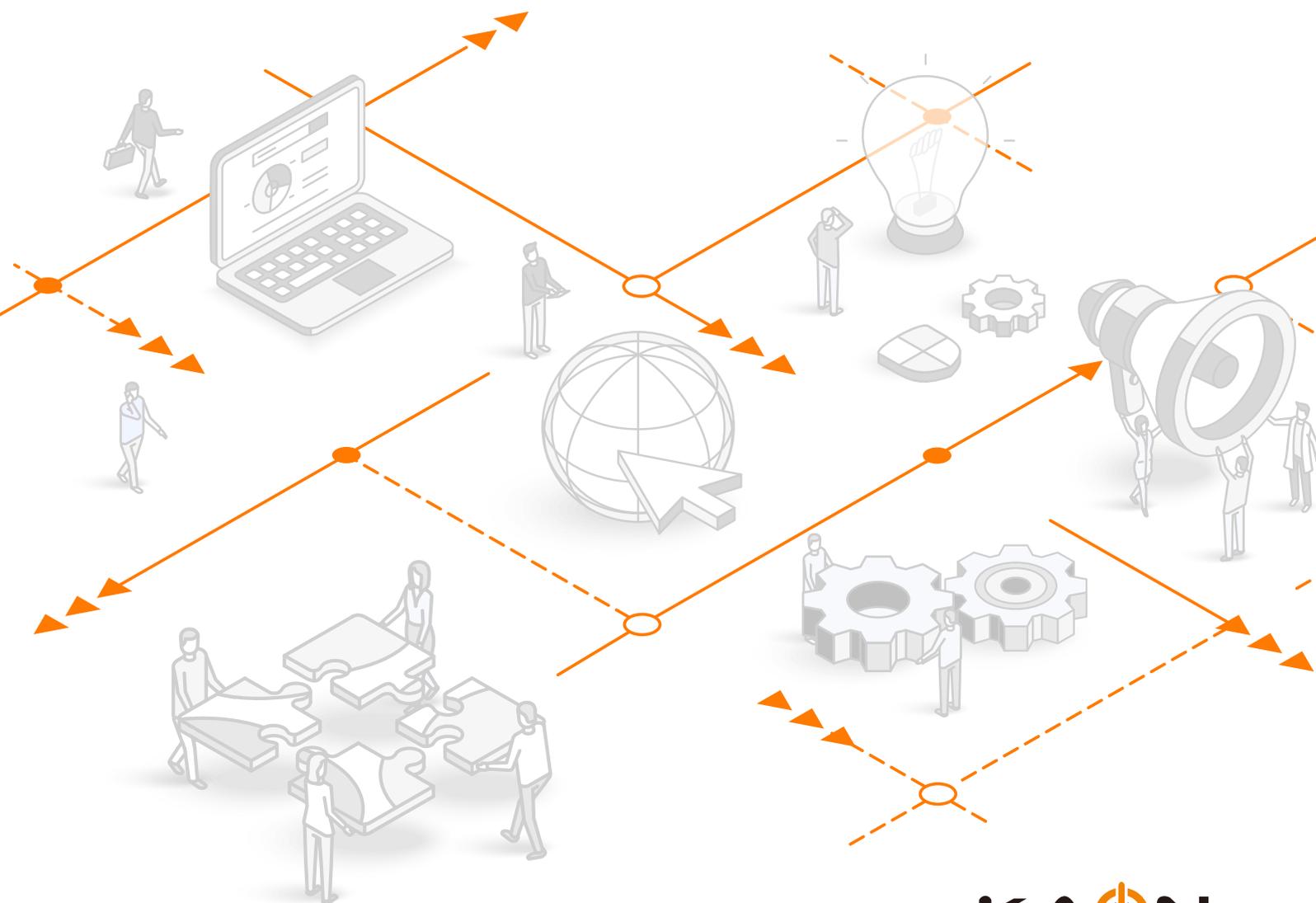


# CONNECTED+

KAON Group 2024 Sustainability Report



# About this report

## Report Overview

This report is the second sustainability report of KAON Group. The report has been published biennially since 2022, when the first report was issued, to transparently share our economic, social, environmental, and governance performance with various stakeholders.

## Reporting Scope

This report was written primarily for KAON Group's domestic operations of business (KAON Group and KAON Broadband). Some of the environmental and financial data were prepared on a consolidated basis in accordance with the Korean International Financial Reporting Standards (K-IFRS).

## Reporting Period

This report covers major sustainability management activities and performances from January 1, 2023 to December 31, 2023. For quantitative performance, data from the last three years (2021–2023) were reported. In the case of some major performance and activities, contents from 2022 and the first half of 2024 are included.

## Reporting Standards

This report was prepared in accordance with global standards such as the Global Reporting Initiative (GRI) Standards 2021. For financial performance, this report was prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS).

## Report Verification

In order to secure the reliability, fairness, and completeness of the data for the report contents, the report was verified by engaging BSI, an independent verification agency, for third-party verification. The report verification applied AA1000AS v3, an international verification standard.

## Additional Information

KAON Media changed its name to KAON Group in 2022 and became the main reporting entity of the report. This report was published in a PDF format with functions such as navigating to related pages within the report and providing shortcuts to related web pages.

## Interactive User Guide

This report was published in a PDF format with functions such as navigating to related pages within the report and providing shortcuts to related web pages.

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## Contact Us

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# CEO Message

Dear valued stakeholders,

Since its establishment in 2001, KAON Group has achieved continuous growth and has been making constant efforts to create new value. Even amidst the uncertainty of the global economy and rapidly changing market environment, KAON Group is solidifying its position in the global market through technological innovation and customer-centered strategies.

Aiming for sustainable growth, KAON Group is implementing the following concrete actions.

- **Strengthening technological innovation and business competitiveness**

We are focusing on developing innovative technologies for sustainability, which we have adopted as our future vision. We establish a systematic management culture through health and safety, information protection, business continuity, and environmental management systems, and are laying the foundation to be reborn as a trustworthy company based on the foregoing.

- **Compliance with the United Nations Global Compact (UNGC)**

We actively support the 10 principles in the areas of human rights, labor, environment, and anti-corruption, and are implementing them throughout our business. By aligning with international standards, we aim to foster a corporate culture that meets global expectations.

- **Environmental Management**

We are strengthening carbon emission management by establishing a company-wide environmental management system and are carrying out systematic activities to reduce carbon emissions across the entire value chain. This demonstrates our commitment to addressing climate change.

- **Strengthening Social Responsibility and Collaboration**

We are pursuing shared growth through close collaboration with partners and suppliers. Through these efforts, we are fulfilling our social responsibility and strengthening positive interactions with the local community.

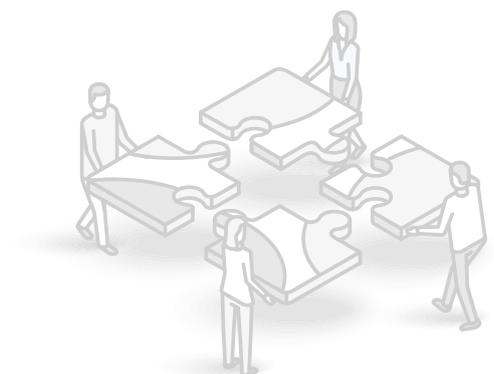
**Under the slogan, "We connect people to people, people to the world," we seek new opportunities for a sustainable future and aim to provide greater value to customers and partners through partnerships and collaboration.**

We kindly ask for your warm interest and support in KAON Group's efforts to create a sustainable society.

Thank you.



KAON Group Co., Ltd. CEO Dong-Yeon Lim

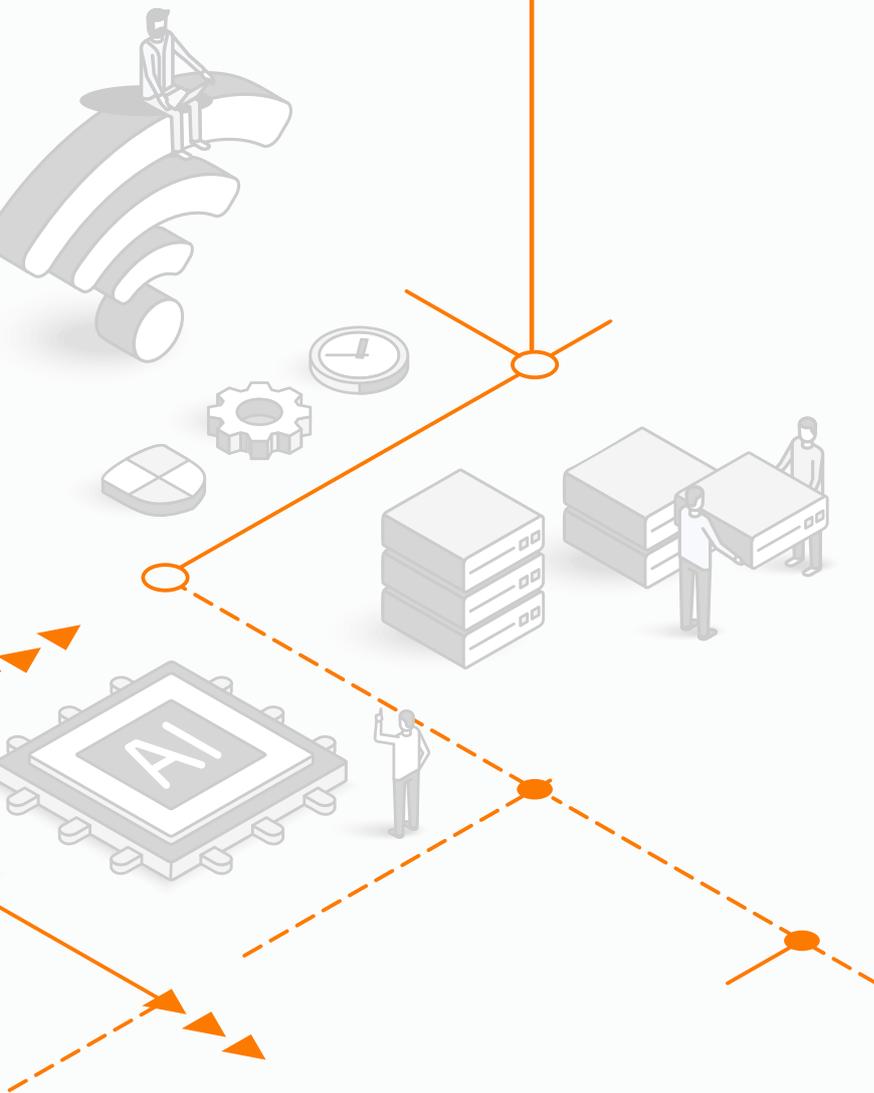


# Corporate Overview

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# Company Introduction

## KAON Group

### Introduction to KAON Group

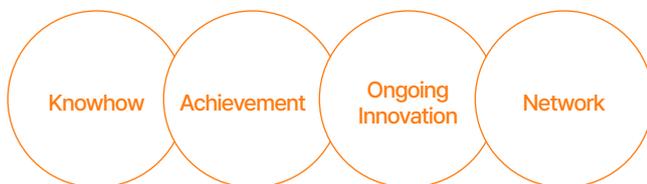
KAON Group provides connected smart home services that ensure a convenient lifestyle and prepares for the future by building an AI service platform. KAON Group has been playing a leading role in realizing the digital home era through its world-class technological prowess.

KAON Group provides differentiated digital broadcasting and communications convergence services by securing CAS (Conditional Access System) and leading middleware platforms, which are a benchmark for OTT solution capabilities. Based on this technological prowess, KAON Group has built a full lineup of OTT solutions in the shortest time in the industry and is leading the market. Aiming at the convergence of TV services in homes around the world, KAON Group pioneered new technologies to enable a more convenient and higher quality life. The services provided by KAON Group contribute to improving the quality of life of users through fast and seamless connections as well as optimized UI/UX. In addition, KAON Group has built its own unique ecosystem based on an AI service platform to prepare for the future and promises to continuously create value.

#### Vision

KAON Group aims to become a global platform leader in the rapidly changing environment by driving business value innovation with industry-leading AI technology and network solutions as its foundation.

#### Core Values



Knowhow	As a professional in my field, I think carefully and make decisions at the right time.
Achievement	Once I start something, I finish it with passion.
Ongoing Innovation	I lead change and pursue better and innovative methods.
Network	I actively communicate and collaborate to multiply corporate value.

### Key Corporate Information

Company Name	KAON Group Co., Ltd.
CEO	Dong-Yeon Lim
Year of Establishment	May 11, 2001
Listed Date (KOSDAQ)	July 12, 2005
Head Office Location	884-3 Seongnam-daero, Bundang-gu, Seongnam-si, Gyeonggi-do
Major Business	Supply of broadcasting equipment terminals, AI/OTT terminals, and solutions
Sales	KRW 536,375 million (as of 2023)
Operating Profit	KRW -18,858 million (as of 2023)
Number of Employees	302
Subsidiary Companies	11 companies including KAON Broadband and K-Future Tech

### Research and Development

The media and network market changes rapidly, so the importance of research and development activities is higher than in any other industry. KAON Group has allocated over 61% of its entire workforce to research and development (R&D) and is focusing its capabilities on R&D activities.

KAON Group has focused on broadcasting solutions that support the reception of various broadcasts such as IPTV, satellite, and cable, and has established a unique position in the AI terminal field, including KT GIGA Genie. In addition, keeping pace with rapidly advancing network technologies, KAON Group has made significant investments in enhancing communication equipment and solutions, resulting in differentiated technologies and product lines such as Wi-Fi 6E, 5G Hybrid, and 10G. Above all, instead of merely reflecting market needs, KAON Group retains its position as a 'world's first' leader through R&D activities that create market demand with advanced technologies.

### Major Achievements

2023	Introduction of AI STB-based machine learning models
2019	Launch of the world's first Wi-Fi Alliance EasyMesh™ and Wi-Fi 6 certified AP router
2017	Launch of the world's first AI terminal
2014	Launch of the world's first 4K IPTV
2010	Launch of the world's first Android-based terminals

## Intellectual Property Rights

KAON Group is registering, managing, and filing for domestic and international intellectual property rights related to its business through continuous R&D activities. The status of its intellectual property rights holdings at the end of 2023 is as follows.

Patents	Trademark Rights	Design Rights
Registered <b>75 cases</b>	Registered <b>34 cases</b>	Registered <b>14 cases</b>

## Business Performance

KAON Group's consolidated sales in 2023 reached KRW 536,375 million. The sales of the OTT and network business sectors were recorded as KRW 331.6 billion and KRW 204.8 billion, respectively. The OTT business sector accounts for the largest portion of total sales at 61.8%, while the network business sector accounts for 38.2%. As a global company maintaining a network of approximately 240 broadcasting and communications service providers in over 90 countries around the world, KAON Group's overseas sales ratio is approximately 63% of total sales.

Business Sector	Use	Sales (million KRW)	Ratio (%)
OTT	AI and digital broadcasting reception service	331,620	61.8
Network	Broadband service	204,755	38.2
Total		536,375	100

## KAON Broadband

### Overview of KAON Broadband

KAON Broadband's network solutions provide optimized platforms for both customers and end consumers. KAON Broadband supplies the entire product group of Broadband CPE, including AP Routers, Wi-Fi Repeaters, DOCSIS Gateways, PON, xDSL, and FWA to the global market, and provides integrated solutions that enable customers to efficiently build and manage their network environments through its independently developed remote network management solution KRMS and open standard platform QUANTUM. QUANTUM is an open standard platform that can be applied to all products regardless of the hardware environment. It provides an environment where end consumers can easily download and use the services they want through an open market and enables customers to create significant added value with various services developed and provided in collaboration with KAON

Broadband. In addition, KAON Broadband has a remote management solution that can diagnose and resolve network connection problems in a contactless environment without the need for face-to-face interaction, thereby providing an easy and convenient management environment where excellent Wi-Fi quality can be maintained.

- 1) AP Router (Access Point Router): A device that wirelessly transmits and connects network wired signals (Ethernet)
- 2) Wi-Fi Repeater: A device that transmits signals to areas where Wi-Fi signals are weak thereby extending the wireless network radius.
- 3) DOCSIS Gateway (Data Over Cable Service Interface Specification): A cable network standard using coaxial cables, and a communication device using it
- 4) PON(Passive Optical Network): A network standard using optical cables, and a communication device using it
- 5) xDSL(Digital Subscriber Line): A data communication technology using general copper telephone lines, and a communication device using it
- 6) FWA(Fixed Wireless Access): A communication device that wirelessly connects a subscriber's terminal and a base station, which is the access point
- 7) CPE(Customer Premise Equipment): A customer home network device
- 8) KRMS (Kaon Remote Management Solution): A solution for monitoring and remotely managing abnormal symptoms of the entire network device from the supplier server
- 9) QUANTUM: An open-source-based operating platform solution that can be used on all network equipment

## Key Corporate Information

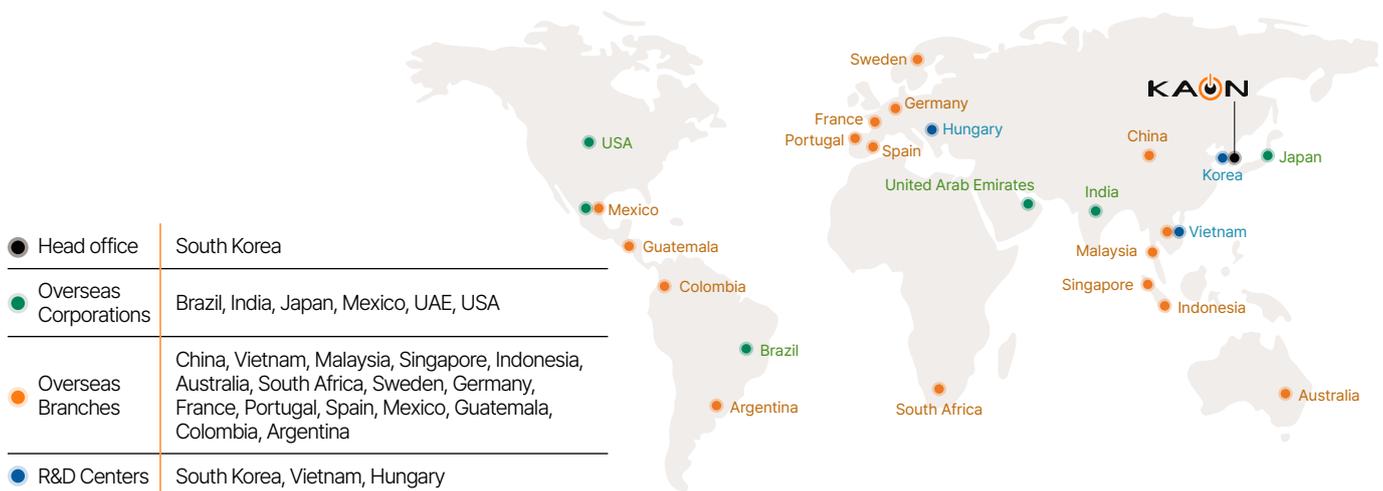
Company Name	Kaonbroadband Co., Ltd.
CEO	Dae-Seok Jeon
Year of Establishment	July 2020
Head Office Location	884-3 Seongnam-daero, Bundang-gu, Seongnam-si, Gyeonggi-do
Major Business	Supply of network equipment and service solutions
Sales	KRW 200,274 million (as of 2023)
Operating Profit	KRW -12,227 million (as of 2023)
Number of Employees	140

## Key Milestones

<b>Broadcasting and Communications</b> 2001~2012	<p>[Period of external growth through expansion of overseas and domestic markets]</p> <p><b>2001</b> • KAON Media was established</p> <p><b>2005</b> • KAON Media was listed on KOSDAQ market</p> <p><b>2010</b> • Launched world's first Android-based terminal</p> <p><b>2012</b> • Selected as SKBB, KT (Skylife) IPTV/Hybrid terminal operator</p>
<b>AI, Network</b> 2013~2019	<p>[Combined next-generation technologies to lead the broadcasting and communication and network markets]</p> <p><b>2014</b> • Launched world's first 4K IPTV</p> <p><b>2016</b> • KT Olleh TV Air (4K Video Bridge)</p> <p>• Award for Best Consumer Centric Wireless Service Innovation</p> <p><b>2017</b> • Launched the world's first AI terminal (KT)</p> <p>• Dominated the domestic IPTV market (supplied to all of KT, SK, and LG)</p> <p><b>2018</b> • Launched the world's first Android TV Oreo version</p> <p><b>2019</b> • Certified for Wi-Fi Alliance EasyMesh and Wi-Fi 6</p> <p>• Won a government project contract to develop 5G convergence terminals</p>
<b>Solutions, Platforms, XR</b> 2020~	<p>[Completely built three major future business areas]</p> <p><b>2020</b></p> <ul style="list-style-type: none"> <li>• KAON Broadband was launched</li> </ul> <p><b>2021</b></p> <p><b>KAON Media</b></p> <ul style="list-style-type: none"> <li>• Exported AI solutions overseas for the first time (Middle East)</li> <li>• Supplied first domestic Disney+ equipped OTT device to LG U+</li> </ul> <p><b>KAON Broadband</b></p> <ul style="list-style-type: none"> <li>• Launched KRMS 3.0 &amp; QUANTUM platforms</li> <li>• Won a contract for the government's digital new deal 'National School Public Wi-Fi Construction Project'</li> </ul> <p><b>K-Future Tech</b></p> <ul style="list-style-type: none"> <li>• K-Future Tech was launched</li> <li>• Developed 5G XR glasses and supplied them to the police (Ministry of Science and ICT's national project)</li> </ul> <p><b>2022</b></p> <p><b>KAON Media</b></p> <ul style="list-style-type: none"> <li>• Acquired the Platinum Grade in the EcoVadis ESG Assessment</li> <li>• Won the ICT Patent Management Award (Minister of Science and ICT's Award)</li> </ul> <p><b>KAON Broadband</b></p> <ul style="list-style-type: none"> <li>• Won the Export Tower (achieved 70 million dollars export) on the Trade Day</li> </ul> <p><b>K-Future Tech</b></p> <ul style="list-style-type: none"> <li>• Applied for a patent for a Self-driving Robot Technology</li> </ul> <p><b>2023</b></p> <ul style="list-style-type: none"> <li>• Changed company name: KAON Media Co. Ltd. → KAON Group Co. Ltd.</li> <li>• Won the EcoVadis 'Sustainability Leadership Award'</li> <li>• Acquired SBTi approval of Carbon Reduction Target (SME)</li> </ul>

## Global Network

After making a full-fledged entry into the global market by establishing corporations in Germany, the Middle East, and India in 2007, KAON Group has been supplying digital broadcasting and communication solutions to over 100 broadcasters in 90 countries around the world.



# Sustainability Highlights

## ECONOMIC VALUE

<b>Construction of Global Infrastructure</b> 	+90 countries +230 global customers retained +26 global operating networks
<b>Technological Development</b> 	Applied for a patent for the self-driving robot technology (2023, K-Future Tech)
<b>Awards</b> 	ICT Patent Management Award (2022, Minister of Science and ICT's Award)
<b>Trade &amp; Exports</b> 	Won the Export Tower (achieved 70 million dollars export) on the Trade Day (2023, KAON Broadband)

## SUSTAINABLE VALUE

<b>EcoVadis</b>	Acquired a Platinum Grade Medal (2023, top 1%)
	Won Sustainability Leadership Award 2023 'Best performing company'
<b>SBTi</b>	Carbon Reduction Target was approved (2023, first in KOSDAQ)
<b>International Standards</b>	Acquired ISO 22301 (2024)
<b>CDP</b>	Acquired B- grade in the first examination (voluntary participation)

# Sustainability Management System

## Sustainability Governance

KAON Group has organized and operates independent committees by ESG topic (ESG Executive Committee, Human Rights Management Committee, Health and Safety Management Committee, Information Security Committee). Each committee independently reviews and discusses major ESG-related issues and reports the outcomes to the CEO through the chairperson. To actively respond to changes in the ESG-centered management environment, KAON Group has included ESG-related provisions in the Board of Directors' operating regulations. As the highest decision-making body, the Board of Directors oversees, deliberates, and approves ESG plans and performance. The reporting periods for ESG agenda items through the Board of Directors are divided into regular (annual ESG management plan) and ad hoc (other ESG-related matters) reviews. Through this reporting system and board operations, KAON Group has established a framework to regularly monitor its ESG management direction and implementation performance.

## Sustainability Management Organization Chart



## Stakeholder Engagement

KAON Group continuously strives to communicate with various stakeholders who are directly or indirectly affected by its business operations. The key stakeholder groups have been identified based on their influence and importance to the company's business activities, and they include shareholders and investors, customers, employees, partners, local communities, and government agencies. The company has classified stakeholders into six groups and operates various communication channels tailored to the key interests of each group. Through these channels, KAON Group continuously identifies stakeholders' main concerns and requirements and actively incorporates them into sustainability management decision-making, thereby meeting stakeholder expectations.

### Stakeholder Classification and Communication Channels

<b>Shareholders and Investors</b> 	<ul style="list-style-type: none"> <li>Shareholders' meeting</li> <li>Disclosure</li> <li>IR data</li> <li>Homepage</li> <li>Telephone</li> </ul>
<b>Customers</b> 	<ul style="list-style-type: none"> <li>Customer satisfaction survey</li> <li>Domestic and international exhibitions and fairs</li> <li>Telephone and email</li> </ul>
<b>Employees</b> 	<ul style="list-style-type: none"> <li>KAON Groupware</li> <li>Labor-management council</li> <li>Occupational Safety and Health Committee</li> </ul>
<b>Partners</b> 	<ul style="list-style-type: none"> <li>Regular evaluation of partners</li> <li>Telephone and email</li> </ul>
<b>Local Communities</b> 	<ul style="list-style-type: none"> <li>Activities contributing to local communities</li> </ul>
<b>Government and Local Governments</b> 	<ul style="list-style-type: none"> <li>Meetings</li> <li>System briefing sessions</li> </ul>

## Materiality Assessment

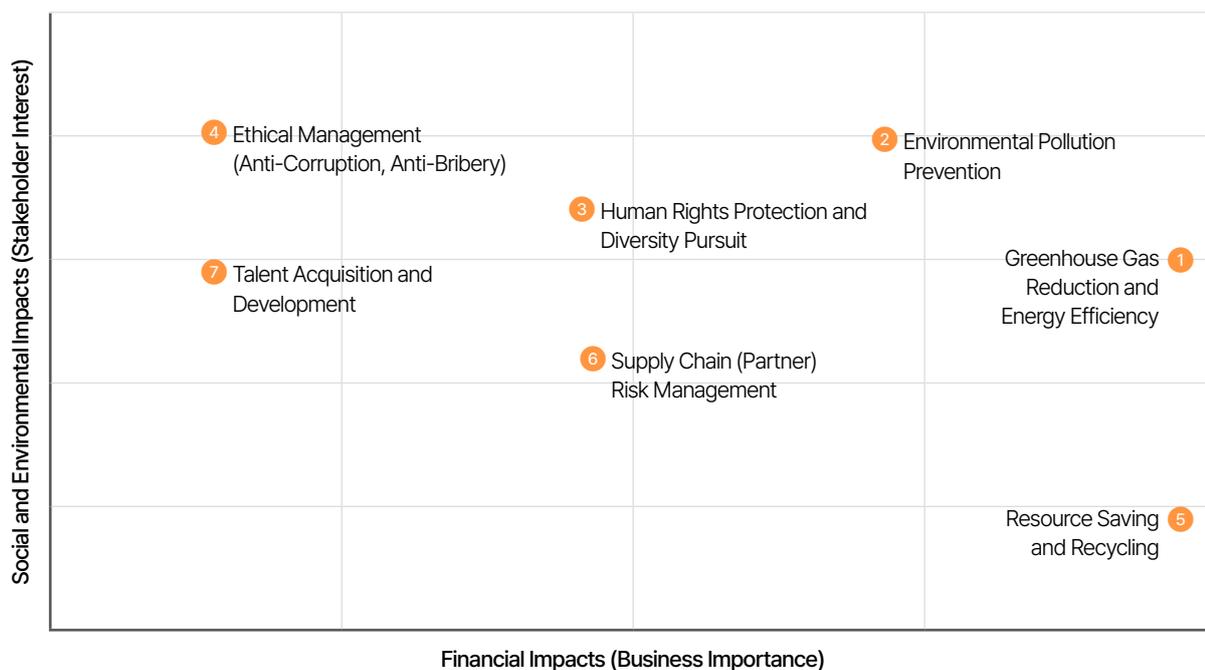
For sustainability management, KAON Group conducted a materiality assessment to identify the impacts on and interests of internal and external stakeholders. The materiality assessment was conducted in accordance with the GRI (Global Reporting Initiative) Standards 2021, and material topics were selected based on the company's business importance and stakeholder interests. Based on the 27 material issues identified in the previous year's report, final scores were calculated by reviewing the GRI disclosure standards to additionally consider global stakeholder interests. For business importance, the final scores were derived by reviewing material issues from external ESG assessment agencies and reflecting the EcoVadis, CDP, and SBTi assessment criteria.

Through this process, a materiality matrix was developed for the 27 identified sustainability issues. As a result, issues such as 'Greenhouse Gas Reduction and Energy Efficiency', 'Environmental Pollution Prevention', and 'Human Rights Protection and Diversity Pursuit' were identified as material topics. The seven topics selected as material topics are described in detail in the relevant sections of this report. Based on the results of the materiality assessment, KAON Group will link these material topics to future sustainability strategies and goals and reflect them in management activities to create sustainability management value.

