

# GLOBAL DEVELOPER





2023 Sustainability Report

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# Overview

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# CEO Message

Dear DL E&C stakeholders,

I would like to extend my sincere gratitude to all who have shown interest and support in the continuous growth and development of DL E&C.

2022 proved to be a challenging year for the construction industry, influenced by the real estate market downturn due to rising interest rates, tight funding conditions, and soaring commodity prices. In the face of these difficulties, the entire staff of DL E&C has dedicated themselves more than ever to overcoming these obstacles and turning moments of crisis into opportunities. With a heightened focus on cost reduction and project risk management, DL E&C placed significant emphasis on enhancing our innovative DNA, particularly through our “Zero Risks” initiative, aiming to continuously improve construction quality. Furthermore, we have continually explored new projects with low risks and high profitability, resulting in a 12.8% increase in new project orders, reaching KRW 11.9 trillion compared to the previous year. This achievement has laid a solid foundation for future growth. To actively respond to the climate change crisis and secure new growth engines for the future, we established a subsidiary called CARBONCO, specializing in carbon capture, utilization, and storage (CCUS) and Clean Hydrogen/Ammonia projects. Through CARBONCO, we are actively pursuing new eco-friendly businesses. We also plan to engage in technological innovation and collaboration with global companies.

In response to the global trend emphasizing sustainable growth across businesses, DL E&C established an ESG Committee under the board of directors in 2022. We have also formed an ESG Working Group and Task Force composed of key executives to enhance the ESG management system and implementation capabilities. In 2023, we are taking a step further by establishing the ESG vision of becoming a “Sustainable Global Developer.” Through our commitment to “Sustainable Green Construction,” “Fulfillment of Social Responsibility,” and “Responsible Business Conduct,” we strive to transform into an ESG innovative company that generates “Sustainable Growth.”

## Sustainable Green Construction

DL E&C is actively enhancing our capabilities across the construction business to improve quality while minimizing the environmental impact that may occur during the construction process by adopting low-carbon construction methods, purchasing eco-friendly materials, and promoting recycling activities. DL E&C will continue our efforts to create a social environment where humanity and nature coexist by expanding eco-friendly construction, promoting resource circulation, and enhancing climate change response. In particular, we have identified CCUS, Small Modular Reactor (SMR), and ammonia/hydrogen as eco-friendly strategic projects and will actively expand these initiatives.

## Fulfillment of Social Responsibility

DL E&C places the highest importance on safety and quality as its core values. We are committed to strengthening our safety and quality management systems to ensure that all employees, as well as our business suppliers, have a heightened awareness of safety and quality. Our ultimate goal is to create the safest and finest industrial sites. Additionally, we will actively engage in social contribution programs that address local community issues, aiming to promote the well-being of all stakeholders, including the local community and future generations. Through these endeavors, we will fulfill our company’s social role and responsibility by building a secure society, fostering an excellent work environment, and becoming a trusted partner to local communities.

## Responsible Business Conduct

DL E&C is expanding our focus on ESG risk management in the supply chain to enhance sustainability across the value chain and strengthening its activities to practice ethical and compliant management. Based on our founding philosophy of “honesty and trust,” DL E&C strives to achieve responsible business conduct while creating differentiated value through transparent and proactive communication with all stakeholders.

DL E&C aims to be a reliable partner for sustainable growth and development with our stakeholders. We would appreciate your unwavering support of our shareholders, customers, partners, local communities, and employees in our efforts and journey to become a leading ESG management company.

Thank you.



June 2023  
DL E&C CEO Ma Chang-Min

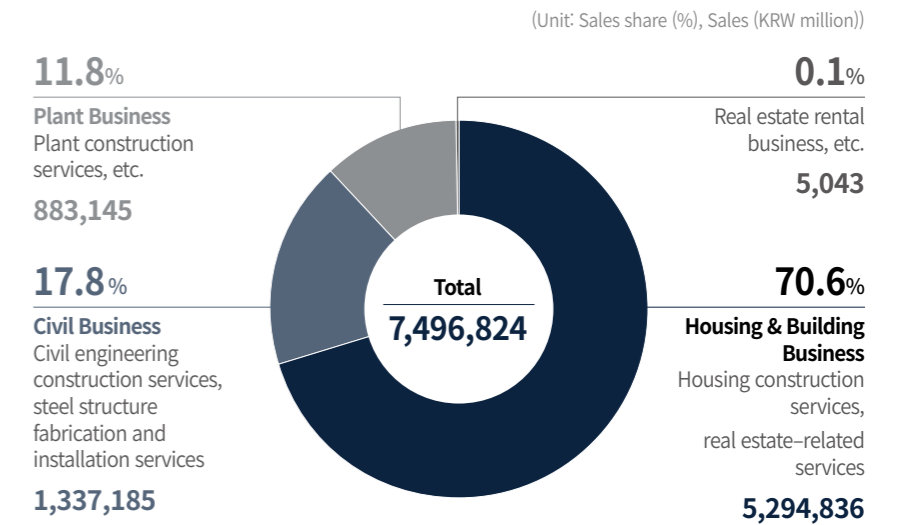
# Company Overview

DL E&C was spun off from Daelim Industrial (founded in 1939) on January 4, 2021, to become a developer-centric total solution provider by innovating productivity. Furthermore, leveraging our independent technical expertise and extensive experience in various sectors, such as housing & building, civil, and plant, DL E&C provides a wide range of products and services not only domestically but also in multiple countries worldwide. As a global developer, it encompasses the entire process, from project discovery, planning, investment, financing, construction, and administration, and strives to enhance its industrial competitiveness.

## Company Status

<p><b>Company Name</b> DL E&amp;C</p>	<p><b>Date of Foundation</b> January 4, 2021</p>	<p><b>Headquarters</b> Donuimun, D Tower, 134 Tongil-ro, Jongno-gu, Seoul</p>	<p><b>No. of Employees</b> 5,591</p>	<p><b>Business Area</b> Housing &amp; Building, Civil, Plant</p>
<p><b>Total assets</b> KRW <b>8,974.7</b> billion</p>	<p><b>Total capital</b> KRW <b>4,692.5</b> billion</p>	<p><b>Sales</b> KRW <b>7,496.8</b> billion</p>	<p><b>Operating profit</b> KRW <b>497</b> billion</p>	<p><b>Credit Rating</b> <b>AA-</b> Korea Investors Service/ NICE Investors Service/Korea Ratings</p>

※ Based on consolidated financial statements for the 2022 Business report



※ 2022 consolidated total revenue excludes consolidation adjustments of 23,385 million won

## Sustainable Management Performance

Korea Institute of Corporate Governance and Sustainability (KCGS)	Dow Jones Sustainability Indices (DJSI)	Morgan Stanley Capital International (MSCI)	Carbon Disclosure Project (CDP)	Sustainability Reporting Award
<p>Environment A, Society A, Governance A Overall grade <b>A</b></p>	<p><b>Sustainability Yearbook Member</b> S&amp;P Global ESG Score 2022 <b>66 / 100</b></p> <p>DJSI ESG Score of <b>66</b> in 2022 Yearbook Member</p>	<p><b>BB Rating</b></p>	<p><b>A- Grade</b> Climate Change</p>	<p><b>Gold Award</b> at the LACP Spotlight Awards</p>

# Company Overview

## Management Philosophy

DL E&C is continuously pursuing creative innovation based on its founding philosophy of “Hansup,” which encompasses the desire for all members to learn, grow, and prosper together in harmony. We strive to create new paths with groundbreaking technology, shape a new tomorrow as a global leader, and pursue our goals beyond limitations. Furthermore, we are committed to fostering cooperation and mutual growth for all, discovering new values based on trust, and contributing to the successful development of society. All of these are the philosophy of DL E&C, a global developer dedicated to creating a prosperous future.

## Founding Philosophy



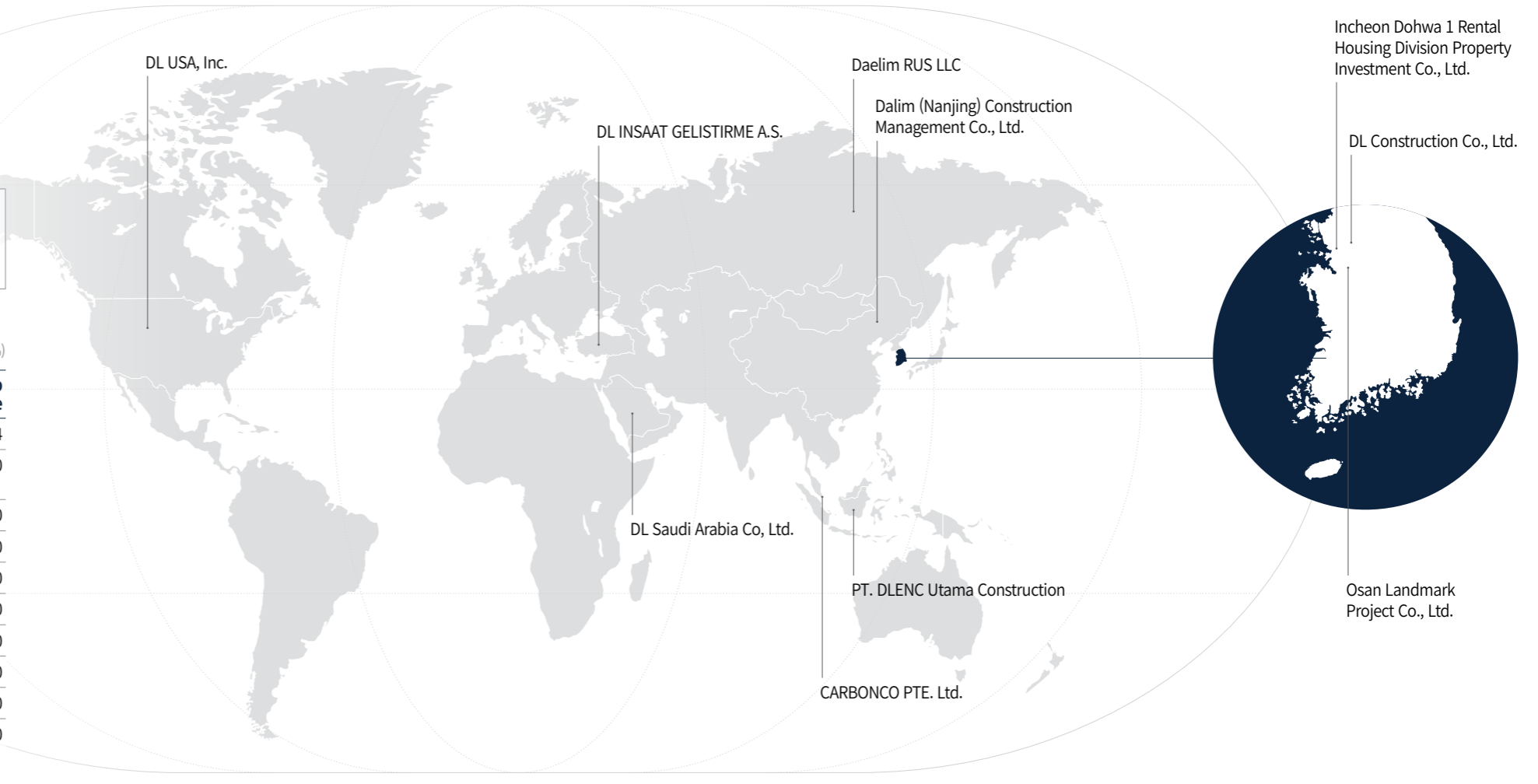
7 Virtues of Hansup

1	2	3	4	5	6	7
Keep our promise	See the big picture	Innovate	Be the best	Build teamwork	Save resources	Know customers

## Global Network(Consolidated Subsidiaries)

(Unit: %)

Subsidiaries	Location	Key business activities	Ownership percentage
DL Construction Co., Ltd.	South Korea	General construction business	63.94
Osan Landmark Project Co., Ltd.	South Korea	Real estate development business	48.00
Incheon Dohwa1 NEWSTAY REIT Co., Ltd	South Korea	Real estate business	100.00
DL Saudi Arabia Co., Ltd.	Saudi Arabia	Industrial plant construction	100.00
PT. DLENC Utama Construction	Indonesia	Industrial plant construction	100.00
DALIN(Nanjing) Construction	China	Industrial plant construction	100.00
DL USA, Inc.	United States	Construction	100.00
DL INSAAT GELISTIRME A.S.	Türkiye	Civil engineering	100.00
Daelim RUS LLC	Russia	Industrial plant construction	100.00
CARBONCO PTE. Ltd.	Singapore	CCUS/Clean hydrogen project development/Engineering/Technology Service	100.00



# Mid/Long-term Business Strategy

## DL E&C Business Strategy

DL E&C aims to leap forward as a total solution provider to respond to the uncertainties of rapidly changing markets and secure future growth drivers.

**Direction** Sustainable and stable profit growth → Maximizing corporate/shareholder values

Operating each core business in a structure and direction for sustainable growth

Taking advantage of the net-zero trend as a new growth engine and carry out transition to an eco-friendly business



Laying the foundation for stable profit growth

Enhancing profitability based on data-based project acquisition and execution systems

## Making a Profit from the Core Business



Based on market forecasts, we will focus on highly profitable housing businesses such as project development and urban redevelopment. In addition, we will adopt a strategic approach in project selection, considering factors such as scale and feasibility analysis. Our aim is to maximize profits by enhancing the brand value of ACRO and e-Pyeonhangesang, by consistently delivering advanced quality that caters to the evolving needs of our customers. In particular, we will secure differentiated technology, cost, and quality competitiveness through the utilization of Generative Design (GD), BIM-BOM, SWP, and other tools. We will also secure profitability and growth through technological convergence and modular construction methods.

We selectively participate in projects with proven profitability by thoroughly analyzing their feasibility for sustainable growth. With a focus on bridge and port projects, which are core areas with potential for technological differentiation, we aim to secure a competitive edge both locally and internationally. Moreover, we will gradually expand into eco-friendly business sectors, such as overseas hydropower generation and environmental (water treatment) private projects, in line with the increasing global demand for eco-friendly energy, based on our experience in development, construction and operation across all stages of the business.

We expect to witness substantial changes in the power generation market due to the rapid increase in renewable energy and the steady growth in demand for petrochemical products. DL E&C anticipates the environmentally focused changes in the global plant market over the next 10 years and will proactively respond to them. We leverage our high-level expertise in basic design engineering and adopt a strategy that integrates Front-End Engineering Design (FEED) with Engineering, Procurement, Construction, and Commissioning (EPCC). Through selective and high-value order placements and optimized detailed designs, we aim to maintain business efficiency and stable profitability. Additionally, we will lead the market by implementing differentiated business models for new environmental, social, and governance (ESG) businesses.

Reinforcement of Core Competitiveness by Division	Enhancing fundamental competitiveness through the utilization of Generate Design, BIM-BOM, SWP, and other tools. <small>*SWP: Smart Work Package</small>	Securing competitive advantage through technological differentiation and rigorous risk management	Improving productivity through design standardization, automation, and modularization <small>(Applying BIM/AWP/MODULE)</small>
	Maximizing the profitability of existing businesses through the utilization of IT convergence technology and Building Information Modeling (BIM) <b>[Creating added value through technology advancement]</b>	Improving the performance of aging infrastructure and providing added value <b>[Exploring environmental and transportation infrastructure redevelopment projects]</b>	Expanding into decarbonization initiatives such as clean hydrogen/ammonia and CCUS projects <b>[Expanding the environmentally friendly portfolio]</b>
	Applying modular construction methods that minimize construction noise, dust, and waste generation to apartment building rooftops and lobbies, and standalone houses <b>[Expanding modular construction business]</b>	Securing Carbon Credit and contributing to carbon neutrality <b>[Expanding hydropower generation projects]</b>	Developing SMRs through collaboration with advanced global companies and participation in the secondary battery business <b>[Preempting future energy technologies]</b>
Technological Advancement in New Businesses and Growth Areas			

# Housing & Building Business Division

DL E&C considers not only housing space but also all aspects of life, including the environment, well-being, health, society, culture, and economy. We lead a meaningful residential culture by offering a thriving place improved with innovative technological capabilities, products, and quality.



ACRO SEOUL FOREST

## Core Competitiveness

### Reinforcement of Developer Competency

The Housing & Building Business Division is recognized for its position in the market as a top-tier developer in Korea and is expanding its business in various fields, such as data centers and urban maintenance. DL E&C has developed and applied innovative technologies such as dry construction technology, which manufactures and supplies building structures and finishes through Off-Site Construction (OSC), and long-life construction technology for columnar structures with variable design.

In 2022, we successfully completed the Sangam Data Center in Seoul, the first order in Korea from Digital Realty, a world-leading company in the data center field, and received an additional order for the Gimpo Data Center in recognition of our business understanding and technology excellence. In the future, we plan to expand our presence in the data center field by establishing partnerships in business terms, such as sharing equity with clients. We also plan to expand our footprint as a developer specializing in large-scale urban maintenance projects by successfully completing 5,320 units of “e-Pyeonghansang Gold Grande Maison,” the largest single complex in Korea.

## New Growth Areas

### D.Virtual (home visualization solution), modular houses Technology development

We developed D.Virtual, a home visualization solution that can express texture processing, furniture operation, and lighting on/off, which cannot be expressed in existing cyber model houses. It is expected to contribute to improving customer satisfaction and increasing revenue from accessories, as consumers can directly customize their desired accessories as if they were playing a high-quality game.

We are also focusing on developing modular housing projects that are easy to install and dismantle, can be reused, and can continuously recycle resources. For the first time in Korea, we will supply a 26-unit modular single-family housing town in Gurye, Jeollanam-do, and provide products beyond the social perception that modular houses are just cheap container residences. This will secure new growth engines for the company and contribute to achieving the goal of carbon neutrality.

## SPECIAL CASE

### D.Virtual (home visualization solution)



D.Virtual was developed in-house and is a solution for visualizing high-quality home customization results in real-time, unlike traditional static architectural CG.

D.Virtual was first unveiled to e-Pyeonghansang customers in July 2022, and customers responded positively to the ability to instantly visualize their selected options, resulting in high sales.

With the ability to visualize all types and combinations of options, customers can try out various combinations that are difficult to see in a home showroom, helping to minimize the construction of model homes and reduce construction waste.

It also serves as a channel for customers to preview their homes before moving in, which promotes sales of separate products while minimizing interior construction after moving in, preventing unnecessary resource consumption and reducing carbon emissions.



# Civil Business Division

DL E&C has constructed numerous global landmarks, both domestically and internationally. Leveraging the highest level of performance and technological capabilities in Korea, it plays a leading role in eco-friendly construction practices that prioritize coexistence with humans and nature.

Saemangeum Nambuk 3 Construction Site - Mankyung Bridge

## Core Competitiveness

### Top-Notch Comprehensive Civil Engineering Capabilities and Achievements in Korea

The Civil Business Division has the best performance and know-how in Korea in various fields, such as roads, bridges, dams, rivers, ports, railroads, and subways.

We are carrying out domestic and international landmark construction projects such as the Çanakkale Bridge in Türkiye, which is the world’s longest suspension bridge connecting Europe and Asia; the world’s largest Tuas Terminal Port Project in Singapore; and GTX-A, the first underground mass rapid transit system at great depths in Korea. We will continue to pursue sustainable growth based on thorough business analysis and differentiated technological competitiveness.

## New Growth Areas

### Expansion of Transportation/Environmental Infrastructure Redevelopment and Renewable Energy Business

The Civil Business Division plans to focus on infrastructure redevelopment private projects that can provide enhanced value while securing the structural stability of facilities through modernization and performance improvement of aging transportation and environmental infrastructure. In addition, we will proactively promote eco-friendly projects, such as sewage treatment undergrounding and biogas, in line with ESG policies, such as the ban on direct landfilling of waste and the restriction on mandatory production of biogas.

We also plan to expand our hydropower business, a Clean Development Mechanism (CDM) project, based on our unique experience and capabilities in implementing water projects in the global market, where efforts to achieve the goal of carbon neutrality are in full swing because of global climate change.

## SPECIAL CASE

**Awarded the Top Prize in the Civil Engineering Category at the 17th Civil Engineering and Construction Technology Awards**  
Gulpur Hydropower Plant in Pakistan



The 102 MW Gulpur Hydropower Plant, located southeast of Pakistan’s capital city, Islamabad, contributes to the country’s stable power supply and the local government’s policy of expanding hydropower generation.

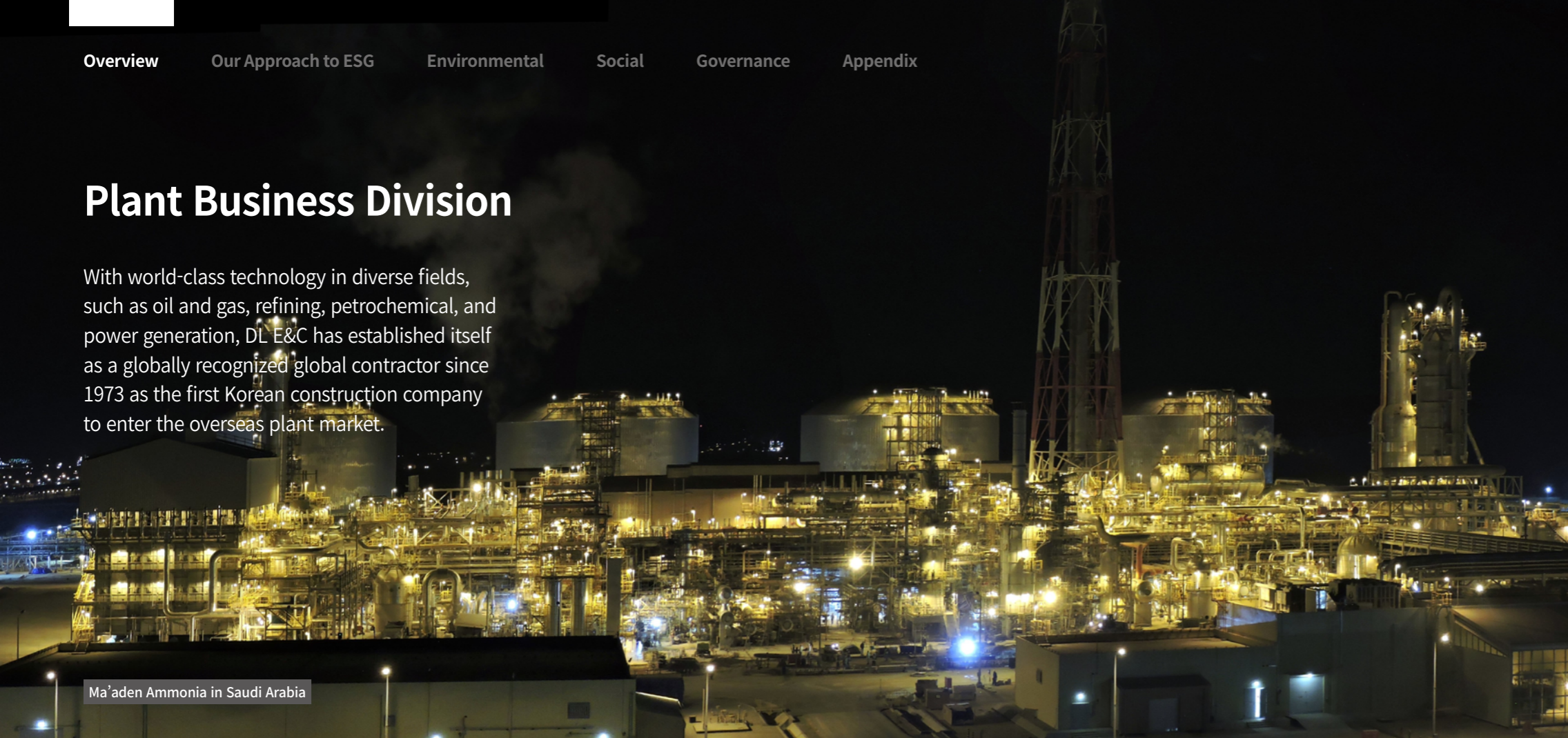
To solve the problem that the construction period of the power plant could be extended because of the local climate and regional influences, DL E&C planned a design to minimize the length of the spillway and applied the optimal solution for maximizing project feasibility and shortening the time, such as applying the sprayed concrete lining method<sup>1)</sup>.

As a result, it was awarded the top prize in the water and marine facilities civil engineering category at the 17th Korean Society of Civil Engineers’ Civil Engineering and Construction Technology Awards in 2022 and was also registered as a United Nations (UN) CDM project to reduce carbon emissions, expected to reduce greenhouse gas (GHG) emissions by 240,000 tons per year.

<sup>1)</sup> Sprayed concrete lining method: A method in which mortar or concrete is applied to the ground grade using compressed air to stabilize slopes or tunnels

# Plant Business Division

With world-class technology in diverse fields, such as oil and gas, refining, petrochemical, and power generation, DL E&C has established itself as a globally recognized global contractor since 1973 as the first Korean construction company to enter the overseas plant market.



Ma'aden Ammonia in Saudi Arabia

## Core Competitiveness

### Enhancement of DX Techniques Applied throughout the Entire Process (from Design to Commissioning)

Starting with the first overseas project order in Korea, the Plant Business Division has executed approximately 600 projects in domestic and overseas refining, chemical, power generation, LNG, and eco-friendly business fields, and has grown into a global representative through large-scale plant projects in different countries, including the United States, Russia, China, and Southeast Asia.

In addition, we are actively utilizing Building Information Modeling(BIM), Advanced Work Packaging (AWP), and modularization design methods in our project strategies. We will continue improving work productivity by minimizing rework, optimizing work sequencing, and reducing on-site work from the initial design stage to procurement, construction, and commissioning.

## New Growth Areas

### Expanding the Transition to Eco-Friendly Energy

With the mid/long-term phase-out of coal in Korea's basic power supply plan, new orders for biomass, an eco-friendly alternative energy, are expected to increase. In response, we are strengthening our position in the market by securing new orders based on our experience in completing the Poseung biomass and Gwanggyo cogeneration plants.

In addition, by expanding DL E&C's portfolio to include eco-friendly business areas such as CCUS, biomass power generation, and the electric vehicle (EV) battery market, we are operating a sustainable business based on stable cash flow management.

The demand for ammonia is also expected to increase as a carrier of hydrogen energy, gaining attention as the next generation of energy and as the main raw material for agricultural fertilizer production. Therefore, we will expand our market share in the next-generation energy market through our experience in completing the world's largest ammonia production facilities in succession and our differentiated performance capabilities through collaboration with related licenses.

## SPECIAL CASE

### Strategic Investment in US-Based SMR Development Companies



In January 2023, the Plant Business Division made a strategic investment of USD 20 million in X-Energy, a US-based developer of high-temperature gas-cooled small modular reactors (SMRs).

SMRs are expected to be a market worth up to KRW 600 trillion, and X-Energy's model in particular has high efficiency in producing hydrogen and ammonia, which are eco-friendly energy sources, by providing a heat source of about 600°C along with power generation.

DL E&C will build a mutually trusted partnership with X-Energy through its long experience in global petrochemical, refining, and power plant projects. We will expand our portfolio of eco-friendly new businesses combined with our existing plant business to meet the commercialization of SMR technology in the future.

# CARBONCO

We will leap forward as a global top-tier environmentally friendly company through collaboration with global energy companies based on CCUS, clean hydrogen, and ammonia technologies, as well as investment, development, and integration of new technologies throughout the value chain.



A Leader in Innovative Decarbonization Solutions with Expertise in Carbon Capture Facility Design

### GE Gas Power-CARBONCO MOU

Collaboration on CCUS Technology for Power Plants in Asia and Oceania

In October 2022, we entered into a collaborative partnership with GE Gas Power to identify potential existing and new gas power plant projects in Asia and Oceania that can be equipped with CCUS technology and to conduct feasibility studies, FEED(Front-End Engineering Design) and commercialize eco-friendly gas power plants for these projects.

Through our collaboration with GE, we will create synergies and reduce carbon dioxide emissions in the power generation industry with the goal of commercializing gas power plants with CCUS technology. Furthermore, we will provide carbon-neutral customized solutions that consider valuable regional characteristics to contribute to climate change response in Asia and Oceania.

We plan to actively expand our overseas decarbonization business beyond Asia and Oceania through our CCUS design standardization capabilities and facility modularization, which can handle carbon dioxide emissions of more than 1 million tons per year, and carbonate mineralization technology, which can convert captured carbon into valuable substances for recycling.



**South Korea's first carbon capture project**

2TPD Danginri Power Plant in 2002,  
2 tons per day (TPD)  
200 TPD Boryeong Power Plant in 2013,  
200 tons per day (TPD)

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**Global leading players in hydrogen and ammonia**

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**Building the most efficient facility through standardized design and modularization**

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**Providing integrated solutions across all fields, from Business development to utilization**



Global Leading Player in Hydrogen and Ammonia

### South Australian Government-CARBONCO MOU

Accelerating the development of an eco-friendly hydrogen economy in South Australia

In October 2022, in line with the South Australian state government's eco-friendly hydrogen supply policy, we signed a joint business agreement to promote a plan to produce 100% renewable energy by 2030.

In addition, we plan to develop the domestic market to accelerate global decarbonization by exchanging facilities, expertise, and research partnerships and projects with the South Australian government to produce eco-friendly hydrogen and derivative products and build eco-friendly hydrogen supply infrastructure.

In this way, CARBONCO will secure differentiated competitiveness in the hydrogen and ammonia business by performing EPC for a number of domestic and overseas hydrogen production plants and expand its business by establishing a business model that covers the entire chain of hydrogen and ammonia production, transportation, and utilization.

# Our Approach to ESG

# ESG Management System

DL E&C has established a sustainable governance system and a company-wide ESG management strategy to proactively respond to the social importance of ESG management and the various needs of stakeholders. We will leap forward as a socially responsible global company by actively promoting company-wide sustainable management through the development of strategies and goals and the implementation of tasks specific to each area of environment, society, and governance.

## ESG Management Strategy

DL E&C has established an ESG management strategy based on three strategic directions and nine key areas and mid/long-term goals in the areas of environment, society, and governance. In particular, we are striving to create ESG value linked to existing business areas, including specific goals for each focus area by 2030.

Vision

Strategic goals

Strategic directions

9 Key areas and long-term target goal

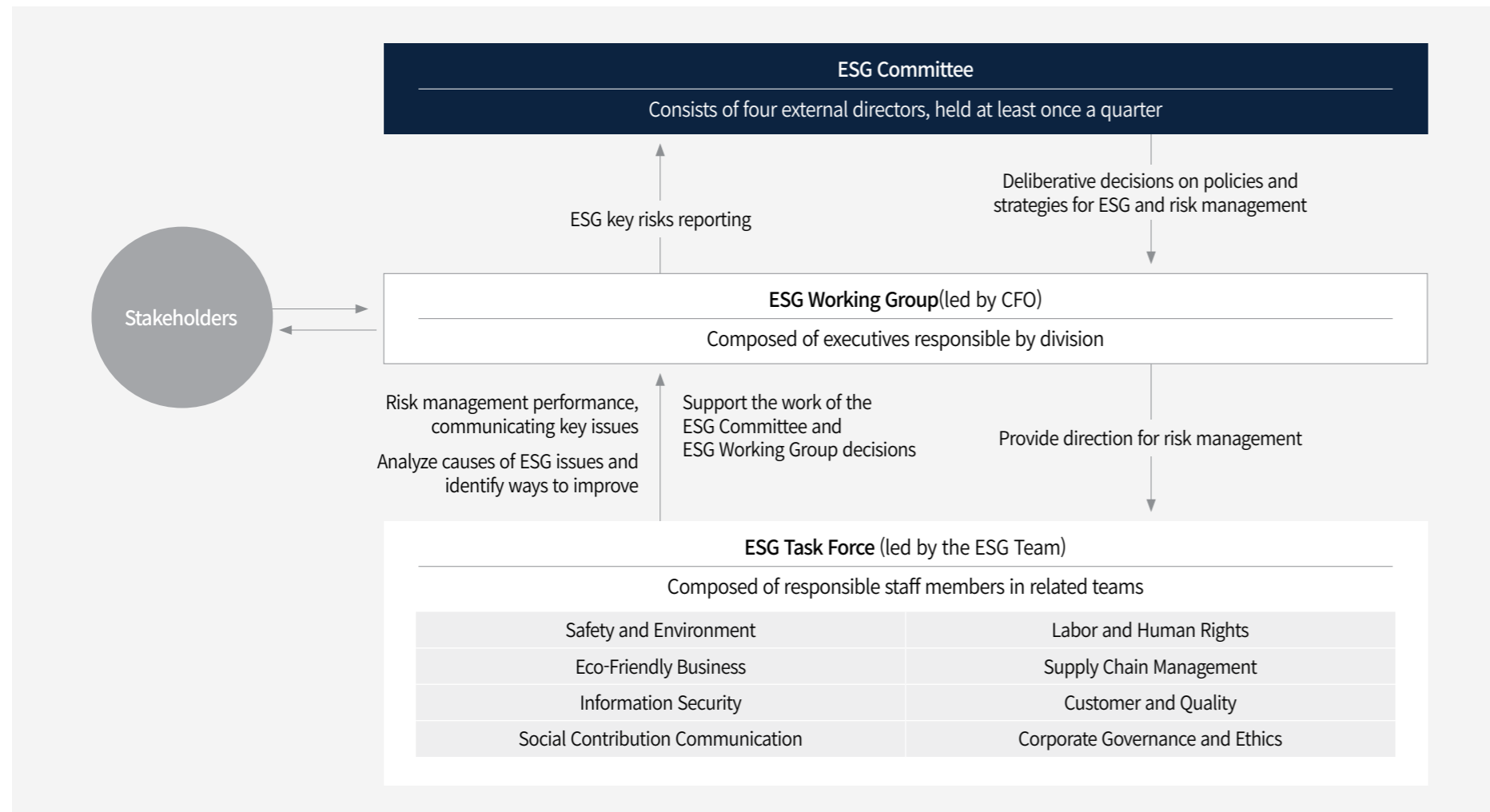


# ESG Management System

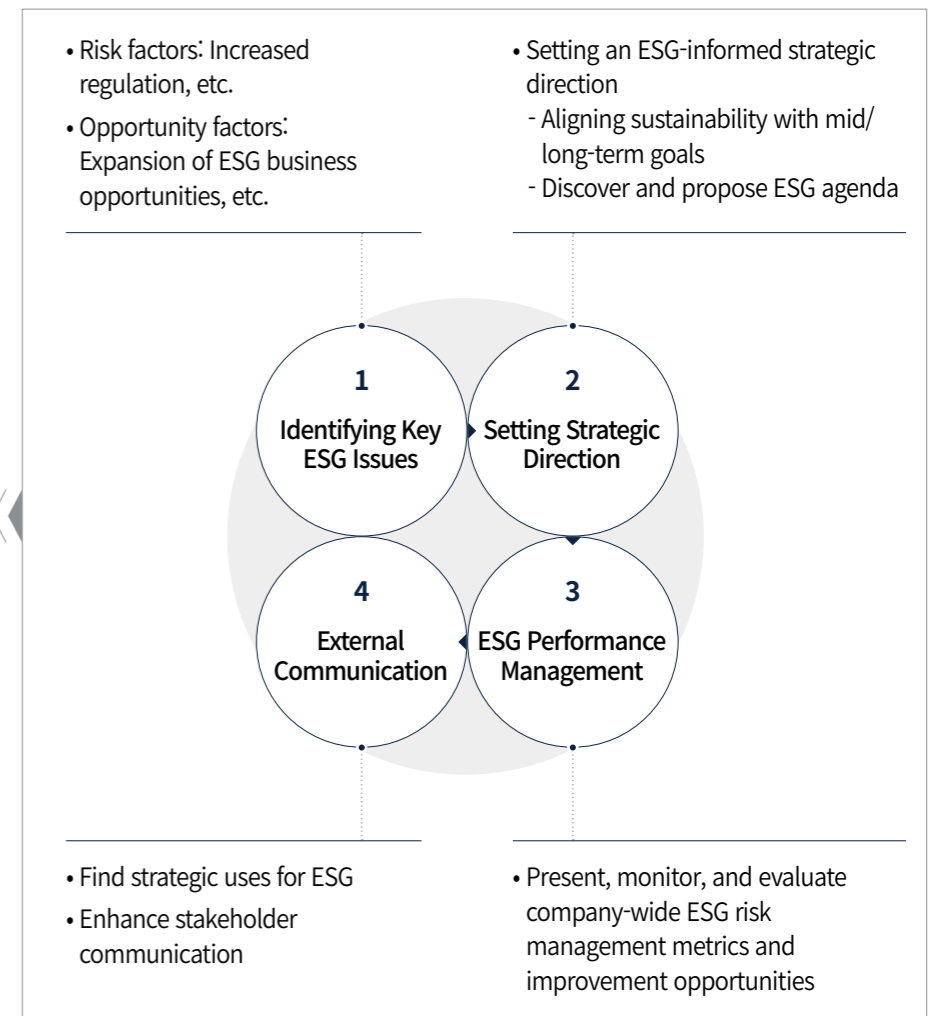
## ESG Management Organization

DL E&C has established an ESG Committee, an ESG Working Group, and an ESG Task Force within the Board of Directors to practice systematic ESG management.

### ESG Management Promotion System












### Role of ESG Working Group




# ESG Management System

## ESG Strategic Goals and Objectives

ESG Strategy	Mid/Long-term Sustainability Goals	Sustainability Management KPI	2022 Achievements	2023 Targets	Related Key Issues	UN SDGs
Expansion of eco-friendly construction	Increase share of sustainable products revenue (green building revenue) by 2030	Green building revenue share	53.0%	56.0%	Carbon neutrality and Response to climate change	
Activation of resource circulation	Achieve 11 ton / KRW 100 million in water consumption by 2030 and a 99% waste recycling rate	Water consumption (in KRW)	14.77 ton / KRW 100 million	14.3 ton / KRW 100 million	Waste and recycling management	
		Waste recycling rate	99.95%	96.9%		
Reinforcement of climate change activities	Reduce GHG emissions by 40% by 2030 (base year: 2018)	GHG reduction rate	35.2%	33.0%	Carbon neutrality and Response to climate change	
Building a safe society	Zero LTIR for employees by 2027 (base year: 2022)	Employee LTIR	0	0	Improve workplace safety and health	
	Reduction of the LTIR of suppliers by 30% by 2027 (base year: 2022)	Supplier LTIR	0.2968	0.2820		
A good company to work for	Increased participation in human rights impact assessments to over 90%	Human rights assessment check ratio	86.4%	87.0%	Strengthen human rights management	
	16% or more female employees by 2030	Percentage of female employees	14.5%	14.7%		
A partner growing with local communities	Contributing to community development through strategic social contribution 350+ households cumulatively benefiting from improved housing conditions by 2025 (base year: 2022)	Satisfaction with local school-based creative education programs	4.9 points (out of 5)	4.9 points (out of 5)	Strategic CSR and performance measurement and management	
		Number of households receiving housing improvements (cumulative)	90 households	180 households		
Sustainable supply chain	Achieve 100% supply chain risk screening by 2030	Supply chain risk check rate	50.0%	80.0%	Supply chain sustainability empowerment	
		Code of Conduct compliant signature rate	56.0%	80.0%		
Practice of ethics and compliance management	Zero risk of corruption violations through ongoing training and checks	Incidents of unfair trade and competition	0 case	0 case	Strengthening ethics and compliance management	
		Ethics and anti-corruption training completion rate	100%	100%		
Enhancement of risk management system	Establishment of a company-wide risk management system and internalize risk management	Strengthen board nonfinancial risk management	Establish an ESG committee	Build a nonfinancial risk management framework	Integrated risk management	
		Build an ESG data system	-	Designing a process for producing ESG quantitative data		

# Value Creation Performance

\* As of 2022 consolidated financial statements business report

Input	Business Model	Output
<p><b>Financial</b></p> <ul style="list-style-type: none"> <li>Total capital: KRW 8,974,717 million</li> <li>Korea Investors Service AA-</li> <li>NICE Investors Service AA-</li> <li>Korea Ratings AA-</li> </ul>	<p><b>Business</b> Competitiveness, shared growth, etc.</p>	<p><b>Financial</b></p> <ul style="list-style-type: none"> <li>Operating profit: KRW 496,965 million</li> <li>Net income: KRW 431,558 million</li> <li>FY22 cash dividend: KRW 42,282 million</li> <li>Debt-to-equity ratio: 91.3%</li> </ul>
<p><b>Manufactured</b></p> <ul style="list-style-type: none"> <li>Cost of sales: KRW 6,565,498 million</li> </ul>	<p><b>Society</b> Community sharing activities, environmental management, community contribution activities, etc.</p>	<p><b>Manufactured</b></p> <ul style="list-style-type: none"> <li>Sales: KRW 7,496,824 million</li> </ul>
<p><b>Human</b></p> <ul style="list-style-type: none"> <li>Number of employees: 5,591</li> <li>Employee compensation<sup>1)</sup>: KRW 683,139 million</li> <li>Operating expenses: KRW 6,999,858 million</li> <li>Employee training expenses: KRW 1,594million</li> </ul>	<p><b>People</b> Health and safety activities, human resources, employee benefits, etc.</p>	<p><b>Human</b></p> <ul style="list-style-type: none"> <li>Percentage of female employees 14.5%</li> <li>Human Capital ROI<sup>3)</sup>: 1.73</li> </ul>
<p><b>Intellectual</b></p> <ul style="list-style-type: none"> <li>Research and development expenses: KRW 54,558 million</li> <li>STEM<sup>2)</sup> Manpower: 856 persons</li> </ul>	<div style="text-align: center;"> <p>Promoting shareholder value and protecting their rights, managing credit ratings, etc.</p>  </div>	<p><b>Intellectual</b></p> <ul style="list-style-type: none"> <li>275 domestic patents (Based on maintaining registration at the Korean Intellectual Property Office)</li> </ul>
<p><b>Social &amp; Partnership</b></p> <ul style="list-style-type: none"> <li>Construction shared growth manager course: 20 companies</li> <li>Supporting partner ESG management: 20 companies</li> <li>Community donations: KRW 8,327 million</li> <li>Total employee volunteer hours: 15,124 hours</li> </ul>		<p><b>Social &amp; Partnership</b></p> <ul style="list-style-type: none"> <li>Best in class for shared growth Index for three consecutive years</li> <li>Partner purchase amount: KRW 2,386,296 million</li> </ul>
<p><b>Natural</b></p> <ul style="list-style-type: none"> <li>Energy consumption: 1,208 TJ</li> <li>Inventory assets: 1,107,451 ton</li> </ul>		<p><b>Natural</b></p> <ul style="list-style-type: none"> <li>As of 2022</li> <li>Total GHG emissions (Scope 1+2): 64,528tCO<sub>2</sub>e</li> <li>Total energy use savings (Carbon footprint equivalency numbers): 15,559tCO<sub>2</sub>e</li> </ul>

1) Employee compensation: Salaries, benefits as of the 2022 business report 2) STEM(Science, Technology, Engineering, Mathematics): Technical staff, including design estimators 3) Revenue - (operating expenses - [salaries + benefits]) / (salaries + benefits)  
 ※ Based on the consolidated financial statements of the 2022 business report, and the number of employees, domestic patents, suppliers, donations, Volunteer hours, energy, and greenhouse gas data are calculated on a separate basis.



