

# GLOBAL DEVELOPER

2023 Sustainability Report



# ABOUT THIS REPORT

## Reporting Overview

This report is the first sustainability report to introduce the holding company DL Holdings' ESG (Environmental · Social · Governance) performance and activities. The report aims to not only share our financial and non-financial performance in 2022 with stakeholders but also share the future direction of DL Holdings as a holding company. This report starts with the introduction of 'Business & Sustainability,' providing details on the business performance of DL Holdings and its five subsidiaries and interviews with ESG Directors. Then, the 'Approach to ESG Material Topics' chapter reports each company's major ESG performance in detail.

## Reporting Principles

This report was prepared in accordance with the Global Reporting Initiative (GRI) Standards, the international sustainability reporting standards. In addition, the standards of ISO 26000, UN SDGs, and SASB (Sustainability Accounting Standards Board) have been reflected.

## Reporting Scope

DL Holdings and its five subsidiaries, DL E&C, DL Chemical, DL Energy, DL Construction, and GLAD Hotels&Resorts are included in the reporting scope. Data that differ from some of the reporting scopes are marked with notes.

## Reporting Period

This report contains economic, social, and environmental performance and activities from January 1st, 2022 to December 31st, 2022. The report also includes some of the information from the first half of 2023. Data for the last three years have been disclosed to identify yearly trends in the case of quantitative performance.

## Reporting Cycle

Starting with the publication of the first sustainability report in 2023, we plan to publish sustainability reports on a regular basis.

## Assurance

In order to ensure the reliability, fairness, and completeness of the processes and data for this report, third-party assurance has been performed by BSI, an independent assurance agency. AA1000 assurance standards have been applied, and the assurance results can be found in the third-party assurance statement (88p) within the report.

## Management-Related Disclosures

[Website](#)

[2022 Annual Report](#)

[2022 Audit Report](#)

[Corporate Governance Report](#)

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# INTRODUCTION

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01

# 2022 ESG HIGHLIGHTS

DL Group recognizes that customer-oriented management is directly related to sustainability and the survival of our business.

Our commitment is to provide the best quality and services to customers based on trust. Furthermore, we are reinforcing activities to contribute to the society and the environment through creating social values and establishing sustainable business models.

<p>GHG Reduction Rate (Compared to 2018)</p> <p><b>35.2%</b></p> <p>DL E&amp;C</p> 	<p>Plastic Usage Reduction When Applying D.FINE Packaging Materials</p> <p><b>40%</b></p> <p>DL Chemical</p> 	<p>Started Construction of Yeosu Hydrogen Fuel Cell Power Plant</p> <p>Commercial operation target of generation capacity of 18.5MW in September 2023 Capable of producing approximately 150,000MWh per year</p> <p>DL Energy</p> 
<p>Increased Use of Renewable Energy to Reduce GHG Emissions</p> <p><b>5,652 kWh</b></p> <p>DL Construction</p> 	<p>International Ethics/Compliance Management Certification Acquisition (ISO 37301, ISO 37001)</p> <p><b>5 companies</b></p> <p>DL Holdings DL E&amp;C DL Chemical DL Energy DL Construction</p> 	<p>Establishment of Subsidiary CARBONCO</p> <p>A total solution provider dedicated to the CCUS business, leading the realization of carbon neutrality and future momentum for growth</p> <p>DL E&amp;C</p> 
<p>Waste Recycling Rate</p> <p><b>99.96%</b></p> <p>DL Construction</p> 	<p>Number of Participants in Safety Experience Center</p> <p><b>2,340 persons</b></p> <p>DL E&amp;C</p> 	<p>Resource Circulation Eco-Friendliness Campaign</p> <p>Resource circulation and resource saving campaigns participated by customers (7 projects)</p> <p>GLAD Hotels&amp;Resorts</p> 

# CEO MESSAGE



## Respected stakeholders,

The DL Group has been practicing Ethical Management for the past 80 years based on the founding philosophy of ‘Honesty and Trust.’ Externally, the group has grown into a company with subsidiaries engaging in various businesses such as construction, petrochemicals, energy, manufacturing, leisure, culture, and education. In terms of governance, the group has converted to a holding company system with reinforced transparency.

The importance of ESG management is growing due to the recent international situation as well as the increasing economic and environmental uncertainty, with the level of demand also increasing. In line with this trend, the DL Group has been promoting various energy reduction activities and eco-friendly businesses geared toward achieving the 2050 carbon neutrality goal. We will continue to recognize sustainability management as a core corporate value and secure differentiated competitiveness of our subsidiaries through strengthened detailed ESG activities centered on our innovative eco-friendly portfolio.

## Securing source technology for eco-friendly portfolio conversion

DL Group will secure future competitiveness in the construction sector in terms of environment led by eco-friendly new businesses such as the CCUS<sup>1)</sup> business and the SMR<sup>2)</sup> business in the field of construction. We will expand our competitiveness in the specialty market in the chemical sector. We will also strive to become a global power generation business developer centered on eco-friendly power generation including wind and solar power in the energy business sector. Above all, we will strengthen our source technologies through the development of eco-friendly technologies and products for each affiliate as well as relevant business alliances and acquisitions.

1) CCUS: Carbon Capture, Utilization and Storage

2) SMR: Small Modular Reactor

## Establishing a global safety/human rights/supply management system

We have been realizing safety, human rights, and win-win growth management in the social aspect. In particular, we will practice human rights protection on a global level by reducing the accident rate of our employees and partners through safety management based on respect for life, regularly checking and improving the level of human rights management to internalize human rights management. In addition, we will pursue mutual growth with our suppliers and realize cooperation and win-win management by managing our sustainable supply chain.

## Reinforcing stakeholder trust through transparent governance

In terms of governance structure, transparency, ethics management, and compliance management are key items on our agenda. We will practice Ethical Management and establish a management structure centered on the board of directors and committees to continue to develop a transparent management governance structure realizing sound management monitoring and protection of shareholder rights and interests. Furthermore, we plan to continue our ESG management practice and reinforcement in a strategic manner through the ESG Committee activities of our holding company and subsidiary.

DL will lead a sustainable future as a global developer creating a better future. We hope that you will continue to be part of DL Group’s journey in creating a beneficial society by following the basics and leading the global standard with continued interest and affection.

Thank you.

September 2023  
CEO Kim, Jong Hyun

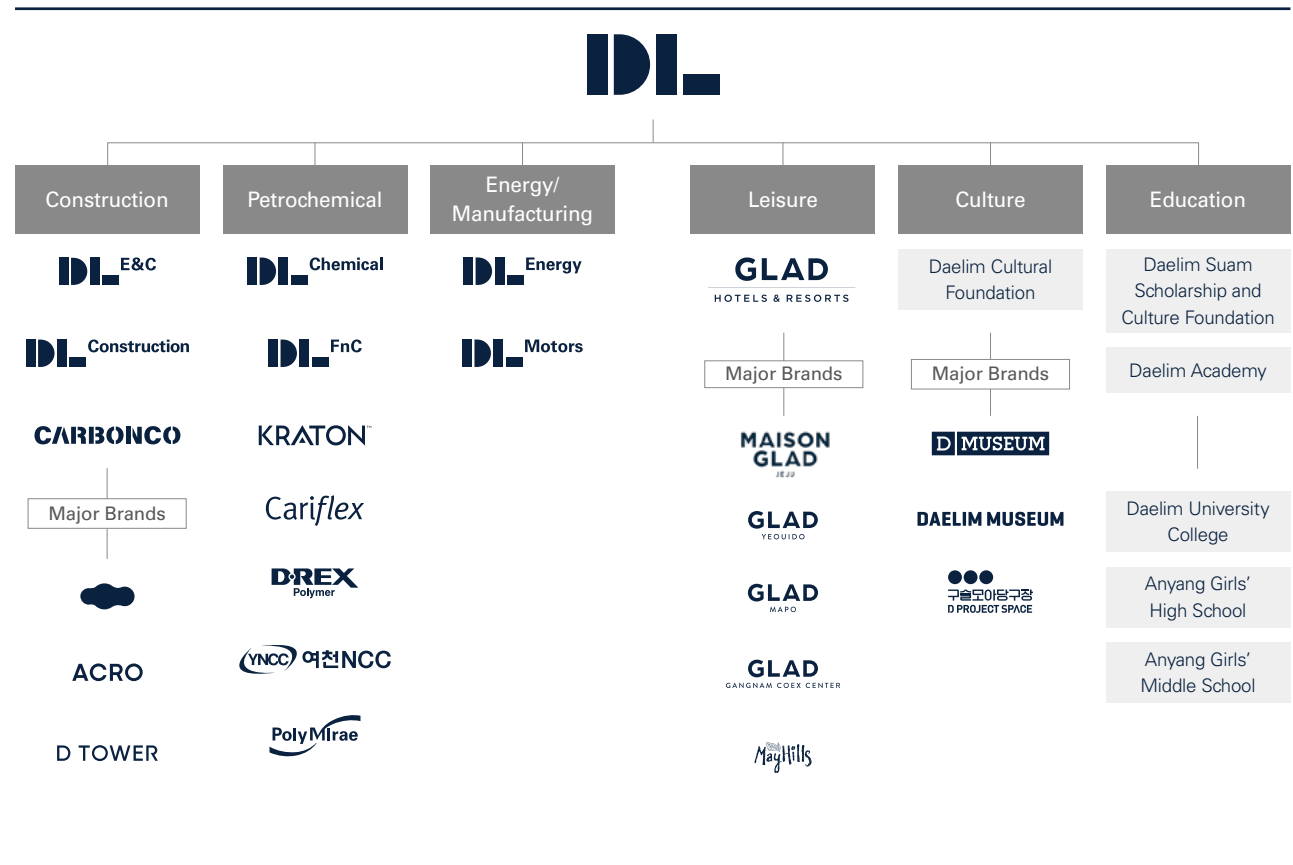
# COMPANY OVERVIEW

Established in 1939, DL Holdings has multiple subsidiaries, including petrochemical, construction power generation, and manufacturing, centered on DL E&C, a global construction company, and DL Chemical, a petrochemical company. We converted to a holding company on January 1, 2021, and we are promoting business with DL Holdings as the main axis. We aim to lead a sustainable future as a global developer connecting cities to cities and people to people, presenting a new standard for the world and enhancing the value of life.

## Company Status (Based on 2022 consolidated financial statements)

Name of company	DL Holdings Co., Ltd.
Date of establishment	October 10th, 1939 (*Conversion to holding company system on January 1, 2021)
CEO	Jong Hyun Kim
Address	Donuimun D-Tower Bldg., 134 Tongil-ro, Jongno-gu, Seoul
Number of consolidated subsidiaries	A total of 61 companies, 24 major companies
Main business areas	<ul style="list-style-type: none"> <li>• Construction (Architecture, civil engineering, plant, etc.)</li> <li>• Petrochemical (PE, PB, EPO and biochemicals, etc.)</li> <li>• Energy/Manufacturing (IPP equity investment, other power generation business, automobile parts, etc.)</li> <li>• Leisure/Culture/Education (Operation of hotels, art galleries, educational institutions, etc.)</li> </ul>
Number of employees	46 (Including temporary workers)
Financial status	<ul style="list-style-type: none"> <li>• Sales: KRW 5,175 billion</li> <li>• Total assets: KRW 12,019 billion</li> </ul>

## Business Portfolio



# DL VISION AND HISTORY

## Vision

### A Global Developer Creating a Better Future

## Core Values

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**Lead the Future by Technology**

#### DL pioneers diverse business opportunities

through innovative technologies and strives to create a better tomorrow as a global leader.

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**Challenge for Innovation**

#### DL pushes its limit beyond the threshold

pioneers new markets, and move forward as a company that challenges itself to change for the better.

---

**Create Value Based on Trust**

#### DL pursues co-operations and co-prosperity for everyone

discovers new values based on trust and strides to create prosperous society.

# OUR HISTORY

## 1939~1970 THE BEGINNING OF DL HISTORY AND PIONEERING THE ERA OF ECONOMIC DEVELOPMENT

- Establishment of Burim Corporation (1939)
- First company to acquire foreign currency through overseas construction (Port construction project in Vietnam)
- Major achievements: Gyeongbu Expressway, Gyeongin Expressway, Daelim Arcade Apartment (Korea's first residential and commercial complex), etc.

## 1971~1990 GROWTH AND BUSINESS EXPANSION

- First Korean company to enter the Middle Eastern and African markets (Saudi Arabia, Kuwait, Iran, South Africa, etc.)
- Merger with Honam Ethylene, starting of operation as the Daelim Petrochemical Division (1987)
- Major achievements: National Assembly building, Sejong Center for the Performance Arts, Jamsil Sports Complex Main Stadium

## 1991~2010 SUSTAINABLE GROWTH THROUGH THE INDUSTRY'S BEST TECHNOLOGY AND EXPERTISE IN BUSINESS

- Establishment of the joint venture Yeochun NCC with Hanwha Group (1999)
- Launched e-Pyeonhansesang, Korea's first apartment brand
- Succeeded in commercial production of metallocene polyethylene (mPE) for the first time in Korea
- Developed HRPB (Highly reactive PB) for the first time in Korea
- Major achievements: Gwanghwamun Square, Samcheonpo Bridge (First cable stayed bridge designed with local technology), Seohae Bridge, Cheong-gyecheon restoration work, plant EPC (Thailand, Philippines, India, etc.), etc.

## 2011~PRESENT LEAPING TO BECOME A GLOBAL DEVELOPER

- Establishment of DL Energy (2013)
- Acquisition of Cariflex (2020) and Kraton (2022)
- Conversion to a holding company system and launch of the DL Group (2021)
- Major achievement: Yi Sun-Sin Bridge (The longest suspension bridge in Korea, ranked 6th in the world), Ma'aden Ammonia plant in Saudi Arabia (The world's largest ammonia plant), Pyeongchang Olympic Games Sliding Center, Çanakkale Bridge in Türkiye (The world's longest suspension bridge), etc.



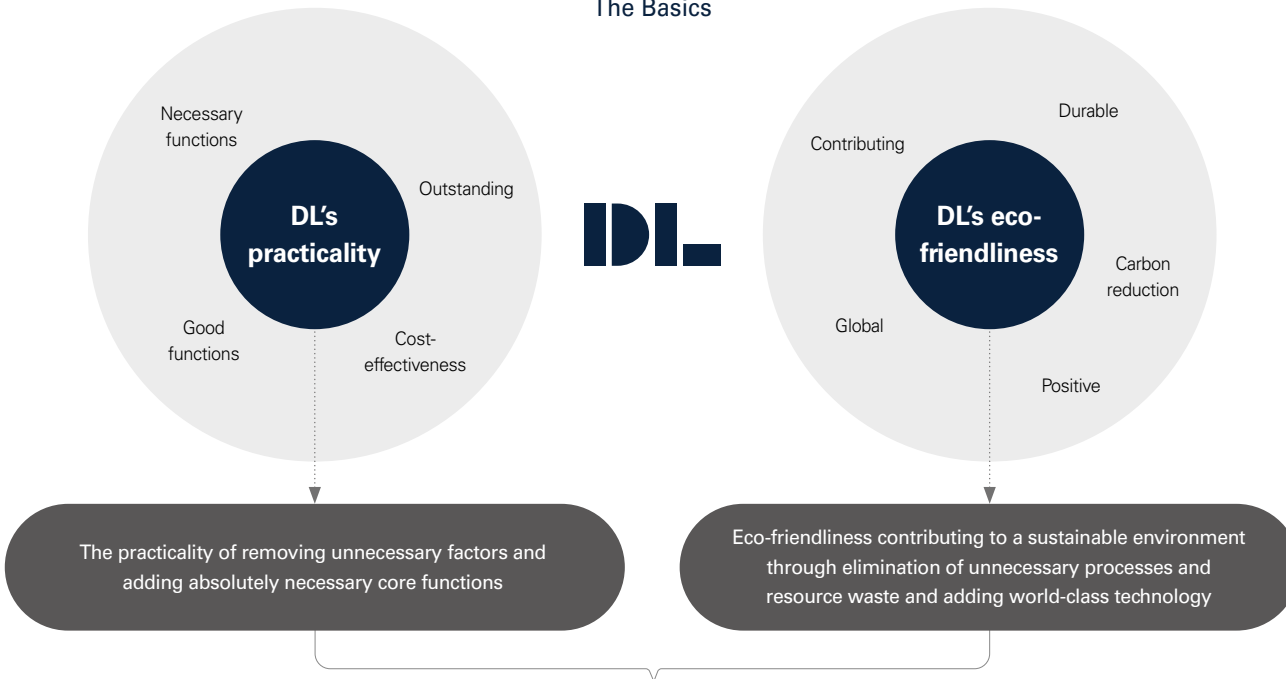
# DL IDENTITY

## DL Brand Communication Keyword

**DL is a company striving to keep the basics**



### The Basics



## “The More, The Less”

Adding for more valuable things    Removal for more valuable things

Blocks of various shapes are gathered together to form the DL logo, expressing DL's achievements and identity that have connected people to cities, and cities with various elements that form the foundation of our world.

The DL Blue is a brand asset that DL Group has maintained over a long period of time. It represents our unlimited creativity as an endless global developer based on our customers' trust.

# BUSINESS & SUSTAINABILITY

Through DL Holdings Co., Ltd., the holding company, DL Group conducts business in various fields of construction, petrochemicals, and energy through DL E&C, DL Chemical, and DL Energy, its major subsidiaries.

Each affiliate is striving for ESG management activities, such as developing eco-friendly products, responding to climate change, and recycling resources, not only for business performance but also for achieving sustainable growth in the future.



KRW **5,175** billion

Sales in 2022  
(Based on consolidated financial statements of 2022)

KRW **12,019** billion

Total assets

**A**

2022 Evaluation by Korea Institute of Corporate Governance and Sustainability

## ESG STORY

### STORY #1

#### “ The meaning of the publication of the first sustainability report for DL Holdings

- 1 Presentation of comprehensive ESG data: The presentation of comprehensive ESG data and information of major affiliates helps understanding of the group’s performance and level of ESG management. This allows the group to accurately identify the current state in terms of ESG and set a direction for improvement.
- 2 Sharing best practices and strengthening cooperation: Publishing a group-wide sustainability report provides opportunities for subsidiaries to share ESG efforts and achievements. It is made possible to learn best practices from other subsidiaries, bring consistency to ESG management and strengthen cooperation to raise the standard of ESG management across the group.
- 3 Providing transparent and reliable information: The group provides transparent and reliable ESG information through the sustainability report. This expresses our determination to actively communicate with various stakeholders, both internal and external.

The DL group seeks to achieve sustainable growth by complying with ESG-related requirements through the sustainability report and utilizing it as a business opportunity. In addition, we will realize long-term success and sustainable management by fulfilling our social responsibility and building a sustainable business model.

### STORY #2

#### “ Direction of ESG management pursued by DL Holdings as a holding company

The ESG slogan of DL Holdings is ‘A Global Developer Creating a Better Future.’ As a company striving to keep the basics, we regard practicality and eco-friendliness as important values, and include these values in our overall management activities. As for our environmental direction, we eliminate waste of resources and add technological prowess to contribute to a sustainable environment. Our environmental key tasks are expanding eco-friendly businesses, activating the circular economy, and achieving carbon neutrality by 2050. Our social direction is prioritizing quality and safety, creating trusted social values and coexisting. Our key social tasks are building a sustainable supply chain, building a safe society, and advancing human rights management. In terms of governance, we pursue sustainable growth by practicing Ethical Management and complying with laws and principles. This is based on the three key tasks of advancing ethics and compliance management, securing transparency in governance structure centered on the board of directors, and strengthening group ESG management capabilities.

“ DL will become a global developer creating a better future.

Eun Ju Yim, Vice President of DL Holdings

### STORY #3

#### “ ESG best practices symbolically selected by DL Holdings in 2022

The first best practice is the establishment of CARBONCO to lead the CCUS (Carbon dioxide capture, utilization and storage) business. Our efforts did not stop at engaging in GHG reduction activities to respond to climate change. We are making efforts to develop our own technologies and solutions to lay the groundwork for the world to contribute to carbon reduction. The second best case is the establishment of an ESG Committee by DL’s major affiliates to establish a governance system for ESG management. DL expanded and reorganized the Governance Committee into the ESG Committee in 2022, operating it as a committee within the board of directors or as an internal organization. By building a governance system capable of promptly responding to economic, environmental, and social issues, we laid the foundation for sustainable growth fulfilling our social responsibilities.



Business 1

# SUSTAINABLE GLOBAL DEVELOPER

DL E&C having been building the history of construction in Korea

DL E&C is the first domestic construction company established in 1939 and the construction company with the longest history in Korea. We have built major buildings in Korea, with Gyeongbu Expressway, the Seoul Subway, and the National Assembly Building as our major construction projects. We have also successfully carried out various projects abroad, including in Vietnam, and have been recognized globally. DL E&C continues to innovate and take on challenges with the goal of becoming a world-class sustainable company.



## 1939

The longest running Korean construction company  
(Founded as Burim Corporation in 1939)

## 100

Selected as one of the top 100 companies in Korea  
(The only construction company to do so continuously since 1955)

## 7,497

Sales of KRW 7,497 billion  
(Based on consolidated financial statements of 2022)





## ESG STORY

### STORY #1

#### DL E&C's ESG direction

DL E&C selected 'Sustainable Green Construction, Social Responsibility Fulfillment, and Responsible Business' as the three key strategies of ESG management to achieve the vision of 'Sustainable Global Develop,' and established and promotes detailed long-term goals for the 9 key areas.



Ulleungdo Coastal Ring Road

### STORY #2

#### Core ESG issues critically managed by DL E&C

DL E&C is focusing on environmental conservation and addressing climate change with a commitment to nurturing the environment. Among our three main strategic objectives, we are actively pursuing various initiatives to achieve 'sustainable green construction.' As part of our eco-friendly strategy, we are working on new businesses related to CCUS (Carbon Capture, Utilization, and Storage), SMR (Small Modular Reactors), ammonia, and hydrogen. In 2022, we established CARBONCO, a wholly-owned subsidiary dedicated to developing and carrying out CCUS project. Furthermore, in January 2023, we invested \$20 million in the leading 4th generation SMR developer, X-Energy, actively seeking new business opportunities related to green construction.



### STORY #3

#### ESG highlight performance in 2022

2022 was a milestone year for DL E&C's ESG committee, with initiation of substantial efforts to establish an ESG management system by activating the ESG Working Group under the board of directors and comprising executives from key departments across the company. Through this initiative, we formulated environmental management policies, biodiversity preservation, and forest conservation policies, and established Human Rights Charter based on international guidelines. Moreover, we developed an in-house system to pro-actively address supply chain risks by examining and evaluating sustainability risks of partner companies. In 2023, we plan on developing specific strategies and plans based on climate change response scenarios to achieve Net-Zero. We will rigorously fulfill our social responsibilities and obligations related to ESG management by continually monitoring trends in domestic and international ESG disclosure standards.



We will strive to achieve sustainable green construction by actively addressing the climate change crisis through the expansion of eco-friendly new businesses.



Daniel Hahm, Vice President of DL E&C

Business 2

# GLOBAL TOP-TIER SPECIALTY COMPANY

DL Chemical leading the future of the petrochemical industry based on technology

DL Chemical is a petrochemical company with a history of 49 years, leaping forward as a global leader by operating and managing production facilities around the world. We are focusing on market development by securing independent technology and selling high value-added products through various subsidiaries and related companies. Recently, we are expanding our business to overseas markets by strengthening our specialty business and acquiring Cariflex and Kraton.



Yeosu Plant



Daedeok R&D Center



Kraton, USA

## N0.1

World's No. 1 PB production capacity  
(Based on open market)

## N0.1

World's best technology  
(Global No.1 in IRL market for surgical gloves)

## 4,559

Sales of KRW 4,559 billion  
(Based on consolidated financial statements of 2022)

## ESG STORY

### STORY #1

#### “ DL Chemical’s ESG direction

DL Chemical has established the vision of ESG management as ‘We Lead the Change toward a Sustainable Future’ with the meaning of pursuing sustainable growth through future-oriented change. Also, the three strategic directions of ‘Change for the Planet (Environmental Management),’ ‘Change for People (Value Management),’ and ‘Change for Prosperity (Trust Management)’ have been announced. We plan to pursue communication and harmony with the environment, society, and stakeholders with these strategic directions. ESG vision and strategic direction are significant factors directly related to the survival and growth of the company, and we aim to operate a sustainable business by flexibly responding to ESG management trends.



**We feel a sense of social responsibility in resource recycling and the development of eco-friendly products, and pursue communication and harmony with the environment, society, and stakeholders.**

Seyoung Kim, Vice President of DL Chemical



### STORY #2

#### “ Core ESG issues critically managed by DL Chemical

DL Chemical feels a sense of responsibility for resource recycling and eco-friendly product development. We are responding to the strengthening domestic and international regulations on virgin plastic. To this end, we are promoting expansion of the development and sales of recycled products as well as striving to minimize waste generation. To secure the growth engine for new eco-friendly businesses, DL Chemical developed packaging materials that dramatically increase the use of recycled resin through utilization of high-performance virgin resin. We have acquired Kraton, which has world-class biochemical technology and products. Kraton’s chemical business division refines byproducts from pulp production to produce materials for bio-based, eco-friendly products such as biodiesel, pavement, adhesive materials, and renewable fuels. Furthermore, the adhesive materials produced by D-REX Polymer, a subsidiary joint-venture with REXtac, are free from harmful, anti-environmental substances or odor compared to other adhesive materials. They have been recognized for their eco-friendliness and harmlessness to the human body from multiple global personal hygiene product manufacturers, and have been used for personal hygiene products, vehicle interiors, and air filters.



