readers of SL 2023 Sustainability Report

Introduction

Korea Management Registrar (KMR) was commissioned by SL Corporation to conduct an independent assurance of its ESG Report 2023 (the "Report"). The data and its presentation in the Report is the sole responsibility of the management of SL Corporation. KMR's responsibility is to perform an assurance engagement as agreed upon in our agreement with SL Corporation and issue an assurance statement.

Scope and Standards

SL Corporation described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR's assurance standard SRV1000. We are providing a Type 1, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with the GRI standards 2021 was included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the double materiality assessment process

- GRI Sustainability Reporting Standards 2021

- Universal Standards

- Material Topic Standards

- GRI 201 : Economic Performance

- GRI 301 : Materials

- GRI 302 : Energy

- GRI 305 : Emissions

- GRI 306 : Waste

As for the reporting boundary, the engagement excludes the data and information of SL Corporation's partners, suppliers and any third parties.

KMR's Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- reviewed the overall Report
- reviewed materiality assessment methodology and the assessment report;
- evaluated sustainability strategies, performance data management system, and processes;
- interviewed people in charge of preparing the Report;
- reviewed the reliability of the Report's performance data and conducted data sampling;
- assessed the reliability of information using independent external sources such as Financial Supervisory Service's DART and public databases.

Limitations and Recommendations

KMR's assurance engagement is based on the assumption that the data and information provided by SL Corporation to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

Third-party Verification Statement

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with SL Corporation on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. Based on the work performed, it is our opinion that the Report applied the GRI Standards 2021. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles..

Inclusivity

SL Corporation has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

Materiality

SL Corporation has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

Responsiveness

SL Corporation prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of SL Corporation's actions.

Impact

SL Corporation identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with SL Corporation and did not provide any services to SL Corporation that could compromise the independence of our work.

April 2023 Seoul, Korea



CEO E. J. Hwang

GHG Emissions Verification Statement

Verification Statement on 2022 Greenhouse Gas Emission Report

Verification Target

Korean Foundation for Quality (hereinafter "KFQ") has conducted the verification of 2022 Report on Quantity of emitted Greenhouse gas Consumption (hereinafter "Inventory Report") for SL Corporation (hereinafter "Company")

Verification Scope

KFQ's verification was focused on all the facilities which emitted the greenhouse gas during the year of 2022 under Company's operational control and organizational boundary. GHG emissions from direct and indirect emission sources (Scope 1 and 2) were calculated for all GHG emission facilities under the operational control of each company.

Level of Assurance

The Verification has been planned and conducted as the 'Rules for verification of operating the greenhouse gas emission trading scheme', and the level of assurance for verification shall be satisfied as reasonable level of assurance. And it confirmed through the internal review whether the process before the verification conducted effectively.

Verification Limitation

The verification shall contain the potential inherent limitation in the process of application of the verification criteria and methodology.

Verification Opinions

Regarding to the data of the Greenhouse Gas Emission Consumption from the report through the verification, KFQ provides our verification opinions as below;

- 1 The Inventory Report has been stated in accordance with 'Rule for emission reporting and certification of greenhouse gas emission trading Scheme'
- 2 The result of Material discrepancy satisfied the criteria for an organization that emits less than 500,000 tCO₂-e shall not exceed 5% from total emission as per 'Rules for verification of operating the greenhouse gas emission trading scheme'
- 3 Thus, KFQ conclude that the Greenhouse Gas Emissions of Each Company in 2022 is correctly calculated and stated in accordance with 'Rule for emission reporting and certification of greenhouse gas emission trading Scheme'

April 5th, 2023
CEO Ji Young Song, Korean Foundation for Quality

Ji Young Song

Appendix A. Summary of GHG Emission Results

Organization

SL Corporation

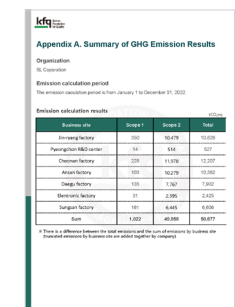
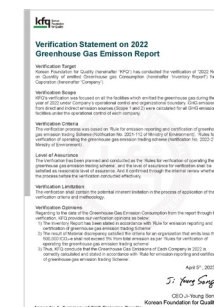
Emission calculation period

The emission calculation period is from January 1 to December 31, 2022.

Emission calculation results

tCO ₂ eq			
Business site	Scope 1	Scope 2	Total
Jin-ryang factory	350	10,479	10,828
Pyeongchon R&D center	14	514	527
Cheonan factory	229	11,978	12,207
Ansan factory	103	10,279	10,382
Daegu factory	135	7,767	7,902
Electronic factory	31	2,395	2,425
Sungsan factory	161	6,445	6,606
Sum	1,022	49,858	50,877

※ There is a difference between the total emissions and the sum of emissions by business site (truncated emissions by business site are added together by company).



