

GREEN Innovation for Sustainability

SeAH Besteel Holdings Sustainability Report 2023



Inspired by SeAH

SeAH Besteel Holdings

ABOUT THIS REPORT

Overview

This is SeAH Besteel Holdings' first sustainability report that contains data on performance and planning with regard to ESG (environmental, social and governance) indicators. As a company dedicated to the pursuit and spreading of sustainable values, we are committed to transparently sharing information on ESG performance with various stakeholders through the annual publishing of a sustainability report.

Reporting Standards

This report complies with the 2021 Global Reporting Initiative (GRI), an international framework for sustainability reporting, and abides by standards of the Sustainability Accounting Standard Board (SASB) and the Task Force on Climate-related Financial Disclosure (TCFD).

Reporting Period

This report covers the period from January to December 2022. We presented key data spanning three years, from 2020 to 2022, for better comparability. To reflect important data with a potential impact on stakeholders, we also included some of the relevant data prior to 2022 and during the first half of 2023.

Reporting Scope

Financial data was prepared on a consolidated basis, and environmental and social data covers the domestic business sites of SeAH Besteel Holdings, SeAH Besteel, SeAH CSS, and SeAH Aerospace & Defense. Any deviations from the reporting scope were indicated separately, and annotated.

Assurance

To ensure the reliability and quality of this report, a third-party verification was carried out, and the assurance statement is included on page 73 of this report.

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CEO Message

SeAH Besteel Holdings will lead the quest for a sustainable future.



It is a great pleasure to greet all of our respected stakeholders including shareholders, customers, partners, local communities, and employees through the first sustainability report released by SeAH Besteel Holdings.

Inspired by SeAH

In light of the growing importance of sustainable management policies that materialized in response to managerial uncertainties driven by climate change, safety, and environmental issues, SeAH Besteel Holdings underwent a process of reorganization and transitioned to a holding company structure in April 2022. In line with the optimization of our business portfolios, we are fully dedicated to ensuring sustainability through the promotion of essential ESG management practices.

First, we are committed to establishing a clear vision and robust strategies for achieving sustainability, laying a strong foundation for effective ESG management practices. To this end, SeAH Besteel Holdings has introduced the "GREEN Innovation" framework, which encompasses five core areas and nine strategic tasks. Moreover, we have prioritized transparency in our management approach by implementing a BOD governance structure, establishing an ESG Committee that falls under the Board's purview, and establishing an ESG Working-Level Council that can strengthen the ESG management activities of our Affiliates.

Second, we are steadfast in transforming ourselves into an environmentally-friendly enterprise, aiming to minimize carbon dioxide emissions and other harmful substances. Our ambitious goal is to achieve Net Zero emissions by 2050, driven by innovations in our processes, the establishment of an eco-friendly resource-recycling ecosystem, consistent utilization of renewable energy sources, and efficient recycling of waste and byproducts.

Third, our utmost dedication lies in cultivating a safe and healthy work environment that is deeply respectful of our employees. Through diligent efforts in risk prevention and skillful management of safety, health, and the environment, we aspire to become a company esteemed by all stakeholders for its commitment to well-being.

With the release of this sustainability report, SeAH Besteel Holdings reaffirms its resolute commitment to ESG management practices, both at home and abroad. We sincerely ask for your continued interest and support as we embark on this journey toward a more sustainable and responsible future.

CEO Kim, Su-ho

Overview

SeAH Besteel Holdings, the holding company of SeAH Besteel, SeAH CSS, and SeAH Aerospace & Defense, builds strategies specialized in special steelmaking and systematically conducts its business management accordingly. Since its foundation in 1955, the Company has established a solid foothold in the special steel market and now focuses on investment and management consulting after it split from SeAH Besteel in 2022. We are presently working on aligning our business portfolios with changes in the global business landscape while enhancing corporate value and creating an integrated synergy by building non-financial capacities, such as undertaking ESG management activities.

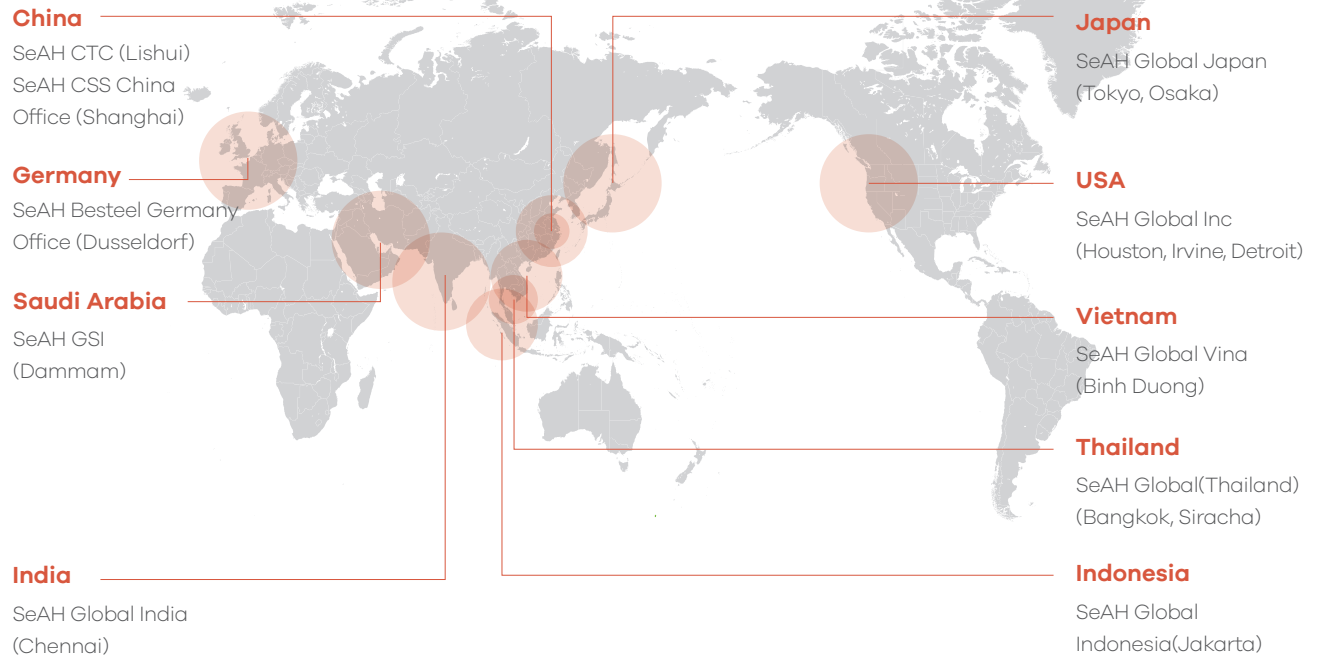


Company Profile

Company name	CEOs
SeAH Besteel Holdings Corp.	Lee, Taesung & Kim, Su-ho
Founded	Head office
1955	45 Yanghwa-ro, Mapo-gu, Seoul, Korea
Key business	No. of employees
Holding company business	17
Credit rating	Total assets
A+	KRW1,757.7billion
Sales	Operating profit
KRW 699.5billion	KRW 62.8billion

Global Network

14 production-sales bases in 9 different countries



Business Portfolio

SeAH Besteel

SeAH Besteel manufactures special steel products used as core materials in heavy machinery for the automotive, machinery, and construction industries. The company has the largest steelmaking capacity in Korea, and is equipped with an integrated production system covering processes from steelmaking and rolling to correction, and an optimized automated production system. We are also gaining a solid foothold as Korea's leading special steel maker thanks to active R&D activities driven by a dedicated technology institute and excellent product quality. In particular, we are supplying to a domestic car company a significant volume of material that we developed independently after conducting in-depth research on special steel materials for automotive and technology development. Moreover, we have recently developed special steel used for the gearboxes of wind power turbines, offshore wind power generators, showing our intention to make further advances into the renewable energy market.



Business Profile

Company name	CEOs
SeAH Besteel Corp.	Kim, Chulhee & Shin, Sangho
Founded	Head office
2022	Seoul, Korea
Key business	No. of employees
Special steel making	1,517
Credit rating	Total assets
A+	KRW1,562.4billion
Sales	Operating profit
KRW1,839.3billion	KRW6.5billion

* Sales in Q2 to Q4 of 2022 (based on the newly established SeAH Besteel Corp.)

Certification



Automotive quality management system
IATF 16949



Quality management system
ISO 9001



Environmental management system
ISO 14001



Energy management system
ISO 50001



Occupational health and safety management system
ISO 45001

Special Steel

SeAH Besteel manufactures special steel used as core material in bearings and automotive parts, and supplies it to domestic and overseas customers. Aiming to become Korea's No. 1 special steel maker, SeAH Besteel maximizes customer value with its world top-quality products, steel-grade designing technology, and reliable supply capacity.



Heavy Forging

SeAH Besteel supplies a wide range of open die forged products that are used as core parts in the shipbuilding and heavy industries. Based on its steelmaking know-how and technological prowess that are unparalleled in the materials sector in Korea, the company is a leader in the ultra-heavy forging market.



Nuclear Fuel Transport and Storage Casks

SeAH Besteel acquired certification for the manufacturing of nuclear casks, and is exporting the finished products overseas, being the only Korean nuclear fuel transport and storage cask manufacturer who has successfully completed the entire transport and storage process, from fuel rod injection to storage.



Business Portfolio

SeAH CSS

SeAH CSS is the only Korean company that uses an integrated production system to manufacture stainless steel long product materials. Since it became a member of SeAH Holdings in 2015, SeAH CSS has leveraged its industry expertise and distinct capabilities and gained a solid foothold in the high-grade special steel market. Its products are used as core elements across various industries, including machinery, plant, automotive, shipbuilding, oil & gas, energy, aerospace, and defense. A wide variety of products including stainless steel wire rods, stainless steel bars, stainless steel seamless pipe products as well as tool steel, mould steel, and special alloys are produced in the integrated production system, further enhancing the company's market competitiveness.



Stainless Steel Wire Rods

As the only stainless steel wire rod maker in Korea, SeAH CSS has achieved world-leading product quality through sustained facility investment and R&D efforts.



Stainless Steel Bars

Boasting outstanding corrosion resistance and processability, the company's high-quality steel bars are produced in various steel grades and dimensions, better catering to customer needs.



Stainless Steel Seamless Pipes

Building on an integrated production system capable of self-producing needed materials and supplies, SeAH CSS has upgraded its technology-oriented capabilities a notch thanks to its excellent manufacturing prowess and state-of-the-art mechanical know-how.



Company Profile

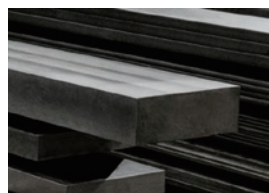
Company name	CEOs
SeAH CSS Corp.	Lee, Sangeun & Lee, Junghoon
Founded	Head office
1966	Changwon-si, Gyeongsangnam-do, Korea
Key business	No. of employees
High-grade special steel making	1,205
Credit rating	Total assets
A+	KRW1,632billion
Sales	Operating profit
KRW1,892.3billion	KRW125.6billion

Certification



Tool Steel and Mould Steel

Thanks to a new alloy design and process control system, SeAH CSS is able to supply high-quality tool steel and mould steel, which offer improved resistance to abrasion, processability, and polish ability.



Carbon and Alloy Steel

We create greater customer value by supplying wire rods, steel bars, forged square bars, and rolled flat bars of different dimensions for different applications based on unrivaled production infrastructure and manufacturing technology.



Special Alloys

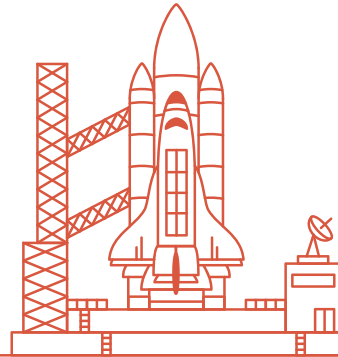
With rotary forging and special refining processes in place, we are taking the lead in producing highly functional and clean materials. And thanks to our continued investment efforts in R&D, we are fully engaged in the development of manufacturing technologies for next-generation materials, such as nickel alloy and titanium.



Business Portfolio

SeAH Aerospace & Defense

SeAH Aerospace & Defense produces various lines of high-strength aluminum used in extruded components for aerospace and defense applications. Based on an experience of more than 60 years in product development and professional manufacturing know-how, SeAH Aerospace & Defense is capable of producing top-of-the-line aluminum alloys in Korea with world-class quality, which has helped its production tolerance and quality characteristics serve as domestic industry standards. Boasting innovative cutting-edge technologies and expertise, SeAH Aerospace & Defense provides an integrated solution for extruded aluminum products.



Aerospace

SeAH Aerospace & Defense has been producing extruded aluminum products for the aerospace industry since the beginning of the 1970s. Thanks to its optimized technology and experience in the field, the company obtained certification from global aircraft manufacturers, and offers an extensive range of products used in aircraft, combat planes, helicopters, and UAM, to various sectors in the aerospace industry.



Defense





Since its designation as a special defense contractor by the government in 1973, SeAH Aerospace & Defense has been contributing to the Korean defense industry by producing various special extruded/forged aluminum products. The company offers an integrated solution for the defense industry by supplying not only aluminum alloy products but also products made of special steel (including AISI4130/Maraging /SUS).



Company Profile

Company name	CEO
SeAH Aerospace & Defense Corp.	Sung, Changmo
Founded	Head office
1945	Changwon-si, Gyeongsangnam-do, Korea
Key business	No. of employees
Aluminum smelting and refining, and alloy manufacturing	198
Credit rating	Total assets
A	KRW47.5billion
Sales	Operating profit
KRW71.7billion	KRW5.3billion

Certification

	
Quality management system AS 9100 Rev.D	Quality assurance program Nadcap Audit
	
Environmental management system ISO 14001	Occupational safety and health management system OHSAS 18001
	
The Ministry of Trade, Industry and Energy's designated defense company	IATF 16949:2016 Quality management system

Automotive

SeAH Aerospace & Defense produces high-quality, lightweight, high-strength extruded/forged aluminum products that comply with global standards. The company especially supplies materials used in high-performance products including compressor wheels, electric/hydrogen car parts, and engine piston parts.



Industrial Rods & Bars

SeAH Aerospace & Industry offers a wide range of high-quality extruded/forged aluminum products for various applications, such as parts for semiconductor equipment and state-of-the-art machinery parts, as well as for the leisure industry, thus catering to its industry-specific customer needs.



Growth Vision for 2030

Transition to a Holding Company Structure

Through the demerger conducted in April 2022, SeAH Besteel Holdings divested its special steelmaking business unit to the newly established SeAH Besteel Corp. SeAH Besteel Holdings, the intermediary holding company, plays a key role in our endeavors to redefine the nature of our business and to ensure future growth engines by establishing associated strategies for investment activities and conducting fast and transparent decision making and systematic management policies. With the holding company at the forefront, we have successfully established a management system that drives our primary competitiveness and synergy between affiliates through the enhanced operational efficiency.

Our transition to a holding company structure aims to strengthen business competitiveness and optimize a sustainable management system so as to enhance the non-financial performance and competitiveness of each business.

To promote a Board of Directors-centered management system, SeAH Besteel Holdings has set up top decision-making bodies for each specialized field, such as the ESG Committee, the Ethics & Compliance Committee, and the Compensation Evaluation Committee under the leadership of the BOD, in addition to the existing Committee for Recommendation of Candidates for Outside Directors and Audit Committee.

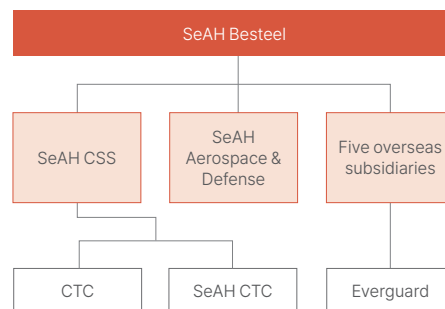
Furthermore, in response to external and internal changes, including the paradigm shift in the global steel industry, we are committed to establishing and better implementing our ESG management strategies. Also, with the aim of achieving our Net Zero goal by 2050, we will continue to actively respond to climate changes by taking various responses, including engaging each affiliate in carbon reduction activities, so that we can ensure continued global competitiveness going forward.

In addition, we plan to maximize the synergy between affiliates through the constant enhancement of future business portfolios. We hope this way to partner with new strategic investors and forge business collaboration with SeAH Capital to facilitate seed investment for continued growth.

Based on our BOD-centered management principles, we will do our utmost to set up an ESG management system and mid-to long-term strategic directions while placing higher focus on reinforcing our capabilities to enhance business portfolios in order to continuously drive up value for business portfolio.



Before the Spinoff



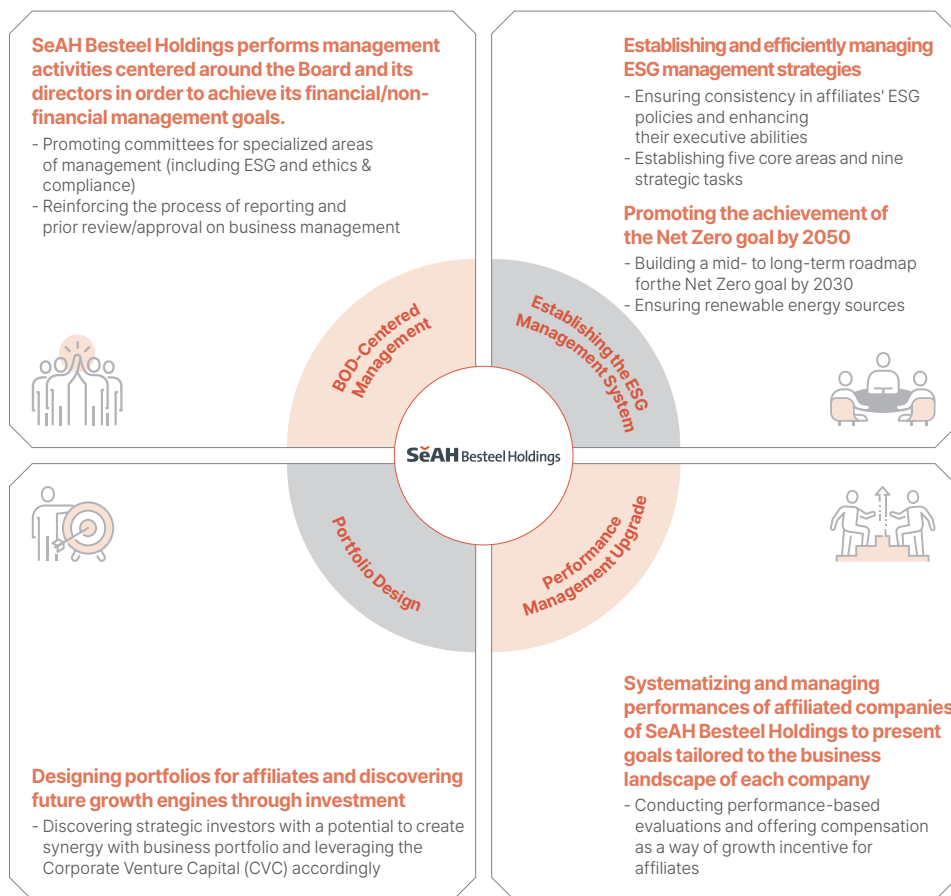
After the Spinoff



Growth Vision 2030

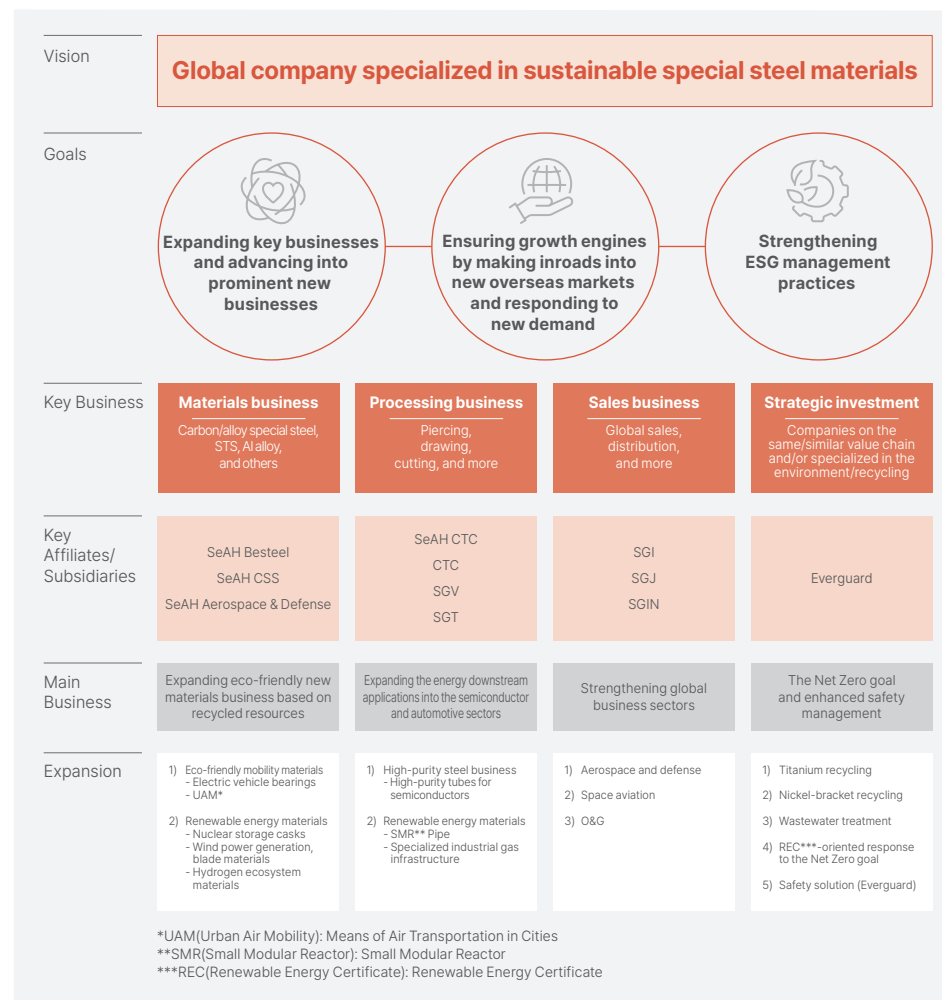
A Holding Company's Role

SeAH Besteel Holdings has decided to transition to a holding company structure as part of our efforts to promote sustainable growth and corporate value in a rapidly changing business landscape. Guided by Board of Directors-oriented management principles and aided by enhanced business capabilities in existing areas of focus, we are planning to establish an ESG management system and mid- to long-term strategies for its implementation, and engage in enhancing business portfolios in a more decisive manner in order to drive up value for both the Holding Company and its business portfolio.



Growth Vision and Goals

Under our vision of becoming a sustainable global special steel materials maker, SeAH Besteel Holdings is working on ensuring growth engines by expanding key businesses; advancing into prominent new businesses; making inroads into new overseas markets; responding to new demand while strengthening the area of material business, such as special steel, STS, and Al alloys; and aiming to reinforce our ESG management practices.



2022 ESG Highlights

After transitioning to a holding structure in 2022, SeAH Besteel Holdings announced our commitment to an ESG management system. We have set up the ESG Committee under the leadership of the Board and have engaged in various ESG activities based on our "GREEN Innovation" strategies.

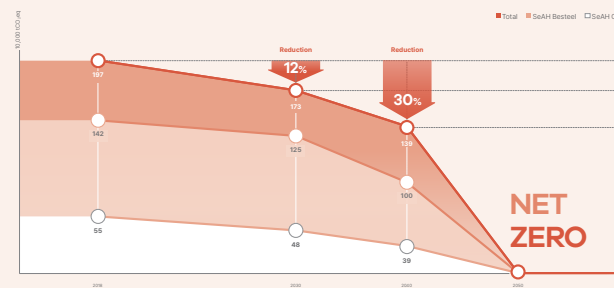
Establishing the ESG Committee

To create the vision and concrete goals of the ESG management system, the ESG Committee was set up under the leadership of the BOD in May 2022 to review nine core ESG areas and conduct various implementation plans. The committee will be regularly convened to better implement major ESG tasks and operation systems for our affiliates.

Category	Timeline	Agenda	Type
First meeting	Regular May 2022	1) Reporting on ESG project results	Reporting
		2) The ESG declaration ceremony and reporting on implementation plans for key tasks	Reporting
Second meeting	Regular August	1) Reporting on the Net Zero roadmap (plan for Expo participation)	Reporting
		2) Reporting on performances related to addressing safety and environmental risks - Serious Disaster Punishment Act, Occupational Safety and Health Act, Integrated environmental certification, carbon emissions, and more	Reporting
Second meeting	Regular November	1) Reporting on the Sustainability Report	Reporting
		2) ESG project performance for 2022 and ESG plan for 2023	Reporting

Establishing the 2050 Net Zero Strategy

In an effort to achieve its Net Zero goal, SeAH Besteel Holdings is striving to implement carbon reduction tasks at the factory level, aiming for internal carbon reduction (Scope 1) while procuring renewable energy for the reduction of Scope 2 carbon emissions. To this end, the company aims to reduce carbon emissions at business sites by about 12% by 2030, compared with the level of the base year 2018, and 100% by 2050 through innovating processes and establishing a supply chain for future energy sources.



"GREEN Innovation" ESG Management Strategy

Aiming to advance our ESG management vision after our transition to a holding company structure, SeAH Besteel Holdings implemented the "GREEN Innovation" ESG strategy, which contains five core goals: achieving a Net Zero status by 2050, establishing a resource-recycling ecosystem, building a transparent and fair governance structure, setting up a sustainable supply chain, and minimizing safety and health risks. At the same time, we are planning to carefully and intensely manage nine strategic tasks through the ESG Committee.



Participating in the Carbon Expo

SeAH Besteel Holdings participated in the 2022 Net Zero Expo, where SeAH Besteel and SeAH CSS played a key role in running an integrated booth and sharing our strategies and core competencies for achieving a Net Zero status with stakeholders.



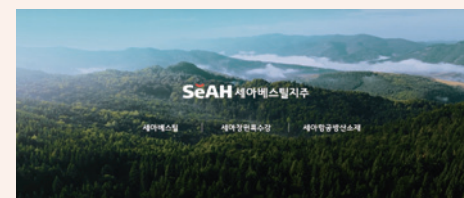
Joining the 2022 Investor Day

SeAH CSS took part in the 2022 Investor Day, hosted by the Korea H2 Business Summit. Its CEO, Junghoon Lee, delivered a presentation on the theme of "SeAH's Role in the Hydrogen Economy" and explained the characteristics of steel materials required in the hydrogen economy and SeAH Group's relevant products and future business plans, among others, thus actively promoting SeAH CSS's plans and vision.



ESG Promotional Video

SeAH Besteel Holdings has produced videos aimed at promoting its ESG management goals amongst stakeholders, sharing our vision and where we are headed in our ESG efforts via various channels, such as SNSs, a digital newsletter, and online ads. Going forward, we will continue to expand communication with stakeholders through various media channels and strengthen our engagement activities to raise ESG awareness using ESG handbooks, calendars, and other PR materials.



Publishing the SeAH Besteel Factbook

To better share ESG information with external stakeholders, SeAH Besteel has published an ESG factbook summarizing its ESG implementation system as well as information on activities and performance in the environmental, social, and governance areas of business.








ESG FOCUS

GREEN Innovation	14
G o Carbon Neutral Achieving Net Zero	17
R ecycle and Reuse Resources Building Resource-recycling Ecosystem	23
E MBEDDING Safety and Health Minimizing Safety and Health Risk	25
E valuate and Mitigate Supply Chain Risks Building a Sustainable Supply Chain	29
N ew Value with Transparency Compliance	32

GREEN Innovation

ESG Strategic Directions and Tasks

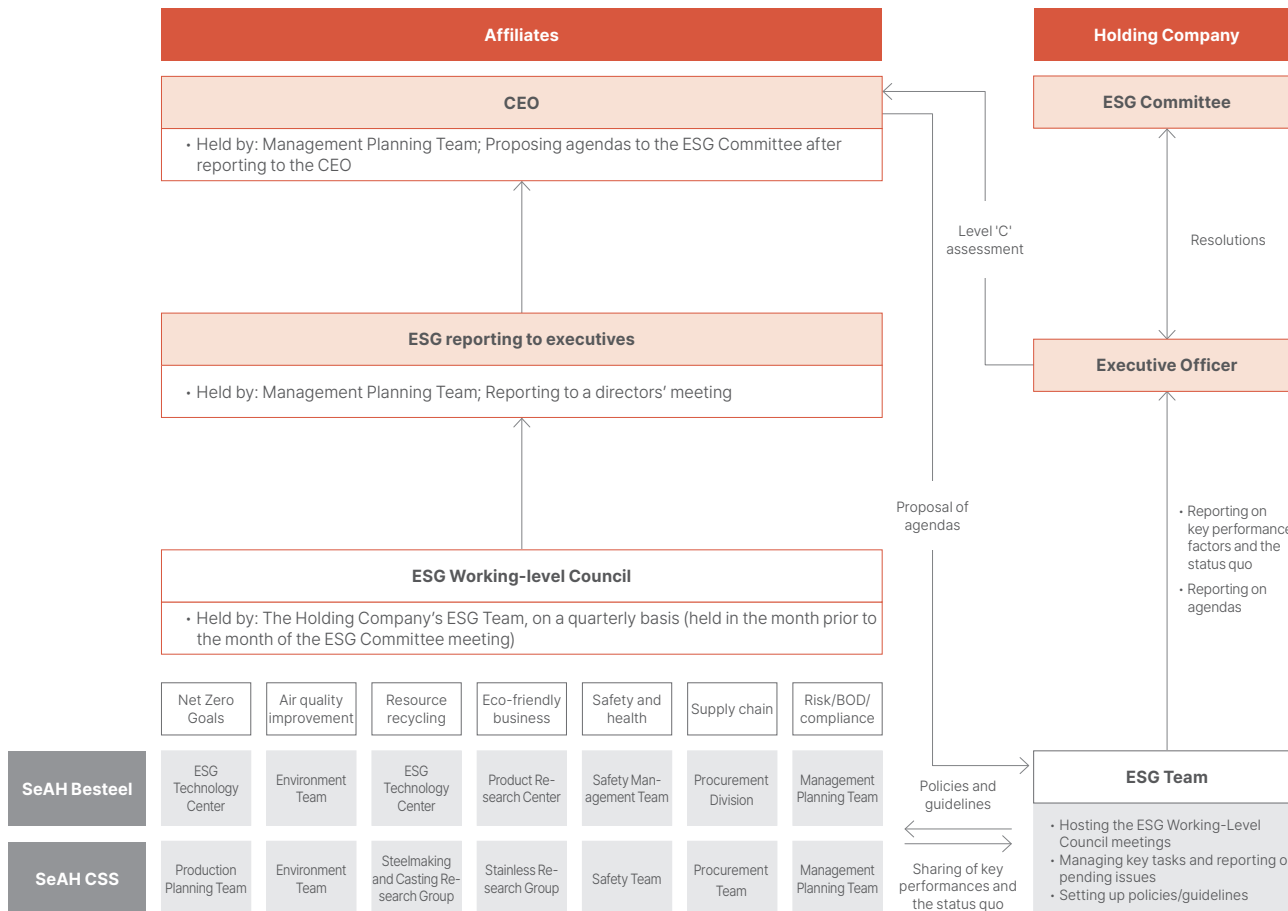
In the face of a rapidly changing business landscape at home and abroad, SeAH Besteel Holdings has established the ESG strategy “GREEN Innovation” to ensure sustainable growth engines and continuously create best outcomes for its ESG practices. We set up mid- to long-term targets per task and discovered 48 short/mid/long-term implementation tasks, aiming to create positive outcomes for an ESG strategy that consists of five core areas and nine key strategic tasks. Through this strategy, we intend to accelerate development of our ESG management system and incorporate ESG practices in our business activities in order to more actively respond to input from various stakeholders.

		9 strategic tasks	Mid- to long-term targets	Implementation tasks (48)		
				Short-term (2023)	Long-term (2030)	
 <p>Go Carbon Neutral</p>	Net Zero 2050	Carbon emission reduction by 2030 12% reduction from the 2018 level	3	- Improving process efficiency - Innovating processes	3	- Transitioning to low-carbon energy
	Green and carbon reduction activities for clean air	Total nitrogen oxide (NOx) emissions by 2030 20% reduction from the 2018 level	3	- Introducing an SCR facility for NOx reduction	3	- Installing a cover for the iron scrap site to remove dust scattering
 <p>Recycling Reused Resources</p>	Establishing a resource-recycling ecosystem	Achieving a recycling rate of 99% by 2030	5	- Expanding the BRM business - Developing technologies that use byproducts	5	- Waste water recycling business
	Enhancing competitiveness for eco-friendly business	Preparing responses to stricter eco-friendly regulations at home and abroad by 2030	2	- Environmental Product Declaration (EPD)	3	- Expanding green steel sales
 <p>Embedding Safety and Health</p>	Minimizing safety and health risks	Achieving a zero rate of serious accidents	2	- Setting up standard principles and developing a safety program	1	- Introducing a safety system - Developing a health management service platform
 <p>Evaluating and Mitigating Supply Chain Risks</p>	Establishing a sustainable supply chain	Setting up a sustainable supply chain	2	- Upgrading a supply chain management system	1	- Strengthening our purchasing competitiveness (raw/subsidiary materials)
 <p>New Value with Transparency</p>	BOD-centered management	Running expert committees to support the Board	1	- Installing and revitalizing expert committees	2	- Setting up a compliance management system
	Risk management	Establishing a company-wide risk management system	3	- Building risk management governance	2	- Setting up a Risk Management System (RMS)
	Ethics and compliance management	Maintaining compliance on a regular basis	4	- Preparing a human rights due diligence process and protection policies	3	- BOD monitoring on non-financial risks

GREEN Innovation

ESG Governance Structure

SeAH Besteel Holdings has set up a governance structure based on the GREEN Innovation ESG strategy in order to efficiently promote its ESG management vision. The ESG Working-Level Council consists of the ESG Committee and is a top decision-making body for the affiliates' general departments for each of the nine strategic tasks. The Council holds regular meetings on a quarterly basis. During these meetings, decision are made on strategic ESG directions, performance and risks are reviewed and monitored, and resolutions are reached on key ESG issues. In addition to the Council, the ESG Team, a dedicated ESG organization, works together with affiliates' general departments to manage performance and progress and identify and respond to impending issues while building company-wide ESG strategies, targets and roadmaps, and engaging in internal or external communication and responding to evaluations. Furthermore, we will continue to improve the functionality of our executive and effectiveness of assigned tasks through executive/team KPIs and performance evaluations with the aim to achieve our strategic ESG targets.








Category	Roles and responsibilities		
ESG Committee (convened four times a year)	<ul style="list-style-type: none"> Reviewing and deciding on ESG management strategies/policies Conducting final review on mid- to long-term ESG strategies and major pending issues 		
ESG Team	<ul style="list-style-type: none"> Establishing, monitoring, and disseminating ESG strategies through communication Setting up ESG strategies, targets, and roadmaps Monitoring progress on company-wide strategic ESG tasks and reviewing and reporting on impending issues Conducting internal and external communication and responding to evaluation results 		
ESG Working-Level Council (convened four times a year)	The General Department	The Implementation Department	
	Performance monitoring	<ul style="list-style-type: none"> Monitoring and reporting on performance levels per accomplished task by holding meetings of responsible/relevant bodies 	Turning discovered issues of concern into tasks to be implemented
	Progress management	<ul style="list-style-type: none"> Checking on the achievement of milestones/targets per task and identifying causes for underperformance 	
	Identifying issues of concern and planning countermeasures	<ul style="list-style-type: none"> Drawing up countermeasures in collaboration with responsible bodies when issues arise during the process of implementation 	Implementing tasks

GREEN Innovation

Selecting Five Core Goals

SeAH Besteel Holdings has selected five issues as core goals through a double materiality assessment process. The five goals consist of achieving a Net Zero status by 2050, establishing a resource-recycling ecosystem, minimizing safety and health risks, setting up a sustainable supply chain, and establishing an ethics and compliance management system. In this sustainability report, we transparently disclose key activities and performances related to these five core issues.