Eco-friendly consumer products applying recycled resin

### STORY #3

#### “ ESG highlight performance in 2022

DL Chemical established the direction of its ESG activities and management system through organizational internal diagnosis in 2022. In order to establish an ESG decision-making structure at the top management level, the ESG Committee was newly established under the board of directors. Relevant ESG activities and implementation strategies for the first half of the year were reported to the committee. In addition, a company-wide ESG management strategy system including strategic tasks was derived for specific implementation and inspection and was approved by the ESG Committee. The approved strategic tasks will be implemented in 2023 according to the roadmap and management system planned by each department. Although DL Chemical is not obligated to disclose ESG information as an unlisted company, we are willing to actively respond to market demands on ESG, such as investors and customers. To this end, we decide to publish sustainability reports for transparent communication. We aim to listen to and communicate with various stakeholders and local communities to raise awareness of our ESG management.





Business 3

# GLOBAL INNOVATIVE DEVELOPER

DL Energy with capabilities in all areas of power generation from business development to financing, power plant operation, and management.

DL Energy is a global supplier focused on power and resources, investing in major power plants in developed and developing countries. We provide the best energy solutions through investment in power plants of various fuel resources such as natural gas, wind power, solar energy, and biomass. DL Energy supplies clean and safe energy at a reasonable price in line with the environment and infrastructure by diversifying its portfolio into renewable energy and supplies.



## 6.9

Energy investment performance of 6.9GW

## 1,068

Total assets of KRW 1,068 billion  
(Based on consolidated financial statements of 2022)



Pocheon CCPP, Korea



Fairview CCPP, USA



Hawa Wind, Pakistan



## ESG STORY

### STORY #1

#### “ DL Energy’s ESG direction

DL Energy aims to respond to the paradigm shift toward ESG management, which has become an integral part of global competition and corporate survival, in a preemptive manner. We will contribute to reducing GHG emissions and achieving carbon neutrality by diversifying the global renewable energy business portfolio and pursuing coexistence with various stakeholders. In addition, we are strengthening our management system through the international standard for compliance management system (ISO 37301) certification in terms of corporate governance. Furthermore, we are expanding semi-annual compliance inspections and employee compliance training as well.



**DL Energy aims to become a substantial and socially responsible energy company by solidifying the ethics and compliance management system, serving as the foundation of ESG management.**

Ga-Jin Kim, Team Leader of DL Energy



### STORY #2

#### “ Core ESG issues critically managed by DL Energy

DL Energy promotes the introduction of a preemptive system and the internalization of management to cement the ethics and compliance management system serving as the basis of ESG management. We maintained the post-certification of the compliance management system (ISO 37301) and strengthened compliance management inspections. Furthermore, we conducted semi-annual inspections and internal training in order to raise employee awareness and encourage action. Throughout these processes, we strengthen the organizational capacity of the ESG Committee to raise the level of management. DL Energy is actively engaging in the Compliance Program (CP) Operation Task Force promoted by DL Holdings. Furthermore, DL Energy will continue efforts to benchmark the cases of affiliates within the group and promote joint projects. Our relevant efforts include publication of the jointly-published fair trade handbook, strengthening capabilities in ethics and compliance management.



Compliance Management System (ISO 37301) Certification

### STORY #3

#### “ ESG highlight performance in 2022

DL Energy has not only achieved the compliance management system (ISO 37301) certification, but also has prepared mandatory identification criteria and risk assessment tables through standard documents. The efforts are geared toward discovering potential risk factors across the company and taking preemptive measures. We were able to check the risk management system for each department through the preparation of standard documents in 2022. This led to efficient improvements in consideration of circumstances at each work site. In addition, the Compliance Performance Indicator, which is a system evaluation of the compliance regime, was introduced to materialize the compliance management promotion strategy. DL Energy aims to become a substantial and socially responsible company by actively introducing various ESG management techniques and benchmarking advanced ESG management practices.



Aerial view of Yeosu Geumo-do Offshore Wind Power

Business 4

# A BETTER TOMORROW

## DL Construction creating a better place to live

DL Construction is a general construction company founded in 1956, building architecture and infrastructure based on its extensive experience and technology in various fields both home and abroad. By pursuing safe construction and high quality, we construct apartments, hotels, subways, and highways to improve the quality of life of our customers. DL Construction aims to become a company growing together with the people by promoting unlimited growth and development to realize comfortable and prosperous lives.



# NO.1

Introduction of the first officetel in Korea

# 1,962

Sales of KRW 1,962 billion  
(Based on financial statements of 2022)



Amore Pacific's distribution center in Gimcheon



Saryangyeondogyo Bridge, Tongyeong-si, Gyeongsangnam-do



e-Pyeonhansang Ocean Terrace, Suyeong-gu, Busan



## ESG STORY

### STORY #1

#### DL Construction's ESG direction

The ESG vision slogan for DL Construction in 2022 is 'DL Construction Creating a Better Living Environment, a Sustainable Green Living Partner.' Key indicators of eco-friendly policies, safety-oriented management, contribution to the local community, and maximization of shareholder value have been set to promote ESG management.



### STORY #2

#### Core ESG issues critically managed by DL Construction

DL Construction strives to internalize the core ESG issues of waste management, resource circulation, safety and health, and ethics and compliance management into its corporate culture. Accordingly, we set key performance indicators (KPIs) related to ESG issues for each department. In order to achieve advanced risk management, we quantified and managed relevant data by introducing an environmental management computer system and smart techniques. In addition, we operate a smart safety and health management system with KOSHA certification in order to strengthen safety and health management. We have also organized and are operating the Safety Management Committee and all ethics management organizations in order to strengthen the ESG-based decision-making body. In particular, we respond to compliance management risks by establishing a reporting system for ethics/compliance management by the internal control department. Relevant ethics training is conducted through online and offline communication channels to raise ethical awareness of employees.

“ We are creating a better living environment to grow together in a safe and healthy society. ”

Jun-Hang Lee, Vice President of DL Construction

### STORY #3

#### ESG highlight performance in 2022

In 2022, DL Construction conducted consulting through an organization specializing in environmental management to establish a professional and systematic management system under the three values: 'Environment-Oriented Management,' 'Value of Safety,' and 'Mutual Growth with Society.' We reorganized our system with the goal of 'Climate Change Risk Management' affecting business in the mid-to-long term in order to shift the paradigm to environment-oriented management. Also, a Chief Safety Officer (CSO) was appointed for each sector by the Safety Management Committee and safety management personnel were additionally recruited to strengthen the health and safety organization. Furthermore, DL Construction emphasizes to all employees that the ultimate goal of safety management is to respect life and prevent accidents. DL Construction plans to implement a smart safety management system and carry out company-wide campaigns. Lastly, we are operating a shared growth program including technical, financial, and management support in order to secure the sustainability of the supply chain and achieve mutual growth. We are also promoting various CSR activities. Our activities include repairing houses, providing Sweet Home-filling projects, and signing business agreement for an IHUG residential service. We are also sharing kimchi, donating PCs, and fundraising activities among employees.

Business 5

# LIFE STYLE BRAND

## GLAD Hotels&Resorts with an expertise of more than 40 years in hotel management

GLAD Hotels&Resorts has been expanding its brand lineup since 2014, starting with the opening of GLAD Yeouido, which embodies practical values and friendly service, and continuing with GLAD Mapo and GLAD Gangnam COEX Center. In addition, after a major renovation of the Jeju Grand Hotel, it has been newly reopened and operated as Maison GLAD Jeju. With the slogan "Every GLAD Moment!," we provide customers with more enjoyable experiences through special moments in everyday life, and have won the Customers Council's 'Lifestyle Hotel' category for four consecutive years.



Maison GLAD Jeju



GLAD Yeouido



GLAD Gangnam COEX Center



# 2,000

DL's hotel brand with 2,000 rooms nationwide

# 4

Brand of the Year Award in the 'Lifestyle Hotel' category for 4 consecutive years from 2019 to 2022 (Hosted by the Customers Council)



## ESG STORY

### STORY #1

#### GLAD Hotels&Resorts’s ESG direction

Based on the slogan of ‘Every GLAD Moment!’, GLAD Hotels&Resorts is striving to bring pleasure and satisfaction to its employees, customers, and local communities. We are leaping forward as an ‘Eco-Friendly Hotel’ through various eco-friendly activities such as using bottled water, reducing disposables by installing large-capacity dispensers, and plugging events for the environment.



Upcycled uniforms

### STORY #2

#### Core ESG issues critically managed by GLAD Hotels&Resorts

As a tourism and lodging business that owns and operates hotels, GLAD Hotels&Resorts plays an important role in ensuring the safety of not only employees but also guests visiting our hotels every day. Therefore, we are paying keen attention to achieving zero safety accidents that may occur to workers and customers at the hotel. The risk of accidents is reduced by conducting safety inspections quarterly instead of semi-annually. Furthermore, we plan to establish and implement our own training plan on a semi-annual basis to minimize damage in the event of a safety accident.

“ We are solidifying our determination in practicing ESG management by further expanding and continuously promoting eco-friendly activities to the point of contact with customers.

Ju-Young Lee, Director of GLAD Hotels&Resorts

### STORY #3

#### ESG highlight performance in 2022

Social awareness and demands for ESG have increased, but some customers may view engagement in eco-friendly activities negatively. In response, we are further strengthening our commitment to ESG management by expanding customer contact points and continuing to promote various eco-friendly room products and campaigns. Going forward, we plan to strengthen our eco-friendly activities by expanding the use of renewable energy such as solar power, replacing lighting in our hotels with LEDs, and actively engaging in activities to protect the environment in local communities.



Eco-friendly amenities (Bamboo toothbrush, solid toothpaste, etc.)

# DL GROUP'S SUSTAINABLE MANAGEMENT STRATEGY

DL Holdings has set specific directions and key tasks for each field of Environment (E), Social (S), and Governance (G) to achieve the company's ESG vision of 'A Global Developer Creating a Better Future.' In order to shift the business paradigm to eco-friendly business, we aim to contribute to achieving carbon neutrality by 2050 and a sustainable environment by expanding related businesses according to our eco-friendly portfolio, reducing resource waste, and enhancing eco-friendly materials and technology. In addition, we prioritize quality and safety based on the value of respect for life, creating various social values that can be mutually beneficial and trusted. We will strengthen the group's ESG management capabilities, and advance ethics and compliance management. Furthermore, we plan to secure the foundation and drive for sustainable growth by securing transparency in the governance structure centered on the board of directors for these ESG activities to be carried out in organic and effective manner.



Eliminating waste of resources and adding technology to contribute to a sustainable environment

Prioritizing quality and safety to create mutually beneficial and trusted social values

Practicing Ethical Management and complying with laws and principles to pursue sustainable growth



# ESG FUNDAMENTALS

24 → 30

24	Governance
27	Ethical Management
30	Information Security

02

# Governance

In order to maximize management transparency and efficiency, DL Holdings stipulates the Corporate Governance Charter as the highest governance standard. We make decisions based on expertise through decision-making bodies, including the board of directors and subcommittees, to protect the rights and interests of shareholders and stakeholders, and practice sustainable management.

## Board of Directors

The board of directors is the company's highest decision-making body. It is responsible for establishing and periodically monitoring the company's management goals and performance. In addition, the board of directors plays an important role of reflecting shareholder opinions in management activities through communication with shareholders and investors, and supervising and making decisions on pending management issues. The board of directors consists of a total of five directors, including one executive director, one non-executive director, and three independent directors. The board of directors is chaired by the executive director Jong Hyun Kim, who is also serving as the CEO. He was appointed as the chairperson in recognition of his expertise in corporate management. In addition, the board of directors regulations are stipulated to deliberate and decide on matters related to general shareholders' meetings, management, finance, and directors. A total of 10 board meetings were held in 2022, with various non-financial risk management agendas including management plans, compliance activities, introduction of an electronic voting system, establishment of an ESG Committee within the board of directors, operation of CP (Compliance Program) were reviewed as well as agendas regarding financial risk management.

## Independence of the Board of Directors

DL Holdings has prepared and implemented regulations in terms of director candidate recommendation and appointment, providing information on matters related to the board, and protecting the rights of minority shareholders in order to maintain the independence of the board of directors. In particular, since ensuring fairness and independence in recommendation and appointment of director candidates is a very important issue, the NR Committee<sup>1)</sup> has been established and operated to secure independence in selecting candidates for independent directors. Directors are appointed at the general shareholders' meeting, and executive director candidates are selected by the board of directors while independent director candidates are selected by the NR Committee before being submitted to the shareholders' meeting. Furthermore, when there is a shareholder proposal regarding the appointment of directors, we spare no efforts to protect the rights of minority shareholders.

## Expertise of the Board of Directors

In accordance with Article 5 of the DL Holdings' Corporate Governance Charter on expertise of directors, the board of directors consists of executive directors with both expertise and experience and independent directors with expertise in a variety of fields such as accounting, finance, and brand. In particular, the NR Committee comprehensively verifies the expertise, sense of responsibility, and disqualification of candidates for independent directors, and selects persons capable of making practical contributions to corporate management as the final candidates. DL Holdings will continue to attract responsible and competent personnel as directors to establish a sustainable governance structure.

## Composition of the Board of Directors

(As of the end of March 2023)

Name	Category	Gender	Title	Field of Expertise	Major Career	Period
Jong Hyun Kim	Executive director	Male	CEO Member of Finance Committee	Management	(Current) CEO at DL Chemical Co., Ltd. (Former) CEO of LG Energy Solution Co., Ltd.	2022.12.01. ~ 2025.12.01.
Hyun-Sik Shin	Non-executive director	Male	Chair of NR Committee Member of Finance Committee	Law	(Current) Head of Legal Division, DL Chemical Co., Ltd. (Former) Attorney, Shin & Kim LLC	2021.01.04. ~ 2024.01.04.
Woo-Seok Choi	Independent director	Male	Chair of Audit Committee Member of ESG Committee Member of Finance Committee	Accounting (Professor)	(Current) Independent director, SK Innovation Co., Ltd. (Current) Professor, Korea University Business School	2023.03.24. ~ 2026.03.24.
Young-Myung Lee	Independent director	Male	Chair of ESG Committee Member of NR Committee Member of Audit Committee	Finance	(Current) CEO, Forest Partners Ltd.	2021.01.04. ~ 2024.01.04.
Yoon-Jung Lee	Independent director	Female	Member of ESG Committee Member of Audit Committee Member of NR Committee	Brand	(Current) Director, Noblesse Media International Inc.	2021.01.04. ~ 2024.01.04.



Number of board meetings convened

10 times

1) NR Committee: Nomination and Remuneration Committee



### Board Performance Evaluation and Remuneration

DL Holdings conducts board evaluation once a year. The evaluation items consist of nine questions in the three areas of board composition, independence, and operation. The evaluation results are used as data for improving board operation. The evaluation results are disclosed on the company website. Remuneration for directors is decided by a resolution at the general shareholders' meeting after approval of the annual remuneration limit by the NR Committee. Remunerations for independent directors are paid at a fixed salary of KRW 60 million per year, and individual differences or separate stock options are not provided. Remuneration is decided in consideration of the legal responsibility of the directors, the time of performance of duties, and the level of remuneration within the same industry. If the introduction of an evaluation for independent directors is decided in the future, we will review a plan to use the evaluation results in determining remuneration.

### Independent Director Training

DL Holdings conducts training for independent directors to assist them in seamlessly fulfilling their roles expected by the company based on their expertise. In 2022, three independent directors participated in training on systems, laws, understanding of major management issues, and the compliance management system necessary to enhance the expertise of ESG management consulting.

#### Status of Independent Director Training

Topic	Title	Hosted
Reinforcement of compliance management	Compliance management system	Korea Compliance Initiative
Strengthening financial risk supervision	Establishment and operation of consolidated internal accounting management system	KPMG Samjong Accounting Corp.
Reinforcement of auditing role	Core audit system and roles of the Audit Committee	KPMG Samjong Accounting Corp.
Fostering female independent directors	Expert course for female independent director	Ewha Woman's University Graduate School of Business

### Committees under the Board of Directors

DL Holdings delegates certain areas of the board's decision-making to committees to improve the expertise and efficiency of the board's work. In accordance with the board's regulations, the board consists of the Audit Committee, ESG Committee, NR Committee, and Finance Committee. In particular, the Audit Committee and ESG Committee, requiring strong independence from the management, consist entirely of independent directors to ensure the independence of the board.

#### Composition of Committees under the Board (As of the end of December 2022)

	Roles (Delegated by the board)	Composition	2022 operation status
Board of Directors	Audit Committee	Conducting audit work independently from the management and controlling shareholders	3 independent directors 7 times
	ESG Committee	Approval of large-scale internal transactions and review of self-dealing with directors and others, review of shareholder value and rights and interests, and review of ESG management issues	3 independent directors 7 times
	NR Committee	Recommendation of candidates for independent directors, establishment of compensation policy, and review of decisions	1 non-executive director 2 independent directors 2 times
	Finance Committee	Deliberation and resolution of matters delegated by the board of directors regarding matters directly related to the company's financial issues, such as financing and investment	1 executive director 1 non-executive director 1 independent director

### ESG Committee

DL Holdings changed the existing Governance Committee to the ESG Committee in 2022, expanding and reorganizing the roles of the committee. We are striving to enhance corporate value based on the social roles and responsibilities of the company by strengthening ESG management at the group level by establishing a governance system that can promptly respond to ESG issues. The expanded and reorganized ESG Committee performs the role of ESG management advisory and supervision, including enhancement of shareholder value and review of adequacy of internal transactions, which used to be handled by the Governance Committee. Major agenda items include review of ESG policy goals and action plans, management and review of ESG activities, major management issues with significant impact on shareholder value and rights, and review of the adequacy of internal transactions under the Fair Trade Act. In 2022, the ESG Committee has convened a total of seven times to propose reporting agendas on the ESG management performance of subsidiaries, the DL Group's CP (Compliance Program) operation evaluation system, and domestic ESG disclosure processes.

#### ESG Committee Composition by DL Subsidiaries

DL Holdings	DL E&C	DL Chemical	DL Energy	DL Construction
3 independent directors	3 independent directors	2 independent directors, 1 executive director	Operation of in-house consultative body	Sustainability management meeting chaired by the CEO

#### Major Roles and Activities of the ESG Committee at DL Holdings

Roles	Major Activities	Time	Engaging Companies
Deliberation of ESG-related policy goals and action plans	Establishment of ESG policies and reporting of major action plans	June	DL Holdings and major subsidiaries
	Monitoring and reporting on ESG activities	December	
Management/supervision/evaluation/review of ESG activities	Investment business ESG risk management supervision, etc.	Ongoing	DL Holdings
	Review in case of occurrence of ESG-related risks, etc.	Ongoing	DL Holdings and major subsidiaries



ESG Committee convened

7 times

### ESG Committee Supporting Organization

DL Holdings operates a support organization under the ESG Committee in order to effectively support the work of the ESG Committee. The support organization assists the ESG Committee in preparing agendas and materials for prior review by members. The organization also plays the role of reporting related pending issues to the Committee in cooperation with executive organizations managing business development, finance, and compliance.

#### ESG Committee Support System



▲ ESG Committee

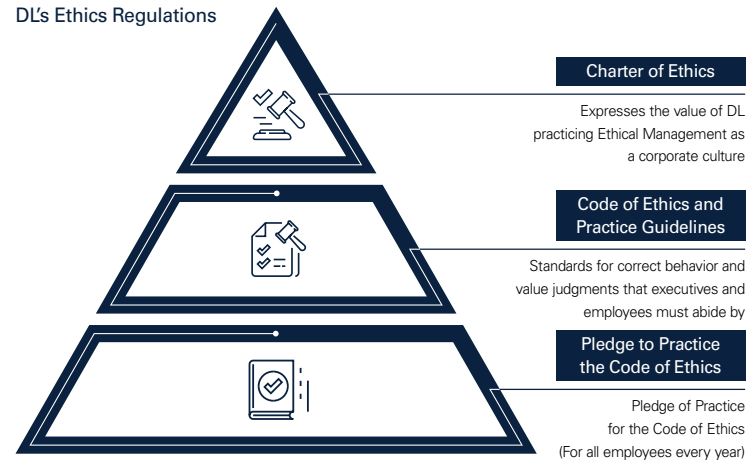
# Ethical Management

DL Holdings practices Ethical Management based on the strict principles stipulated by the company, such as the Code of Ethics and Compliance Management Policy, to comply with laws and regulations regarding the overall business environment. In particular, we operate ethics management campaigns, compliance management systems (ISO 37301) and fair trade compliance programs to actively practice Ethical Management and embody it in the corporate culture. We will keep the basic rules as a core value of DL, practicing Ethical Management to become the global best.

## Ethics Management

DL Holdings has been practicing ethical management since its establishment based on the founding philosophy of honesty and trust. After the enactment and declaration of the Code of Ethics in 2000, the Code of Ethics Practice Guidelines have been continuously revised and distributed. This enables each employee to internalize ethics management and prepare a foundation for continuous growth to compete in the global market. In addition, the CEO's determination to practice ethics management is expressed both internally and externally. Furthermore, systematic ethics management activities are promoted under the guidance of the board of directors consisting of independent directors.

### DL's Ethics Regulations



DL's ethics regulations consist of the Charter of Ethics, the Code of Ethics and Practice Guidelines, and the Pledge to Practice the Code of Ethics.

## DL Charter of Ethics

DL has enacted the Charter of Ethics to express DL's values of practicing Ethical Management as a corporate culture.

With full awareness that integrity management is the driving force of corporate competitiveness, we, the employees of DL, are determined to enact and practice the Charter of Ethics as the standard of value assessment and code of conduct to build integrity and trust-based corporate culture.

Based on integrity and trust, we dutifully observe the internal rules of ethics and applicable laws and take the initiative in building an honorable and principled corporate culture.

We respect our customers and value their confidence. In addition, we achieve customer satisfaction and gain their trust by providing services which can create customer values.

We practice fair competition in all business activities and pursue mutual benefits and prosperity by building mutual trust and cooperative relationship through open and transparent transactions.

We respect our employees, make our best efforts to provide opportunities to nurture creativity and conduct impartial evaluation.

We protect shareholders' profits, create a comfortable and prosperous life for customers and contribute to community development by evolving into a dependable company through rational business activities.

## Ethics & Compliance Practice Pledge

In 2022, all employees of DL Holdings signed a pledge to practice the Code of Ethics and practice compliance management. This is a pledge to be well aware of our Code of Ethics and Practice Guidelines, Fair Trade Autonomous Compliance Program Practice Guidelines, and Compliance Management Policy, to faithfully comply with related regulations, and actively engage in ethics and compliance management. Signing this pledge contributed to the establishment of a global-level Ethical Management culture, recognizing that employees themselves have become entities of ethics and compliance management, contributing to the settlement of Ethical Management culture on a global level.

## Compliance Management

DL Holdings has enacted, disclosed, and implemented responsible compliance management policies to practice Ethical Management. The duties and responsibilities to be observed by the company and employees are specified respectively. The roles of deliberation, management, and supervision of compliance management are played by governing bodies such as the board of directors, Audit Committee, and ESG Committee. In order to establish a compliance management policy and risk response system at a global level, four companies of the DL Group have jointly obtained the international standard compliance management system (ISO 37301) certification. This expresses the group's commitment to compliance management. In addition, we are fostering a dedicated compliance management expert group and internalizing the compliance management system to advance the compliance management system.

### Compliance Management System (ISO 37301) Certification

DL Holdings is carrying out continuous improvement activities to advance the compliance management system at the group level after the acquisition of the compliance management system (ISO 37301) certification. In the first quarter, the 2023 risk evaluation table was updated according to the management evaluation of 2022 risk control activities and environmental and regulatory changes. Based on the update, all four companies, including the holding company, were able to maintain qualifying the ISO certification through internal and external follow-up examinations in the second quarter. The management and governing bodies ensure continuous improvement and effective operation through periodic reviews of the content and results of the compliance management system.

### Fostering Group Compliance Management Experts

In order to establish and lead the group's compliance management system, DL Holdings fosters compliance management experts and operates a Compliance Management Taskforce. ISO 37301 certification auditor training was conducted for 15 persons from 7 companies, and all acquired certification auditor (Sub) qualifications. The Compliance Management Taskforce continues to improve the compliance management system by benchmarking advanced companies and sharing best practices with each company. The task force also contributes to advancing the compliance management system by improving the level of review by conducting activities such as establishing an internal review checklist and establishing an operation manual, as well as conducting internal reviews for each company. In particular, the Compliance Management Taskforce provides consulting and training related to the overall compliance management system operation in internal audits of each company's compliance management system, such as identifying duties and assessing risks, defining control activities, and establishing goals. The task force contributes to improving each company's compliance management system operation capability through such activities.



▲ Compliance Management System (ISO 37301) Certification

## Ethics and Compliance Training

DL Holdings operates training programs for each of three areas: training on major laws such as the Fair Trade Act, legally required training such as prevention of sexual harassment, and training according to management needs in order to raise employees' awareness of ethics and compliance. A total of 14 training sessions were conducted in 2022, and training satisfaction level and improvement needs are reflected in the next year's training plan through a survey. In 2023, we plan to strengthen training for the establishment of ESG management, such as business development, training on Trademark Law, and compliance management expert group training. In addition to training in 2022, DL Holdings conducted a 'No Holiday Gift' campaign led by the compliance manager to establish a fair and clean corporate culture. We will continue to make efforts to establish a company-wide ethics and compliance culture.

