Sustainability Report 2023

DRB Industrial

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About this report

Report Overview
DRB Industrial publishes its first sustainability report in 2023 in an attempt to communicate with its various stakeholders. This report transparently discloses the extensive efforts and significant achievements made by DRB Industrial in sustainable management practices. DRB Industrial will continue to actively solicit opinions from stakeholders through sustainability reports, integrating their valuable feedback into our management processes.

Report Standards
This report is prepared in accordance with the Global Reporting Initiative (GRI) Standards, which are the international reporting guidelines for sustainability reports. We further embrace the disclosure recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD) and the Sustainability Accounting Standards Board (SASB), tailoring our approach to industry-specific considerations. In addition, we incorporate the Ten Principles of the UN Global Compact (UNGC) and the UN Sustainable Development Goals (UN SDGs) to address global challenges. The financial information within this report complies with Korean International Financial Reporting Standards (K-IFRS).

Reporting Period and Scope
The report covers DRB Industrial's activities from January to December 2022, with significant data over the three years from 2020 to 2022 for improved comparison. For information that may have a significant impact on stakeholders, it contains details prior to 2022 and by the first half of 2023.

Reporting Cycle
On a yearly basis

Reporting Assurance
This report has been validated by BSI Group Korea to enhance its reliability and quality. The assurance findings are provided on page 90~91 of this report.

Additional Information
This report is written in both Korean and English and is available in PDF format on the DRB Industrial website (www.drb-industrial.com). The interactive function in the PDF file enables redirection to relevant pages in the report.

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Interactive Guide
DRB Industrial Sustainability Report 2023 is published in an interactive PDF format which enables a user to move to relevant pages within the report.

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CEO Message

Dear Valued Stakeholders,
We would like to convey our heartfelt appreciation for your interest in DRB Industrial's attempts and progress.

Amid the COVID-19 pandemic and the materialized climate crisis, DRB Industrial recognizes the critical necessity for worldwide collaboration for the survival and sustainable development of future generations. In addition, as social responsibilities and expectations for companies are increasingly heavy, we believe that we must now respond with aggressive action rather than merely showing declarations and sympathy. Thus, DRB Industrial pledges to make every effort to guarantee that all of the company's business operations have a positive influence on society and the environment in addition to corporate profit. Furthermore, in order to address the different demands of stakeholders, DRB Industrial publishes its first sustainability report, which transparently shares the company's sustainability management approach and actual outcomes.

The year 2022 was marked by an unpredictable corporate business climate as a result of global inflation, an economic slowdown, rising raw material prices, and the COVID-19 pandemic. Despite these challenges, DRB Industrial achieved sales of KRW 390 billion, thanks to the tireless efforts of all of its employees. In terms of ESG management, as part of our attempts to become a carbon-neutral organization, we are developing mid- to long-term strategies for implementing green management. Furthermore, DRB Industrial has been committed to establishing a safe and clean workplace by putting the top priority on worker safety. We also appointed extra non-executive directors and formed an audit committee and an ESG committee under the board of directors to provide a solid foundation for ESG management in order to strengthen governance.

At the beginning of 2023, DRB Industrial has adopted a policy to strengthen ESG management, and it is executing the following strategies to further increase the company's sustainable value by discovering new future growth momentum.

First, DRB Industrial will formulate a carbon-neutral strategy and make every effort to significantly reduce carbon footprints. DRB Industrial believes that establishing a carbon neutral strategy is critical to sustaining the company and enhancing competitiveness as governments and global corporations accelerate their efforts to develop an institutional underpinning for carbon neutrality. Therefore, in order to set up a reduction goal that aligns with global standards for 2023, we plan to join SBTi and establish a 2050 carbon-neutral master plan. Additionally, DRB Industrial will expand its management scope to Scope 3, in addition to Scopes 1 and 2, to systematically control supply chain carbon emissions.

Second, DRB Industrial will offer products and services that help industrial sites run more efficiently. We are unwaveringly devoted to researching new materials and developing new products to provide high-quality industrial rubber goods that can meet diverse needs across extensive industrial fields. As a consequence, we have developed an energy-saving belt that enhances energy efficiency, also are currently working on a rubber track that will improve the driving efficiency of agricultural and construction machines. Moreover, DRB Industrial is focusing on inventing renewable materials to promote resource recycling as well as conducting research on lightweight and eco-friendly products and new functional materials to identify new growth engines for the future. Based on these technological capabilities, DRB Industrial will not only pursue sustainable growth but will also expand its positive influence on the environment and society.

Third, DRB Industrial will become an ESG management leader and strive for a sustainable future. We will continue to encourage innovation by promptly adjusting to the rapidly changing ESG management environment and developing best practices. DRB Industrial will foster a positive corporate culture with all employees and take the initiative in offering assistance and collaboration for co-prosperity and mutual growth with external suppliers and local communities. Furthermore, in order to contribute to the sustainable development of global society, our company will uphold and faithfully implement the Ten Principles of the UN Global Compact and the UN Sustainable Development Goals (UN SDGs). We promise to ensure that our commitments will provide valuable experiences for customers and to continue active communication with our shareholders in order to achieve sustainable growth with their support.

In the midst of a prolonged global economic depression, the year 2023 presents a tough business climate. Despite this challenging path, DRB Industrial continues to embrace the challenge of innovation, with all employees working together in accordance with the company's management philosophy of "Taking the Path of the Pioneer." We ask for stakeholders' continuing expectations and support as we work toward sustainable growth.

Thank you.

DRB Industrial CEO,
Lee, Yun Hwan

Y. H. Lee

About Company

DRB Industrial is a manufacturing-based innovative company that has led the market in industrial rubber products thanks to its superior technology. Since our inception in 1945, we have succeeded in domestically producing rubber belts for the first time in Korea and led the domestic industrial rubber industry. DRB Industrial continues to innovate in a variety of fields, including rubber tracks and rubber pads used in the operation of construction and agricultural machinery, civil engineering and construction materials, and seismic isolation and vibration control systems, thereby contributing to the improvement of global industrial development and the quality of life for humanity.

General information

(Based on a consolidated statement as of December 2022)

Company name	DRB Industrial Co., Ltd.
Head office address	28, Gongdandong-ro 55beon-gil, Geumjeong-gu, Busan, Korea
Establishment date	October 1, 2012 (spin-off)
Chairperson and CEO	Lee, Yun Hwan
No. of employees	574 employees
Business area	Rubber belt area, other rubber product area, and other area

Financial status

(consolidated basis as of December 2022)

Total assets
KRW 381.2 billion

Total equity
KRW 218.0 billion

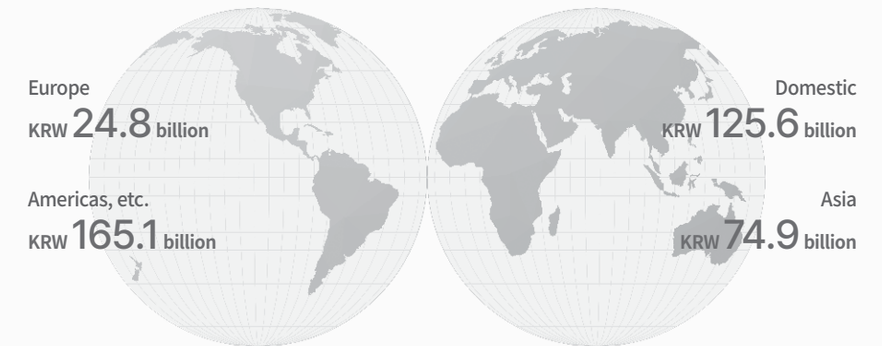
Sales
KRW 390.4 billion

Operating profit
KRW 8.1 billion

Net profit for the current period
KRW 6.9 billion

Credit rating
BBB-
(Nice Information Service)

Regional business status (net sales)



Business Areas

DRB Industrial is engaged in the business of industrial rubber products. Our business is divided into three areas: the rubber belt area, which manufactures power transmission belts widely used for power transmission and conveyor belts that maximize the efficiency of conveyance lines; the other rubber product area, which manufactures rubber tracks, etc. used in construction and agricultural machinery such as excavators, combines, and transporters; and the other area, which manufactures medical devices, civil engineering and construction materials, and seismic isolation and vibration control systems.

Track area (Rubber Track and Rubber Pad)

Caterpillar rubber tracks, which maintain the greatest driving stability under any ground conditions, are widely used in construction and agricultural machinery, and rubber pads that can be easily mounted on steel-type caterpillars enhance the advantages of rubber tracks and provide both satisfactory functionality and economics.

Rubber Belt area (Power Transmission Belt and Conveyor Belt)

We manufacture transmission belts, which are extensively used in industrial settings, autos, agricultural machinery, and home appliances that require power transmission, as well as conveyor belts, which are employed to boost material flow and logistics flow processes and streamline the transportation environment.

Rubber belt area
(power transmission belts, conveyor belts, etc.)

KRW 159.6 billion

DRB Industrial

Other Rubber Product and Other areas
(rubber track, etc., medical equipment, civil engineering construction materials, etc.)

KRW 230.8 billion

Other area (Engineering, etc.)

DRB Industrial's engineering business addresses difficulties in civil engineering and construction industries such as maritime, railroad, road and bridge, and sewage by offering solutions such as soundproofing, watertightness, shielding, safety, buffering, and blocking. DRB Industrial manages the entire process of civil engineering-related products from development to construction to after-sales service to ensure that more people can lead safe and comfortable lives thanks to the rubber application technology we have amassed throughout time.

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Major Achievements in Business Management

DRB Industrial received a Gold Medal in the global environmental, social, and governance (ESG) evaluation by EcoVadis in 2022 in honor of its efforts in sustainable management.

Establishment of carbon neutrality goals for all business sites by 2050

- Ensuring data accuracy by performing third-party verification of greenhouse gas emissions at the workplace
- Defining goals and renewable energy transition plans for carbon neutrality and implementation mechanisms

Development of an organizational system for implementing environmental management

- Creating an environmental management committee to provide an integrated management system
- Carrying out climate change responses and pollutant reduction activities by setting up a working-level council for environmental management

Organization of an ESG committee under the board of directors

- Arranging a framework for deliberating and decision-making on critical ESG agendas

Enhancement of sustainable supply chain management

- Enacting the Code of Conduct for External Suppliers and policies for green procurement, conflict minerals, and mutual purchasing

Spread of a culture of respect for health, family, and leisure

- Obtaining health-friendly company certification for two consecutive years and receiving a commendation from the Minister of Health and Welfare
- Acquiring family-friendly company certification from the Ministry of Gender Equality and Family in 2019
- Awarded leisure friendliness company certification from the Ministry of Culture, Sports, and Tourism in 2017 and 2022

Expansion of a compliance culture

- Providing compliance training in a variety of sectors, such as fair trade, subcontracting, ethics, anti-corruption, the environment, and labor.

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Sustainable Management System

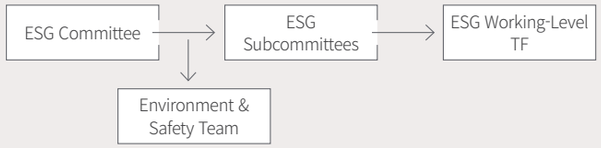
DRB Industrial continues to pursue innovation and develop industries in various fields spanning from rubber tracks and rubber pads for construction and agricultural machinery, industrial power belts, conveyor belts, civil engineering and construction materials, seismic isolation and vibration control systems, automobile parts, process automation, and healthcare, thereby contributing to improving the quality of life for humanity. Furthermore, DRB Industrial is implementing ESG management by developing key strategies based on its ESG vision.

ESG vision and strategic system

DRB Industrial is committed to ESG management activities by measuring its corporate value using the concept of sustainability, which encompasses both the present and the future. We have created an ESG promotion system to execute ESG management in order to guarantee that our environmental and environmental duties are faithfully performed, as well as to create economic value by incorporating ESG awareness into our employees' work and everyday lives. DRB Industrial executes ESG management by adhering to its vision that 'All of our daily duties at DRB contribute to our future sustainable growth,' securing more sustainable market opportunities, and managing integrated risks. DRB Industrial will go to great lengths to ensure that ESG management translates into particular and practical management performance.

ESG promotion organization

DRB Industrial has organized and operated an ESG promotion system since 2021 to guarantee that ESG activities are fundamentally included and executed in its employees' activities. The ESG promotion system consists of an ESG committee, subcommittees, and a working-level TF under the Board of Directors. The working-level TF and subcommittee outcomes are reported to management and reflected in future management directions, and the ESG Committee within the Board of Directors helps to ensure the continual improvement of ESG management.



ESG Committee: Composed of internal and external directors who make decisions on company-wide ESG direction and issues.
ESG Subcommittee: Composed of division heads or executives in charge of key areas who work together to develop and implement ESG goals, share ESG challenges, and discuss solutions.
ESG Working-Level TF: Responding to external ESG assessments and implementing measures for improvement
Environment & Safety Team: Responsible for ESG related tasks such as establishing ESG strategic tasks, responding to external assessments, and engaging with stakeholders

ESG Vision

Daily Life of DRB Contributes to the Sustainable Growth in the Future

ESG Purpose

Expand the Sustainable Market Opportunities and Enhance Risk Management Through ESG Governance

ESG 5 Core Strategies and Goals

Climate change	Transition to the green industry	Developing a Circular Economy	Sound management	Corporate citizenship
Carbon neutrality and energy transition	Zero impact of hazardous substances on the environment and health	Management of air, water, resources, and waste (recycling and reuse)	Zero serious accidents	Enhancement of anti-corruption, ethical management, and social contributions

ESG Management and Response System

Establishment of an ESG governance system	Setting ESG KPIs	Disclosure and responding to external assessments
· Committees, councils, task forces, etc. · ESG data integrated management platform, etc.	· ESG-linked KPIs such as quality, environment, safety, product, labor, service, etc. · Sales, risk (regulatory), productivity, technical development, etc.	· Strategic ESG communication · Diversification (specialization) of ESG contents · Reinforcing the link between the company and its products and brand

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Response to Climate Change

STRATEGY

DRB Industrial recognizes environmental management as a critical component of long-term success and develops and discloses environmental policies to ensure environmental protection throughout all corporate operations. We have introduced and operated an environmental management system to carry out environmental policies and engage in continuous monitoring and improvement activities. In accordance with its environmental policy, DRB Industrial strives to minimize its impact on the environment, including resource reduction, waste, water management, energy consumption, and greenhouse gas emissions.

Green management policy

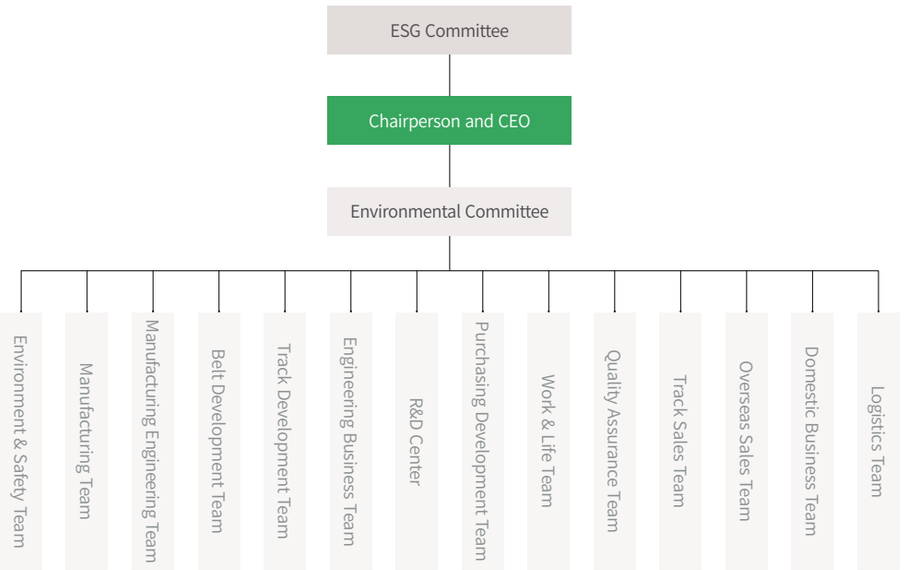
DRB Industrial considers the protection of the global environment and response to climate change as the main agenda of its management activities and carries out the following to create a sustainable, low-carbon, eco-friendly economy as a corporate citizen that mutually grows with society:

1. DRB Industrial leads the response to climate change based on the green management strategic system and lays the groundwork for green management.
2. DRB Industrial recognizes the importance of protecting the global environment and minimizes greenhouse gas emissions from products and services while making efforts to reduce air pollution, limit hazardous substances and waste, and increase energy savings and recycling.
3. DRB Industrial adheres to international environmental initiatives, international standards (ISO), and environmental laws and regulations of major countries at home and abroad, establishes internal standards that are stricter than legislation, and further enhances them to global standards.
4. DRB Industrial provides differentiated value to customers by operating a system that is eco-friendly and lowers environmental strain throughout the whole business process.
5. DRB Industrial organizes a company-wide environmental management system and conducts regular inspections and diagnosis to offer a pleasant working environment and contribute to its continued growth.
6. DRB Industrial faithfully executes its corporate social duties by actively assisting its external suppliers and local communities in the execution of green management enhancement programs and transparently sharing pertinent information with its stakeholders.

Environmental management organization system

DRB Industrial has built an environmental management system by forming an environmental management organization under the direct supervision of the CEO. As a result, we can make sure that important issues that are difficult to address within the workplace are swiftly reported to management for decision-making. Furthermore, the ESG Committee and the Environmental Management Committee select and manage environmental risks, reporting them to the Board of Directors.

DRB Industrial Environmental Management Committee



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Environmental management operation system

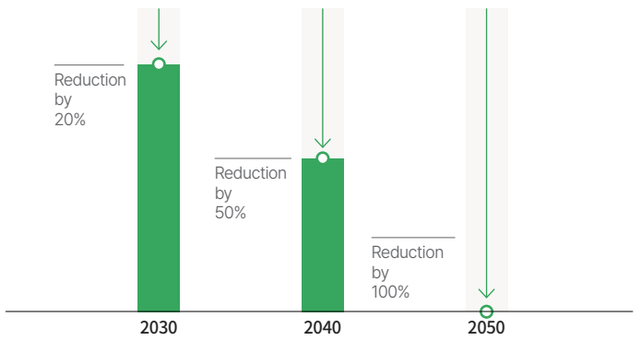
DRB Industrial is currently carrying out the following major activities each year in accordance with the PDCA Cycle, which consists of four phases: P (Plan) → D (Do) → C (Check) → A (Act).

P Plan	Creating detailed action plans for each environmental management team in consideration of environmental issues and stakeholders' opinions and checking implementation status
D Do	Developing and carrying out improvement plans for potential negative environmental consequences across the whole manufacturing process
C Check	Retaining a third-party professional certification agency to check whether environmental management is maintained properly and transparently (verification cycle: once/year (post-audit), once/three years (certification audit))
A Act	Examining the influence of environmental management activities and environmental risks and issues of stakeholders and the company on corporate activities and incorporating them into the management strategy

TARGET

DRB Industrial aims to reach carbon neutrality by 2050 by conducting thorough cause analysis and developing and implementing step-by-step improvement plans to realize a low-carbon, green-growth economy. To be specific, we will gradually work toward carbon neutrality by 2050, with a 20% reduction by 2030 and a 50% reduction by 2040. To this end, DRB Industrial plans to perform energy reduction activities by introducing an energy management system (ISO-certified) centered on total productive maintenance (TPM) and developing a mid- to long-term master plan for expediting the transition to renewable energy. DRB Industrial also intends to cut carbon emissions by setting a Science-Based Target (SBT) within 2023. In parallel, as part of our efforts to achieve the 2050 carbon neutrality goal, we will join the Science-Based Target Initiative (SBTi) and complete verification of our target.

2050 Carbon Neutrality Goal



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ASSESSMENT

DRB Industrial has acquired the ISO 14001 certification, an international standard environmental management system, and renews it every year to implement environmental management. By conducting environmental impact assessments, we proactively identify whether all activities related to DRB Industrial's production, products, and services have or are likely to have a significant impact on the environment. We investigate environmental impacts by evaluating their importance based on predefined criteria and systematically improve them. The Environmental Management Committee is responsible for assessing and managing the degree of system implementation, the scope of risk factors to be removed, and the level of improvement. When problems are detected throughout this process, modifications are swiftly made to improve the environmental management system.

ISO 14001 certification status

Corporation name	Business site	Certification validity period	Scope of certification
DRB Industrial Co., Ltd.	Busan plant	December 11, 2021, to December 10, 2024	Design, development, and production of power transmission belts, conveyor belts, plant, rubber tracks, industrial rubber products, rubber products for civil engineering & construction and rubber products for rolling stock

Environmental impact assessment

DRB Industrial undertakes environmental impact assessments on a regular and occasional basis. The environmental team consists of one employee with three years or more of process work experience, one utility manager, and one team member in charge of environmental work. Subsequently, we develop an evaluation plan that contains the assessment targets, scope and items, number of personnel or teams required for assessment, assessment schedule, and so on, and we carry out the assessment in accordance with the plan.

Regular Assessments

Assessment areas			Responsible department	Assessment cycle
Assessment of raw and subsidiary materials	Subsidiary materials (anti-adhesion agents, release agents, anti-corrosion agents, bonds, etc.)		Relevant team	3 years
	Technology development raw materials	Raw materials for common use	Team in charge of research	3 years
		Raw materials for sole use	Team in charge of the relevant technology or development	3 years
	Mass production Raw materials	Raw materials for common use	Team in charge of manufacturing support	3 years
		Raw materials for sole use	Team in charge of manufacturing	3 years
Assessment of material receipt, storage, and requisition			Team in charge of logistics	3 years
Assessment of utility production, supply, and use (electricity, air, steam, water, etc.)			Team in charge of manufacturing engineering	3 years
Assessment of the operation of manufacturing facilities			Relevant team	3 years
Assessment of the operation of environmental facilities			Team in charge of the environment	3 years
Assessment of the operation of other facilities and sites			Relevant team	3 years
Team in charge of waste generation and collection			Relevant team	3 years
Team in charge of waste storage and treatment			Team in charge of the environment	3 years
Team in charge of warehousing and delivery of products			Team in charge of logistics	3 years
Assessment of products			Team in charge of the relevant technology or development	3 years
Computer equipment (personal computers, multi-function devices, printers, and telephones)			Team in charge of process innovation	3 years
Office equipment (desks, chairs, cabinets, file boxes, and air conditioners)			Team in charge of general affairs	3 years

Occasional assessment

Assessment areas	Responsible department	Assessment cycle
Assessment of raw material changes	Team in charge of research, team in charge of the relevant technology or development	When changed
Assessment of subsidiary material changes	Relevant team	When changed
Assessment of new product development	Team in charge of the relevant technology or development	When developed
Assessment of process improvement	Manufacturing team	When improved
Assessment of new and expanded facilities	Manufacturing team	When constructed or expanded
Assessment of emergencies with significant environmental impacts	Relevant team	Upon occurrence
Assessment due to stakeholders' requests	Relevant team	Upon request
Assessment of changes in evaluation standards, such as those set out in applicable laws and environmental management standards	Team in charge of the environment	When changed

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PERFORMANCE

GHG emissions

DRB Industrial performed third-party verification of Scope 1 and 2 greenhouse gas emissions for all business sites. The result for 2022 showed that Scope 1 emissions were 6,398 tCO_2eq and Scope 2 emissions were 6,412 tCO_2eq. Based on these verification results, we plan to set greenhouse science-based gas reduction targets (SBTi) and attain those targets through short-, mid-, and long-term roadmaps. DRB Industrial will also measure Scope 3 in the future to identify all greenhouse gases emitted from its business sites and strive to explore ways to minimize them.

	Unit	2020	2021	2022
Total emissions (Scope 1+2)	tCO_2eq	11,642.44	12,756.27	12,810.25
- Direct emissions (Scope 1)	tCO_2eq	5,748.26	6,465.65	6,398.01
- Indirect emissions (Scope 2)	tCO_2eq	5,894.18	6,290.63	6,412.24
Intensity	tCO_2eq/KRW billion	48.8	46.78	33.51

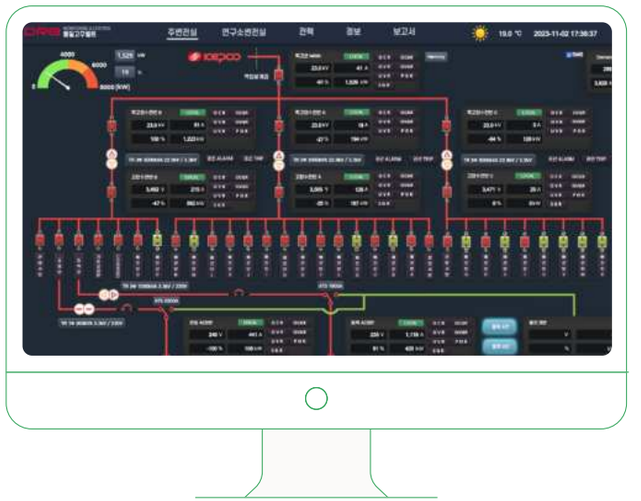
Energy

As part of its energy-saving initiatives, DRB Industrial replaced its outdated air dryers. This is estimated to cut daily power use by 90.6% and save roughly KRW 5 million in annual power expenditures. Furthermore, in 2021, we replaced all dryers in the compressor room throughout the year, resulting in lower power costs in 2022. Efforts are also being made to limit the consumption of fossil fuels by recycling the plant's process waste heat. The replacement of VCB (24 units), protection relays (30 units), and high-efficiency transformers (2 units) to remodel the high-voltage switchboard in the surrounding electric room has brought benefits such as accident prevention and increased power supply stability. In addition to replacing equipment to improve energy efficiency, DRB Industrial has built a smart integrated control system to efficiently manage peak power usage. Moving forward, DRB Industrial plans to systematically improve equipment used in research labs, conveyors, and transmission equipment.

DRB Industrial has developed an energy-saving conveyor belt that employs rolling resistance and energy loss by applying high-performance rubber materials to the conveyor belt. This innovative product lowered the power consumption of the conveyor belt transfer line by 25.6%, resulting in energy savings for our customers and even green technology certification. Rather than becoming complacent, DRB Industrial is consistently investing in the creation of eco-friendly products to achieve greater results.

	Unit	2020	2021	2022
Total energy consumption	GJ	228,643.18	252,006.69	258,651.19
Direct energy consumption	GJ	105,476.39	120,555.56	124,658.95
- LNG	GJ	102,055.46	116,852.03	121,311.33
- Gasoline	GJ	178.93	69.52	67.13
- Diesel	GJ	3,212.06	3,567.38	2,186.24
- Kerosene	GJ	29.95	66.63	118.5
- LPG	GJ	0	0	975.74
Indirect energy consumption	GJ	123,166.79	131,451.13	133,992.24
- Electricity	GJ	123,166.79	131,451.13	133,992.24
Intensity	GJ/KRW billion	958.31	924.15	676.53

DRB Industrial energy management system



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Reduction in Resource Consumption and Pollution

STRATEGY

DRB Industrial is dedicated to producing environmentally friendly goods in accordance with the principle of taking responsibility for the entire product process in order to reduce negative environmental impacts throughout the entire product manufacture, distribution, usage, and disposal process. We limit the impact on air, water, and soil in this process by reducing emissions and managing chemicals and waste carefully.

Air pollution management

DRB Industrial is reducing air pollutants and greenhouse gas emissions by enhancing processing facilities and substituting clean fuels for conventional fuels. We regulate air pollutants and greenhouse gas emissions in line with internal standards that are stricter than permitted by legal norms, and we are developing and executing progressive reduction plans. Furthermore, DRB Industrial assesses certain air pollutants every two weeks and other air pollutants at least once a half year through a third-party measuring agency.

Water quality management

DRB Industrial periodically inspects and manages pollution prevention facilities classified in accordance with the Water Environment Conservation Act. Raw wastewater, discharged water, and consignment wastewater are measured by an external specialized agency once a half year.

Soil environment management

DRB Industrial undertakes regular statutory inspections in line with the Soil Environment Conservation Act to avoid soil contamination of the site and keeps record of the inspection results for an extended period of time. Leaks of substances such as waste oil and chemicals and other factors that may cause soil pollution are regularly inspected internally for the purpose of soil environment management.

Chemical management

DRB Industrial prevents accidents related to chemical substances by eliminating environmental, safety, and health hazards and risk factors related to chemical substances in advance throughout the entire process, from the introduction, use, sale, and disposal of chemical substances. Furthermore, DRB Industrial posts material safety data sheets (MSDS) for chemicals and other substances containing chemicals at the handling site to increase awareness and raise caution on their potential hazards. Furthermore, we adhere to the Chemical Substances Control Act's hazardous chemical handling regulations and run handling facilities accordingly. In addition to mandatory periodical inspections, weekly self-inspection activities are carried out. Off-site impact assessments examine the risk of accidents that may occur in a succession of operations such as the receiving, storage, and use of hazardous chemicals, and preemptive measures such as examining issues in advance are taken. Furthermore, DRB Industrial makes every effort to prevent accidents by giving emergency response training at least once a year. In addition, our personnel participate in training programs for handling and controlling hazardous substances, as well as increasing awareness. Every work site implements safety training for employees who work with hazardous chemicals, as well as chemical training for staff at least once a year.

Waste management

DRB Industrial conducts research and implements different waste reduction strategies including developing a monthly waste disposal plan every year and enhancing processes, raw materials, and packaging materials by estimating the amount of waste produced during the construction or expansion of facilities. We also avoid landfilling or incinerating waste. In parallel with our efforts to discover recycling providers and increase recycling rates through contracts, we are relying on the Korea Environment Corporation's All-Baro system to satisfy our legal reporting obligations on waste disposal. Furthermore, DRB Industrial's research center is focusing on technological research for sustainable resource circulation, such as eco-friendly raw material development and waste reuse, with the goal of increasing waste recycling rates and enhancing recycling processing in the raw material manufacturing process.

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Reduction in Resource Consumption and Pollution

TARGET

DRB Industrial plans to reduce air pollutants, water pollutants, and hazardous chemicals by 5% per year compared to the preceding year in order to lessen the environmental effect of the entire company's operations. We also plan to reduce waste emissions by 5% compared to the previous year and aim to achieve our goal of recycling 85% of the waste we generate each year.