	Core Issues	Materiality of issues	Countermeasures	Targets for 2023
	Go Carbon Neutral Response to climate change	As public commitment to Net Zero emission policies is becoming a global phenomenon, low-carbon strategies are now integral parts the management of worldwide companies. The steel industry in particular is an energy-intensive industry that generates massive amounts of greenhouse gases (GHG) through production processes involving refining and blast furnaces. The ever-intensifying energy crisis and subsequent price spikes in electricity, among others, are not only posing financial risks to companies, but are also having potentially negative impacts on the environment and local communities. Companies therefore must build up a sustainable competitive edge by better responding to climate changes.	SeAH Besteel Holdings has adopted a Green Ecosystem strategy throughout its value chain supported by three core ideals: "Green Process," "Green Product," and "Green Recycle." Based on these firm beliefs, we have prepared a roadmap for achieving Net Zero status by 2050. At the same time, we manage a number of relevant activities as part of our efforts to actively respond to GHG regulations, including creating tasks for internal GHG reduction, ensuring a supply of renewable energy sources, and acquiring environmental product declaration (EPD) certifications through our newly set up Low-carbon Energy Strategy Taskforce Team and ESG Technology Center. Furthermore, we are actively engaging stakeholders in our efforts to implement policies and deliver messages associated with our Net Zero status goal.	Increasing carbon intensity by 0.5% from 2022
	Recycle and Reuse Resources The Virtuous Recycling of Resources	Steelmaking processes involve the creation of massive waste such as byproducts, iron scrap, and water. This waste has a negative environmental impact on the planet as well as on local communities. Steel companies therefore need to recycle the generated waste and build a build a system of virtuous resource recycling in order to create and maintain a sustainable business environment in the future.	We are using iron scrap and recycling byproducts from processes in our attempt to lessen environmental burdens while producing steel in a sustainable manner. To build an ecosystem based on resource-recycling, a taskforce team and a center tasked with turning byproducts into resources were set up at SeAH Besteel and SeAH CSS as ways of actively promoting internal or external projects to facilitate resource recycling activities.	Increasing recycling rates by 0.5% from 2022
	Embedding Safety and Health Building Safe and Healthy Workplaces	The enforcement of the Serious Accidents Punishment Act January 2022 has added increased significance to the prevention of industrial accidents and related preventive activities. The steel industry is highly prone to industrial accidents involving facilities, machinery, and fire, which may lead to financial and human loss for companies. Companies therefore need to create a safe workplace and conduct sustainable business practices.	SeAH Besteel Holdings has set up a systematic safety and health body and the Safety and Health Council in our attempt to build a safer workplace. Safety and health management policies and a roadmap were established with the goal of achieving zero serious accidents, while hazard risk factor identification and risk assessment activities are conducted in order to minimize safety and health risk. Moreover, we actively engage in activities for safety incident prevention at work and meticulously organize safety and health training for workers.	Implementing the safety, health, and environmental (SHE) system
	Evaluate and Mitigate Supply Chain Risks Supply Chain ESG Management	The recent enactment of legislation concerning supply chain due diligence by the European Union means that supply chain ESG due diligence has emerged as a key area of focus for our companies. Managing the supply chain is no longer optional—it directly impacts company profit structures. Therefore, companies should manage environmental issues, human rights violation, and other issues stemming from the supply chain and build an ESG system to ensure sustainable global competitiveness.	In our attempt to effectively manage a sustainable supply chain, we are working on not only building a transparent and fair trade culture but also on setting up a relevant monitoring and management system. To this end, we have established and shared a partners' code of conduct with all our partners, sending them our directions for supply chain management and relevant policies. Furthermore, we continue to assess supply chain ESG risks, striving to build a sustainable ESG supply chain.	Establishing a system for our partners' supply chain ESG due diligence activities
	New Value with Transparency Strengthening Anti-Corruption and Ethical Management Practices	Companies are increasingly called on by society to address not only their economic and legal responsibilities, but also their ethical practice. The bar for upholding corporate ethical standards is constantly rising at home and abroad, therefore the practice of ethical management has become an integral part of company strategies, along with earning trust and creating profit. It is therefore a must for any company to enhance a sustainable competitive edge while practicing business in a transparent manner.	SeAH Besteel Holdings strictly follows code of ethics guidelines created on the basis of SeAH's 'zero tolerance policy.' As part of its ethical management system, the Ethics & Compliance Committee, a top decision-making body for ethics and compliance management, was set up under the leadership of the Board, and the Compliance Team, which reports directly to the CEO, was also established. In addition, the Ethics and Compliance Secretariat was set up to offer regular ethics training programs to employees, launch campaigns, assess ethical management practices, and more.	Achieving compliance KPIs

* Carbon intensity: It refers to how many grams of carbon dioxide are released to produce a kilowatt-hour of electricity (tCO₂-eq/ton).

Achieving Net Zero Status



Impact

Climate change is one of the biggest challenges faced by humankind. Due to its seriousness, it is sometimes referred to as “climate crisis” or “climate emergency.” In fact, we are already witnessing extreme weather changes, including torrential rains, heatwaves, and forest fires taking place on a global scale. The international community is facilitating efforts to rein in global warming, and governments across the world are implementing stricter GHG reduction policies to comply with the 2021 Paris Agreement. Furthermore, global investor groups and various customers are declaring their commitment to a Net Zero status and calling for active engagement in this regard from the steel industry.

Action Plan

SeAH Besteel Holdings has established its low-carbon business strategy based on three key tenets: Green Process, Green Product, and Green Recycle. To this end, we plan to reduce our carbon emissions by 12% by 2030 by systematically managing carbon emissions, developing low-carbon products, turning waste into resources, improving energy efficiency, and using renewable energy, and then ultimately achieve a Net Zero status by 2050. We systematically manage governance, strategies, risk management, and metrics and reduction targets by acting on recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), and incorporate climate risks and opportunities into our business practices as part of our desire to participate in global efforts to address climate change.

We systematically manage governance, strategies, risk management, and metrics and reduction targets, reflecting recommendations from the Task Force on Climate-related Financial Disclosures (TCFD), and incorporate climate risks and opportunities to our business practices, as part of our efforts to participate in global endeavors to address climate change.

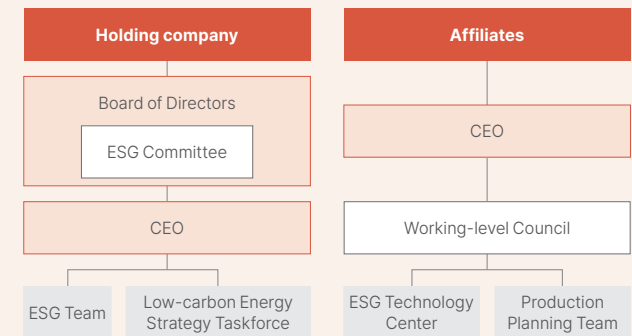
Managed Items

Category	Governance	Strategy	Risk management	Metrics & reduction targets
Recommendation	<ul style="list-style-type: none"> Disclose climate risk and opportunity governance 	<ul style="list-style-type: none"> Disclose the impact of climate risk and opportunity risk on business/strategy/finance 	<ul style="list-style-type: none"> Identify/assess/manage climate risks 	<ul style="list-style-type: none"> Disclose metrics and reduction targets to assess and manage climate risk and opportunity
Managed items	<ul style="list-style-type: none"> Set performance targets Implement targets and monitor performance 	<ul style="list-style-type: none"> Management system: Participate in international certification and initiatives and develop eco-friendly products Reduction: Promote GHG reduction activities by all affiliates and ensure renewable energy sources 	<ul style="list-style-type: none"> Assess climate risk and opportunity once a year 	<ul style="list-style-type: none"> Mid-term GHG reduction target: Reduce emissions by 12% by 2030 from the 2018 level (240,000 tCO₂e)

Governance

SeAH Besteel Holdings set up the ESG Team in 2021 and also established strategies to achieve a Net Zero status by 2050 and set targets for achieving this goal in April 2022. In addition, to better respond to increasing GHG regulations at home and abroad, we have set up the Low-Carbon Energy Strategy Taskforce Team, as well as the ESG Technology Center, a dedicated research body for low-carbon technologies.

Furthermore, we are holding the working-level Council for GHG Reduction every quarter and reporting on progress we made in implementing tasks in response to climate change as well as relevant engagement activities through the ESG Committee, a top decision-making body set up under the leadership of the BOD. Starting in 2023, a carbon reduction plan was added as a Level C assessment item as part of our efforts to actively promote carbon-neutral and responsible management policies.

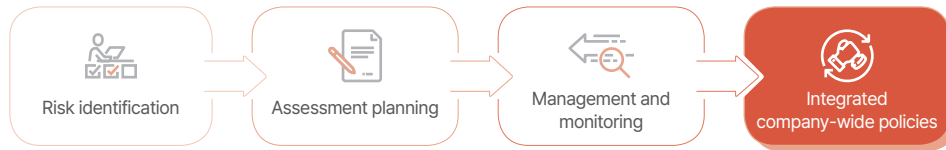


Achieving Net Zero Status

Risk Management

SeAH Besteel Holdings has connected a climate risk management process to the company-wide risk management system and upgraded the level of management in order to systematically manage climate risk. In addition, we have conducted analysis of transition risks, physical risks, and opportunities according to the TCFD's scenario-based approach used for companies' climate change analysis.

Risk Management Process

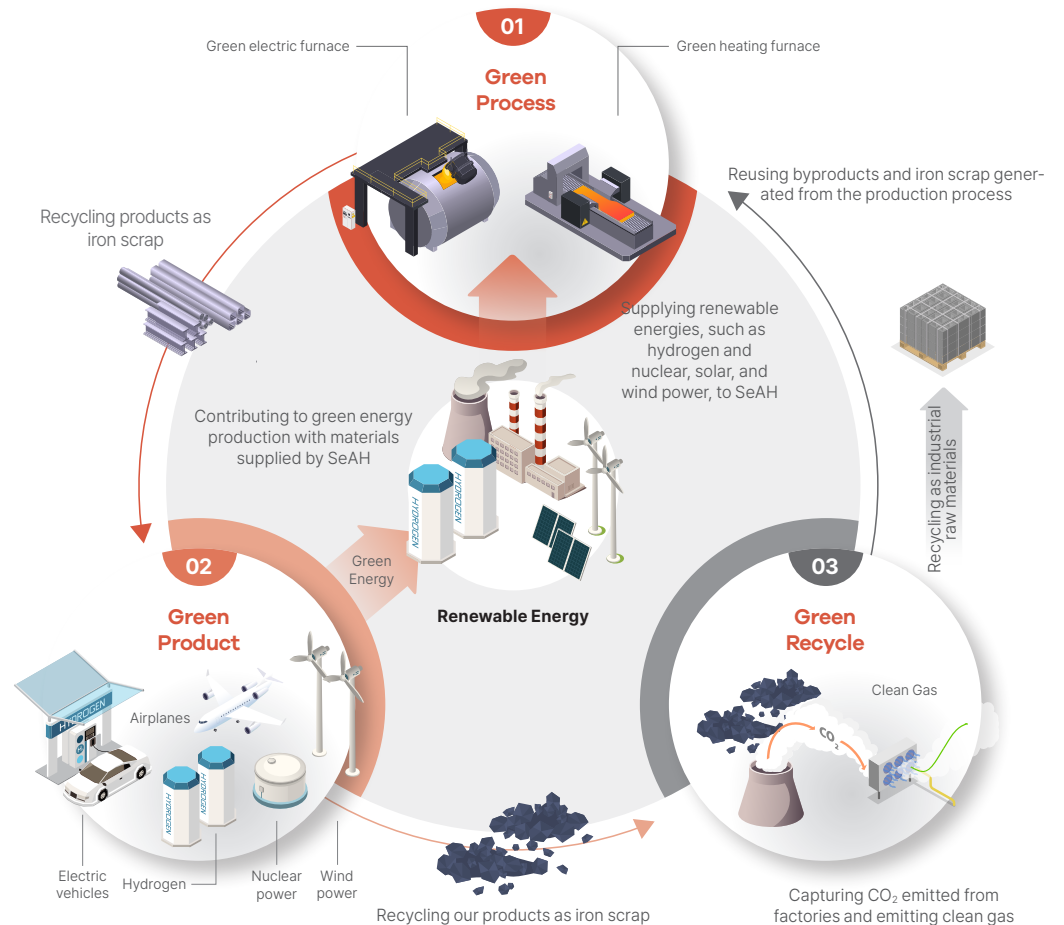


Climate-Related Risks and Opportunities

Type	Category	Risk/opportunity	Response activities	Financial impact
Transition Risks	Regulation/policy	The National GHG Emission Trading Scheme Strengthening international GHG regulations, including the EU's CBAM	Building preemptive response strategies through the continuous monitoring of domestic and overseas trends and regulations	Cost increase
	Market	Increase in customers' requirements - Transitioning to renewable energy and reducing carbon intensity	Preemptively ensuring renewable energy and engaging in activities for reducing carbon intensity	Cost increase and sales decrease
Physical Risks	Acute	Asset loss due to climate change	Strengthening a management system for natural disaster-related risks	Asset loss and cost increases
	Chronic	Increase of supply chain risks due to the average temperature rises	Prior monitoring and expanding the supply chain	
Opportunities	Products and services	Increase in the demand for low-carbon products	Developing technologies for eco-friendly products and diversifying business portfolios	Sales increases
	Energy sources	Reducing exposure to the risk of fossil fuel price hikes due to the transition to renewable energy on a national scale	Preemptively ensuring supply of renewable energy sources	

Green Ecosystem Strategy

SeAH Besteel Holdings runs a Green Ecosystem policy throughout its value chain based on its three key tenets: Green Process, Green Product, and Green Recycle. Accordingly, we are continuously working on developing technologies for low-carbon processes while planning on recycling all iron scrap and byproducts, as well as developing technologies capable of capturing carbon oxides emitted from our manufacturing processes and turning them into industrial raw materials. In addition, we are also producing new types of steel materials which are required directly and indirectly in the areas of renewable energies, such as hydrogen and nuclear, solar, and wind power. Moreover, we aim to produce green steel manufactured with dramatically reduced carbon emissions. For this, we are working on establishing low-carbon production processes by reestablishing future core technologies at the factory level and securing renewable energy sources.



Achieving Net Zero Status

Green Process (Environmentally-Friendly Process)

The “Green Process” refers to using green electric furnaces and green heating furnaces in the steelmaking and rolling steps. To this end, we dissolve scrap fast, with only a fraction of electricity in the steelmaking step, while continuously working on developing a variety of feed materials for low-carbon heat sources. In the rolling phase, we are currently putting in efforts to develop a technology capable of transitioning natural gas fuel to hydrogen fuel, and also planning on reducing GHGs emitted during the process by optimizing the amount of energy we use through a process of optimized heat control.

Energy & Quality Smart Control Technology

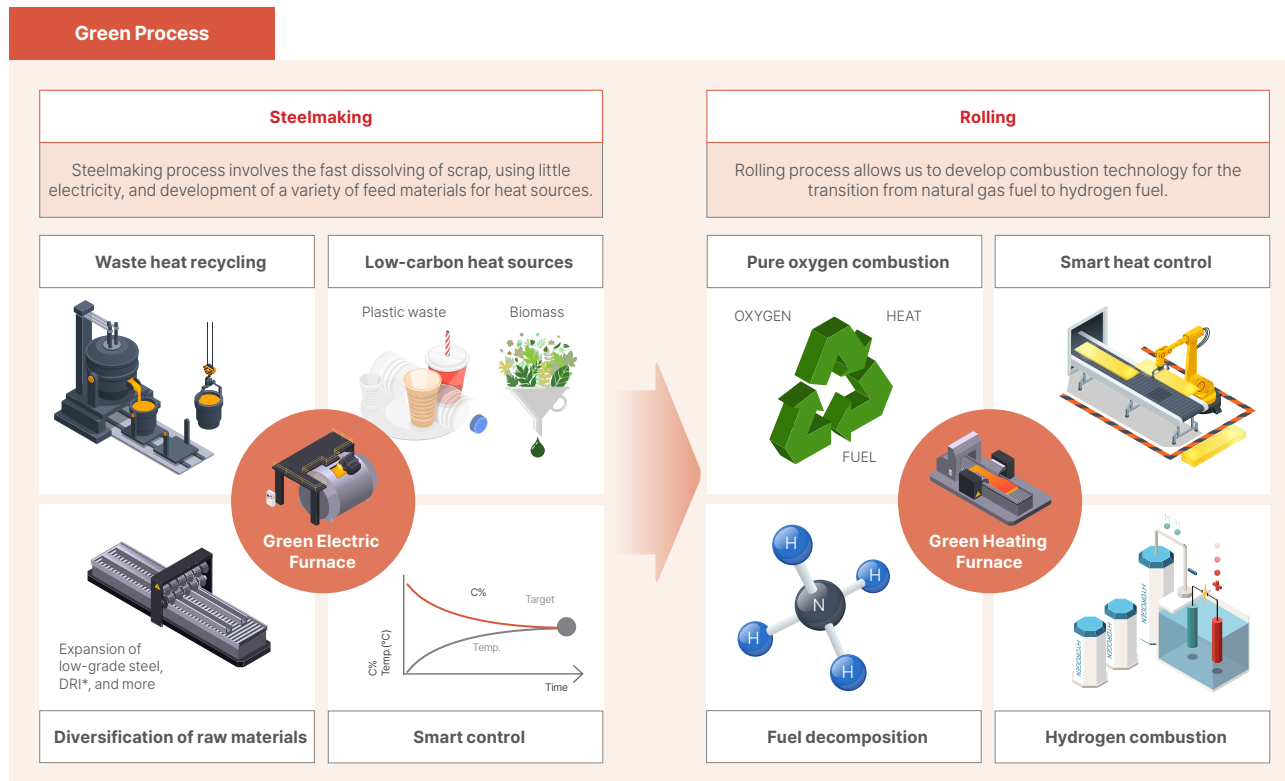
SeAH Besteel Holdings is developing smart control technologies for energy and quality applications in order to reduce GHGs emitted during the steelmaking process. While working internally to introduce smart factories and increase factory automation, we launched a government-supported task in 2022 in an attempt to develop an operation guide system based on an actual data and operation forecast model. Coupled with innovation, we are also planning to develop technology that will offer advanced management of scrap—the base material for electric furnace steelmaking—as well as technology which can analyze and control the combustion efficiency of electric furnaces. Through the development of such technologies, we aim to optimize energy efficiency at SeAH Besteel’s business sites, thus contributing to reducing overall GHG emissions.

Pure Oxygen Combustion Technology

SeAH Besteel Holdings has forged a consortium with multiple research institutes and businesses at home and abroad (in effect between April 2022 and December 2025), and is now working with them on developing a pure oxygen combustion technology. This technology combusts the mixture of pure oxygen and fuel together, which improves combustion efficiency and calorific value and reduce in turn fuel consumption and GHG emissions. We have high expectations from this technology, which we regard as a bridge technology that will lead up to the mass production and commercialization of hydrogen fuel.

Concept design for the combustion technology and test on a pilot combustor were conducted in 2022 to assess whether the technology had a potential for commercialization. The future timeline for the technology includes detailed design in 2023, installation of a pilot heating furnace facility in 2024, and final commercialization in 2025.

Once the development and commercialization of the technology is complete, the fuel consumption of a heating furnace is expected to go down by 40%, resulting in a decrease of carbon dioxide and NOx emissions by more than 40%. Also, as additional installation of a Selective Catalyst Reduction (SCR) is no longer required, we expect both manufacturing costs and direct and indirect GHG emissions to decrease simultaneously.



*DRI : Direct Reduction Iron

Achieving Net Zero Status

Green Product (Low-Carbon Steel Material Development)

“Green Product” refers to the production of green steel, with drastically reduced carbon emissions, through a low-carbon production process, as well as the development of new steel materials required as a necessity in achieving the Net Zero status. SeAH Besteel Holdings is planning to develop the type of steel materials which allow customers to skip or cut short certain production process steps when using our specially made products. So far, we have succeeded in developing and supplying materials for the hydrogen ecosystem, as well as materials for high alloy lightweight steel used in electric vehicles, nuclear waste casks, and wind power generation.

Materials for Wind Power Generation

As the wind power market continues growing on the back of the expansion of the renewable energy market, SeAH Besteel Holdings is working hard on developing various types of technologies to meet this demand. To keep abreast with industry demand for the production of large-scale offshore wind power generators, we completed a process to manufacture materials for gears with 10-20 MW capacity and received product approval from our customer after initially supplying these materials in 2022. In addition, we are currently mass-producing materials (R3-R5 grades) for fixed mooring chains, which are used in floating offshore wind power generators, and working on developing top-grade materials (R6) to achieve the future high-strength and lightweight requirements of mooring chains. Moreover, as mentioned previously, we have been contributing to reducing carbon emissions by constantly researching and developing materials for the wind power generation industry.

Materials for the Hydrogen Ecosystem

SeAH Besteel Holdings supplies core materials for the whole hydrogen value chain. These materials are used as elemental parts in hydrogen plant production facilities. High-quality STS parts, in particular, are widely used in order to prevent leaking incidents in the process of delivering hydrogen to consumers. Our materials can be used in the transport of any type of hydrogen, whether liquefied or gaseous, and our STS and aluminum materials are used for parts connected to fuel cells in the tanks of hydroelectric cars.

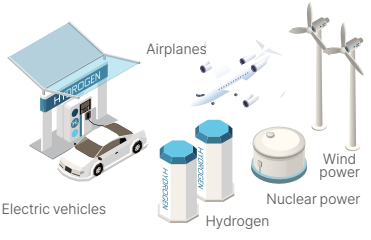
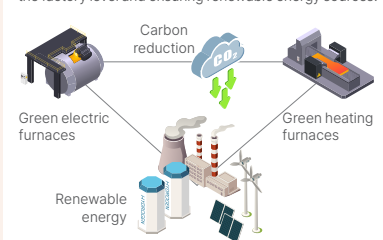
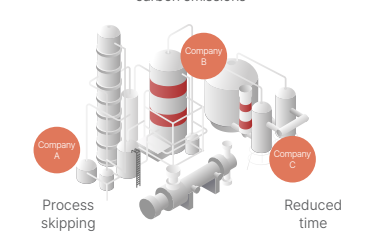
Nuclear Waste Casks

SeAH Besteel Holdings is striving to resolve the issue of treating spent fuel, which poses the biggest risks in nuclear power generation. Casks used in the intermediary storage phase of spent fuel are storage containers that contain the radioactivity of fuel rods after nuclear power generation. The lifespans of these casks is approximately 50 years. To ensure a safe technology for their production, we have acquired a certificate for cask manufacturing and are working on technology development and research to ensure safety in disposal container manufacturing technology and the spent fuel management process. So far we were able to meet the quality system requirements of the US Nuclear Regulatory Commission (NRC) and succeeded in exporting proprietary welding and shrink-fit technologies to the U.S. in 2022, the first for a Korean steelmaker.


High Alloy Lightweight Steel for Electric Vehicles

SeAH Besteel Holdings produces materials for about 24 different types of electric vehicle parts, including motor modules and chassis elements. The increase in the production volume of electric vehicles coupled with the vehicle weight increases due to the load of on-board batteries has magnified the importance of weight reduction of materials in the quest for enhancing the driving efficiency of electric vehicles. On our end, we are seeking to reduce the weight of component materials by switching to new materials. For instance, we are developing lightweight materials that combine the strong points of both Fe (ferrum) and Al (aluminum) by tapping into the characteristics of aluminum (a weight reducing element) that reduces Fe’s density when added to Fe due to the lattice expansion effect. Through this development, we aim to contribute to ongoing efforts to enhance fuel efficiency and reduce carbon emissions.


Green Product

Concept 1	Concept 2	Concept 3
<p>Develop and produce new types of steel materials required as mandatory in the direct or indirect industry segments with the goal of achieving Net Zero status</p>  <p style="font-size: small;">Airplanes Electric vehicles Hydrogen Nuclear power Wind power</p>	<p>Produce green steel products with drastically reduced carbon emissions thanks to low-carbon production processes by reestablishing future core technologies at the factory level and ensuring renewable energy sources.</p>  <p style="font-size: small;">Carbon reduction Green electric furnaces Renewable energy Green heating furnaces</p>	<p>Steel materials that allow customers to skip or cut short certain production process steps when using our specially made products and contribute to reducing secondary carbon emissions</p>  <p style="font-size: small;">Company A Company B Company C Process skipping Reduced time</p>


* Our use of electric furnaces allows for lower carbon intensity compared with blast furnaces, and we are striving to reduce intensity even further.




Materials for the hydrogen ecosystem



High alloy lightweight steel for electric vehicles



Nuclear waste casks



Materials for wind power generation

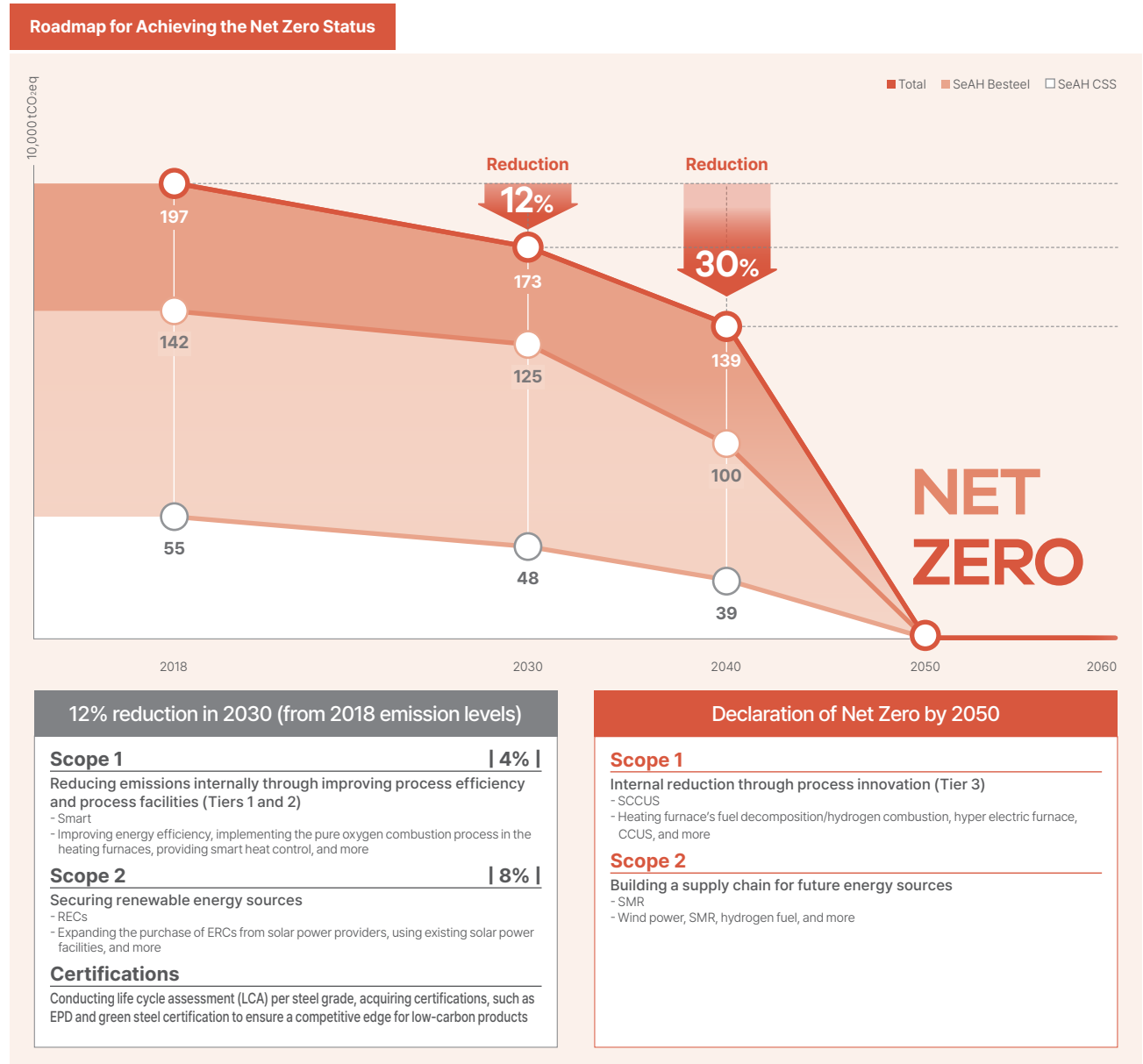
Achieving Net Zero Status

Metrics and Reduction Targets

SeAH Besteel Holdings produces steel using electric furnaces which recycle iron scrap. These require a much lower carbon density than blasting furnaces, which use iron ore as main raw materials. Based on this production method, we have set up a roadmap for achieving a Net Zero status by 2050. We are aiming to gradually achieve the Net Zero status by engaging in various GHG reduction activities, such as managing carbon emissions, developing low-carbon products, turning waste into resources, enhancing energy efficiency, and using renewable energy sources. Going forward, we will continue making concerted efforts to actively respond to domestic and overseas GHG regulations and attain the Net Zero status.

As part of our efforts to actively respond to domestic and overseas GHG regulations and attain a Net Zero status, we have set up nine strategic ESG tasks, the first of which is to reduce carbon emissions by 12% by 2030 from the 2018 level, and to achieve a Net Zero status by 2050. To this end, the Low-Carbon Energy Strategy Taskforce Team was established in 2022 to secure renewable energy sources, and the ESG Technology Center, a dedicated body to promote the research of low-carbon technology, was set up in 2023.

Furthermore, an ESG governance system was established, and regular meetings of the working-level and executive councils are held every quarter between the Holding Company and affiliates to discuss issues related to climate change. The ESG Committee makes key decisions on climate-related policies, monitors performance, and reports on relevant issues. Starting in 2023, carbon reduction planning was added as a Level C assessment issue as part of our efforts to actively promote carbon-neutral and responsible management policies.



Achieving Net Zero Status

Performance for the Net Zero Goal

Ensuring Renewable Energy Sources

On November 30, 2022, SeAH Besteel Holdings signed an MOU with Equis Korea for a long-term purchase contract for Renewable Energy Certificates (RECs).

We have now secured the stable supply of renewable energy at an annual average of 26,828 MWh for the next 20 years. This corresponds to 2-3% of SeAH Besteel's total electricity consumption per year, contributing to reducing 12,325 tons of carbon emissions per year.

Scope2

Through this contract, we plan on reducing Scope 2 carbon emissions and engaging in a wider variety of activities to facilitate our transition to renewable energy sources.



ISO 50001 and EPD Certification

Currently, SeAH Besteel and SeAH CSS are preparing for achieving the requirements for the International Environmental Product Declaration (EPD) in 2023. By being EPD-certified, we will be able to meet our customers' carbon intensity requirements and the EU's CBAM, and continue to build the ability to better respond to domestic and overseas carbon regulations.

- SeAH Besteel: Three certifications (Carbon/alloy steel wires, forged square bars, and steel bars)
- SeAH CSS: Ten certifications (Carbon/alloy steel wire rods and bars, STS steel wire rods, steel bars, rolled flat bars, and steel pipes, tool steel bars and rolled flat bars, and special alloy's wire rods and steel bars)

STS steel wire rods, steel bars, rolled flat bars, and steel pipes, tool steel bars and rolled flat bars, and special alloy's wire rods and steel bars)

In addition, SeAH Besteel is ISO 50001-certified to systematically manage GHGs and energy, and renews its certification every year to better respond to requests from stakeholders.



*EPD (Environmental Product Declaration): A standardized document that quantifies environmental information throughout the life cycle of a product from collection, manufacture, distribution, and consumption to disposal

Stakeholder Engagement

(Net Zero Expo. & ESG promo video-Net Zero Status)

SeAH Besteel Holdings participated in the 2022 Net Zero Expo, which served as a venue to share information the industrial status quo on Net Zero goals and forecast future developments. Through the exhibition, we were able to share with participants the activities we are undertaking in an effort to minimize our environmental footprint based on our low-carbon business strategy "Green Process, Green Product, and Green Recycle" while further improving our professional capacity.

In addition, we made a video meant to share our Net Zero management practices with internal and external stakeholders. The video showcases our desire for continuous engagement with customers and carries the message "make tomorrow's world sustainable and beautiful."



2022 Net Zero Expo



ESG video clip to promote our Net-Zero ambition

Building a Resource-Recycling Ecosystem



Impact

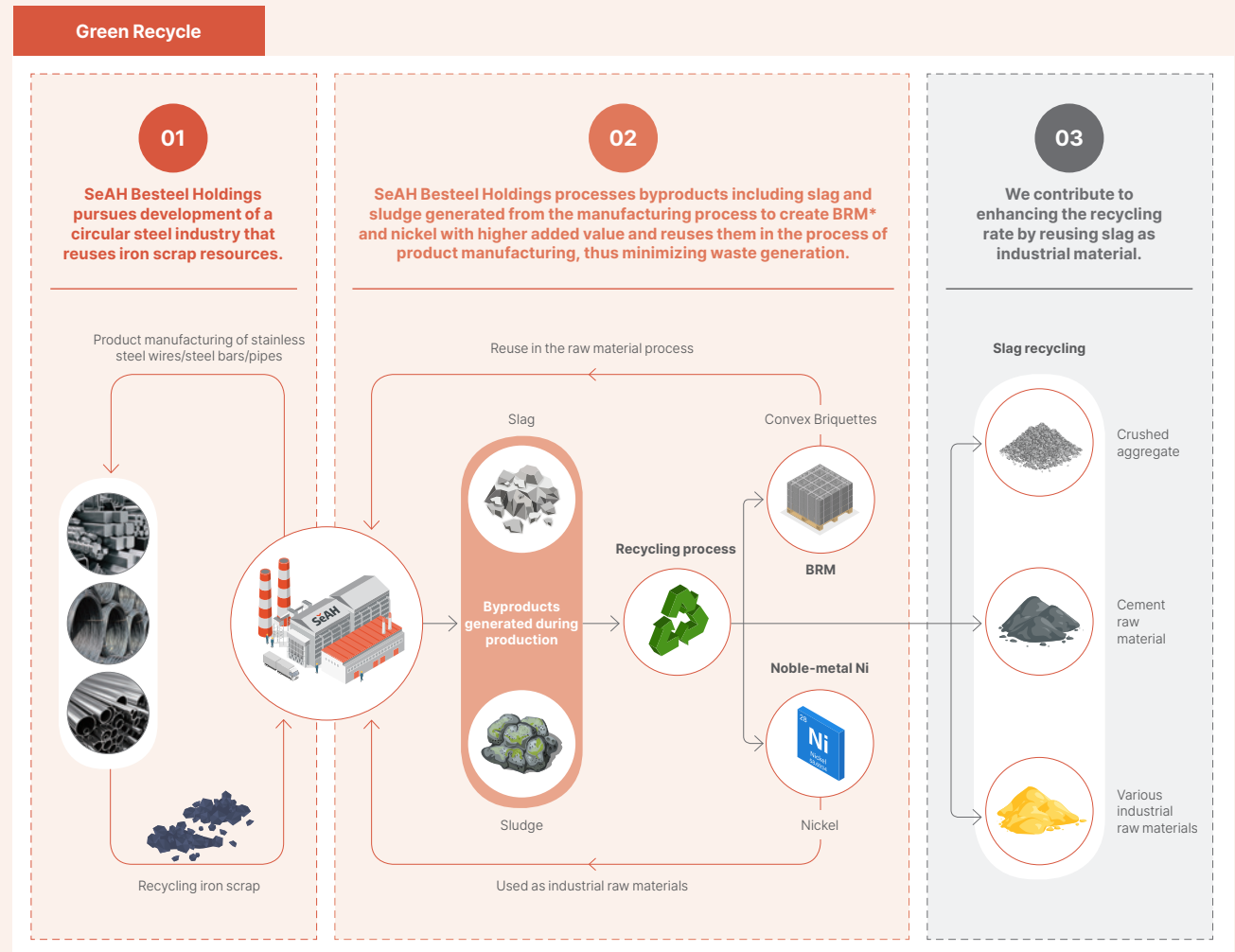
In case waste is not properly disposed of, it can lead to various forms of environmental pollution including soil, underground water, air, and the ocean, and adversely affect ecosystems and biodiversity. More emphasis is therefore being placed on the concept of creating a circular economy that can efficiently recycle and use renewable resources. Companies, for their part, are asked to make more efforts in the areas of waste reduction and resource recycling.