### Disciplinary System for Ethics Violations

At our company, all matters received through the integrated reporting center are managed by the Compliance Management Division, which is a division dedicated to compliance. When a report is received, relevant persons are investigated according to the regulations and procedures. If a violation is found, personnel measures such as disciplinary actions are taken through the NR Committee.

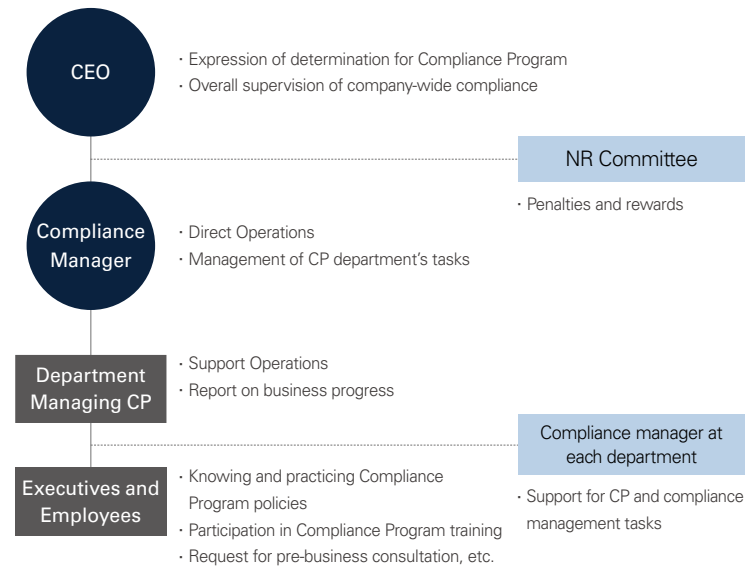
### Operation of an Integrated Reporting Center

DL Holdings operates an internal and external reporting system that allows employees to report unreasonable demands, bribery and entertainment, unfair practices, violations of the law, sexual harassment, and workplace harassment. Reports are made in a variety of ways, including by phone, e-mail, postal mail, and mobile. Guidelines on the reporting channels can be referred to through the website. A separate whistle-blowing system (D-Clean) was installed in the in-house groupware in 2022 to ensure flexibility to prevent employees from being restricted by time, place, or reporting method. In addition, the 'Informant Identity Protection and Confidentiality Pledge' is signed for the informant to be guaranteed complete confidentiality in receiving and handling reports. A total of four reports were received in 2022 through the integrated reporting center. These reports were requested for handling grievances related to our affiliates, such as subcontract settlement negotiations and residential facility defects. When reports on our affiliates are received by the company, the reports are transferred to and handled by affiliates' report handling departments. The results are then reported to DL Holdings.

## Operation of Compliance Program (CP)

DL Holdings has been continuously operating CP training, inspection, and pre-business consultation processes since the introduction of Compliance Program in 2003 to comply with fair trade act. After the launch of the holding company in 2021, we have been establishing and operating our unique CP operation systems, such as the group's own CP operation evaluation system and the group CP expert taskforce system.

### Compliance System



### Components of Compliance Program

<b>01 Construction of CP</b>	<ul style="list-style-type: none"> <li>Establishment and implementation of CP standards and procedures</li> <li>Determination and support of the CEO for Compliance Program</li> <li>Appointment of a Compliance Program in charge of CP operation</li> </ul>
<b>02 Diffusion and Propagation of CP Culture</b>	<ul style="list-style-type: none"> <li>Production and use of self-compliance handbook</li> <li>Continuous and systematic Compliance Program training</li> </ul>
<b>03 Operation of CP</b>	<ul style="list-style-type: none"> <li>Establishment of an internal monitoring system</li> <li>Sanctions against employees violating fair trade laws and regulations</li> </ul>
<b>04 Evaluation and Feedback</b>	<ul style="list-style-type: none"> <li>Effectiveness evaluation and improvement measures</li> </ul>



▲ Major CP activities

## Self-Compliance Organization

### All DL Subsidiaries under the Corporate Group

#### 01 Holding company legal compliance process

Prior consultation in case of new investment, change of executives, change of company stock, merger/split, and other important management decisions (a total of 70 consultations in 2022)

#### 02 Corporate group regulatory policy management process

Production and distribution of guidelines, including regular reporting obligations to be observed as a company belonging to a corporate group, investment restrictions, prohibition of debt guarantees, prohibition of provision of unfair profits, etc., regular training/inspection, monitoring, and pre-business consultations

#### 03 Disclosure leading company system

The parent company of the investment is designated as the disclosure leading company in order to comply with the disclosure of investment and project subsidiaries such as SPC and PFV, strengthening the disclosure capacity of small subsidiaries through training, inquiry/advice, and inspection.

#### 04 Internal transaction adequacy review system

Supervision of internal transaction transparency management through prior review and approval process in case of internal transaction occurrence (all DL subsidiaries have their own review systems)



### Major DL Subsidiaries under the Corporate Group

#### 05 DL Group CP operation evaluation system

As the DL Group's policy of regularly self-evaluating CP operation performance, the level of CP operation as a whole is maintained through open evaluation (using the Fair Trade Commission's CP Regulations and the Korea Fair Trade Mediation Agency's CP Rating Guidelines)

#### 06 DL CP expert taskforce system

Instead of operating individually, each company efficiently performs overlapping CP tasks through collaboration and creates DL's own best practice

- Major Performance
- Evaluation of group CP operation
  - Production of common handbooks and training materials/fair trade newsletter
  - Reflection of policy and law revisions, etc.

# Information Security

DL Holdings systematically manages information acquired, processed, and produced through various channels in order to protect our information assets and the interests of stakeholders. Furthermore, a thorough security system is established and managed to prevent the loss, theft, leakage, falsification, damage, misuse, etc. of information.

## Information Security Regulations

DL Holdings responds to information security-related laws and regulations such as intellectual property rights and personal information security as well as other contractual demands. Our efforts include enacting information security regulations, managing and protecting the company's information assets from threats such as misuse, damage, falsification, and leakage of information. Our information security regulations include information asset management guidelines, the scope of protected assets, related personnel, security inspection and management, and accident response procedures. In addition, the scope of compliance targets includes company-wide employees, company visitors, related company employees, special persons in contractual relationships with the company, and all information assets owned by the company.

## Information Security Management System

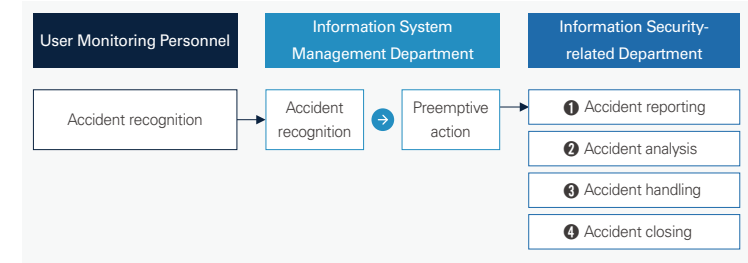
The information security organization at DL Holdings consists of the Chief Information Security Officer (CISO), information security department, and information security manager under the direct control of the CEO. In addition, each department is given a role for its information security to systematically manage information security activities.

### Responding to Information Security Incidents

DL Holdings inspects information infringement risk factors on a regular or irregular basis, managing information security status through information security monitoring personnel and the information system management department. In case of information security infringements, it is stipulated to immediately report incidents to the department in charge of information security. If the incident is not urgent, the information system management department will take prompt action and report it. The department in charge organizes an accident response team for accident investigation and analysis, responding accordingly to the diagnosis of the incident and taking measures to prevent recurrence. As a follow-up response after incident handling, the information security incident is shared within the company, and action is taken against violators in case of violation of regulations.



## Information Security Incident Response Process



## Personal Information Protection

DL Holdings has established internal management regulations for personal information protection to systematically manage all personal information collected, created, used, provided, etc. by the company. The regulations apply to internal employees, affiliate employees, and external company employees handling personal information. A personal information management organization is formed with the Information security Manager and a related department under the CEO, which plays the role of communicating and managing the manager in each department. We conduct legally compulsory training on personal information protection once a year for company-wide employees, striving to prevent personal information accidents by inspecting the current status of personal information protection management every year.

## Information Security Campaign

DL Holdings raises employees' awareness of information security by ensuring that they are aware of the information security policy and encouraging them to sign a practice pledge. In particular, information security campaigns are conducted regularly to ensure that information security is a part of employees' everyday life, and information security activities are frequently provided through groupware. In 2022, awareness was raised on what executives and employees should be cautious of in using AI tools posing information security risks, such as the sensational Chat GPT. We are encouraging information security practices in line with major situations.





# APPROACH TO ESG MATERIAL TOPICS

32 → 71

32	2022 DL Material Topics	52	<b>TOPIC 3</b> Enabling the Circular Economy
34	<b>TOPIC 1</b> Preventing Worker Safety Accident	58	<b>TOPIC 4</b> Driving Eco-Friendly New Business
46	<b>TOPIC 2</b> Responding to Global Climate Change	64	<b>TOPIC 5</b> Building a Culture of Respect for Human Rights

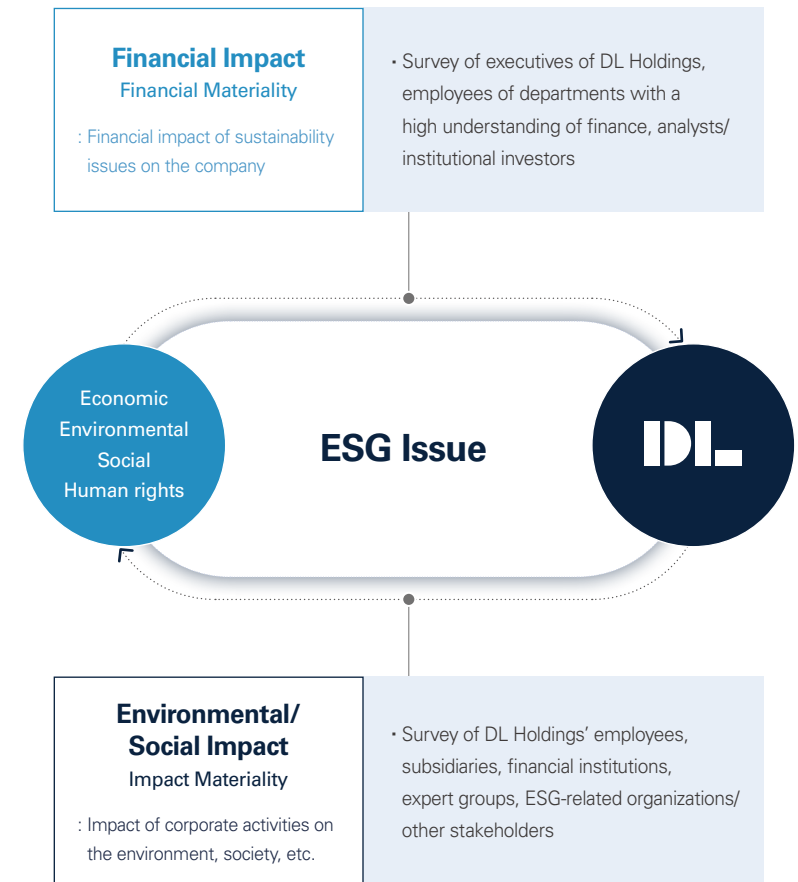
03

# 2022 DL Material Topics

## Double Materiality Assessment Process

DL Holdings conducted a double materiality assessment considering financial, environmental and social impacts in order to assess the impact of corporate activities on the environment, society, and business/economy. Double materiality is the process of identifying material topics that considers not only the environmental and social impacts of a company’s social activities but also corporate value and financial impacts from an external perspective. DL Holdings closely analyzed ESG evaluation indicators, benchmarking cases of advanced companies, and trends in ESG issues in addition to stakeholder surveys, and applied weight separately for the holding company and subsidiary companies in reviewing media reports to select DL Holdings’ final 8 material topics. DL Holdings is building a management system for material topics, such as reporting material topics and the contents disclosed in the sustainability report to the board of directors for review, approval, and review of non-financial risks.

<b>STEP 1</b> Developing a Sustainability Management Issue Pool	A pool of 22 sustainability management issues was formed through a comprehensive analysis of international ESG standards and evaluations (MSCI, GRI, UN SDGs, etc.), benchmarking analysis results of advanced holding companies, and materiality test results of DL Holdings.
<b>STEP 2</b> Materiality Assessment	A survey was conducted on internal and external stakeholders of DL Holdings in order to decide the priority of the issue pool, carrying out media analysis and benchmarking analysis, etc. to select issues with potential positive or negative impact on DL Holdings in terms of financial, environmental, and social aspects.
<b>STEP 3</b> Selection of Material Topics	8 material issues requiring intensive management were selected through a comprehensive analysis of the likelihood of an issue and its impact upon occurrence.
<b>STEP 4</b> Evaluation of Impact of Material Topics	The impact of material issues, risk, and opportunity factors are analyzed, and the results of the analysis are reflected in DL Holdings’ decision-making to establish response strategies and systems.
<b>STEP 5</b> Response to Material Topics	The direction, policy, activity performance, and improvement plan are discussed and reported to the board of directors. The management approach, response activities, and future plans for each material topic are disclosed through the sustainability report.





## Double Materiality Assessment Results

DL Holdings identified 8 issues of the greatest importance as a holding company to manage them as core response areas, dividing them into strategic mid-to long-term response areas according to materiality ranking. Reporting boundaries are set for affected stakeholders for the eight material issues identified, closely managing them in connection with international standards.



### Environment

- Climate change
- Eco-friendly products and technologies
- Air pollution
- Biodiversity
- Waste management and resource circulation
- Hazardous chemical substances
- Water resources

### Society

- Health and safety
- Human rights
- Employment and labor relations
- Social contribution
- Supplier ESG management
- Talent management
- Win-win growth
- Diversity and inclusion

### Governance, Management/Economy

- Ethics/compliance management
- Governance
- Information security and privacy
- Integrated risk management
- Business portfolio
- Product and service quality
- Shareholder rights protection

Ranking	Material Topic	Issue Details	Impact on Subsidiary					Page
			DL E&C	DL Chemical	DL Energy	DL Construction	GLAD Hotels&Resorts	
1	Health and safety	Prevention of occupational accidents and risks, implementation of safety measures	●	●		●	●	34p
2	Ethics/compliance management	Prevention of corruption, monitoring of compliance with laws, operation of ethics reporting channels	●		●			27p
3	Climate change	Greenhouse gas emission management, energy management and renewable energy use	●	●	●			46p
4	Business portfolio	Discovering new business, diversifying business portfolio	●	●	●			10p
5	Governance	Securing board transparency/independence/professionalism, board-level ESG management						24p
6	Waste management and resource circulation	Waste discharge management, recycling for resource circulation	●	●		●	●	52p
7	Eco-friendly products and technologies	Developing eco-friendly products/services and technologies		●	●	●	●	58p
8	Human rights	Compliance with human rights standards based on global standards, prevention of human rights violations	●				●	64p

※ As a result of the double materiality assessment, the human rights issue, which was ranked 12th, was not included in the core response items according to the evaluation results, but the DL Holdings, the holding company with subsidiaries consider the topic to have high priority in the ESG issue pool. With the social importance of “human rights management” emphasized in 2022, the topic has been classified as a pivotal material topic that needs to be addressed.

MATERIAL  
TOPIC

01

# Preventing Worker Safety Accident

With the enforcement of the Serious Accident Punishment Act in January 2022, obligations and punishments for securing the safety rights of workers and citizens and preventing serious accidents have been strengthened. In particular, as a significant portion of severe accidents occurs in the construction industry, the demand for occupational safety is growing for domestic construction companies. There is an increasing number of introductions in safety and health management systems utilizing digital technologies and startup investment to develop technologies related to accident prevention in order to preemptively respond to occupational accidents. Furthermore, with the introduction of the concept of 'serious civil disaster,' the scope of punishment under the Serious Accident Punishment Act includes not only accidents that occurred to workers, but also safety accidents caused by defects in raw materials, design, manufacturing, and management. This emphasizes increased obligations to ensure safety and health and social responsibilities of corporations.

**Risk**

- Response measures required due to heightened social interest in safety and health due to the enforcement of the Serious Accident Punishment Act.
- Possibility of hazardous chemical management issues and safety accidents due to the nature of construction and chemical businesses
- Lack of communication between management and working-level staff in making decisions on safety and health risk management for supplier

**Opportunity**

- Increased corporate value by managing suppliers' ESG risks and expressing commitment to sustainable management as a holding company
- Responding to occupational accident risks in advance through investment in safety facilities, strengthening training, and securing professional manpower

**Topic Materiality** (Unit: Points)

Financial Impact

95.5

Social/Environmental Impact

68.6

PERFORMANCE

**2,340** persons

Number of Participants in Safety Experience Center



DL E&C

**Achieved P Grade in PSM\*** evaluation

Proved the Highest Level of Safety Management Through Achieving the P Grade, the Most Outstanding Grade

\* Process Safety Management (PSM): An examination system of the Ministry of Employment and Labor aimed at continuous management of processes and facilities to prevent serious occupational accidents in workplaces with harmful or dangerous facilities



DL Chemical

**KOSHA-MS Certification**

Safety and Health Management System Certification by the Korea Occupational Safety and Health Agency



DL Construction

**62** cases

Number of Industrial and Civil Disaster Risk Factor Improvement



GLAD Hotels&Resorts

STRATEGIC APPROACH

DL has declared safety and health management at the group level to ensure the healthy life enjoyed by its employees and create a working environment to promote safety and health, establishing a company-wide integral safety and health management system through organizing a dedicated safety and health organization for each affiliate. In particular, safety and health policies and detailed guidelines reflecting the characteristics of each industry are prepared and followed. We are operating a systematic and specialized safety and health system at a global level through the introduction of international standards ISO 45001 (Safety and Health Management System), KOSHA-MS, and PSM (Process Safety Management) system. In addition, we are striving to create a safe workplace through smart safety management using IT, operation of Safety Experience Center, and support for safety management by our partners.

LINK TO UN SDGs

- 3.6.** Reduction of deaths and injuries from road traffic accidents
- 8.8.** Protection of workers' rights and expansion of safe and stable working environment



# Preventing Worker Safety Accident

## Safety and Health Policies and Guidelines

DL recognizes that safety and health is an essential factor for the sustainable growth of a company and is sparing no efforts to building a working environment and safety culture to ensure a healthy life for its executives and employees. In particular, with strengthened safety management regulations following the government's enforcement of the Serious Accident Punishment Act, we have prepared safety and health policies and regulations for each affiliate, operating an organization system dedicated to safety and health. In addition, for affiliates that fall under the Occupational Safety and Health Act, safety and health plans are reported to the board of every year, autonomously establishing and implementing safety and health goals and strategies according to each company's key issues. Furthermore, in order to prepare a safety and health system on a global level, we promote systematic and advanced safety and health management through the introduction of the international standard safety and health management system ISO 45001, KOSHA-MS, and PSM (Process Safety Management).

### Safety and Health Certification Acquired by each Subsidiary

<b>DL E&amp;C</b>	<p><b>Certification</b> ISO 45001</p> <p><b>Effective Period</b> 2020.10.01. ~ 2023.09.30.</p>
<b>DL Chemical</b>	<p><b>Certification</b> ISO 45001</p> <p><b>Effective Period</b> 2023.05.11. ~ 2026.05.10.</p>
<b>DL Construction</b>	<p><b>Certification</b> KOSHA-MS</p> <p><b>Effective Period</b> 2021.12.08. ~ 2024.12.07.</p>

### Safety and Health Policy and Organizational System by Subsidiaries

Category	Safety and Health Policy	Safety and Health Organizational System
<b>DL E&amp;C</b>	<p><b>Building a safe society</b></p> <ul style="list-style-type: none"> <li>- Reinforcement of safety management- responsibility for management</li> <li>- Selection of high-risk work spots and compliance check</li> <li>- Achievement of zero safety accidents related to equipment</li> <li>- Reinforced weekend/holiday work management</li> </ul>	Establishment of safety and health policies and implementation plans for each business division by organizing safety and health organization around the CSO (Chief Safety Officer)
<b>DL Chemical</b>	<p><b>Zero-accident, eco-friendly management based on global leadership prioritizing safety, health, and the environment</b></p> <ul style="list-style-type: none"> <li>- Zero human accidents and facility safety accidents</li> <li>- Building a complementary safety culture</li> </ul>	The HSE Committee chaired by the CEO is operated, and the safety and health plan is reported to the board of directors once a year
<b>DL Construction</b>	<p><b>Achievement of zero accidents through reinforcement of preventive activities</b></p> <ul style="list-style-type: none"> <li>- Intensive management of accident-prone factors</li> <li>- Reinforcement of safety and health organization</li> <li>- Strengthening the foundation of safety and health activities</li> </ul>	Expansion and reorganization of safety and health-related organizations into the Safety Management Committee consisting of three CSOs (Chief Safety Officer), and the Safety and Health Support Team under the Committee, and Safety Parts under each division
<b>GLAD Hotels&amp;Resorts</b>	<p><b>Realization of top priority values of safety and health</b></p> <ul style="list-style-type: none"> <li>- Compliance with relevant laws and regulations</li> <li>- Evaluation and improvement of risk factors</li> <li>- Reinforcement of safety capabilities of all employees</li> <li>- Periodic inspection and improvement</li> </ul>	Organization of Occupational Safety and Health Committee composed of representatives of the company and employees to hold regular quarterly meetings



## Safety and Health Management Certification

DL is autonomously operating the international standards ISO 45001 (Safety and Health Management System), KOSHA-MS, and PSM (Process Safety Management) systems according to the business site situation at each affiliate in order to practice systematic and specialized health and safety management on a global level in line with the changing industrial environment.

### Safety and Health Management System Certification

DL E&C and DL Chemical have obtained ISO 45001, an international standard, to meet safety and health management system requirements. Affiliates that have obtained certifications are promoting systematic safety and health activities at each business site through periodic internal reviews, evaluations, and training. DL Construction acquired and operates KOSHA-MS certification designed to conform to the domestic business environment in December 2021. DL Construction is promoting systematic safety and health activities aligned in a virtuous cycle of declaration of safety and health directions and policies, establishment of a systematic implementation plan (P), followed by support (S), execution (D), inspection (C), and improvement (S). DL Construction plans to acquire ISO 45001 sequentially in the future based on the KOSHA-MS certification.

HIGHLIGHT

**Strengthening Process Safety Management (PSM)**

DL Chemical operates Process Safety Management (PSM) in order to prevent major occupational accidents caused by fire, explosion, and leakage of hazardous chemicals. Preventive diagnosis and investment are carried out in process facilities every year, and outdated facilities are improved to ensure the soundness and safety of assets. In addition, education and training on the 12 PSM elements are conducted in parallel in order to raise the level of awareness and implementation of PSM by those in charge of performing relevant tasks. DL Chemical has developed and is operating OEMS<sup>1)</sup>, a company-wide management system meeting domestic safety, health, environment, and quality laws in addition to the international standards of ISO and PSM promoting advanced health and safety management. OEMS follows international standards ISO 9001, 14001, and 45001, and manages safety risks by expanding the scope of application to stakeholders affected by overall management activities, including customers, employees, government, regulatory agencies, and local communities. In order to meet the demands and expectations of stakeholders, safety and health hazards are analyzed through internal reviews every year, ensuring that all executives and employees are actively participating in safety and health management.



▲ DL Chemical's Site Safety Management



1) OEMS: Operational Excellence Management System

## Safety and Health Risk Management

DL recognizes potential risk factors according to the safety and health risk evaluation system and standards applied to each affiliate and evaluates the severity of risks to decide on priorities for improvement. The identified risk factors are removed or minimized according to each company's safety and health procedures.

### Introducing High-risk SPOT Management System at Construction Sites

DL E&C has introduced and operates the 'High-Risk SPOT Management System' in order to prevent accidents at construction sites and monitor measures and implementation status in real-time to reduce risks. Hazardous work sections are entered into the safety health system, and confirmed, inspected, and monitored in the sequence of the supervisor, site manager, and headquarters. Also, based on the cause analysis of safety accidents that occurred in 2022, measures for recurrence prevention, and improvement plans, DL E&C is planning and implementing common safety and health goals and detailed action plans for the three business divisions. DL E&C will continue our efforts to create a safe construction site by further strengthening the headquarters control, inspection, and real-time control for areas with high potential for accidents in the future as well as supplementing the construction machinery equipment management process.

### High-Risk SPOT Management Process



### Audit by Headquarters and External Professional Agencies

DL Chemical conducts the HSE audit once a half year, supervised by the safety and health team at the head office, aimed at preventing serious accidents in advance. DL Chemical works with external experts in each sector, including safety, health, environment, and firefighting, to identify and improve harmful risk factors through third-party verification and precise diagnosis of vulnerabilities. In addition, during the period of facility expansion and TA (Turn-Around, major changes), the most accident-prone time, random inspections are conducted with the safety and health team at the head office and external experts to identify and improve site risks in advance to ensure safe construction.