# Environmental

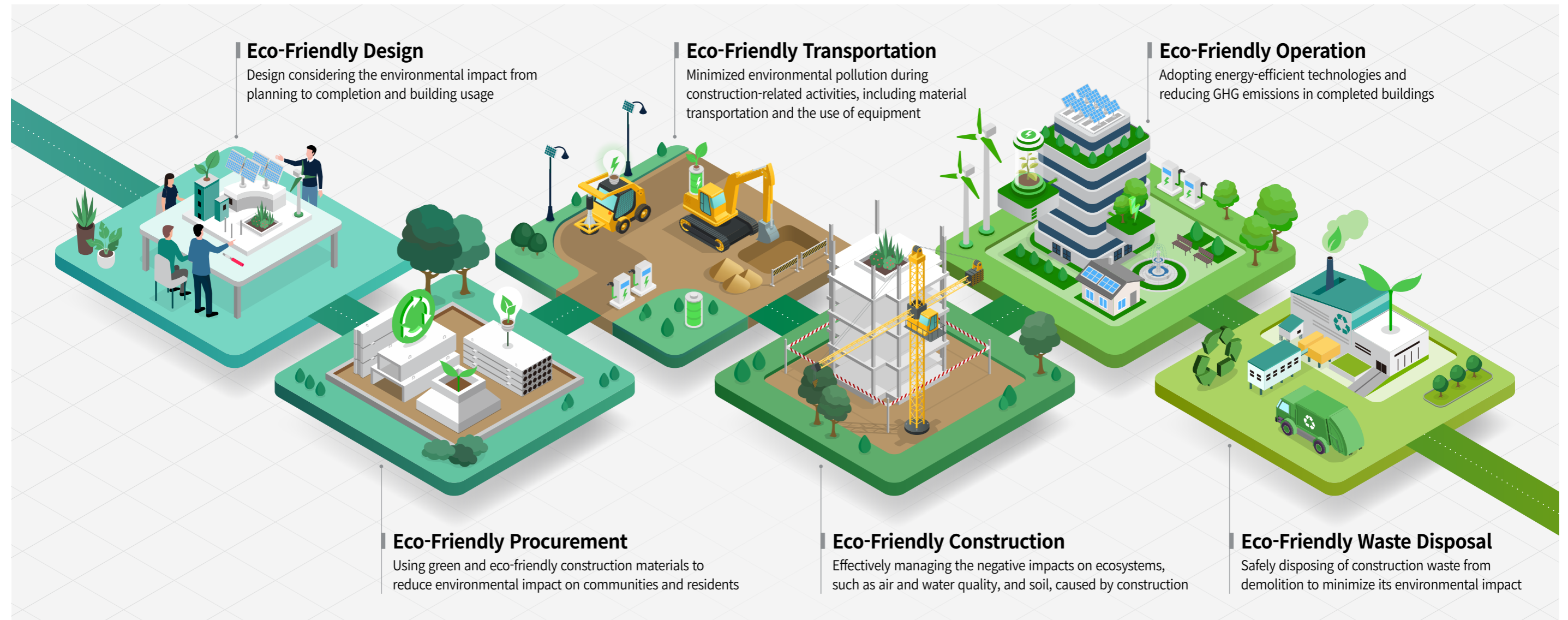
**18** Eco-Friendly Construction

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# Eco-Friendly Construction

DL E&C has established an eco-friendly construction process to effectively respond to the global demand for climate change mitigation and minimize the environmental impact of the entire construction process, from building design to waste disposal. We also actively develop and apply various eco-friendly construction technologies to facilitate the transition toward our low-carbon business portfolio.



# Eco-Friendly Construction

## Eco-Friendly Procurement

### Application of eco-friendly design technologies

DL E&C uses a BIM-based system during the architectural design phase to check the environmental impact of buildings and determine the feasibility of incorporating eco-friendly materials. By applying 3D modeling technology, construction projects are objectively analyzed, and we are taking steps to reduce carbon emissions from actual construction by reducing the usage of city gas, water, and construction waste and minimizing energy waste due to work errors. We also improve our environmental performance by optimizing workflow through BIM modeling and minimizing unnecessary equipment usage and vehicle transportation distances. With the future advancement of BIM, we will build a virtuous cycle system that can be utilized for green building design by integrating climate conditions, equipment configurations, and material purchase history during construction.

### SPECIAL CASE Eco-Friendly Redesign for Aging Facilities

DL E&C is utilizing redesign technologies to transform undesirable facilities within the community into eco-friendly facilities. For example, by applying environmental technologies to an aging aboveground sewage treatment facility, 30% of the facility was redesigned as a compact space, improving the efficiency and functionality of site use, while simultaneously undergrounding the facility to block noise and odors. In addition, the remaining aboveground area is being developed into a multifunctional cultural space for residents, providing convenience and amenities to the community.

We also transformed a stone production factory into an eco-friendly space while maintaining its unique functionality of stone production through the process of underground redesign. In this project, we utilized our proprietary smart design methods, including the safe removal of Yukmangsan Mountain in Changwon City, Gyeongsangnam-do, and proposing an underground space utilization plan for a 522,000 m2 hinterland complex. Currently, the reconstruction of the underground stone factory is underway, while the remaining land is being designed as a large-scale green park and high-value facilities for the residents. In addition, this design plan was recognized as an excellent case of a construction project in the field of tunnels and underground spaces in Korea and won the Tunnelling Awards (KTA) "Innovative Underground Space Utilization" by the Korean Tunnelling and Underground Space Association in April 2022.

DL E&C has developed a program that can suggest the optimal system area, location, and construction cost to users based on 3D modeling to address the drawback of conventional solar power generation designs that are based on installed capacity and lack efficiency. The system has been developed and validated, and research will be conducted to enhance the program in alignment with the mandatory implementation of the Zero-Energy Building system for apartment buildings in 2024.

### SPECIAL CASE 2022 Carbon Zero Challenge: Launching a Zero Paper Cup Campaign

DL E&C conducted the "Carbon Zero Challenge: Zero Paper Cup Campaign" to improve employees' environmental awareness and practice ESG management activities. This program aims to reduce the use of disposable paper cups that are difficult to recycle and encourage employees to participate in eco-friendly activities by restricting the purchase of paper cups within the company and providing personal tumblers. As a result, we could save 620,000 disposable paper cups annually used in the headquarters and reduce approximately 4.25 tons of carbon emissions. We plan to implement various eco-friendly campaigns in the future to encourage employees to participate in carbon neutrality and spread eco-friendly culture.



## Eco-Friendly Procurement

### Expansion of eco-friendly procurement

DL E&C encourages the purchase of eco-friendly materials based on green purchasing management guidelines and manages its performance by aggregating the results. We reinforce our eco-friendly procurement policies by verifying the availability of green-certified construction materials at each construction site. In addition, we are implementing an eco-friendly building materials business project to build a supply facility for alternative raw materials for construction materials, such as desulfurized gypsum and carbon dioxide-utilizing concrete and lightweight blocks. Through this project, we plan to upgrade our business model and eco-friendly material procurement system that reprocesses by products that cause environmental pollution and reduces carbon emissions.

### SPECIAL CASE Introducing Eco-Friendly Workwear

DL E&C has introduced an eco-friendly vest made from recycled waste generated during the nylon manufacturing process. It is expected to achieve the effect of recycling approximately 24,000 2-liter PET bottles annually (based on an annual order volume of roughly 5,000 vests)<sup>1)</sup>. By applying eco-friendly materials to workwear, which is frequently used in construction sites, we plan to create a virtuous cycle of resources and a sustainable consumption culture. Additionally, we plan to actively continue eco-friendly management by minimizing environmental destruction during the production activities.

<sup>1)</sup> DL E&C eco-friendly material vest adoption performance has accumulated 1,655 vests as of April 2023



# Eco-Friendly Construction

## Eco-Friendly Transportation

### Expansion of eco-friendly transportation

DL E&C is expanding the adoption of eco-friendly vehicles and the use of alternative equipment to effectively manage GHG emissions from the utilization of vehicles and construction equipment at construction sites. We also leverage BIM, AWP, drones, Internet of Things (IoT) systems, and more to optimize equipment operations.

#### Efforts to reduce GHG emissions through eco-friendly transportation

##### 1 Adoption of eco-friendly vehicles and the use of alternative equipment



- Implement Green Mobility (100% hybrid fleet by 2025 → 100% electric fleet by 2030)
- Encourage the use of eco-friendly transportation equipment through partner ESG assessments
- Utilize bikes and electric carts to minimize on-site vehicle fuel consumption
- Reduce emissions by supporting products that improve equipment efficiency

#### CASE 1 Implementation of the Green Mobility system

We are actively promoting the transition to green mobility by targeting its corporate vehicles, which aim to convert to hybrid vehicles by 2025 and 100% transition to electric vehicles (EVs) by 2030. Considering the domestic environmental conditions, we are prioritizing the transition to hybrid vehicles.

As of the end of 2022, we introduced 26 hybrid vehicles and 2 Evs, reducing 324 tons of GHG and KRW 15 million in cost savings through eco-friendly vehicle operation.

##### 2 Optimization of equipment operations



- Optimize equipment operations with BIM and AWP
- Use drones for monitoring to minimize field maintenance vehicle trips
- Coordinate with government agencies to minimize construction vehicle traffic
- Minimize spray truck operations with dust suppressants, permanent catch basins, and long-distance watering
- Reduce equipment operation by automating environmental management facilities using IoT systems
- Minimize equipment work through modularization
- Create guidelines and training for Eco Driving (campaign to reduce vehicle idling)

#### CASE 2 Installation of temporary roads to minimize movement of construction equipment

To reduce GHG emissions through the efficient movement of construction equipment during construction activities, we improved road traffic operations and installed temporary roads. As a result, the travel distance of dump trucks and concrete mixer trucks has been reduced by approximately 30-53%. Additionally, by independently installing temporary access roads between the construction site and nearby towns or existing roads, it contributed not only to the efficient movement of construction vehicles but also to the improvement of the living conditions of the residents.

## Eco-Friendly Construction

### Efficient Water Use on Construction Sites and Residential Properties

DL E&C is improving water use efficiency by applying rainwater recycling systems at construction sites and installing water-saving appliances and pressure-reducing valves in residential facilities considering the resident's stage of use. In addition, we are applying various eco-friendly technologies to prevent water waste during construction and building operations effectively.

#### Applied Technology

- Reduce water withdrawals through the real-time aggregation of site-wide water usage and the use of metrics at the source
- Reuse treated water within water quality standards for fugitive dust suppression spraying facilities
- Operate rainwater and runoff groundwater collection facilities to utilize within the construction site
- Recycle 62,400 tons of rainwater and runoff groundwater at the e-Pyeonhansesang Bupyeong Gran Hills site



#### Applied Technology

- Install water-saving faucets, toilets, and showerheads in your home
- Install water pressure regulating pressure-reducing valves

# Eco-Friendly Construction

## Managing Water Stress Areas

DL E&C manages water usage at construction sites by analyzing the correlation between the water stress index and sales ratio in 15 countries where construction projects are being carried out. Among these countries, those with a water stress index categorized as High or above accounted for approximately 1.6% of the total revenue. DL E&C monitors water-related regulations in these countries and actively seeks and shares cases of water resource recycling and reuse to prepare for water supply risks such as water restrictions. We will continue to raise awareness of water usage among project personnel in these countries and explore sustainable water management solutions for construction sites.

### Water Stress Area management

(Unit: %)

Country	Sales Ratio in 2022	Water Stress Level <sup>1)</sup>
South Korea	89.2	Medium-High
Russia	4.3	Low-Medium
Malaysia	1.3	Low
United States	0.2	Low
Vietnam	0.3	Low
Brunei	0.1	Low
Saudi Arabia	0.8	Extremely High
Singapore	1.8	Low
Algeria	0.3	High
Iran	0.3	Extremely High
Indonesia	0.1	Medium-High
Kuwait	0.1	Extremely High
Türkiye	0.1	High
Philippines	0.5	Low-Medium
Australia	0.7	Medium-High

1) Low (<10%), Low-Medium (10~20%), Medium-High (20~40%), High (40~80%), Extremely High (>80%)

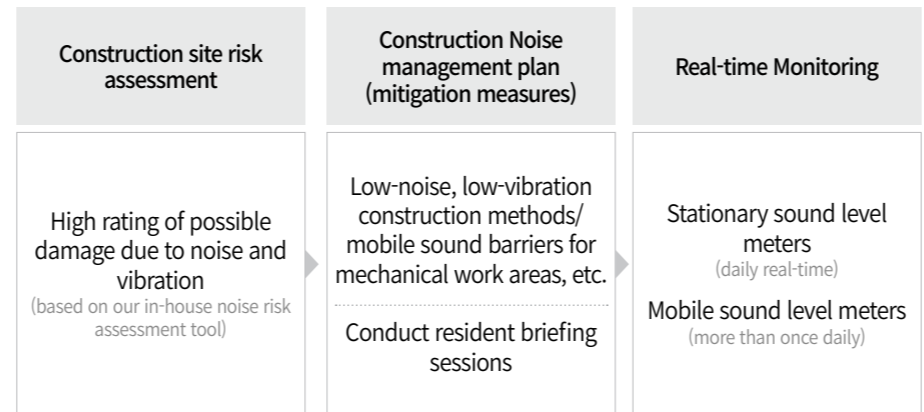
## Signing of Voluntary Agreement to Reduce Fine Dust

To contribute to improving air quality by reducing the occurrence of fine dust, DL E&C signed a voluntary agreement with the Ministry of Environment through the “Voluntary Agreement for Reducing High-Concentration Seasonal Fine Dust.” Additionally, in 2022, DL E&C entered a “Voluntary Agreement for Eco-Friendly Construction Site Operation” with the Seoul Metropolitan Government. Under this agreement, we manage our performance by conducting regular monitoring by site at the end of each year, including installing continuous fine dust monitoring devices, restricting the use of old construction equipment, and strengthening road cleaning.

## Construction Noise Prediction Simulation and Risk Management

DL E&C analyzes the construction noise impact for each project to minimize the effect on nearby residents because of noise generated during construction. To predict the noise impact, we calculate the noise level from neighboring buildings through 3D modeling that reflects quantitative data such as topography, geographical information, surrounding buildings, construction methods, and equipment operation plans. This modeling helps calculate the noise levels at neighboring buildings. Based on the prediction results, we analyze the extent of exceeding noise regulation standards is analyzed to evaluate the level of potential damage. In cases where high-risk areas are identified due to noise, project-specific risk management guides are provided, and management plans are established to prevent noise-related damages. We also hold briefings for residents on noise impact and management guides to ensure trust and minimize complaints. We will continue to do our best to create a peaceful residential environment for residents by enhancing its noise management system based on this technology.

### CASE : Project for improving Anyang A District site



## Operating Low-Noise Soundproofing in Urban Centers

We operate various soundproofing and environmental pollution reduction facilities to prevent environmental complaints and accidents caused by noise and scattering dust generated by blasting during urban tunnel construction. In recent urban railroad sites, conveyor belts are used to transport blasted rocks and soil outside the tunnel. Large-scale soundproofing houses and dust control facilities are installed to mitigate the impact noise and scattering dust generated during loading operations of dump trucks. These eco-friendly facilities help minimize environmental issues by establishing proactive management plans and installing facilities to prevent ecological damage and address complaints from densely populated residential areas.

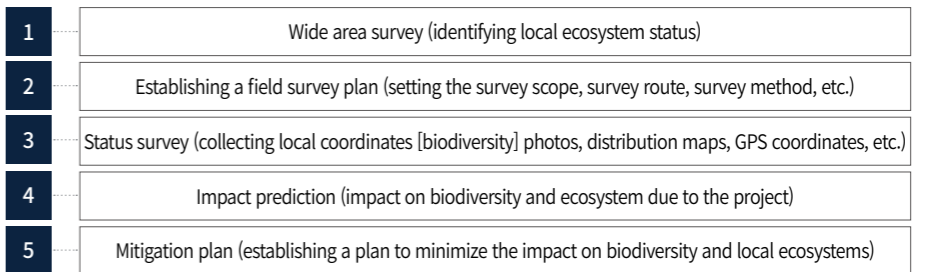
## Biodiversity risk assessment

To evaluate biodiversity risks, DL E&C checks the biodiversity importance of the project target area and then identifies and manages the dependence and impact on ecosystem services, as well as risks and opportunities. To assess the importance of biodiversity in each region, we preliminarily investigate whether the project target area is protected by biodiversity protection and international agreements (World Heritage areas, International Union for Conservation of Nature [IUCN] Category I-IV protected areas).

We assess our business activities against dependency (landscape stabilization and erosion control) and impact (water use, terrestrial ecosystem use, freshwater ecosystem use, marine ecosystem use, GHG emissions, air pollution, water pollution, soil pollution, waste, and disturbance) factors applicable to the construction industry within ENCORE<sup>1)</sup> and identify risks and opportunities in relation to these. These assessments are conducted in and around DL E&C’s project areas and include the primary supply chain. Biodiversity risks are integrated and managed within the company’s risk management framework, and no biodiversity-related risks have been identified within our projects to date.

1) A tool for analyzing natural capital dependence and impacts based on global industry classification standards, measuring changes in the four areas of the ocean, freshwater, land, and atmosphere based on classification methods such as climate change, resource utilization, pollution, and introduction of alien species

### Impact Assessment Process



## Protecting biodiversity

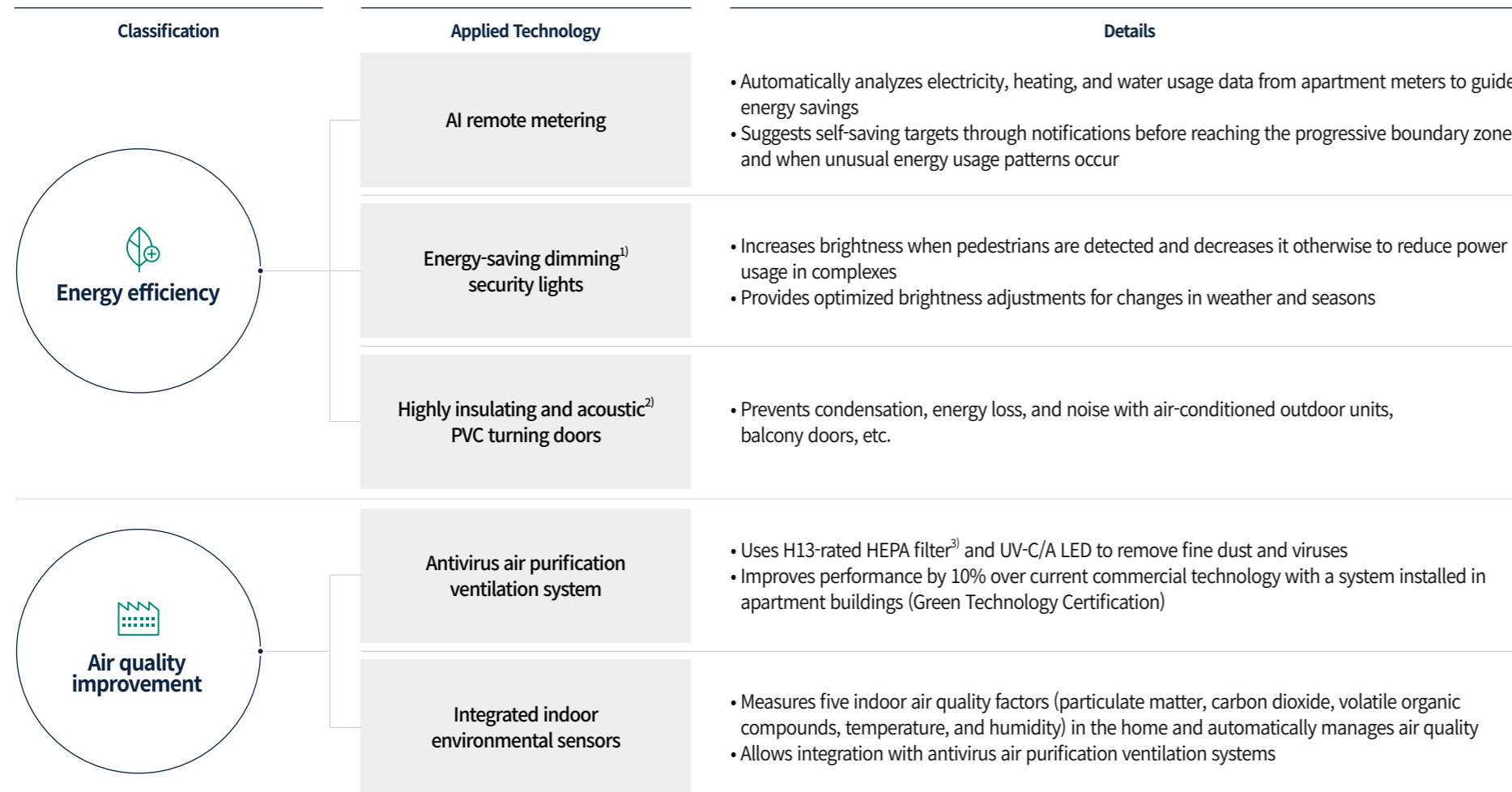
Through environmental impact assessment, DL E&C identifies the status of animals, plants, and ecosystems by reflecting on the environmental characteristics of the area around the project. As a result of the survey, we identify key species and individuals with protection value, the naturalness of the ecosystem, and ecosystem-disturbing organisms, and prepare management measures to minimize the impact on the natural ecosystem. DL E&C constructed the Sejong National Arboretum with optimal facilities for systematically conserving plants in the central temperate region with the best technology. As of May 2023, 4,121 species of plants are managed in the Sejong National Arboretum, contributing to the preservation of biodiversity.

# Eco-Friendly Construction

## Eco-Friendly Operation

### Expand energy efficiency and improve air quality at the building operations level

DL E&C is applying various technologies to improve energy efficiency and indoor air quality for residents in the completed building, as well as energy use during the entire construction process, aiming to enhance resident satisfaction during the usage phase.

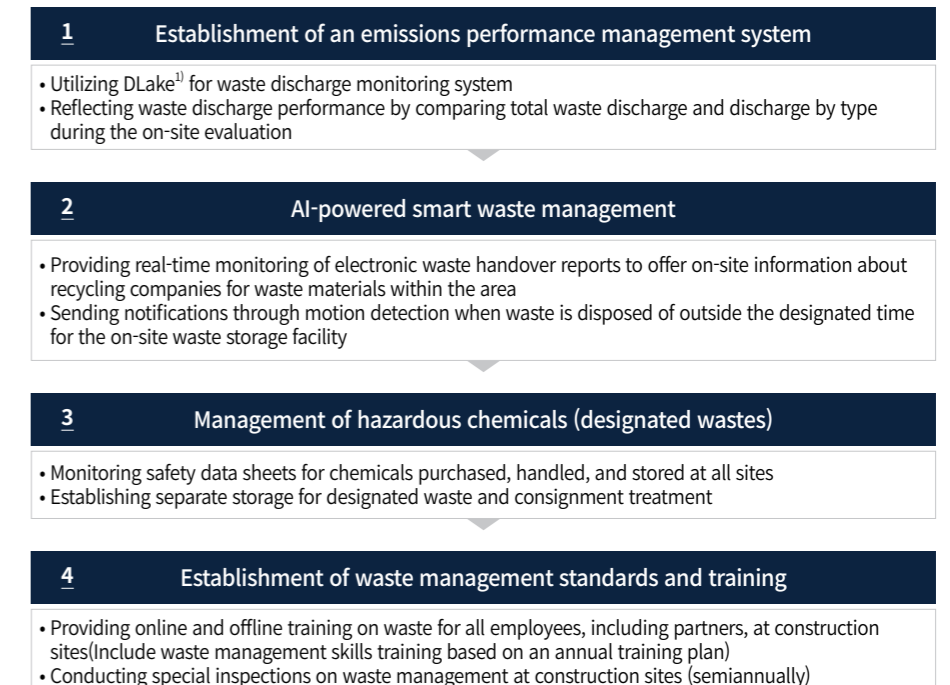


1) Ability to reduce the brightness of the light 2) Ability to block sound 3) Filters out up to 99.97% of particulate matter with a size of 0.3 μm (micrometers)

## Eco-Friendly Waste Disposal

### Advanced waste management

DL E&C has established a monitoring system to minimize waste discharge from construction sites and operates a system and training to discharge waste within legal procedures. Through these efforts, we guide waste segregation activities and increase recycling rates through relevant laws and regulations to protect nearby residents and the environment. In particular, we aim for zero incineration and landfill waste in all projects starting from the design phase to increase waste recycling rates, and during the construction stage, we manage waste in consideration of DL E&C's recycling rate goals by reflecting them in establishing construction plans for all partners. In addition, all sites are separately collecting and discharging waste in accordance with our standard waste management guidelines, and we manage disposal performance by type through separate collection.



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

# Environmental Management

## Environmental Management Strategy and System

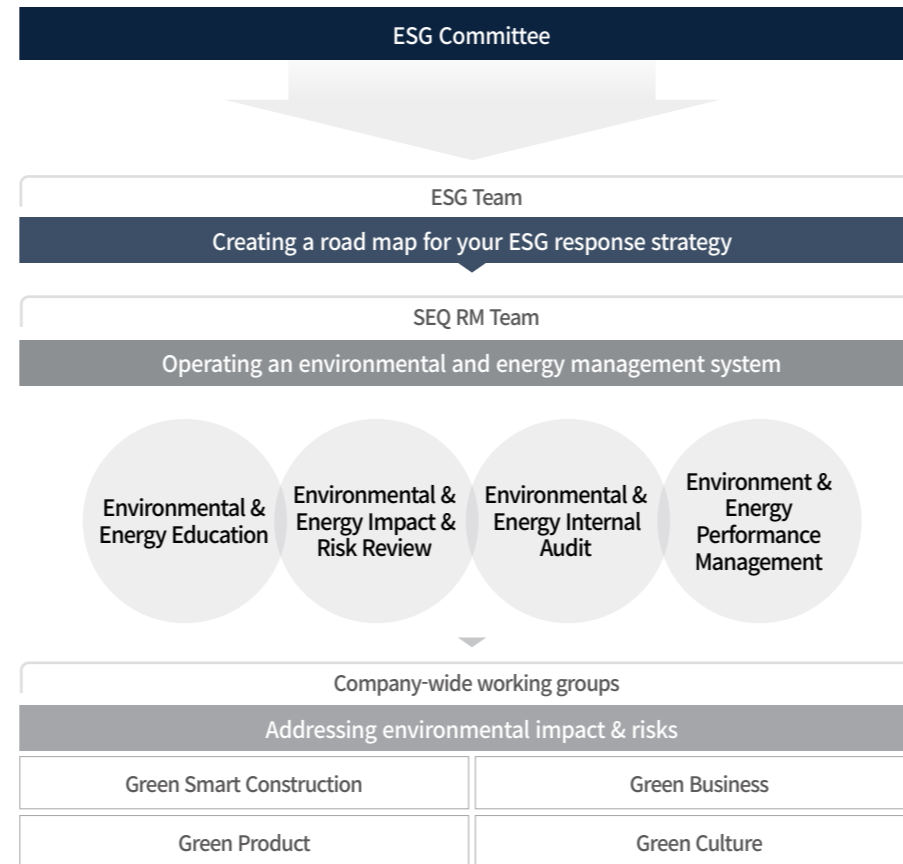
### Environmental management strategies and goals

DL E&C evaluates the environmental impact of corporate activities through its integrated environmental risk management process. It establishes management goals and plans based on materiality analysis and continuously promotes performance monitoring and improvement activities. The company-wide organization, led by the ESG Committee, periodically reviews environmental risks and impact factors to incorporate them into business implementations. The SEQ RM team, a dedicated environmental management organization, aggregates and analyzes data for environmental management activities. To realize “sustainable green construction,” DL E&C will actively participate and become a global leader in environmental sustainability.

#### Environmental Strategy



#### Environmental management system



### Compliance with environmental regulations

DL E&C conducts various activities to comply with all laws and regulations related to the environment and has achieved zero environmental penalties. We will strive to realize an eco-friendly workplace through compliance with environmental laws and regulations, including internal environmental inspections, monitoring the enactment and revision of environmental laws and regulations, operating environmental education programs to prevent environmental accidents, operating a business partner environmental management capacity building program (D-EEP), minimizing environmental risks by supporting demolition sites, providing management guides through noise impact analysis, discovering and disseminating best practices, and operating an integrated environmental information system.

### Enhancing environmental education

DL E&C conducts regular training to raise employees and partners awareness of the environment and acquire knowledge on internal and external environmental trends. We diversify environmental training by job and occupation, including Kick-Off Meeting (KOM) training to eliminate environmental risks at the beginning of construction, training for environmental managers at the headquarters and on-site, and training for technicians on-site. In addition, we contribute to improving environmental competence and strengthening environmental awareness of all employees through in-depth training on waste reduction recycling, water usage reduction, GHG and energy reduction, etc.

[DL E&C environmental management policy](#)

[ISO 14001](#)

# Response to climate change

## Governance

### Role of the board of directors

At the Annual General Meeting of Shareholders in 2022, DL E&C reorganized the Governance Committee into the ESG Committee to strengthen ESG management. The ESG Committee, consisting of four external directors, independently and objectively reviews and deliberates on all issues related to ESG and climate change response. The results of the deliberations will be finalized by the Board of Directors and managed in line with DL E&C’s business strategy direction.

### Role of management

Under the leadership of the CFO, the ESG Working Group, comprised of key executives, discusses ways to transition to a low-carbon economy, establishes and implements climate change response strategies, invests in new eco-friendly businesses, and identifies business models. The ESG Department (ESG Team), established in 2021, manages company-wide ESG risks and opportunities and monitors business-critical issues through the ESG Task Force.

## Key identified risks and opportunities

### Climate-related risk factors

Classification	Description	Potential Financial Impact
Transitional risk	<ul style="list-style-type: none"> <li>Stricter regulatory demands on greenhouse gas (GHG) emissions in the construction industry</li> <li>Establishment of a national comprehensive plan considering carbon neutrality</li> <li>Strengthening obligation to disclose environmental information</li> <li>Increased carbon-related costs</li> </ul>	<ul style="list-style-type: none"> <li>Increased operating costs (e.g., strengthening the GHG emissions by establishing special guidelines for the construction industry, etc.)</li> <li>Increased investment costs to respond to development plans such as eco-friendly transportation and the creation of carbon-neutral spaces</li> <li>Penalties for failure to disclose information related to climate change response</li> <li>Increased demand for carbon emission credits and rising costs due to the application of the carbon border tax</li> </ul>
	<ul style="list-style-type: none"> <li>Transitioning to low-carbon, energy-efficient technologies</li> <li>Building eco-friendly infrastructure</li> <li>Strengthening the development of carbon resource utilization technology</li> </ul>	<ul style="list-style-type: none"> <li>Rising costs due to investments in low-carbon transportation transformation</li> <li>Rising costs of building zero-energy buildings</li> <li>Increased R&amp;D costs to commercialize negative carbon technologies such as CCUS</li> </ul>
	<ul style="list-style-type: none"> <li>Increased demand for low-carbon raw materials and products</li> <li>Transitioning to low-carbon in the transportation sector</li> <li>Reducing new projects in high-carbon emissions</li> <li>Increasing eco-friendly and low-carbon projects</li> </ul>	<ul style="list-style-type: none"> <li>Rising costs due to changes in energy supply and demand</li> <li>Green inflation due to increased demand for eco-friendly materials and products</li> <li>Decline in orders for existing energy-consuming buildings</li> </ul>
	<ul style="list-style-type: none"> <li>Changes in priorities of stakeholder’s preference</li> <li>Expansion of social responsibility-related investment</li> <li>Growing demand for information on climate change response activities</li> </ul>	<ul style="list-style-type: none"> <li>Increased financial costs and reduced invested capital due to increased negative reputation</li> <li>Decreased sales due to failure to fulfill environmental social responsibility</li> </ul>
Physical risk	<ul style="list-style-type: none"> <li>Extremely high temperatures and heat waves, and increased frequency and intensity of heavy rainfall</li> <li>Extreme weather events such as large typhoons, forest fires, and tsunamis</li> <li>Destruction of facilities due to extreme weather</li> </ul>	<ul style="list-style-type: none"> <li>Costs related to product defects and destruction of construction structures due to extreme weather such as typhoons and floods</li> <li>Airline delays and cost increases due to prolonged rainy seasons, guerrilla rains, etc.</li> <li>Reduced sales due to decreased developable land following sea level rise</li> <li>Lack of water supply for construction due to regional and seasonal water cycle imbalance</li> <li>Rising costs due to increased demand for products with cold- and heat-resistant features</li> </ul>
	<ul style="list-style-type: none"> <li>Land loss due to the rise of sea levels</li> <li>Destruction of ecosystems such as desertification due to regional climate change</li> <li>Deepening imbalances in the global water cycle</li> </ul>	

In detail, the CEO’s performance evaluation and remuneration calculation reflects non-financial factor(such as Addressing climate change, including carbon reduction,Strengthen ethics and compliance). In addition, environmental executive officers can receive incentives by reflecting the achievement of the ‘Sustainability Management Index’ evaluation grade target as a performance KPI. Finally, for employees, if they identify and submit GHG reduction methods, they can be rewarded by being selected as an environmentally excellent site, and cash incentives are provided for developing GHG and energy reduction technologies.

## Strategy

DL E&C agrees that business activities have a dominant impact on global warming and recognizes that time to stay within the 1.5°C limit is running out, as stated in the IPCC’s 6th Assessment Report. Therefore, we are strengthening our decarbonization technologies and competitiveness in different ways to realize carbon neutrality and expanding our core areas of future decarbonization by strengthening CCUS and green hydrogen production technologies. We also focus on discovering new eco-friendly businesses, such as hydropower generation in the renewable energy sector and achieving meaningful results.

## Scenario analysis for risk and opportunity identification

DL E&C considers various transitional and physical risks and opportunities, associated with possible extreme weather events resulting from climate change. These risks include potential delays in raw material delivery, cost increases, reduction in construction days, facility damage and recovery, changes in development approaches due to population decline and geographical changes, and the transition to an energy-efficient and eco-friendly industry. The assessment scope encompasses both directly operated facilities and upstream/downstream facilities. In terms of physical aspects based on the RCP 8.5 and 6.0 scenarios, negative situations that may arise if greenhouse gas reduction policies are not properly implemented have been considered. Additionally, transition scenarios based on IEA SDS and IEA NZE 2050 have been analyzed to achieve net-zero, with a target of keeping the global temperature rise below 2°C by 2100 and, further, below 1.5°C by 2050. We also considered Korea’s Nationally Determined Contribution (NDC), 2050 carbon neutrality scenario, and extreme weather reports. Based on these scenario analyses, DL E&C has established a net-zero reduction target by 2050 based on the SBTi<sup>1)</sup> methodology, including not only domestic Scope 1 and 2 emissions but also Scope 3 emissions, such as equipment from partners, and will continue carrying out reduction activities to achieve the target.

1) Science-Based Targets initiative, a global initiative to help companies set science-based GHG reduction targets to implement the Paris Agreement and validate and officially endorse them.

### Climate-related opportunity factors

Classification	Description	Potential Financial Impact
Goods and services	<ul style="list-style-type: none"> <li>Changing customer perceptions of eco-friendly and low-carbon products</li> <li>Increase demand for related products</li> </ul>	<ul style="list-style-type: none"> <li>Increased revenue by expanding demand for high energy independence buildings, eco-certified buildings, and eco-friendly transportation infrastructure development</li> <li>Promotion of business models that reduce resource load, such as green remodeling</li> </ul>
Energy resources	<ul style="list-style-type: none"> <li>Increased demand for companies with carbon-negative technologies</li> </ul>	<ul style="list-style-type: none"> <li>Expanded market for CCUS and increased profitability of carbon reduction projects such as Clean Development Mechanism (CDM) and carbon resource utilization technology</li> <li>Increased sales due to the increase in the proportion of green construction technologies in project bids</li> </ul>
Resilience	<ul style="list-style-type: none"> <li>Reinforcing the trend of expanding the use of green energy</li> </ul>	<ul style="list-style-type: none"> <li>Increased demand for renewable energy substitution and coal-free declaration (hydropower, bio, solar, wave power, hydrogen, etc.)</li> <li>Expanding competitiveness through high-efficiency energy technologies and reducing the cost of renewable energy generation facilities</li> </ul>
Market	<ul style="list-style-type: none"> <li>Creating new markets and expanding access to investments in green construction</li> </ul>	<ul style="list-style-type: none"> <li>Increased access to capital by issuing ESG bonds and expanding ESG and green finance investments</li> <li>Increase financial incentives for eco-friendly businesses</li> </ul>



# Response to climate change

## Defining identified risks and opportunities

We are conducting a comprehensive review of the risks and opportunities posed by climate change to our business operations, including both direct operations, upstream, and downstream activities, in the short and mid/long term.

Category	Range	Risk factor	Term	Financial impact	Risk description
Transitional risk	Site	Increased climate change regulation	Short- to medium-term	Medium	<ul style="list-style-type: none"> <li>Incurred institutional costs related to greenhouse gas (GHG) regulation (purchase of carbon emission credits, system improvement for performance management and disclosure of climate response activities, verification, etc.)</li> <li>Increased management costs such as purchasing facilities and improving processes to reduce GHGs</li> <li>Increased construction and management costs such as responding to projects subject to climate change impact assessment</li> <li>Deterioration of cash flow due to lack of climate change-related information and assessment response</li> </ul>
	Products and services	Shrinking climate-affected industries	Long-term	High	<ul style="list-style-type: none"> <li>Decline in sales due to shrinkage of high-risk climate change industries such as fossil, large-scale nuclear power, and deforestation</li> <li>Decreased demand for low energy efficiency and products without specialized eco-friendly technologies</li> <li>Reduced competitiveness in low-carbon, high-efficiency energy technologies, products, services, systems, etc.</li> <li>Decreased competitiveness in developing new products such as eco-friendly urban development and undersea cities</li> </ul>
	Supply and value chain	Transition to eco-friendly energy and raw materials	Long-term	High	<ul style="list-style-type: none"> <li>Increasing energy purchase costs to boost the share of renewable energy</li> <li>Increasing energy costs such as electricity and city gas for power, cooling, and heating</li> <li>Green inflation due to increased demand for low-carbon products</li> <li>Rising transportation costs due to the transition to eco-friendly transportation and logistics</li> <li>Delay in construction due to restrictions on equipment with high GHG emissions (old construction equipment, etc.)</li> </ul>
Physical risks	Site	Damage from extreme weather (typhoons, heavy rainfall, extremely high temperatures, cold waves, sea level rise, flooding, etc.)	Long-term	High	<ul style="list-style-type: none"> <li>Cost losses caused by process delays, facility destruction, and quality degradation due to increased intensity and frequency of typhoons, heavy rains, and cold waves</li> <li>Civil complaints due to lack of water resources caused by drought, flooding caused by construction during heavy rains, etc.</li> <li>Occurrence of risks due to substandard design and materials used in extreme weather events</li> <li>Increased costs due to increased design limits and use of cold- and heat-resistant materials in comparison to abnormal weather conditions</li> <li>Decrease in sales due to the destruction of construction structures and reduction of the development area following rising sea level</li> <li>Delays in logistics transportation, including ships, due to adverse weather conditions</li> </ul>

※ Short-term: 1 year, medium-term: 1-10 years, long-term: 10-30 years

## Risk Management

DL E&C manages risks and opportunities associated with climate change through the integrated enterprise risk management process and categorizes them according to their financial impact and frequency of occurrence. Risk and opportunity analyses are conducted on a quarterly basis by all teams and business sites, and the SEQ RM team, along with the management teams of each business division and RM team, evaluates the appropriateness of the analysis.