Mid- to long-term goals for hazardous chemicals

Mid- to long-term goals (by 2030)

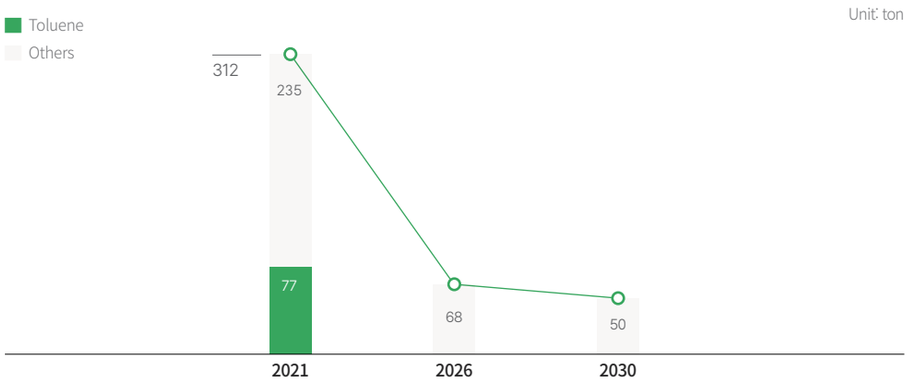
Hazardous chemical emissions

80% reduction (approx. 190 tons)

Ways to achieve goals

Development of substitutes for hazardous chemicals
- Reduction of Toluene to zero: Gradual replacement of toluene solvent by process

Development and expansion of eco-friendly processes



Mid- to long-term goals for circular economy[1]

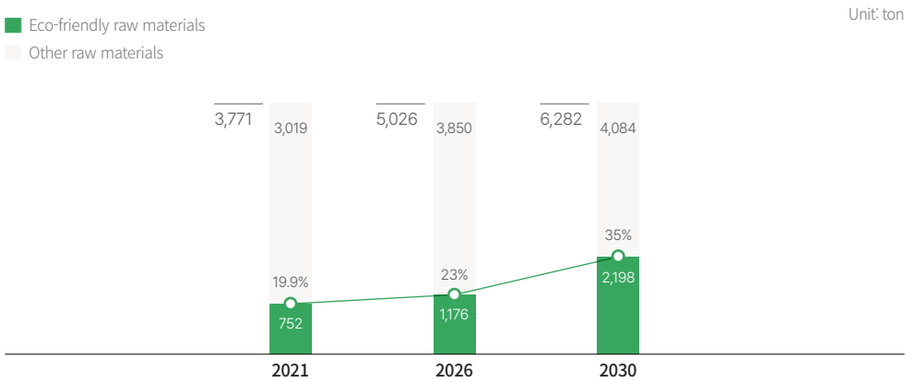
Mid- to long-term goals (by 2030)

Rate of eco-friendly raw materials used

Increase by 35% (2,198 tons)

Ways to achieve goals

Development and expansion of products using recycled carbon
- Development and expansion of recycled raw materials (rubber and carbon, additives, etc.)
- Development of a formulation method employing natural raw materials and eco-friendly certified raw materials



1. Based on raw materials used for transmission belts

Environment

Reduction in Resource Consumption and Pollution

PERFORMANCE

Raw material management

Optimization of raw material usage

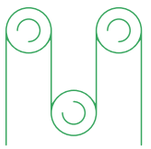
DRB Industrial strives to minimize the amount of new raw materials purchased by optimizing stock management and raw and subsidiary material consumption. Furthermore, DRB Industrial is concentrating on technical research and process improvement to eliminate product waste itself. We specifically limit the amount of new emulsion input by preventing emulsion used during product manufacture from scattering and decreasing losses therefrom. Moreover, we reduce the quantity of raw materials required in numerous processes, from manufacturing to shipping, by replacing materials used for product storage with highly durable materials and increasing reuse to reduce purchases.

Development of sustainable raw materials

DRB Industrial has succeeded in developing and mass-producing technology to recycle waste synthetic rubber dust (rubber abrasive powder) generated during the transmission belt polishing process as filling materials in the specific rubber mixing process. Incorporating previously regarded as waste abrasive powder into the rubber combination increased the overall amount of rubber batch and belt production quantity, decreasing the use of other raw materials. In addition, DRB Industrial has also succeeded in developing and mass-producing the technology for applying recovered carbon black to the specific rubber mixing process of transmission belts. Recovered carbon black is a recycled raw material extracted from waste produced by utilizing the residue generated from the anaerobic thermal decomposition of waste tires. The usage of carbon black, a byproduct of petroleum products, has decreased as a result of the use of recovered carbon black in rubber formulations. DRB Industrial is actively developing these environmentally friendly solutions and working to contribute to resource recycling. In addition, we are doing numerous studies on the transition to sustainable raw materials in order to protect natural resources and minimize carbon emissions. We also seek to use recycled raw materials, sustainable raw materials, and innovative plant-based materials to replace existing petrochemical-based raw materials in compounds. Aside from the development of rubber compounds based on recycled carbon and recycled rubber, research on compounds based on rice bran silica extracted from rice and bio-oil extracted from biomaterials is currently underway, with additional research and development to expand the use of sustainable raw materials planned. In addition, DRB Industrial is attempting product development and local production of raw materials through joint research with other companies, industry, academia, and various academic societies. Through these efforts, we aim to lead the global rubber industry's eco-friendly transformation and attain carbon neutrality by constructing and extending a sustainable raw material supply chain.

	Unit	2020	2021	2022
Total raw material consumption[1]	ton	3,846	3,771	4,528
Percentage of recycled raw materials used[1]	ton(%)	571(14.8)	559(14.8)	763(16.9)

1. Based on raw materials used for transmission belts



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Reduction in Resource Consumption and Pollution

Waste management

DRB Industrial stores and disposes waste in line with waste discharge laws after sorting it by type, and actively engages in recycling by signing a contract with a professional recycling company. As a consequence, in 2022, we reported an actual trash recycling rate of 85.6%, exceeding our target of recycling 85% of that year's waste emissions.

Since the majority of a product's environmental impact is determined during the product design stage, DRB Industrial thoroughly evaluates probable environmental consequences throughout the product's life cycle (raw material selection, manufacture, transportation, packaging, usage, and disposal) and apply the findings during the design stage. Additionally, in order to promote recycling of packaging materials, we examine the substance and structure of packaging materials to check their suitability.

	Unit	2020	2021	2022
Total discharge amount	ton	1,448.87	1,604.57	1,485.35
- General waste	ton	1,410.31	1,538.33	1,463.49
- Designated waste	ton	38.56	66.24	21.86
Intensity	ton/KRW billion	6.07	5.88	3.89
Total disposal amount	ton	192.57	260.94	213.26
- Incineration	ton	181.53	229.37	201.02
- Landfill	ton	11.04	27.77	12.24
- Others	ton	0	3.8	0
Total recycled amount	ton	1,256.3	1,343.63	1,272.09
- General waste	ton	1,219	1,287.52	1,250.35
- Designated waste	ton	37.3	56.11	21.74
Recycled rate	%	86.71	83.74	85.64
- Rate of designated waste recycled	%	96.73	84.71	99.45

Water management

As process cooling water, DRB Industrial uses recycled, purified water collected after physical and chemical treatment at the wastewater treatment facility. In particular, to prevent groundwater leaks and increase the reuse rate of water resources, the company closed its groundwater wells in 2022. As a result, the proportion of reused water soared from 66.8% in 2019 to 73.4% in 2022.

	Unit	2020	2021	2022
Total water-intake	ton	80,001	95,979	92,632
- Water supply	ton	79,015[1]	95,979	92,632
Intensity	ton/KRW billion	335.3	351.97	242.29
Wastewater discharge amount	ton	3,866	785	0
Recycled amount	ton	182,404	239,661	256,240
Recycling rate[2]	%	69.51	71.4	73.45

1. Groundwater consumption is determined by the difference between total water intake and constant water volume (the groundwater well was closed in March 2020).
2. The whole water intake is used to compute the recycling rate.

Air·water pollution and odor·noise control

Extension of facilities for reducing emissions of air pollutants

DRB Industrial is aggressively addressing the problem of air pollution via a variety of activities. In order to prevent the release of air pollutants throughout the manufacturing process, facilities for cleaning, filtration, and activated carbon adsorption have been set up for each relevant process. In 2021, we installed a regenerative thermal incineration unit (RTO) with a larger capacity to fulfill our own total hydrocarbon emission standards, which are stricter than those prescribed in the Clean Air Conservation Act. DRB Industrial additionally raised the efficiency of RTO gas processing to more than 98%. Meanwhile, the filters, filling substances, and washing water used in the air pollution prevention facilities are regularly inspected and replaced to ensure that the pollutant purification ability is maintained at a normal level.

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Reduction in Resource Consumption and Pollution

Process improvement through the use of eco-friendly materials

DRB Industrial reduced air pollutant emissions by developing an environmentally acceptable substance to replace toluene used in the dipping process. Taking this as an opportunity, DRB Industrial set a new goal of developing an eco-friendly material that can replace toluene in all operations.

Reinforcing monitoring of air pollution

DRB Industrial monitors the air quality surrounding the factory on a regular basis. Specified hazardous air pollutants are measured once every other week, and air pollutants are measured once every other month or semi-annually, depending on the amounts of pollutants generated at the final outlet. Additionally, measurement results are regularly reported to the Ministry of Environment's air emission source management system. In terms of fugitive emission facilities, process emission facilities are subject to bi-annual self-measurement, while fugitive leakage facilities undergo leakage inspection once a year. Over the last three years, there has been no report of leakage exceeding the legal limit. DRB Industrial also takes more aggressive efforts to reduce fugitive emissions, such as installing covers, stoppers, and double valves and employing closed pumps.

		Unit	2020	2021	2022
Air pollutant emissions	Nitrogen oxides (NOx) emissions	ton	2.92	2.27	2.84
	Nitrogen oxides (NOx) emission concentration	ppm	36	39	36.9
	Nitrogen oxides (NOx) emission intensity	ton/KRW billion	0.012	0.008	0.007
	Sulfur oxides (SOx) emissions	ton	0	0	0
	Sulfur oxides (SOx) emission concentration	ppm	0	0	0
	Sulfur oxides (SOx) emission intensity	ton/KRW billion	0	0	0
	Fine dust (PM10) emissions	ton	0.90	0.41	0.63
	Fine dust (PM10) emission concentration	mg/Sm^3	15.2	4.3	5.2
	Fine dust (PM10) emission intensity	ton/KRW billion	0.004	0.002	0.002

Efforts to reduce odor

DRB Industrial built air curtains and anti-odor spray facilities to address potential odor problems in the manufacturing process. Subsequently, we hired an external agency to audit the odor prevention facilities (an activated carbon adsorption tower and filter dust collector), and it has been decided suitable in the odor emission regulations.

Efforts to reduce noise

DRB Industrial established a soundproof wall at the site's perimeter and attached sound-absorbing materials around noise-generating facilities to limit damage from noise produced throughout the process.

Strengthening systematic water pollution management

DRB Industrial considers water pollution control a significant concern and conducts wastewater discharge inspections twice a year through a specialized water pollutant measurement agency. The primary wastewater discharged by DRB Industrial includes cooling water used to chill items after vulcanization and circulating water from cleaning dust collectors. Pollutants in our treated wastewater did not exceed the legal limit or were not detected in 2022. When new pollutants are projected to be created as a result of changes in raw materials, etc., DRB Industrial addresses legal risks by promptly obtaining relevant permits or approvals.

		Unit	2020	2021	2022
Water pollutant emissions	COD emissions	ton	0.02	0.01	0
	COD emission intensity	ton/KRW billion	0.0001	0.00002	0
	BOD emission	ton	0.03	0.01	0
	BOD emission intensity	ton/KRW billion	0.00012	0.00002	0
	SS emissions	ton	0.015	0.003	0
	SS emission intensity	ton/KRW billion	0.00006	0.00001	0

Environment

Reduction in Resource Consumption and Pollution

Chemical management

Training personnel in charge of chemicals

DRB Industrial participates in safety training on hazardous chemicals (courses for technical personnel managers and handling personnel) once every two years and offers internal safety training every year to relevant workers. In addition, in training programs for workers at workplaces handling hazardous chemicals, the Environment & Safety Team distributes educational materials on the definition and handling of hazardous chemicals, management of hazardous chemical handling facilities, cases of hazardous chemical accidents, and chemical accident response methods every year.

Systematic management of hazardous chemicals

DRB Industrial managed 19 types of hazardous chemicals as of 2022 and had attached warning labels to hazardous chemical substance storage. In addition, a Material Safety Data Sheet (MSDS) is provided for workers' reference.

Safe disposal of hazardous chemicals

DRB Industrial has signed a contract with a specialized hazardous waste disposal company to safely dispose of hazardous chemicals and files a report on the status of hazardous chemical waste disposal every year. As of 2022, DRB Industrial recycled 99.5% of hazardous waste.

The ultrasonic liquid level gauge in the storage tank and the alarm for preventing overcharging

Strengthening the prevention of hazardous chemical leakage accidents

DRB Industrial has secured numerous response scenarios for air pollution prevention facility failures, oil spills in drainage pipes, wastewater leaks, toxic leaks, fires, etc., and conducts exercises and tests at least once a year to respond quickly to environmental emergencies in accordance with emergency preparedness procedures and guidelines. We also installed an ultrasonic level gauge and overfill prevention alarm device in the underground toluene storage tank to reduce workers' exposure to toluene and avoid chemical mishaps caused by overcharging. Furthermore, to prevent hazardous chemical leakage accidents, detection and alarm equipment with biannual inspections have been placed in facilities where hazardous chemicals are kept, stored, and used. Furthermore, we constructed a barrier to reduce damage in the case of a liquid chemical leak and ensure that the spilled chemicals flow from the leaking site into the water sump, minimizing chemical spread. In order to prepare for an emergency in which the human body (eyes, skin) is exposed to hazardous chemicals, emergency shower facilities have been provided in each process so that the victim can clean the afflicted region and take emergency measures before being transferred to the hospital.

	Unit	2020	2021	2022
Total usage	ton	273.85	234.65	203.68
Major hazardous chemical leaks	Cases	0	0	0

Environment

Environmental Participation

STRATEGY

DRB Industrial encourages green management, with the goal of conserving the global environment and creating a healthy society for humanity as its main priority. Furthermore, we engage in a variety of preventative measures to raise the level of environmental awareness among all employees and minimize environmental risks.

PERFORMANCE

Development of eco-friendly products

DRB Industrial introduces eco-friendly technologies and systems and continues to do research on eco-friendly product development. We developed an 'Energy Saving Conveyor Belt' that reduces rolling resistance and energy loss by using high-performance rubber materials on the conveyor belt, resulting in a 25.6% reduction in power consumption of the conveyor belt transfer line, and we received Green Technology certification in recognition of its excellence. Furthermore, DRB Industrial is devoted to reducing the environmental impact of product development by producing composite hybrid materials using bio-mass-based eco-friendly reinforcing substances and discovering and exploiting eco-friendly raw resources.

	Unit	2020	2021	2022
Total eco-friendly product sales[1]	KRW 100 million	0.42	2.14	13.51

1. Based on energy-saving conveyor belt sales

External environmental activities

DRB Industrial collaborates with the government and public institutions to preserve the environment of local communities and contribute to the promotion of sustainable business. Furthermore, by correctly revealing environmental management performance to stakeholders, we continually carry out transparent environmental management activities. We communicate the status of large domestic enterprises' response to climate change through the UNGC CAA program to our environmental managers and are devising a new environmental participation program based on such knowledge. In addition, DRB Industrial is spurring the transition to renewable energy by joining CoREi, a UNGC-hosted corporate renewable energy procurement initiative.

DRB Industrial signed an MOU with the Busan, Ulsan, and Gyeongnam headquarters of the Korea Environment Corporation for resource recycling and a sustainable environment in 2021 and is also actively cooperating in the development and distribution of resource recycling education programs for future generations. In 2021, we participated in a resource recycling education program for future generations, such as building a plastic-free environment booth at a local elementary school. This program provided local children with points for putting waste plastic in the booth and allowed them to purchase items, thereby providing a positive experience through eco-friendly movement and developing knowledge about separate collecting and recycling.

Environmental risk management in the supply chain

To control supply chain environmental hazards, we execute education for external suppliers on waste management, chemical handling, energy reduction, and climate action. Furthermore, we help external suppliers enhance their environmental management capabilities and give external suppliers with great environmental management evaluation results an incentive throughout the procurement process. In August 2023, we provided environmental training to all external suppliers regarding air, climate change, etc.

Campaign for raising environmental conservation awareness

DRB Industrial communicates regularly and provides education to its employees to enhance their understanding of environmental management. In 2022, each department participated in a 'plogging challenge' to pick up trash around the business site in order to raise employee awareness of biodiversity and waste disposal. Furthermore, we ran campaigns such as making vases and pots out of waste (waste wood, waste scrap), succulent pots and soy candles out of coffee grounds (coffee grounds left over after extracting espresso from coffee beans), and no leftovers to promote the importance of resource recycling to our employees. We are also increasing awareness among our staff by launching a toilet water-saving campaign.

		Unit	2020	2021	2022
Violation of environmental laws	Violations	Cases	0	0	0
	Fines and Penalties	KRW million	0	0	0
Environmental management certification	ISO 14001	%	100	100	100
Environmental investment	Environmental investment	KRW 100 million	-	-	-
Environmental costs	Environmental facility operating costs	KRW 100 million	-	-	-
Environmental education[1]	Education hours	Hours	1,166	1,452	1,310
	Completion rate	%	100	100	100

1. Based on training for workers at hazardous chemical-handling business sites, safety training for handlers and managers, and new and retraining for environmental engineers

Installation of a plastic-free environmental booth

Plogging challenge

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Human Rights

STRATEGY

DRB Industrial abides by the Universal Declaration of Human Rights (UDHR) and the UN Guiding Principles on Business and Human Rights (UNGPs) in order to respect and safeguard the human dignity and rights of all stakeholders, including its employees, customers, external suppliers, affiliates, and others. In April 2021, it also joined the United Nations Global Compact (UNGC), a global sustainability management initiative, to advocate the ten principles in four areas: human rights, labor, the environment, and anti-corruption. We also seek to observe the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the recommendations of the International Labor Organization (ILO), and all other labor principles ratified by the Korean government. Our declaration applies to all employees of DRB Industrial as well as those of our suppliers.

Internalization and advancement of human rights management

DRB Industrial has established and announced its human rights management declaration in 2022. We reformed and publicized our human rights management policy the same year, and we also plan to enact our diversity and inclusion policy.

DRB Industrial Human Rights Management Declaration

DRB Industrial values a responsible mindset toward society based on its core values of 'honesty, integrity, and trust,' and in this regard, we strive to implement respect for human rights and human dignity, which are basic human entitlements.

To this end, DRB Industrial supports the human rights principles enshrined in the 'Universal Declaration of Human Rights' and the 'UN Guiding Principles on Business and Human Rights (UNGP)' and seeks to integrate the resultant 'UN Global Compact Ten Principles' into its Human Rights Management Policy.

DRB Industrial is working to apply its Human Rights Management Policy to all business sites and employees involved in its business activities across the world and to build and monitor an operational system for its implementation and management of potential human rights risks. Furthermore, we view risks that may result in major human rights abuses as an essential management issue for the company, and thus, we ensure that this policy is communicated to all stakeholders, including customers and external suppliers, who are affected by our management activities.

As a company that fulfills its social responsibilities and pursues the happiness of all workers and stakeholders, DRB Industrial is contributing to the healthy development of society by adhering to national laws in all environments and respecting and safeguarding human rights.

Enhancing human rights management within the code of conduct

DRB Industrial has enacted a code of conduct to safeguard and promote all stakeholders' human rights. The chapters of our code of conduct including Chapters 2 (Human Rights), 3 (Working Conditions), 4 (Health and Safety), 5 (Customer, Shareholder, and Investor Protection), 9 (Information Protection), and 15 (Contributions to Communities) are intended to enhance our sustainability by promoting the systematic and active implementation of human rights management in the overall operation process of each business unit and department and preventing and mitigating human rights risks that may affect various stakeholders in advance. Through this code of conduct, DRB Industrial not only provides its employees with guidance on equality and diversity, discrimination and harassment, child and forced labor, employment conditions, health and safety, and customer respect, but also presents specific examples to improve their understanding and facilitate compliance. The code of conduct is disclosed on the website.

Code of Conduct

Society

Human Rights

Enactment of a human rights management policy

Establishment of anti-discrimination and harassment (diversity and inclusion) policies

DRB Industrial sets forth the obligation to prohibit discrimination and harassment in Articles 1 (Respect for Human Rights) and 2 (Respect for Diversity and Prohibition of Discrimination) of the Human Rights Management Policy, Article 17 (Personnel Management) of the Collective Agreement, Article 21 (Assignment, Transfer, and Promotion), and Article 77 (Education and Training) of the Employment Rules. Chapter 13 of our Employment Rules also addresses the prevention of harassment in the workplace. DRB Industrial respects its employees' diverse backgrounds and values and does not unreasonably discriminate against them on grounds other than work, such as gender, race, ethnicity, nationality, religion, age, marital status, sexual orientation, gender identity, social status, disability, pregnancy, military service status, genetic information, political orientation, or conditions under local law, in order to provide equal opportunity to all. We also make every effort to follow international community agreements (such as ILO conventions 100 and 111). DRB Industrial also safeguards our employees against harassment due to inferiority in their status, relationships, etc. In this regard, harassment includes offensive verbal or physical behavior, such as sexual harassment, sexual abuse, violence, or verbal abuse. Furthermore, DRB Industrial tracks the ratio of cases settled to workplace harassment claims in order to internalize human rights management and policies.

Human Rights Management Policy

Operation of the maternity protection program

DRB Industrial incorporates the value of women's maternity protection and work-family balance into its management through Article 2 (Respect for Diversity and Prohibition of Discrimination) of its Human Rights Management Policy and operates a maternity protection program based on Chapter 5, Section 3 of the Employment Rules. Pregnant female workers are entitled to 90 days of maternity leave, with the duration being extended to 120 days if they are pregnant with more than one child at the same time. Furthermore, following giving birth, a mandatory leave of at least 45 days is provided (60 days if pregnant with more than one baby at the same time). In addition, under the childcare leave program, employees with children under the age of eight or in the second grade of elementary school (including adopted children) are eligible for up to one year of parental leave. There are additional systems in place for infertility treatment leave and menstrual leave, and female employees with infants under one year old can use paid breastfeeding time for 30 minutes twice a day upon application.

Human rights risk management in the supply chain

When DRB Industrial signs a contract with an external supplier, the supplier must sign the 'Code of Conduct for External Suppliers' Social Responsibility.' Furthermore, we handle external suppliers' human rights risks in accordance with Article 5 (Protection of Human Rights) of our Code of Conduct.

Prohibition of child labor

DRB Industrial and all its external suppliers comply with applicable regulations regarding the employment of young people. When hiring minors, we follow appropriate procedures in accordance with domestic laws (the Labor Standards Act) and international conventions (ILO No. 138, No. 182, etc.), including the ones that ensure educational opportunities and enhancing safety, and we constantly monitor compliance with laws and regulations. Furthermore, in order to address social issues such as child labor, human rights violations, environmental destruction, and the inflow of funds to conflict organizations during mineral mining in specific countries, such as conflict zones in Africa, Asia, and the Middle East, we examine issues from the external supplier's status check, striving to secure a responsible supply chain. We also review child labor status during the external supplier evaluation process.

Prohibition of forced labor

DRB Industrial bans modern slavery in all supply chains in accordance with Article 3 of its Human Rights Management Policy (Prohibition of Forced Labor). We prohibit forced labor against an individual's free will through any types of mental and physical restraint, including slavery, human trafficking, and bonded labor, in accordance with domestic laws (Labor Standards Act), international laws (California Supply Chain Transparency Act, Uyghur Forced Labor Prevention Act, and Modern Slavery Act), and international conventions (ILO No. 29, etc.). In terms of employment contracts, we rigorously adhere to the Labor Standards Act, aim to complete fair and transparent labor contracts, and assist workers in fully understanding the contractual terms and conditions.

Operation of human rights grievance handling channels and remedy procedures

DRB Industrial runs DRB Sangdam4u as a grievance resolution channel, allowing employees to report any human rights-related issues that pose human rights risks in the workplace, such as psychological difficulties, sexual harassment, and bullying. Consultation and reporting are available by phone, mobile app, and dedicated website, as well as face-to-face consultation with a licensed counselor. In addition, the operation of the grievance channel is entrusted to a third-party professional organization, ensuring the reporter's identity and the details of the report are kept confidential. In the event of significant human rights reports, we conduct internal investigations and take appropriate action, such as disciplinary action, in direct collaboration with external labor attorneys.

Society

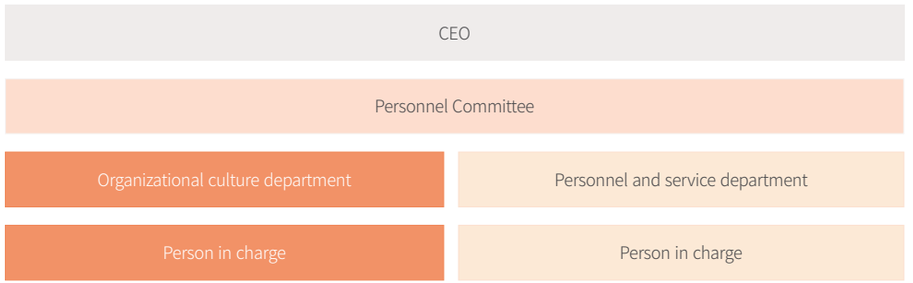
Human Rights

Major services of DRB Sangdam4u

DRB Sangdam4u

In preparation for human rights violations, DRB Industrial has established an organization (DRB Healthy Workplace Culture Center), reporting channels, and a remedy procedure operation mechanism to safeguard and provide relief to victims. When we receive a complaint on human rights abuses, we verify the facts using our handling processes and, if necessary, we execute extra legal verification procedures with the assistance of relevant agencies. In addition, a personnel committee meeting is held to decide on and implement disciplinary action in accordance with our internal disciplinary procedures. During the investigation process, we take care to guarantee that the identity of the reporter or victim is not to be revealed and that no personnel disadvantage develops as a result of the report. When workplace harassment is reported, we strengthen preventive measures to ensure that such instances do not occur again.

DRB Healthy Workplace Culture Center organizational structure



* In the event of a group grievance (sexual harassment or harassment in the workplace), one extra employee from the personnel and service department should be appointed.
* The case handling team must include at least one female employee.

Operational process for reporting, reception and remedy

1. Report	2. Accept	3. Settle	4. Remedy procedures and follow-ups
External (DRB Sangdam4u)			
Telephone, e-mail, mobile application, special website	Classifying complaints by grievance type and determining the handling method through a third-party professional organization	**Individual grievances**: Connecting with a professional psychological counselor **Group grievances**: Transferring to an external investigator. However, in cases of internal group grievances, transfer the case to the DRB Healthy Workplace Culture Center.	Settling the conflict - Following the legal proceedings as required - Taking appropriate measures, such as disciplinary action against the offender
Internal			
DRB Healthy Workplace Culture Center	Classifying complaints by grievance type and determining the handling method through the DRB Healthy Workplace Culture Center	**Individual/group grievances**: Personnel Committee + External mediator (labor attorney, etc.) *Checking the facts and confirming the reporter's requirements **Policy grievances**: Reviewing issues with related departments + Identifying the measures for improvement	Taking measures to prevent recurrence within the company - Implementing external legal proceedings as required

* In principle, reports of grievances should be made by the employee (person concerned) who has experienced the grievance. However, if the person concerned has given prior consent, a third party may report on his or her behalf.

PERFORMANCE

Reporting of human rights violations

	Unit	2020	2021	2022
Report	Cases	0	0	1
Reports managed	Cases	0	0	1
Total violations	Cases	0	0	0
- Violation of child labor regulations	Cases	0	0	0
- Violation of forced labor regulations	Cases	0	0	0

Society

Human Rights

Mitigating and addressing human rights risks

Expansion of human rights education

DRB Industrial provides human rights training to all employees in accordance with the annual training plan set by the training department and related departments, including prohibition of discrimination and harassment, cases related to business and human rights, understanding of human rights management and systems, and guidance on remedy channels for human rights violations. In addition, we conduct annual training sessions in collaboration with KOREA COMMITTEE FOR UNICEF on Children's Rights and Business Principles (CRBP) to enhance awareness of child rights advocacy and strengthen the competencies of our employees. In November 2022, DRB Industrial's human rights department learned the definition of a child-friendly company, the ten Children's Rights and Business Issues for companies, the three stages of implementing the child rights management principles (policy declaration, human rights due diligence, and relief), implementation indicators, and how to use the self-diagnosis checklist. In the future, we plan to revise our policies, procedures, and work manuals based on children's rights and business principles and select indicators centered on related departments to determine KPIs. Furthermore, to guarantee that children's rights are respected throughout its business operations, DRB Industrial has stipulated a prohibition on child labor in Article 4 of its Human Rights Management Policy.

Major educational programs on human rights management

Human rights education	Details
Education on the prevention of sexual harassment in the workplace	Elimination of sexual harassment and sexual violence, applicable regulations, etc.
Education on the prevention of workplace harassment	Definition of harassment and discrimination, applicable regulations, preventive measures, etc.
Education for the improvement of the awareness of the disabled	Definitions and types of the disabled, applicable laws and institutional measures, etc.
Business and child labor	Education on UNICEF Children's Rights and Business Principles

	Unit	2020	2021	2022
Number of participants[1]	Persons	1,042	1,599	1,284
Total education hours	Hours	1,042	1,405	1,284
Education hours per employee[2]	Hours	1.9	2.5	2.2
Participation rate	%	95	96	96
Number of education sessions provided	Sessions	4	7	6

1. Including duplicate participants
2. Total education hours/total number of employees (number of target employees)

Human rights survey and human rights management improvement plan for external suppliers

In 2022, DRB Industrial identified potential and actual human rights risks with its 801 external suppliers and monitored and assisted their risk improvement activities. According to the survey, among human rights risk management items, external suppliers' compliance rates in the areas of social goal management, information protection, health and safety, and labor were high, while compliance rates in the health and safety area were rather poor. To improve this status, we intend to strengthen the human rights management capabilities of external suppliers by presenting a guide on establishing responsible management goals for core social areas (labor, human rights, safety, health, etc.) and providing training for human rights personnel of external suppliers. Moreover, by diversifying human rights management survey methodologies and improving monitoring through questionnaires, we will continually detect and mitigate human rights concerns. Furthermore, in order to comply with ESG management and human rights implementation requirements, training and consulting necessary for developing an industrial accident and disease prevention management system and safety management system will also be offered.

NEXT PLAN

DRB Industrial will minimize human rights risks by identifying significant human rights impacts associated with business activities and establishing due diligence procedures through a human rights impact assessment. Additionally, we will thoroughly study each of the identified human rights concerns and set targets to remedy them.