In addition, the work environment is measured twice a year by an external professional organization. In particular, DL Chemical is systematically managing risk factors by establishing a chemical substance management system. In addition, DL Chemical conducts inspections of hazardous chemical handling, storage and leakage prevention facilities, and local ventilation systems to ensure that all members are able to work in a safety and healthy environment.



▲ DL Chemical's Daedeok R&D Center

### Reinforcing Safety and Health Risk Self-Assessment Criteria

GLAD Hotels&Resorts conducts quarterly safety and health risk self-assessment in order to provide pleasant services. The results are reported to management. An inspection task force consisting of a CP manager, a facility team employee, and a safety manager is formed to inspect risk factors related to worker safety such as cooking utensils, and risk factors related to customer safety such as preventing slipping in the bathroom in rooms.

These factors are inspected according to prepared checklists, and improvements are made if needed. Furthermore, safety and health managers are appointed based on stricter standards than the requirements set forth in the law. Also, inspections on safety management of safety management companies and hotels are carried out twice a month. Improvement activities are carried out if necessary. As a result of the self-assessment in 2022, 37 major civil disaster risks, such as the risk of falling from the balcony in guest rooms and the risk of colliding with a transparent glass door, and 24 major occupational accident risks, such as the risk of falling at a loading dock and use of unsafe ladders have been identified. All identified risks have been corrected, and GLAD Hotels&Resorts will continue to create an environment where all workers enjoy safety in addition to our customer safety.



▲ DL Construction's Weekly Risk Prediction Rating Assessment

### HIGHLIGHT Weekly Risk Prediction Rating Assessment

DL Construction evaluates and manages risk prediction ratings on a weekly basis in order to objectively evaluate the risk level of the site and establish a response system suitable for the risk level. The difficulty of management is decided by considering the characteristics of the major risk types of work and the number of persons dispatched to the site. In addition, risk levels are classified into 4 grades (G/Y/R1/R2) considering evaluation indicators such as on-site inspection results, administrative documents, and management status of high-risk equipment. Close management and support activities are performed in case of sites classified into high-risk grades. If the risk level is rated as R1 for two consecutive times or R2 for one time, on-site improvement activities are promoted. In addition, possible improvements are derived through safety and health diagnosis, interviews, and investigations, and activities are carried out additionally to improve manpower allocation, manpower support, and on-site safety system supplementation. In addition, DL Construction carries out continuous monitoring through interim and final inspections even after continuous monitoring has been taken.

#### DL Construction Risk Prediction Rating

Grade	Score	Measures taken
R2	Less than 70 points	Improvement activities for 2 weeks
R1	70 points or higher, less than 80 points	Improvement activities for 2 weeks (When R1 rating has been received for 2 consecutive times)
Y	80 points or higher, less than 90 points	General management
G	90 points or higher	Sharing on-site safety management operation method



A high level of safety and health management is being required to respond to the gradually strengthened domestic and foreign safety and environmental regulations and the Serious Accident Punishment Act. DL has adopted an integrated and advanced safety management system to quickly predict signs of safety accidents and systematically improve unsafe factors.

## Advancement of Safety Management System

### HIGHLIGHT Innovation of Smart Safety Management System

#### Case 1

##### 4-Channel AI Image Recognition Camera

DL E&C Housing Business Headquarters has installed 4-channel AI image recognition cameras capable of 360° control around construction equipment to prevent equipment constriction accidents. The cameras are utilized to block workers' access by recognizing workers approaching construction equipment and sending alarm signals to the equipment operator. The operation of the same equipment is being expanded at civil engineering and plant construction sites, starting with the DL E&C Housing Business Headquarters in July 2022.



▲ Recognition by 4-channel AI image recognition camera

#### Case 2

##### Blue Eye System (Body Cam)

DL E&C utilizes Blue Eye System, a control system capable of real-time video recording for monitoring site safety incident management and regulatory compliance. In particular, it is possible to manage workers violating the five prohibited behaviors by analyzing workers' working habits, tendencies, and types of unsafe behaviors through body cams by managing and recording workers. Effective improvement measures can be taken during safety tour inspections to recommend improvement measures. In addition, in the event of a disaster, it is possible to share with the head office or external organizations, enabling remote support and inspections even from a distance, such as overseas sites.

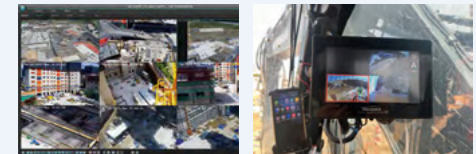


▲ Body cams worn on sites

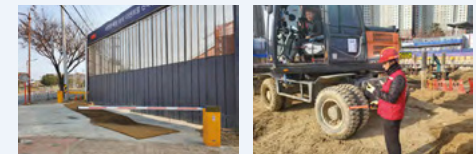
#### Case 3

##### Discovery and Application of Smart Safety Devices

DL Construction actively discovers smart devices and systems that can be used to prevent safety accidents at construction sites and applies them to safety management. In 2022, an integrated monitoring system, an AI image recognition system, an approach alarm chime, traffic-blocking facilities to protect pedestrians, and outlet patch type fire extinguishers have been applied company-wide to create a safe working environment.



▲ Integrated surveillance system ▲ AI image recognition system



▲ Pedestrian traffic blocking facilities ▲ Approach alarm chime facilities



## Safety and Health Capacity Building Activities

DL conducts occupational safety and health training (For new employees/regular/special/MSDS) tailored to the business environment of each affiliate in accordance with the Occupational Safety and Health Act. The attendance rate and non-compliance of training participants are thoroughly recorded and managed, complying with legal obligations. In addition, various activities carried out by affiliates are promoted to prevent disasters and safety accidents for all stakeholders cooperating at each site, including employees.

### Employee Safety and Health Training

DL Chemical's Daedeok R&D Center conducts practice-oriented safety training for supervisors in charge of the R&D center in connection with the DL E&C Safety Experience Center program, which is operated at all times within the center. In contrast to the existing online and theoretical training, the training program centers on practice and training in order to be able to respond promptly and effectively to safety accidents. In addition, at the Yeosu business site, external experts have been invited to conduct training for process risk assessment to discover potential risk factors during process operation. Safety rules for each task have been developed by classifying dangerous tasks based on expert training, and additional training was conducted to disseminate them to supervisors, workers, and suppliers.

In the case of GLAD Hotels&Resorts, training centered on occupational accident cases is provided for safety supervisors. The program aims at establishing safety measures and improvement plans by considering the work characteristics of service workers and the service environment.



Cumulative Training Performance of Safety Experience Center

**5,177** persons

DL E&C

\* A total of 260 events over four years

Satisfaction with Safety Experience Center

**Average**  
**4.82** points

DL E&C

\* Based on a 5-point scale, as of 2022

## HIGHLIGHT Operation of Safety Experience Center

DL E&C has opened and is operating a Safety Experience Center for employees of partner companies and external organizations as well as our employees. 21 training contents on construction sites are provided, such as steel frame VR experience, equipment construction experience, and comprehensive electrical inspection experience, for the participants to directly experience risk factors and unsafe conditions at sites.

The Safety Experience Center was opened in December 2018, a total of 260 training sessions were conducted over the four years as of December 2022, with 5,177 participants in total. The Safety Experience Center will expand safety accident prevention technology by utilizing big data, smart safety technology, and equipment, and aims to raise awareness of safety accidents and respond promptly and accurately to emergencies.

Training Performance of the Safety Experience Center (Unit: Persons)

2019	2020	2021	2022
2,604	212	21	2,340

\* In the case of 2021, training was replaced with non-face-to-face (Online) training due to the COVID-19 pandemic, and the number only counts the number of on-site (Offline) participants



▲ Safety experience program at Safety Experience Center

### Emergency Response Training

DL Chemical conducts emergency response training on a regular basis by organizing emergency response scenarios for employees, partners, and local fire departments to be able to make the best possible response in case of an emergency. A disaster response team is formed to minimize the spread of accidents and losses for an effective initial response, and a company-wide crisis management team is operated for systematic response to emergencies. In addition, DL Chemical conducts training to identify the fundamental cause with the goal of accurate accident investigation, establish measures to prevent recurrence, train employees, and prevent similar accidents.

#### DL Chemical's Emergency Response Training

Category	Training Name	Training Frequency
1	Production team emergency training	Once every quarter
2	Training for confined spaces	Once every half-year
3	Company-wide emergency training	Once annually
4	Disaster response team training	Once every quarter
5	Training to respond to marine pollution prevention facility leakage	Once annually



▲ Emergency response training

### Health and Safety Campaign

DL Construction conducts company-wide safety and health campaigns to establish a solid safety culture. In 2022, to make basic safety rules a part of everyday life to prevent accidents, DL Construction carried out campaigns on 'making the three basic elements of fall prevention a part of everyday life,' 'preventing heat-illness in hot weather,' 'making work stop a habit,' and 'protecting the body.' To promote the campaign, sites with excellent campaign activities were selected and rewarded. In addition, safety and health card news have been distributed to easily deliver occupational safety and health-related laws to employees, and effectively disseminate accident cases such as general accidents, severe accidents, and equipment accidents, and best practices in safety and health activities. DL Construction has also established the 'Meta Edu Center,' a non-face-to-face training space in order to increase job competency and awareness of safety and health, utilizing the space as a place for safety and health education and training.

**HIGHLIGHT** **Training in CPR and the Use of an Automated External Defibrillator (AED)**

In April 2023, executives and employees of DL Holdings and affiliates participated in the CPR training conducted by the Administrative Operation Support Team. Training on how to take action in an emergency, such as CPR, using a defibrillator, and first aid for airway obstruction was completed. In addition, automatic defibrillators were installed at the head office to secure golden time in emergencies, and instructions on how to use them were posted on groupware to disseminate them to employees.



◀ CPR training

## Worker Safety Grievance Handling System

DL operates various forms of grievance handling systems for each affiliate for all workers participating in business activities to be able to work in a safe environment.

### Mobile Safety Reporting System

DL E&C operates a mobile safety reporting system for employees to be able to promptly report risk factors or excellent cases found on sites and receive replies. In 2022, a total of 4,246 cases were reported through the Mobile Safety Report System, and measures were taken for all of them.

## Safety Reporting System for Suppliers

DL Construction established a safety reporting system in the safety and health computer system (S-NET) available for all workers, including our employees and workers of suppliers, to share possible improvements and best practices at the site. In 2022, a total of 22 grievances were received through the safety reporting system, and measures have been taken for all the grievances. In addition, DL Construction operates a council by selecting five regions<sup>2)</sup> nationwide to collect opinions from various sites. The company is preemptively responding to its safety and health-related activities, systems, and computer systems by discovering possible improvements through continuously listening to relevant persons to identify on-site circumstances and opinions.

### HIGHLIGHT

#### Introduction of Risk Assessment Video Recording

DL Chemical's Daedeok R&D Center introduced risk assessment based on the JSA (Job Safety Analysis) technique utilizing videos for workers to be able to recognize unsafe behaviors and risk factors on their own. The workers' actual working situation is filmed as a video, and both the workers and the safety manager gather to compare the details of the video with the contents of the safety work procedure/risk assessment document. The center was able to discuss more practical and safer work methods than general risk assessment through video recording by allowing workers and safety managers to observe their work in an objective manner. In particular, workers were encouraged to find their unsafe behaviors and possible improvements, effectively raising risk awareness.



▲ Risk assessment through R&D Center video recording

2) Five major regions: Seoul, Incheon, Gyeonggi, Chungcheong, and Gyeongsang

## Employee Health Management

DL operates specialized health management programs for each affiliate to promote the physical and mental health of its employees.

### Psychological Counseling Service for Employees

Since 2021, DL E&C has been providing psychological counseling services to solve various problems experienced within the company caused by job stress, interpersonal relationships at work, family problems, and personal emotions. Employees are able to receive counseling from a professional psychological counselor through channels such as one-on-one face-to-face meetings, video, and telephone counseling. Anonymity and confidentiality are guaranteed by consigning counseling service to an external professional company. In addition, the Healthcare & Refresh Lounge was newly established in 2022 to help employees' healthcare management.

### Management Program for Potentially-ill Employees

DL Chemical provides separate management programs for employees determined to have a positive diagnosis after general health check-ups. Musculoskeletal disease prevention programs are provided for employees with a high burden on the musculoskeletal system due to the nature of their work. In addition, individual consultation for occupational health and in-body measurement are provided for employees with high levels of obesity. Employees experiencing mental trauma due to accidents, etc. are provided with assistance by an external mental counseling center.

### Safety and Health Management Training by Vulnerable Period

DL Construction conducts safety and health management training for each vulnerable period for all employees. In the hot summer season in 2022, DL Construction conducted heat-related illness prevention training, and the status of rest facilities was investigated to share best practices. In the winter season, the company organized and provided training on fires, explosions, suffocation accidents in confined spaces, and cerebral and cardiovascular diseases.

#### HIGHLIGHT

#### Overseas Employee Health Management Service

DL Energy provides an International SOS Service providing consultation and relevant support through contracting with a local medical safety company for employees working overseas. Medical consultations for daily or urgent situations are provided by medical experts, and interpretation is also provided for seamless communication with local medical staff. DL Construction also provides guidance on certified local medical facilities and medical transport or repatriation if required. In addition, security experts provide advice on daily security and online security information is provided through website or e-mail notifications. In 2022, there have been a total of 10 cases of dispatch of specialized medical staff for consultation on medical and safety issues, and a total of 2 cases of medical services were provided in cooperation with local medical institutions for hospitalization and treatment due to COVID-19. 5 cases of non-face-to-face psychological counseling were provided to promote the psychological stability of dispatched workers quarantined in Bangladesh due to COVID-19. DL Energy plans to continue providing various support services for the physical and psychological health of employees working in various regions overseas.

## Safety and Health Activities for Suppliers

DL will continue to build a sustainable supply chain based on efforts and responsibilities for coexistence with suppliers. We are promoting specialized safety and health activities for each affiliate in order to create a safe and healthy workplace with our partners.

### Supplier Risk Assessment

DL E&C has introduced a partner evaluation system to select companies with safety and health capabilities above a certain level in accordance with the Health and Safety Competency Evaluation Criteria for Partners in selecting subcontracting, service, and consignment companies from 2022 in order to prevent major accidents.

DL Chemical identifies risk factors that are exposed to suppliers through risk assessment, and promotes improvement activities through coaching by in-house experts in each field of safety, process, and technology. Workers in processes with potential risk factors are provided special safety training to improve safety awareness. In 2022, a risk assessment was conducted for a total of nine suppliers, identifying a total of 55 improvement measures. As of the end of 2022, improvement measures have been taken for a total of 54 cases, and improvement was made for one incomplete case in the first half of 2023.

### Mandatory Written Pledge for Safety Management by Suppliers

DL E&C complies with minimum mandatory provisions for maintaining a safe working environment, such as the protection of the lives and bodies of workers and prevention of serious accidents, through compliance with safety and health policies for its on-site partners. DL E&C has enacted a safety management pledge including the right to suspend work at any time when risk factors are found on site. In 2022, the signature for participation was received from 951 suppliers (all tier 1 suppliers), and DL E&C plans to make signing the pledge mandatory for all suppliers signing new contracts with us by electronically signing the safety management pledge as part of a formal procurement contract process.

## Operation of Partner Safety Management Capacity Building Programs

DL E&C conducted on-site training for 160 persons at 32 sites from September to December 2022 to help executives and suppliers understand the Serious Accident Punishment Act that has come into effect in January 2022, delivering details of important implementation items on-site. In addition, safety activity evaluation was conducted for 21 small and medium-sized suppliers, providing incentives to excellent suppliers. Furthermore, a supplier safety management performance sharing system has been implemented in addition to regular safety inspections conducted with the participation of suppliers' CEOs. Furthermore, a safety and health management system required by the Serious Accident Punishment Act has been established through safety consulting by an external safety agency for 19 suppliers, providing necessary support for diagnosing their safety management level and strengthening their capabilities.

## Operation of Suppliers' Safety Management Performance Sharing System

DL Construction has formed an Equipment Technical Support Part consisting of equipment safety management experts within the Safety and Health Support Team to provide technical support for equipment safety, such as safety review before equipment installation, management supervision during installation, and distribution of equipment safety technical guidelines. In particular, DL Construction is operating the Supplier Safety Management Performance Sharing System in order to promote voluntary safety activities of suppliers, in which technical training materials and safety management expertise are shared with our suppliers, rewarding suppliers for excellent performance. In addition, DL Construction is promoting win-win activities such as support for manpower in sites with a gap in management supervision or many types of dangerous work, in addition to equipment installation and inspection support. At the performance sharing meeting held in 2022, DL Construction shared measures taken after self-evaluation of safety management, results of joint on-site inspection by executives, and inspection activities for tools and jigs.



MATERIAL  
TOPIC **02**

# Responding to Global Climate Change

Approximately 70 countries around the world that have declared 2050 Carbon Neutrality are establishing and implementing strategies to reduce GHG emissions. The Korean government has also declared its own 2050 Carbon Neutrality Vision to present the directions for eco-friendly policies and technologies of the country. There is a demand for a paradigm shift in future energy, such as the increasing environmental costs for power generation companies, including the emissions trading system. Social discussions on the legislation of the coal power capping system, which restricts coal power generation, are taking place. In line with such trends, companies must prepare overall potential risk management responses for their management activities and establish survival strategies for climate crisis in consideration of environmental impacts, various regulations, and consumer awareness have been raised.

**Risk**

- Increased importance of emissions management standards caused by strengthened global management standards
- Possibility of climate change risks in large-scale petrochemical facilities and plants owned by the group
- Occurrence of financial loss due to inadequate response to climate change

**Opportunity**

- Improvement of corporate image by actively responding to environmental impacts caused by the construction chemical industries, the main business areas of affiliates
- Competitiveness in the global market with a business portfolio capable of responding to climate change

**Topic Materiality** (Unit: Points)

Financial Impact

74.9

Social/Environmental Impact

68.2



## PERFORMANCE

**35.2%**

GHG Reduction Rate  
(Compared to 2018)

DL E&C



**28%**

GHG Emissions Intensity  
Improvement Rate

DL Chemical



**64%**

Ratio of Low-Emission Vehicles  
after Changing Business  
Vehicles

DL Energy



**5,652<sup>kWh</sup>**

Increased Use of Renewable  
Energy to Reduce GHG  
Emissions

DL Construction



**4** cases

Introduction of Eco-Friendly  
Facilities to Reduce GHG  
Emissions and Save Energy

GLAD Hotels&Resorts



## STRATEGIC APPROACH

DL carries out activities to respond to the climate crisis at the group level to achieve 2050 Carbon Neutrality (Net-Zero). Construction subsidiaries have joined the TCFD<sup>1)</sup> supporters for the first time in Korea, and are actively promoting necessary infrastructure projects as a leading green construction company, such as the introduction of an energy management system and promotion of new carbon capture (CCUS<sup>2)</sup>) projects. Petrochemical affiliates are making efforts to shift the future eco-friendly paradigm by focusing on energy efficiency, environmental impact reduction activities, and eco-friendly product development.

1) TCFD: Task Force on Climate-related Financial Disclosure

2) CCUS: Carbon capture and storage technology

## LINK TO UN SDGs

- 3.9.** Reduction of deaths and illnesses from harmful chemicals or air, water, and soil pollution
- 7.3.** Improvement of energy efficiency
- 12.2.** Achievement of sustainable management and efficient use of natural resources
- 13.1.** Strengthening of adaptation capacity and resilience to climate-related risk factors and natural disaster



# Responding to Global Climate Change



Implementation of sustainability evaluation pilot project for suppliers

**20** companies

DL Construction

1) CCUS: Carbon Capture and Storage

## Declaration of 2050 Net-Zero

DL declared 2050 Net-Zero to engage in the social responsibility and practice of the era's demand for eco-friendliness and the government's 2050 Net-Zero goal. We promote eco-friendly activities to save resources and energy throughout our management activities, reduce GHG emissions, and minimize environmental pollution. In addition, we are strengthening our role in managing and supervising climate change risks by organizing ESG Committees for each affiliate.

### Plans to Achieve 2050 Net-Zero

DL E&C is improving its constitution with eco-friendly businesses such as digital twin, modular construction method development, CCUS<sup>1)</sup> and hydrogen production technology development. In particular, through the introduction of an energy management system, the company plans to transform our energy structure, reducing GHG emissions by over 40% by 2030 compared to 2018 to achieve Net-Zero by 2050. Furthermore, DL E&C is sparing no efforts to respond to climate change by establishing CARBONCO, our subsidiary, to enter the CCUS market in earnest, and secure decarbonization technologies and networks through open innovation.

DL Construction issued a total of KRW 39 billion of ESG bonds in September 2021, making diversified investments in eco-friendly transportation and water resources, and wastewater treatment facilities aimed at positively impacting the environment. In addition, the company aims to secure competitiveness in eco-friendly technologies by renovating and newly building infrastructure and environmental facilities. In addition, for more active business promotion, water resource reduction, green procurement system establishment, eco-friendly certification, renewable energy investment, application of clean energy production technology, etc. are reflected and managed as Key Performance Indicators.

### Climate Change Response Strategy

DL Chemical established climate action as one of the 10 focus areas in establishing the ESG management strategy system in 2022 to respond to climate change. Mid-to long-term strategic tasks related to ESG focus areas are reflected in the management plans of relevant departments, quarterly progress is checked, and if necessary, managed at the company-wide level through reporting to the ESG Committee. In 2023, as part of climate action, DL Chemical is establishing a management system for value chain greenhouse gas emissions (Scope 3) that goes beyond direct and indirect greenhouse gas emissions. (Scope 1 and Scope 2) DL

Chemical plans to carry out follow-up tasks by reviewing the impact of future climate change based on the emissions calculated by scope.

### Establishing a Cooperative System to Respond to Climate Change and Realize Carbon Neutrality

In order to realize carbon neutrality, DL Energy launched the 'Energy Alliance,' an energy alliance centered on private companies, with 9 domestic companies. This alliance is the first voluntary alliance formed by domestic private energy companies to realize carbon neutrality. The alliance was formed with the purpose of jointly responding to government policies and contemplating business strategies in line with the global trend of decarbonization. Furthermore, DL Energy is establishing business strategies and striving to create an institutional foundation by participating in the launch of the public-private joint SMR Alliance, which aims to strengthen the competitiveness of the Small Modular Reactor (SMR) industry at the national level in 2023.

### Strengthening Supply Chain Climate Change Management

DL Construction strives to minimize environmental impact throughout the supply network's value chain with the aim of obtaining a 'good' grade in all suppliers' sustainability evaluations by 2030. In 2022, a sustainability evaluation pilot project was conducted for 20 suppliers, and ESG training, evaluation, and consultation were provided according to the categorization of suppliers into 4 groups of outstanding, excellent, good, and poor. By sequentially expanding the target companies for evaluation in the future, DL Construction plans to recommend autonomous compliance on climate change issues, such as reducing the amount of GHG and waste emitted by suppliers and increasing the ratio of renewable energy. As for suppliers not complying with demands or accounting for the lowest 10% of evaluations, DL Construction plans to take strong measures.



## Energy Consumption Reduction Activities

DL conducts various energy reduction activities that may be implemented with all employees at each affiliate to achieve 2050 Net-Zero.

### Exceeding GHG Emission Reduction Target

DL E&C conducts various energy-saving activities to achieve 2050 Net-Zero. DL E&C is preparing for a transition to green mobility by a complete transition to electric vehicles by 2030, and the company is expanding the range of smart test drive solutions to reduce the large amount of energy sources generated during test drives. In addition, to improve our constitution with digital twins, DL E&C has developed a smart energy diagnosis system D-BEMS utilizing virtual sensors and AI throughout our business to manage energy facilities. In addition, the company was able to reduce GHG emissions to Scope 3 by increasing the efficiency of equipment and reducing usage through smart construction conversion such as modular construction, drones, and heavy equipment automation systems.

### DL E&C Major GHG Emission Reductions (Unit: tCO<sub>2</sub>-eq)

Major Activities	Reduction
Transition to green mobility	324
Operation of smart commissioning solution	2,336
Energy facility improvement activities	1,575
Transition to smart construction	9,963
Energy saving campaign	1,361
<b>Total</b>	<b>15,559</b>

※ Achieved through GHG reduction activities

### Energy Consumption in Process

DL Chemical promotes energy efficiency improvement activities such as optimizing processes and increasing facility efficiency for GHG reduction. As a result of these efforts, the company was able to reduce a total of 2,737 tCO<sub>2</sub>-eq through 11 tasks related to GHG reduction in 2022. DL Chemical plans to manage GHG emissions by promoting new eco-friendly businesses in the mid-to-long-term and expanding technological investments in energy saving.

### DL Chemical GHG Management Status (Unit: tCO<sub>2</sub>-eq)

Category	2020	2021	2022
GHG emissions	170,714	249,734	222,822
GHG reduction*	2,070	9,136	2,737
GHG emissions intensity (tCO <sub>2</sub> -eq/KRW million)	0.20	0.17	0.12

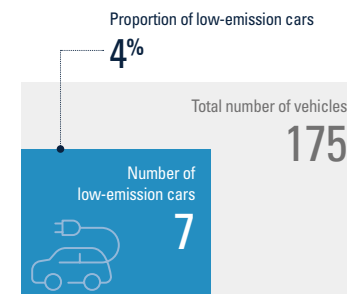
\* Achieved through GHG reduction activities

### Application of Eco-Friendly Energy Production Technology

DL Construction installed solar panels on the roof of the on-site office to reduce GHG emissions during construction, producing and using some of the office electricity. In addition, low-carbon renewable energy is utilized through solar-powered marine lights and water quality monitoring systems. As a result, a total of 5,652kWh of renewable energy was used in 2022, and DL Construction plans to continue expanding the usage in the future.

