

ECO-FRIENDLY MOBILITY SOLUTIONS

2022 ILJIN HYSOLUS ESG DATA REPORT



ABOUT THIS REPORT

Report Overview

The 2022 ILJIN Hysolus ESG Data Report is the first report containing our dreams and activities aimed at building a sustainable future for both the company and our partners. The plan is to remain transparent and open about our ESG management activities and performance by publishing annual ESG reports, and listen to the opinions of our partners so they can be reflected on the management.

Period and Scope of the Report

This report was created based on the fiscal year of 2021 (January 1-December 31, 2021). The financial data in the report conforms to the K-IFRS (Korean International Financial Reporting Standards). The quantitative data in the report is provided along with the data of three years, from 2019 to 2021. Major achievements outside the report period are reported along with other important issues that happened up until October 2022, and the scope of the report encompasses the Company Headquarters, Seoul Office, Environment Business Division, and R&D Center.

Report Standards

The core options of the GRI (Global Reporting Initiative) Standards and EcoVadis, sustainability rating for supply chains were referenced.

Report Credibility

This report was verified by an independent verification agency. The objectivity and credibility of the content of this report were improved in the process of performing a verification based on the international verification standards of AA1000AS (V3 2020) AND AA1000AP 2018. The verification results are provided in the "Third-party Assurance Statement" section.

Report-Related Questions

This report can be viewed or downloaded from the official website of ILJIN Hysolus. For any questions and information about this report, please contact below.

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CEO MESSAGE



“We will strive to be a leader in creating a global ecosystem for the hydrogen economy.”

Dear customers and partners,

ILJIN Hysolus has been providing solutions for the environmentally friendly mobility industry by developing tanks for hydrogen, which is an environmentally friendly energy source that can prevent environmental damages and contribute to tackling the biggest challenge of climate change that the world is faced with. As the developer and largest supplier of the world's first hydrogen storage system, we have never stopped trying to develop better systems and products so we can maintain the leadership in the global market.

We will continue to respect and adhere to the Ten Principles of the UNGC (UN Global Compact), while also fulfilling our corporate social responsibility by implementing responsible management practices that meet the global standards for protecting the environment, human rights, and ethical values for the sustainability of our business.

When it comes to the supply chain, we will spare no effort in improving human rights and labor practices and meeting our promises to the global community. We will endeavor to make improvements meet the CSR-related demands and expectations of our customers, partners, and vendors.

Your continued support for sustainable and mutual growth will be greatly appreciated.

Thank you.

Yang Seong-mo
CEO of ILJIN Hysolus

Making a fresh start as ILJIN Hysolus

Iljin Composite Materials was renamed to ILJIN Hysolus in May 2021.

“Providing environmentally friendly solutions for the future of the society with the best hydrogen tank” has been our motto since the beginning.

We have renamed our company to ILJIN Hysolus with the volition to become a leader in the future in building an environmentally friendly society through the world’s best hydrogen storage solution technology.



COMPANY INTRODUCTION

The hydrogen economy for climate change response and carbon neutrality is in the making. We at ILJIN Hysolus provide optimal solutions in the areas of hydrogen transportation and storage for creating a value chain in the hydrogen economy. Our technology in high pressure type 4 storage tank has been recognized both in the country and overseas, and our business is expanding in partnership with other leading global companies. We will continue to maintain the “super gap” in the global market as the world’s first and the best in this area.

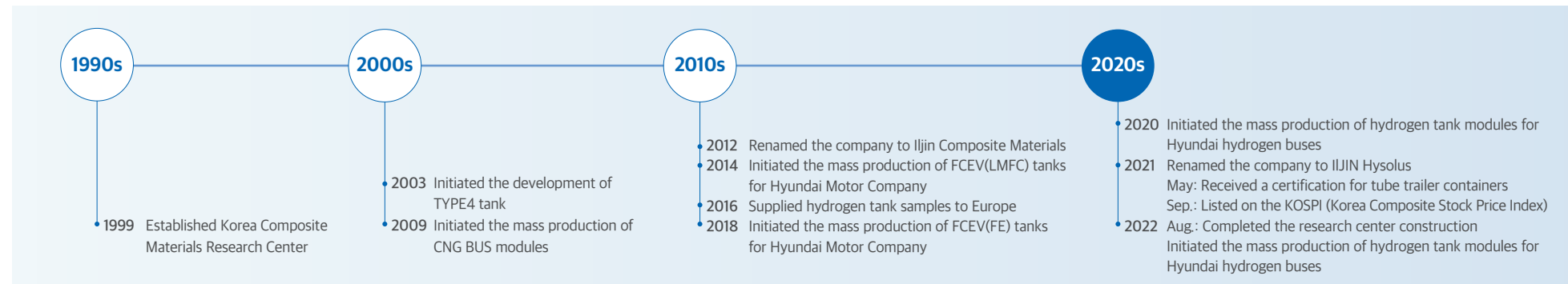
Company Profile



Company Name	ILJIN HYSOLUS CO., LTD.
Established / Opened On	Nov. 2, 2012
CEO	Yang Seong-mo
Number of Employees (As of December 31, 2021)	209
Main Areas of Business	Hydrogen & Environment
Total Number of Shares (As of June 30, 2022)	36,313,190 Common Shares
Balance Sheet¹⁾	KRW 343.5 billion in assets / KRW 18.2 billion in capital
Business Performance¹⁾	KRW 117.7 billion in sales / KRW 14.4 billion in EBITDA / KRW 9 billion in quarterly net profit
Credit Rating (As of April 2022, NICE D&B)	A- (Corporate Credit Rating)
Address	Company Headquarters & Hydrogen Business Division 97-46, Wanjusandan 5-ro, Bongdong-eup, Wanju-gun, Jeollabuk-do Environmental Business Division 905-17, Manbyeon-ro, Jeongnam-myeon, Hwaseong, Gyeonggi-do R&D Center 650 & 651, Janggu-ri, Bongdong-eup, Wanju-gun, Jeollabuk-do Seoul Office 45, Mapo-daero, Mapo-gu, Seoul

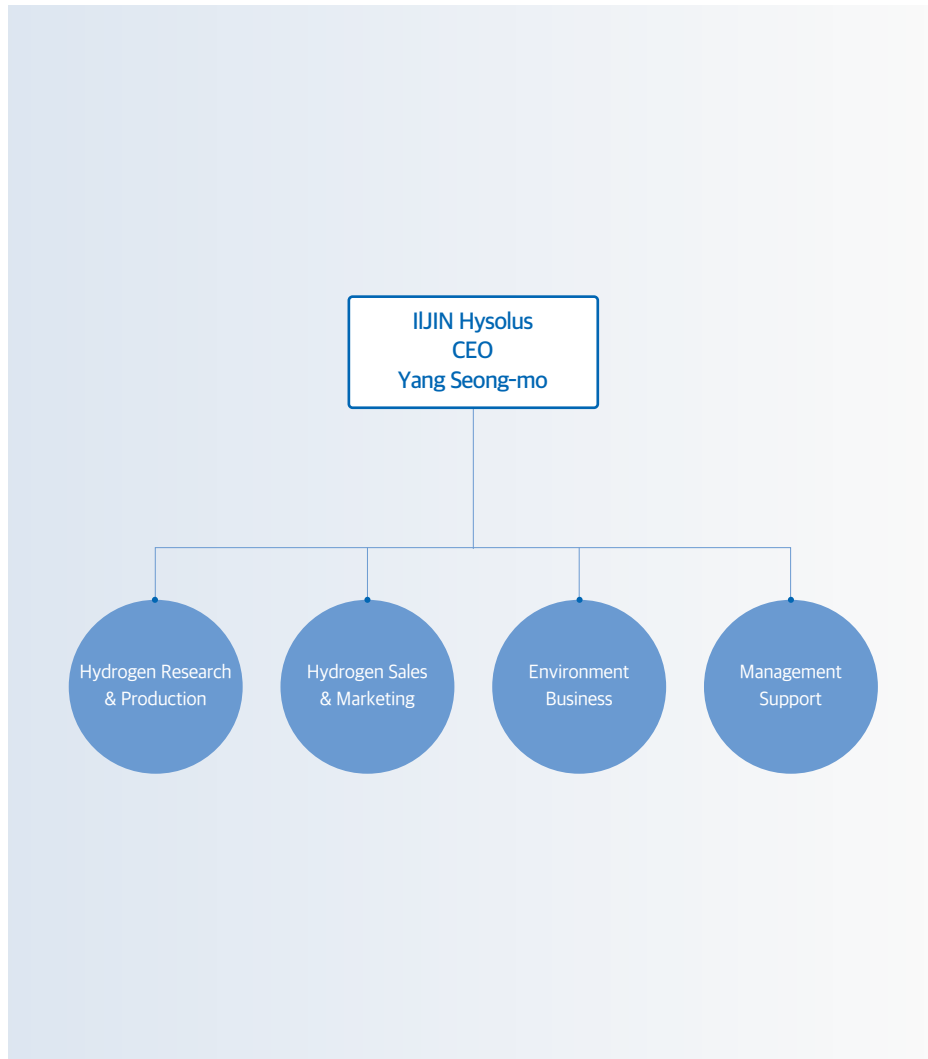
1) As of 2021

Company History



Organization Chart

A total of 209 employees in 4 divisions (as of December 31, 2021)



ILJIN Hysolus R&D Center



R&D Staff

15.0%

(As of the end of 2021)

Percentage of Master's/
PhD Degree Holders**50.0%**(Percentage of master's degree or PhD
holders among 30 R&D staff members)

Patents

Korea

**42** Patents |**27** Patents Registered and**15** Patents Pending

(As of the end of 2021)

International

**11** Patents |**6** Patents Registered and**5** Patents Pending

(As of the end of 2021)

OUR VISION FOR 2025

ILJIN Hysolus will be a leading provider of environmentally friendly mobility solutions differentiating the R&D efforts based on unrivaled experience in mass production. To achieve this goal, we will continue to strengthen our global competitiveness by building a global collaboration network, maintaining the super gap in technological leadership, and improving the organizational competitiveness of our hydrogen division.

Vision 2025

Business Expansion Strategies

Business Strategy



Enabler



ABOUT OUR HYDROGEN BUSINESS

Industry Approach

Hydrogen is accepted as one of the most viable sources of energy for carbon neutrality as the use of environmentally friendly and new renewable energy is being accelerated. Hydrogen can minimize greenhouse gas emissions in the process of generating and using the energy source as long as there are no problems such as exhaustion of the resource and regional bias and it's produced with environmentally friendly methods. Hydrogen can be used in industries, homes, power plants, and transportation because it's a very efficient form of energy that can be stored for a long period of time.

Constructed a new R&D center in August 2022

Built a verification test system for hydrogen storage systems

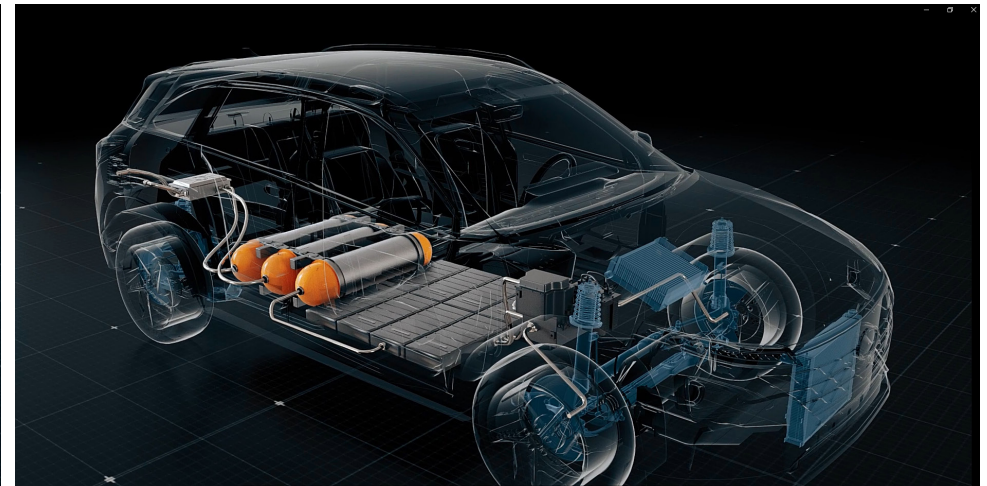
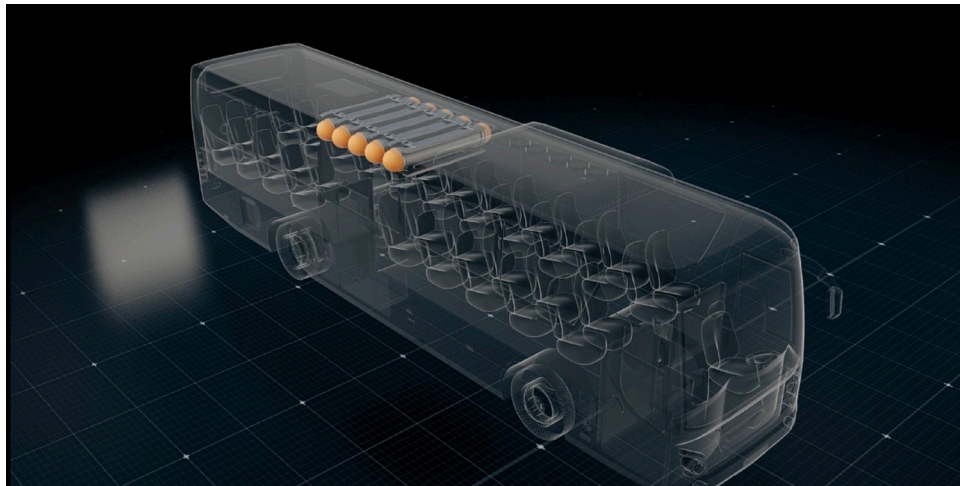
Improved product competitiveness