### Climate change risk identification and management process



# Response to climate change

## Climate risk impact and response on DL E&C

DL E&C has analyzed risk and opportunity factors based on global climate change scenarios and has established and implemented response strategies. The climate crisis is affecting us not only as a serious management risk but also as an opportunity to strengthen our competitiveness by creating new growth engines. DL E&C effectively responds to major climate change-related risks by analyzing the impact on all corporate management activities, including upstream and downstream purchasing, sales, logistics, design, construction, disposal, and services.

Category	Classification	Range	Term	Impact	Countermeasures	
Transitional risk	Regulation	Greenhouse gas (GHG) emission credits trading	Site	Short- to medium-term	GHG emission credits trading system incurs excess emission allowance purchase costs	<ul style="list-style-type: none"> <li>Introducing ISO 50001 certification and enhancing management system</li> <li>Discovering and expanding GHG and energy reduction measures</li> <li>Increasing the proportion of renewable energy and securing emission credits through the CCUS business</li> </ul>
		Climate change impact assessment	Site Upstream and downstream	Medium- to long-term	Designing for extreme weather and applying GHG reduction technologies and methods, and reducing profits due to rising management costs	<ul style="list-style-type: none"> <li>Supporting for bidding for target projects (GHG reduction case application, etc.)</li> <li>Deploying dedicated environmental managers at sites subject to climate change impact assessment</li> <li>GHG and energy management training and implementation checks</li> </ul>
	Technology	Low carbon and low energy construction technology mandates	Site Upstream and downstream	Medium- to long-term	Increased R&D costs related to expanded carbon-free construction plans, such as the expansion of zero-energy mandates in apartment buildings, and decreased sales due to decreased competitiveness	<ul style="list-style-type: none"> <li>Developing an optimal design process for solar power generation</li> <li>Reducing GHG emissions from construction materials, design, construction, and disposal through the development of modular construction methods for housing</li> <li>Reducing GHG emissions from Scope 3 (construction equipment) by optimizing design and construction through digital twins</li> <li>Developing a smart energy diagnostic system (D-BEMS) utilizing virtual sensors and AI</li> </ul>
	Market	Restrictions on high-carbon industries	Site Downstream	Medium- to long-term	Reduced orders from the high-carbon power generation and plant industries limit bidding when operators' carbon reduction technology needs are not met	<ul style="list-style-type: none"> <li>Promoting CCUS Total Solution Provider</li> <li>Developing green hydrogen and ammonia production technology linked to small modular reactor (SMR) technology</li> </ul>
	Reputation	Climate change action disclosure obligations	Site	Short- to medium-term	Failure to respond to mandated ESG and climate change disclosures can lead to poor public relations and penalties for non-compliance	<ul style="list-style-type: none"> <li>Disclosing relevant information such as TCFD<sup>1)</sup> support subscription and CDP climate change response</li> <li>Diversifying environmental information disclosure channels such as sustainability reports and websites</li> <li>Improving and managing quantitative environmental performance management system</li> </ul>
Physical risks	Acute	Damage caused by extreme weather (typhoons, heavy rain, heat waves, cold snaps, etc.)	Site Upstream and downstream	Short-term	Major typhoons, tsunamis, extreme heat and cold, etc., construction delays, and destruction of facilities	<ul style="list-style-type: none"> <li>Conducting emergency preparedness inspections and drills in preparation for typhoon damage</li> <li>Real-time monitoring of climate change and installation of safety facilities</li> <li>Purchasing construction insurance for climate change damage and reflecting it in contracts</li> <li>Applying construction methods to minimize the impact of extreme weather</li> </ul>
	Chronic	Damage from extreme weather events (sea level rise, changes in average climate and precipitation, changing seasonal cycles, etc. changes, etc.)	Upstream and downstream	Medium- to long-term	Facility collapses or failure due to extreme weather events above design criteria and changes in customer demand for products by region following variations in average temperature and precipitation	<ul style="list-style-type: none"> <li>Raising design standards for extreme weather and changing user materials (cold resistance, heat resistance, strength, etc.)</li> <li>Developing products that consider precipitation, humidity, ground conditions, sea level rise, erosion, inundation, etc.</li> <li>Investment in R&amp;D related to underwater or maritime city construction</li> </ul>
Opportunity factors		Carbon Utilization	Site Downstream	Medium- to long-term	Expanding markets for decarbonization and resourcing	<ul style="list-style-type: none"> <li>Securing technology through carbon utilization research and related business agreements</li> <li>Vitalizing business models by developing carbon-utilizing products and preempting markets</li> </ul>
		Growing demand for green business	Site	Medium- to long-term	Increased revenues from CCUS and green hydrogen businesses	<ul style="list-style-type: none"> <li>Establishing CCUS-related subsidiary (CARBONCO) to promote the business</li> <li>Securing achievements such as promoting carbon-negative factory construction projects</li> <li>Generating revenue by securing and selling carbon emission credits through CCUS business promotion</li> </ul>
		Energy efficiency	Site	Medium- to long-term	Reduce energy and carbon emission credit purchasing costs by improving energy efficiency and increasing the share of renewable energy	<ul style="list-style-type: none"> <li>Increased sales by strengthening eco-friendly energy production technology through agreements on SMRs and hydrogen and ammonia production</li> <li>Reduced purchasing costs by reducing energy consumption</li> <li>Creating revenues through the sale of allocated carbon emission credits for reducing carbon emissions</li> </ul>

1) Task Force on Climate-Related Financial Disclosures

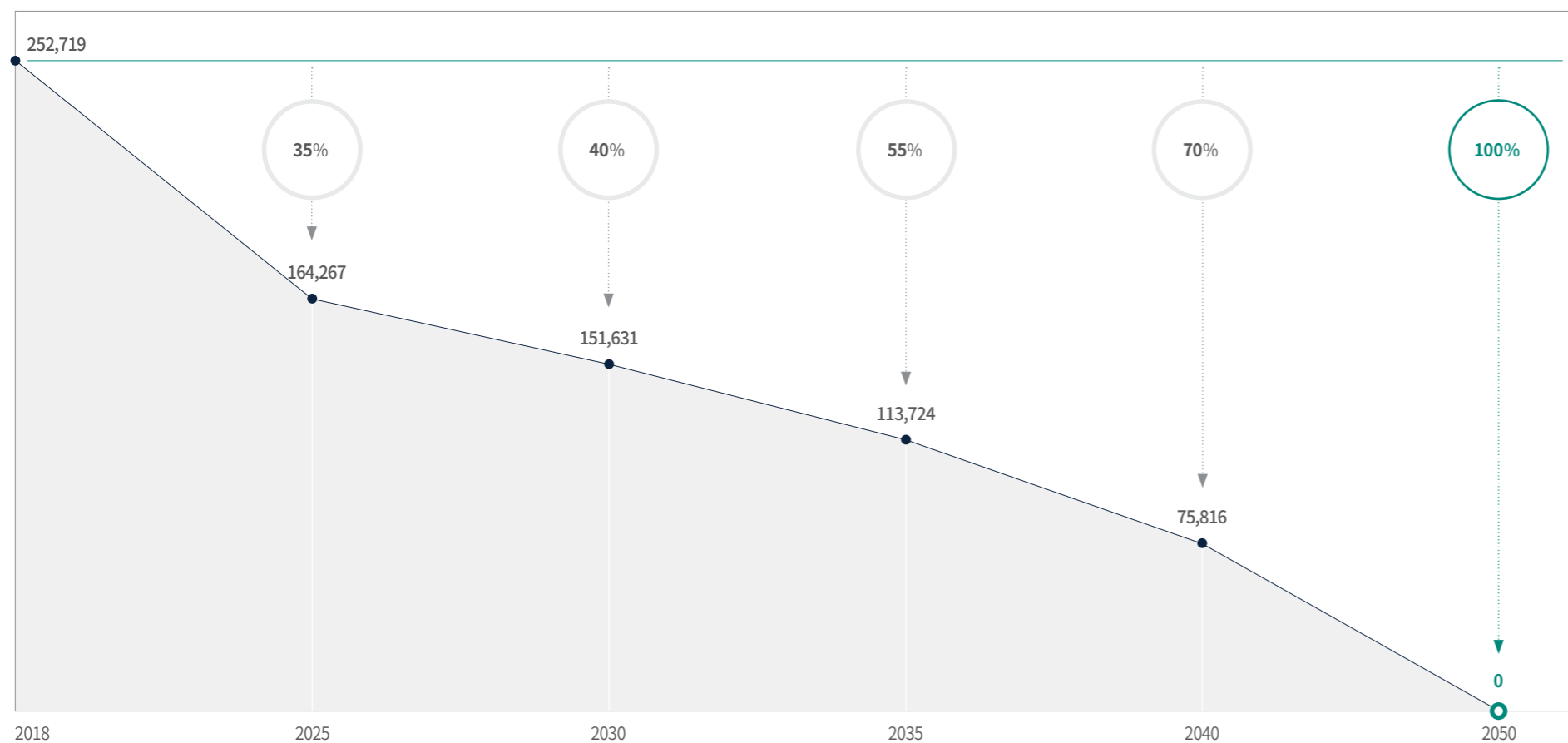
# Response to climate change

## Metrics and Goals

### Promoting the achievement of net-zero by 2050

DL E&C is continuously improving its status as an eco-friendly industry by developing digital twins, modular construction methods, and CCUS and hydrogen production technologies to achieve net-zero emissions by 2050. In addition, we are focusing on climate change impacts by introducing an energy management system to promote energy structure transformation and GHG reduction activities. Through this, we will reduce GHG emissions by more than 40% compared to 2018 by 2030 and strive to achieve zero emissions by 2050.

DL E&C's mitigation pathway to achieve the 1.5°C scenario



### GHG emission status

DL E&C has been continuously promoting GHG reduction activities through energy reduction and showing its achievements by reducing GHG emissions yearly. In 2022, we exceeded the targeted reduction of 32% despite increasing the number of managed sites by expanding the energy management system to all sites and applying smart construction, achieving a decrease of 35.2% compared to 2018.

#### Domestic GHG emissions

(Unit: Scope 1-3 (tCO<sub>2</sub>e), Reduction (%))

Classification	2018	2019	2020	2021 (Performance)	2022 (Goal)
Scope 1 <sup>1)</sup>	22,520	13,753	16,000	17,013	17,520
Scope 2 <sup>2)</sup>	66,727	41,813	39,344	32,932	39,481
Scope 3 <sup>3)</sup>	163,472	149,746	147,584	116,220	106,650
<b>Total</b>	<b>252,719</b>	<b>205,312</b>	<b>202,928</b>	<b>166,165</b>	<b>163,651</b>
Actual Reduction Rate		18.7	19.7	34.2	35.2
Target Reduction Rate	Base Year	30.0	30.0	31.0	32.0

#### Overseas<sup>4)</sup> GHG emissions

(Unit: Scope 1-3(tCO<sub>2</sub>e))


Classification	2018	2019	2020	2021 (Performance)	2022 (Goal)
Scope 1 <sup>1)</sup>	- <sup>4)</sup>	7,174	10,397	6,149	6,059
Scope 2 <sup>2)</sup>	- <sup>4)</sup>	2,547	1,170	957	1,468
Scope 3 <sup>3)</sup>	- <sup>4)</sup>	7,564	27,414	16,972	5,324
<b>Total</b>	<b>-<sup>4)</sup></b>	<b>17,285</b>	<b>38,981</b>	<b>24,078</b>	<b>12,851</b>

1) Direct GHG emissions: LNG, LPG, vehicle and boiler fuel, etc.  
 2) Indirect GHG emissions: Electricity, heat (steam)  
 3) Other indirect GHG emissions: Construction equipment (partners, etc.), emissions from employee vehicle fuel use, etc.  
 4) Overseas GHG data aggregation has been conducted since 2019, and a separate overseas GHG target reduction rate still needs to be set.  
 ※ GHG emissions are calculated through verification of the construction industry GHG target management statement and voluntary third-party verification.

# Response to climate change


## Our Commitment to Net-Zero

DL E&C is establishing and implementing various business strategies and mitigation measures throughout its corporate management to achieve net-zero. We sincerely try to solve the climate crisis and achieve relevant results, such as establishing a subsidiary, CARBONCO, to actively enter the CCUS market and promote the development of decarbonization technologies through open innovation activities.




**CCUS**

- Driving carbon-negative projects
- Reduction through carbon capture and securing carbon emission credits
- Low-carbon product production through carbon utilization




**Zero Carbon Energy**

- Production and utilization of hydrogen and ammonia
- Expansion of investment in renewable energy, such as hydropower
- Pursuit of SMR business



**Green Tech**

- Process optimization with BIM, AWP, and more
- Adoption of modular construction methods
- Improving construction efficiency through IoT, VR, machine control, etc.



**Eco Management**

- Supplying green buildings such as zero-energy houses
- Development of a smart energy diagnosis system using virtual sensors and AI
- Step-by-step green mobility transition
- Advancement of ISO 50001 (Energy Management System)
- Development of low-carbon and long-life building materials
- Expansion of the proportion of recycled waste

## Reductions achievements compared to the projected emissions for the year 2022

DL E&C is implementing various efforts to achieve 2050 Net-Zero through continuous GHG reduction. We are implementing a green mobility transition to introduce 100% EVs by 2030. We are also continuously improving and expanding smart commissioning solutions to reduce GHGs generated by using large amounts of energy sources during commissioning.

In addition, we improved energy facilities and operations by developing a smart energy diagnostic system (D-BEMS) using virtual sensors and AI by refining our business-wide digital twin and reduced GHG emissions to Scope 3 by minimizing equipment usage and enhancing efficiency through smart construction transformation such as modular construction method, drone and BIM, and heavy equipment automation system.

We strive to reduce GHG emissions by implementing energy reduction campaigns in daily life, such as avoiding personal air-conditioning and heating units, turning off lights in unused areas, maintaining office temperatures, minimizing elevator use, and selecting excellent employees through records of carbon reduction activities.

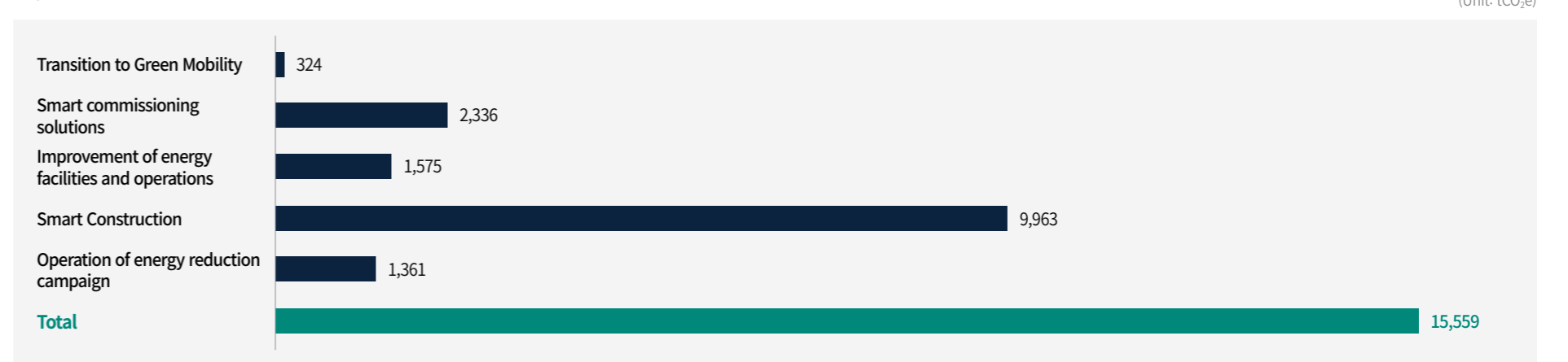
## Setting management indicators for GHG reduction

DL E&C continuously improves its organizational culture and systems to reduce GHG and energy consumption. By adopting ISO 50001 (Energy Management System), we evaluate the impact of the task of all teams and sites that can contribute to energy and GHG reduction and manage their performance. In addition, we monitor various management indicators, such as energy consumption and GHG emissions by business site, major energy facilities, green purchasing ratio, purchase cost by energy source, GHG emission unit by type, and GHG emissions treated by waste, to achieve GHG reduction. Additionally, we include climate change-related items, such as improving the sustainability management index in employee performance indicators. We also provide various incentives, such as monetary rewards, to employees who have developed technologies to reduce GHGs and energy or identified exemplary cases of emission reduction in their workplaces.

Energy Consumption(Based on domestic Workplaces)

Total energy consumption	Units	Year			
		2019	2020	2021	2022
Total non-renewable energy consumption	MWh	151,286	158,429	146,793	165,079
Total renewable energy consumption	MWh	691	691	502	491

## Major reductions in 2022



# Social

<b>30</b> Human Rights Management	<b>33</b> Human Resource Management
<b>40</b> Win-Win Partnership Management	<b>44</b> Occupational Health and Safety Management
<b>49</b> Quality Management	<b>51</b> Social Contribution

# Human Rights Management

## Human Rights Policy and Scope of Application

DL E&C endorses the Universal Declaration of Human Rights, the UN Guiding Principles on Business & Human Rights, the International Labor Organization Constitution, and the OECD Due Diligence Guidance for Responsible Business Conduct. In addition, we have established the Human Rights Charter to prevent human rights violations, and all members of our workplace follow the Charter unless there are conflicting issues with foreign laws or exceptions. All employees of DL E&C, including its subsidiaries, sub-subsidiaries (including non-permanent employees), and suppliers, are subject to the Charter. Through this, any vulnerabilities relating to human rights and labor and issues requiring improvement in their businesses are effectively identified and managed.

### Human Rights Practice Guidelines

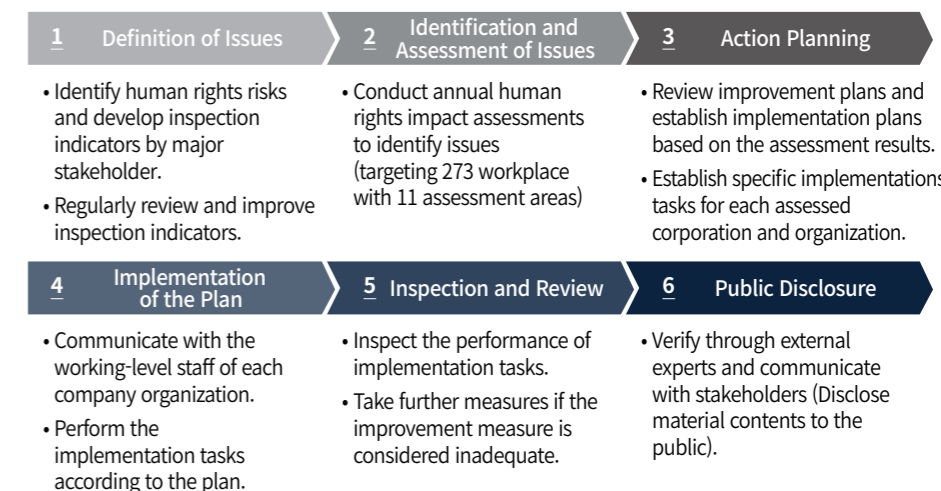
Anti-discrimination	Compliance with Working Conditions	Humane Treatment
DL E&C does not tolerate any discrimination against employees based on their gender, race, religion, age, physical conditions, and social status without any justifiable reasons. Furthermore, we have built an organizational culture that respects diversity.	At DL E&C, we comply with the legal working hours of local countries and pay reasonable compensation for their work along with their pay stubs. We also provide sufficient opportunities for training and create a work environment for them to develop their skills and improve their quality of life.	We respect the privacy of our employees, protect their personal information, and do not engage in any form of mental or physical coercion, abuse, or unfair treatment.
Freedom of Association and Collective Bargaining	Protection of Customers' Human Rights	Prohibition of Forced or Child Labor
We respect the labor laws of local countries to which our Human Rights Charter applies and provide all employees with sufficient opportunities to communicate.	Our employees are not allowed to endanger customers' life, health, or property or falsely advertise or mislead customers when engaging in marketing activities. We respect customers' privacy and take measures to protect the personal information collected and stored in the course of our business operations.	DL E&C does not engage in any form of violence, confinement or intimidation, or force any type of work against one's free will, including human trafficking. We also comply with the minimum age of employees set by the laws of the country and region in which we operate our business, and only provide jobs if they are not illegal under local laws. We also make sure that educational opportunities for employees are not limited by their work.
Occupational Safety	Responsible Supply Chain Management	Protection of Human Rights for the Local Community
To ensure a safe work environment for all our employees, we inspect facilities, equipment, and tools we use at our workplace (construction sites) and implement safety measures and follow-up to prevent physical and mental risks. We take prompt action, including appropriate compensation for occupational accidents or diseases.	We advise all our suppliers to perform their obligations to protect human rights and take the necessary measures to ensure compliance with human rights management when required.	All executives and employees are advised not to violate the human rights of residents when performing their duties, and they are obliged to respect and protect the residents' rights to their life, health and safety, and freedom of residence.

## Human Rights Risk Management

### Human rights risk management system

We established an internal system based on our Human Rights Practice Guidelines to uphold the human rights of all stakeholders, including our employees, and prevent risks. We report significant risks and improvement plans identified through human rights risk assessment to key decision-makers, including ESG committees. The approved report data is shared with relevant teams to enhance the effectiveness of human rights management and reduce risks.

### Human Rights Due Diligence Process



### 10 Major Areas of Human Rights Risk Assessment

Building a human rights management system	Non-discrimination in employment
Freedom of association and collective bargaining	Human Trafficking, No forced labor
No child labor	Occupational Safety
Responsible Supply Chain Management	Protection of human rights in local communities
Environmental rights	Protection of consumers' human rights

# Human Rights Management

## Analysis of key human rights issues based on human rights impact assessment results

### 2022 Human Rights impact Assessment Results

Classification	No. of site(ratio)
No. of Workplace subject to assessment	273(100)
No. of workplace assessed	236(86.4)
assessment ratio	86.4
Workplace where human rights risks have been identified	6(2.54)

(Unit: No. of site, inspection ratio (%))

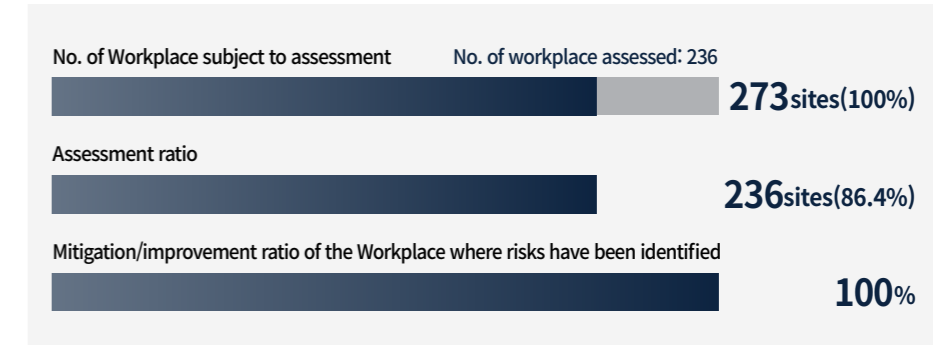
Classification	No. of site
Workplace where mitigation plans have been established	6
Workplace where mitigation plans have been implemented	6
Mitigation/improvement ratio of the Workplace where risks have been identified	100
Workplace where effectiveness has been measured through re-assessments	6

### 2022 Risk Levels and Responses by Human Rights Issue

(Unit: %)

Key Issue	Vulnerable Group	Definition of Issues	Risk Level	Identified Issues <sup>1)</sup>	Action
Building a system to promote business and human rights	Employees, suppliers	Reliability and effectiveness of business and human rights systems	Hazardous	7.2	100
No bullying in the workplace	Employees, suppliers	Prevention of sexual harassment and bullying, including verbal abuse	Hazardous	4.4	100
Responsible supply chain management	Employees, suppliers	Efforts to maintain business relationships that do not violate human rights	Low	-	-
Occupational safety	Employees, suppliers	Taking measures to ensure occupational health and work safety	Low	-	-
No forced labor	Employees, suppliers	Prohibition of all forms of forced labor	Low	-	-
Protection of human rights for local communities	Local communities and natives	Protection of human rights for residents in the region in which our overseas affiliates and factories are located	Low	-	-
Environmental rights	Local communities and natives	Efforts to prevent environmental pollution and global warming	Low	-	-
Protection of consumers' human rights	Customer	Ensuring product safety and protecting consumers' various rights and interests	Low	-	-
Freedom of association and collective bargaining	Employees	Ensuring freedom of trade union associations and related activities	Low	-	-
Non-discrimination in employment	Employees, suppliers, migrant workers	No discrimination based on race, religion, disability, gender, origin, or position in the workplace	Low	-	-

1) The human rights issue is identified as improvement required with a "needs improvement" response rate of more than 3%.



### Human Rights Mitigation and Remediation

DL E&C immediately establish improvement processes to handle inadequacies found during human rights risk assessment. After applying the process, we continuously monitor whether improvements have been made and transparently disclose them, contributing to improving human rights. Any establishment with inadequacies has carried out improvement activities to address all identified risks.

In the human rights impact assessment in 2022, two items, including “no Sexual Harassment·bullying in the workplace,” were categorized as “hazardous” level, and these were addressed based on the improvement direction established for each item. Consequently, we formulated and posted the human rights charter aligned with international guidelines. In addition, we provide human rights training to raise our employees’ awareness of human rights. Furthermore, we strengthened the reporting channel by adding an English version to our cyber Sinmungo (whistleblowing hotline), which was available in the Korean language, to prevent sexual harassment and bullying in the workplace to protect our employees of various nationalities from damage related to human rights. In the second round of human rights risk inspection where the effectiveness of the improvement measures was measured, it was confirmed that the risk level of the items was alleviated to the “Low” level.

# Human Rights Management

## Risk identification in value chain

We have expressed our commitment to human rights in the supply chain by incorporating the purpose of our human rights management in the supply chain code of conduct beyond establishing the Human Rights Charter. In particular, we have a responsible and sustainable management by regularly managing economic and environmental risks throughout the supply chain through “DL E&C Suppliers Sustainability Checklist (DSSC).” This assessment has indicators in four areas: health and safety, labor and human rights, environment, and ethics. In 2022, 49.7% of our suppliers out of tier-1 suppliers (940) participated in the assessment. Twenty three high-risk suppliers in the bottom 5% of the assessment have completed corrective actions. Further details are provided on p.42~43 of this report.

## Risk identification in new business relations

When entering new domestic or foreign businesses, potential human rights risks may arise from complex factors, such as economic, social, and cultural differences, and these may adversely affect the business, such as delay or withdrawal of business, complaints in the local society, and revocation or non-acquisition of business license. Our Risk Management Committee (RMC) conducts “business risk monitoring” for successful business promotion. It establishes and operates procedures for identifying risks and deriving countermeasures for the initial business feasibility review and order review stages.

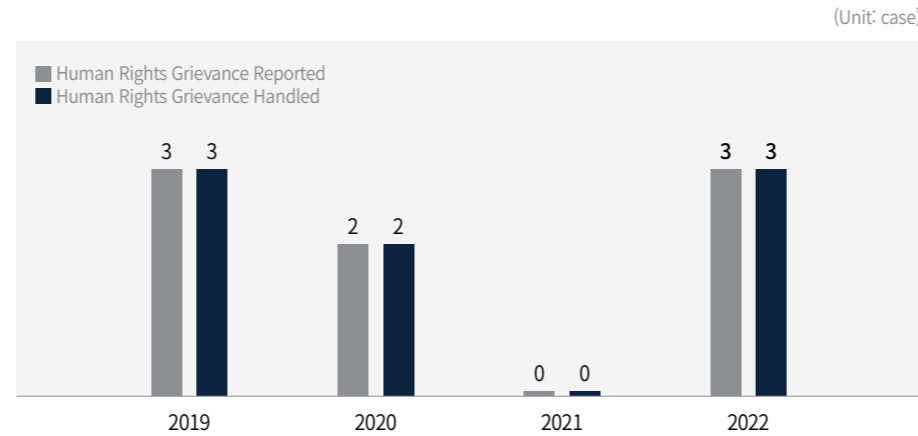
### 2022 Business Impact Analysis Results

(Unit: No. of businesses, assessment rate (%))

	Risk Assessment	Risk Identification	Risk Treatment
No. of Businesses	102	1	1
Rate	100	1	100

## Human rights grievance handling process

DL E&C uses various communication channels to identify potential factors of human rights violations in the workplace and make improvements. Our grievance handling team collects reports on bullying and sexual harassment in the workplace and handles them in accordance with the internal process. Reporters and reports are kept confidential and protected, and sexual harassment and bullying are severely punished under the zero-tolerance principle.

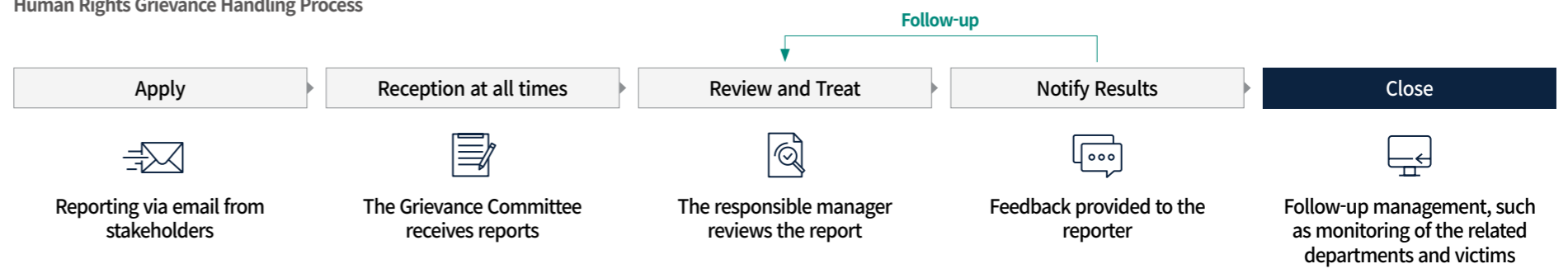


## Spreading the human rights management culture

Every January, DL E&C’s employees sign a pledge to implement the Code of ethics, which includes human rights-related issues, our suppliers also pledge to comply with the Code of Conduct. In particular, we provide all our employees with annual training on the prevention of sexual harassment and bullying in the workplace and awareness of disabilities to prevent human rights violations, such as bullying, sexual harassment, and forced labor in the workplace, and create a corporate culture in which human rights are mutually respected. In 2022, 4,405 employees completed the sexual harassment prevention training, and 4,346 completed the trainings on disability awareness and no bullying in the workplace.

In addition, DL E&C operates a regular inspection and healing program for customer center counselors in preparation for human rights violations, such as customers’ verbal abuse and sexual harassment. Furthermore, we are implementing systems to protect the rights and interests of our employees and their health, such as operating an in-house dispensary with professional nurses and implementing health promotion programs for employee health management.

### Human Rights Grievance Handling Process





# Human Resource Management

## Human Resource Discovery and Recruitment

### Ideal candidates and recruitment strategy

We look for talented individuals capable of creating a future in the global arena through a fair and transparent recruitment process. We present “Seven Principles of Hansup” for our ideal candidates: search for new things; look far and beyond into the future; be the best in your job; know your customers; develop teamwork, keep your promises; and be thrifty and frugal. We conduct systematic and specialized screening by defining the job competencies required for each job on offer and establishing assessment criteria. We objectively verify candidates’ basic job competency and personality through the AI competency test and screening. In addition, we have introduced the “Interviewer Training and Certification Program” in collaboration with professional organizations and provide training to strengthen interviewers’ competencies.

### DL E&C’s Mid to Long-Term Strategic Direction to Secure Talent

- Establish a strategy to secure talent based on the organizational capability gap analysis and demand forecast aligned with the management plan and mid to long-term strategy.
- Establish an external talent pool in advance and secure it in a timely manner according to the leadership and key position pipeline.
- Clarify qualification requirements through job analysis by employment field and utilize verification processes and tools to verify the qualification requirements.
- Operate an in-house professional interviewer certification system to identify talent and operate a fair recruitment process.
- Establish a non-face-to-face interview system and operate a simplified recruitment process.

### DL E&C Human Resource analysis

We strive to secure adequate human resources in a timely manner and recruit talent based on systematic Human Resource analysis.

#### Human Resource Diagnosis



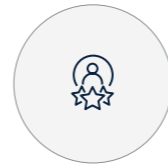
- In light of the business strategic direction and plan, define areas that need to be strengthened in business execution.
- Restructure, such as reorganization and amalgamation or abolition of functions, to concentrate organizational capabilities.
- Support the execution of strategies by establishing a personnel management plan (covering the review of the personnel assignment status and personnel shift plans (while simultaneously developing the employees’ career)

#### Competitive Market Analysis



- Define core competencies and technologies needed to respond to internal and external uncertainties and preoccupy competitive edge.
- Establish a plan to diagnose DL E&C’s core competency level and complement insufficient capabilities.
- Secure external experts continuously to supplement the capabilities we do not possess.

#### Identification of External Talent



- Carry out activities to build a talent pool through various channels to recruit talent.
- Conduct direct sourcing through the internal human network and recruit master’s and doctorate degree holders from academic societies and research institutes.
- Conduct talent relationship management activities to build long-term relationships and form friendly image.
- If necessary for business, shorten the recruitment lead time and respond immediately.

### Establishment of a strategic human resources plan

We have established a short to mid-term (three-year) human resources plan according to our annual business plan and business portfolio strategy in which we take in new hires and personnel arrangements and transfers are made. Given the characteristics of the construction industry, where human resources are managed by individual project units, we have established a “Mobilize & Demobilize” plan based on project type, size, and business site characteristics, and calculate and manage the appropriate size of professional human resources by considering the flexibility in human resources management.

To secure commercial competitiveness when promoting new projects or businesses, we preemptively recruit external experts for each major project execution stage, from the initial risk identification to project management, contracting, procurement, construction, and design. Through these efforts, major potential issues are pre-diagnosed, and risk mitigation measures are prepared. In addition, we set a pool of external expert candidates for prompt response to various issues and timely mobilization as needed.

### Human Resource assignment system

We operate various assignment systems to provide opportunities for internal talents to enhance their expertise through various job experiences and demonstrate their capabilities with new perspectives and passion by being assigned to desired departments and jobs.

Every year, a “job reassignment survey” is conducted for all employees to identify their desired job and transfer timing based on their career development plan. We prioritize assignments to the desired department based on the contents of the job reassignment survey when there is a need to assign new personnel.

In addition, we operate a “job posting system” that allows employees to directly apply for a job in the departments that need new personnel. The system allows a department to post a job opening describing the required competencies, qualifications, and experiences, while allowing employees to apply for that job by filling out an application form describing their competencies and qualifications. It contributes to accumulating various job experiences for internal talents and provides them with opportunities to demonstrate their capabilities by enhancing their expertise.







# Human Resource Management

## Human Resource Development Strategy and Program

### Human Resource development strategy

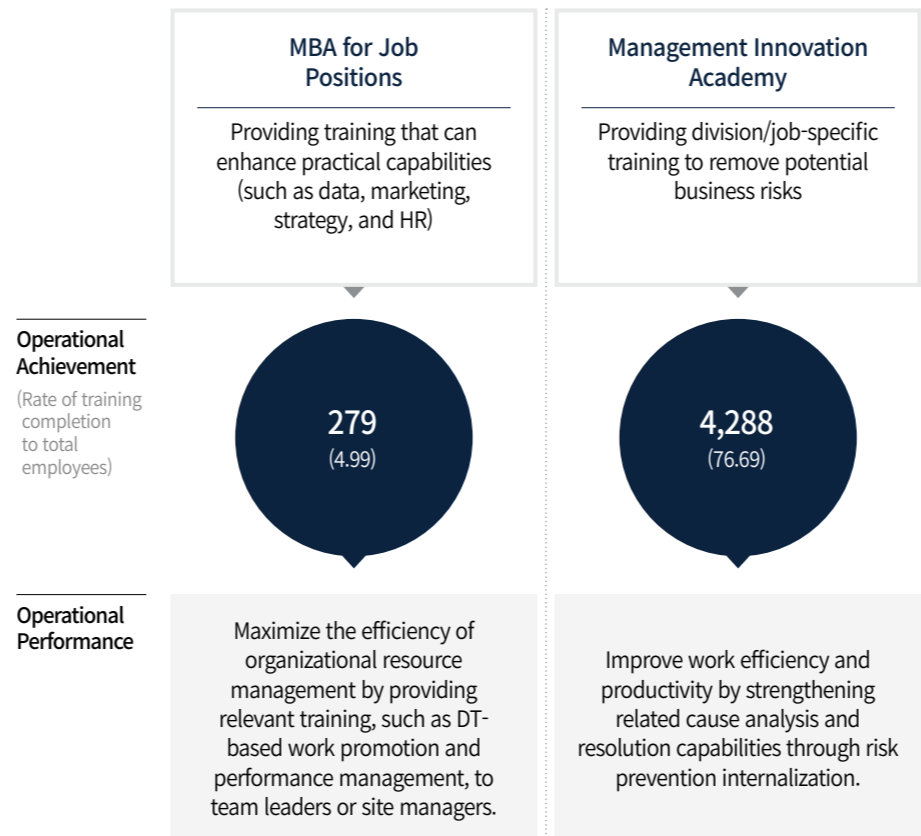
We aim to develop talents who “learn on the job” by organically linking learning and the job. Our goal is not to end with what we have learned but to utilize what we have learned in our work to internalize and develop it, thereby increasing productivity. Company-wide training programs are organized based on the knowledge and skills required for work. Self-development programs are available to everyone within the scope of support, providing an environment where employees can learn regardless of time and place (home and abroad). In 2022, as part of our management innovation, we intensively developed and operated training courses to identify and prevent quality risks surrounding the business environment.

### Employee Training Programs

<b>Management Innovation- Core Value</b>	<b>Leadership</b>	<b>Biz Skill</b>
 <ul style="list-style-type: none"> <li>- Management innovation courses</li> <li>- Onboarding programs for experienced employees</li> <li>- Onboarding/advanced courses for new hires</li> <li>- Ethics/compliance courses</li> </ul>	 <ul style="list-style-type: none"> <li>- Pre-CEO courses</li> <li>- MBA courses</li> <li>- Intensive coaching courses for field leaders</li> <li>- Courses for supervisors and PM candidates</li> <li>- Middle manager leadership courses</li> </ul>	 <ul style="list-style-type: none"> <li>- Internal lecturer development courses</li> <li>- Mentor development courses</li> <li>- Assessor development courses</li> <li>- DL online classes (DT, finance, performance management, etc.)</li> </ul>
<b>On-Site Competency Reinforcement</b>	<b>Job Training</b>	<b>Global Education</b>
 <ul style="list-style-type: none"> <li>- Compliance courses (on subcontracting, fair trade, etc.)</li> <li>- On-site safety, quality, and environment courses</li> <li>- Courses on practical competency reinforcement for on-site management</li> <li>- Core courses on costing and processes</li> </ul>	 <ul style="list-style-type: none"> <li>- In-house job training</li> <li>- External job training (conference, etc.)</li> <li>- Statutory job training</li> <li>- Support for acquiring Learning FORET (eLearning) and licenses</li> <li>- Job training by each division for new hires</li> </ul>	 <ul style="list-style-type: none"> <li>- Intensive language courses for overseas projects</li> <li>- Language test support</li> <li>- Language training support</li> </ul>

### Employee competency development program and performance

(Unit: No. of participants, completion rate (%))

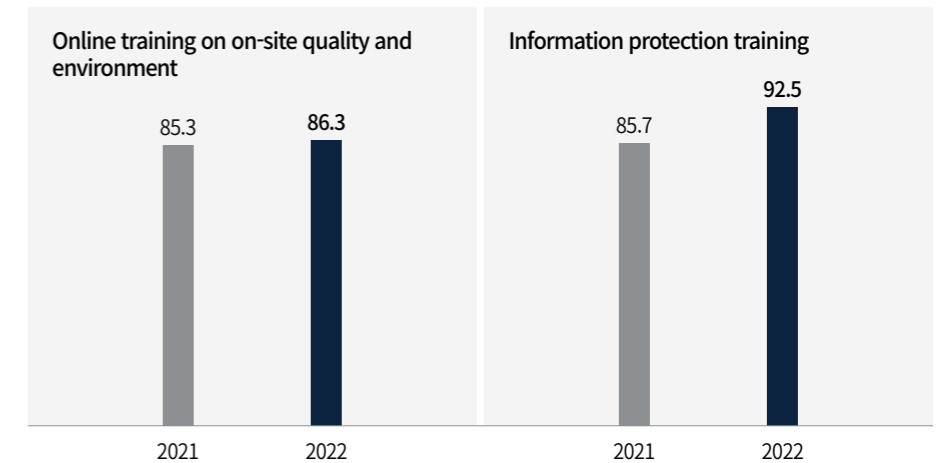


### Training system and program

DL E&C develop and operate various training programs by rank/job, including education on “Expertise,” “Skillset,” and “Toolset” and practices, to improve on our employees’ work competency. In addition to the existing advanced engineering courses (BIM, AWP, etc.), a course for common competencies (negotiation, communication skills, etc.) required for business promotion was newly established in 2022. Online/offline courses are operated alternately to leverage the strengths of face-to-face and non-face-to-face training. We also provide global education to build practical capabilities required for overseas business operations and support our employees with external and online education to acquire language skills required for the job.