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Employees

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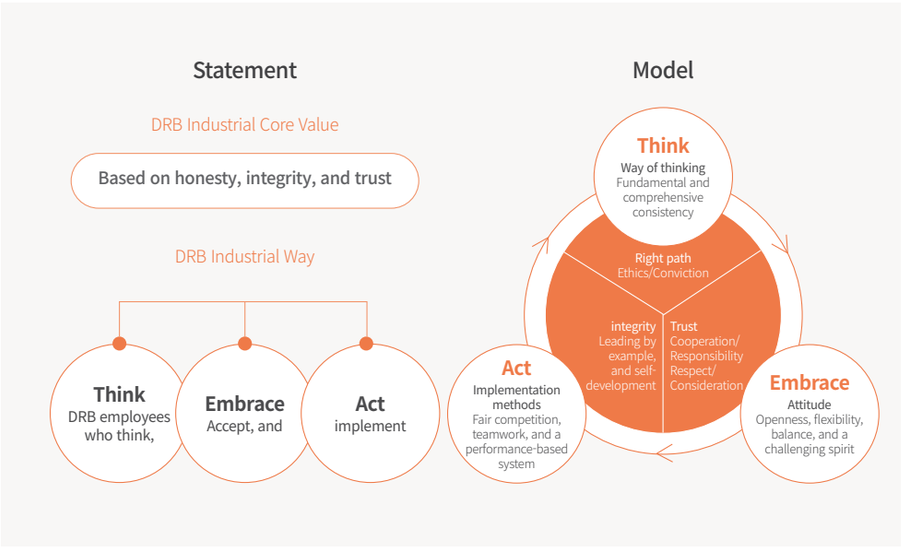
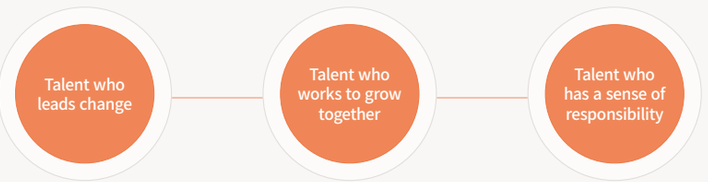
DRB Industrial aims for mutual growth with its employees. We are continuously upgrading our personnel system, including operating a self-directed promotion system to strengthen the self-motivation of our employees. In terms of talent development, beyond building a self-directed learning system, DRB Industrial will continue to construct a 'workplace and learning ecosystem tailored to learners.' In order to realize its core values of 'honesty', 'integrity', and 'trust', DRB Industrial highlights 'driving change', 'growing together', and 'sense of responsibility' as essential capabilities and qualifications of ideal talents. DRB Industrial also respects the diversity of talent and does not discriminate against applicants based on gender, age, religion, social status, region of origin, school, marriage, pregnancy, childbirth, or military service status throughout the entire personnel process, including hiring, promotion, and job assignment. DRB Industrial employs a rank system based on roles played so that all employees may interact on an equal footing and develop into exceptional talents. DRB Industrial is committed to cultivating a horizontal organizational culture promoting equality among all employees. We refer to each other using '님'(Nim) instead of job titles. Nim is a Korean honorific term commonly used by subordinates when addressing superiors,but it is employed universally at DRB Industrial, irrespective of one's position or age. In addition,the title 'Manager' is used externally in place of other hierarchical titles.

DRB Industrial's core values



DRB Industrial operates various communication channels to share the values and direction it pursues with its employees as well as to present them with a clear sense of purpose and goal. The DRB Forum is held every month, and major management information and trends are transparently communicated through invited internal and external experts to strengthen the employees' expertise. In addition, DRB Industrial strives to create a work environment where employees can work creatively and independently while maintaining autonomy and authority. Change Agents appointed for each organization or team enhance work efficiency by improving work practices, processes, and culture, and Change Supporters, mainly comprised of employees of the MZ generation (short for Millenials and generation Z) within the organization, foster solidarity. Meanwhile, we are boosting our workers' job productivity by providing smart ICT and co-working areas, as well as collaboration tools to facilitate collaboration among employees regardless of time and place.

DRB Industrial's ideal talent



DRB Industrial Talent who leads change
- A talent who actively drives change in the organization and among colleagues with new viewpoints and endeavors, leading to unprecedented developmental value and performance.

DRB Industrial Talent who works to grow together
- A talent who understands his or her role and responsibility as a employee of the organization and actively contributes to the growth of the organization and colleagues to reach shared goals

DRB Industrial Talent who has a sense of responsibility
- A talent who performs work honestly and consistently based on solid business ethics and fully completes his or her tasks.

Society

Employees

Talent recruitment

DRB Industrial operates the entire recruitment process, from talent recruitment to confirmation of employment, in a fair and transparent manner. Since October 2020, we have adopted AI competency testing in the employment process as well as an objective data-driven competency verification process. Furthermore, based on specific recruiting criteria that match the aim of each recruitment step, we examine not only the applicant's work competencies but also their appropriateness for DRB Industrial's fundamental values and organizational culture.

STEP 01 Recruitment	DRB Industrial seeks to diversify its recruitment channels. DRB Industrial complies with the Fair Hiring Procedure Act by collecting the minimum amount of personal information necessary for recruiting.
STEP 02 Document screening	Through the job application and self-introduction supplied by the applicant, DRB Industrial examines the applicant's fit for DRB Industrial's organizational culture and the position and picks suitable talent by incorporating the opinions of the relevant department.
STEP 03 Competency verification	DRB Industrial administers an AI-based competency test to fairly evaluate the job abilities of those who pass the document screening and announces the results in advance so that applicants can prepare.
STEP 04 1st interview	In this screening, based on the documents submitted and the results of the AI-based competency test for those who passed the document screening, we ask questions about the applicant's knowledge and experience, listen to their answers, and verify the applicant's actual job performance ability.
STEP 05 2nd interview	DRB Industrial intensively verifies applicants who pass the first interview to establish their suitability for DRB Industrial's core values and corporate culture, including communication and leadership skills.
STEP 06 Confirmation of recruitment	DRB Industrial transparently communicates the results of each stage of the screening process, and after an employment decision has been made, we adjust the hiring process to take the applicant's circumstances into account.

Evaluation and rewards

DRB Industrial's evaluation system, which values collaboration and growth, focuses on providing the employees with opportunities for 'growth' through positive and progressive feedback rather than a simple evaluation of performance. Evaluation is conducted in the form of performance evaluation and competency evaluation based on coaching and feedback, and the results of the comprehensive evaluation at the end of each year are determined based on these two evaluations. DRB Industrial's compensation is offered based on fairness and competitiveness and fairly represents the outcomes of individual employees' talents and job performance evaluations.

Achievement evaluation

DRB Industrial's performance evaluation is based on a semi-annual target agreement and performance inspection, and each step is complemented by coaching and feedback via interviews. DRB Industrial's leaders and team members discuss each other's aims and expectations, and the leader truly works as a facilitator who promotes and supports team members in reaching their goals.

DRB Industrial performance evaluation cycle

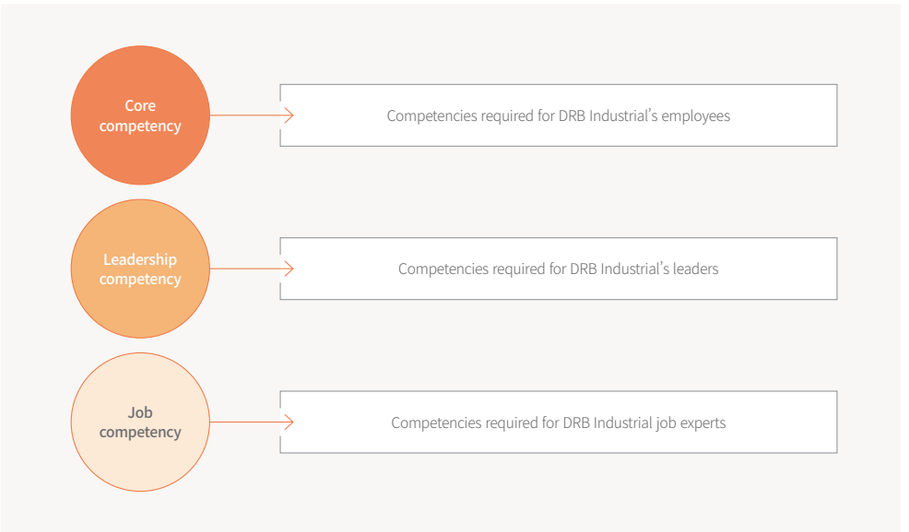
Society

Employees

Competency evaluation

DRB Industrial's competency system is divided into core competencies required for all employees, leadership competencies required for position holders, and job competencies based on job characteristics. Competency evaluations are conducted once a year at a separate time from performance evaluations. In addition, DRB Industrial also places emphasis on delivering competency feedback by position holders to develop the common and job competencies of its employees.

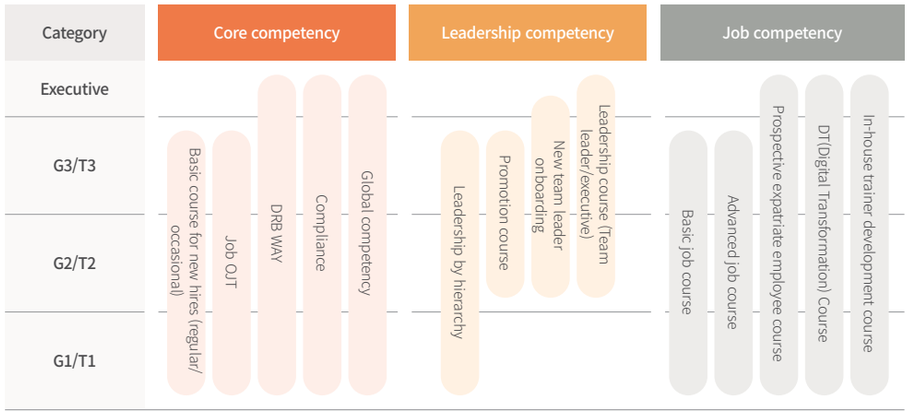
Elements of DRB Industrial's competency evaluation



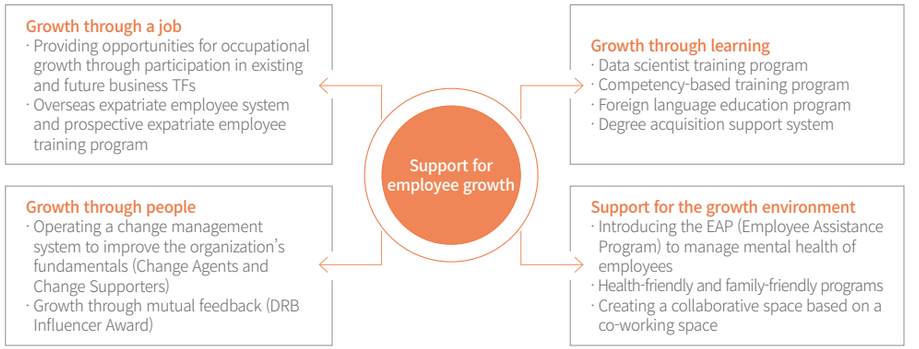
Talent development

DRB Industrial aims to help individuals and organizations grow together through self-directed learning. To this end, we operate a variety of talent development programs to strengthen the core competencies, leadership competencies, and job competencies of our employees based on our company-wide training system.

DRB Industrial educational system



Support for the growth of DRB Industrial employees



Society

Employees

Target

DRB Industrial has developed a mid- to long-term roadmap to strengthen the capabilities of its employees. Based on this roadmap, we will gradually advance education for our employees by digitizing the learning platform, providing personalized learning experiences, and diversifying learning methods.

HRD mid- to long-term roadmap

	2022~2024	2025~2027	2028~2030
	Foundation building period Laying the groundwork for a digital learning ecosystem	**Leaping and development period** Developing a self-directed learning system	**Advanced and mature period** Creating a workplace learning ecosystem tailored to learners
Digitalization of learning platforms	Establishment of an e-HRD management system - Developing an evaluation and management system through the establishment of an e-HRD system Development of an online knowledge dissemination platform (Microsoft Teams-based) - Securing a continuous learning system based on knowledge sharing	Establishment of an integrated learning experience management platform - Building the LXP (Learning Experience Platform) and identifying and analyzing the learning status - Converting education into a learning journey to strengthen the connection between work and learning	Establishment of an integrated management platform for global learning experiences - Designing a system-based global integrated HRD system
Providing tailored learning experience	Support for self-directed job competency improvement - Providing learning flexibility and choice by securing educational resources and time Support for learning in connection with the performance management program - Development of a career development (CDP) system Competency modeling in line with the digital age - Digital literacy, leadership, etc.	Recommending new skills based on roles or organizations - Reskill/Upskill Enhancement of the support for learning in connection with performance management programs - Introducing an individual ability development plan (DP system)	Offering personalized learning experience based on data and AI - Presenting customized learning paths and content based on each individual's job, position, or level Implementation of skills programs needed for new businesses - Improving future competencies
Diversification of learning methods	Contactless learning and content digitalization - Securing more internal or external online sources and content Increase in multimedia-based learning content (excluding video content) and expansion of problem-solving learning through workshops	Enhancement of interactive learning - Assisting with the management of learning clubs (CoP) - Strengthening the in-house expert mentoring and coaching system Design of learning programs that make use of numerous technologies (including the metaverse) and promotion of project-based collaborative learning	Upgrade of learning through the use of various technologies (AR/VR, etc.) and expansion of project-based collaborative learning

PERFORMANCE

Labor-management relations

DRB Industrial guarantees the freedom of association and collective bargaining of its employees in accordance with Article 33 of the Constitution and international conventions (ILO Nos. 87 and 98). In addition, our Code of Conduct states that our employees have the freedom of association and to have their interests represented by elected representatives. The Labor-Management Council is free to discuss labor-related issues and working conditions at regular quarterly meetings, and DRB Industrial supports these activities by providing conference rooms for their convenience. DRB Industrial organizes and operates a labor-management council, including 8 people elected by voting, and conducts collective bargaining every year to ensure workers' basic rights such as the right to organize, the right to collective bargaining, and the right to collective action, thereby improving workers' wages and working conditions. The collective agreement is amended once every two years and applies to all employees.

	Unit	2020	2021	2022
Number of union members[1]	Persons	390	374	393
Union membership rate	%	71.2	68	68.4
Collective agreement application rate	%	100	100	100
Number of labor-management council meetings held	Cases	4	4	4

1. Limited to full-time employees among production workers

Employee status

		Unit	2020	2021	2022
By employee type	Total number of employees	Persons	547	550	574
	Full-time	Persons (%)	542(99.1)	517(94)	550(95.8)
	Non-regular	Persons (%)	5(0.9)	33(6)	24(4.2)
	Dispatched or subcontracted	Persons	34	34	34
	Social insurance subscription rate	%	88.4	88	86.9
By age	Under 18 years old	Persons (%)	0(0)	0(0)	0(0)
	18 years old or older and under 30 years old	Persons (%)	28(5.1)	42(7.6)	30(5.2)
	30 years old or older and under 50 years old	Persons (%)	274(50.1)	274(49.8)	301(52.4)
	50 years old or older	Persons (%)	245(44.8)	234(42.6)	243(42.3)

Society

Employees

Diversity

In recruiting process, DRB Industrial creates an sound employment policy to fulfill social responsibility by providing preferential treatment to national veterans or applicants with disabilities. Notably, DRB Industrial's employment rate for the disabled in 2022 was 2.2%[1], and further efforts were made to retain a disabled recruitment consulting company to hire severely disabled people. Furthermore, we introduced institutional enhancements such as the implementation of telecommuting to provide a more pleasant working environment for people with severe disabilities who were confirmed to be employed, and we supplied online collaboration tools to promote efficient collaboration. Through these efforts, DRB Industrial is building a corporate culture that strengthens diversity among its employees.

1. Based on data reported to the Korea Employment Agency for Persons with Disabilities

		Unit	2020	2021	2022
Females	Total female employees	Persons (%)	38(7)	39(7.1)	51(8.9)
	- Female management personnel	Persons (%)	0(0)	0(0)	0(0)
	- Senior manger (executive)	Persons (%)	0(0)	0(0)	2(20)
	- Lower-level manager	Persons (%)	0(0)	0(0)	0(0)
	- Sales generating department	Persons (%)	12(17.9)	13(21.7)	15(23.1)
	- STEM department	Persons (%)	7(14.6)	7(14.3)	8(15.1)
Minority	People with disabilities	Persons (%)	14(2.6)	13(2.4)	13(2.3)
	National veterans	Persons (%)	13(2.4)	13(2.4)	12(2.1)
Nationality	Korean	Persons (%)	547(100)	550(100)	574(100)
	Foreigner	Persons (%)	0(0)	0(0)	0(0)

Recruitment

		Unit	2020	2021	2022
New employment	Total	Persons	9	52	40
	- New hires	Persons (%)	2(22.2)	43(82.7)	28(70)
	- Experienced	Persons (%)	7(77.8)	9(17.3)	12(30)
Employment type	Full-time	Persons	8	11	14
	Non-regular	Persons	1	41	26
Gender	Male	Persons	7	51	31
	Females	Persons	2	1	9
Age	Under 30 years old	Persons	4	33	16
	30 years old or older and under 50 years old	Persons	5	17	20
	50 years old or older	Persons	0	2	4

Turnover and retention

		Unit	2020	2021	2022
Turnover	Total number of turnover employees	Persons (%)	33(6)	46(8.4)	46(8)
	- Voluntary turnover	Persons (%)	5(0.9)	10(1.8)	14(2.4)
	- Involuntary turnover	Persons (%)	28(5.1)	36(6.5)	32(5.6)
Years of service	Average years of service	Years	19.4	18.3	18.6
	- Male	Years	19.7	18.6	19
	- Female	Years	14.1	14.4	14.2

Society

Employees

Education

Between 2020 and 2022, DRB Industrial steadily increased overall training hours and training hours per individual. Total training hours grew from 3,947 hours in 2020 to 5,920 hours in 2021, then more than doubled to 11,986 hours in 2022 after the COVID-19 pandemic. In line with the rise in overall training hours, we increased training hours per individual from 7 hours in 2020 to 11 hours in 2021, and then doubled to 21 hours in 2022. DRB Industrial is dedicated to developing human resources in order to prepare for market shifts and environmental adaptations caused by the COVID-19 pandemic. We also propose to examine previous education and training outcomes and incorporate the findings into a 2023 education and training plan for more advanced training courses.

	Unit	2020	2021	2022
Total education hours	Hours	3,947	5,920	11,986
Education hours per employee	Hours	7	11	21
Education costs per employee	KRW thousand	115	307	132

Enhancement of core competencies

DRB Industrial established a program in 2022 to foster communication between generations and organizations to strengthen its employees' common capabilities and provide an opportunity to understand mutual diversity. For strengthening global capabilities, we provide an online language education platform that all employees may freely access, and it is actively used not only by our employees in Korea business site but also by our employees working overseas who want to study Korean. We are also designing an onboarding system with introductory courses to assist new hires in becoming acquainted with the organization. DRB Industrial also offered the 'Second Act of Life Design Education Course' to production workers subject to the peak wage system. For those who planned to retire, a life planning education program was provided to prepare for retirement and a happy old age, enhancing the chance for future retirees to relieve psychological anxiety and build the ability to adjust to a new environment.

Improving leadership capabilities

In 2022, DRB Industrial further strengthened its leadership training system. Executives were given special lessons on change management and improving performance management capabilities. Furthermore, for position holders, a diagnosis based on 16 types of leader behavioral capacities was undertaken, along with opportunities for each individual to discover microlearning and desired action tasks based on the results. We also delivered a leadership course for newly promoted employees to help them appropriately recognize their roles in their new rank and develop the necessary skills.

Strengthening job competencies

In 2022, DRB Industrial launched 'Project Bumblebee' to expedite digital transformation. The course was designed to foster data scientists by assigning participants problem-solving projects based on Python, data processing, artificial intelligence, and other technologies. Furthermore, participants in the separately operated data analysis capacity-building course (SAS JMP) improved their ability to analyze and improve business issues using big data.

Developing ESG capabilities

DRB Industrial operated 'ESG Leadership Training' with the aim of assisting in the formation of ESG objectives and strategies for each corporation and establishing energy management goals and operating systems, with an emphasis on ESG strategies and disclosures and ISO 50001 training programs. Furthermore, job training was provided in the ISO 50001 training program for 13 employees in charge of the 2022 UNGC CoREi program and those in charge of preparing for CDP/SBTi certification so that field staff could establish energy management goals and implement an operating system by covering topics such as energy management goals, systematization of action plans, monitoring and measurement analysis, calibration strategy, and management review.

Evaluation and rewards

To internalize ESG management, DRB Industrial encourages employees to develop organizational and individual goals from an ESG perspective and provides reasonable rewards based on performance. In 2022, some organizations set goals tied to the KPI of 'ESG management practice', while individuals established ESG-related initiatives as goals linked to team strategic tasks. In terms of setting personal goals, we promote growth through work by adding a choice linked to company-wide future growth goals for 2023. Change Supporter activities and data scientist development training (Bumblebee Project) are representative examples of company-wide future growth goals. The year-end review takes into account organizational and individual goals and achievements, and the evaluation results are fairly associated with remuneration. DRB Industrial abides by the Labor Standards Act, and all employees' wages are higher than the minimum wage. Additionally, pay stubs provide transparency into the wage calculation procedure and payment rules for bonuses, severance compensation, and special vacation expenses. We use the same salary system for all employees in the same job group to maintain fairness in salary management, and we award performance-based bonuses and wage increases depending on evaluation findings.

		Unit	2020	2021	2022
Wage	Hourly base wage to minimum wage ratio	%	105	113	115
Equal wage	Female to male basic wage ratio	%	70.3	80.3	74.5
CEO to worker wage ratio	Based on median	%	308.6	346.9	366.7

Society

Employees

Welfare

DRB Industrial has many different welfare benefit programs in place to boost the enthusiasm and work satisfaction of its employees and to offer a stable work environment while also contributing to their better family lives. Employees can take advantage of the summer holidays as well as corporate savings on hotels and plane tickets to ensure their relaxation and leisure. Additionally, employees can enjoy a number of advantages, such as regular health checks and a health management system to help them live a healthy lifestyle, and an in-house gym is also available. Employees can also pursue self-development and improve their work talents by participating in complementary language education programs. DRB Industrial cares about its employees' families. We help our employees' families grow and educate their children through programs that cover childcare expenses, celebratory money for elementary, middle, and high school admission, and college tuition for our employees' children. These programs assist employees and their families in building a better future together. Furthermore, DRB Industrial has a flexible work system in place for employees who need to change their working hours for reasons such as childbirth or childcare. Employees can work flexibly during work hours other than the intensive working hours from 10:00 to 15:00 by using the personalized work hour system and the personalized start and departure time system upon application. Moreover, the convertible time selection system includes a childcare support type and a family care type, allowing users to adjust work hours to a minimum of 2 hours and a maximum of 4 hours per day.

		Unit	2020	2021	2022
Welfare	Welfare benefit	KRW 100 million	54.4	56	61.8
	Welfare expenses to sales ratio	%	2.28	2.05	1.62
Number of employees taking childcare leave	Male	Persons	4	2	3
	Female	Persons	1	2	2
Number of employees returning to work from childcare leave	Total number	Persons (%)	1(20)	3(75)	4(80)
	- Male	Persons (%)	1(25)	2(100)	2(66.7)
	- Female	Persons (%)	0(0)	1(50)	2(100)
Number of employees working for more than 12 months after returning to work	Total number	Persons (%)	1(100)	3(100)	1(25)
	- Male	Persons (%)	1(100)	2(100)	0(0)
	- Female	Persons (%)	0(0)	1(100)	1(50)

Corporate culture

In today's world of high uncertainty and low growth, a company's survival and long-term success are defined by execution rather than strategy, and execution is ultimately determined by people and culture. DRB Industrial respects and embraces the integrity of each employee based on its healthy organizational culture and hopes that the organization and its employees will grow together and reach their dreams. DRB Industrial has chosen that its organizational culture goal for survival and sustainable growth is 'One DRB, Daily Innovation Inspiring the World' and is implementing numerous organizational culture activities.

We host 'DRB Forum' and 'Leadership Day' for horizontal leadership to convey the right sense of purpose and meaning with employees, and we run 'DRB Culture Camp,' a program to internalize organizational cultural values. Additionally, as a change management initiative to improve the organizational structure, 'Change Agent' and 'Change Supporters' are in place to provide an environment for communication and collaboration based on the participation of various employees. We also run programs like the 'Cultural Experience Project to Obtain Creative Inspiration,' also known as the 'Window Project,' to foster a creative environment, and the 'MBTI Package Trip,' a team-building program designed to respect diversity and build healthy relationships, so that our employees can gain valuable experiences not only at work but throughout their lives.

DRB Industrial MBTI Package Trip

Society

Employees

Leisure friendliness

DRB Industrial plans and implements a variety of initiatives to assist employees in participating actively in leisure activities. In 2022, to promote our employees' physical and mental health, we offered a variety of one-day programs, including dream catcher and vase creation, as well as stretching, yoga, and meditation classes. Furthermore, DRB Industrial encourages a variety of hobby activities so that employees can engage in healthy leisure activities and socialize with one another. We have in-house clubs in a variety of areas, including literature, fishing, soccer, and even screen scuba diving, and we provide subsidies for both regular club events and special events.

One-day class

Family-friendliness

DRB Industrial was certified as a family-friendly firm by the Ministry of Gender Equality and Family in 2022 in recognition of its efforts to create an organizational culture that promotes work-life balance. We constantly provide a range of online family-friendly programs, such as the Fun My Home Project, Balloon Art, Sea Arbor Day Project, and Magic Project, in which employees' families may engage together. DRB Industrial will continue to achieve both the happiness of its employees' families and the happiness of the company by striking a balance between work and family.

Family-friendly program

Grievance handling

DRB Industrial has a grievance handling channel through which employees can safely report issues such as psychological difficulties, sexual harassment, and workplace harassment. The Healthy Workplace Culture Center, personnel committee, relevant departments, and external specialists gather and handle individual, group, and policy grievances.

Report/acceptance		Process			Result	
Occurrence of complaints	Receipt of complaints	Individual/policy/group grievance consulting* (verifying the reporter's requirements)	Internal action or formal procedures	Fact investigation and mediation	Reporting investigation result	Monitoring and follow-up

* Providing professional consulting if required

	Unit	2020	2021	2022
Number of grievances processed	Cases	1	1	0
Rate of grievances processed	%	100	100	0

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Society

Health and Safety

STRATEGY

Health and safety management policy

DRB Industrial gives top priority to the health of its employees under the belief that their health defines the future competitiveness of the company. Accordingly, we established and announced a health and safety management policy based on the management philosophy of respect for people. This policy governs all stakeholders, including employees as well as external suppliers and customers. In addition, DRB Industrial guarantees its employees' right to work in a safe and clean environment through Chapter 7 (Accident Compensation for Health and Safety) of the Collective Agreement, Chapter 12 (Health and Safety) of the Employment Rules, and Chapter 4 (Health and Safety) of the Code of Conduct. Through these regulations, we protect our employees' health and safety while also pursuing more sustainable management.

Health and Safety Management Policy

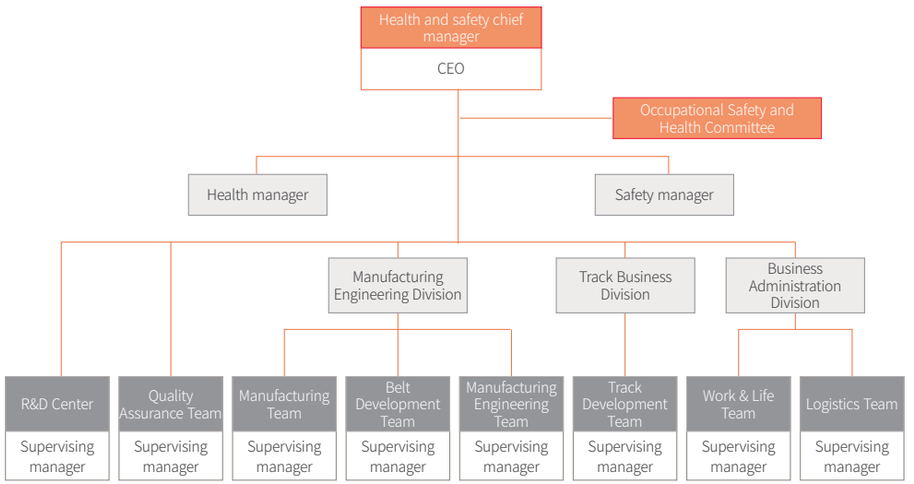
DRB Industrial develops a health and safety management system based on the management philosophy of respect for people, offers a safe and pleasant workplace for all stakeholders, including executives and employees, external suppliers, and customers, and engages in numerous health-related activities.

1. DRB Industrial builds and implements a health and safety management system in collaboration with its employees to produce an accident-free and pleasant working environment, and it routinely inspects and continually enhances the health and safety activity process and implementation status.
2. DRB Industrial strictly complies with all domestic and international laws, regulations, and agreements pertaining to health and safety and does not proceed with work where workers' health and safety are not assured.
3. DRB Industrial regularly inspects health and safety factors such as the handling of hazardous chemicals and workplace noise and vibration and thoroughly prepares to respond immediately in the event of an emergency.
4. DRB Industrial continuously conducts education and training for effective health and safety management, as well as communicating with stakeholders, in order to promote overall reliability.
5. DRB Industrial prioritizes the health of all stakeholders, including customers, executives and employees, and external suppliers, and conducts health management through a people-centered corporate culture.

Health and safety management system

DRB Industrial has formed a systematic health and safety management organization to implement its policies and vision regarding health and safety management. Communication and decisions are made based on a structured process, and the information is shared with all employees. In addition, in order to respond to rising industrial safety risks and enhanced legal regulations, we regularly inspect the status of health and safety management to ensure that DRB Industrial's health and safety management system is embedded in our employees' safety consciousness.

Health and safety management organizational system



Occupational Health and Safety Committee

DRB Industrial strictly complies with the Occupational Health and Safety Act and organizes a quarterly Occupational Health and Safety Committee in which labor and management jointly participate. The Occupational Health and Safety Committee is comprised of the health and safety manager, safety manager, health manager, and labor union leader. This committee accepts health and safety management requirements from all employees and frequently shares and discusses improvements. Major issues are submitted to the ESG Committee, a higher-level committee that makes the ultimate decision. We also monitor whether the final decision is systematically executed through a specialized health and safety management organization for each domestic and overseas affiliate and business site.

Society

Health and Safety

Dedicated organization for health and safety management

The Environment & Safety Team, an organization dedicated to health and safety management, and a person in charge of health and safety management are designated by DRB Industrial to carry out all activities related to health and safety management, such as establishing and operating a health and safety management system, preparing for permits and approvals for the installation and operation of health and safety facilities, and managing industrial accidents that occur during business operations.

Response to occupational health and safety laws and regulations

DRB Industrial strictly adheres to international safety-related standards (ILO Convention Article 155, etc.) and applicable laws. In addition, as the prevention of major industrial accidents has become more important with the enforcement of the Serious Accidents Punishment Act, we have strengthened our dedicated health and safety organization. This dedicated organization systematically manages hazardous and risk factors in health and safety and focuses on establishing a systematic management system by ensuring an intrinsically safe workplace environment. In addition, DRB Industrial has also built an incident response process to prepare for any workplace accidents or disasters. In order to develop the emergency response capabilities of our employees, we also conduct training and education twice a year to prepare for emergency situations using scenarios based on various disaster types. This allows us to respond swiftly and limit the extent of damage in the case of an accident.

Target

DRB Industrial aspires to improve its health and safety enforcement with the objective of achieving zero serious accidents. We intend to build a preventive system by increasing our employees' safety awareness and guaranteeing process stability. Furthermore, DRB Industrial undertakes to carry out health management with a sense of responsibility for its employees' health. We will continue to develop a health-friendly workplace with no workers suffering from occupational illnesses by implementing a health management-friendly program based on the construction of a health management system and consulting via periodic exams and job transitions suited to each employee.