### Materiality Assessment Process

<b>STEP 1.</b> KAON Group Issue Pool Composition	<ul style="list-style-type: none"> <li>Analysis of international guidelines</li> <li>Analysis of industry trends</li> <li>Benchmarking of similar industries</li> <li>Analysis of corporate management issues</li> <li>Media survey</li> </ul>
<b>STEP 2.</b> Conducting the Materiality Assessment	'Stakeholder interests' and 'business importance' were evaluated for the 27 issues finally selected <b>Stakeholder interests</b> <ul style="list-style-type: none"> <li>Stakeholder survey: Surveys were conducted with employees, customers, partners, shareholders, local communities, etc. (February 22, 2022 - March 2, 2022) *Stakeholder interests in existing materiality assessments were continuously reflected</li> <li>Analysis of global ESG standards (GRI Standards)</li> </ul> <b>Business importance</b> <ul style="list-style-type: none"> <li>Analysis of the effects of external ESG assessment items (EcoVadis, CDP, SBTi)</li> </ul>
<b>STEP 3.</b> Deriving Material Topics	<ul style="list-style-type: none"> <li>Derivation of KAON Group's material issues and sub-issues for sustainability management</li> <li>Detailed description of seven material topics in the relevant areas of the report</li> </ul>

### Materiality Assessment Matrix



### Material Topic Selection

No	Material Topics	GRI Standards 2021	Report Page
1	Greenhouse Gas Reduction and Energy Efficiency	GRI 302: Energy GRI 305: Emissions	15-17, 54-55
2	Environmental Pollution Prevention	GRI 303: Water and Effluents	15, 17, 54
3	Human Rights Protection and Diversity Pursuit	GRI 405: Diversity and Equal Opportunity GRI 406: Non-Discrimination GRI 407: Freedom of Association and Collective Bargaining GRI 408: Child Labor GRI 409: Forced or Compulsory Labor	29-33, 37-41, 43-44, 57
4	Ethical Management (Anti-Corruption, Anti-Bribery)	GRI 205: Anti-Corruption	45-48, 62, 63
5	Resource Saving and Recycling	GRI 301: Materials GRI 306: Waste	15, 18, 20, 55, 56
6	Supply Chain (Partner) Risk Management	GRI 308: Supplier Environmental Assessment GRI 414: Supplier Social Assessment	37-41, 56
7	Talent Acquisition and Development	GRI 401: Employment GRI 404: Training and Education	23-26, 57, 58, 60, 61

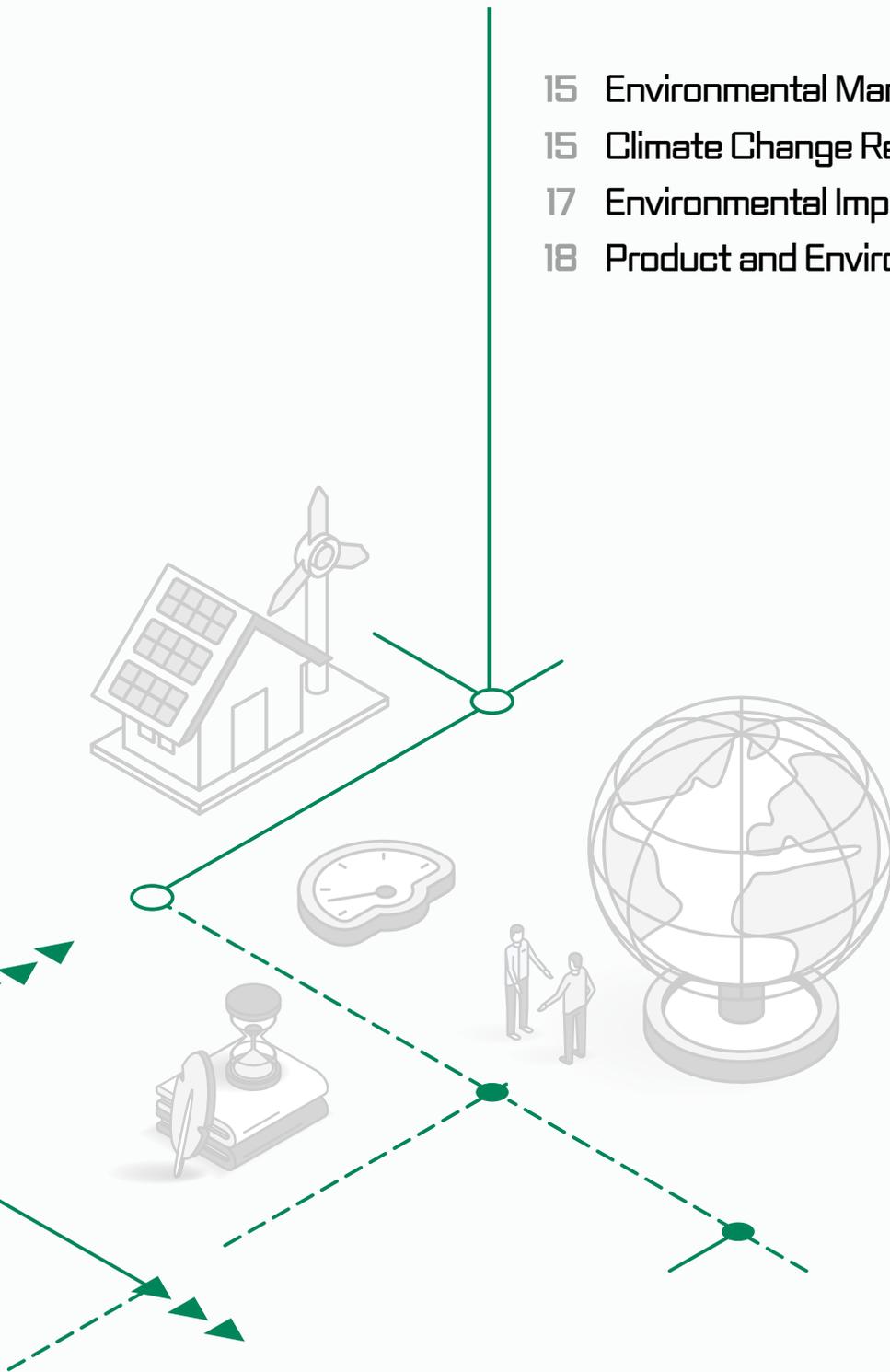
## Major ESG Policies and Implementation System

Category	Major Policies and Implementation System	Policy Scope of Application	Policy Responsibility Assignment	Policy Purpose	Policy Goals (by 2030)
Social	Customer satisfaction management		<ul style="list-style-type: none"> <li>CEO/Management</li> <li>Head of each department (by job)</li> <li>Quality control team</li> </ul>	<ul style="list-style-type: none"> <li>To meet customer expectations and requirements for reliability and safety</li> </ul>	<ul style="list-style-type: none"> <li>Achievement rate of 95% or higher for incoming quality PPM target</li> <li>Achievement rate of 95% or higher for process quality PPM target</li> <li>Customer inspection pass rate 100%</li> </ul>
	Human resources Talent management (organizational culture, labor-management culture)	<ul style="list-style-type: none"> <li>All workplace employees</li> </ul>	<ul style="list-style-type: none"> <li>Human resources team</li> <li>Labor-management council (holding meetings and discussing agenda items)</li> <li>Grievance handling committee (operating grievance handling procedures)</li> </ul>	<ul style="list-style-type: none"> <li>Activate education, training, and competence development</li> <li>Activate labor-management communication</li> </ul>	<ul style="list-style-type: none"> <li>Conduct subject-specific job level training twice a year</li> <li>Achieve a training satisfaction survey rate of 90% or higher</li> <li>Maintain the operations of labor-management council four times a year (once per quarter)</li> </ul>
	Human rights management		<ul style="list-style-type: none"> <li>CEO/Management</li> <li>Human rights management committee</li> <li>Human resources team</li> </ul>	<ul style="list-style-type: none"> <li>Prohibit discrimination and harassment</li> </ul>	<ul style="list-style-type: none"> <li>Conduct internal audits to evaluate child labor and forced labor once a year</li> <li>Conduct human rights impact assessment once a year (feedback to collect opinions of external stakeholders (customers, local residents))</li> </ul>
	Diversity, equity and inclusion (DE&I)			<ul style="list-style-type: none"> <li>Create working environment where diversity is respected, and discrimination is prohibited</li> <li>Provide equal opportunities</li> <li>Create an inclusive and respectful working environment</li> </ul>	<ul style="list-style-type: none"> <li>Maintain training completion rate of 90% or higher every year (training to prevent workplace bullying and sexual harassment and improve awareness of people with disabilities to enhance diversity, equity, and inclusion)</li> </ul>
	Health and Safety	<ul style="list-style-type: none"> <li>All workplace employees</li> <li>Partners and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>CEO/Management</li> <li>Health and safety management committee</li> <li>General affairs team</li> </ul>	<ul style="list-style-type: none"> <li>Responsible management of health and safety</li> <li>Promote health and safety of executives and employees</li> <li>Eliminate health and safety risks in products and services</li> </ul>	<ul style="list-style-type: none"> <li>Maintain zero safety accidents and industrial accidents every year</li> <li>Maintain zero violations of health and safety-related laws every year</li> <li>Maintain 100% risk factor discovery/improvement rate every year</li> <li>Maintain 100% emergency training progress every year</li> <li>Increase employee satisfaction evaluation score by 10% (as of 2022)</li> </ul>
	Supply chain ESG		<ul style="list-style-type: none"> <li>CEO/Management</li> <li>ESG implementation committee</li> <li>Purchase team</li> </ul>	<ul style="list-style-type: none"> <li>Maintain compliance with corporate ethics (code of conduct for business partners)</li> <li>Maintain partners' compliance with respect for labor and human rights</li> <li>Maintain partners' compliance with safety and health regulations</li> <li>Strengthening environmental management capabilities of partners</li> </ul>	<ul style="list-style-type: none"> <li>Maintain a ratio of partners' participating in the sustainable procurement capacity building program of 90% or higher</li> <li>Maintain a ratio of partners' signing the supplier code of conduct of 95% or higher</li> <li>Maintain a ratio of suppliers completing ESG evaluation (self or visited) of 90% or higher</li> </ul>
	Local community		<ul style="list-style-type: none"> <li>All workplace employees</li> </ul>	<ul style="list-style-type: none"> <li>General affairs team</li> </ul>	<ul style="list-style-type: none"> <li>Contributing to local communities</li> <li>Realize social value</li> </ul>

Category	Major Policies and Implementation System	Policy Scope of Application	Policy Responsibility Assignment	Policy Purpose	Policy Goals (by 2030)	
Environmental	Environmental Management	<ul style="list-style-type: none"> <li>Environmental management policy</li> <li>Environmental management system (ISO 14001)</li> </ul>		<ul style="list-style-type: none"> <li>Reducing greenhouse gas emissions and energy consumption</li> <li>Monitoring water consumption and improving water reuse rates</li> </ul>	<ul style="list-style-type: none"> <li>Reduce greenhouse gas emissions by 42% by 2030 and 90% by 2050</li> <li>Maintain a 2% reduction in energy usage each year</li> <li>Maintain a 50% share of renewable energy usage (until 2050)</li> <li>Reduce water usage by 3% each year</li> </ul>	
	Climate Change Response	<ul style="list-style-type: none"> <li>Environmental management policy</li> <li>Greenhouse gas calculation management regulations (based on ISO 14064-1)</li> </ul>		<ul style="list-style-type: none"> <li>Minimizing impacts on biodiversity</li> <li>Minimizing air pollutant emissions</li> </ul>	<ul style="list-style-type: none"> <li>Maintain 50% of employees participating in local environmental pollution cleanup projects each year</li> <li>Maintain zero air pollutant emissions</li> </ul>	
	Environmental Impact Management	<ul style="list-style-type: none"> <li>Environmental management policy</li> <li>Environmental management system (ISO 14001)</li> <li>Air pollutant emission policy</li> <li>Waste management regulations</li> </ul>	<ul style="list-style-type: none"> <li>All workplace employees</li> <li>Partners and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>CEO/Management</li> <li>ESG Implementation Committee</li> <li>ESG Team</li> </ul>	<ul style="list-style-type: none"> <li>Reducing waste generation</li> <li>Safe management of chemical substances</li> <li>Reducing the amount of resources input</li> <li>Safe and environmental products</li> <li>Promoting resource circulation and responsible consumption</li> </ul>	<ul style="list-style-type: none"> <li>Reduce waste generation by 3% each year</li> <li>Conduct a precision safety diagnosis inspection once a year, maintain zero safety accidents</li> <li>Maintain a 1% reduction in raw and auxiliary material usage each year</li> <li>Increase the use of recycled materials (recycled resin) by 1% each year</li> </ul>
	Product and Environmental Responsibility	<ul style="list-style-type: none"> <li>Environmental management policy</li> <li>Environmental management system (ISO 14001)</li> <li>Environmental aspect identification and impact assessment regulations</li> </ul>				<ul style="list-style-type: none"> <li>Reduce product power consumption (per unit) by 1% each year</li> <li>Maintain a weight index of 50 or higher for refurbishment materials sales</li> <li>Maintain zero customer health and safety-related accidents each year</li> <li>100% disclosure of LCA for all product groups</li> </ul>
Governance	Decision-making Structure	<ul style="list-style-type: none"> <li>Board of directors operation regulations</li> </ul>	<ul style="list-style-type: none"> <li>Board of directors</li> <li>Management</li> </ul>	<ul style="list-style-type: none"> <li>Establishing a transparent governance structure through disclosure of the compensation structure of the board of directors and management</li> <li>Securing board expertise, transparency, and diversity</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of ESG Committee within the Board of Directors</li> <li>Annual regular publication of sustainability report</li> <li>Introduction of ESG performance-linked compensation system</li> </ul>	
	Ethical Management	<ul style="list-style-type: none"> <li>Anti-corruption policy</li> <li>Ethical conduct guidelines</li> <li>Code of ethics</li> <li>Ethics charter</li> <li>Anti-corruption management system (ABMS)</li> <li>Internal business audit guidelines</li> <li>Fair trade voluntary compliance program (CP)</li> </ul>	<ul style="list-style-type: none"> <li>All workplace employees</li> <li>Partners and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>CEO (Decision Making)</li> <li>Planning Team (Policy Review)</li> <li>Each Department Head (Conduct Risk Assessment)</li> </ul>	<ul style="list-style-type: none"> <li>Prohibiting corruption, bribery, conflicts of interest, fraud, money laundering, and anti-competitive practices</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining 0 cases of misconduct reported each year</li> <li>Conducting corruption risk assessment once a year</li> <li>Achieving 100% completion rate of ethics education for employees each year</li> <li>Achieving 100% signing of ethics compliance pledge for employees each year</li> </ul>
	Information Security	<ul style="list-style-type: none"> <li>Information security policy</li> <li>Information security declaration</li> <li>Information security management system (ISMS)</li> </ul>		<ul style="list-style-type: none"> <li>CEO/Management</li> <li>Information Security Committee</li> <li>IT Team</li> </ul>	<ul style="list-style-type: none"> <li>Systematic management of information security</li> <li>Managing internal and external human security</li> <li>Managing the system for preventing and responding to security incidents</li> <li>Managing disciplinary and compensation measures</li> </ul>	<ul style="list-style-type: none"> <li>Maintaining 0 cases of information security incident reported each year</li> <li>Conducting information security risk assessment once a year</li> </ul>

# Environmental

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# Environmental Management

## Environmental Management System

KAON Group is strengthening its company-wide Environmental Management system for a sustainable future and is striving for Climate Change Response and resource saving. It minimizes its impact on the environment through low-carbon production processes and material usage optimization, and cooperates with partners by applying strengthened environmental standards throughout the supply chain.

### ESG Committee

KAON Group has established the ESG Committee as a decision-making body for climate action. This committee is comprised of executives equipped with expertise and insight related to climate change and is responsible for and manages all climate-related tasks under the leadership of the chairman. The ESG Committee makes decisions to strengthen company-wide environmental management activities, and these decisions are reflected in management. When an issue related to climate change arises, the ESG team, which is a working organization, analyzes the risks and opportunities of the issue and reports to the chairman. Thereafter, the chairman selects major issues that have significant impacts on the company and discusses them in the committee, and the committee reviews the issues and delivers the final resolutions to the CEO. The CEO then presents them as agenda items for the board of directors to make final decisions on the major issues. In order to set concrete goals that KAON Group can immediately implement in 2023, the Board of Directors held the following discussions.

- Establishment of a medium- to long-term carbon management roadmap
- ESG assessment and global initiatives (EcoVadis, UNGC, SBTi, CDP)
- Review of global ESG management trends and development of a response framework

KAON Group is continuing such strategic reviews, corporate goal setting, and supervision activities, and plans to review climate change issues from various perspectives such as regulations, technology, markets, and stakeholders going forward. Through these efforts, KAON Group plans to deeply analyze the short-, medium-, and long-term impacts of climate change on the company's financial and non-financial sectors.

## Environmental Policy

KAON Group has established a company-wide Environmental Management system (ISO 14001) to achieve its management vision of driving innovation and practicing social responsibility for sustainability. It aims to minimize its environmental impact and contribute to environmental protection. The company thoroughly manages the environmental impacts across the entire lifecycle of products, from production and use to disposal, making continuous efforts to protect the environment and enhance performance. It has established an environmental policy by considering legal regulations, compliance

obligations, stakeholder requirements, and significant environmental impacts.

KAON Group has developed regulations and policies for energy and greenhouse gases, water, air pollution, waste management, environmental impacts during product use and disposal, and customer health and safety. It has also set short-term goals for each area, to be achieved by 2030. All environmental policies are managed by the ESG team and are reviewed annually to ensure alignment with the company's objectives and goals.

Area	Target Goal <sup>1)</sup>
Greenhouse Gases	Greenhouse gas emissions reduction by 42%
Energy	2% reduction in energy usage each year
Water	Reduction in water usage by 3% each year
Biodiversity	50% of employees' participation in local environmental pollution cleanup projects each year
Air Pollution	Air pollutant emissions 0 each year
Wastes	3% reduction in waste generation each year
Chemicals	Precision safety diagnosis inspection once a year
	0 case of occurrence of safety accidents each year
Raw Materials	1% reduction in raw and auxiliary material usage (quantity X weight) each year
Environmental Impact of Product Use	1% increase in the use of recycled resin each year
	1% reduction in product power consumption (per unit)
Environmental Impact of Used Products	Refurbishment material sales weight index <sup>2)</sup> 50 or higher
Customer Health and Safety	Zero customer health and safety-related accidents
Eco-Friendly Services	100% LCA disclosure for all product groups

1) The target goals in the areas of 'greenhouse gases, energy, water, waste, raw materials, and product use environmental impact' were established based on the figures for 2022.

2) Weight index: Weight (g) ÷ Sales (million KRW)

# Climate Change Response

## GHG and Energy Management

KAON Group actively responds to climate change and establishes and implements goals by preparing practical GHG (Greenhouse gas) reduction measures. It continuously strives to improve energy efficiency across the entire product lifecycle, from development and purchasing to production, logistics, use, and disposal. The company does not use ozone layer-depleting substances or fluorinated GHG. Instead, it strives to reduce its environmental impact by using lithium bromide, which is not an ozone-depleting substance, as a refrigerant. KAON Group also plans to expand the use of renewable energy to

achieve 50% renewable energy use by 2050. Although KAON Group is not subject to the emission trading system or the GHG energy target management system, it measures and manages its energy usage and GHG emissions company-wide every year in accordance with its GHG calculation management regulations based on ISO 14064-1. In this process, KAON Group utilizes its own emissions calculation and management program, and the emission calculation results and related data are internally verified. Thereafter, the data are verified by a third-party verification agency according to the ISO 14064-1 reasonable assurance standard to ensure the reliability and accuracy of the data.

## GHG Reporting

KAON Group transparently discloses GHG emission information to internal and external stakeholders through the Sustainability Management Report and makes it available for anyone to read. In addition, this GHG emission information is verified by a third party to ensure reliability, and KAON Group actively participates in the Carbon Disclosure Project (CDP). KAON Group thoroughly manages its overall environmental impact by reporting and verifying GHG emissions across Scope 1 (direct emissions), Scope 2 (indirect emissions, location-based), and Scope 3 (upstream and downstream emissions).

## GHG Reduction Indicators and Targets

KAON Group sets absolute GHG reduction targets in accordance with the Science Based Targets Initiative (SBTi) and publicly announces them. KAON Group's SBTi Small and Medium Enterprise (SME) target was approved in 2023, and a full-scale SBTi target was additionally established in 2024 and is currently awaiting approval. This target was established in 2024 with 2022 as the base year and consists of short-term goals by 2030 and long-term goals by 2050. The target includes GHG emissions from subsidiaries and overseas workplaces, which align with the scope of KAON Group's consolidated financial statements. Scopes 1 and 2 include company-wide GHG emissions, while Scope 3 targets emissions from Category 1 (purchased goods/services), 4 (upstream transportation and distribution), and 11 (use of sold products), which account for 99.3% of total Scope 3 emissions. Ultimately, KAON Group aims to directly reduce 90% of GHG emissions in Scopes 1, 2, and 3 by 2050 and achieve net zero through offsets and absorption for the remaining 10%.

## Absolute GHG Reduction Target

Base Year	Target Year	Criterion <sup>1)</sup>	Scope	Target
2022	2030	1.5°C	1+2	42% reduction
		Well below 2°C	3	25% reduction
	2050	1.5°C	1+2+3	90% reduction

1) 1.5°C: GHG reduction target to keep the global average temperature rise below 1.5°C, Well below 2°C: GHG reduction target to keep the global average temperature rise well below 2°C

## GHG Reduction Activities

### Scope 1 and 2 Emissions Reduction Activities

KAON Group promotes various activities to reduce GHG. Excluding Scope 3, GHG emissions generated by KAON Group mainly result from indirect emissions due to electricity use and LNG use for heating. To reduce this, employees actively participate in various energy-saving activities such as maintaining appropriate temperatures in buildings and refraining from using elevators on low floors. As a result of these efforts, Scope 2 emissions were reduced by 7 tCO<sub>2</sub>eq in 2023 compared to 2022.

### Scope 3 Category 1 Emissions Reduction Activities

For EMS Samindo Factory, one of our partners, we requested a reduction of greenhouse gas emissions by more than 3% per year and provided financial support of 1.8 million KRW three times for GHG emission verification costs. As a result, EMS Samindo Factory made efforts to reduce GHG emissions by cutting off power to non-operating equipment and replacing existing lighting with high-efficiency LEDs.

### Scope 3 Category 11 Emissions Reduction Activities

In order to reduce emissions in the product usage phase corresponding to Category 11 of Scope 3, we conducted a Cradle-to-Grave life cycle assessment assuming one product is used 24 hours a day for 5 years. Based on this assessment, a simulation to improve power consumption was conducted, and as a result, it was confirmed that 26.8 kgCO<sub>2</sub> could be reduced during the usage phase of Wi-Fi Repeater, one of KAON Group's products. In addition, the potential to save an additional 1.6 kgCO<sub>2</sub> by changing components during the pre- and manufacturing stages of the same product was identified.

Replaced the Existing Lighting with LED Lighting	<ul style="list-style-type: none"> <li>In 2022, 33 million KRW was invested to replace office lighting with energy-efficient LEDs</li> </ul>
Saved Energy in the Computer Room	<ul style="list-style-type: none"> <li>To save energy, we regularly manage the cooling devices in the computer room, and prepare a cooling device management check-list once a month</li> </ul> <p>Excerpt from the computer management regulations</p> <p>To save energy used in operating the computer room, cooling devices must be managed periodically, and equipment must be placed to maximize energy efficiency through rack structure improvement and server optimization.</p>
Replaced Gas-Powered Vehicles with Electric Vehicles and Installed Charging Facilities	<ul style="list-style-type: none"> <li>In 2023, 8.2 million KRW was invested to install 2 electric vehicle charging facilities</li> <li>Corporate vehicles were replaced with electric vehicles</li> </ul>
Education on GHG and Being Eco-Friendly	<ul style="list-style-type: none"> <li>Eco-friendly management training was provided to all employees</li> <li>GHG emission system training was provided to general affairs employees once for 8 hours</li> </ul>
Third-Party Verification of GHG Inventory	<ul style="list-style-type: none"> <li>Third-party audits and verification of GHG inventory are conducted annually in accordance with our environmental management policy [Shortcut to the greenhouse gas verification opinion]</li> </ul>
In-House Energy Use Reduction Activities	<ul style="list-style-type: none"> <li>We make efforts to reduce electricity usage through activities such as monitoring electricity usage, turning off standby power, and turning off office lights during meal times</li> <li>We maintain appropriate indoor temperatures of 26~27°C in summer and 18~20°C in winter to save on heating and cooling fuels</li> </ul>
Environmental Management Plan	<ul style="list-style-type: none"> <li>We plan to create green areas in unused spaces around the building and on the rooftop</li> <li>We are considering installing solar panels on the rooftop of the company building</li> <li>We prepare GHG emission prediction reports</li> </ul>

# Environmental Impact Management

## Water Management

KAON Group's main water use is domestic water used at the head office, which is sourced from the water supply and discharged into the sewer after meeting legal standards. Accordingly, water pollutant emissions are extremely low, so they are excluded from monitoring requirements, and the amount of pollutant emissions is not measured separately.

## Water Usage Reduction

To reduce water usage, a water saving plan is established to monitor water usage every year, and various activities are carried out, such as regular inspection and improvement of water facilities. In particular, in commemoration of World Water Day on March 22, 2022, a water saving campaign was carried out to encourage employees to use cups when brushing teeth. In addition, water saving devices that can reduce water usage by 50% compared to conventional devices were installed in the washstands, and in 2024, 23.4 million KRW was invested to replace the existing toilets with water-saving toilet seats. In addition, KAON Group is making efforts to increase the water reuse rate by utilizing rainwater as landscaping water.

### KAON Group Water Saving Campaign

- ① Use a toothbrush cup when brushing your teeth
- ② Turn off the water when soaping to wash your hands
- ③ Check if the faucet is closed tightly after using water

## Air Pollutant Management

KAON Group's emissions of air pollutants such as nitrogen oxides and sulfur oxides are very small due to the nature of its business, so they are excluded from management targets and their emissions are not measured separately. Nevertheless, KAON Group continuously strives to thoroughly identify air pollutants that may occur during business operations and minimize emissions by processing them in accordance with relevant laws and regulations. In accordance with our air pollutant emission policy, we characterize, monitor, and control volatile organic compounds (VOCs), aerosols, corrosive substances, fine particles, and combustion byproducts that may occur during work, and then safely process and discharge them. In addition, we inspect the soldering environment in the laboratory every six months to monitor whether hazardous substances are emitted. As a result, hazardous substances such as tin and n-propyl acetate were not detected or were detected below the exposure standards for the last three years.

## Biodiversity Protection

KAON Group strives to identify and prevent or minimize the impact on biodiversity that may occur during its business operations. It does not operate business sites located in or near biodiversity-sensitive areas, and strives to protect the surrounding wildlife.

# Product and Environmental Responsibility

## Waste Reduction Activities

KAON Group does not operate production or manufacturing processes in South Korea, so most of its wastes are general wastes generated from buildings. Therefore, the impact of wastes on the environment is minimal, but KAON Group has established waste management regulations to systematically identify and manage the types, characteristics, and amounts of waste generated at its workplaces, and processes and discharges them appropriately in accordance with relevant laws and regulations. In addition, KAON Group has set a goal of reducing waste generation by 3% annually by 2030 and is continuously working to achieve this goal. As a result, KAON Group achieved a total waste reduction of 13.6 tons in 2023 compared to 2022.

### General and Recyclable Wastes

KAON Group separates and stores wastes by type, and promotes waste sorting to reduce general waste and increase recycling rates. KAON Group conducts regular quarterly inspections of the status of waste sorting to analyze the causes of waste generation and implements measures to minimize it. Employees receive annual education on waste management and sorting to raise awareness, and the amounts of separated waste, such as aluminum, paper, plastic, and glass, are recorded daily in the facility management log to track waste trends. To minimize paper waste, KAON Group regularly implements measures to reduce waste paper and encourages the use of scrap paper. In addition, the company has stopped using disposable paper cups and encourages the use of personal mugs.

### Special Wastes

In order to minimize computer waste, KAON Group sets the usage period of in-house computer equipment to a minimum of 5 years and creates a list to track and manage the expiration dates of all equipment. Electronic wastes that have passed their expiration dates are disposed of periodically, and in cases where a malfunction occurs, the relevant equipment is repaired or recycled by KAON Group. In cases where designated wastes are generated, identification marks are attached to the wastes, and they are stored separately from general wastes. Drainage ditches are installed around the storage area to prevent water, such as rainwater, from flowing in.

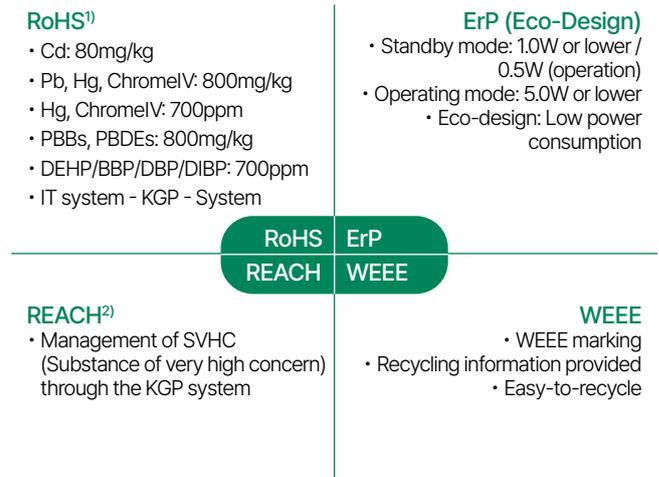
### Product Wastes

KAON Group also makes various efforts to reduce waste generated from products. In the case of batteries used in products, we are introducing uninterruptible power supply (UPS) batteries with a longer lifespan instead of general batteries to reduce battery waste. In addition, we operate refurbishment and recycling services for customers to recover used materials and remanufacture products, thereby minimizing waste emissions.