### Employee Training Program Satisfaction Survey Results<sup>1)</sup>

(Unit: %)



<sup>1)</sup> Percentage of 4 to 5 points (“satisfied” to “very satisfied”) on a satisfaction survey on a 5-point scale (1 (not at all satisfied) to 5 points (very satisfied))

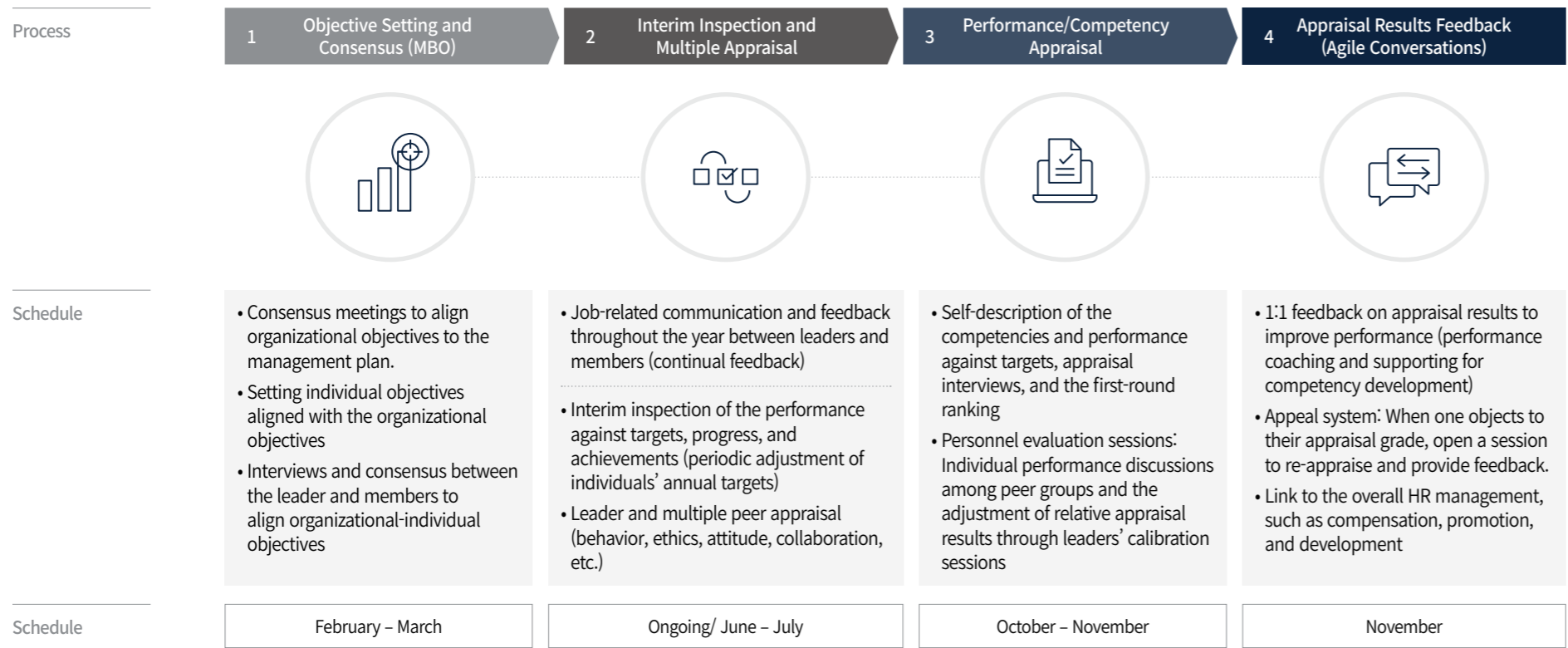
# Human Resource Management

## Fair performance appraisal and compensation

We adopted management by objectives (MBO) to pursue fair and reasonable appraisal and compensation based on the undisputed performance of employees who contributed to achieving the organization's goals. In addition, compensation is based on performance without discrimination based on gender or seniority, and evaluation results are used in overall HR management, such as compensation and training, to improve employee satisfaction. Through this, we pursue performance improvement and sustainability of the company as a whole, as well as that of individual members.

### DL E&C Performance Appraisal Process

We appraise employee performance by diversifying the timing of each appraisal process and improve acceptability by providing frequent feedback to each employee on the goals they agreed on with their leaders. Through year-end performance appraisal through interviews and coaching throughout the year, each employee's career path is designed, their performance is reviewed, and HR management plans for the following year are established.



## Fair compensation system

DL E&C creates a fair performance-related pay culture through various compensation systems that encourage employees to meet their goals and enhance the predictability of payment to motivate employees.

Compensation System	Pay for performance tied to appraisals
	<b>Achievement Award</b> Employees with the highest level of performance/ achievements in the industry or company are recommended and selected through a screening process and rewarded with paid leave and travel points.
	<b>Long Service Award</b> Depending on the length of service (10, 15, 20, 25, or 30 years), prizes (souvenirs) or paid leave and travel points are given.
Reward System	<b>Professional Engineers</b> Wreaths, refreshment sets, and family meal/ accommodation voucher packages are provided to qualified technicians.

## Guaranteed minimum living wage

We pay wages equal to or higher than the minimum living wage to all our employees and guide suppliers to pay wages equal to or higher than the minimum living wage/ minimum wage to their construction site workers. As of 2022, the starting wage for new hires was higher than the statutory minimum wage<sup>1)</sup>. As such, we strive to guarantee our employees' human rights and improve their satisfaction. As for our suppliers, the payment of remuneration higher than the living wage and statutory allowances is guaranteed in the DL E&C Supplier Code of Conduct. The payment is verified through the suppliers' sustainability self-diagnosis, as it is one of the diagnosis items (49.7% of Tier 1 suppliers participated in 2022)

Republic of Korea <sup>2)</sup>	Ration of employees	94.50%
	Hourly wage	KRW 21,316
	Hourly living wage	KRW 10,770
	Gap (times)	1.97

1) DL E&C full-time new employee wage ratio to minimum wage is about 1.7 times at 2022  
 2) Based on the living wage in Seoul as of 2022

# Human Resource Management

## Culture of Diversity and Inclusion

### Diversity policy and goals

We consider respecting employee diversity an important value and strive to build an organizational culture that embraces diverse perspectives and beliefs. To prevent unfair discrimination in employment, such as recruitment, promotion, training, wages, and welfare benefits, for any reason, such as gender, race, ethnicity, nationality, religion, disability, age, marital status, social status, and political opinion, relevant matters are stipulated in our Code of Ethics and the Human Rights Practice Guidelines. In 2022, expansion of diversity and inclusion was selected as a major mid- to long-term ESG task, and in particular, we promote gender diversity as a priority. In detail, we established the 2030 target, increasing the number of female workers and managers in line with the national ratio and industrial characteristics. As we advance, we will continuously activate educational programs and a communication culture to strengthen diversity and inclusion in various ways.

(Unit: %)

Classification	Female employee ratio in 2022	Target female employee ratio for 2030
Total employees	14.5	16.0
Total managers <sup>1)</sup>	18.8	23.0
Executives	2.7	5.0
Junior managers <sup>2)</sup>	39.4	40.0
Revenue-generating functions	14.9	15.0
STEM <sup>3)</sup>	10.6	12.0

1) Administrative jobs employee

2) Administrative jobs Junior

3) Technology organizations engaged in design, quotation, and technology works

### Creating Communication Culture Together

DL E&C operates various communication channels to expand horizontal communication among employees. Our employees directly communicate with the management through the “Hansup Speech Forum” and the “Quarterly Dialogue with Executive Officers.” In addition, the Hansup Council provides a space for open communication between them. Furthermore, through the members of the Hansup Council, a labor-management consultative body, employees can indirectly communicate with the management.


### Operation of a labor-management consultative channel<sup>1)</sup> (Hansup Council)

In order to activate workers’ participation in management and collect various opinions, DL E&C has established a Hansup Council in which all employees participate. The Council is composed of 15 representatives from each headquarters and 60 members in total. and strives to create a working environment that reflects the diverse opinions of all employees, including domestic and overseas business sites. including domestic and overseas workplace.

Thirty agendas were resolved through the Hansup Council in 2022, and all agendas were applied to improving working conditions and the work environment. All resolved agendas are disclosed through the Hansup bulletin board, a communication channel for employees.

1) We do not have a labor union that has signed a collective agreement. Instead, we operate the Hansup Council, a labor-management consultation channel.






### Hansup Council Operation in 2022

	<b>Central Operation Committee</b> <ul style="list-style-type: none"> <li>Incentives</li> <li>Wage</li> <li>Welfare points</li> <li>Expenditure for congratulations and condolences</li> </ul>	<b>Improving Standards</b> <ul style="list-style-type: none"> <li>Increased the marriage vacation period</li> <li>Improved the standards for travel expenses</li> <li>Improved the approval procedure for leave</li> </ul>	<b>Adoption or Change of Systems</b> <ul style="list-style-type: none"> <li>Improved the salary peak system</li> <li>Changed the voluntary retirement system</li> <li>Introduced the Junior Day</li> <li>Introduced the joint holiday system</li> </ul>
	<b>Operation</b> <ul style="list-style-type: none"> <li>Changed the operational rules</li> <li>Discussed the Fund in the first and second halves of the year</li> </ul>	<b>Employee Events</b> <ul style="list-style-type: none"> <li>Marathon</li> <li>Family Month Event (May)</li> <li>DL Camping Club (1<sup>st</sup>/2<sup>nd</sup>)</li> </ul>	<b>Gifts for Employees</b> <ul style="list-style-type: none"> <li>Gift for test-taking students</li> <li>Gift for overseas employees</li> </ul>

### Family-friendly Policy

DL E&C certified as a family-friendly company by the Ministry of Gender Equality and Family, operate various systems to help our employees maintain a healthy work-life balance. In particular, the Hansup Council continuously holds family cultural events for domestic and overseas employees. In addition, we run supportive programs for each life cycle to encourage healthy childbirth and infant care for those subject to maternity protection, and a ‘Hansup Daycare Center’ in our office building to provide a stable work environment for parenting.

### Family Cultural Events Run by Hansup Council in 2022

 <b>Camping Club Event</b>	<ul style="list-style-type: none"> <li>Support for glamping and caravans for families</li> </ul>
 <b>Family Month Event</b>	<ul style="list-style-type: none"> <li>Art Picnic: D Museum for children, Kids Program, Seoul Forest Picnic Support</li> <li>Cooking dedicated to parents: Meal kits for overseas employees’ families; sending video messages</li> <li>Family Mock Test: Contributing to family ties between parents and children through quizzes</li> <li>Making My Family Mug: Drawing faces on the mug with ceramic markers</li> </ul>
 <b>Volunteer Work</b>	<ul style="list-style-type: none"> <li>Support for employees and their families’ voluntary briquette deliveries</li> </ul>
 <b>Holiday Gift</b>	<ul style="list-style-type: none"> <li>Delivered Chuseok gifts to the families of overseas employees</li> </ul>
 <b>Gift for Test-taking Students</b>	<ul style="list-style-type: none"> <li>Delivered cakes to employees’ children who were to take a college entrance test</li> </ul>

# Human Resource Management


We set one year after childbirth as the maternity protection period and operate a maternity protection system that allows employees to breastfeed twice daily for 30 minutes at the in-house dispensary. In addition, we operate a family care leave and time off system that allows employees to use leave and time off when family care is urgently needed for illness, accident, old age, or child-rearing.

No. of Employees Who Took Family Care Leave

(Unit: person)


Classification	2021	2022
Time Off	4	3
Leave	0	8

**Family care leave**



up to **10** days a year

**Time off for family care**



up to **90** days a year

## Retirement Support Program

We offer an “online career planning course” to support the successful career planning and development of our employees about to retire. In 2022, a total of 64 employees participated in the program. It is designed to support self-discovery and career search, as well as help them plan their career after retirement. The participants include office personnel, those with permanent status, and anyone else covered by employment insurance. Due to the nature of our industry, there are many field workers. Due to the nature of our industry, there are many field workers. Therefore, the entire process is conducted online.

## Maternity and Childcare Support by Life Cycle

Pregnancy	After Childbirth	Childcare
<p>3 days of infertility leave, support for fertility treatment (medical expenses up to 3 million won)</p> <hr/> <p>Leave for infertility treatment for 3 days a year (1 paid leave; splittable)</p> <hr/> <p>Shortened work hours (6 hours per day) during pregnancy (Full wage paid)</p> <hr/> <p>Supports for infertility treatment costs (up to KRW 3 million)</p> <hr/> <p>Work-from-home during pregnancy (Full wage paid)</p> <hr/> <p>Prenatal checkups for pregnant women or their spouses and paid leave, and paid miscarriage/stillbirth leave</p>	<p>10 days of spousal maternity leave</p> <hr/> <p><b>Childbirth subsidies</b> KRW 300,000 for the first and the second child, KRW 3 million for the third child and beyond</p> <hr/> <p><b>Leave before and after childbirth</b> For 90 days mandatorily (120 for multiple births)</p> <hr/> <p>10 days of spousal maternity leave (Paid leave, splittable)</p>	<p>Parental leave for up to 1 year (same for men and women)</p> <hr/> <p><b>Parental leave for up to 1 year</b> (The whole period is counted in the continuous service period)</p> <hr/> <p>Operates a childcare center in the office building (maximum of 32 children)</p> <hr/> <p><b>Shortened work hours during the child-rearing period</b> - 3 to 7 work hours per day</p> <hr/> <p><b>Support for children’s school fees</b> From kindergarten to university fees Up to KRW 10 million per child per year (No limits on the number of children)</p>

# Human Resource Management

## Employee satisfaction survey

We conduct annual job satisfaction surveys for employees. The survey is conducted online to increase employees' engagement and improve the work environment, welfare, and administrative support. The survey, conducted with headquarters (HQ) employees, was expanded to include field employees last year, where 48.5% of the employees participated in identifying improvement measures for the work environment to enhance workers' engagement in their work. The survey result was 3.5 out of 5 points, and the main issue was improving elevator inconvenience. We reviewed facility operation scenarios for each situation to improve this, established a data-based facility maintenance management system, and carried out improvement activities. We will strive to improve employee engagement by conducting a yearly satisfaction survey. In 2023, DL E&C plans to evolve its employee satisfaction survey to create a healthy organizational culture. In addition to surveying satisfaction with the work environment and employee support, we plan to survey job satisfaction, internal motivation, happiness, and stress.

### Employee satisfaction assessment results

(Unit: participation rate and ratio (%), satisfaction score (point))

Classification	2021	2022
Employee Participation Rate	52	48.5
Satisfied Employee Ratio	N/A <sup>1)</sup>	53.5
Satisfaction Score (5-point scale)	3.35	3.5

1) Data was not collected due to changes in the survey method and questions, and data from 2019 to 2020 cannot be used as they reflect the time before the spin-off of DL E&C.

## Psychological counseling, healthcare & refresh lounge

Since 2021, DL E&C has provided employees with psychological counseling services to solve various problems (job stress, interpersonal relationships, family problems, personal emotions, etc.). Employees can receive counseling services through channels, such as 1:1 face-to-face, video, and phone calls, from external professional psychological counselors in which anonymity and confidentiality are maintained. In addition, a new healthcare lounge was opened in 2022 to improve employees' health and help them manage it comprehensively.

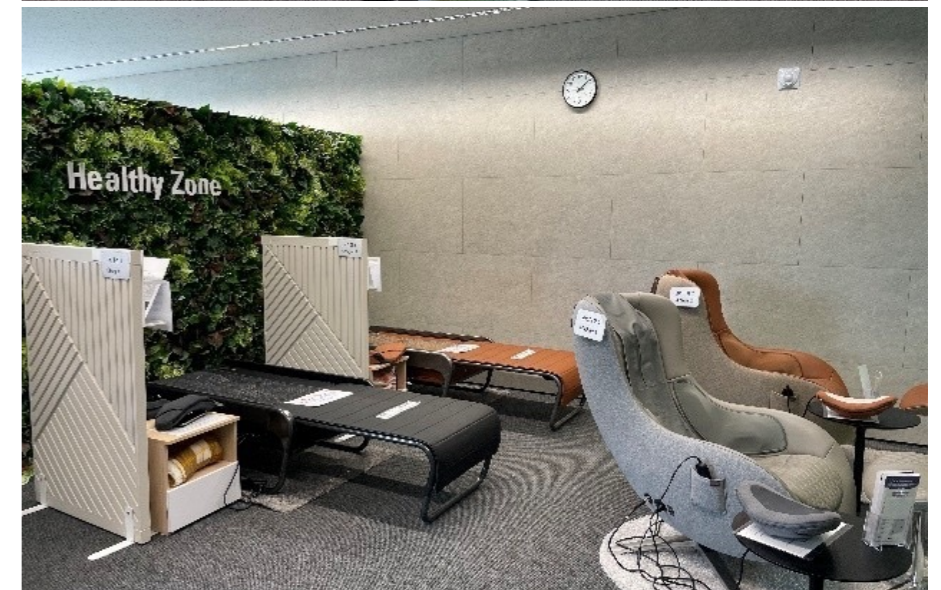
### No. of Psychological Counseling Services Provided

(Unit: cases)

2021	2022
107	370



Employee Psychological Counseling Service Poster







Healthcare & refresh Lounge

# Human Resource Management

## Employee benefits

We opened a system (D-Supporter) that can integrate and operate administrative (general affairs) services previously operated by each division, as well as the convenience facilities of the corporate office building. Through this, we provide systematic, prompt, and quality administrative services and expand support for employee welfare improvement and job engagement by collecting various opinions from all employees.

Classification	System	Description
<b>Working Hours and Type</b> 	Flexible working arrangements	Operates the recognized working hour system, flex-time system, and 2-week or 3-month flexible working hour system
	PC ON-OFF System	Operates the PC ON-OFF System where employees set their work plan and work according to that plan
	Part-time working	Working hours can be reduced depending on circumstances, such as pregnancy, childcare, and family care.
	Work-from-Home System (WFH)	Confirmed cases (employees or their family members living together) and those subject to maternity protection can work from home.
<b>Sports and Health Initiatives</b> 	Medical Expenses	Support for medical expenses up to KRW 3 million per year for the employees and their spouse, children, and parents (if registered on the National Health Service as dependent)
	Private Medical Examination	Support for private medical examination (including spouse) - For those aged 40 or above: every year - For those aged under 40: every other year
	In-House Dispensary	Operates an in-house dispensary to provide medicines, emergency/trauma treatment, etc.
	Healthcare Lounge	Provides a space with medical and fitness equipment for comprehensive physical and health management of employees
	Psychological Counseling Service for Employees	Provides counseling services through psychological counseling companies to restore and stabilize the mental and emotional health of employees
	Overseas Workers Compensation Insurance	Support for Insurance Covering Medial Expenses Arising from Accidents or Diseases that Occurred during the Overseas Service Period
	Non-face-to-face Medical Treatment Service for Employees Working Overseas	Provides non-face-to-face medical treatment service for employees working overseas
<b>Healthy Food</b> 	Salad Zone for Employee Health	Operates IN THE BOX, a convenience food zone (4 choices: salad, protein-up salad, a bowl of rice with toppings, and burger) - Eco-friendly campaign from 2023 (replacing disposables with multiple-use containers)
	In-house Cafeteria	Breakfast (1 zone), Lunch (4 zones), Dinner (1 zone) Halal salad dishes available upon request for foreign workers Various menus are available, such as low-salt, vegan, and low-calorie meals in addition to regular meals, considering employee health
<b>Family Care</b> 	Hansup Childcare Center	Operates a childcare center in the HQ (maximum of 32 children)
<b>Leave</b> 	Onboarding Leave	Grants 3-day paid leave for new (up to one year in service) recruits with relatively short days of leave
	Relocation Leave	Grants 3-day paid leave for those relocated to a domestic or overseas site
	Leave Report	Leave granted without approval procedures up to seven days before the date of leave
	Resort (condominium) Support	Free accommodation at the corporate resort (3 nights per year) Accommodation at discounted prices at 54 resorts

Classification	System	Description
<b>Economic Support</b> 	Advances	Advances to cover living, house purchasing/renting, house renting at a relocation site, wedding, and school fees
	Children's School Fees	Pays children's school fees (from kindergarten to university)
	Congratulatory Money for Multiple Child Birth	Pays money to congratulate childbirth (KRW 300,000 for the first child and the second child; KRW 3 million for the third child and beyond)
	Welfare Point and Point Mall	Pays 1 million points a year
	Moving Expenses	Moving expenses are subsidized for employees relocated with their entire family (including single-person households).
	Group Term Life Insurance	Group term life insurance support (against illness, injuries, death from overwork)
	Echo of Love Fund	Operates a fund to help employees, their spouses and families facing economic difficulties due to incurable, terminal, rare diseases, cancer, etc.
<b>Educational Support</b> 	Money to Victims of Disasters	Gives money to the victims of natural disasters (typhoons, heavy rain, lightning, earthquake, etc.)
	Online Education	Support for online courses (up to 2 courses per month)
	Language Courses	Supports to take a course at an academy, from a visiting lecturer, or on the phone (once per month up to 50% of the cost (limited to KRW 100,000))
	Language Test	Pays the full exam fee for one test type among TOEIC, TOEIC Speaking, and SPA (once a year)
	Statutory Training	Pays fees for statutory training, such as the construction technicians' first advanced course, refresher courses for qualified technicians, etc.
	External Training	Pays expenses for job-related training at external institutions or participating in seminars
	Technical Qualification	Up to KRW 350,000 during the employment period
<b>Cultural Support</b> 	Recommended Qualification	Pays training expenses, exam fees, etc.
	Hobby Clubs	Supports 14 hobby clubs with monthly subsidies (618 members in total)
<b>Others</b> 	Cultural Performance	Supports employees' or their families' exhibition Supports employees' families and children's art education programs
	Special Benefits for Newly Licensed Technicians	Provides gifts to employees who pass the technician qualification exam for the year
	Commuter Buses	Operate commuter buses in densely populated areas with limited access to public transportation
	Foundation Anniversary Award	Rewards with achievement awards, long-term service awards, etc.

# Win-Win Partnership Management

## Shared Growth Strategy and Program

### Supply chain management strategies

DL E&C has established an “ECOSYSTEM” to grow with suppliers and implements supply chain management strategies incorporating “fairness,” “competitiveness,” “openness,” and “eco-friendliness” to secure mutual competitiveness.

### DL E&C Supply Chain Management Strategy



### Shared-growth programs

Given the nature of the construction industry, we are collaborating with various suppliers, from purchasing construction materials to on-site construction. Accordingly, we are operating shared growth programs in five areas for sustainable growth with our suppliers and building trust through active communication and cooperation. In recognition of these efforts, DL E&C was selected as the best-rated company for three consecutive years in the 2021 Win-Win Index published in 2022.

Fair Trade	Financial Support	Management support	Technology Development Support	Reinforcement of Safety Management
<ul style="list-style-type: none"> <li>• Full application of the standard subcontract agreement</li> <li>• Operation of a subcontracting review committee</li> <li>• Application of external settlement/appraisal processes</li> <li>• Operation of a self-regulated fair trade compliance program</li> </ul>	<ul style="list-style-type: none"> <li>• Creation of the Win-win Cooperation Fund</li> <li>• Direct fund support (KRW 50 billion)</li> <li>• Operation of the Mutual Growth Fund (KRW 50 billion)</li> <li>• Support for mutual payment system fees</li> <li>• Improvement in the payment terms</li> <li>• Exemption of contract performance bonds</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of shared-growth welfare points</li> <li>• Financial consulting support for suppliers</li> <li>• ESG management consulting support for suppliers</li> <li>• Job training support for suppliers' employees</li> <li>• Support for shared growth courses for construction managers</li> </ul>	<ul style="list-style-type: none"> <li>• Joint R&amp;D and benefits sharing through the R&amp;D benefit sharing program</li> <li>• Technical data escrow program</li> <li>• Support for startups through DL E&amp;C Open Innovation (for demonstration, development, consulting)</li> </ul>	<ul style="list-style-type: none"> <li>• Support for safety management consulting (to prevent industrial accidents and improve suppliers' safety management competencies)</li> <li>• Safety management benefit sharing (to promote suppliers' self-regulated safety activities and safety consciousness and motivate them)</li> </ul>

### SPECIAL CASE Holding the 2022 DL E&C Startup Open Innovation

DL E&C held Open Innovation to support potential startups' technology development through a technology verification process and discover new businesses, such as technological innovation at construction sites and eco-friendly/decarbonization projects. In June 2022, 187 startups applied for face-to-face screening, and 7 of them, with items such as electric vehicle charging infrastructure, artificial intelligence technology, and smart glasses, were finally selected.

These items were applied to DL E&C's sites and underwent a technology verification process. On the final Demo Day, achievements and future roadmaps were shared with various stakeholders, including DL E&C members and venture investors (VC). Since then, we have supported the selected startups by linking them in the form of technology purchases, joint technology development, and equity investment according to the level of sophistication of their items.





# Win-Win Partnership Management

## Building a Sustainable Supply Chain

### Sustainable supply chain management system

We are bolstering our sustainable supply chain management system to effectively manage potential ESG risks in the supply chain and expand the value of sustainable management across the supply chain. We consider ESG factors when selecting and contracting suppliers and promote shared growth and win-win cooperation with suppliers with the Win-Win Cooperation Fund approved by the board of directors to support ESG management of suppliers in 2022. We expand the beneficiaries of our suppliers' ESG management support and implement a plan to expand supply chain risk management after reporting to the ESG Committee to identify, monitor, and manage potential sustainability risks in the supply chain.



### Supplier Code of Conduct signing obligations and Code of Ethics education

We define suppliers' social responsibility compliance requirements through the "Supplier Code of Conduct" and provide standards for correct behavior and valuation, which must be upheld in business activities. As part of ethics training for all suppliers, the contents of the code of ethics were posted and distributed through the supplier website, Partnership Portal. In the case of Tier 1 suppliers, the conditions for compliance with the Code of conduct were specified in the subcontract agreement. We introduced the electronic signature to pledge compliance with the Code of Conduct in 2022, where 56% of Tier 1 suppliers participated.

[DL E&C Supplier Code of Conduct](#)

### Details of DL E&C Supplier Code of Conduct

Labor Human Rights Management	Environment	Ethical Management	Health and Safety Management
<ul style="list-style-type: none"> <li>Forced Labor and child labor</li> <li>Compliance with working hours</li> <li>Anti-Discrimination and Harassment</li> <li>Wages and Benefits</li> <li>Humane treatment</li> <li>Freedom of association, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Energy consumption and the atmosphere Minimize emissions</li> <li>Pollution prevention and waste reduction</li> <li>Resource efficiency</li> <li>Hazardous materials management</li> <li>Regular environmental inspections</li> <li>Eco-friendly construction materials use, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Misconduct and Corruption Prevention</li> <li>Fair Trade</li> <li>Conflicts of interest and anti-competition Prevention</li> <li>Intellectual property and Privacy, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Occupational Safety</li> <li>Occupational Accidents and Illnesses Prevention</li> <li>Emergency response, etc.</li> </ul>
Labor and Human Rights Management Legal and regulatory compliance	Compliance with environmental laws and regulations	Ethics laws and compliance	Health and safety laws and compliance

### Composition of DL E&C Supplier Code of Conduct

Compliance with the Labor Relations Act	Wages and Benefits	Health and Safety
Compliance with Environmental Standards	Ethics	Selection and Management of Suppliers

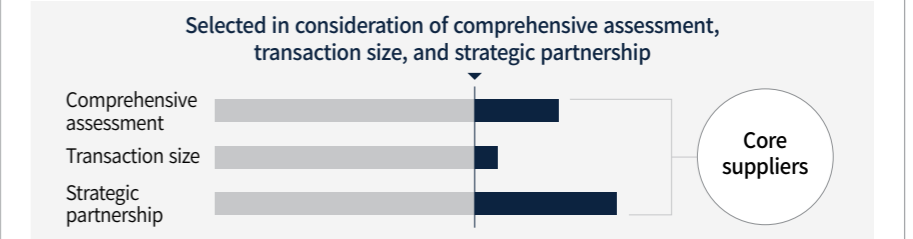
### Current Status of Supply Chain

DL E&C classifies suppliers into "Tier 1" and "Core" according to the following criteria to diagnose and manage risks.

### Classification of Suppliers

**1 Core suppliers** - Selected in consideration of comprehensive assessment (included ESG assessment), transaction size, and strategic partnership

Comprehensive assessment	Transaction size	Strategic partnership
Suppliers (top 14% as of 2022) that have passed the comprehensive assessment (minimum 80 points)	High-ranking suppliers in terms of contract amount and sales to DL E&C (they account for 34% of total contract amount as of 2022)	Suppliers strategically desired for business execution (such as joint technology development, suppliers of major equipment and materials)



**2 High-risk suppliers** - Suppliers classified as the bottom 5% in the risk diagnosis and assessment

※ Based on domestic suppliers

# Win-Win Partnership Management

**Classification of Suppliers** (Unit: No. of suppliers, %)

Classification	No. of Suppliers	Rate
<b>Total Suppliers</b>	940	100
<b>Tier 1 Suppliers</b>	940	100
Materials suppliers	530	56
Construction service suppliers	410	44
<b>Significant Suppliers</b>	132	14
<b>High-risk Suppliers Classified as the Bottom 5% in the Risk Diagnosis and Assessment</b>	23	2
<b>Non-Tier 1 Suppliers</b>	0	0
<b>Significant Suppliers</b>	0	0

**Value of Goods/Services Purchased from Suppliers** (Unit: Purchases and services (KRW billion), percentage(%))

Classification	Purchase Amount	Rate
<b>Total Suppliers</b>	23,862	100
<b>Tier 1 Suppliers</b>	23,862	100
Materials suppliers	8,344	35
Construction service suppliers	15,518	65
<b>Significant Suppliers (132)</b>	12,912	54
<b>High-risk Suppliers Classified as the Bottom 5% in the Risk Diagnosis and Assessment</b>	71	0.2
<b>Non-Tier 1 Suppliers</b>	0	0
<b>Significant Suppliers</b>	0	0

## Reinforcement of sustainable purchasing

We disseminate green purchase management guidelines to suppliers to encourage their purchase of green-certified construction materials and eco-friendly products. We prioritize purchasing eco-friendly products whenever we purchase raw and sub-materials for civil engineering, construction, electrical, and machinery work for construction sites, as well as daily necessities.

## Supply chain sustainability assessment and risk management

We assess suppliers using 18 assessment items in six areas through DSSC every year and identify potential risks by monitoring their compliance with the Code of Conduct. Through the DSSC designed based on the standards of global initiatives, such as ISO 26000, Responsible Business Alliance (RBA), and SMETA, 468 out of 940 suppliers were assessed in 2022. We aim to expand the assessment to include all suppliers by 2024. We provided improvement guides to the bottom 5% (23 suppliers) in the self-diagnosis, which are classified as a high-risk group, and re-inspected them to confirm that they have improved after a certain period.

### DSSC: Supplier evaluation items

Health and Safety (4)	Labor and Human Rights (8)	Environment (3)	Ethics (3)
<ul style="list-style-type: none"> <li>① Establishment of regulations and manuals</li> <li>② Safety-designated organizations</li> <li>③ Standard operating manuals</li> <li>④ Evacuation drills</li> </ul>	<ul style="list-style-type: none"> <li>① Compliance with the Labor Standards Act and issuance of written employment agreements</li> <li>② Compliance with working hours</li> <li>③ Compliance with the minimum wage</li> <li>④ Keeping the Charter of Rights and Freedom at hand</li> <li>⑤ Regulations prohibiting child and forced labor</li> <li>⑥ Regulations prohibiting discrimination</li> <li>⑦ Regulations prohibiting sexual harassment and related training</li> <li>⑧ Operation of a labor union or labor-management council</li> </ul>	<ul style="list-style-type: none"> <li>① Environmental policies in place</li> <li>② Organizations designated for environmental issues</li> <li>③ Violation of environmental laws</li> </ul>	<ul style="list-style-type: none"> <li>① Ethical charter or ethical guidelines</li> <li>② Ethical training</li> <li>③ Corruption and conflict of interest reporting channels</li> </ul>

Furthermore, we added “whether underwent ESG assessment” as a point-adding item in the regular supplier assessment in 2022 to promote suppliers’ voluntary implementation of ESG management. We motivate suppliers to make sustainable improvements with the point-adding item even when they are in the early stage of ESG assessment, conduct self-diagnosis through the DSSC, or participate in the assessment through an external professional organization. In addition, we operate an all-year-round registration system for suppliers meeting multifaceted competency standards covering quality and safety. We manage the supply chain with goals of having all of our suppliers comply with the Supplier Code of Conduct, achieving a 100% DSSC risk inspection rate and supporting 100 suppliers in their ESG management by 2024. In the mid to long term, we will assign additional points to suppliers with excellent ESG performance and screen suppliers with poor ESG management to establish a continuous and stable supply chain.



1) Assessment of relevant departments that comprehensively consider risks by country, industry, product, etc.

### 2022 DSSC (preliminary screening)

(Unit: No. of suppliers, %)

Classification	No. of Suppliers	Rate	Description
<b>No. of suppliers to subject to supply chain inspection</b>	940	100	For 100% of Tier 1 suppliers
<b>No. of suppliers screened for human rights, environment, ethics, and social</b>	940	100	
<b>Assessment rate</b>	468	50	For 100% of Tier 1 suppliers (132 significant combined)
<b>Risk identification</b>	23	5	The bottom 5% of suppliers (high-risk) in the risk assessment
<b>Risk treatment</b>	23	100	Take corrective action and encourage to make improvements.

# Win-Win Partnership Management

## Corrective action and incentives

We demand that our suppliers establish corrective action plans and improve ESG performance if they are found to require improvement in the supply chain risk diagnosis and assessment. We realize rapid ESG performance improvement by separately managing the relevant suppliers, reviewing the feasibility of improvement activities, supporting essential resources for corrective actions, and providing advisory support through external professional organizations when necessary. Improvement results are reflected in pre-screening the supply chain, diagnosing ESG risks, and establishing support policies through classification and analysis by area. As a result of supplier diagnosis and assessment in 2022, two suppliers that did not meet ESG management requirements on safety management were suspended from trading with us.

### Corrective Action against Supplier Risk

(Unit: No. of suppliers)

Classification	2022	Remarks
High-risk suppliers	23	
Suspended suppliers from trading	2	Poor safety management

### SPECIAL CASE Construction Win-Win Growth AMP for Outstanding Suppliers for excellent supplier

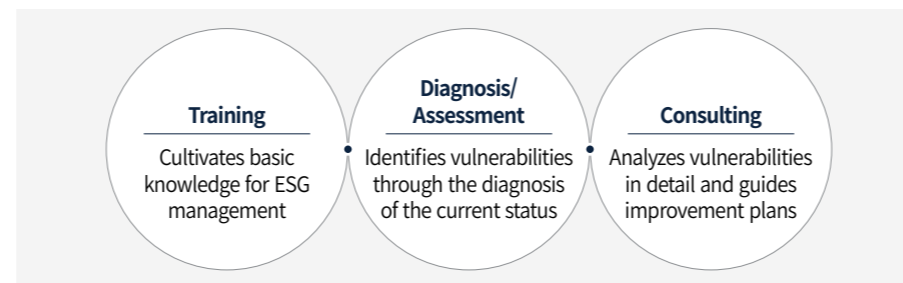
We opened an advanced management program (AMP) named “Construction Win-Win Growth AMP” for suppliers in 2022 for the first time ever in the construction industry. With the participation of CEOs of 20 small and medium-sized enterprises (SMEs) selected as excellent suppliers of DL E&C, the program that can be applied to ESG management, such as shared growth, fair trade, understanding of business environment changes, and risk management, was conducted. All participants completed this 15-week program, and DL E&C plans to expand and operate various educational support programs along with this.



On the other hand, suppliers with excellent diagnosis and assessment results are provided with various incentives, such as the right to be exempt from bidding restrictions, one million welfare points usable at the Shared Growth Mall, and performance bond rate reduction and exemption. In addition, they are given priority to benefit from various win-win cooperation programs such as finance, management, and technology development support. The “Direct Fund Support” within the financial support program lends funds to excellent suppliers with zero interest. In addition, the program that reduces suppliers’ loan interest using the interest generated from the Mutual Growth Fund helps suppliers’ financial soundness.

## Support for suppliers’ ESG management

ESG consulting was provided to our core suppliers through an external professional organization. In 2022, 20 suppliers were selected for ESG training and diagnosis/assessment. The assessment results were classified as very good, good, fair, and poor, and suppliers who received the “poor” grade were recommended for improvement through the diagnosis report. In addition, we plan to provide more in-depth consulting to the relevant suppliers when conducting ESG consulting in the following year. In 2023, we will provide ESG consulting for all core suppliers.