### Introduction of Low-emission Vehicles

DL Construction is increasing the ratio of operated hybrid, electricity, and hydrogen cars to reduce GHG emissions and energy generated by vehicle operation, refraining from using unnecessary business vehicles. The ratio of low-emission vehicles is currently 4% (7 vehicles), and DL Construction plans to gradually expand the number of low-emission vehicles for the transition to green mobility.

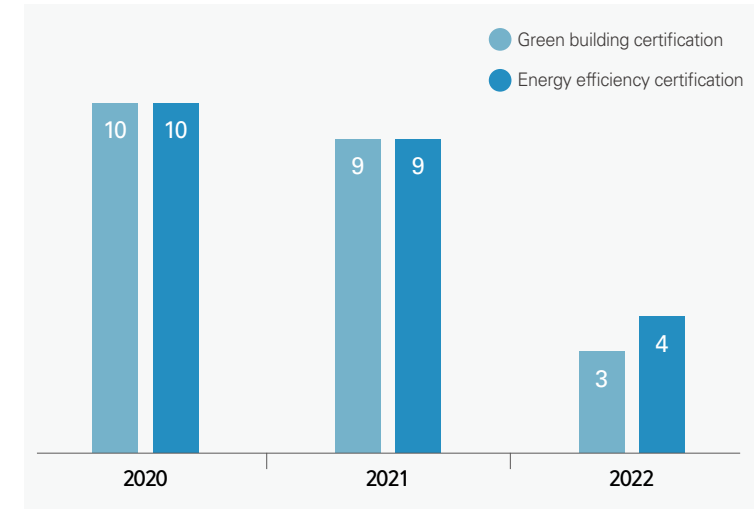


### Application of Eco-Friendly Energy Reduction Technology

DL Construction designs and constructs buildings with green building certification and energy efficiency rating certification through eco-friendly design technologies for energy reduction, use of eco-friendly materials and resources, water circulation management, and protection of the ecological environment. Also, the sales of business sites that have obtained eco-friendly certification are defined and managed as eco-friendly sales. In particular, renewable energy such as high-performance insulation materials, exterior insulation systems, high-performance windows and doors, high-efficiency facilities, LEDs, solar power, solar heat, geothermal heat, and fuel cells are being applied for energy reduction. In addition, the ventilation system, fine dust reduction element technology, UV LED sterilization technology, and radon-blocking materials are being applied for indoor air quality management. A seamless insulation line and composition insulation have also been designed for insulation and preventing condensation, and sound insulation performance prediction and noise control technology have been applied for noise reduction. Furthermore, DL Construction reviews and applies green axis, biotope<sup>2)</sup>, and ecological area ratio to protect the ecological environment.

### DL Construction Eco-Friendly Certification

(Unit: Cases)



Eco-Friendly certifications

**7** cases

DL Construction

2) Biotope: A combination of 'bio' meaning living organism and 'tope,' a location. In other words, it means 'a place with an ecosystem where wild animals and plants can coexist'

3) Dimming: Ability to reduce the brightness of the light

4) HEPA filter: Filters out up to 99.97% of particulate matter with a size of 0.3µm (micrometers)

HIGHLIGHT	Building Energy Efficiency Management	
<p>In addition to reducing energy consumption in the entire construction process, DL E&amp;C also uses AI remote meter reading, energy-saving dimming<sup>3)</sup> security lights, and Highly insulating and acoustic PVC turning doors, and also provides an anti-virus air-purifying ventilation system and an integrated sensor for indoor environment.</p>		
<p><b>Energy Technology Applied to DL E&amp;C's Construction</b></p>		
Classification	Applied Technology	Details
Energy Efficiency	AI remote metering	<ul style="list-style-type: none"> <li>Automatically analyzes electricity, heating, and water usage data from apartment meters to guide energy savings</li> <li>Suggests self-saving targets through notifications before reaching the progressive boundary zone and when unusual energy usage patterns occur</li> </ul>
	Energy-saving dimming security lights	<ul style="list-style-type: none"> <li>Increases brightness when pedestrians are detected and decreases it otherwise to reduce power usage in complexes</li> <li>Provides optimized brightness adjustments for changes in weather and seasons</li> </ul>
	Highly insulating and acoustic PVC turning doors	<ul style="list-style-type: none"> <li>Prevents condensation, energy loss, and noise with air-conditioned outdoor units, balcony doors, etc.</li> </ul>
Air Quality Improvement	Antivirus air purification ventilation system	<ul style="list-style-type: none"> <li>Uses H13-rated HEPA filter<sup>4)</sup> and UV-C/A LED to remove fine dust and viruses</li> <li>Improves performance by 10% over current commercial technology with a system installed in apartment buildings (Green Technology Certification)</li> </ul>
	Integrated indoor environmental sensors	<ul style="list-style-type: none"> <li>Measures five indoor air quality factors (particulate matter, carbon dioxide, volatile organic compounds, temperature, and humidity) in the home and automatically manages air quality</li> <li>Allows integration with antivirus air purification ventilation systems</li> </ul>

### Expansion of Energy Reduction Campaign

DL raises eco-friendly awareness among all employees and encourages practice by planning a campaign to voluntarily reduce GHG and energy by affiliates. Employees are participating in energy reduction in various forms such as avoiding the use of personal air conditioning and heating equipment, turning off lights in unused areas, maintaining proper office temperature, minimizing elevator use, reducing on-site waste generation, replacement of business vehicles with eco-friendly vehicles, use of high- efficiency lighting and electronic devices, and local ecosystem conservation activities.

Currently, each affiliate limits the purchase and use of paper cups at work and recommends employees to use personal tumblers instead through a campaign to reduce the use of disposable paper cups. In particular, DL E&C saved 620 thousand disposable paper cups used at the headquarters through the campaign and contributed to reducing approximately 4.25 tons of carbon emissions through this. In addition, DL Energy actively uses TV and beam projectors during meetings to minimize printouts, aiming to achieve a paperless work environment, and sharing meeting materials through tablet PCs and collaborationplatforms.

GLAD Hotels&Resorts minimizes the operation of air conditioners in the hotel's lobby, offices, and staff spaces for energy reduction while maintaining customer convenience services in guest rooms, shortening or suspending operation at regular times to reduce electricity and gas consumption at main facilities. In addition, GLAD Hotels&Resorts is saving water resources by turning off water valves in kitchens, public toilets, and showers by 10-20%, cold water valves by 40%, and hot water valves by 50% in basement-level bathrooms.



▲ DL group's campaign to promote use of tumblers

# MATERIAL TOPIC 03

# Enabling the Circular Economy



### Topic Materiality (Unit: Points)

#### Financial Impact

71.8

#### Social/Environmental Impact

47.6

The circular economy is emerging as a solution to respond to the climate crisis and reduce abnormal changes in the ecosystem. More companies are introducing the circular economy into their management system by breaking away from the traditional linear economy of production, use, and disposal. The aim is to reduce waste and pollution by securing technologies increasing the efficiency of resources so they can be created and reused continuously to reduce waste and pollution, reusing products and raw materials, and restoring ecosystems using renewable raw materials and energy to make more durable products. In addition, there are increased efforts to raise the recycling rate throughout the industry, such as encouraging consumption of upcycled products not only for employees but also for customers and making packages that are easy to separate and dispose of products after use.

#### Risk

- Treatment costs and environmental impact risks for special wastes in construction, petrochemical, etc.
- Need to designate managers at the group level and strengthen monitoring system

#### Opportunity

- Establishment of an integrated management system by preparation of group-level manuals and standards for publication, compliance, and management
- Response to market demands through upcycling technology and product development and commercialization



PERFORMANCE

99.95%

Waste Recycling Rate

DL E&C



GRS\*  
Certification  
Acquisition

Acquisition of GRS Certification for Recycled PE Products Applicable up to 80% Recycled Resin

\* GRS: Eco-friendly certification verifying not only the recycled content of finished products but also compliance with social, environmental, and chemical standards

DL Chemical



99.29%

Waste Recycling Rate\*

\* Subsidiary Pocheon Power's performance

DL Energy



4% >>> 16%

Increased Use of Recycled Raw Materials

DL Construction



7 Projects

Customer Participation-type Resource Circulation and Resource Saving Campaign

GLAD Hotels&Resorts



STRATEGIC APPROACH

DL is making efforts to minimize waste generation from the manufacturing process and maximize resource circulation and recycling rates in order to activate the circular economy, managing waste emissions in real-time with advanced waste management processes and systems. Resource circulation activities are promoted in consideration of the characteristics of each affiliate's business. As for raw materials that have already been used, they are managed at the group level with the goal of 'Zero-Waste' to increase the recycling rate in the product and service production process. In particular, we are establishing this as a part of our culture by increasing the use rate of renewable raw material and upcycling products and promoting campaigns.

LINK TO UN SDGs

- 8.4. Efforts to gradually improve resource efficiency in consumption and production and prevention of economic growth from leading to environmental degradation
- 11.6. Paying attention to air quality and municipal and other waste management to reduce negative environmental impact per capita in the city
- 12.5. Reduction of waste generation through prevention, reduction, recycling, and reuse



# Enabling the Circular Economy



Waste recycling rate

# 99.96%

DL Construction

1) DLake: DL E&C's data platform, based on the cloud platform "Foundry," developed by Plantir, a US company specializing in big data analytics.

## Zero Waste to Landfill

DL minimizes environmental vulnerabilities by recognizing, analyzing, and evaluating the environmental impacts occurring throughout the overall product circulation, and carries out activities to promote circular economy by building a system to maximize resource circulation.

### Advancement of Waste management

DL E&C has established a monitoring system to minimize the discharge of waste from construction sites and operates systems and training to discharge waste through legal processes. DL E&C encourages employees to separate waste before disposal and increases the recycling rate in accordance with relevant laws and regulations to protect local residents and the environment. In particular, in order to increase the recycling rate, DL E&C's goal is zero incinerated or buried waste. In addition, in the construction stage, The company manages to reflect the management plan in consideration of its waste recycling target in establishing a construction plan for all partners.

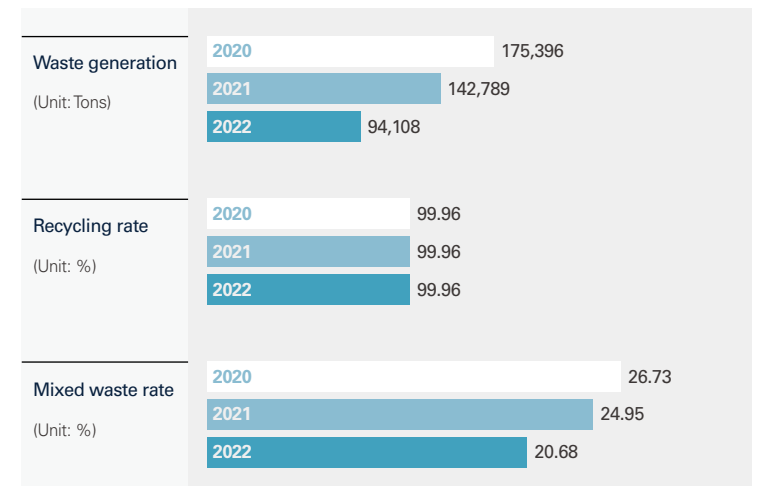
### Operation of Smart Environment Management Computer System

DL Construction has established a smart environmental management computer system and a mobile waste takeover management system to transparently and efficiently operate on-site waste generation and treatment issues. Waste treatment plans, performance, discharger handover statement management, waste company management, and others can be managed integrally. In particular, through the newly introduced mobile system, real-time consignment handover is possible, eliminating risk factors such as the omission of documents related to consignment and illegal processing. DL Construction shares monthly waste discharge performance by site and key indicators by business sector, and the head office directly reviews and approves all waste treatment companies participating in the waste treatment bidding in order to fundamentally block transactions with unqualified treatment companies. Also, DL Construction has standardized waste storage to enable the separation and sorting of waste to reduce the mixed waste discharge rate at unit sites to 10% or less by 2025 and increase the recycling rate.

## DL E&C Waste Management System

1	<b>Establishment of an emissions performance management system</b>	<ul style="list-style-type: none"> <li>Utilizing DLake<sup>1)</sup> for waste discharge monitoring system</li> <li>Reflecting waste discharge performance by comparing total waste discharge and discharge by type during the on-site evaluation</li> </ul>
2	<b>AI-powered smart waste management</b>	<ul style="list-style-type: none"> <li>Providing real-time monitoring of electronic waste handover reports to offer on-site information about recycling companies for waste materials within the area</li> <li>Sending notifications through motion detection when waste is disposed of outside the designated time for the on-site waste storage facility</li> </ul>
3	<b>Management of hazardous chemicals (Designated wastes)</b>	<ul style="list-style-type: none"> <li>Monitoring safety data sheets for chemicals purchased, handled, and stored at all sites</li> <li>Establishing separate storage for designated waste and consignment treatment</li> </ul>
4	<b>Establishment of waste management standards and training</b>	<ul style="list-style-type: none"> <li>Providing online and offline training on waste for all employees, including partners, at construction sites (Include waste management skills training based on an annual training plan)</li> <li>Conducting special inspections on waste management at construction sites (semiannually)</li> </ul>

## DL Construction Waste Management



## Expansion of Resource Recycling and Circulation

DL uses resources effectively to minimize the amount of waste generation and raises the recycling rate of generated waste through resource circulation activities by affiliates.

### Plastic Recycling Business

As plastic-related regulations are strengthened at home and abroad, the need for packaging based on recycled materials is rapidly increasing for companies manufacturing everyday necessities. DL Chemical is developing a recycled material business for packaging consumer goods such as cosmetics and beverages to respond to this eco-friendly trend. In particular, the company is contributing to a virtuous cycle of resources by applying recycled resin to various customer product such as wallets, fashion accessories, cosmetic tubes, and interior films.

## Increased Use of Recycled Raw Materials

DL Construction increased the ratio of recycled raw materials from 4% in 2021 to 16% in 2022 by using recycled raw materials such as recycled aggregate, recycled sand, and recycled ascon produced in the construction waste process treatment according to their purposes. In addition, construction sludge and waste stones generated at construction sites are analyzed for waste and soil components according to legal standards. They are recycled afterward according to their purposes, and scrap metal is separately classified and used as recycled raw material.



Increased use of recycled raw materials

**12%**<sub>p</sub>

DL Construction



▲ Application to cosmetics packaging



▲ Application to upcycled wallets

GLAD Hotels&Resorts is promoting various volunteer campaigns to cement its position as an eco-friendly hotel, and active participation by mainly those in their 20s and 30s is taking place.

HIGHLIGHT **Resource Circulation Activities Participated by Customers** | Resource Circulation Eco-Friendly Campaign



▲ Bottled water without labels

1st Step

**Biodegradable Bottled Water Without Labels**

GLAD Hotels&Resorts provides bottled water designated as a low-carbon bottled water brand by the Ministry of Environment, to the GLAD Hotels in Yeouido, Mapo, and Gangnam COEX.

2nd Step

**Collection of Water Bottles Without Labels Through the Eco-Exchange Counter**

GLAD Yeouido has installed and operates an eco-exchange counter in the lobby on the 1st floor to collect the water bottles used by customers during their stay. The collected empty PET bottles and caps are delivered back to suppliers, and some water bottle caps have been upcycled into high furniture and objects and placed in the lobby.



▲ Upcycled furniture

▲ Eco-exchange



▲ Upcycled uniform shirts



▲ Upcycled apron

3rd Step

**Production of Upcycled Products**

GLAD Hotels&Resorts uses empty PET bottles collected from four branches to produce and provide uniform shirts and aprons for GLAD Yeouido restaurant employees. GLAD Hotels purchases products upcycled from empty PET bottles that are easily thrown away indiscriminately to contribute to resource circulation and carbon emissions reduction. In addition, GLAD Hotels&Resorts produces and sells eco-friendly room products and upcycling goods for customers to experience a variety of value-added consumption.



GLAD Hotels&Resorts is taking the lead in creating a hotel culture of resource-recycling through an eco-friendly campaign named 'Save Earth, Save Jeju' where customers can participate in various forms of resource conservation activities.

HIGHLIGHT **Resource Saving Activities Participated by Customers | Save Earth Campaign**



▲ Upcycled furniture

**Save Earth ①**

**Production of Separate Collection Trash Bins**

In 2022, GLAD Hotels&Resorts produced eco-friendly recycling bins and installed them in some rooms of GLAD Hotels located in Seoul and Jeju. As part of resource recycling and resource conservation activities conducted by GLAD Hotel, guests are encouraged to participate in environmental protection activities by creating an environment where customers can recycle easily and accurately.

**Save Earth ②**

**Encouragement of Water Conservation in Guest Rooms**

A wooden card with the phrase 'Save Earth' written on it is placed in each room for customers to practice water conservation in the room by placing the card on the bedding only when they want the bedding and towels to be washed.



▲ Wooden card with 'save the earth' written on it and a fabric recommending reuse of towels

**Save Earth ③**

**Encouragement of Saving on Disposables**

GLAD Hotels&Resorts does not provide basic amenities to help customers reduce the use of disposable items in the room and conduct the 'Feel(必) Environmental Campaign' encouraging customers to purchase eco-friendly products such as bamboo toothbrushes and solid toothpaste instead of disposable items.



▲ Eco-friendly amenities (Bamboo toothbrush, solid toothpaste, etc.)

**MATERIAL  
TOPIC**

**04**

# Driving Eco-Friendly New Business

**Topic Materiality** (Unit: Points)

Financial Impact

59.9

Social/Environmental Impact

52.6

Notable financial institutions such as BlackRock and Goldman Sachs are making withdrawal from coal and climate finance their main topics. Domestic companies and institutions are also joining in the process of responding to the climate crisis. In particular, in order to preoccupy the renewable energy and materials market, we are diversifying our eco-friendly new business portfolio and forming strategic partnerships with companies with promising eco-friendly technologies to strengthen our business competitiveness. In addition, we are expanding our business presence by increasing the scale of investment in waste and water treatment facilities, green construction, and renewable energy generation projects, the core drivers of our future business.

**Risk**

- Increased costs from investments in green products and technologies
- The need to respond to the government's eco-friendly policies and the increased demand for eco-friendly solutions from customers

**Opportunity**

- Secured market competitiveness through the commercialization of eco-friendly products and technologies
- Reinforced innovative technology development through eco-friendly business
- Expansion of the order market based on eco-friendly products and technologies directly related to affiliates' industries

PERFORMANCE

**Establishment of  
Subsidiary  
CARBONCO**

A Total Solution Provider Dedicated to the CCUS Business Leading the Realization of Carbon Neutrality and Future Food Power



DL E&C

**40%**

Reduction of Plastic Usage When D.FINE Packaging is Applied



DL Chemical

**18.5<sup>MW</sup>**

Generation Capacity of Yeosu Hydrogen Fuel Cell Power Plant, Which Began Construction in May 2022



DL Energy

**115.7%**

Exceeded Plans by Eco-Friendly Investment (Environmental Management Cost)



DL Construction

**STRATEGIC APPROACH**

The major subsidiaries of DL are strengthening their eco-friendly business drive to provide eco-friendly products, solutions, and technologies according to customer needs by taking advantage of their industrial strengths. We are discovering new eco-friendly businesses that will lead the practice of carbon neutrality and momentum for future growth and promote strategic cooperation with partners equipped with innovative technology and competitiveness. Furthermore, we are expanding investment in eco-friendly facilities and R&D to secure our foundation for environmental management.

**LINK TO UN SDGs**

- 8.3.** Promotion of policies promoting small business growth, including production activities, decent job creation, entrepreneurship, support for creativity and innovation, and expansion of access to financial services
- 15.4.** Ensuring conservation of forest ecosystems, including biodiversity, to enhance forest ecosystem capacity





## Driving Eco-Friendly New Business



▲ Outdoor wood signage



▲ Eco-friendly wood green card

- 1) BIM: Building Information Modeling
- 2) A combination of 'bio' meaning living organism and 'tope,' a location. In other words, it means 'a place with an ecosystem where wild animals and plants are able to coexist'
- 3) Recycled yarn: yarn (String) made by recycling PET bottles

## Development of Eco-Friendly Products and Technologies

DL is securing new business engines to lead the future market by embracing not only the government's environmental policies but preemptively embracing customers' demands for eco-friendly products and solutions, quick developing, verifying, and supplying innovative technologies.

### Eco-Friendly Design Technology

DL E&C utilizes a BIM<sup>1)</sup>-based system at the architectural design stage to check and manage the environmental impact of buildings and the application of eco-friendly materials. In particular, DL E&C is preparing measures to reduce carbon emissions from construction by applying 3D modeling technology to objectively analyze construction projects and reduce the use of city gas, water, building waste materials, and energy waste due to work errors. In addition, the company is improving environmental performance through the optimization of workflow and reducing the use of unnecessary equipment and vehicle movement distance through BIM modeling. In the future, DL E&C plans to advance BIM to build a virtuous cycle system for designing eco-friendly buildings by managing climate conditions, equipment combinations, and material purchase history in an integrated manner during construction. In 2022, a program that can suggest the optimal system area, location, and construction cost to users based on 3D modeling has been developed to compensate for the low efficiency, as the existing photovoltaic power generation is designed based on installed capacity. Development and verification for the system have been completed and research will be conducted to improve the completeness of the program in line with the implementation of the mandatory zero-energy building system for apartment houses in 2024.

### Green Technology for Building Materials

DL Construction continues to apply green technology to various materials used in construction sites. The company acquired green building certification by stabilizing waste asphalt with acrylic emulsion-based surface activation and cement and applying the technology for producing base material for asphalt pavement to construction. Currently, knowledge assetization and green technology certification are being prepared for low-carbon mixed cement technology developed by applying cement substitutes to reduce carbon dioxide emissions.

## Building Technology for Biodiversity Conservation

DL Construction provides terrestrial biotope<sup>2)</sup> to landscaping space to preserve the habitats of animals and plants affected by urban development. From 2023, all project sites operate a system for the total area of terrestrial biotopes regardless of whether green building certification has been received, and a total of 2,340m<sup>3</sup> of them have been provided to project sites scheduled to be completed in 2024. DL Construction plans to expand habitats for biocommunities and preserve biodiversity through such efforts.

### Presenting Eco-Friendly Product Experience

GLAD Hotels&Resorts provides various eco-friendly product experiences to reduce the use of plastic, which is unavoidable due to the nature of hotels, and for customers to participate in small actions to protect the environment. To reduce carbon emissions, label-free bottled water without plastic film is provided, and empty water bottles after use are collectively collected and generated as recycled yarn<sup>3)</sup> to be used for producing functional T-shirts. In addition, GLAD Hotels&Resorts carries out promotions to suggest value consumption in cooperation with eco-friendly and vegan brands. GLAD Hotels&Resorts has introduced upcycled products such as bags, clothes, cushions, and sitting mats made from reprocessed waste linen. Furthermore, GLAD Hotels&Resorts has produced outdoor swimming pool depth indication signage finished with natural oil on Jeju cedar, a bag holder finished with eco-friendly paint on New Zealand Pine, and an eco-friendly green card (Guideline) engraved on bamboo with laser without chemical printing to encourage participation in environmental protection campaigns in rooms.



◀ Terrestrial biotope in Gasan-dong Knowledge Industry Center



HIGHLIGHT **Future-Generation Metallocene PE: D.FINE** . . .

DL Chemical succeeded in the development and commercialization of metallocene polyethylene with its technology for the first time in Korea. Especially, D.FINE, a next-generation product of DL Chemical, presents a new standard for plastics realizing the best performance and eco-friendliness while maintaining the advantages of economical and long-term preservation plastics. D.FINE has the toughest properties among materials of the same type with rigidity increased by 10% and impact resistance increased by 50% compared to existing polyethylene. D.FINE's productivity is also excellent due to its improved processability and heat sealability. When D.FINE is used for plastic packaging materials, plastic consumption can be reduced by up to 40%, and the product can be applied to recycled products by up to 50%, reducing energy consumption and carbon emissions. Based on this carbon reduction effect, D.FINE is currently being widely used in cosmetic containers, shrinking films, and mulching films.



▲ Flexitank liner



▲ D.FINE liquid pouches

4) CCUS: Carbon Capture Utilization and Storage

5) FEED: Front-End Engineering Design

## Promotion of Eco-Friendly New Business

DL reinforces its competitiveness and profitability by practicing carbon neutrality and discovering eco-friendly new businesses that will serve as key drivers for the future for the company.

### Eco-Friendly Hydrogen Economy Partnership with South Australia

In accordance with the South Australian government's eco-friendly hydrogen supply policy, DL E&C entered into a partnership in October 2022 to produce 100% renewable energy by 2030. DL E&C plans to cooperate with the South Australian government to accelerate global decarbonization, such as building facilities for eco-friendly hydrogen and derivative product production, exchanging expertise, conducting projects with research partnerships, and establishing eco-friendly hydrogen supply infrastructure. DL E&C also aims to develop a business model encompassing the value chain of production, transportation, and utilization.