Future Outlook

Global hydrogen energy consumption is expected to increase from 90 million tons in 2020 to 520 million tons by 2050, accounting for approximately 18% of total energy consumption. (2017 Hydrogen Council, 2018 McKinsey) The scope of hydrogen mobility is expanding to include not only passenger cars and trucks, but also ships, trains, urban air mobility (UAM), and airplanes. While the total number of registered vehicles in Korea has increased by only 0.6% in the second quarter of 2022 compared to the previous quarter, the number of hydrogen vehicles has increased by 14.2% in the same period. In July 2022, the Company built a hydrogen production plant in Pyeongtaek to serve as the first hydrogen supply depot near Seoul and plans to lay a groundwork for a Korean-style clean hydrogen verification program for the growth of the Korean hydrogen industry.

Our Performance

ILJIN Hysolus built a new R&D center in August 2022. ILJIN Hysolus built its own verification and testing system to better cope with the trend of implementing more strict international safety certifications for hydrogen storage systems and also improve product competitiveness, and plans to develop new means of mobility for the future such as large commercial tube trailers, ships, trains, and urban air mobility. The Company also plans to further promote the Type 4 tube trail business, which is expected to play a key role in adding more efficiency to hydrogen transportation. Type 4 tube trailers will be smaller and lighter than Type 1 (metal) tank trailers, but they will have higher hydrogen transportation capacity, reducing the transportation costs by more than 40%. They are also expected to contribute to increasing the number of hydrogen stations.



ABOUT OUR ENVIRONMENT BUSINESS

Industry Approach

Air pollution caused by greenhouse gas and fine dust particles is an issue that directly affects people's lives. In particular, air pollutant emissions from cars and other means of transportation are regulated by the law. The environmental importance of the automotive industry is growing because transportation including cars have a significantly negative impact on the air quality particularly in Seoul and other big cities.

Future Outlook

In Europe, European emission standards are being used in order to reduce vehicle exhaust gas. Currently the Euro 6 emission standard is being applied, and the Euro 7 will be introduced in 2025. In the U.S., the yearly EPA exhaust gas standard prescribed by the U.S. Environmental Protection Agency is used. Such stronger regulations are applied not only to diesel engines but gasoline engines as well, ranging from those for motorcycles to those for large commercial vehicles. Accordingly, the demand for DPF, PPF, and LPG is expected to keep growing.

Our Performance

Our environment business division has been developing technologies since 2000, and completed the development of a diesel engine aftertreatment system based on the proprietary part technologies it has developed. Today, the business division supplies both the technology and products necessary for mounting an exhaust reduction device on diesel vehicles. ILJIN Hysolus also has the technology to modify pollutant reduction devices and low emission engines as a leader in the age of carbon neutrality.



KEY PRODUCTS AND FEATURES

H₂ TANK

Selected as a tier 1 vendor for Hyundai passenger cars

The hydrogen tank is a core component of a hydrogen vehicle. With its non-metal liners covered with a carbon fiber composite material, it's a technology intensive product that can withstand a high pressure of up to 700 bars. Our hydrogen tanks are applied with ultra-light composite material technology to ensure a high level of stability and lightweight design. In addition to the minimum number of tests required to obtain a certification, ILJIN Hysolus performs its own limit tests to achieve a higher level of performance and stability.

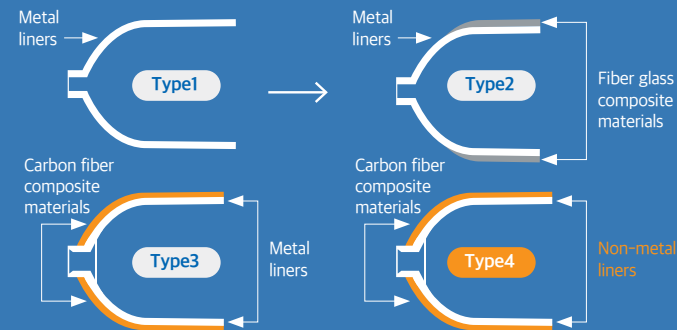
The global number 1 manufacturer of hydrogen fuel cell vehicles as a customer

Nexo has been in mass production since 2018 | Supplied to more than 20,000 units of vehicles as of 21.3Q

Product Characteristics



Specification



Advantages over TYPE 3 (same tank weight)

- High efficiency (+150km longer total driving distance)
- Product durability (+5 years longer product life cycle)
- Approximately 10% lower price



Module

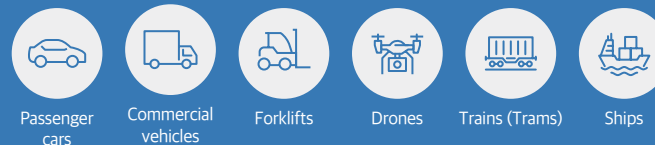
In addition to tanks, ILJIN Hysolus has the highest level of hydrogen storage technology to supply other types of hydrogen storage systems in accordance with different customer demands.

Selected as a tier 1 vendor for Hyundai commercial vehicles

- Mass producing hydrogen buses since 2020
- Mass producing hydrogen trucks since 2022

Application

Various applications including mobility.



KEY PRODUCTS AND FEATURES

TUBE TRAILER

Tube trailers are one of the most efficient gas transportation systems. They are particularly efficient in regions where pipelines are not laid, and they can be used as an economic alternative to transportation. Equipped with a Type 4 ultra-light high-pressure tank, ILJIN Hysolus tube trailers are lighter in terms of total weight, which can lead to reducing operating costs for customers while also significantly increasing the total volume of transportation with high pressure storage technology. Customer can choose from different standard sizes between 10 and 40ft, and also the parts depending on the required specifications.

Main Areas of Application • Hydrogen tube trailer • Mobile charging station

Major certifications KGS AC419 (Korea) EN12245 (Europe)



Product Characteristics

Hydrogen Transportation Capacity
per Shipment (Unit : kg)



Hydrogen Transportation
Cost per Shipment (Unit : %)



Comparison of Tube Trailers



Comparison	ILJIN Hysolus	A new product of ILJIN Hysolus (under development)
Maximum Hydrogen Transportation Capacity (kg)	1,085	1,245
Comparison of Transportation Costs	100%	87%

CNG TANK

Natural gas is an environmentally friendly fuel, and the global supply of natural gas has increased thanks to new sources of supply and new extraction methods. Today, natural gas is used in more areas than ever. Using natural gas as fuel can significantly reduce not only energy costs but also environmental impact.

Standard Input : 200bar / 250bar

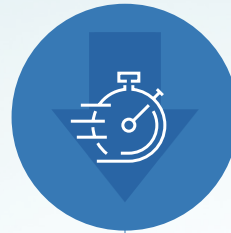


GLOBAL COMPETITIVENESS



High level of hydrogen storage efficiency

- The most efficient hydrogen storage tank in the industry
→ The total driving distance is **20km higher** than those of competitors after a full charge (**NEXO**)



Reduced product development time

- **Reduced the time of new product development** with the largest mass production database in the industry
→ Fast customer response and reduced time for implementing a new technology



Lightweight tanks

- ILJIN Hysolus tank **weighs 11% less** than those of competitors, with **outstanding fuel efficiency**.



The highest level of stability

- **Three times higher than the fire hazard evaluation standard (60 minutes)**
 - Burst pressure (above 1,575 bar), drop impact (1.8m), impact (no bursting after penetration), **extreme temperatures (-50~90°C)**, etc.
- **Approximately 10 times more durable than the legally required maximum charges** (ILJIN Hysolus products can be charged 45,000 times)
→ The first hydrogen electric vehicle to obtain the highest safety rating in the Euro NCAP1
※Note 1: NCAP (New Car Assessment Program) in Europe



Highly competitive prices

- Production of high-performance products with small amounts of composite materials
→ **Highly competitive cost**



High Quality Mass Production

- The industry's first to produce more than 60,000 hydrogen tanks
Received zero claim from customers (as of March 2022, accumulative record)

FINANCIAL PERFORMANCE

Condensed Statement

Classification	Unit	2019	2020	2021
Current assets	KRW	55,810,359,601	50,169,855,978	304,552,561,624
Non-current assets	KRW	22,057,557,262	31,131,677,399	38,990,517,985
Total assets	KRW	77,867,916,863	81,301,533,377	343,543,079,609
Current liabilities	KRW	36,556,060,675	24,431,526,510	31,435,509,884
Non-current Liabilities	KRW	3,599,279,002	3,651,768,682	4,949,605,161
Total liabilities	KRW	40,155,339,677	28,083,295,192	36,385,115,045
Capital	KRW	4,841,755,000	14,525,265,000	18,156,595,000
Capital surplus	KRW	33,124,956,590	23,441,446,590	265,052,106,881
Earned surplus	KRW	254,134,404	15,251,526,595	23,949,262,683
Total capital	KRW	37,712,577,186	53,218,238,185	307,157,964,564
Liabilities and Total Capital	KRW	77,867,916,863	81,301,533,377	343,543,079,609

Condensed Income Statement

Classification	Unit	2019	2020	2021
Sales	KRW	91,898,308,063	113,524,940,199	117,690,718,877
Cost of Sales	KRW	58,749,820,994	72,203,062,487	86,860,689,050
Gross profit	KRW	33,148,487,069	41,321,877,712	30,830,029,827
Selling and Administrative Expenses	KRW	20,528,714,621	26,247,214,707	21,027,348,447
Operating loss	KRW	12,619,772,448	15,074,663,005	9,802,681,380
Non-operating Income	KRW	182,816,495	433,090,891	1,226,896,584
Non-operating Expenses	KRW	1,461,881,813	138,771,281	370,918,723
Earnings before tax	KRW	11,340,707,130	15,368,982,615	10,658,659,241
Tax expenses	KRW	1,957,829,272	(209,887,094)	1,695,203,045
Net profit	KRW	9,382,877,858	15,578,869,709	8,963,456,196
Other comprehensive income	KRW	(239,746,106)	(73,208,710)	(265,720,108)
Total comprehensive income	KRW	9,143,131,752	15,505,660,999	8,697,736,088
Basic earnings per common share	KRW	388	536	284

Distribution of Economic Value

Classification		Unit	2019	2020	2021
Country	Corporate Tax	KRW million	1,958	(210)	1,695
Local community	Social contribution costs	KRW million	0	0	35
Vendors (total)	Purchase costs	KRW million	26,074	37,543	45,407
Employees	Salary ¹⁾	KRW million	7,632	9,910	11,371