Actions

SeAH Besteel Holdings has selected building a resource-recycling ecosystem as one of our five strategic ESG directions, and to this end is actively promoting a virtuous recycling of resources. By recycling and collecting resources, we are contributing to the reduction of environmental destruction that stems from the process of gathering and processing new resources and creating economic profit by discovering new business models and opportunities.

The Process of Creating a Resource-Recycling Ecosystem

We have been working tirelessly on lessening environmental impacts by recycling byproducts such as iron scrap and pursuing sustainable steel production processes. Not content with a resource recycling rate of 95%, we are now aiming to achieve a 99% recycling rate by 2030 and build a reliable resource-recycling ecosystem by recycling byproducts generated in the manufacturing process while minimizing waste amounts and improving the added value of those byproducts.



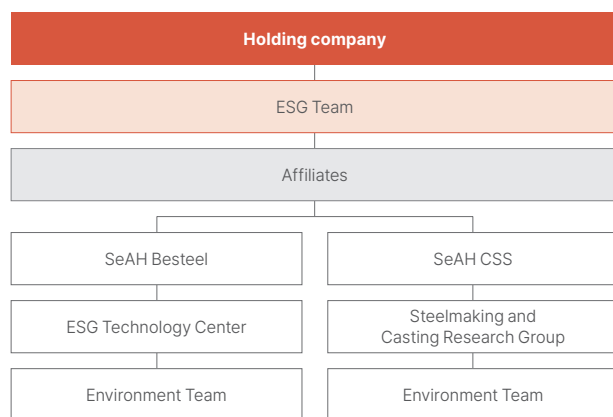
*BRM: Briquette for Reduced Metal

Building a Resource-Recycling Ecosystem

SeAH Besteel Holdings

Dedicated Organization for Byproduct Recycling

SeAH Besteel Holdings has set up an organization dedicated for byproduct recycling at both SeAH Besteel and SeAH CSS in order to build a circular ecosystem for operations. Through this initiative, we are planning to open a byproduct recycling center and continue to launch internal or third-party projects that maximize byproduct recycling. Also, the ESG Working-Level Council and the ESG Committee have been set up to make fast decisions in cases of investment review.



Building Plans for Short/Mid/Long-term Task for Byproducts

Aiming to achieve a recycling rate of 99% by 2030, we have set up 10 implementation tasks divided across short-, mid-, and long-term timelines. The ESG Working-Level Council monitors progress and reports any development to the ESG Committee on a regular basis in order to systematically manage these assigned targets and tasks.

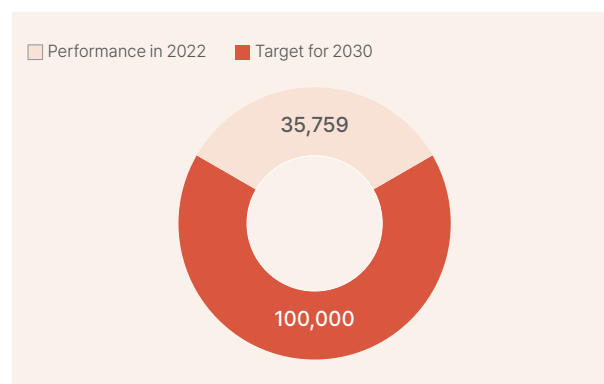
SeAH Besteel

Opening a Byproduct Recycling Center

SeAH Besteel intends to build a byproduct recycling center in order to prepare in advance for recycling limitations and cost increases as well as to recycle 100% of the byproducts generated by the company. Currently, the company's byproduct recycling rate stands at 98%, and we are continuously promoting investment and development activities in an effort to turn byproducts from factories into valuable resources.

As for slag (one of byproducts generated when metal is produced at electric furnaces), we are investing in facilities and building necessary processes to extend its use from existing applications, such as filling soil and subbase layer materials, to materials used for high early strength cement. We also expanded BRM (Briquette for Reduced Metal) production, which makes use of various waste byproducts including dust and different sludge types. The construction of the center will be completed in 2024, further driving our efforts to strengthen our resource recycling system.

Amount of byproducts recycled (Unit: tons)



SeAH CSS

Opening a Byproduct Recycling Center

SeAH CSS fully recycles various types of waste generated during the manufacturing process, such as slag, refractory, scale, iron power, wood, paper, synthetic resin, and trapped dust. It also partially recycles waste such as dust, used oil, and organic solvents.

Of the different types of dust created during the process of operating environmental facilities, including a dust collector and water treatment facility, dust from steelmaking and polishing factories is particularly being recycled as is has a high content of Fe and Zn, and dust with a high content of Ni is being reused as supplementary material in the steelmaking process after going through a separate manufacturing process.

Wastewater sludge is mixed and dried together with STS refined slag, which is generated during the STS steelmaking process, and then recycled as raw filling material used in asphalt pavement in the construction industry. Investment is underway to also recover nickel from sludge.

Additionally, we are striving to develop new renewable technologies and improving manufacturing processes regarding byproducts that are hard to recycle and are thus incinerated or buried, in order to improve recycling rates and reduce the risk of environmental pollution.

In 2022, we engaged in various byproduct recycling activities, such as producing SRB for AOD dust, installing an electric furnace, launching the DRN manufacturing project, and planning investment in an enrichment facility for removing nickel from acid pickling wastewater sludge in an attempt to recover nickel from waste.

In order to increase the amount of wastewater sludge recycling, we are working on setting up a plan to remodel and extend the transport facilities of the Neck process.

SeAH Aerospace & Defense

Byproduct Recycling

SeAH Aerospace & Defense, as part of the effort to reduce environmental pollutants through waste recycling, recycles waste refractory created when refractory is replaced within a reverberatory furnace as earth fill or cover materials. As such, in 2022, 50.74 tons of refractory emissions were recycled.

Minimizing Safety and Health Risks



Impact

The Serious Industrial Accidents Act went into effect in January 2022 with the aim of preventing serious incidents during the course of business or activities conducted on-site and protecting the life and physical health of both employees and other citizens. Safety and health risks may bring about financial risks for companies and adversely impact sustainable business management practices as companies could be subject to penalties or criminal punishment when violating relevant laws or regulations. Therefore, companies should make continued efforts to identify and address any threats to on-site workers as well as to build safe and healthy workplaces.

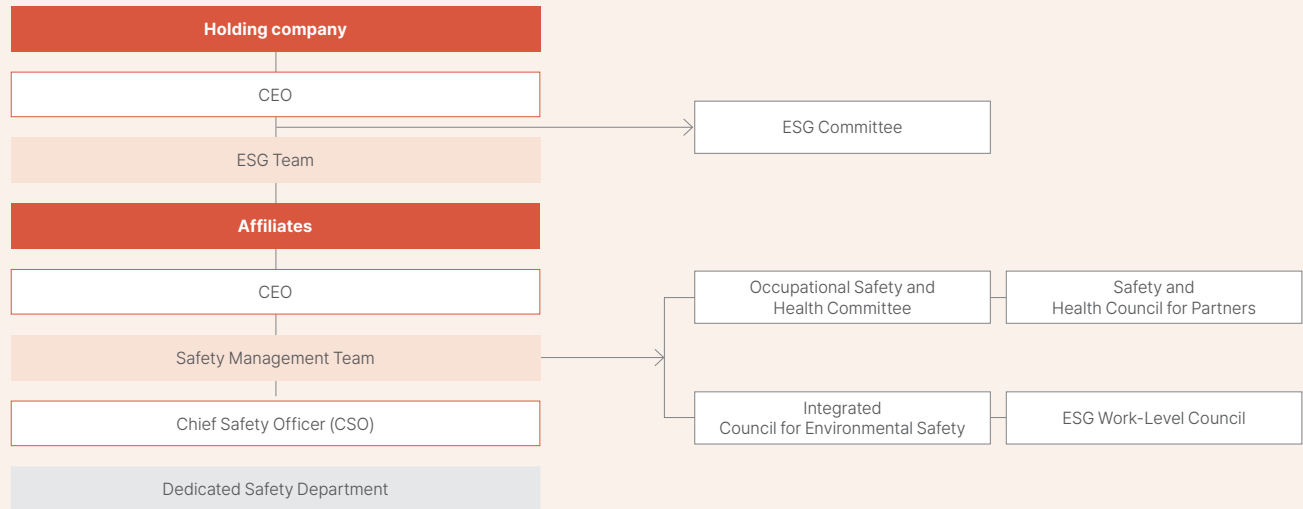
Actions

With the goals of achieving zero serious accidents and a 0% safety accident rate in 2023, SeAH Besteel Holdings has built a mid- to long-term safety and health roadmap and strengthened its safety health system. Based on this roadmap, we are continuously engaging in various safety activities, including constant improvement of our safety culture, risk assessment, and safety and health training, while providing support in building safety management practices to employees as well as our partners. We are dedicated to promoting safety and health activities centered around business sites and people in order to thoroughly fulfill our safety and health responsibilities for all employees.

The Safety and Health System

At SeAH Besteel Holdings, we consider better execution of safety and health activities as our top priority in order to protect the safety and health of our employees. To this end, we intend to build a safe workplace, where people can work without safety concerns, by setting up a systematic safety and health organization and council and facilitating the implementation of safety and health management activities.

Organization Chart



Direction for Safety and Health

Guided by our safety and health management credo of “building a safe and healthy workplace,” we have created a safety and health roadmap by listening to and reflecting on the opinions of our employees. Based on this policy and roadmap, we aim to attain the goal of zero serious accidents at business sites. In so doing, we plan on setting relevant KPIs for the respective dedicated safety departments and site supervisors and engaging in safety and health activities, thus thoroughly fulfilling our duty of ensuring safety and health for our employees, in compliance with the Serious Accidents Punishment Act.

1. Facilitating activities to discover hazard risk factors

- More internal inspection activities / Self-diagnosis on safety
- Overall restructuring or remodeling of safety facilities / Implementing integrated safety solutions
- Setting up safety activities with a focus on risk assessment

2. Creating an organization and regulations for better awareness of safety issues

- Building the management system: The Safety Management Team and Safety Environment Dept.
- Setting up and running a company-wide integrated council for safety and environment
- Workshops
- Organizing safety workshops

3. Capacity building for safety and health personnel

- Setting up a safety culture improvement group
- Making a safety keeper available

4. Listening to the opinions of employees on safety and health issues

- Holding regular safety and health council meetings
- Building a safety management system for construction/contractors
- Running a community group for construction safety

5. Complying with laws and regulations

- Conducting internal inspections every half year
- Evaluating compliance with relevant laws and regulations
- Holding a group-wide exchange meeting for safety

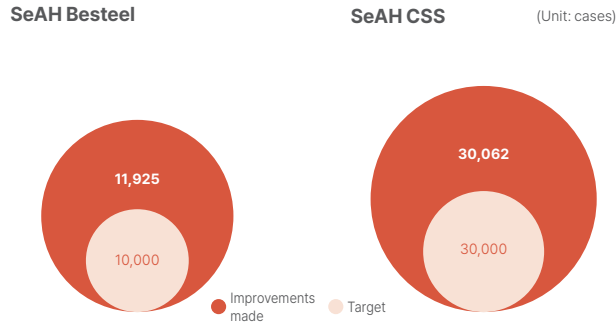
6. Strengthening the employee health management system

- Building a foundation for regular health monitoring
- Improving evacuation measures for emergency patients

Minimizing Safety and Health Risks

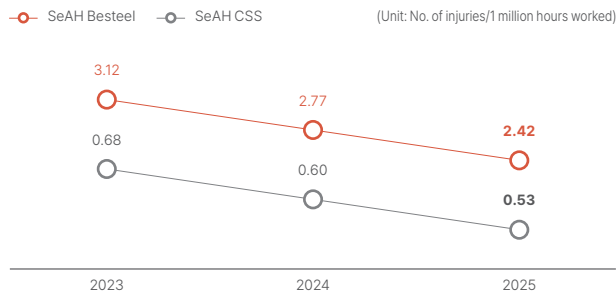
Discovering and Improving Hazard Risk Factors

In 2022, SeAH Besteel set a combined 10,000 targets for the company and partners in an attempt to discover and improve hazard risk factors and succeeded in ameliorating 11,925 issues through potential risk discovery, risk assessment, safety inspection, safety discussion, and more. Similarly, SeAH CSS also set 20,000 and 10,000 targets for the company and partners, respectively, and succeeded in addressing 30,062 identified gaps: 19,262 for the company and 10,800 for partners. The results of the risk improvement activities are reported to the management in a company-wide safety meeting held every month and disseminated throughout our business sites.



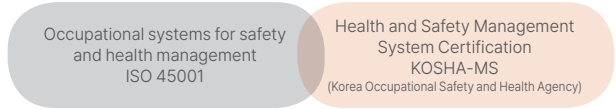
Reducing Lost Time Injury Frequency Rate (LTIFR)

SeAH Besteel Holdings will continue to work on building safe and healthy workplaces with the goal of reducing LTIFR for all employees by 30% compared with the 2022 levels.



Certification of ISO 45001 (Occupational Safety and Health Management System)

SeAH Besteel obtained the ISO 45001 certification, an international standard for management systems of occupational safety and health, and has maintained accreditation through continuous renewals. SeAH CSS acquired and is running the KOSHA-MS certification, while its 16 partners were ISO 45001-certified to systematically promote safety and health management practices based on their accredited occupational safety and health systems. The results of risk improvement activities are reported to the management in a company-wide safety meeting held every month and disseminated throughout the business sites.



Installing in-house pedestrian pathways to prevent accidents while walking



Installing triple soundproof glass to reduce noise from the electric furnace's operation room

Risk Assessment

SeAH Besteel has been able to identify existing unsafe factors and behaviors as part of its efforts to discovering more than 1,000 risks throughout the company. Throughout this process, we conducted ad-hoc risk assessments on the issues discovered in order to upgrade assessment procedures so as to make substantial improvement in the identified risk factors. In addition, we continue to provide support to our partners so they could may become certified as excellent risk assessment workplaces, with the view that conducting substantial risk assessment will lead to improvement in our business activities. SeAH CSS assesses risks not only at the company and partner sites, but also in offices and at the R&D Center, which are not directly related to production. We are making sure that risk assessment, a core means of the government's roadmap for serious accident reduction, and the Tool Box Meeting are held scrupulously on-site. Furthermore, a cooperation group has been set up to fill in the safety gaps we have with partners, and a safety and health symbiotic cooperation program based on risk assessment has been put in place. Thanks to all its efforts in risk assessment, in 2022 the company obtained the top grade of 'A'.

Establishing safety activities with a focus on risk assessment

Assessment training	Training heads of teams/parts, managers, partners' supervisors, and employees to enhance their risk assessment skills
Regular assessment	Regular assessment of risk factors discovered by employees, such as near-misses and potential risks (change in potential risk discovery report)
Revision of standards	Reflecting on the do's and don'ts derived from risk assessment results in the safety standards (incorporating risk factors in all work steps)
Employee participation	Preparing a risk factor checklist, coming up with improvement measures for risk factors, and participating in implementation activities
Risk management	<ul style="list-style-type: none"> - Checking and sharing the status of identified risks based on assessment results every week - Activating safety activities (TBM) before work (change of daily safety and health training patterns)



Employee capacity building training

Minimizing Safety and Health Risks

Improving the Safety Capabilities of Partners

SeAH Besteel Holdings offers support for a variety of activities to minimize safety and health risks for employees as well as partners.

The Safety and Health Activities of Partners

Inspecting the safety and health management system

- Assessing our partners' safety and health capabilities quarterly or semi-annually
- Inspecting the safety and health management system and offering guidance on how to address the identified gaps (separately managing high-risk partners)
- Rewarding excellent partners
- Checking and assessing partners' level of responsibility in terms of ensuring safety and health

Supporting regular safety inspection activities

- Discovering unsafe factors in need of improvement and supporting improvement activities
- Expanding regular tablet-based safety inspection activities
- Organizing daily safety and health training for construction companies
- Promoting activities to ensure partners' safety, such as risk assessment training and joint and walk-around inspections

Strengthening Safety and Health Communication

We listen to and share the opinions of employees on safety and health-related difficulties while discussing on improvement measures through various communication channels, such as the group-wide exchange meetings for safety management and the integrated Council for Safety and Environment. In addition, IT technologies, including the contactless biometric system and AI-based integrated safety solution, were adopted as part of our efforts to further improve safety and health management as well as work efficiency throughout the company.

Our partners use the same systems as we do to assess their responsibility in terms of ensuring safety and health. In this regard, we provide support and communication to our subcontractors and outsourcing partners when it comes to on-site inspection/guidance activities, and when grievances are raised, requirements from both the partner in question and our company are listed for monitoring and management until the grievances are resolved. SeAH CSS resolved 57 safety and health-related grievances reported from partners in 2022, and SeAH Besteel achieved improvement on 12 relevant issues.



The Safety and Health Council

Category	Frequency	Attendees	Agenda
Integrated Council for Safety and Environment	Monthly	Group-wide	<ul style="list-style-type: none"> • Sharing the status of safety and health management activities • Discussing and deciding on safety and health policy changes and matters regarding the introduction of new technology/systems
Partners' Safety and Health Council	Monthly	Partners at business sites	<ul style="list-style-type: none"> • Sharing the status of safety and health practices and policies of the Holding and affiliates • Discussing improvement plans to ensure the safety of partners
SeAH Group Exchange Meeting for Safety Management	Quarterly	The Safety Management Dept. of SeAH Group	<ul style="list-style-type: none"> • Sharing and benchmarking the safety and health management system of each entity • Checking and comparing each entity's progress on the implementation of relevant laws and regulations
Occupational Safety and Health Committee	Quarterly	Labor and management	<ul style="list-style-type: none"> • Proposing and reviewing improvement measures to ensure safety and health at business sites

Minimizing Safety and Health Risks

Safety and Health Activities

Investment in Safety and Health

SeAH Besteel invested KRW55 billion in the area of on-site safety and health in 2022 in order to strengthen its safety and health management system. Investment was also made in an AI-based integrated safety solution as a way of reinforcing safety prevention activities, and an automatic temperature-measurement sampling robot was installed on two electric furnaces to remove workers' exposure to unsafe work environments. Furthermore, reviews were conducted on investment in the safety, health, and environment (SHE) system, with an aim to introduce the system in 2023.

Activities for Safety Awareness Building

SeAH Besteel runs the SICS* at workplaces in order to share safety content, in an effort to raise safety and health awareness and promptly disseminate issues related to safety and health. Additionally, a safety campaign was launched to raise awareness on compliance with basic regulations and traffic safety instructions and guidelines. Moreover, a contactless biometric system and other IT technologies were adopted to measure each employee's physical data and check on their health conditions accordingly, in order to prevent workers from working under unhealthy conditions. These activities demonstrate the endeavors we have been making in managing safety and health and improving work efficiency throughout the company.

*SICS: SeAH Information Cloud System

Safety Accident Prevention Activities

As part of its efforts to prevent recurring accidents, SeAH CSS organizes various inspections every month, including labor-management joint inspections on the 4th, inspection by production executives on the 14th, and inspection by honorary inspectors on the 24th. As for dangerous machines and tools, as a way of ameliorating risks, a professional third-party institution is hired to jointly conduct diagnosis on safety with regard to work risks. Additionally, the 'right of work suspension,' which grants workers the authority to stop work by themselves in the face of danger at work, is in effect in order to prevent accidents. Moreover, a safety culture experience center was newly opened with the aim to raise the employee safety awareness. The center runs eight different facilities to help employees practice CPR, try safety belts, experience VR, and other such safety training activities.

Health Improvement Activities

SeAH CSS conducts measurements of the work environment and offers medical checkups as part of its activities to improve employees' health. We measure noise, dust, organic compounds, and other emissions that are generated from all in-house processes, and medical checkups are offered to those workers working in the processes where hazard factors are detected. Medical checkups consist of general, special, and comprehensive checkups. We offer counseling on checkup results and conduct follow-up examinations. We also provide smoking cessation clinics and training on first responders, contributing to improving our employees' health.

Safety and Health Training

SeAH Besteel, as part of its efforts to hone expertise in and upgrade its safety management system, conducts in-depth safety training for and assessment of its safety managers. Also, online training on safety guidelines and the 'eight rules of life' are made available to all outside visitors before they visit a specific business site, while those who did not complete training courses are prohibited to visit the site.

SeAH CSS divides safety and health training into two parts: compulsory training and capacity building training. Compulsory courses include refresher training for the Chief Safety Officer (CSO) and safety managers, online training for officer workers, onboard training, and new/refresher training for health managers, while capacity building courses include job skill-building training for supervisors, occupational safety building training for each department, professional training for PSM* personnel, training for partners' safety managers, and CPR first responder training. With the aim of promoting a culture of safety, training is provided not only to our executives, including top management members, but also to our partners' CEOs, making this an effort that encompasses supervisors and workers as a whole.

*PSM: Process Safety Management (evaluation of PSM effectiveness)



Training on CPR first responders

Building a Sustainable Supply Chain



Impact

In response to stricter global laws and regulations (such as the EU's Corporate Sustainability Due Diligence Directive), and to requests from stakeholders, heavier emphasis is being placed on the importance of developing a sustainable supply chain. By building a supply chain due diligence system, companies need to focus more on sustainable management rather than maximum profitability. A sustainable supply chain plays an integral part in ensuring global competitiveness, creating sustainable growth engines and jobs, and building a mutually cooperative system with partners.

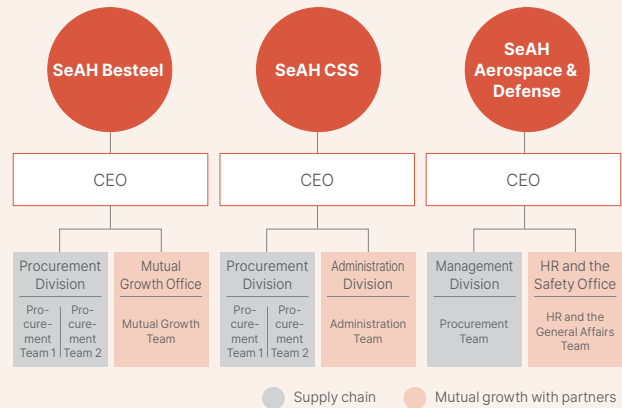
Actions

SeAH Besteel Holdings established a supply chain code of conduct in our attempt to strengthen corporate competitiveness through the better management of a sustainable supply chain. Thanks to this, we are working on building a culture of fair and transparent trade with our partners. In this regard, each affiliate conducts assessments on partners' ESG risks on a regular basis to identify risks in advance and manage and control them accordingly. When a new supplier is assessed for registration, its financial and non-financial factors are evaluated, and based on results, necessary measures are taken. And we abide by the principle that no industrial minerals produced in areas of conflict are to be used for our products by implementing the Responsible Minerals Assurance process. Moreover, we organized a shared growth program for partners to help them promote sustainable growth, and arranged roundtables and a separate communication channel for them as part of our efforts to develop a sustainable supply chain.

The Supply Chain Management System

SeAH Besteel Holdings has set up and systematically manages the Procurement Division and the Mutual Growth Office under the leadership of the CEO, with the goal of achieving a sustainable supply chain management system, mutual growth, and mutually beneficial collaboration.

Organization Chart



Six Strategic Tasks

Guided by a philosophy of mutual growth, SeAH Besteel Holdings is currently driving six supply chain management strategies in our attempt to concentrate our efforts on supply chain management development.

- 01 Managing the supply chain for mutual growth
- 02 Building pro-social Procurement policies
- 03 Pursuing ethical management and fair trade practices
- 04 Strengthening the inherent competitiveness of Procurement activities
- 05 Ensuring the safety of the supply chain
- 06 Operating an agile organization and responding flexibly to various circumstances

Four Codes of Conduct

As part of our efforts to comply with international standards and norms and promote effective supply chain management practices, SeAH Besteel Holdings runs and manages an ESG-focused procurement system, such as building a culture of fair and transparent trade. To incorporate a culture of fair trade and mutual growth into our organization and fulfill our corporate social responsibilities, we have established codes of conduct to share our directions for supply chain management to all our partners.

01 Labor & Human Rights 	Suppliers should respect the basic human rights of workers in business engagement and build a safe and healthy working environment by complying with the following:
02 Safety and Health Responsibilities 	Suppliers should provide workers with a safe and healthy working environment by adopting requirements for safety and health management throughout all their business practices as follows:
03 The Environment 	Suppliers should recognize their environmental responsibilities and strive to minimize adverse environmental impacts that may arise from all their business activities by making such efforts as follows:
04 Ethical & Fair Trade 	Suppliers should fulfill their social responsibilities and promote sustainable growth by complying with the following:

Building a Sustainable Supply Chain

Supply Chain ESG Risk Assessment

At SeAH Besteel and SeAH CSS, when a supplier is assessed for registration, we evaluate not only its overall business performance, such as a credit evaluation, but also its technological capacity, environmental practices (whether ISO 14001 certified or not), and safety track record (safety and health management system certification, occurrence/frequency of industrial accidents, and training on occupational safety and health). Only when the evaluation score is 70 or higher, the supplier is registered as a new supplier, and additional on-site due diligence is conducted, if needed, in addition to the document screening.

Existing partners are also assessed through quality evaluations on subcontract work and periodical evaluations, evaluations on safety and health activities by the Safety Team, and periodical evaluations by the Mutual Growth Team. Comprehensive evaluation is conducted on categories such as delivery, quality, safety and environment, and partners with a grade of C or less receive a warning and are requested to set up an improvement plan. Meanwhile, suppliers with top grades are selected as excellent partners and offered incentives.

In 2023, to implement systematic ESG due diligence on the supply chain, we are planning to review our entire process and improve monitoring practices, striving to further develop a sustainable ESG supply chain ecosystem.



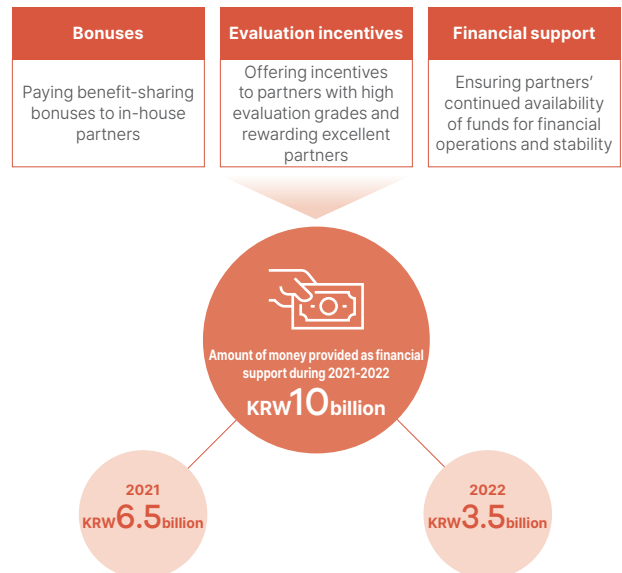
Building a Culture of Mutual Growth

The Mutual Growth Program

At SeAH Besteel, subcontracted prices are paid 100% in cash, and a management support loan program is in place to allow partners to take out loans for their operating expenses, if needed. In 2022, a KRW200 million loan was offered to one of our partners. In addition, a benefit-sharing bonus was given to employees of partners as part of our efforts to promote mutually beneficial growth.

To improve our partners' liquidity, SeAH CSS pays subcontracted prices fully in cash on the 15th of the following month and pays subcontracted prices in advance, if necessary, when partners need to access operating expenses during holidays. In addition, we also pay performance incentives (PI) to partners when we pay PIs to our employees as part of our efforts to boost the morale of employees of partners.

SeAH Aerospace & Defense has built a system of mutual cooperation for contingencies and cooperative relationships with partners, such as a partnership agreement for shared growth. Also, an agreement on production technology support has been signed with partners in an attempt to offer support to partners for the development of production and quality assurance technologies while pursuing mutually beneficial growth through collaboration in process development.



Communication Channels for Mutual Growth

At SeAH Besteel, a roundtable with partners' representatives is held once a year, and a Working-Level Council meeting with partners is held once a month, both of which serve as a venue to receive complaints and requests from partners and offer corresponding solutions.

In addition, we discuss key issues with partners to instill and drive a sense of mutual growth while paying regular visits to partner companies to identify safety issues and improvement gaps and subsequently address them. At the new year's roundtable held in January 2023 we offered feedback on legal matters to be reviewed by partners during the signing of contracts and discussed how to best fill the gap between workforce supply and demand.

At SeAH CSS, a monthly council meeting and a regular roundtable have been held with partners starting in January 2022. During the meetings, we receive requirements and complaints from representatives of partners, put them on the agenda for discussion, and come up with appropriate solutions and action plans.

We also run a partner suggestion center that receives suggestions from partners with regard to sourcing local products and developing alternative materials. As for approved suggestions, we carry out improvement activities which result in quality enhancement and cost reduction for the company and opportunities for new sales for partners.

Furthermore, SeAH Besteel and SeAH CSS both opened a partner suggestion center on the E-Procurement System, a communication channel to listen to complaints and grievances from partners, while operating an additional channel responsible for supply chain diversification, such as discovering new suppliers and proposing alternative materials. Going forward, we will continue to stimulate more active communication with partners through regular roundtables and council meetings.

Building a Sustainable Supply Chain

Responsible Minerals

SeAH Besteel and SeAH CSS uphold the principle that no industrial minerals produced in areas of conflict are to be used in the manufacturing of our products. In fact, none of our special steel and heavy forging products use conflict minerals (tin, tantalum, tungsten, and gold). We comply with responsible minerals-related laws and regulations and continue to improve the responsible mineral assurance process in order to fulfill our corporate social responsibilities.

In addition, we are planning to expand our monitoring of partners on purchases of minerals to include not just primary but also secondary partners, so that the policy of using no responsible minerals can be firmly established amongst our partners. Going forward, we plan to set up a communication channel with stakeholders, gearing up for potential disputes that may arise from minerals used by SeAH Besteel and SeAH CSS.

Responsible Minerals

Conflict minerals (3TG)
Tin, tantalum, tungsten, and gold

Areas of conflict (10 countries)
Democratic Republic of Congo, Congo Republic, South Sudan, Rwanda, Burundi, Uganda, Zambia, Angola, Tanzania, and Central African Republic

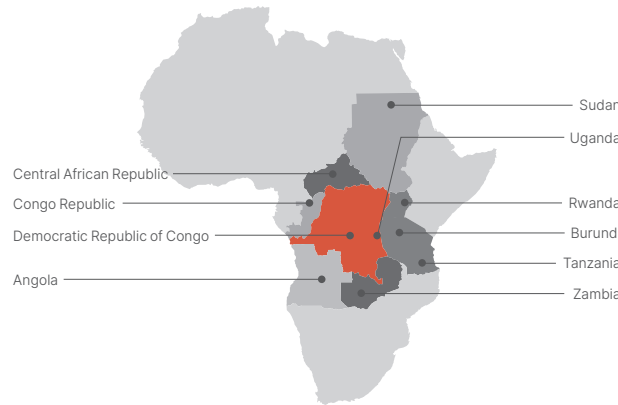
Plus, minerals from any area of human rights violations

Relevant Laws and Regulations

The U.S
The Dodd-Frank Wall Street Reform and Consumer Protection Act (July 2010)

Europe
The EU Conflict Minerals Regulation (May 2017)

Conflict Minerals' Countries



Responsible Minerals Management Policies

At SeAH Besteel and SeAH CSS we systematically manage the use of responsible minerals based on responsible minerals management policies and comply with relevant laws and regulations.

- We added the clause of prohibiting the use of illegally mined raw materials to the Procurement policy created in 2016, the partner's code of conduct, and the standard purchase agreement.
- We engage in conflict-free sourcing activities, such as due diligence, reporting, and consultation with smelting companies.
- We ask for conflict minerals reporting from suppliers to make sure no such minerals are used in the production of our products.

Responsible Minerals Assurance Process

SeAH Besteel Holdings recognizes any human rights violation or environmental damage attributable to mineral mining in areas of conflict as a severe issue. We therefore make continued improvements in the responsible minerals assurance process in order to comply with responsible minerals-related laws and regulations and fulfill our social responsibilities.



Compliance



Impact

As countries keep raising the bar on global standards with regards to fair competition, anti-corruption, and more, relevant laws and regulations are also strengthened in response. When a company fails to fulfill its ethical and compliance responsibilities, it may suffer reputational damage due to its tarnished public image, in addition to potential criminal or civil prosecution. Therefore, companies should recognize the importance of ethical issues, such as fair trade and anti-corruption practices, and make concerted efforts to fulfill their corporate social responsibilities in order to achieve sustainable management goals.

Actions

In an attempt to promote compliance awareness, avoid corruption, and prevent unethical conduct by employees, SeAH Besteel Holdings has set up an ethical and compliance governance system and is systematically implementing ethical and compliance management practices. Policies are established to prevent sexual or other types of harassment, assault, corruption, and other matters that may arise at work, and are demanded to be strictly followed by all employees.

The Ethics and Compliance System

SeAH Besteel Holdings has set up the Ethics & Compliance Committee, the top decision-making body for ethical and compliance management, under the leadership of the Board of Directors, as well as the Compliance Team, which reports directly to the CEO. The Compliance Team creates annual ethical management plans for the Holding Company and affiliated companies and regularly reports to the Ethics & Compliance Committee on ethical management activities and measures taken for any unethical activities detected. Also, the Ethical Management Secretariat was set up to organize employee training on ethics, launch campaigns, evaluate ethical management, and more. Beginning in 2021, SeAH Besteel Holdings and our main affiliates started running a Compliance Manager program and designated an executive-level manager as a Compliance Manager to prevent and address legal/ethical risks stemming from their designated headquarters/department. The Compliance Manager is responsible for disseminating and encouraging employee training on ethics and compliance and conducting self-diagnosis evaluations on ethics and compliance while improving and managing risks discovered at work.

Moreover, we have actively implemented SeAH Group's Compliance KPIs developed in 2022 and achieved top performance levels in compliance across all affiliates. We also recorded 100% attendance rates to compliance self-diagnosis evaluations held by department heads. By holding the self-diagnosis evaluations, we came up with 30 issues for improvement and thoroughly addressed each of them. From 2023, we are planning to appoint one executive-level manager from each affiliates as a Compliance Manager who will be tasked with achieving SeAH Group's Compliance KPIs.

Establishment of Policies to Prevent and Respond to Workplace Harassment/Sexual Harassment/Violence

The SeAH Group has identified workplace harassment, sexual harassment, and acts of violence as three zero-tolerance behaviors. The company has since established prevention and response regulations to regulate these unethical behaviors in all of its business companies. By dismissing the perpetrators of the three unethical behaviors without exception, the company has expressed its strong commitment to eradicating these three behaviors, and ultimately established a system to protect its employees from workplace violations. When the three unethical behaviors do occur, we take steps to receive reports, counsel and protect victims, conduct investigations with the help of external agencies, and take disciplinary and victim recovery measures based on the results of the investigations. We also disclose the status of workplace violations and the measures taken in response to employees every quarter to ensure a transparent and thorough response system.