## Environmental Regulation Management System

KAON Group operates the 'KAON Green Portal System (KGP System)', a specialized environmental portal system, for more systematic environmental information management and regulatory response. This system was built to efficiently respond to the requirements of various environmental laws, including the European RoHS<sup>1)</sup> and REACH<sup>2)</sup> regulations. In particular, it is a highly reliable system built in cooperation with specialized providers of environmental systems to enable rapid and accurate responses to even difficult and complex environmental regulations.

### KAON Group Environmental Regulation Management



1) RoHS: Directive on Restriction of the Use of Hazardous Substances in Electrical and Electronic Products  
 2) REACH: New Chemical Substance Management System

## Hazardous Chemical Substance Management

### Management of Hazardous Chemical Substances in Products

KAON Group professionally manages hazardous chemicals through the KGP system. We check the hazardous substance data provided by suppliers in the KGP system and thoroughly investigate whether hazardous substances are included in products. From the stage of new product development, we review the presence of environmentally hazardous substances in advance and approve them if they meet the standards. If the standards are exceeded, we block the use of hazardous substances. In addition, we have created a list of

environmental management substances in accordance with regulatory requirements such as RoHS and REACH to restrict the use of various hazardous substances, persistent organic pollutants (POPs), and mercury. We also reduce the use of chemicals by reusing electronic components recovered during product production and utilizing eco-friendly alternatives such as recycled ABS resin.

### Control of Exposure to Hazardous Substances in the Workplace

KAON Group identifies and records chemicals that are harmful to the human body or have the potential to pollute the environment, and safely stores, transports, uses, recycles, and disposes of such substances. To prevent employees from being exposed to hazardous substances in the workplace or to protect them from excessive exposure, employees in workplaces, including laboratories, are required to maintain hazardous material handling logs and material safety data sheets (MSDS). We place material safety data sheets on-site so that information such as the hazards of the chemical products we handle, handling methods, and response methods in the event of an accident can be accessed.

#### Entries in the Harmful Factor Handling and Management Ledger

- Material name / Case No.
- Quantity held
- Material storage location
- Hazard/risk classification (physical danger, health and environmental hazards)
- Whether applicable to (precise safety diagnosis, working environment measurement, special health checkup)

In addition, we provide health and safety education, including hazardous substance handling, to all employees four times a year, six hours per session, for a total of 24 hours annually. Since 2020, a third-party, the Safety and Health Advancement Institute, has conducted a laboratory precision safety diagnosis once a year. During the precision safety diagnosis, the appropriateness of exposure assessments, handling, and management of harmful factors, as well as the pre-harmful factor risk analysis for laboratories, are diagnosed and evaluated. Improvements identified through the diagnosis are reflected to strengthen safety management.

To prevent chemicals from being released into the environment, their environmental impacts are evaluated, and measures are taken in accordance with relevant procedures. In the event of a release, we can respond immediately according to the emergency response plan, which includes an action manual from the onset to resolution of the incident.

### RoHS

RoHS is a European regulation that restricts the use of 10 hazardous substances such as cadmium (Cd), lead (Pb), mercury (Hg), hexavalent chromium (Cr6+), polybrominated biphenyls (PBBs), polybrominated biphenyl ethers (PBDEs), diethylhexyl phthalate (DEHP), benzyl butyl phthalate (BBP), dibutyl phthalate (DBP), and diisobutyl phthalate (DIBP) in electrical or electronic equipment. KAON Group analyzes all homogeneous materials in its product components to ensure compliance with the RoHS standards.

### REACH

REACH is a chemical substance management system that mandates the registration of all chemical substances (including mixtures and products containing chemical substances) manufactured or imported in Europe in quantities exceeding 1 ton per year. Substances must be evaluated or authorized based on their quantities and characteristics. KAON Group catalogs all materials constituting its product components to manage them, restricts the use of certain substances, or ensures their use follows the relevant procedures in compliance with the REACH system. Additionally, KAON Group systematizes control and supports suppliers' management of harmful substances by distributing updates on regulated substances under REACH through the KGP system.

### WEEE

The WEEE Directive (Waste Electrical and Electronic Equipment Directive) aims to minimize environmental impact by reducing the final disposal of waste electrical and electronic products after their use. The core of this directive, established by the European Union, is to maximize resource value through processes such as recycling, reuse, and recovery, rather than incineration or landfilling. KAON Group is making extensive efforts to ensure full compliance with the WEEE Directive. The WEEE symbol is clearly displayed on all electrical and electronic products, enabling consumers and recycling personnel to easily recognize the recyclability of the products. Additionally, KAON Group has signed consignment contracts with waste collection companies in six countries (Czech Republic, Greece, Poland, Slovakia, Germany, and Croatia) to faithfully implement the WEEE Directive. To enhance the professionalism of the recycling process, KAON Group has established partnerships with specialized recycling companies and complies with the producer responsibility recycling system under domestic laws. The company systematically manages products by considering recycling scenarios from the design stage, ensuring they can be utilized as recyclable resources to the fullest extent when disposed of. Furthermore, KAON Group supports smooth recycling operations by sharing disposal scenarios-detailing disassembly methods and component materials-with its recycling partners.

## Eco-Design

### Product Design

KAON Group designs products with recyclability in mind from the product design stage. By implementing screwless designs, the company enhances both productivity and recyclability while reducing carbon dioxide emissions by avoiding the use of power tools. In addition, KAON Group uses recycled materials without plating. To minimize environmental impact, KAON Group produces plastics using recycled resins that contain at least 90% recycled raw materials and works to reduce resource input by adopting advanced facilities and technologies. For product packaging, the company reduces environmental impact during both production and disposal by using recycled paper instead of plastic, applying soy and vegetable inks instead of chemical inks, and replacing laminate coatings (OPP) with water-based coatings. KAON Group also minimizes the use of paper manuals and reduces the size of product packaging boxes to further cut carbon dioxide emissions.

### Product Use

Various methods to extend product lifespan are researched and applied during the design and development stages. Quality tests are conducted by simulating real-world environmental conditions, and a low-power mode function is implemented to reduce product load, thereby extending its service life. Additionally, KAON Group provides repair manuals to repair centers operated by its customers, enabling repairs and ensuring products can be used for extended periods.

### Product Disposal

Consumers of KAON Group products can return used products through the Refurbishment service. Among the electronic components recovered through this service, those in good condition are reused in product manufacturing to reduce product waste. To achieve this, KAON Group collaborates with refurbishment companies to minimize the consumption and disposal of finished products while extending the lifespan of existing products, thereby reducing the environmental impact of end-of-use products. In addition, KAON Group partners with specialized recycling companies to reduce waste generated after product use. The company provides product disassembly scenarios to its partners to ensure products are properly disassembled, recycled, and reused. For products that cannot be recovered, separate disposal markings are included to help consumers recycle them. These products are disposed of through local government collection and disposal systems in accordance with national policies for small home appliances.

## Life Cycle Assessment (LCA)

KAON Group applies life-cycle assessment (LCA) to its major products and plans to expand this to all product lines by 2030. To achieve this, the company has established regulations for identifying environmental aspects and assessing impacts to thoroughly evaluate and improve the environmental impact of products during their production, use, and end-of-life stages. Additionally, by transparently disclosing LCA results, KAON Group supports customers in selecting products with lower environmental impact, thereby encouraging eco-friendly consumption activities.

### LCA Implementation Status

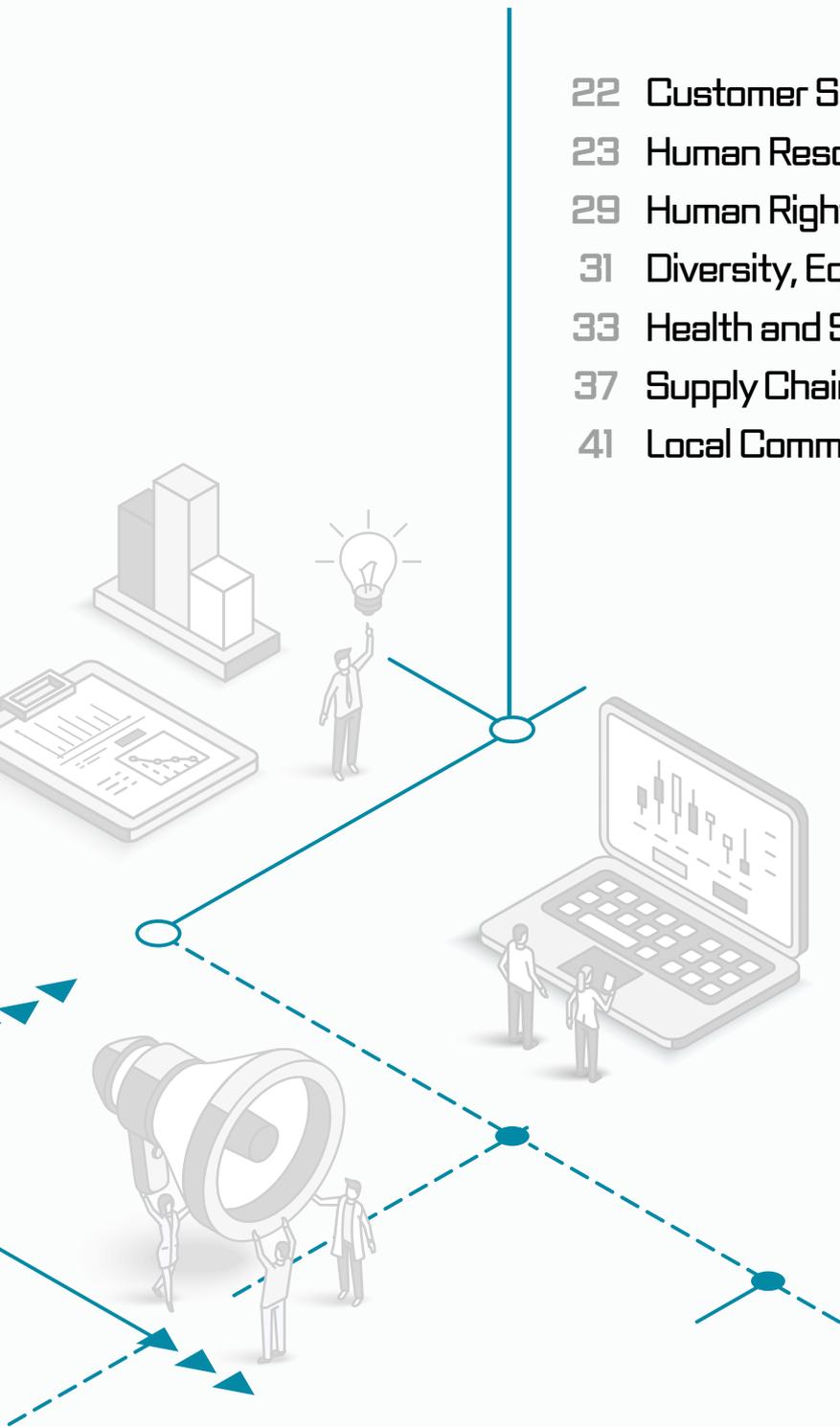
In order to meet customers' environmental information requirements and enhance product eco-friendliness, we conducted LCA for our key products: KAON Group's KSTB6130\_ORANGE SPAIN\_PVR Hybrid and KAON Broadband's AR1344E\_TELENOR DENMARK\_Repeater. As a result, we obtained ISO 14044 and ISO 14021 certifications, officially recognizing the environmental excellence of our products. To further identify environmental impacts, KAON Group also conducts independent LCA assessments. Evaluations of Wi-Fi Repeater products, Set-Top-Box products, and Access Point products revealed that energy efficiency can be improved during the product use phase by implementing automatic power-saving modes and using low-power components. Through these measures, KAON Group continuously seeks ways to reduce GHG emissions across the entire product life cycle.

## Customer Health and Safety Measures

KAON Group designs safe and environmental products, continuously promoting improvements to minimize safety accidents and environmental impacts. Various measures are implemented to ensure that products and services do not negatively affect customer health and safety. To prevent safety accidents during product use, KAON Group includes "safety precautions" in product manuals and designs products to be harmless to human health by complying with RoHS regulations. Customer opinions on health and safety issues are actively reflected through customer satisfaction survey guidelines and customer complaint handling regulations. In addition, KAON Group has established emergency response procedures, including a recall process, to provide quick and accurate responses to customers. A systematic feedback collection process is operated to gather external feedback on health and safety issues, and research and development are conducted in specialized laboratories to maintain product quality. Through these efforts, KAON Group rigorously complies with environmental management regulations and continuously protects the health and safety of its customers.

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# Customer Satisfaction Management

## Quality Control Policy

KAON Group sets providing customers with the best products and services by 'realizing customer impression through continuous and systematic proactive quality improvement activities throughout the company' as its top priority aim in order to fulfill customer satisfaction management.

### Quality Goal

KAON Group aims to produce and provide products and services in a sustainable manner.

1. KAON Group always pursues product quality and reliability through systematic proactive quality improvement activities.
2. Maintains partnerships with partners through technical support and proactive quality control for raw material and parts partners.
3. Pursues the highest quality and zero defect guarantee of products through continuous quality control processes.

### Quality Control

Based on customer satisfaction programs that have built trust for many years both overseas and domestically, KAON Group propose various technical support and customer satisfaction programs to ensure that products to be supplied are always serviced under the best conditions and states.

### Quality Assurance Plan

In addition to the quality standards required by customers, KAON Group prepares strong quality policies and standards to make a series of efforts to achieve 'Zero' initial delivery defects. Inspection of supplied products is based on the standards set by the customer, and KAON Group is doing its best in quality control.

### Quality Control Plan

KAON Group conducts quality assurance activities to prevent nonconforming elements in advance and secure product reliability, stability, and efficiency through parts incoming inspection, production process quality control, shipment quality control, and reliability testing to satisfy the customer's product quality requirements.

### Quality Control System

In order to improve the processes by product production process and secure quality assurance, KAON Group controls quality strictly according to international standards. In particular, since KAON Group's main customer base is in Europe, KAON Group meets all of the demanding European quality standards, and under the support of

the company-wide quality organization, KAON Group has established an optimal system that 100% satisfies customer requirements by applying a continuous and systematic quality control process to make internal quality evaluation, quality supervision, and review organizations independent.

### Process Quality Assurance System and Process

For quality assurance activities, plans for the activities that are carried out substantially and continuously from the start of the project to the completion of the project are established and implemented. KAON Group conducts quality assurance plan activities to prevent non-conforming elements in advance and to secure reliability, stability, and efficiency of the system in order to satisfy the quality requirements of customers. In order to improve the processes by product production process and secure quality assurance, KAON Group conducts strict quality control according to international standards.

## Customer Communication

KAON Group transparently discloses IR information, management status, and major events through its website, and provides the latest information to partners by sending newsletters, etc. KAON Group participates in domestic and international exhibitions every year to investigate market trends and meet with customers, and operate exhibition booths at major exhibitions to promote new products, strengthen relationships with existing customers, and strive to discover new customers. In addition, KAON Group actively collects customer opinions on site and promote improvements based on them.

### List of Domestic and International Exhibition Participation

<b>2023</b>	Jan. CES 2023 (USA) Feb. MWC 2023 (Spain) Jul. The Independent Show (USA) Sep. IBC 2023 (Netherlands) Sep. SCTE Cable-Tech Expo23 (USA) Oct. Network X 2023 (France) Oct. Japan IT Week Autumn (Japan)
<b>2024</b>	Jan. CES 2024 (USA) Feb. MWC 2024 (Spain) Apr. Japan IT Week Spring (Japan) Jul. Cable Tech Show in Japan (Japan) Sep. IBC 2024 (Netherlands) Sep. SCTE TechExpo24 (USA) Oct. Network X 2024 (France)

# Human Resources Management

In order to achieve sustainable growth in an ever-changing management environment, including rapid changes in the global market, acceleration of technological innovation, and diverse customer demands, KAON Group regards key elements of human resource management, such as human resource acquisition and development, fair personnel system, creation of a culture of communication and cooperation, welfare system, and fulfillment of social responsibility as core values, and supports the careers and growth of human resources through a systematic human resource management system.

## Company Competency

Knowhow	As a professional in my field, I think carefully and make decisions at the right time.
Achievement	Once I start something, I finish it with passion.
Ongoing Innovation	I lead change and pursue better and innovative methods.
Network	I actively communicate and collaborate to multiply corporate value.

## Fair Recruitment

### Transparent Recruitment Process

KAON Group establishes and implements standards and procedures for transparent communication with all candidates regarding employment process information in its recruitment regulations, thereby ensuring equal opportunities without direct or indirect discrimination during the recruitment process. KAON Group checks the items to be considered when developing recruitment notices (recruitment field, position, type, number of people, work location, preferential treatment, welfare benefits, reasons for disqualification, etc.) to ensure proper communication with candidates. In addition, recruitment information is transparently disclosed to all candidates through the website, job portal, etc., and a checklist is reviewed before registering a recruitment notice to pursue safe and proper recruitment.

Establishing a Recruitment Plan	The department requiring recruitment identifies personnel needs by department/job and submits a request through the internal electronic approval system.
Establishing an Implementation Plan	For the approved recruitment personnel, the HR department establishes a detailed implementation plan to ensure effective recruitment.
Selection	The HR department establishes efficient methods for each recruitment stage to ensure a fair and reliable process.

### Fair Recruitment Interviewer Pledge

To establish a transparent recruitment process and minimize negative effects related to recruitment such as recruitment corruption, KAON Group requires employees who attend as interviewers to sign the 'Fair Recruitment Interviewer Pledge' once.

Fair Recruitment Interviewer Pledge
<ol style="list-style-type: none"> <li>1. I have not received any request or pressure related to the recruitment examination, and I will voluntarily report any request.</li> <li>2. I will request the exclusion of all stakeholders (superiors, relatives, acquaintances, teachers and students, etc.) related to the applicant.</li> <li>3. I will not ask any questions related to gender discrimination during the interview, especially questions related to physical conditions such as appearance, height, weight, and disabilities that are not related to job performance.</li> <li>4. I will not ask any questions related to the job applicant's place of origin, marital status, and assets during the interview.</li> <li>5. I will not ask any questions related to the job applicant's direct ascendants, descendants, and siblings' education, occupation, assets, etc. during the interview.</li> <li>6. Even if I learn of the disability of the job applicant during the interview, I promise to conduct a fair interview without any discrimination, and that the disability will have no bearing on whether the job applicant passes or fails the interview.</li> <li>7. I will not express any words or actions that imply passing or failing, such as compliments, advice, or admonishments to the applicant during the interview.</li> <li>8. I will never disclose the fact that I participated in the selection process until the final successful candidates are announced.</li> <li>9. I will not disclose any facts related to the evaluations made during the interview process.</li> <li>10. I will not engage in any actions that violate fair recruitment.</li> </ol>

## Employee Capacity Development

KAON Group has established a systematic education and training system to develop the capacity and improve the work performance of all members, and through this, it is supporting all members to grow into global experts in their respective positions and to be nurtured as talents equipped with leadership.

### Career Development Management

KAON Group has set key performance indicators (KPIs) appropriate for the positions of all members and established a career development management process to effectively achieve them. In addition, KAON Group evaluates its members through the process of setting, reviewing, and mid-term and final evaluations of KPIs twice a year by department, and shares training guidelines containing the meaning and procedures of training throughout the company to improve the job competency of its members and strengthen the competitiveness of the organization.

## Training and Education Work Procedures

### Establishment of Training and Education Plans

- Each department head identifies the need for training and education according to the position and function of department members based on work assignments and quality management requirements
- Each department head prepares an 'annual in-house/external training plan' based on the identified results and submits it to the HR team
- The HR team reviews the 'annual in-house/external training plan,' establishes an education and training implementation plan for the next year, and obtains approval from the final approving authority

### Implementation of Training and Education

- Each department conducts in-house training based on the in-house/external training plan and then prepares and submits a results report or submits a certificate of completion after applying for external training

### Review of the Effects of Training and Education

- The HR team documents and records performance results compared to the training plan, conducts an effectiveness evaluation for external training, and conducts an effectiveness evaluation for in-house training if necessary

## Annual Training in 2023

Category	Training Name	Department in Charge	Training Target	Training Schedule	Time	Lecture Type	Instructor (Training Institution)	Remarks
New Employee Training	New Employees	Human Resources Team	Anytime	Anytime	6 hours	Group training	Self	Once a month
	Basic Ethics		Anytime	Anytime	1 hour			Upon joining the company
Legal Mandatory Training	Safety/Health		Quarterly	All Employees	6 hours per quarter	On-line	KT Partner Training Portal	Office workers: 3 hours per quarter
	Personal Information Protection		December		1 hour			
	Sexual Harassment Prevention		December		1 hour			
	Workplace Bullying Prevention		December	1 hour				
Job Training	Career Development Training	Relevant Department	All Employees	Anytime	Variable	Group training	Internal/External Instructor	Carry out by department
External Training			Anytime	Variable	External training	Relevant training institution		

## Organizational Culture

KAON Group considers the happiness of its members as the top priority for securing the company's competitiveness, and implements various customized welfare programs such as work-life balance, health management, cultural life, self-development, compensation system, and communication channels to ensure that employees can work in the optimal environment, thereby striving to establish a right organizational culture.

### Customized Welfare Program

Welfare Categories
Meal support, condolence support, resort condominium operation, online education support, children's tuition support, health checkups for employees/family members, childcare leave system, welfare point provision, parking support, dormitory support, workshop and social event expense support, in-house loan system, in-house networking events, birthday celebrations.

\* In the case of health checkups for employees/family members, support is provided every two years through a comprehensive checkup specialized institution.

### Support for Work-Life Balance

To pursue a family-friendly corporate culture, KAON Group has prepared and is providing support measures for work-life balance to all employees. The selected vulnerable groups are pregnant workers, working parents, and disabled workers, and guidelines containing concrete supports for various health promotion measures have been prepared and distributed within the company.

Category	Content
Pregnant Women	Prenatal and postnatal leave, shortened working hours during pregnancy, fetal checkup support, miscarriage/stillbirth leave, childcare leave
Working parents	Childcare leave, shortened working hours during childcare, family care leave, allowance for breastfeeding time

## Pursuing a Family-Friendly Corporate Culture

To pursue a family-friendly corporate culture and create a proper organizational culture among employees, KAON Group is operating a family-friendly program to provide various welfare benefits such as providing maternity and childcare leaves, telecommuting and work hour adjustment systems, and childcare allowances, thereby creating a working environment where its members can be satisfied.

### Status of Family-Friendly Program Operation (as of 2023)

(Unit: persons)

Item	KAON Group	KAON Broadband
Prenatal/Postnatal Leaves	2	3
Reduced Working Hours During Pregnancy	1	0
Support for Prenatal Checkups	0	0
Miscarriage/Stillbirth leave	0	0
Childcare Leave	2	1
Reduced Working Hours During Childcare	0	0
Family Care Leave	0	0
Allow Breastfeeding Time	0	0
Support for Disabled Workers <sup>1)</sup>	8	2

1) Employment in 2023 was maintained

## Support for Vulnerable Classes

For the stable lives of socially vulnerable employees, KAON Group has prepared an effective support system including safe workplace building and stable psychological support, made a support guide for vulnerable classes that contains concrete support measures, distributed it in the company, and is currently operating it.

In particular, for low-income earners (single-person households), KAON Group guarantees wages that are in line with the living wage ordinance of Seongnam City, Gyeonggi Province, and if the individual wage payment falls below the living wage standard each month, the HR team reports to the head of the management support division to take immediate actions, thereby creating a stable living environment for all employees.

### Vulnerable Class Categories

Low-income earners (below the living wage), low-income families (70% of average monthly income), senior citizens, people with disabilities, single-parent families, married immigrants, victims of crime, victims of prostitution, victims of domestic violence

## Rotational Work System

KAON Group has been implementing a rotational work system, which enables employees to experience various departments and jobs, for employees with at least one year of service since January 1, 2022, thereby providing opportunities to experience various jobs and roles within the organization and grow within the organization. The selection procedure for rotational work is as follows: ① Application form writing and submission ② Individual interview and competency review ③ Final judgment and announcement of results.

### Current Status of Rotational Work

Category	Unit	2022	2023
Number of Applicants		3	4
Number of Approvals	persons	1	4
Number of Non-Approvals		2	0

## Employee Two-Way Communication System

KAON Group holds regular communication meetings (1:1 interview program with the HR team) every month to improve employees' working environment and job satisfaction. Through these meetings, opinions are collected on various topics, including working environment, challenges encountered during work, requests for improvement to enhance work efficiency, and personal difficulties. The results of these meetings are delivered to the CEO through an in-house program (groupware) to ensure improvement measures can be implemented when necessary.

### Two-Way Communication Process Procedures

- ① Meetings are held with 5-6 persons selected every month (selected by the HR team)
- ② Meeting results are recorded in groupware (in-house program)
- ③ Results are delivered to the CEO through the HR department
- ④ Decision on whether to implement additional measures is made based on meeting results at the CEO's discretion

## Employee Satisfaction Enhancement

In 2022, KAON Group conducted a job satisfaction survey, a work collaboration tool satisfaction survey, and a survey of satisfaction with employee participation campaigns with all members, and a survey of satisfaction with introductory training with new employees. Based on the survey results, KAON Group has created a workplace conducive to employee satisfaction and created a pleasant corporate culture so that all employees can have a healthy corporate life.

**Employee Satisfaction Survey**

(Number of participants: 141)

Category	Content	1 pt	2 pts	3 pts	4 pts	5 pts
Satisfaction Score (Distribution)	Job	1%	11%	31%	51%	6%
	Compensation	2%	17%	36%	42%	3%
	Interpersonal	2%	12%	35%	44%	7%

**Employee Participation Campaign Satisfaction Survey**

(Number of participants: 115 (128 cases))

Category	Content	Yes	Moderate	No
Satisfaction Score (Distribution) Q: The campaign has a positive impact on the company		49.5%	29%	22.3%

**Work Collaboration Tool Satisfaction Survey**

(Number of Participants: 65)

Category	Content	Positive	Moderate	Negative
Satisfaction Score (Distribution)		45%	26%	39%

**Survey of New Employees' Satisfaction with Introductory Training**

(Number of Participants: 28)

Category	Content
Average Satisfaction Score	4.1 points (out of 5.0)

**Performance Evaluation and Compensation**

KAON Group has been further strengthening its performance management system through a personnel evaluation system based on the establishment and achievement of key performance indicators (KPIs) by department from 2022. In addition, a multi-faceted evaluation system that diversifies the evaluators was introduced into the existing system to increase the reliability and objectivity of individual performance evaluations. The multi-faceted evaluation system consists of four major evaluation items: leadership, job competence, work attitude, and teamwork.

① Establishment of Evaluation Goals	<ul style="list-style-type: none"> <li>Setting evaluation goals and CSF (Critical Success Factor)</li> <li>Setting KPI and evaluation rating criteria</li> <li>Setting overall evaluation weight</li> </ul>
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② Regular Personnel Evaluation Execution	<ul style="list-style-type: none"> <li>Perform self-evaluation: Check individual goals and performance</li> <li>Perform team leader evaluation: The team leader evaluates team members (Team leader performs only self-evaluation)</li> <li>Multi-faceted evaluation: all employees evaluate their colleagues and leaders (evaluation tool provided)</li> <li>Human Resources Team: Compile/review evaluation results by team</li> <li>Division manager evaluation: Adjust team leader and team member evaluations/confirm individual grades</li> </ul>
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**Salary Increase Process**

KAON Group distributes the salary increase process and KR (Key Result) goal setting guide for individual performance evaluation to all employees to secure the sustainability of the organization, and provides competitive salaries through market research and performance evaluation, thereby striving to attract excellent talent and prevent the departure of existing employees.

<b>Salary Negotiation (Salary Increase Guidelines)</b>
<ul style="list-style-type: none"> <li>① Salary negotiation reference date: April 1st of each year</li> <li>② Salary period: April 1st of each year to March 31st of the following year</li> <li>③ Salary negotiation target: Executives and employees hired before September 30th of the previous year (excluding contract workers and interns)</li> <li>④ Evaluation method: KPI + qualitative evaluation</li> </ul>

<b>Procedure for Calculating the Achievement Rate of Individual Evaluation (KR: Key Result)</b>
<b>Establish individual evaluation goals</b>
<ul style="list-style-type: none"> <li>① Establish quantitative goals and activities in the order of sector/organization/individual</li> <li>② Enter information on internal/external stakeholder needs and key resources</li> <li>③ Define calculation formula for calculating KR achievement rate</li> </ul>
<b>Execute evaluation</b>
<ul style="list-style-type: none"> <li>① Select key results on a semi-annual basis and assign achievement rates</li> <li>② Submit clear evidence materials for KR achievement rates</li> </ul>

**Employee Stock Ownership Plan**

KAON Group operates an employee stockholder association in accordance with the Framework Act on Labor Welfare. All employees of the company are eligible for membership, and the company seeks to improve the economic and social status of employees and promote labor-management cooperation between individuals and the company by having company members acquire and hold our company's stocks.

## Labor-Management Culture

KAON Group operates a labor-management council that promotes smooth communication and cooperation between labor and management in order to build a collaborative labor-management relationship. This council is composed of worker council members representing workers and employer council members representing management. The worker council members listen to the opinions of fellow employees or collect worker demands through a survey, and the employer council members review and finalize the matters to be discussed at each department's council and present them as agenda items for the council.

The labor-management council holds regular meetings once every quarter and extraordinary meetings when necessary to discuss and agree on agenda items for major issues such as personnel management and labor management, welfare and working environment, performance distribution, and work efficiency. In addition, the goal is to promote understanding and cooperation between workers and employers and to contribute to the development and growth of the company through the foregoing.