1) salary+severance pay



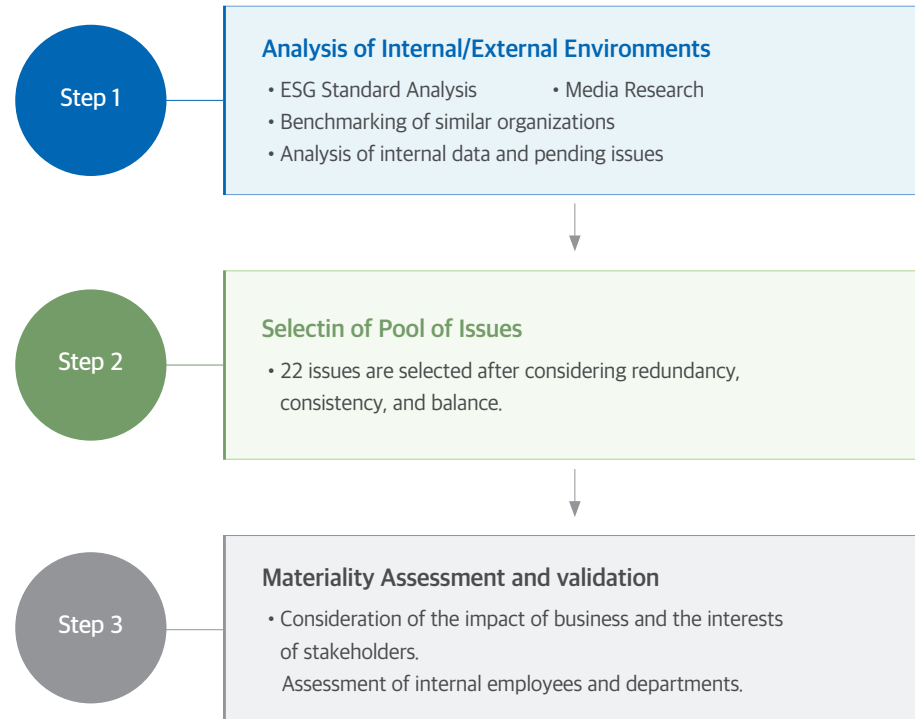
ESG PERFORMANCE

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MATERIALITY ASSESSMENT

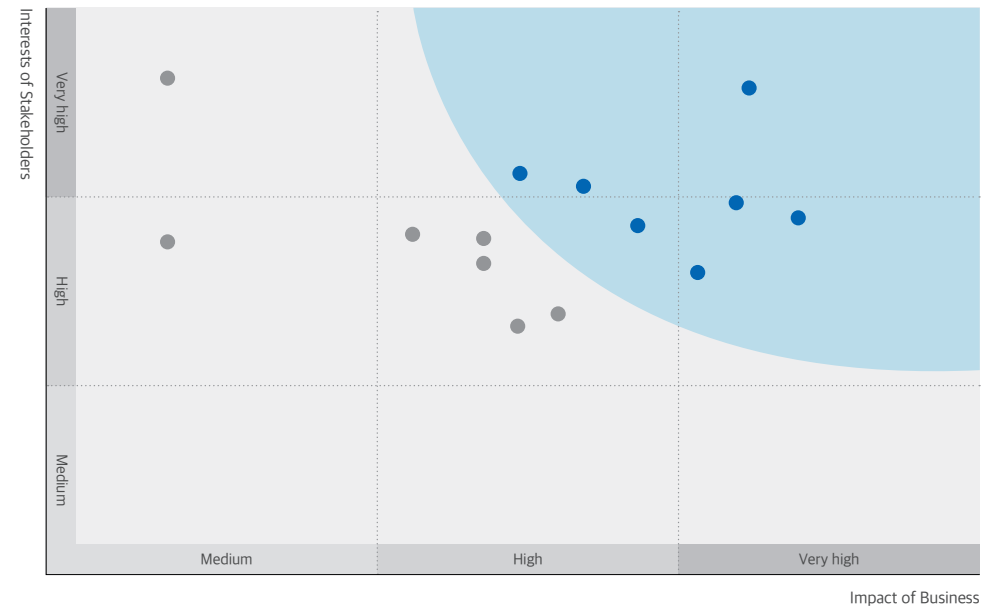
Materiality Assessment Process

ILJIN Hysolus conducted a materiality assessment to identify the ESG issues that affect its sustainability. Analysis of the company's internal management status and the external environment enables the company to identify issues and the key issues were figured out by conducting the assessment by experts.



Key Issues 2022

As a result of the materiality assessment, we identified seven key issues, including strengthening carbon-neutral business and continuous customer satisfaction management, etc. By considering the issues of the company and stakeholders, we will keep making efforts to realize win-win growth for both parties.



Subject	Key Issues	Page
Environment	Enhancement of carbon neutral projects	18
Quality	Continuous customer satisfaction management	21~22
Supply Chain	Establishment of sustainable supply chains	25~26
Employees	Co-existent labor-management culture	32

Subject	Key Issues	Page
Employee	Creation of an environment with a sound work-family life balance	30
Safety	Establishment of the health and safety management system	33~34
Management	Preemptive management and response to risks	38~40

ENVIRONMENTAL MANAGEMENT

Environmental Management System

Environmental Management Policy

ILJIN Hysolus has a corporate-wide environment management system with ESH management policy and goals. The company aims to create an environmentally friendly workplace based on the strong decision-making process of the management and swift execution of the decisions by all the business divisions.

Environmental Management/ Healthy and Safety Management Policy

- Safety-Oriented Management: Established a health and safety management system
- Zero Disaster: Strengthened preventive safety measures
- Safety Culture: Built a safety culture through communication and cooperation
- Created a clean workplace for green growth

Environment, Health and Safety Goals

- Build a task force and organize/execute a health and safety budget
- Implement a regular health and safety inspection program (inside and outside the company)
- Identify hazard and risk factors and make improvements
- Expand safety culture promotion content and services
- Build a safety and health education network
- Achieve waste reduction goals

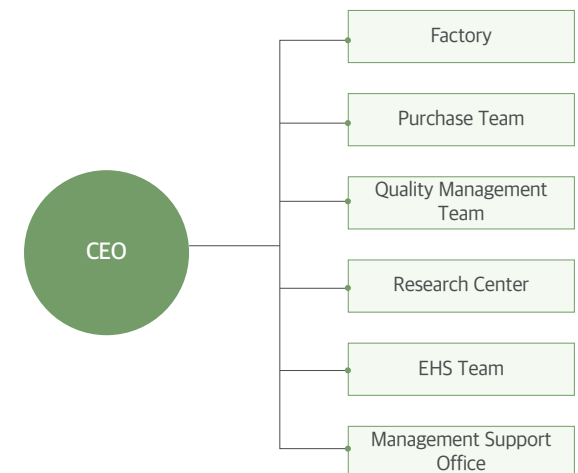
Environmental Management System Certification

The company has been maintaining the ISO14001 certification since 2014. The company has an environmental management system. Every year, the CEO and other executive officers review the changes and compliance in terms of environment and manage the risks and opportunities in relation to the goals and work.



Environmental Management Government

ILJIN Hysolus implements health and safety management governance with the CEO as the lead in order to improve the employees' awareness of health and safety and put it into practice at the workplace.



An Environmentally Friendly Business for Carbon Neutrality 2050

Expansion of the hydrogen storage system business

ILJIN Hysolus established a foothold to the North American hydrogen truck market with Hyundai Motor Company. ILJIN Hysolus was selected as a supplier of hydrogen storage systems for large Hyundai hydrogen trucks to be exported to North America. North America is a major market that accounts for about 23% of the entire global market for mid- and large-sized trucks (hereinafter referred to as “tractors”) because it’s where approximately 500,000 of 2.2 million tractors were sold. Hyundai Motor developed a long-distance hydrogen tractor model that can travel up to 800km after mounting a trailer after a single charge. ILJIN Hysolus is expected to mass produce and supply large Type4 700 bar hydrogen storage systems.



Tube Trailer

Opening of an R&D center

In August 2022, ILJIN Hysolus opened a new R&D center in General Industrial Complex 2, Wanju Techno Valley, Wanju-gun, Jeollabuk-do. The R&D center will develop hydrogen storage systems for new types of hydrogen mobility for the future, such as large commercial tube trailers, ships, trains, and UAM in addition to improving the performance of passenger cars, commercial vehicles, and hydrogen storage systems. ILJIN Hysolus will furnish the new R&D center with research facilities with which to improve product quality and maintain its position as a top tier company in term of technology. The R&D center will carry out more research and development activities aimed at ensuring the company’s sustainable growth and improving the environment for people.



Environmental Management Practices and Efforts

Energy Management

As an environment industry leader, ILJIN Hysolus has a set of energy-related goals that are managed on a monthly basis. The company also built an energy management system to manage energy use by source so that immediate actions can be taken when an issue arises. The company offers environment training programs to all the employees in order to enhance their environment awareness as part of its effort in corporate energy management. As a result, the company won the Korea Environment Energy Award. As production increased, energy consumption, air pollutant emissions, water and wastewater increased.

Classification	Unit	2019	2020	2021
Energy Consumption ¹⁾	MWh	2,821	3,869	4,026
Energy Intensity ²⁾	MWh/KRW million	0.030	0.034	0.034

1) Non-renewable energy (electricity) consumption 2) Annual average energy intensity per KRW one million of sales

Air Pollutant Reduction Effort

NOx (nitrogen oxide) and SOx (sulfur oxide) emissions are not accounted for. Hydrocarbon, formaldehyde, benzen, and other pollutants are produced, but are managed within the emission acceptance criteria.

Classification	Unit	2019	2020	2021
PM Emissions (fine particles)	Ton	4.94	4.94	6.87

Water and Wastewater Management

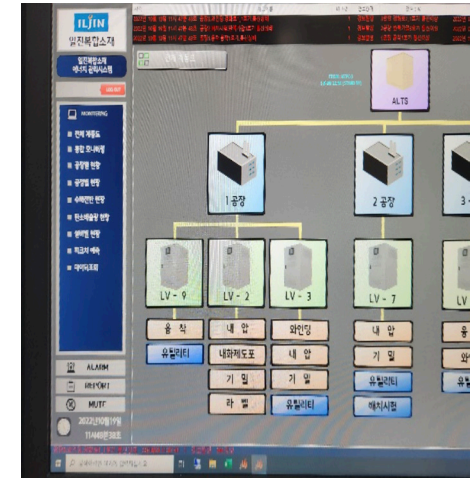
Wastewater, dirty water, and septic tanks are regularly inspected in accordance with the water pollutant standards. In addition to the legally required inspections, the company also makes sure that they are efficiently managed to prevent any environmental risk factors and create a pleasant environment.

Classification	Unit	2019	2020	2021
Water Use ¹⁾	Ton	-	9,313	14,531

1) 2019 data is not available since water use has been managed since 2020.



Environment and Energy



Energy Management System



Air pollution prevention facilities in addition to the absorption tower



Reused water chiller

Environmental Management Practices and Efforts

Wastes

Wastes from company activities and production are appropriately managed to minimize their environmental impact. Specified wastes and other important wastes from the workplace are handled with appropriate methods, and all the processes are documented.

Large Category	Medium Category	Small Category	Processes	Handling Methods	Remark
Designated Waste	Oil Waste	Other Organic Products	Winding and fire proofing materials	Consignment	Production of solid fuel products
		Other Organic Products (Halogen)	Clean winding	Consignment	Production of solid fuel products
		Machine and hydraulic oil wastes	Project control management	Consignment	Production of solid fuel products
		Oil paint waste	Coating	Consignment	Production of solid fuel products
		Other mineral oil wastes	Project control management	Consignment	Common incineration
Workplace wastes	Composite resin waste	Composite resin waste types	Entire process	Consignment	Recycling/incineration
		PP, PE	Entire process	Consignment	Recycling/incineration

Classification	Unit	2019	2020	2021
Common waste	Ton	167	316	385
Specified waste	Ton	53	74	65
Total	Ton	220	390	450

Environment Education Status

Employees involved in corporate environment (air, water, and wastes) are trained on matters of compliance. In 2021, a total of 75 employees attended the environment training program.

Classification	Unit	2020	2021
Length	Hour	66	75
Target	Person	66	75

Other Environmental Impacts

The company is exempt from prevention facilities by maintaining water pollutants (sewage & wastewater) at below the permissible discharge standards. No hazardous chemicals were present among the materials used by the company.

Eco-Friendly Investment

From 2019 to 2021, we established a company-wide energy management system with the investment of KRW 380 million. Going forward, we will actively carry out the necessary investments to be positioned as an eco-friendly company.

Violations of Environmental Laws and Regulations

We achieved a clean record of no violations of environmental laws and regulations in 2019 and 2020. In 2021, we were subject to a fine of KRW 800,000 for failing to report the change of waste report certificate due to the company name change within the valid reporting period.

QUALITY MANAGEMENT



Establishment of Quality Management System

In the automotive industry, quality is an uncompromising principle as it is directly related to the safety and life of customers. ILJIN Hysolus operates a company-wide quality management system (QMS) to enhance quality competitiveness for all products. We thoroughly manage quality throughout the entire process from design and development to production, product supply, and after-sales service. We have acquired and maintain ISO9001, an international quality management certification, and IATF16949, an automotive quality management system, and strive to expand the scope of application to all our corporate sites.