Code of Ethics Guidelines

SeAH Besteel Holdings complies with the Code of Conduct for Employees of the SeAH Group based on SeAH Group's ethical philosophy of 'Inspired by SeAH' with the aim to foster a company-wide ethical corporate culture. The Code of Conduct strongly regulates unethical behavior such as accepting rewards from stakeholders, unfair equity participation in supplier companies, lack of transparency in selecting suppliers, illegal and improper use of company assets, manipulation of documents and accounting, false reporting, and other business malpractices.

The Zero Tolerance Response Procedure

01	02	03	04
Reporting	Initial consultation Within 1 working day of reporting	Investigation by an external organization A law firm or labor agency to investigate within 1 working day from the date of consultation	Based on the results of the investigation, take action to discipline perpetrators and help victims

Compliance

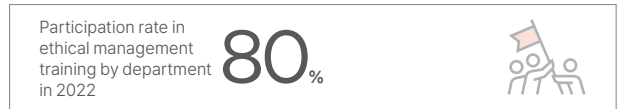
Ethical Management Activities

Ethical Management Training

The Ethics and Compliance Secretariat conducts training on "Guidelines for Implementing the Code of Ethics" and "Encouragement and Channels for Reporting Unethical Behavior" for all employees twice a year. We have established a system that requires all employees to participate in the training by assigning the responsibility for disseminating and completing the training to each department head. We also conduct zero-tolerance training for all employees to ensure that they understand the purpose and standards of the zero-tolerance policy and recognize the principles of conduct in the event of a zero tolerance incident. From 2023, we plan to produce our own zero-tolerance video and designate it as mandatory training for employees.

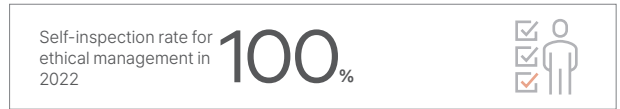
The Employee Ethics Pledge

To ensure that employees comply with the Code of Ethics' behavioral guidelines, we annually make an ethics pledge for all employees. We also set six principles of behavior that employees at the level of department heads and above must comply with regarding zero-tolerance violations, and we annually take a pledge to comply with these principles. Furthermore, we include the terms and conditions of ethical practices guidelines, etc., in the basic terms and conditions of our purchase contracts to establish a healthy and fair trade culture with our suppliers.



Self-Inspections on Ethical Management

SeAH Besteel Holdings has been conducting self-inspections for executives and department heads of the holding and business companies on the principles of managerial behavior for ethical management and zero tolerance since 2022 in an effort to check the managers' commitment to ethical management. In 2022, the self-inspection rate for ethical management practices was 100%, and we will continue to actively support all managers to participate in the self-inspection every year.



The Ethical Management Reporting Center

SeAH Besteel Holdings participates in the Ethical Management Reporting Center operated by the SeAH Group's Ethics and Compliance Secretariat. All stakeholders, including our suppliers and customers, can report unethical behavior by employees anonymously or by name. In addition, the three zero-tolerance unethical behaviors reported through the Ethical Management Reporting Center are handled through a zero-tolerance response process.



The Ethical Management Suggestion Center

Promoting the Ethisphere Project

SeAH Besteel Holdings participates in the "World's Most Ethical Companies" evaluation program organized annually by Ethisphere, a U.S.-based business ethics research organization, aiming to set goals and strive for continuous improvement and development by objectively measuring indicators such as governance and ethical culture.

The 'No Holiday Gift' Campaign

Every year before the Lunar New Year and Chuseok holidays, SeAH Besteel Holdings sends out a notice to its suppliers through the Ethics and Compliance Secretariat about not accepting holiday gifts. By clearly communicating the principle of not receiving holiday gifts to our employees and informing our suppliers of this policy, we strive to reduce unnecessary visits and gift exchanges before and after the holidays, which have been a common practice until recently.



The 'No Holiday Gift' Campaign

Compliance

Compliance Risk Management

Department-Wide Fair Trade Self-Inspection

Every year, SeAH Besteel Holdings conducts self-inspections for the heads of business company departments in four areas of fair trade (collaborative behavior, internal transactions, subcontracting, and distributor transactions). This provides an opportunity for employees to learn about the fair trade obligations and risks they must comply with in their work and to improve any deficiencies discovered.

Departmental fair trade self-checks are managed under the responsibility of each jurisdictional compliance manager, and risks discovered through self-checks are set as annual improvement tasks in order to prevent and mitigate risk occurrences.

Category	Number of cases	Name of major improvement
Deliverables for 2022	30	<ul style="list-style-type: none"> Redefined the disclosure process in the event of a large insider transaction Established a business process in the event of termination under the Subcontracting Act
Completed improvements within the year	24	<ul style="list-style-type: none"> Established a management process for documents required to be preserved under the Subcontracting Act Created a process for checking the use of corporate cards in relation to promoting a zero-tolerance policy
Reconsidered and pending	6	

Contact Report Monitoring

We have implemented a monitoring system for pre- and post-contact reporting of competitor contacts to prevent and respond to risks related to information exchange with competitors under the Fair Trade Act. We report to the Compliance Team and the Compliance Officer through pre- and post-contact reports on meeting targets and discussion topics, and provide support from related departments, such as the Legal Department, if necessary. Each company's competitor contact reports are regularly reported to the CEO and the Compliance Officer.

Internal Transaction Guidelines

For transactions between affiliated companies, we provide internal transaction guidelines to ensure the rationality and fairness of transaction procedures and conditions with business companies. When entering into a private contract with an affiliated company, the Compliance Team reviews the contract documents before proceeding with the transaction to prevent risks related to the Fair Trade Act.

Compliance Management Activities

Fair Trade Training

Fair Trade Training
SeAH Besteel Holdings conducts customized compliance training for employees of its business companies by selecting compliance topics that are highly relevant to each department and position. In this regard, we provided training on guidelines for internal transactions and collaborative behavior for sales employees, on collaborative behavior for purchasing employees, on precautions for subcontracting transactions, and on new fair trade policy for executives and team leaders

Training name	Training on fair trade guidelines			
Subtopics	Unfair collusion, insider trading, and liquidity trading	Subcontracting, collusive behavior, and insider trading	Electronic fair trade inspection results and fair trade policy compliance measures	
By job function	Sales	Purchasing	Team leaders	Executives
Number of trainees	115	27	59	27
Training hours	5	3	2	2

Legal Seminars for All Employees

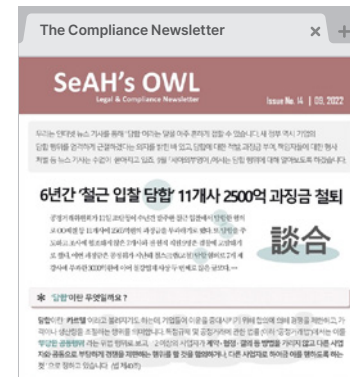
SeAH Besteel Holdings encourages employees to actively participate in legal seminars offered at the Group level. In 2022, a total of nine legal seminars were held, including a seminar on "Examples and Penalties for Requiring Technical Data under the Subcontracting Act and the Win-Win Cooperation Act," which recorded a total participation of 91 employees of SeAH Besteel Holdings.

Compliance Campaigns

In order to directly engage employees in compliance and ethical practices, SeAH Besteel Holdings conducts monthly compliance campaigns in conjunction with employee education programs. Through the 'Get Familiar with Compliance Guidelines' series, which is linked to employee training on the Fair Trade Guidelines, we helped employees become more familiar with compliance guidelines, and we are doing our best to help employees manage compliance risks by themselves through the 'Clean Desk and Old Paper Cleanup' and 'Information Protection Practices' campaigns.

The Compliance Newsletter

As a member of the SeAH Group Legal & Compliance Collaborative Group, SeAH Besteel Holdings participates in the publication of monthly legal and compliance newsletters. Starting with the newsletter on 'Legal standards for embezzlement and breach of trust' in January 2022, we published 12 newsletters in 2022, including 'Intellectual property rights' and 'Revisions to the Subcontracting Act regarding the provision of technical data.' In the newsletters, we summarize legal content in language that is easy to understand for general employees and introduce compliance obligations and new and amended laws that are essential to know in the workplace. From 2023, we plan to provide newsletters and quizzes in a single format so that employees can learn by participating in the newsletter content rather than just reading it.



ESG MANAGEMENT

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ENVIRONMENTAL

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Air Pollution Control	39
Chemical Substances Management	40
Water Resource Management	40



Building the 2022 mid- to long-term roadmap for achieving net zero emissions



Maintaining the ISO 14001 certification for all the business sites



Reducing GHG emissions by 4%

*2021
* Compared with 2021



Reducing company-wide generated waste by 8%

*2021
* Compared with 2021





The Environmental Management System

Strategy

Environmental Policy

SeAH Besteel Holdings recognizes its responsibilities toward the environment and strives to minimize any negative environmental impact that may occur throughout its production processes. To this end, we thoroughly comply with environmental laws and regulations regarding energy use and greenhouse gas emissions, water resources, air pollutants and waste management, and chemicals management.

SeAH Besteel Holdings' Environmental Policy

 <p>Establishment of the Environmental Management System</p> <ul style="list-style-type: none"> - Comply with domestic and international environmental laws and regulations - Operate an environmental management system to mitigate the environmental impact of the entire production process 	 <p>Management of Energy Use and GHG Emissions</p> <ul style="list-style-type: none"> - Establish a system for managing energy use and GHG emissions by location - Reduce energy and greenhouse gas emissions
 <p>Waste Management</p> <ul style="list-style-type: none"> - Establish a waste measurement system - Minimize amount of landfill and incineration waste - Increase the amount of waste reuse and recycling 	 <p>Air Quality Management</p> <ul style="list-style-type: none"> - Establish an air pollutant emissions measurement system - Continuous investment in minimizing air pollutant emissions - Compliance with laws and internal standards related to air pollutant emissions—enhanced internal control standards (30% or less) compared to legal limits
 <p>Water Management</p> <ul style="list-style-type: none"> - Reduce water usage and increase recycling - Compliance with water pollutant discharge laws and internal standards (30% or less compared to legal limits) 	 <p>Chemical Substances</p> <ul style="list-style-type: none"> - Ensure safety in the storage, use, and disposal of chemicals - Label and disclose information about the hazards and risks of the chemicals handled

The Environmental Management Organization

To promote responsible environmental management practices and strengthen its environmental management system, SeAH Besteel Holdings has organized a separate environmental management department staffed with specialized personnel and has set internal management standards for air and water pollutants at 30% or less of the emission permitted standards.

Case Environmental Performance Evaluation

SeAH Besteel, SeAH CSS, and SeAH Aerospace & Defense are implementing an environmental management policy based on the three key strategic tasks of 'Net Zero status by 2050,' 'Building a resource circulation ecosystem', and 'Reducing NOx (nitrogen oxide) emissions.' To this end, the companies are reflecting the ESG strategic tasks in their performance evaluations by linking them to the KPIs of environmental officers.

The Environmental Management System

SeAH Besteel, SeAH CSS, and SeAH Aerospace & Defense have adopted an environmental management system (ISO 14001) to identify and manage issues affecting the environment and monitor issues with high risk of accidents in an effort to address such risks and minimize potential resulting damage.


SeAH Besteel convenes a monthly Integrated Council for Environmental Safety under the chairmanship of the CEO to regularly share plans and results of major environmental management activities, while SeAH CSS reports environmental issues at monthly management meetings to actively address pending issues. In addition, SeAH Aerospace & Defense has organized an EHS lead team which holds monthly meetings to strengthen the execution of environmental management policies.

We also conduct environmental audits for each process of business investment to strengthen the company-wide environmental risk management system. At the investment review stage, we request relevant departments to conduct preliminary safety and environmental reviews and ad-hoc environmental impact assessments when initiating investments, as well as regular environmental impact assessments when the investments are completed.

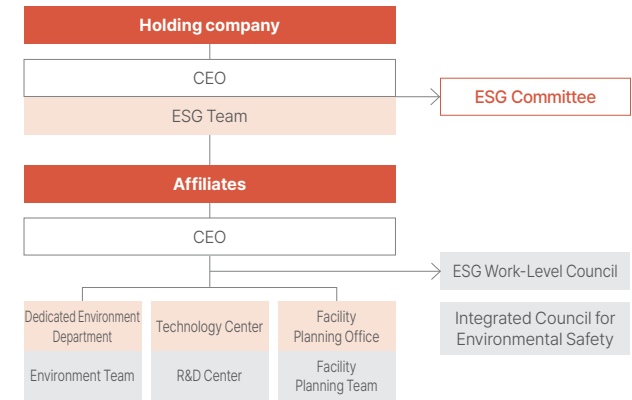
ISO 14001 certified domestic business sites

4 locations

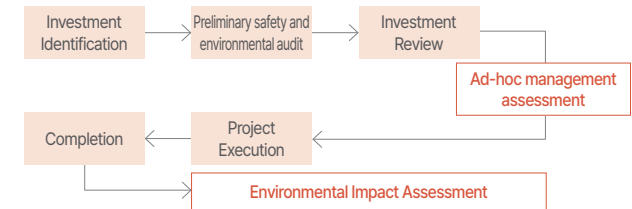
SeAH Besteel, Gunsan Changnyeong Plant
SeAH CSS
SeAH Aerospace & Defense



Organization Chart



Environmental Risk Management Process



Environmental Laws and Regulations

The Act on Integrated Management of Environmental Pollution Facilities, Water Environment Conservation Act, Atmospheric Environment Conservation Act, Wastes Control Act, Chemical Substances Control Act, Framework Act on Environmental Policy, etc.

Category	Strategy
The Atmospheric Environment Conservation Act	Invest in optimal prevention facilities and implement pollutant management systems to reduce nitrogen oxides
The Water Environment Conservation Act	Reduce pollutant emissions through wastewater recycling
The Wastes Control Act	Change treatment methods to improve recycling rates and continue identifying potential partner companies.
The Chemical Substances Control Act	Manage chemical substances by establishing an integrated SHE system

Environmental Management System

Performance

MOU on Recovery and Recycling of Electrical and Electronic Equipment Waste

SeAH Besteel Holdings has signed a memorandum of understanding (MOU) with E-Circular Governance to collect and recycle electrical and electronic product waste.

E-Circular Governance is a non-profit public corporation under the Ministry of Environment that collects and recycles electrical and electronic product waste in Korea and handles all processes, from discharge to recycling, after receiving appropriate verification from the Korea Environment Corporation.

By recycling electrical and electronic product waste in an eco-friendly manner, SeAH Besteel Holdings will reduce carbon emissions from the disposal process and fulfill its social responsibility by donating the earned proceeds.

Phased Paperless Office

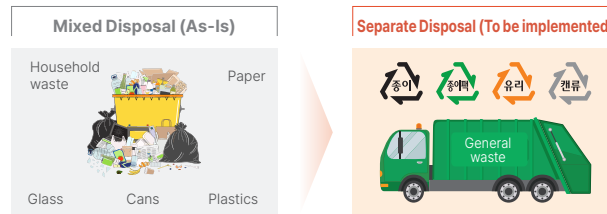
SeAH Besteel Holding will implement a paperless office in stages to reduce the waste of resources. The company has improved its business processes with an electronic approval system, shifting from analog paper documents to a digital-centered system. In addition, tablet PCs were provided to department heads, team leaders, executives, and the CEO to handle various tasks and make quick decisions.

(Unit: ea)

Category	SeAH Besteel Holdings	SeAH Besteel	SeAH CSS
Tablets provided	12	61	73

The In-House Waste Recycling Campaign

SeAH Besteel Holdings plans to increase the recycling rate of its general waste by about 20% in 2023 compared to 2022 through an employee waste recycling campaign, using a separation disposal method instead of the existing mixed disposal method.



Identifying Eco-friendly Products

In order to promote green purchasing policies, SeAH Besteel Holdings has established internal standards such as GP1, GP2, and GP3 for the process to identify new eco-friendly products.

Certified Green Purchasing

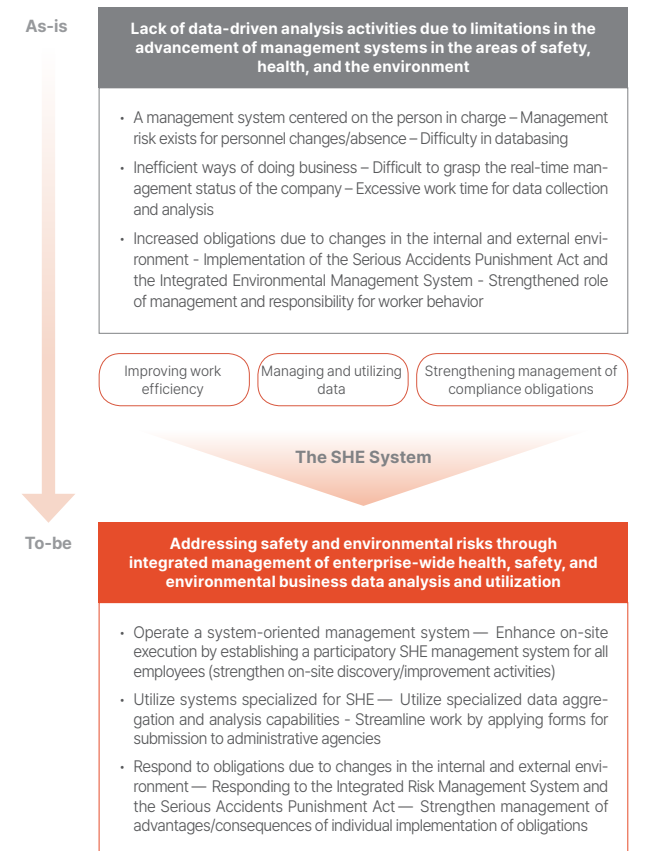
- GP1: Eco-labeled products
- GP2: Good Recycled (GR) labeled products
- GP3: GP3: Energy-saving goods (energy consumption efficiency class 1-2, energy-saving labeled products, high-efficiency energy equipment)

Environmental Education

SeAH Besteel raises environmental awareness through regular training for all employees and induction training for new employees. SeAH CSS provides environmental training for new employees, new managers, and operators of environmental facilities according to their responsibilities. In particular, environmental education for environmental managers and new employees has been strengthened, and environmental risks are prevented through specific education on what and how to handle the environment. In addition, a weekly newsletter is published with the aim to share environmental information with all employees and serve as an internal communication tool. In addition, at least twice a month SeAH Aerospace & Defense employees receive environmental information and training on environmental management activities in daily pre-work meetings.

Improvement of the Environmental Management System

SeAH Besteel Holdings has established and improved its environmental management system to effectively manage the environment and identify risks in advance. To prevent recurrence, we have developed an on-site inspection system linked to in-house programs and strictly manage risks by classifying them into three categories. We also plan to build and apply an app for on-site inspections by the second half of 2023 to improve the utilization of on-site inspections. In addition, SeAH Besteel and SeAH CSS plan to invest approximately KRW 1.1 billion by 2023 to build an integrated SHE system to strengthen the management of environmental indicators and monitoring of pollutants by field, including water, air, waste, chemicals, and dangerous goods.



Air Pollution Control

Strategy

The importance of air pollutant emission management has increased in recent years with the tightening of air pollutant emission regulations under the Act on Integrated Pollution Prevention and Control and the mandatory installation of a chimney tele-monitoring system through the implementation of the Atmospheric Control Zone Act. The nature of the steel industry, which uses liquefied natural gas (LNG) and liquefied petroleum gas (LPG) to operate heating furnaces and heat treatment, makes it inevitable to generate nitrogen oxides (NOx), which requires taking effective legal measures, such as the establishment of air pollution management systems and pollution reduction facilities. Accordingly, SeAH Besteel and SeAH CSS have installed tele-monitoring systems (TMS) to monitor and control air pollutants in real time and strive to effectively reduce NOx emissions through continuous development and investment in equipment, including the installation of Selective Catalytic Reduction (SCR), heat source switching, and FGR* systems.

*FGR (Flue Gas Re-circulation): Exhaust gas recirculation, a technology that reduces the production of nitrogen oxides (NOx) by recirculating a portion of the exhaust gas back into the combustion zone.

Performance

Installation of Automatic Chimney Measurement Systems and Air Pollution Prevention Facilities

To manage air pollution and improve local air quality, SeAH Besteel monitors the concentration of air pollutants emitted from our plants in real time and checks the proper operation of air pollutant emission facilities and prevention facilities. To monitor pollutant concentrations in real time, we installed tele-monitoring systems (TMS) and established a system to transmit the data to the Ministry of Environment in real time. We installed the TMS at 7 locations in 2021 and at 13 locations in 2022, investing approximately KRW 2 billion to establish a real-time monitoring system for air pollutants. In order to reduce air pollutant NOx emissions, we also invested KRW 3.7 billion in 2022 to install two Selective Catalytic Reduction (SCR) systems on heating furnaces, reducing air pollutant NOx emissions by about 70%.

Equipment Investment Details

	
TMS (20 units) KRW 2 billion	SCR (2 units) KRW 3.7 billion

Introduction of NOx-Reducing Heat Treatment

To improve problems such as maintenance costs and additional fuel consumption of air pollution control facilities (SCR*), SeAH CSS introduced a heat treatment method that can reduce NOx emissions without installing SCR systems. By applying the heat treatment method to three clean fuel facilities (LPG/LNG), we succeeded in reducing NOx emissions and controlling the increase in carbon emissions, which were drastically reduced from 97 ppm to about 41 ppm. In recognition of these achievements, we presented these excellent reduction cases at the 'Conference of Relevant Organizations in Air Pollution Management' and received the Minister of Environment Award for our efforts.

*SCR (Selective Catalytic Reduction): A technology that reduces nitrogen oxides (NOx) produced by fuels

Performance of NOx reduction

(Unit : ppm)

Legal Standards	Before	Fuel switching	After		
			Air-fuel ratio adjustment		
			Average	Min	Max
56	97	72	41	31	53

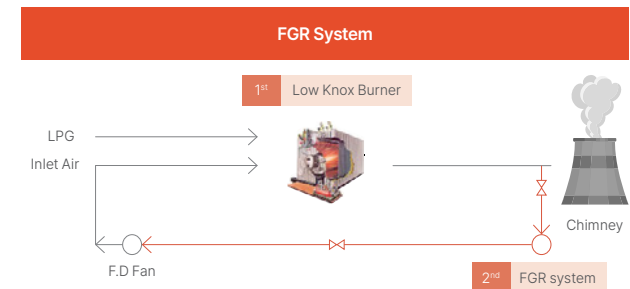
Installation of Wide Area Sprinklers

In order to reduce fugitive dust emitted during steel production, SeAH CSS installed 5 wide-area sprinklers for fugitive dust reduction in October 2022 and received final approval from the Ministry of Environment in November for their use.

Application of the FGR System

SeAH CSS conducts steelmaking, heat treatment, and special steel manufacturing processes in order to produce metals. Heat treatment is a process that improves the properties of metals at high temperatures and requires heating the metals using an electric heating furnace. SeAH CSS switched from the existing pickling Short Time Cycle (STC) method of burning fuel to the electric heater type, which uses electricity to heat the metal, in an effort to eliminate the source of NOx.

In August 2022, the company changed the heat source and applied the FGR system, an exhaust gas recirculation device, to a 25-ton boiler. The FGR system is a technology that reduces NOx emissions by recirculating the exhaust gas generated during the combustion process back into the combustion process. By applying the FGR system to the 25-ton boiler, the heat generated during combustion can be recycled, thus increasing the efficiency of the boiler and reducing fuel consumption.



Future Plans

SeAH Besteel plans to reduce NOx emissions by switching fuels, replacing heat exchangers, and introducing FGR systems in heating and heat treatment furnaces. The company will also add three TMSs to strengthen monitoring of air pollutant emission concentrations.

SeAH CSS plans to reduce NOx emissions by improving ducts, installing FGRs, and installing low-NOx burners in large rolling mills and forges plants.

Chemical Substances Management

Strategy

In order to comply with the Chemicals Substances Control Act and prevent chemical accidents from occurring, SeAH Besteel Holdings is making safety investments in facilities that handle hazardous chemicals and providing training to employees on chemical accident prevention and management. In addition, we have installed and are operating a cleaning-type dust collector at facilities where toxic substances are generated in order to prevent external leakage of chemicals. We also prepare for emergency situations by installing safety systems such as detection alarms, emergency contact systems, and damage reduction systems at handling facilities.

Performance

Training for the Prevention of Hazardous Chemical Accidents

SeAH Besteel conducts more than two hours of training on hazardous chemicals per year for all its employees and for about 2,500 employees of suppliers to convey specialized knowledge and raise employees' awareness of chemical safety. We also designate hazardous chemicals technicians, inspectors, and handlers to provide periodic additional training to employees who directly handle chemicals to enhance management expertise and safety. Furthermore, we have stipulated an internal emergency response process in preparation for emergencies and are implementing procedures accordingly.

Capital Investment in Hazardous Chemical Handling Facilities

SeAH Besteel continues to invest in its handling facilities in order to manage hazardous chemicals used in quality assurance tests and prevent leaks. To this end, we have invested KRW 183 million to replace all pipes, gaskets, and other accessories connected to the handling facilities for the prevention of microchemical leaks.

The Workplace 'Valefs' (Valves, Flanges, Switches) Campaign

As a member of the Changwon National Industrial Complex Public-Private Joint Response to Chemical Accident Council, SeAH CSS has been conducting the Valefs Campaign in collaboration with the Ministry of Environment since 2021. The Valefs Campaign is an activity conducted as part of the effort to strengthen the safety of valves, fringes, and switches at facilities that handle hazardous chemicals in order to prevent chemical accidents. SeAH CSS is working to enhance the effectiveness of the campaign and create a chemical accident-free workplace by attaching campaign banners to business sites and distributing helmet stickers and campaign posters to employees.

Replacing Toxic Substances with Non-toxic Ones

SeAH Aerospace & Defense has replaced the nitric acid used in the etching process (a surface cleaning process for observing the tissue of product samples), with a non-toxic variant. Since nitric acid is a highly volatile and dangerous substance when handled, it is essential to take preventive measures against environmental pollution and safety accidents. Therefore, SeAH Aerospace & Defense has replaced the 60% concentration of nitric acid used previously with a non-toxic 4.5% concentration of nitric acid version in order to reduce the risk of pollution caused by this toxic substance.

Future Plans

SeAH Besteel Holdings is continuously decreasing the use of hazardous chemicals by constantly searching for substitutes and managing the consumption of the said chemicals per basic unit.

Water Resource Management

Strategy

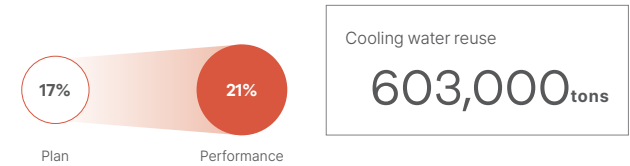
Due to the nature of the steel industry, high quantities of water resources are used in the manufacturing process, and wastewater and effluent are generated in the process. Given that wastewater and effluent can lead to environmental pollution as well as waste of water resources, SeAH Besteel Holdings has installed and operates a system to treat wastewater and actively responds to environmental regulations. We also continuously monitor and analyze water resources so as to reduce unnecessary water use, expand water reuse, and implement wastewater reduction activities.

Performance

Reuse of Wastewater Effluent

SeAH Besteel is reusing wastewater in an effort to increase water recycling and minimize the risk of water scarcity. The Gunsan Plant reuses wastewater effluent instead of industrial water to cool slag from the steelmaking process. As a result, about 603,000 tons of industrial water were saved in 2022, and water pollutant discharge was reduced by about 21%. In addition, 7 non-point pollutant source reduction facilities were installed to minimize water pollutant discharge from non-point pollutant sources such as rainwater. By treating water pollutants generated at unspecified locations, we strive to reduce the impact on water quality and water ecosystems.

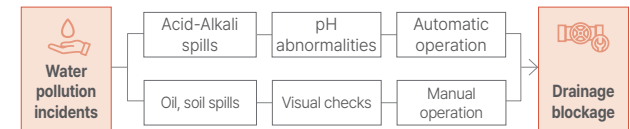
Increased use of recycled water



Installation of Floodgates for Stormwater Drainage

SeAH CSS manages stormwater drainage through use of floodgates to prevent the pollution of the neighboring Masan Bay. Gates were installed at two locations upstream of stormwater drains that handle a number of hazardous chemicals in order to enable early response in case of water pollution incidents. To block the outflow of water pollutants and prevent the spread of environmental pollution, the gates are designed to automatically block water flow and sound the alarm when water pollution is detected by pH index measurements so that immediate actions can be taken. By preventing pollutants from leaking downstream, the installation of the floodgate contributed safeguarding the environmental safety of the surrounding area and the preservation of the river's ecosystem.

Stormwater Drainage Blocking Process



Future Plans

In addition to the existing slag coolant, SeAH Besteel plans to reuse an additional 100,000 tons of final treated wastewater from slag crushing to reduce water consumption in light of the current global shortage of water resources. This will increase the wastewater reuse rate by 2% compared to 2022, and we plan to improve this water reuse rate in the long term through continuous innovation and investment.

SeAH CSS is currently working on adopting a 'chemical product pre-review system,' which can check in advance whether new chemical products contain hazardous chemicals when purchasing them, thus allowing us to prevent them from reaching our company sites.

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Human Rights
Impact Assessment
Conducted



Purchase by
partners
KRW 2,888 billion



Employee
Satisfaction Survey
72 points



Union membership
98.6%

Talent Management

Skilled Personnel Management

Recruitment

SeAH Besteel Holdings pursue the value of making the world beautiful through use of high quality and technology. We also aim for all employees to practice our core values (honest, passionate, and professional) and cooperate with each other. We utilize both regular and non-regular recruitment practices to hire skilled personnel, with the abilities and qualities to grow together, and we verify applicants through a systematic screening process to ensure a fair hiring process.




SeAH Values

SeAH Besteel Holdings aims to create a world enriched by diverse ideas and personalities and beautiful SeAH values, full of the dreams and passions of our talented personnel. Creative and innovative employees will become the cornerstone of SeAH and will lead the Korean industry.


Rational and Upright

Someone who uses reason to make objective judgments and makes decisions that everyone can respect.




Creative and Enterprising

Someone who actively strives to do something meaningful, engage in innovation or instill new values through original thinking or use of technology.



Adaptable and Harmonious

Someone who can take on any task and do it well, and establish and maintain good relationships.



Protecting Diversity

To ensure that applicants are not disadvantaged due to race, gender, disability, region of birth, age, etc., in the recruitment process, SeAH Besteel Holdings gives hiring preference to women, national veterans, and people with disabilities. In fact, the hiring rate for female applicants is increasing every year, and we are continuing to conduct training to increase the proportion of competent female middle managers. In addition, we will provide open opportunities by targeting a mandatory employment rate of at least 3.1% for people with disabilities and giving incentive points for the recruitment of national veterans.

Case Participation in a Meeting with Women Entrepreneurs at the Ministry of Gender Equality and Family

Director Su-Jin Kim of SeAH Besteel Holdings participated in a meeting of corporate women executives organized by the Minister of Gender Equality and Family on the theme of 'Improving Gender Balance in Companies.' Director Kim said that the company is actively supporting female employees by encouraging them to take up to two years and one month of parental leave, longer than the statutory period of one year, in order to prevent career interruptions.



Talent Management

Skilled Personnel Development

Employee Development

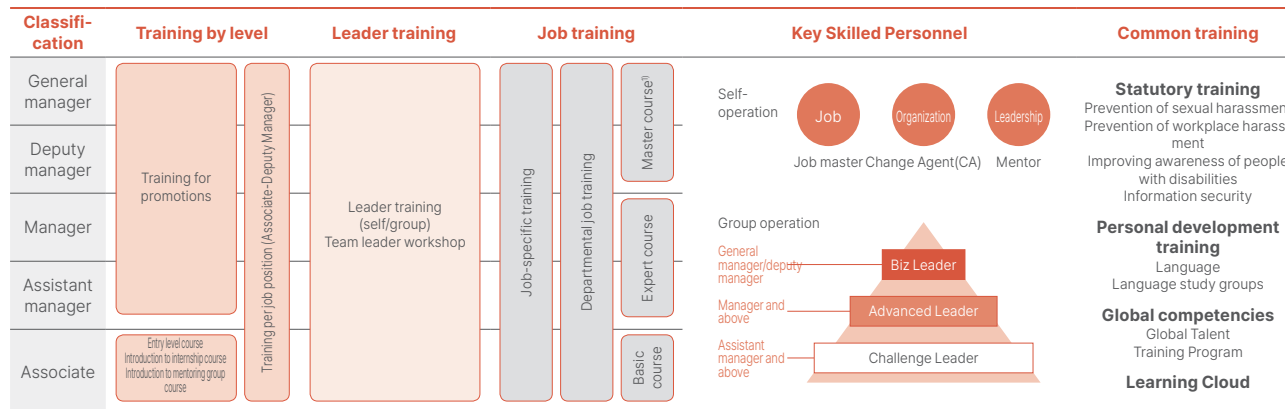
In accordance with the SeAH Group training system, SeAH Besteel Holdings conducts employee training around two skillsets—leadership and job expertise—and operates the Job Master Program, Change Agent (CA), and Leadership Mentoring programs with the aim to foster effective and skilled personnel.

SeAH Besteel Holdings operates various strengths-based training programs in order to improve the competencies of its employees. Based on various employee experiences by position, title, and years of service, we provide various training programs such as strengths workshops, problem-solving, strengths coaching/feedback, customized upskilling/reskilling, and special lectures on various topics, with the goal of enhancing employees' competencies so that they may succeed in their work in a changing business climate. In addition, we are striving to expand training opportunities and experiences for employees by measuring training hours and costs per person.

Leader Development

SeAH Besteel Holdings conducts leadership training every year for new team leaders and existing positions to foster the right leaders of tomorrow. In 2022, new executives were trained on recognizing their roles for the sustainable growth of the Group and upholding the eight core competencies expected of executives. New team leaders were also trained on performance management and leadership capabilities so that they can achieve our organizational goals.

Training System



Job Skills Development

We support job-specific training for office workers and technical workers to improve their job competencies and acquire relevant knowledge. We promote the cultivation of essential common competencies through a systematic onboarding program from the time of new hiring, and provide timely training to employees so that they may acquire the competencies required for their respective job levels through training for each position and promotion.

Leadership Training Programs

We select and train key skilled personnel every year through the Business Leader Course and Advanced Leader Course. As candidates for the next generation of management leaders, we provide these employees with the opportunity to recognize their roles and responsibilities within the organization and expand networking channels with key personnel from other companies.

Personal Development Training

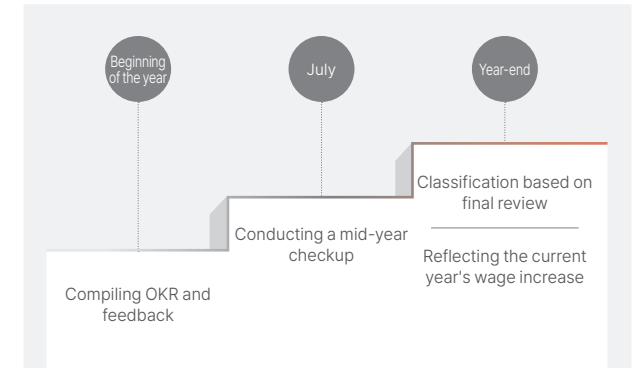
Against the backdrop of a changing work environment, we support training in a variety of ways to help employees gain new knowledge and insights. We subsidize the purchase of books to broaden their knowledge, invite top experts in various fields to give in-house lectures every quarter, and support online and offline language learning to help them grow as global workers.