### Composition and Operation of the Labor-Management Council



\* Council member's term: January 1, 2022 - December 31, 2024

In 2023, Labor-Management Council meetings were held a total of 5 times (once per quarter and once for a temporary meeting) to check major reports on company management and discuss and reach agreements on a total of 15 agenda items.

Major Reported and Agreed Matters	
Reported Matters	<ul style="list-style-type: none"> <li>Recruitment plans by department</li> <li>Report on changes to employment rules</li> <li>Quarterly performance report</li> <li>Report on the status of implementation of in-house welfare funds (loan system)</li> </ul>
Agreed Matters	<ul style="list-style-type: none"> <li>Implementation of working from home for confirmed COVID-19 patients</li> <li>Discussion of internal recommendation system</li> <li>Discussion of welfare-related issues (employees celebrating their birthdays, parking lot use, year-end parties by department)</li> </ul>

## Grievance Handling System

KAON Group appoints up to three grievance handling committee members within the labor-management council to form a grievance handling committee, and has established a counseling room within the company to collect employee grievances and operates it openly at all times. The grievance handling committee members prepare a ledger on the receipt and handling of grievances and maintain it readily accessible in the office. In order to facilitate employees' grievance reporting, grievance counselors are appointed to support the grievance handling committee members. The scope of grievance handling includes all working environmental and ethical issues that may arise for employees, ranging from work-related matters to personal matters. Through the foregoing, grievance handling contributes to protecting employee rights and enhancing job satisfaction.

### Grievance Handling Procedure

- ① In the event of occurrence of a worker's grievance, it shall be reported in writing to the grievance handling committee
- ② On receipt of the report, the grievance handling committee shall handle the grievance without delay through agreement of all members
- ③ The measures taken or the results of handling the reported grievance shall be notified to the worker within 10 days from the date of the written report
- ④ Grievances or important matters that cannot be handled internally shall be referred to the next labor-management council meeting
- ⑤ If necessary in handling the worker's grievance, measures shall be taken to ensure the worker's confidentiality

## Whistleblowing Procedure

KAON Group pursues an honest and transparent culture. To ensure that all employees respect each other and adhere to high ethical standards, KAON Group has implemented an internal whistleblowing policy to prevent illegal or unethical acts and resolve them when they occur. In addition, the basic goal of the policy was set to emphasize that KAON Group's policy supports whistleblowers and discourages fear of retaliation, and this is stated in the internal whistleblowing guidelines distributed throughout the company.

The process of the internal whistleblowing policy consists of ① reception of a case, ② counseling, investigation, fact-checking, and action, and ③ monitoring in sequential order. A dedicated reporting channel has been set up by designating one head of the Management Support Division and one head of the Human Resources Team as whistleblowing officers. In addition, when the whistleblower wishes to keep the progress of the reporting procedure confidential, the information is maintained as such.

Reportable items include criminal acts, health or safety risks, environmental damage, failure to comply with legal or professional duties or regulatory requirements, bribery, financial fraud or poor management, negligence, violation of internal policies or procedures, acts that may damage the reputation of KAON Group (including unethical acts such as discrimination, bullying, and sexual harassment), child and forced labor practices, unauthorized disclosure of confidential information, and intentional concealment of items that can be reported.

### Whistleblowing Procedure Process

① Reception of a Case	Reporting of cases of items that can be reported
	<ul style="list-style-type: none"> <li>Internal and external stakeholders</li> <li>Oral, wired, email, cyber sinmungo, etc.</li> </ul>
② Counseling/ Investigation/ Fact-Checking and Action	The person who received the case shall immediately report to the head of the human resources department and then proceed with the process
	[Separation from the perpetrator only] Omit investigation > Report to the CEO through a counseling report and then take actions [Agreement between the parties] Report to the CEO after a summary investigation > Convey the victim's demands to the perpetrator and draw an agreement * In case of breakdown of agreement, confirm the victim's intention for re-counseling and a formal investigation
	[Investigation and resolution] Formal investigation > Practice measures such as disciplinary action against the perpetrator
③ Monitoring	Measures to prevent secondary damage
	<ul style="list-style-type: none"> <li>Check whether the act toward the victim has ceased</li> <li>Check whether other employees have been harmed</li> <li>Check whether the agreement has been implemented</li> <li>Check whether secondary accidents have occurred due to disciplinary action and take actions</li> <li>Education to prevent recurrence</li> </ul>

### Collective Agreement

KAON Group has made an agreement signed by both sides of the KAON Group Labor-Management Council (three employer council members and three worker council members) on June 1, 2022 in accordance with the basic spirit of the Constitution and the Labor Law, and is striving to create a proper working environment. KAON Group considers the collective agreement to be an important tool to improve working conditions such as wage increases, shortened working hours, and expanded welfare benefits, strengthen trust between workers and employers, provide standards for preventing and resolving disputes, and ensure legal protection, thereby enhancing the stability and efficiency of the organization, and is complying with the contents included in the agreement.

#### Health and Safety

- First,** the company shall provide legitimate and proper protective equipment for work involving potential risks and shall ensure its thorough management.
- Second,** the company shall conduct health checkups for employees in accordance with legitimate procedures and provide sufficient time to complete them within the deadline.
- Third,** the company shall actively cooperate to ensure that employees receive sufficient compensation under industrial accident compensation insurance in accordance with legitimate procedures for work-related injuries or illnesses.

- Fourth,** the company should carry out mandatory subscription of all employees to health insurance, industrial accident insurance, and employment insurance.
- Fifth,** employees must faithfully participate in the health and safety education provided by the company, and wear the correct protective gear when performing work that may involve risk factors to prevent them in advance.
- Sixth,** employees must share with the company in advance the time required for health checkups and do their best to receive health checkups every year.
- Seventh,** employees must not falsely report their own injuries or illnesses, and must always do their best for health and safety.

#### Working Conditions

- First,** the company must negotiate a wage that is higher than the minimum wage specified by law.
- Second,** when the company wants to change the company's regulations, it must obtain consent from more than half of the employees or the employee representative member of the council.
- Third,** the company must not overlook the agenda items presented at the council, and must sufficiently review the agenda items and inform the council of the results.
- Fourth,** the company must not interfere with the operation of the council at all, and must actively support it so that it can operate autonomously.
- Fifth,** employees must actively participate in the council and do their best to ensure that the company and employees can coexist.
- Sixth,** employees must actively accept the company's working conditions, and when they believe that changes are necessary to improve employee welfare, they must submit official proposals through the council.

#### Education and Training

- First,** the company should actively support employees through education or in-house training so that they can demonstrate their best capabilities in their respective jobs.
- Second,** the company sets a budget for education every year to improve the capabilities of its employees and strives to ensure that the budget is fully utilized.
- Third,** the company should pay compensation for group education and training for more than one hour to promote in-house education and training.
- Fourth,** the company should prepare an annual education and training plan and share it with employees every year to improve the capabilities of its employees and ensure a smooth education schedule.
- Fifth,** the company should conduct training to develop employees' ethical qualities in addition to their work capabilities.
- Sixth,** employees should faithfully participate in education and training to contribute to the company through the development of capabilities.
- Seventh,** employees should actively cooperate to develop a proper ethical awareness through ethics education and create an honest corporate culture.

**Prevention of Discrimination, Harassment, and Sexual Harassment**

- First,** the company should regularly conduct training to ensure that employees have basic ethical knowledge.
- Second,** when the company becomes aware of discrimination, harassment, or sexual harassment, it should resolve the issue through legitimate procedures.
- Third,** the company must ensure confidentiality so that employees who have suffered from discrimination, harassment, or sexual harassment do not suffer secondary damage.
- Fourth,** the company must ensure confidentiality for employees who report discrimination, harassment, or sexual harassment, and must not take retaliatory measures due to the report.
- Fifth,** the company should not discriminate against employees in hiring, education, promotion, or personnel evaluation on the ground of gender, religion, or academic background.
- Sixth,** employees must actively cooperate to create an honest corporate culture by acquiring the right ethical awareness through ethics education.
- Seventh,** when employees become aware of any case of discrimination, harassment, or sexual harassment, they must immediately report it to the relevant department or superior to prevent further damage.
- Eighth,** even if employees become aware of information about victims or accusers related to discrimination, harassment, or sexual harassment, they must not disclose it to anyone.

**Human Rights Management Committee**



- Appointment Period: January 1, 2023 - December 31, 2024
- Matters for Deliberation:
  - 1) Establishment of a Basic Plan for Human Rights Management
  - 2) Matters regarding recommendations for improving human rights
  - 3) Matters regarding remedial measures for reported cases of human rights violations
  - 4) Other matters necessary to promote human rights protection

# Human Rights Management

## Human Rights Management Policy

KAON Group has established a human rights management policy, including a human rights management system, to achieve 'management that practices innovation and social responsibility for sustainability,' which is its management vision. The policy aims to practice proper human rights management for internal and external stakeholders. It recommends that all workplaces, employees, partners, and suppliers comply with the policy throughout their entire business process. It designated the 'Human Resources Team' as a department in charge of the policy to carry out works related to policy implementation such as policy review and operation, monitoring, and reporting.

## Human Rights Management System

KAON Group defined implementation measures for promoting the protection of human rights of employees and all stakeholders in all business activities through the human rights management regulations newly established in 2022. The company is practicing human rights management centered on the Human Rights Management Committee to properly implement the human rights management system.

**Key Implementation Elements**

Human Rights Impact Assessment	Conduct human rights impact assessments at least once a year and report the results to the CEO
Human Rights Violation Redress Procedures	Detailed Guidelines on the Remedies and Measures for Human Rights Violations

**Key Performance Indicators (by 2030)**

Maintenance of Working Conditions and Health and Safety	<ul style="list-style-type: none"> <li>• 10% increase in employee satisfaction evaluation score (as of 2022)</li> <li>• Maintained zero safety accidents and industrial accidents every year</li> <li>• Maintained zero violations of health and safety-related laws every year</li> </ul>
Activation of Labor-management Communication	<ul style="list-style-type: none"> <li>• Continue to hold labor-management council meetings four times a year (every quarter)</li> </ul>
Continued Education, Training, and Capacity Development	<ul style="list-style-type: none"> <li>• Maintained thematic job-level training twice a year</li> <li>• Maintained a training satisfaction survey rate of 90% or higher</li> </ul>
Prohibited Forced and Child Labor	<ul style="list-style-type: none"> <li>• Maintained internal audits on child labor and forced labor once a year</li> </ul>
Protected Human Rights of Customers and Local Communities	<ul style="list-style-type: none"> <li>• Conducted human rights impact assessments and collected feedback once a year (including external stakeholders (customers, local residents))</li> </ul>

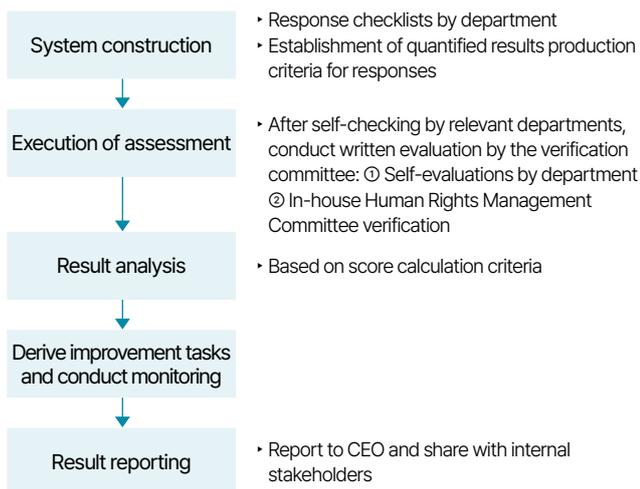
## Human Rights Management Activities

### Human Rights Impact Assessment

KAON Group conducts a human rights impact assessment once a year in accordance with the Human Rights Management Regulations enacted in 2022, and measures the extent to which the organization's operations, major businesses, etc. affect the human rights of its employees and stakeholders. The results are reviewed by the Human Rights Management Committee and submitted to the CEO.

### Results of the 2023 Human Rights Impact Assessment

#### Assessment Process (Due Diligence on Human Rights)



#### Assessment Method (Human Rights Issues)

##### Key Human Rights Issue Areas (10 Areas – 33 Items – 158 Indicators)

Establishment of Human Rights Management system, non-discrimination in employment, guarantee of freedom of association and collective bargaining, prohibition of forced labor, prohibition of child labor, guarantee of industrial safety, responsible supply chain management, protection of human rights of local residents, guarantee of environmental rights, protection of human rights of customers

##### Quantified Score Calculation Criteria Table (Individually Applied to 158 Indicators)

Category	Yes	Need to Supplement	No	Not Much Applicable (No Information)	Not Applicable
Score	1	0.5	0	Excluded from assessment	Excluded from assessment

\*Calculation formula for response content by indicator

$$\text{Assessment score} = 100 \times \frac{(\text{Yes' answer} \times 1) + (\text{Need to supplement' answer} \times 0.5) + (\text{No' answer} \times 0)}{\text{Total number of indicators excluding 'Not much applicable (No information)' and 'Not applicable' answers}}$$

#### Assessment Results (Including Remediation)

- ① According to the result of the human right impact assessment, the average score for a total of 10 areas is 95 points, with a 2-point increase compared to the 2022 assessment.
- ② Improvements were confirmed in the area of industrial safety assurance, and ISO 45001 certification acquisition and system construction are being promoted.
- ③ Human rights management system construction (90 points) and responsible supply chain management (80 points) are areas requiring improvement, and the head of the management support sector and the head of the management planning office were designated as persons in charge of improvement.
- ④ The need for regular training for evaluation item auditors (improving internal audit capabilities) was recognized and training was designed.

### Labor and Ethical Awareness Survey

The survey was divided into four parts (ethical awareness, actual state of human rights management (child and forced labor), non-discrimination in employment, anti-competitive practices), and after understanding the current state of human rights management through direct responses from employees of the relevant parts, efforts have been continuously made to establish a proper corporate culture.

- 1) Implementation period: April 11-22, 2022 (2 weeks)
- 2) Number of respondents: 357 (81%, 442 persons requested in total)

#### Survey Results

<b>Ethical Awareness</b>	• At least 90% of responses regarding the state of ethical awareness within the company were positive
<b>Actual State of Human Rights Management (Child and Forced Labor)</b>	• No issues of hiring minors and child and forced labor • In the case of measures to prevent forced labor at subsidiaries and partners located overseas, 67 respondents (approximately 19%) answered that supplementation was needed
<b>Non-Discrimination in Employment</b>	• The majority of respondents had the opinion that there was no difference between men and women and regular and non-regular employees in employment
<b>Anti-Competitive Practices</b>	• Opinions about the implementation of anti-competitive behavior were positive, but opinions were received on the need for continuous education and guidelines

### Introduction of the Wage Peak System and Dismissal Regulations

KAON Group is implementing the wage peak system for employees who have reached retirement age in order to alleviate the negative impacts associated with dismissals. In addition, separate regulations are in place regarding dismissal (resignation) and the company is fulfilling its obligations and responsibilities toward those scheduled to resign. The company's obligations and responsibilities toward those scheduled to resign are as follows: ① The head of the organization of an employee who is subject to dismissal must conduct an interview with the employee at least once and must clearly inform the employee of the reason for dismissal during the interview. However, in the absence of

the team leader, the next higher position holder may act in his/her place. ㉔ After receiving the interview results of the affiliated department, the HR team must conduct at least one interview with the employee in question and provide written guidance on the dismissal procedure, dismissal date, etc. and faithfully conduct the interview to ensure an amicable conclusion. ㉕ The company must give at least 30 days' notice of dismissal from the date of issuance of the written dismissal notice. ㉖ For the health and safety of employees, the company may pay a separate consolation benefit in addition to the severance pay, and the amount shall be determined according to the length of service, contribution to the company, and position. ㉗ The regulations on the dismissal procedure shall follow the resignation regulations among the company's internal rules. ㉘ If the person scheduled for dismissal is 60 years of age or older, the company may support reemployment services if the employee so desires in order to ensure the employee's health and safety. ㉙ Even after the employee received written notice of dismissal, the company may conduct an appropriate interview at any time if the employee so desires to ensure the employee's stability.

### Internal Due Diligence Assessment of Child and Forced Labor

To solidify its human rights management system, KAON Group conducted an internal due diligence assessment of child and forced labor across all departments in February 2023, and requires employees to identify actual and potential human rights risks that may arise in business activities in advance and report any issues discovered based on the assessment results to the Human Rights Management Committee Chairman immediately.

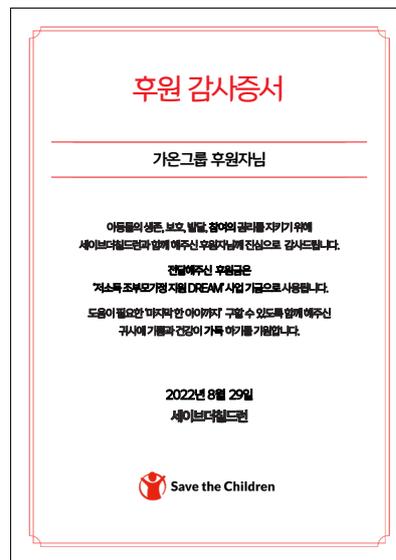
#### 2023 Internal Due Diligence Assessment of Child and Forced Labor

Overview	<ul style="list-style-type: none"> <li>㉑ Assessment items: 11 items in total (9 items on forced labor, 2 items on child labor)</li> <li>㉒ Lead assessor: 1 director of the business support office</li> <li>㉓ Examinee: 50 teams in total across the company, 1 person from each department (randomly designated)</li> <li>㉔ Key contents of the items                             <ul style="list-style-type: none"> <li>• Forced labor: Awareness of the policy, whether all types of forced labor are prohibited, fair and transparent work practices, prohibition of misuse of personal information, performance of unwanted overtime work, physical oppression and prohibition of freedom, forced labor secured by debt, free working conditions (leaving work), whether resignation is allowed after prior notice, and prohibition of retaliation</li> <li>• Child labor: Whether minors under the age of 15 years are working, whether there are simple tasks that minors under the age of 15 can do</li> </ul> </li> </ul>
Method	<ul style="list-style-type: none"> <li>㉑ Departments subject to due diligence: Research Institute (QE part), Robot Business Team, Research Management Team, BT/Wi-Fi Specialized Team, RMS Planning Team, Finance Team, Materials Team, IPR Team</li> <li>㉒ Due diligence Procedure:                             <ul style="list-style-type: none"> <li>• Internal department evaluation list (contents of questions for 11 items)</li> <li>• Self-evaluation by evaluators (examinees) by department</li> <li>• Collection and analysis of evaluation contents by department and derivation of results</li> </ul> </li> </ul>

Result	<ul style="list-style-type: none"> <li>㉑ Results of the investigation into the current status and possibility of forced labor and child labor within the company: No problems found</li> <li>㉒ If problems are found hereafter, immediate action will be taken and measures will be taken to report to the Human Rights Management Committee Chairperson</li> </ul>
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### Child Support Sponsorship

KAON Group has sponsored Save the Children's DREAM project to support families with low-income parents, thereby contributing to the promotion of children's rights to survival, protection, development, and participation.



## Diversity, Equity and Inclusion (DE&I)

### Diversity, Equity and Inclusion (DE&I) Policy

KAON Group has established a Diversity, Equity and Inclusion (DE&I) policy to achieve 'Management that Practices Innovation and Social Responsibility for Sustainability', which is its management vision, help all employees understand diversity, equity and inclusion, and practice it company-wide. It encourages all workplaces, employees, partners and suppliers to comply with the policy throughout their business process. It designated the 'Human Resources Team' as the department in charge of the policy to carry out tasks related to policy implementation, such as policy review and operation, monitoring and reporting.

### Basic Principles of the Policy

<b>Diversity</b>	The company should respect diversity in the characteristics of employees, such as culture, gender, race, religion, beliefs, social economic status, and ability. The company should strive to create a working environment where members of the organization are not unreasonably discriminated against.
<b>Equity</b>	The company should provide equal opportunities in promotion, recruitment, and education so that employees can fully utilize their individual abilities.
<b>Inclusion</b>	The company should pursue inclusion so that all employees can participate in work with a sense of belonging to the organization and fully utilize their potential. The company should strive to create a working environment where members of the organization respect each other.

### Key Performance Indicators

<b>Promotion of Awareness of Diversity, Equity and Inclusion</b>	Maintain training completion rates not lower than 90% every year by 2030 (training to prevent workplace bullying, sexual harassment and improve awareness of persons with disabilities intended to improve diversity, equity and inclusion)
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## Diversity, Equity, and Inclusion (DE&I) Activities

### Prohibition and Prevention of Discrimination and Harassment

KAON Group stipulates acts to prohibit and prevent discrimination and harassment through internal regulations prepared to prevent discrimination and physical, psychological, and verbal abuse in the working environment and to promote diversity, equity, and inclusion for all members. In addition, KAON Group provides workplace harassment prevention training to all employees at least once a year (1 hour) and has shared guidelines for handling discrimination and harassment throughout the company.

### Discrimination and Harassment Case Handling Procedure

Reports of discrimination and harassment cases are submitted to the whistleblowing officers (HR team and head of the management support division) or through the cyber reporting system. Through the reporting and recognition procedures, the victim's requirements are identified, and an investigation is conducted. If harassment is confirmed as a result of the investigation, appropriate corrective actions are taken. Following the measures, ongoing monitoring is conducted, including supplementary actions, to prevent recurrence of similar incidents. During the monitoring stage, the implementation of agreements and incidents of further harassment are initially reviewed. As a secondary step, support is

provided for labor attorney/lawyer counseling, psychological expert counseling, company-wide preventive education, periodic interviews to check for recurrence, and other measures to support the victim's recovery.

① Reception of Case			
② Counseling	Overview of the case and victim's demands are identified		
	In case where the victim wants only separation from the perpetrator	If the victim wishes for an agreement between the parties, including an apology from the perpetrator	In case where the victim wants formal procedures such as a company-level investigation
③ Investigation	Brief fact-checking	Report to the CEO after a summary investigation	Formal investigation
④ Actions Taken When Harassment is Confirmed	Write a report, report to the CEO, and then take action	Convey the victim's demands to the perpetrator and draw an agreement * If the agreement fails, re-counseling and formal investigation	Actions such as disciplinary action against the perpetrator, etc.
⑤ Monitoring (Including Additional Measures)			

### Mentoring System Operation

KAON Group had employees who were newly hired after January 9, 2023 among all team members including women in each department form a mentor-mentee relationship to improve the level of organizational adaptation, and actively supported mentoring activities by providing activity expenses. In addition, a survey was conducted on activities after the mentoring ended, and the mentoring system will be continuously improved based on the results.

#### 2023 Mentoring Satisfaction Survey Results

- Target (Response Rate)  
37 mentors (37 responses, 100%), 57 mentees (55 responses, 97%)
- Period: May 9-11, 2023 (3 days)
- Key Results

Satisfaction with mentoring period	Satisfied 76%	24% unsatisfied
Willingness to re-participate	Yes 86%	14% No
Helpful in forming bonds	Yes 100%	0% No
Helpful in organizational adaptation	Yes 95%	5% No

### Anti-Bullying Policy Statement / Respectful Workplace Statement

KAON Group prioritizes protecting employees' human rights as the core value of its corporate management. To this end, the company established an Anti-Bullying Policy Statement and a Respectful Workplace Statement, which were approved by the CEO in July 2019 and shared company-wide. Building on these declarations, KAON Group is committed to enhancing employees' human rights and will continue to make ongoing improvements.

#### Anti-Bullying Policy Statement

KAON Group Co., Ltd. (hereinafter referred to as the "Company") places the highest priority on policies to protect the human rights of employees and declares that it will not tolerate any workplace bullying that disregards the personalities of its employees.

- One.** The Company respects its employees and strives to create a safe working environment where its employees can work safely. The Company clearly declares that it will not tolerate any workplace bullying that disregards the personalities of its employees.
- One.** Management will prioritize policies to prevent workplace bullying and, in the event of the occurrence of workplace bullying, it will do its best to support victims to recover from the damage.
- One.** Managers must help employees lead a smooth company life and keep a close eye on bullying behavior among employees. They must also pay attention to communication with employees to prevent workplace bullying in advance.
- One.** Employees must treat other employees with mutual respect as a basic principle and must never engage in any behavior that physically or mentally harasses other employees.

#### Respectful Workplace Statement

Employees have the right to be respected and work safely.

- One.** The company must give priority to policies to protect the human rights of employees, and declares that it will not recognize any cases where the human rights of employees are violated.
- One.** In cases where the human rights of employees are violated, the company will do its best to restore human rights, and will strive to restore an environment where employees can work safely.
- One.** The company will establish and implement plans so that employees can work healthily in the workplace by considering not only the physical working environment but also the mental health of employees.
- One.** Management will frequently check whether there are any working environments or factors that violate the human rights of employees, and will spare no effort in creating a company where human rights are respected, and will not neglect efforts to reflect the opinions of employees through active communication with employees.
- One.** Managers will always respect their subordinates when dealing with them, and will not spare continuous interest and support for difficulties that subordinates experience within the company.
- One.** Employees must always be careful not to behave rudely to other employees, and will never forget to respect each other when communicating with other employees.

## Health and Safety

### Health and Safety Policy

KAON Group has established a health and safety policy, incorporating a management system to achieve its vision of 'innovation and social responsibility for sustainability' and to create a safe working environment. The company encourages all workplaces, employees, partners, and suppliers to comply with this policy across all business processes. The General Affairs Team oversees policy implementation, including review, operation, monitoring, and reporting.

### Health and Safety Management System

KAON Group has established a systematic health and safety management system in compliance with ISO 45001, the international standard for health and safety management. To ensure the system's effective implementation, the company has developed health and safety management regulations, striving to provide a safe and healthy workplace.

### Health and Safety Organization Governance

Role	Main Duties	Person in Charge
Corporate Health and Safety Management Officer	<ul style="list-style-type: none"> <li>• Final review of health and safety goals and implementation plans</li> <li>• Review of health and safety management system manual, procedures, guidelines, etc.</li> </ul>	CEO
Health and Safety Management Officer	<ul style="list-style-type: none"> <li>• Delivery of health and safety policy/goals</li> <li>• Revision of Health and Safety management system</li> <li>• Checking safety inspection results, etc.</li> </ul>	Director of Management Support Division
Health and Safety Management Supervisor	<ul style="list-style-type: none"> <li>• Proposal for risk assessment meeting</li> <li>• Supervision of safety measures for hazardous work, etc.</li> </ul>	Head of each department
Health and Safety Management Officer	<ul style="list-style-type: none"> <li>• Implementation of and participation in special safety training for hazardous work, etc.</li> </ul>	Person in charge of each department
Safety Manager, Health Manager (Consignment Agency)	<ul style="list-style-type: none"> <li>• Communication with internal and external stakeholders related to health and safety</li> <li>• Management of health and safety laws and compliance matters, etc.</li> </ul>	Korea Industrial Safety Association, Korea Industrial Health Association

### Key Goals

Under the health and safety governance system, the key goals of health and safety management were set as ① Maintain zero violations of health and safety-related laws and regulations by 2030, ② Maintain zero occurrence of safety accidents and industrial accidents, ③ Maintain

100% risk factor discovery and improvement rate, and ③ Maintain 100% implementation of emergency training. Additional operational goals were established to achieve these objectives.

## Detailed Operational Goals

Detailed Items	Strategic Goals	Contents
Raising Workplace Risk Factors (Safety Accident Prevention)	• Verify ventilation and lighting conditions in offices and workplaces	• Inspection of risk prevention equipment and facility status before work, etc.
Safety Measures for Workplace Hazards	• Preliminary inspection of protective measures for hazardous machinery and equipment	• Checking attachment of and changes in hazard signs
Compliance with Industrial Health and Safety Laws	<ul style="list-style-type: none"> <li>• Implementation of the Material Health and Safety System</li> <li>• Worker Health Management</li> <li>• Health and Safety Committee Operations</li> <li>• Safety measures for hazardous material storage</li> </ul>	<ul style="list-style-type: none"> <li>• MSDS handler training</li> <li>• Regular checkup of workers once a year</li> <li>• Hold Health and Safety Committee meetings twice annually</li> <li>• Health and safety education plan</li> </ul>
Industrial Health and Safety Education	• Implement health and safety education	<ul style="list-style-type: none"> <li>• Regular safety education: Once a month (at least 1 hour)</li> <li>• New employee training: 8 hours (at least once)</li> <li>• Supervisor training: semiannual, at least 8 hours</li> </ul>

### Health and Safety Policy

"All executives and employees must be well-acquainted with and understand the relevant laws and regulations and requirements, and based on their accumulated experience and knowledge, they must establish detailed implementation plans to achieve their assigned work policies and goals, and properly implement them."

- ① Fulfill social responsibility by thoroughly complying with laws and regulations related to health and safety.
- ② Management shall take the lead in creating a safe workplace.
- ③ Create a safe workplace by continuously observing and improving potential risk factors.
- ④ Provide optimal human and material resources for systematic education and training, and encourage all workers to voluntarily participate in health and safety activities.
- ⑤ Publicize safety and health policies internally and externally, and maintain a smooth communication system with stakeholders to ensure transparency in health and safety activities.

## Industrial Health and Safety Committee

The Industrial Health and Safety Committee is composed of four management representatives and four worker representatives. The committee discusses key health and safety activities directly related to employees, such as disaster prevention plans, drafting and revising health and safety management regulations, health and safety

education, health checkups, and working environment measurements. These efforts aim to promote a safe workplace, a pleasant working environment, and improved employee health. In 2023, the committee held four meetings and discussed a total of 13 agenda items, resulting in resolutions and decisions for each item.