Environment and Energy

Quality Management

IATF 16949:2016/ISO9001:2015

- ✓ Minimizing customer dissatisfaction
- ✓ Minimizing customer dissatisfaction
- ✓ Meeting customer demands through continuous improvement
- ✓ Quality management to deliver products that meet customer demands



Quality Management System Certificate



Customer Satisfaction Management

ILJIN Hysolus measures and manages the customer satisfaction level every year to meet their quality conditions and requirements. As such, goals are continuously set and implemented for major items directly related to quality, such as on-time delivery rate, number of cases pointed out during customer evaluation, customer return rate, and field returns and recalls. At the same time, areas of deficiency are being improved to ensure zero-defect quality. In addition, for prompt communication with customers, we operate a round-the-clock response system through our website.

Classification	Unit	2019	2020	2021
Customer satisfaction complaints	Case	51	22	5
Processing rate	%	100	100	100

Customer Satisfaction Survey Items



Brand Reputation Management

According to big data analysis in October 2021 of the brand reputation of publicly listed auto parts companies, ILJIN Hysolus was ranked second after Hyundai Mobis. The reputation analysis conducted by the Korea Corporate Reputation Research Institute is the result of analyzing 48,344,024 brand-related big data of 129 publicly listed auto parts companies from September 12 to October 12, in 2021. The Brand Reputation Index of publicly listed auto parts companies was analyzed using the participation, media, communication, community, and market indices. We will keep on strengthening our brand value as an auto parts company by recording the highest number in the communication index.

Brand Reputation of Publicly Listed Auto Parts Companies

Ranking	Brand
1	Hyundai Mobis
2	ILJIN Hysolus
3	Hanon Systems
4	HL Mando
5	Hankook Tire & Technology
6	Myeongshin Industry
7	Hyundai WIA
8	Kumho Tire
9	Sejong Industrial
10	Sewon

SUPPLY CHAIN NETWORK

Mutual Growth with Partner Companies

ILJIN Hysolus is building a sustainable supply chain ecosystem with its customers and partners. In particular, we pursue shared growth in discovering, selecting, and transacting business with partner companies. In developing new companies, we consider financial and non-financial impacts, and devote concerted efforts to strengthen the competitiveness of the hydrogen industry through various training and support activities.

Partner Companies Management Process

STEP 1

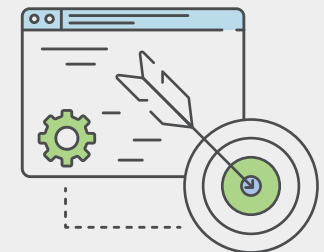
Establishing purchase policy

Partner company goal setting and agreement

- Select target partner companies subject to target management in consideration of previous-year results of monitoring their performance, classification of partner companies, and risk analysis
- Form a target contract after deciding on the target level and reaching an agreement
- When specifying target management items according to customer demands in the course of setting targets for partner companies, identify and apply the items to reflect the targets of customer demands

Partner company risk assessment and classification determination

- Analyze risks according to self-established 'risk classification' with related departments and classified by grade
- Apply partner company risk to each new company evaluation, and for existing companies, apply regular evaluation results and performance once a year
- Conduct regular evaluations when mass-produced parts change, such as new car parts development, design change, 4M change, etc.
- Conduct regular evaluations when non-financial issues such as the ethical code and safety of partner companies occur



Mutual Growth with Partner Companies

STEP 2

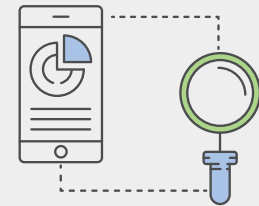
Developing new partner companies

New partner company development feasibility review and development launch

- Conduct new business development by identifying and reviewing the need for new partner company development
- Conduct a feasibility review on the need for new partner development
- Decide the order of priority, target, and development type, degree, and timing of new partner development and reflect them in the new partner development plan

New company evaluation and selection

- 1st evaluation: Qualitative assessment on whether a company meets the need for registration as a new partner company through the company basic status and fact-finding surveys
- 2nd evaluation: Quantitative evaluation by applying the supplier evaluation or potential analysis criteria
- As a result of the 1st and 2nd evaluations: If the company meets the registration criteria, register and transact business with it according to the partner company management procedure



STEP 3

Evaluating and managing partner companies

Partner company performance monitoring

- Monitor the performance of companies on a planned cycle according to the partner company performance indicators
- Plan and execute necessary measures based on the results of performance monitoring of each supplier by escalation level according to the escalation process
- Select and manage any top problem suppliers (or worst suppliers) as a target company for priority management, and implement necessary improvement measures, based on the results of performance monitoring

Partner company regular evaluation

- Plan and conduct periodic evaluations of companies to ensure that their capability to meet quality and parts requirements is continuously maintained
- Manage and support companies to improve the corporate standards step by step by raising their rating standards during regular evaluations every year



ESG evaluations of partner companies

ILJIN Hysolus implements ESG management across our supply chain through quality (Q), cost (C), and delivery (D), as well as sustainability (S) evaluations to be implemented robustly.

- Environment: Have you acquired a national or industry recognized environmental system standard such as ISO 14001?
- Health & safety: Have you acquired a nationally recognized occupational health and safety system standard such as ISO45001?
- Social and environmental: How do you approach assuming your responsibility for social and environmental aspects and stakes?

Creating a Sustainable Supply Chain

Selected as a leading material-parts-equipment company

In January 2022, ILJIN Hysolus was selected as the best material-parts-equipment company (hereinafter referred to as M-P-E maker) by the Ministry of Trade, Industry and Energy. Under this policy, 100 companies with the outperforming technology and future growth potential in Korea in the core strategic technology field of materials, parts and equipment by 2024 are selected and intensively developed, with 43 companies having been selected as of now. ILJIN Hysolus has been recognized for its proprietary 'materials and parts manufacturing technology in high-pressure storage tanks installed in type-4 hydrogen vehicles', and is set to attain various support from the government for the next five years, such as technology development, commercialization, and global expansion, through a program dedicated to leading companies. With the acclaim of our technology by the government, we will strengthen our product competitiveness to assume a leading role in the future hydrogen mobility industry.

Participation in the Hyzon Zero Carbon Alliance

In October 2021, we are a member of the "Hyzon Zero Carbon Alliance", a global hydrogen ecosystem alliance. This alliance is a strategic consultative body comprising 10 companies operating in major global regions across all sectors of the hydrogen ecosystem, such as hydrogen production/ distribution (i.e. Total Energy, Hirlinga Energy, Arc Energy, Woodside, ReCarbon, NEOM, MIG), hydrogen commercial vehicle manufacturing (i.e. Hyzon Motors), hydrogen business insurance/ financing (i.e. AXA, Bank of America). As the only hydrogen storage solution provider among the alliance members, through our participation, ILJIN Hysolus plans to expand the global hydrogen ecosystem by further pursuing strategic partnerships with other leading companies in the global hydrogen industry across various global markets.

Launch of the Korean Hydrogen Committee

In September 2021, the Korea H2 Business Summit, a Korean hydrogen committee for revitalizing the hydrogen economy and realizing carbon neutrality, was launched. This council, whose members include 15 leading companies in the domestic hydrogen economy, including ILJIN Hysolus, ▲advances hydrogen business cooperation among member companies, ▲convenes an Investor Day inviting global investors to promote hydrogen-related investments, ▲jointly discovers overseas hydrogen technologies and partners, and is gearing up to assume a key role in the hydrogen industry, such as proposing hydrogen-related policies and leading the global hydrogen agenda. ILJIN Hysolus will take the lead in establishing a cooperative system with global hydrogen companies to usher in a faster carbon-neutral era based on the world's best technology, ranging from the mobility field, which is the starting point of the hydrogen economy, to various transportation methods and hydrogen transportation.



High-pressure vessels (storage tanks) for hydrogen vehicles

Creating a Sustainable Supply Chain

ILJIN Hysolus manages supply chain risks in terms of economic relationships and ESG by selecting the top suppliers among all partner companies in terms of the transaction amounts and importance of items. We can report that no cases of violation of laws and regulations due to unfair trade practices occurred during this period. In addition, from 2021, we are actively expanding purchases from socially responsible companies to revitalize the social economy.

Classification		Unit	2019	2020	2021
Partner company purchase status	Total No. of partner companies	Tally	24	31	35
	No. of top partner companies	Tally	8	15	15
	Total partner company purchase amount	KRW 1 mil	26,074	37,543	45,407
	Purchase amount of top partner companies	KRW 1 mil	26,074	26,280	31,785
Supply chain risk management	Partner companies subject to evaluation (self-setting)	Tally	15	15	15
	Evaluated partner companies	Tally	14	15	0
	Evaluation rate	%	1	1	0
No. and amount of violations of unfair trade practices	Total fines levied	Won	-	-	N/A
	No. of non-monetary sanctions	Tally	0	0	0
	No. of lawsuits filed	Tally	0	0	0
Social economy purchase	Purchase amount of goods from social enterprises (Companies run by females and people with disabilities, etc.)	KRW	-	-	4,800,000,000

LABOR PRACTICES AND HUMAN RIGHTS



ILJIN Hysolus' Desired Talent

ILJIN Hysolus respects diversity and does not tolerate discrimination, striving to create a creative and innovative organizational culture for the growth and development of its employees as the main driving agents of corporate management.



The Right Talents

Talents who seek newly created value and change outside the bounds of existing norms

- Talents with **challenge-taking mindset** and ceaseless passion
- Talents who show **creative thinking** with challenge-taking mindset and passion to be the world's best in their field
- Talents with a flexible way of thinking about diversity and well-grounded morality and **ethics as a global citizen**
- Talents **aspiring to be the world's best** in their field with the capability and will to succeed in an era of intense and endless competition

Core competency

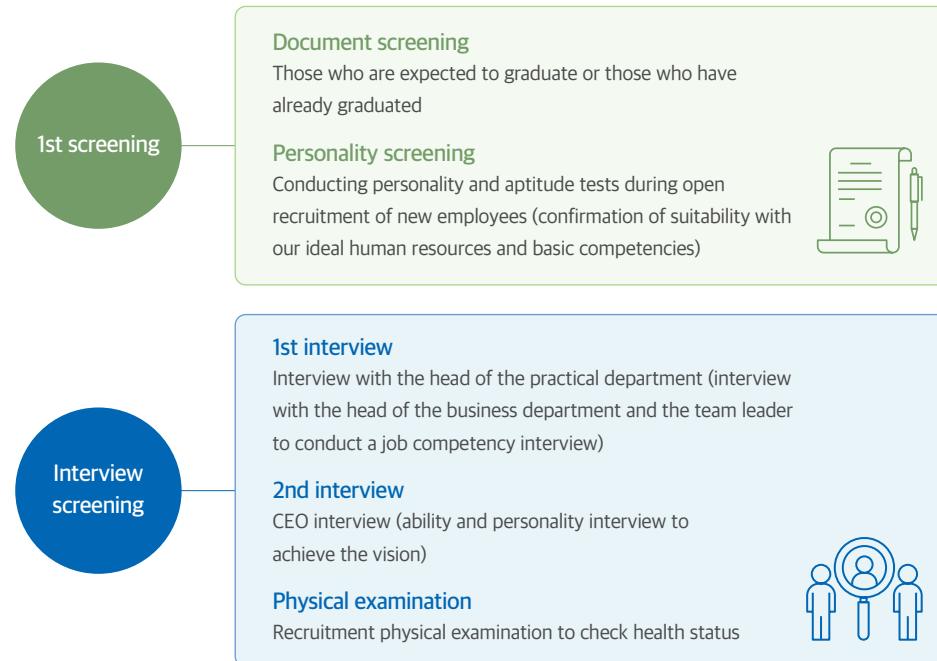
- **Achievement-oriented**: Pursue continuous improvement by setting goals regularly, and seek more efficient methods to achieve goals.
- **Professionalism**: Strive to achieve high performance in our duties with passion and sense of responsibility for our professional work.
- **Ethical behavior/ integrity**: Conduct ourselves with moral/ ethical judgment and sense of personal responsibility, and abide by the vision and values of the organization.
- **Passion for innovation**: Continuously promote change and innovation in the process and results to create and increase the value of the organization

Talent Recruitment Methods and Screening Stages

Recruitment Method



Screening Stages



Organizational Status

Classification			Unit	2019	2020	2021
Total No. of employees ^{*)}	Gender split	Total	Person	141	184	209
		Men	Person	132	172	195
		Women	Person	9	12	14
		Ratio of women to men	%	6.4	6.5	6.7
By position	Manager ^{**)}	Total	Person	55	70	88
		Men	Person	46	58	74
		Women	Person	9	12	14
Diversity		People with disabilities	Person	0	0	1
		Foreign nationals	Person	1	1	2
		Patriots & veterans	Person	0	0	0
		Local youth ^{***)}	Person	82	47	48

* Based on the No. of directly hired employees, including executives ** Team leader level or higher