Performance Evaluation

The Performance Evaluation Process and Compensation System

SeAH Besteel Holdings utilizes the TMS performance management program to systematically manage the set objectives and key results of individual employees. Goals are set according to each employee's career, role, and expectation levels, and the process and results of goal achievement are reviewed through timely and constant feedback with leaders and fellow employees. Based on the final review at the end of the year, evaluation ratings are determined, and the results are utilized for development, compensation, and position appointment. The evaluation results are determined by the headquarters/division personnel committees and finally by the CEO, in order to establish fairness in the evaluation process.

Key Stages of Performance Management



Setting Evaluation Rankings



Talent Management

Work-Life Balance

SeAH Besteel Holdings has introduced and operated various vacation programs to support the work-life balance of employees. We designate a Leader's Day every month to ensure rest for department heads and enhance the leadership of junior managers, and implement a half-and-half leave time system to provide employees with the opportunity to use their leave time in more diverse ways. In addition, we operate the Refresh Leave System (5 consecutive days of paid vacation) and provide separate vacation expenses to prevent burnout and provide employees with opportunities to recharge.

We also allow employees certain levels of autonomy in planning their work schedules by introducing flexible working hours and telecommuting options, which allows them to design their work hours by adjusting their commute time on a monthly basis with the approval of their department heads. Moreover, we provide welfare programs for employees based on their life circumstances. We help our employees balance work and family by providing scholarships for their children, and we provide opportunities for employees to continue working after retirement.

Case
Parental Leave

SeAH CSS is making various efforts to create a good workplace for women. At the onset of the COVID-19 pandemic we introduced the 'telecommuting during pregnancy' program to support healthy childbirths for female employees who are pregnant, and we currently encourage maternity/paternity leave for both men and women. We also provide maternity gift packages to celebrate pregnancies together and actively encourage the use of flexible work arrangements for a balanced work-family life so that employees can enjoy pregnancy, childbirth, and childcare without worrying about career interruptions.

	Health	Medical Benefits	Provide health check-ups for all employees once a year
		Dining / Transportation	Provide support for employee meals and transportation costs
		Group Accident Insurance	Provide group accident insurance for all employees
	Life	Housing	Provide dormitory housing support
		Commuter Bus	Provide support for commuter buses for employee travel to and from work
		Clothing Support	Provide clothing such as work clothes and safety shoes for manufacturing workers
	Finance	Employee Loans (Residential)	Provide financial support for home purchase/rental loans
		Employee Loans (Living)	Provide financial support for living expenses loans
	Home	Celebration and Condolence Events	Congratulatory and condolatory vacations, congratulatory and condolatory expenses, items for congratulations and condolences, and wreath support condolatory expenses, items for congratulations and condolences, and wreath support
		Tuition for Children	Early childhood, full middle school, and full college tuition for employees' children
	Culture	Hotel Memberships	Reservation and use of resort/hotel company memberships
		Support for Personal Development	50% support for purchasing books and listening to language lectures
		Support for Cultural Events	Support for company-sponsored cultural events
		Welfare Card Support	Welfare card support for self-improvement activities
	Other	Refresh Leave	Vacation expenses and paid vacation support for recharging leaves
		Long-term Service Award	Welfare support every 5 years after 10 years of service

Revitalization of the Organizational Culture

A Talk with the CEO

SeAH Besteel Holdings held an offline empathy talk between the CEO and employees, who got the chance to ask and answer questions on various topics, such as the CEO's personal experience/philosophy, the company's system, business outlook, and future vision and direction. Through this talk, we ensured that the CEO can directly hear the opinions of employees and gradually improve on them to realize changes in the organizational culture.

The Junior Board

SeAH Besteel and SeAH CSS have organized a Junior Board composed of young employees. The Junior Board aims to facilitate horizontal communication with employees, innovate the corporate culture, arrive at new ideas, and more. Through the Junior Board, we intend to build a culture where every employee can pursue long-term growth regardless of rank or position.

The Labor-Management Committee

SeAH Besteel Holdings has established a labor-management council to create opportunities for mutual growth and build a trusting relationship based on dialogue and compromise between labor and management. SeAH CSS operates a main operation committee and council to stabilize the organization and improve the working environment at each level. SeAH Aerospace & Defense has maintained a labor dispute-free workplace for 20 consecutive years with a free and democratic communication system between labor and management. SeAH Besteel Holdings will continue to build a system for individual and company growth, including the improvement of welfare, grievance handling, and work environment that encourages the free expression of opinions of employees.

As an example, in 2022, SeAH CSS conducted labor-management council meetings every quarter to improve the working environment of employees by replacing all outdated safety shoe dryers and wardrobes (cabinets) in all factories, and now provides trekking shoes to all employees to improve productivity and boost morale.

<div style="background-color: #f08080; color: white; padding: 5px; font-weight: bold; font-size: 0.8em;">SeAH Besteel Holdings</div> <ul style="list-style-type: none"> Labor-management council meetings once a quarter Main operation committee meetings once a quarter Occupational safety and health committee meetings once a quarter 	<div style="background-color: #f08080; color: white; padding: 5px; font-weight: bold; font-size: 0.8em;">SeAH CSS</div> <ul style="list-style-type: none"> Labor-management council meetings once a quarter Team empathy committee meetings once a month Safety and environmental integration council meetings once a month 	<div style="background-color: #f08080; color: white; padding: 5px; font-weight: bold; font-size: 0.8em;">SeAH Aerospace & Defense</div> <ul style="list-style-type: none"> Labor-management council meetings once a quarter Occupational safety and health committee meetings once a quarter
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Human Rights Management

Strategy

SeAH Besteel Holdings conducts human rights management practices in accordance with the SeAH Group's Human Rights Charter, respecting the human rights of all stakeholders, including employees, partners, and customers, throughout all its business activities.

To comply with national and local laws and regulations and to support international human rights principles and norms, the company has established and operated a human rights management policy that includes internal and external communication, grievance handling, and remedy procedures.

SeAH Besteel conducted human rights management due diligence through a human rights due diligence pilot project conducted by the National Human Rights Commission in 2022, and subsequently formalized its human rights management policy through a resolution of the Board of Directors in February 2023 and established a human rights management system chaired by the head of the Support Division.

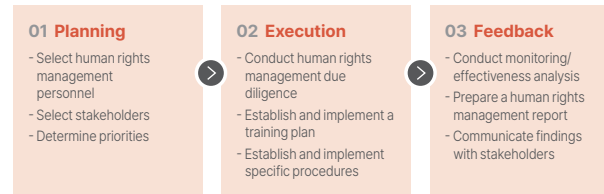


Performance

Human Rights Impact Assessment

SeAH Besteel conducted an assessment using the Human Rights Impact Assessment Index prepared in accordance with the Human Rights Impact Measurement and Analysis to prevent and reduce human rights violations. The assessment was conducted as part of the Human Rights Due Diligence Pilot Project conducted by the National Human Rights Commission in 2022. To this end, we conducted on-site due diligence as well as surveys and interviews with employees at business sites, which included human rights issues, in order to assess compliance with human rights management policies and detailed operating guidelines. The results were shared with relevant departments under the supervision of the Compliance Team and HR Support Team for analysis of the causes of identified risks and implementation of improvement measures.

Human Rights Impact Assessment Process



Checking the Three Zero Tolerance Behaviors

SeAH Besteel Holdings follows the SeAH Group's policy on the three zero-tolerance behaviors (workplace harassment, sexual harassment, and acts of violence) and shares its Human Rights Charter with all stakeholders to proactively identify and prevent possible human rights violations in its business activities. In addition, the company responds to potential human rights violations through a multi-faceted diagnosis system for all employees as well as a diagnosis of the level of human rights management practices through its organizational diagnosis process.

Human Rights Education

We recognize the importance of human rights management, realize employees' respect for human rights, and raise their awareness of human rights management practices through human rights education on a yearly basis. In 2022, all employees completed training on labor rights, including sexual harassment prevention, workplace harassment prevention, disability awareness, and personal information protection. SeAH Besteel Holdings strives to continuously strengthen the protection of human rights in the workplace by expanding various human rights trainings.

The Three Zero Tolerance Behaviors

01

Workplace Harassment

Workplace harassment occurs when an employer or employee uses their position of authority or relationship in the workplace to cause physical or mental distress to another worker, or to create a hostile work environment, beyond what is reasonable for the job.

02

Sexual Harassment in the Workplace

Sexual harassment occurs when an employer, supervisor, or worker takes advantage of their position in the workplace or makes another worker feel sexually humiliated or offended by sexual conduct in connection with their work, or otherwise penalizes them in their working conditions or employment because of their failure to comply with unwarranted requests.

03

Acts of Violence

Acts of violence constitute any physical or tangible conduct that does not cause injury but implies the intent to cause injury, such as injury, threats, confinement, or vandalism, etc.

Employee Assistance Program (EAP)

SeAH Besteel Holdings introduced the Employee Assistance Program (EAP) in March 2023 to provide relief to victims of grievances and to safeguard employees' sense of psychological safety in their daily lives. The counseling process consists of applying for individual counseling, scheduling counseling, conducting counseling, and evaluating the results. We expect to contribute to improving work engagement and creating a healthy organizational culture by resolving employees' grievances through provision of counseling in various areas of need, such as work/business, psychology/emotions, and family/children.

The Counseling Process

Request for personal consultation

- Check counselor and center information
- Assign counselors via optimized big data
- Dedicated website, phone, Kakao Plus

Reservation for a counseling session

- Confirmation within 24 hours of requesting a counseling appointment
- Reminder text 2 days before/on the day of the appointment

Request a consultation

- In-person consultation (visit to the center)
- Non-face-to-face consultation (by phone, video)
- Extension of counseling, hospital referral (if needed)

Evaluation

- Follow-up management (e.g., catch-up calls)
- Effectiveness evaluation
- Satisfaction surveys
- Reporting on progress

Human Rights Management

Handling Stakeholder Grievances

SeAH Besteel Holdings has established various report channels for employees, which they can use when they encounter or witness violations of the three zero-tolerance behaviors. These channels provide a response process that ensures transparent and thorough investigation and handling of the reports received. In 2022, 10 reports (5 cases of violence, 2 cases of sexual harassment, and 3 cases of workplace harassment) were received through our grievance channels, and 100% were resolved through our response process.

The Grievance Handling Channel

- Internal Reporting Channel**
 - Composed of 9 members including the Legal Team, Compliance Team, Reporter, Grievance Handling Committee, Ethics Management Office, and department heads of each team
 - Regular training held on response processes and counseling methods
 - Implementation of confidentiality pledge for received reports
- External Reporting Channel**
 - Introduced the 'Safe Lawyer' system in March 2023
 - Anonymous and pseudonymous reporting and counseling
 - Once a report is received, an expert group of lawyers will consult and respond.
 - Report is submitted after counseling is completed

As of 2022, 10 whistleblower reports have been received from all companies under the SeAH Besteel Holdings

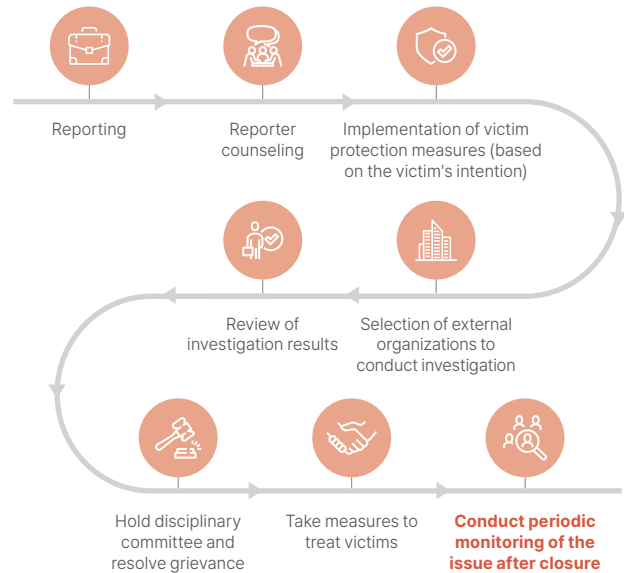
Handling rate **100%**

(9 cases at SeAH Besteel, 1 case at SeAH CSS, 5 cases of violence, 2 cases of sexual harassment, and 3 cases of workplace harassment)



The Response Process

When a report of a violation of the three zero-tolerance behaviors is received through any of the internal or external channels, a response process is implemented. The occurrence and handling details are disclosed to all employees through groupware once a quarter, with identifiable information kept private.



Prevention Process

SeAH Besteel Holdings is committed to preventing human rights violations, including acts of zero tolerance, through employee training, leaflet production and distribution, and promotion of reporting channels.

- Employee Training**
 - Make zero tolerance training mandatory for all employees
 - Provide separate video training for employees by job function in order to minimize training gaps among employees.
 - Provide new hires with a training package related to the zero-tolerance principle (training/non-disclosure agreement/process guidance, etc.)
- Leaflet Distribution**
 - Create leaflets with questions and answers from employee training, distribute it to departments and executives, and place them in break rooms.
 - Continuously update the 'Zero Tolerance Q&A Collection' to provide answers to real-world employee questions.
- Promotion of the Reporting Channels**
 - During our annual zero-tolerance focus period at the end of each year, we continue to promote our reporting channels and process.
 - Employee feedback received during the zero tolerance focus period is used to improve our system.

Future Plans

We have established a process of implementing continuous human rights management policies through human rights impact assessment indicators identified through a human rights management due diligence pilot project. Having started with SeAH Besteel in 2022, we are now expanding the scope of human rights impact assessments to SeAH CSS in 2023, and later to other business companies in order to continuously manage risks and assure the protection of the human rights of all stakeholders.

Benevolent Management

Strategy

SeAH Besteel Holdings conducts various sharing management activities with the aim to provide aid to low-income people, children/youth, local communities, and their living environment, in line with SeAH Group's Sharing Management Activities.

In the first quarter of 2023, the ESG Committee approved a proposal to set an operating limit for annual donations for community social contributions, and to this end we are now conducting sharing management activities to promote sustainable development of local communities.

SeAH Group Sharing Management Policy

SeAH strives to make a difference in the lives of its neighbors regardless of the type and size of our support.



SeAH designs employee-participatory sharing management campaigns that build a sense of sharing and focus on voluntary participation.



SeAH actively shares the results of its various social contribution activities within the company, creating an atmosphere where employees feel proud to be part of the SeAH family and empathize with the purpose of our social contribution activities.



Performance

Donations to Low Income Bracket Neighbors

Hope Sharing Local Welfare

True to our corporate spirit of 'Inspired by SeAH,' SeAH Besteel has been continuously contributing to local neighbors in need and to welfare facilities through the 'Hope Sharing Local Welfare' agreement since 2012. The donations are raised through monthly donations from employees in discretionary amounts, based on willingness and availability. For the underprivileged and low-income families, we provide white rice for the Lunar New Year and Chuseok holidays and subsidies for the summer and winter seasons. Donations from employees to help our neighbors are collected at the end of the year.



The white rice donation program

Serving Meals for the Elderly

The Gunsan plant of SeAH Besteel provides meal service for the elderly once a month at the Senior Center in Gunsan, and also provides snacks such as bread and milk to visitors to the Senior Center.

Happy Dream Housing

Since 2015, SeAH CSS has participated in the Happy Dream Housing Project, a project to improve the living conditions of low-income families in Gyeongsangnam Province. By 2020, the company provided KRW 120 million in project costs and carried out projects to remove slate roofs and improve color steel plates for the houses of vulnerable populations.

Residential Support for Heat Wave Mitigation

SeAH CSS has been participating in the 'Heat Wave Mitigation Roof (Cool Roof) Support Project' as part of the climate crisis response project since 2021, contributing to the prevention of summer heat damage, increasing the energy efficiency of buildings, and reducing greenhouse gas emissions.

Supporting Cultural Experiences

SeAH CSS has continuously sponsored the 'Culture Nuri Voucher Project' since 2019. The project provides cultural experience opportunities for the socially vulnerable so that they may increase their life satisfaction levels.



Culture Nuri Voucher Project

DIY Volunteer Activities

SeAH CSS conducts DIY volunteer activities that can be conducted at home with family members, without restrictions on time and place. We distribute DIY kits with various items, such as medicine boxes, braille books, environmental pop-up books, and three-meal sets, and deliver the completed work to low-income people and the elderly living alone. We provide our DIY kits to voluntary participants so they may realize their wishes to participate in volunteer activities and spread good will to those in need.



Volunteering activities with families

Community Donation Activities

SeAH CSS conducts various donation activities, such as in-house blood donation on the anniversary of its founding, youth scholarship support programs, corporate sponsorship of the Gyeongnam Red Cross, helping firefighters who are injured in the field, and sponsoring the Korea Mecenat Association to support local cultural events.

Benevolent Management

Protection of the Environment

The Clean Ocean Volunteer Program

SeAH CSS has organized a Clean Ocean Volunteer Group centered on the members of 'Poseidon,' an in-house scuba diving club, with the aim to conduct underwater cleanup activities. Taking advantage of the factory's seaside location, members of the group clean up the underwater environment of nearby Masan Bay and Jinhae Bay together with the Changwon Branch of the Korea Maritime Rescue Association. Divers collect underwater waste, and family volunteers participate in coastal cleanup activities to help create a safe and clean ocean.

In 2022, we collected a total of 1.1 tons of trash, contributing to the preservation of the habitat of nationally protected species such as the land crab (Class II Endangered Wildlife of the Ministry of Environment), yellow-billed spoonbill (Natural Monument, Class II Endangered Wildlife), seagrass (marine protected species), and Convex crab (Class II Endangered Wildlife), all of which live in Masan Bay.



Clean Ocean Volunteer Activities

Community Cleanup Activities

SeAH Aviation & Defense has been conducting cleanup activities on the sidewalks and driveways around the factory every Friday since 2019, with a temporary suspension of activities due to Covid-19 restrictions. We will continue to consider and implement activities to create a world where we can live together in harmony with nature.



Community Cleanup Activities

Child/Youth

SeAH Love House

In collaboration with the Gunsan City Hall, SeAH Besteel strives to improve the comfort of the living environment of local communities by repairing old facilities and replacing their paintings, cabinets, and furniture. We also provide support to low-income children and adolescents, helping them grow and continue to dream by providing them with study rooms of their own.



SeAH Love House

Nursery School Support Activities

SeAH Aerospace & Defense has visited Dongbowon, a local nursery school, every year with its in-house volunteer club in order to clean, make kimchi, and play with the children. All these activities are based on donations from members of the volunteer club. We are exploring various ways to make this an ongoing program rather than a one-time event, and plan to resume our volunteer activities in 2023.

Scholarships and Christmas Gift Donations

SeAH Besteel provided scholarships to 30 students from 12 high schools in Gunsan and one high school in Changnyeong, where our plants are located. Moreover, on Christmas Day we visited shelters for underprivileged infants, youth, and people with disabilities in Gunsan to deliver Christmas gifts. We aim to continue to pay attention to the local community and contribute to its development.



Youth Science Talent Development Project

The Youth Science Talent Development Project

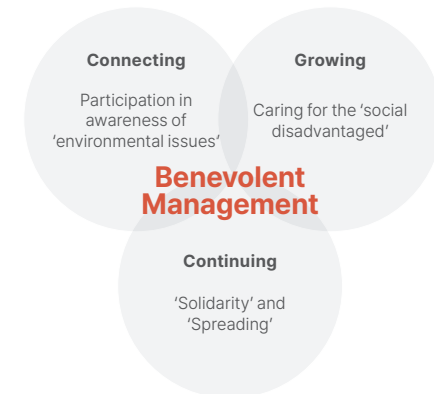
SeAH Aerospace & Defense, together with the Changwon YMCA and the Changwon University Industry-Academic Cooperation Center, provided KRW 20 million per year for three years starting in 2018 to conduct a youth science talent development project for middle school students in Changwon. Various activities focused on biology and chemistry-related experiments were conducted over the course of three months, and members of the volunteer club volunteered to attend as assistant teachers every Saturday during the training period.



Volunteer club donation

Future Plans

SeAH Besteel Holdings plans to promote sharing management activities in accordance with SeAH Group's mid- to long-term social contribution directions of "participation in awareness of environmental issues," "caring for the socially disadvantaged," and "solidarity and spreading," and to continue to expand community support projects (the Culture Nuri Voucher project, Shared Tumbler project, etc.) by 2025, as well as actively collect the opinions of local communities on its social contribution efforts.



GOVERNANCE

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Establishing the ESG Committee



Appointing female outside directors



Average attendance to the BOD meetings
97%



Hours of fair trade training
1,196

BOD-Centered Management

BOD Composition

SeAH Besteel Holdings' Board of Directors consists of a total of 7 members, of which 3 are inside directors and 4 outside directors, with outside directors representing 57.1% (4 out of 7) of the Board so that the Board can function independently of management (according to Articles 383 and 545-8 of the Commercial Act). To enhance transparency and soundness of management, the Board consists of outside directors with extensive experience and expertise in industry, academia, and accounting so that they can support rational decision-making by the management without being biased toward specific interests. The Board is enhancing expertise and efficiency by establishing and operating a separate expert committee under its purview.

Category	Name	Gender	Major career	Field of expertise	Term of office	Committee in charge
Outside director (Board Chairperson)	Yoon, Yeosun	Female	<ul style="list-style-type: none"> • Current Dean of KAIST College of Business • Current Director of KAIST Techno-Management Research Institute • Current Professor of Marketing at KAIST Graduate School of Management 	Management supervision	2024.03.25	The Outside Director Candidate Recommendation Committee, Audit Committee, ESG Committee, Ethics & Compliance Committee
	Lee, Teasung	Male	<ul style="list-style-type: none"> • Graduated from the Dept. of Psychology at University of Michigan • MBA, Tsinghua University, China • Current CEO of SeAH Holdings 	Overall management	2023.03.19	The Governance Committee, Outside Director Candidate Recommendation Committee, Ethics & Compliance Committee, Compensation Evaluation Committee
Inside director	Soo-Ho Kim	Male	<ul style="list-style-type: none"> • Former head/inside director of the Future Strategy Headquarters of Hyundai Capital • Former McKinsey & Company Financial and Digital Partner • Former Strategy Division Director of DELL 	Overall management	2025.03.29	The ESG Committee, CEO
	Park, Seongjun	Male	<ul style="list-style-type: none"> • Former Deal Headquarters of PwC • Bachelor of Business Administration, Yonsei University 	General management	2024.03.25	General management
Outside director	Oh, Wonseok	Male	<ul style="list-style-type: none"> • Current Vice Dean at KAIST College of Business • Current Kim Jaechul AI Graduate School Adjunct professor • Current Information Systems Research Senior Editor • Current Information System Research Editorial Board • Current KAIST Management Engineering K.C.B. Chair professor 	Corporate management general	2025.03.29	The Outside Director Candidate Recommendation Committee, Audit Committee, ESG Committee
	Lee, Hwayong	Male	<ul style="list-style-type: none"> • Current representative attorney of LKB & Partners • Current member of the Sanctions Review Committee at FIU 	Management supervision	2025.03.29	The Outside Director Candidate Recommendation Committee, Audit Committee, Ethics & Compliance Committee of ESG Committee
	Kim, Jihong	Male	<ul style="list-style-type: none"> • Current professor of Business Administration at the State University of New York, Korea • Current non-executive auditor of General Insurance Association of Korea 	Management supervision	2024.03.25	The Outside Director Candidate Recommendation Committee, Audit Committee, Compensation Evaluation Committee of ESG Committee

BOD-Centered Management

BOD Operation

The authority, responsibilities, and operating procedures of SeAH Besteel Holdings' Board of Directors are governed by the operation rules of the Board, which are disclosed on our website. The Board is divided into the regular Board meetings and the special Board meetings under Article 7 of the operating rules. It is stipulated that the regular board meetings are held four times a year, and the special board meetings are held when there is an urgent agenda to be discussed. The chairman convenes the Board, and each director may request meetings, if necessary. If a director cannot attend the Board meeting, he/she is allowed to participate in the resolution through remote communication by transmitting and receiving voice, and is acknowledged for attendance. Schedules are determined by the BOD of the previous year, allowing sufficient time for preparation and convocation notice. A total of 10 board meetings were held in 2022, with an average attendance of 97%.

BOD Operation Status

	Unit	2020	2021	2022
Number of Board meetings held	Case	9	10	10
	Regular	Case	4	4
	Special	Case	5	6
Total number of agendas discussed	Case	16	22	29
	Number of objections/corrections	Case	-	-
Average attendance	%	98	100	97
	Inside director attendance rate	%	100	100
	Outside director attendance rate	%	97	95
CEO remuneration	KRW million	307	373	274
Median employee remuneration	KRW million	76	91	90
Ratio of CEO remuneration to median employee remuneration	%	24.8	24.4	32.8
Average tenure of directors	Year	4	5	6

Board Independence

When selecting an outside director, the Outside Director Candidate Recommendation Committee reviews qualifications and whether or not the candidate has a specific interest with the company and has ability to create future growth. Once recommended, the candidate is appointed through a resolution at the general shareholders' meeting. Since March 2019, we have separated the Board chairman and the CEO to enhance the effectiveness of our corporate management through mutual checks and balances. Also, since March 2021, we have appointed an outside director as the Board Chairman to strengthen the independence of the Board.

Board Diversity and Expertise

SeAH Besteel Holdings appoints outside directors with expertise in various fields to support rational management decision making. The current directors are experts in engineering, management, culture, and the arts. Taking into consideration various stakeholders in the decision-making process, we do not discriminate based on gender, age, nationality, race, religion, region of origin, education level, and disability when appointing directors. We appointed a female director in March 2008 to promote diversity within the Board.

Board Evaluation and Compensation

SeAH Besteel Holdings does not conduct individual evaluation of outside directors in order to uphold their ability to express free and critical opinions and maintain teamwork. However, if a review is required in the future, we will have sufficient discussions for its introduction by comprehensively considering the usefulness and pros and cons of the evaluation.

In accordance with Article 388 of the Commercial Act and Article 36 of the Articles of Incorporation, the remuneration limit of directors, including outside directors, is set by a resolution at the general shareholders' meeting, and compensation is transparently provided according to the payment regulations after the resolution. The remuneration of outside directors is calculated by mulling over the level of legal responsibility, but it is provided at the same or at similar industry level in consideration of the size of the company according to social norms. In addition, SeAH Besteel Holdings does not currently offer stock options for director remuneration.

BOD-Centered Management

Composition of Committees

SeAH Besteel Holdings operates the ESG Committee, Ethics & Compliance Committee, Audit Committee, Outside Director Candidate Recommendation Committee, and Compensation Evaluation Committee within the Board. The ESG Committee and the Ethics & Compliance Committee have outside directors as a majority of their members to strengthen the independence of operation. As for the Audit Committee, the Commercial Act and Article 31-2 of the Articles of Incorporation stipulate more than two-thirds of outside directors as the committee's composition. However, we fill the committee only with outside directors to ensure their independence of management. To reinforce professionalism, at least more than one Audit Committee member should be an accounting or financial expert. In the case of the Outside Director Candidate Committee, Article 542-8 Paragraph 4 of the Commercial Act stipulates a majority of members for outside directors, but we fill the committee only with outside directors to ensure the independence of the committee. The Compensation Evaluation Committee, composed of one outside director and one inside director, determines the remuneration and treatment of management.

The Roles of Committees

The ESG Committee	<ul style="list-style-type: none"> • Establishing ESG strategies and monitoring performance to strengthen ESG management practices • Pre- and follow-up inspection of ESG risks and management decisions based on results • Deliberating on other important ESG-related issues
Ethics & Compliance Committee	<ul style="list-style-type: none"> • Establishing Ethics and Compliance (E&C) policy • Checking E&C policy implementation at each company • Providing advice and support for ethics/compliance management • Appointing compliance officer • Developing/revising regulations related to ethics/compliance and addressing violations
The Audit Committee	<ul style="list-style-type: none"> • Supervising the work of directors and management • Deliberating on matters stipulated in the Articles of Incorporation or Bylaws • Selecting external auditors and approving other important issues
The Outside Director Candidate Recommendation Committee	<ul style="list-style-type: none"> • Recommending candidates for outside directors and examining qualifications • Deliberating on matters required to recommend other outside director candidates
The Compensation Evaluation Committee	<ul style="list-style-type: none"> • Determining remuneration and treatment for management • Proposing dismissal and appointment of the CEO • Deliberating on in-house remuneration limits for registered executives

Shareholder-Friendly Management

Shareholder Communication

SeAH Besteel Holdings faithfully provides information related to the general shareholders' meeting to ensure the rights of shareholders. We disclose matters concerning the shareholders' meeting on the electronic disclosure system DART and website of the Financial Supervisory Service four weeks in advance so that shareholders can exercise their voting rights with sufficient data and time. The convocation notice of the general shareholders' meeting is sent to all shareholders to ensure information equity. In addition, we establish a fair and transparent governance environment by enhancing the independence of outside directors and Audit Committee members. To this end, we separate the explanation of candidates for directors and Audit Committee members and the appointment of Audit Committee members from other director appointment bills.

Shareholder Rights

To encourage active participation in the general shareholders' meeting, we avoid holding the meeting during intensive periods, and have implemented the electronic voting system since the 67th regular general shareholders' meeting. In addition to the proxy solicitation of voting rights, the 68th regular shareholders' meeting introduced and harnessed the electronic proxy solicitation system (E-proxy) in order to strengthen shareholder rights and provide opportunities for minority shareholders to actively exercise shareholder rights.

Dividend Policy

the Board of Directors established and disclosed a dividend policy to enhance dividend-related predictability and detail the shareholder return policy. The size of dividends is determined by resolution of the Board and the general shareholders' meeting, as well as the dividend policy. According to the dividend policy, the dividend scale for the next three years (2021-2024) aims for at least 20% of the net income. Dividend is paid within the range of profit available for dividend based on the Commercial Act and the Articles of Incorporation.

The amount is set by comprehensively reviewing management performance, cash flow, future investment plans, and shareholders' opinions. The separated net income, which is the basis for determining the total dividend payout, is the adjusted amount that excludes non-recurring profit and loss. If dividend resources amount to less than KRW 100 per share, we will

conduct review to decide whether to pay dividends. Moreover, we have endeavored to improve shareholder value by paying differential dividends to general shareholders compared to those with special interests for three consecutive years, starting from the 66th regular shareholders' meeting.

On the other hand, we announce dividend-related information through the electronic disclosure system on the day of the resolution of the general shareholders' meeting and the resolution for cash dividends. The details of the dividends are also notified in the convocation notice sent to all shareholders. A dividend notice with related details is sent to all shareholders within one month of the dividend resolution after the general shareholders' meeting.

Operation status of Audit Committee

	Unit	2020	2021	2022
Ratio of independent directors	%	100	100	100
Ratio of accounting/finance professionals	%	25	25	25
Number of meetings held	Case	5	6	6
Outside director attendance rate	%	95	100	100

Operating status of the Outside Director Candidate Recommendation Committee

	Unit	2020	2021	2022
Number of meetings held	%	1	2	1
Outside director attendance rate	%	75	100	100

Risk Management

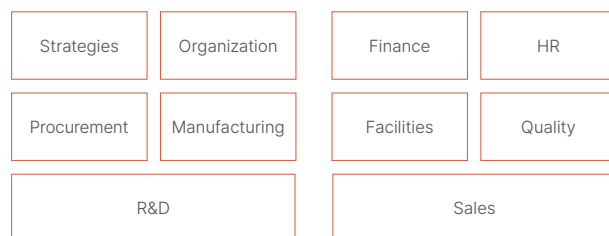
Strategy

SeAH Besteel Holdings has established a risk management system in order to conduct analysis and evaluation, review and adjustment, and monitoring, in a bid to minimize the impact of internal and external issues and uncertainties in relationships with stakeholders. We select critical risks as indicators for likelihood of occurrence and severity, and establish risk management methods. The planning department re-examines the changes and management status of the risks twice a year.

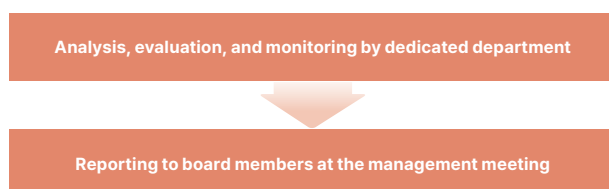
For systematic management purposes, risks are classified into large categories such as strategy, organization, finance, HR, purchasing, manufacturing, facilities, quality, R&D, and sales, based on the nature of the job. The classified risks are analyzed, evaluated, and monitored by each dedicated department.

Meanwhile, issues related to risk analysis are reported at the semi-annual Board meeting. Amid a recent strengthening of the Board-centered operation in relation to ESG management practices, we are set to build a regular Board reporting system for critical risks in 2023.

Risk Category



The Risk Management Process



Performance

Risk Selection

SeAH Besteel Holdings analyzes possible impacts of external issues, establishes risk management standards, and makes plans for each department in charge. For the established risk items, the likelihood of occurrence and severity are comprehensively considered, and the risk level is evaluated in five categories (very high, high, moderate, low, and very low). Risks considered "high" or higher are classified as an issue risk. To minimize the risk of worsening profitability due to rapid global economic changes and unpredictable prices of energy and raw/subsidiary materials, relevant departments analyze current market conditions and future prospects on a monthly basis.

Risk Response and Management

SeAH Besteel Holdings regularly monitors and responds to critical risks in its business operations. Each year, we prepare risk assessment analysis data for each department and conduct a semi-annual monitoring process for high risks. We also hold a management strategy meeting semi-annually to share issues on the company-wide risk management status. To minimize risks involving economic sanctions in the group and mitigate them upon occurrence, we introduced an internal control management system for economic sanctions.

Furthermore, we conduct self-identification assessment of ethical management practices by team to identify compliance risks in advance and establish a prevention system. The assessment table identifies stakeholders and risks, and categorizes the likelihood of occurrence in categories numbered 1 to 5. Moreover, we established management plans to evaluate and address highly likely risks.

Self-Identification Assessment Table for Ethical Management Practices

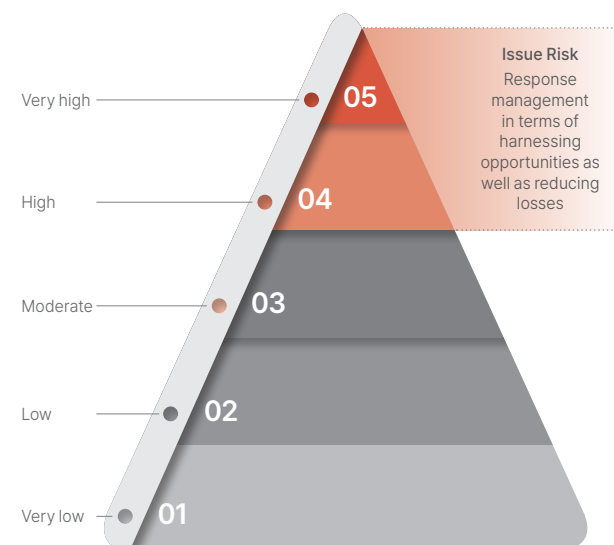
Signs of crisis	General phase (Normal, Attention)	Caution stage	Alert stage	Severe stage
Counter-measures	<ul style="list-style-type: none"> Monthly performance monitoring Committee reporting on management status 	<ul style="list-style-type: none"> Working-level department issuing the "Caution" warning Committee reporting on response plans 	<ul style="list-style-type: none"> Working-level department issuing the "Alert" warning Management reporting on countermeasures 	<ul style="list-style-type: none"> General business department issuing the "Severe" warning Management reporting on the updated situation

Future Plans

SeAH Besteel Holdings intends to effectively manage risks throughout the planning, implementation, verification, and action cycle by obtaining ISO 37301 certification for its Compliance Management System. To this end, we have been working on a project to obtain certification since March 2023. In this system, each team analyzes relevant risks by considering internal and external issues, classifies control measures, and strengthens the corporate crisis management system through compliance risk countermeasures and a company-wide response system. After obtaining certification, we are set to update the previously evaluated risks for each team periodically (yearly) to assure continuous compliance with the obligations required by the company and to improve risk management.