### Items for Deliberation and Resolution by the Industrial Health and Safety Committee (as of 2023)

- ① Establishing industrial accident prevention plans
- ② Drafting and amending health and safety management regulations and standards
- ③ Providing health and safety education for workers
- ④ Inspecting and improving the working environment, including measurements of workplace conditions
- ⑤ Managing workers' health, including health checkups
- ⑥ Investigating the causes of major accidents and developing recurrence prevention measures
- ⑦ Recording and maintaining statistics on industrial accidents
- ⑧ Implementing health and safety measures when introducing hazardous or dangerous machinery, equipment, or facilities

## Health and Safety Activities

### Health and Safety Management Review Results

KAON Group conducts regular reviews of its health and safety management system to evaluate its ongoing suitability, adequacy, and effectiveness. This ensures compliance with the health and safety policy and enables the identification and mitigation of potential impacts of the working environment on employees' health and safety through preventive and corrective measures.

### 2022 Health and Safety Management Review Meeting (First Held)

- | Review Overview |  |
|-----------------|--|
|                 | <ul style="list-style-type: none"> <li>• Implementation of regular safety and health management review (once a year)</li> <li>• Primary person in charge: Head of each department</li> <li>• Final reviewer: CEO</li> <li>• Review period: January 1, 2021 - December 31, 2021</li> <li>• Health and safety management review implementation method</li> </ul> |
|                 | <ul style="list-style-type: none"> <li>① Collect health and safety management review data and summary report</li> <li>② Write review report and distribute it to related departments</li> <li>③ Take corrective action on matters resolved / instructed</li> <li>④ Write health and safety management review report</li> </ul>                                 |

- | Review Items |   |
|--------------|---|
|              | <ul style="list-style-type: none"> <li>• Conducting internal audits</li> <li>• Stakeholder needs and expectations</li> <li>• Feedback from stakeholders and customer satisfaction</li> <li>• Process performance, product and service suitability, and environmental safety performance</li> <li>• Nonconformance and corrective actions</li> <li>• Internal and external communication</li> <li>• Degree of achievement of health and safety goals</li> <li>• Effectiveness of risk measures</li> <li>• Adequacy of resources</li> <li>• Opportunities for continuous improvement</li> </ul> |

### Review Results (Corrective Action)

- Strengthening safety measures such as enacting the Serious Accidents Punishment Act, strengthening the Industrial Safety and Health Act, operating a system to request workers to stop work, and implementing two-person teams for high-risk work
- In order to establish and settle the health and safety management system, the managing department, related departments, and employees should conduct monitoring for continuous attention and record management
- Preventing accidents in advance through the discovery of risk and harmful factors, improvement of work processes and environments, etc.
- Preparation of continuous improvement measures to maintain and promote the health and safety of all employees and workers

## Working Environment Measurement

KAON Group conducts working environment measurements to assess and evaluate workers' exposure to hazardous factors in the workplace, in compliance with the Occupational Safety and Health Act. The measured factors include noise, dust, high temperatures, and metals, with measurements conducted quarterly for both office workers and non-office employees. Through these efforts, KAON Group strives to improve the working environment and actively protect employee health.

### Performance Process

- ① Working environment measurement plan: Select the target process and department, plan the measurement schedule
- ② Preparation before measurement: Share the schedule with the workers of the target process and department
- ③ Measurement implementation: Measure harmful factors in the working environment
- ④ Analysis of measurement results: Assess the level of exposure to harmful factors
- ⑤ Improvement plan and action: Apply the improvement plan according to the level of exposure to harmful factors
- ⑥ Follow-up management: Continuous monitoring even after improvement measures

## Conducting Self-Diagnosis of Job Stress Factors

In July 2022, KAON Group conducted a self-diagnosis of job stress factors for all 269 employees to reduce workplace stress and promote psychological well-being. The diagnosis covered eight areas, with conversion scores calculated for each factor. The results were compared with Korean workers' scores in the "Job Stress Factor Measurement Guidelines" by the Korea Occupational Safety and Health Agency to identify areas of appropriateness and inappropriateness. Based on the analysis, improvement measures were developed and implemented across departments.

### Results of Analysis of Job Stress by Area (Comprehensive) (Unit: points)

Type	All	Male (Compared to Average)	Female (Compared to Average)
Physical Environment	50.7	50.4 (▲13.3)	52.9 (▲18.9)
Job Desire	44.2	44.7 (▼10.8)	41.3 (▼23.8)
Job Autonomy	52.4	52.6 (▼1.5)	51.4 (▼14.5)
Relationship Conflict	45.9	46.3 (▲38.6)	43.7 (▲30.8)
Job Instability	50.0	50.0 (▼0.2)	50.4 (▲0.6)
Organizational System	54.9	54.3 (▲3.6)	58.5 (▲11.6)
Inadequate Compensation	60.8	60.2 (▼9.7)	64.2 (▼3.7)
Workplace Culture	45.4	45.4 (▲8.9)	45.6 (▲9.4)

\* The scores compared to average were calculated based on the average score of South Korean workers (Korea Occupational Safety & Health Agency)

### Improvements to Job Stress by Area

Eight Factors	Improvements
Physical Environment	Improve the physical environment (e.g., lighting, office atmosphere)
Job Desire	Conduct interviews with workers with high job desire (HR team)
Job Autonomy	Improve work procedures after rechecking the decision-making process
Relationship Conflict	Conduct interviews with workers with high conflict scores, etc.
Job Instability	Maintain the current situation
Organizational System	Reorganize the operational structure through job analysis updates
Inadequate Compensation	Reassess compensation for female employees after identifying compensation gaps
Workplace Culture	Activate club and in-house campaigns (= improving organizational culture)

## Organizational Culture Risk-Based Risk Assessment

KAON Group conducted its first risk-based assessment in 2022 to identify, evaluate, and manage risk factors across all departments and processes, with plans to formalize this process. The assessment collects diverse organizational feedback to identify risk factors, evaluates them based on likelihood and severity, and prioritizes accordingly. To address identified risks, KAON Group develops and implements response plans, including prevention, mitigation, and recovery measures, aiming to improve work processes, enhance efficiency, and bolster organizational competitiveness for sustained growth. The steps of the risk assessment process are as follows: ① Risk Identification: Collect data, prepare a risk list, and classify and describe identified risk factors. ② Risk Analysis: Define assessment criteria, evaluate risk levels (\*criteria: likelihood of occurrence (frequency) and severity (intensity)). ③ Risk Evaluation: Determine priorities using a risk matrix. ④ Risk Response Planning: Develop and implement response measures.

### Implementation Results (First Implemented in 2022)

Proposed Hanges	Review	Final Review
<ul style="list-style-type: none"> <li>Lack of self-kits due to group infection with COVID-19 within the company</li> </ul>	<ul style="list-style-type: none"> <li>Pre-purchase of diagnostic kits, check distribution system, check working from home, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Non-contact camera temperature check, working from home, Self-diagnosis kit</li> </ul>
<ul style="list-style-type: none"> <li>Dark lighting environment in the office</li> </ul>	<ul style="list-style-type: none"> <li>Perform lighting check on all floors</li> </ul>	<ul style="list-style-type: none"> <li>Check if the lighting on the 2nd and 8th floors needs to be improved</li> </ul>
<ul style="list-style-type: none"> <li>Incident of getting stuck in the 1st floor entrance</li> </ul>	<ul style="list-style-type: none"> <li>Check for jamming phenomenon during commuting, check whether self-measures are possible</li> </ul>	<ul style="list-style-type: none"> <li>Check with the security company and thereafter modify the system programming</li> </ul>

### Conducting a Precise Safety Inspection of the Laboratory

KAON Group conducted a precise safety inspection of the laboratory in 2023 by requesting it from the Safety and Health Advancement Institute to conduct the inspection in accordance with Article 15 of the 「Act on the Establishment of a Safe Laboratory Environment」. The results of the safety inspection were as follows. ① Both of the two laboratories were rated Grade 2 (good condition). ② Problems identified by field: A total of 9 cases (4 cases in the field of general safety, 1 case in the field of electrical safety, 1 case in the field of chemical safety, and 3 cases in the field of industrial hygiene). Accordingly, KAON Group is doing its best to maintain laboratory safety by reflecting the improvements to the identified problems in the safety management plan and taking active measures.

#### Problems Discovered and Corrective Actions Taken

Category	Inadequate Matters	Improvement Measures
Field of General Safety	Storage and consumption of food in the laboratory (food in contact with harmful substances)	Prohibit food storage and consumption in the laboratory
	Failure to write daily inspection log (Failure to inspect unsafe elements in the laboratory)	Regularize routine inspections
Field of Electrical Safety	Whether wires on the floor have been treated with molds	Prevent damage to the covering and electric shock accidents by organizing wiring
Field of Chemical Safety	Whether all MSDS (GHS) for chemicals have been posted and furnished	Provide information on MSDS and take measures such as posting and furnishing
Field of Industrial Hygiene	No emergency cleaning facilities (that can clean immediately in case of contact with hazardous substances) has been installed	Permanent installation of emergency cleaning equipment
	Poor management of first aid equipment	Re-manage first aid equipment
	No health and safety signs attached	Install and attach health and safety signs

### Disaster Response System

KAON Group has prepared an emergency preparedness and response process within the occupational health and safety management system in accordance with the international standard KQ Q ISO 45001: 2018. This process consists of identifying the types of emergencies, establishing action plans by type, composing emergency scenarios, conducting mock exercises, reviewing problems discovered by scenario, implementing continuous improvement of changes, responding to emergencies, and post-management. The entire response process is reviewed at least once a year to ensure full preparation for disaster response.

### Emergency Response Manual

KAON Group divided emergencies into fire disasters (fire, smoke, heat, etc.), environmental disasters (hazardous substances, etc.), and human disasters (mortality events, industrial accidents, etc.), and has established an emergency response manual that specifies an emergency response organization chart for each emergency, a response flow chart from the occurrence of an emergency to the end of the situation, and details of the main emergency response organizations, and has been documenting and managing it.

### Firefighting Plan

KAON Group establishes a firefighting plan to prevent and prepare for disasters caused by fires in advance, and to minimize damage to life and property by responding and recovering quickly and efficiently in the event of a fire. It also appoints a fire safety manager to check the status of buildings and fire safety management, and posts a check status table.

### Health and Safety Education

In early January of each year, the health and safety management supervisor establishes an implementation plan including the target, content, method, and person in charge of the health and safety education to be conducted in the corresponding year, and coordinates the overall schedule in consultation with the human resources department. Through this, regular health and safety education, education for new hires, special health and safety education, and material safety and health education are systematically conducted to protect the health and safety of employees.

Regular health and safety education is conducted once every quarter for at least 3 hours, a total of 4 times a year, and education for new hires consists of job training according to the characteristics of the department's work, common knowledge, and Material Safety and Health Data Sheet (MSDS) education, and is conducted for 16 hours per month when hiring occurs. Special health and safety training is conducted separately when hazardous or dangerous work occurs, and material safety and health training is provided to all new employees and personnel in departments that use the relevant materials.

Composition of Health and Safety Education (Regular)	
Accident Cases Frequently Occurring Among Manufacturing Workers	<ul style="list-style-type: none"> <li>① Causes and prevention of frequently occurring accidents</li> <li>② Examples and prevention of frequently occurring accidents</li> </ul>
Health Checkup and Safety	<ul style="list-style-type: none"> <li>① Worker health checkup and types of diagnosis</li> <li>② Implementation of worker health checkup and diagnosis</li> <li>③ Explanation of fines imposed on failure to undergo health checkup</li> </ul>
Use and Management of Safety Protective Equipment	<ul style="list-style-type: none"> <li>① Relationship between safety protective equipment and safety</li> <li>② Wearing and management of safety protective equipment</li> </ul>
Summer and Winter Disease Prevention and Safety	<ul style="list-style-type: none"> <li>① Summer diseases and prevention</li> <li>② Winter diseases and prevention</li> <li>③ Maintaining temperature differences to prevent air-conditioning related illness</li> </ul>
Risk Assessment That Workers Should Be Aware Of	<ul style="list-style-type: none"> <li>① Understanding of risk assessment</li> <li>② Risk assessment implementation period and operating procedures</li> </ul>
Human Errors and Accident Prevention	<ul style="list-style-type: none"> <li>① Understanding of human errors</li> <li>② Classification of human errors and preventive method</li> </ul>

**Training Plan for Subcontractor Workers**

Training Course	Training Target	Training Time	Training Content
Regular Training	Production workers	At least 6 hours per quarter	<ul style="list-style-type: none"> <li>• Matters related to industrial safety and accident prevention</li> <li>• Matters related to industrial health and occupational disease prevention</li> </ul>
	Sales workers	At least 3 hours per quarter	<ul style="list-style-type: none"> <li>• Matters related to health promotion and disease prevention</li> <li>• Matters related to management of harmful and dangerous working environments</li> </ul>
	Office workers	At least 3 hours per quarter	<ul style="list-style-type: none"> <li>• Matters related to the Industrial Safety and Health Act and general management</li> </ul>
Training when Hiring	New hires	At least 8 hours (daily workers: at least 1 hour)	<ul style="list-style-type: none"> <li>• Matters related to the risks of machinery and equipment, work order, and movement lines</li> <li>• Matters related to inspections before starting work</li> <li>• Matters related to organization and cleaning</li> <li>• Matters related to emergency measures in case of an accident</li> <li>• Matters related to industrial health and occupational disease prevention</li> <li>• Matters related to material safety data sheets</li> <li>• Matters related to the Industrial Safety and Health Act and general management</li> </ul>
Training when Job Description Changes	Workers changing jobs	At least 2 hours (daily workers: at least 1 hour)	<ul style="list-style-type: none"> <li>• Matters related to industrial health and occupational disease prevention</li> <li>• Matters related to material safety data sheets</li> <li>• Matters related to the Industrial Safety and Health Act and general management</li> </ul>
Special Training	Workers for harmful and dangerous works	At least 16 hours (daily workers: at least 2 hours)	<ul style="list-style-type: none"> <li>• Training contents by work stipulated in 'Ra. Special health and safety training target training contents by work' of Appendix 8-2 of the Enforcement Decree of the Industrial Safety and Health Act</li> </ul>

**Health and Safety Education for Subcontractors Working in the Premise**

Following the introduction of the health and safety management system, KAON Group has established safety management guidelines for subcontractors and established safety management procedures with subcontractors (partners) to ensure industrial safety and prevent accidents. To this end, KAON Group has organized the Health and Safety Council, designated a representative of subcontractors as the person in charge, and is holding meetings at least once a month centering on matters to be discussed in relation to health and safety and current issues. In addition, a round-trip inspection of the workplace is conducted at least once every two days to discover and take corrective action on any non-conformities, and the contractor (KAON Group) firsthand provides guidance and support for legal health and safety education.

**Supply Chain ESG**

**Sustainable Procurement Policy**

KAON Group has established a sustainable procurement policy that includes guidelines and standards within the sustainable supply chain ESG operating system in order to practice sustainable supply chain management, and encourages all business sites, employees, partners, and suppliers to comply with the policy throughout the entire business process. In addition, the 'purchase team' was designated as the department in charge of the policy to carry out works related to policy implementation such as policy review and operation, monitoring, and reporting.

**Sustainable Procurement Operation System**

KAON Group has established purchasing management regulations, partner management regulations, and purchasing norms to support the growth of partners based on transparent and sound transactions and create a sustainable ESG supply chain ecosystem to encourage partners to participate in ESG management. In addition, it requiring all partners contracting with the company to prepare and comply with the supply chain Code of Conduct when concluding a purchase contract. In addition, it has been conducting risk assessments on major partners to build a sustainable and stable supply chain system.

**Supply Chain ESG Management Guidelines**

<b>Purchasing Management Regulations</b>	Guidelines that stipulate work procedures so that purchasing work can be operated efficiently, and specify purchasing risk analysis and management (including ESG risks) and criteria for partner qualification
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<b>Partner Management Regulations</b>	Guidelines for securing stable and excellent suppliers, conducting smooth purchasing activities, and improving and maintaining the quality of purchased products by clarifying the management procedures and standards for suppliers doing business with KAON Group
<b>Purchasing Norms</b>	Purchasing norms that can be used as a criterion for decision-making and action in purchasing and related activities by all employees and suppliers of KAON Group
<b>Supplier Code of Conduct</b>	KAON Group continuously manages suppliers who have business relationships with it to participate in our ethical management by making the Supplier Code of Conduct mandatory at the initial contract stage for all suppliers

**Purchasing Norms**

KAON Group performs purchasing and related works based on the spirit of win-win supply and the principle of good faith and trust, and complies with the Monopoly Regulation and Fair Trade Act, the Act on the Promotion of Mutually Beneficial Cooperation Between Large Enterprises and Small and Medium Enterprises, the Fair Transactions in Subcontracting Act, etc. It has established purchasing norms related to the supply chain to support and faithfully implements internationally accepted laws and international agreements such as the Universal Declaration of Human Rights, OECD Guidelines for Multinational Enterprises, the 10 Principles of the UN Global Compact, and the UN Guiding Principles on Business & Human Rights, and use them as criteria for decision-making and action in purchasing and related activities.

<b>Basic Principles</b>	<ul style="list-style-type: none"> <li>• Provide equal opportunities to suppliers</li> <li>• Ethical and transparent handling of matters</li> <li>• Pursue mutual benefit and common development</li> </ul>
<b>Practice Guide</b>	<ul style="list-style-type: none"> <li>• Do not accept bribes, hospital treatment or entertainment</li> <li>• Do not leak information</li> <li>• Do not engage in conflicts of interest</li> <li>• Do not engage in solicitation</li> </ul>

**Supplier Code of Conduct (CSR Code of Conduct)**

KAON Group has added a Supplier Code of Conduct to the purchase agreement to present ethical, social, and environmental standards to all suppliers doing business with it, thereby establishing an incorrupt and transparent supply chain system. In addition, if a violation of the Supplier Code of Conduct by a supplier occurs, KAON Group can terminate or limit its business relationship with the supplier. The main contents included in the Code of Conduct are ① Compliance with laws and regulations ② Principles of respect for human rights (child labor and youth, forced labor and freedom of movement, right to organize (freedom of association), discrimination and harassment, working hours and compensation/standards of satisfactory living) ③ Occupational health and safety ④ Security ⑤ Environment (resource efficiency, carbon management, pollution and emission reduction, recyclable

materials and recycling rates, water resources) ⑥ Business integrity and ethics (bribery and corruption, conflicts of interest, gifts, entertainment, entertainment and hospitality, international trade compliance, fair competition, digital ethics) ⑦ Confidentiality ⑧ Grievance procedures and transparency ⑨ Non-retaliation ⑩ Implementation and education ⑪ Consequences of violations ⑫ Reporting and contacting violations.

**Sustainable Procurement Management**

KAON Group has established management governance for sustainable supply chain management within the supplier management regulations and established procedures ranging from supplier selection to contract. Based on this, KAON Group has established three-year goals for sustainable procurement management to improve and maintain the quality of purchased products and support the growth of partners based on transparent and fair transactions. Through this, KAON Group is striving to create a sustainable ESG supply chain ecosystem.

**Sustainable Supply Chain Management Governance and Roles**

Head of Purchasing Department	<ul style="list-style-type: none"> <li>• Selection and registration of new material suppliers</li> <li>• Survey of registered companies and registration of approved companies</li> <li>• Management of registered and approved companies</li> </ul>
A Head (team leader) of Laboratory	<ul style="list-style-type: none"> <li>• Cooperation in supplier fact-finding survey and supplier evaluation</li> <li>• Development and registration application of new material suppliers</li> <li>• Material development, review and approval of new material suppliers</li> </ul>
Head of Quality Department	<ul style="list-style-type: none"> <li>• Cooperation in supplier fact-finding survey and supplier evaluation</li> <li>• Guidance on quality/environmental management system and quality/environmental management of newly registered companies</li> <li>• Due diligence of high-risk parts suppliers in the environmental/ethical/social management sectors</li> </ul>
Head of Manufacturing Technology Department	<ul style="list-style-type: none"> <li>• Cooperation in supplier fact-finding survey and supplier evaluation</li> </ul>

\* Partner: A company that supplies raw materials, auxiliary materials, and assemblies necessary for production of products  
 \* Registered (approved) company: A company that has completed the prescribed evaluation procedure and received approval from the head of the purchasing department  
 \* High Risk parts company in the environmental/ethical/social management sector: A company that supplies parts with high risk in the environmental or harmful substance management sector

**Sustainable Supply Chain Management Process**



## Sustainable Procurement Plan and Performance

KAON Group has established and is implementing a three-year plan for sustainable procurement management from 2022 to 2024. This plan establishes a foundation for sustainable procurement management by establishing promotion strategies including the improvement of the procurement process, purchasing sustainable products and services, and managing the supply chain, as well as performance indicators, indicator calculation formulas, and goals by year, and plans to review the establishment of mid- to long-term plans.

Promotion Strategy	Performance Indicators	Indicator Calculation Formula	Unit	2022 Performance	2023 Performance	2024 Goal
Mandating Sustainable Procurement Management	Suppliers that signed the Supplier Code of Conduct	Number of implementing companies / Number of target companies		16 / 87 (18.3)	45 / 88 (51)	(100)
	Percentage of suppliers that entered into contracts that included provisions on the environment, labor, and human rights	Number of implementing companies / Number of target companies		3 / 3 (100)	3 / 3 (100)	(100)
Improving Sustainable Procurement Management Culture	KAON verification assessment and self-assessment	Number of implementing companies / Number of target companies	Company (%)	16 / 87 (18.3)	45 / 88 (51)	(100)
	KAON CSR Code of Conduct education	(External) Number of implementing companies / Number of target companies		20 / 87 (23)	45 / 88 (51)	(100)
	Suppliers that provided guidance on KAON CSR	Number of implementing companies / Number of target companies		87 / 87 (100)	88 / 88 (100)	(100)

## Evaluation for Sustainable Procurement

KAON Group has established a partner evaluation system to secure a stable supply chain and manage risks, and is conducting evaluations using major supply chain evaluation factors such as financial status, product stability, and ESG due diligence results for new and existing partners. In addition, KAON Group establishes and implements an evaluation plan for existing partners at the beginning of each year, and takes active measures based on the final results.

### Evaluation Categories

<b>New Partner Certification Evaluation</b>	Document evaluation <ul style="list-style-type: none"> <li>• Credit rating grade</li> <li>• Financial status</li> <li>• Technology and production status</li> </ul>	Safety evaluation <ul style="list-style-type: none"> <li>• Whether Additives are stable</li> </ul>	Quality evaluation <ul style="list-style-type: none"> <li>• Physical and chemical evaluation</li> <li>• Workability evaluation</li> </ul>	Due diligence evaluation <ul style="list-style-type: none"> <li>• ESG linkage evaluation</li> <li>• Quality, production evaluation</li> </ul>
<b>Regular Comprehensive Evaluation of Existing Partners</b>	<b>Plan.</b> Determining evaluation method <ul style="list-style-type: none"> <li>• Forming evaluation group, confirming evaluation indicators and setting weights by group</li> </ul>	<b>Do.</b> Conducting implementation evaluation (including ESG) <ul style="list-style-type: none"> <li>• Conducting online evaluation, face-to-face/non-face-to-face due diligence</li> </ul>	<b>Check.</b> Analysis of evaluation results <ul style="list-style-type: none"> <li>• On-desk evaluation result report by partner and deriving improvement plans</li> </ul>	<b>Action.</b> Feedback on evaluation results <ul style="list-style-type: none"> <li>• Comprehensive improvement opinions and feedback on partner Code of Conduct</li> </ul>
<b>Regular ESG Evaluation Management</b>	Third-party verification	Requesting improvement plans	Implementing on-site inspection	Reviewing improvement recommendations and monitoring, bidding restrictions, etc.

### Performance Processes by Month

Step 1. Establish an Evaluation Plan		Step 2. Conduct Written Inspection and On-Site Due Diligence		Step 3. Analyze Evaluation Results	
Dec-Jan	Jan-Feb	Feb-Mar	Mar-May	May-Aug	Aug-Oct
① Establishment of evaluation plan for next year • Decision on evaluation method (in-house/outsourced) • Personnel, budget, cooperation matters, etc. ② Advancement of partner evaluation system • Optimization of indicators, advancement of standards • Introduction of evaluation guidelines	③ Selection of partner to be evaluated • Targeting key partners • Considering sales/business importance	④ Briefing session for partners • Explanation of purpose of partner evaluation and future plans	⑤ On-desk inspection • Online operation • Check evaluation response and basis ⑥ On-site due diligence • Reconfirmation of on-desk inspection results • Field tour and interview ⑦ Results Analysis • Analysis of risk levels by field such as human rights/safety/environment/ethics	⑧ Recommendation for improvement of partners • Notification of on risk assessment results • Recommendation for establishment of improvement measures and improvement plans by partner	⑨ Reporting of evaluation results • Present implications of evaluation results • Derive key improvement cases ⑩ Establish an evaluation plan for next year • Discuss ways to improve evaluation efficiency and reflect purchasing policies.

### Actions Based on Partner Evaluation

Type of Occurrence	Category of Evaluation	Notification to Partners	Actions Items
When Quality Issues Occur	3 times or less per year/failure in receiving inspection	Notification to partners	<ul style="list-style-type: none"> <li>Order for improvement in writing or by phone</li> <li>Reflected in regular evaluation</li> </ul>
	4 times or less per year/failure in receiving inspection	The person in charge of purchasing manager should investigate the cause together with related departments and devise countermeasures together	<ul style="list-style-type: none"> <li>Re-evaluation of the partner</li> </ul>
	5 times or less per year/failure in receiving inspection	Notification of improvement order to partner	<ul style="list-style-type: none"> <li>In case does not improve, change the partner</li> </ul>
When Delivery Issues Occur	3 times or less per year delay		<ul style="list-style-type: none"> <li>Order for improvement in person or by communication</li> <li>Reflected in regular evaluation</li> </ul>
	4 times per year delay		<ul style="list-style-type: none"> <li>Request for a written explanation for delayed delivery and receipt of improvement plan</li> </ul>
	5 times or more per year delay		<ul style="list-style-type: none"> <li>In case does not improve, change the partner</li> </ul>
When Environmental/Ethical/Social Issues Occur	70 points or more		<ul style="list-style-type: none"> <li>Notice of matters for improvement</li> </ul>
	70 points or less		<ul style="list-style-type: none"> <li>After notifying matters for improvement and education, receive of improvement plan</li> </ul>
	50 points or less		<ul style="list-style-type: none"> <li>After taking the above measures, in case does not improve, change the partner</li> </ul>

### Partner CSR Risk Assessment

KAON Group conducts partner CSR risk assessments to prevent risks that may occur in the supply chain in advance. To this end, KAON Group requests improvement measures from partners based on risk identification and analysis and supports their improvement. In addition, KAON Group divided the risks that may occur into management, society, ethics, and environment-related risks, set detailed areas by field, and asks partners to conduct self-diagnosis.

#### CSR Risk Assessment Elements

Management	Ethics
<ul style="list-style-type: none"> <li>Employee Compensation System</li> <li>Management Officer</li> <li>KPI Setting</li> <li>Information Disclosure</li> <li>Risk Management</li> </ul>	<ul style="list-style-type: none"> <li>Anti-Corruption Code of Conduct</li> <li>Anti-Price Fixing Regulations</li> <li>Gift and Bribery Guidelines</li> <li>Purchasing Manager Training</li> <li>Whistleblowing System</li> </ul>
Society	Environment
<ul style="list-style-type: none"> <li>Compliance with the law</li> <li>Education and training</li> <li>Fair wages               <ul style="list-style-type: none"> <li>Labor unions</li> </ul> </li> <li>Anti-discrimination</li> <li>Labor law violations</li> <li>Health and safety training</li> <li>Workplace safety assessments</li> <li>Dedicated health and safety department</li> <li>ISO compliance</li> <li>Product safety inspections</li> <li>Product safety certification</li> </ul>	<ul style="list-style-type: none"> <li>Environmental data collection</li> <li>Establishment of environmental management system</li> <li>Dedicated environmental department</li> <li>ISO compliance</li> <li>Violation of environmental laws</li> <li>Environmental law disputes</li> <li>REACH compliance</li> <li>SCOPE 1&amp;2 management</li> <li>Quantitative goals</li> <li>Performance monitoring</li> </ul>

### Supplier Incentive System

KAON Group is implementing a supplier incentive system to coexist with suppliers and build a sustainable supply chain ecosystem, and provides incentives based on the evaluation results of suppliers evaluated based on the supplier maintenance evaluation table. In addition, through this, KAON Group is strengthening the competitiveness of the entire KAON Group and fulfilling its social responsibility.

Key Evaluation Items	
Profitability and stability	Technology development and development capability
Labor-management relations stability	Quality management
Production management capability	Working environment management
Environmental impact management capability	Ethical management
Partner management	Working environment

#### Incentive Criteria

Score	Rating	Transaction Reflection Guidelines
90-100 points	A	Active increase in order quantity and improvement in payment conditions
80-89 points	B	Continue transactions and guide and foster the partner
70-79 points	C	Request corrective actions and improvement
Below 69 points	D	Stop transactions

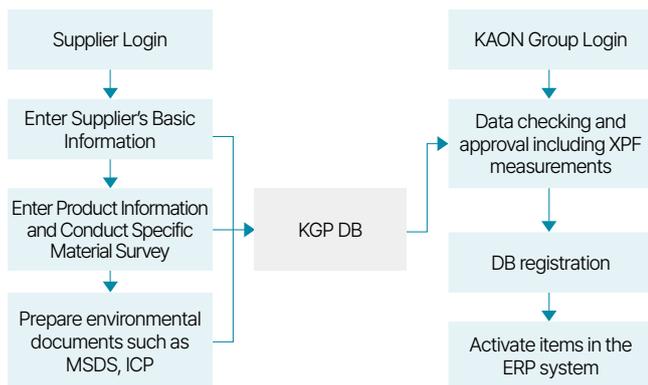
### Integrating Sustainable Procurement Goals into Purchaser Performance Reviews

KAON Group added the results of supplier CSR evaluations as an evaluation indicator (KPI) for individual performance evaluations during the first and second half year performance evaluations and multi-faceted evaluations of the purchasing team in the purchasing business division thereby actively implementing sustainable procurement.