Number of serious accidents	Number of cases of occupational illnesses	Number of fines and fines imposed
0 case	0 case	0 case

Detailed target for reducing the serious accidents to zero

	Actual result	Target		
	2022	2023	2024	2025
Training completion rate (%) under the health and safety-related laws and regulations	100	100	100	100
Employee health checkup rate (%)	100	100	100	100
Participation rate in health consulting related to medical conditions (%)	100	100	100	100
Implementation rate of improvement recommendations from administrative agencies (%)	100	100	100	100
Implementation rate of the improvements after the risk assessment (%)	100	100	100	100
Implementation rate of improvement recommendations from professional safety diagnosis agencies (%)	100	100	100	100
Participation rate of employees in health-friendly management programs (%)	30	40	40	40

Society

Health and Safety

ASSESSMENT

Implementation of risk assessment

DRB Industrial performs an annual risk assessment of the whole process to improve the safety of operational facilities and fundamentally remove risk factors based on the findings of inspections on basic safety specifications. All equipment provided to the process, routine, irregular, and emergency operations, as well as the actions of all people entering the workplace, are subject to risk assessment. When new equipment and facilities are introduced or risk assessment requirements change as a result of legislation or amendments to health and safety-related laws and regulations, irregular assessments are conducted. If the risk assessment results show a risk level of 4 or higher, the results are recorded in the important risk register, and countermeasures are prepared to improve the risk factors. This, in turn, is incorporated into the following year's business plan or task execution plan for risk mitigation or elimination.

In 2022, DRB Industrial identified hazardous risk factors for each process, developed a plan to determine and reduce risks, and then conducted a risk assessment involving workers from all departments at each domestic business site to prevent occupational accidents. We monitored the improvements identified during the assessment and carried out safety management actions through horizontal deployment after applying the assessment findings of certain departments to all departments. As a result of the assessment, 22 critical risk factors with a risk level of 4 or higher were discovered, and improvement measures were taken for all 22 cases. DRB Industrial intends to undertake safety diagnosis and semi-annual risk assessments in 2023 in order to continually improve possible risk factors.

ISO 45001 (Health and safety management system) certification status

DRB Industrial maintains international ISO 45001 certification under the health and safety management vision of 'contributing to the preservation of the global environment and the creation of a healthy society for humanity' and is implementing systematic health and safety management. Every year, we have a professional certification organization undertake a post-audit to review our overall health and safety management and take relevant actions for improvement.

Corporation name	Place of business[1]	Certification validity period	Certification scope
DRB Industrial Co., Ltd.	Busan plant	December 11, 2021-December 10, 2024	Design, development, and production of power transmission belts, conveyor belts, plant, rubber tracks, industrial rubber products, rubber products for civil engineering & construction and rubber products for rolling stock

1. Based on domestic place of business

	Unit	2020	2021	2022
Application rate of ISO 45001	%	100	100	100

PERFORMANCE

Acquisition of health-friendly company certification

DRB Industrial participated in the 2021 health-friendly management pilot project hosted by the Ministry of Health and Welfare and won a commendation from the President of the Korea Health Promotion Institute as an excellent health-friendly company. We also received a commendation from the Minister of Health and Welfare for two years in a row at the Health-Friendly Company Certification Performance Contest on December 21, 2022. DRB Industrial is recognized as an exemplary firm that fosters a health-conscious corporate culture and work environment and systematically manages and supports the health of its employees. DRB Industrial is the only mid-sized firm among the eight outstanding companies that were finally chosen after three rounds of screening. DRB Industrial intends to unceasingly promote and strengthen health-friendly management in the future to create a healthier workplace.

Commendation from the Minister of Health and Welfare in 2022

Society

Health and Safety

Industrial accidents

DRB Industrial has implemented and maintained an excellent safety management system to guarantee that all employees may work safely without any health issues.

Development of an efficient safety management system

DRB Industrial endeavors to prevent safety incidents by identifying and addressing potential risk factors ahead of time through safety diagnosis via a safety management agency, joint labor-management inspections, and safety suggestions and reward systems. In addition, to effectively manage health and safety, we have complied with health and safety-related laws and regulations and secured a health and safety management system.

Increasing workplace safety

Through a measuring agency designated by the Ministry of Labor, DRB Industrial researches, manages, and improves the degree of exposure to physical and chemical risks such as chemicals and noise in the workplace. In addition, we provide workers with safety protection items based on regulations for wearing and managing safety protection equipment and encourage employees to wear them at all times. For each work process, various safety protective equipment such as safety helmets, gas masks, dust masks, earplugs, earmuffs, face masks, safety glasses, and heat-resistant gloves are offered, along with explicit instructions on the places where they must be worn. We sort workers who require more supervision than other workers due to their work processes that are exposed to noise, provide them with customized earplugs, and encourage them not to neglect their obligations to wear earplugs through individual consulting and training to prevent noise-induced hearing loss. The safety of protective equipment is also examined on a yearly basis to ensure that it is in outstanding condition. Moreover, DRB Industrial is consulting with safety equipment manufacturers to improve the convenience and performance of such devices to alleviate any problems encountered by their users.

We provide a 'Hearing Preservation Program' for employees who work in noisy surroundings and a Confined Space Health Work Program' for employees who work in confined areas with low oxygen levels. In addition, to guarantee proper use of chemicals, we have produced a Material Safety Data Sheet (MSDS) based on Globally Harmonized System of Classification and Labeling of Chemicals (GHS) standards and posted it in a readily accessible position for workers. Furthermore, DRB Industrial has not only worked to achieve an accident-free workplace by removing internal safety risk factors and implementing preventative actions, but has also engaged in health and safety activities for its external suppliers.

		Unit	2020	2021	2022
Employees	Total working hours	Hours	1,176,658	1,208,545	1,298,583
	Regular workers	Persons	547	550	574
	Lost-time injuries (LTI)	Cases	3	4	3
	Lost-time injuries frequency rate (LTIFR)	Number of cases per million working hours	2.55	2.48	2.31
	Number of victims of accidents	Persons	3	4	3
	Industrial accident rate	%	0.85	0.73	0.54
	Severity rate	Number of cases per thousand working hours	0.31	0.32	0.40
	Absence rate	%	0.27	0.29	0.38
	Number of cases of occupational illness	Cases	3	1	2
	Occupational illness frequency rate (OIFR)	Number of cases per million working hours	2.55	0.83	1.54
	Work-related death	Persons	0	0	0
	Number of accidents related to process safety	Cases	0	2	1
Suppliers	Total working hours	Hours	65,894	80,162	80,162
	Regular workers	Persons	25	34	34
	Work-related death	Persons	0	0	0
	Lost-time injuries (LTI)	Cases	0	0	0
	Lost-time injuries frequency rate (LTIFR)	Number of cases per million working hours	0	0	0

Confined Space Health Work Program

Society

Health and Safety

Accidents and violations

DRB Industrial seeks to establish a workplace where all employees may work safely and in good health. Some violations occurred in 2021 as a result of neglect of duties on the part of health managers and omission of night workers' pre-assignment checkups, but we have remedied the issues by recruiting extra health managers. Afterwards, we implemented medical checks on all night workers before they are dispatched to the field, and we endeavor to create an accident-free workplace while adhering to rules and regulations.

	Unit	2020	2021	2022
Violation	Cases	0	1	0

Health and safety education

DRB Industrial has worked to raise worker awareness of occupational accidents in 2022 by delivering regular health and safety training at its workplaces at least once a month. We give safety training to new staff when we change workers so that they fully understand the risk of safety mishaps associated with the process before performing the task. Furthermore, we give the legally required safety training to our workers each year in order to enhance their safety awareness and reduce safety risks. At the same time, we offer separate training to employees of external suppliers. Customized training is also available to help workers improve their safety competency by grade and job. Those in charge of chemical handling, in particular, take pre-training on the Material Safety Data Sheet (MSDS), which provides information on the hazards and risks associated with the chemicals they handle. Our workers handling hazardous chemicals are required to receive annual training together with those from external suppliers.

	Unit	2020	2021	2022
Number of participants	Persons	547	555	574
Total education hours	Hours	13,128	13,320	11,480
Education hours per employee	Hours	24	24	24
Participation rate	%	100	100	100

Health and safety campaign

DRB Industrial has conducted a number of environmental health and safety awareness campaigns, believing that enhancing worker safety awareness is the most important factor in creating an accident-free workplace and accomplishing the key goals and vision of health management. DRB Industrial conducted an alcohol abstinence campaign in 2021, placing posters and pamphlets in clearly accessible locations to alert employees of the adverse consequences of drinking in an effort to improve employees' health. As part of our COVID-19 prevention effort, we also stressed the significance of appropriate hand washing and assisted our employees in raising the alarm about COVID-19. In 2022, with the aim of preventing serious accidents, we organized a significant accident prevention slogan contest to choose exceptional works and stimulate active engagement from employees by giving incentives to winners. The winning slogan for company-wide serious accident prevention was displayed at the workplace's entrance to raise safety awareness. We also launched a fire prevention slogan contest and gave our employees the opportunity to remind themselves of the significance of fire accidents. Furthermore, during lunch hours, we showed various industrial accident prevention videos to provide information on major safety accident instances and made efforts to help employees better understand occupational accidents.

Posters and winners of the fire prevention slogan contest

Alcohol abstinence campaign

COVID-19 prevention campaign

Society

Health and Safety

Industrial safety

Every year, DRB Industrial conducts general health checkups on all employees. We have relentlessly researched the number of employees who failed to get health checks, sought inspections of all employees, and implemented follow-up measures based on the after-care opinions provided. We directed eligible employees born in even numbers to take a comprehensive medical examination appropriate for their age, and 100% of the eligible employees completed the examination. Furthermore, personnel in processes handling hazardous chemicals received additional safety training on new substances introduced as a result of process changes, and they were required to undergo special health checkups before and after being assigned to work. DRB Industrial has maintained numerous health management support programs, in addition to health checkups, to improve the physical and mental health of its employees.

		Unit	2020	2021	2022
Safety accident prevention and management	Occupational Health and Safety Committee	Cases	4	4	4
Health support	Physical health management support	Y/N	Y	Y	Y
	- General health checkup participants	Persons	519	530	542
	- Comprehensive health checkup participants	Persons	257	261	276
	- Special health checkup participants	Persons	353	348	356
	- Health promotion program participants	Persons	40	79	277
	- Health consulting participants	Persons	359	232	326
	Mental health management support	Y/N	Y	Y	Y

Sleep health promotion program

DRB Industrial launched a sleep health promotion program with the purpose of boosting employees' work efficiency and preventing occupational accidents. We ran a program to enhance sleep health utilizing neurofeedback training, in which we examined the brain waves of participants with sleep disorder symptoms and presented numerous progressive strategies for improvement. In 2021, 16 of the 20 participants successfully finished the program, while 19 of the 21 participants successfully completed the program in 2022. In the 2021 program, 10 of 16 people in the sleep disorder group recovered their normal sleep patterns, and in 2022, 10 of 18 people conquered sleep disorders and experienced normal sleep.

Sleep health promotion program (neurofeedback training)

Musculoskeletal management program

For patients suffering from musculoskeletal diseases, DRB Industrial offers a musculoskeletal management program. Based on individual measurement and diagnosis, we have offered counsel and guided a tailored treatment technique that combined exercise therapy by an expert exercise therapist and manual therapy by a physical therapist. In 2021, 34 people participated in the pain relief program, with 12 people's symptoms improving, and 25 people participated in 2022, with 19 people's symptoms improving.

Pain relief program

Society

Health and Safety

Anti-smoking program

DRB Industrial aims to create a more pleasant atmosphere in the workplace by running an anti-smoking program to prevent cerebrovascular diseases and improve workers' health. Under this initiative, employees who successfully stopped smoking in 2021 and 2022 received prize money. In 2021, 25 people took part in the program, with nine of them successfully quitting smoking. In 2022, ten people took part, with two successfully quitting smoking. DRB Industrial intends to continue developing the program in the future by offering emotional support to people attempting to quit smoking and enhancing their ability to deal with stress.

Anti-smoking program

Mental health promotion program

DRB Industrial has made efforts to promote not just its employees' physical health but also their emotional wellness. We specifically seek to improve each individual's mental health by providing Sangdam4u, a consulting service that helps to alleviate mental health difficulties such as job stress, personal family troubles, and depression. Furthermore, we are running a true-false quiz program on mental health and giving away various prizes to improve employees' understanding of mental health and generate enthusiasm.

A poster on Sangdam4u and the true-false quiz event on mental health

Physical health promotion program

DRB Industrial has operated a variety of physical health promotion programs. We recognized obesity as a severe condition in modern society, implemented a body fat loss program to address the problem, and attempted to increase employees' willingness and participation rate by introducing an incentive system. We formed our own walking community and challenges using the 'WalkOn' walking app and supported workers' exercise activities. In addition, to raise employees' interest in health management, we constructed stairs to promote health and communicated vital health-related information, such as smoking and exercise. DRB Industrial is committed to promoting and strengthening the health of its employees through a variety of initiatives.

Posters for the healthy walking challenge and body fat loss program

NEXT PLAN

DRB Industrial is building a safety management system in the mid- to long-term to ensure that all of its business sites are equipped with global-level safety management systems and capabilities. Additionally, we plan to diagnose the state of our safety system and culture to identify risk factors and vulnerabilities and fundamentally enhance them.

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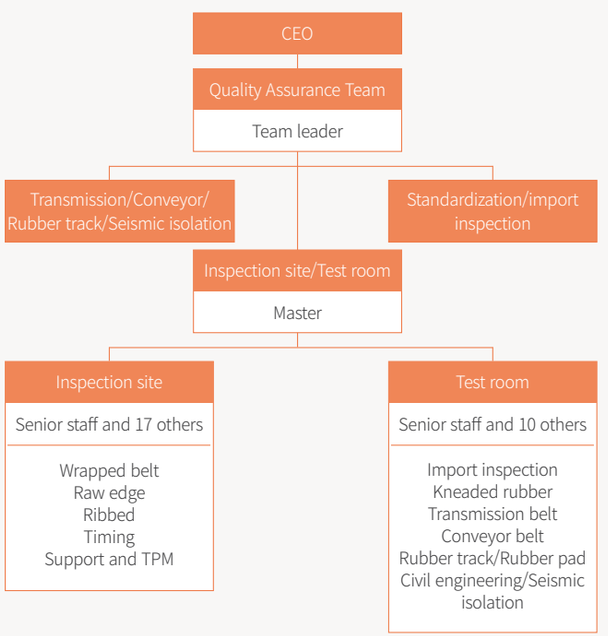
Product Safety and Quality

STRATEGY

DRB Industrial upholds DRB's core corporate values of 'honesty, integrity, and trust', implements quality management to secure world-class quality, and ultimately aspires to become a firm with sustainable growth. Therefore, DRB Industrial is working hard to become a market leader in industrial rubber products by implementing its own optimized quality management system. In addition, we contribute to the improvement of the quality control of external suppliers with whom we collaborate by upgrading their quality control evaluation system, and we pursue mutual growth with them toward shared goals.

Quality management governance organizational chart



Quality Assurance Team personnel status

Manager	6 persons
Inspector	18 persons
Tester	12 persons
Subtotal	30 persons
Total	36 persons

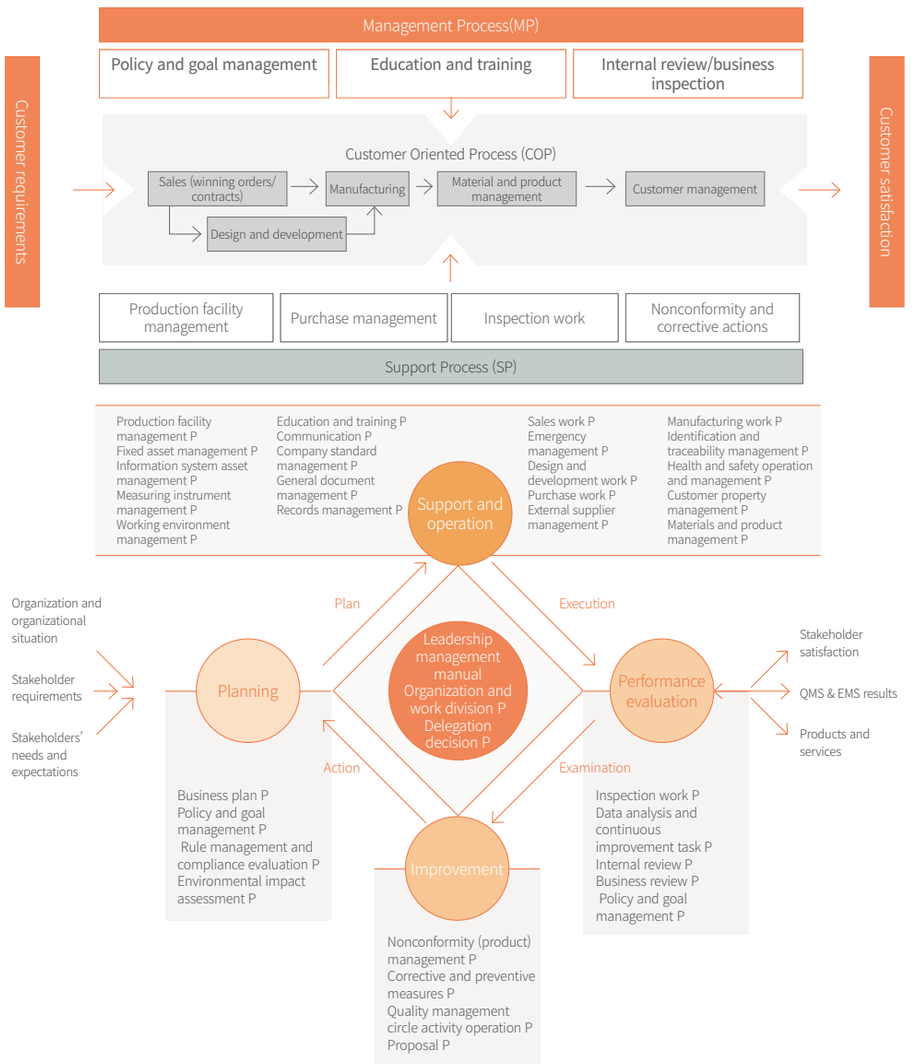
Quality management process

DRB Industrial is an innovative manufacturing company that produces industrial rubber products and places a high value on quality control at the corporate level. If a nonconforming product is identified or discovered after shipment, it is immediately recalled and subjected to import, process, and final inspection. If the product is found to be nonconforming as a consequence of the inspection, the Quality Assurance Team determines the extent of the fault and takes corrective and preventive measures. If a product is determined to be usable after repair or usable without repair, it will be treated in accordance with the client's request following consultation with the customer. In addition, DRB Industrial performs shipment inspection of vehicle belt products, on-site inspection according to customer requests, and outsourcing inspection to ensure that the outsourced processed and manufactured products satisfy the outsourced criteria. In the event of nonconforming products, the Quality Assurance Team holds a quality meeting to identify the issue, analyze the cause, and take measures for improvement.

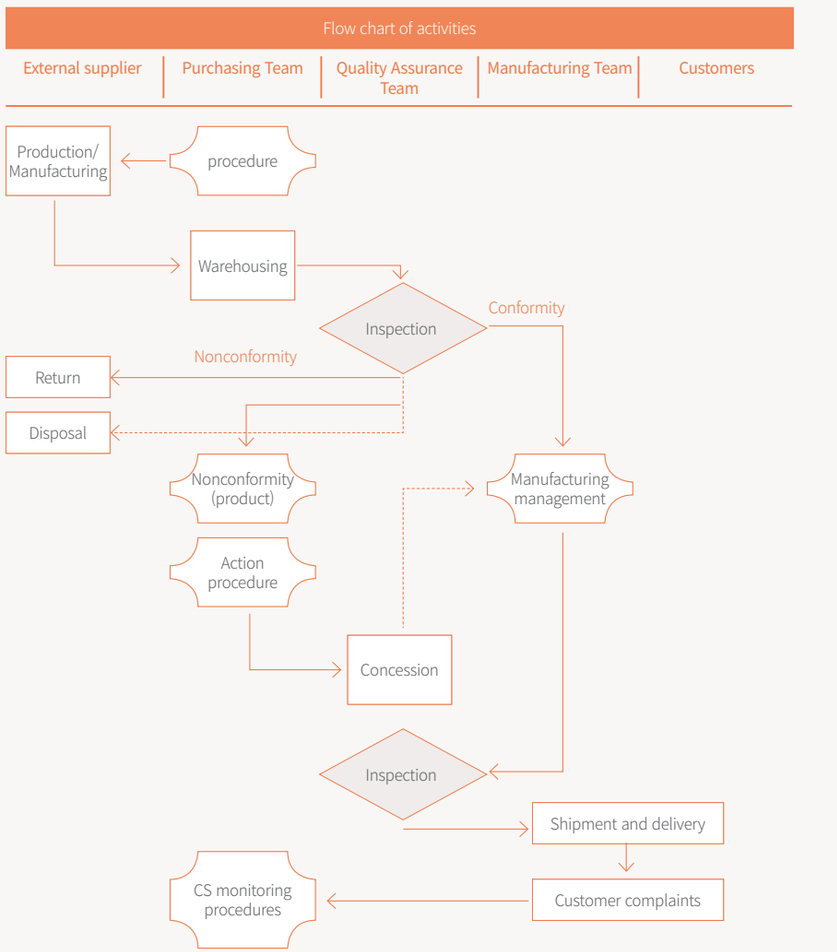
Society

Product Safety and Quality

Quality management process



Quality inspection and defect evaluation processes



Society

Product Safety and Quality

Target

DRB Industrial strives for excellence in quality control. In particular, we continue to undertake product safety examinations, with the goal of achieving 100 points in product safety evaluations for transmission and conveyor belts, as well as rubber tracks, in 2023. Furthermore, we have built our own quality management process performance system, and we are aiming for a performance indicator (KPI) score of over 80% and an external supplier evaluation score of over 80 points.

Quality management indicator

Category		Unit	2022	2023 (target)
Product safety assessment	Power transmission	%	100	100
	Conveyor	%	100	100
	Rubber track	%	100	100

Category		Unit	2020	2021	2023 (target)
Quality management process Performance indicator	KPI	%	83	85	over 80
	External supplier evaluation	Points	86	82	over 80
	Proposal and improvement activity	Number of proposals per person	1.21	1.26	-

ASSESSMENT

Acquisition and management of quality management certification

DRB Industrial developed an inspection and test management system for raw materials, products, commodities, and toll processing in order to manufacture products that meet the quality requirements of customers. In addition, we conduct a wide range of inspections and tests in line with the ISO 9000 (quality management system) standard, including import inspection, intermediate inspection, process inspection, product inspection, and reliability inspection.

Quality management system certificate

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Product Safety and Quality

PERFORMANCE

Efforts to manage quality and secure competitiveness to improve customer value

DRB Industrial has established and operates a quality management process based on global quality management system certification. We are building a system that consistently produces the best quality products and promotes customer satisfaction by employing management and support processes based on customer requirements. Our quality management efforts are further classified into four categories: quality planning, customer satisfaction surveys, quality control, quality education, and infrastructure building.

Quality planning

DRB Industrial maintains the best quality management system to provide stakeholders with quality satisfaction while eliminating or decreasing all nonconformities. As a result, we are working hard to achieve customer satisfaction through the ongoing application and improvement of the quality management systems KSQ ISO 9001:2015, IATF (automotive parts supplier) 16949:2016, and customer-specified requirements.

Quality education

DRB Industrial provides job training for quality engineers as well as training programs to foster internal reviewers under the supervision of the HR Team in order to propagate quality culture and strengthen capabilities. We adopt a number of training approaches, including inviting in-house instructors and outside specialists with expertise in the relevant field, and we encourage employees to participate in process improvement and quality advancements through a suggestion system and small group activities. Furthermore, in order to develop professional capabilities for each manufacturing process, we are cultivating quality specialists by aiding employees in obtaining expert certifications such as ISO 9001-certified auditor licenses.

Quality education completion and internal reviewer status

Category	Internal reviewer fostering training	Professional quality management training
2020	12	-
2021	3	1
2022	5	1
Internal reviewer: 10 persons (as of 2023)		

Quality management

DRB Industrial controls pre-processing and post-processing quality with its own quality management system and monitors quality with regular quality reporting sessions. Furthermore, if any problems are detected, improvements are made by setting up a quality management TF and implementing a quality management system.

Construction of a quality management infrastructure

DRB Industrial has secured an integrated management system in which quality issues that arise throughout the entire process, from development to production, sales, and after-sales service, are registered and improved in real time on the Internet website, and relevant quality information is shared among related departments.

Customer satisfaction survey

DRB Industrial conducts customer satisfaction surveys every year to identify customer opinions and needs for improvement regarding products and services. In 2022, a satisfaction survey was conducted targeting a total of 73 major domestic and foreign customers, and the response rate declined by 3.5% compared to the previous year. We received an overall score of 75.7 points in a satisfaction survey that included six categories: product quality, technology, delivery deadline, price, packaging, and overall image. Overall image (reliability, customer service, etc.) received the greatest score of 82.1 points, while delivery date (delivery satisfaction) received the lowest score of 61.8 points. Net Promoter Score (NPS) was 41, a 19-point decrease from the previous year.

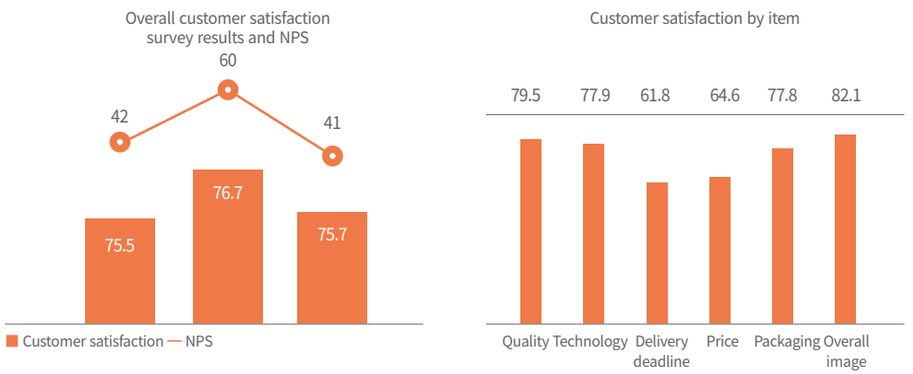
Customer satisfaction survey response rate

Category	2020	2021	2022			Compared to the previous year (A-B)
	Response rate	Response rate (B)	Sample size	Number of respondents	Response rate (A)	
Domestic Business Team	69.5%	80.0%	33	30	90.9%	10.9%p
Overseas Sales Team	63.6%	70.0%	17	9	52.9%	-17.1%p
Track Sales Team	77.8%	72.7%	10	8	80.0%	7.3%p
Engineering Business Team	50.0%	100.0%	13	7	53.8%	-46.2%p
Total	70.3%	77.5%	73	54	74.0%	-3.5%p

Society

Product Safety and Quality

Overall results and item-specific results of the customer satisfaction survey



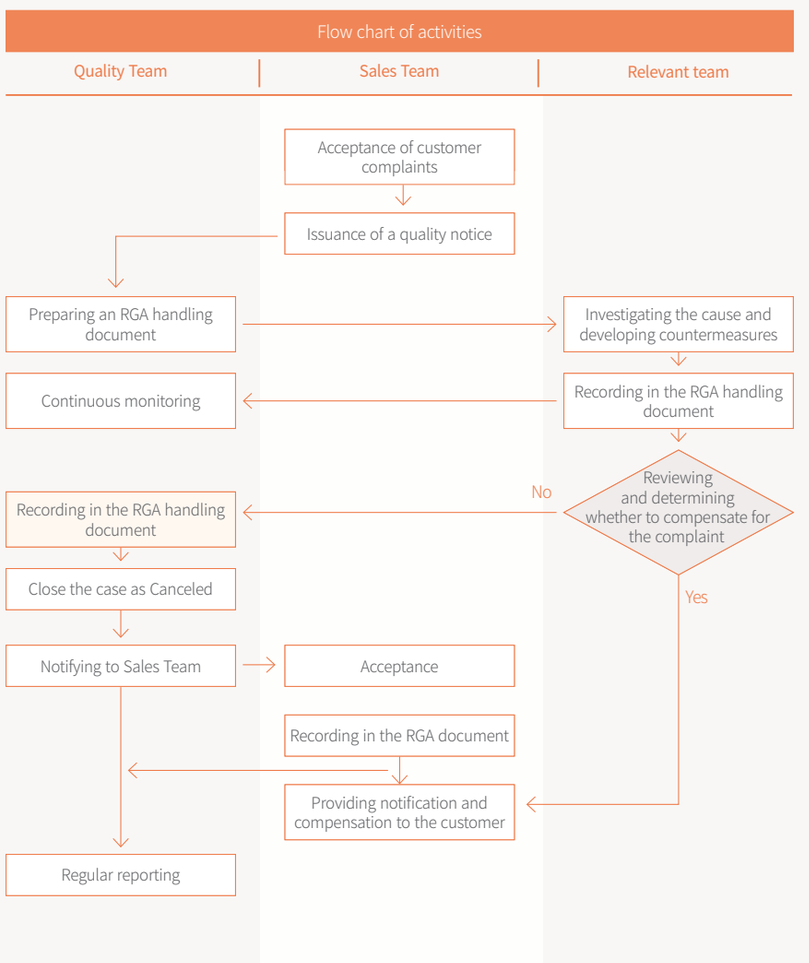
According to the analysis results of DRB Industrial's strengths and weaknesses based on the 2022 customer satisfaction survey, customer satisfaction with the company's prompt customer response service for product/quality claims and product quality was found to be very high. On the other hand, satisfaction with pricing and delivery deadlines were identified as shortcomings as a result of the increase in raw material prices and international logistics and transportation issues caused by COVID-19. We are making numerous attempts to collect and respond to these customer requirements.

Customer complaint acceptance and settlement process

DRB Industrial has a customer complaint acceptance and settlement process in place to handle customer complaints and comments regarding products and services and to prevent problems from recurring due to the same cause. Relevant departments, including the Sales Team, Research and Development Team, Quality Assurance Team, and Manufacturing Team, receive customer feedback and fix issues in accordance with the process.

		Unit	2020	2021	2022
Customer complaints	VOC complaint accepted	Case(s)	52	41	76
	VOC complaint settled	Case(s)	52	41	76

Process map for receiving and resolving customer complaints



Society

Supply Chain Management

STRATEGY

Sustainable supply chain management system

DRB Industrial is committed to ESG management for a sustainable supply chain by implementing sustainable procurement policies and action plans based on its vision that “Sustainable purchasing contributes to DRB Industrial’s survival and future growth.” The CFT (Cross Functional Team) of DRB Industrial is made up of employees of the Purchasing Team, Quality Team, Manufacturing Team, and Research and Development Team. Different departments are making joint efforts to build a sustainable supply chain. CFT establishes an annual business plan under the supervision of the person in charge of purchasing and efficiently manages the supply chain through regular consultations as needed. New external suppliers are selected through a systematic process of needs identification, planning, preliminary investigation, due diligence, approval, and registration. Moreover, DRB Industrial has a sustainable supply chain management system based on four principles: the corporate philosophy (honesty, integrity, and trust), strengthening purchasing competitiveness, creating a sustainable ESG purchasing environment, and mutual growth. In the supply chain management process, ESG evaluation is performed during the registration of new external suppliers to guarantee they contribute to the development of a more sustainable supply chain. Furthermore, when selecting external suppliers, we prioritize transactions with excellent local companies, women’s companies, and companies with the disabled in pursuit of mutual growth.