To minimize the risk involving legal obligations for Safety, Health, and Environment (SHE), SeAH CSS is currently working on developing a specialized risk management system. As part of system development activities, we plan to take measures to improve data management and utilization and strengthen inspection/result management for individual performance of duty.

Risk Classification Levels



Information Security

Strategy

SeAH Besteel Holdings appoints a Chief Information Security Officer (CISO), and conducts responsible information security activities through the CISO-led Information Protection Team. In 2023, we plan to form an Information Protection Committee and an Information Protection Working Council. The Information Protection Committee, which is the highest decision-making body for information protection, deliberates and approves policies reviewed at the Information Protection Working Council meetings and conducts important relevant activities. The Information Protection Working Council reviews and consults on policies, conducts planning/coordination/supervision on security tasks at the business sites, mediates differences between business sites and departments, and inspects security compliance. In addition, we preemptively respond to compliance by identifying the latest amendments to information protection-related laws, such as the Act on Promotion of Information and Communications Network Utilization and Information Protection and the Act on the Promotion of Information Security Industry. To reduce security risks, we monitor and make decisions on major security policies of the IT segment, and share security training activities and plans at the Compliance Steering Committee meetings, which are held quarterly.

Information Management Training

SeAH Besteel Holdings provides training on the “protection of trade secrets and prevention of technology leakage” for employees of our Research Institute and sales divisions. We alert employees to information security and improve their awareness by providing guidance on the trends of technology leakage in the domestic industry, the concept of trade secrets, and legal sanctions in case of leakage. In addition, we regularly provide training on personal information protection for all employees once a year.

External Intrusion Detection

SeAH Besteel Holdings uses Web Application Firewall (WAF) for systems using web services to detect and defend against malicious attack patterns on web servers, thereby blocking external intrusions. Furthermore, we are set to introduce an Advanced Persistent Threat (APT) prevention solution to prevent incidents caused by ransomware and zero-day attacks. We also plan to prevent exploitation by improving web vulnerabilities disclosed through penetration testing by external security experts.

Performance

Information Protection Campaigns

SeAH Besteel Holdings conducts campaigns with employees to strengthen their awareness of information security.

Old paper disposal campaigns	As part of clean desk activities, we regularly conduct campaigns for our employees to voluntarily clean up old paper files and organize their office space. We prevent the loss of company information and maintain a tidy space by organizing old documents that are left unmanaged on desks, in drawers, and in archives.	
PLOS campaign to form information protection habits	“PLOS” is a campaign to build employees’ habits for digital information protection. The simple message called “PLOS” is to encourage employees to easily participate in strengthening information protection. The PLOS campaign consists of the following four activities:	
	Setting a Windows password (Password)	Setting a screen lock when absent (Lock)
	Turning off the PC when leaving work (Off)	Setting a screen saver (S)

Future Plans

SeAH Besteel Holdings will strengthen its security policy for all in-house facilities, partners, and employees who access information through group-standard information security policy and data control guidelines, by collecting and actualizing information security regulations/guidelines. We also plan to build traceability management solutions such as GWS DLP, Endpoint DLP, and NAC with the goal of zero leakage of internal information.

Google Workspace Data Loss Prevention (GWS DLP)
By applying the security policy of Google G-mail and collaboration tools, we prepare to implement a tracking and monitoring policy for content that meets the preset context for all mails/documents.
Endpoint Data Loss Prevention (DLP)
We plan to install a security solution on employees’ terminals to help them effectively cope with intentional or accidental information leakage.
Network Access Control (NAC)
We will strictly control outsiders’ random access to our network by allowing access only to devices of users authorized through the NAC system.

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Stakeholder Engagement

SeAH Besteel Holdings defines customers, employees, partners, government, local community, shareholders and investors as stakeholders, identifies current issues on agendas based on communication with them, and reflects their opinions in decision making for major businesses and ESG management activities.



Communication channel

- | | | | | |
|--|--|---|---|--|
| <ul style="list-style-type: none"> • Homepage • Customer service • SNS (blog) | <ul style="list-style-type: none"> • Intranet • Labor union • Employee survey | <ul style="list-style-type: none"> • Shared growth program | <ul style="list-style-type: none"> • Government policy public hearings • Meetings | <ul style="list-style-type: none"> • General shareholders' meeting • IR disclosure |
|--|--|---|---|--|

Participating activities

<p>Inquiries, suggestions and other comments about products and services, etc.</p>	<p>Changes in the business environment and HR issues such as wage negotiations</p>	<p>Issues related to win-win cooperation such as fair contracts and unfair transactions</p>	<p>Issues such as participation in national projects, government regulatory policies, environmental protection in the region of operations, and social contribution activities</p>	<p>Changes in stock price and dividends, changes in the business environment and management performance, general shareholders' meeting, etc.</p>
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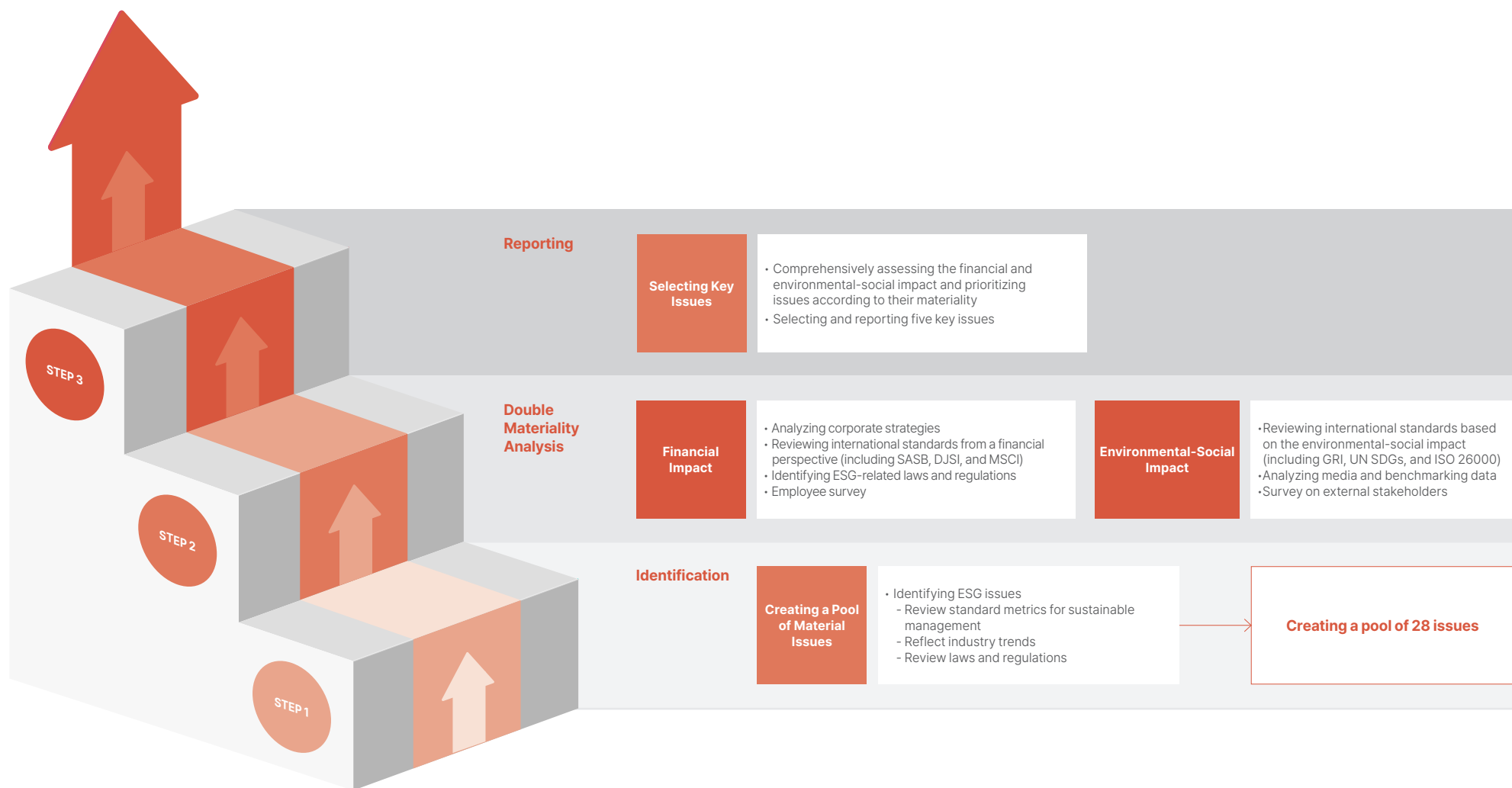
Issues of interest

- | | | | | |
|--|---|--|---|--|
| <ul style="list-style-type: none"> • Respect for diversity and prohibition of discrimination • Improvement of atmospheric conditions • Waste management • Response to climate change | <ul style="list-style-type: none"> • Securing product safety and quality • Strengthening anti-corruption and ethical management practices • Creating workplace safety and a healthy work environment | <ul style="list-style-type: none"> • Practicing human rights management policy • Creating workplace safety and a healthy work environment • Pursuing fair trade practices | <ul style="list-style-type: none"> • Practicing human rights management policy • Creating workplace safety and a healthy work environment • Strengthening anti-corruption and ethical management practices | <ul style="list-style-type: none"> • BOD-centered management • Expanding stakeholder engagement and strengthening communication • Protecting shareholder rights and interests |
|--|---|--|---|--|

Double Materiality Assessment

SeAH Besteel Holdings has adopted the Double Materiality concept when conducting materiality assessments. Double Materiality is a concept that refers to the idea that a company’s financial statements should report not only the financial impact of its operations but also the outward impact of the company’s activities on society and the environment. The Double Materiality assessment process comprehensively reflects international standards, media analysis, benchmarking, and the result of surveys on internal and external stakeholders, among others.

Materiality Assessment Process



Double Materiality Assessment

Double Materiality Assessment Results

According to the Double Materiality assessment process, SeAH Besteel Holdings analyzed the financial and environmental-social impact of ESG issues and holistically reflected the impact of each stakeholder.

● High Impact ● Medium Impact ○ Low Impact

Material Issue	Impact		Global disclosure framework and initiatives		Reported in
	Environmental-social	Financial	GRI	SASB	
Manage energy	●	●	302(Energy)	EM-IS-130a.1 EM-IS-130a.2	17-22,37-38
Improve atmospheric conditions	●	●	305(Emissions)	EM-IS-120a.1	39
Control chemical pollution	●	●	305(Emissions) 306(Waste)	EM-IS-120a.1 EM-IS-150a.1	37-40
Create a virtuous circle of resources	●	●	306(Waste)	EM-IS-150a.1	23-24
Build a safe and healthy workplace	●	●	403(Occupational Health and Safety)	EM-IS-320a.1	25-28
Promote fair trade	●	●	206(Anti-Competitive Behavior)		29,34
Pursue mutual growth and cooperation between labor and management	●	●	402(Labor/Management Relations)		44
Strengthen anti-corruption and ethical management	○	●	205(Anti-corruption)		32-34
Respond to climate change	●	●	305(Emissions)	EM-IS-110a.1, EM-IS-110a.2 EM-IS-130a.1, EM-IS-130a.2	17-22
Practice human rights management	●	●	406(Non-discrimination)		45-46
Supply chain ESG management	●	●	308(Supplier Environmental Assessment), 414(Supplier Social Assessment)	EM-IS-430a.1	29-31

ESG Data **Environmental**

Greenhouse Gas (GHG)*

Category	Unit	2020			2021			2022			2022 Target	
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS
Total GHG emissions	tCO ₂ e	1,030,449	492,279	-	1,271,276	528,434	-	1,237,482	496,863	-	1,244,349	544,077
Scope 1	tCO ₂ e	445,150	210,181	-	540,380	219,478	-	524,596	202,411	-	-	-
Scope 2	tCO ₂ e	585,299	282,098	-	712,886	308,956	-	712,886	294,452	-	-	-
GHG emissions intensity (per Sales)	tCO ₂ e/KRW million	0.41	0.44	-	0.35	0.35	-	0.67**	0.26	-	-	-

*SeAH Aerospace & Defense is not subject to the Carbon Emissions Trading Scheme in Korea. **The sales threshold was changed.

Energy

Category	Unit	2020			2021			2022			2022 target	
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS
Total energy consumption	GJ	16,305,009	8,626,201	181,989	20,295,573	9,473,933	206,790	19,352,464	9,012,724	231,084	19,711,705	9,891,440
Direct energy	GJ	4,253,823	2,817,856	60,311	5,080,622	3,017,881	68,815	4,608,061	2,859,721	77,755	-	-
LNG	GJ	3,075,738	1,644,970	59,420	3,764,328	1,731,823	67,769	3,601,752	1,732,663	76,383	-	-
LPG	GJ	1,107,935	1,059,899	-	1,224,836	1,149,776	-	926,510	1,096,388	-	-	-
Diesel	GJ	69,054	112,339	891	90,180	135,884	1,046	78,618	30,305	1,372	-	-
Gasoline	GJ	1,096	648	-	1,278	398	-	1,181	365	-	-	-
Indirect Energy	GJ	12,051,186	5,808,345	121,678	15,214,951	6,456,052	137,975	14,744,403	6,153,003	153,329	-	-
Power	GJ	12,051,186	5,808,345	121,678	15,049,700	6,456,052	137,975	14,347,036	6,153,003	153,329	-	-
Steam	GJ	-	-	-	165,251	-	-	397,367	-	-	-	-
Renewable energy	GJ	-	-	-	-	-	-	-	-	-	-	-
Ratio of fossil fuel to energy consumption (LPG, diesel, gasoline)	%	7.2	13.6	0.5	6.5	13.6	0.5	5.2	12.5	0.6	-	-
Ratio of LNG to energy consumption	%	18.9	19.1	32.7	18.6	18.3	32.8	18.6	19.2	33.1	-	-
Energy intensity (per Sales)	GJ/KRW million	6.43	7.68	3.86	5.56	5.52	3.72	10.52*	4.76	3.22	-	-

*The sales threshold was changed.

Air Pollutants

Category	Unit	2020			2021			2022			
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	
Air pollutant emissions	Dust emissions	Ton	39	33	0.58	51	29	0.39	49	35	0.11
	Nitrogen oxide (NOx) emissions	Ton	416	267	0.62	430	268	0.24	537	327	0.12
	Sulfur Oxide (SOx) emissions	Ton	47	13	-	27	6	-	105	13	-
Air pollutant intensity (per Sales)	Dust intensity	Ton/KRW billion	0.02	0.03	0.012	0.01	0.02	0.007	0.03	0.02	0.002
	NOx intensity	Ton/KRW billion	0.16	0.24	0.013	0.12	0.18	0.004	0.29	0.17	0.002
	SOx intensity	Ton/KRW billion	0.02	0.01	-	0.01	0.004	-	0.06*	0.01	-

*The sales threshold was changed.

ESG Data Environmental

Raw Materials

Category	Unit	2020			2021			2022		
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
Total raw material consumption	Ton	1,646,461	571,273	-	2,168,393	689,907	-	2,019,655	620,955	-
Recycled raw materials	Ton	1,646,461	571,273	-	2,168,393	689,907	-	2,019,655	620,955	-
Ratio of recycled raw materials	%	100	100	-	100	100	-	100	100	-

Water*

Category	Unit	SeAH Besteel			
		2020	2021	2022	2022 target
Total consumption	1,000 m ³	4,280	4,768	4,355	4,487
Industrial water	1,000 m ³	3,644	4,113	3,721	
Water supply	1,000 m ³	636	655	634	
Consumption (Gunsan Factory)	1,000 m ³	4,222	4,685	4,272	
Industrial water	1,000 m ³	3,609	4,058	3,668	
Water supply	1,000 m ³	613	627	604	
Consumption (Changnyeong Factory)	1,000 m ³	57	82	80	
Industrial water	1,000 m ³	35	55	53	
Water supply	1,000 m ³	22	27	27	
Consumption (HQ)	1,000 m ³	1	1	3	
Industrial water	1,000 m ³	-	-	-	
Water supply	1,000 m ³	1	1	3	
Amount of wastewater treated	1,000 m ³	1,040	1,681	2,905	
Amount discharged	1,000 m ³	1,040	1,388	2,240	
Amount reused	1,000 m ³	-	293	665	
Wastewater recycling rate	%	-	17	23	

Category	Unit	SeAH CSS			
		2020	2021	2022	2022 target
Total consumption	1,000 m ³	2,204	2,565	2,446	2,178
Industrial water	1,000 m ³	-	-	-	
Water supply	1,000 m ³	2,204	2,565	2,446	
Amount of wastewater treated	1,000 m ³	953	1,086	971	
Amount discharged	1,000 m ³	904	1,024	916	
Amount reused	1,000 m ³	49	62	55	
Wastewater recycling rate	%	5	6	6	

Category	Unit	SeAH Aerospace & Defense			
		2020	2021	2022	
Total consumption	1,000 m ³		44	49	56
Industrial water	1,000 m ³		-	-	-
Water supply	1,000 m ³		44	49	56
Amount of wastewater treated	1,000 m ³		20	18	24
Amount discharged	1,000 m ³		20	18	24
Amount reused	1,000 m ³		-	-	-
Wastewater recycling rate	%		-	-	-

*The total water withdrawal equals the water consumption.

ESG Data Environmental

Water Pollutants

Category	Unit	2020			2021			2022		
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
Suspended solids (SS)	Ton	10.9	5.7	-	5.3	2.6	0.1	13.9	5.2	0.3
Chemical oxygen demand (COD)	Ton	3.8	7.4	1.3	6.8	5.3	0.9	11.6	4.4	0.9
Biochemical oxygen demand (BOD)	Ton	0.6	-	-	1.1	-	-	1.7	2.2	-
Total organic carbon (TOC)	Ton	-	-	-	-	-	-	8.7	3.8	-
Total nitrogen (T-N)	Ton	5.2	5.6	-	5.5	7.7	-	6.9	6.9	-
Total phosphorous (T-P)	Ton	-	0.1	-	-	0.1	-	-	0.1	-

Hazardous Chemical Substances

Category	Unit	2020			2021			2022		
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
Consumption of hazardous chemical substances	Ton	27.3	8,521.1	-	37.3	10,975.9	-	34.0	9,076.2	-
Emissions of hazardous chemical substances	Ton	1.3	14.0	-	1.3	11.6	-	1.4	10.0	-

ESG Data Environmental

Waste

Category	Unit	2020			2021			2022			2022 target	
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS
Amount of waste generated	Ton	263,850	157,096	375	291,241	174,513	454	270,807	156,596	587	275,318	155,000
General waste	Ton	233,455	144,081	323	250,119	160,634	412	229,899	144,256	545		
Landfilled	Ton	218	6,579	19	372	18,320	23	470	23,698	9		
Incinerated	Ton	572	589	18	816	832	18	783	746	21		
Recycled	Ton	232,664	136,913	285	248,931	141,481	370	228,646	119,808	515		
Others	Ton	-	-	-	-	-	-	-	5	-		
Designated waste	Ton	30,395	13,015	53	41,122	13,878	42	40,909	12,340	42		
Landfilled	Ton	2	330	-	-	712	-	7	1,112	-		
Incinerated	Ton	130	341	6	344	99	5	606	95	7		
Recycled	Ton	30,263	12,166	46	40,778	12,745	37	40,296	10,927	35		
Others	Ton	-	179	-	-	323	-	-	207	-		
Ratio of designated waste	%	11.5	8.3	14.1	14.1	8.0	9.3	15.1	7.9	7.2		
Amount of waste recycled (amount of byproducts recycled)	Ton	262,928	149,079	331	289,709	154,227	407	268,941	130,735	551		
Waste recycling rate (byproduct recycling ratio)	%	99.7	94.9	88.1	99.5	88.4	89.7	99.3	83.5	93.8		

Environmental Management

Category	Unit	2020			2021			2022		
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
Percentage of ISO 50001 (energy management system) certified sites	%	100	-	-	100	-	-	100	-	-
No. of certified business sites	Number(s)	2	-	-	2	-	-	2	-	-
No. of total business sites	Number(s)	2	-	-	2	-	-	2	-	-
Percentage of ISO 14001 (environmental management system) certified sites	%	100	100	100	100	100	100	100	100	100
No. of certified business sites	Number(s)	2	1	1	2	1	1	2	1	1
No. of total business sites	Number(s)	2	1	1	2	1	1	2	1	1
Environmental investments	KRW million	2,403	3,353	-	6,163	7,531	-	10,348	9,201	-

Eco-Friendly Product Performance

Category	Unit	2020			2021			2022		
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
Sales	KRW million	-	59	-	-	37	-	-	20	-
Purchases	KRW million	8,553	660	-	9,957	851	-	5,511	2,058	-

ESG Data Social

Employees

Category	Unit	2020			2021			2022			
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel Holdings	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
No. of employees	Person(s)	1,552	1,197	163	1,547	1,208	163	17	1,517	1,205	198
Gender	Male	1,501	1,150	157	1,495	1,162	161	11	1,465	1,157	194
	Female	51	47	6	52	46	2	6	52	48	4
By age	Under 30	135	80	8	136	83	3	1	117	85	23
	30-50	729	623	100	686	647	106	15	648	648	121
	50 and above	688	494	55	725	478	54	1	752	472	54
By employment type	Full-time	1,546	1,172	160	1,533	1,141	160	17	1,495	1,167	161
	Male	1,495	1,125	154	1,482	1,095	158	11	1,447	1,119	157
	Female	51	47	6	51	46	2	6	48	48	4
	Part-time	6	25	3	14	67	3	-	22	38	37
	Male	6	25	3	13	67	3	-	18	38	37
	Female	-	-	-	1	-	-	-	4	-	-
By job group	General	418	331	38	429	344	38	17	420	347	46
	Technical	1,134	866	125	1,118	864	125	-	1,097	858	152

No. of employees (by rank)

Category	Unit	2020			2021			2022				
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel Holdings	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	
General Manager	Gender	Male	58	46	6	62	45	5	-	61	45	7
		Female	-	4	-	-	6	-	-	1	6	-
	By age	Under 30	-	-	-	-	-	-	-	-	-	-
		30-50	14	25	-	17	24	1	-	22	23	3
Deputy General Manager	Gender	Male	52	43	8	57	52	10	2	57	55	11
		Female	2	4	3	2	3	1	-	1	2	1
	By age	Under 30	-	-	-	-	-	-	-	-	-	-
		30-50	48	41	10	52	50	10	2	51	51	11
Manager	Gender	Male	86	57	10	100	63	11	4	100	56	10
		Female	4	6	1	5	7	-	1	8	9	-
	By age	Under 30	66	-	-	-	-	-	-	-	-	-
		30-50	23	61	11	103	68	11	5	106	63	10
Assistant Manager	Gender	Male	1	2	-	2	2	-	-	2	2	-
		Female	68	73	4	50	72	8	3	55	78	10
	By age	Under 30	4	11	3	7	9	1	2	5	8	2
		30-50	5	17	-	6	7	-	-	4	7	1
Staff	Gender	Male	67	67	7	51	74	9	5	56	79	11
		Female	-	-	-	-	-	-	-	-	-	-
	By age	Under 30	79	53	1	77	40	1	1	69	48	-
		30-50	40	21	1	36	20	1	1	33	22	1
Others	Gender	Male	77	48	1	67	45	-	1	60	47	1
		Female	40	26	1	44	15	2	1	42	14	-
	By age	Under 30	2	-	-	2	-	-	-	-	-	-
		30-50	24	13	126	31	27	125	1	27	18	156
Contract workers	Gender	Male	1	-	-	2	-	-	2	3	-	-
		Female	-	-	7	7	13	3	-	3	1	21
	By age	Under 30	-	-	71	6	-	73	-	2	-	86
		30-50	4	-	48	19	14	49	-	25	17	49
Contract workers		Person(s)	1,110	903	-	1,252	902	-	1,262	895	-	

ESG Data Social

Turnover and Retirement

Category	Unit	2020			2021			2022			
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel Holdings	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
Turnover and retirement cases	Person(s)	58	78	6	71	40	15	4	118	106	37
Gender	Male	57	75	5	67	40	12	3	105	101	33
	Female	1	3	1	4	-	3	1	13	5	4
By age	Under 30	4	2	-	6	10	3	-	22	14	10
	30-50	14	5	6	15	7	8	4	40	18	26
	50 and above	40	71	-	50	23	4	-	56	74	1
By type	No. of regular retirees	24	54	-	35	7	4	-	33	46	1
	No. of voluntary retirees	34	24	6	36	33	11	4	85	60	36
Voluntary retirement (turnover) rate	%	59	31	100	51	83	73	100	72	57	97

Pension Support

Category	Unit	2020			2021			2022			
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel Holdings	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
National pension plan (employer's contribution)	KRW million	3,869	2,927	198	3,942	2,944	203	53	4,049	3,001	223
Subsidy for private pension plans	KRW million	162	-	-	194	-	-	-	211	-	-
No. of private pension recipients	Person(s)	223	-	-	231	-	-	-	238	-	-
Size of retirement pension plans	KRW million	137,466	48,020	4,865	139,733	50,772	5,120	1,900	157,420	63,114	6,176
No. of members of retirement pension plans	Person(s)	1,370	723	160	1,363	749	160	23	1,471	689	161

Employee Satisfaction

Category	Unit	2020			2021			2022			
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel Holdings	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
Employee satisfaction	Point(s)	73	74	79	73	74	69	79	67	70	79

Collective Agreement

Category	Unit	2020			2021			2022			
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel Holdings	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
Persons eligible for union membership	Person(s)	1,134	1,030	122	1,118	998	120	-	1,097	996	114
Union members	Person(s)	1,134	999	122	1,118	955	120	-	1,097	951	114
Union membership rate	%	100	97	100	100	96	100	-	100	96	100

ESG Data Social

Parental Leave

Category	Unit	2020			2021			2022			
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel Holdings	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
No. of employees eligible for parental leave	Person(s)	1,546	1,197	-	1,547	1,208	-	-	1,520	1,204	-
Gender	Male	1,495	1,150	-	1,495	1,162	-	-	1,468	1,156	-
	Female	51	47	-	52	46	-	-	52	48	-
No. of employees on parental leave	Person(s)	3	2	-	6	5	-	-	5	6	-
Gender	Male	3	-	-	3	2	-	-	3	1	-
	Female	-	2	-	3	3	-	-	2	5	-
No. of Employees who returned after parental leave	Person(s)	8	2	-	2	2	-	-	5	6	-
Gender	Male	3	-	-	2	-	-	-	2	3	-
	Female	5	2	-	-	2	-	-	3	3	-
No. of employees who have worked more than 12 months after returning to work	Person(s)	8	2	-	2	2	-	-	5	6	-
Gender	Male	3	-	-	2	-	-	-	2	3	-
	Female	5	2	-	-	2	-	-	3	3	-
Percentage of employees returning to work after parental leave	%	100	100	-	67	100	-	-	83	100	-
Gender	Male	100	-	-	67	-	-	-	67	100	-
	Female	-	100	-	-	100	-	-	100	100	-
Percentage of employees staying at work after parental leave	%	100	100	-	100	100	-	-	100	100	-
Gender	Male	100	-	-	100	-	-	-	100	100	-
	Female	100	100	-	-	100	-	-	100	100	-

Diversity

Category	Unit	2020			2021			2022			
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel Holdings	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
No. of female managers	Person(s)	6	14	1	7	16	1	3	10	17	1
Senior managers (No. of women in top management positions)	Person(s)	-	-	-	-	-	-	2	-	-	-
Junior managers (No. of junior female managers)	Person(s)	6	14	1	7	16	1	1	10	17	1
Percentage of women at the manager or higher level	%	12	30	17	13	35	50	38	19	35	25
No. of marginalized employees (aggregate)	Person(s)	100	69	7	98	67	7	1	93	64	7
No. of employees with disabilities	Person(s)	66	25	6	64	23	6	-	58	22	6
No. of foreign employees	Person(s)	2	4	-	2	4	-	1	2	3	-
No. of national meritorious employees	Person(s)	32	40	1	32	40	1	-	33	39	1
Percentage of employment of people with disabilities	%	4.25	2.09	3.68	4.14	1.90	3.68	-	3.82	1.83	3.03

ESG Data Social

Employee Training

Category	Unit	2020			2021			2022			
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel Holdings	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
Total training hours	Hour(s)	48,313	29,375	10,418	59,074	31,275	9,375	429	55,370	32,148	12,179
Hours of training by the Talent Development Team	Hour(s)	10,055	19,630	3,684	19,791	20,584	3,895	356	14,811	16,966	5,400
Environmental training hours	Hour(s)	4,694	2,746	163	4,666	2,830	163	-	4,766	3,212	198
Fair trade training hours	Hour(s)	-	-	-	416	207	20	12	650	534	20
Human rights training hours	Hour(s)	412	331	195	429	344	163	-	423	346	198
Safety and health training hours	Hour(s)	33,152	6,668	6,194	32,940	6,896	4,978	-	32,690	9,312	6,128
Ethics and anti-corruption training hours	Hour(s)	-	-	182	832	414	156	61	2,030	1,779	235
No. of training participants	Person(s)	1,552	1,197	195	1,547	1,208	163	17	1,517	1,205	198
No. of participants for the Talent Development Team training	Person(s)	1,552	1,197	195	1,547	1,208	163	17	1,517	1,205	198
No. of participants for environmental training	Person(s)	1,501	1,081	163	1,495	1,072	163	-	1,465	1,076	198
No. of participants for fair trade training	Person(s)	-	-	-	373	298	10	9	187	139	10
No. of participants for human rights training	Person(s)	412	331	195	429	344	163	17	423	346	198
No. of participants for safety and health training	Person(s)	1,552	935	195	1,547	957	163	-	1,517	1,204	200
No. of participants for ethics and anti-corruption training	Person(s)	-	-	182	416	207	156	17	423	395	235
Training hours per participant	Hour(s)	31	25	53	38	26	58	25	36	27	62
Total training costs	KRW million	159	91	9	388	262	5	26	486	647	5
Average training costs per participant	KRW million	0.102	0.08	0.05	0.251	0.22	0.03	1.529	0.32	0.54	0.01

Performance Evaluation

Category	Unit	2020			2021			2022			
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel Holdings	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
No. of employees subject to evaluation	Person(s)	412	331	37	429	344	40	17	423	346	46
No. of employees subject to regular evaluation	Person(s)	412	331	37	429	344	40	17	423	346	46
Ratio of employees subject to regular evaluation	%	100	100	100	100	100	100	100	100	100	100

New Hires

Category	Unit	2020			2021			2022			
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel Holdings	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
No. of new hires	Person(s)	54	26	6	55	96	17	21	72	55	74
Gender	Male	49	24	6	50	96	16	14	65	51	72
	Female	5	2	-	5	-	1	7	7	4	2
By age	Under 30	23	7	-	33	37	7	1	36	34	62
	30-50	23	11	6	17	16	10	19	23	17	12
	50 and above	8	8	-	5	43	-	1	13	5	-

Average Tenure

Category	Unit	2020			2021			2022			
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel Holdings	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
Male	Year(s)	19	16	16	20	15	17	4	20	16	13
Female	Year(s)	7	11	12	8	12	12	4	8	12	7

ESG Data Social

Occupational Safety and Health

Category	Unit	2020			2021			2022		
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
No. of industrial accident victims	Person(s)	18	4	-	25	2	-	24	4	-
Holding and Affiliates (employees)	Person(s)	15	3	-	22	-	-	18	3	-
Partners	Person(s)	3	1	-	3	2	-	6	1	-
Accident rate	%	0.68	0.19	-	0.89	0.09	-	0.86	0.19	-
Holding and Affiliates (employees)	%	0.97	0.25	-	1.42	-	-	1.19	0.25	-
Partners	%	0.27	0.11	-	0.24	0.22	-	0.48	0.11	-
Casualties	Person(s)	1	-	-	-	-	-	2	-	-
Holding and Affiliates	Person(s)	1	-	-	-	-	-	1	-	-
Partners	Person(s)	-	-	-	-	-	-	1	-	-
Mortality	%	0.05	-	-	-	-	-	0.09	-	-
Holding and Affiliates	%	0.06	-	-	-	-	-	0.07	-	-
Partners	%	-	-	-	-	-	-	0.08	-	-
Lost Time Injured Frequency Rate (LTIFR)	Case(s)/one million hours	2.58	0.75	-	3.46	0.46	-	3.46	0.75	-
Holding and Affiliates	Case(s)/one million hours	4.03	1.04	-	5.93	-	-	4.94	1.04	-
Partners	Case(s)/one million hours	1.13	0.46	-	1.00	0.92	-	1.98	0.47	-
Percentage of ISO 45001 (Occupational safety and health management system) certified business sites	%	100	-	-	100	-	-	100	-	-
No. of certified business sites	Number(s)	2	-	-	2	-	-	2	-	-
No. of total business sites	Number(s)	2	1	1	2	1	1	2	1	1

Social Contribution

Category	Unit	2020			2021			2022		
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
Total volunteer hours	Hour(s)	-	1,865	-	-	2,422	-	-	6,375	-
No. of participants	Person(s)	-	257	-	-	393	-	-	584	-
Volunteer hours per person	Hour(s)	-	7	-	-	6	-	-	11	-
Social contribution expenses	KRW million	212	53	3	206	103	3	201	106	3

Mutual Growth

Category	Unit	2020			2021			2022		
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
Support for partners	KRW 100 million	27.4	4.9	-	54.7	10.0	1.0	25.9	12.7	3.9

Partner Status

Category	Unit	2020			2021			2022		
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
No. of partners	Number(s)	577	600	182	588	653	194	607	616	184
Amount of purchase from partners	KRW 100 million	7,143	6,776	246	14,065	10,866	373	15,311	13,025	464

ESG Data Governance

BOD Composition

Category	Unit	2020			2021			2022		
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
No. of inside directors	Person(s)	-	3	1	-	3	1	3	3	1
No. of outside directors	Person(s)	-	-	-	-	-	-	-	-	-
Delete	Person(s)	-	-	6	-	-	6	-	-	3
No. of female directors (No. of registered female executives)	Person(s)	-	-	-	-	-	-	-	-	-

BOD Performance

Category	Unit	2020			2021			2022		
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
No. of BOD meetings held	Number(s)	-	10	7	-	9	7	6	12	8
Regular	Number(s)	-	-	7	-	-	7	1	-	8
Special	Number(s)	-	10	-	-	9	-	5	12	-
No. of discussed agendas	Number(s)	-	15	9	-	16	9	7	19	10
No. of agendas rejected/modified	Number(s)	-	-	-	-	-	-	-	-	-
Average BOD attendance	%	-	100	100	-	100	100	100	100	100
Attendance rate of inside directors	%	-	100	100	-	100	100	100	100	100
Attendance rate of outside directors	%	-	-	-	-	-	-	-	-	-
CEO remuneration	KRW million	-	368	214	-	250	230	348	437	235
Median value of employee remuneration	KRW million	-	77	68	-	84	63	88	87	58
Ratio of CEO remuneration to the median value of employee remuneration	%	-	20.9	31.6	-	33.6	27.5	25.3	19.9	24.7
Average tenure of directors	Year(s)	-	6	11	-	7	12	1	7	13