Sustainable Procurement-Related Evaluation Indicators (Purchasing Team)	
Evaluation Indicator (KPI)	Supplier CSR Evaluation
Purpose	To evaluate the CSR performance of suppliers in order to establish sustainable procurement management
Calculation Formula	Education completion rate (30%) + CSR evaluation score (70%)
Evaluation Reflection Ratio	10% (total 100%)

### Supplier Evaluation According to REACH

KAON Group operates an environmental portal system (KAON Green Portal System – KGP system) for systematic management of environmental information and regulatory response. Partners register requirements of various environmental laws including RoHS and REACH based on supporting documents, and KAON Group quality managers review and approve the submitted materials from partners. In addition, the purchasing team decides and proceeds with product orders based on the approved results.



### Education on the Partner Evaluation System

KAON Group first conducted education on the establishment of a sustainable procurement system and the partner evaluation system for internal purchasing employees and employees of external partners who perform purchasing work in January 2022, and has been conducting this regularly at least once a year. In addition, through this, KAON Group is pursuing the continuous growth of the supply chain ecosystem centered on KAON Group by improving the ethical level in the daily management processes.

### Training Attendees

Category	Unit	2022	2023	Remarks
Internal	persons	9	10	Purchasing Business Division
External		20	45	1 person per partner

## Local Community

### Domestic and International Social Contribution Activities

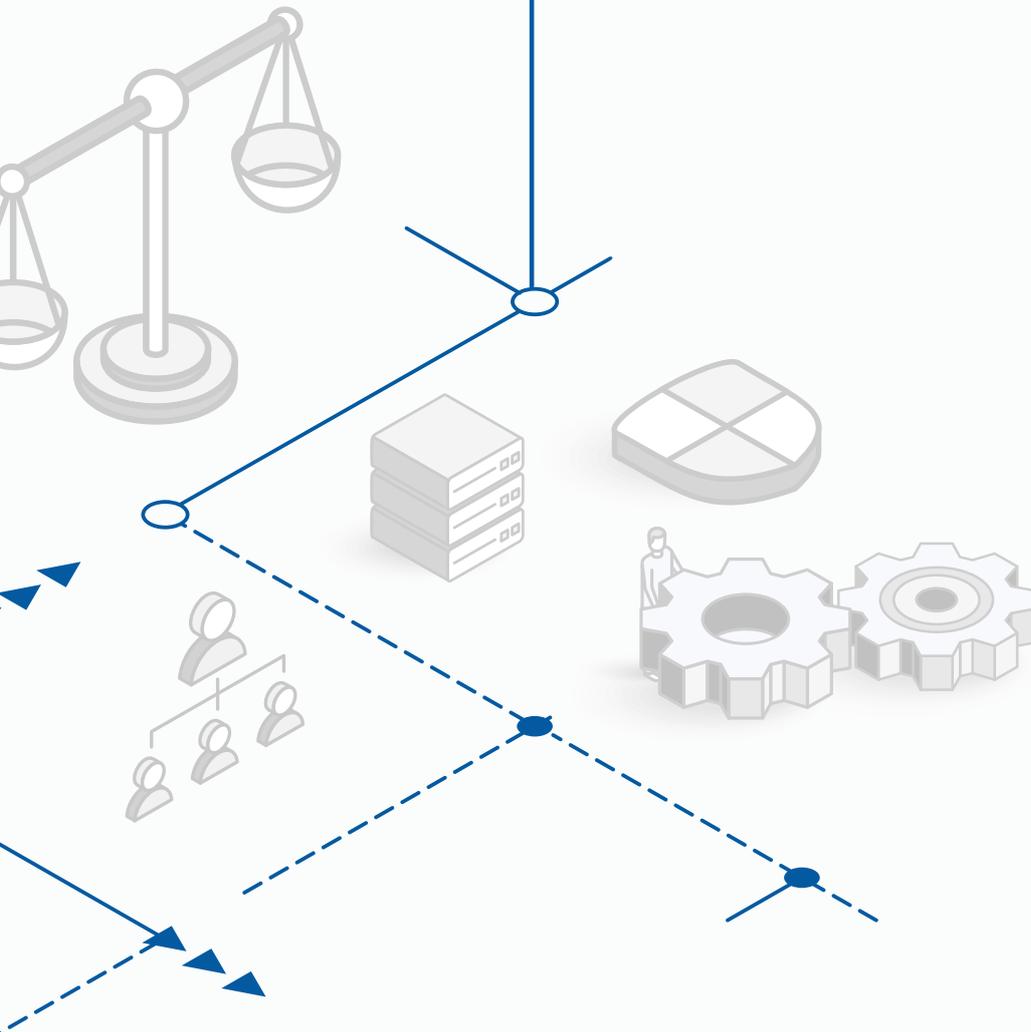
KAON Group is carrying out various social contribution activities to realize social value that grows together with the local community, and is using donations based on the amount raised from all employees.

### 2023 Donation Usage Status

Category	Amounts Collected and Used	Donation Target	Usage Details
Jan.	6,015,000 KRW	Green Umbrella Children's Foundation	Support for necessary items for the new school year
Feb.	6,105,000 KRW		Support for medical expenses for children from low-income families
Mar.	6,180,000 KRW		Support for items for Children's Day
Apr.	6,195,000 KRW		Support for experiential learning expenses for children from multicultural families and low-income families
May.	6,255,000 KRW	Purme Foundation	Support for treatment items for children with disabilities
Jun.	6,135,000 KRW		Support for costs of creating an environment for the Purme Social Farm worksite
Jul.	6,210,000 KRW		Support for treatment expenses for families with a person with developmental disabilities
Aug.	6,285,000 KRW	Seongnam-si Hanmaeul Welfare Center	Support for treatment expenses for families with a person with developmental disabilities
Sep.	6,345,000 KRW		Support for job training expenses for employment of adults with developmental disabilities
Oct.	6,510,000 KRW		Support for job training expenses for employment of adults with developmental disabilities
Nov.	6,645,000 KRW	Seongnam-si Hanmaeul Welfare Center	Support for rehabilitation equipment and underwater equipment for children with disabilities
Dec.	6,675,000 KRW		Support for travel expenses and underwater equipment for families with a person disabilities

# Governance

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# Governance Structure

## KAON Group Board of Directors Structure

As of the end of March 2024, KAON Group's Board of Directors comprises three inside directors and one outside director. In accordance with Article 39 of the Articles of Incorporation, the CEO serves as the Chairman of the Board to efficiently convene and manage board meetings. The Board of Directors is responsible for resolving key matters specified in laws, regulations, and the Articles of Incorporation, supervising the execution of management duties, and assisting in making informed decisions on the company's major management issues.

### Independence and Transparency of the Board of Directors

Board directors are elected at the general shareholders' meeting, with candidates selected by the board and finalized as agenda items for submission to the shareholders' meeting. The chairman of the board, who also serves as the CEO, listens to and mediates the opinions of internal and external stakeholders. Additionally, transparency in decision-making is ensured by restricting directors with potential conflicts of interest from exercising their voting rights.

### Auditing System

As of the end of December 2023, a separate audit committee has not been established. Instead, a standing auditor, appointed by resolution at the general shareholders' meeting, performs audit duties. The auditor attends board meetings to independently supervise the directors' activities and may request relevant departments to submit related books and documents concerning various business matters.

### Board of Directors Education

To enhance the competencies of board members, KAON Group conducts mandatory training programs, including disclosure officer education and industrial safety officer education. Additionally, the company plans to design and implement educational programs for the board to strengthen expertise in areas related to sustainability, such as global management, information security/compliance, ESG management, and risk management. These efforts aim to support board members in faithfully fulfilling their roles for the company's benefit and growth.

### Shareholders

KAON Group has adopted and implemented an electronic voting system and electronic proxy system to facilitate shareholders' exercise of voting rights at regular shareholders' meetings, as resolved by the Board of Directors. Shareholders can exercise their voting rights via the electronic voting system from 10 days before the shareholders' meeting until the day before the meeting.

## Current Composition of KAON Group's Board of Directors

As of the end of December 2023

Category	Name	Gender	Term	Major Career	Specialization	Remarks
	Dong-Yeon Lim	M	March 25, 2022~ March 25, 2025	Current) CEO of KAON Group Former) Head of Management Support Division, KAON Media	Global Management, Finance/ Accounting, Information Security/Compliance, Risk, ESG	Representative Director, CEO, Chairman of the Board
Inside Director	Won-Yong Chung	M	March 26, 2023 ~ March 26, 2026	Current) Executive Director of KAON Group Former) Shinhan Bank	Finance/Accounting, Information Security/ Compliance, Risk, Climate/ESG	Executive Director
	Dong-Bum Suh	M	March 25, 2022~ March 25, 2025	Current) Sales Manager of KAON Group Former) Head of R&D/New Business Team, Sony Electronics Korea Former) Head of Domestic Sales Team at KAON Media	Management, Broadcasting and Communication, Risk	Managing Director
Outside Director	Soon-Seon Shim	M	March 26, 2021~ March 26, 2024	Former) Head of Global CS Center, Samsung Electronics Executive Vice President of Quality & Service	Finance/Accounting, Risk, ESG	Appointment of Han-Geun Jung as Outside Director on March 26, 2024
Auditor	Min-Gu Kang	M	March 24, 2023~ March 24, 2026	Current) Honorary Advisor (Internet Information Society) Former) General Research Center, Samsung Electronics Co.	Management, Finance/ Accounting, Audit, Risk,	

## KAON Group Board of Directors Operation Status

As of the end of December 2023

Category	Unit	Current State	Remarks
Number of Meetings Held	times	26	
Total Agenda Items Resolved	items	28	
Agenda Items Related to Sustainability	items	1	Establishment of 2023 ESG Management Plan
Attendance Rate	%	95	

## KAON Group Shareholder Status

As of the end of December 2023

Category	Number of Shares Owned (Shares)	Share Ratio (%)
Dong-Yeon Lim and 3 Others	2,450,746	14.44
Treasury Shares	1,121,541	6.61
Other	13,399,362	78.95
Total	16,971,649	100.00

## KAON Broadband Board of Directors Structure

KAON Broadband's Board of Directors, as of the end of March 2024, comprises three inside directors and two outside directors. The board's composition adheres to the principle of diversity to avoid representing specific interests or biases. The chairman of the board, also serving as CEO, possesses deep knowledge of internal affairs and a strong understanding of the organization.

### Current Composition of KAON Broadband's Board of Directors

As of the end of December 2023

Category	Name	Gender	Term	Major Career	Specialization	Remarks
Inside Director	Dae-Seok Jeon	M	July 3, 2023~ July 3, 2026	Current) CEO of KAON Broadband Former) Senior Researcher, Sambo Computer Co., Ltd.	Global Management, Finance/ Accounting, Information Security/Compliance, Risk, ESG	Chairman of the Board
	Yong-Hyuk Lim	M	July 3, 2023 ~ July 3, 2026	Current) Head of Management Support Headquarters, KAON Broadband Former) Korean Airlines Co., Ltd.	Finance/Accounting, Information Security/ Compliance, Risk, Climate/ESG	
	Young-Ho Kang	M	August 31, 2021~ August 31, 2024	Current) Head of Sales Division 1, KAON Broadband Former) ID Tech Co., Ltd.	Management, Network, Risk	
Outside Director	Ho-Won Moon	M	August 18, 2021~ August 18, 2024	Current) Advisor, KT Powertel Former) CEO of KT Powertel	Finance/Accounting, Risk, ESG	July 2021, company name was changed from KT Powertel to Idis Powertel
	Ki-Joon Yoon	M	August 18, 2021~ August 18, 2024	Current) Deputy Director, Korea Corporate Governance Service Former) Head of KOSDAQ Market Division, KOSDAQ Market Headquarters	Governance, Compliance, Risk	
Auditor	Jong-Hun Nam	M	January 30, 2023~ January 30, 2026	Current) Auditor, KAON Broadband Former) Judge, Suwon District Court	Management, Finance/ Accounting, Audit, Risk	

### KAON Broadband Shareholder Status

As of the end of December 2023

Category	Number of Shares Owned (Shares)	Share Ratio (%)
KAON Group	8,000,000	97.71
Mirae Asset Securities	187,500	2.29
Total	8,187,500	100.00

# Ethical Management

## Ethical Management Policy

In order to practice sustainable ethical management, KAON Group has established an anti-corruption policy that includes guidelines and norms within the ethical management system and encourages all workplaces, employees, partners, and suppliers to comply with the policy throughout their entire business process. In addition, KAON Group designated the 'Planning Team' as the department in charge of the policy to carry out tasks related to policy implementation, such as policy review and operation, monitoring, and reporting.

## Ethical Management System

Norms	Guidelines for Ethical Behavior, Code of Ethics, Ethics Charter		
Performance System	Anti-Bribery Management System (ABMS)	Internal Business Audit Guidelines	Fair Trade Voluntary Compliance Program Guidelines (CP)
Purpose	To establish an anti-bribery management system and achieve anti-bribery performance and secure the trust of stakeholders based on the system	To prepare guidelines for conducting audit work within the organization to routinize the level of auditing within the organization and prevent problems related to ethical management	Compliance with fair trade laws and regulations and establishment of employee behavior standards through the operation of the Fair Trade Voluntary Compliance Program
Implementing Organization	Board of Directors, CEO, Anti-bribery Compliance Officer, Charge of Anti-Corruption Compliance Manager, Head of each department	CEO, Internal Auditor	CEO, Voluntary Compliance Council, Voluntary Compliance Manager
Major Roles	<p>[Head of Each Department]</p> <ul style="list-style-type: none"> <li>Corruption risk assessment, goal and performance management, etc.</li> </ul> <p>[Anti-bribery Compliance Officer and Manager]</p> <ul style="list-style-type: none"> <li>Identify issues in the organization and situation and set their importance, establish, implement, maintain and improve ABMS, establish anti-corruption policy and risk assessment, etc.</li> </ul> <p>[CEO]</p> <ul style="list-style-type: none"> <li>Approve risk assessment results and improve activities, etc.</li> </ul> <p>[Board of Directors]</p> <ul style="list-style-type: none"> <li>Review anti-corruption policy and system (once a year), etc.</li> </ul>	<p>[Internal Auditor]</p> <ul style="list-style-type: none"> <li>Check basic preparations before business audit</li> <li>Implement internal business audit and report the results</li> <li>⓪ Period: Once a year</li> <li>⓪ Target: Entire organization</li> <li>⓪ Method: Use checklist by business function</li> <li>⓪ Report: Write results report after audit</li> <li>Take corrective action based on audit results</li> </ul>	<p>[Voluntary Compliance Manager and Council]</p> <ul style="list-style-type: none"> <li>Establish and implement CP operation plan (once a year)</li> <li>Produce and distribute the Voluntary Compliance Manual</li> <li>Revise and improve the Voluntary Compliance Manual</li> <li>Monitor violations and conduct performance evaluations</li> </ul>
Goals	<p>[Corruption]</p> <ul style="list-style-type: none"> <li>Prevention of bribery: Conduct corruption risk assessment for all departments by 2030 (continuous)</li> </ul> <p>[Conflict of Interest]</p> <ul style="list-style-type: none"> <li>Avoidance of conflict of interest: 100% implementation of employee education on conflict of interest by 2030 (continuous)</li> </ul> <p>[Fraud]</p> <ul style="list-style-type: none"> <li>Transparent behavior and rejection of illegal acts: 100% implementation of employee education on the topic of fraud (continuous)</li> </ul> <p>[Money Laundering]</p> <ul style="list-style-type: none"> <li>No participation in money laundering: 100% implementation of employee education on money laundering by 2030 (continuous)</li> </ul>	<p>[Internal Audit]</p> <ul style="list-style-type: none"> <li>Substantialization of ethical management: Conduct internal audit (ethics) risk assessments for all departments by 2030 (continuous)</li> </ul>	<p>[Fair Trade (Anti-Competitive Acts)]</p> <ul style="list-style-type: none"> <li>Pursuing fair competition: 100% implementation of employee education on the topic of preventing anti-competitive acts (pursuing fair trade) by 2030 (continuous)</li> </ul>
Disciplinary Punishment and Rewards	<ul style="list-style-type: none"> <li>Disciplinary punishment according to employment rules and personnel regulations</li> </ul>	<ul style="list-style-type: none"> <li>Hold disciplinary committee based on audit reporting</li> </ul>	<ul style="list-style-type: none"> <li>Disciplinary punishment according to the employment rules and personnel regulations</li> <li>Recommend rewards for departments with exemplary performance</li> </ul>
Other	<ul style="list-style-type: none"> <li>Reflect improvement matters according to risk assessment</li> </ul>		<ul style="list-style-type: none"> <li>Operate a CP education program</li> <li>Operate a counseling center</li> </ul>

## Ethical Conduct Guidelines

KAON Group, as a socially responsible company, has established ethical conduct guidelines that serve as standards for executives and employees in their actions and judgments across all management activities, and ensures that all executives and employees are well-acquainted with them. Through these guidelines, KAON Group strives for fair management performance across the entire company.

### Ethical Conduct Guidelines (11 Articles)

- ① Prohibition of acts of requesting, receiving, or providing financial benefits to stakeholders
- ② Prohibition of illegal solicitation
- ③ Prohibition of unfair equity investment in partners
- ④ Manipulation of documents and coefficients, false reporting
- ⑤ Illegal and unfair use of company assets
- ⑥ Formation of an organizational culture of mutual trust and respect
- ⑦ Protection of company information and document management
- ⑧ Pursuit of fair competition
- ⑨ Implementation and education
- ⑩ Rewards and disciplinary punishment
- ⑪ Reporting of violations

## Conducting Internal Business Audits

KAON Group appoints internal business auditors in accordance with the internal business audit guidelines, conducts regular internal audits of all divisions and departments once a year, and prepares an internal audit report on the results. In addition, in cases where matters for disciplinary punishment arise as a result of the audit, the internal auditor attends the disciplinary committee to express opinions on the level of disciplinary punishment. Major items subject to audit include compliance with the Code of Ethics implementation guidelines, protection of employee human rights such as unreasonable discrimination, prevention of corruption and bribery, transparency and fairness in concluding contracts with suppliers, and customer health and safety policy measures. Internal auditors perform audits using the 'Standard Checklist by Business Function for Internal Business Audit' that includes major items subject to audit.

KAON Group designated the Head of Management Support Division and two others as internal auditors in June 2023, and conducted internal audits of all divisions and departments for the first time. There were zero violations identified through the internal business audit.

## Sensitive Transaction Procedure Guide

KAON Group has established and is implementing internal procedures for sensitive transactions to minimize negative impacts and ensure transparency and fairness when trading important information or assets within the company.

Category	Deficiency
Basic Principles	<ul style="list-style-type: none"> <li>① Transactions must be conducted in accordance with the KAON Group Ethical Conduct Guidelines</li> <li>② Transactions must be reported to and approved by the company before conducting</li> <li>③ Transactions other than those reported are prohibited</li> </ul>
Types of Sensitive Transactions	<ul style="list-style-type: none"> <li>① Gifts, entertainment and hospital treatment, provision of money or valuables, condolence money</li> </ul>
Before Transaction	<ul style="list-style-type: none"> <li>① Write and check the sensitive transaction checklist</li> <li>② Check whether the relevant local laws apply</li> <li>③ Check the cost budget scope and whether special approval is required               <ul style="list-style-type: none"> <li>&gt; Conduct pre-reporting of sensitive transactions</li> </ul> </li> </ul>
Sensitive Transaction Business Procedures	<ul style="list-style-type: none"> <li>① Check whether transactions exceeded the limit and were refunded</li> <li>② Check whether donations to religious organizations, etc. are possible               <ul style="list-style-type: none"> <li>&gt; Conduct post-reporting of sensitive transactions</li> </ul> </li> <li>③ Check special reasons for sensitive transactions other than the reported matters               <ul style="list-style-type: none"> <li>* If a reason occurs, obtain the CEO's approval and conduct post-reporting of sensitive transactions</li> <li>* When necessary, decide on procedures such as writing a written apology and referring to the disciplinary committee</li> </ul> </li> </ul>
After Transaction	

## Code of Ethics and Ethics Charter

KAON Group has established a Code of Ethics and an Ethics Charter, which are the standards for proper behavior and value judgment, and is actively practicing them throughout the company. Based on them, KAON Group is continuously striving to fulfill its role as a corporate citizen.

[Code of Ethics](#) 
[Ethics Charter](#) 

## Ethical Management Performance Management

KAON Group has established and is implementing a three-year (2022-2024) plan for sustainable ethical management, and will review the establishment of a mid- to long-term plan based on the results of the three-year implementation. To carry out the foregoing, KAON Group has established a promotion strategy, performance indicators, indicator calculation formula, and quantified goals by year.

Promotion Strategy	Performance Indicator	Indicator Calculation formula	Unit	2022 (Target/ Performance)	2023 (Target/ Performance)	2024 (Target)
Ethical Management Actualizing	Percentage of Code of Ethics violations (corruption, etc.) handled			100 (0 / 0)	100 (0 / 0)	100
	Percentage of unfair trade practice legal actions	Number of cases handled / Number of cases received	%	100 (0 / 0)	100 (0 / 0)	100
	Percentage of sanctions for other legal violations			100 (0 / 0)	100 (0 / 0)	100
Ethical Culture Substantialization	Percentage of ethical management (anti-corruption) training	Total number of times / 4 times (once per quarter)	%	100 (4 / 4)	100 (4 / 4)	100
	Percentage of employees participating in ethical management training	Those who completed / Training target Employees		At least 95 / 93	At least 95	At least 95
Ethical Management Operational Performance Improvement	Conduct anti-corruption and ethics audit reporting	Internal audit report reporting (once a year)	times	1 / 1	1 / 1	1
	Audit observation fulfillment rate	Number of cases of compliance with the notices / Number of notices	%	100 (0 / 0)	100 (0 / 0)	100
	Monitoring of ethical management performance	Self-integrity survey results (Internal survey)	points	At least 8 (out of 10) / -	At least 8.5 (out of 10) / -	At least 9 (out of 10)

## Anti-Corruption Risk Assessment

KAON Group establishes a process for identifying, analyzing, and evaluating corruption risks that may arise between the company and stakeholders in all business operations and develops and applies plans to address identified corruption risk factors, thereby strengthening the anti-corruption management system.

### Anti-Corruption Risk Assessment Work Procedure

① Preparation for risk assessment	Preparation for assessment period, scope, and items
② Corruption risk identification	Identify risks by major business activities using the Corruption Risk Identification Assessment Table*
③ Corruption risk analysis	Analysis of the possibility of corruption risk occurrence and the impact of the results
④ Corruption risk assessments	Assessments based on the possibility of occurrence and the impact of the results
⑤ Corruption risk handling	Select management targets based on the assessment results, review the appropriateness of management methods, and establish a handling plan
⑥ Review and reporting of the validity of the assessment results	Perform continuous improvement through the evaluation report, including handling methods, improvement measures, and goals

\* Components of the Corruption Risk Identification Assessment Table: ① Risk identification (risk type, risk definition, provision type, risk level) ② Department name, person in charge, related work, presence of business associates ③ Control measures (control means, monitoring (suitability, effectiveness, residual risk), assessment results)

### Results of the 2023 Corruption Risk Assessment (Will Be Conducted Every Year)

- No serious violations were found
- Recommended clarifying ambiguous processing principles that have become customary in operational departments
- Significance is placed on the initial implementation and KAON Group will continue to improve internal ethical awareness and ethical management through continuous work activities hereafter

## Ethics Education

### Conducting Ethics Education for All Employees

KAON Group conducts annual ethics-related training for all employees, including sexual harassment prevention, disability awareness, and workplace bullying prevention, through online sessions. The company actively promotes these programs to encourage employees to complete the training.

### Conducting Education for New Employees

KAON Group conducts group training for new employees once a month. The training consists of two main courses: ① an introduction to the company and internal processes, and ② ethics training on human rights, ethics, and forced labor. To facilitate ethics training, KAON Group develops and distributes educational materials to new employees, actively fostering their awareness of issues such as corruption, child and forced labor (including human trafficking), and unfair competition.

## Cyber Shinmungo

KAON Group enforces an ethics reporting policy for stakeholders and accepts reports of ethics violations through dedicated internal and external reporting channels, including phone, email, and the cyber Shinmungo. When incidents involving undue pressure, solicitations, entertainment, bribery, discrimination, harassment, sexual harassment, child labor, or forced labor related to employees' duties are confirmed, the company follows internal procedures to implement measures such as counseling, investigation, fact-checking, and actions based on the victim's requests. Furthermore, KAON Group has established policies for "whistleblower protection and support" and operates its reporting channels in line with whistleblower protection principles, including ensuring anonymity and prohibiting unfair treatment or retaliation.

### Cyber Shinmungo Operation Status in 2023

Category	Number of Reports Received (Cases)
KAON Group	0
KAON Broadband	0

# Information Security

## Information Security Policy

KAON Group has established an information security policy, including an Information Security Management System, to protect information assets and encourages all workplaces, employees, partners, and suppliers to comply with it throughout their business process. The 'IT Team' was designated as the department in charge, responsible for reviewing, operating, monitoring, and reporting on the information security policy and continuously enhancing the level of information security.

## Information Security Management System

KAON Group has established a comprehensive information security management system that incorporates administrative, physical, and technical protective measures to safeguard the organization's information assets. This system is designed to comply with information security-related laws and regulations, prevent and respond to information security incidents, and drive continuous improvement in information security levels. The Group has developed and implemented its information security processes based on ISO/IEC 27001, the international standard established by the International Organization for Standardization (ISO).

## Major Organizations and Roles

Composition	Major Roles
CEO or Management Representative	<ul style="list-style-type: none"> <li>Approval of the establishment and revision of information security policies</li> <li>Oversight of all matters related to information security</li> </ul>
Information Security Officer	<ul style="list-style-type: none"> <li>Overall command and supervision of information security operations and organization</li> <li>Establishment and execution of the annual information security plan</li> <li>Development of internal control systems to prevent misuse and abuse of information leaks</li> </ul>
Information Security Committee	<ul style="list-style-type: none"> <li>Supervision and management of implementation plans for all security tasks within the ISMS, including information assets, access control, and operational management</li> <li>Encryption of critical information and review of the suitability of security servers</li> </ul>
Person in Charge of Information Security	<ul style="list-style-type: none"> <li>Establishment and implementation of execution plans, including methods and procedures for security tasks within the ISMS related to information assets, access control, and operational management</li> <li>Security incident monitoring, response, and recovery</li> </ul>
Information Security Audit Team	<ul style="list-style-type: none"> <li>Formation of an information security audit team and preparation of audit plans</li> <li>Execution of information security audits and reporting of results</li> </ul>

## Information Security Process

To successfully establish and implement ISMS, KAON Group adopted the PDCA structure and manages it with the life cycle.

Composition	Main Contents
(Plan) Establishment and implementation of ISMS	Establish and implement policies, objectives, and processes for ISMS in connection with the overall business of the organization
(Do) Operation and management of ISMS	Operation and management of ISMS policies, management, process
(Check) Monitoring and analysis of ISMS	Review and verification of ISMS policies, objectives, and processes for related laws and regulations
(Act) Maintenance and improvement of ISMS	Implementation of corrective and preventive actions through internal audits and management reviews for continuous improvement of ISMS

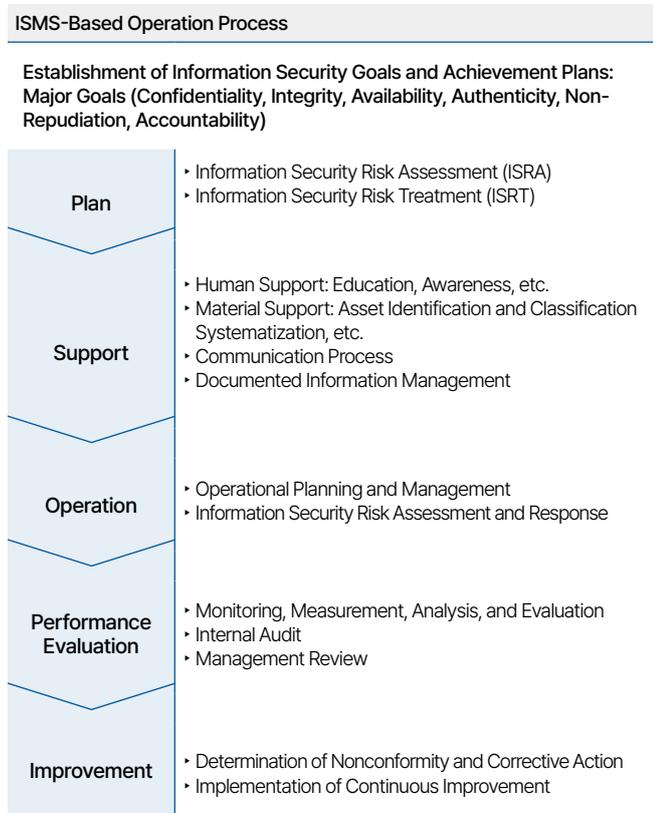
## Major Goal

Under the major goal of responsibly managing confidential information of systems and data, the detailed goals are to maintain the implementation of information security risk assessments (once a year) for all departments by 2030 and to maintain zero cases of information security incidents reported each year by 2030.

## Information Security Implementation

### ISMS-Based Information Security Implementation Process

To execute ISMS-based information security, KAON Group has established operational regulations and implemented a system to achieve information security goals.