### Partnership for Decarbonization Solution Innovation

In October 2022, in order to identify potential power plants that can introduce CCUS<sup>4)</sup> technology among gas power plants in Asia and Oceania, DL E&C signed a partnership with GE Gas Power to conduct a feasibility study and FEED<sup>5)</sup>. In order to respond to climate change in Asia and Oceania, DL E&C plans to provide carbon-neutral customized solutions in consideration of regional characteristics. In addition, the company plans to expand our global decarbonization business through the CCUS design standardization capability capable of handling more than 1 million tons of carbon dioxide emissions per year, modularization of facilities, and carbon mineralization technology converting captured carbon to useful materials and recycling them to commercialize gas power plants.

**DL Energy's Renewable Energy Generation Status**

(Unit: MW)

Type of Generation	Domestic/Overseas	Power Generation Capacity (MW)	Status
Hydrogen fuel cell	Domestic	18.5	September 2023 COD
	Overseas	34	In operation
Solar power	Domestic	100	In progress
	Overseas	5.2	In operation
Wind power	Overseas	202	In operation
	Domestic	162	In progress
Subtotal	Overseas	236	-
	Domestic	285.7	-
<b>Grand total</b>		521.7	-

6) SBC: Styrene Block Copolymer

7) NCC: NAFTA Cracking Center

**Expansion of Eco-Grade**

In order to actively fulfill corporate environmental and social responsibilities, DL Chemical is steadily developing and applying Eco-Grade, a plastic recycling product, as a way to advance into new businesses. In particular, the recycling rate is indicated in the product name to transparently disclose the content of recycled raw materials to customers.

**Construction of Yeosu Hydrogen Fuel Cell Power Plant**

In order to contribute to the government's 2050 Net-Zero and successful eco-friendly transition, DL Energy is actively developing of renewable energy and technology necessary for power generation businesses to find a way to coexist with the local community. In May 2022, the construction of a hydrogen fuel cell power plant in Yeosu, Jeollanam-do was started, and DL Energy is aiming for commercial operation in September 2023. The power plant built on a site of about 8,200m<sup>2</sup> in the Yeosu National Industrial Complex has a power generation capacity of 18.5MW and is capable of producing approximately 150,000MWh of electricity annually, sufficient for 50,000 households. As for hydrogen, fuel for power generation, 'by-product hydrogen' generated during the nearby Yeochon NCC's process is supplied through pipes. The Yeosu Hydrogen Fuel Cell Power Plant utilizes pollution-free power generation technology that does not contain any environmental pollutants such as carbon dioxide, sulfur oxides, and nitrogen oxides. The electromagnetic wave effect of fuel cells is lower than that of PC monitors. DL Energy is preparing future power in line with eco-friendly and carbon-free policies by adding hydrogen as a new item on its renewable energy power generation portfolio in addition to biomass, wind, and solar power.

**Discovery of Global Renewable Power Generation Assets**

DL Energy develops and operates renewable power generation assets such as wind power and solar power in various countries such as Chile, Jordan, and Pakistan to respond to climate change and energy transition and participate in global carbon reduction effects. In Korea, DL Energy is planning to promote a wind power plant in Yeosu Geumoh-do. DL Energy plans to continuously discover renewable development opportunities at home and abroad as a global developer to expand the scale of operation.



▲ Yeosu Hydrogen Fuel Cell Power Plant

**HIGHLIGHT Advancement into Eco-Friendly/ High-Added Value Materials Business**

DL Chemical strengthened its business competitiveness by acquiring Cariflex in 2020 and Kraton in 2022 in order to secure a portfolio of specialty products. Kraton is a global leader in specialty polymers and biochemicals, currently operating 13 production plants and 8 R&D centers in major overseas markets and holding more than 1,000 patents. SBC<sup>6)</sup> is a synthetic rubber produced with styrene, butadiene, and isoprene sourced from NCCs<sup>7)</sup> and is used for road pavements, adhesives, and medical supplies. Also, the byproduct generated from producing pulp from fine trees are refined to produce biochemical products, and used for biodiesel, high-performance tires, coatings and adhesives.

Cariflex is the global no.1 company in the IRL (Isoprene Rubber Latex) market for surgical gloves. The company is the only company in the world to produce isoprene rubber latex through anionic polymerization. The produced material has strengths suitable for high-functional medical materials without impurities as it has the highest level of elasticity and transparency. Furthermore, it is a harmless material with high safety without allergens, ammonia, chlorine, and plasticizers. DL Chemical plans to expand its scope into future growth businesses, including high-value-added eco-friendly portfolios, based on its technological capabilities.

## Eco-Friendly Investment

In order to reduce greenhouse gas emissions and environmental damage, DL is gradually increasing the scale of investment in eco-friendly facilities and equipment.

### Expansion of Investment in Environmental Pollution Prevention Facilities

DL Chemical is making continuous efforts to reduce pollutant emissions from business sites. In 2022, KRW 2.2 billion was invested in installing facilities to reduce intermittent emissions of pollutants into the atmosphere. In 2023, DL Chemical plans to invest KRW 6.5 billion, a 195% increase from the previous year, including the installation of a regenerative thermal oxidation (RTO) purifying total hydrocarbons (THC) and volatile organic compounds (VOCs).

### Exceeded Environmental Management Costs to Prevent Environmental Damage

DL Construction accounts for and uses environmental management costs among construction costs to minimize environmental damage to local residents during construction work. Environmental management expenses include expenses for the installation and management of facilities for scattering dust, noise, vibration, wastewater management, etc., which are regulated in the environmental management guidelines, and are monitored monthly in our environmental management computer system. The environmental management costs have been exceeded by 151.8% in 2020, 127.2% in 2021, and 115.7% in 2022 compared to the annual plan, and DL Construction is investing more than our annual plans every year. The company is carrying out various types of eco-friendly investments, such as international standard ISO 14001 (environmental management system) certification, noise and vibration measuring instrument management, and construction environment association fees, to implement environmental management. DL Construction plans to gradually expand the scale of eco-friendly investment.

**DL Construction Eco-Friendly Investment** (Unit: KRW 100 million, %)

Category	2020	2021	2022
Plan	61.89	87.53	82.15
Performance	93.88	111.29	95.86
Proportion	151.8	127.2	115.7

## HIGHLIGHT Establishment of Subsidiary CARBONCO

DL E&C established a subsidiary, CARBONCO in 2022 for full-scale operation, by selecting the CCUS business capturing, utilizing, and storing carbon dioxide. They aim to lead the CCUS business as a total solution provider to customers hoping to realize carbon neutrality, such as major power plants and blue hydrogen producers, by establishing a business model for the CCUS cycle and securing technology.

### CARBONCO Carbon Treatment Solution

<p><b>Optimized Design</b></p> <p>Possess design capacity capable of handling 3,000 tons per day (1 million tons annually)</p>	<p><b>Standardization</b></p> <p>Standardization of the CCUS model and proposal of an optimized schedule using a standardized database</p>
<p><b>Modularization</b></p> <p>Thorough quality control and risk management through modularization of carbon capture facilities</p>	<p><b>Carbon Treatment Solution</b></p> <p>Captured carbon is converted into useful materials such as liquid carbonic acid or carbon mineralization, which is then recycled or stored in domestic or overseas storage</p>

### Issuance of ESG Bond

DL Construction issued an ESG bond in September 2021 and first disclosed its report on the Socially Responsible Investment Bonds website in September 2022, a year after the bond issuance date. As for the major investments, KRW 9 billion was invested in 4 eco-friendly vehicles, including the Ui New Light Rail Transit, and KRW 10.5 billion was invested in 10 cases related to sustainable waste resources and wastewater treatment, including the Yongin Sewage Treatment Plant.

### Green Bond Procurement Fund Allocation Status (Unit: KRW 100 million)

Project	Field of project	Distributed amount
Green	Eco-friendly transport	90
	Sustainable waste resource and wastewater treatment	105
Social	Supply of affordable housing	-
	Strengthening of social/economic development and capacity	74

**MATERIAL  
TOPIC**

**05**

**Building a Culture  
of Respect for  
Human Rights**

**Topic Materiality** (Unit: Points)

Financial Impact

46.1

Social/Environmental Impact

50.8

A corporate culture of respecting human rights has become a value required by the times. In line with the trend of strengthening human rights-related legislation globally, more and more companies are applying international standards on human rights and labor, such as the International Labor Organization (ILO), the United Nations Global Compact (UNGC), and guidelines for multinational corporations, as a benchmark for human rights management. In particular, in the sense that human rights management standards are applied comprehensively across all duties, from the strategy establishment stage to procurement, environment, safety, human resources, legal affairs, product management, and security, it is now required for companies to understand and strengthen company-wide human rights for competitiveness of the company beyond ethical and moral problems.

**Risk**

- The issue of sexism against female employees in an industry with many male workers
- Relatively low interest in human rights management and regulatory compliance for suppliers

**Opportunity**

- Promotion of sustainable management capable of responding to the trend emphasizing human rights management
- Presentation of a consistent direction for subsidiaries through the enactment and publication of the Human Rights Charter at the DL Group level



## PERFORMANCE

86.4%

Proportion of Business Sites Conducting Human Rights Impact Assessment



DL E&C

100%

Human Rights Grievance Handling Rate



All DL affiliates

100%

Human Rights Training Completion Rate



All DL affiliates

## STRATEGIC APPROACH

As corporate responsibility for human rights management is increasingly emphasized, DL selects and manages human rights issues requiring core responses at the group level. In addition, we are strengthening the foundation for human rights management by enacting policies and systems to protect the human rights of employees in consideration of the working environment of each affiliate and preparing a dedicated organization to respond to risks. Furthermore, we provide human rights training and grievance handling processes to internalize a culture of respect for human rights, striving to prevent recurrence by severely punishing unfair acts violating human rights according to the zero-tolerance principle.

## LINK TO UN SDGs

- 5.4.** Attributing value and recognizing the importance of unpaid care work and domestic work through social protection policies and promoting shared responsibility within the family.
- 8.5.** Achievement of full and productive employment and decent work for all women and men, including persons with disabilities and youth, and equal pay for work of equal value
- 10.3.** Ensuring equal opportunities and reducing inequality in outcomes by abolition of discriminatory laws, policies, and customs, and other various efforts



# Building a Culture of Respect for Human Rights

**Human Rights Management System**

- 01** Enactment and declaration of the Human Rights Charter


- 02** Establishment and implementation of the human rights management system


- 03** Human rights risk inspection and evaluation


- 04** Support for human rights risk improvement


- 05** Disclosure of human rights management implementation status



## Human Rights Policy

DL respects the personality and values of its stakeholders throughout all management activities, preventing human rights violations and enacting human rights policies specific to each affiliate's industry to present the standards for appropriate behavior and value judgment that all executives, employees and suppliers must abide by. In addition, we support international standards and guidelines related to human rights and labor, such as the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the Charter of the International Labor Organization, and the OECD Due Diligence Guidelines. Our human rights policy applies to our executives and employees (including executives, employees, and non-regular workers) and those of domestic and foreign corporations, branches, and suppliers.

## Human Rights Management System

DL has established and is operating a management system for each affiliate based on human rights policies and guidelines to respect the human rights of its stakeholders including employees and to prevent human rights risks. The scope of human rights risk management covers all employees, and those of domestic and foreign corporations, branches, and partner companies. An evaluation process is in place to check the current status of human rights violations and the possibility of potential human rights risks.

DL E&C and DL Construction operate a human rights risk management system through the designation of an organization and person in charge of human rights management, and potential risk factors and improvement plans derived through regular human rights risk assessment are reported to key decision-makers such as the ESG Committee. DL E&C shares approved report materials with relevant departments cooperating in risk improvement, using the materials to increase the effectiveness of human rights management promotion.

### HIGHLIGHT Operation of Anti-Discrimination and Harassment Policies

DL implements an employment policy that does not discriminate by gender, age, national origin, marital status, health status, or political affiliation. DL establishes a policy to prevent sexual harassment and bullying in the workplace to protect the human rights of employees, conducting preventive activities to avoid possible unfair acts that may occur in the workplace, forced labor, child labor, and rights infringement. We plan to take preemptive measures against workplace harassment by conducting regular human rights surveys and visiting or inspecting sites with signs of human rights issues.

#### Human Rights Management Guidelines

<b>Prohibition of discrimination</b>	We do not discriminate against employees based on gender, race, religion, age, disability, physical condition, social status, etc., in all business activities without reasonable grounds.
<b>Humanitarian treatment</b>	We respect the privacy of all employees and thoroughly protect personal information, and do not engage in mental or physical coercion, abuse, or unreasonable treatment.
<b>Prohibition of forced labor and child labor</b>	We do not force employees to do acts of violence, bribery, threats, etc., or work in any form against their free will, and we comply with the minimum age of employment stipulated by the laws and regulations of the country and region of our business operation.
<b>Protecting the human rights of customers</b>	All executives and employees' activities must not harm customers' lives, health, and property, and must not make exaggerations or mislead customers in marketing activities.
<b>Protecting the human rights of local residents</b>	All executives and employees must be cautious not to violate the human rights of local residents while performing their duties, and in particular, respect and protect the rights to life, health and safety, and freedom of residence of local communities.
<b>Compliance with working conditions</b>	We comply with the statutory working hours, and pay reasonable remuneration for work to all employees with payment details. In addition, we provide sufficient training opportunities and a work environment suitable for the performance of duties to all employees.
<b>Guarantee of freedom of association and collective bargaining</b>	We respect the national labor-related laws and provide sufficient communication opportunities to all executives and employees.
<b>Guarantee of occupational safety</b>	We regularly check the facilities, equipment, tools, etc. of the workplace (Construction site) to ensure that all employees are able to work in a safe working environment, and prepare appropriate measures to prevent physical and mental risks and support plans for post management.
<b>Responsible supply chain management</b>	We recommend major suppliers and partners to comply with their obligations to protect human rights, and if necessary, take appropriate measures necessary for suppliers and partners to implement human rights management.

## Risk Assessment on Human Rights

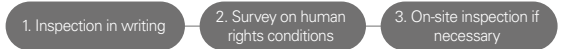
DL conducts human rights assessments in order to protect the human rights of all employees and identify human rights risk factors centered on major affiliates.

### Human Rights Risk Assessment Process

Based on the basic principles of the Human Rights Charter, DL E&C and DL Construction refer to the UN Guiding Principles on Business and Human Rights, OECD Due Diligence Guidelines, and the Ministry of Justice Corporate Human Rights Management Standard Guidelines to develop and operate inspection indicators to

evaluate the human rights risks of local residents and customers. Written inspections and human rights fact-finding surveys are conducted to identify potential risk factors, and on-site due diligence is conducted when necessary. Based on the results of the risk assessment, concrete improvement plans and action tasks that can be implemented are derived, and whether they are faithfully and seamlessly implemented is monitored. In addition, major issues identified through the human rights risk evaluation are reported to key decision-makers through committees and working-level meetings, and human rights risk assessment results, and risk improvement and mitigation measures are reported in each affiliate's sustainability management report or disclosed through a separate channel.

### Human Rights Risk Assessment Process

<p>Risk Assessment</p>	<p><b>01 Development of assessment indicators</b></p> <p>Based on the fundamental principles of human rights, indicators for assessing the working environment, working conditions, manpower management, occupational safety, and human rights risks of local residents and customers are developed and operated by referring to the UN Guiding Principles on Business and Human Rights, OECD Due Diligence Guidance for Responsible Business Conduct, and corporate human rights management standard guidelines (Draft) by the Ministry of Justice.</p>	<p><b>02 Operation of assessment process</b></p> <p>We plan to operate an evaluation process to check the current status of human rights violation and potential risks for organizations included in the scope of application of the Human Rights Charter and conduct human rights impact assessment as part of the evaluation process by inquiring an external expert organization.</p> 
<p>Implementation of Risk Improvement</p>	<p><b>01 Derivation and discussion on improvement measures</b></p> <p>We are establishing improvement and implementation plans for human rights risks identified in human rights risk assessment. Our headquarters, domestic and foreign corporations, and trading organizations that have received the assessment derive concrete action plans to implement risk improvements.</p>	<p><b>02 Implementation status monitoring</b></p> <p>Whether the person in charge of the organization receiving human rights risk assessment is faithfully and smoothly implementing the mutually agreed improvement plan is continuously monitored. Additional measures are taken if the improvement plan is not expected to be faithfully implemented.</p>
<p>Disclosure of Status and Results</p>	<p><b>01 Report to key decision makers</b></p> <p>Significant current events, important risks, and improvement plans identified through human rights risk assessment are reported to major decision-makers, including committees and working-level meetings. The approved report may be shared with relevant departments to enhance the effectiveness of human rights management afterwards.</p>	<p><b>02 Public disclosure</b></p> <p>Information on reports of human rights violations, human rights risk assessment results, risk improvement, and mitigation measures can be disclosed through the Sustainability Report or other channels.</p>

### Conducting Human Rights Impact Assessment

DL E&C promotes improvement activities for workplaces with insufficiencies through human rights risk inspection, taking immediate action on all identified risks. The company continues monitoring to ensure that insufficiencies have been improved even after taking measures, raising the actual level of human rights through transparent disclosure. In 2022, a total of 236 workplaces (86.4%) of the 273 workplaces subject to inspection received human rights impact assessment. Improvement measures have been taken for all identified risks in the workplaces where insufficiencies have been found.

### 2022 DL E&C's Human Rights Impact Assessment

(Unit: No. of site, %)

Category	Number of worksites
Number of workplaces subject to inspection	273
Number of inspected workplaces	236
Inspection ratio	86.4
Number of worksites with identified human rights risks	6
Number of workplaces establishing mitigation plans	6
Number of workplaces implementing mitigation plans	6

HIGHLIGHT

**Enactment of Regulations on Human Rights Management**

DL Construction conducted a human rights assessment by utilizing a total of 255 detailed indicators of 9 areas, including human rights management system, humanitarian treatment, guarantee of occupational safety, supply chain management, protection of human rights of local residents and customers, and guarantee of environmental rights, through a specialized external organization. The evaluation found that the overall level of awareness is good, but relatively weak in areas such as human rights management system, remedy procedure, and humanitarian treatment. To improve the status quo, DL Construction has enacted human rights management operation regulations specifically specifying human rights departments, human rights management committees, and remedy procedures. In addition, in order to prevent harassment and sexual harassment of office workers and increase the effectiveness of specific procedures, promotional materials and training materials related to the Human Rights Reporting Center were ported in the groupware. DL Construction plans to form a Human Rights Management Committee in the future to develop human rights impact assessment indicators and provide competency training for members handling grievances.

#### 2022 DL Construction's Human Rights Impact Assessment Score

Category	Assessment Items	Achievement rate (%)
1	Human rights management system and remedy procedures	86.6
2	Prohibition of child labor and forced labor	100.0
3	Guarantee of freedom of association	100.0
4	Humanitarian treatment (Bullying, etc.)	93.6
5	Responsible supply chain management	100.0
6	Guarantee of occupational safety	96.3
7	Guarantee of environmental rights	94.0
8	Protecting the human rights of local residents	100.0
9	Protecting the human rights of customers	100.0
<b>Total</b>		<b>94.3</b>

#### DL Construction's Human Rights Impact Improvement Tasks and Follow-up Measures

**Human rights management system and remedy procedures**

- Establishment of systems such as human rights management guidelines (Specified by the Human Rights Management Committee and human rights departments)
- Diffusion of training to raise awareness of human rights management including suppliers
- Reinforcement of effectiveness, such as promotion of remedy procedures
- Competency development training for grievance handling committee members

**Humanitarian treatment (Prevention of bullying at work)**

- Carrying out regular visits and interviews to identify the current status of vulnerable groups in the workplace (Survey)
- Implementation of effective workplace sexual harassment and bullying prevention training
- Development of jobs suitable for each type of ability to ensure stable jobs for workers with disabilities



Percentage of Workplaces Undergoing Human Rights Impact Assessment

**86.4%**

DL E&C

Overall Number of Human Rights Impact Assessment

**94.3 points**

DL Construction



## Building a Culture of Human Rights Management

DL operates various systems to respect and protect human rights in order to create a pleasant, lasting working atmosphere for talented people.

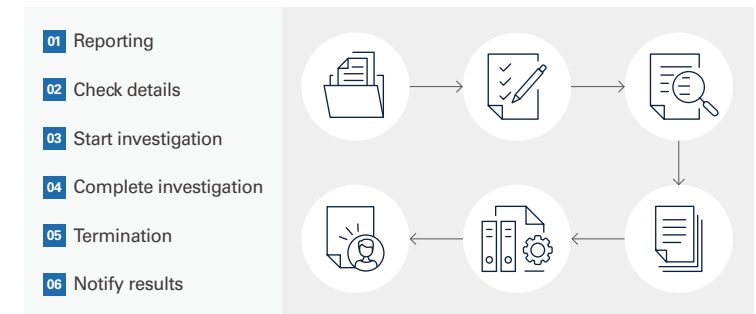
### Human Rights Training

DL conducts annual training on workplace bullying prevention, sexual harassment prevention, disability awareness improvement, safety and health, and personal information protection for all employees in order to prevent human rights violation issues and emphasize the importance of respecting and protecting human rights. In particular, we provide various training programs on human rights management including human rights issues through its own online training channel 'Learning Foret'. DL Construction conducts regular human rights surveys based on training to prevent unfair acts such as bullying and sexual harassment in the workplace, which are social issues, and infringement of rights in the working environment to take preemptive measures such as visiting and inspecting workplaces.

## Human Rights Grievance Handling System

DL operates a human rights grievance handling system for each affiliate to enable whistleblowers to report unfair acts violating human rights, such as grievances and discrimination experienced by employees while performing their duties, workplace bullying, sexual harassment, and sexual discrimination. Strict confidentiality is guaranteed based on the principle of protection of informants, and the relevant department takes prompt investigations and action on the received information. In addition, we punish illegal acts severely according to our zero-tolerance principle. During this process, anonymity is guaranteed to prevent unfavorable treatment of reporters or victims.

### Employee Grievance Handling Process



### HIGHLIGHT

#### Introduction of Risk Assessment Video Recording

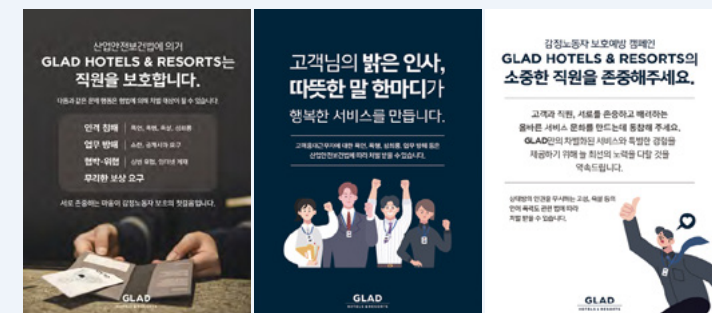
In February 2022, GLAD Hotels&Resorts prepared and distributed a manual to protect customer service workers. Regular training is also provided for the employees to practice the protection of service workers in the field. Principles and standards on how to respond to customers with problematic behavior are established in the manual, improving the working environment of customer service workers and the quality of customer service. The manual consists of criteria for judging and responding to customers with problematic behavior, precautions in dealing with customers with problematic behavior, guaranteeing the rights of workers dealing with customers and follow-up measures, stress self-diagnosis, and tips on preventing depression. In addition, GLAD Hotels&Resorts has prepared POP (Point-of-Purchase) materials to protect customer service workers by emphasizing follow-up procedures necessary to guarantee workers' rights in the event of a problem.



Human Rights Training Completion Rate

**100%**

Prevention of workplace bullying and sexual harassment, training to improve awareness of the disabled for all affiliates



▲ POP (Point-of-purchase) material to protect workers responding to customers

### Reporting System

DL Holdings and other major affiliates receive reports on corruption and unfair trade practices by executives and employees. Reports are received through cyber reporting, telephone, e-mail, internal reporting system, etc., and actions are taken according to internal regulations and procedures. In addition, confidentiality is guaranteed according to the informant protection regulations.

### Human Rights Grievance Handling Response

DL completes measures within one month to take 'immediate action' on internal grievances occurring in 2022. In addition, we draw attention to cases by disclosing them on groupware, allowing viewing by all employees, as a follow-up measure to prevent recurrence.

2022 Human Rights Grievance Handling (Unit: Cases, %)

Category	Number of Reports	Measures Taken	Handling Rate
DL Holdings	0	0	-
DL E&C	3	3	100
DL Chemical	1	1	100
DL Energy	2	2	100
DL Construction	5	5	100
GLAD Hotels&Resorts	0	0	-

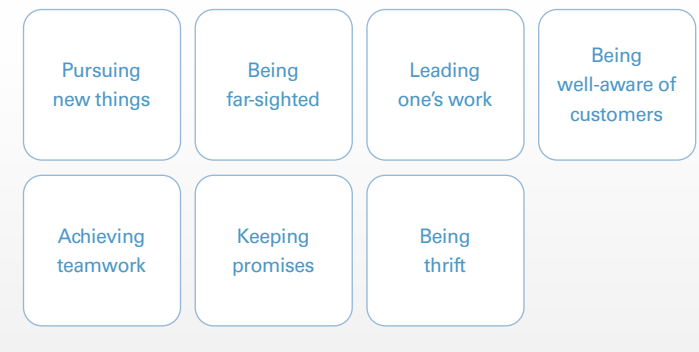
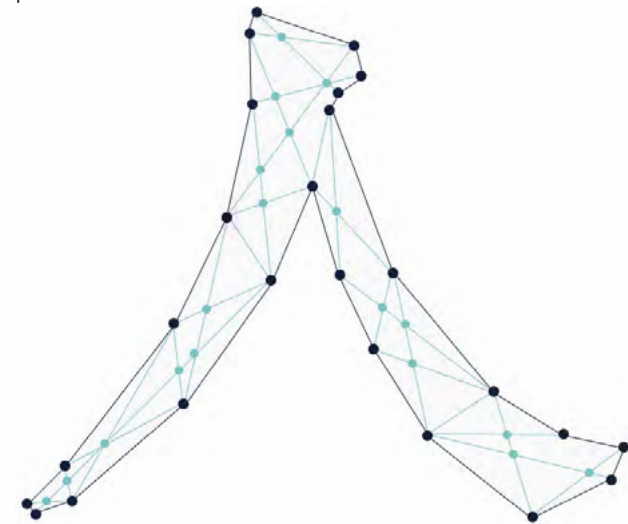
### Operation of Grievance Handling Committee

DL Holdings and affiliates operate the Grievance Handling Committee to handle internal grievances and prevent workplace harassment. We provide support for seamless handling by appointing committee members. Committee members are required to notify the relevant worker of the handling results within 10 days of hearing a grievance. Matters that are difficult for the committee members to handle directly are referred to the Labor-Management Council and handled after consultation. In addition, major affiliates are operating internal reporting windows (Sinmungo, internal reporting system, etc.) for employees to freely report grievances at any time.