ESG Data 지배구조

Incidents of Corruption and Actions Taken

Category	Unit	2020			2021			2022		
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
No. of corruption incidents	Case(s)	-	-	-	2	-	-	-	-	-
No. of disciplinary actions taken	Case(s)	-	-	-	2	-	-	-	-	-
	Dismissal	Case(s)	-	-	1	-	-	-	-	-
	Suspension	Case(s)	-	-	-	-	-	-	-	-
	Salary reduction	Case(s)	-	-	1	-	-	-	-	-
	Warnings	Case(s)	-	-	-	-	-	-	-	-
	Others	Case(s)	-	-	-	-	-	-	-	-

Violations Status

Category	Unit	2020			2021			2022		
		SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense	SeAH Besteel	SeAH CSS	SeAH Aerospace & Defense
No. of violations	Case(s)	-	1	-	-	-	-	2	-	-
	Violation of environmental laws and regulations	Case(s)	-	-	-	-	-	2	-	-
	Violation of anti-competition laws and regulations	Case(s)	-	-	-	-	-	-	-	-
	Violation of occupational safety laws and regulations	Case(s)	-	1	-	-	-	-	-	-
Fine amount	KRW million	-	6	-	-	-	-	13	-	-
	Violation of environmental laws and regulations	KRW million	-	-	-	-	-	13	-	-
	Violation of anti-competition laws and regulations	KRW million	-	-	-	-	-	-	-	-
	Violation of occupational safety laws and regulations	KRW million	-	6	-	-	-	-	-	-

GRI Index

GRI Standards	Disclosures	Page	Note	
General Disclosures	2-1	Organizational details	6	
	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	-	Not applicable
	2-5	External assurance	73-74	
	2-6	Activities, value chain and other business relationships	6-11	
	2-7	Employees	63	
	2-8	Workers who are not employees	63	
	2-9	Governance structure and composition	50	
	2-10	Nomination and selection of the highest governance body	51	
	2-11	Chair of the highest governance body	50	
	2-12	Role of the highest governance body in overseeing the management of impacts	15	
	2-13	Delegation of responsibility for managing impacts	15	
	2-14	Role of the highest governance body in sustainability reporting	15	
	2-15	Conflicts of interest	-	Business report – Financial matters
	2-16	Communication of critical concerns	-	Business report – Matters on the Board of Directors
	2-17	Collective knowledge of the highest governance body	51	
	2-18	Evaluation of performance of the highest governance body the highest governance body	51	
	2-19	Remuneration policies	51	
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	2-21	Annual total compensation ratio	68	
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	2-26	Mechanisms for seeking advice and raising concerns	27, 33, 46	
	2-27	Compliance with laws and regulations	69	
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	2-29	Approaches to stakeholder engagement	56	
	2-30	Collective bargaining agreements	64	

GRI Standards	Disclosures	Page	Note
Material Topics	3-1	Process to determine material topics	57
	3-2	List of material topics	58
	3-3	Management of material topics	16
Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	18
	201-3	Defined benefit plan obligations and other retirement plans	64
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	32-33
	205-3	Confirmed incidents of corruption and actions taken	69
Materials	301-1	Materials used by weight or volume	60
	301-2	Recycled input materials used	60
Energy	302-1	Energy consumption within the organization	59
	302-2	Energy consumption outside the organization	59
	302-3	Energy intensity	59
	302-4	Reduction of energy consumption	17-22, 59
Water and Effluents	303-1	Interactions with water as a shared resource	40
	303-2	Management of water discharge-related impacts	40
	303-3	Water withdrawal	60
	303-4	Water discharge	60
	303-5	Water consumption	60
Emissions	305-1	Direct (Scope 1) GHG emissions	59
	305-2	Energy Indirect (Scope 2) GHG emissions	59
	305-4	GHG emissions intensity	59
	305-5	Reduction of GHG emissions	17-22, 59
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	59
Effluents and Waste	306-1	Waste generation and significant waste-related impacts	23-24
	306-2	Management of significant waste-related impacts	23-24
	306-3	Waste generated	62
	306-4	Waste diverted from disposal	62
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Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	30
	308-2	Negative environmental impacts in the supply chain and actions taken	30-31

GRI Index

GRI Standards	Disclosures	Page	Note
Employment	401-1 New employee hires and employee turnover	64, 66	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	44	
	401-3 Parental leave	65	
Occupational Health and Safety	403-1 Occupational health and safety management system		
	403-2 Hazard identification, risk assessment, and incident investigation		
	403-3 Occupational health services		
	403-4 Worker participation, consultation, and communication on occupational health and safety	25-28	
	403-5 Worker training on occupational health and safety		
	403-6 Promotion of worker health		
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		
	403-9 Work-related injuries	67	
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	Training and Education	404-1 Average hours of training per year per employee	66
404-2 Programs for upgrading employee skills and transition assistance programs		43	
404-3 Percentage of employees receiving regular performance and career development reviews		66	
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Non-discrimination	406-1 Incidents of discrimination and corrective actions taken	46	
Child Labor	408-1 Operations and suppliers at significant risk for incidents of child labor	-	No such business sites exist.
Forced or Compulsory Labor	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	-	No such business sites exist.
Local Communities	413-1 Operations with local community engagement, impact assessments, and development programs	47-48	
Supplier Social Assessment	414-1 New suppliers that were screened using social criteria	30	
	414-2 Negative social impacts in the supply chain and actions taken	29-31	

SASB Index

Topic	Code	Accounting Metric	Page	Data
Greenhouse Gas Emissions	EM-IS-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	59	
	EM-IS-110a.2	Discussion of long-term strategy or plans to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	17-22	
Air Emissions	EM-IS-120a.1	Air emissions with the following pollutants: (1) CO, (2) NOx (excluding N2O), (3) SOx, (4) Particulate matter (PM10), (5) Manganese (MnO), (6) Lead (Pb), (7) Volatile organic compounds (VOCs), (8) Polycyclic Aromatic Hydrocarbons (PAHs)	59	
Energy Management	EM-IS-130a.1	(1) Total Energy consumed, (2) Percentage grid electricity, (3) Percentage renewable	59	
	EM-IS-130a.2	(1) Total fuel consumed, (2) Percentage coal, (3) Percentage natural gas, (4) Percentage renewable	59	
Water Management	EM-IS-140a.1	(1) Total fresh water withdrawn, (2) Percentage recycled, (3) Percentage in regions with High or Extremely High Baseline Water Stress	60	
Waste Management	EM-IS-150a.1	Amount of waste generated, percentage hazardous, percentage recycled.	62	
Workforce Health and Safety	EM-IS-320a.1	(1) Total recordable incident rate (TRIP), (2) fatality rate, and (3) near miss frequency rate (NMFR) for (a) full-time employees and (b) contract employees	67	
Supply Chain Management	EM-IS-430a.1	Discussion of the process for managing iron ore and/or coking coal sourcing risks arising from environmental and social issues	31	
Activity Metric	EM-IS-000.A	Raw steel production, percentage from: (1) basic oxygen furnace processes, (2) electric arc furnace processes	-	SeAH Besteel: 1,913,000 tons/year SeAH CSS: 619,000 tons/year
	EM-IS-000.B	Total iron ore production	-	Not applicable
	EM-IS-000.C	Total coking coal production	-	Not applicable

TCFD Index

	Category	Page
Governance	A) The Board’s oversight of climate-related risks and opportunities	17
	B) Management’s role in assessing and managing climate-related risks and opportunities	
Strategy	A) The climate-related risks and opportunities the organization has identified over the short, medium, and long term	18-20
	B) The impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning	
	C) The resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	
Risk Management	A) The organization’s processes for identifying and assessing climate-related risks	18
	B) The organization’s processes for managing climate-related risks	
	C) Integration of processes for identifying, assessing, and managing climate-related risks into the organization’s overall risk management	
Metrics & Targets	A) Disclosure of metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	21
	B) Disclosure of Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	
	C) The targets used by the organization to manage climate-related risks and opportunities and performance against targets	

Third-party Assurance Statement

To the Management of SeAH Besteel Holdings

We have undertaken a limited assurance engagement in respect of the selected sustainability information (the 'Identified Sustainability Information') in the SeAH Besteel Holdings' Sustainability Report for the year ended 31 December 2022 ('the Sustainability Report') listed below.

Identified Sustainability Information

The Identified Sustainability Information included in the SeAH Besteel Holdings' Sustainability Report for the year ended 31 December 2022 is summarized below:

- GRI (Global Reporting Initiative) Standards 2021 Index on pages 70 ~ 71
- 'ESG DATA' on pages 59 ~ 69
- SASB (Sustainability Accounting Standards Board) Index on page 71
- TCFD (Task Force on Climate-related Financial Disclosures) on page 72

Our assurance was with respect to the year ended 31 December 2022 and the first half of 2023 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the Sustainability Report and, therefore, do not express any conclusion thereon.

Criteria

The criteria used by SeAH Besteel Holdings to prepare the Identified Sustainability Information on 'GRI Standards 2021' and 'SASB(Sustainability Accounting Standard Board' and 'TCFD (Force on Climate-related Financial Disclosures)' (the 'Criteria').

SeAH Besteel Holdings' Responsibility for the Identified Sustainability Information

SeAH Besteel Holdings is responsible for the preparation of the Identified Sustainability Information in accordance with the Criteria. This responsibility includes the design, implementation, and maintenance of internal control relevant to the preparation of Identified Sustainability Information that is free from material misstatement, whether due to fraud or error.

Inherent Limitations

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability.

Our Independence and Quality Control

We have complied with the ethical requirements of the Republic of Korea, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior. Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Identified Sustainability Information based on the procedures we have performed and the evidence we have obtained. We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised), Assurance Engagements other than Audits or Reviews of Historical Financial Information issued by the International Auditing and Assurance Standards Board. These standards require that we plan and perform this engagement to obtain limited assurance about whether the Identified Sustainability Information is free from material misstatement.

A limited assurance engagement involves assessing the suitability in the circumstances of SeAH Besteel Holdings' use of the Criteria as the basis for the preparation of the Identified Sustainability Information, assessing the risks of material misstatement of the Identified Sustainability Information whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the Identified Sustainability Information. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Third-party Assurance Statement

Given the circumstances of the engagement, in performing the procedures listed above we:

- Interview with the personnel responsible for internal reporting and data collection regarding SeAH Besteel Holdings' Identified Sustainability Information to understand their approaches to managing material issues.
- Understand the systems and processes in place for managing and reporting the Identified Sustainability Information of SeAH Besteel Holdings' Seoul office.
- Review documents relevant to output from the risk assessment process, sustainability-related policies and standards, materiality assessment, engagement activities of the stakeholders and others.
- Assessment the adequacy of the design and operation of processes and control activities for managing and reporting sustainability information during the reporting period.
- Perform inquiries and analytical reviews on the Identified Sustainability Information.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether SeAH Besteel Holdings' identified Sustainability Information has been prepared, in all material respects, in accordance with the Criteria.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that SeAH Besteel Holdings' Identified Sustainability Information the year ended 31 December 2022 and the first half of 2023 is not prepared, in all material respects, in accordance with the Criteria.

Restricted Use

This Report is prepared solely for the management of SeAH Besteel Holdings to assist in obtaining understanding of SeAH Besteel Holdings' sustainable management performance and activities. Accordingly, we accept no liability or responsibility to any third party, other than SeAH Besteel Holdings and its management, who gains access to this report.

23 June 2023

WITH Accounting Corporation
Seoul, Korea
YoungSuk Lee, Chief Executive Officer



This assurance report is valid as of the assurance report date (23 June 2023). This may result in events or situations that may have a significant impact on the company's web report between the date of the assurance report and the time it is viewed, which may result in modification of the assurance report.

POLICY BOOK

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SeAH Besteel Holdings

Society (S)

Human Rights Management Policy

As a global steel manufacturer, SeAH Besteel Holdings respects the human rights of all stakeholders including employees, partners, and customers across all business activities, with core value "Honest" representing a top priority for the company. We aim to become a company that creates rich values together with stakeholders and makes the world more beautiful under our slogan "Inspired by SeAH". SeAH Besteel Holdings complies with the laws and regulations of each country and region where it operates, and upholds international human rights principles and norms, such as the Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, UN Convention on the Rights of the Child, and ILO Fundamental Conventions. To make this possible, we have established and operate a human rights management policy encompassing internal and external communication, grievance handling, and relief procedures. This applies to all the domestic and foreign business sites of SeAH Besteel Holdings. For common understanding and company-wide practice, we declare the Charter on Human Rights Management as follows:

Article 1. Establishment of a Human Rights Management System

SeAH Besteel Holdings respects all employees and stakeholders as human beings, conducts regular human rights training to prevent any act that violates the human rights of individuals either mentally or physically, and implements monitoring and grievance-handling policies on human rights violations through the Office of Ethics and Management.

Article 2. Prohibition of Discrimination in Employment

SeAH Besteel Holdings does not permit discrimination on the grounds of gender, nationality, religion, social status, race, age, academic background, disability, gender identity, etc., in the operation of personnel systems such as recruitment, promotion, compensation, and educational opportunities.

Article 3. Guarantee of Freedom of Association and Collective Bargaining

SeAH Besteel Holdings encourages free communication between the company and its employees to foster a sound organizational atmosphere, guarantees labor union membership and collective bargaining, and does not create disadvantages for labor union activities.

Article 4. Prohibition of Forced Labor

SeAH Besteel Holdings does not force workers to work against their free will by unreasonably restricting mental or physical freedoms through acts such as assault, intimidation, and confinement. Also, it does not demand the transfer of ID cards or other important personal information as a condition of employment.

Article 5. Prohibition of Child Labor

SeAH Besteel Holdings complies with the minimum employment age standards stipulated by national and regional laws, and does not expose minors to harmful and dangerous working environments.

Article 6. Guarantee of Industrial Safety

SeAH Besteel Holdings regularly checks facilities, equipment, and tools at business sites to ensure safe work environments for employees, and thoroughly complies with the health and safety standards required by national and regional laws. We also raise employees' safety awareness through regular training that reflects established legal requirements.

Article 7. Responsible Supply Chain Management

SeAH Besteel Holdings shall strive to share the values and principles of the Charter on Human Rights Management with partners and subcontractors, and may take necessary measures such as suspension of transactions in case of violation thereof.

Article 8. Protection of the Human Rights of Local Residents

SeAH Besteel Holdings manages changes in the local community resulting from potential social and environmental impacts of its local business site, and protects the human rights of the local community members. We raise concerns about potential impacts on the neighborhood and residents located near the business site, listen to the opinions of the local community, and try to reflect them in our business activities to solve the relevant problems.

Article 9. Protection of Environmental Rights

SeAH Besteel Holdings continues to develop and encourage environmental conservation activities not only in Korea but also concerning overseas businesses, partners, and local communities.

Article 10. Protection of Customer Human Rights

All employees of SeAH Besteel Holdings prioritize the protection of customers' lives, health, and property when providing products and services. We take the best measures to protect personal information collected through management activities.

Article 11. Prevention of Workplace Bullying and Abuse of Power

Employees of SeAH Besteel Holdings do not engage in bullying or aggressive behavior that could disrupt the work of their colleagues. Similarly, they must not assign unfair tasks to fellow employees that are unrelated to their roles or violate applicable laws, company regulations, and processes.

Article 12. Protection of Personal Information

SeAH Besteel Holdings protects the personal information of stakeholders, including customers, in accordance with national and regional laws and regulations, and does not use the information without prior approval from the party concerned or for other purposes. We provide accurate information and refrain from disseminating false information.

Article 13. Compliance with Legal Work Hours and Working Conditions

SeAH Besteel Holdings strictly complies with work hours specified in national and regional laws, guarantees minimum wages, and observes labor-related laws, such as subscribing to social insurance and providing break times and vacations.

SeAH Besteel Holdings

Governance (G)

Corporate Governance Policy

1. Operational direction and focus of corporate governance principles and policies (securing management transparency, soundness and stability, and pursuing checks and balances)

We have grown as the nation's best special steel company and are contributing to industrial development through manufacture of special steel products with technological prowess and competitiveness. Inspired by the spirit of making the world beautiful with iron, we strive in many ways to realize the value of living together. Based on a rational corporate culture that complies with the basics and sound business principles, we pursue equitable management activities that enable employees, customers, partners, and local communities to grow together. To realize our management philosophy, we constantly endeavor to establish a corporate governance structure that promotes transparency, soundness, and safety in management.

To enhance management transparency and soundness, our Board of Directors consists of four outside directors and three inside directors with extensive experience and expertise in industry, academia, and accounting. This is to support the management's rational decision-making without promoting any biased interests. We enhance the expertise and efficiency of the Board by establishing and operating separate expert committees within the Board.

2. Characteristics of our corporate governance (composition of the Board centered on outside directors, operation centered on the Board's subcommittees, strengthening of subcommittees' expertise)

- Composition of the Board centered on outside directors

As the highest permanent decision-making body in our company, the Board of Directors actively participates in important decision-making and has the authority to appoint and dismiss the CEO. The Board currently comprises a total of seven members, of which four are outside directors, representing 57.1% of the total membership. Consequently, we comply with the provisions of Articles 383 and 542-8 of the Commercial Act, which mandate that over half of the Board be composed of outside directors. As such, the Board is operated mainly by outside directors.

Election of outside directors is examined by the Outside Director Candidate Recommendation Committee to ensure that they meet the requirements for independence, such as not having a specific relationship with the company and having the ability to realize the growth potential of the company. Directors recommended by the Outside Director Candidate Recommendation Committee are appointed through a resolution at the general shareholders' meeting.

The Board is comprised of experts in engineering, management, culture, and the arts in order to enhance its diversity and to support rational management decision-making without being biased toward specific interests.

- Separation of Board Chairman and CEO

Since the shareholders' meeting in March 2019, we have separated the Chairman of the Board and the CEO. This is to enhance the effectiveness of corporate management through mutual checks and balances. In addition, we have strengthened the Board's independence by appointing an outside director as the Board Chairman since the shareholders' meeting in March 2021.

- Reorganization of the governance structure after the company split-off

SeAH Besteel was split into SeAH Besteel Holdings and SeAH Besteel on April 1, 2022. To reinforce the Board-centered operation after the split-off, we added the ESG Committee, Ethics & Compliance Committee, and Compensation Evaluation Committee to the existing subcommittees, which included the Audit Committee and the Outside Director Candidate Recommendation Committee. In addition to the Audit Committee and the Outside Director Candidate Recommendation Committee, which are mandated by law, we established three other committees based on our goal to enhance the professionalism and efficiency of the Board.

Policy for Independence and Diversity of Outside Directors

1. Board independence

- Basic principles

The Board shall determine the management goals and strategies for the benefit of the company and shareholders, and effectively supervise the management. The Board shall be operated and led by outside directors, in accordance with the Commercial Act and relevant laws, in order to maintain independence and check/complement the management.

- Detailed policy

(1) The Board shall be organized to enable effective and prudent discussions and decision-making, and shall have a sufficient number of outside directors to perform independently of the management and controlling shareholders.

(2) The qualifications and independence of outside directors are more strictly regulated than those of inside directors. Independence of outside directors must be recognized in accordance with relevant laws and this policy. Independence requirements that are more stringent than related laws and this

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policy can be established by referring to advanced global standards to the extent that they do not violate relevant laws and articles of incorporation.

- (3) The board shall effectively perform management decision-making and supervision, prepare/operate internal control policies (risk management, compliance management, management of internal accounting and disclosure information, etc.), and continuously improve/supplement them.
- (4) Directors shall be appointed through transparent procedures that can broadly reflect various shareholder opinions, and shall not fall under the ineligible grounds outlined in Article 382 Paragraph 3 (Appointment of Directors, Relationship with Company and Outside Directors) and Article 542-8 Paragraph 2 (Appointment of Outside Directors) of the Commercial Act.
- (5) Fairness and independence must be secured in the process of recommending and appointing director candidates.
- (6) The Board shall not appoint a person responsible for damaging corporate value or violating shareholder rights and interests as an executive.
- (7) Outside directors must be individuals without a personal interest at stake and be checked for any potential conflicts of interest at the appointment stage.
- (8) Outside directors shall be able to devote enough time and effort to faithfully perform their duties, and we must sufficiently provide them with necessary information and resources.

2. Board diversity

• Basic principles

The Board shall engage in strategic discussions from various perspectives on directors' responsibilities and duties and agenda items. This is to ensure rational decision-making that contributes to shareholders' rights and interests. To this end, the Board shall meet diversity and gender balance to create social value as well as professional backgrounds such as knowledge and experience.

• Detailed policy

- (1) Outside directors shall be experts with extensive experience and backgrounds in academia and law, as well as recommended by the Outside Director Candidate Recommendation Committee. This criterion is intended to support management's rational decision-making in accordance with the company's management policy without any biased interests.
- (2) One of the outside directors must possess expertise in accounting. This is to ensure that he/she can

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comprehensively and objectively review and propose opinions on the agenda of the Audit Committee and the internal accounting management system.

- (3) To encourage the proactive performance of outside directors, we evaluate their activities fairly and based on the results, decide their remuneration and reappointment.

Environmental Management Policy

SeAH Besteel recognizes the environment as the top priority in its corporate activities, and practices environmental management policy to lead the way as an eco-friendly company. To this end, all our employees pledge to practice the following in the course of management activities and business execution:

1. Carbon neutrality

We strive to preserve the global environment and implement a carbon-neutral society by reducing greenhouse gas emissions and minimizing pollutants through process improvement and eco-friendly technology development.

2. Complying with environmental laws

We comply with the laws by setting strict self-management standards for environmental laws that have been changing and strengthened rapidly.

3. Minimizing environmental pollutants

We protect the environment by minimizing water and air pollutants through optimal environmental management techniques (integrated management).

4. Waste management and recycling

We continuously strive to develop new technologies in order to increase the recycling rate of resources and the value-added of by-products, and reduce waste generation.

5. Water quality management and wastewater recycling

We strive to solve water shortage problems by minimizing the generation of wastewater and maximizing the reuse of water.

6. Chemical management

We strive to prevent chemical accidents through systematic management of chemical substances and reduction of their usage and emissions.

7. Soil pollution management

We strive to prevent public health threats and environmental pollution from soil contamination and to preserve the soil ecosystem by properly managing soil at our business sites.

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8. Noise and vibration management

We strive to minimize the impact of noise and vibration at the areas around our business sites by regularly soundproofing and managing facilities that generate noise and vibration.

9. Employee communication

We communicate with all employees through the integrated SHE Council with the aim of changing our existing business sites into more pleasant ones.

Biodiversity Policy

SeAH Besteel considers the preservation of biodiversity as a basic principle for sustainable management, and recognizes the potential impact of biodiversity on management. We shall strive to protect biodiversity in all decision-making processes.

- We will observe domestic and foreign policies and activities such as the Convention on Biological Diversity, and comply with the convention and legal requirements of countries and regions where we operate.
- We will avoid destruction of biodiversity in and around biodiversity conservation areas, and preserve and restore it across our business activities. To this end, we will discover and apply positive cases.
- We will prevent and minimize elements and factors that threaten biodiversity when carrying out new projects such as expansion and new construction of facilities. We will work to mitigate the destruction of biodiversity during investment reviews and conduct research to monitor potential impacts. We will strive to apply this position not only to the head office, but also to in-house subcontractors and other suppliers.
- Employees will participate in environmental conservation activities through collaboration to respond to climate change and biodiversity crisis together with local governments and environmental organizations.
- We will share related issues with our employees to protect biodiversity and use resources sustainably. In addition, we will form a consensus by providing education and information to employees and stakeholders to enhance their understanding of biodiversity.

Green Purchasing Policy and Sustainable Procurement Policy

Under the goal of "For a Greener Tomorrow," SeAH Besteel actively responds to climate change and implements a human-centered ESG management system. We aim to comply with ESG-related laws and practice sustainable purchasing policies that fulfill our social responsibilities.

• Coverage

We encourage all employees and partners to comply with this policy.

• Sustainable procurement policy

Based on a philosophy of shared growth, SeAH Besteel focuses on managing supply chains for win-win growth and pursues fair trade and pro-social purchasing policies. Notably, we have increased the capabilities of our supply chains by strengthening fundamental purchasing competitiveness in a rapidly changing environment, and promoted a purchasing strategy that secures supply stability through the internalization and diversification of supply chains. Furthermore, we have developed standards for sustainable purchasing strategies and established a system that flexibly responds to the external environment, thereby enhancing our ability to respond to purchases.

1. Supply chain management for shared growth

The key to shared growth is a sustainable purchasing strategy that mutually supports supply chains. We manage supply chains not only through activities such as win-win support measures, the selection and reward of excellent suppliers, and regular face-to-face meetings, but also through consulting approaches encompassing education and joint response to various risks to growing as business partners.
2. Pro-social purchasing policies

SeAH Besteel pursues pro-social purchasing policies. Conflict-zone minerals are intensively managed in the country of origin to prevent risks in advance. Furthermore, we promote pro-social purchasing policies by providing preferential treatment to companies certified for ESG or ISO.
3. Pursuing ethical management and fair trade

Strengthened by its ethical management policies, SeAH Besteel is committed to upholding fair trade practices, so that all procedures, from bidding to delivery and settlement, can be managed transparently. All key partners jointly sign an ethics pledge and endeavor to eradicate unethical transactions.
4. Securing supply chain stability

We promote internalization and diversification of supply chains at the same time to ensure the stability of supply networks in an ever-evolving environment. We preemptively manage risks in the supply chains of all products as well as raw materials.

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Safety and Health Policy

SeAH Besteel aims to eradicate industrial accidents and achieve zero serious accidents (ZERO) by continuously improving and maintaining its safety and health management system to successfully implement its safety and health management policy.

• Coverage

The policy is applied to all employees of SeAH Besteel and all personnel performing business on our behalf. In addition, it is a key principle for us that our partners and stakeholders must comply with this policy.

• Safety and health management policy

SeAH Besteel puts safety and health first in its corporate activities, and continues to improve the harmony among people, nature, and businesses by minimizing loss of life and property that may occur during the production, use, and disposal of special steel, large forgings, and automotive parts.

1. We faithfully comply with domestic and foreign requirements outlined in safety and health laws and international agreements, and respond in advance to regulations through strict self-management standards.
2. We understand and comply with safety and health regulations and management policies, set safety and health goals, and build a base system to evaluate the results of continuous improvement activities.
3. To prevent accidents and loss of life and property by minimizing damage in the event of an emergency, we aim for an accident-free/disaster-free business sites and strive to improve the health of employees.
4. We secure transparency of safety and health management activities by establishing a communication system to collect opinions and provide information based on a corporate culture that adheres to the basics and sound business principles.
5. We actively support the safety of our employees, and continuously search for and reduce safety and health risks.

All employees and personnel performing tasks on behalf of us shall be well-informed of the safety and health management policy, actively participate in its practice, and endeavor to maintain the optimal safety and health management system through continuous improvement activities.

• Principles

1. Safety

With safety as a top priority, we identify and reduce risk factors for all business activities in order to minimize potential casualties.

2. Health

With the goal of improving the health of employees and stakeholders, we provide various examination and treatment infrastructures. We actively run systems to improve the individual lifestyles and psychological stability of our employees.

• Management system

1. Goals

Under the slogan of eradicating safety accidents, we have set the goal of reducing industrial accidents by 50% year-on-year and zero serious accidents every year.

2. Safety and health organization

We have set up a safety organization at two business sites (Gunsan and Changnyeong). In January 2022, a safety management team under the direct control of the CEO was established to serve as a control tower for overall safety and health. Moreover, we have recently established the organizations Safety Culture Promotion Group, Safety Supervisor for Subcontractor, and Safety Guard for the purpose of conducting regular safety inspections and improvement activities at business sites.

3. System

To build a more objective management system for the safety and health of workers and stakeholders, we obtained the ISO 45001 certification, through which we maintain a systematic safety and health system.

4. Safety management system

(1) Identifying and reducing harmful risks

We have established a system to constantly identify and immediately reduce harmful risk factors present inside and outside the business sites at all times.

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- Establishing a regular safety inspection system
 - Conducting regular inspections throughout the business sites by dividing the roles of each safety-dedicated organization
 - Safety check by managers, joint safety inspection of labor-management/contracting and subcontracting companies, and implementation of the Safety Inspection Day
- Strengthening the mitigation of unsafe conditions/behaviors
 - Enhancing the ability to rectify unsafe conditions by introducing an immediate action process
 - Regular checks and active improvement measures on unsafe behaviors
- Enhancing the ability to execute risk assessment
 - Developing practical measures by improving awareness and participation in risk assessment
 - Reinforcing measures to discover and reduce risks through expanded evaluation of action-oriented and unstructured work
- (2) Strengthening communication and management for maintaining safety and health

We proactively collect opinions about safety and health, and strive for a win-win cooperation with stakeholders.

 - Establishing a system for expressing and listening to opinions about safety and health
 - Holding company-wide safety council meetings every month to officially present opinions and develop improvement plans
 - Operating the Safety and Health Council by unit, conducting surveys on a regular basis
 - Win-win cooperation for safety and health
 - Strengthening the collection of opinions from partners and stakeholders through the Safety and Health Council
 - Providing training and infrastructure for safety and health

- (3) Advancing safety technology and systems
 - Introducing data-based preemptive safety management technology
 - Implementing preemptive safety measures such as data-based control for unsafe behaviors and monitoring for safety accident prevention by introducing the Everguard* safety solution
 - Building an integrated safety and health management system
 - Reinforcing safety and health data management through the introduction of SHE, a company-wide safety and health system.
 - Expanding work safety technology
 - Applying monitoring technology for unsafe conditions/activities, and developing alternative technology for high-risk work
- (4) Reinforcing the health management infrastructure
 - Creating a healthy work environment
 - Assessing the work environment to discover harmful factors, and making use of protective gear to prevent diseases
 - Establishing early disease detection and prevention systems
 - Providing various examination infrastructure such as special health examination and medical examination facilities
 - Establishing a regular measurement system for physical information (non-contact biometric information measurement system)
 - Implementing hearing preservation program and musculoskeletal disease prevention activities
 - Advancing mental health management
 - Setting up a system to manage psychological health issues such as depression and job stress

SeAH Besteel prioritizes the safety of employees and stakeholders and operates a management system that harnesses various human and system infrastructures to improve health. We work hard to create a safer, healthier, and more pleasant business sites.

*Everguard: Industrial safety solution to detect and alert accident risks by using vision/AI technology

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The Charter on Human Rights Management

As a global steel manufacturer, SeAH Besteel respects the human rights of all stakeholders, including employees, partners, and customers across its business activities with the core value "Honest" being a top priority for our company. We want to become a company that creates rich values together with stakeholders and makes the world more beautiful under our slogan "Inspired by SeAH"

SeAH Besteel complies with laws and regulations of each country and region where it operates, and upholds international human rights principles and norms such as the Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, UN Convention on the Rights of the Child, and ILO Fundamental Conventions. To this end, we establish and operate a human rights management policy encompassing internal and external communication, grievance handling, and relief procedures.

This applies to all domestic and foreign business sites of SeAH Besteel, and for common understanding and company-wide practice, we declare the Charter on Human Rights Management as follows:

Article 1. Establishment of a Human Rights Management System

SeAH Besteel respects all employees and stakeholders as human beings, conducts regular human rights training to prevent any act that violates the human rights of individuals either mentally or physically, and implements monitoring and grievance-handling policies on human rights violations through the Office of Ethics and Management.

Article 2. Prohibition of Discrimination in Employment

SeAH Besteel does not permit discrimination on the grounds of gender, nationality, religion, social status, race, age, academic background, disability, gender identity, etc., in the operation of personnel systems such as recruitment, promotion, compensation, and educational opportunities.

Article 3. Guarantee of Freedom of Association and Collective Bargaining

SeAH Besteel encourages free communication between the company and its employees to foster a sound organizational atmosphere, guarantees labor union membership and collective bargaining, and does not create disadvantages for labor union activities.

Article 4. Prohibition of Forced Labor

SeAH Besteel does not force workers to work against their free will by unreasonably restricting mental or physical freedoms through acts such as assault, intimidation, and confinement. Also, it does not demand the transfer of ID cards or other important personal information as a condition of employment.

Article 5. Prohibition of Child Labor

SeAH Besteel complies with the minimum employment age standards stipulated by national and regional laws, and does not expose minors to harmful and dangerous working environments.

Article 6. Guarantee of Industrial Safety

SeAH Besteel regularly checks facilities, equipment, and tools at business sites to ensure safe work environments for employees, and thoroughly complies with the health and safety standards required by national and regional laws. We also raise employees' safety awareness through regular training that reflects established legal requirements.

Article 7. Responsible Supply Chain Management

SeAH Besteel shall strive to share the values and principles of the Charter on Human Rights Management with partners and subcontractors, and may take necessary measures such as suspension of transactions in case of violation thereof.

Article 8. Protection of the Human Rights of Local Residents

SeAH Besteel manages changes in the local community resulting from potential social and environmental impacts of its local business site, and protects the human rights of the local community members. We raise concerns about potential impacts on the neighborhood and residents located near the business site, listen to the opinions of the local community, and try to reflect them in our business activities to solve the relevant problems.

Article 9. Protection of Environmental Rights

SeAH Besteel continues to develop and encourage environmental conservation activities not only in Korea but also concerning overseas businesses, partners, and local communities.

Article 10. Protection of Customer Human Rights

All employees of SeAH Besteel prioritize the protection of customers' lives, health, and property when providing products and services. We take the best measures to protect personal information collected through management activities.

Article 11. Prevention of Workplace Bullying and Abuse of Power

Employees of SeAH Besteel do not engage in bullying or aggressive behavior that could disrupt the work of their colleagues. Similarly, they must not assign unfair tasks to fellow employees that are unrelated to their roles or violate applicable laws, company regulations, and processes.

Article 12. Protection of Personal Information

SeAH Besteel protects the personal information of stakeholders, including customers, in accordance with national and regional laws and regulations, and does not use the information without prior approval from the party concerned or for other purposes. We provide accurate information and refrain from disseminating false information.

Article 13. Compliance with Legal Work Hours and Working Conditions

SeAH Besteel strictly complies with work hours specified in national and regional laws, guarantees minimum wages, and observes labor-related laws, such as subscribing to social insurance and providing break times and vacations.

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Society (S)

Policies on Diversity, Inclusion, and Equity/Fairness

SeAH Besteel believes that diverse human resources, an inclusive corporate culture, and fair and equal policy for all employees are the basis for sustainable growth. By prohibiting discrimination based on gender, race, nationality, and disability, and recognizing and caring for diversity and cultural differences, we create an environment where all employees can work happily.

1. Equal employment

SeAH Besteel does not discriminate on the grounds of gender, race, nationality, cultural background, age, etc., in its effort to secure a skilled workforce. Anyone with job expertise in the relevant field can become an employee of SeAH Besteel, without discrimination. For objective verification, we conduct blind review of self-introduction letters and AI personality and aptitude tests while preventing discrimination in the recruitment process through advance training for interviewers.

2. Equal treatment

SeAH Besteel stipulates in its employment rules that employees are not to be discriminated against in terms of working conditions on the grounds of gender, religion, or social status, and that all opportunities are equally given according to their ability. All employees are also given equal opportunities for training, evaluation, and compensation.

3. No discrimination/bullying

SeAH Besteel applies SeAH Group's three zero-tolerance principles to implement unified prevention/response policies against workplace bullying, sexual harassment, and violence, while putting a regular reporting system in place. Each year, we provide legal training to all employees to raise their awareness of discrimination/bullying. In addition, we encourage employees to lead a healthy work life by offering free psychological counseling programs.

Responsible Minerals Policy

SeAH Besteel makes it a rule not to use industrial minerals produced in the conflict areas. We prohibit the use of conflict minerals (tin, tantalum, tungsten, and gold) for all our special steel and large forgings so that they do not become the source of funds for conflicts. At the same time, we aim to declare our commitment to use only "responsible minerals" extracted in a way that respects human rights and protects the environment, and present basic principles and action plans to this end.