### Participation in ESG Management Programs

(Unit: No. of participating suppliers, %)

No. of suppliers who participated	2022			Participation Rate of Tier 1 Suppliers (940 suppliers)	Assessor
	ESG Training	Written Assessment	On-site Due Diligence		
	20	20	20	2.13	NICE D&B (3rd party assessment)

### Assessment Results of Supplier ESG Management Program

Results	Action Taken	No. of Target Suppliers
Excellent - Fair	Additional points are added to the supplier’s assessment points <sup>1)</sup>	17 including suppliers rated as excellent
Poor	Corrective action and improvement measures	3

1) Additional points will be added starting in 2023

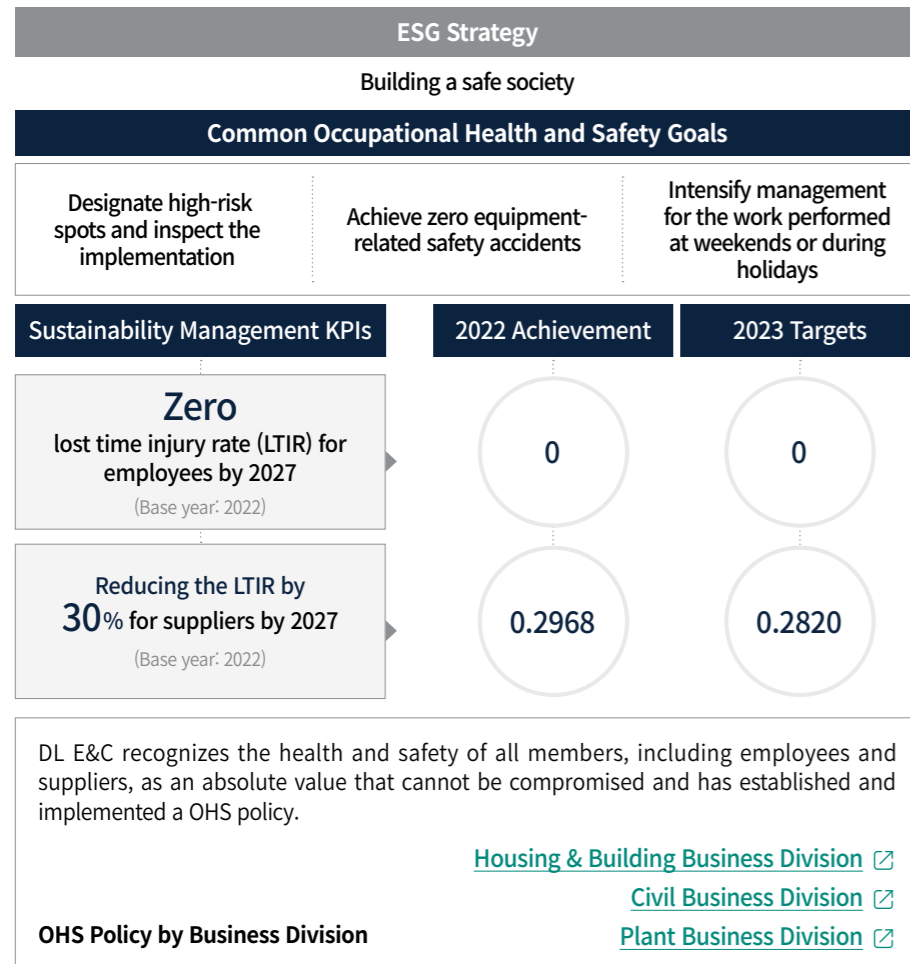
## Supplier communication channels

<b>Hansup Supplier Day</b>	<ul style="list-style-type: none"> <li>- Annual invitation event to select and reward outstanding suppliers (sharing major management status, listening to suppliers’ opinions)</li> <li>- Sharing suppliers’ best practices and DL E&amp;C’s safety management plans</li> <li>- In 2022, it took place both online and offline.</li> </ul>
<b>Partners Quality Consultative Body</b>	<ul style="list-style-type: none"> <li>- The Quality Consultative Body regularly shares quality goals, professional skills, and know-how between suppliers.</li> <li>- In the regular session of the Quality Consultative Body in 2022, executives of the Procurement Office and the Quality Innovation Office participated, as well as suppliers’ CEOs.</li> </ul>
<b>Cyber Sinmungo</b>	<ul style="list-style-type: none"> <li>- Damage arising from our employees’ unfair demands or actions, suggestions concerning ethical management, opinions, and supplier grievances are always received through our website.</li> </ul>
<b>Suppliers Portal, “Partnership”</b>	<ul style="list-style-type: none"> <li>- Sharing of various support programs and information through the supplier portal</li> <li>- In 2022, the “Hansup Talk Talk bulletin board” was renewed to enable two-way communication, and the notification system was improved to notify the received inquiry to the team manager.</li> </ul>
<b>Win-Win Council</b>	<ul style="list-style-type: none"> <li>- Regularly operates the Win-Win Council, a communication channel with suppliers on site</li> <li>- Minimizes subcontracting-related disputes by listening to suppliers’ opinions and forming a consensus on shared growth</li> </ul>

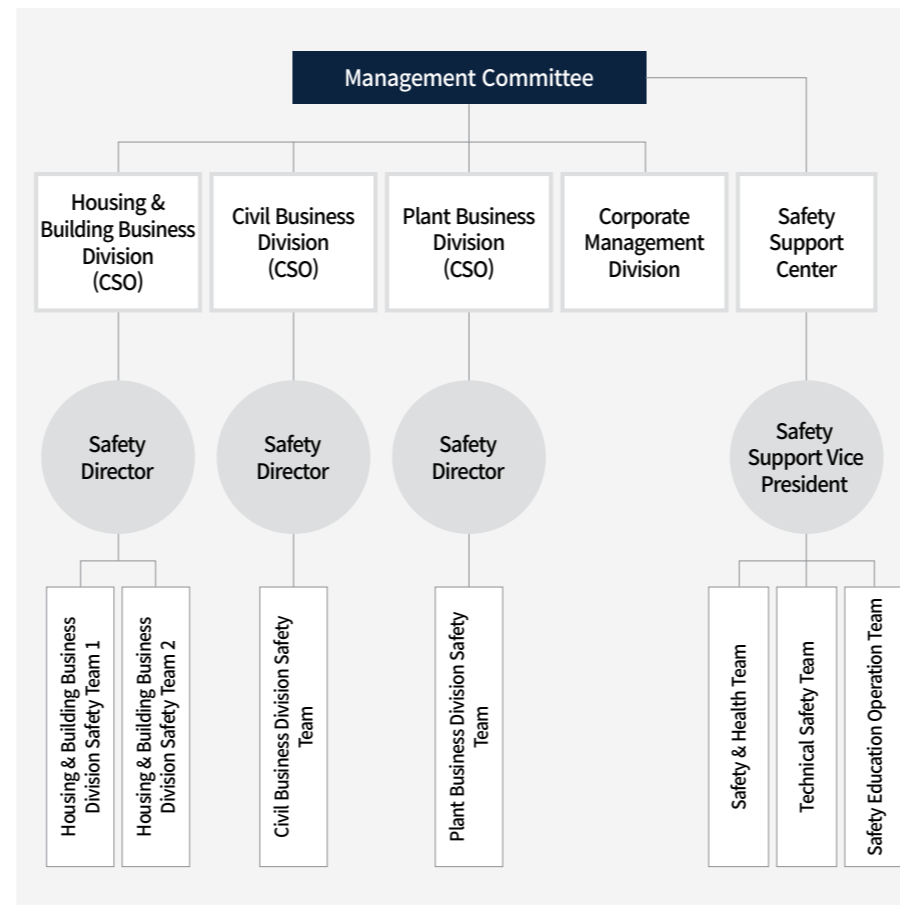
# Occupational Health and Safety Management

## Occupational Health and Safety and System

Our board of directors approves the annual safety and health plans and reviews the report on the implementation results at least once a quarter under the Occupational Safety and Health Act. In January 2022, Occupational Health and Safety organization was reformed, to be led by a Chief Safety Officer (CSO). Under the new system, each business division establishes OHS policies and implementation plans annually to regularly identify and improve related issues. Every month, they report to the CSO the inspection results and the arrangement of OHS managers to effectively manage safety accidents. In August 2022, we established a dedicated safety education operation team to improve the safety capabilities of our members, which is tasked to expand professional safety training. In particular, we develop and provide training content specific to each position, such as site managers and supervisors (mindset training), new OHS managers (On-the-Job Training (OJT)), employees in the HQ safety departments (safety training), and supplier foremen and signalmen.



Occupational Health and Safety Organization Chart



<b>CSO by Business Division</b>	<ul style="list-style-type: none"> <li>• Approves OHS policies and management plans</li> <li>• Verifies the implementation and maintenance of OHS management system</li> <li>• Approves the HR and budget plans and execution necessary for the implementation and operation of OHS management system</li> <li>• Approves the establishment and revision of OHS management manuals and management review reports</li> <li>• Supervises emergency response and establishes countermeasures</li> <li>• Supports continuous improvement of the OHS management system</li> </ul>
<b>Corporate Management Division</b>	<ul style="list-style-type: none"> <li>• Implements and supervises in-house OHS affairs</li> </ul>
<b>Safety Support Center</b>	<ul style="list-style-type: none"> <li>• Supports and discusses OHS affairs with the CSO of each Business Division</li> <li>• [Technical Safety Inspection and Support] – Technical Safety Team                             <ul style="list-style-type: none"> <li>- Inspects and supports structural, ground, bridge, equipment, and electrical issues</li> <li>- Supports the preparation of safety management plans and checks harm and hazard prevention plans</li> <li>- Produces technical safety guidelines and operates a technical safety permit system</li> <li>- Investigates accidents (analyzes the root cause and establishes measures to prevent recurrence)</li> </ul> </li> <li>• [Supervision and support for OHS affairs] – Safety&amp;Health Team                             <ul style="list-style-type: none"> <li>- Plans, manages, and support OHS activities of Business Divisions</li> </ul> </li> <li>• [Supervision and support for OHS training] – Safety Education Operation Team                             <ul style="list-style-type: none"> <li>- Plans and supports Occupational Health and Safety training for Business Divisions</li> <li>- Operates and manages the Safety Experience Center</li> </ul> </li> </ul>
<b>Safety Team of Each Business Division</b>	<ul style="list-style-type: none"> <li>• Implements and supervises site safety affairs of the Business Division, such as planning, personnel, and training                             <ul style="list-style-type: none"> <li>- Planning: Establishes OHS campaigns and safety policies</li> <li>- Personnel: Operates OHS personnel for the Business Division</li> <li>- Training: Develops training materials (guidelines) and establishes and implements training plans</li> </ul> </li> <li>• Inspection: Inspects and assesses OHS management and safety activities of each establishment</li> </ul>

# Occupational Health and Safety Management

## Reinforcement of management's safety responsibility

We operate safety activity standards for management to establish a leading safety culture and prevent accidents. Executives supervise four areas: safety inspection, safety education, safety feedback, and safety communication. The CSOs conduct on-site safety inspections at least once a month to solidify the safety management system. In addition, the number of safety inspections and serious accidents is included in the KPIs (performance indicators) of executives, team leaders, and employees of inspection departments to increase the executives' sense of responsibility towards safety. In this way, we will continue to bolster management's safety activities and KPI monitoring.

## Occupational Health and Safety Management Committee

Classification	Cycle	Participants
Monthly Meeting to Report Occupational health and safety Activities	Monthly	CSO, Business Division's directors Business Division's Safety Team
Monthly safety executives' meeting	Monthly	Safety Support Vice President, team leaders Business Division's safety directors, team leaders
Weekly Occupational health and safety meeting	Weekly	Safety Support Team Leaders and Headquarters Team Leaders
Occupational Health and Safety Committee	Every other month	Members representing the employer (site managers, safety managers, health managers, representatives of contracts worth KRW 2 billion or above) Members representing the employees (representatives of the employees, honorary occupational safety supervisors, representatives of the employees of the contractor who won a contract worth KRW 2 billion or above)

## Occupational health and safety certification

We strive to implement Occupational health and safety management system optimized for all our establishments in line with the changing environment. Accordingly, we aim to take Occupational health and safety management level to a global level through ISO 45001 certification.

**ISO 45001** [🔗](#)  
(Occupational health and safety management system)

After acquiring OHSAS 18001:2007 for the first time in 2009, it acquired ISO 45001 certification in 2018.

**ISO 21001** [🔗](#)  
(Educational Organization Management System)

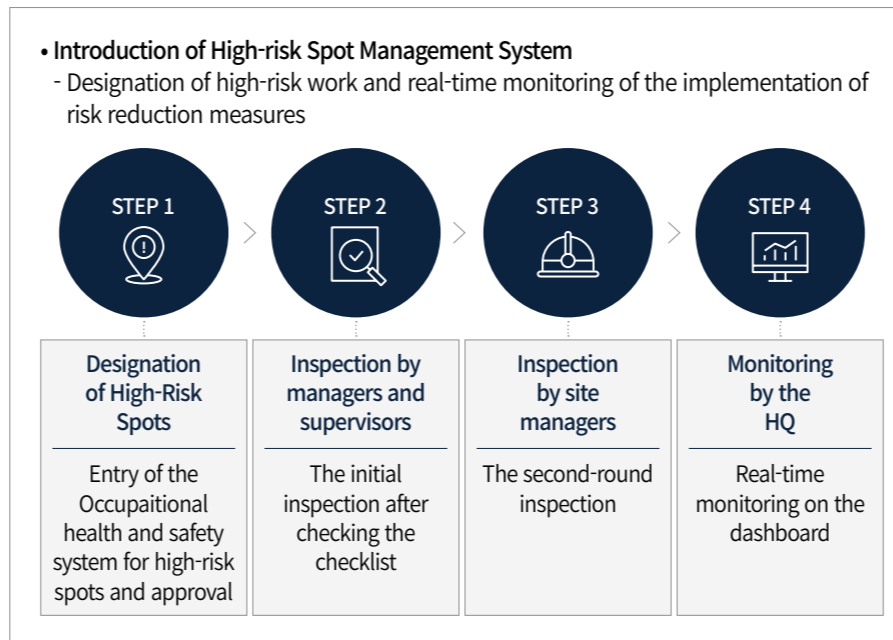
DL E&C's Safety Experience School is the first certified safety training facility operated by a construction company providing global learning services with improved training reliability.

**Safety Experience Center's Certification**  
(Korea Occupational Safety and Health Agency)

Under the private safety experience training center accreditation system, we acquired this certification for the first time in the construction industry in June 2021 to expand our experiential industrial safety training and win-win cooperation.

## Occupational Health and Safety Management Activities

### Setting up prioritization and action plans



- Introduction of a safety capability assessment procedure for supplier selection  
- Prevents serious industrial accidents by selecting subcontractors, service providers, and consignees meeting a specific standard<sup>1)</sup> of Occupational health and safety capabilities
- Vitalization of Supplier Communication on Occupational health and safety  
- Operates a safety report system, "Safety Sinmungo," where on-site risk factors through mobile are praised; recorded a total of 4,246 reports (all reports (including those made by suppliers) received on Safety Sinmungo in 2022 were processed)

1) Based on the Occupational health and safety capability assessment results of the suppliers of the Occupational health and safety management part

## Achievements in Internal/External Safety Inspections in 2022

(Unit: case)

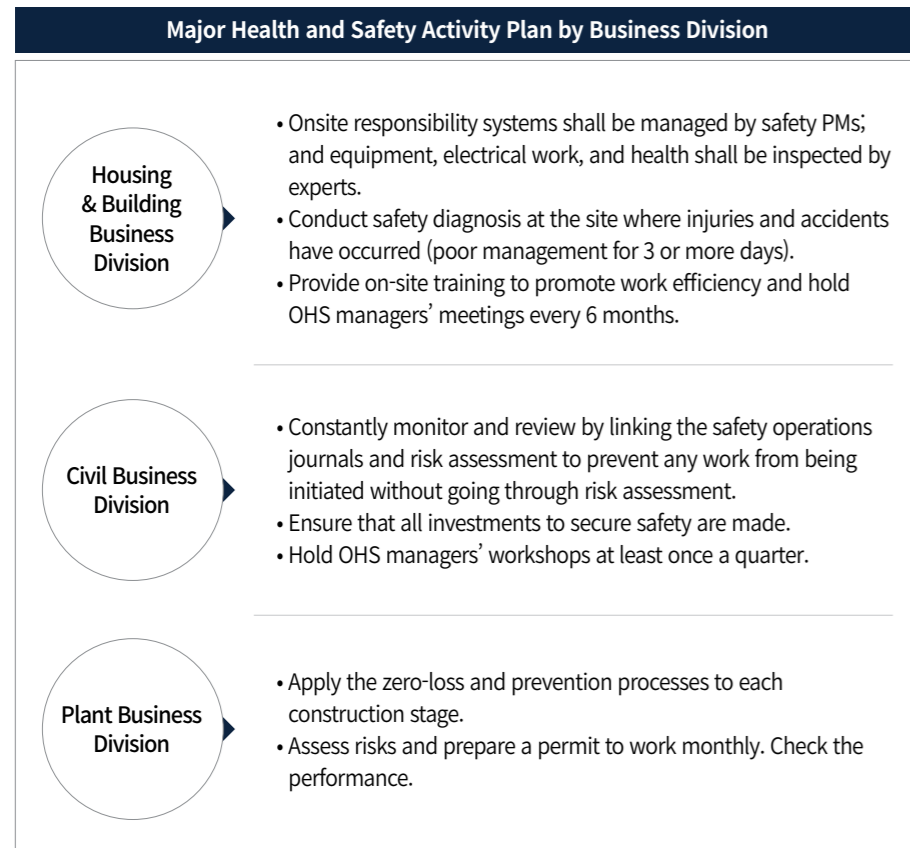
Category	Classification	Description	No. of Inspections Conducted
Internal Inspections	Safety inspections by the CSO	Safety inspections led by the management	Housing: 5 Civil: 3 Plant: 2
	Inspections by executives and team leaders	On-site safety inspections led by executives and team leaders to lead the safety culture for all employees	675 <sup>1)</sup>
	Self-inspection	Close support and inspections by designated HQ personnel (PM) by site	1,574 <sup>1)</sup>
	Technical safety inspection	Safety review and verification by technical safety personnel (equipment, electrical, architectural structure, foundation)	1,732 cases covering equipment and architectural structure
External Inspections	Safety inspection by external agencies	Third-party agencies check compliance with Occupational health and safety-related laws and regulations under the Serious Accidents Punishment Act	715 <sup>1)</sup>

1) An aggregated total of the inspections conducted by House, Civil, and Plant Business Divisions

# Occupational Health and Safety Management

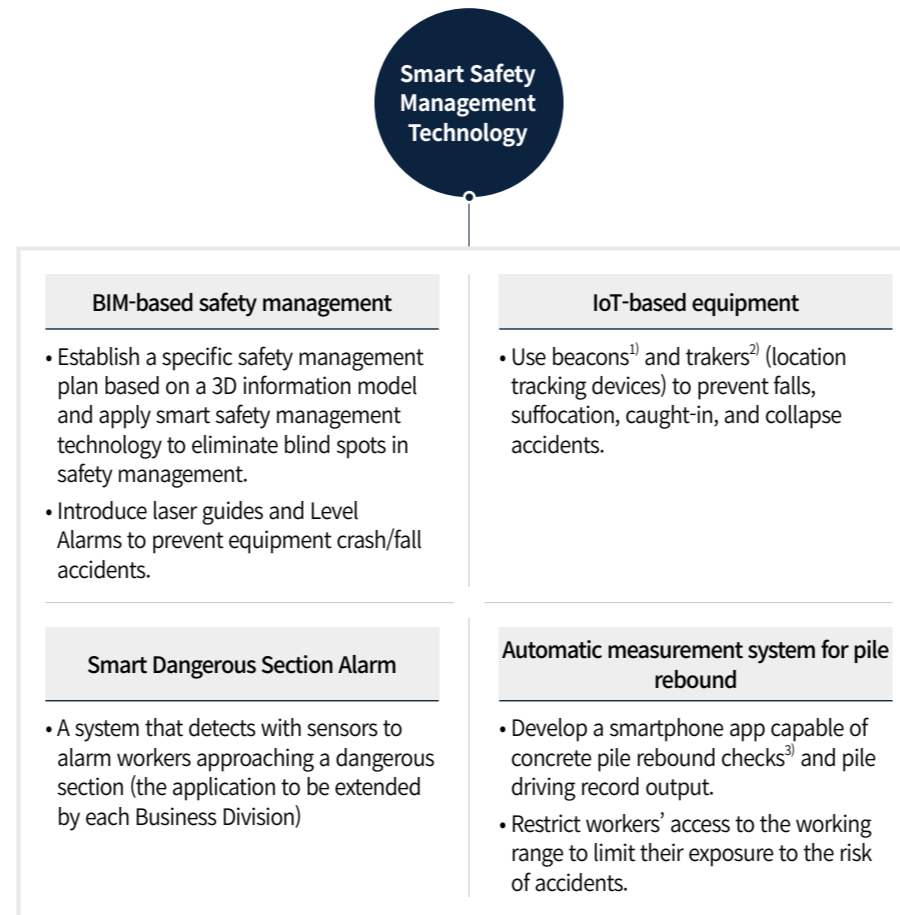
## Accident prevention at construction sites

DL E&C plan and implement common Occupational health and safety goals for 3 business divisions and promotion plans for each business division based on the cause analysis of safety accidents that occurred in 2022 and the recurrence prevention measures and improvement plans. We will prevent onsite accidents through regulation, inspection, and real-time control at the HQ and bolster the monitoring of the sections with a high probability of occurrence and construction machinery management processes.



## Advancing the smart Occupational health and safety system

We minimize safety risk factors by introducing a smart data-based system and applying advanced technology. In particular, we apply integrated design management using Building Information Modeling (BIM), Internet of Things (IoT)-based equipment, and dangerous zone detection systems using sensors and applications to various construction sites.



1) Wireless Bluetooth communication technology that transmits location information over short distances  
 2) Each worker carries it to transmit their location information to the central system.  
 3) Measures the pile's rebound at the bottom of a load-bearing structure after it has driven into the concrete

## SPECIAL CASE Use of a smart safety management device

### 4-channel image recognition cameras

The Housing & Building Business Division installed "4-channel AI image recognition cameras" on construction equipment, which facilitate a 360° view around the equipment and automatically recognize and warn approaching workers using AI functions. The device recognizes workers approaching the equipment and alerts the equipment operator to prevent caught-in hazards. The device, first introduced to the Housing & Building Business Division in July 2022, is now used at civil engineering and plant construction sites.

### Blue Eye System (bodycam)

For onsite safety regulations and safety accident management, we utilize a control system capable of real-time video recording, the Blue Eye System (body cam). The system enables record management, recording of the results of safety inspections in real-time, such as CCTV images, and the management of the workers by recording their violations of "5 Dos and 5 Don'ts." It also analyzes workers' work habits, tendencies, and unsafe behavior in real time. Furthermore, it enables real-time management through an integrated control platform, real-time disaster information sharing between the HQ and external organizations, and remote support/inspection for overseas and remote areas.

5 Dos	5 Don'ts
Strictly participate in safety training (morning assembly).	Do not approach the equipment operation range and danger-signed area.
Wear a hard hat.	Do not work alone without permission.
Move after securing passage safety.	Do not remove safety facilities without permission.
Keep materials and tools in the designated area.	Do not use unsafe tools.
Strictly wear a safety harness in the fall-hazard area.	Do not smoke or talk on the phone outside the designated areas.

# Occupational Health and Safety Management

## Strengthening Occupational health and safety for Local Communities and Suppliers

### Safety Experience School

We operate the “Safety Experience Center,” where trainees can experience risk factors and unsafe site conditions directly. A total of 21 experiential training programs related to construction sites, such as VR experience of steel frame, caught-in hazards, and comprehensive electrical inspection, is provided to employees, suppliers’ employees, and visitors to enhance understanding of the accident occurrence process, risk detection ability, and emergency response capabilities.

### OHS training provided to employees or other relevant parties to raise awareness and reduce operational health & safety incidents

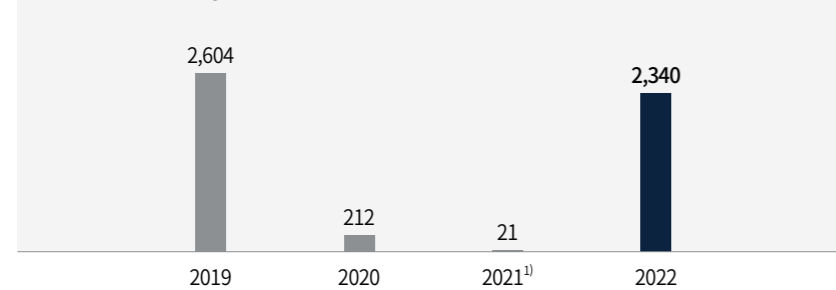
#### Cumulative training performance of the Safety Experience Center

**5,177** participants  
(260 sessions in 4 years)

#### Training satisfaction score in 2022

**4.82** on average  
(out of 5)

Cumulative training performance of the Safety Experience Center (Unit: persons)



[Safety Experience School and programs](#)

1) In the case of 2021, it was replaced with non-face-to-face (online) training because of COVID-19, such as distributing video training materials on CPR and descending lifelines. The above figures only indicate the number of on-site (offline) training participants.

### Training on the Serious Accidents Punishment Act for suppliers

To raise the understanding of the Serious Accidents Punishment Act, which took effect on January 27, 2022, and to deliver the contents that must be fulfilled at the site, DL E&C visited 32 sites from September to December 2022 and provided training for 160 employees and supplier employees. The main training contents covered the Occupational health and safety requirements of the Act, such as establishing and implementing Occupational health and safety management systems and measures to prevent recurrence. We also share safety issues through the “Partnership” safety bulletin board

### Programs to improve suppliers’ safety management competencies

We held the “Suppliers Safety Management Benefit Sharing” program in 2022. This program assesses the safety activities of 21 small and medium-sized suppliers and incentivizes outstanding suppliers to motivate their commitment to accident prevention. The management, including the CEOs of suppliers, held monthly “Safety Inspection Day” events and conducted safety inspections to spread their commitment to safety and create a safe atmosphere on site by encouraging managers and supervisors to participate actively in preventive activities.

For 19 suppliers, we helped them establish a Occupational health and safety system required by the Serious Accident Punishment Act through safety consulting by an external professional organization (Anjeone Co., Ltd.) and improve their industrial accident prevention capabilities. In addition, by diagnosing the safety management level of suppliers and providing them with a Occupational health and safety system roadmap suitable for their levels, we supported them in establishing the Occupational health and safety management system.

### Integration of actions to prepare for and respond to emergency situations

We take immediate action during an accident by operating an emergency response system to minimize damage. Emergency response manuals are shared with all employees, including suppliers and workers, and emergency response drills are conducted once every six months to improve responsiveness. In addition, all workers in the establishments are guaranteed the right to suspend or refuse to work at their discretion when an imminent risk of an accident is discovered during work.

### OHS criteria introduced in procurement and contractual requirements

Since January 2022, we have been implementing a Occupational health and safety competency assessment system that assesses the suppliers’ level of Occupational health and safety and contracts only with the ones that have secured an appropriate level of Occupational health and safety capabilities.

### Suppliers Occupational health and safety Competency Assessment Table

			Suppliers Assessment Items	
			4 basic safety competencies	
			<ol style="list-style-type: none"> <li>1. Certificate for OHS management system</li> <li>2. OHS organizations at the headquarter</li> <li>3. Average injury and death rate per 10,000 workers for the past 3 years</li> <li>4. Completion of safety training by the CEO and executives</li> </ol>	
			6 items concerning the establishment and implementation of OHS system	
Site Work	KRW 100 million or above	6 points or above	Below 6 points	<ol style="list-style-type: none"> <li>1. Average construction performance score for the last year</li> <li>2. Establishment of OHS policies and goals</li> <li>3. Ability to take OHS measures related to work, such as subcontracting, service, and consignment; inspection of technical capabilities and harm and hazard factors; the establishment of operating procedures (risk assessment)</li> <li>4. OHS management regulations (Safety and health training, conducting worker health checks, measuring the work environment, etc.)</li> <li>5. Investigation of causes of industrial accidents in the past 3 years and the establishment of measures to prevent a recurrence</li> <li>6. CEO safety inspections and training</li> </ol>
		5 points or above	Below 5 points	
Non-Site Work	Less than KRW 100 million	4 points or above	Below 4 points	
		5 points or above	Below 5 points	

### Suppliers’ mandatory pledge to safety management

We oblige our suppliers to maintain a safe on-site working environment by protecting workers’ lives and bodies in compliance with Occupational health and safety policies. In addition, we have formulated a safety management pledge covering the right to stop work whenever a risk factor is discovered for onsite safety. In 2022, 951 suppliers signed the pledge (all Tier 1 suppliers signed), and from 2023, by including this as a purchase contract procedure, all suppliers who sign new contracts with DL E&C will be obliged to sign the pledge electronically.

# Occupational Health and Safety Management

## Evaluation of progress in reducing/preventing health issues/risks

We recognize current and potential risk factors concerning Occupational health and safety, evaluate the severity of the risk, and identify priority improvement tasks. Subsequently, we establish procedures to manage and eliminate the identified risk factors in advance.

## Occupational health care

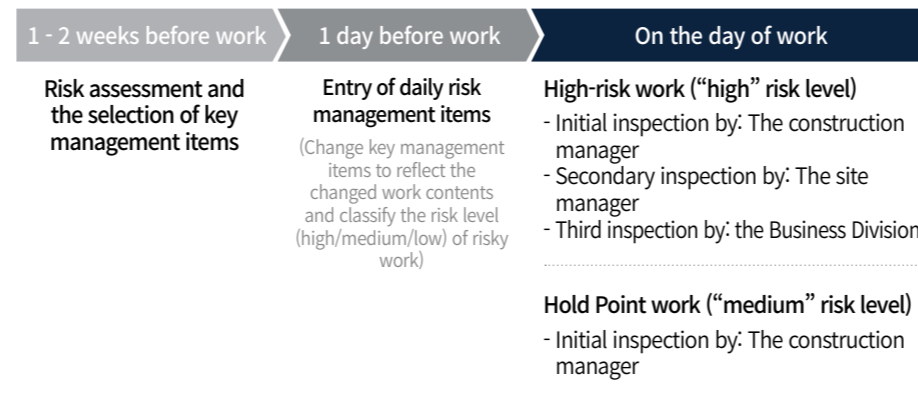
DL E&C conducts mandatory medical examinations for early detection and prevention of occupational diseases among its employees. It also supports various programs, including employee psychological counseling, for voluntary health promotion and emotional management. In order to prevent occupational diseases depending on the content and timing of work, the business sites are constantly conducting activities to eliminate and reduce risk factors by identifying risk factors in advance and reflecting them in risk assessments. In particular, due to the nature of the construction industry, which involves a lot of outdoor work, we select priority health care items for the hot and cold seasons and publish prevention guides to prevent occupational diseases. In addition, we have established and operated a response process in case of disasters tailored to the characteristics of the business sites so that we can take prompt measures and responses in the event of occupational diseases such as heat stroke.

Assessment Type	Target	Timing
Initial risk assessment	Entire process of the contract work	Before commencing the work
Initial risk assessment for each work type	Entire process of the contracted work type	Before starting the work
Regular risk assessment	Processes for the current year	Within a year of completion (annual)
risk assessment at all the time	<ul style="list-style-type: none"> <li>- All processes that last for 1 or 2 weeks</li> <li>- New or changed machinery, equipment, raw materials, etc.</li> <li>- Maintenance or repair of structures, machinery, equipment, etc.</li> <li>- New or changed work methods or procedures</li> <li>- In the event of a serious industrial accident or other cases where the site manager deems it necessary</li> </ul>	Once within 2 weeks
Permit to work for small-scale or short-term work	- Small-scale or short-term work where ad hoc assessment is omitted	Upon occurrence

## OHS risk and hazard assessments

- 1 The managers and supervisors of the relevant work type daily check the OHS of the key management items identified during the risk assessment.
- 2 Other risk factors other than key management items are managed by all employees through SPOT activities.
  - Implementation period: At all times (at least once a day)
  - Inspector: All onsite employees, including general OHS managers, managers and supervisors, and OHS managers
- 3 Suppliers' managers company check the key management items and the risk factors identified through the SPOT activities and take necessary action.
- 4 Every two months, general OHS managers, OHS managers, managers, supervisors, and a manager and an employee of each supplier conduct joint inspections.
- 5 If the general OHS manager deems it necessary to inspect the site conditions, etc., he/she convenes OHS managers, managers and supervisors, and suppliers' managers to inspect OHS.

## High-risk management monitoring system



## Procedures to investigate work-related accident

We established an initial response plan and a support system at the HQ to promptly deal with serious accident in the early stage, which occur at the HQ or on-site so that accidents can be prevented from spreading.

## Onsite Accident Response Procedure





# Quality Management

## Quality Management Strategy and System

### Quality management strategy

We set a quality level that can impress customers as a goal and established a quality policy accordingly. Based on this, we established a “company-wide Total Quality Management (TQM) system from the customers’ perspective” in which all employees are the principal of quality management.

[Quality policy | DL E&C](#)

We promote data-based quality management in line with the quality goals of each unit organization and operate a quality management process to maximize customer value in the entire process from project planning to execution, completion, and operation. To this end, quality standards are continuously checked and inspected during construction, and the contents are managed as big data to be referenced in the next project. In addition, “Safety Quality” items are systematized and managed so that defects do not lead to customer safety accidents.

### Quality management certificate

We have maintained ISO 9001 (Quality Management System) certification since the first acquisition in 1994 to meet the requirements of customers and stakeholders. In addition, we have acquired and maintained quality certifications from accredited inspection agencies such as the American Society of Mechanical Engineers (ASME) Standards and the Korea Electric Power Industry Code (KEPIC).

We also acquired ASME NA (field installation and shop assembly of all items), NPT (parts, appurtenances, welded tubular products, and piping subassemblies), S (power boilers), PP (pressure piping), and U (pressure vessels) certificates in 2012, 2013, and 2018, which have been maintained through re-certification audits every three years. In 2015, we first acquired the R (Repairs and Alterations) stamp from the National Board of Boiler and Pressure Vessel Inspectors (NBBI) and have maintained it through re-certification audits every 3 years (the latest audit in 2022).

The KEPIC MN (Nuclear Mechanical Components), EN (Nuclear Electrical and I&C), SN (Nuclear Safety-Related Structures) and MH (Nuclear Air & Gas Treatment, added in 2017) certificates, which we first obtained in March 1999, have been maintained through the re-certification audit in December 2022.

[Quality Management Certificates \(ISO9001, ASME, KEPIC, NBBI\)](#)

## Activities for Enhancing Quality Management

### Support for on-site quality

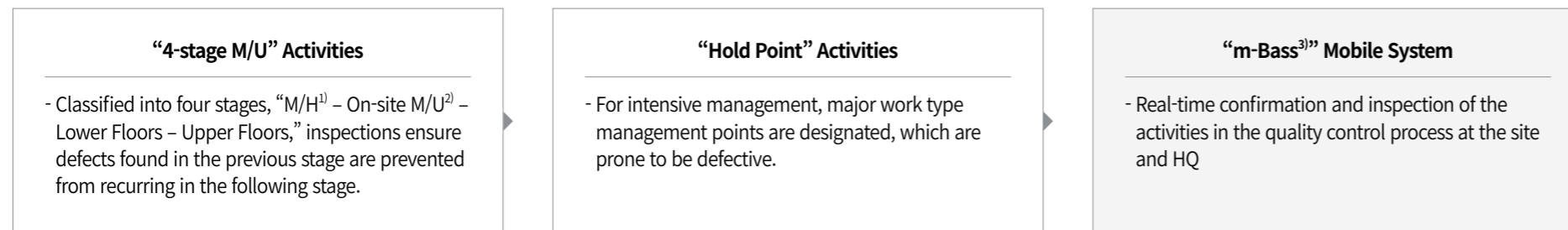
We systematically improve the quality of projects finally delivered to customers by strengthening quality control in the main construction stage.

<b>Operation of Defect Rate Process Indicators</b> - Inspection of 14 items and 80 types in the main construction stage - Onsite visits and inspections by HQ personnel	<b>Implementation of Supplier Management</b> - Implementation of supplier management linked to process indicators - Tracking and managing the defect rate by on-site work type and managing supplier evaluations
<b>Total Self-Inspection</b> - Implementation of supplier presidents’ meetings according to D-90 inspection results and consultation on handling plans	<b>Completed Housing Unit Management</b> - Full handling of D-45 risks before move-in

### Operation of a Quality Inspection Team (assessing product/service stability)

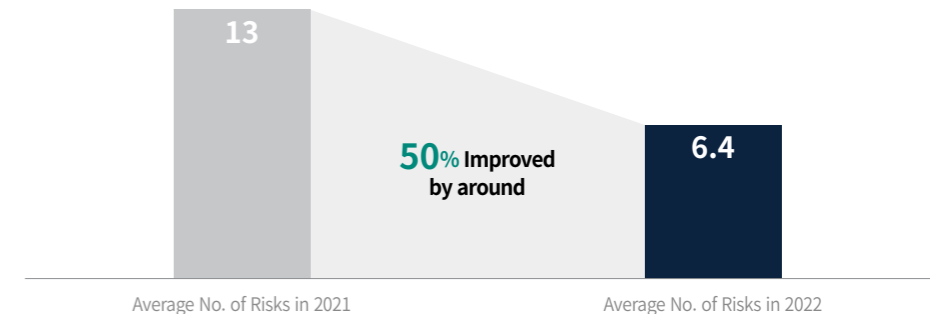
At DL E&C, we conduct a pre-finishing inspection based on the quality checklist with a focus on the frequently defective work types. To this end, we directly hire a quality inspection team to conduct the same level of finishing quality inspection at all our sites nationwide. We also perform a functional check from D-90 to the move-in date to achieve zero defects.

## Quality Management Process



1) Model House 2) Mock-up 3) mobile – before & after service system

## Risk Recognition and Achievement - No. of D-45 Risks per Housing Unit



# Quality Management

## Application of technology for quality improvement

(drone inspection of external wall cracks and location-based defect input system)

We manage exterior wall crack inspections, which could not be managed for safety risks and remoteness, with the “Exterior Wall Crack Drone Inspection Platform” using drones and AI technology. With this platform, we minimize the risk of water leakage caused by cracks in the exterior walls after moving in by detecting and repairing all cracks that occurred during construction. This technology has been applied to all apartment housing sites since April 2022, and we are providing services to other companies after completing joint platform R&D with our partner. In addition, we are improving input accuracy by automatically linking risk information with BIM properties and location information using a location-based risk input system. As such, we are efficiently managing risks of unknown causes by improving the existing system input method and construction quality inspection process, establishing a standard system for risk location information, and quantifying the collected risk information.









## Application of D-Silent Floor (inter-floor noise reduction structure) and D-Silence Guard (inter-floor noise alarm system)

In addition to “D-Silent Floor” addressing inter-floor noise problems and the optimal load-bearing wall design reducing inter-floor noise, DL E&C has developed “D-Silence Guard,” s system that informs the source of inter-floor noise and is to be expanded into a new business model.

The D-Silent Floor structure was developed by integrating 12 noise reduction patent technologies developed by DL E&C and engaging acoustic experts to solve the inter-floor noise problem. Notably, this structure can reduce the noise heard by occupants by about 50%, as it is Class-2-rated in heavy-weight impact noise compared to the legal standard for apartment housing (Class 4). The sensor-embedded inter-floor alarm system induces the occupants to reduce inter-floor noise by giving an alarm to them when it detects a vibration above a certain level. The log record of inter-floor noise detected by the sensor is stored in real-time in the integrated monitoring system, which can be used in the event of a dispute. These structures and technologies have been recognized for their noise-blocking performance in the field, not in a test room. They will directly contribute to improving the occupants’ living environment. By applying the technology developed by DL E&C, the noise heard by the human ear can be reduced by about half compared to Class 4-rated heavy-weight impact noise.

## Customer satisfaction activities

We are committed to various customer satisfaction activities through active communication with customers to identify their complaints in advance and minimize them.

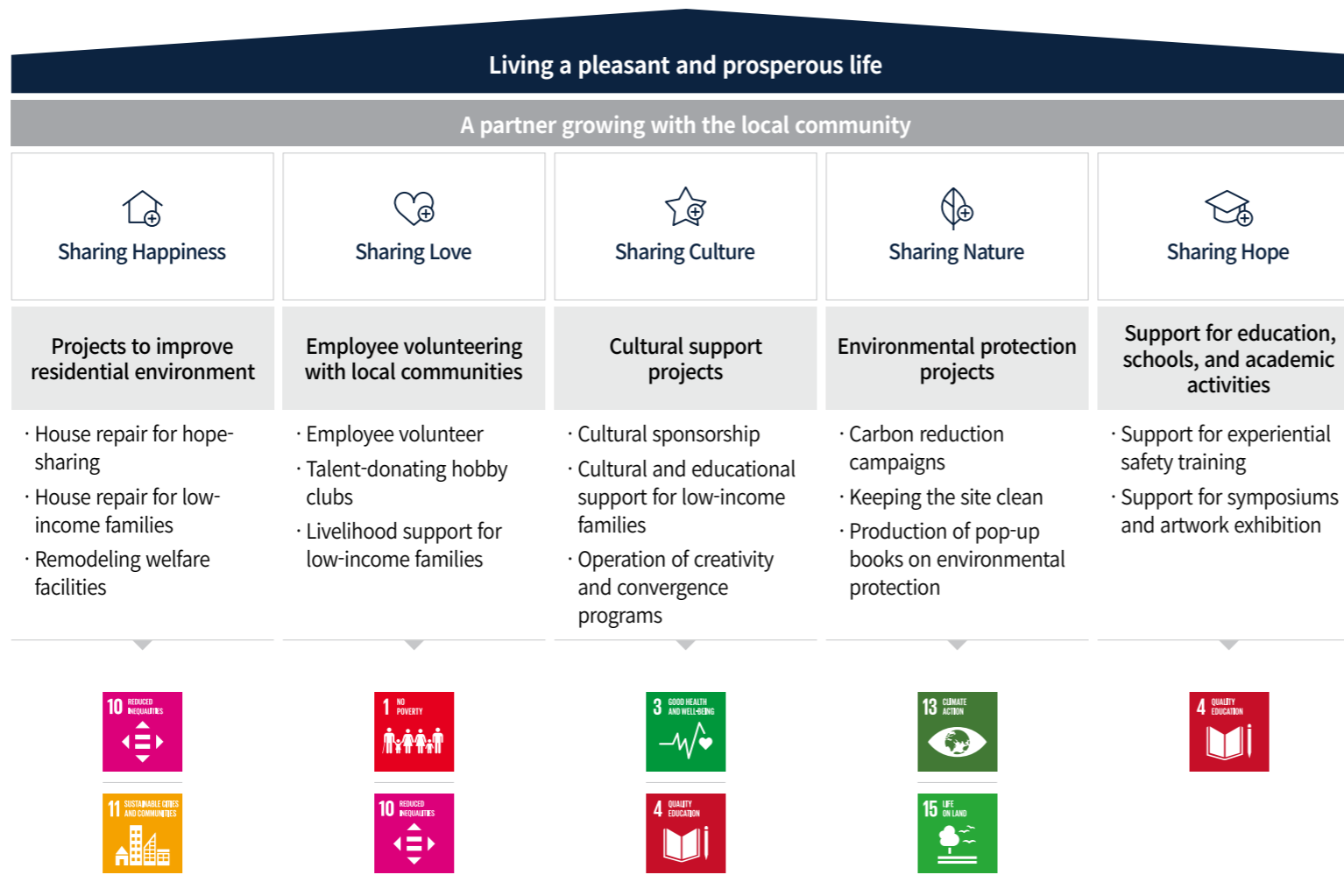
<p><b>Mobile Risk Management Service</b></p>	<p><b>LOHAS Service</b></p>	<p><b>Orange Service</b></p>	<p><b>Adoption of the National Customer Satisfaction Index (NCSI)</b></p>
<p></p> <ul style="list-style-type: none"> <li>- Real-time monitoring of customers’ risk reporting and processing status through Korea’s first mobile risk management service</li> <li>- Through AI image analysis, risk information (location, type, etc.) recognition, automatic reception by the system, and worker reservation system will be upgraded.</li> </ul>	<p></p> <ul style="list-style-type: none"> <li>- Allows ePyeonhangesang Apartment residents with access cards to freely use the facility after customer registration</li> <li>- The service is free of charge for 6 months from the end of the designated period for moving in.</li> <li>- Continuously offers services, such as consulting on community operation</li> </ul>	<p></p> <ul style="list-style-type: none"> <li>- An indoor cleaning service for households, which was put on hold for COVID-19. It is the first in the industry to provide customer satisfaction services, such as external window cleaning for residents on their fifth anniversary of moving in.</li> </ul>	<p></p> <ul style="list-style-type: none"> <li>- Analyzes the market response to NCSI-based DL E&amp;C offerings and the items that are superior and inferior compared to competitors to improve the offerings based on the analysis results</li> <li>- Ranked 3rd in the NCSI rankings in the apartment category in 2022</li> </ul>
<p><b>Customer Satisfaction Survey</b></p>	<p><b>CS Competency-Building Training for Customer Contact Employees</b></p>	<p><b>D.View Service</b></p>	<p><b>Enhancing Customer Communication</b></p>
<p></p> <ul style="list-style-type: none"> <li>- Operation of SMS Happy Call service (for customers for whom risks have been addressed or repairs or maintenance services have been completed)</li> <li>- Assessment by customers who visited our customer service center (outstanding centers/employees are selected and incentivized every month)</li> <li>- Satisfaction survey with customers who have participated in the pre-visit event (to be reflected in future events)</li> </ul>	<p></p> <ul style="list-style-type: none"> <li>- Enhances CS mindset and capabilities through regular CS processes and professional training</li> <li>- Provides standardized services based on the Customer Service Manual for Customer Contact Employees</li> </ul>	<p></p> <ul style="list-style-type: none"> <li>- Smart inspection/guide service: 360-degree VR filmed by type is provided with a metaport platform cloud service</li> <li>- Expedited processing service: A service in which customers can check through the mobile risk management service whether the service center has processed the issue raised during the pre-visit event before the end of the event</li> <li>- Smart moving in: Guide to solutions for repeated inquiries and risk types encountered when occupants moving in (production and distribution of information and videos on 12 representative items)</li> </ul>	<p></p> <ul style="list-style-type: none"> <li>- A reply to the Voice of Customer (VOC) must be made within 3 business days. Reduce VOC processing days from 6 to 2 days on average.</li> <li>- Shorten ARS comments of the customer contact center and provide a function to directly connect the customer’s call to a representative of the corresponding site.</li> </ul>

# Social Contribution

## Social Contribution Strategy and System

At DL E&C, we create sustainable social values based on social contribution strategies linked to the UN's Sustainable Development Goals (SDGs). Under the social contribution vision of "a partner growing with the local community," we are carrying out five key activities and spreading the value of sharing by providing community-based social contribution programs for various classes, including children, senior people, and people with disabilities.