Awards and Memberships

Awards

Date	Award	Entity Giving the Award
12.01.2019	Family-friendly Business Certification	Ministry of Gender Equality and Family
12.13.2019	Excellent Company Recognition for New Labor-Management Culture	Ministry of Employment and Labor
12.12.2019	300 Million Dollar Export Tower Award on the 56th Trade Day	Ministry of Trade, Industry and Energy
07.07.2020	IR52 Jang Young-Shil Award – Hidden lamp lens with inner evaporation and laser pattern technology	Korea Industrial Technology Association
12.08.2020	800 Million Dollar Export Tower Award on the 57th Trade Day	Ministry of Trade, Industry and Energy
03.31.2021	Won the Supplier Of the Year (SOY) Award for the 24th time	GM Motors
06.23.2021	Supplier Quality and Development Excellence Award	Hyundai Motor Company
11.04.2021	Korea Reading Management Best Workplace Certification	Ministry of Culture, Sports and Tourism, Publication Industry Promotion Agency of Korea
02.24.2022	SL Lumax Overseas Supplier of the Year of HKMC in 2021	Hyundai Motor Company
03.16.2022	Won the Supplier Of the Year (SOY) Award for the 25th time	GM Motors
04.28.2022	Supplier of the Year of Renault Korea in 2021 (R&D sector)	Renault Korea
06.29.2022	Plaque of 300 Honorary World Class Companies	Korea Institute for Advancement of Technology
09.23.2022	Minister's Citation at the 2022 Competition of Persons with Spinal Cord Injury	Ministry of Health and Welfare
11.11.2022	Best Korean Workplace Certification for Reading Management	Ministry of Culture, Sports and Tourism, Publication Industry Promotion Agency of Korea
12.01.2022	Family-friendly Business Recertification	Ministry of Gender Equality and Family

Memberships

Organization	Purpose
Gyeongsan Chamber of Commerce and Industry	To listen to trends and pain points in Gyeongsan and respond together
Daegu Chamber of Commerce and Industry	To listen to trends and pain points in Daegu and respond together
Korea Intelligent Automotive Parts Promotion Institute	To secure the competitiveness of local automotive parts companies
Korea Industrial Safety Association	To enhance workers' safety
Korea Enterprises Federation	To collaborate on labor-management partnership and suggest policies
Korea Auto Industries Corp. Association	To pursue cooperation among related companies for the development of the automotive industry
Korea Productivity Center	To conduct external education and training and apply benefits for members
Korea Automobile Manufacturers Association (KAMA)	To pursue cooperation among related companies for the development of the automotive industry (using data on the Korean automotive industry)
Korea International Trade Association (KITA)	To acquire export, tariff, and other trade information and recommend policies
Korea Auto Industries Corp. Association (KAICA)	To promote cooperation among related companies for the development of the automotive industry (using showrooms)
Korea Industrial Technology Association	To suggest policies for technical innovation, exchange and cooperate on technologies, utilize R&D outcomes, etc.
Federation of Middle Market Enterprises of Korea	To resolve unreasonable regulations and pain points, provide networking opportunities with government agencies, issue middle standing enterprise certification for project engagement, etc.
Korean Society of Automotive Engineers	To obtain technologies through participation in automotive conferences, etc.
Korean Standards Association	To acquire information about standards in Korea and overseas

Contribution

Junghee Kang	Sungmin Park	MiJung Lee	Indo Jeong
Youngki Ko	Youngjin Park	Seongwook Lee	Jaehun Jeong
Yonghyeon Ko	Yumi Park	Subeen Lee	Jinhwa Jeong
Sunghun Kwak	Jeongho Park	Soowoong Lee	Hyeondo Jeong
Yongchan Kwon	Jungon Park	Sujin Lee	Yujin Cho
Eunjin Kwon	Seyoung Bang	Seungwook Lee	Jungchul Choi
Euihyuk Kwon	Seonho Baek	Seungjae Lee	Jimin Choi
Kyunghyun Kim	Jeonghoon Baek	Sinwon Lee	Hyuncheol Tae
Dongshin Kim	Dongho Seo	YoungKyo Lee	Kwanghyun Han
Doohyun Kim	Borim Seo	Jaemin Lee	Younghee Han
Ryeungdong Kim	Yunseo Seo	Jeongsoo Lee	Jeongsik Heo
Mungyu Kim	Wooju Seok	Cheolkyu Lee	Sumin Hong
Minkyu Kim	Yoonjae Seong	Chungkyung Lee	Suntae Hong
Byeongjin Kim	Junhee Sung	Chiwoo Lee	BoJae Hwang
Sungyong Kim	Joohee Son	Gibong Im	Rajaraman Malathi
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Sumin Kim	Ikchan Song	Jongsung Lim	
Shin Kim	Jiyeon Song	Jongwook Lim	
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Junghoon Kim	Kwangyoung Woo	Juyeon Jang	
Jinhyun Kim	Jungheon Woo	Jingoo Jeon	
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