## Diversity and Inclusion

We implement an employment policy that does not discriminate against gender, age, nationality, marital status, health condition, religion, or political orientation based on the 'Hansup Talent', the ideal talent of DL. Also, we objectively evaluate each individual's capabilities and assign position and promotion opportunities according to work needs in principle.

### Hansup Talent



### Major Achievements in DL's Talent Management



Development and Operation of New Online Training Course

**21** courses

DL Holdings



The Ratio of Human Rights Impact Assessment Improvement Measures

**100%**

DL E&C



Training Time per Person

**90** hours

DL Chemical



Human Rights Training Completion Rate

**100%**

DL Energy



Acquisition of Family-Friendliness Certification

DL Construction



The Proportion of Female Employees

**37%**

GLAD Hotels&Resorts

### Acquisition of Family-Friendliness Certification

Following the certification of DL E&C in December 2021, DL Construction was certified as a family-friendly company by the Ministry of Gender Equality and Family in 2022. DL E&C operates a healing camp for employees to enjoy with their parents and children every year and provides education and performance programs linked to Daelim Museum. DL Construction operates a workplace family-friendly system to support employees' childbirth and childrearing. In particular, we provide support for employees to balance work and family by reducing working hours during child-care and pregnancy, allowing them to take leaves for miscarriages and stillbirths, and take regular medical leaves for pregnant women and have breastfeeding time.

### DL Construction's Goal for Diversity

Category	2022 Performance	2023 Goal
The disabled	17 (0.9%)	19 (1.0%)
Those of national merit	16 (0.8%)	18 (0.9%)
Female managers	13 (0.7%)	16 (0.8%)
Female employees	236 (12.4%)	260 (13.0%)
<b>Total</b>	<b>1,905</b>	<b>1,995</b>

### Performance-based Compensation

DL Holdings and affiliates conduct fair promotion and compensation through comprehensive consideration of ability and performance. By principle, excellent employees are given opportunities to perform major positions regardless of promotion and seniority, and male and female employees are not discriminated against based on gender within the same position. In addition, the remuneration of all members is transparently disclosed through business reports.

### Securing Diversity through Equal Opportunity

DL recognizes human diversity as the basis for improving competitiveness and realizing social responsibility. We recruit various talents according to our employment policy without discriminating based on gender, age, nationality, marriage, health status, and political orientation. We provide equal opportunities to social minorities such as women, foreign workers, those of national merit, and the disabled, striving to improve human diversity in the organization. In particular, we are making continuous efforts to discover and nurture excellent female human resources. In addition to the recruitment of female employees, they are assigned core jobs, and human resources with outstanding capacities and qualifications are provided equal growth opportunities.

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# APPENDIX

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04



# ESG DATA CENTER

## ECONOMIC PERFORMANCE

### CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Category	Unit	2020	2021	2022
Current assets	KRW million	9,327,817	2,512,732	3,002,744
Non-current assets	KRW million	4,574,042	5,667,983	9,016,249
<b>Total assets</b>	KRW million	<b>13,901,860</b>	<b>8,180,715</b>	<b>12,018,994</b>
Current liabilities	KRW million	8,367,656	1,460,931	2,323,119
Non-current liabilities	KRW million	2,322,880	2,333,058	5,078,110
<b>Total liabilities</b>	KRW million	<b>10,690,536</b>	<b>3,793,989</b>	<b>7,401,229</b>
Equity attributable to owners of the company	KRW million	2,593,062	3,792,307	3,930,511
Non-controlling interests	KRW million	618,262	594,419	687,254
<b>Total shareholders' equity</b>	KRW million	<b>3,211,324</b>	<b>4,386,727</b>	<b>4,617,765</b>
<b>Total liabilities and shareholders' equity</b>	KRW million	<b>13,901,860</b>	<b>8,180,715</b>	<b>12,018,994</b>

### CONSOLIDATED STATEMENTS OF INCOME

Category	Unit	2020	2021	2022
Sales	KRW million	1,566,149	2,358,775	5,174,950
Cost of sales	KRW million	1,251,799	1,937,319	4,165,858
<b>Gross profit</b>	KRW million	<b>314,350</b>	<b>421,456</b>	<b>1,009,092</b>
Selling and administrative expenses	KRW million	195,300	228,294	721,632
<b>Operating income</b>	KRW million	<b>119,050</b>	<b>193,162</b>	<b>287,459</b>
Other income	KRW million	67,289	384,457	266,736
Other expense	KRW million	177,156	28,549	157,802
<b>Financial income</b>	KRW million	<b>28,781</b>	<b>20,936</b>	<b>69,726</b>
<b>Financial expense</b>	KRW million	<b>78,038</b>	<b>75,646</b>	<b>296,776</b>
<b>Share of profits of associates and joint ventures</b>	KRW million	<b>84,487</b>	<b>223,492</b>	<b>-44,660</b>
<b>Income before income tax expense</b>	KRW million	<b>44,412</b>	<b>717,852</b>	<b>124,683</b>
<b>Income tax expense</b>	KRW million	<b>23,363</b>	<b>102,495</b>	<b>22,836</b>
<b>Profit from continued operations</b>	KRW million	<b>21,049</b>	<b>615,357</b>	<b>101,847</b>
<b>Profit from discontinued operations</b>	KRW million	<b>551,608</b>	<b>113,262</b>	<b>-</b>
<b>Net income</b>	KRW million	<b>572,657</b>	<b>728,619</b>	<b>101,847</b>

## ENVIRONMENTAL PERFORMANCE

### GHG EMISSIONS

Category		Unit	2020	2021	2022	
(Scope 1 + 2)	Emissions	DL E&C	tCO <sub>2</sub> eq	66,911	57,051	64,528
		DL Chemical	tCO <sub>2</sub> eq	170,714	249,734	222,822
		DL Energy <sup>1)2)</sup>	tCO <sub>2</sub> eq	1,185,614	1,655,844	2,088,982
		DL Construction	tCO <sub>2</sub> eq	13,833	12,627	16,965
		GLAD Hotels&Resorts <sup>2)</sup>	tCO <sub>2</sub> eq	6,780	7,391	8,234
Scope 1	Emissions	DL E&C	tCO <sub>2</sub> eq	26,397	23,162	23,579
		DL Chemical	tCO <sub>2</sub> eq	5,538	2,160	2,166
		DL Energy	tCO <sub>2</sub> eq	1,174,419	1,645,525	2,079,879
		DL Construction	tCO <sub>2</sub> eq	4,655	4,094	4,465
		GLAD Hotels&Resorts	tCO <sub>2</sub> eq	2,032	2,440	2,439
Scope 2	Emissions	DL E&C	tCO <sub>2</sub> eq	40,514	33,889	40,949
		DL Chemical	tCO <sub>2</sub> eq	165,176	247,574	220,656
		DL Energy	tCO <sub>2</sub> eq	11,195	10,319	9,103
		DL Construction	tCO <sub>2</sub> eq	9,178	8,533	12,500
		GLAD Hotels&Resorts	tCO <sub>2</sub> eq	4,748	4,950	5,794

1) DL Energy's data has been calculated from Pocheon Power Co., Ltd.'s data

2) DL Energy and GLAD Hotels&Resorts' data are self-calculated

### ENERGY CONSUMPTION

Category	Type	Unit	2020	2021	2022
DL E&C <sup>1)</sup>	Fuel	TJ	2,355	1,921	357
	Electricity	TJ	790	668	819
	Steam	TJ	16	16	29
DL Chemical	Fuel	TJ	52	39	38
	Electricity	TJ	2,545	3,940	3,466
	Steam	TJ	643	920	840
DL Energy <sup>2)</sup>	Fuel	TJ	23,162	32,453	41,103
	Electricity	TJ	234	216	184
	Steam	TJ	0	0	0
DL Construction	Fuel	TJ	75	62	53
	Electricity	TJ	192	178	265
	Steam	TJ	0	0	0
GLAD Hotels&Resorts <sup>3)</sup>	Fuel	TJ	40.21	48.28	48.42
	Electricity	TJ	99.21	103.45	117.18
	Steam	TJ	0	0	0

1) DL E&C's fuel data is limited to city gas (LNG), propane, and other oils, and steam data is limited to steam and lignite.

2) DL Energy's data is limited to Pocheon Power Co., Ltd.'s data, and the fuel data is limited to Natural Gas (LNG), propane, gasoline, and diesel.

3) GLAD Hotels&Resorts' fuel data is limited to city gas (LNG).

**WASTE DISCHARGE**

Category		Unit	2020	2021	2022
Total	DL E&C <sup>1)</sup>	ton	342,183	650,870	648,621
	DL Chemical	ton	5,174	5,959	11,460
	DL Energy <sup>2)</sup>	ton	206	289	245
	DL Construction <sup>1)</sup>	ton	175,396	142,789	94,108
	GLAD Hotels&Resorts	ton	663	655	947
Designated Waste	DL E&C	ton	60	35	73
	DL Chemical	ton	520	578	663
	DL Energy	ton	9	0	18
	DL Construction	ton	44	53	20
	GLAD Hotels&Resorts	ton	0	0	0
General Waste	DL E&C	ton	342,123	650,835	648,548
	DL Chemical	ton	4,654	5,381	10,797
	DL Energy	ton	197	289	227
	DL Construction	ton	175,352	142,736	94,088
	GLAD Hotels&Resorts	ton	663	654	947

1) DL E&C and DL Construction data include construction waste in general waste

2) DL Energy's data has been calculated from Pocheon Power Co., Ltd.'s data

**WASTE TREATMENT**

Category		Unit	2020	2021	2022	
Total	DL E&C <sup>1)</sup>	ton	60	35	73	
	DL Chemical	ton	520	578	663	
	DL Energy <sup>2)</sup>	ton	9	0	18	
	DL Construction <sup>1)</sup>	ton	44	53	20	
	GLAD Hotels&Resorts	ton	0	0	0	
Recycling	DL E&C	ton	3	6	0	
	DL Chemical	ton	387	457	552	
	DL Energy	ton	9	0	12	
	DL Construction	ton	14	46	4	
	GLAD Hotels&Resorts	ton	0	0	0	
Designated Waste	Landfill	DL E&C	ton	0	1	0
		DL Chemical	ton	4	6	3
		DL Energy	ton	0	0	0
		DL Construction	ton	0	1	0
		GLAD Hotels&Resorts	ton	0	0	0
Incineration	DL E&C	ton	57	28	73	
	DL Chemical	ton	128	115	108	
	DL Energy	ton	0	0	1.73	
	DL Construction	ton	28	5	16	
	GLAD Hotels&Resorts	ton	0	0	0	
Others	DL E&C	ton	0	0	0	
	DL Chemical	ton	0	0	0	
	DL Energy	ton	0	0	5	
	DL Construction	ton	0	0	0	
	GLAD Hotels&Resorts	ton	0	0	0	

Category		Unit	2020	2021	2022	
Designated Waste	Total	DL E&C	ton	342,123	650,835	648,548
		DL Chemical	ton	4,654	5,381	10,797
		DL Energy	ton	197	289	227
		DL Construction	ton	175,352	142,736	94,088
		GLAD Hotels&Resorts	ton	663	654	947
	Recycling	DL E&C	ton	341,596	649,805	648,287
		DL Chemical	ton	1,679	2,188	6,848
		DL Energy	ton	166	289	227
		DL Construction	ton	175,310	142,691	94,066
		GLAD Hotels&Resorts	ton	6	6	6
	Landfill	DL E&C	ton	127	333	175
		DL Chemical	ton	2,912	3,090	3,850
		DL Energy	ton	-	-	-
		DL Construction	ton	41	43	22
		GLAD Hotels&Resorts	ton	0	0	0
	Incineration	DL E&C	ton	400	697	86
		DL Chemical	ton	63	100	95
		DL Energy	ton	32	-	-
		DL Construction	ton	2	2	-
		GLAD Hotels&Resorts	ton	444	465	643
Others	DL E&C	ton	0	0	0	
	DL Chemical	ton	0	3	4	
	DL Energy	ton	-	-	-	
	DL Construction	ton	-	-	-	
	GLAD Hotels&Resorts	ton	213	183	298	

1) DL E&C and DL Construction data include construction waste in general waste

2) DL Energy's data has been calculated from Pocheon Power Co., Ltd.'s data

## WATER POLLUTION DISCHARGE

Category		Unit	2020	2021	2022
DL E&C	COD	kg	-	-	-
	BOD	kg	10	10	2
	SS	kg	10	7	26
DL Chemical	COD	kg	10,168	12,860	7,195
	BOD	kg	1,710	2,214	7,734
	SS	kg	5,271	6,799	4,108
DL Energy <sup>1)</sup>	COD	kg	611	978	943
	BOD	kg	0	0	0
	SS	kg	0.2	0.2	0.1
DL Construction	COD	kg	8,580	5,742	245
	BOD	kg	3,180	1,870	961
	SS	kg	6,444	3,718	3,454
GLAD Hotels&Resorts	COD	kg	-	-	-
	BOD	kg	-	-	-
	SS	kg	-	-	-

1) Data for DL Energy has been calculated from Pocheon Power Co., Ltd.'s data



## SOCIAL PERFORMANCE

### EMPLOYEES

Category		Unit	2020	2021	2022	
Total	DL Holdings <sup>1)2)</sup>	Persons	-	46	46	
	DL E&C	Persons	5,490	5,469	5,591	
	DL Chemical	Persons	571	698	697	
	DL Energy	Persons	60	56	60	
	DL Construction	Persons	1,026	1,273	1,902	
	GLAD Hotels&Resorts	Persons	305	302	384	
Full-time employees	Total	DL Holdings	Persons	-	29	30
		DL E&C	Persons	3,308	3,243	3,364
		DL Chemical	Persons	489	598	597
		DL Energy	Persons	57	54	57
		DL Construction	Persons	847	899	993
		GLAD Hotels&Resorts	Persons	292	261	349
	Male	DL Holdings	Persons	-	23	24
		DL E&C	Persons	3,085	3,034	3,126
		DL Chemical	Persons	442	541	540
		DL Energy	Persons	52	48	51
		DL Construction	Persons	816	867	958
		GLAD Hotels&Resorts	Persons	193	173	220
	Female	DL Holdings	Persons	-	6	6
		DL E&C	Persons	223	209	238
		DL Chemical	Persons	47	57	57
		DL Energy	Persons	5	6	6
		DL Construction	Persons	31	32	35
		GLAD Hotels&Resorts	Persons	99	88	129
Contract employees	Total	DL Holdings	Persons	-	15	16
		DL E&C	Persons	2,182	2,226	2,227
		DL Chemical	Persons	82	100	100
		DL Energy	Persons	3	2	3
		DL Construction	Persons	179	374	909
		GLAD Hotels&Resorts	Persons	13	41	35

Category		Unit	2020	2021	2022	
Contract employees	Male	DL Holdings	Persons	-	12	12
		DL E&C	Persons	1,667	1,650	1,653
		DL Chemical	Persons	51	62	62
		DL Energy	Persons	2	2	3
		DL Construction	Persons	155	350	708
		GLAD Hotels&Resorts	Persons	9	19	23
	Female	DL Holdings	Persons	-	3	4
		DL E&C	Persons	515	576	574
		DL Chemical	Persons	31	38	38
		DL Energy	Persons	1	0	0
		DL Construction	Persons	24	24	201
		GLAD Hotels&Resorts	Persons	4	22	12
Age	Under 30	DL Holdings	Persons	-	1	1
		DL E&C	Persons	376	398	448
		DL Chemical	Persons	86	116	107
		DL Energy	Persons	1	1	1
		DL Construction	Persons	112	169	201
		GLAD Hotels&Resorts	Persons	96	98	140
	30 to 50	DL Holdings	Persons	-	32	32
		DL E&C	Persons	3,850	3,716	3,489
		DL Chemical	Persons	292	364	354
		DL Energy	Persons	41	41	48
		DL Construction	Persons	641	794	1,100
		GLAD Hotels&Resorts	Persons	179	170	202
	Over 50	DL Holdings	Persons	-	11	13
		DL E&C	Persons	1,264	1,355	1,654
		DL Chemical	Persons	193	218	236
		DL Energy	Persons	18	14	11
		DL Construction	Persons	273	310	601
		GLAD Hotels&Resorts	Persons	30	34	42

1) Data Based on business reports and, in some cases, the inclusion of executives as contractors.

2) Data reflecting after DL Holdings' spin-off

**NEW RECRUITMENT**

Category		Unit	2020	2021	2022	
Gender	Male	DL Holdings <sup>1)</sup>	Persons	-	7	6
		DL E&C	Persons	53	99	341
		DL Chemical	Persons	81	148	148
		DL Energy	Persons	14	4	12
		DL Construction	Persons	41	134	204
		GLAD Hotels&Resorts	Persons	3	44	90
	Female	DL Holdings	Persons	-	1	1
		DL E&C	Persons	18	10	51
		DL Chemical	Persons	21	70	25
		DL Energy	Persons	1	1	4
		DL Construction	Persons	3	5	7
		GLAD Hotels&Resorts	Persons	2	47	54
Age	Under 30	DL Holdings	Persons	-	0	0
		DL E&C	Persons	35	34	124
		DL Chemical	Persons	34	76	50
		DL Energy	Persons	3	0	0
		DL Construction	Persons	22	34	93
		GLAD Hotels&Resorts	Persons	1	57	100
	30 to 50	DL Holdings	Persons	-	8	7
		DL E&C	Persons	34	75	257
		DL Chemical	Persons	27	107	26
		DL Energy	Persons	11	5	13
		DL Construction	Persons	22	103	118
		GLAD Hotels&Resorts	Persons	4	34	43
	Over 50	DL Holdings	Persons	-	0	0
		DL E&C	Persons	2	0	11
		DL Chemical	Persons	41	35	97
		DL Energy	Persons	1	0	3
		DL Construction	Persons	0	2	0
		GLAD Hotels&Resorts	Persons	0	0	1

1) Data reflecting after DL Holdings' spin-off

**RETIREE**

Category		Unit	2020	2021	2022		
Gender	Male	DL Holdings <sup>1)</sup>	Persons	-	5	4	
		DL E&C	Persons	792	591	723	
		DL Chemical	Persons	198	67	140	
		DL Energy	Persons	12	7	9	
		DL Construction	Persons	42	63	107	
		GLAD Hotels&Resorts	Persons	86	40	28	
	Female	DL Holdings	Persons	-	1	2	
		DL E&C	Persons	176	165	195	
		DL Chemical	Persons	23	10	21	
		DL Energy	Persons	2	1	4	
		DL Construction	Persons	2	4	4	
		GLAD Hotels&Resorts	Persons	46	43	34	
	Age	Under 30	DL Holdings	Persons	-	0	0
			DL E&C	Persons	83	82	118
			DL Chemical	Persons	34	15	24
			DL Energy	Persons	1	0	1
			DL Construction	Persons	3	10	27
			GLAD Hotels&Resorts	Persons	50	26	30
30 to 50		DL Holdings	Persons	-	6	5	
		DL E&C	Persons	434	402	464	
		DL Chemical	Persons	104	19	31	
		DL Energy	Persons	8	6	5	
		DL Construction	Persons	30	36	61	
		GLAD Hotels&Resorts	Persons	63	55	29	
Over 50		DL Holdings	Persons	-	0	1	
		DL E&C	Persons	451	272	336	
		DL Chemical	Persons	83	43	106	
		DL Energy	Persons	5	2	7	
		DL Construction	Persons	11	21	23	
		GLAD Hotels&Resorts	Persons	19	2	3	

1) Data reflecting after DL Holdings' spin-off

**SPECIAL EMPLOYMENT**

Category		Unit	2020	2021	2022
Number of employees with disabilities	DL Holdings <sup>1)</sup>	Persons	-	0	0
	DL E&C	Persons	51	47	51
	DL Chemical	Persons	6	6	4
	DL Energy	Persons	0	0	0
	DL Construction	Persons	18	19	17
	GLAD Hotels&Resorts	Persons	3	4	4
Rate of disabled employees	DL Holdings	%	-	0	0
	DL E&C	%	0.9	0.9	0.9
	DL Chemical	%	1.1	0.9	0.6
	DL Energy	%	0	0	0
	DL Construction	%	1.1	1.1	0.9
	GLAD Hotels&Resorts	%	0.9	1.3	1
Employees who are national veterans	DL Holdings	Persons	-	0	0
	DL E&C	Persons	101	94	86
	DL Chemical	Persons	15	16	16
	DL Energy	Persons	0	0	0
	DL Construction	Persons	15	15	16
	GLAD Hotels&Resorts	Persons	0	0	0
Rate of employees who are national veterans	DL Holdings	%	-	0	0
	DL E&C	%	1.8	1.7	1.5
	DL Chemical	%	2.6	2.4	2.4
	DL Energy	%	0	0	0
	DL Construction	%	0.9	0.9	0.8
	GLAD Hotels&Resorts	%	0	0	0

1) Data reflecting after DL Holdings' spin-off

**PARENTAL LEAVE**

Category		Unit	2020	2021	2022	
Number of employees using parental leave	Total	DL Holdings <sup>1)</sup>	Persons	-	0	1
		DL E&C	Persons	68	86	97
		DL Chemical	Persons	0	3	12
		DL Energy	Persons	0	0	1
		DL Construction	Persons	1	1	6
		GLAD Hotels&Resorts	Persons	25	29	14
	Male	DL Holdings	Persons	-	0	0
		DL E&C	Persons	42	58	65
		DL Chemical	Persons	0	2	5
		DL Energy	Persons	0	0	1
		DL Construction	Persons	1	1	5
		GLAD Hotels&Resorts	Persons	17	19	3
	Female	DL Holdings	Persons	-	0	1
		DL E&C	Persons	26	28	32
		DL Chemical	Persons	0	1	7
		DL Energy	Persons	0	0	0
		DL Construction	Persons	0	0	1
		GLAD Hotels&Resorts	Persons	8	10	11

1) Data reflecting after DL Holdings' spin-off

### EMPLOYEE TRAINING

Category		Unit	2020	2021	2022
Number of trainees	DL Holdings <sup>1)</sup>	Persons	-	45	46
	DL E&C	Persons	4,312	4,273	4,405
	DL Chemical	Persons	547	651	627
	DL Energy	Persons	33	29	32
	DL Construction	Persons	1,794	1,843	1,891
	GLAD Hotels&Resorts	Persons	-	-	384
Training hours per person	DL Holdings	Hours	-	7	11
	DL E&C	Hours	31	40	42
	DL Chemical	Hours	76	68	90
	DL Energy	Hours	45	53	57
	DL Construction	Hours	8.3	15	16.6
	GLAD Hotels&Resorts	Hours	-	-	-
Total training costs	DL Holdings	KRW million	-	8	38
	DL E&C	KRW million	1,347	1,442	1,594
	DL Chemical	KRW million	366	654	664
	DL Energy	KRW million	29	26	19
	DL Construction	KRW million	164	362	590
	GLAD Hotels&Resorts	KRW million	-	-	66
Training cost per person	DL Holdings	KRW million	-	0.2	0.8
	DL E&C	KRW million	0.3	0.3	0.4
	DL Chemical	KRW million	0.6	1	1
	DL Energy	KRW million	0.9	0.9	0.6
	DL Construction	KRW million	0.1	0.2	0.3
	GLAD Hotels&Resorts	KRW million	-	-	0.5

1) Data reflecting after DL Holdings' spin-off

2) Based on separate standard data calculated independently for each affiliate

### HUMAN RIGHTS TRAINING

Category		Unit	2020	2021	2022
Number of training participants	DL Holdings <sup>1)</sup>	Persons	-	45	46
	DL E&C	Persons	4,312	4,273	4,405
	DL Chemical	Persons	571	698	697
	DL Energy	Persons	60	60	64
	DL Construction	Persons	1,794	1,843	1,891
	GLAD Hotels&Resorts	Persons	-	-	375
	Employee training completion rate	DL Holdings	%	-	100
DL E&C		%	100	100	100
DL Chemical		%	100	100	100
DL Energy		%	100	100	100
DL Construction		%	100	100	100
GLAD Hotels&Resorts		%	-	-	98

1) Data reflecting after DL Holdings' spin-off



**OCCUPATIONAL SAFETY**

Category		Unit	2020	2021	2022	
No. of accidents	Total	DL E&C	Persons	0	0	0
		DL Chemical	Persons	4	0	0
		DL Energy	Persons	0	0	0
		DL Construction	Persons	0	0	0
		GLAD Hotels&Resorts	Persons	1	6	3
	Deaths	DL E&C	Persons	0	0	0
		DL Chemical	Persons	0	0	0
		DL Energy	Persons	0	0	0
		DL Construction	Persons	0	0	0
		GLAD Hotels&Resorts	Persons	0	0	0
	Injuries	DL E&C	Persons	0	0	0
		DL Chemical	Persons	4	0	0
		DL Energy	Persons	0	0	0
		DL Construction	Persons	0	0	0
		GLAD Hotels&Resorts	Persons	1	6	3
	Occupational disease	DL E&C	Persons	0	0	0
		DL Chemical	Persons	0	0	0
		DL Energy	Persons	0	0	0
		DL Construction	Persons	0	0	0
		GLAD Hotels&Resorts	Persons	0	0	0

**OCCUPATIONAL SAFETY BY SUPPLIERS**

Category		Unit	2020	2021	2022
No. of deaths by suppliers	DL E&C	Persons	1	1	5
	DL Chemical	Persons	0	0	0
	DL Energy	Persons	0	0	0
	DL Construction	Persons	-	2	2
	GLAD Hotels&Resorts <sup>1)</sup>	Persons	-	-	-

1) No. of victims of accidents by suppliers is not being managed

## GOVERNANCE

### BOARD OF DIRECTORS

Category		Unit	2020	2021	2022
Board of Directors	No. of board meetings	Cases	-	13	10
	Independent directors rate	%	-	60	60
Audit Committee	No. of board meetings	Cases	-	6	7
	Independent directors rate	%	-	100	100
ESG Committee <sup>2)</sup>	No. of board meetings	Cases	-	7	7
	Independent directors rate	%	-	100	100
NR Committee <sup>3)</sup>	No. of board meetings	Cases	-	2	2
	Independent directors rate	%	-	66.7	66.7
Finance Committee	No. of board meetings	Cases	-	0	0
	Independent directors rate	%	-	33.3	33.3

1) Data after DL Holdings' spin-off in 2021

2) Data including the former Governance Committee

3) Nomination and Remuneration Committee, Data including the former Remuneration Committee

### ETHICS/COMPLIANCE TRAINING

Category	Unit	2020	2021	2022
Number of trainees	Persons	-	45	46
Number of training programs	Cases	-	7	11

1) Data after DL Holdings' spin-off in 2021

### NUMBER OF ETHICS/COMPLIANCE VIOLATIONS

Category	Unit	2020	2021	2022
Anti-corruption	Cases	-	0	0
Information security	Cases	-	0	0
Fair trade act.	Cases	-	0	0
Personal information protection	Cases	-	0	0

1) Data after DL Holdings' spin-off in 2021

# GRI CONTENT INDEX

Statement of Use	GRI Standards have been applied in reporting sustainability management for the period from January 1st, 2022 to December 31st, 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standards	As of August 2023, as of the reporting date, the GRI Sector Standard for the holding company has not been announced and cannot be used.