DRB Industrial’s sustainable procurement policy and action plan

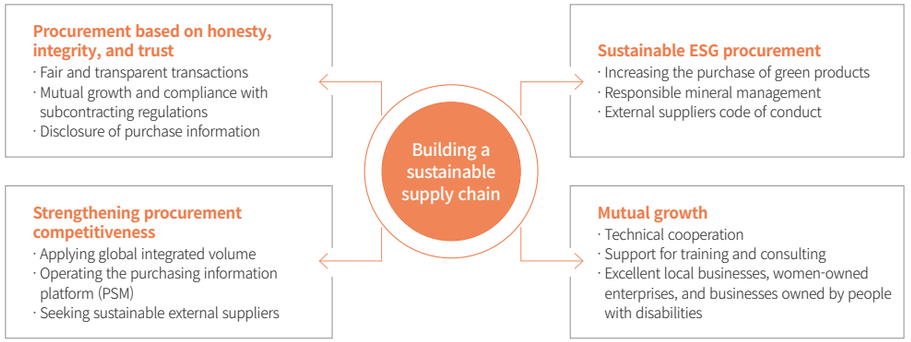
Policy

1. We strive to observe the ‘External Supplier Code of Conduct’ with DRB officials as well as external suppliers in order to comply with laws and social norms and fulfill our social responsibility.
2. We also appreciate cooperative relationships with external suppliers in areas such as technological capability enhancement, quality stabilization and improvement, and competitive pricing.
3. We seek to manage the environment together with external suppliers in accordance with the DRB’s environmental policy, with the aim of preserving the global environment and creating a sustainable society.
4. DRB’s material procurement is carried out through mutual cooperation with external suppliers, with the corporate philosophy of ‘honesty, integrity, and trust’ as the foundation.

Execution

Classification of external suppliers	Supply chain management based on an ESG perspective	ESG mutual growth program
· Incorporating ESG strategic goals into KPIs · Selecting and expanding external suppliers subject to preferential review (Tier 1, 2)	· Reflecting in the new external supply chain registration process · Evaluating and improving the ESG supply chain regularly · Code of conduct for external suppliers · Responsible mineral management	· Providing training for external suppliers · Operating communication channels through PSM

Sustainable supply chain management



Sustainable supply chain management process

Enhancement of sustainable supply chain management

DRB Industrial is working to create a sustainable supply chain and promote mutual growth based on the management philosophy that ‘the competitiveness of external suppliers translates into DRB’s growth.’ DRB Industrial pursues fair trade from the signing of a contract to performance in order to respect the basics and principles of fair trade.

External supplier support system

If an external supplier receives a grade 1 as a result of regular and irregular supply chain ESG reviews, we waive the evaluation for select enterprises subject to ESG evaluation for the following year and give advantages in the course of developing new and alternative raw materials. Furthermore, we provide a variety of programs to help external suppliers maintain their competitiveness and handle potential risks. Professional consulting and training on susceptible areas are also provided to strengthen the environmental management capabilities of external suppliers.

Society

Supply Chain Management

Compliance with the External Supplier Code of Conduct

External suppliers of DRB Industrial undertake to follow the 'External Supplier Code of Conduct' in order to maintain fair and transparent trading relationships when supplying the subject of the contract (services, goods, or services). At the time of the first contract, external suppliers related to raw and subsidiary materials are required to pledge to comply with the code of conduct. Based on this commitment, DRB Industrial regularly examines supply chain environmental risks and demands that external suppliers perform adjustments if they fail to meet the pledge.

External Supplier Code of Conduct

1. Measures to secure and supply stable quality
- Identify changes in demand through smooth communication and information exchange.
- Set up procedures to ensure quality, check processes, and be sure tofollow prior approval procedures if changes to 4M are required.

2. Measures for compliance with ethical management
- Build business relationships based on honesty, integrity, and trust, and prohibit providing false information about stakeholders.
- Ban bribes, money, entertainment, or gifts that violate relevant laws and regulations.

3. Measures for legal compliance
- To achieve environmental management, comply with environmental laws, and promote the use of eco-friendly and recycled products.
- Adhere to appropriate rules and regulations for the health and safety of executives and workers; check for risk factors that may arise in everyday life; and adopt improvement measures for identified risk factors.
- Strive to establish a pleasant and stable working environment for executives and workers by conforming to applicable labor rules and regulations, such as the Labor Standards Act and other labor-related legislation.

4. Information Protection and Confidentiality
- Use stakeholder information obtained in the course of work only for business purposes, and never leak it outside.
- Establish and implement policies to protect internal intellectual property rights and information.

5. Human rights protection
- Observe applicable laws and regulations to safeguard the human rights of executives and employees, and prepare and enforce operating guidelines.
- Keep the identity of the informants for public interest strictly confidential and ensure that the informant suffers no disadvantages.

6. Conflict Minerals
- Do not use minerals mined in conflict areas.
- Submit a certificate of origin if necessary.
  * Conflict minerals: Four types of minerals—tin, tantalum, tungsten, and gold—are produced in 10 countries in African conflict areas, including the Democratic Republic of the Congo.
  * Conflict areas: Democratic Republic of the Congo, Congo, South Sudan, Rwanda, Burundi, Uganda, Zambia, Angola, Tanzania, and Central Africa

Promotion of green purchasing activities

DRB Industrial has shaped a green purchasing policy for 2022 in an attempt to respond to climate change and reduce greenhouse gas emissions through the supply chain. We encourage the preferential procurement of eco-friendly products when acquiring necessary raw and subsidiary materials, equipment, consumables, and so on for product manufacturing and management based on this policy. In addition, as a global company, we strive to reflect on the future of humanity and the environment and fulfill our responsibilities by factoring in the environment throughout the entire supply, transportation, and unloading process and encouraging the use of green logistics transportation services. Our green purchasing activities also serve as social contribution activities since they enable us to satisfy our corporate social responsibility for environmental and natural resource conservation. We will gradually expand the volume of green purchasing, implement eco-friendly management, and drive sustainable growth.

Green Procurement Policy

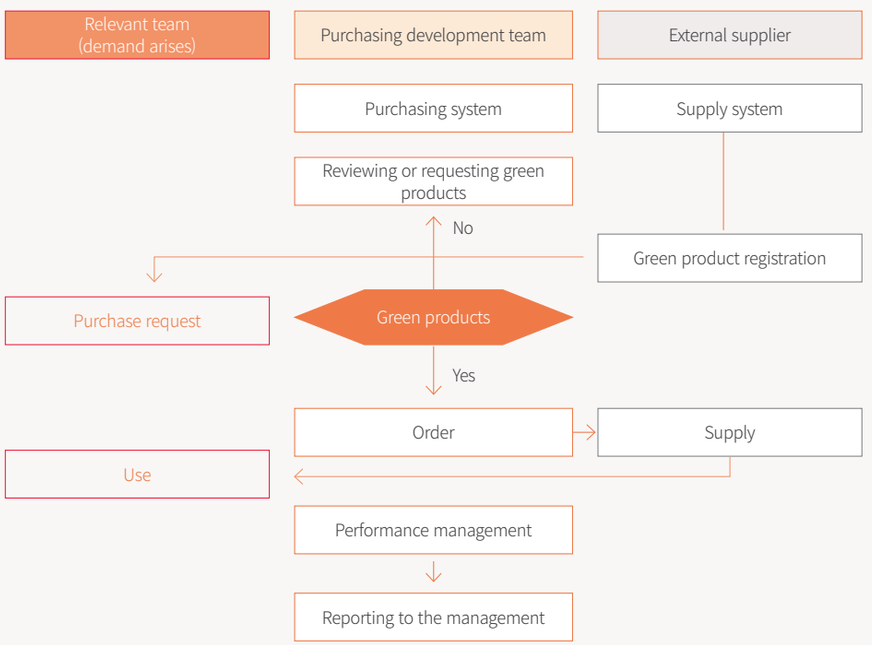
DRB Industrial contributes to social contribution by fulfilling its social responsibility for environmental protection and natural resource conservation through green purchasing activities, implementing eco-friendly management, and promoting sustainable growth by gradually increasing the volume of green purchasing.

1. DRB Industrial purchases green products based on the corporate philosophy of honesty, integrity, and trust.
2. For green purchasing, DRB Industrial examines eco-friendliness throughout the entire process, including supply, transportation, and unloading, and prioritizes the purchase of eco-friendly products when available.
3. DRB Industrial actively recommends green purchasing products to enhance environmental management and gives priority to green products when purchasing subsidiary materials and consumables.
4. DRB Industrial continuously monitors green purchasing performance, discovers eco-friendly products, and continuously performs improvement activities to reduce environmental impact and expand them across the company for sustainable growth.
5. DRB Industrial takes the initiative in green purchasing activities such as exploring and introducing eco-friendly materials for sustainable environmental development.

Society

Supply Chain Management

Green purchasing process



Responsible supply chain management

DRB Industrial engages in the resolution of social issues such as human rights violations, environmental destruction, and the inflow of funds to conflict organizations that may occur when mining minerals in specific countries, such as conflict zones in Africa, Asia, and the Middle East, by declaring that it will adhere to responsible mineral purchasing regulations. To this end, we seek to build a responsible supply chain by checking the issue at the external supplier status investigation stage. Additionally, when selecting external suppliers, we give priority to excellent local companies, women's companies, and companies for the disabled. We also contribute to society by fulfilling our social responsibilities for environmental conservation and natural resource conservation through green purchasing.

Declaration of Responsible Mineral Sourcing | Mutual Growth Policy

ASSESSMENT

DRB Industrial is working best to manage supply chain ESG, and beginning in 2022, we have materialized responsible supply chain management to achieve mutual growth while minimizing the ESG risks of external suppliers. From the time of the status survey to selecting an external supplier, we evaluate various ESG-oriented items, such as compliance with environmental laws and regulations, use of eco-friendly and renewable raw materials, labor practices without discrimination based on gender, religion, disability, age, or place of origin, and use of conflict minerals.

External supplier evaluation

Before commencing new transactions, DRB Industrial undertakes an initial examination of raw material, equipment, and mold suppliers. For registered external suppliers, we conduct regular and irregular evaluations. The initial evaluation is conducted in the form of due diligence and aims to validate fundamental information such as conflict minerals and REACH regulations, as well as essential matters related to sustainable procurement. Suppliers that meet the approval criteria are registered as external suppliers. The annual review of external suppliers is separated into two parts: performance evaluation and ESG evaluation. In performance evaluation, we evaluate the external supplier's supply performance of the previous year, while in ESG evaluation, we conduct self-diagnosis or due diligence on manufacturing-based external suppliers with a high purchase amount. Evaluation and review items for sustainable procurement include environmental-related matters, such as compliance with environmental laws and regulations, as well as labor practices and human rights, including the prohibition of discrimination. If an external supplier receives a grade 1 as a result of regular and irregular supply chain ESG reviews, they are waived in the evaluation for select enterprises subject to ESG evaluation for the following year and given preferential rights in selecting the supplier of new and alternative raw materials. Irregular evaluations are performed when 4M changes occur, such as new construction or expansion, maintenance, change in materials, and change in methods, or when management risk factors are identified. As needed, CFT performs identified improvement activities based on evaluation results.

Society

Supply Chain Management

Self-assessment questionnaire (SAQ) on supply chain sustainability

DRB Industrial conducted an ESG self-diagnosis assessment for 34 domestic raw material manufacturers in early 2023 to identify and improve supply chain risks. The assessment included 26 questions divided into six categories: environment, health and safety, labor and human rights, sustainable procurement, emergency response, and external supplier management. As a result of the assessment, 22 companies obtained a grade 1, 6 received a grade 2, and 6 received a grade 3.

ESG self-diagnosis results

Assessment target	Grade 1 (71 to 100 points)	Grade 2 (51 to 70 points)	Grade 3 (0 to 50 points)
34	22	6	6

External supplier ESG pre-assessment items

Human rights, labor, and ethical management	Does the company have a policy on labor practices or human rights issues?
	Does the company have an implementation document that includes training, actions, etc. regarding labor practices and human rights issues?
	Does the company have a policy prohibiting all forms of unethical behavior, including bribery, graft, and unfair internal trading?
	Does the company operate a communication channel for reporting unethical behavior and addressing grievances?
Safety, health, environment, and greenhouse gases	Does the company have an environmental and safety policy?
	Is there a designated person in charge of environment and safety, and are inspections of the working environment and safety equipment planned and implemented on a regular basis?
	Are air and water pollutants and waste properly disposed of?
	Are activities to reduce energy use or greenhouse gas emissions being carried out?
Sustainable procurement, emergency response, and external supplier management	Does the company have a purchasing policy on sustainable procurement?
	Are the criteria for selecting and assessing external suppliers defined, and do they include items for sustainable procurement?
	Are external providers evaluated using the selection and assessment criteria and asked to make improvements?
	Are emergency response scenarios prepared, and are training and education programs planned and executed?

External supplier ESG post-assessment items

Environment	Whether the company has an environmental policy (regulation) to follow during procurement, design and manufacturing, and distribution and sales Whether the company is certified to an international environmental management system standard, such as ISO 14001, or its equivalent Whether the company measures and manages energy consumption, greenhouse gas emissions, etc. Whether the company measures and manages air pollutant emissions Whether the company measures and manages general or designated waste emissions Whether the company manages information on chemicals received, used, or released into the workplace (e.g., response to the Act on Registration and Evaluation of Chemical Substances and the Chemical Substances Control Act) Whether the company tracks and manages the presence of hazardous substances in raw and subsidiary materials, intermediate materials, products, etc. (REACH management)
Health and safety	Whether the company has established health and safety management regulations or has prepared and maintained related manuals Whether the company has obtained international or national health and safety management standards and certifications, such as ISO 45001 Whether the company has designated a health and safety director or manager to manage the health and safety system Whether the company has established and implemented a plan for periodic inspections of the work environment and safety equipment Whether the company has and regularly renews permits, reports, qualifications, etc. for facility operations required by laws and regulations Whether the company has provided health and safety training to its employees in the last year
Labor and human rights	Whether the company has employment rules in accordance with the Labor Standards Act or a human rights charter that aims to promote the human rights of employees and remedy human rights violations Whether the company includes prohibitions against discrimination in its employment rules or human rights charter (such as gender, race and nationality, disability, age, pregnancy, and childbirth) Whether the company pays its employees at least the legal minimum wage Whether the company complies with legal working hours in each country Whether the company operates a human rights or labor-related grievance system (system, channel, etc.)
Ethical management	Whether the company has policies (regulations) prohibiting all forms of unethical behavior such as bribery and graft, unfair internal transactions, etc. Whether the company has reporting channels for corruption, conflict of interest behavior, etc.
Information protection	Whether the company has policies (regulations) on the security of trade secrets, protection of non-public information, and protection of personal information
Sustainable procurement	Whether the company has an environmentally and socially responsible procurement policy (regulation) Whether the company tracks and manages the inclusion of conflict minerals in its raw and subsidiary materials, intermediates, products, etc. Whether the company has established criteria for selecting and evaluating external suppliers and whether the criteria include items for sustainable procurement Whether the company evaluates its external suppliers according to the selection and evaluation criteria and asks for improvements Whether the company has prepared emergency response scenarios and whether training and education are planned and implemented

Society

Supply Chain Management

Supply chain ESG on-site inspection

DRB Industrial conducted a three-stage on-site inspection (interview, on-site inspection, and consulting) for six companies designated as high-risk groups based on the ESG self-diagnosis results. We analyzed vulnerable areas using self-assessment results, conducted interviews on key review items, inspected the site for major issues related to the environment, industry and safety, and human rights, and provided external suppliers with information on ESG-related education and government support to help them improve the identified problems.

Performance

		Unit	2020	2021	2022
Total number of suppliers	Total number of suppliers[1]	Companies	104	95	96
	Newly registered suppliers[2]	Companies	3	4	0
Supplier grievance handling process[3]	Number of cases accepted	Cases	0	0	0
	Number of cases settled	Cases	0	0	0
Supplliers with high risks	Companies to be managed[4]	Companies (%)	0(0)	3(3.2)	0(0)
	Companies that submitted improvement plans	Companies (%)	0(0)	3(100)	0(0)
	Companies suspended for transactions	Companies (%)	0(0)	0(0)	0(0)
Supply chain ESG evaluation	Companies subject to regular evaluations[5]	Companies	0	2	34
	Evaluated companies[6]	Companies (%)	0(0)	2(100)	34(100)
	- New suppliers	Companies (%)	0(0)	2(100)	-
	- Existing suppliers	Companies (%)	0(0)	0(0)	34(100)
	On-site inspection	Cases	0	0	5
	Discovery of negative impacts on the environment or society	Cases	0	0	0
Mutual purchase	Purchase amount of eco-friendly products and services	KRW 100 million	0	0	0.016

1. Based on the companies that actually supplied materials to manufacturers or sales agencies
2. Based on the initial evaluation of external suppliers
3. Based on the PSM communication channel registration date (opened in 2021)
4. If the external supplier evaluation grade is 2 or lower
5. Raw material manufacturer based in Korea
6. The number of companies subject to initial and regular evaluation in the relevant year

Operation of the supply chain management channel

DRB Industrial launched the PSM (Purchasing & Supply Management) portal system in 2021 for efficient communication with internal and external stakeholders and is facilitating communication through this channel.

Contribution to the digitalization of procurement work

DRB Industrial and external suppliers can check procurement-related information such as bidding, order inquiries, inventory status, and purchase specifications in PSM. In the emergency response menu, manuals for each type of emergency are available.

Creation of a communication channel for setting grievance

PSM has a system in place to deal with complaints from external suppliers as well as to prevent and monitor unfair trade practices. If external suppliers have complaints or suggestions, they can express them through the PSM grievance channel. When an agenda item is received, we communicate with internal stakeholders as needed and try to respond with improvements within 7 days.

PSM portal system

PSM portal system

Communication (grievance handling) channel process within PSM

Receiving grievances or suggestions → Discussing whether improvements can be made → Responding with the result within 7 days

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Supply Chain Management

Emergency response and supply chain stability

Following the outbreak of COVID-19, DRB Industrial faced significant hurdles as procurement concerns such as national lockdowns and ship shortages arose, creating an emergency situation in raw material procurement. DRB Industrial has launched PSM, a supply chain management channel, to solve these issues, and it is trying to guarantee seamless procurement with external suppliers. Additionally, we have prepared emergency and response scenarios to respond quickly in the event of an emergency. Emergency response procedures are carried out in the following order: prevention work, situation reception, initial report, situation propagation, impact assessment, notification to relevant teams and search for response measures, summary and sharing, summary of status and search for additional response plan, implementation, and follow-up management. We categorize emergency situations into natural disasters (controllable and uncontrollable), international situations, internal errors, external supplier problems, domestic transportation, and overseas transportation, and we are executing response plans tailored to each situation.

NEXT PLAN

Strengthening the supply chain's ESG competitiveness

To enhance ESG management in the supply chain, DRB Industrial held collective ESG management training for external suppliers in August 2023. After the training, an ESG evaluation of external suppliers was conducted. In particular, we visited the sites of six companies identified as high-risk groups in the 2022 evaluation and conducted an advanced evaluation. Starting in 2024, the regular external supplier evaluation and ESG evaluation, which are currently conducted separately, are planned to be converted to an integrated supply chain evaluation. In addition, we will expand the scope of the evaluation for the initial registration of external suppliers, from raw material companies to agents (trading companies), and incorporate ESG items in the evaluation.

Upgrade of the supply chain system

DRB Industrial intends to enhance sustainability and build a foundation for future growth through business based on a unified purchasing policy and system. Our supply chain system has three main goals: global purchasing operation and management, the establishment of a sustainable management system, and boundless collaboration. For advanced purchasing, we will establish and execute the operating framework in stages.

	Establishment of the operating framework	Implementation and improvement	Operation of a purchasing system based on sustainable growth
Major role	"Enhance sustainability and build a foundation for future growth through business based on a unified purchasing policy and system."		
Global purchasing operation and management	Managing information for supply chain tiers 1 and 2	Serving as a global purchasing control tower · Developing new companies and securing a pool	· Integrated management of the external supplier pool
Establishment of a sustainable management system	Establishing an emergency response system · Determining ESG purchasing policies and indicators · Establishing a supply chain evaluation and compensation system · Declaring green and responsible mineral purchasing	· Teaching, evaluating, and developing the ESG in the supply chain	· Implementing sustainable procurement · Pursuing mutual growth and mutual growth in the supply chain
Boundless collaboration	Strengthening CFT activities and managing the history of collaborative work	· Unifying the purchasing information management system	· Operating the purchasing information management system

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Society

Contribution to Communities

STRATEGY

DRB Industrial works to fulfill its corporate social responsibilities and grow together with its employees, families, and everyone around the world under the vision of 'Better Together, Better Tomorrow.' We realize that as corporate citizens, we have an essential role to play in creating a sustainable society by safeguarding the global environment, coexisting and mutually growing with local communities, cultivating global talent, and seeking happiness for future generations. As a result, we are contributing to global efforts to accomplish the UN SDGs. DRB Industrial goes beyond simple donations and charity-centered activities to seek social contribution activities that benefit both the local and international communities and promote sustainable development. We contribute to the improvement of local residents' quality of life by carrying out specialized social contribution activities tailored to the characteristics of the region and taking the lead in customized social contribution activities centered on consumers through our social contribution platform, Campus D, and network.

Social Contribution Charter

DRB Industrial recognizes the critical role of a corporate citizen in creating a sustainable society through eco-friendliness, coexistence, and mutual growth with the local community, nurturing global talent, and enhancing the happiness of future generations, and participates in global efforts to achieve the goals of the UN SDGs (Sustainable Development Goals).

1. **(Active social contribution)** DRB Industrial regards social contribution (corporate citizenship) activities as a fundamental part of company management and strives to fulfill its social duties as a corporate citizen.
2. **(Earth and environmental protection)** DRB Industrial aspires for the safety of sustainable citizens and global environmental protection.
3. **(Contribution to communities)** DRB Industrial capitalizes on its distinct professional capabilities to perform specialized social contribution activities that are adapted to local characteristics and contribute to the improvement of local citizens' quality of life.
4. **(Talent development)** DRB Industrial helps to build a healthy society and fertilize the minds of its employees by offering nondiscriminatory learning opportunities and making efforts for future generations.
5. **(Demand-oriented contribution)** Based on its social contribution platform and network, DRB Industrial leads the way in consumer-centered and tailored social contribution initiatives.
6. **(Promise for continuous effort)** DRB Industrial implements social contribution activities in a way that is continuous and conducive to growth, rather than one-time and charitable activities.

Social contribution values and implementation strategies

Core value	Coexistence with the local community	Protecting the earth's environment	Nurturing talent	Safeguarding human rights and promoting health	Expanding communication and engagement
Implementation strategy	Increasing locally customized assistance	Creating a carbon-neutral society and preserving the ecological environment	Nurturing talent	Resolving social issues	Spreading a voluntary sharing culture

Implementation tasks and goals

· Support for economic revitalization (free rental of business space) · Support for culture and the arts (free performances, support for artists, etc.) · Support for disasters and emergencies (donations, provision of supplies, etc.)	· Marine and river ecology conservation activities (trash picking) · Support for the recycling (plastic-free) campaign · Support for climate change response activities	· Support for nurturing creative talent · Support for nurturing scientific talent · Support for nurturing technical talent · Support for nurturing global talent	· (Human rights) Support for the socially vulnerable (elderly, disabled, etc.) · (Health) Providing health checkups for construction workers and farmers · (Safety) Support for seismic disaster response and youth educational projects	· Employees' participation in volunteer work · Support for promoting volunteer activity networks · Support for volunteers' capacity building · Providing space for volunteer activities

Society

Contribution to Communities

Social contribution platform (Campus D)

DRB Industrial operates Campus D, a platform specializing in social contribution. Campus D is a welfare center built to provide welfare and education for our employees and local residents in commemoration of the 50th anniversary of DRB Industrial's founding in 1995. It was transformed into a social contribution platform in 2017 to celebrate the 100th birthday of our founding president, Gochon Kim Do Geun. Campus D, which is currently located in two regions: Seoul (Yeongdeungpo) and Busan (Geumjeong-gu), is contributing to the development of local communities. In particular, this space is used as an educational and cultural complex to promote the growth of children, teenagers, and young people.

At Campus D, communal spaces of various concepts, including performance halls, forum halls, practice rooms, and maker facilities, are freely available for public use. Furthermore, we have developed social contribution partnerships with youth startups, social enterprises, NGOs, and cultural and arts organizations to help them grow together by providing activity spaces.

Campus D Seoul

Campus D Busan

PERFORMANCE

Mutual growth with the region and support for the vulnerable group

DRB Industrial recognizes the problem of local communities aging, hollowing out, and becoming slums and is striving to remedy it in collaboration with related institutions. We participate in the activities of the Geumjeong Social Capital Research Institute and the Resident Agenda Discovery Group in the Busan region, and we lead the development of the local community in Geumsa-dong by attending residents' meetings on urban regeneration projects. DRB Industrial also supports local cultural and artistic organizations and citizen cultural and artistic activities. At the same time, it organized various events for middle-aged people to solve community problems and provided second-half education and the opportunity to enjoy culture and the arts to enrich their lives. For the elderly, we provide education to help bridge the gap between generations, such as smart senior schools, and for the young, we provide support for urban regeneration projects, office space rental, and networking for startups. Through these various activities, we aspire to contribute to regional revitalization.

Global environmental protection campaign

In 2021, DRB Industrial showcased the 'Art to Zero Project' together with the Busan Cultural Foundation, a project to raise awareness of environmental challenges through culture and art. In addition, in 2023, we held an Earth Hours campaign to raise awareness of climate change and environmental destruction by turning off lights for a certain period of time. Furthermore, we are participating in environmental protection at the corporate level by implementing and improving environmental campaigns with our employees, such as making flower pots and vases out of scrap, recycling coffee waste, and camping shelves out of waste wood.

Talent-nurturing program

DRB Industrial has designated talent development as its primary area of social contribution and is working hard to deliver a wide range of talent development programs. We address educational issues through a variety of education and support projects, including creative scientific education and culture and arts education, as well as an all-encompassing life-cycle happiness support program for children, teenagers, and the elderly. We provide high-quality educational services to children and adolescents, such as creative education, culture, and arts education, while also establishing an environment conducive to the continuous attraction of young people. We are getting closer to our goal of regenerating the local community as a result of these initiatives. In addition, we are discovering local talent by donating to the Geumjeong Ladder of Hope campaign (a project to support the improvement of the educational environment for elementary, middle, and high schools in the region), developing global citizenship education content, and supporting related organizations. Furthermore, from the inaugural event to the present, we have been an official sponsor of UnivExpo Busan, the largest university life exhibition for university students, supporting the challenges and passion of university students.

Society

Contribution to Communities

Social contribution activities to promote happiness throughout the entire life cycle

DRB Industrial pursues fundamental social transformation and development by enhancing citizens' capabilities and engages in social contribution activities to support happiness throughout the entire life cycle.

Children and adolescent

Science fair

Science camp

Reading theater experience class

Science reading academy

Mongchungyi festival

Youth

Girls in ICT

Busan Social Venture Forum

UnivExpo Busan

Youth Job Forum

Youth Becoming the Master

The middle-aged

Doran Doran village festival

Manpa Club founding performance

West African traditional dance workshop

Korean business study group

Hanulim Guitar Club

The elderly

Smart Senior School

Senior Hello Maker Tour

Filial piety feast for the elderly

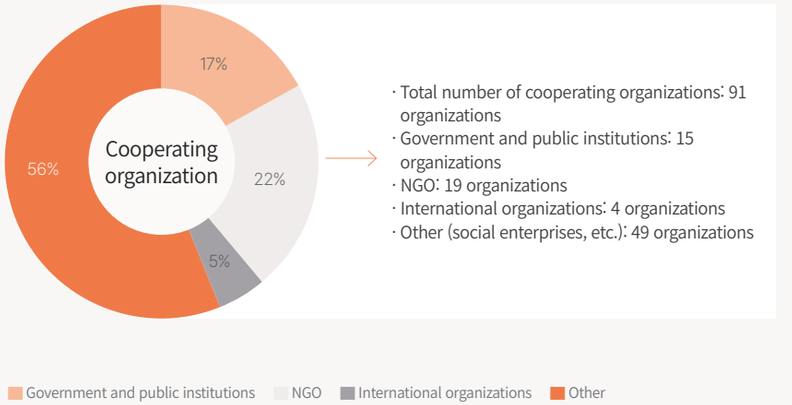
Jjajangmyeon Sharing Day for local senior citizens

Noodle sharing event

Partnership to spread social value

DRB Industrial is establishing ties and actively engaging with governments, public institutions, non-profit organizations, international organizations, and social entrepreneurs in all fields in order to improve the performance and efficiency of social contribution efforts. DRB Industrial took part in the 'Inconvenient Concert', an event held in October 2022 to raise citizens' environmental awareness and encourage participation in eco-friendly activities. This concert was a local event in Busan, hosted by the Busan Environmental Corporation and sponsored by Busan City and Gangseo-gu Office. DRB Industrial also joined a brand goods pop-up exhibition, where it put up a stand to showcase artwork that interpreted the brand 'STAR' created in the 1960s with a modern sensibility, as well as campnic goods using the artwork and an upcycled pen case made of waste materials. As of 2022, we contributed to the development of the local community through cooperation with a total of 91 organizations*.

Cooperating organizations for social contribution



* Institutions and organizations that have entered into a business agreement related to social contribution with DRB Holding or DRB Industrial and that have moved in or are residing at the DRB social contribution facility (Campus D Busan) (excluding the organizations cooperating with overseas affiliates)

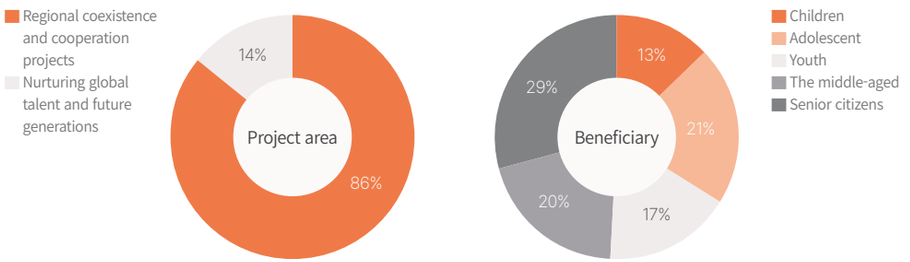
Society

Contribution to Communities

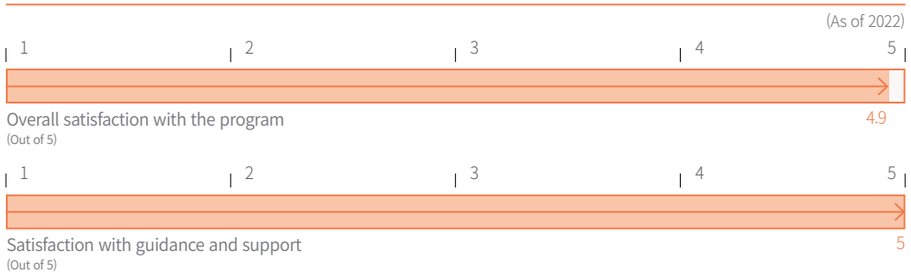
Systematic management of social contribution accomplishments

To more effectively manage the performance of social contribution projects, DRB Industrial evaluates the social contribution project budget, beneficiaries, and overall business field. We have verified that we operated a total of 14 social contribution projects in 2022, and projects related to regional coexistence and cooperation account for 86% of all activities. There were a total of 684 beneficiaries of social contribution projects, with the elderly constituting the largest group at 200, or 29% of the total. DRB Industrial also conducted a satisfaction survey to improve the quality of social contribution programs. 40% of all beneficiaries participated in the survey, and overall satisfaction with the program recorded a high score of 4.9 out of 5. DRB Industrial will continue to expand beneficiary participation in the surveys on social contribution effectiveness evaluation and analyze valuable opinions collected through survey results to enhance DRB Industrial's unique social contribution program.