*** New hires under the age of 34 (Jeonbuk region)

Job Creation and Change Status

Classification	Unit	2019	2020	2021
New hires	Person	71	32	62
Turnover (voluntary + recommended turnover)	Person	39	31	59
Turnover rate	%	27.66	16.85	28.23
Average tenure (years)	Year	3.0	2.9	3.3
Dismissed employees	Person	0	0	0

Local Talent Employment Status^{**)}

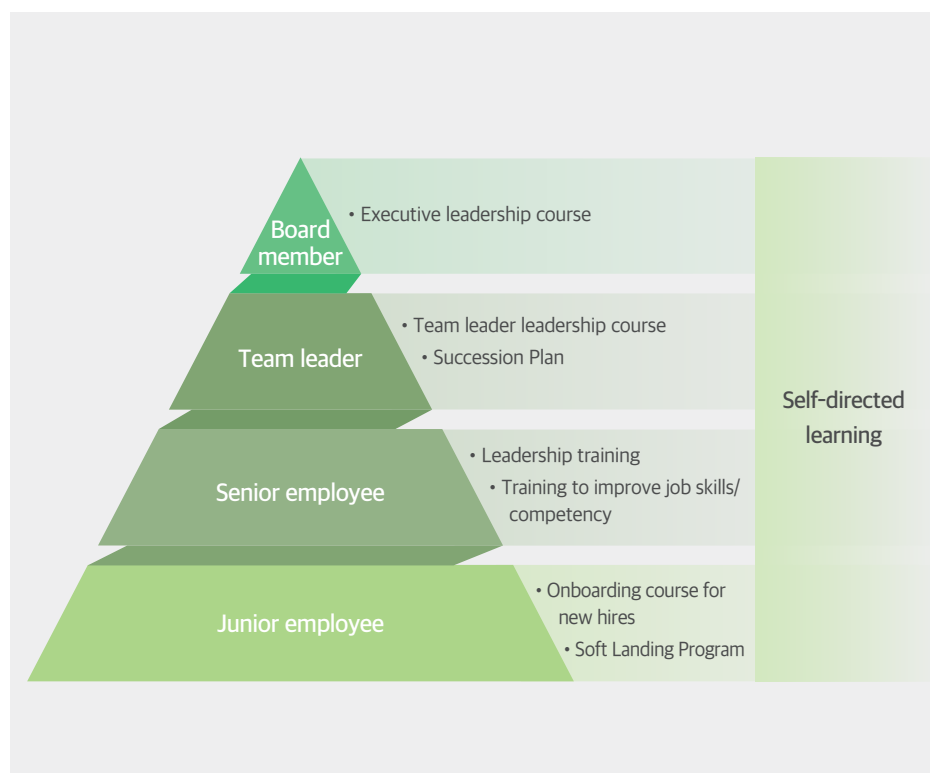
Total	194	100%
Local talents	142	73.2%
Talents from other regions	52	26.8%

** Based on existing employees as of 2022.10.

Support for Talent Growth

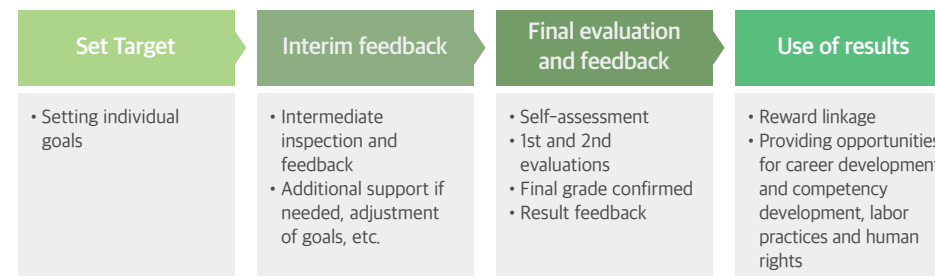
ILJIN Hysolus formulates a course plan for an annual training program based on the annual performance evaluation to provide self-directed learning-based programs suitable to employees' competency level and the types of job performed.

Talent Development System



Annual Performance Evaluation Process

All ILJIN Hysolus employees establish and manage annual individual goals, along with evaluation grades to be finalized through interim feedback and final evaluation that is tied to compensation such as annual salary and incentives. We conduct career development tailored to evaluation results and the career paths of executives and employees, and provide various opportunities for competency enhancement.



Status of Employee Training Expenditures

We operate training programs that reinforce self-directed learning by position and title. Notably, in 2021, the company spares no support for the human resource development of its employees, with a two-fold increase in spending on training year on year.

Classification	Unit	2019	2020	2021
Total training cost for employees	KRW	23,279,494	16,898,187	37,816,597
Training cost per employee	KRW	165,103	91,838	180,941

Creating a Work-Family Balance Environment

ILJIN Hysolus is building an organizational culture for work-life balance by providing support for all employees to properly rest during their breaks and instilling routine schedule of adequate breaks and recharge. In addition, we are sensitive to minimizing any obstacles for our employees to enjoy work-life balance in the process of operating the parental leave system.

Customized Welfare Benefits

We operate a variety of welfare benefit programs for our employees to enjoy a work-life balance, and regularly listen to their opinions to reflect them in improving the system that is operated to be of practical help to them.

Field	Corresponding supports
Healthcare	Comprehensive health checkup, etc.
Housing support	Company housing and dormitory operation
Home and childrearing support	School expenses for children, day offs and monetary gifts for congratulations and bereavement, etc.
Finance	Credit loan interest support system, business expense support, etc.
Support for hobbies and leisure activities	Activity clubs, etc.

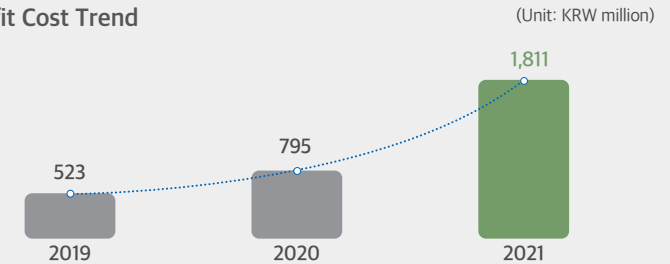
Parental Leave Use and Return Status

Classification	Unit	2019	2020	2021
Employees using parental leave	Person	1	0	1
Employees returning from parental leave	Person	0	1	0
12-month work rate after returning from parental leave	%	100	100	0

Welfare Benefit Expenditure Status

Classification	Unit	2019	2020	2021
Total welfare benefits	KRW 1 million	523	795	1,811
Cost per employee	KRW 10 thousand	370	432	866

Overall Welfare Benefit Cost Trend



Improving Working Conditions in Response to COVID-19

ILJIN Hysolus establishes and operates quarantine guidelines for employees, reflecting the specificities of the business based on the quarantine guidelines recommended by the Korea Centers for Disease Control and Prevention, and continuously implementing a quarantine response system according to the situation. In addition, all employees are actively practicing the quarantine guidelines advocated by the company with a sense of crisis that a confirmed case may occur at any time.

Quarantine Guidelines

Quarantine category	Operating standards
Upon entering	Daily body temperature measurement and a register of all employees, workers, and visitors Masks, hand sanitizers, etc. in the workspace for all employees
During work	Wearing a mask at all times indoors, periodic disinfection, and ventilation Refrain from internal and external group events such as training and dinners
During an internal meeting	Refrain from face-to-face meetings or eating and drinking
During a business trip	Travel restriction on business trips to high-risk areas, reporting of health conditions, compliance with mandates upon arrival and departure, etc.

Discrimination and Harassment

ILJIN Hysolus does not discriminate against women in recruitment, hiring, wages, training, promotion, retirement age, and dismissal, and the company and employees shall not abuse their position of authority at work or relationships to inflict physical or mental pain on others, going outside the scope of work nor deteriorate the work environment in any manner.

ILJIN Hysolus Co., Ltd. Human Rights Management Charter H₂

We recognize the seriousness of climate change and environmental problems we are already facing, and as an eco-friendly company that contributes to energy innovation for decarbonization, we fulfill our mission of respecting human rights in all business activities. Accordingly, we declare "human rights management that values and protects human dignity and value the most," and adopt it as the standard of conduct and value judgment that all executives and employees must abide by and pledge to practice as follows.

- 01 We comply with international and domestic norms that support values such as human rights, labor, environment and anti-corruption.
- 02 We do not discriminate against all stakeholders, including executives & employees, on the grounds of nationality, religion, gender, or social status.
- 03 We prohibit any form of forced or child labor, including violence and intimidation.
- 04 We create a safe and hygienic working environment to guarantee occupational safety and health rights.
- 05 We strive for win-win development with our partner companies and support human rights management in practice.
- 06 We respect and protect the human rights of local residents in areas where we have business activities, and adopt and implement preventive approach principles to prevent environmental problems.
- 07 We provide prompt and appropriate remedies for human rights violations.
- 08 We declare a human rights management policy and take a leading role in human rights improvement activities through mutual cooperation.

2022. 01.01.

ILJIN Hysolus Co., Ltd. CEO Ahn Hong-sang

Measures against Bullying in the Workplace

- ① Anyone who becomes aware of workplace harassment has a duty to report it to the company.
- ② When the company receives a report pursuant to Paragraph 1 or recognizes the occurrence of workplace harassment, it shall conduct an investigation to confirm the facts without delay.
- ③ The company, if necessary to protect employees who have been victimized or who claim to have been victimized (hereinafter referred to as "victimized employees, etc.") in connection with harassment at work during the investigation period pursuant to Paragraph 2, the company, etc. must take appropriate measures, such as changing the place of work and ordering paid leave. In this case, the employer shall not take measures against the will of the victim, etc.
- ④ When the investigation pursuant to Paragraph 2 confirms that bullying has in fact occurred, the company shall take appropriate measures, such as a change of workplace, reassignment, paid leave, etc., at the request of the victim.
- ⑤ When it is confirmed that workplace harassment has occurred as a result of the investigation pursuant to Paragraph 2, the company shall take necessary measures without delay, such as disciplinary action against the perpetrator or a change of workplace. In this case, the company must listen to the victim's opinion about the measures before taking disciplinary measures.
- ⑥ The company shall not dismiss or give any other disadvantageous treatment to the employee who reported the workplace harassment incident nor the victim.

Classification		Unit	2019	2020	2021
Sexual harassment prevention training	Length	Hour	0	1	1
	Participants	Person	0	46	112
Education for raising awareness of people with disabilities	Length	Hour	1	1	1
	Participants	Person	116	158	161

Harmonious labor-management relations

Operation of the Labor Management Council

ILJIN Hysolus operates a labor-management council to allow the employer and the workers to better understand and cooperate with each other so that both parties can contribute to promoting employee welfare and developing the company through the pursuit of shared interests. The council is composed of an equal number of representatives of the employer and the employees. Each council member serves a three-year term, and consecutive terms are allowed. The council holds quarterly meetings as well as temporary meetings whenever an important item of agenda arises among the representatives. In doing so, we share the major issues of the company and discuss improvements of the working environment, and any agreements reached are applied to all members. In addition, a working-level meeting of the council is held before each regular meeting of the labor-management council in order to form a consensus on major issues and to ensure that sufficient discussions are held on each item of agenda. To provide institutional support for the practical operation of the council, the employer, as a council member, also specifies in the council's regulations that the company should not take disadvantageous actions against any employee because of performing his or her duties as a council member.

Responsibilities of the Labor Management Council

- Handling of employee grievances.
- Improvement of the workplace environment, including health and safety, and enhancement of employees' health.
- Improvement of the management system of personnel, labor, and maintenance.
- Use of working hours and break times.
- Enhancement of work processes.
- Matters concerning compensation for workers in relation to a job transfer, etc.
- Improvements of employee welfare.
- Installation of employee monitoring facilities in the workplace.
- Matters concerning support for maternity protection and the compatibility of work and family life of female employees.
- Other labor-management matters.