• Coverage

We encourage all employees and partners to comply with this policy. Furthermore, we expect our partners to encourage all their subcontractors to comply with this policy as well.

• Responsible minerals policy

- Responsible Minerals (3TG): Tin, tantalum, tungsten, and gold
- Conflict areas (10 countries): DR Congo, Congo, South Sudan, Rwanda, Burundi, Uganda, Zambia, Angola, Tanzania, and Central Africa

1. We have included prohibition on the use of illegally-mined raw materials in the purchase policy, the code of conduct for partners, and standard purchase contracts. In addition, we participate in Conflict Free Sourcing Initiative (CFSI) activities such as due diligence, reporting, and consultation with smelters. We have ensured that no responsible minerals are added to our products, by receiving a certificate of non-use of conflict minerals.

2. We recognize human rights violations and environmental destruction caused by mineral mining in conflict areas as serious issues. Accordingly, we comply with relevant regulations, and continuously improve the responsible minerals management process to fulfill our social responsibilities.

• Process system

1. Reflection of responsible mineral related policies and systems
2. Risk assessment for corporate stakeholders
3. Preparation of risk identification solutions
4. Supervision of solutions and implementation
5. Supplier due diligence and communication

SeAH Besteel

Society (S)

Supply Chain Policy

SeAH Besteel stipulates basic conditions for suppliers to establish a safe working environment, guarantee respect and dignity to workers, and conduct environmentally-friendly and ethical business operations.

• Coverage

SeAH Besteel recommends that all employees and partners comply with this policy. Furthermore, we expect our partners to encourage all their subcontractors to comply with this policy as well.

• Supplier code of conduct and principles

SeAH Besteel creates new values by focusing on the following four themes: labor rights, responsibility for safety and health, environment, and ethics and fair trade, and seeks to change “the world of tomorrow to be beautiful” through sustainable management:

1. Labor rights

(1) Suppliers must respect the basic human rights of workers in business activities, and observe the following to create a safe and healthy working environment:

- Prohibition of forced labor
- Prohibition of child labor
- Compliance with laws related to the payment of legal wages and benefits and payroll deduction.
- Compliance with legal maximum work hours
- Fair treatment, prohibition of all forms of discrimination, and diverse inclusion

2. Safety and health responsibilities

(1) Suppliers must apply the following safety and health requirements throughout the business to provide a healthy and safe working environment for workers:

- Compliance with safety and health laws and acquisition of licenses by country
- Safety diagnosis and risk assessment/management to prevent industrial accidents and diseases
- Establishment of plans to respond to natural disasters, fires, and safety accidents
- Securing clean food, sanitation, and resting facilities to provide a safe working environment
- Proper safety and health education for workers

3. Environment

(1) Suppliers shall be aware of their responsibility for safeguarding the environment and strive to minimize negative environmental impacts during all business activities as follows:

- Acquiring and maintaining mandatory environmental licenses and regularly reflecting recent revisions
- Reducing pollutants and maximizing resource utilization efficiency through the improvement of eco-friendly processes

- Establishing and operating a safety management system to prevent risks from hazardous chemicals
- Establishing a waste and wastewater discharge management system and conducting regular monitoring
- Establishing an air pollution emission management system and conducting regular monitoring
- Establishing an energy consumption and greenhouse gas emission management system and conducting regular monitoring

4. Ethics and fair trade

(1) Suppliers must comply with the following for achieving social responsibility and sustainable growth:

- Prohibition of unethical criminal acts (bribery, unfair profits, etc.) in all business activities
- Disclosure of fact-based transaction information to comply with fair trade laws and enhance management transparency
- Active protection of SeAH Besteel's IPR and personal information of business associates who became acquaintances during work
- Creation of customer value through quality and safety management

SeAH Besteel

Governance (G)

Stakeholder Engagement Policy

1. Policy overview

SeAH Besteel strives to communicate with all stakeholders and realize the core values pursued by the SeAH Group under our slogan "Inspired by SeAH" This is to disclose the policy aimed at communicating with stakeholders and providing detailed guidelines throughout SeAH Besteel's sustainable business activities.

- Coverage
It targets all business sites and employees of SeAH Besteel, and is applied to all business activities.
- Obligation to implement policy
Under this policy, SeAH Besteel should not limit stakeholder engagement and communication across areas of our business sites, and is obliged to mutually confirm and review opinions for long-term and sustainable development through stakeholder engagement.
- Management division and responsibilities
We require that stakeholder communication channels be managed directly by relevant departments, and that major achievements be reported to the CEO. This approach ensures responsible management at the Board level.
- Engagement information and other matters
SeAH Besteel does not have any classification or restrictions on participating stakeholders, and all communication channels are open at all times.

2. Stakeholder engagement framework

- Definition of stakeholders
It refers to any person or group that has a business relationship with SeAH Besteel, or any person or group outside the company whose rights and interests are affected by the actions or decisions of employees related to their work.
- Classification of major stakeholders
Major stakeholders of SeAH Besteel are classified into: 1) employees, 2) partners, 3) investors, 4) customers, 5) relevant organizations, and 6) the local community.

- Stakeholder engagement framework and key Issues
SeAH Besteel actively collects various opinions, grievances, and suggestions from stakeholders, using them for its continuous development into a sustainable business entity. Major sustainable management issues received through the participating channels listed below are reported to the Ethical Management Secretariat, which falls under the leadership of the Board, and are reflected in major decisions of business activities.

Target	Participation method	TF
Employees	<ul style="list-style-type: none"> •SeAH Works •Junior Board •Besteel (&) 	<ul style="list-style-type: none"> •The Management Planning Team •The HR Development Team •The Organizational Culture Team
Partners	<ul style="list-style-type: none"> •Meeting with representatives of partners •Consultative body of partners 	<ul style="list-style-type: none"> •The Shared Growth Team •The Safety Team
Investors	<ul style="list-style-type: none"> •General Meeting of Shareholders •IR 	<ul style="list-style-type: none"> •The IR Team
Customers	<ul style="list-style-type: none"> •Customer meetings, collaboration meetings •The Customer Technology Conference 	<ul style="list-style-type: none"> •Sales teams •The CS Team
Related institutions	<ul style="list-style-type: none"> •The Gunsan Chamber of Commerce and Industry •The Gunsan Industrial Complex Development Council •The Gunsan Industrial Club •The Jeonbuk Social Welfare Community Chest 	<ul style="list-style-type: none"> •The HR Management Team •The Business Support Team
Local community	<ul style="list-style-type: none"> •Operation of social welfare agreement •Ansim House 119 •The Crime Victim Support project 	<ul style="list-style-type: none"> •The Business Support Team

- Strengthening management responsibilities and capabilities of stakeholders
We designate supervisory departments and personnel to regularly manage communication and participation by stakeholder group. To strengthen the capabilities of the communication personnel, we conduct systematic education.
- Performance indicators
We post the current status of communication channels and related performance information in sustainability management reports, and continuously communicate with stakeholders about the outcome of cooperation efforts to promote stakeholder-centered management practices.

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Governance (G)

Tax Policy

SeAH Besteel faithfully fulfills tax reporting and payment obligations in domestic and overseas transactions in accordance with tax laws, and operates a tax policy that meets taxpayers' obligations, such as contributing to the national financial soundness.

- Our employees who handle tax accounting faithfully fulfill their duties as taxpayers in accordance with the existing tax laws and regulations, and endeavor to maintain a transparent relationship with tax authorities based on mutual trust and respect.
- SeAH Besteel pays taxes generated through corporate profits, and does not try to reduce taxes unfairly through transaction structures that have no commercial substance.
- In principle, SeAH Besteel applies the market price under the Corporate Tax Act in Korea and trades at the normal prices under the Act for the Coordination of International Tax Affairs in foreign countries when dealing with related parties. We write BEPS and transfer pricing reports for transfer pricing transactions with related parties overseas through a verification process by external experts.
- SeAH Besteel responds responsibly to data requests from tax authorities, such as tax investigations. We fulfill our tax obligations for additional tax collection, but we proceed with tax complaints through legal procedures if these are deemed unreasonable.
- SeAH Besteel strives to comply with the law by constantly monitoring tax revisions and reviewing in advance possible tax risks with external tax experts.
- SeAH Besteel does not evade paying taxes by exploiting tax havens or rate differences between countries, and faithfully fulfills its role as a taxpayer through normal international transactions.

SeAH CSS

Environment (E)

Biodiversity Policy

SeAH CSS recognizes the importance of restoring natural ecosystems and preserving biodiversity, and strives to minimize any negative impacts on biodiversity.

- Identifying environmental protection targets in and around our business site, evaluating impacts on these targets, and complying with relevant legal requirements. Endeavoring to monitor whether our business activities negatively affect ecosystems and biodiversity.
- Preserving the sustainability of the natural environment by reviewing biodiversity threats that may arise from production activities (such as from new and modified facilities), and minimizing negative factors.
- Reducing potential damage to the ecosystem through the efficient use of natural resources used for production at the business site. Discovering and harnessing recycling technologies for by-products that can replace natural resources.
- Continuing to participate in coastal and underwater purification activities to preserve the ecosystem of Masan Bay, which is adjacent to our business site.
- Enhancing employees' understanding of biodiversity protection through various environmental education and promotional activities.

Green Purchasing Policy

SeAH CSS aims to take into consideration the eco-friendliness of suppliers and materials from the early stages of purchase in order to minimize, through green purchasing, the impacts of our business activities on the human body and the environment. To this end, we efficiently make use of finite resources, create a pleasant living environment, and create a sustainable life for our society.

• Coverage

It is applied to SeAH CSS and recommended that our partners also comply with this policy or a similar policy level.

• Definition

"Green product" refers to a product outlined in Article 66, Paragraph 4 of the 'Framework Act on Carbon Neutrality and Green Growth for Coping with Climate Crisis,' which enables minimum social costs by minimizing environmental impacts and restoration costs at the stage of use.

1. Products that minimize the input of energy and resources and the generation of greenhouse gases and pollutants in accordance with Article 2, Subparagraph 5 of the 'Framework Act on Low Carbon, Green Growth.'
2. (Eco-label products) Products that improve the environmental performance compared to other products of the same purpose in accordance with Article 17, Paragraph 1 of the 'Environmental Technology and Environmental Industry Support Act.'
3. (Good Recycled (GR) products) Products certified as items subject to quality certification of recycled products in accordance with Article 33 of the 'Act on the Promotion of Saving and Recycling of Resources' and Article 15 of the 'Industrial Technology Innovation Promotion Act.'
4. (Low-carbon certified products) Products with reduced greenhouse gas emissions in accordance with Article 2-2 Subparagraph 1-2 of the 'Act on the Promotion of Purchase of Green Products.'
5. Products recognized for their eco-friendliness through acquisition of overseas environmental labels or other certificates.

• Basic principles

1. SeAH CSS fulfills its legal and social responsibility for conservation of the environment and natural resources throughout all its purchasing activities.
2. SeAH CSS builds a cooperative relationship with suppliers to realize its environmental policy throughout all its purchasing activities.

SeAH CSS

Environment (E)

Safety, Health and Environment Management Policy

SeAH CSS puts safety, health, and environment first in its business activities, and continuously endeavors to achieve the harmony among people, nature, and businesses by minimizing environmental impacts, lives, and losses that can occur in the production, use, and disposal of special steel and special alloy materials such as steel bars, seamless pipes, wire rods, and forged products.

- Complying faithfully with domestic and foreign requirements such as safety, health, and environmental laws and international agreements, and coping with regulations in advance through strict self-management standards.
- Setting safety, health, and environmental goals, continuously discovering and reducing harmful and risk factors, and managing an infrastructure system that can evaluate implementation results.
- Minimizing the impact on environmental factors by efficiently using resources and energy through reuse, recycling, and reduction of generation.
- Maintaining an accident-free/disaster-free business site and striving to improve the health of our employees by establishing and implementing a safety, health, and environmental management system. This is to prevent accidents and minimize damage in the event of an emergency so that no loss of life and property may occur.
- Ensuring transparency in safety, health, and environmental management activities by establishing a communication system for collecting stakeholders' opinions and providing information based on a corporate culture that adheres to the basics and sound business principles.
- All employees and partners performing duties on behalf of the company shall be well-informed of safety, health, and environmental policies and actively participate in their practice, and shall endeavor to maintain the optimal safety, health, and environmental management system through continuous improvement activities.

SeAH CSS

Society (S)

Policies on Diversity, Inclusion, and Equity/Fairness

SeAH CSS believes that diverse human resources, an inclusive corporate culture, and fair and equal policy implementation for all employees are the basis for sustainable growth. By prohibiting discrimination on gender, race, nationality, and disability, and recognizing and caring for diversity and cultural differences, we are creating an environment where all employees can work happily.

1. Equal employment opportunity

SeAH CSS does not unfairly discriminate on the grounds of gender, race, nationality, cultural background, age, etc., when hiring personnel. Anyone with job expertise in the relevant field can become an employee of SeAH CSS, without discrimination. For objective verification, we conduct a blind review of self-introduction letters and an AI personality and aptitude test while preventing discrimination in the recruitment process through prior training of interviewers.

2. Equal treatment

SeAH CSS stipulates in its employment regulations that employees are not to be discriminated against in terms of working conditions on the grounds of gender, religion or social status, and that all opportunities must be provided equally, according to each candidate's ability. All employees must be given equal opportunities for training, evaluation, and compensation.

3. No discrimination/bullying

SeAH CSS applies SeAH Group's three zero-tolerance principles to implement unified prevention/response policies against workplace bullying, sexual harassment, and violence, while having installed a regular reporting system against these violations. Every year, we provide legal training to all employees to raise their awareness of discrimination/bullying. In addition, we encourage employees to lead a healthy work life through use of free psychological counseling programs.

Supply Chain Policy

SeAH CSS strives to establish a sustainable supply chain based on mutual trust and shared growth with suppliers and partners under the principles of fair, transparent and ethical purchasing. In addition, we will continue to comply with international standards and norms for ESG supply chain management and strengthen our sustainable purchasing competitiveness through responsible supply chain evaluations.

1. Coverage

It is applied to SeAH CSS and recommended that our partners also comply with this policy or a similar policy level.

2. Supply chain management strategy

- Practicing fair, transparent, and ethical purchases
We provide fair opportunities to suppliers and strive to establish a fair-trading order based on mutual trust. In addition, we carry out fair purchase practices by complying with fair trade laws and conducting constant monitoring to prevent collusion with competitors and unfair insider trading. We strive to establish an ethical corporate culture by conducting self-identification and self-assessment of ethical management risks to eradicate all types of corruption, bribery, and improper solicitation from suppliers. Moreover, we established an internal and external reporting system that allows anonymous reporting of unethical behaviors or possible violations so as to conduct transparent investigations and take proper mitigating actions.
- Realization of circular resources and ESG purchasing
SeAH CSS has contributed to reducing carbon by producing steel products using STS/iron scrap as its main raw material. Furthermore, we are striving to strengthen the circular resource supply chain that actively collects and recycles clients' scrap generated from the processing of our products. We also strive to implement ESG purchasing practices by developing low-carbon/low-cost technologies and recycling technologies for various by-products that were previously discarded.
- Strengthening our purchasing competitiveness
To secure the stability of our supply chain in a rapidly changing overseas business environment, we preemptively manage the diversification of suppliers and the risks related to the supply chain of raw materials and other needed items. We strengthen strategic purchasing through price prediction using data, and strive to bolster our purchasing competitiveness by discovering new suppliers and jointly developing new products. Based on the existing purchasing arrangements, we promote purchasing strategies that can intensively respond to external environment changes or major problem solving through flexible operation, such as project TFT and matrix organization.

SeAH CSS

Society (S)

3. Supply chain ESG risk management

SeAH CSS conducts supplier registration evaluations and regular evaluations in accordance with management procedures or action plans in order to manage risks. To build a sustainable supply chain system in the future, we will supplement our regular risk management system with a supply chain ESG management system.

- Supplier registration

SeAH CSS provides regular registration applications to suppliers who want to trade, and selects suppliers by conducting preliminary qualification screening in accordance with supplier management regulations. In addition, we conduct fact-finding surveys through on-site visits, and register excellent new suppliers through quality tests, if necessary.

- Supplier evaluation

To evaluate the sustainability of suppliers, SeAH CSS conducts regular supplier evaluations on a quarterly or annual basis, taking into consideration the characteristics of each purchased item. Based on the evaluation results, we select and award excellent suppliers each year and implement a policy to terminate contracts or induce improvement for suppliers with unsatisfactory results. Based on the evaluation results, we give feedback on the strengths and weaknesses of suppliers and conduct periodic ESG evaluations to continuously manage ESG risks.

- Regular risk management

SeAH CSS conducts supply chain risk management and monitoring activities in order to prevent serious risks to ESG policies, such as unethical behavior and safety accidents. For matters identified through monitoring, we impose various sanctions, such as trade suspension with suppliers, through transparent investigation and fact-checking activities. We will continue to strengthen and expand risk management practices to identify and prevent negative impacts on human rights, environment, and product safety.

Supplier Code of Conduct

1. Respect for basic human rights of employees

Suppliers shall protect and respect the human rights of their employees, and treat them fairly.

- Voluntary employment

All work is voluntary, and employees shall be free to end their employment at any time in accordance with the agreed notice period. Suppliers shall not force employees to transfer government-issued ID cards, passports, or work licenses as a condition of employment.

- Prohibition of child labor

Suppliers shall comply with the Minimum Age Convention No. 138 of the International Labor Organization (ILO) and the minimum age for employment in their country. In other words, suppliers are banned from hiring employees under the age of 15 (14 years old in the case of developing countries that are exempt from No. 138 of Minimum Age Convention, ILO) or below the minimum employment age stipulated in the laws of their country. All laws and regulations must be observed in the use of apprenticeship. Workers under the age of 18 must not perform dangerous tasks in terms of safety and health.

- Prohibition of discrimination

Equal treatment shall be given without discrimination on the basis of race, skin color, religion, gender, sexual orientation, age, health status, political opinion, nationality, ethnicity, or marital status in employment practices such as hiring, promotion, compensation, and training opportunities.

- Work hours

Except for emergency situations, work hours including overtime shall be observed in accordance with legal requirements. All overtime work shall be voluntary and compensated with pay at an appropriate level.

- Wages

Compensation paid to employees must comply with all applicable wage-related laws, including minimum wage, overtime pay, and other welfare benefits stipulated by law.

- Humanitarian treatment

There should be no harsh and inhumane treatment of employees, such as sexual harassment and abuse, corporal punishment, mental or physical coercion including verbal abuse, and no threat of such treatment.

2. Safety and health

Suppliers shall take appropriate measures to provide employees with a safe and healthy work environment and prevent exposure to potential safety hazards.

- Work environment

All business sites where production or work is carried out must comply with the relevant laws, regulations and instructions for a safe and healthy environment. To this end, efforts shall be made to implement an approved safety management system, provide safe and available drinking water, clean and hygienic toilets for all employees, safety and convenience facilities such as fire and emergency response systems, appropriate lighting, and ventilation at the least.

SeAH CSS

Society (S)

- Proper design, engineering and administrative control, preventive maintenance, and safe work procedures should be carried out to prevent employees from being exposed to potential safety hazards (e.g., electrical and other energy sources, fires, vehicles, and falls). If these means cannot sufficiently control hazards, appropriate personal protective equipment shall be provided to workers.

3. Environment

Suppliers shall comply with laws and regulations on environmental protection and recognize that environmental protection is a basic corporate social responsibility. While protecting public health and safety in the manufacturing process, they shall minimize negative effects on the community environment and natural resources.

- Hazardous substances
They shall identify chemicals and other substances that can potentially contaminate the environment and ensure safe handling, movement, storage, use, recycling or reuse, and safe disposal.
- Wastewater, solid waste and air pollution
The characteristics of wastewater and solid waste, volatile organic chemicals, fumes, corrosives, particulate powders, ozone layer destructive substances, and combustion by-products generated from facilities, industrial processes and sanitary facilities must be identified prior to discharge or disposal. They need to be controlled and treated in accordance with regulations permitted by law.
- Prevention of pollution and reduction of resource use
All forms of waste, including wastewater and waste energy, shall be fundamentally reduced or eliminated through efforts to improve production, maintenance and facility processes, replacement of raw materials, preservation, recycling, and reuse of materials.

4. Ethics and fair trade

To achieve social responsibility and sustainable growth, SeAH CSS and its suppliers shall comply with the following:

- Business integrity
We shall maintain the highest level of integrity in all forms of transactions, and strictly prohibit inappropriate acts such as corruption, coercion, blackmail, and embezzlement.
- Compliance with fair trade
Suppliers shall comply with laws and regulations related to fair trade, and shall not engage in acts that hinder fair trade order, such as unfair trade practices. Non-retaliation: A contractor shall not take any retaliatory measures, such as severing business ties and imposing unreasonable sanctions against a subcontractor in response to the reporting unfair transactions, discussions regarding dispute settlement over subcontracting or raising objections to the contract content. Prior consultation on visit/on-site inspection to suppliers: Before visiting suppliers, the visit schedule shall be notified in writing or electronically for confirmation.

- Building a culture of trust
Suppliers shall not undermine the trust of SeAH CSS' entire supply chain, such as defaming others or other companies by publicly making false statements to slander members, competitors, and other stakeholders.

5. Protection of trade secrets and intellectual property

Suppliers shall not leak or provide various technical data, information, and intellectual property acquired from SeAH CSS to a third party without a prior consent.

- Management and protection of confidential information
Technical data, information, and intellectual property acquired in the process of supplying products and services to SeAH CSS shall be used only within the boundaries permitted by SeAH CSS, and proactive measures shall be taken to ensure their protection.
- Intellectual property protection
In supplying products and services to SeAH CSS, intellectual property such as patents, software, designs, and trademarks of others shall not be infringed or illegally used.

6. Quality management

Suppliers shall do their best to realize the "World Best Supply Chain" by providing the highest quality products and services to SeAH CSS.

- Quality control
Suppliers shall endeavor to provide products of self-proven quality so that SeAH CSS can produce and supply world-class products.
- Change of management
Suppliers shall notify SeAH CSS of factors affecting quality due to changes in facilities, materials, working methods, etc., and prevent defects in advance.
- Quality control between suppliers
Suppliers shall contribute to securing the quality of products and services through provision of technical and quality support for other suppliers with whom they maintain business relations.

7. Win-win cooperation and social contribution

Suppliers shall actively participate in the creation of a sound corporate ecosystem and various activities for the development of local communities through win-win cooperation and social contribution activities.

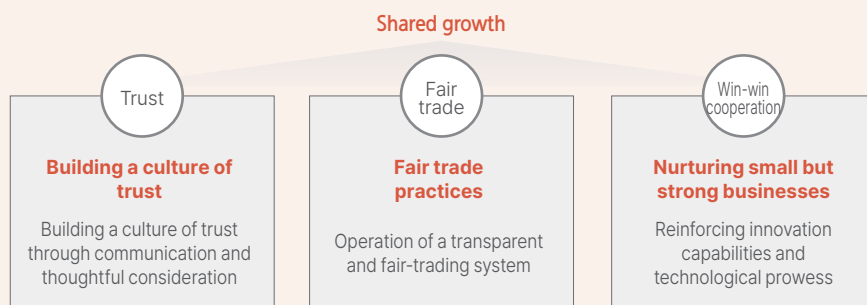
- Win-win cooperation
To create a sound corporate ecosystem, suppliers shall not only engage in win-win cooperation activities but also strive to extend this collaborative approach to companies with whom they maintain business relations.
- Social contribution
Suppliers shall actively carry out social contribution activities for continuous job creation, local community, and economic development.

SeAH CSS

Society (S)

Shared Growth

SeAH CSS strives to establish a fair-trade order based on mutual trust, and build a corporate ecosystem that enables coexistence with suppliers through shared growth.



1. Basic principles

- Establishing a fair and transparent trade relationship
- Seeking long-term competitiveness over short-term profits.
- Win-win cooperation
- Continuous practice

2. Action plan

- Respecting the rights of suppliers and endeavoring to ensure that transactions with suppliers are conducted fairly in a relationship of mutual respect and equality.
- Striving for mutual benefits with suppliers and facilitating communication and cooperation to ensure the provision of high-quality products and services by suppliers.
- Endeavoring to establish a stable supply chain through an improved payment environment and by providing technical and financial support to suppliers, and assisting them in adhering to laws and regulations associated with fair trade practices.
- Consistently broadening the range of partners for shared growth, with the aim to achieve an overarching win-win goals within the corporate ecosystem.

Responsible Minerals Policy

SeAH CSS makes it a rule not to use industrial minerals produced in the conflict areas. Conflict minerals (tin, tantalum, tungsten, and gold) are not used in its products.

1. Definition of conflict minerals

Conflict minerals refer to four industrial minerals produced in conflict areas.

- Conflict Minerals (3TG): Tin, Tantalum, Tungsten, and Gold
- Conflict areas (10 countries): DR Congo, Congo, South Sudan, Rwanda, Burundi, Uganda, Zambia, Angola, Tanzania, and Central Africa

2. Conflict minerals regulations

Industries are increasingly banning the use of conflict minerals to cut off the source of funds for armed forces who violate human rights in conflict areas such as the Democratic Republic of Congo.

- The US: Enactment of Dodd-Frank Wall Street Reform and Consumer Protection Act (July 2010)
- Europe: Conflict minerals regulation expected to be enforced from 2018

3. Policy of SeAH CSS

SeAH CSS regards the environment and human rights in conflict areas as a very serious ethical issue, and prohibits the use of conflict minerals mined unethically in 10 countries including the Democratic Republic of the Congo and its neighbors. Accordingly, we have established a conflict minerals management process to ensure that conflict minerals are not added to our products.

4. Conflict minerals management process

SeAH CSS has included a clause prohibiting the use of illegally mined raw materials in its purchase policy and partner code of conduct enacted in 2016. The Master Purchase Agreement revised in 2016 also includes relevant contents and requires compliance by all partners.

A survey of domestic and overseas partners found that none of them had delivered parts/materials containing tin, tantalum, tungsten and gold. A partner company that purchases or handles conflict minerals will undergo a due diligence survey, with the status of the smelter determined according to the EICC Conflict Minerals Reporting Template.

SeAH CSS makes various efforts to prevent 3TG (tin, tantalum, tungsten, and gold) collected from rebel-seized mines in the conflict areas from being used in the industry. Recognizing the importance of industry collaboration in effectively addressing conflict mineral issues, we actively engage in Conflict Free Sourcing Initiative (CFSI) activities, including due diligence, reporting, and consultations with smelters. Also, we continue to improve the conflict minerals management process to secure reliability and transparency required by stakeholders regarding the purchase of conflict-free minerals.

SeAH CSS

Society (S)

The Charter on Human Rights Management

As a global steel manufacturer, SeAH CSS respects the human rights of all stakeholders, including employees, partners, and customers across its business activities with the core value "Honest" being a top priority for our company. We want to become a company that creates rich values together with stakeholders and makes the world more beautiful under our slogan "Inspired by SeAH"

SeAH CSS complies with laws and regulations of each country and region where it operates, and upholds international human rights principles and norms such as the Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, UN Convention on the Rights of the Child, and ILO Fundamental Conventions. To this end, we establish and operate a human rights management policy encompassing internal and external communication, grievance handling, and relief procedures.

This applies to all domestic and foreign business sites of SeAH CSS, and for common understanding and company-wide practice, we declare the Charter on Human Rights Management as follows:

Article 1. Establishment of a Human Rights Management System

SeAH CSS respects all employees and stakeholders as human beings, conducts regular human rights training to prevent any act that violates the human rights of individuals either mentally or physically, and implements monitoring and grievance-handling policies on human rights violations through the Office of Ethics and Management.

Article 2. Prohibition of Discrimination in Employment

SeAH CSS does not permit discrimination on the grounds of gender, nationality, religion, social status, race, age, academic background, disability, gender identity, etc., in the operation of personnel systems such as recruitment, promotion, compensation, and educational opportunities.

Article 3. Guarantee of Freedom of Association and Collective Bargaining

SeAH CSS encourages free communication between the company and its employees to foster a sound organizational atmosphere, guarantees labor union membership and collective bargaining, and does not create disadvantages for labor union activities.

Article 4. Prohibition of Forced Labor

SeAH CSS does not force workers to work against their free will by unreasonably restricting mental or physical freedoms through acts such as assault, intimidation, and confinement. Also, it does not demand the transfer of ID cards or other important personal information as a condition of employment.

Article 5. Prohibition of Child Labor

SeAH CSS complies with the minimum employment age standards stipulated by national and regional laws, and does not expose minors to harmful and dangerous working environments.

Article 6. Guarantee of Industrial Safety

SeAH CSS regularly checks facilities, equipment, and tools at business sites to ensure safe work environments for employees, and thoroughly complies with the health and safety standards required by national and regional laws. We also raise employees' safety awareness through regular training that reflects established legal requirements.

Article 7. Responsible Supply Chain Management

SeAH CSS shall strive to share the values and principles of the Charter on Human Rights Management with partners and subcontractors, and may take necessary measures such as suspension of transactions in case of violation thereof.

Article 8. Protection of the Human Rights of Local Residents

SeAH CSS manages changes in the local community resulting from potential social and environmental impacts of its local business site, and protects the human rights of the local community members. We raise concerns about potential impacts on the neighborhood and residents located near the business site, listen to the opinions of the local community, and try to reflect them in our business activities to solve the relevant problems.

Article 9. Protection of Environmental Rights

SeAH CSS continues to develop and encourage environmental conservation activities not only in Korea but also concerning overseas businesses, partners, and local communities.

Article 10. Protection of Customer Human Rights

All employees of SeAH CSS prioritize the protection of customers' lives, health, and property when providing products and services. We take the best measures to protect personal information collected through management activities.

Article 11. Prevention of Workplace Bullying and Abuse of Power

Employees of SeAH CSS do not engage in bullying or aggressive behavior that could disrupt the work of their colleagues. Similarly, they must not assign unfair tasks to fellow employees that are unrelated to their roles or violate applicable laws, company regulations, and processes.

Article 12. Protection of Personal Information

SeAH CSS protects the personal information of stakeholders, including customers, in accordance with national and regional laws and regulations, and does not use the information without prior approval from the party concerned or for other purposes. We provide accurate information and refrain from disseminating false information.

Article 13. Compliance with Legal Work Hours and Working Conditions

SeAH CSS strictly complies with work hours specified in national and regional laws, guarantees minimum wages, and observes labor-related laws, such as subscribing to social insurance and providing break times and vacations.

SeAH CSS

Governance (G)

Stakeholders' Engagement & Communication

SeAH CSS listens to stakeholders' opinions and incorporates them into its business plans. In particular, we practice a shared management policy that aligns with the needs of the local community, thereby contributing to its welfare.

• Stakeholders' engagement plan

- Client company: Customer satisfaction survey, customer convention
- Partners/Suppliers: Information exchange meeting, supplier meeting, partner collaboration meeting
- Local community: NGO Exchange, Gyeongsangnam Province Climate and Atmospheric Division, Changwon City Regional Economy Division
- Employees: Labor unions, Junior Board, management briefings, newsletters, etc.

SeAH CSS complies with relevant norms across business activities, and manages the environment and social impact before project implementation.

In particular, based on the needs identified in advance in the local community, we establish and implement the shared management plan for community development. We take into consideration feedback from cooperative NGOs, thereby increasing the trust and reliability of stakeholders in the region.

Tax Policy

SeAH CSS faithfully fulfills tax reporting and payment obligations in domestic and overseas transactions under existing tax laws, and operates tax policy to meet taxpayers' obligations such as contributing to the national financial soundness.

- Our employees, who handle tax accounting faithfully, fulfill their duties as taxpayers in accordance with tax laws and regulations, and endeavor to maintain a transparent relationship with tax authorities based on mutual trust and respect.
- SeAH CSS pays taxes generated through corporate profits, and does not try to reduce taxes unfairly through a transaction structure that has no commercial substance.
- In principle, SeAH CSS applies the market price under the Corporate Tax Act in Korea and trades at the normal price under the Act for the Coordination of International Tax Affairs in foreign countries when dealing with related parties. We write BEPS and transfer pricing reports for transactions with related parties overseas through external experts' verification.
- SeAH CSS responds responsibly to data requests from tax authorities, such as tax investigations. We fulfill our tax obligations for additional taxes, but proceed with tax complaints through legal procedures if they are deemed unreasonable.
- SeAH CSS strives to comply with the law by constantly monitoring tax revisions and reviewing in advance potential tax risks with external experts.
- SeAH CSS does not evade tax by exploiting tax havens or rate differences between countries, and faithfully fulfills its role as a taxpayer through normal international transactions.

Report Production

Production Supervision

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Thanks to

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Dae-Kyu Kim	So-Hyun Park	Seong-Kuk Lee
Dae-Won Kim	Xiu-Bin Piao	Yeon-Soo Lee
Dong-Wook Kim	Jung-Hyun Park	Jeong-Eun Lee
Dong-Ju Kim	Chul-Hwan Park	Jung-Hwa Lee
Myeong-Seop Kim	Hyo-Geun Park	Tae-Kyu Lee
Min-Young Kim	Seung-Jin Bae	Hyun-Woo Lee
Bo-Ram Kim	Hyo-In Bae	Hee-Sun Jeon
Ji-Hyeong Kim	Sung-Hwan Byun	Gwan-Hong Jeong
Chang-Hyun Kim	Seong-Hwan Seo	Se-Won Cheon
John-Su La	Gyeong-Sik Shin	Se-Ung Choi
Yoo-Seok Moon	Seon-Jin Yang	Yoon-Nyung Choi
Jung-Ho Moon	Kyung-Han Woo	Ju-Sik Choi
Mi-Ok Park	Seung-II Yoon	Hyun-Jong Choi
Min-Gi Park	Da-eun Lee	Hur Youn

(alphabetical order in Korean)

Membership & Awards

Membership

Korea Iron & Steel Association	Gyeongnam Process Safety Council	Jeonbuk Environmental Engineers Association	Gunsan Fire Fighter Federation	Korea International Trade Association
World Steel Association (WSA)	Korea Industrial Safety Association	Environmental Council of Companies in Gunsan	Emergency Planning Council	Korean Radioactive Waste Society
International Stainless Steel Forum (ISSF)	Fire Safety Council of Changwon	Gunsan Consultative Group for Safety and Health Management	Korea Automobile Manufacturers Association	Korea Chamber of Commerce and Industry
Gyeongbuk Environmental Engineers Association	Korean Nurses Association	Jeonbuk Chemical Factory Council	Korea Machine Tool Manufacturers' Association	Korea Wind Energy Industry Association
Changwon Safety and Health Executive Council	Korean Academic Society of Occupational Health Nursing	Korea Fire Safety Institute	Korea Construction Equipment Manufacturers Association	Ministry of Trade, Industry and Energy

Awards

Date	Company	Awards
June 9, 2022	SeAH CSS	Hyung-II Yu, Manager of the Large Rolling Mill team, received the Minister of Trade, Industry, and Energy Award in the category of Environment, Energy, and Safety at the 23rd Steel Day ceremony
October 13, 2022	SeAH CSS	Sang-Eun Lee, CEO of SeAH CSS, was awarded for management excellence at the Changwon Chamber of Commerce & Industry Grand Awards
December 5, 2022	SeAH CSS	Jae-Wan Park, team leader of the Environment team, was awarded the Environmental Minister's citation for reducing environmental and air pollutants at business sites
January 6, 2022	SeAH Besteel	Achieved the highest grade in the evaluation of its implementation of the fair trade agreement

Inspired by SeAH

SeAH Besteel Holdings Sustainability Report 2023



For this report, we used paper made of materials derived from well-managed, FSC®-certified forests and other controlled sources and it was printed with soy ink.