Major achievements in social contribution



Survey findings on satisfaction with social contribution programs (as of 2022)



*Survey participation rate 40% (Participated by 252 out of 644)

Social investment

		Unit	2020	2021	2022
Investment cost	Total social contribution amount	KRW 100 million	1.2	1.07	1.51
	- Donation in cash	KRW 100 million	1	0.93	1.12
	- Donation in kind	KRW 100 million	0.06	0.06	0.06
	- Operational costs for social contribution	KRW 100 million	0.14	0.08	0.33
Policy contributions	Political contributions	KRW 100 million	0	0	0
	Major association fees and contributions	KRW 100 million	0.38	0.39	0.46

Employees' volunteer work

	Unit	2020	2021	2022
Total participation hours	Hours	0	0	188
Volunteer hours per employee	Hours	0	0	0.32

Society

Information Security and Technology

STRATEGY

To avoid external leakage and unauthorized infiltration of information assets, DRB Industrial has built and operated a company-wide information security system under the integrated supervision of its holding company, DRB Holding. In terms of security organization, security managers are appointed for each function and team, with the Chief Information Security Officer (CISO) at the helm. They communicate diverse security issues to individual team members and ensure efficient security management.

Information security organization chart

Holding company (DRB Holding)	Subsidiary (DRB Industrial)
↓	↓
Chief Information Security Officer (CISO)	Security manager (management, physical, and technical)
Chief Privacy Officer (CPO)	Security manager within a team

Strengthening the security system

Administrative security, physical security, and technical security

DRB Industrial manages security work by categorizing it as administrative security, which is responsible for defining and enforcing security policies; physical security, which is responsible for access and document security; and technological security, which is responsible for email and Internet security. For administrative security, we form and operate a security organization based on the company's security policy and carry out security incident prevention activities such as management regulation legislation, security education, security inspection, and promotional activities. When it comes to physical security, an external visitor who intends to enter restricted locations defined by security management regulations is subject to a preliminary security level review committee in order to monitor and manage their access. In this regard, we have established a system that allows only visitors with prior approval to enter, and we are expanding this system to our headquarters and affiliated companies. In terms of document security, we manage each confidential document by assigning a management number and conducting regular checks. Technical security includes email security, mobile device security, and internet security. We give business email addresses to all employees to maintain email security. If an email attachment includes sensitive or essential information, we require our employees to password-protect or encrypt the document before sending it. Through this method, we can prevent hacking, malware, and attempts to steal transaction funds. We have introduced a multi-faceted email security system to reinforce security. Additionally, we separately ask our employees to refrain from checking, receiving, or sending work-related emails outside the company or in public places.

DRB Industrial also encourages email user alertness through malicious email simulation training and provides training on the required responses when receiving suspicious emails. In the case of mobile devices and Internet security, we control the storage of company information on personal mobile devices and apply technology to limit the connection medium between devices to block all unauthorized access. All Internet access must use the company's security system, which has been authorized in line with the company's security policy. In order to prevent information leakage through access to FTP sites and web hard sites, we have set associated restrictions to permit site access only when it is essential for work.

Software and hardware management system

DRB Industrial complies with intellectual property rights, installs only genuine software, and prohibits the use of illegal software. We prohibit the arbitrary installation and use of unauthorized software that may behave like viruses or malware and require the installation and updates of company security programs. Additionally, in principle, bringing in and using personal computer equipment (laptops, tablet PCs, external storage devices, etc.) into the company is prohibited. However, if there is a specific business purpose, an exception is made for use with the approval of the CEO. When disposing of information devices, we instruct the information to be completely deleted through the Low Level Format specified by the company.

Privacy policy

DRB Industrial visualizes the details of the privacy policy in the form of infographics so that customers and other stakeholders can clearly understand the privacy policy. We also give guidance to help intuitively understand the purpose of collecting personal information, how it is used, and how it is destroyed. Furthermore, we continuously monitor the status of amendments to applicable legislations, such as the Personal Information Protection Act, and regularly verify and revise DRB Industrial's privacy policy to ensure that it conforms with the law and continues to safeguard personal information proactively.

Society

Information Security and Technology

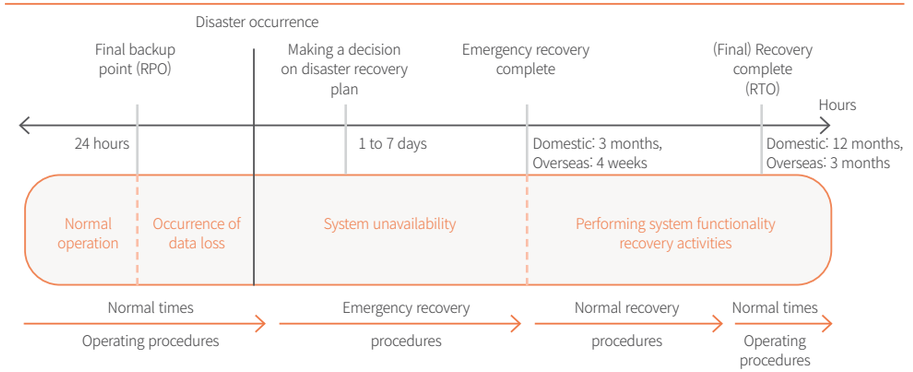
Enhancing security training

DRB Industrial regularly plans and implements security pledges, security training, security checks, and security promotion activities to increase security awareness among its employees. Furthermore, to avoid external leaking of trade secrets, we assign a secret level to documents generated based on their importance and ensure that documents are decrypted and approved when exported externally. Personal information protection guidelines have been established and implemented to protect personal information, and personal information protection training is conducted annually to ensure that all workers understand the significance of personal information protection.

Disaster recovery management

DRB Industrial has developed and enforced policies and emergency response processes to protect information and data in the event of natural catastrophes or other unavoidable mishaps. We determine the extent of comprehensive loss by evaluating tangible damage (quantitative), such as productivity, financial indicators, additional costs, and income, and intangible damage (qualitative), such as business relationships, as a result of a disaster-related interruption of business activities. In addition, information system disasters (risks) are classified from a total of 4 levels (interest) to 1 level (serious or alert), depending on the degree of urgency. If a relevant disaster occurs, it must be reported to the information security manager immediately or within 10 minutes in accordance with company regulations. In the event of an information system failure, we endeavor to restore normal operation as quickly as possible by implementing emergency and normal recovery. In the case of overseas manufacturing corporations, the corporation's disaster recovery center is incorporated and administered in the headquarters data center for simplicity of management and disaster response capabilities.

Information system disaster (risk) recovery process



Composition and role of the disaster recovery operation organization

Category		Activity details	Responsible department
Management organization	Emergency response team	- The highest consultative body on emergency measures - Identifying disaster status - Making a decision to switch to disaster recovery systems - Verifying service restart/data center recovery	Team leader
Technical organization	System recovery team	- Identifying the cause of the disaster and the expected recovery time - Preparing and implement the conversion of the disaster recovery system - Identifying damage to the data center and developing a recovery plan - Monitoring the system after the conversion	PI team
	Network recovery team	- Converting and monitoring the communication network - Identifying damage to the data center and developing a recovery plan	PI team
	Business recovery team	- Checking whether the disaster recovery system is normal or not - Identifying and reporting possible or impossible tasks - Checking lost data and application operations - Responding to exception situations	PI team & relevant team Relevant team
Support organization	Support department	- Performing the systematic public announcements and promotional activities - Procuring and approving emergency supplies and necessary resources - Securing necessary personnel related to recovery and making personnel	Business administration division
	External supplier	- Providing resources and technical support necessary for system maintenance and recovery	External supplier

Society

Information Security and Technology

ASSESSMENT

In compliance with the information security management framework, DRB Industrial performs regular and occasional information security operation inspections. Through these activities, we are making every effort to preemptively identify and respond to various security-related risks that may arise, including cybersecurity, system security, and document security. As a result of the 2022 information security operation inspection, it was revealed that the security level setting of documents was unreasonable in each department's security inspection, and corrective action was taken on site. In principle, in the event of a personnel change, access to relevant documents should be updated to reflect the new personnel allocation. However, we discovered that certain departments did not adjust the access and that existing privileges were still in place; therefore, we sought rectification.

Measurement and evaluation of information security system service level

DRB Industrial measures and evaluates the service level of IT system operations to use the company's resources as efficiently as possible and provide quick and accurate decision-making information via the information system.

Information protection system evaluation indicators

Category	Indicator name
Availability management	1. Server equipment operation rate
	2. Security equipment operation rate
	3. Storage utilization rate
	4. Network equipment operation rate
	5. VM operation rate
	6. Hyper-V operation rate
Failure management	1. Average monthly downtime per device
	2. Average monthly downtime per work
	3. Failure cause identification rate
	4. Number of cases exceeding the maximum allowable failover time
	5. Number of duplicate failures
	6. Number of security breach incidents
	7. Total number of failures

Information protection system evaluation indicators

Category	Indicator name
Operation management	1. Intrusion detection rate
	2. Application rate of the firewall blocking policy
	3. Security violation
	4. Backup success rate
	5. Compliance rate of the target change request time
	6. Change operation success rate
	7. Compliance rate with change procedures
	8. Regular preventive inspection implementation rate
	9. Service desk satisfaction
	10. Service desk response rate

Information protection service evaluation indicators

Category	Indicator name
Availability management	1. Groupware operation rate
	2. File Server operation rate
	3. ERP operation rate
	4. MES (POP) operation rate
	5. PLM operation rate
Failure management	1. Groupware average monthly downtime
	2. File server average monthly downtime
	3. SAP average monthly downtime
	4. MES (POP) average monthly downtime
	5. PLM average monthly downtime

Society

Information Security and Technology

PERFORMANCE

Information leak

DRB Industrial has built an integrated log storage to efficiently manage logs generated from security equipment such as numerous servers, communication equipment, and firewalls. In 2022, we invested in expanding log storage processing capabilities to respond to the continually rising log volume caused by the growth of the service and server scale. As a result, log storage performance has been enhanced, allowing huge numbers of data to be gathered, processed, and stored with confidence. In addition, we operate a system that prevents breaches through 24/7 security control and responds quickly when anomalies are detected.

	Unit	2020	2021	2022
Total number of information leaks	Cases	0	0	0
Total number of information security violations	Cases	0	0	0
Personally identifiable information leaks	Cases	0	0	0
Violation of customer information protection laws	Cases	0	0	0
Amount of fine for information protection violation	KRW thousand	0	0	0

Information security training

DRB Industrial draws up an information security training plan every year and conducts systematic information security training for new employees and existing employees. We also run information protection campaigns through various channels, such as e-mail and bulletin boards. After the training, all participants are asked to prepare an information protection pledge and a pledge to take responsibility for negligence in security incidents to raise awareness and maintain security awareness at all times. In 2022, we presented instances of security incidents that occurred in Korea to 15 team security officers in an information security training session and warned the participants to be cautious about such issues. In 2023, we plan to provide in-depth security training to major external suppliers (facilities, raw materials, agencies, etc.), covering industrial technology leak instances and associated precedents.

	Unit	2020	2021	2022
Number of participants	Persons	15	15	15
Total education hours	Hours	15	15	15
Education hours per employee	Hours	1	1	1

Investment in information security

As the Korea Internet and Security Agency mandated information security disclosure in 2022, companies that meet certain sales requirements are required to disclose the status of information security investments, personnel, and activities of the previous year in order to protect Internet users and stimulate companies' information security investments. As a result, beginning in 2023, DRB Industrial started to disclose information on the state of information protection. DRB Industrial's overall investment in information security is KRW 3.39 billion in 2022, and the total number of workers in information security is 9.5, which is equivalent to 5.1% and 4.5%, respectively, of the investment and personnel scale in the information technology (IT) sector.

	Unit	2020	2021	2022
Rate of investment in information protection[1]	%	0	0	0

1. DRB Industrial is provided with shared services including information technology and information protection services from DRB Holding, its holding company.

* DRB Holding's PI Team and Data Solution Team provide information technology and information protection services to all group companies.

NEXT PLAN

DRB Industrial is working to improve each field in phases to obtain Personal Information and Information Security Management System (ISMS-P) certification. The main goals of administrative security are to avoid security accidents by strengthening security awareness among employees and to prevent the leak of internal trade secrets by building a security management process and improving confidential document management. Accordingly, we plan to establish a management system foundation, manage risks, maintain the management system, and examine and enhance the management system. In terms of physical security, we will seek to protect our facilities and information assets from outside threats by enhancing the external visitor approval process, devising protected area control measures, and prohibiting the entry of external equipment. In order to acquire certification, we need to supplement deficiencies in each item, including policy, organizational asset management, personal security, outsider security, and physical security. Moreover, in the realm of personal information protection, we aim to enhance requirements in relation to protective measures when collecting, retaining, using, providing, and destroying personal information and protecting the rights of information subjects.

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Sustainable Management Activities
Governance

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Governance

Board of Directors

STRATEGY

DRB Industrial strives to build up the transparency, stability, and soundness of its governance structure to increase shareholder value and defend their rights and interests. We aim to win the trust of all stakeholders and carry out rational and responsible management activities on the basis of a solid and stable organizational foundation. DRB Industrial is building a transparent corporate governance system based on a professional management system and an independent board of directors, and it is working to strengthen its governance structure by adopting the Corporate Governance Charter. We pledge to build a governance system that will protect the rights and interests of stakeholders while also fulfilling our corporate social responsibilities, such as labor-management collaboration and mutual growth with external suppliers.

PERFORMANCE

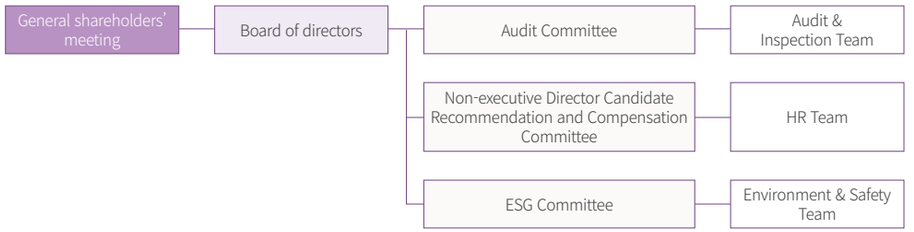
Composition of the BOD

As of the end of December 2022, DRB Industrial's board of directors consists of a total of five directors. In compliance with the Commercial Act and its Articles of Incorporation, DRB Industrial appoints three or more directors, with non-executive directors constituting the majority of the total number of directors. Our non-executive directors have demonstrated extensive experience and expertise in a variety of sectors, including management, law, and policy, and our non-executive directors are financial and accounting specialists.

BOD members

Name	Category	Gender (International age)	Field of expertise	Date of the initial appointment	Expected expiration date of the directorship	Major experiences
Lee, Yun Hwan	Executive director	Male (59)	Business management	March 25, 2015	March 22, 2025	CEO of DRB Industrial Co., Ltd.
Lee, Jae Hwan	Non-executivedirector (Chairperson)	Male (74)	Business management	March 23, 2021	March 22, 2024	CEO of Samsung Venture Investment Corporation
Min, Hyun Ju	Non-executive director	Female (53)	Law and policy	March 23, 2022	March 22, 2025	Member of the National Assembly
Huh, Tae Wook	Non-executive director	Male (46)	Policy	March 23, 2022	March 22, 2025	Professor at Gyeongsang National University
Kwon, Young Dae	Other non-executive director	Male (59)	Finance and accounting	March 23, 2022	March 22, 2025	Standing auditor of DRB Industrial Co., Ltd.

BOD organizational chart



Committees under the BOD

DRB Industrial has three committees under the Board of Directors (Non-executive Director Candidate Recommendation and Compensation Committee, Audit Committee, and ESG Committee). To ensure the independence and transparency of the committees, non-executive directors make up the majority of each committee. The ESG Committee defines core ESG policies and strategies, as well as mid- to long-term ESG goals.

Committee members

Name	Category	Non-executive Director Candidate Recommendation and Compensation Committee	Audit Committee	ESG Committee
Lee, Yun Hwan	Executive director	-	-	Member
Lee, Jae Hwan	Non-executive director	Chairperson	Member	-
Huh, Tae Wook	Non-executive director	Member	-	Chairperson
Min, Hyun Ju	Non-executive director	-	Chairperson	Member
Kwon, Young Dae	Other non-executive director	Member	Member	-

Governance

Board of Directors

Committees under the BOD

Committee activity indicators

		Unit	2020	2021	2022
Non-executive Director Candidate Recommendation Committee and Compensation Committee	Percentage of non-executive directors	%	0	0	67
	Convocation	Times	0	0	1
	Participation rate	%	0	0	100
	Resolved agenda	Items	0	0	1
Auditing Committee	Percentage of non-executive directors	%	0	0	67
	Financial expert	Persons	0	0	1
	Convocation	Sessions	0	0	3
	Participation rate	%	0	0	100
	Resolved agenda	Items	0	0	3
	- Opposing or revised opinions	Items	0	0	0
ESG Committee	Convocation	Items	0	0	3
	Approval of ESG-related agenda	Items	0	0	1

Activities of the ESG Committee

Meeting rounds	Date	Agenda description
1	2022.05.20.	Case of appointment of ESG Committee Chairperson
		Case of report on the ESG Committee's operation plan (draft)
2	2022.08.09.	Case of review on the enactment (draft) of the Corporate Governance Charter
		Case of report on ESG evaluation results in the first half of 2022
		Case of report on the submission of the UNGC CoP (implementation plan)
		Case of report on the plan for website improvements, etc.
3	2022.11.10.	Case of report on 2022 ESG management performance and major achievements
		Case of reporting of ESG stakeholder issues and major topics
		Case of report on 2023 ESG management risks and action plans

BOD operational system

Independence and transparency of the BOD

Aiming for the higher independence and transparency of its board of directors, DRB Industrial has resolved the amendment to the Articles of Incorporation at the regular general meeting of shareholders on March 23, 2021, separating the Chairperson of the Board of Directors and the CEO. Furthermore, we establish independence requirements in our Corporate Governance Charter and appoint non-executive directors who do not have significant stakes in the firm in compliance with applicable legislation, including the Commercial Act, to safeguard the independence of non-executive directors. Additionally, the BOD is granted the authority to appoint and dismiss the CEO under applicable laws and regulations to guarantee that its duty of checking management is effectively carried out. In addition, we ensure that the majority of the board of directors is made up of non-executive directors with verified independence to prevent the board's duty of checking management from being debilitated due to collusion with management during the operation process. As of the end of December 2022, DRB Industrial's board of directors consists of 1 executive director, 3 non-executive directors, and 1 other non-executive director. Furthermore, we have faithfully constituted committees and internal support organizations within the board of directors to enable effective and prudent discussion and decision-making on each agenda item.

Governance

Board of Directors

BOD operational system

Expertise and diversity of the BOD

DRB Industrial has appointed and formed the Board of Directors without discrimination against gender, age, etc. based on the 'diversity principle' to ensure that the board of directors does not represent certain interests or that its members are biased towards specific backgrounds or occupational groups. We enhance the efficiency of the BOD by appointing external professionals in diverse sectors such as management, law, policy, finance, and accounting as non-executive and other non-executive directors, while also ensuring the role of keeping management in check. Additionally, at the 10th regular shareholders' meeting, a female non-executive director was appointed for the first time, bolstering gender diversity on the board of directors.

Appointment and term of the BOD

DRB Industrial appoints directors by resolution of shareholders at the general shareholders' meeting in accordance with Article 382 of the Commercial Act. Executive directors are selected from among candidates nominated by the Board of Directors, and non-executive directors are determined from among candidates recommended by the Non-executive Director Candidate Recommendation Committee in accordance with Article 542-8 of the Commercial Act. This provision requires that non-executive directors make up the majority of the Non-executive Director Candidate Recommendation Committee. Therefore, DRB Industrial forms the Non-executive Director Candidate Recommendation Committee with two non-executive directors and one other non-executive director to satisfy applicable regulations and recommend non-executive director candidates according to impartial procedures. Directors are appointed for three years and can be re-appointed at a general shareholders' meeting after the expiration of their directorships. However, according to the Commercial Act, the tenure of non-executive directors cannot exceed 6 years (9 years if affiliates are included).

Director's remuneration

DRB Industrial directors are paid within the limits approved by the general shareholders' meeting pursuant to Article 388 of the Commercial Act and the Articles of Incorporation.

		Unit	2020	2021	2022
Remuneration	Actual payment rate compared to the remuneration limit	%	32.6	30.7	40.1
Stock	Stock holdings of directors and CEOs	%	0	0	0
	Stock holdings of controlling shareholders	%	69.78	69.78	69.78

BOD operational system

		Unit	2020	2021	2022
Independence	Percentage of non-executive directors	%	67	67	60
	Limitations on the number of positions	Number	1	1	1
Diversity	Existence of a diversity policy for the BOD	Y/N	Y	Y	Y
	Female director	Persons (%)	0(0)	0(0)	1(20)
Expertise	Directors with industrial experience	Persons (%)	3(100)	3(100)	2(40)
	Financial experts	Persons (%)	0(0)	0(0)	1(20)
	Risk experts	Persons (%)	0(0)	0(0)	0(0)
	ESG experts	Persons (%)	0(0)	0(0)	2(40)
Efficiency	Average term of non-executive directors	Years	5.3	3.3	1.1
	Participation rate	%	93	100	100

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Board of Directors

BOD operational activities

Operations and responsibilities of the BOD

The meetings of DRB Industrial's board of directors are divided into ordinary meetings that are held once a quarter and extraordinary meetings that are held as necessary. We have established board regulations for its efficient operation, and minutes are prepared and maintained for each meeting. Except as otherwise provided by applicable laws and regulations, resolutions at the board of directors are made with the attendance of a majority of directors and the approval of a majority of directors present. In 2022, a total of six board meetings were convened, with 17 agenda items resolved.

Indicators for the operations and responsibilities of the BOD

		Unit	2020	2021	2022
Convocation		Sessions	6	6	6
Reporting and resolution	Reported agenda	Items	0	0	5
	Resolved agenda	Items	10	12	17
	Opinions for each agenda item	Items	10	12	17
	- Support	Items	10	12	17
	- Opposition	Items	0	0	0
	- Revision	Items	0	0	0
	- Abstention	Items	0	0	0
Training for directors	Training for non-executive directors	Items	0	0	3

BOD operations in 2022

Meeting rounds	Agenda description		Approval status	Ordinary/ extraordinary	Date	Participants/ Entire members
	Category	Details				
1st meeting in 2022	Matters subject to resolution	Case of approval of separate financial statements	Approved	Ordinary	February 7, 2022	3/3
	Matters subject to resolution	Case of approval of extensions of borrowings, etc.	Approved	Ordinary	February 7, 2022	3/3
	Matters subject to resolution	Case of approval of new borrowings	Approved	Ordinary	February 7, 2022	3/3
	Matters subject to reporting	Report on the operational status of the internal accounting management system in 2021	-	Ordinary	February 7, 2022	-
2nd meeting in 2022	Matters subject to resolution	Case of approval of consolidated financial statements	Approved	Ordinary	February 22, 2022	3/3
	Matters subject to resolution	Case of resolution to convene the 10th general shareholders' meeting	Approved	Ordinary	February 22, 2022	3/3
	Matters subject to resolution	Case of resolution on the dividend plan for 2021	Approved	Ordinary	February 22, 2022	3/3
	Matters subject to resolution	Case of approval of new borrowings	Approved	Ordinary	February 22, 2022	3/3
	Matters subject to reporting	Report on the evaluation of the operation of the internal accounting management system	-	Ordinary	February 22, 2022	-
3rd meeting in 2022	Matters subject to resolution	Case of reappointment of CEO	Approved	Extraordinary	March 23, 2022	5/5
4th meeting in 2022	Matters subject to resolution	Case of enactment of the Board of Directors Operational Regulations	Approved	Ordinary	April 26, 2022	5/5
	Matters subject to resolution	Case of approval of committee members within the board of directors and its operational regulations	Approved	Ordinary	April 26, 2022	5/5
	Matters subject to resolution	Case of approval of the transfer of engineering business	Approved	Ordinary	April 26, 2022	5/5
	Matters subject to resolution	Case of approval of new borrowings	Approved	Ordinary	April 26, 2022	5/5
	Matters subject to resolution	Case of payment guarantee for the Vietnamese corporation	Approved	Ordinary	April 26, 2022	5/5
	Matters subject to reporting	Report on financial statements for the first quarter of 2022	-	Ordinary	April 26, 2022	-
5th meeting in 2022	Matters subject to resolution	Case of approval of the Corporate Governance Charter	Approved	Ordinary	August 9, 2022	5/5
	Matters subject to resolution	Case of approval of extensions of borrowings, etc.	Approved	Ordinary	August 9, 2022	5/5
	Matters subject to resolution	Case of approval of new borrowings	Approved	Ordinary	August 9, 2022	5/5
	Matters subject to reporting	Report on financial statements for the second quarter of 2022	-	Ordinary	August 9, 2022	-
6th meeting in 2022	Matters subject to resolution	Case of approval of extensions of borrowings, etc.	Approved	Ordinary	November 10, 2022	5/5
	Matters subject to reporting	Report on financial statements for the third quarter of 2022	-	Ordinary	November 10, 2022	-

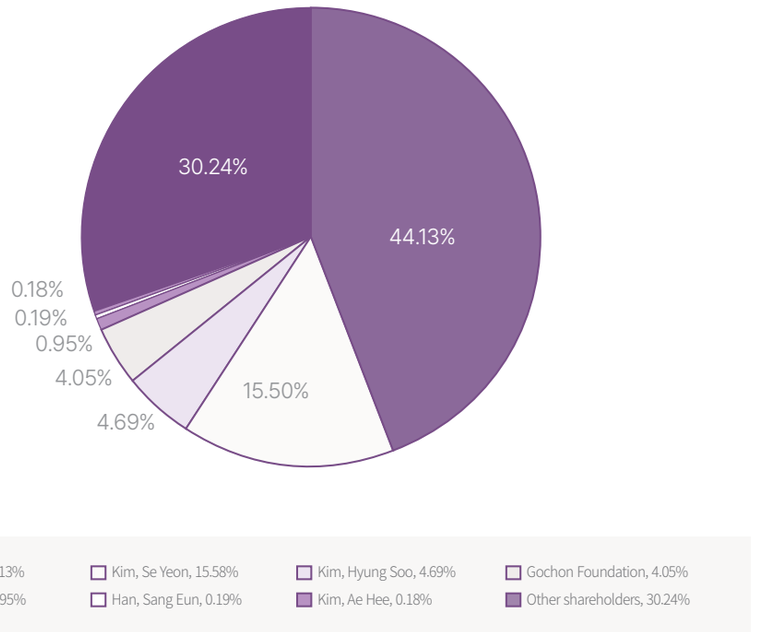
Governance

Shareholders

PERFORMANCE

Shareholder composition and stock holding status

Including the shares held by the largest shareholder and related parties, DRB Industrial holds 69.78% of the total shares. DRB Industrial has 30,000,000 shares available for issuance, and a total of 13,900,000 shares have been issued. Currently, DRB Industrial does not hold any treasury shares. DRB Industrial has only issued common stocks without class stocks, so all shareholders have equal rights under the one-share, one-vote basis.



Protection of shareholders' rights

DRB Industrial holds a regular general shareholders' meeting within three months after the end of the business year. In accordance with applicable laws, general information regarding the general shareholders' meeting, such as the date and time, location, and agenda, is generally announced on DART, an electronic disclosure system, two weeks before the meeting, and the notice of convocation is sent to major shareholders holding more than 1% of the total number of issued shares with voting rights. We have worked since 2016 to promote the engagement of shareholders who have difficulty attending general shareholders' meetings in person and protect their voting rights by introducing an electronic voting system. Additionally, the results of the general shareholders' meeting are also made available on DART. From 2021 to 2023, DRB Industrial held a general shareholders' meeting outside of the prime shareholder meeting season. We will continue to fully participate in the compliance program to disperse general shareholders' meetings and schedule general shareholders' meetings outside of the peak season to ensure that shareholders actively and more easily participate in the general shareholders' meetings.

Indicators related to shareholders and dividends

	Unit	2020	2021	2022
Electronic voting system	Y/N	Y	Y	Y
Board of Directors' approval of financial statements and decision on dividends	Y/N	Y	Y	Y
Solicitation of proxy voting rights for all shareholders	Y/N	Y	Y	Y
Advance notice of the agenda	Y/N	Y	Y	Y

Shareholder return policy

Improved shareholder value is DRB Industrial's basic tenet. We determine dividends within the range of dividend-available earnings, taking into account corporate investment for sustainable growth, financial structure, and management environment. We primarily pay cash dividends and intend to gradually expand dividends to return profits to shareholders based on dividend payout ratios and performance. DRB Industrial paid dividends of KRW 120 per share in 2022, an increase of more than 50% compared to the previous year, to improve shareholder value and stabilize dividends. DRB Industrial has paid dividends 11 times in a row from 2012, the year of its establishment, to 2022, and it continues to make efforts to respect shareholders' rights.

Governance

Ethical management

STRATEGY

DRB Industrial perceives ethical management as an essential element for mutually sustainable development with all stakeholders and is making multifaceted efforts to put it into practice. In 2016, we declared a Code of Ethics and asked all employees to use it as a standard for making desirable decisions and actions. Since 2020, each employee has produced a written pledge in person to practice the Code of Ethics every year, reinforcing their commitment to its implementation. Furthermore, we created an Ethics Charter and Code of Conduct in 2023 to further consolidate the company's ethical management principles and dedication to applying them.

Ethics Charter

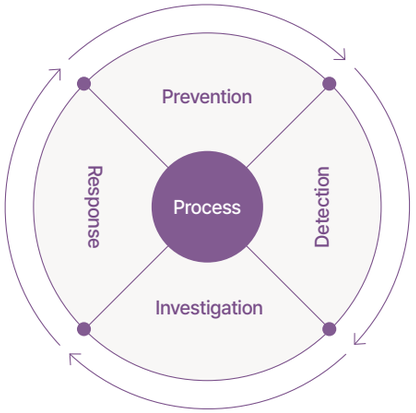
1. We comply with all applicable rules and regulations in all areas of DRB's operation and endeavor to foster a transparent and healthy company culture through ethical business performance.
2. We bear in mind that the development of our customers leads to our own, and we are devoted to attaining customer satisfaction by offering trustworthy goods and services to our customers.
3. We respect the free market economic order and pursue mutual advancement via legitimate competition and fair trade.
4. We actively participate in social contribution activities to discharge our responsibilities as employees of the country and local communities.

PERFORMANCE

Operation of the ethical management system

DRB Industrial has a four-stage ethical management strategy in place to successfully implement ethical management.

① Prevention: Preventing problems ahead of time
② Detection: Monitoring and detecting
③ Investigation: Auditing and diagnosing
④ Response: Preventative measures



① Prevention: Preventing problems ahead of time

A pledge to observe the Code of Ethics

DRB Industrial distributes the 'DRB Code of Ethics Agreement' to its employees at the beginning of each year to encourage them to fully understand the Code of Ethics and Code of Conduct and to actively participate in its ethical management activities.