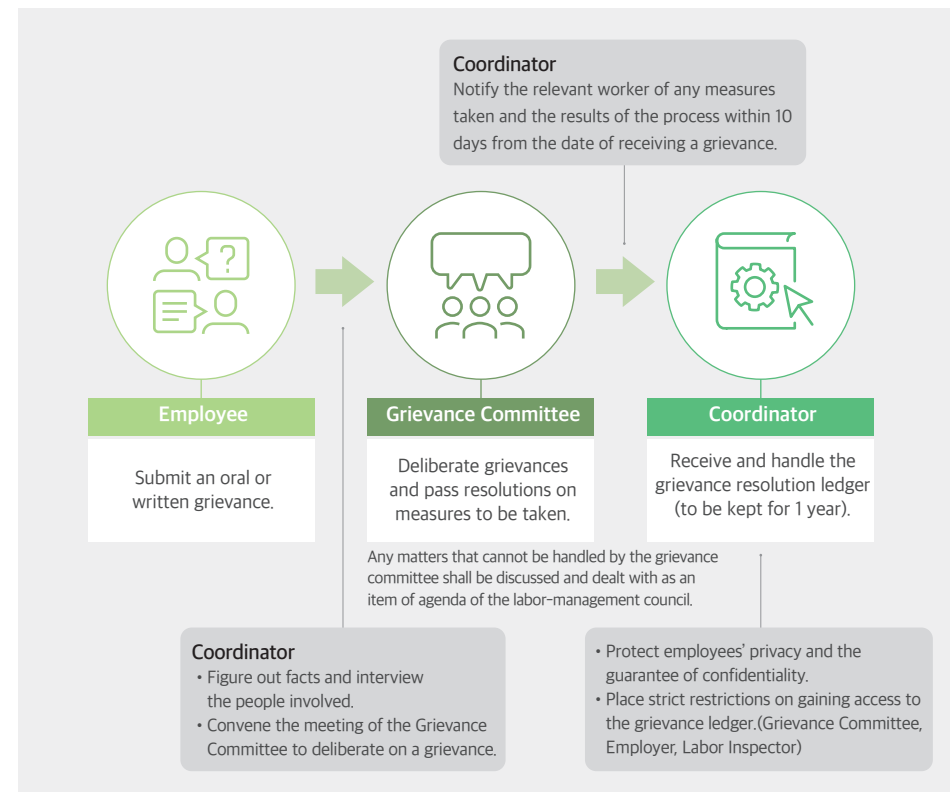
Members of the Labor Management Council



Operation of the Grievance Committee

ILJIN Hysolus operates a grievance committee to hear and handle the grievances of employees as prescribed by law. The members of the committee are appointed from among the members of the labor-management council, including one from the employees and the other from the employers. When an employee reports a grievance either verbally or in writing, the committee members shall convene the committee in order to deliberate and resolve the grievance, and notify the employee of the result within 10 days from the filing of the grievance.

Operation Procedures of the Grievance Committee



HEALTH AND SAFETY MANAGEMENT

Health and safety system

ILJIN Hysolus takes active measures to protect the health and safety of its employees, and its executives and employees always strive to comply with health and safety instructions in order to prevent safety accidents. In particular, we rent or offer to our employees the protective clothing, protective helmets, safety footwear, and other tools and equipment that they need for their respective work.

Management Policy of Environment and Health and Safety

- Safety-oriented management: Establishment of a health and safety management system.
- Serious Disaster ZERO: Strengthening prevention and safety.
- Implementation of a safety culture: Establishment of a companywide safety culture through communication and cooperation.
- Establishment of clean workplaces for green growth.

Environmental Health and Safety Objectives

- Formation of a dedicated organization, organization and execution of the health and safety budget.
- Implementation of periodic health and safety inspections (in-house and outsourcing).
- Identification of hazardous risk factors and implementation of improvement measures.
- Expansion of operation of contents and services to promote a safety culture.
- Establishment of a health and safety education network.
- Implementation of plans for reducing industrial waste.

Health and Safety Requirements

The company shall take active measures to ensure the health and safety of its employees, while the employees shall always comply with the health and safety instructions and strive to prevent safety accidents.

1. Comply strictly with the rules and instructions on workplace health and safety.
2. Deal carefully with safety hazards such as electricity according to the prescribed safety steps and instructions.
3. Thoroughly observe the duty of safety precautions in carrying out one's responsibilities.
4. Pay close attention to firefighting equipment when handling them at all times and make efforts to prevent fires.
5. Use the usual routes as much as possible when on a business trip.
6. Comply with the Road Traffic Act and drive safely when using cars for a business trip.
7. Bend one's knees when handling heavy objects to prevent injury to one's back etc.

Major EHS Compliance Check



A worker does not wear a safety footwear at the worksite



A worker does not wear safety goggles when handling chemicals



A worker does not wear a safety belt when driving a forklift



A worker fails to return the key after using the forklift



A worker wears earphones while working



A worker uses cell phone during work hours



A worker does not wear protective gloves at work



The area in front of the fire extinguisher is not cleared



A worker does not wear a helmet when operating a crane



When there is leakage of chemicals



When there is leakage of wastewater



A worker wears protective clothing poorly



A worker operates a forklift without a license



A worker fails to discharge waste separately



A worker does not comply with the smoking area rule



Caps of chemicals are opened

Health and Safety Management Support Activities

The top priority of management is the health and safety of its employees. For health and safety management, diverse companywide efforts are being made in an attempt to prevent accidents, with the focus on such activities as achieving an accident-free record at work and establishing safety management routines, etc. In particular, efforts are made to raise the awareness of executives and employees by offering on-site learning based on actual cases that have occurred or are highly likely to occur according to previous inspections.

Area	Safety Supplies	Health Checkups	Accident prevention	Infectious diseases
Support Activities	Protective clothing, protective helmets, safety footwear, etc.	Regular medical check-ups	Occupational injuries, infectious diseases, disasters, etc.	Employment restrictions

Status of Response to Serious Accident Punishment Act

Because ILJIN Hysolus recognizes the importance of safety, it carries out a variety of safety management activities such as facility investment, provision of safety protection equipment, education and training, prevention through on-site inspections, etc. as to policy, organization, process, and education system. In particular, thorough safety inspection activities are implemented to prevent industrial accidents such as crashes, falls, collisions, collapses, electric shocks, fire, and suffocation accidents, whose intensity and frequency are high. In order to eliminate risks at worksites in advance, ILJIN Hysolus undertook field-oriented consultation to prevent serious accidents and established a process to respond to the Serious Accidents Punishment Act.

Current Status of Industrial Accident Rate

Indicators		Unit	2019	2020	2021
Safety Management	Accident rate ¹⁾	%	1.42	0.54	1.91
	Number of disasters	Number of injured	Person	2	1
		Death toll	Person	0	0
	LTIFR (Lost Time Injury Frequency Rate) ²⁾	No. of accidents per million working hours	4.73	1.81	6.38
Performance of Legal Safety Training	Total no. of training hours	Time	2,724	3,564	3960
	Total no. of number of trainees	Person	141	184	209
	Training no. of hours per employee	Time/Person	19.32	19.37	18.95

1) Accident rate = (Number of casualties / Number of wage earners)×100

2) lost time injury frequency rate = (No. of lost time incidents)/(Total no. of working hours for the fiscal year)×1,000,000

Work Environment Measurement

- Date : Nov. 16, 2021 (One day)
- Institution : Jeonbuk Industrial Health Center, Korean Industrial Health Association
- Classification : Work environment measurement
(■Periodic □Occasional)
- Results and frequency of measurement

Measurement Results

Name of Hazardous Substance	Measurement Processes	Maximum Value	Number of Processes (Departments) Exceeding the Exposure Limits			
			Total	Improvement completed	Under improvement	Unimproved
Isopropyl Alcohol	1	Less than the detection limit	0	0	0	0
Health Checkup	1	75.9 dB(A)	0	0	0	0

Measurement cycle (Relevant item table and related items written) Health and safety management

Whether the workplace or work process has been newly operated or changed in the last year	[✓] No [] Yes
Recent results of measuring all processes for two cases	[] More than 2 consecutive times [] More than once
	[] Less than once [✓] Less than 2 consecutive times
Results of Chemical Substance Measurement	Was the exposure limit of carcinogenic substances exceeded [✓] No [] Yes
	Was the exposure limit of chemical factors exceeded twice or more [✓] No [] Yes
Future measurement cycles	[] 3months [✓] 6months [] One year
Expected date of next measurement	May 15, 2022

The results of the work environment measurement are reported above in accordance with Article 125 (1) of the Industrial Occupational Health and Safety Act and Article 188 (1) of the Enforcement Rules of the same Act.

SOCIAL CONTRIBUTION

Job Creation for Local Talents

Creating jobs and recruiting local talents in the local region are very important social responsibilities for the balanced development of both the nation and the region. ILJIN Hysolus continues to employ new personnel every year to promote coexistence with the region. Notably, by recruiting about 73% of the workforce from among local talents, we are helping to strengthen the economic foundation of the local community. We will continue to serve as a company that creates more good jobs in the region and help young people to achieve their dreams.

Corporate Social Responsibilities Activities of Industrial Complex Association : Participation in environmental cleanup activities of the Environmental Engineers Association

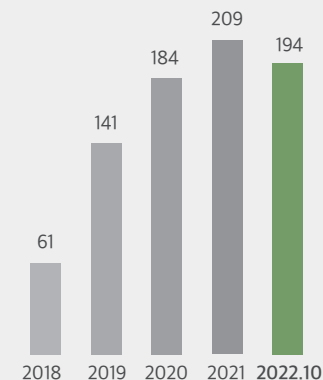


The Practice of Sharing in the Community

We are continuously expanding our social contribution activities in the local community in the belief that we can go farther together with the community. We practiced sharing in the local community in connection with Alumninetzwerk Deutschland-Korea and the Jangeun Public Welfare Foundation in 2021, and since 2022 we have been expanding our sharing practices activities in the region on a continuous basis.

Incumbent Workers

(Unit : person)

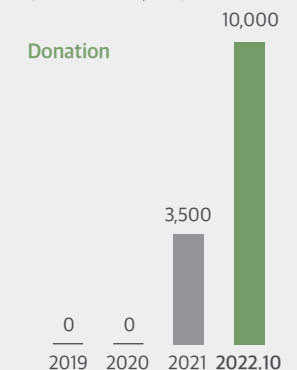


Local Talent Recruitment



Status of Social Contribution Donations

(Unit : KRW 10,000)



GOVERNANCE

Composition of the Board of Directors

As the highest decision-making body of ILJIN HISOLUS, the board of directors plays a major role in deliberating and deciding on matters stipulated in the laws or the articles of incorporation, matters entrusted by the general shareholders' meeting, and important matters related to the company's basic policy and business execution. The board of directors is composed of three directors and one auditor. We operate a system to strengthen the independence of the board of directors and the expertise of the management. We also operate processes such as presenting agendas and keeping the board informed about issues in advance to fulfill the responsibilities and roles of the board of directors. The CEO also serves as the chairman of the Board of Directors.

(Sep. 30, 2022, as of the present date)

Classification	Name	Career	Date of Inauguration	Term End Date
Executive Director	Ahn Hong-sang	• Currently President & CEO, ILJIN Hysolus Co., Ltd. • Managing Director, Senior Vice President, Advisory Board in areas including Europe, North America, the Middle East, and Africa, and the sales headquarters at Hyundai MOBIS. • Partner of Oliver Wyman. • Senior associate at McKinsey & Company. • Ph.D. from Northwestern University.	Mar. 23, 2022	Mar. 25, 2023
	Yoon Young-gil	• Head of the Research and Production Division, Hydrogen Business and Manager at ILJIN Hysolus. • Managing Director at ILJIN Unisco. • Managing Director at ILJIN Materials Co., Ltd.	Mar. 25, 2022	Mar. 25, 2023
External Director	Yoon Jong-soo	• Senior advisor at Kim & Chang. • Head, United Nations Office for Sustainable Development • Vice Minister, Ministry of Environment.	Mar. 25, 2022	Mar. 25, 2023
Auditor	Ra Hyun-keun	• General Executive Director of the Automobile Division, DAYOU A-TECH CO., LTD. • Executive Vice President of Kia.	Mar. 31, 2021	Mar. 31, 2024

Operations of the Board of Directors

Regular board meetings have been held every quarter since 2022, and special board meetings are held as needed according to the regulations. A total of eight board meetings were held in 2021, including one regular board meeting and seven special board meetings, during which votes were cast on ten items of agendas. Directors with a special interest in matters to be deliberated and resolved by the board of directors are prohibited from exercising their voting rights in order to make transparent and fair decisions. Also, the operation results of the board of directors are officially issued through the business report. We will further continue to support the board of directors' active participation in the management of the company.

Operation of the Board of Directors

Indicators			Unit	2019	2020	2021
Evaluation of the board of directors	Number of times held	Regular	Number	1	1	1
		Special	Number	5	4	7
	Agenda		Case	7	5	10
	Amended Agenda		Case	-	-	-
	Average attendance rate		%	100%	100%	100%
Board of Directors	Internal directors		Person	2	2	2
	External directors		Person	1	1	1
	Auditor		Person	1	1	1
Average wages of executives	Internal directors		KRW 10,000	18,949	36,574	22,639
	External directors		KRW 10,000	-	-	2,700
	Auditor		KRW 10,000	-	-	2,700

Major Board Regulations

1. Matters regarding Shareholders' Meetings

- (1) Decision to convene a general meeting of shareholders
- (2) Approval of financial statements
- (3) Amendment to the articles of incorporation
- (4) Reduction of statutory reserves
- (5) Reduction of capital
- (6) Dissolution of the company, mergers and acquisitions, division merger, continuation of the company
- (7) The acquisition of the whole or any part of the business of the company and the acquisition of the whole or any part of the business of another company which significantly affects the business of the company.