- Hansup Philosophy
- Vision for Social Contribution
- Five major areas
- 5 Major Activities

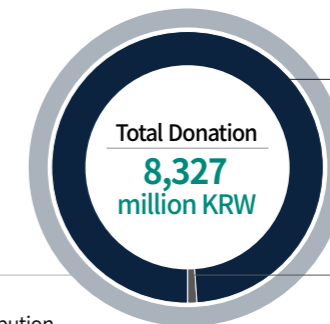


## Major performance in social contribution in 2022 (based on the separate financial statement)

	<b>Annual employee volunteer hours</b>	<b>15,124</b> hours
	<b>Annual employee volunteers</b>	<b>1,957</b> persons
	<b>Employee volunteer hours converted into monetary value<sup>1)</sup></b>	<b>KRW 3</b> million
	<b>Total Donation</b>	<b>KRW 8.3</b> billion

Amount Invested in Social Contribution Type

Social Contribution Amount in 2022



**8,295 million KRW**

**Cash donation**  
Cost of local community projects, donations, and sponsorship

**4 million KRW**

**Management cost**  
Cost of operating social contribution projects, advisory fees for program operation, research cost, etc.

**32 million KRW**




**Goods donation**  
Goods donations, product/service donations, and marketing costs (advertisement and promotion)

<sup>1)</sup> Volunteer hours converted into monetary value: Converted into monetary value by multiplying the employee volunteer hours by the hourly labor cost

# Social Contribution

## Business, Social, and Environmental KPIs by Program

We conduct strategic social contribution in consideration of both the social contribution vision and the characteristics of the construction industry, such as the impact of social contribution activities and their relevance to business. In particular, for major social contribution programs, we set and manage KPIs to solve various social problems and improve corporate competitiveness, striving to create a society that coexists with the local community.

Program	Jongno-gu Creative Convergence Education	Repair house for hope	Safety Experience School Providing Training to Local Communities
Target Region	Jongno-gu (in conjunction with Jongno-gu Office)	Seoul City (in conjunction with Habitat for Humanity Seoul branch)	Available to all nationwide applicants
Content of Social Contribution (relevant UN SDGs)	 <b>Provided creativity promotion education that combines science and art in elementary schools in Jongno-gu</b> UN-SDGs Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	 <b>Improved residential conditions and facilities for low-income families and social welfare organizations in the local community</b> UN-SDGs Goal 11. Make cities and human settlements inclusive, safe, resilient, and sustainable	 <b>Provides safety experience training to local organizations to raise safety consciousness and establish a safety culture</b> UN-SDGs Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all
Business Achievements in 2022	Total 719 views Creative Convergence Education <b>191 views</b>	Total 719 views Repair house for hope <b>155 views</b>	Total 719 views Safety Experience School <b>373 views</b>
Business-related KPIs for 2023	- Corporate awareness of DL E&C increased by <b>70%</b> . - <b>3.5 points</b> in likeability of DL E&C (out of 5 points)	- <b>40</b> media reports - <b>1,300 views</b> on digital channels (Linkedin, website, etc.)	- <b>4 points</b> in safety-related public awareness (out of 5 points) - <b>3.5 points</b> in likeability of DL E&C (out of 5 points)
Social and Environmental Achievements in 2022	- Number of participating students: <b>264 persons</b> - <b>4.9 points</b> in terms of satisfaction with the education program (out of 5 points)	- Beneficiary households: <b>90</b>	- Number of participating students: <b>475 persons</b> - <b>4.95 points</b> in terms of satisfaction with the education program (out of 5 points)
Social and Environmental KPIs for 2023	- <b>Builds up a pool of talent</b> with local communities by 2025 - <b>1,000</b> cumulative participating students (2022 – 2025) - <b>4.9 points</b> in terms of satisfaction with the education program (out of 5 points)	- <b>230</b> or more beneficiary households (2022 – 2025) - <b>KRW 230 million</b> or more of accumulated indirect value created with the project	- <b>1,500</b> or more cumulative participating students (2022 – 2025) - <b>4.95 points</b> in terms of satisfaction with the education program (out of 5 points)

# Social Contribution

## Social Contribution Activities

DL E&C are committed to fulfilling our social responsibility as corporate citizens through various programs promoting sustainable growth of the local community. In 2022, we produced Braille books for the visually impaired, ran a carbon reduction campaign to slow global warming, and provided a Creativity and Convergence Education program to promote creativity in elementary school students. As such, we actively seek and implement ways to contribute to society.

• **Sharing Happiness** to improve the residential environment for low-income families



Repair house for hope

90 households receiving housing improvements in 2022

Indirect value creation in 2022 **90million won**

“Sharing Happiness” is a project to improve residential facilities for the underprivileged suffering from aging settlements. Through the “Home Repair for Hope” activity in collaboration with the Seoul branch of Habitat for Humanity Korea, we improve residential conditions for old housing clusters and welfare organization facilities in Seoul and the metropolitan area by utilizing the skills and know-how of our employees in the construction industry. In 2022, 90 households benefited from the residential environment improvement program worth KRW 90 million in indirect value.

• **Sharing Love** Employee volunteer activities with the local community

Participate in the creation of a **braille book**

Supporting people with low-income **necessities**

Through “Sharing Love,” we provide necessary items and facilities for orphanages, nursing homes, and senior citizens living alone. In particular, we provide various life support for the underprivileged in the community, such as producing Braille books for the visually impaired or providing daily necessities for the low-income class.



Bread baking for low-income families

• **Sharing Culture** Expand cultural engagement opportunities for communities through the arts

Through the ‘Sharing Culture’ activity, we collaborate with the Daelim Cultural Foundation to carry out various social contribution activities using culture as a medium. through the medium of culture. We expand cultural experience opportunities for local communities through exhibitions that discover artistic values in everyday life and various educational programs. We are expanding cultural experience opportunities for local communities through exhibitions and various educational programs to discover the value of art in everyday life. ‘Happy Together’ and ‘Creative Convergence Education’, which are educational programs to promote creativity among low-income and local children. We sponsor a billiard hall in Gusulmoa to prepare the soil for cultural and artistic development.



Creativity and Convergence Education (source: Jongno-gu Office)

Convergence Creative Classes for Elementary school students with Jongno City District Office

Introducing Young Creators Space **D PROJECT SPACE**

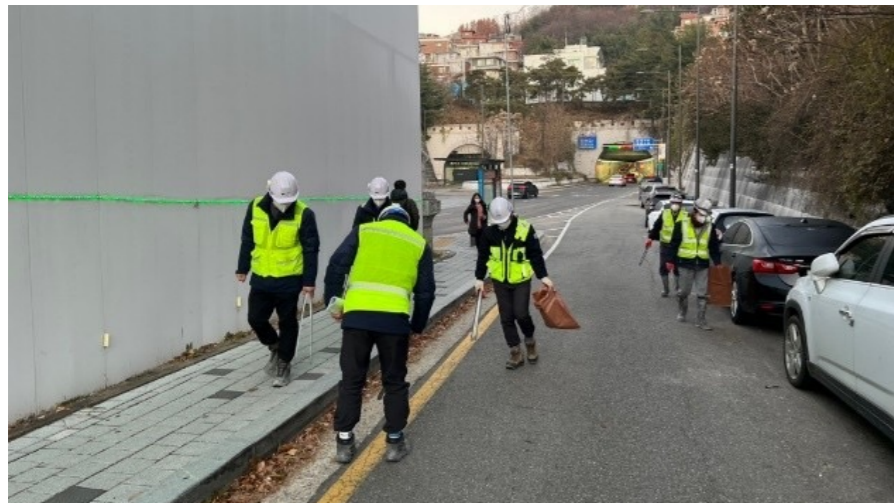
# Social Contribution

• **Sharing Nature** Environmental protection activities across the country to create a clean planet

Through “Sharing Nature,” we run environmental protection campaigns and cleanup activities to enhance the environmental awareness of employees and participants. We promoted using Thermos under a company-wide campaign to zero paper cups and produced and delivered environmental protection pop-up books to local children’s centers. We also run the “One Mountain, One River, One Street” campaign, an environmental cleanup activity for local communities at about 250 sites nationwide. As many as 1,546 people participated in this campaign in 2022, creating KRW 246.8 million of indirect value.

One Mountain, One River, One Street campaign Participants **1,546**

Indirect value creation in 2022 **246.8 million won**



One Mountain, One River, and One Street

• **Sharing Hope** Educational support through safety experience, symposium sponsorship, etc.

Through “Sharing Hope,” we support symposiums and exhibitions in conjunction with universities and associations nationwide while providing real-life safety knowledge through the DL E&C Safety Experience Center. In 2022, we expanded our safety experiential training support to schools and external organizations - 11 organizations and about 500 people were trained.



Experiential Safety Training

**11 organizations, 500 people**, participated in safety experience school in 2022

## Charitable contributions Guidelines

At DL E&C, we give donations strictly following the rules to make it transparent and fair. We strictly prohibit donations related to politics or to gain illegal benefits or influence a third party. However, as long as political neutrality is guaranteed and the public interest is upheld, we give donations to a cause with a political orientation while diligently disclosing the details of such every year. In particular, we have strengthened the fairness of donation execution by requiring board approval for any donation worth KRW 1 billion or more.

Donation Execution Criteria	Approval Authority
• Less than KRW 500 million per case:	To be approved by the CEO
• KRW 500 million or above but less than KRW 1 billion per case:	To be approved by the Finance Committee
• KRW 1 billion and over per case:	To be approved by the board of directors

### Anti-corruption Policy chapter 3.

#### 6. No Illegal Political Contributions

- 1) Any use of the company’s organization, personnel, and assets for political participation is strictly prohibited.
- 2) Making or approving political donations to the government or public officials in the name of the company or on behalf of the company is strictly prohibited.
- 3) It is allowed if expressly permitted by the laws of the local country and with prior approval of the company. However, any political donations that are considered bribery are strictly prohibited.

#### 7. No Donations or Sponsorships Violating DL E&C Policies or Laws

- 1) Any donations and sponsorships not allowed by our policies or laws and regulations are strictly prohibited.
- 2) Any charitable donations or sponsorship that are considered illegal benefits or bribery are strictly prohibited.

#### 8. Any Other Acts that Are Against the DL E&C Code of Ethics or laws

# Governance

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**64** Information Security    **66** Risk Management

# Board of Directors and Shareholders

## BOD Composition and Operation Standard

Our BOD comprises six directors, including two executive and four independent directors. With the independent directors’ ratio of 66.7%, we satisfy the requirements of the Commercial Act. The chair of the BOD is Mr. Nam Yong, an executive director, who was appointed for his insight into overall management; however, he does not serve as the CEO. In addition, we operate a lead independent director system based on the Regulations on the Board of Directors and assess material management issues and the activity performance of the BOD and subcommittees through a board of independent directors consisting only of independent directors. All directors are required to comply with a minimum meeting attendance of 75% in accordance with Institutional Shareholder Services (ISS) standards for effective board operations. In 2022, board members’ attendance is 100%.

### BSM(Board Skills Matrix)

Leadership	Investment Strategy	Expertise in Buyers/Related Industries	Expertise in Finance/Accounting
Legal Knowledge / Experience in Government/Regulators’ Affairs	Global Perspective	Risk Management	ESG Management

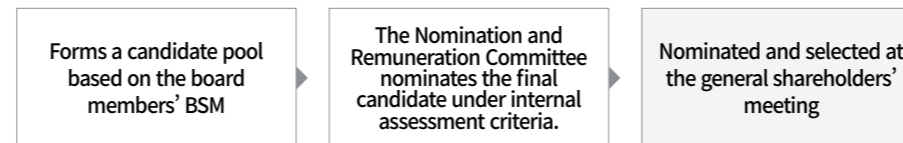
### DL E&C’s BOD Composition (as of December 31, 2022)

Classification	Name (Gender)	Experience	Term of Office (Date of Appointment)	Transactions with the Company for the Past 3 Years	Relationship to the Largest Shareholder
Chair of the BOD	Nam Yong (male)	Business expert	3 years (January 4, 2021)	Not applicable	DL E&C’s executive off
CEO	Ma Chang-min (male)		3 years (January 4, 2021)	Not applicable	DL E&C’s executive off
Lead Independent Director	Lee Choong-hoon (male)	Legal, Finance, and Accounting risk expert	2 years (January 4, 2021)	Not applicable	Not applicable
Independent Directors	Park Chan-hi (male)	Management strategy expert	3 years (January 4, 2021)	Not applicable	Not applicable
	Kim Il-yoon (male)	Business strategy risk, Construction industry expert	3 years (January 4, 2021)	Not applicable	Not applicable
	Shin Sue-jin (female)	ESG management expert	3 years (March 24, 2022)	Not applicable	Not applicable

※ All independent directors meet the independence requirements under DL E&C’s independence and diversity guidelines for BOD.  
 ※ As of the end of 2022, The board directors’ average term of office is 3.8 years.

In addition, we have introduced the Board Skills Matrix (BSM) covering eight competency indicators, such as leadership and investment strategy, to define the board members’ competencies. The Nomination and Remuneration Committee secures and manages independent director candidates for each area of expertise based on the BSM. As of the end of 2022, all board members are meeting key competencies of the BSM. As of the end of 2022, the number of independent directors who concurrently hold 4 or less positions is 4, and we limit independent directors to hold concurrent positions (as registered directors) to 2 or fewer.

### Independent Director Appointment Process



[DL E&C’s Corporate Governance Charter](#)

## BOD’s Independence, Diversity

### BOD’s Independence and Diversity

In the composition of the board members, we comply with relevant laws and regulations, including the domestic commercial law, and utilize independence and diversity guidelines in line with global regulations. By doing so, we strengthened independence by appointing independent directors with no past transactions with the company or relationship with the largest shareholder and promoted board diversity by reflecting in the Articles of Incorporation that all directors shall not be of a particular gender. In addition, by configuring the majority of the BOD with independent directors with expertise in various fields, including management strategy, law, and ESG, we ensure that they collect opinions from shareholders and stakeholders and make rational decisions. Furthermore, we enhanced the BOD’s independence through the lead independent director system and the operation of the board of independent directors.

[Guidelines for Independence and Diversity of the Board of Directors](#)

## BOD operations

### BOD Activities

DL E&C’s regular board meetings are held quarterly, with additional ad hoc meetings as needed. The board resolves the agenda with the attendance of a majority of directors and the consent of a majority of present directors, except as otherwise provided in laws or the articles of incorporation. In 2022, 9 meetings were held to resolve 56 agenda items. The board operations, including regulations on the board of directors, are disclosed on the website to maintain transparency.

[BOD Composition and Regulation](#)

[2022 BOD Meetings \(Agenda items resolved and issues reported\)](#)

### No. of Meetings



9 Cases

### Attendance Rate



100%



# Board of Directors and Shareholders

## Committees under the BOD

### Enhancing BOD Operational Efficiency

Under the regulations on the board of directors, there are four subcommittees under the BOD: Nomination and Remuneration, Audit, Finance, and ESG. At the regular general shareholders' meeting in 2022, we merged the Independent Director Nomination Committee and the Remuneration Committee into the Nomination and Remuneration Committee centered on independent directors to ensure efficiency in its operation. Recognizing the importance of ESG management and the smooth promotion of our ESG plans, we expanded the Governance Committee into the ESG Committee.

[BOD Subcommittees' Functions and Regulations](#)

### Audit Committee's Approval and Non-Audited Service

We regularly inspect whether there is any provision of non-audited service that affects the independence of external auditors. External auditors may perform non-audit work judged to be non-detrimental to their independence. Details related to such work are reported to the Audit Committee, and audit details are disclosed through a regular quarterly report.

## Committee Composition and Operation

### Subcommittees under the BOD

(as of December 31, 2022)

	Board of Directors			
	Nomination and Remuneration Committee	Audit Committee	Finance Committee	ESG Committee
Composition	Member Kim Il-yoon, independent director <sup>3)</sup> Member Lee Choong-hoon, independent director Member Shin Sue-jin, independent director Member Ma Chang-min, executive director	Chair Lee Choong-hoon, independent director Member Park Chan-hi, independent director Member Kim Il-yoon, independent director	Chair Ma Chang-min, executive director Member Lee Choong-hoon, independent director Member Park Chan-hi, independent director	Chair Park Chan-hi, independent director Member Lee Choong-hoon, independent director Member Kim Il-yoon, independent director Member Shin Sue-jin, independent director
Objectives and Authorities	<ul style="list-style-type: none"> <li>Nominates independent directors</li> <li>Determines the registered directors' remuneration limits submitted to the general shareholders' meeting</li> <li>Reviews the committee's decision under the executive's remuneration regulations</li> </ul>	<ul style="list-style-type: none"> <li>Oversees the duties of directors and the management</li> <li>Approves the selection of external auditors</li> <li>Approves decisions related to the articles of incorporation or bylaws concerning other audit duties</li> </ul>	<ul style="list-style-type: none"> <li>Approves major financial decisions delegated by the BOD</li> <li>Manages the company's financial risks</li> </ul>	<ul style="list-style-type: none"> <li>Approves large-scale internal trading defined in the Monopoly Regulation and Fair Trade Act in advance</li> <li>Pre-reviews transactions between directors and the company under the Commercial Act</li> <li>Reviews material non-financial management issues, such as environmental (E), social (S), and governance (G)</li> <li>Reviews material management issues that affect shareholder value</li> </ul>
Operations in 2022	<ul style="list-style-type: none"> <li>3 meetings held<sup>1)</sup></li> <li>5 agenda items resolved; 0 item reported</li> </ul>	<ul style="list-style-type: none"> <li>6 meetings held</li> <li>4 agenda items resolved; 28 items reported</li> </ul>	<ul style="list-style-type: none"> <li>12 meetings held</li> <li>23 agenda items resolved; none reported</li> </ul>	<ul style="list-style-type: none"> <li>10 meetings held<sup>2)</sup></li> <li>49 agenda items resolved; 3 item reported</li> </ul>

1) Refers to a sum of meetings held by the former Nomination Committee (1) and the Remuneration Committee (2) as these two were merged into the Nomination and Remuneration Committee

2) Refers to a sum of meetings held by the former Governance Committee (3) and the current ESG Committee (7) following the reorganization of the current ESG Committee by expansion

3) Kim Il-yoon, Independent Director, was appointed as the Chairman of the Nomination and Remuneration Committee on January 18, 2023 in accordance with Agenda No. 1, 'Appointment of the Chairman of the Nomination and Remuneration Committee'.

# Board of Directors and Shareholders

## BOD's Expertise

We appoint independent directors with practical experience related to DL E&C's business and expertise in various fields and monitor each field so that they can contribute to sound corporate activities. In addition, we provide training to enhance the independent directors' understanding of the pending business issues and implementation status of each business division and invite external trainers to secure the necessary expertise.

### Training for Independent Directors in 2022

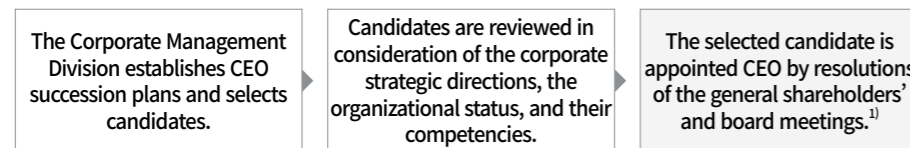
Training name	Schedule	Attendees
<b>Business strategy risk</b> Quarterly business strategy workshops (housing, civil, and plant strategic risks)	Quarterly	4 independent directors in total
<b>ESG risk</b> Education on global trends and risks related to ESG disclosure standards	Once a year	4 independent directors in total
<b>Financial risk</b> Education on the consolidated internal accounting management system	Once a year	Audit Committee 3 independent directors
<b>Construction industry accounting/legal risks, etc.</b> Understanding of major accounting and legal risks in the construction industry	Ongoing	New Independent Directors

## Stable Leadership

### CEO Succession and Appointment

Our CEO is succeeded and appointed under internal procedures. After a comprehensive assessment of our strategic direction, appointment criteria, and competency of candidates, the most suitable person is finally appointed as CEO by resolutions of the general shareholders' and board meetings. Through this, we rationally decide on material issues in management activities.

### CEO Succession and Appointment Process



1) If the candidate has already been appointed as an executive director, he or she is appointed by the board directly without going through the general shareholders' meeting.

## Performance Assessment and Remuneration for BOD and the Management

### BOD Performance Assessment

We assess the activities of the BOD and its subcommittees centered on the lead independent director and the board of independent directors. The regular annual assessment (through individual in-depth interviews) targets all executive and independent directors. The assessment items include whether corporate strategic tasks and material risk factors have been discussed and the composition, role assignment, and operational matters of the BOD and its subcommittees. In the assessment in 2022, the overall BOD's and subcommittees' activities were found to be good, but tasks requiring improvement were also identified. These will be improved, focusing on operational efficiency and completeness with the board secretariat at the center.

### Improvement Tasks Identified during the 2022 BOD Activity Assessment



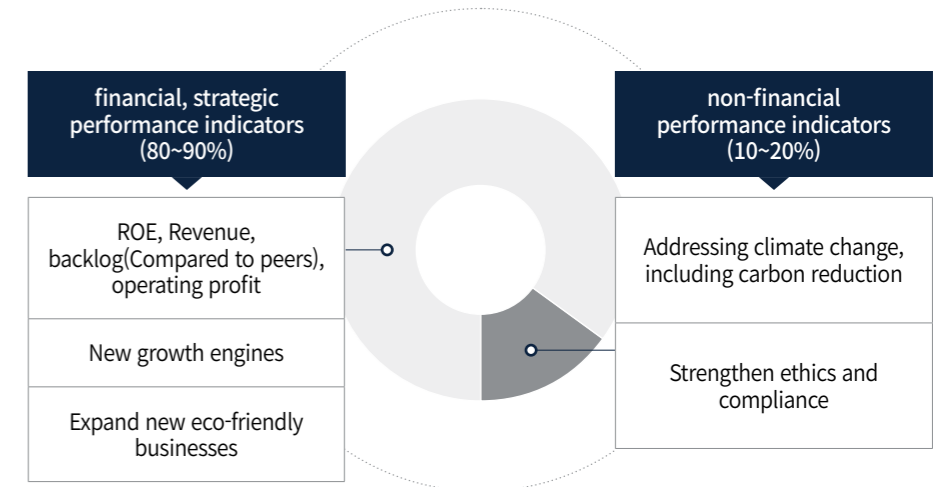
### Remuneration for Board Members

The Nomination and Remuneration Committee determines the upper limits of remuneration for registered directors to obtain approval at the general shareholders' meeting. Within the approved limit (0 - 350% of the basic pay), the board members are compensated based on a comprehensive evaluation of business performance, including operating profits against the target, operating profit growth rate, economic value added (EVA), and achievement of strategic tasks. As of the end of 2022, the total remuneration paid to six board members amounted to KRW 2.22 billion. The average remuneration per executive director was KRW 990 million; for independent directors, it was KRW 57 million.

### Aligning executive performance measures with compensation

CEO KPIs are determined by comprehensively reflecting financial, strategic, and non-financial performance indicators. DL E&C has strengthened management's responsibility for non-financial (ESG) factors by including major ESG initiatives, such as the implementation of the Net Zero Road Map to combat climate change and the reduction of greenhouse gas emissions, in the CEO KPIs. The CEO's performance bonus is calculated by comprehensively evaluating the achievement of these financial, strategic, and non-financial KPIs, it is paid in installments over three years. In the event of additional losses for a subsequent year, we operate with the ability to adjust or recoup performance bonus.

### CEO KPI components



# Board of Directors and Shareholders

## Increasing Shareholder Value

### Shareholders and Shareholding Ratio

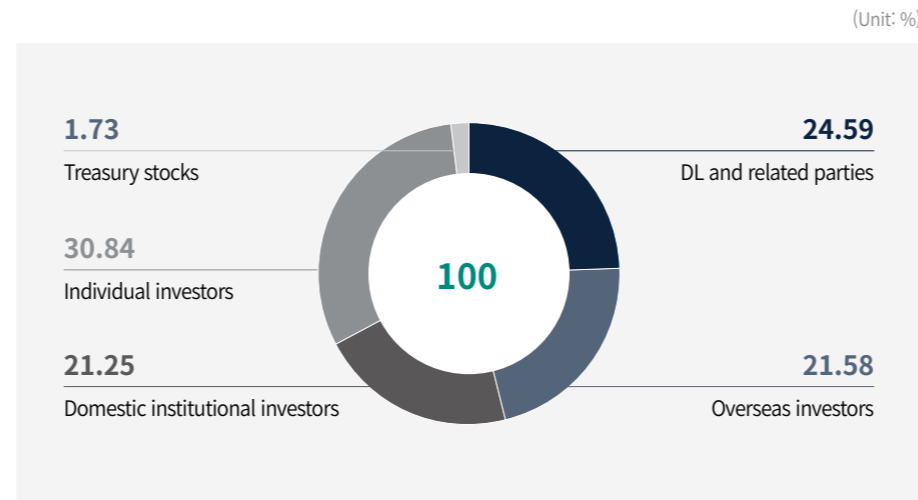
In case of significant changes to our existence and shareholders' rights, such as changes to the articles of incorporation, merger, spin-off, and capital changes, we make decisions at the general shareholders' meeting based on the principles of maximizing shareholder rights. Furthermore, we disclose our business information to shareholders accurately and promptly through various communication channels, including business reports, the corporate disclosure system, and the company website.

Shareholders (as of December 31, 2022)

Classification	Category	Unit	2021	2022
Shareholders composition	Common stock	1,000 shares	19,359	38,694
	DL and related parties	%	23.63	24.59
	Overseas investors	%	25.46	21.58
	Domestic institutional investors <sup>1)</sup>	%	27.15	21.25
	Individual investors	%	23.64	30.84
	Treasury stocks	%	0.12	1.73
Status of shares held by the largest shareholder and related parties	Total shares	%	23.63	24.59
	DL	%	22.19	23.15
	Lee Hae-chang	%	0.04	0.04
	Lee Jin-suk	%	0.08	0.08
	Lee Yoon-young	%	0.06	0.06
	Lee Bu-yong	%	0.00	0.00
	Daelim University College	%	1.26	1.26

1) The government agency (National Pension Service) among this group holds a 10.94% stake as of December 31, 2022.

※ We have not issued any golden share (a type of share that entitles the holder to veto certain material issues) as of December 31, 2022.



Date of General Shareholders Meetings and Date of Announcement 2021 – 2022

Year	Date of Announcement	Date of Meeting
2021	February 23, 2022	March 24, 2022
2022	February 22, 2023	March 23, 2023

※ Following the resolution for split-off at the general shareholders' meeting of Daelim Industrial Co., Ltd. on December 4, 2020, DL E&C was newly established on January 4, 2021.

### E-voting System and Information for General Shareholders' Meetings

At DL E&C, we provide sufficient information about the agenda for the general shareholders' meetings and post the convocation notice and meeting results on the website and DART (Data Analysis, Retrieval and Transfer System) to keep our shareholders informed fairly and timely. We encourage our shareholders to exercise their voting rights by advising them on proxy votes for their convenience. We also introduced an electronic voting system in the annual regular general shareholders' meeting to expand shareholders' decision-making channels, thereby guaranteeing their right to participate. Under Article 542 (6) and 363 (2) of the Commercial Act, shareholders may propose matters to resolve at the general shareholders' meeting, such as the director's appointment. We protect the rights of minority shareholders by putting legitimate proposals on the agenda of the general shareholders' meeting. When we decided to convene a regular general shareholders' meeting for the second fiscal term on March 23, 2023, we notified the date and agenda to the shareholders on February 22, 2023, four weeks before the meeting, to provide them with sufficient time for decision-making.

### Shareholder Return Policy

We have implemented a shareholder return policy that returns 15% (10% in cash and 5%<sup>1)</sup> for the purchase of treasury stocks) of the net profit attributable to controlling interests to shareholders every year since 2021 to increase shareholder value, with an aim to continue the policy until 2023. As we advance, we will continue to increase our corporate value by increasing investments, while maintaining the highest credit rating and financial structure in the construction industry.

Shareholder Return Policy 2021 – 2022

Classification	Unit	2021	2022
Net Profit for the Year (Net income attributable to controlling interests)	KRW million	577,044	413,166
Total cash dividends	KRW million	58,012	42,282
Dividend per share in cash	KRW	Common stock: 2,700 Preferred stock: 2,750	Common stock: 1,000 Preferred stock: 1,050 Preferred stock 2: 1,000
Dividend payout ratio (based on the consolidated)	%	10.05	10.23

1) Treasury stock acquisition in 2022: 647,077 common shares / 35,216 preferred shares / 32,799 preferred shares 2  
 ※ Acquisition amount: 5.02% (KRW 28,965 million) of net income

# Ethics and Compliance Management

## Ethical Management Policy and System

### Ethical Management Policy

We have built the Jeongdo (Ethical) Management foundation based on our “Hansup Spirit” of creating a pleasant and prosperous life. In addition, we are building a foundation for sustainable growth to overcome the rapidly changing business environment and compete in the global market through ethical management. We internalize our corporate value through the Ethics Charter and the Code of Ethics and distribute guidelines on practicing the Code of Ethics, anti-corruption management, and compliance with overseas laws in overseas projects, which are applicable to various situations we encounter concerning our relationship with stakeholders.

**Rate of Employees Who Signed the Pledge to Practice the Code of Ethics in 2022** **100%** (5,591 persons)

### Anti-Corruption Management Policy and System Upgrade

In October 2021, DL E&C received ISO 37001:2016 certification, an international anti-corruption management system standard, from the Korean Standards Association, a third-party certification body. The certification covers all services and related anti-corruption<sup>1)</sup>, detection, and response across all construction industry’s value chain areas. In 2022, we raised employees’ awareness by guiding them to the revised business process, internal rules, and cases of other firms’ violations of anti-corruption laws. In addition, we share our experience and values in ethical and compliance management with suppliers, such as joint ventures and overseas-invested corporations, by circulating our guidelines on compliance with local laws and anti-corruption in overseas business.

1) We assessed anti-corruption risks for all establishments (104 teams at the HQ and all project sites), implemented improvement plans for corruption issues found during the assessment, and periodically monitored them.

[ISO 37001 Certificate](#)

DL E&C Code of Ethics	Code of Ethics Practice Guidelines	Supplier Code of Conduct
<p>Attitudes and norms of practice that are applied and adhered to for the ethical calling of the employees (including part-time staff) of DL E&amp;C and its domestic and overseas subsidiaries, branches, sub-subsidiaries, and suppliers</p> <ul style="list-style-type: none"> <li>• Anti-corruption and no bribery</li> <li>• No discrimination</li> <li>• Protection of corporate properties and data</li> <li>• Conflicts of interest</li> <li>• Fair competition and trade (antitrust, anti-competition)</li> <li>• No insider trading</li> <li>• Environmental protection</li> <li>• Health and safety responsibilities</li> <li>• Protection of whistleblowers</li> </ul>	<p>Guidelines for employees of DL E&amp;C and its affiliates to perform their duties without violating laws and regulations</p> <ul style="list-style-type: none"> <li>• Responsibilities and obligations to the company</li> <li>• Ethics among employees</li> <li>• Attitude to work</li> <li>• Relationship with stakeholders</li> <li>• Social responsibilities</li> </ul>	<p>Code of conduct demanding suppliers to comply with sustainable management principles and consider them in their business (a mandatory system requiring suppliers to sign the Code of Conduct electronically)</p> <ul style="list-style-type: none"> <li>• Workers’ human rights</li> <li>• Health and safety</li> <li>• Environment</li> <li>• Ethics</li> <li>• Management system</li> </ul>

[Ethics regulations - Ethical management \(CP\)](#) [Anti-corruption - Ethical management \(CP\)](#)

## Ethical management system



## Ethical and Compliance Activities Reported to the BOD in 2022

Date	Reporter	Description
February 2022	Compliance Officer	<ul style="list-style-type: none"> <li>• Annual Compliance and Control Plan for 2022</li> <li>- Establishment of an internal control system to prohibit collusion</li> <li>- Operation of a process to review the adequacy of internal transactions</li> <li>- Operating, monitoring, and training to achieve zero violence of subcontracting laws</li> <li>- Reinforcement of responsiveness to workplace accidents</li> </ul>
June 2022	Compliance Officer	<ul style="list-style-type: none"> <li>• Internal Control System Audit Report for 2H 2022 (Collusion, unfair internal transactions, the Subcontract Act, safety and the Serious Accidents Punishment Act)</li> </ul>
September 2022	Compliance Officer	<ul style="list-style-type: none"> <li>• Internal Control System Audit Report for 3Q2022 (Collusion, unfair internal transactions, the Subcontract Act, safety and the Serious Accidents Punishment Act)</li> </ul>
December 2022	Compliance Officer	<ul style="list-style-type: none"> <li>• Inspection Report on Internal Control Activities in 2022 (Collusion, unfair internal transactions, the Subcontract Act, safety and the Serious Accidents Punishment Act)</li> </ul>

# Ethics and Compliance Management

## Ethical Reporting Channel

We actively listen to the opinions and grievances of all internal and external stakeholders through various reporting channels, such as Cyber Sinmungo, Hansup Committee, and the Grievance Handling Team, to prevent violations of fair trade, human rights, working environment, laws, and ethics regulations. In addition, our employees are encouraged to report issues related to ethical management, such as reporting unethical behavior and unfair cases, making inquiries and proposals on improving the current system, to the Audit & Inspection Team (business misconduct and Code of Ethics violation) within the Legal & Compliance Office, the Compliance RM Team (violation of the fair trade and subcontracting laws), and the ICFR Team (Internal Controls over Financial Reporting) (misconduct in accounting). Furthermore, whistleblowers are protected from disadvantages through a strict protection policy.

Twenty-six reports were made in 2022 through various channels, including Cyber Sinmungo. As a result of the investigation, 20 cases were found to be true. All reports were processed, including disciplinary measures against one ethics violation case.

[Cyber Sinmungo\(Korean Website\)](#)

### DL E&C Whistleblower Protection Policy

- Information obtained during the reporting and investigation process shall not be leaked to protect the whistleblower from disadvantage.
- We guarantee the identity of whistleblowers who report non-compliance with the Code of Ethics, strictly prohibit retaliation against them, and take stern disciplinary action against those who commit retaliation.
- If the details of the whistleblower's report include the whistleblower's misconduct, the whistleblower may be given a reduced or exempted disciplinary action.

## Ethical and Compliance Training Programs

We regularly train our employees to promote ethical practice and compliance and raise awareness. These programs include collective sessions for all employees and position-specific ones for executives, new hires, and experienced employees to minimize risks they may encounter while performing their respective duty from the start to the end of a construction project. In particular, we have established a process to prevent compliance risks and ensure compliance with fair trade-related government guidelines, the Subcontracting Act, and internal transaction laws. Hence, our regular (annual) training programs include ones that aim to promote employees' awareness and practice of fair trade. Furthermore, by guiding and distributing our Code of Ethics to our suppliers' employees, we are taking the lead in spreading the corporate culture of Ethical Management and practicing corporate ethics.

### Ethical and Compliance Training

(Unit: No. of sessions, No. of participants)

Target	Date	Description	No. of Events	No. of Participants
All employees	August 2022	Compliance requirements under the Code of Ethics Practice Guidelines	1	5,591
Executives	May – June 2022	Compliance audits and internal control	1	68
New hires (non-experienced)	March 2022	Ethical management	1	109
New hires (experienced)	June – August 2022	Ethical management	5	152

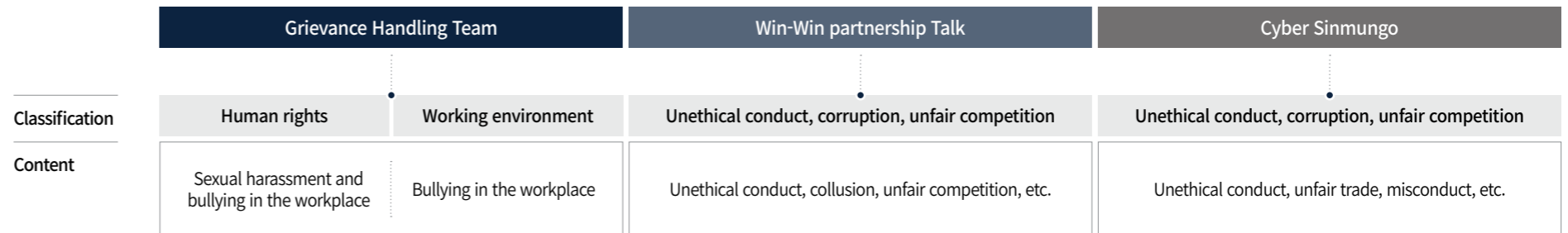
## Subcontracting law job-specific training

As the implementation of common training on the Subcontracting Act for all employees has been completed and employees' awareness of the law has increased, the need for customized training for each job has arisen. In response, DL E&C plans to increase the application rate of the law by providing behavioral guides in each field, including the director, general affairs, public affairs, construction, enforcement, outsourcing, materials, and CP, and to systematize employees' compliance with the law through additional training.

## “No Gifts” Self-Purification Campaign

At DL E&C, Code of Ethics violations, such as employees accepting money or valuables or demanding economic gains, are severely punished, and taking any form of benefits is prohibited. To this end, the “No Gifts” self-purification campaign is held every year before holidays (Lunar New Year's Day and Chuseok), and gifts received inevitably are returned or donated to welfare facilities.

### DL E&C Ethical Reporting Channel



# Ethics and Compliance Management

## Ethical Management Audits and Actions

### Regular and Ad Hoc Audits and Monitoring of Ethics and Compliance

We operate a regular ethics and compliance management system covering the operation of an ethical compliance system for employees, training to prevent fraud, report investigations, and work process analyses. We audit compliance to all our domestic, overseas sites and corporations at least once every three years and take strict measures against violations under the internal rules. At the same time, training is organized to prevent their recurrence while maintaining the system and regulations.

To improve unreasonable practices and processes, we audit all functional organizations sequentially, including design, procurement, construction, and business support. Areas of improvement are identified through consultation with related departments. Afterward, the progress is checked regularly. The Audit & Inspection Team, together with the business support team and RM team of each business division, conducts regular audits at large-scale project sites at home and abroad and ad-hoc ethical audits whenever a report is made.