[Document Maintenance Criteria]

Document Title	List
Storage Location	Intranet or internal shared folder
Document Manager	External related document registered owner's work roles and responsibilities
Record Protection and Control	Authority to save and change external related documents
Retention Period	3 years for records

### Annual Information Security Implementation Plan

KAON Group establishes an annual Information Security plan every year and faithfully implements it to continuously improve the organization's security posture.

### Major Implemented Contents

Category	Contents Implemented Occasionally	Contents Implemented Regularly Every Month
1st Quarter	<ul style="list-style-type: none"> <li>1st quarter information security training</li> <li>1st quarter information asset status update</li> </ul>	
2nd Quarter	<ul style="list-style-type: none"> <li>Breach incident simulation training</li> <li>2nd quarter information security training</li> <li>2nd quarter information asset status update</li> <li>1st half-year information security internal audit</li> </ul>	
3rd Quarter	<ul style="list-style-type: none"> <li>Review of compliance with legal requirements</li> <li>Emergency situation response training</li> <li>3rd quarter information security training</li> <li>3rd quarter information asset status update</li> </ul>	<ul style="list-style-type: none"> <li>Check logs and access records</li> <li>Cyber Security Diagnosis Day</li> </ul>
4th Quarter	<ul style="list-style-type: none"> <li>2nd half-year information security internal audit</li> <li>4th quarter information asset status update</li> <li>4th quarter information security training</li> <li>Development of next year's annual information security plan</li> </ul>	

### Information Security Risk Assessment

KAON Group conducts information security risk assessments across the organization in compliance with ISO/IEC 27001, the international standard for Information Security Management System (ISMS). In addition, KAON Group actively takes improvement measures for discovered information security risk factors and continuously monitors the status of the measures.

Information Security Risk Assessment Implementation Process
<b>[Pre-evaluation]</b> Determine the scope of the evaluation, collect evidence, prepare forms (toolkit)
<b>[Assessment implementation]</b> Review control areas, define compliance level
<b>[Post-evaluation]</b> Record vulnerable areas, determine improvement plan (measure), establish reevaluation schedule
<b>[Life cycle review]</b> Establish ISMS review schedule

## Information Protection Activities

KAON Group deeply recognizes that information protection activities are important in many aspects, including personal information protection, corporate asset protection, national security, cybercrime prevention, and reliable service provision. Accordingly, KAON Group has established an information protection policy and is thoroughly implementing it, thereby continuously carrying out various activities to safely protect its customers' valuable personal information.

### Information Security Due Diligence Program Operation

KAON Group operates various information security audit programs to thoroughly understand the security status within the company and improve vulnerabilities to further strengthen security.

Category	Content
Network Infrastructure Security	<ul style="list-style-type: none"> <li>Perform technical and management vulnerability checks on major servers and network equipment</li> <li>Maintain ISMS certification</li> </ul>
Data Security	<ul style="list-style-type: none"> <li>Monitor real-time information security status</li> <li>Block unauthorized access at the source by encrypting important data</li> <li>Access to servers and DB is controlled and logged only by pre-authorized persons through access control solutions</li> <li>Maintain ISMS certification</li> </ul>
Service Security	<ul style="list-style-type: none"> <li>Maintain a safe service environment by performing security vulnerability checks, mock hacking, and mock training for new and changed services</li> <li>Install and operate access control devices such as intrusion prevention systems and intrusion detection systems</li> </ul>

### Third-party Data Protection

KAON Group uses a computer room management checklist to regularly check server security, devices, temperature, and humidity every month to protect third-party data and maintain a stable environment in the computer room, and ensures that the person in charge takes immediate action when a problem occurs. KAON Group requires all employees who enter the data server room to create an access log (date, affiliation, reason, time, etc.) for third-party data protection, and ultimately requires the computer room manager to confirm the computer room entry.

### Customer Personal Information Protection

KAON Group provides guidance on the collection and use of personal information when making online inquiries about product use. In addition, KAON Group has established a policy for proper personal information processing and shares it with stakeholders.

[Online Inquiry](#)

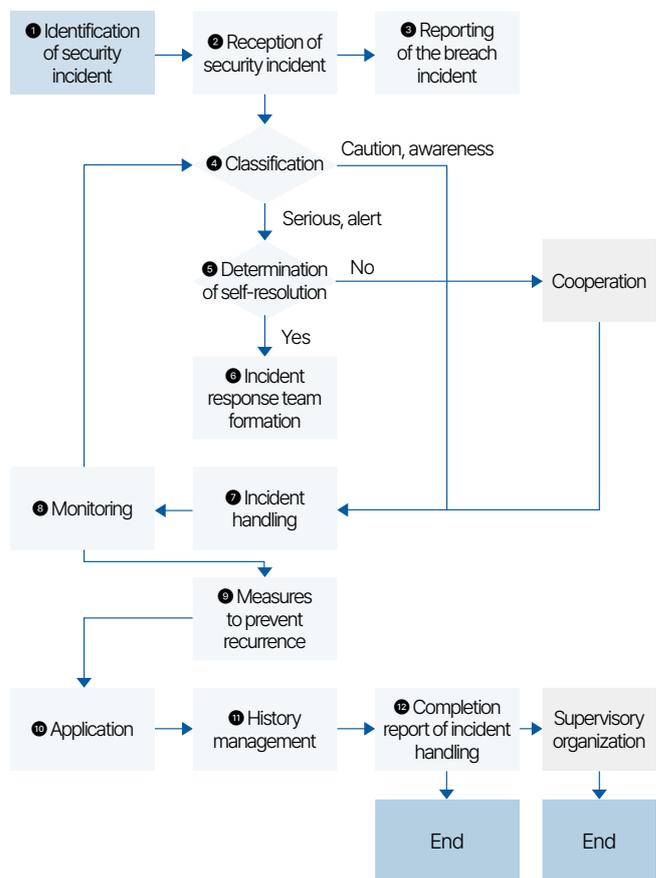
[Personal Information Processing Policy](#)

### Information Security Incident Management and Response

To establish a process for preventing security incidents and managing and responding to incidents within the Information Security Management System (ISMS), KAON Group has prepared guidelines for proper use to ensure stability by stipulating matters related to response and recovery, minimizing damage, and preventing recurrence of various security incidents.

Information Security incident prevention measures include: ① Measures for unnecessary accounts or accounts without passwords ② Frequent system inspections using security diagnostic tools ③ Establishing an access control system to block unauthorized access ④ Obtaining data on the latest hacking methods and countermeasures to be prepared ⑤ Real-time identification through an intruder detection system ⑥ Distributing antivirus programs and posting virus information on bulletin boards ⑦ Vulnerability analysis and implementing protective measures for the results.

#### Information Security Incident Response Procedures



- 1) Immediately report security incidents upon occurred
- 2) Classify and determine resolution methods based on severity criteria of the level of security incident
- 3) Organize internal incident response \*Use external response agencies when necessary
- 4) Establish response strategies with approval from the Chief Information Security Officer \*External cooperation when litigation is necessary
- 5) Establish monitoring and recurrence prevention measures
- 6) Report the application and completion of incident handling
- 7) History management

## Information Security Education and Awareness Enhancement

### Conducting Personal Information Protection Act Education for All Employees

KAON Group regularly conducts information protection-related education on the Personal Information Protection Act online for all employees every year, and encourages employees to complete the education through active guidance on the implementation of education.

### Conducting Education for New Employees

KAON Group conducts group education once a month for new employees. The education is composed of two main courses: company introduction and internal process education, and ethics education on human rights, ethics, and forced labor. KAON Group develops computer security education materials and delivers them to new employees to conduct company introduction and internal process education, and through this, raises awareness of information security for new employees.

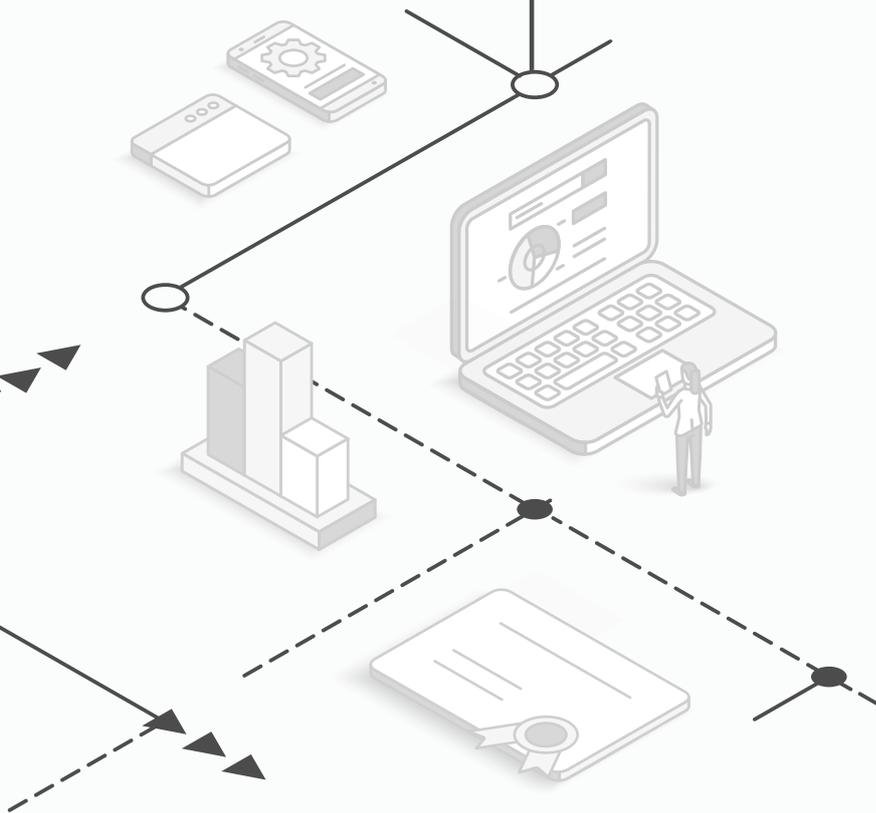
### KAON Information Security Campaign

KAON Group implemented the 'KAON Information Security Campaign' for the first time in 2022, which includes the contents of six security rules, for all employees to enhance awareness of Information Security, and is distributing the materials to the entire company to encourage active compliance by employees.

The six security rules are: ① Security Document Organization Day, ② Use genuine software, ③ Do not click on suspicious messages or links, ④ Change passwords periodically, ⑤ Run antivirus program for real-time monitoring, and ⑥ Tidy up your desk after work.

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# ESG Data

## Economy

### Summary Consolidated Statement of Financial Position

Category	Indicator	Unit	KAON Group (Consolidated)			KAON Group (Separate)			KAON Broadband (Separate)		
			2021	2022	2023	2021	2022	2023	2021	2022	2023
Assets	Current Assets	Million KRW	341,179	384,533	428,042	190,937	175,886	198,387	123,720	178,640	198,030
	Non-Current Assets		42,226	47,600	60,165	88,815	89,586	96,044	5,237	7,798	12,260
	Total Assets		383,405	432,133	488,207	279,752	265,473	294,432	128,957	186,438	210,290
Liabilities	Current Liabilities	Million KRW	199,325	213,243	269,716	120,431	82,375	106,158	57,713	101,214	131,962
	Non-Current Liabilities		1,357	30,812	46,204	968	30,712	30,599	327	182	10,230
	Total Liabilities		200,682	244,055	315,920	121,400	113,087	136,758	58,040	101,396	142,192
Equity	Paid-in Capital	Million KRW	68,707	69,553	71,200	68,706	69,553	71,199	54,385	54,385	54,385
	Other Capital Components		-1,226	-4,703	-1,741	-1,965	-5,564	-1,783	4	-51	-288
	Retained Earnings		115,423	125,035	105,834	91,611	88,396	88,231	16,527	30,709	14,001
	Non-Controlling Interests		-181	-1,808	-3,006	0	0	0	0	0	0
	Total Equity		182,723	188,077	172,287	158,352	152,385	157,647	70,917	85,043	68,098

### Summary Consolidated Statement of Comprehensive Income

Category	Unit	KAON Group (Consolidated)			KAON Group (Separate)			KAON Broadband (Separate)		
		2021	2022	2023	2021	2022	2023	2021	2022	2023
Sales	Million KRW	533,119	611,235	536,375	317,412	370,764	329,413	213,656	233,561	200,274
Cost of Sales		427,934	518,913	471,988	253,871	316,301	281,783	175,841	194,501	183,834
Gross Profit		105,184	92,322	64,386	63,540	54,463	47,630	37,815	39,061	16,439
Selling and Administrative Expenses		76,803	77,967	83,245	57,126	50,318	47,491	17,436	22,500	28,666
Operating Profit		28,381	14,355	-18,858	6,413	4,145	138	20,379	16,560	-12,227
Finance Income		20,084	46,641	24,045	11,234	21,098	12,620	7,363	22,646	9,001
Finance Expenses		23,351	44,637	30,537	14,218	22,490	12,970	5,290	21,821	16,537
Other Income		5,919	5,017	5,045	4,247	456	2,952	288	508	256
Other Expenses		5,144	5,492	1,793	7,740	3,661	1,367	6	250	609
Profit (Loss) Before Income Tax		25,889	15,884	-22,098	-62	-452	1,373	22,734	17,643	-20,115
Income Tax Expense		7,083	4,855	-3,468	1,952	1,103	-240	4,520	3,462	-3,407
Net Income (Loss)		18,806	11,029	-18,630	-2,015	-1,556	1,614	18,214	14,181	-16,708
Other Comprehensive Income (Loss)		-702	-1,276	4,515	-36	-12	5,350	4	-55	-236
Total Comprehensive Income (Loss)		18,103	9,753	-14,115	-2,052	-1,568	6,965	18,218	14,126	-16,944

## Environment

### Greenhouse Gas Emissions

Category	Indicator	Unit	KAON Group (Consolidated) <sup>1)</sup>			KAON Group (Separate)			KAON Broadband (Separate)		
			2021	2022	2023	2021	2022	2023	2021	2022	2023
Scope 1 Emissions			61	49	86	52	39	66	9	8	15
Scope 2 Emissions <sup>2)</sup>		tCO <sub>2</sub> eq	833	823	816	682	629	628	150	147	146
Scope 3 Total Emissions <sup>3)</sup>			3,509	669,374	742,716	1,976	247,750	239,615	1,532	293,089	314,496
Scope 3 Upstream Emissions	Purchased Goods/Services		3,509	121,718	113,754	1,976	81,134	82,561	1,532	40,583	31,193
	Other Energy-Related Activities		-	978	983	-	682	678	-	144	158
	Upstream Transport and Distribution		-	122,764	83,456	-	39,442	29,686	-	82,859	53,585
	Waste Generated in Operations		-	11	11	-	6	7	-	4	4
	Employee Business Travel		-	1,054	1,129	-	935	978	-	99	128
	Employee Commuting		-	375	425	-	198	209	-	73	102
Scope 3 Downstream Emissions	Downstream Transport and Distribution		-	7	0	-	0	0	-	7	0
	Use of Sold Products		-	420,134	540,763	-	124,165	124,381	-	168,541	228,771
	End-of-Life Treatment		-	2,333	2,194	-	1,188	1,115	-	779	554
Total GHG Emissions (Scope 1+2+3)		tCO <sub>2</sub> eq	4,402	670,246	743,618	2,710	248,419	240,309	1,691	293,244	314,658
GHG Emissions Intensity (Scope 1+2+3) <sup>4)</sup>		tCO <sub>2</sub> eq / 0.1 Billion KRW	0.83	109.65	138.64	0.85	67.00	72.95	0.79	124.82	163.23
Rate of Change in GHG Intensity <sup>5)</sup>		%	-	-	26.43	-	-	8.88	-	-	30.77

1) The emissions of KAON Group (consolidated) are the sum of the emissions of KAON Group (separate), KAON Broadband (separate), and other separate corporations.

2) The 2021 values were corrected due to errors in the steam calculation unit and calculation errors in the usage area by corporation.

3) In 2022, only a portion of Category 1 in 2021 was calculated for greenhouse gases. In 2024, the greenhouse gas calculation scope was expanded to cover the entire Scope 3 for 2022 and 2023.

4) Based on the sales of each KAON Group (consolidated), KAON Group (separate), and KAON Broadband (separate).

5) Since emissions were not calculated for the entire Scope 3 in 2021, rate of change in GHG intensity for 2021 and 2022 is not provided.

### Water Usage

Category	Indicator	Unit	KAON Group (Consolidated)			KAON Group (Separate)			KAON Broadband (Separate)		
			2021	2022	2023	2021	2022	2023	2021	2022	2023
Total Water Consumption <sup>1)</sup>		m <sup>3</sup>	5,498	5,516	5,695	4,463	4,440	4,584	941	1,035	1,068
Water Intake	Water Supply		5,498	5,516	5,695	4,463	4,440	4,584	941	1,035	1,068
	Total Water Intake	m <sup>3</sup>	5,498	5,516	5,695	4,463	4,440	4,584	941	1,035	1,068
Effluent Discharge			0	0	0	0	0	0	0	0	0
Volume of Recycled Water		m <sup>3</sup>	0	0	0	0	0	0	0	0	0
Wastewater Generation <sup>2)</sup>			N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

1) The 2021 values have been corrected due to an error in calculating corporation-specific usage areas.

2) KAON Group does not generate wastewater, and the existing 2021 data for KAON Group (separate) found to be erroneous and subsequently removed.

## Energy Usage

Indicator	Unit	KAON Group (Separate)			KAON Broadband (Separate)		
		2021	2022	2023	2021	2022	2023
Electricity		14.1500	13.0430	13.0240	3.1100	3.0400	3.0360
LNG		31.1000	27.0180	44.5180	6.8300	6.2970	10.3760
Gasoline		0.1200	0.0390	0.0032	N/A	N/A	N/A
Diesel	TJ	0.0500	0.0180	0.0007	N/A	N/A	N/A
Steam <sup>1)</sup>		0.1350	0.1370	0.1250	0.0300	0.0320	0.0290
Eco-Friendly (Renewable) Energy Consumption		0	0	0	0	0	0
Total Energy Consumption		45.6	40.3	57.7	10.0	9.4	13.4
Energy Intensity <sup>2)</sup>	TJ/ 0.1 Billion KRW	0.0144	0.0109	0.0175	0.0046	0.0040	0.0070
Rate of Change in Energy Intensity <sup>3)</sup>	%	-	-24.3	61.2	-	-14.2	74.8
Eco-Friendly (Renewable) Energy Production	TJ	0	0	0	0	0	0

1) The 2021 values have been corrected due to calculation unit errors and data entry errors.

2) Based on sales of each KAON Group (separate) and KAON Broadband (separate).

3) Rate of change in energy intensity has been calculated since 2022, so the data for 2021 has not been included.

## Waste Generation and Recycling

Indicator	Unit	KAON Group (Separate)			KAON Broadband (Separate)		
		2021	2022	2023	2021	2022	2023
Total Waste		42.3	29.1	15.5	32.0	20.1	9.1
General Waste <sup>1)</sup>	ton	25.1	18.5	11.4	19.0	12.8	6.7
Weight of Recycled Waste <sup>2)</sup>		17.2	10.6	4.1	13.0	7.3	2.4
Waste Disposal	Landfill	0	0	0	0	0	0
	Incineration	0	0	0	0	0	0
Waste Recycling Rate <sup>3)</sup>	%	40.7	36.4	26.5	40.6	36.3	26.4
Total Hazardous Waste Discharge	ton	0	0	0	0	0	0

1), 2) The 2021 KAON Broadband data were incorrectly entered in the previous report, and thus were corrected.

3) The 2021 data were corrected because the calculation method for the waste recycling rate was changed.

(Previously: Weight of recycled waste ÷ general waste, Changed: Weight of recycled waste ÷ total waste)

## Waste Electrical and Electronic Equipment (WEEE)<sup>1)</sup>

Indicator	Unit	KAON Group (Separate)			KAON Broadband (Separate)		
		2021	2022	2023	2021	2022	2023
Weight of WEEE Collected <sup>2)</sup>	kg	-	1,479	4,150	-	1,479	4,150
Weight of EEE Released to the Market		-	3,338,126	3,301,902	-	1,303,089	1,119,676
Percentage of Collected WEEE from Total Released EEE	%	-	0.04	0.13	-	0.11	0.37

1) WEEE collected weights were recorded from 2022, so the data for 2021 were not written.

2) The recovered products are treated through a WEEE treating agency, and the calculation was made based on the receipts that recorded the collected amount. Since the corporate information of the recovered products could not be identified, both KAON Group and KAON Broadband recorded the total collected amount.

## Violation of Environmental Laws and Environmental Facility Investment Costs

Category	Indicator	Unit	KAON Group (Separate)			KAON Broadband (Separate)		
			2021	2022	2023	2021	2022	2023
Violation of Environmental Laws	Number of Sanctions for Violations of Environmental Laws	Cases	0	0	0	0	0	0
	Amount of Fines and Penalties for Violations of Environmental Laws	Million KRW	0	0	0	0	0	0
Environmental Facility Investment Costs	Air-Related Facilities, Replacement and Investment Costs	Million KRW	0	0	0	0	0	0
	Water Quality-Related Facilities, Replacement and Investment Costs		1	1	1	0	0	0
	Environmental R&D (Certification, LCA, Labeling, Eco-Design)		15	19	79	0	0	12
Chemical Substances	Number of Safety Diagnoses Conducted <sup>1)</sup>	Cases	3	3	3	3	3	3
	Safety Accidents Occurred <sup>2)</sup>		0	0	0	0	0	0
Customer Health and Safety Measures	Customer Health and Consumer Safety Accidents Occurred <sup>3)</sup>	Cases	0	0	0	0	0	0

1) Number of laboratory precision safety diagnoses + number of working environment measurements

2) Cases where harm to human health occurred due to careless handling and improper use of chemical substances held

3) Cases where harm to consumers' health occurred when using our manufactured products

## Environmental Impact Assessment at Product Use and End-of-Life Stages<sup>1)</sup>

Category	Indicator	Unit	KAON Group (Separate)			KAON Broadband (Separate)		
			2021	2022	2023	2021	2022	2023
Life Cycle Assessment	Cumulative Ratio of LCA-Assessed Product Groups <sup>2)</sup>	%	0	30.0	30.0	0	14.3	28.6
Raw Materials	Raw Material Usage <sup>3)</sup>	ton	-	2,203	2,690	-	1,046	981
Product Energy Use Efficiency	Power Consumption of Products <sup>4)</sup>	KWh/unit	-	13.06	12.70	-	254.93	292.52
Product Use Stage	Weight Ratio of Recycled Resin in Total Materials	%	-	0.04	0.47	-	0.00	0.00
Product Recovery and Reuse	Weight of Refurbished Materials in Intensity <sup>5)</sup>	g/Million KRW	160.11	21.74	84.09	2.00	8.13	9.29
Supplier Environmental Assessment	New Partners Selected Using Environmental Standards <sup>6)</sup>	units	7	5	12	7	5	12

1) In the case of the 'Raw material usage', 'Power consumption for products' and 'Weight ratio of recycled resin in total materials', data were collected from 2022, so data for 2021 was not included.

2) (LCA calculation product group ÷ Entire product group) × 100

3) Weight of purchased raw materials × Quantity

4) Sales volumes by product × Power consumption by product (annual) ÷ Total product sales

5) Weight of refurbishment materials (g) ÷ Sales (Million KRW)

6) Newly evaluated partners are registered and used in parallel as KAON Group and KAON Broadband partners.

## Biodiversity

Indicator	Unit	KAON Group (Separate)			KAON Broadband (Separate)		
		2021	2022	2023	2021	2022	2023
Percentage of Employees Participating in Local Environmental Cleanup Efforts of Total Employees	%	0	0	0	0	0	0

## Social

### Employee Composition and Diversity

Category	Indicator	Unit	KAON Group			KAON Broadband			
			2021	2022	2023	2021	2022	2023	
Employee Composition	Employees	All	281	271	302	146	135	140	
		Male	237	227	257	136	122	126	
		Female	44	44	45	10	13	14	
		Ratio of Female Employees	%	15.7	16.2	14.9	6.8	9.6	10.0
	By Age	Under 30	persons	26	19	20	11	7	8
		30~50 Years	persons	224	211	223	127	116	105
		50 and Above	persons	31	41	59	8	12	27
	By Employment Type	Executives	persons	19	17	15	7	7	7
		Permanent Employee	persons	243	233	269	137	125	130
		Temporary Employee	persons	19	21	18	2	3	3
Ratio of Permanent Employees	All	%	86.5	86.0	89.1	93.8	92.6	92.9	
Management Position (Part Leader and Above)	All	persons	56	65	84	47	36	42	
	Male	persons	52	59	77	45	35	42	
	Ratio of Male Managers	%	92.9	90.8	91.7	95.7	97.2	100.0	
	Female	persons	4	6	7	2	1	0	
	Ratio of Female Managers	%	7.1	9.2	8.3	4.3	2.8	0	
Employee Diversity	Employees with Disabilities	Number of Employees	8	7	7	2	3	2	
		Employment Rate <sup>1)</sup>	%	3.2	3.0	2.7	1.4	2.9	2
	Foreign Employees	Number of Employees	4	4	3	0	0	0	
		Employment Rate	%	1.4	1.4	1.0	0	0	0
	Veterans	Number of Employees	0	0	0	0	0	0	
		Employment Rate	%	0	0	0	0	0	0
	Workers Under 18 Years old	Number of Employees	0	0	0	0	0	0	
		Employment Rate	%	0	0	0	0	0	0

1) The employment rate for employees with disabilities was entered as the rate reported to the Ministry of Employment and Labor.

### Recruitment and Turnover Overview

Category	Indicator	Unit	KAON Group			KAON Broadband		
			2021	2022	2023	2021	2022	2023
New Hires	Domestic	persons	149	98	94	55	32	29
	Overseas	persons	0	0	0	0	0	0
Turnover Status (Voluntary)	Number of Turnovers	persons	87	79	57	26	40	22
	Turnover Rate	%	31	29	19	18	30	16
Average Years of Service	Total	years	4.1	4.3	4.3	3.3	1.5	1.9

## Performance Evaluation

Category	Indicator	Unit	KAON Group			KAON Broadband		
			2021	2022	2023	2021	2022	2023
Frequency of Evaluations		times	2	2	2	2	2	2
By Gender	Number of Male Workers	persons	237	227	257	136	122	126
	Ratio of Male Workers	%	100	100	100	100	100	100
	Number of Female Workers	persons	44	44	45	10	13	14
	Ratio of Female Workers	%	100	100	100	100	100	100
By Position Level	Executives		100	100	100	100	100	100
	Managers	%	100	100	100	100	100	100
	Staff Members		100	100	100	100	100	100
By Function	Sales		100	100	100	100	100	100
	Development	%	100	100	100	100	100	100
	Support		100	100	100	100	100	100

## Management Performance Sharing

Category	Indicator	Unit	KAON Group			KAON Broadband		
			2021	2022	2023	2021	2022	2023
Bonus	Number of Recipients	persons	490	512	367	228	258	211
	Number of Payments	times	2	2	2	2	2	2
Rewards	Number of Recipients	persons	57	50	478	41	27	259
	Number of Payments	times	6	6	12	7	4	5

## Working Conditions

Category	Indicator	Unit	KAON Group			KAON Broadband			
			2021	2022	2023	2021	2022	2023	
Flexible Work System	Number of Participants in the Flexible Work System (Teleworking, Adjustable Working Hours)	persons	95	103	120	28	47	51	
	Ratio of Participation in the Flexible Work System (Teleworking, Adjustable Working Hours)	%	33.8	38.0	39.7	19.2	34.8	36.4	
Usage of Maternity and Childcare Leave	Number of Maternity Leave Users	persons	1	1	2	1	0	1	
	Number of Childcare Leave Users		2	1	1	1	1	1	
	Return to Work After Childcare Leave	Number of Persons Worked for at Least 1 Year	persons	0	1	0	1	1	0
		Ratio of Persons Worked for at Least 1 Year	%	0	100	0	100	100	0
Living Wage	Number of Persons Eligible for the Living Wage Standard	Total Employees	281	271	302	146	135	140	
		Direct Employees	281	271	302	146	135	140	
		Indirect Employees	0	0	0	0	0	0	
	Current State of Living Wage Payment <sup>1)</sup>	Paid Above Standard (Total Employees)	%	100	100	100	100	100	100
		Paid Below Standard (Total Employees)		0	0	0	0	0	0

1) The standards for payment of living wages are set and the status of payment is identified based on the standards of the Living Wage Ordinance of Seongnam City, Gyeonggi Province, Korea, where KAON Group is located.