2. Matters related to management

- (1) Matters concerning the acquisition and disposal of treasury stocks
- (2) Matters concerning the issuance of new shares
- (3) Matters concerning the issuance of convertible bonds and bonds with stock warrants
- (4) Capital transfer of reserves
- (5) Retirement of stocks
- (6) Issuance of bonds
- (7) Other significant contributions in other corporations, disposal of equity share, and provision of security

RISK MANAGEMENT

Risk Management System

Iljin Hysolus has a system to respond to potential risks to the company's operations and prevents industrial accidents by determining direct and indirect risk factors related to production and support activities and improving or eliminating them. Regular risk assessments are conducted at least once a year, and occasional activities for assessment and improvement – such as the installation, relocation, or dismantling of workplace buildings, and the introduction or modification of work methods or procedures – are carried out when risks are expected.

Risk Management Process



Risk Identification

- Definition of financial and non-financial risks (management, finance, quality, safety, health, information protection, reputation, ethics, environment, etc.).
- In case of identifying risks, four factors including risk sources, events, causes of events, and potential results are figured out by comparing current status with the existing status.



Risk Analysis & Evaluation

- Analysis of result/severity and probability
- Determination of risk level
- Risk assessment and major risk management by grade



Risk Response and Monitoring

- Identifying opportunities by taking the internal/external issues and requirements of stakeholders into account.
- Establishing and implementing a plan to deal with risks or opportunities through the risk/opportunity registration record.
- Regular monitoring of the effectiveness of implementing risk management.
- Recording and storing risk assessment reports, risk/opportunity registration records, and information related to risk/opportunity treatment.

Risk Assessment and Response

We are implementing a series of processes to identify hazards and risk factors that may directly affect employees in corporate management and at our production sites. The possibility of injury or disease (frequency) and materiality (intensity) caused by such hazards and risk factors are estimated and determined so that reduction measures can be established and implemented. In 2022, policies for risk assessment and objectives were announced. Also, we have established a substantial and preemptive risk factor management system through inspection activities and training for the personnel in charge according to a plan.

2022 Risk Assessment Plan

Category	Details	Performance Indicators	Goals	Schedule		Person in charge
				First half	Second half	
Preparation in advance	Announcement of policies and objectives	Cases	2 cases	Feb.	Jul.	EHS Team
	Holding of a meeting to establish an implementation plan	No. of times	2 times	Feb.	Jul.	EHS Team
	Risk assessment training for the persons in charge	Persons	10 people	Feb.	Jul.	EHS Team
	Risk assessment training for employees	Person(%)	80%	Feb.	Jul.	Team involved
Conducting risk assessment	Initial assessment	Establishment of an annual plan	Once (R&D Center)	-	-	EHS Team
		Formation of the risk assessment team				
		Target process and classification				
		Formation of the risk assessment team				
		Establishment of reduction measures				
	Regular assessment	No. of times	Twice	Feb. ~ Apr.	Jul. ~ Sep.	EHS Team
	Occasional assessment	No. of times	When necessary	When necessary	When necessary	EHS Team

Potential Risk Factors

Machine (Mechanical)

- Installation, relocation, alteration, and dismantling of workplace buildings
- Introduction/change of machinery, equipment, facilities, raw materials, etc.
- Maintenance/repair of buildings, machinery, equipment, facilities, etc.

Media (Material/Environmental)

- Chemical handling and control
- Serious industrial accidents and disaster situations etc.

Man (Human)

- Introduction of new methods or procedures/change of working methods or procedures
- Work factors that lead to musculoskeletal disorders

Management (Administrative)

- New or changed risk assessment process
- New methods of assessment/monitoring/response activities or changes of such activities

Risk Determination Level

Level	Materiality		Maximum	Large	Middle	Small
Possibility	Step	Step	4	3	2	1
Highest	5		20	15	10	5
High	4		16	12	8	4
Medium	3		12	9	6	3
Low	2		8	6	4	2
Lowest	1		4	3	2	1

Improvement activities according to risk level

- Very High (15~20) : Improve immediately
- High (12) : Improve as soon as possible
- Little High (6~10) : Plan improvements
- Normal (5) : Improve as needed

Establishment of the Emergency Response System

Establishment of the Corporate Crisis Management System

With a lot of crises occurring in and out of the country, the success of crisis management is regarded as a very important factor that even determines whether a company will survive or not. As the importance of crisis management increases, Iljin Hysolus has stipulated responsibility, authority, process, and performance standards for corporate crisis management in order to deal with a crisis effectively. In addition, we aim to minimize the management risks and losses of the company's tangible and intangible assets by boosting the risk management system.

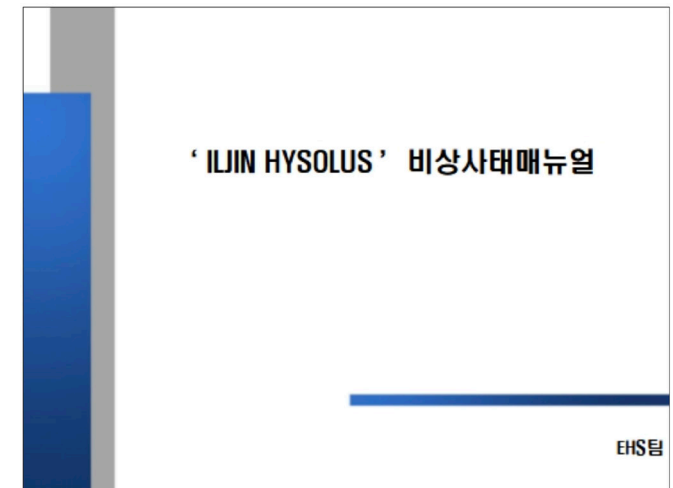
Corporate Crisis Management Committee

Iljin HiSolutus has established the Corporate Crisis Management Committee to make integrated responses and decisions about internal and external crises in the company's management by exploiting the organizational capabilities of the entire company. The Corporate Crisis Management Committee operates a system in which major types of crises are classified as business operational crises, disaster crises, safety environment crises, security crises, and public relations crises. Members with expertise perform the initial response and crisis analysis in the event of a crisis, and determine the ratings of crises according to the abovementioned major types so that they can respond to them together.

Emergency Preparedness and Response

Each team establishes, implements, and maintains the necessary processes to prepare for and respond to potential emergencies in accordance with the Emergency Management Process.

- Establishment of a response to emergencies, including the provision of first aid.
- Provision of training for a planned response.
- Periodic tests and drills of planned responsiveness
- Modifications of planned response and evaluations of performance when needed, including cases after testing and especially after emergencies.
- Communication and provision of information relevant to the duties and responsibilities of all employees.
- Appropriate communication of information corresponding to contractors and visitors, emergency response services, government authorities, and local communities.
- Consideration of the needs and capabilities of all the relevant stakeholders, ensuring appropriate participation in the development of the planned response.



Emergency Manual of ILJIN HYSOLUS
EHS Team

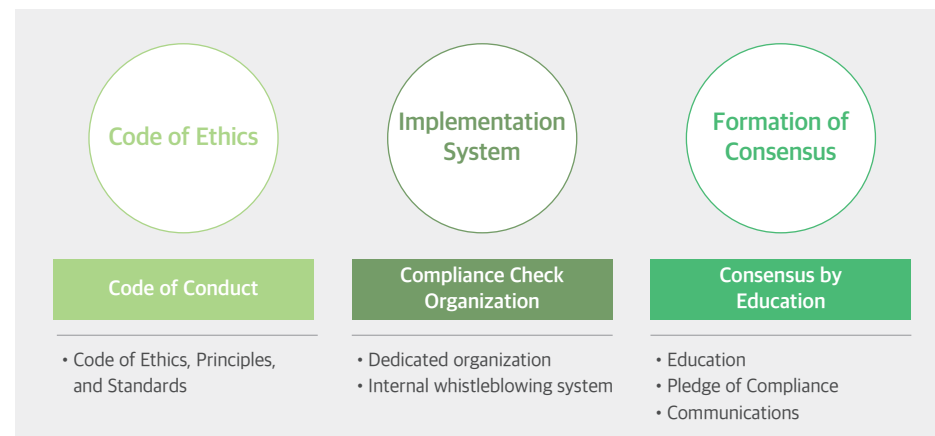
ETHICAL MANAGEMENT



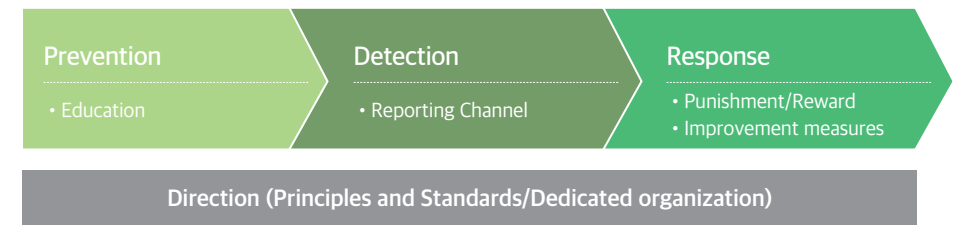
Ethical Management

In the current era of infinite and unlimited competition, Iljin Hysolus, as a company that seeks new values and changes without being bound by existing practices, aims to practice ethical management in order to produce sustainable results based on the principles of transparency, fairness, activeness, and accountability regarding the diverse kinds of ethical dilemmas that may arise during work.

Three Elements for Practicing Ethical Management



Promoting Activities Process of Ethical Management



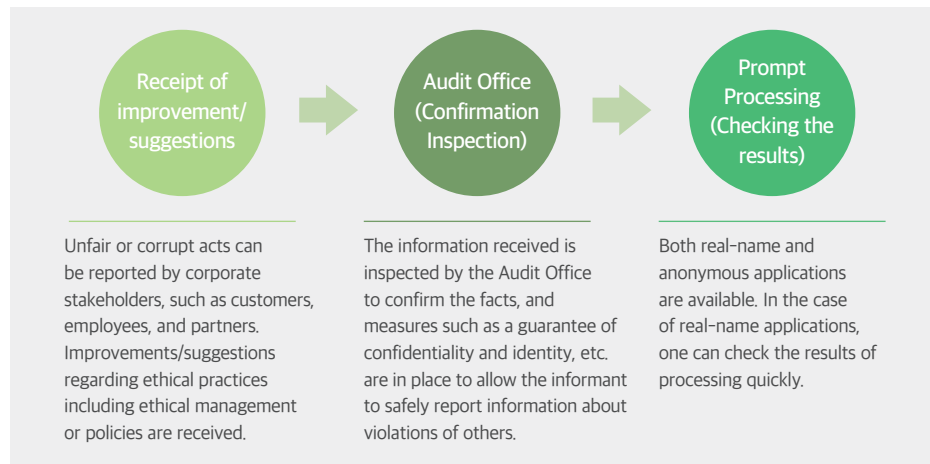
Special Terms and Conditions Components for Ethics Practice of Partners

Obligation to prevent bribery of public officials	• Compliance with domestic and international anti-bribery and corruption laws and regulations.
Type of Violation	• Practices related to the provision of benefits. • Unfair practices such as bid rigging. • False entry of important information and intentional omission. • Management information leakages, etc. • Perpetration of unlawful acts resulting in asset damage. • Coercion and encouragement of unlawful acts. • Interference with fair performance.
Sanctions for Violations	• Cancellation of registration. • Bidding restrictions. • Provision of opportunities for clarifying opinions.

Anti-corruption System

Operation of the Cyber Audit Office for Anonymous Reporting/Accusations

The Cyber Audit Office is a window set up on the Internet to facilitate the collection of opinions and the practice of ethical management based on the establishment of a clean and fair organizational culture.



Report Type

We will respond promptly to any reports pertaining to the matters listed below related to ILJIN Group.

- Acceptance of bribes, unfair demands, or offers.
- Unfair dealing practices due to school/regional ties when selecting partner companies.
- Illegal/unfair use of the company's assets.
- Unjust participation in a dealership.
- Acts of solicitation while misusing or abusing one's position.
- Suggestions for improvement of unfair practices.
- Other matters pertaining to violations of the Code of Ethics.