## GRI 2: GENERAL DISCLOSURES 2021

Topic	NO.	Indicators	Report page and details	Verification	ISO 26000
Organizational Information and Reporting Practices	2-1	Organizational details	7, refer to pp.4-8 of annual report	●	5.2/7.3.2/7.3.3/7.3.4/7.5.3/ 7.6.2/7.8
	2-2	Entities included in the organization's sustainability reporting	2	●	
	2-3	Reporting period, frequency and contact point	2	●	
	2-4	Restatements of information	As the first published report, there is no information change	●	
	2-5	External assurance	90-91	●	
Activities and Workers	2-6	Activities, value chain and other business relationships	10-21	●	5.2/6.4
	2-7	Employees	77-79	●	
	2-8	Workers who are not employees	Refer to pp.462 of annual report	●	
Governance	2-9	Governance structure and composition	24-26	●	4.4/4.7/5.3.3/6.2/6.4.4/6.6.3/ 6.6.4/7.4.3/7.7.5
	2-10	Nomination and selection of the highest governance body	24-26	●	
	2-11	Chair of the highest governance body	24-26	●	
	2-12	Role of the highest governance body in overseeing the management of impacts	22, 25-26	●	
	2-13	Delegation of responsibility for managing impacts	22, 25-26	●	
	2-14	Role of the highest governance body in sustainability reporting	25-26	●	
	2-15	Conflicts of interest	24-25	●	
	2-16	Communication of critical concerns	22, 26	●	
	2-17	Collective knowledge of the highest governance body	24-25	●	
	2-18	Evaluation of the performance of the highest governance body	25, refer to pp.462-465 of annual report	●	
	2-19	Remuneration policies	25, refer to pp.462-465 of annual report	●	
	2-20	Process to determine remuneration	25, refer to pp.462-465 of annual report	●	
	2-21	Annual total compensation ratio	Refer to pp.463-464 of annual report	●	

Topic	NO.	Indicators	Report page and details	Verification	ISO 26000
Strategy, Policies, and Practices	2-22	Statement on sustainable development strategy	6	●	4.3/4.4/4.6/6.3.3/6.3.7/6.4.6/ 6.6.3/6.8.3
	2-23	Policy commitments	66, refer to the Code of Ethics webpage	●	
	2-24	Embedding policy commitments	67-70	●	
	2-25	Processes to remediate negative impacts	67	●	
	2-26	Mechanisms for seeking advice and raising concerns	28, 43, 69-70	●	
	2-27	Compliance with laws and regulations	Refer to pp.476-484 of annual report	●	
	2-28	Membership associations	91	●	
Stakeholder Engagement	2-29	Approach to stakeholder engagement	90	●	5.3
	2-30	Collective bargaining agreements	The application rate derived through the labor-management council is applied to all employees	●	

**GRI 3: MATERIAL TOPICS 2021**

Topic	NO.	Indicators	Report page and details	Verification	ISO 26000
Disclosures on Material Topics	3-1	Process to determine material topics	32-33	●	2005.2.2
	3-2	List of material topics	32-33	●	
	3-3	Management of material topics	34-35, 46-47, 52-53, 58-59, 64-65, Refer to best practices from governance information on the website	●	

**TOPIC-SPECIFIC DISCLOSURES**

Topic	NO.	Disclosure	Report page and details	Verification	ISO 26000
Topic 1: Occupational Health and Safety	3-3	Material topic management method	34-35	●	2005.2.2
Occupational Health and Safety	403-1	Occupational health and safety management system	36	●	6.4.6/6.8.8
	403-4	Worker participation, consultation, and communication on occupational health and safety	38-39, 45	●	
	403-5	Worker training on occupational health and safety	41-42, 45	●	
	403-6	Promotion of worker health	44	●	
	403-9	Work-related injuries	81	●	

Topic	Disclosure		Report page and details	Verification	ISO 26000
<b>Topic 2: Ethics</b>	3-3	Material topic management method	27	●	2005.2.2
Ethics management	205-2	Communication and training about anti-corruption policies and procedures	28, 82	●	6.6.1-6.6.2/6.6.3
	205-3	Confirmed incidents of corruption and actions taken	28	●	
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	82, refer to pp.476-484 of annual report	●	6.6.1-6.6.2/6.6.5/6.6.7
<b>Topic 3: Responding to climate change</b>	3-3	Material topic management method	46-47	●	2005.2.2
Energy and emissions	302-1	Energy consumption within the organization	74	●	6.5.3/6.5.4/6.5.5
	302-4	Energy consumption savings	49-51	●	
	305-1	Direct (Scope 1) GHG emissions	74	●	
	305-2	Indirect (Scope 2) GHG emissions	74	●	
<b>Topic 4: Waste management and resource circulation</b>	3-3	Material topic management method	52-53	●	2005.2.2
Raw material waste	301-2	Recycled input materials used	55, 75-76	●	6.5.3/6.5.4/6.5.6
	306-2	Management of significant waste-related impacts	54	●	
	306-3	Waste generated	75	●	
	306-4	Waste diverted from disposal	75-76	●	
	306-5	Waste directed to disposal	75-76	●	
<b>Topic 5: Business portfolio and eco-friendly business drive</b>	3-3	Material topic management method	58-59	●	2005.2.2
Indirect economic impacts	203-2	Significant indirect economic impacts	60-63	●	6.3.9/6.6.6/6.6.7/6.7.8/ 6.8.1-6.8.2/6.8.5/6.8.7/6.8.9
<b>Topic 6: Governance</b>	3-3	Material topic management method	Refer to best practices from governance information on the website	●	2005.2.2
Company specific metrics	-	Board of Directors operation performance	24-25, 82	●	-
<b>Topic 7: Human rights</b>	3-3	Material topic management method	64-65	●	2005.2.2
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	77-79	●	6.4.3/6.4.4/6.4.7/6.8.5/6.8.7
Parental leave	401-3	Parental leave	79	●	
Average hours of training per year per employee	404-1	Average hours of training per year per employee	80	●	



# SASB INDEX

DL intends to report relevant information to help various stakeholders’ decision-making in accordance with the industry-specific standard framework established by the Sustainability Accounting Standards Board (SASB). The following content has been prepared according to the Engineering & Construction Service and Chemicals industry standards for DL E&C and DL Chemical among affiliates based on the SICS (Sustainable Industry Classification System) classification.

## ENGINEERING & CONSTRUCTION SERVICE

Topic	Code	Metrics	Details
Environmental impacts of project development	IF-EN-160a.1	No. of incidents of non-compliance with environmental permits, standards, and regulations	No case of occurrence
	IF-EN-160a.2	Discussion of environmental risk assessment and management associated with project design siting, and construction	Environmental impact assessment is conducted to evaluate the impact of the project on the surrounding environment to enable design and construction considering the environment
Structural integrity & safety	IF-EN-250a.1	Amount of defect- and safety-related rework costs	Undisclosed
	IF-EN-250a.2	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety- related incidents	Undisclosed
Workforce health & safety	IF-EN-320a.1	(1) Total recorded incident rate (TRIR) and (2) fatalities of (a) direct employees and (b) contract employees	<ul style="list-style-type: none"> <li>DL E&amp;C is managed by LTIR instead of TRIR</li> <li>0.2968 as of 2022, with fatality rate of 0 for direct employees and contract employees</li> </ul>
Lifecycle impacts of buildings & infrastructures	IF-EN-410a.1	(1) No. of projects with sustainability certification verified by a third-party (2) No. of scheduled sustainability certifications among ongoing projects	8 green building and building energy efficiency rating certifications (2022)
	IF-EN-410a.2	Discussion process to incorporate operational-phase energy and water efficiency considerations into project planning and design	<ul style="list-style-type: none"> <li>For energy efficiency, high-insulation, high-sound insulation PVC turning doors, curtain wall systems with improved insulation performance, high-efficiency ventilation devices, smart energy diagnosis systems using sensor, and smart commissioning solutions have been developed. In the field of renewable energy, an optimal design program for solar power system for apartment houses has been developed.</li> </ul>
Climate impacts of business mix	IF-EN-410b.1	Backlog for: (1) Hydrocarbon-related projects (2) Renewable energy projects	No backlog of hydrocarbon-related projects and renewable energy projects
	IF-EN-410b.2	Backlog associated with cancelled hydrocarbon-related projects	No backlog cancellations related to hydrocarbon-related projects
	IF-EN-410b.3	Backlog associated with climate change mitigation-related non-energy projects	None
Business ethics	IF-EN-510a.1	In countries ranked in the bottom 20 of Transparency International's Corruption Perception Index: (1) No. of active projects (2) Backlogs	No projects or backlogs in the bottom 20 countries of the Corruption Perceptions Index.
	IF-EN-510a.2	Total monetary losses as a result of legal proceedings associated with charges of: (1) Bribery or corruption (2) Anti-competitive practices	(1) None (2) KRW 10.8 billion imposed due to anti-competition litigation (2022.12.20., DART disclosure, Korea Gas Corporation liquefied natural gas storage tank construction project result of claim for damages)
	IF-EN-510a.3	Description of policies and practices for prevention of followings in bidding process: (1) Bribery and corruption (2) Anti-competitive behavior in the project bidding process	<ul style="list-style-type: none"> <li>Ethics management promotion organization operation, Charter of Ethics, code of ethics, and practice guidelines have been enacted shared. All employees have signed the pledge to practice the code of ethics to internalize ethics management</li> <li>The ESG Committee under the Board of Directors is being operated, conducting compliance program and fair trade training</li> </ul>
Activity metric	IF-EN-000.A	Number of active projects	140 projects
	IF-EN-000.B	Number of verified projects	None
	IF-EN-000.C	Total backlog	KRW 18.6 billion

**CHEMICALS**

Topic	Code	Metrics	Responses
Greenhouse gas emissions	RT-CH-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	2,166tCO <sub>2</sub> -eq, 100%
	RT-CH-110a.2	Discussion of long-term and short-term strategy or plan to manage Scope 1 greenhouse gas (GHG) emissions	A reduction target for greenhouse gas emissions has been established and tasks to achieve the target are being explored, aiming to reduce emissions by promoting new eco-friendly projects in the long run
Air quality	RT-CH-120a.1	Air emissions of the following pollutants: (1) NOX (Excluding N2O), (2) SOX, (3) volatile organic compounds (VOCs), and (4) hazardous air pollutants (HAPs)	(1) 0.440ton (2) 0.150ton (3) Undisclosed (4) Undisclosed
Energy management	RT-CH-130a.1	1 (1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	(1) 4,344TJ (2) 80% (3) 0% (4) 0kWh
Water management	RT-CH-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	(1) 1,536,969ton (2) 1,536,969ton, 0%
	RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	0 Case
	RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate those risks	The local WRI waster stress index is checked for water resource risk management in new projects
Hazardous waste management	RT-CH-150a.1	(1) Amount of hazardous waste generated, (2) Percentage recycled	(1) 663ton (2) 83%
Community relations	RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	Promotion of company-wide ESG activities and local volunteer activities to become a company that goes hand in hand with the local community
Workforce health & safety	RT-CH-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (1) direct employees and (b) contract employees	(1) (a) 0 (2) (b) 0.52 (2) (a) 0 (2) (b) 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	In order to prevent serious accidents in advance, HSE Audit by the safety and health team at the head office is conducted once a half year. Harmful risk factors are identified and improved through third-party verification and detailed diagnosis of vulnerabilities in each sector, such as safety, health, environment, and firefighting
Product design for use-phase efficiency	RT-CH-410a.1	Revenue from products designed for use-phase resource efficiency	Undisclosed
Safety & environmental stewardship of chemicals	RT-CH-410b.1	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	(1) 1% (2) 100%
	RT-CH-410b.2	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	(1) Prevention of safety and environmental hazards in advance through identification of the hazards of chemical substances through chemical risk assessment (2) Reduction of the amount of plastic used in existing products through the development of eco-friendly raw materials and using mechanically recycled plastic materials to develop eco-friendly product solutions
Genetically modified organisms	RT-CH-410c.1	Percentage of products by revenue that contain genetically modified organisms (GMOs)	N/A
Management of the legal & regulatory environment	RT-CH-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	Systematic implementation of the Act on Registration and Evaluation of Chemical Substances and the overseas REACH system, and striving to build a resource circulation system through research and development of recycled plastics and various partnerships in line with regulations on plastic use
Operational safety, emergency preparedness & response	RT-CH-540a.1	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	N/A
	RT-CH-540a.2	Number of transport incidents	N/A

# THIRD-PARTY ASSURANCE STATEMENT



## To: The Stakeholders of DL Holdings Co., Ltd.

### Introduction and Objectives of Work

BSI Group Korea (hereinafter “the Assurer”) was requested to verify DL Holdings 2023 Sustainability Report (hereinafter “the Report”). This assurance statement applies only to the relevant information included in the scope of the assurance. DL Holdings is solely responsible for all information and assertion contained in the Report. The responsibility of the Assurer is to provide DL Holdings 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 DL Holdings.

### 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.

### Scope

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

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

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 supporting evidence related to the material issues through interviews with senior managers in the responsible department
- 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.

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### AA1000 AP (2018)

#### Inclusivity: Stakeholder Engagement and Opinion

DL Holdings defined Executives/Employees, Shareholders/Investors, Government/Associations and Local Community as key stakeholder groups, and operated communication channels for each stakeholder group for engagement.

DL Holdings reflected key issues derived from stakeholder channels to sustainability management decisions and disclosed the process in the Report.

**Materiality: Identification and reporting of material sustainability topics**

DL Holdings established the strategy related to sustainability management and established the process to derive reporting issues. DL Holdings identified financial and social/environmental impacts and derived 8 material issues 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**

DL Holdings established the management process for material issues determined by the materiality assessment, and implemented a response plan for each issue to appropriately respond to the derived core issues that reflects the expectations of stakeholders. DL Holdings disclosed the relevant process including establishing policy and indicators, activity and response performance on key reporting issues in the Report.

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

DL Holdings established the process to identify and evaluate the impact on organizations and stakeholders related to material issues. DL Holdings 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**

- As a holding company, it may be helpful to advance sustainability management system by presenting strategies and plans for the sustainable management system across the DL Group and disclosing whether each goal is achieved.
- It may be helpful to advance sustainability management system by Clarifying the performance indicators related to the sustainability of consolidated subsidiaries within the reporting scope and gradually expanding the aggregation of those performance indicators.
- It may be helpful to advance sustainability management system by Integrating and managing non-financial risks other than financial risks within the enterprise risk process.

**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 DL Holdings. 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 DL Holdings, the sector standard was not applied.

Universal Standards	Topic 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)	203-2, 205-2~3, 206-1, 302-1, 302-4, 305-1~2, 306-1~5, 401-3, 403-1, 403-4~6, 403-9, 404-1, 405-1



29<sup>th</sup> Aug 2023

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

# STAKEHOLDER ENGAGEMENT

DL includes executives and employees, shareholders/investors, government/associations, and local communities as key stakeholders who are directly or indirectly affected by management activities. Furthermore, we are operating various communication channels to promote cooperation and enhance trust with stakeholders and continue our efforts to create sustainable value through responsible management.

Category	Communication Channels	Purpose of Communication	Operation Performance in 2022	Major Concerns in 2022
Executives and Employees	Labor-Management Council	Handling employee grievances and discussing discussions	Once quarterly	<ul style="list-style-type: none"> <li>- Reinforcement of employee benefits and capacity</li> <li>- Corporate culture and guidelines</li> <li>- Protection of human rights</li> <li>- Equal evaluation and reward</li> </ul>
	Grievance handling system and reporting system	Prevention of sexual harassment and workplace bullying and response to issues	No employee grievance reports received	
	Executive meeting	Communication to improve business performance and organizational culture	Frequently held	
	Groupware bulletin board	Sharing the company's key information	At all times	
Shareholders/Investors	Shareholders' meeting	Communication to protect shareholder rights	1 regular shareholders' general meeting, 1 extraordinary general shareholders' meeting	<ul style="list-style-type: none"> <li>- Disclosure of company news and public information</li> <li>- Establishment of shareholder return policy to enhance shareholder value</li> <li>- Governance disclosure</li> <li>- Sharing of business status</li> <li>- Sharing of board decisions</li> <li>- Sharing of financial information and financial safety</li> </ul>
	Investors Relation (IR)	Communication of company performance, growth strategy, and shareholder return policy to stakeholders such as investors, potential investors, and analysts	Quarterly company briefing and investor NDRs	
	Disclosure (Business report, corporate governance report, Fair Trade Commission disclosure, etc.)	Disclosure of key management information	Disclosure of quarterly reports, business reports, corporate governance reports, diagnosis status of large companies, etc.	
	Website information disclosure	Disclosure of major management information	Frequent updates when required to disclose information	
Government/Associations	Government departments	Communication with information agencies and operation of compliance management	Discussion on pending issues with the Fair Trade Commission and the Ministry of Land, Infrastructure, and Transport	<ul style="list-style-type: none"> <li>- Sharing information on law revision issues</li> <li>- Sharing information on ESG management such as safety and health, compliance management, etc.</li> <li>- Sharing of current economic and industrial issues</li> </ul>
	Policy meeting/conference	Policy establishment and policy revision monitoring	Ministry of Land, Infrastructure and Transport meeting on private leasing policy improvement Meeting on fair trade system improvement Investment meeting on public pension fund	
	Economic organizations and associations	Government policy discussion and external environment monitoring	Participation in major economic organizations' seminars and forums Participation in major association activities (Korea Listed Companies Association, Korea Fair Competition Federation)	
Local Community	Social contribution activities	Fulfillment of corporate social responsibility	Carried out plogging campaign and participated in multiple activities	<ul style="list-style-type: none"> <li>- Fulfillment of responsibility for improving the local environment</li> <li>- Participation in community social contribution activities</li> </ul>



# AWARDS & MEMBERSHIPS

## MAJOR AWARDS

Category	Award Details	Hosts/Organizers
DL Holdings	German iF Design Awards (Company Branding Award)	Hannover Exhibition Centre
	A.N.D. Award (Digital Advertisement & Campaign Award)	Korea Digital Enterprise Association
DL E&C	2022 Overseas Construction Awards (SOC Grand Prize)	Money Today
	2022 Korea Residential Service Award (Best Architecture)	Money Today
	16th Asia Economic Apartment Brand Awards (Power Brand Award)	Asia Economic
	2022 Hankyung Residential Culture Award (Customer Satisfaction Award)	The Korea Economic Daily
	2022 Liveable Apartment Competition (Excellence Award)	Maeil Business News
	2022 Korea Luxury Housing Grand Prize (Best General Apartment)	Money Today
	2022 Korea Representative Apartment Grand Prize (MOLIT Minister Award for Customer Satisfaction)	Korea Economic Daily TV
	2022 Eco-friendly Construction Industry Grand Prize (Wellness Apartment Award)	The Economist
	The 18th Wellness Apartment Award (Space Innovation Award)	Hankyung Business
	The 17th Asia Construction Grand Prize (Customer Satisfaction Award)	Asia Economy
	The 14th Aju Economy Construction Award (Residential Technology Innovation Award)	Aju Economy
	The 14th Green Construction Award (Innovative Design Award)	Asia Today
	2022 Smart Construction Award (Design Award)	E-Today
	2022 Green Housing Award (Customer Satisfaction Grand Prize)	Hankook Ilbo
	2022 Top House to Live (Housing and Urban Development Award)	Herald Economy
	2022 Second Half of the Year Hankyung Residential Culture Award (Wellness Apartment Grand Prize)	The Korea Economic Daily
	The 13th Korea Green Construction Award (Architecture Grand Prize)	Seoul Shinmun
The 18th Korea Civil Engineering and Construction Technology Awards (Grand Prize for Water and Marine Facilities)	Maeil Business Daily	
2022 Metro Apartment Landscape Award Hu and Hu (Theme Landscape Award)	Metro Media	

## MAJOR MEMBERSHIPS

Category	Association
DL Holdings	Korea Listed Companies Association, Fair Competition Federation
DL E&C	KOSHA-MS Council, Korea Fire Facility Association, Korea Structural Engineers Association, Korea Electrical Contractors Association, Korea Industrial Technology Association, Korea Facilities Maintenance Association, Korea Professional Engineers Association, Korea Electric Engineers Association, Construction Association of Korea, Korean Society of Steel Construction, Korean Society of Road Engineers, Korea Information & Communication Contractors Association, Korea Electric Association, Korea Federation of Construction Contractors, Korea Plant Industries Association, Korea International Trade Association, Korea Housing Association, Korea Specialty Contractors Association, Korea Construction Transport New-Technology Association, Korea Listed Companies Association, Korea Concrete Institute, Korean Society of Civil Engineers, Korea Construction Engineers Association, Korea Fire Safety Institute, Korea Plant Industries Association, Seoul Chamber of Commerce and Industry, Korea Environment Construction Association, Korea Engineering & Consulting Association, International Contractors Association of Korea, Habitat for Humanity Korea Seoul branch
DL Chemical	Korea Petrochemical Industry Association, Korea Chemical Industry Council, American Chamber of Commerce in Korea (AMCHAM), Korea International Trade Association, The Korean Institute of Chemical Engineers
DL Energy	SMR Alliance, Energy Alliance, Korea Wind Energy Industry Association, Gyeonggi RE100 Council
DL Construction	Korean Society of Civil Engineers, Korea Construction Transport New-Technology Association, Korea Institute of Construction Engineering and Management, Korean Geo-Environmental Society, Korean Railway Construction Association, Korea Road Association, Korea Society of Waste Management, The Korean Society for Railway, Korea Construction Engineers Association, Korea Fire Facility Association, Korea Electric Engineers Association, Korea Information & Communication Contractors Association, Construction Association of Korea, Korea Fire Facility Association, Korea Electrical Contractors Association, Korea Specialty Contractors Association, Korea Mech. Const. Contractors Association, The Construction Management Association of Korea, International Contractors Association of Korea, Korea Intelligent Smart Building Association, The Society of Air-Conditioning and Refrigerating Engineers of Korea, The Korean Institute of Electrical Engineers, Korea Housing Association, Korea Institute of Construction Safety, Korean Society of Steel Construction, Korean Geotechnical Society, Earthquake Engineering Society of Korea, The Korea Institute of Building Construction, The Korean Institute of Landscape Architecture, Architectural Institute of Korea

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