### Unethical Conducts and Incentives for Compliance

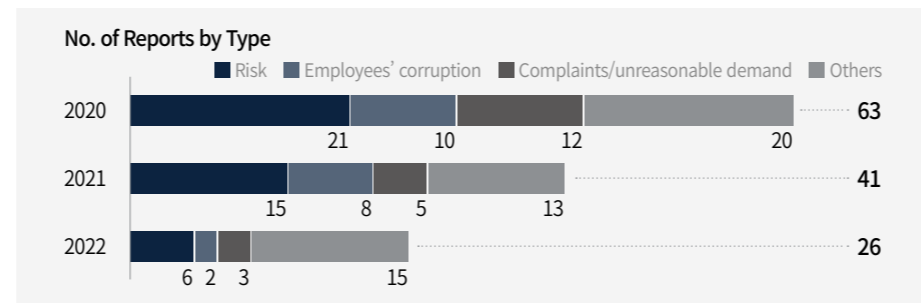
We take disciplinary actions under regulations against the unethical conducts of our employees reported on Cyber Sinmungo or identified through internal audits. Depending on the severity of the unethical conduct, we ensure that their senior managers take responsibility too. The number of unethical conducts subject to discipline was 42 in 2022. We will thoroughly diagnose and check all unethical conducts and improve the areas that fall short of expectations.

In addition, we implement a system to reward the achievements of employees who have contributed to compliance monitoring and internal control activities and been recognized as exemplary in conducting audits and recommend their promotion, thereby strengthening the effectiveness of our audit system.

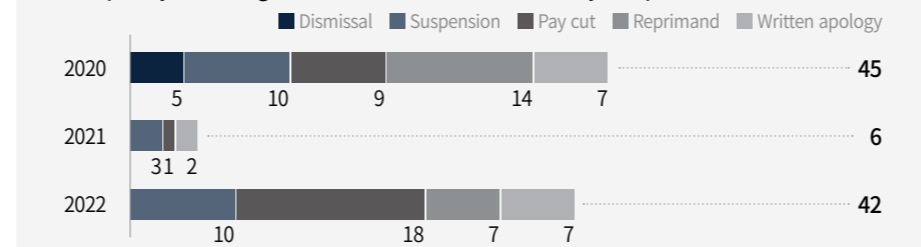
As part of our personnel assessment, we assess managers' compliance with the Code of Ethics and regulations according to common competency assessment criteria. Individual job incentives are paid based on the comprehensive assessment results, including work performance and common competencies. In addition, ethics and compliance items are included in the multisource feedback (peers' assessment), and assessment results are used for supplementary indicators and verification of manager designation in the final grading stage.

### Disciplinary Actions against Unethical Conducts

(Unit: No. of reports by type, No. of persons subject to disciplinary action)



### Disciplinary Actions against Unethical Action(Include safety discipline)



※ The number of reports does not match that of disciplinary actions because some reports involve multiple persons subject to disciplinary actions.

Rewards and Punishment of Employees under Article 14 of the Compliance Monitoring and Internal Control Regulations	Rewards Resulting from Audit under Article 17 of the Audit Regulations (Recommendation for Contributors or Disciplinary Proposal)
<ul style="list-style-type: none"> <li>Rewards or promotions may be proposed for those judged to have contributed to the prevention and reduction of damages to the company concerning compliance monitoring and internal control activities. Those judged to have violated regulations, such as illegal or unfair conduct, shall be referred to the Nomination and Remuneration Committee.</li> </ul>	<ul style="list-style-type: none"> <li>Auditors may recommend awards for achievements if they find during the audit that the auditee's work performance is exemplary for others and that the contribution to the company is significant.</li> <li>Following the audit, the auditors shall recommend disciplinary actions against those who have violated or are involved in the violation of regulations, illegal or unfair acts, or acts that have caused losses to the company.</li> </ul>

### Internal Control System

We have established a compliance monitoring and internal control system so that compliance, ethics, and risk management can be carried out effectively and continuously as core values for sustainable management. The head of internal control organizations (Chief Legal & Compliance Officer) oversees compliance and internal control management and practices sustainable compliance and ethical management by reporting the internal control plan and inspection results to the BOD and the audit committee quarterly.

### Role of Internal Control Managers

Chief Legal & Compliance Officer	<ul style="list-style-type: none"> <li>Oversees compliance audits and internal control duties</li> <li>Reports the internal audit plans (audit strategies, policies, goals, resources, organizations, procedures, standards, assessment, etc.), internal control plans, and audit results to the audit committee</li> </ul>
Compliance Officer	<ul style="list-style-type: none"> <li>Provides compliance training</li> <li>Inspects whether the compliance and control standards are met</li> <li>Reports to the BOD</li> </ul>
Compliance Manager	<ul style="list-style-type: none"> <li>Operates fair trade compliance programs (CP)</li> </ul>
Accounting Manager	<ul style="list-style-type: none"> <li>Oversees the internal accounting management and operation</li> </ul>
Internal Control Departments under the Legal & Compliance Office	<ul style="list-style-type: none"> <li>Assesses legal and ethical risks and establishes/operates internal control procedures</li> <li>Monitors employees' legal and ethical risks</li> <li>Provides compliance training to employees</li> <li>Operates internal and external reporting systems (Cyber Sinmungo)</li> </ul>

# Ethics and Compliance Management

## Compliance System and Program

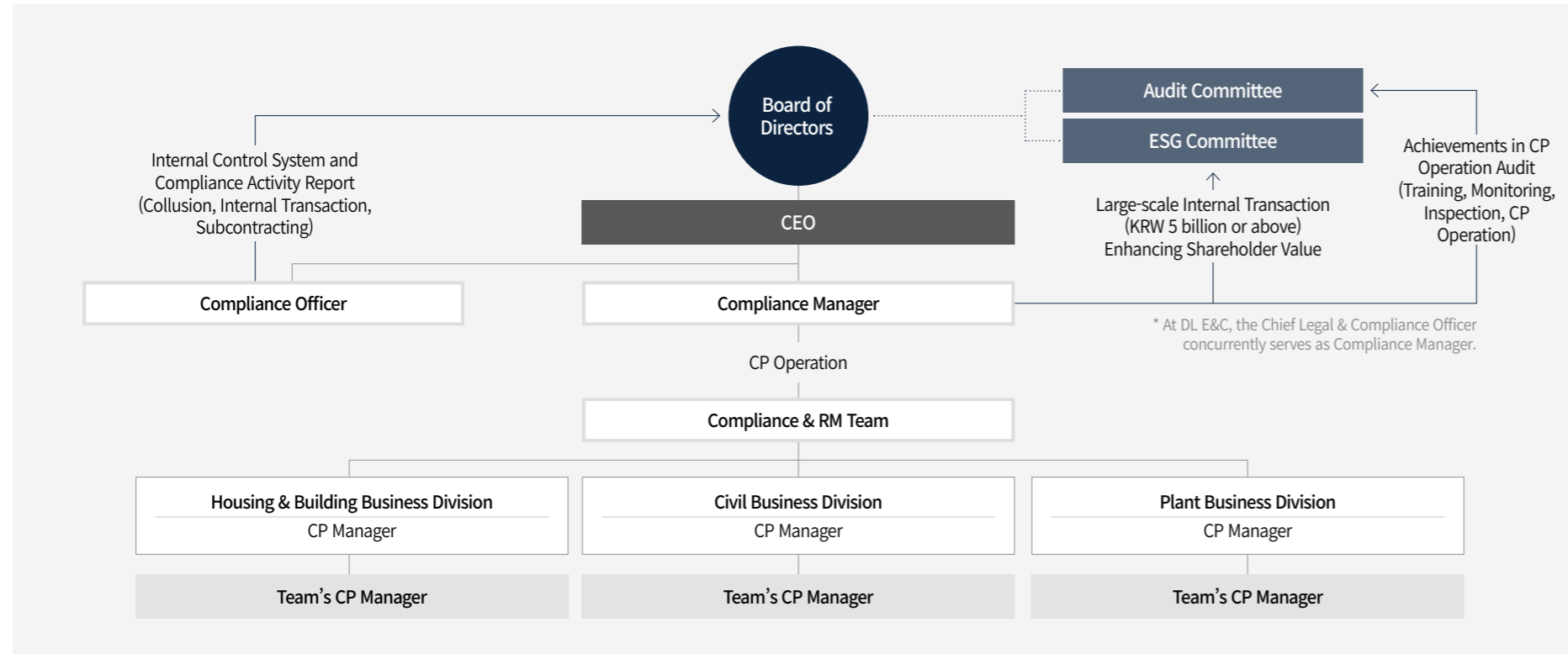
### Compliance System

We are continuously reorganizing the fair trade practice organization and strengthening its functions to practice and establish compliance management actively. In particular, aligned with the direction of the ruling to expand the CEO' and BOD's monitoring duties in an LNG collusion case in 2022, we have established an internal control system addressing collusion, internal transactions, and subcontracting to prevent legal risks. In addition, we are strengthening the level of regulatory monitoring through quarterly performance reports to the BOD, the ESG Committee, and the Audit Committee.

### Compliance Program

We introduced the Compliance Program (CP) in 2003 to encourage employees to practice fair trade and comply with laws voluntarily. All employees must be familiar with and comply with the "CP Operational Regulations" related to their work. The compliance manager oversees the CP and regularly reports the operational status, including training and inspection items, to the Audit Committee and the BOD.

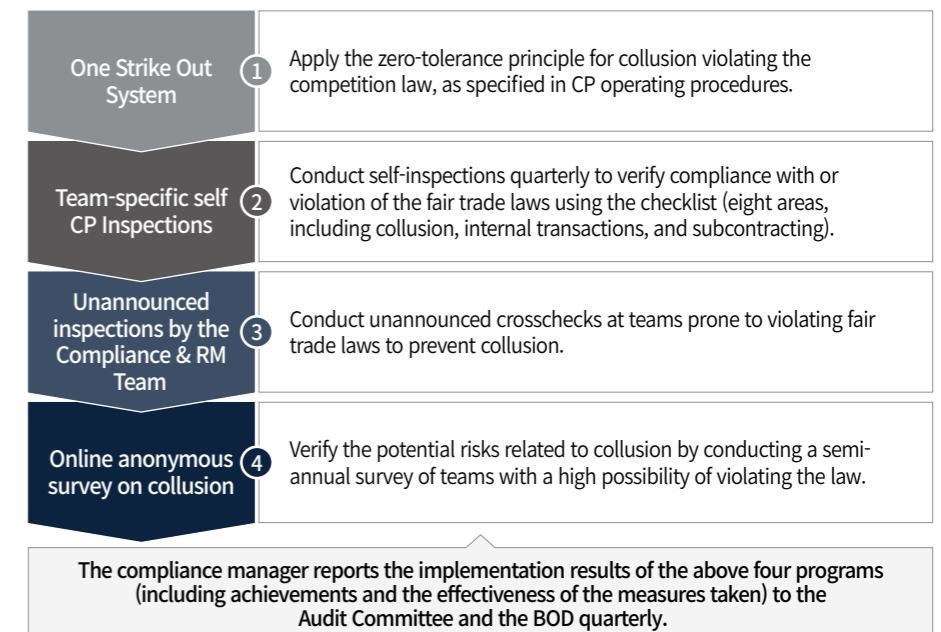
### DL E&C Compliance System



### Establishment of a Fair Trade Culture

We set the 2022 business goal of "Zero Legal Risk" to prevent violation of the Fair Trade Act and the Subcontracting Act by providing continuous training and inspecting all business divisions' activities according to the CP operating system. Accordingly, all employees sign the "Pledge to Practice the Code of Ethics" at the beginning of each year, carry out work according to the distributed "CP Guidelines," and check risks in advance according to the "CP Code of Conduct" in the event of a violation of the Fair Trade Act. In addition, they conduct self-diagnosis quarterly using the fair trade self-inspection checklist in eight areas, including collusion, internal transaction, and subcontracting, and report the self-inspection results. The Compliance RM Team conducts an unannounced CP check to confirm the violation of the law. The CP Council is held monthly, where the Compliance RM Team and the CP managers at the HQ discuss the CP's operational status and fair trade issues to discover and address issues that need to be resolved with top priority.

### Reinforcement of Anti-collusion Programs



# Information Security

## Information Protection Policy and System

### Information Protection Policy

We revised our information protection policy in 2022 to protect customer and company information from increasing security threats in the midst of global digital transformation. The policy presents behavioral standards to ensure that employees can empathize with the importance of security and practice information protection regulations responsibly. All regulations, guidelines, and procedures related to corporate information protection are posted on the internal standard system within Groupware, so that all employees can view them without separate permission.

In addition, we conduct information protection activities, such as data breaches prevention, information leakage monitoring, and security analysis, and build a safe business environment where information assets are protected and employees' rights and interests are safeguarded through their voluntary efforts.

### Information Protection Management System

We minimize security risks centered on the Information Security Team, an organization directly under the Chief Information Security Officer (CISO), to ensure the security of IT services and systems and safely manage information.

Information Security Team performs professional security tasks, including information protection strategy establishment, management system inspections, vulnerability assessment, prevention of security incidents, analysis, and audits. It also performs various awareness-raising activities to improve security awareness among employees. Each department designates an information protection manager to handle security tasks within the department, who coordinates and promotes company-wide security activities.

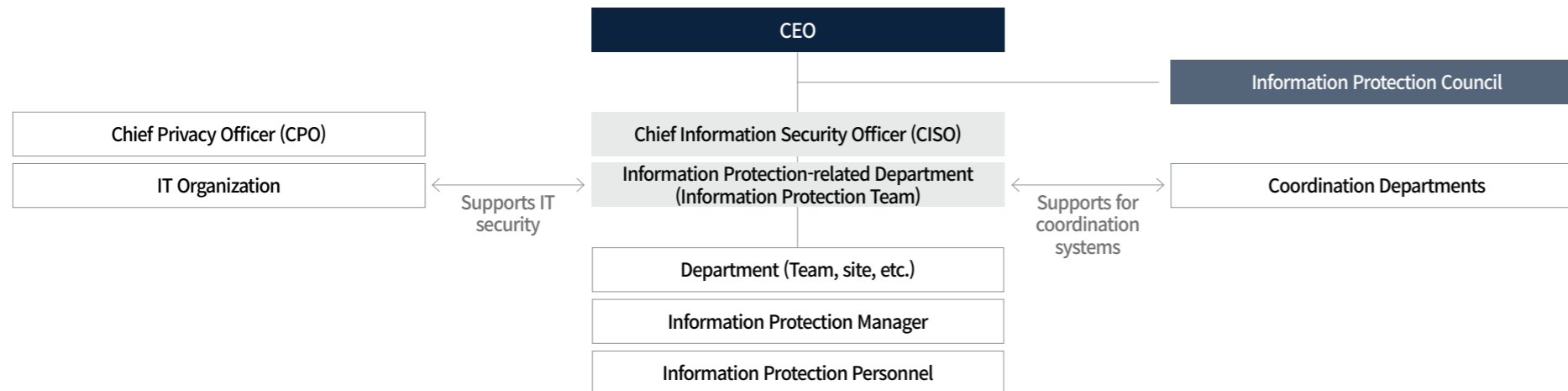
Our Information Protection Council shares information on security trends and expected threats and discusses policies to prepare for them. When a security incident arises, the Information Security Team analyzes the impact and establishes a response policy so that effective follow-up measures can be taken, while the relevant departments respond quickly by establishing an organic collaboration system to minimize security threats

### External Verification and Vulnerability Analysis

We have acquired and maintained international standard certifications (ISO 27001, ISO 27701) security and privacy protection to verify the level of our information protection management system and secure public confidence. Risks related to our security policies and procedures, IT systems, and infrastructure were analyzed. The level of information protection management was strengthened through various efforts, such as the classification and handling of information assets, establishment and execution of security action plans, and preparation of security threat response scenarios. We also maintain stability and reliability through annual post-inspections, ensuring that customer and company information is safeguarded.

In addition, we conducted vulnerability inspection through a service company specializing in information protection designated by the Korea Internet & Security Agency. We establish an action plan for the security vulnerabilities identified and check whether the action is completed. We also use external scanning tools to discover vulnerabilities from the attackers' point of view and continuously implement necessary countermeasures. Newly built or introduced IT systems undergo a series of security processes, such as simulated hacking, source code vulnerability analysis, and system security check, and system security is improved under the step-by-step cloud transfer strategy.

Information Protection Management System and Organization Chart



Information Security Management System (Internal and External Audit Programs)

	Auditor	Description	Frequency	Target
Internal Audit	Information Security Team	Information security inspection (survey)	Monthly	All employees
		Inspection of Clean Desk	Annual	All employees
		Inspection conducted when issues, such as security breaches, occur	Anytime	All employees
	IT Planning Team	Inspection of personal information retention status	Quarterly	Personal information-handling teams
External Audit	Certification body	ISO 27001 & 27701 audits	Annual	Information Protection Team
	Accounting firm	Computer-assisted audit (internal control)	Twice a year	IT Planning Team IT Center



# Information Security

## Information Protection Management

### Security Incident Prevention and Response Process

Based on the “Information Protection Management Regulations,” the highest policy for information protection, we are preparing security procedures for personnel, assets, and systems by sector and security incident response guidelines in preparation for security incidents. In the event of a security incident, we minimize damage through prompt response and establish recurrence-blocking measures to support employees to continue their work in a safe environment. Security incidents that have occurred or suspicious situations that have been detected are immediately reported to the Information Security Team, and the contents of the incident are shared through real-time communication with related departments. In addition, an incident response team is formed immediately, and a recovery system that can normalize the system in the shortest time is established.

### Business Continuity Management

We have established a company-wide business continuity plan to ensure our core operations can continue during emergencies. In an emergency, we prepare contingency plans according to business priorities for continuous operation and recovery of the information system and conduct regular response drills twice a year, continuously updating the Business Continuity Plan (BCP) manual.

#### Security Incident Response Guidelines

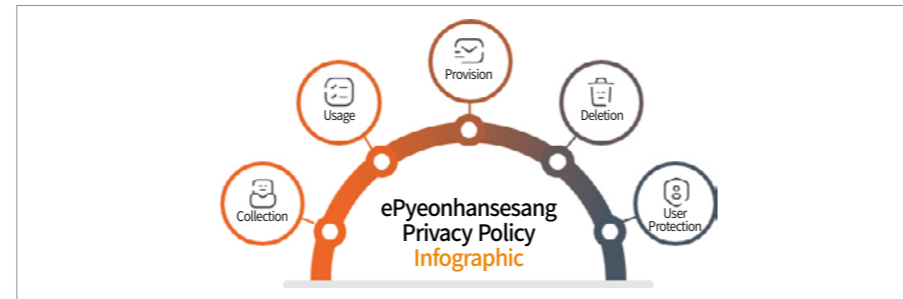
Security Incident Response Guidelines define rapid response and recovery procedures for security incidents and aim to maintain stable security performance by minimizing business damage and preventing recurrence.

#### Business Continuity Plan

We aim to continue to provide services to our customers and minimize damage by establishing a support system that enables us to perform our core business even in emergency situations such as system failures and security incidents.

### Bolstering Privacy Protection Management

We are committed to gaining customer trust by using infographics to guide our customers through our privacy policy more easily. The collected personal information is used only for the designated purpose according to each life cycle, and customer information whose retention period has expired or the purpose has been achieved is safely discarded.



### Information Asset Protection

We safeguard personal information and information assets through system control, regular diagnosis, and security solutions. The system is operated in an external specialized data center that has acquired the Information Security Management System (ISMS) certification. Material system logs are comprehensively collected and analyzed through 24/7 control to detect and respond to signs of external security threats at an early stage. With access control, only authorized employees can access the main system, and user accounts and permission are checked regularly to prevent security incidents.

A multi-engine-based infringement detection solution is in place to block access to harmful Websites and malicious code intrusion, thereby effectively responding to advanced external intelligent attacks. Corporate information is safely managed through a data loss prevention solution that blocks data transmission using unauthorized routes and a document encryption system that prevents third parties from reading corporate data, thereby preventing information leakage. In addition, we strive to improve customer accessibility and provide safer services through the step-by-step transfer of major B2C systems to the public cloud.

### Reinforcing Employee Information Protection Competency and Training

Through various awareness-raising activities, we help employees be properly aware of security and form a consensus to practice it voluntarily. We continue to raise security awareness through monthly in-house broadcasting and poster distribution on information protection. We also prevent information leakage through the Clean Desk campaign. In addition, we bolster employees’ security competency through regular training to raise their understanding of security threats and countermeasures, help them share information protection awareness, and encourage voluntary participation through events such as security vulnerability discovery (Bug Bounty).

#### Violations of Information Protection in 2022

<b>No. of Information Security Violations</b>	<b>No. of Victims of Information Security Violation, including customers, consumers, and employees</b>
0	0

#### Activities for Information Protection Awareness Raising in 2022

Activity	Program Overview	Achievements
In-house broadcasting and poster posting	Business data storage regulations, mobile security rules, spam mail handling, etc.	12 times
Events for employees	Clean Desk practice rules, reporting security vulnerabilities	2 times
Company-wide training on information protection	security regulations, responses to external attacks (spam mail, ransomware), The necessity of information protection	Twice (5,591 persons)
Training for information protection personnel	Major cases of regulation violations, measures to identify suspected leaks, etc.	Once (238 persons)
Rank-specific security training (executives)	Account management, sharing of violation cases, etc.	3 times
Rewarding outstanding employees in security	Outstanding employees in reviewing document export records	Once (2 persons)
Spam mail mock training	Drill to build competency in responding to a malicious mail	Once
KOM(Kick-off Meeting) to protect information at new sites	Establishing an information protection system at new construction sites (office environment check, security training, etc.)	25 times

# Risk Management

## Risk Management System

### Company-wide Risk Governance System

At DL E&C, the BOD makes key decisions on management issues, monitors the possibility of company-wide risks, and seeks countermeasures. It also identifies risk factors among pending issues reported through subcommittees, such as the Finance Committee and Audit Committee, and accounting management and internal audit departments to request the management for additional reviews and investigations in quarterly. In particular, geopolitical risks were monitored at the second board meeting in 2022, based on the report on the “Russia Risk Response Plan.” At the sixth board meeting, “Setting up a separate corporation for the CCUS project and investment approval” was resolved to expand investment in new eco-friendly businesses. The quarterly compliance report covered audit results on major risk response activities, such as safety, the Serious Accidents Punishment Act, collusion, and unfair internal transactions.

### Establishment of the Investment Review Committee

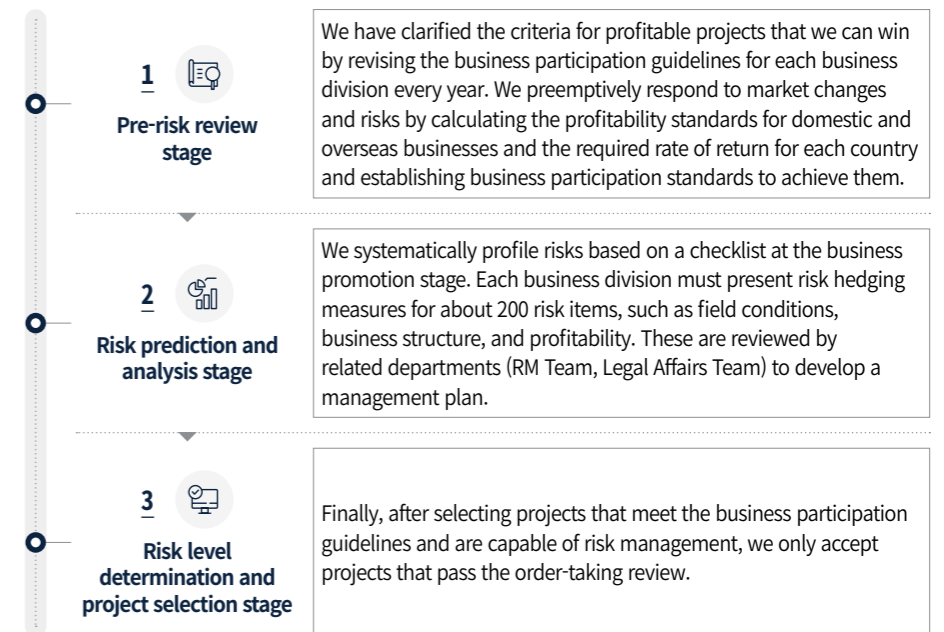
In approving investment projects, we at DL E&C analyze the sensitivity of each scenario to key risk factors, such as estimated cost and profitability, to reflect them in decision-making. Risks can also occur in various forms in new fields as overseas policies have recently been shifted to focus on climate change and the scope of participating businesses to secure new growth engines is expanding. Accordingly, we established the Investment Review Committee to advance the risk management system for new business investments. Through the operation of the Investment Review Committee, investment decisions are made by an integrated review of strategy suitability, economic feasibility, compliance, future growth potential, and ESG risk. We plan to build an integrated management process covering risk management goals, plans, and risk appetite. Accordingly, we will respond to risks with the set risk tolerance to measure potential risks and manage them within a certain level.

### RMC (Risk Management Committee)

We organize a meeting for each division to share the project agenda for bidding, and carefully examine the background, technical availability, potential for profits, progress of securing experts, and strategies to differentiate orders to determine whether to proceed with the project. When the bid estimation is completed, BCRM (Bare Cost Review Meeting) operates to verify the profitability of the project based on the estimated cost and conditions from all perspectives with the participation of relevant departments. After that, through a business feasibility review, a group of experts from each department assesses performance risks and provides feedback on hedging. Finally, risks associated with business performance are identified and plans for hedging are reviewed through integrated risk profiling management using a checklist. Key elements such as PFV for land acquisition and our own projects are presented to the Management Committee after RMC for decision-making. Unresolved risks are tracked and managed by reaching an agreement through group discussion and transferring them to the contract, construction start, and completion stages.



### Risk Management Process



# Risk Management

## Risk Identification and Management

### Risk Classification and Responses

We strive to identify and classify key risks that may happen in our business activities and establish effective countermeasures. DL E&C determines priorities for risk response by considering its risk appetite for risks arising from various non-financial and financial categories, including company strategy, operations, finance, legal and reputation, and analyzes the impact on the company through sensitivity and stress analysis. Based on this, we select major risks that have a significant impact on business activities and financials, and the Management committee, comprised of C-level executives including the CEO, reviews the results of the major risk analysis on a weekly basis and establishes a response plan. In particular, we focus on preventing and mitigating major risks, as a lack of prompt response to major risks can lead to business activity constraints and financial losses.

	Prioritization of identified risks	Risk Category	Impact on Business	Likelihood	Impact	Countermeasures
Compliance with regulations and laws	<ul style="list-style-type: none"> <li>Violation of the Serious Accidents Punishment Act</li> <li>Failure to respond to changes in construction industry-related regulations</li> </ul>	Regulation/policy risk	<ul style="list-style-type: none"> <li>Violation of the Act will lead to a decrease in non-financial matrix limiting to win new orders.</li> <li>Violation of regulations will result in penalties and fines, causing financial losses.</li> <li>Impaired corporate image leading to non-financial losses</li> </ul>	●●●	●●●	<ul style="list-style-type: none"> <li>Bolster the health and safety management system.</li> <li>Reinforce compliance with regulatory policies and monitoring of implementation inspections (operate a safety support team).</li> </ul>
Reinforcement of workplace health and safety	<ul style="list-style-type: none"> <li>Occurrence of a workplace accident</li> <li>Occurrence of an industrial disaster caused by heat/cold wave</li> </ul>	Operational risk	<ul style="list-style-type: none"> <li>Occurrence of an industrial disaster may lead to a violation of the Serious Accidents Punishment Act.</li> <li>A workplace accident may cause impaired corporate image and decreased corporate value.</li> </ul>	●●●	●●●	<ul style="list-style-type: none"> <li>Enhance the process to prevent equipment accidents.</li> <li>Check daily for high-risk spots (about 300) vulnerable to fatal accidents.</li> <li>Expand the Safety Experience Academy operation.</li> </ul>
Investment in new businesses	<ul style="list-style-type: none"> <li>Lack of future growth engines</li> <li>Competitors' winning of new businesses</li> </ul>	Strategic risk	<ul style="list-style-type: none"> <li>Low corporate competitiveness because of the lack of new growth engines</li> </ul>	●●	●●●	<ul style="list-style-type: none"> <li>Discover new businesses and bolster competencies.</li> <li>Secure differentiated technology for new growth businesses.</li> <li>Establish the Investment Review Committee.</li> </ul>
Eco-friendly construction	<ul style="list-style-type: none"> <li>Increased demand for reduction of energy consumption and greenhouse gas emissions in the building construction sector</li> <li>Stricter regulations related to carbon neutrality</li> </ul>	Strategic risk	<ul style="list-style-type: none"> <li>Increased renewable energy conversion costs to reduce carbon emissions</li> <li>Increased green purchasing costs for eco-friendly construction</li> </ul>	●●	●●●	<ul style="list-style-type: none"> <li>Expand investments in renewable energy and eco-friendly R&amp;D technology.</li> </ul>
Climate change	<ul style="list-style-type: none"> <li>Increase in environmental pollution by construction waste</li> <li>Impact of climate change on construction sites</li> </ul>	Strategic risk	<ul style="list-style-type: none"> <li>Charges for handling environmental pollutants generated on-site, such as scattering dust, noise, and waste</li> <li>Safety-related damage and reduced working days caused by climate change</li> </ul>	●●●	●●●	<ul style="list-style-type: none"> <li>Expand the application of waste reduction technology.</li> <li>Set and disclose quantitative waste reduction goals.</li> </ul>
Ethical management	<ul style="list-style-type: none"> <li>Violation of corporate ethical regulations</li> <li>Violation of the fair trade laws</li> </ul>	Regulation/policy risk	<ul style="list-style-type: none"> <li>Increased regulation costs (penalties, fines) Impaired corporate brand image</li> </ul>	●●●	●●●	<ul style="list-style-type: none"> <li>Encourage all employees (including subsidiaries) to sign the Pledge to Practice the Code of Ethics.</li> <li>Make it compulsory for suppliers to sign the Supplier Code of Conduct.</li> <li>Provide training on ethics for all employees.</li> <li>Operate the CP.</li> </ul>
Supplier management	<ul style="list-style-type: none"> <li>Suppliers' financial soundness</li> <li>Suppliers' violation of ethical management</li> <li>On-site safety management</li> <li>Abuse of a superior position</li> </ul>	Operational risk	<ul style="list-style-type: none"> <li>Possibility of financial loss because of the supplier Degradation of corporate reputation because of suppliers' violation of ethical management</li> <li>Possibility of a Undermining trust and contract termination with suppliers because of abuse of superior position</li> </ul>	●●	●●	<ul style="list-style-type: none"> <li>Operate supplier communication channels (introduce "Partnership," an on-site communication channel)</li> <li>Expand support for suppliers' ESG management.</li> <li>Operate the Supplier Quality Council.</li> </ul>
Operation of human capital	<ul style="list-style-type: none"> <li>Deteriorating youth employment</li> <li>Lack of skilled labor</li> <li>Decreased employee diversity</li> </ul>	Operational risk	<ul style="list-style-type: none"> <li>Construction site HR management problems arise.</li> <li>Increased recruitment cost</li> </ul>	●●	●●●	<ul style="list-style-type: none"> <li>Establish a system for human rights protection and enact a human rights charter.</li> <li>Operate a communication council for each class (employees, suppliers, etc.).</li> <li>Inspect, address, and mitigate human rights risks through the regular human rights impact assessment.</li> <li>Efficiently manage HR and arrange job shifts.</li> </ul>
Political and economic instability	<ul style="list-style-type: none"> <li>Global economic downturn and political conflict</li> </ul>	Geopolitical risk	<ul style="list-style-type: none"> <li>Decreasing demand for house building due to the recession</li> </ul>	●●	●●●	<ul style="list-style-type: none"> <li>Monitor domestic and international trends and bolster risk management.</li> </ul>
Financial risk	<ul style="list-style-type: none"> <li>Possibility of changes in the economy, raw materials, regulations, exchange rates, and oil prices</li> </ul>	Financial risk	<ul style="list-style-type: none"> <li>Financial burdens and risk caused by rising raw material prices</li> <li>Decreased competitiveness in the capital market due to an increased debt ratio</li> </ul>	●●	●●●	<ul style="list-style-type: none"> <li>Monitor the raw material market and diversify supply channels.</li> <li>Strengthen profitability-oriented housing business and manage debt ratio.</li> </ul>

※ ●●●: High, ●●: Mid, ●: Low (This level is measured by considering the results of the materiality assessment, risk management objectives and plans, and risk appetite and tolerance levels)

# Risk Management

## Business Risk Management

### Project Risk Management through Scenario Analysis

We analyze scenarios in the project promotion stage to respond to the characteristics of construction projects where the business plan is likely to change by exogenous variables during project promotion. In the analysis, we select key factors affecting business profitability, such as interest rates and demand, and analyze sensitivity to calculate risk levels. The uncontrollable risk costs identified in the analysis are reflected in the current price to manage the business profitability. In addition, “Primavera P6” is used to calculate the appropriate construction period, classify key processes, and apply risk probabilities expected during construction to review the impact and make immediate responses.

### Contract Risk Management

In principle, each business division must use a standard subcontract agreement established and revised contracts quarterly. Potential risk factors are analyzed through subcontract review meetings attended by experts from contract-related departments. Uncontrollable risk factors are mitigated or eliminated to manage risks in the contract negotiation stage. If we must change the contract because of internal or external factors after signing it, we control contract risks using the same process as above. Contract issues that may arise during the execution stage continue to be managed through the company-wide contract management organizations.

### Performance Risk Management

We operate a system in which risk items identified in the project promotion stage are transferred to the relevant department for seamless risk management. After the order-taking review, progress is reviewed quarterly. For projects found to have material issues, immediate countermeasures are established to minimize risks. After the start of construction, risks are monitored by checking the progress of the project against the plan and identifying anomalies through step-by-step inspection activities (initial, regular, and completion inspections).

### Audit of the risk management process

DL E&C periodically conducts ICFR Team (Internal Controls over Financial Reporting) to identify and prevent business risks that may arise for subsidiaries and affiliates, including the head office.

## Financial Risk Management

### Tax Risk Management

The global tax environment is rapidly changing in line with the advancement of the digital environment. To respond to such changes, working-level departments, including the Finance Committee, manage tax risks. They monitor changes in related laws and precedents, assess the financial impact on the company, and promptly report to the management. In addition, they evaluate and manage all project-related tax risks according to internal procedures and respond preemptively through organic collaboration with external experts when necessary. Furthermore, as a global developer, we prohibit income transfers to tax havens and transactions to avoid taxes in international transactions while adhering to the “arm’s length price.” At the same time, we prevent risks by establishing a tax risk management system that meets global standards based on the OECD Guidelines.

#### DL E&C Tax Policy

As a global developer, DL E&C recognizes that tax compliance and transparency with tax authorities must be maintained for sustainable growth. Therefore, we strive to fulfill our corporate social responsibility by contributing to the interests of our customers and the national interest through accurate tax reporting. We will continue to comply with international tax laws and faithfully fulfill our tax payment duty by cooperating with tax authorities.

### Exchange Rate Risk Management

We handle various overseas currencies, including the dollar and euro, through domestic and overseas business activities. Local currency is given priority in fund transactions, such as export and import transactions and deposit management, to minimize exchange risks, and currency matching is used as a principle to reduce the occurrence of overseas exchange positions. Nevertheless, exchange positions that inevitably occur, such as profits from construction, are managed according to internal regulations (Overseas Exchange Risk Management Guidelines), and the possibility of changes in sales, costs, and profits following changes in indicators is monitored at least once a month. The Overseas Exchange Risk Management Guidelines cover the definition of exchange risk, exchange risk management entity, and exchange risk measurement and management procedures.

### Credit Risk Management

We prioritize financial soundness that can withstand temporary external shocks or deterioration in profitability. In particular, we concentrate on matching the maturity of borrowings and securing sufficient liquidity to respond stably to the project life cycle of the construction business. Accordingly, we keep cash and cash equivalent assets exceeding our borrowings, and we have secured sufficient credit lines with various domestic and overseas financial institutions. In addition, we implement a conservative investment decision process to maintain positive cash flow and solid financial policies to prepare for rapid liquidity deterioration.

### Risk Reporting process



# Risk Management

## Emerging Risk

Emerging risks are risks that may occur in the long term but are highly uncertain and require proactive identification and management as they may have a significant impact on the business if they occur. In order to promote long-term management stability, DL E&C identifies emerging risks, evaluates the possible timing of emerging risks and their potential impact on the business, and implements and monitors mitigation plans for each risk.



### Stricter domestic and overseas regulations and energy demand shift by climate change

#### Definition and Description

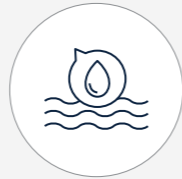
- Increasing demand for transformation to the decarbonized industrial structure following the global net-zero trends and Korea's plan for nationally determined contributions (NDC) by 2030
- Risk of decline in profitability and value of oil refining, petrochemical, and power generation businesses
- Increased need for expansion of carbon treatment facilities and entry into renewable energy fields

#### Potential Impact

- Lack of preparedness for stricter political regulations that promote GHG reduction may adversely affect new plant order-taking and achievements in the long run.

#### Response

- Established CARBONCO, a company specializing in CCUS, to lead the circular economy market for CCUS and blue hydrogen/ammonia.
- Expand business areas by developing and utilizing storage after preoccupying small projects centered on liquefied carbon dioxide.
- Expand order-taking in overseas markets using the Total Solution Model.



### Lack of water resources (water shortage, water pollution)

#### Definition and Description

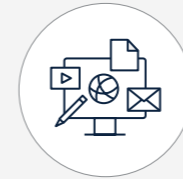
- Water shortage risks arise from water pollution by industrialization, climate change, and population growth.
- The Population Action International (PAI) designated Korea as a water-stressed country with a high risk of water shortage.

#### Potential Impact

- Overall water supply shortage risk arises.
- Concerns about lack of future growth engines and market culling if not prepared for increased water treatment demand at the national level

#### Response

- Promote water resource projects, such as dam and hydroelectric power generation.
- Promote environmental projects, such as the modernization of water supply, sewage, and water treatment facilities



### Failure to respond to digital transformation led by the Fourth Industrial Revolution

#### Definition and Description

- Risk of inefficient decision-making arises by sticking to the traditional decision-making practices unique to the construction industry and the absence of digital transformation slowing down internal communication

#### Potential Impact

- Lack of digital-based integrated decision-making system weakening business competitiveness

#### Response

- Introduce a data platform to solve inter-organizational data silos and achieve a data-based management system.
- Cultivate Citizen Data Scientists (CDS) and create a data-driven decision-making (DDDM) environment.



### Changes in the residential environment by changes in consumer life patterns

#### Definition and Description

- A reconstruction-oriented market may form by increasing single-person households and meeting limited demand through the supply of new housing sites
- The decline in the housing market is expected because of the population decline in large provincial cities, household debt exceeding 100% of GDP, and interest burden from interest rate hikes.

#### Potential Impact

- The market trend may shift from plot sale to rental within 5 years.
- Preoccupying the market by securing vertical extension technology because of the limitations of existing horizontal extension and a comprehensive housing service platform are in need.

#### Response

- Secure technology for remodeling and vertical extension.
- Strengthen the housing rental business competency and continue to discover paid residential services.

# Risk Management

## Risk Management Culture

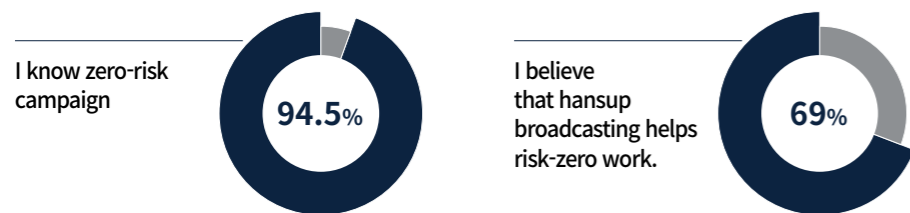
We are committed to internalizing a risk management culture throughout the organization, including employees, management, and the BOD. In order to promote transparency and responsibility for risks by executives and employees themselves, we operate reporting channels such as cyber sinmungo, and we take action according to the case and feedback the results to executives and employees. An immediate risk reporting environment is created to promote transparency and accountability for risks by employees themselves, and a zero-risk academy is in operation to strengthen employees' innovative DNA and risk management culture. In addition, the peers' multisource feedback conducted among employees covers an assessment of risk management, such as critical mind, risk identification, and establishment of alternatives to risk causes. Furthermore, managers are assessed in their risk management competencies through the leadership risk assessment items.

### Spreading Risk Culture through Site Manager Risk Management

We support on-site managers in managing performance risks effectively. Three hundred performance checklists are applied to 11 items, such as organizational management, materials, and equipment, so that management staff can independently check and review on-site matters. In addition, operational manuals are provided to review project goals and methods from start to finish, and site visits and face-to-face training are provided for projects classified as key management items to improve their competency. On-site management staff's job performance is assessed through stage-specific inspections, and operational risks are controlled by correcting unsatisfactory issues.