Guidelines on the Reporting Process and Tips on How to Report Information

- If information is found to be inaccurate or false, it may not be processed. Therefore, please fill out the information accurately in accordance with the six W's.
- Reported information can be inspected directly by the Audit Office, and the progress and the results thereof can be checked on 'Checking the Processing Results'.
- For general inquiries related to Iljin Group, please use 'E-mail Inquiry'.

Cases of a measure taken to Deal with the Violation of the Code of Ethics

Classification	2019	2020	2021
Total	-	1	-
Responsibility of management	-	1	-

Fair Competition and Violation of Laws

There have been no violations of the law regarding anti-competitive behavior, unfair trade practices such as monopoly, and non-compliance with other social and economic fields so far.

Inquiries Audit Office of Iljin Group 02-707-9250, 9745 https://www.iljin.co.kr/kor/etc/ethics_about.asp

Pledge to Observe the Code of Ethics

Pledge to observe the Code of Ethics

1. Employees shall create the world's best products and services based on quality-oriented management in order to make Iljin Group a top-class company.
2. Employees shall consider customer satisfaction as the highest value of our corporate activities, keeping in mind that customers are the source of the company's growth and development.
3. Employees shall make faithful efforts to maximize the company's profits and improve the welfare of the executives and employees by generating good profits based on fair and reasonable corporate activities.
4. Employees shall maintain mutually trusting and cooperative partnerships under the principle of co-prosperity with our partners through transparent and fair transactions in order to promote the development of the company
 - Employees shall not accept any valuables (money, gifts, entertainment, golf entertainment, etc.) from business partners in relation to their work.
 - Suppliers shall be selected transparently and fairly based on quality, price, reliability, etc.
5. While complying with the laws and regulations in our business and sales activities, employees shall not act against the basic values and customs of society.
6. Employees shall pursue joint development in harmony with the local community in order to fulfill the social role and responsibility of the company.
7. Employees shall abide by the safety rules and incorporate security, cleanliness, and tidying up into their daily routine.
8. Employees shall strive to protect the reputation of the company in their capacity as company representatives.
9. Employees shall comply with the Code of Ethics and take full responsibility for their violations of the Code of Ethics.

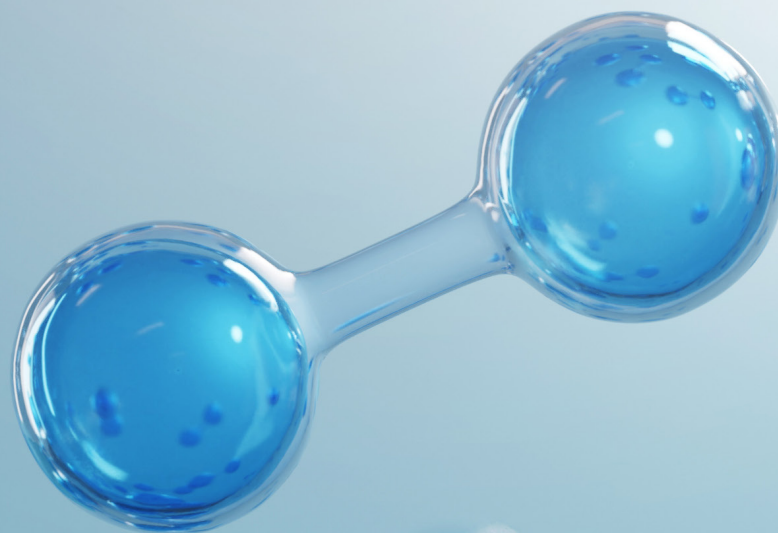
Information Security

Pledge To Comply with The Information Security

I hereby promise to faithfully abide by the following rules during my employment with the company.

1. I shall be fully aware of the company's security policies and regulations and comply with them faithfully
1. I shall never disclose to a third party any of the management information, business information, technical information, trade secrets, or other information with economic value (hereinafter referred to as "confidential information") that I come to acquire or learn about during business without obtaining the prior written consent of the company.
1. I hereby agree that all electronic data stored (including e-mail transmission and reception, file transmission, and Internet access details) by the company's network, computer, and communication equipment can be searched (monitored) according to the procedures and methods of the relevant regulations if it is necessary to protect the company's assets.
1. I shall not use computers and any other equipment (including accessing the Internet) used in the performance of company business for any purposes other than the company's business purposes, and shall not access confidential information or the related facilities, equipment, or devices without the permission of the company.
1. I hereby agree to the policies and regulations established by the company for the protection of its tangible and intangible assets, and I agree to cooperate with the company's security activities conducted under the relevant policy.

I understand that my failure to comply with any part of this pledge may result in my punishment, such as disciplinary measures, as well as the imposition of additional civil or administrative sanctions according to the relevant laws, and I pledge to accept any punishment imposed in the event that I violate the terms of this pledge.



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THIRD-PARTY ASSURANCE STATEMENT

2022 일진하이솔루스 ESG DATA Report 독자 귀중

서문

한국경영인증원(KMR)은 2022 일진하이솔루스 ESG DATA Report (이하 “보고서”)의 제3자 검증을 요청 받았습니다. 보고서 작성과 정보에 대한 책임은 일진하이솔루스 경영자에게 있으며, 본 한국경영인증원의 책임은 계약 및 합의된 업무를 준수하고 검증의견서를 발급하는 데 있습니다.

검증 범위 및 기준

일진하이솔루스는 보고서에서 지속가능성과 관련한 조직의 성과와 활동에 대해 기술하고 있습니다. 검증팀은 국제적 검증 기준인 AA1000AS v3 및 KMR 검증 기준인 SRV1000을 적용하였으며, Type 2 방법 및 Moderate 수준의 보증 형태로 검증을 수행하였습니다. 즉, 검증팀은 AA1000AP(2018)에서 제시하는 포괄성(Inclusivity), 중요성(Materiality), 대응성(Responsiveness) 및 영향성(Impact) 원칙의 준수여부와 보고서에 기재된 하기 GRI 지표에 대한 데이터와 정보의 신뢰성 및 품질을 평가하였습니다. 이때 중요성 기준은 검증팀의 전문가적 판단(Professional Judgment)이 적용되었습니다.

GRI Standards의 핵심적 방식(Core Option) 보고 요구사항 만족 여부에 대한 확인이 검증 범위에 포함되었으며, 중대성 평가 절차를 통해 도출된 중요주제의 세부지표는 다음과 같음을 확인하였습니다.

- GRI Standards 보고 원칙
- 공통 표준(Universal Standards)
- 특정주제 표준(Topic Specific Standards)
 - GRI 205: 반부패(Anti-Corruption)
 - GRI 305: 배출(Emissions)
 - GRI 403: 산업안전보건(Occupational Health and Safety)
 - GRI 416: 고객안전보건(Customer Health and Safety)

보고서의 보고경계 중 조직 외부 즉, 일진하이솔루스의 협력사, 계약자 등에 대한 데이터와 정보는 검증범위에서 제외되었습니다.

검증방법

한국경영인증원 검증팀은 합의된 검증 범위에 대해 상기 기술된 검증기준에 따라 검증하기 위해 아래와 같이 검증을 진행했습니다.

- 보고서에 담긴 내용에 대한 전반적인 검토
- 중대성 평가 방법 및 결과 검토
- 지속가능경영 전략 및 성과정보 시스템, 프로세스 평가
- 보고서 작성에 대해 책임 있는 담당자와의 인터뷰
- 보고서 성과정보에 대한 신뢰성 평가, 데이터샘플링
- 금융감독원 전자공시시스템 등 독립적인 외부 출처 및 공공 데이터베이스를 기반으로 한 정보의 신뢰성 평가

제한사항 및 극복방안

검증은 일진하이솔루스에서 제공한 데이터 및 정보가 완전하고 충분하다는 가정을 기반으로 실시되었습니다. 데이터 검증은 일진하이솔루스에서 수집한 데이터에 대한 질의 및 분석, 제한된 형태의 표본추출방식을 통해 한정된 범위에서 실시되었습니다. 이를 극복하기 위해 전자공시시스템, 국가온실가스 종합관리시스템 등 독립적인 외부 출처 및 공공 데이터베이스를 참고하여 정보의 품질 및 신뢰성을 확인하였습니다.

검증결과 및 의견

검증팀은 문서검토 및 인터뷰 등의 결과를 토대로 일진하이솔루스와 보고서 수정에 대해 여러 차례 논의하였으며, 수정 및 개선권고 사항 반영을 확인하기 위해 보고서의 최종판을 검토하였습니다. 검증결과, 일진하이솔루스의 보고서는 GRI Standards를 준용하여 작성되었으며, AA1000AP(2018)에서 제시하고 있는 원칙 준수와 관련하여 부적절한 부분을 발견할 수 없었습니다. 원칙에 대한 본 검증팀의 의견은 다음과 같습니다

•포괄성 원칙

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•중요성 원칙

일진하이솔루스는 조직의 지속가능성 성과에 미치는 주요 이슈들의 중요성을 고유의 평가 프로세스를 통해 결정하고 있으며, 검증팀은 이 프로세스에서 누락된 중요한 이슈를 발견하지 못하였습니다.

•대응성 원칙

일진하이솔루스는 도출된 주요 이슈의 우선순위를 정하여 활동성과와 대응사례 그리고 향후 계획을 포괄적이고 가능한 균형 잡힌 방식으로 보고하고 있으며, 검증팀은 일진하이솔루스의 대응 활동들이 보고서에 부적절하게 기재되었다는 증거를 발견하지 못하였습니다.

•영향성 원칙

일진하이솔루스는 중대성 평가를 통해 파악된 주요 주제들의 직간접적인 영향을 파악하여 모니터링하고 있으며 가능한 범위 내에서 해당 영향을 정량화된 형태로 보고하고 있음을 확인하였습니다.

특정 지속가능성 성과정보의 신뢰성 및 품질

검증팀은 AA1000AP(2018) 원칙 준수 여부에 더해 지속가능성 성과와 관련된 경제, 환경, 사회 성과 정보에 대한 신뢰성 검증을 실시하였습니다. 해당 정보 및 데이터의 검증을 위해 담당자와 인터뷰를 실시하였으며, 데이터 샘플링 및 근거 문서 그리고 외부 출처 및 공공 데이터베이스를 통해 신뢰할 수 있는 데이터임을 확인하였습니다. 검증팀은 지속가능성 성과 정보에서 의도적 오류나 잘못된 기술을 발견하지 못하였습니다.

적격성 및 독립성

한국경영인증원은 ISO/IEC 17021:2015(경영시스템의 심사 및 인증을 제공하는 기관에 대한 요구사항)에 따라 문서화된 방침과 절차를 포함한 포괄적인 품질관리시스템을 유지하고 있습니다. 검증팀은 지속가능성 전문가들로 구성되어 있으며, 제3자 검증서비스를 제공하는 업무 이외에 일진하이솔루스의 사업활동에 영리를 목적으로 하는 어떠한 이해관계도 맺지 않은 독립성을 유지하고 있습니다.

2022.12.

대한민국, 서울

대표이사

MEMBERSHIP ASSOCIATIONS AND AWARDS

Affiliated Associations

Associations	Description
Korea Environmental Preservation Association	Survey & research, technology development, education & promotion for preservation of the environment.
Korea Hydrogen Industry Association	Vitalization of the hydrogen industry, promotion of hydrogen convergence development, etc.
Hydrogen Convergence Alliance	An organization that pursues the society of a low-carbon hydrogen economy through the widespread of using hydrogen energy and the development of hydrogen-related industries
Hydrogen Council	An international body created to accelerate the energy transition of global companies in the transportation and industry sectors that share the same vision and long-term goals regarding the use of hydrogen.
Korea Automobile Environmental Association	An association dedicated to reducing environmental health hazards caused by vehicle emissions in order to contribute to the improvement of national health.
Jeonbuk Environmental Engineers Association	A group of professionals in corporate environmental management in the Jeonbuk area
Wanju Industrial Complex Promotion Association	Plant Managers Council of the Wanju Industrial Complex.

Certifications

Classification	Date certified	Details
ISO 14001	Aug. 01, 2014	Environmental management systems
ISO 45001	Aug. 05, 2020	Health and safety management systems
IATF 16949	Sep. 01, 2018	International automotive task force
ISO 9001	Aug. 31, 2014	Quality management systems

Awards

Date	Organizer	Details of Award
Nov. 26, 2019	Ministry of Trade, Industry and Energy	Industrial Technology of the Month - Commercializing Technology - Minister's Award
Nov. 1, 2021	Ministry of Science and ICT	National TOP 100 Research Project 2021 - Machines and Materials
Dec. 14, 2021	Ministry of Trade, Industry and Energy	Industrial Technology of the Month - Commercializing Technology - Minister's Award