## Employee Health Checkup

Category	Unit	KAON Group			KAON Broadband		
		2021	2022	2023	2021	2022	2023
Eligible Employees for Health Checkups		121	137	131	52	75	67
Employees Who Received Health Checkup	persons	100	129	109	47	68	62
Ratio	%	82.6	94.2	83.2	90.4	90.7	92.5

## Social Security System Subscription Status

Category	Indicator	Unit	KAON Group			KAON Broadband		
			2021	2022	2023	2021	2022	2023
National Pension	Number of Eligible Persons	persons	281	274	299	147	138	141
	Number of Persons Insured		263	262	285	146	134	138
	Subscription Rate	%	93.6	95.6	95.3	99.3	97.1	97.9
Health Insurance	Number of Eligible Persons	persons	281	274	299	147	138	141
	Number of Persons Insured		270	270	285	146	136	137
	Subscription Rate	%	96.1	98.5	95.3	99.3	98.6	97.2
Industrial Accident Insurance	Number of Eligible Persons	persons	281	274	299	147	138	141
	Number of Persons Insured		277	267	292	143	134	137
	Subscription Rate	%	98.6	97.4	97.7	97.3	97.1	97.2
Employment Insurance	Number of Eligible Persons	persons	281	274	299	147	138	141
	Number of Persons Insured		277	267	292	143	134	137
	Subscription Rate	%	98.6	97.4	97.7	97.3	97.1	97.2

## Social Dialogue

Category	Indicator	Unit	KAON Group			KAON Broadband		
			2021	2022	2023	2021	2022	2023
Labor-Management Council	Labor-Management Council	Number of Members	278	269	300	145	134	139
		Membership Rate	%	98.9	99.3	99.3	99.3	99.3
	Council Operations	Number of Operations	4	4	4	4	4	4
		Number of Agenda Items	Cases	13	12	15	13	12
Collective Agreement	Collective Agreement Coverage	Number of Target Employees	281	271	302	146	135	140
		Number of Applicable Employees	281	271	302	146	135	140
		Ratio	%	100	100	100	100	100

## Technology Development Education and Transition Support Program

Category	Indicator	Unit	KAON Group			KAON Broadband			
			2021	2022	2023	2021	2022	2023	
Technology Development and Improvement Education	Education Operation	Number of Educational Courses Operated Annually	Courses	11	16	15	5	6	6
		Annual Total Educational Course Hours	hours	688	1,200	1,088	313	405	420
	Targeted Employees for Annual Educational Courses	Participants in Annual Educational Courses	persons	281	271	302	146	135	140
			persons	275	480	435	125	162	168
	Average Education Hours per Employee	hours	2.4	4.4	3.6	2.1	3.0	3.0	
	External Education Costs	1,000 KRW	6,176	6,336	6,012	2,807	2,376	2,508	
Transition Support Program	Retirement Pension Support	persons	199	200	211	100	114	119	
	Ratio of Total Employees	%	70.8	73.8	69.9	68.5	84.4	85.0	
	Retirement Pension Contributions	0.1 Billion KRW	18	18	26	6	9	8	

## Intellectual Property Rights

Category	Indicator	Unit	KAON Group			KAON Broadband		
			2021	2022	2023	2021	2022	2023
Patent Rights	Number of Registrations	Cases	60	62	62	13	13	13
Trademark Rights			22	26	34	0	0	0
Design Rights			12	15	14	0	0	0

## Labor and Human Rights Training for Employees<sup>1)</sup>

Category	Indicator	Unit	KAON Group			KAON Broadband		
			2021	2022	2023	2021	2022	2023
Human Rights Education	Total Training Hours	hours	265	272	302	116	135	140
	Training Hours per Employee		1	1	1	1	1	1
	Number of Persons to Be Trained		267	277	309	120	137	143
	Number of Persons Who Completed Training	persons	265	272	302	116	135	140
	Training Completion Rate	%	99.1	98.1	97.8	96.9	98.9	97.7
Disability Awareness	Total Training Hours	hours	265	272	272	116	135	140
	Training Hours per Employee		1	1	1	1	1	1
	Number of Persons to Be Trained		267	277	278	120	137	143
	Number of Persons Who Completed Training	persons	265	272	272	116	135	140
	Training Completion Rate	%	99.1	98.1	97.8	96.9	98.9	97.7
Workplace Bullying	Total Training Hours	hours	265	272	272	116	135	140
	Training Hours per Employee		1	1	1	1	1	1
	Number of Persons to Be Trained		267	277	278	120	137	143
	Number of Persons Who Completed Training	persons	265	272	272	116	135	140
	Training Completion Rate	%	99.1	98.1	97.8	96.9	98.9	97.7
Child Labor, Forced Labor	Total Training Hours	hours	149	98	94	55	32	29
	Training Hours per Employee		1	1	1	1	1	1
	Number of Persons to Be Trained		149	98	94	55	32	29
	Number of Persons Who Completed Training	persons	149	98	94	55	32	29
	Training Completion Rate	%	100	100	100	100	100	100

1) The method of counting the total number of attendees for training (2022 report) has been changed to the method of counting the number of attendees per target number of persons (2024 report).

## Whistleblowing and Legal Violations

Category	Indicator	Unit	KAON Group			KAON Broadband		
			2021	2022	2023	2021	2022	2023
Whistleblowing (Including Child Labor, Forced Labor & Human Trafficking)	Whistleblowing	Number of Cases Received	0	0	0	0	0	0
		Number of Cases Handled	0	0	0	0	0	0
Legal/Regulatory Violations	Health and Safety Related Cases	Health and Safety Law Violations	0	0	0	0	0	0

## Industrial Accidents

Category	Indicator	Unit	KAON Group			KAON Broadband		
			2021	2022	2023	2021	2022	2023
Employees	Total Hours Worked	hours	562,000	542,000	604,000	292,000	270,000	280,000
	Number of Work-Related Accidents	Cases	0	0	0	0	0	0
	Number of Work-Related Deaths		0	0	0	0	0	0
	Fatality Rate	%	0	0	0	0	0	0
	Total Recordable Incident Rate (TRIR)	No unit	0	0	0	0	0	0
Industrial Accident Rate	Lost Time Injury Days	day	0	0	0	0	0	0
	Lost Time Injuries (LTI)	Cases	0	0	0	0	0	0
	Lost Time Injury Frequency Rate (LTIFR)		0	0	0	0	0	0
	Lost Time Injury Severity Rate (LTISR)	No unit	0	0	0	0	0	0

## Health and Safety

Category	Indicator	Unit	KAON Group			KAON Broadband			
			2021	2022	2023	2021	2022	2023	
Health and Safety Committee	Number of Health and Safety Committee Meetings	times	4	4	4	4	4	4	
	Applicable Employees <sup>1)</sup>	Number of Employees	persons	281	272	302	146	135	140
		Ratio	%	100	100	100	100	100	100
	Applicable Dispatched Workers <sup>2)</sup>	Number of Dispatched Workers	persons	5	5	5	0	0	2
Ratio		%	100	100	100	100	100	100	
Health and Safety Education	Number of Training Sessions	times	4	4	4	4	4	4	
	Total Training Hours	hours	6372	6360	6480	2790	3132	3258	
	Training Hours per Employee	hours	24	24	24	24	24	24	
	Number of Persons to Be Trained	persons	268	270	276	120	132	139	
	Number of Persons Who Completed Training <sup>3)</sup>	persons	266	265	270	116	131	136	
	Ratio of Training Completion	%	99.1	98.1	97.8	96.9	98.9	97.7	

1) Number of employees subject to the results of the Health and Safety Committee meeting.

2) Number of dispatched workers subject to the results of the Health and Safety Committee meeting.

3) The method of counting the total number of attendees for training (2022 report) has been changed to the method of counting the number of attendees compared to the target number (2024 report).

## Risk Assessment

Indicator	Unit	KAON Group			KAON Broadband		
		2021	2022	2023	2021	2022	2023
Number of Work Environment Measurement and Evaluations	times	2	2	2	2	2	2
Number of Risk Assessments		1	1	1	1	1	1

## Supply Chain Management

Category	Indicator	Unit	KAON Group			KAON Broadband		
			2021	2022	2023	2021	2022	2023
Sustainable Procurement	Percentage of Suppliers Signing the Supplier Code of Conduct	%	0	18	51	0	18	51
	Number of Suppliers Required to Sign the Supplier Code of Conduct	Count	0	16	45	0	16	45
	Number of Target Suppliers that Signed the Supplier Code of Conduct		0	87	88	0	87	88
	Percentage of Targeted Suppliers Whose Contracts Include Provisions on Environmental, Labor, Human Rights and Ethics Requirements	%	0	100	100	0	100	100
	Number of Targeted Suppliers Included in CSR Assessments	Count	0	18	51	0	18	51
	Number of Targeted Suppliers Included in CSR On-Site Monitoring		0	18	51	0	18	51
	Number of All Purchasers Trained on Sustainable Procurement	persons	0	8	7	0	4	4
	Number of Monitored/Assessed Suppliers that have Engaged in Corrective Action Planning or Capacity Development	Count	0	20	45	0	20	45

## Governance Structure

### Board Composition and Diversity

Category	Indicator	Unit	KAON Group			KAON Broadband			
			2021	2022	2023	2021	2022	2023	
Composition of Inside and Outside Directors	Total	persons	4	4	4	5	5	5	
	Male Directors	persons	4	4	4	5	5	5	
	Male Directors Ratio	%	100	100	100	100	100	100	
	Female Directors	persons	0	0	0	0	0	0	
	Female Directors Ratio	%	0	0	0	0	0	0	
Composition of Outside Directors	Total		1	1	1	2	2	2	
	Male	Under 30s		0	0	0	0	0	0
		30~49		0	0	0	0	0	0
		Over 50s	persons	1	1	1	2	2	2
	Female	Under 30s		0	0	0	0	0	0
		30~49		0	0	0	0	0	0
		Over 50s		0	0	0	0	0	0
Composition of Inside Directors	Total		3	3	3	3	3	3	
	Male	Under 30s		0	1	1	0	0	0
		30~49		1	1	0	3	3	2
		Over 50s	persons	2	1	2	0	0	1
	Female	Under 30s		0	0	0	0	0	0
		30~49		0	0	0	0	0	0
		Over 50s		0	0	0	0	0	0

### Employee Salary and Compensation

Category	Indicator	Unit	KAON Group			KAON Broadband		
			2021	2022	2023	2021	2022	2023
Highest Compensation Amount		Million KRW	4,000	2,650	2,350	225	297	230
Average Employee Compensation Amount	All		69	75	70	55	74	69
	Male	Million KRW	74	81	75	56	78	72
	Female		38	44	46	39	43	47
Annual Total Compensation Ratio <sup>1)</sup>		%	5797	3533	3357	409	401	333

1) The formula for calculating the total compensation ratio is as follows: Total Compensation Ratio = (Value of the total compensation of the highest paid individual ÷ Median annual total compensation of all employees) × 100

### Cyber Sinmungo and Grievance Settlement

Category	Indicator	Unit	KAON Group			KAON Broadband		
			2021	2022	2023	2021	2022	2023
Cyber Sinmungo	Number of Reports Received		0	0	0	0	0	0
Grievance Settlement	Number of Human Rights-Related Grievances Received		0	0	0	0	0	0
	Number of Correction Plans Implemented	Cases	0	0	0	0	0	0
	Number of Internal Reviews Conducted per Correction Plan		0	0	0	0	0	0
	Number of Cases Settled		0	0	0	0	0	0

## Ethics and Information Security Training for Employees<sup>1)</sup>

Category	Indicator	Unit	KAON Group			KAON Broadband		
			2021	2022	2023	2021	2022	2023
Ethics Training	Anti-Corruption	Total Training Hours	149	98	94	55	32	29
		Training Hours per Employee	1	1	1	1	1	1
		Number of Persons to Be Trained	149	98	94	55	32	29
		Number of Persons Who Completed Training	149	98	94	55	32	29
		Training Completion Rate	%	100	100	100	100	100
	Prohibition of Anti-Competitive Practices	Total Training Hours	149	98	94	55	32	29
		Training Hours per Employee	1	1	1	1	1	1
		Number of Persons to Be Trained	149	98	94	55	32	29
		Number of Persons Who Completed Training	149	98	94	55	32	29
		Training Completion Rate	%	100	100	100	100	100
Information and Privacy Protection Training	Information and Privacy Protection	Total Training Hours	265	272	302	116	135	140
		Training Hours per Employee	1	1	1	1	1	1
	Protection	Number of Persons to Be Trained	267	277	309	120	137	143
		Number of Persons Who Completed Training	265	272	302	116	135	140
		Training Completion Rate	%	99.1	98.1	97.8	96.9	98.9

1) The method of counting the total number of attendees (2022 Report) has been changed to the method of counting the number of attendees per target number (2024 Report).

## Whistleblowing and Legal Violations

Category	Indicator	Unit	KAON Group			KAON Broadband		
			2021	2022	2023	2021	2022	2023
Cases of Violation of Laws and Regulations	Information Security Cases	Number of Violations of Information Security and Cybersecurity	0	0	0	0	0	0
		Number of Violations Related to Customer Personal Information	0	0	0	0	0	0
		Number of Customer Damages Due to Data Leaks	0	0	0	0	0	0
Cases Related to Ethical Management	Cases Related to Ethical Management	Number of Ethics Reports and Management Audits	0	0	0	0	0	0
		Number of Violations	0	0	0	0	0	0
		Number of Measures Taken	0	0	0	0	0	0
Cases Related to Anti-Corruption	Violation of Anti-Corruption-Related Regulations	Cases	0	0	0	0	0	0
Cases Related to Fair Trade	Cases Related to Fair Trade	Violation of Laws Related to Unfair Support and Insider Trading	0	0	0	0	0	0
		Violation of Laws Related to Unfair Trade Practices	0	0	0	0	0	0
		Violation of Laws Related to Unfair Collusive Practice Such as Anti-Competitive Practices and Price-Fixing	0	0	0	0	0	0
		Violation of Laws Related to Subcontracting Trade	0	0	0	0	0	0

# Greenhouse Gas Verification Opinion

## Scope 1, 2 Greenhouse Gas Verification Opinion

### I Scope

Direct GHG emissions (Scope 1) and indirect emissions (Scope 2) of domestic and foreign corporations in 2022/2023

### I Data Verified

Annual direct (Scope 1) and indirect (Scope 2) GHG emissions in 2022/2023

[Unit: tCO<sub>2</sub>e]

Corporation	2022			2023		
	Scope1	Scope2	Subtotal	Scope1	Scope2	Subtotal
KAON Group	39.157	629.28	668	66.315	627.883	694
KAON Broadband	8.215	146.668	154	14.988	146.343	161
K Future Tech	0.061	1.094	1	0.112	1.092	1
KAON DO BRASIL INDUSTRIA ELETRONICA LTDA	1.56	36.93	38	4.888	32.181	37
KAON Japan KK.	-	0.571	1	-	0.6	1
KAON MIDDLE EAST FZE	-	8.367	8	-	3.988	3
Kaonbroadband Hungary KFT.	-	-	-	-	4.097	4
NEXT SOLUTIONS INC.	-	-	-	-	-	-
eNLink.ltd	-	-	-	-	-	-
Total	48.993	822.91	870	86.303	816.184	901

### I GHG Criteria & Protocols used for Verification

The verification was carried out at the request of the KAON Group using:

- ISO 14064-1:2018 & ISO 14064-3:2019
- Guideline for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme
- 2006 IPCC Guidelines
- BSI GHGEV Manual

### I Verification Opinion

BSI Group Korea's verification opinions on the result of carrying out verification in accordance with the GHG criteria and protocols mentioned above are as follows.

- Verification of Scope 1 & 2 greenhouse gas emissions for domestic and foreign corporations of KAON Group was performed with a limited assurance level, and the quality of the data conforms to important international principles for greenhouse gas verification.
- No material misstatement during the verification process for emissions was found, it was confirmed that relevant activity data and evidence were properly managed.
- Therefore, the BSI Group Korea Verification Team provides a verification opinion that is "appropriate".

For and on behalf of BSI:



Issue: 10/09/2024

Managing Director Korea, SeongHwan Lim

## Scope 3 Greenhouse Gas Verification Opinion

### I Verification Objective

KAON Group's 2022 & 2023 Scope3 GHG emissions  
 Scope 3 GHG emissions for Purchased goods and services, Use of sold products.

### I Verification Scope

The scope of verification is Scope 3 GHG emissions for 2022 & 2023 by KAON Group, and we verified Scope 3 GHG emissions based on activity data on purchase and sales at domestic and overseas corporations provided by KAON Group.

### I Verification level

Limited Level of Assurance

### I Data Verified

KAON Group's annual Scope 3 GHG emissions related to domestic and overseas corporations in 2022 & 2023 are as follows.

[Unit: tCO<sub>2</sub>e]

Corporation	2022 (tCO <sub>2</sub> eq/yr)			2023 (tCO <sub>2</sub> eq/yr)		
	Category1	Category11	Subtotal	Category1	Category11	Subtotal
KAON Group	81,134.18	124,164.55	205,298	82,561.00	124,381.43	206,942
KAON Broadband	40,583.39	168,540.91	209,124	31,193.41	228,771.32	259,964
K Future Tech	-	3,822	3	-	14,076.04	14,076
KAON DO BRASIL INDUSTRIA ELETRONICA LTDA	-	5,851.40	5,851	-	13,687.60	13,687
KAON Japan KK.	-	113,693.30	113,693	-	110,291.44	110,291
KAON MIDDLE EAST FZE	-	5,491.38	5,491	-	1,841.23	1,841
Kaonbroadband Hungary KFT.	-	-	-	-	915.218	915
NEXT SOLUTIONS INC.	-	2,388.27	2,388	-	46,798.86	46,798
eNLink.ltd	-	-	-	-	-	-
Total	121,717.57	420,133.64	541,848	113,754.41	540,763.14	654,514

### I Verification Criteria and Protocol

The verification was performed at the request of KAON Group using the following verification standards.

- The GHG Protocol of the WBCSD/WRI WBCSD/WRI Technical Guidance for Calculating Scope 3 Emissions (version 1.0)
- ISO 14064-1:2018 & ISO 14064-3:2019
- Guidelines for reporting and certification of emissions from the greenhouse gas emission trading system (Ministry of Environment Notice No. 2023-221)
- 2006 IPCC Guidelines
- BSI Greenhouse Gas Emission Verification Scheme

### I Verification Opinion:

As a result of the verification in accordance with the standards listed above, it is the opinion of BSI that:

- In conducting this verification, no visits to the verification target business site or verification of the authenticity of the data provided by KAON Group were carried out.
- This verification may be affected by limited factors such as the limitation of provided data, non-execution of on-site verification, and sampling. Due to the limitation of this verification, there is an unavoidable risk that important errors may not be found and exist.
- No material misstatement in the GHG emission calculations was detected, related records were maintained appropriately.
- The data quality was considered corresponding to the international key principles for GHG emissions verification.

For and on behalf of BSI:



Issue: 09/09/2024  
 Managing Director Korea, SeongHwan Lim

# Independent Assurance Opinion Statement

To: The Stakeholders of KAON Group Co., Ltd.

## I Overview

BSI (British Standards Institution) Group Korea (hereinafter referred to as the "Assurer") was requested to verify the KAON Group 2024 Sustainability Report (hereinafter referred to as the "Report"). The Assurer is independent of KAON Group and has no major operational financial interest other than the assurance. This assurance opinion statement is intended to provide information related to the assurance of the KAON Group report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any purpose other than the purpose of publication. This assurance opinion statement was prepared based on the information presented by the KAON Group and the assurance was carried out under the assumption that presented the information and data were complete and accurate.

KAON Group is responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to KAON Group only.

The Assurer is responsible for providing KAON Group management with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of KAON Group. The Assurer shall not bear any other responsibility, including legal responsibility, to any third party other than KAON Group in providing the assurance opinion and shall not be liable to any other purpose, purpose or stakeholders related thereto for which the assurance opinion may be used.

## I Scope

The scope of engagement agreed upon with KAON Group includes the following:

- Reporting contents during the period from January 1st to December 31st 2023 included in the report, some data included the half of 2024.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.
- In Accordance with the four principles of AA1000 AccountAbility in the report, based on the type of Sustainability Assurance based on AA1000AS v3 and if applicable, the reliability of the sustainability performance information contained in the report.

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

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

## I Assurance Level and Type

The assurance levels and types are as follows;

- Moderate level based on AA1000 AS and Type 1 (confirmation to the four principles as described in the AA1000 Accountability Principle 2018 in the report.)

## I Description and sources of disclosures covered

Based on the scope and methodology of assurance applied, the assurer reviewed the following Disclosures based on the sampling of information and data provided by KAON Group.

[Universal Standards]

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

[Topic Standards]

205-1, 205-3, 301-2, 302-1, 302-3, 302-5, 303-1~2, 303-3, 303-5, 305-1~6, 306-1~5, 308-1, 401-1~3, 404-1~2, 405-1, 406-1, 407-1, 408-1, 409-1, 414-1~2, 418-1

## I Methodology

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

- A top-level review of issues raised by external parties that could be relevant to organizations policies to provide a check on the appropriateness of statements made in the report.
- Discussion with managers and staffs on organization's approach to stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures where available
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles Standard (2018).
- Visit of the KAON Group HQ to confirm the data collection processes, record management practices.

## I Limitations and approach used to mitigate limitations

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

## I Competency and Independence

BSI (British Standards Institution) is a leading global standards and assessment body founded in 1901. BSI is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services globally. No member of the assurance team has a business relationship with KAON Group. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have indepth understanding of the BSI Group's assurance standard methodology.

## I Opinion Statement

The assurer was carried out by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. Assurer planned and performed this part of our work to obtain the necessary information and explanations assurer considered to provide sufficient evidence that KAON Group's description of their approach to AA1000 Assurance Standard and their selfdeclaration of compliance with the GRI standards were fairly stated.

On the basis of our methodology and the activities described above, it is our opinion that the information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

## I Conclusions

The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards). The detailed reviews against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards are set out below.

### **Inclusivity: Stakeholder Engagement and Opinion**

KAON Group defined shareholders/investors, customers, employees, partners, local communities and government/local governments as a Key Stakeholder Groups. In order to collect opinions by each stakeholder groups in the context of sustainability, operated the stakeholder engagement process. KAON Group conducted a review of the stakeholder engagement process at the governance level in order to reflect the major issues derived through the stakeholder engagement process in sustainability strategy and goals. KAON Group disclosed the results related to the process in the Report.

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

KAON Group implemented its own materiality assessment process in consideration of the major business and operational characteristics to derive important reporting issues related to sustainability. In the materiality assessment, KAON Group conducted the analysis of global sustainability reporting or assessment standards, and analyzed international disclosure standards and evaluation indicators, benchmarking the same industry, and analyzing major regulatory issues to derive the impact and financial materiality. KAON Group derived 7 material topics through the relevant process, and disclosed GRI topic standards disclosures related to material topics in the Report.

### Responsiveness: Responding to material sustainability topics and related impacts

KAON Group operated a management process for material issues in the context of sustainability derived from the materiality assessment. KAON Group established mid- to long-term sustainability plans and goals in according to the management methodology established to effectively reflect the expectations of key stakeholders. KAON Group reviewed through major management organizations such as ESG working-level consultative bodies/strategic group teams/management consultative bodies, disclosed the process including policy, indicator, activity and response performance on material topics in the Report.

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

KAON Group identified the scope and extent of the impacts to the organization and key stakeholders in the context of the sustainability of the material topics reported. KAON Group established sustainability strategies and objectives based on the analysis results of major impacts, including risks and opportunities for material topics at the governance level, disclosed mid- to long-term plans and strategic system in the Report.

## I Recommendations and Opportunity for improvement

The assurer will provide the following comments to the extent that they do not affect the result of assurance;

- It may be helpful to advance the sustainability management system by specifying detailed objectives for each task in accordance with ESG management implementation strategies and disclosing their achievements and performance.
- It may be helpful to advance the sustainability management system by establishing a due diligence standard to reduce the impact of sustainability issues, considering the characteristics of the value chain and operational forms, such as external entrustment of production functions.

## I GRI-reporting

KAON Group provided us with their self declaration of compliance within GRI Standards. Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index. The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the Universal Standards and Topic Standards Indicators based on the data provided by KAON Group. The sector standard was not applied.

Issue Date: 04/11/2024

For and on behalf of BSI (British Standards Institution):

BSI representative



Jungwoo Lee, Lead Assurer, ACSAP



Seonghwan Lim, Managing Director of BSI Korea

## GRI Content Index

<b>Statement of use</b>	KAON Group has reported in accordance with the GRI Standards for the period (From January 1, 2023 to December 31, 2023.)
<b>GRI 1 used</b>	GRI 1: Foundation 2021
<b>Applicable GRI Sector Standards</b>	The sector standard was not applied because an applicable sector standard had not been announced as of the reporting date.

Category	Index	Disclosure	Report Page	Note
<b>General Disclosures</b>				
Organization and Reporting Practices	2-1	Organizational details	6~8	
	2-2	Entities included in the organization's sustainability reporting	2	
	2-3	Reporting period, frequency and responsible person	2, 73	
	2-4	Restatements of information	-	Separate notes are provided for rewritten data
	2-5	External assurance	66~68	
Activities and Workers	2-6	Activities, value chain and other business relationships	6~8	Refer to 2023 KAON Group Business Report p.10~11
	2-7	Employees	57	
	2-8	Workers who are not employees	57	Refer to 2023 KAON Group Business Report p.265~266
Governance	2-9	Governance structure and composition	9, 43~44	
	2-10	Nomination and selection of the highest governance body	43~44	
	2-11	Chair of the highest governance body	43	
	2-12	Role of the highest governance body in overseeing the management of impacts	9	
	2-13	Delegation of responsibility for managing impacts	9	
	2-14	Role of the highest governance body in sustainability reporting	9	
	2-15	Conflicts of interest	44	
	2-16	Communication of critical concerns	9, 40	
	2-17	Collective knowledge of the highest governance body	43	Refer to 2023 KAON Group Business Report p.265
	2-18	Evaluation of the performance of the highest governance body	-	Refer to 2023 KAON Group Business Report p.266~270
	2-19	Remuneration policies	-	Refer to 2023 KAON Group Business Report p.266~270
Strategies, Policies and Practices	2-20	Process to determine remuneration	-	Refer to 2023 KAON Group Business Report p.266~270
	2-21	Annual total compensation ratio	62	Refer to 2023 KAON Group Business Report p.266~270
	2-22	Statement of sustainable development strategy	4	
	2-23	Policy commitments	15, 25, 29, 31~34, 37~38, 43, 45, 48	
	2-24	Internalization of policy commitment	15, 25, 29, 31~34, 37~38, 43, 45, 48	

Category	Index	Disclosure	Report Page	Note
Strategies, Policies and Practices	2-25	Processes to remediate negative impacts	27, 45~48	
	2-26	Mechanisms for seeking advice and raising concerns	27, 45~48	
	2-27	Compliance with laws and regulations	60, 63	
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Stakeholder Engagement	2-29	Approach to stakeholder engagement	10	
	2-30	Collective bargaining agreements	59	
<b>Material Topic &amp; Topic Standards</b>				
GRI 3: Material Topic Management	3-1	Process to determine material topics	10	
	3-2	List of material topics	11	
<b>Material Topic 1: Greenhouse Gas Reduction and Energy Efficiency</b>				
GRI 3: Material Topic Management	3-3	Management of material topics	15~17	
GRI 302: Energy	302-1	Energy consumption within the organization	55	
	302-3	Energy intensity	55	
	302-5	Reductions in energy requirements of products and services	16	
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	54	
	305-2	Energy indirect (Scope 2) GHG emissions	54	
	305-3	Other indirect (Scope 3) GHG emissions	54	
	305-4	GHG emissions intensity	54	
	305-5	Reduction of GHG emissions	16~17	
	305-6	Emissions of ozone-depleting substances (ODS)	15~16	No use of ozone-depleting substances
<b>Material Topic 2: Environmental Pollution Prevention</b>				
GRI 3: Material Topic Management	3-3	Management of material topics	15, 17	
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	15, 17	
	303-2	Management of water discharge-related impacts	17	
	303-3	Water withdrawal	54	
	303-5	Water consumption	54	
<b>Material Topic 3: Human Rights Protection and Diversity Pursuit</b>				
GRI 3: Material Topic Management	3-3	Management of material topics	29~33, 37~41	
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	43~44, 57	
GRI 406: Non-Discrimination	406-1	Incidents of discrimination and corrective actions taken	30~32	
GRI 407: Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	37~41	
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GRI 409: Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	37~41	
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GRI 205: Anti-Corruption	205-1	Operations assessed for risks related to corruption	47	
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Category	Index	Disclosure	Report Page	Note
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GRI 3: Material Topic Management	3-3	Management of material topics	15, 18, 20	
GRI 301: Materials	301-2	Recycled input materials used	20, 56	
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	18	
	306-2	Management of significant waste-related impacts	18	
	306-3	Waste generated	55	
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GRI 3: Material Topic Management	3-3	Management of material topics	37-41	
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	56	
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	37-41	
	414-2	Negative social impacts in the supply chain and actions taken	37-41	
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	401-2	Benefits provided to full-time employees	24-25	
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GRI 404: Training and Education	404-1	Average hours of training per year per employee	60, 61	
	404-2	Programs for upgrading employee skills and transition assistance programs	23-26	
<b>Other Topic</b>				
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	63	

## UN SDGs

KAON Group supports the UN SDGs (Sustainable Development Goals) and promotes sustainable management activities in connection with the 17 detailed goals presented in the UN SDGs. Through this, KAON Group participates in the direction that humanity should move towards and continuously strive to contribute to the achievement of the UN's Sustainable Development Goals (SDGs) along with its management activities.

SDGs	Activity	Report Page	SDGs	Activity	Report Page
	Support for medical expenses for children from low-income families Support for treatment and job training expenses for families of persons with developmental disabilities	41		Eradication of forced labor and child labor	29~31
	Employee health checkups	24		Support activities for the underprivileged	41
	Support for job training expenses for employment of adults with developmental disabilities	41		Product eco-design	20
	Childcare and maternity leaves	24~25		Greenhouse gas reduction activities	16~17

## Association Membership Status

Group and Institution Names	
Korea Electronics Association	WiFi Alliance
Korea Intellectual Property Protection Association	Z-wave Alliance
Home Network Industry Association	VCCI council
KOTRA	Broadband Forum
Korea International Trade Association	Korea Future Cable Forum (KFCF)
Seongnam Chamber of Commerce and Industry	Prpl Foundation
Korea Institute for Advancement of Technology	GS1 Korea
Federation of Middle Market Enterprises of Korea	ICT Convergence Korea Forum
Korea Digital Convergence Association	National Radio Research Agency
Korea Industrial Technology Association (KOITA)	Korea Energy Agency
KOSDAQ Association	Korea Metaverse Industry Association



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