		Unit	2020	2021	2022
Signing the Code of Ethics	Signing the Internal Code of Ethics	Persons (%)	137(25)	140(25.5)	157(27.4)
	Signing the Code of Conduct for External Suppliers	%	0	100	100

Code of Ethics

Ethical education

Every year, DRB Industrial provides ethical education for all of its employees, emphasizing the importance of ethical management to its employees in order to develop their understanding of ethical management while internalizing a sense of ethics.

		Unit	2020	2021	2022
Ethical education	Number of participants	Persons	117	128	521
	Education hours	Hours	117	128	521
	Education hours per employee	Hours	0.2	0.2	0.9
	Participation rate	%	21.4	23.3	90.8

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Ethical management

② Detection: Monitoring and detecting

Surveys on a sense of ethics

DRB Industrial has performed ethics surveys for its suppliers since 2016 to promptly identify risks that may arise during business activities early on and prevent recurrence. Since 2021, we have been actively strengthening our ethical awareness by broadening the survey targets to include our employee.

Reporting channel

DRB Industrial has operated a reporting channel since 2021 to consolidate its transparent management and create a fair business environment. The reporting channel is administered in compliance with applicable regulations to safeguard informants and allows all stakeholders to report freely without fear under their real name or anonymously.

Cyber Audit Office

Receipt of a report	Accepting a report through a reporting channel
Factual check	Conducting fact-finding investigations in compliance with informant protection regulations
Implementation of measures and follow-ups	Decision on improvement measures and disciplinary action, and notification of results

		Unit	2020	2021	2022
Code of Conduct	Percentage of employees complying with the Code of Conduct	%	100	100	100
Anti-corruption	Report	Cases	0	0	0
	Occurrence	Cases	0	0	0
	Handling	Cases	0	0	0
Code of Ethics	Violations	Cases	0	0	0
	Handling	Cases	0	0	0

③ Investigation: Auditing and diagnosing

Internal audit

DRB Industrial audits the entire company's operations across all of its business sites and subsidiaries. Compliance with regulations, adequacy and efficiency of work processing, unethical practices, etc. are subject to regular or occasional audits, and the audit results are reported to the CEO and the audit committee.

Internal control

DRB Industrial performs internal control activities every year to protect corporate assets and prevent potential malpractice risks. We analyze quantitative and qualitative risk information for major business processes, define elements to be controlled, and conduct internal control evaluations on a quarterly basis.

Company-wide control system

Work process	Control items
Environment control	- Responsibility for morality and ethical values - Responsibility for supervising the internal accounting management system (bolstering expertise, independence, the responsibility for supervising, etc. of the board of directors and audit committee) - Defining the organizational structure, authorities, and responsibilities - Maintaining qualifications (making policies and practical procedures, and selecting, training, and maintaining personnel) - Increasing internal control responsibilities (making performance evaluation and compensation policies)
Risk assessment	- Setting specific objectives (complying with accounting standards and substantially incorporating them into corporate activities) - Identifying and analyzing risks - Assessing the risk of malpractice - Identifying and analyzing significant changes
Control activities	- Selecting and developing control activities - Selecting and developing general information technology control mechanisms - Implementing control activities through policies and procedures (making the operational regulations for the internal accounting management system)
Information and communication	- Utilizing relevant information (identifying and assessing information needs) - Internal and external communication
Monitoring	- Continuous monitoring and independent evaluation - Evaluating vulnerability and improvement activities

Ethical management

④ Response: Measures for improvement

Inappropriate acts detected during internal audit and internal control are immediately corrected or rigorously reviewed for improvement on a regular basis in accordance with the corrective action plan established to prevent recurrence of the risk. For unjustifiable acts that require disciplinary action, we convene the personnel committee and impose sanctions in accordance with the 'zero tolerance principle.'

NEXT PLAN

The past and future of ethical management

DRB Industrial laid the groundwork for ethical management by announcing a Code of Ethics in 2016 and establishing audit work regulations in 2017. Since then, we have continued to conduct ethical management and internal audit work with a focus on enhancing practical ethical awareness.

Governance

Compliance

STRATEGY

DRB Industrial has engaged in a variety of compliance actions in order to develop a compliance management system and stabilize a compliance culture for a sustainable future. Based on the firm will of the management, we have built and operated an internal compliance system to comply with fair trade laws. We provide our employees with clear standards of behavior for complying with fair trade orders and build an organized process to assure their application, preventing legal violations in advance and supplementing them through constant inspection operations.

Target

Target year	Tasks	Highlights
2023	Developing a compliance system	**Policy** - Engaging in actions that demonstrate our dedication to self-compliance and management - Developing company-wide compliance policies (creating a Code of Conduct and enacting or revising appropriate bylaws) **Organization and system** - Appointing a compliance manager and person in charge - Establishing related systems (risk-specific manuals, sanctions, and incentives) - Executing a process that will externally validate our compliance system **Advancing the compliance culture** - Forming a council to prepare annual reports - Strengthening participant-tailored training
2025	Stabilizing the compliance system	**Obtaining external certifications** - Compliance program certification - ISO 37301 certification - Concurrently managing the compliance program and ISO 37301 certification **Upgrading and continuously checking the existing policies, organizations, systems, and cultural establishment activities**

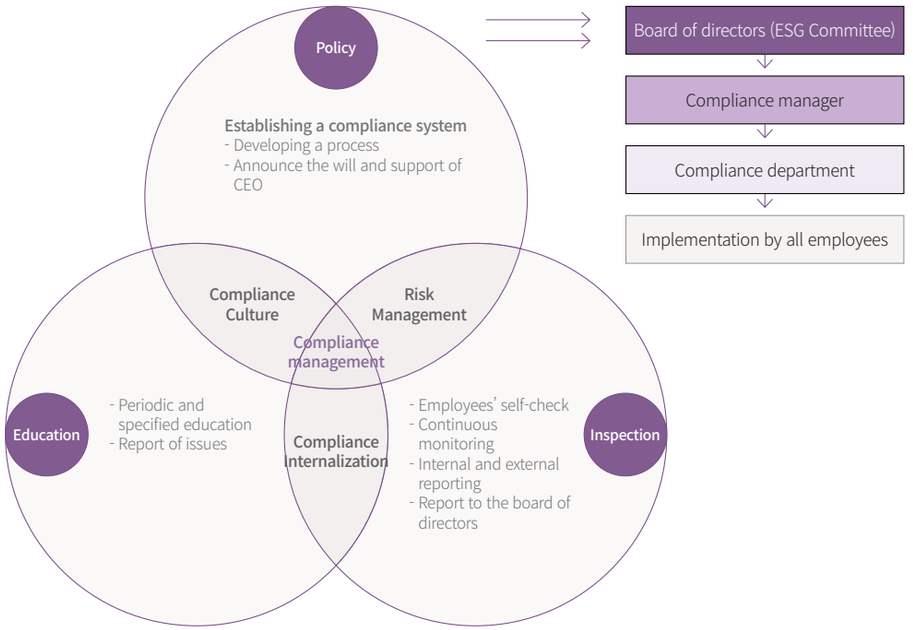
Governance

Compliance

PERFORMANCE

Establishment and operation of the compliance system

In 2021, DRB Industrial, in collaboration with its holding company, DRB Holding, undertook due diligence for compliance and enhanced governance based on the results, demonstrating a strong commitment to compliance management. In 2022, the Legal & Compliance Team was established at the holding company and formed a consultative body with the management and relevant departments to establish a specific compliance management policy to be implemented by DRB Industrial and all other group companies. To ensure that these policies are implemented effectively, DRB Industrial has made efforts at the organizational level, such as designating a compliance manager and organizing a compliance department. As a result, a framework has been secured where the compliance policy embedded within the professionalism of the holding company can be organically implemented through DRB Industrial's organizations. Such systems are integrated into the work process and guarantee that applicable policies are followed. Through these efforts, we have established an effectively operating compliance system and we are constantly enhancing it through systems (policies), education, and inspection activities.



Application of standard subcontract agreements

DRB Industrial applies and complies with the standard subcontract agreement publicly notified by the Fair Trade Commission to its contracts. Notably, we strictly adhere to the subcontracting law and manage contracts by incorporating relevant provisions for guaranteeing the material and intellectual property rights of our external suppliers into our contracts. These regulations cover the prohibition of coercion to provide technical data, the deposit of technical data, the implementation and guarantee of intellectual property rights, etc. stipulated in the standard subcontract.

Operation of a compliance checklist, a prior consultation system, and internal reporting

In transactions with external suppliers, DRB Industrial operates a compliance checklist, a prior consultation system, and an internal reporting channel to monitor and control unlawful matters and unfair trade practices. To be specific, we examine the compliance status of our transactions through self-examination of the compliance checklist and prior consultation with respect to the delivery of a written contract prior to a transaction and the prohibition of unfair subcontract pricing, coercion to purchase goods, unfair economic demands, and forced unfair transaction conditions. Following the completion of the transaction, compliance with the transaction is enforced by a whistle-blowing mechanism for the whole transaction, including delayed payment, unfair reductions in subcontracting costs, and legal violations relating to the demand for technical data. As a result of operating the prior consultation system and internal reporting channel, we averted violations of laws and regulations, detected and corrected potential violations early, and confirmed that potential risks stemming from unfair transactions were effectively eliminated in advance.

Strengthening internal monitoring, inspection, and supplementation activities

DRB Industrial supplements and improves issues through continuous inspections along with regular internal monitoring to ensure ethical management and compliance. We regularly inspect our own checklist for compliance with fair trade laws and regulations, such as the Fair Transactions in Subcontracting Act and the Fair Agency Transactions Act, and undertake on-site inspections and consultations to prevent and improve compliance violations. In addition, we also have a whistleblower protection scheme in place to promote internal and external reporting. Furthermore, in accordance with internal audit regulations, the compliance department assists in the examination and improvement of processes to prevent compliance violation issues discovered during audit activities from recurring in the future. We also punish law-violators through a disciplinary system.

		Unit	2020	2021	2022
Violations of regulations	Legal actions against unfair transactions including anti-competitive practices and monopoly	Cases	0	0	0
	Violations of product/service information and labeling	Cases	0	0	0
	Violations of insider trading regulations	Cases	0	0	0
	Violations of subcontracting regulations	Cases	0	0	0
	Violation of laws and regulations	Cases	0	0	0

Governance

Compliance

Spreading compliance awareness

DRB Industrial has provided basic compliance training as well as job-specific law-abiding training to workers in order to increase their compliance awareness.

		Unit	2020	2021	2022
Compliance education	Number of participants[1]	Persons	-	1,126	2,496
	Education hours	Hours	-	2,057	3,959
	Education hours per employee[2]	Hours	-	7.03	6.90
	Participation rate	%	-	97.64	81.18

1. Including duplicate participants
2. Total education hours/total number of employees (number of target employees)

External cooperation

DRB Industrial is participating in the Business Integrity Society hosted by the UN Global Compact Network Korea and the Korea Sustainability Investing Forum, and in March 2022, it pledged to improve ESG competencies and create an anti-corruption corporate culture.

Business Integrity Society

NEXT PLAN

Based on the results of due diligence and awareness survey conducted by an external law firm on its employees, DRB Industrial analyzes the gap between the external requirements for compliance management and its existing position and builds a step-by-step compliance procedure to close this gap. Above all, we intend to establish company-wide ethics and compliance management rules and examine them on a regular basis in order to clearly communicate the management's intentions to our employees. We also intend to establish a compliance system in each field in stages and enact and amend related company regulations with the aim of creating an environment in which ethics and compliance management are naturally achieved within the actual work process.

In terms of external transactions, we have built a compliance risk management system by introducing self-check activities and a prior consultation system, and we plan to further refine them so that business activities that conform to ethics and compliance management can continue in the future. Furthermore, we will perform self-inspection, seek advice from external special agencies, and raise awareness to ensure that our compliance management culture can be integrated through ongoing employee training, organizational system restructuring, and cultural dissemination.

Governance

Risk Management

STRATEGY

DRB Industrial considers risk management to be an integral component of corporate governance and aims to build an active risk management culture. Furthermore, we are constantly improving our risk management processes with the aim of maintaining the soundness and stability of our corporate operations.

DRB Industrial handles the risk agenda at the board of directors' ESG Committee, where it examines the conditions and measures to address major risks. Furthermore, the CEO is designated as the person in charge of risk management, and heads of departments in charge of compliance, finance, support, production and technology, and research are included in the risk management system to manage financial and non-financial risks across the company.

Risk management system of DRB Industrial

Management of major risks by type

DRB Industrial has classified various risks into environmental risks based on a broad perspective to respond to mid- to long-term risks, financial risks such as sales, exchange rates, liquidity, and interest rates, business risks such as strategy, competitors, customers, and technological changes, and operational risks such as employees, processes, infrastructure, and security. Based on this, we establish a response strategy to proactively identify and manage company-wide integrated risks.

Financial risk

Category	Risk details	Management activities
Market	Foreign exchange risk	• Management of foreign exchange risk for functional currencies * Managing exchange rate fluctuation risk for US, European, and Japanese currencies
Credit	Inability of the customer or counterparty to perform contractual obligations	• Establishing and managing credit limits for suppliers with trade receivables in accordance with internal receivable management regulations • Managing fund collection plans such as credit checks and collateral for investments and loans
Liquidity	Unexpected deterioration in liquidity	• Maintaining an adequate level of deposits by periodically predicting future cash flows • Entering into agreements with financial institutions for the investment of emergency funds

Non-financial risk: Business continuity

Category	Risk details	Management activities
Supply chain	Delay in product delivery due to failure to secure raw material supply and production continuity	• Establishing and training a response system for each supply continuity emergency scenario • Regularly evaluating the quality and environment of raw and subsidiary material external suppliers based on IATF 16949, ISO 9001, and ISO 14001 • Establishing a procurement emergency response manual • Providing consultation and regularly evaluating to strengthen external suppliers' ESG management capabilities • Managing unfair trade risks in the supply chain and addressing supplier grievances through PSM • Reviewing orders and operating the Bid Approval Committee (BAC)
Disaster and safety	Disasters such as earthquakes, fires, or occupational accidents in the workplace	• A special organization for company-wide safety risk management • Setting up an emergency response organization for disasters and occupational accidents, preparing manuals for each scenario, and defining recovery targets • Conducting regular public-private joint training based on accident scenarios (fires, explosions, etc.) in the workplace
Environment	Imposition of legal sanctions and fines according to environmental regulations	• Operating a dedicated environmental risk management organization • Regularly diagnosing and preventing potential risks through environmental impact assessment • Renewing and self-checking ISO 14001 certification • Conducting regular response training for each environmental accident scenario, such as chemical and wastewater spills

Governance

Risk Management

Non-financial risk: Operation

Category	Risk details	Management activities
Climate change	Regulatory risks related to emissions; transition to business related to physical risks	• Operating a dedicated climate change risk management organization, monitoring related laws, and setting and enforcing reduction targets • Monitoring greenhouse gas emissions at the workplace • Determining business direction and investment using internal carbon pricing
Quality control	Risks resulting from changes to 4M, risks affecting continued supply or delivery	• Evaluating the impact of 4M changes and monitoring quality levels • Managing non-conforming products according to the treatment process • Establishing and training quality control risk in emergency scenarios
Human rights	Human rights violations, human resource management	• Carrying out periodic human rights impact assessments and implementing improvement measures. • Establishing and disseminating human rights policies and guidelines • Providing training and operating a reporting system on human rights protection, anti-discrimination, etc.
Information security	External cyberterrorism, internal data leakage, and information loss	• Operating a dedicated security organization and establishing security regulations and operating standards • Knowledge management through the document centralization system (ECM) • Providing regular training on in-house security guides, security training for security personnel in each department, and company-wide security training
Law and ethics	Unfavorable contract conclusion, lawsuits, unfair transactions, and corruption	• Avoiding legal risks by adhering to contract review regulations and the use of standard contracts, and raising awareness by disseminating litigation cases • Developing knowledge through practical training in foreign exchange, patents, contract management, etc. • Providing anti-corruption and ethics education, including the Improper Solicitation and Graft Act, Fair Transactions in Subcontracting Act, and Monopoly Regulation and Fair Trade Act
Brand and reputation	Compromising the corporate image due to misinformation, negative communication, etc.	• Providing PR risk response training to new hires, promoted employees, and newly appointed team leaders • Raising awareness through behavioral principles, action processes, and case studies for public relations personnel • Implementing brand marketing and communicating with stakeholders through various channels

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Financial Data

Summary of the Consolidated Financial Information

(Unit: thousand KRW)

Category	Period No. 11	Period No. 10	Period No. 9
	As of late December 2022	As of late December 2021	As of late December 2020
Current Assets	228,027,493	169,425,790	150,417,622
Cash and Cash Equivalents	53,112,295	34,367,365	50,793,160
Trade Receivables	131,381,979	90,368,703	72,206,124
Other Receivables	2,660,221	8,457,948	2,512,943
Inventories	40,039,863	33,517,884	23,732,491
Other Financial Assets	-	13,210	2,400
Other Current Assets	833,135	2,700,680	1,170,504
[Non-Current Assets]	153,200,909	144,403,452	125,361,623
Investment Assets	1,031,022	639,513	354,737
Investment into affiliated companies	5,829,109	5,871,848	-
Other Receivables	3,735,347	1,745,933	1,802,587
Tangible Assets	135,643,508	135,700,760	122,631,611
Intangible Assets	1,047,472	281,340	382,710
Defined Benefit Assets	5,914,451	164,058	189,978
[Total Assets]	381,228,402	313,829,242	275,779,245
[Current Liabilities]	145,491,983	88,367,844	59,296,726
[Non-Current Liabilities]	17,732,642	16,419,491	16,584,254
[Total Liabilities]	163,224,625	104,787,335	75,880,980
Capital Share	6,950,000	6,950,000	6,825,000
Capital Surplus	102,301,478	102,301,478	102,296,641
Retained Earning	104,154,324	94,290,429	90,776,624
Non-Controlling Interest	4,597,974	5,500,000	-
[Total Equity]	479,768,685	475,555,752	463,615,282
Valuation Method for Subsidiary Investment Shares	Cost method	Cost method	Cost method
Valuation Method for Affiliated Company or Joint Venture Investment Shares	-	Equity method	Equity method

Category	Period No. 11	Period No. 10	Period No. 9
	(2022.01.01 ~ 2022.12.31)	(2021.01.01 ~ 2021.12.31)	(2020.01.01 ~ 2020.12.31)
Revenue	390,439,850	277,512,533	243,181,802
Operating Profit	8,078,839	871,569	14,785,071
Net Profit from Continuing Operations	6,892,156	6,064,529	7,276,980
Controlling Interest (Equity attributable to shareholders of the parent company)	7,794,182	6,064,529	7,276,980
Non-Controlling Interest	(902,026)	-	-
Total Operating Net Profit	6,892,156	6,064,529	7,276,980
Other Comprehensive Income	3,181,714	(1,060,724)	460,239
Total Comprehensive Income	10,073,870	5,003,805	7,737,219
Earnings Per Share from Continuing Operations			
Basic Earnings Per Share	561	436	524
Diluted Earnings Per Share	561	436	524
Number of companies included in the consolidation	2 companies	2 companies	1 companies

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Summary of the Separate Financial Information

(Unit: thousand KRW)

Category	Period No. 11	Period No. 10	Period No. 9
	As of late December 2022	As of late December 2021	As of late December 2020
Current Assets	216,753,169	157,788,577	144,193,669
Cash and Cash Equivalents	51,407,518	32,044,317	49,288,596
Trade Receivables	128,498,274	88,136,188	70,786,945
Other Receivables	1,575,118	5,964,213	1,483,587
Inventories	34,509,328	29,171,892	21,499,892
Other Financial Assets	-	13,210	2,400
Other Current Assets	762,931	2,458,757	1,132,249
[Non-Current Assets]	155,697,839	144,403,452	130,444,075
Investment Assets	1,031,022	146,005,686	354,737
Other Receivables	3,620,413	639,513	1,702,654
Investment into Subsidiaries	16,700,000	1,620,000	6,000,000
Investment into Affiliated Companies	5,608,641	16,700,000	-
Tangible Assets	121,775,878	5,608,641	121,813,997
Intangible Assets	1,047,434	120,993,769	382,710
Defined Benefit Assets	5,914,451	279,705	189,977
[Total Assets]	372,451,008	303,794,263	274,637,744
[Current Liabilities]	143,126,549	87,007,131	58,637,652
[Non-Current Liabilities]	17,158,459	16,278,016	16,505,872
[Total Liabilities]	160,285,008	103,285,147	75,143,524
Capital Share	6,950,000	6,950,000	6,825,000
Capital Surplus	103,751,907	103,751,907	103,747,071
Retained Earning	101,464,093	89,807,209	88,922,149
[Total Equity]	212,166,000	200,509,116	199,494,220
Valuation Method for Subsidiary, Affiliated Company, or Joint Venture Investment Shares	Cost method	Cost method	Cost method

Category	Period No. 11	Period No. 10	Period No. 9
	(2022.01.01 ~ 2022.12.31)	(2021.01.01 ~ 2021.12.31)	(2020.01.01 ~ 2020.12.31)
Revenue	382,323,241	272,693,029	238,594,728
Operating Profit	10,643,381	1,769,672	15,120,448
Net Profit from Continuing Operations	9,587,170	3,435,784	7,618,448
Total Operating Net Profit	9,587,170	3,435,784	7,618,448
Other Comprehensive Income	3,181,714	(1,060,725)	460,238
Total Comprehensive Income	12,768,884	2,375,059	8,078,686
Earnings Per Share from Continuing Operations			
Basic Earnings Per Share	690	247	548
Diluted Earnings Per Share	690	247	548

Double Materiality Assessment

DRB Industrial conducted a double materiality assessment in line with international sustainability standards such as GRI Standards and SASB to identify important sustainability issues that affect its corporate activities and reported the results. Double materiality refers to going beyond the existing materiality assessment, which focuses on environmental and social concerns from the standpoint of an investor, to examine all external consequences through a company's business operations as well when choosing sustainability topics.
Therefore, for the purpose of identifying the mutual impacts among the environment, society, and corporate management activities, DRB Industrial preemptively capitalized on the dual materiality assessment methodology to select key sustainability topics from the first publication of the ESG report. Through this approach, we aim to link the topic with our ESG strategy and reflect it in our management activities and decision-making process. DRB Industrial's double materiality assessment is separated into economic, social, and environmental impact assessments in terms of impact materiality and corporate value and financial impact assessments in terms of financial materiality.

Impact Materiality	Financial Materiality
Assessing the materiality of a company's economic, environmental, and social impacts from an inside-out perspective by applying the GRI method	Assessing materiality with respect to corporate value and financial impact from an outside-in perspective by following the SASB guidelines

Double materiality assessment results

According to the results of DRB Industrial's double materiality assessment, a total of 17 topics were finally decided, of which supply chain management, ethics and compliance, and climate change response were selected as the most important topics.

Topic	Page	Topic	Page
① Product safety and quality	42~46	⑩ Water and waste water	15, 18
② Response to climate change	11~14	⑪ Innovation and clean technology (digitization)	21
③ Waste	15, 18	⑫ Ethics and compliance	67~71
④ Occupational health and safety	35~41	⑬ Talent recruitment and capacity building	27~32
⑤ Energy management	11~12, 14	⑭ Governance	62~66
⑥ Greenhouse gas emissions	11~14	⑮ Improving corporate culture (organizational culture)	30, 33~34
⑦ Chemical management	15~16, 20	⑯ Diversity and equal opportunity	28, 30~32
⑧ Development of eco-friendly products	21	⑰ Local community	53~56
⑨ Supply chain management	47~52		

Double Materiality Assessment Process

Step 1. Selecting topics

- Reviewing material topics for 2022 (major peer groups at home and abroad)
- Reviewing GRI, SASB, MSCI topics
- Analyzing internal and external management materials

Step 2. Identifying the impacts of topics

- Domestic/Global regulations and guidelines
- Checking controversy issues in the industry over the last three years
- Reviewing the level of risk or opportunity perception of the investment group
- Identifying the scope and timing of impacts

Step 3. Setting priorities through a double materiality assessment

1) Impact materiality assessment (economic, social and environmental impacts)*
- Likelihood of occurrence
- Severity of impact
  - Size: magnitude of an impact (materiality)
  - Scope: scope of an impact (value chain and environment, community, etc.)
  - Resilience: possibility of recovery after the occurrence of an impact (separating the assessment of the impact on business from the assessment of the impact on environmental society)

* 5-point scale impact assessment

2) Financial materiality assessment*
- Direct and measurable financial impacts and risks
- Legal regulations or government policies related to the topic
- Impact of high-level sustainability expectations and performance requests on financial performance
- Impact of stakeholder perceptions and social trends on financial performance
- Impact of innovation opportunities to provide new competitive advantages on financial performance

* 5-point scale impact assessment

Step 4. Prioritizing

- Topic grouping and DRB Industrial's internal review
- Discussion with key stakeholders

GRI Index

Statement of Use	DRB Industrial has prepared the '2023 DRB Industrial Sustainability Report,' which covers its ESG achievements from January 1, 2022, to December 31, 2022, in accordance with GRI Standards. This report contains information prior to 2022 and by the first half of 2023 as well.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	As of November 2023, when DRB Industrial's report was published, there are no applicable GRI sector standards.

Universal Standard

Topic	No.	Disclosure	Page
GRI 2 : General Disclosures 2021			
The organization and its reporting practices	2-1	Organization details	05~06
	2-2	Entitles included in the organization's sustainability reporting	02
	2-3	Reporting period, frequency and contact point	02
	2-4	Restatements of information	Not applicable due to a first report
	2-5	External assurance	90~91
Activities and workers	2-6	Activities, value chain and other business relationship	05~06
	2-7	Employees	30
	2-8	Workers who are not employees	30
Governance	2-9	Governance Structure and composition	62
	2-10	Nomination and selection of the highest governance body	63~64
	2-11	Chair of the highest governance body	62
	2-12	Role of the highest governance body in overseeing the management of impacts	62~63
	2-13	Delegation of responsibility for managing impacts	63~65
	2-14	Role of the highest governance body in sustainability reporting	62
	2-15	Conflicts of interest	63
	2-16	Communication of critical concerns	63, 65
	2-17	Collective knowledge of the highest governance body	62, 64~65
	2-18	Evaluation of the performance of the highest governance body	Information unavailable due to non-application of performance evaluation
	2-19	Remuneration policies	64, 66, AR 236~238
	2-20	Process to determine remuneration	64, AR 224, 236
	2-21	Annual total compensation ratio	32
Strategy, policies and practices	2-22	Statement on sustainable development strategy	04
	2-23	Policy commitments	23, 67
	2-24	Embedding policy commitments	23~26, 47~52
	2-25	Processes to remediate negative impacts	72~73
	2-26	Mechanisms for seeking advice and raising concerns	67~71
	2-27	Compliance with laws and regulations	69~71
	2-28	Membership associations	88
Stakeholder engagement	2-29	Approach to stakeholder engagement	77
	2-30	Collective bargaining agreements	30
GRI 3: Material Topics 2021			
Disclosures on material topics	3-1	Process to determine material topics	77
	3-2	List of material topics	77

Topic Standard

Topic	No.	Disclosure	Page
Product safety and quality	3-3	Management of material topics	42~46, 70
GRI 417: Marketing and Labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	70
Response to climate change	3-3	Management of material topics	11~14
GRI 201: Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	80~81
Waste	3-3	Management of material topics	15, 18
GRI 306: Waste	306-2	Management of significant waste related impacts	15
	306-3	Waste generated	18
	306-4	Waste diverted from disposal	18
	306-5	Waste directed to disposal	18

GRI Index

Topic	No.	Disclosure	Page
Occupational health and safety	3-3	Management of material topics	30, 35~41
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	35~36
	403-2	Hazard identification, risk assessment, and incident investigation	37
	403-3	Occupational health services	38~39
	403-4	Worker participation, consultation, and communication on occupational health and safety	35~36, 39
	403-5	Worker training on occupational health and safety	39
	403-6	Promotion of worker health	40~41
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	35~37
	403-8	Workers covered by an occupational health and safety management system	30
	403-9	Work-related injuries	38
	403-10	Work-related ill health	38
Energy management	3-3	Management of material topics	11~12, 14
GRI 302: Energy	302-1	Energy consumption within the organization	14
	302-3	Energy intensity	14
Greenhouse gas emissions	3-3	Management of material topics	11~14
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	14
	305-2	Energy indirect (Scope 2) GHG emissions	14
	305-4	GHG emissions intensity	14
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	19
Chemical management	3-3	Management of material topics	15~16, 20
Non-GRI			
Development of eco-friendly products	3-3	Management of material topics	21
Non-GRI			
Supply chain management	3-3	Management of material topics	47~52
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	51
	308-2	Negative environmental impacts in the supply chain and actions taken	49~50
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	51
	414-2	Negative social impacts in the supply chain and actions taken	49~50

Topic	No.	Disclosure	Page
Water and waste water	3-3	Management of material topics	15, 18
GRI 303: Water and Effluents	303-2	Management of water discharge related impacts	15
	303-3	Water withdrawal	18
	303-4	Water discharge	18
Innovation and clean technology (digitization)	3-3	Management of material topics	21
Non-GRI			
Ethics and compliance	3-3	Management of material topics	67~71
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	67~68
	205-2	Communication and training about anti-corruption policies and procedures	67
	205-3	Confirmed incidents of corruption and actions taken	68
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	70
Talent recruitment and capacity building	3-3	Management of material topics	27~32
GRI 401: Employment	401-1	New employee hires and employee turnover	31
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	33
	401-3	Parental leave	33
GRI 404: Training and Education	404-1	Average hours of training per year per employee	32
	404-2	Programs for upgrading employee skills and transition assistance programs	32
Governance	3-3	Management of material topics	62~65
Non-GRI			
Improving corporate culture (organizational culture)	3-3	Management of material topics	30, 33~34
Non-GRI			
Diversity and equal opportunity	3-3	Management of material topics	28, 30~32
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	31, 62
	405-2	Ratio of basic salary and remuneration of women to men	32
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	25, 34
Local community	3-3	Management of material topics	53~56
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	54~56
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development Programs	53~56

TCFD

Many nations resolved to set greenhouse gas emission reduction targets and make global efforts to combat global warming in the 2015 Paris Agreement. In response to the increasing global interest in and demands for climate change, the Financial Stability Board (FSB), a consultative body of finance ministers and central bank governors of G20 countries, took the initiative in establishing the Task Force on Climate-Related Financial Disclosures (TCFD) in 2015, which now has over 1,500 institutions from 37 countries as members. DRB has addressed the pertinent issues in its report in line with the TCFD's recommendation, which states that enterprises should identify climate change-related risks and opportunities and disclose the resulting financial impacts.

TCFD recommendations	Current status of DRB Industrial	Connection with CDP
Governance – The organization's governance around climate-related risks and opportunities		
a) Describe the board's oversight of climate-related risks and opportunities	DRB Industrial organized an ESG Committee under the board of directors in 2022, and it establishes corporate ESG goals and policies and reviews and analyzes key issues based on its ESG vision and core strategic tasks in order to contribute to global sustainability as a global rubber manufacturing company. In 2022, the ESG Committee was formed with two non-executive directors and one executive director to manage the company's environmental, social, and governance sectors strategically and methodically. Under the ESG Committee, chaired by an non-executive director, an environmental committee and an environmental organization were established to enhance the expertise of the committee and to further improve DRB Industrial's unique ESG management. The ESG Committee is responsible for setting ESG activity goals and mid- to long-term policies, assessing non-financial issues and risk factors related to the environment and society, and deliberating matters to be communicated in relation to evaluation results. Placing the board of directors (BOD) at the forefront of ESG, DRB Industrial is working to build a sustainable, low-carbon, green-growth economy.	CDP_C1.1b
b) Describe management' role in assessing and managing climate-related risks and opportunities	DRB Industrial's management has organized a working group led by the CEO to identify and manage climate change-related risks and opportunities. DRB Industrial implements environmental management by organizing an environmental department that oversees environmental management, including general climate change issues, under the CEO, who determines the direction of environmental management. The environment division is in charge of duties linked to environmental management, including energy management, environmental pollutant management, environmental management system operation, green accounting, and employee education.	CDP_C1.2, C1.2a
Strategy – The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning		
a) Describe the climate related risks and opportunities the organization has identified over the short, medium, and long term	DRB Industrial is engaged in a variety of efforts to adopt environmental management practices that are appropriate for the characteristics of the rubber chemical industry. DRB Industrial prioritizes environmental impact analysis at the product development stage. In addition, through its own research institute, DRB Industrial is committed to researching and developing technologies for sustainable resource recycling, such as developing eco-friendly products, converting to eco-friendly raw materials, and reusing waste, with the goal of increasing waste recycling rates and expanding recycling processing in the raw material manufacturing process. These efforts allow DRB Industrial to respond to shareholders' interest in climate change and to discover opportunities to enter a new eco-friendly market for business. In addition, DRB Industrial intends to replace existing petrochemical-based raw materials with recycled raw materials, renewable raw materials, and new plant-based materials and apply them to compounds. DRB Industrial is aggressively pursuing product development and domestic procurement of raw materials through joint research with various entities, including other companies within the industry, academic circles, and research institutes. DRB Industrial will lead the global rubber industry's eco-friendly transition and ultimately achieve carbon neutrality by expanding the sustainable raw material supply chain.	CDP_C2.1, C2.2b, C2.3, C2.3a, C2.4, C2.4a
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning		CDP_C2.5, C2.6, C3.1, C3.1c
c) Describe the resilience of the organization's strategy, taking into consideration different climate related scenarios, including a 2°C or lower scenario		CDP_C3.1a, C3.1d

TCFD

TCFD recommendations	Current status of DRB Industrial	Connection with CDP
Risk Management - The methods and processes used by the organization to identify, assess, and manage climate-related risks		
a) Describe the organization's processes for identifying and assessing climate-related risks	DRB Industrial analyzes and reviews major environmental and social risks, including climate change, and incorporates them into its management strategy to achieve long-term sustainable growth. DRB Industrial has formed the ESG Committee under the Board of Directors to strategically and systematically manage its environmental, social, and governance sectors. In the context of ESG management, the committee establishes and reviews its sustainable management strategies and directions and monitors the level of implementation. DRB Industrial is making efforts to respond to climate change under DRB's sustainability management policy and further mitigating climate change-related risks by assessing its external suppliers based on environmental and social standards.	CDP_C2.2b, C2.2c
b) Describe the organization's processes for managing climate-related risks		CDP_C2.2c, C2.2d
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management		CDP_C2.2
Metrics and Targets - The metrics and targets used to assess and manage climate-related risks and opportunities		
a) Disclose the metrics used by the organization to assess climaterelated risks and opportunities in line with its strategy and risk management process	DRB Industrial discloses and monitors its ESG data, such as greenhouse gas emissions, energy consumption, waste emissions, air and water pollutant emissions, and water recycling. In addition, in order to internalize ESG management, we encourage employees to set individual and team goals from an ESG perspective. Specifically, their goals include ESG-related topics like quality, environment, safety, and products, as well as items such as sales, risk (regulation), productivity, and development of new technologies and materials.	CDP_C4.2
b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	DRB Industrial discloses greenhouse gas emissions1 through its sustainability report and website. Our greenhouse gas emissions in 2022 are as follows: - Scope 1: 6,398.013 tCO2eq - Scope 2: 6,412.235 tCO2eq	CDP_C6.1, C6.3, C6.5
c) Describe the targets used by the organization to manage climate related risks and opportunities and performance against targets	DRB Industrial pledges to achieve carbon neutrality in 2050 by constantly lowering greenhouse gas emissions, with a goal of a 20% reduction by 2030 and a 50% reduction by 2040. We plan to reduce carbon emissions by setting science-based goals (SBT) by 2023 and joining the Science-Based Target Initiative (SBTi) to complete target verification.	CDP_C4.1, C4.1a, C4.1b

1. DRB Industrial does not separately calculate Scope 3.

SASB

The Sustainability Accounting Standards Board (SASB) is a non-profit organization that establishes standards for non-financial reporting. The SASB defines relevant sustainability topics by industry and recommends that companies report on those topics on a continuous basis in order to interact with investors and stakeholders. Accordingly, DRB Industrial reports the major information in accordance with the standards for the industrial machinery & goods, and chemicals industry.

Industrial Machinery & Goods
Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Accounting Metrics	Unit of Measure	Page and details
Energy Management	RT-IG-130a.1.	(1) Total energy consumed	GJ	258,651.19
		(2) Percentage grid electricity	%	51.8
		(3) Percentage renewable	%	0
Workforce Health & Safety	RT-IG-320a.1.	(1) Total recordable incident rate (TRIR)	%	Employee Lost-Time Injuries Frequency Rate: 0.54 Supplier Lost-Time Injuries Frequency Rate: 0 DRB Industrial currently uses LTIFR as an indicator to manage its workers' health and safety. Detailed data about our health and safety is set out on page 38 of the report.
		(2) Fatality rate	%	0
		(3) Near miss frequency rate (NMFR) for (a) direct employees and (b) contract employees	%	DRB Industrial pre-identified 732 risk cases in 2022, but the actual number of work-loss accidents was proven to be two. We are making numerous efforts, such as risk assessment and safety management training, to reduce accidents and build a safe workplace.
Fuel Economy & Emissions in Use-phase	RT-IG-410a.1.	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	Gallons/1,000 ton-miles	Not managed
	RT-IG-410a.2.	Sales-weighted fuel efficiency for nonroad equipment	Gallons/Hour	
	RT-IG-410a.3.	Sales-weighted fuel efficiency for stationary generators	Watts/Gallon	
	RT-IG-410a.4.	Sales-weighted emissions of (1) Nitrogen oxides (NOx) for: (a) marine diesel engines (b) locomotive diesel engines (c) on-road medium- and heavy-duty engines (d) other non-road diesel engines	Grams/Kilowatt hour	
		Sales-weighted emissions of (2) particulate matter (PM) for: (a) marine diesel engines (b) locomotive diesel engines (c) on-road medium- and heavy-duty engines (d) other non-road diesel engines	Grams/Kilowatt hour	
Materials Sourcing	RT-IG-440a.1.	Description of the management of risks associated with the use of critical materials	N/A	DRB Industrial has constructed a quality management infrastructure to reduce risks to the greatest possible extent during the process of using raw materials and subsidiary materials and producing products. We are equipped with an integrated management system that registers, improves, and shares problems that arise throughout the entire process, from development to production, sales, and after-sales service.
Remanufacturing Design & Services	RT-IG-440b.1.	Revenue from remanufactured products and remanufacturing services	KRW	DRB Industrial does not have separate sales from remanufactured products and services, and it is increasing the usage of recycled raw materials in the product manufacturing process.

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Chemicals
Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Accounting Metrics	Unit of Measure	Page and details
Greenhouse Gas Emissions	RT-CH-110a.1	(1) Gross global Scope 1 emissions	tCO_2eq	12,810.25
		Global Scope 1 emissions percentage covered under emissions limiting regulations	%	100
	RT-CH-110a.2	(2) Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	N/A	12p, 14p
Air Quality	RT-CH-120a.1	Air emissions of the following pollutants: (1) NOX (excluding N2O)	ton	2.84
		(2) SOX	ton	0
		(3) Volatile organic compounds (VOCs)	ton	Not managed
		(4) Hazardous air pollutants (HAPs)	ton	The data is prepared based on the 'Chemical Emission Survey' reported to the government in accordance with the Chemical Substances Control Act. Emissions of HAP chemicals that do not meet reporting standards were not calculated.
Energy Management	RT-CH-130a.1	(1) Total energy consumed	GJ	258,651.19
		(2) Percentage grid electricity	%	51.8
		(3) Percentage renewable	%	0
		(4) Total self-generated energy	GJ	Not managed
Water Management	RT-CH-140a.1	(1) Total water withdrawn; percentage of each in regions with High or Extremely High Baseline Water Stress	m^3,%	As water intake from stressed areas is now insignificant, we plan to implement stressed area management at all business sites in the future.
		(2) Total water consumed; percentage of each in regions with High or Extremely High Baseline Water Stress	m^3,%	As water intake from stressed areas is now insignificant, we plan to implement stressed area management at all business sites in the future.
	RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards and regulations	Number	There were no breaches of water quality permits, norms, or regulations as of 2022.
	RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	N/A	15~16p, 18~19p Since the Republic of Korea is classified as a water-stressed country according to Population Action International (PAI), DRB Industrial is aiming to minimize and recycle water.
Hazardous Waste Management	RT-CH-150a.1	(1) Amount of hazardous waste generated	ton	21.74
		(2) Percentage recycled of hazardous waste	%	99.45
Community Relations	RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	N/A	DRB Industrial regards social contribution activities as a fundamental role in company management and is making its utmost efforts to fulfill social responsibilities as a corporate citizen. DRB Industrial continues to actively interact with citizens in a variety of ways via its social contribution platform, Campus D.

SASB

Chemicals
Sustainability Disclosure Topics & Accounting Metrics

Topic	Code	Accounting Metrics	Unit of Measure	Page and details
Workforce Health & Safety	RT-CH-320a.1	(a-1) Total recordable incident rate (TRIR) for direct employees	%	Employee Lost-Time Injuries Frequency Rate: 0.54 DRB Industrial currently uses LTIFR as an indicator to manage its workers' health and safety. Detailed data about our health and safety is set out on page 38 of the report.
		(a-2) Fatality rate for direct employees	%	0
		(b-1) Total recordable incident rate (TRIR) for contract employees	%	Supplier Lost-Time Injuries Frequency Rate: 0 DRB Industrial currently uses LTIFR as an indicator to manage its workers' health and safety. Detailed data about our health and safety is set out on page 38 of the report.
		(b-2) Fatality rate for contract employees	%	0
	RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	N/A	DRB Industrial is making several attempts to minimize exposure to risks during the work process. For more details, please refer to pages 40-41.
Product Design for Use-phase Efficiency	RT-CH-410a.1	Revenue from products designed for use-phase resource efficiency	KRW 1 million	Not managed
Safety & Environmental Stewardship of Chemicals	RT-CH-410b.1	(1) Percentage of products that contain Globally Harmonised System of Classification and Labelling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances	%	Not managed
		(2) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances that have undergone a hazard assessment	%	
	RT-CH-410b.2	(1) Discussion of strategy to manage chemicals of concern	N/A	15p
		(2) Discussion of strategy to develop alternatives with reduced human and/or environmental impact	N/A	DRB Industrial is dedicated to researching and improving processes for the transition to sustainable raw materials in order to preserve natural resources and mitigate environmental impacts. Please see page 17 for more details.
Genetically Modified Organisms	RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)	%	This item is not currently being managed, but DRB Industrial intends to consider biodiversity and incorporate it into its operations.
Management of the Legal & Regulatory Environment	RT-CH-530a.1	Discussion of corporate positions related to government regulations or policy proposals that address environmental and social factors affecting the industry	N/A	DRB Industrial keeps a close eye on significant domestic and international policies and laws. DRB Industrial examines and promptly implements rules and legislation affecting its business and products.
Operational Safety, Emergency Preparedness & Response	RT-CH-540a.1	(1) Process safety incidents count (PSIC)	Cases	Number of process safety incidents: 0 At DRB Industrial, there are no Tier 1 process safety incidents specified in SASB, such as fires, explosions, and water leaks in chemical processes.
		(2) Process safety total incident rate (PSTIR)	%	0
		(3) Process safety incident severity rate (PSISR)	%	0
	RT-CH-540a.2	Number of transport incidents	Cases	0

UNGC

DRB Industrial joined the United Nations Global Compact (UNGC) in April 2021 and is stepping up its efforts to voluntarily adhere to the Ten Principles in four areas: human rights, labor, environment, and anti-corruption. DRB Industrial will keep working to raise the bar for environmental protection and human rights.

	UNGC's Ten Principles	DRB Industrial's systems and policies	Related activities
Human Rights	Principle 1 Businesses should support and respect the protection of internationally proclaimed human rights; and Principle 2 Make sure they are not complicit in human rights abuses.	· DRB Industrial's Human Rights Management Principles Articles 1 (Respect for Human Rights) · DRB Industrial Code of Ethics Article 1-2: Reporting of and response to violation of the Code of Ethics	DRB Industrial joined the UNGC on April 15, 2021, and abides by the UN SDGs, the Ten Principles of the UNGC, and international labor rules such as those of the ILO and OECD.
Labor	Principle 3 Businesses should uphold freedom of association and the effective recognition of the right to collective bargaining; Principle 4 The elimination of all forms of forced and compulsory labor; Principle 5 The effective abolition of child labor; and Principle 6 The elimination of discrimination in respect to employment and occupation.	· DRB Industrial's Human Rights Management Principles 2. Respect for diversity and non-discrimination 3. Prohibition of forced labor 4. Prohibition of child labor 5. Guarantee of freedom for collective bargaining	DRB Industrial ensures collective bargaining and freedom of association through its own human rights management standards. The forced labor prohibition provision in its Human Rights Management Principles bans workers from engaging in forced labor, and child labor has been prohibited since 2021 to safeguard children's rights in compliance with UNICEF's guidelines, Children's Rights and Business Principles. In addition, DRB Industrial's human rights management principles and anti-discrimination provisions in the employment rules prohibit any discrimination based on race, religion, disability, gender, education, age, physical condition, country of origin, area of origin, political opinions, etc. in employment and work and respect diversity.
Environment	Principle 7 Businesses are asked to support a precautionary approach to environmental challenges; Principle 8 Undertake initiatives to promote greater environmental responsibility; and Principle 9 Encourage the development and diffusion of environmentally friendly technologies.	· DRB Industrial's Green Management Policy Articles 5 (Management/Will) Articles 6 (Mutual growth/Disclosure) · DRB Industrial Code of Ethics Chapter 4 Article 3 Environmental protection	DRB Industrial offers training to strengthen the capabilities of personnel in areas such as air, water quality, waste, chemicals, soil management, energy reduction, and climate action to prevent and mitigate environmental risks. We also perform training and promotional activities targeting external suppliers on waste management, chemical handling, energy reduction, and climate action. The demands and issues of internal and external stakeholders, as well as factors that have a significant impact on the environment, are reported to the highest decision-maker within the company, and corrective and improvement plans are devised and implemented. DRB Industrial signed a Memorandum of Understanding (MOU) with the Korea Environment Corporation in 2021 for resource recycling and a sustainable environment, and it is actively participating in the creation and distribution of resource recycling education programs for future generations. Furthermore, eco-friendly products and technology such as energy-saving conveyor belts are being created as part of environmental management operations.
Anti-corruption	Principle 10 Businesses should work against corruption in all its forms, including extortion and bribery.	· DRB Industrial Code of Ethics Chapter 2. Code of Ethics for Members	On the basis of the operating regulations on legal management and compliance, internal accounting management, and the Cyber Audit Office, DRB Industrial has secured a process for all stakeholders to submit concerns about anti-corruption and human rights breaches, and an employee grievance handling mechanism as well as the Cyber Audit Office are being operated. Furthermore, since March 25, 2022, DRB Industrial has participated in the Business Integrity Society hosted by the UN Global Compact Network Korea and the Korea Sustainability Investing Forum, and it has also pledged to improve ESG competency and create an anti-corruption corporate culture.

UN SDGs

The UN Sustainable Development Goals (SDGs), adopted by the UN General Assembly in September 2015, aim for the international community to build a sustainable society through social development, environmental protection, and inclusive economic growth from 2016 to 2030. As a member of global civil society, DRB Industrial appreciates the significance of achieving the UN SDGs for sustainable human development. As a result, we are examining the positive and negative consequences of management efforts with a focus on the SDGs that are highly relevant to DRB Industrial's business operations, and we are attempting to uncover and fully harness business possibilities that can contribute to the achievement of goals.

Major SDGs		Target		Contributions of DRB Industrial
	3. Ensure healthy lives and promote well-being for all at all ages	3.4 3.8 3.9	Reduce by one third premature mortality from non-communicable diseases through prevention and treatment and promote mental health and well-being Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all Substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination	- Operating a health care center and health support programs for musculoskeletal diseases, obesity, anti-smoking, etc. - Offering 'Sangdam4u,' a professional service to reduce occupational stress - Implementing a 'hearing preservation program' at work sites vulnerable to noise - Being the only mid-sized company to win a commendation from the Minister of Health and Welfare under the Health-Friendly Company Certification System for two consecutive years from 2021
	4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.4 4.5 4.7	Substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship Eliminate gender disparities in education and ensure equal access to all levels of education and vocational training for the vulnerable, including persons with disabilities, indigenous peoples and children in vulnerable situations Ensure that all learners acquire the knowledge and skills needed to promote sustainable development, including, among others, through education for sustainable development and sustainable lifestyles, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship and appreciation of cultural diversity and of culture's contribution to sustainable development	- Improving employees' job competency through DT training such as Project Bumblebee and SAS JMP - Running the 'ESG Leadership Education' program - Raising environmental management awareness among employees through annual eco-friendly campaigns, such as plogging and upcycling - Signing an MOU with the Busan, Ulsan, and Gyeongnam headquarters of the Korea Environment Corporation to develop and disseminate resource recycling education programs for future generations
	5. Achieve gender equality and empower all women and girls	5.1 5.5	End all forms of discrimination against all women and girls everywhere Ensure women's full and effective participation and equal opportunities for leadership at all levels of decisionmaking in political, economic and public life	- Stipulating prohibition of discrimination by establishing human rights management principles - Strengthening corporate human rights management evaluation capabilities by participating in the 2022 UN Global Compact Network Korea's Human Rights Working Group
	6. Ensure access to water and sanitation for all	6.3 6.4	Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally Substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity	- Purifying wastewater and domestic sewage using its own sewage and wastewater treatment facilities and reusing it as cooling water in the manufacturing process - Regularly monitoring wastewater generated and discharged from business sites through a specialized water pollutant organization twice a year
	7. Ensure access to affordable, reliable, sustainable and modern energy	7.2 7.3 7.a	Increase substantially the share of renewable energy in the global energy mix Double the global rate of improvement in energy efficiency Enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology, and promote investment in energy infrastructure and clean energy technology	- Developing an 'energy saving conveyor belt' that reduces rolling resistance and energy loss by applying high-performance rubber materials to the conveyor belt, and obtaining green technology certification - Carrying out activities to optimize energy use efficiency for each facility, such as installing high-efficiency LEDs and inverters and limiting heat dissipation in steam lines to reduce greenhouse gases
	8. Promote inclusive and sustainable economic growth, employment and decent work for all	8.2 8.4	Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors Improve progressively global resource efficiency in consumption and production and endeavour to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programmes on sustainable consumption and production, with developed countries taking the lead	- Developing a rubber compound using recycled carbon and recycled rubber - Establishing a green purchasing policy in 2022 and encouraging the procurement of environmentally certified products - Investing in environmental facilities, such as increasing the capacity of thermal storage combustion devices by 2021 in accordance with the management standards for hazardous air pollutants (HAPs) fugitive emission facilities

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UN SDGs

Major SDGs	Target	Contributions of DRB Industrial
12. Ensure sustainable consumption and production patterns	12.4 Achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment 12.5 Substantially reduce waste generation through prevention, reduction, recycling and reuse 12.8 Ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature	- Reducing the usage of hazardous chemicals by replacing organic solvents (toluene) used in the manufacturing process with water-soluble substances - Developing a plan to reduce air pollutants, water pollutants, and hazardous chemical emissions by 5% every year compared to the previous year - Aiming to reduce waste emissions by 5% each year compared to the previous year and achieving a recycling rate of 85% for the amount of waste generated in the current year - Incorporating ESG items into the assessment for initial registration as an external supplier related to raw materials and operating a regular post-ESG evaluation process - Publishing the first Sustainability Report in 2023 for transparent communication with DRB Industrial's stakeholders
13. Take urgent action to combat climate change and its impacts	13.2 Integrate climate change measures into national policies, strategies and planning 13.3 Improve education, awareness-raising and human and institutional capacity on climate change mitigation, adaptation, impact reduction and early warning	- Obtaining ISO 14001 (Environmental Management System) certification - Declaring a goal of carbon neutrality by 2050 - Planning to carry out activities to cut carbon emissions based on science-based targets (SBT)
16. Promote just, peaceful and inclusive societies	16.5 Substantially reduce corruption and bribery in all their forms 16.6 Develop effective, accountable and transparent institutions at all levels 16.7 Ensure responsive, inclusive, participatory and representative decision-making at all levels	- Forming the ESG committee to discuss major decisions related to sustainable management - Preventing corruption and enhancing audit independence by establishing an audit committee in 2022 - Improving the accessibility to the reporting channel through a compliance help desk and Cyber Audit Office - Conducting an annual ethical management survey to regularly solicit the opinions on anti-corruption issues from employees and stakeholders - Promoting ethical awareness by posting the Code of Ethics and practice guidelines for all employees to peruse via the in-house groupware every year
17. Revitalize the global partnership for sustainable development	17.16 Enhance the global partnership for sustainable development, complemented by multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the sustainable development goals in all countries, in particular developing countries 17.17 Encourage and promote effective public, public-private and civil society partnerships, building on the experience and resourcing strategies of partnerships	- Educating people in human rights-related departments on the UNICEF Korean Committee's Children's Rights and Business Principles (CRBP) once a year - Participating in domestic initiatives to address climate change (UNGC CAA program) - Participating in the Business Integrity Society hosted by the UN Global Compact Network Korea and the Korea Sustainability Investing Forum, and pledging to improve ESG competency and create an anti-corruption corporate culture

Associations and Organizations

DRB Industrial is engaged in the business of Industrial rubber productions and has been in partnership with variety of domestic and foreign associations for development of rubber belt, other rubber productions and other area.

Number	Associations
1	Korea Industrial Safety Association Busan Branch
2	Social Responsibility & Management Quality Institute
3	Korea Testing & Research Institute
4	Korea Certification & Testing Institute
5	KEF Busan Employees Federation
6	Korean Standards Association
7	Korean Nursing Association
8	Construction Association of Korea
9	Korea Mech. Const. Contractors Association
10	Korea Industrial Safety Association

Number	Associations
11	Southeastern PSM Consultation Association
12	Volvo Construction Equipment Suppliers Association
13	East Busan Safety Committee
14	Busan Chamber of Commerce & Industry
15	Korea Environment Conservation Institute Busan Branch
16	UN Global Compact
17	Korea Construction Engineers Association
18	Korea Fire Safety Institute
19	Korea Electric Engineers Association
20	Korea Environment Conservation Institute

Greenhouse Gas Emissions Verification Statement

Verification Statement

Verification No : KQA-T2319
Company : DRB Industrial Co., Ltd.
Representative : Lee Yun Hwan
Business Registration No : 621-81-97752
Address : 28, Gongdandong-ro 55beon-gil, Geumjeong-gu, Busan, Republic of Korea

KQA confirms that the verification result of GHG emissions and energy consumption reports of above company is proper.

Verification Standard : Guidelines on the verification for the operation of emission trading scheme
Verification Scope : 2022 GHG emissions and energy consumption reports
Assurance level : Reasonable assurance

※ GHG emissions

Year	법인명	GHG Emission (tCO_2eq)		
		Scope1	Scope2	Total
2022	DRB Industrial Co.,Ltd.	6,398.013	6,412.235	12,810.248
	DRB Unionbeltinno	5.507	64.493	69.999
	DRB Healthcare Co.,Ltd.	0	437.398	437.398

※ Remark : The sum of each cell may differ from the total because each cell is rounded.

Verification Term : 01 Apr 2023 ~ 31 May 2023
Date of issue : 10 Oct 2023

Korea Quality Assurance

(GHG · Energy verification body 「2011-3rd」 accredited by the ministry of environment.)
※ The details regarding the range of this Verification Statement and requirement of the GHG and Energy target scheme guidelines can be obtained by requesting to the relevant organization.
KQA Address : 2Fl., Hojeong Bldg., 49, Manan-ro, Manan-gu, Anyang-si, Gyeonggi-do, 14034, Republic of Korea

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Independent Assurance Statement

To: The Stakeholders of DRB Industrial Co., Ltd.

Introduction and Objectives of Work

BSI Group Korea (hereinafter "the Assurer") was requested to verify DRB Industrial Sustainability Report 2023 (hereinafter "the Report"). This assurance statement applies only to the relevant information included in the scope of the assurance. DRB Industrial is solely responsible for all information and assertion contained in the Report. The responsibility of the Assurer is to provide DRB Industrial Management with independent assurance statement based on its expert opinions by applying the verification methodology for the specified assurance scope. It is also to provide the information to all stakeholders of DRB Industrial.

Standards and Levels

This assurance was based on the AA1000AS (Assurance Standard) v3 (2020) Assurance Standard and confirmed that the Report was prepared in accordance with the GRI Standards, the international standards guidelines of sustainability reports. In accordance with the AA1000 AS, the assurance level was Moderate Level, and conducted against Type 1 to confirm compliance with the four principles of the AA1000 AP (AccountAbility Principles) 2018 and the Type 2 assurance that verified the quality and reliability of the information disclosed in the report. Type 2 was limitedly verified against the topic standards below, based on the data and information provided by the reporting organization.

GRI Topic Standards: 201-2, 205-1~3, 203-1, 302-1, 302-3, 303-2~4, 305-1~2, 305-4, 305-7, 306-2~5, 308-1~2, 401-1~3, 403-1~10, 404-1~2, 405-1~2, 406-1, 413-1, 414-1~2, 417-2

Scope

The scope of assurance applied to the Report is as follows;

- Report contents during the period from January 1st to December 31st 2022 included in the report, some data included 2023.
- Major assesstion included in the report, such as sustainability management policies and strategies, goals, projects, and performance, and the report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review

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

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

Methodology

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

- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Review of the evidence to support the material issues through interviews with senior managers with responsibility for them
- Verification of data generation, collection and reporting for each performance index

Limitation

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

Assurance Opinion

On the basis of our methodology and the activities described above, it is our opinion that

- The information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement.
- The report is prepared in accordance with the GRI Standards.
  (Reporting in accordance with the GRI standards)
- The assurance opinions on the four principles presented in the AA1000 AP (2018) are as follows.

Independent Assurance Statement

AA1000 AP (2018)

Inclusivity: Stakeholder Engagement and Opinion

DRB Industrial operated communication channels for each stakeholder group for engagement. DRB Industrial reflected key issues drawn through stakeholder channels in sustainability management decisions and disclosed the process in the Report.

Materiality: Identification and reporting of material sustainability topics

DRB Industrial established the strategy related to sustainability management and established the process to derive reporting issues. DRB Industrial identified financial and social/environmental impacts and derived 17 material topics based on the analysis of media research, benchmarking global advanced companies in its field, and analysis of major global initiatives related to sustainability.

Responsiveness: Responding to material sustainability topics and related impacts

DRB Industrial established the management process for material issues determined by the materiality assessment, implemented a response plan for each topic to appropriately respond to the derived material topics that reflects the expectations of stakeholders. DRB Industrial disclosed the process including policy, indicator, activity and response performance on material topics in the Report.

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

DRB Industrial established the process to identify and evaluate the impact on organizations and stakeholders related to material issues. DRB Industrial used impacts, risk and opportunity factor analysis results for material issues to make decisions to develop response strategies for each issue, and disclosed the process in the Report.

Key areas for ongoing development

- Taking into account major business sector and industry sustainability issues, it may be helpful to advance the sustainability management system by upgrading the unique sustainability goals and plans of DRB industrial and disclosing whether they are achieved.
- It may be helpful to advance the sustainability management system by clarifying the scope and definition of the value chain and specifying the process of identifying and managing sustainability issues within the value chain.

Statement of independence and competence

The Assurer is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services. No member of the assurance team has a business relationship with DRB Industrial. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Evaluation against GRI 'In Accordance' Criteria

The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the following Universal Standards and Topic Standards Indicators based on the data provided by DRB Industrial, the sector standard was not applied.

[Universal Standards]

2-1 to 2-5 (The organization and its reporting practices), 2-6 to 2-8 (Activities and workers), 2-9 to 2-21 (Governance), 2-22 to 2-28 (Strategy, policies and practices), 2-29 to 2-30 (Stakeholder engagement), 3-1 to 3-3 (Material Topics Disclosures)

[Topic Standards]

201-2, 205-1~3, 203-1, 302-1, 302-3, 303-2~4, 305-1~2, 305-4, 305-7, 306-2~5, 308-1~2, 401-1~3, 403-1~10, 404-1~2, 405-1~2, 406-1, 413-1, 414-1~2, 417-2

21 Dec 2023

S. H. Lim / BSI Group Korea, Managing Director

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Independent Assurance Statement
Sustainable Management Policy Book

Sustainable Management Policy Book

Sustainable Management Policy

DRB Industrial pursues sustainable corporate growth by developing economic and environmental soundness and fulfilling social responsibilities.

Sustainable Management Policy

Human Rights Management Principles

DRB Industrial complies with global human rights conventions, which encompass the expansion of diversity, prohibition of discrimination, and protection of children's rights, and aims to protect the human rights of its employees, customers, and all stakeholders.

Human Rights Management Principles

Health and Safety Management Policy

DRB Industrial is seeking to create a health-friendly society and spread a safe workplace culture.

Human Rights Management Principles

Declaration of Responsible Mineral Sourcing

DRB Industrial strictly prohibits the use of minerals from conflict areas in all supply chains, not only by the company but also by its external suppliers.

Declaration of Responsible Mineral Sourcing

Green Management Policy

DRB Industrial is working to improve products and services to minimize environmental damage caused by corporate management and activities and to transform itself into an eco-friendly and low-carbon company.

Green Management Policy

Green Procurement Policy

DRB Industrial prevents waste of resources and environmental pollution and contributes to reducing greenhouse gases by promoting the purchase of green products.

Green Procurement Policy

Ethics Charter and Code of Ethics

DRB Industrial recognizes that not only the performance of economic and legal responsibilities but also the performance of ethical responsibilities constitute its basic corporate duties, and it adheres to corporate ethics by taking a proactive stance, avoiding anti-corruption and unfair transactions, and implementing management that follows the right paths.

Ethics Charter and Code of Ethics

Mutual Growth policy

DRB Industrial is constructing a sustainable supply chain through mutual growth with external suppliers.

Mutual Growth Policy

Social Contribution Charter

DRB Industrial is actively engaging in social contribution activities to fulfill its role as a corporate citizen, including regional revitalization, talent development, environmental protection, support for the vulnerable group, and support for culture and the arts.

Social Contribution Charter

DRB Industrial