### Zero-risk Survey results

We conduct surveys on zero-risk content (Hansup Broadcasting) to improve and advance risk management continuously. In the survey, 94.5% of employees replied that they are aware of the zero-risk campaign, and 75% of field employees and 67% of HQ employees replied that zero-risk activities help reduce risk rates and prevent a recurrence.



## Risk Management Training

### Management Innovation Academy (Zero-risk Academy)

DL E&C operates various training programs for each division and job function to reduce the potential risk (defect) in business areas, from sales to risk repair. With these programs, we identify the causes of risk in individual and organizational work, find solutions after receiving advice from in-house experts in each field, and reflect them in work methods and procedures. By running the Management Innovation Academy and company-wide zero-risk campaign, we reduced the average number of risks by about 50% in 2022. This achievement led to strengthening customer service quality and brand image competitiveness and getting third place in the 2022 National Customer Satisfaction Survey (NCSI).

List of Management Innovation Training Courses

Training Courses	Content	Target	Method
Change, Innovation, Rethink Course	By explaining the value of sharing the performance of innovation activities to employees, they can review their innovation activities.	Company-wide	Online
One Person One Risk Solution Mission Program	Experiencing the feeling of success achieved through identifying risks and their causes, setting solutions, and implementing them	Company-wide	Face-to-face
Coaching-backed Growth Course	Learning the way of working through mentoring and by identifying the cause of past best and worst practices and establishing solutions and action plans for similar tasks	Company-wide	Face-to-face
Zero-risk Learning (CoP) Program	Participating in the learning team (Community of Practice) involves a series of improvement activities, such as detecting risks/defects, defining the problem, and finding root causes and solutions.	Company-wide	Face-to-face
Problem-solving Methodology Training (Toolkit)	Learning the problem-solving process of finding defects and risks, identifying root causes, and establishing solutions	All employees wishing to participate	On/offline
Innovative Leaders' Communication Skill-up Course	Dissemination skill training for propagators of management innovation	Propagators of each business division	Face-to-face

List of Online Risk Training Courses

Training Courses	Content	Target	Method
Corporate legal dispute prevention and risk management	Learning risk management methods based on basic legal knowledge to prevent potential corporate legal disputes	Company-wide	Online
Asset management, management of market and credit risks	Reinforcing overseas project execution capabilities through overseas project bidding and project-related risk management theory and case studies	Company-wide	Online
Risk Analysis & Management Advanced Risk Analysis & Management	Reinforcing overseas project execution capabilities through overseas project bidding and project-related risk management theory and case studies	Company-wide	Online
Labeling and advertising laws	Preventing legal risks and raising employees' awareness of fair trade by recognizing the types of business activities violating labeling and advertising laws	Domestic sales-related personnel	Online
Subcontracting laws for site workers (Practical)	Bolstering risk management competencies, such as risks of getting penalty points and fines for non-compliance with subcontracting laws, by learning the reasons for violating the laws for each major task of on-site construction and the corresponding action guide (Subcontracting Law Compliance Guide)	Local site workers	Online
Subcontracting laws for site workers (Theoretical)	Clearly distinguishing the violation criteria by understanding the characteristics of the subcontracting law and interpreting each provision	Local site workers	Online

# Appendix

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# Stakeholder Engagement

## Definition of Stakeholder

At DL E&C, we categorize stakeholders that significantly impact our business activities as Customers, Suppliers, Employees, Local Communities, Shareholders and Investors, and Public Sectors. We actively collect the opinions of various stakeholders and reflect them in our ESG management system so that we can actively communicate with each stakeholder.

## Communication with Stakeholders

Stakeholders	 Customers	 Shareholders & Investors	 Suppliers	 Employees	 Local Communities	 Public Sectors
Definition	End users of our products and services whose opinions and feedback are reflected in our business strategy and operation.	Provide financial capital for our company to implement business strategies. We disclose to them the return on their investment.	Supply us with raw materials so we can gain competitive edges. We are committed to enhancing our technological cooperation and promoting mutual growth.	Provide fundamental resources for us to grow into a global developer. The employees are key to our competitive advantage	Serves as a local basis for our operation. We take the lead in protecting the rights of local residents and the environment.	Establish laws and regulations on the construction industries and have major impacts on our business. We are monitoring the regulatory trends and policies.
Communication Channels	<ul style="list-style-type: none"> <li>Website (Cyber sinnungo ((whistleblower hotline))</li> <li>ePyeonhansesang support center</li> <li>Customer satisfaction survey</li> <li>Homemakers' Advisory Committee</li> <li>Online community</li> </ul>	<ul style="list-style-type: none"> <li>General Shareholders' Meeting</li> <li>Analyst Day</li> <li>NDR (Non-Deal Roadshow)</li> <li>Conference call for the earnings report</li> <li>One-on-one meetings</li> <li>Shareholder engagement</li> <li>Business report</li> <li>Audit report</li> <li>Corporate governance report</li> </ul>	<ul style="list-style-type: none"> <li>Supplier Portal</li> <li>Awards for excellent suppliers</li> <li>Seminars for suppliers</li> <li>Listening to their input and feedback for mutual growth</li> <li>Hansup partners day</li> <li>Supplier quality council</li> <li>Sangsaeng Talktalk</li> </ul>	<ul style="list-style-type: none"> <li>Hansup Broadcasting</li> <li>Hansup Talk Talk</li> <li>Hansup Speech Forum</li> <li>Hansup Council</li> <li>Hansup Club</li> <li>Grievance Handling Team</li> <li>Psychological Counseling for Employees</li> <li>Employee Surveys</li> </ul>	<ul style="list-style-type: none"> <li>Website</li> <li>Social Contribution Programs (Sharing Happiness/Culture/Love/ Hope/Nature)</li> <li>Charity Bazaar and Sisterhood</li> <li>Community Creativity Education</li> <li>Participation in Community Safety School</li> <li>Open Innovation for Startups</li> </ul>	<ul style="list-style-type: none"> <li>Industry Conference</li> <li>Legal Hearings</li> <li>Construction Council (e.g., Construction Association of Korea and Korea Federation of Construction Contractors)</li> <li>Participation in government projects/ conferences</li> </ul>
Key Issues and Expect-ations	<ul style="list-style-type: none"> <li>Quality products/services</li> <li>Customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Capital and investment</li> <li>Distribution of business performance</li> <li>Shared growth</li> </ul>	<ul style="list-style-type: none"> <li>Shared growth</li> </ul>	<ul style="list-style-type: none"> <li>Wages and compensation</li> <li>Productivity</li> <li>Practice Green Habit</li> <li>New technology/patent registration and award</li> <li>HR development</li> <li>Employee benefits</li> <li>Zero disaster</li> </ul>	<ul style="list-style-type: none"> <li>Donation</li> <li>Eco-friendly operation and biodiversity</li> <li>Local environmental protection</li> <li>Social contribution</li> </ul>	<ul style="list-style-type: none"> <li>Tax</li> <li>Compliance with environmental laws</li> <li>Compliance Program</li> </ul>
	<ul style="list-style-type: none"> <li>Econo-mic Aspect</li> </ul>					
	<ul style="list-style-type: none"> <li>Environmental Aspect</li> </ul>	<ul style="list-style-type: none"> <li>Eco-friendly technology and products</li> </ul>	<ul style="list-style-type: none"> <li>Green purchase and procurement</li> </ul>			
	<ul style="list-style-type: none"> <li>Social Aspect</li> </ul>	<ul style="list-style-type: none"> <li>Customer satisfaction</li> <li>Quality management</li> </ul>	<ul style="list-style-type: none"> <li>Win-win partnership management</li> </ul>			



# Stakeholder Engagement

## Major Online Communication Channels

DL E&C operates external communication channels to identify the needs of various stakeholders. We introduce DL E&C's information, including the company's representative performance, unique technologies, scientific principles of architectural engineering, and eco-friendly new business trends, according to the interests and characteristics of subscribers by channel.

### Youtube [Youtube](#)

We communicate with job applicants, potential purchasers, investors, and industry professionals through our original content. One of them is Explain D, a mini-documentary that introduces the company's construction technology, and street quiz shows that interview citizens.

EXPLAIN D	Quiz Show on the Street	DLOG

DL Playground	DL General Store	Illi-adopter

### BLOG [BLOG](#)

We introduce in-depth information that stakeholders might want to know, such as job interviews, technology development stories, and new businesses.



### Home page [Home page](#)

We provide various information on ESG, finance, business fields, etc., and operate a window for communication on our official website.



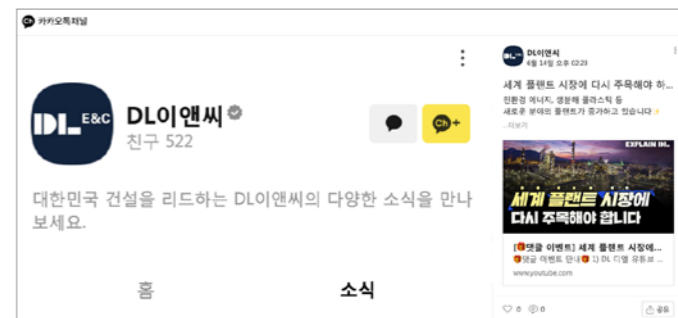
### Linkedin [Linkedin](#)

We provide overseas customers, suppliers, and industry players with customized information for collaboration, such as technology development and order news.



### Kakao Talk Channel [Kakao Talk Channel](#)

We communicate through "Kakao Talk," the most popular mobile messenger app in South Korea, so that stakeholders can quickly check our latest news.

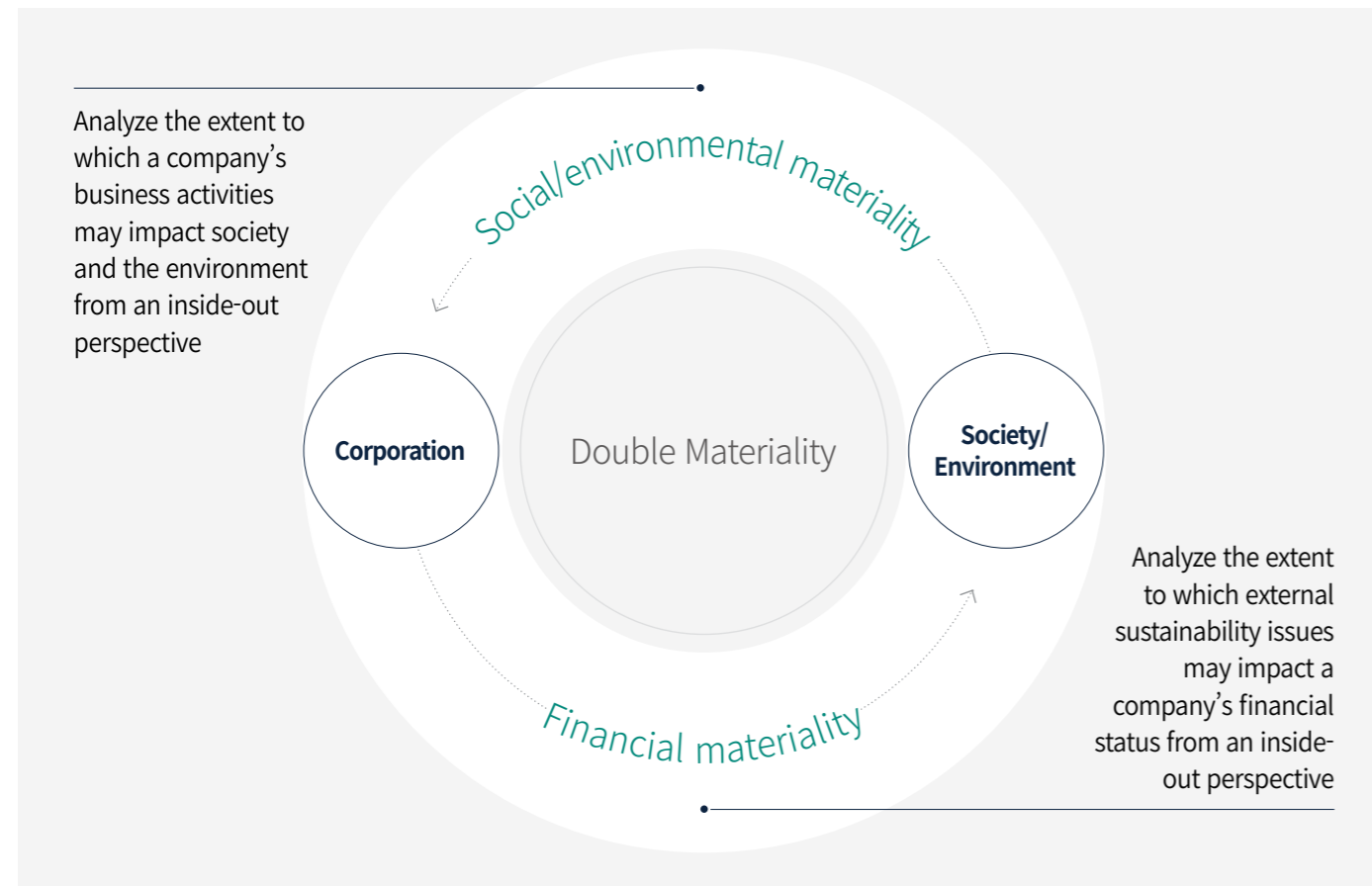


# Materiality Assessment

## Double Materiality Assessment

At DL E&C, we conduct a materiality assessment to identify key issues in the environmental, social, governance, and business areas that affect the sustainable management of DL E&C so that we can prepare strategic plans for the issues. Particularly, when we identified our key issues from the financial, social, and environmental perspectives in 2022, we applied the double materiality concept based on international sustainability reporting standards such as the EU Corporate Sustainability Reporting Directive (CSRD) and the Global Reporting Initiative (GRI) Standards

### Concept of Double Materiality



## Materiality Assessment Process (Performed annually)

### STEP 1

#### Creating a pool of issues

- Analyze international and industry standards (e.g., GRI Standards, UN SDGs, ISO26000 and S&P CSA), benchmark other issues in the industry, and conduct media analysis
- Create a pool of 36 issues through analysis of the previous year's issues and interviews with the department in charge

### STEP 2

#### Analyzing financial and social/environmental impact

- Analyze the financial impact
    - Analyze international standards (e.g., SASB, TCFD, S&P CSA, and MSCI) and regulations and conduct internal/external stakeholders surveys
  - Analyze the social/environmental impact
    - Analyze international standards (e.g., GRI and ISO 26000), media, and material issues from the competitors in the market. Conduct internal/external stakeholders surveys
- \* Engaged a total of 167 internal stakeholders and 68 external stakeholders

### STEP 3

#### Assessing double materiality

- Identify priorities for each issue based on the results of the double materiality assessment
- Review by internal and external experts of DL&C
- Select 10 final issues with a high level of importance
- Match the issues with DL E&C's ESG strategy

### STEP 4

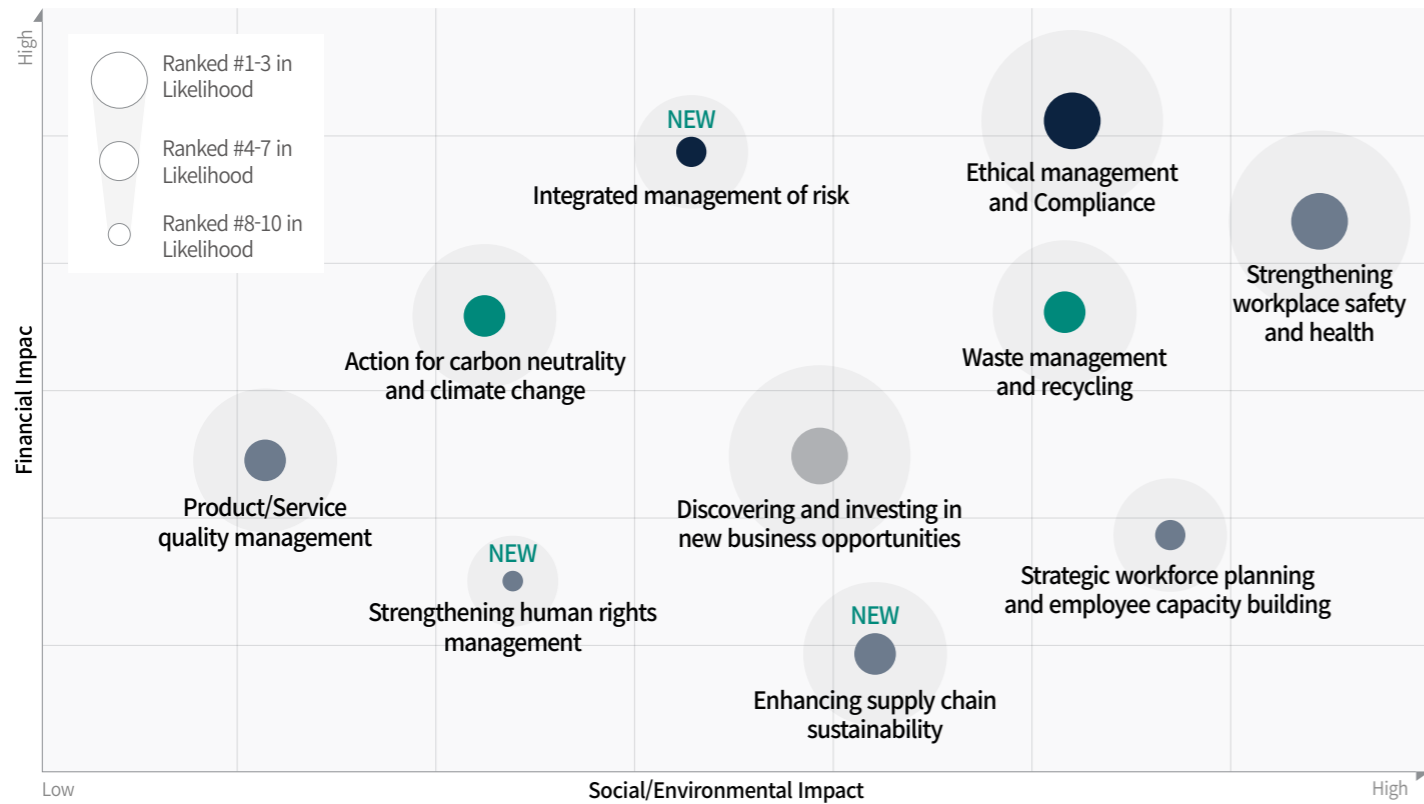
#### Disclosure and feedback

- Report the result of the double materiality assessment to the BOD and review
- Disclose reports with a table of contents reflecting the key issues
- Meet the domestic and international standards and respond to the ESG rating

# Materiality Assessment

## Materiality Matrix

• NEW: newly added issues



### E Environment

- Action for carbon neutrality and climate change
- Waste management and recycling

### S Social

- Enhancing supply chain sustainability
- Strengthening human rights management
- Product/Service quality management
- Strategic workforce planning and employee capacity building
- Strengthening workplace safety and health

### G Governance

- Ethical management and compliance
- Integrated management of risks

### B Business

- Discovering and investing in new business opportunities

## Stakeholder Importance Analysis Results by Issue

Type of Issue	Internal Stakeholders	External Stakeholders
Discovering and investing in new business opportunities	●●●	●●
Waste management and recycling	●●●	●●
Action for carbon neutrality and climate change	●●	●●●
Strategic workforce planning and employee capacity building	●	●
Strengthening workplace safety and health	●●●	●
Product/Service quality management	●●	●●
Enhancing supply chain sustainability	●	●●
Strengthening human rights management	●	●●●
Ethical management and Compliance	●●	●
Integrated management of risk	●●	●●●

※ ●●●: High, ●●: Mid, ●: Low

## Comparison on Material Issues

Material issues in 2022		Material issues in 2022 vs. 2023	
Business(2)	New growth engines	Business(1) Discovering and investing in new business opportunities	Issue updated
	Technological innovation for environmental and social impact	Environment(2) Waste management and recycling	No change
Environment(2)	Response to climate change	Environment(2) Action for carbon neutrality and climate change	Issue updated
	Waste management and recycling	Society(5) Enhancing supply chain sustainability	New issue
Society(5)	Human resource development and fair compensation	Society(5) Strengthening human rights management	New issue
	Safety management at worksites	Society(5) Product/Service quality management	No change
	Sustainability (ESG) management	Society(5) Strategic workforce planning and employee capacity building	No change
	Social contribution strategy and performance management	Society(5) Strengthening workplace safety and health	No change
	Product/service safety and quality	Governance(2) Ethical management and compliance	Issue updated
Governance(1)	Ethical management/fair trade	Governance(2) Integrated management of risks	New issue

# Materiality Assessment

DL E&C objectively analyzes our ESG risks and status quo through active communication, including collecting stakeholders' opinions on ESG material issues based on the results of the materiality assessment. We also specify goals for material issues and systematically manage them in line with top management's KPIs. DL E&C will continue to create a sustainable future by managing material ESG issues.

## Impact of Material Issues and Issue Management Plan

Material issue	<b>Strengthening workplace safety and health</b>	GRI Index
Reason for selecting the issue	Workplace incidents not only hinder productivity but can also have a significant impact on business activities as a potential risk factor. Due to the nature of the construction industry, there is a growing awareness that safety management in all stages of a business is a corporate responsibility. In addition, as regulations on workplace safety, such as the government's enactment of the Serious Accident Punishment Act, are in full swing, establishing a systematic safety and health management system has emerged as an essential element for the sustainable growth of companies.	403-1, 2
Management Plan	We have continuously improved our safety and health management system by disclosing our safety and health policies to stakeholders, setting and promoting safety and health management goals, and periodically reviewing the implementation status. DL E&C recognizes the safety of not only its employees but also all those who work with them as an absolute value that cannot be compromised, and will establish and implement a safety and health policy and do our best to achieve zero fatal accidents. In addition, to increase the level of responsibility of executives for safety, we include the number of safety inspections and the number of serious accidents to the KPIs of executives, team leaders, and employees in the inspection department.	
2022 Achievement	<ul style="list-style-type: none"> <li>Reached 0 in employee's Lost-Time Injury Rate (LTIR)</li> <li>Reached 0.2968 in suppliers' LTIR</li> </ul>	
Long term Target	<ul style="list-style-type: none"> <li>A workplace with zero accidents (zero fatalities)</li> <li>Zero LTIR for employees by 2027 (Base year: 2022)</li> <li>Reduction of the LTIR of suppliers by 30% by 2027 (Base year: 2022)</li> </ul>	

Material issue	<b>Ethical management and compliance</b>	GRI Index
Reason for selecting the issue	As the importance of corporate social responsibility continually grows, the standard for ethical management and compliance is becoming higher. We require ethical and law-abiding attitude to all the employees and companies throughout our value chain. A high level of management is required to ensure that unethical behavior that negatively impacts the company does not occur.	Non-GRI
Management Plan	At DL E&C, we established a Code of Ethics and detailed principles of behavior for employees and strictly adhere to them. We provide ethics training to all employees annually and sign a commitment pledge. We also receive reports of embezzlement, bribery, and violations of the Code of Ethics through Cyber sinmungo. Moreover, we set CEO KPIs for ethics and compliance risk management to strengthen the level of monitoring by key executives.	
2022 Achievement	<ul style="list-style-type: none"> <li>Reached 100% in the rate of employees who participated in ethics training</li> <li>Reached 100% in the rate of employees who signed for the Employee Commitment Pledge (including subsidiaries)</li> </ul>	
Long term Target	<ul style="list-style-type: none"> <li>Zero Anti-corruption/Antitrust Risk</li> </ul>	

Material issue	<b>Action for carbon neutrality and climate change</b>	GRI Index
Reason for selecting the issue	Since the entire global community is emphasizing climate change responses as a prerequisite for sustainable growth and governments have recently strengthened regulations related to climate action, market and governmental demands for greenhouse gas reduction are rising. Therefore, failure to respond to these market changes may result in potential risks, and natural disasters caused by climate change will not only threaten ecosystems but also affect business activities.	305-1, 2, 3
Management Plan	For greenhouse gases generated at our headquarter and domestic/international project sites, we set mid- to long-term reduction targets and have been conducting reduction activities to achieve them. By integrating related tasks such as promoting Net Zero Road Map and lowering GHG emissions within the CEO's KPIs, we expanded management's responsibilities related to the climate change responses.	
2022 Achievement	<ul style="list-style-type: none"> <li>Reduced GHG emissions by 35.2% in 2022 (Base year: 2018)</li> </ul>	
Long term Target	<ul style="list-style-type: none"> <li>Achieve Net-Zero by 2050</li> <li>40% reduction from 2018 GHG emissions by 2030</li> </ul>	

Material issue	<b>Integrated management of risks</b>	GRI Index
Reason for selecting the issue	Every business is subject to various risks, both financial and potential. As many domestic and international investors consider not only a company's financial performance but also its non-financial performance and risks to evaluate its value and decide whether to invest in it, it is necessary to establish a proactive risk identification and response system.	Non-GRI
Management Plan	In order to strengthen the management of non-financial (e.g., climate change) risks in addition to financial risks, we will make decisions on non-financial risks and opportunities through the ESG Committee and the ESG Working Group. Furthermore, we will endeavor to develop our risk management system through monitoring and risk/opportunity identification.	
2022 Achievement	<ul style="list-style-type: none"> <li>Establishment of Non-Financial Risk Management System</li> <li>- ESG Committee</li> <li>- ESG Working Group</li> <li>- ESG Taskforce</li> </ul>	
Long term Target	<ul style="list-style-type: none"> <li>Establishing an enterprise-wide risk management and response system</li> <li>Improving the risk management system by building an autonomous risk response system</li> </ul>	

# Materiality Assessment

## Impact of Material Issues and Issue Management Plan

Material issue	<b>Waste management and recycling</b>	GRI Index
Reason for selecting the issue	Minimizing waste emissions and enhancing to reduce waste emissions and enhance reuse and recycling rates are critical to achieving a circular economy and establishing a green business base. By improving the rate of waste recycling, DL E&C aims to build a circular economy, avoid resource depletion, and reduce environmental pollution.	306-1, 2
Management Plan	Through our internal environmental management system, we regulate the amount of waste created from all projects each month based on the type of waste and the disposal method. We developed environmental management plans and waste management plans for all domestic and international projects in compliance with local laws and regulations.	
2022 Achievement	<ul style="list-style-type: none"> <li>Reached 99.95% in waste recycling rate</li> </ul>	
Long term Target	<ul style="list-style-type: none"> <li>Achieve 99% in waste recycling rate by 2030</li> </ul>	

Material issue	<b>Discovering and investing in new business opportunities</b>	GRI Index
Reason for selecting the issue	To ensure a company's competitiveness in the modern world, where it is necessary to adapt quickly and precisely to changing systems, it is critical to investigate and develop new business areas continuously. Companies need to boost competitiveness in their existing operations while seeking potential growth engines for their business portfolio and secure differentiated competitiveness in response to the uncertainty of the global market. DL E&C is working tirelessly to discover and expand new business items.	Non-GRI
Management Plan	DL E&C intends to ensure competitiveness and differentiation by using digital technology and securing eco-friendly business opportunities as future growth engines, with the goal of laying a stable growth foundation centered on its key business sectors such as developer projects. We continuously strive to develop new green businesses and commercialize them.	
2022 Achievement	<ul style="list-style-type: none"> <li>MOU between DL E&amp;C-CARBONCO and Uljin-gun for nuclear clean hydrogen and CCUS Projects</li> <li>Cooperation agreement between DL E&amp;C-CARBONCO and South Australian State Government on clean hydrogen business development</li> </ul>	
Long term Target	<ul style="list-style-type: none"> <li>Strategic investment in Small Modular Reactors (SMR)</li> </ul>	

Material issue	<b>Enhancing supply chain sustainability</b>	GRI Index
Reason for selecting the issue	There is a growing demand for supply chain ESG risk management to ensure sustainable growth, job creation, and global competitiveness. The recent adoption of a directive by the European Parliament's Legal Affairs Committee on mandatory supply chain human rights and environmental due diligence has heightened the need of proactively managing suppliers' sustainability.	Non-GRI
Management Plan	In addition to enhancing our own ESG management, DL&C is constantly working to improve the ESG capabilities of our supply chain. We analyze sustainability risks in our supply chain every year and proactively identify and address related risks. By strengthening two-way communication with our suppliers, we assist their risk management in a practical way, which creates a virtuous circle between DL E&C and suppliers.	
2022 Achievement	<ul style="list-style-type: none"> <li>Reached 50% in supply chain sustainability audit rate</li> </ul>	
Long term Target	<ul style="list-style-type: none"> <li>Reach 100% in supply chain sustainability audit rate by 2030</li> </ul>	

Material issue	<b>Product/Service quality management</b>	GRI Index
Reason for selecting the issue	Ensuring safety through quality control is directly connected to people's lives, and failure to do so can result in high, unanticipated costs and a loss of stakeholder trust, posing a significant risk to business continuity.	Non-GRI
Management Plan	We are constantly striving for quality innovation to reach 'zero defects' in all project stages as part of our quality policy of rewarding clients with the highest quality.	
2022 Achievement	<ul style="list-style-type: none"> <li>3<sup>rd</sup> place in NCSI(National Customer Satisfaction Index)</li> </ul>	
Long term Target	<ul style="list-style-type: none"> <li>1<sup>st</sup> place in NCSI(National Customer Satisfaction Index)</li> </ul>	

# Materiality Assessment

## Impact of Material Issues and Issue Management Plan

Material issue	Strengthening human rights management	GRI Index
Reason for selecting the issue	A company cannot be considered good if it violates human rights at every level of its business activities. It is becoming increasingly important to address the human rights of all stakeholders, including suppliers and consumers, not just our own employees. Therefore, it is necessary to assess the impact of our business on human rights and implement necessary measures.	Non-GRI
Management Plan	DL E&C undertakes yearly training to prevent human rights abuses such as sexual harassment and bullying. Furthermore, we endeavor to settle human rights violation cases reported from employees or suppliers through our channel as swiftly as possible, and the informant's identity is strictly protected.	
2022 Achievement	<ul style="list-style-type: none"> <li>Established Human Rights Charter</li> <li>Conducted human rights impact assessment to the 86.4%</li> </ul>	
Long term Target	<ul style="list-style-type: none"> <li>Boost the completion rate of human rights impact assessment to 90% by 2030</li> </ul>	

## Stakeholder Value Allocation (based on the separate financial statement)

(Unit: KRW 100 million)

Stakeholder	Type	2021	2022
Local Community	Donation	60	83
	Employee		
	Salary	4,470	4,527
	Welfare expenses	358	507
Suppliers	Purchasing expenses <sup>1)</sup>	50,108	52,461
Government	Income tax expenses	2,734	1,639
Shareholders and Investors	Total cash dividends	580	423
	Interest expense	362	344

1) Vendor purchases refer to the sum of material expenses and outsourcing costs shown in the business report

## Sustainability Taxonomy

At DL E&C, we aim to manage and expand our green business portfolio based on the EU Green Taxonomy (EU-Taxonomy) and the Korean Green Taxonomy (K-Taxonomy). We publicly disclose the financing history and project performance of our green vehicle and green building projects that meet the Green Bond eligibility criteria of the K-Taxonomy.

(Unit: KRW 100million)

Type	Project category based on the management system	Name of the project	Revenue (as a percentage of total revenue <sup>2)</sup> )	Capex	Opex
Green Bond Eligibility Review qualified project	Green Vehicle	Shinwol Yeoui Underpass <sup>1)</sup>	68(0.09%)	50	45
	Green Building	Eco-friendly building construction	1,191(1.59%)	300	911

1) This data corresponds to the DL E&C's share of the total project of the Shinwol-Yeoui Underpass (Seoul Tunnel) in 2022

2) Based on consolidated revenues

# External Stakeholder Impact Assessment Based on Material Issues

DL E&C used quantitative figures and indicators to identify and evaluate the positive and negative impacts on external stakeholders in order to assess the materiality of the 10 key issues. We would like to disclose the result of the impact evaluation and indicators used for Action for carbon neutrality and climate change and Enhancing supply chain sustainability among the 10 key issues.

Impact Assessment		Impact 1	Impact 2
		Action for carbon neutrality and climate change	Enhancing supply chain sustainability
<b>Reasons for the impact</b>	Areas impacted by key issues in the value chain and the extent of impact	<ul style="list-style-type: none"> <li>■ Business Operation</li> <li>■ Products and Services</li> <li>■ Supply Chain</li> </ul> <p>over 50%</p>	<ul style="list-style-type: none"> <li>■ Business Operation</li> <li>□ Products and Services</li> <li>■ Supply Chain</li> </ul> <p>over 50%</p>
<b>Stakeholders who may be impacted</b>	Definition of external stakeholders included in the impact assessment	<ul style="list-style-type: none"> <li>■ Environment</li> <li>■ Society</li> <li>■ Consumers/End Users</li> <li>■ External Employees</li> </ul>	<ul style="list-style-type: none"> <li>■ Environment</li> <li>■ Society</li> <li>□ Consumers/end users</li> <li>■ External Employees</li> </ul>
<b>Relationships between external stakeholders and key issues</b>	Definition of positive/negative impact of the key issue on the environment and local community	<p>At DL E&amp;C, we contribute to carbon neutrality by transforming our business portfolio to a low-carbon/green business and efficiently using the energy needed for the existing buildings.</p> <p><b>[Positive Impact]</b> We can contribute to developing a sustainable supply chain by raising awareness of carbon neutrality among internal and external stakeholders. In particular, we can achieve carbon neutrality across the entire value chain by encouraging our suppliers to use eco-friendly construction materials and actively utilize low-carbon construction equipment.</p> <p><b>[Negative Impact]</b> Concerns related to carbon emissions management may occur because of failure to fulfilling the carbon neutrality goal and building users may face increasing energy expenses. Furthermore, there is a risk that biodiversity may decline as a result of species displacement and ecosystem destruction caused by rapid climate change.</p>	<p>DL E&amp;C effectively manages ESG risks that may arise in the supply chain by considering ESG factors in the selection and contracting of suppliers and providing various funding/training/consulting programs to them.</p> <p><b>[Positive Impact]</b> We can contribute to local communities by controlling risks that may occur in the supply chain (e.g., human rights violations, safety incidents, etc.) through sustainability-related capacity building of our suppliers.</p> <p><b>[Negative Impacts]</b> Weakened sustainability-related capabilities across our supply chain may negatively affect the quality of products/services of our suppliers and/or lower their climate response capacity, which may lead to DL E&amp;C's environmental and economic risks.</p>

Metrics		Impact 1	Impact 2
		Action for carbon neutrality and climate change	Enhancing supply chain sustainability
<b>Output Metric</b>	Description of the quantitative indicators used to measure/calculate the direct social/environmental impacts of our business activities	<ul style="list-style-type: none"> <li>• Greenhouse gas emissions (Scope 1 and 2)</li> <li>• Waste produced (incineration and landfill)</li> </ul>	<ul style="list-style-type: none"> <li>• Expenses associated with supplier technological development and financial assistance</li> </ul>
<b>Impact Valuation</b>	Statement of whether an impact assessment was performed to convert output metrics into impact metrics to measure external social or environmental impacts. Description of the impact assessed (the quantitative metrics used in the assessment process should be selected from the list)	Using EY Long-Term Value Framework <sup>1)</sup>	
<b>Quantitative impact metric linked to material issue</b>	Detailed explanation on quantitative metrics applied in the external impact measurement methodology	Measuring the monetary value of GHGs based on GHG pricing metrics such as the Social Cost of Carbon	Measuring the rate of rise in DL E&C's supplier evaluation (DSSC) score (%)

1) EY's methodology used to assess a company's long-term value by measuring intangible and non-financial values. This methodology is developed for the purpose of overcoming the limitations of current market measures of value

We used the EY Long-Term Value Framework in monetizing the non-financial value and impact of our business delivered to our stakeholders in 2022. The monetized value was measured using the quantitative metrics described in the Output Metric section of the table above. A negative impact of KRW -15,535 million was measured for the Action for carbon neutrality and climate change issue, and a positive impact of KRW 100,000 million was measured for the issue of Enhancing supply chain sustainability.

# ESG Data

## Environmental performance

### GHG Emissions

Category	Classification	Unit	Year			
			2019	2020	2021	2022
Total Greenhouse Gas Emissions	Total Emissions	tCO <sub>2</sub> e	222,597	241,909	190,243	176,502
	Domestic	tCO <sub>2</sub> e	205,312	202,928	166,165	163,651
	Overseas	tCO <sub>2</sub> e	17,285	38,981	24,078	12,851
	GHG Emission Intensity <sup>1)</sup>	tCO <sub>2</sub> e/ KRW 100million	2.83	2.77	2.49	2.35
Scope 1	Total Emissions	tCO <sub>2</sub> e	20,927	26,397	23,162	23,579
	Domestic	tCO <sub>2</sub> e	13,753	16,000	17,013	17,520
	Overseas	tCO <sub>2</sub> e	7,174	10,397	6,149	6,059
	2022 Emissions target goal	tCO <sub>2</sub> e	-	-	-	15,314
Scope 2	Total Emissions	tCO <sub>2</sub> e	44,360	40,514	33,889	40,949
	Domestic	tCO <sub>2</sub> e	41,813	39,344	32,932	39,481
	Overseas	tCO <sub>2</sub> e	2,547	1,170	957	1,468
	2022 Emissions target goal	tCO <sub>2</sub> e	-	-	-	45,374
Scope 3 <sup>2)</sup>	Total Emissions	tCO <sub>2</sub> e	157,310	174,998	133,192	111,974
	Domestic	tCO <sub>2</sub> e	149,746	147,584	116,220	106,650
	Overseas	tCO <sub>2</sub> e	7,564	27,414	16,972	5,324

Category	Classification	Unit	Year			
			2019	2020	2021	2022
Scope 3 <sup>3)</sup>	<b>Total Emissions</b>	tCO <sub>2</sub> e	4,039,399	3,357,324	3,130,859	2,287,840
	Purchased Goods and Services	tCO <sub>2</sub> e	911,006	914,285	966,438	845,646
	Capital goods	tCO <sub>2</sub> e	144	159	156	135
	Fuel and energy related activities (not included in scope 1 or 2)	tCO <sub>2</sub> e	1,482	1,399	2,140	2,851
	Transportation & Distribution	tCO <sub>2</sub> e	16,106	5,083	9,724	4,472
	Waste generated in operations	tCO <sub>2</sub> e	9,580	2,116	7,245	7,362
	Business travel	tCO <sub>2</sub> e	7,200	2,807	3,166	3,542
	Employee commuting	tCO <sub>2</sub> e	7,128	7,161	7,180	6,624
	Upstream Leased Assets	tCO <sub>2</sub> e	-	-	-	-
	Transportation & Distribution (Downstream)	tCO <sub>2</sub> e	-	-	-	-
Processing of sold products	tCO <sub>2</sub> e	-	-	-	-	
Use of sold products	tCO <sub>2</sub> e	3,086,753	2,424,314	2,134,810	1,417,208	
End of life treatment of sold products	tCO <sub>2</sub> e	-	-	-	-	
Downstream leased assets	tCO <sub>2</sub> e	-	-	-	-	
Franchise	tCO <sub>2</sub> e	-	-	-	-	
Investment	tCO <sub>2</sub> e	-	-	-	-	

1) Calculated based on the sum of Scope 1-3 emissions and sales for the reporting year

2) Scope 3 emissions verified in 2022: Equipment emissions from domestic suppliers (100,036) + Domestic employees' private car commuting (6,614) + Equipment emissions from overseas suppliers (5,324)

3) In addition to the GHG assurance opinion data, we have self-managed Scope 3 data for the purpose of enhancing the calculation system.

※ Regarding Scope 3 calculation

1. Reporting boundaries for Scope 3 calculation are based on equipment emissions from domestic and overseas suppliers, domestic material purchases, and domestic employee commuting.

2. Classification of externally verified and self-calculated Scope 3 categories (Unit: tCO<sub>2</sub>e)

(1) Purchased construction materials and services (845,646) = Emissions from suppliers' equipment (verified data 100,036) + Emissions from material purchases (unverified self-calculated data 745,610)

(2) Employee commuting (6,624) = Domestic employee commuting by car (verified data 6,614) + Domestic employee commuting by bus (unverified self-calculated data 9.7)

\*Other subcategories are self-calculated data based on the advanced calculation of Scope 3 emissions.



# ESG Data

## Environmental performance

### Energy

Category	Classification	Unit	Year			
			2019	2020	2021	2022
Energy consumption <sup>1)</sup>	Total energy consumption	TJ	2,040	1,242	1,060	1,211
	Non-renewable energy consumption	TJ	2,038	1,239	1,055	1,206
	Renewable Energy consumption	TJ	2.5	2.5	4.8	4.7
	Purchase of Green pricing(Green premium)	TJ	0	0	0	0
	Third Party Power Purchase Agreement	TJ	0	0	0	0
	Purchase of Renewable Energy credit	TJ	0	0	0	0
	Consumption volume of power generation <sup>2)</sup>	TJ	2.5	2.5	4.8	4.7
Total generation volume of Renewable energy	Total volume of internal power generation	TJ	2.5	501.0	480.0	499.4
Total sales volume of Renewable energy	Total sales of internal power generation <sup>3)</sup>	TJ	-	498.5	475.2	501.9
Energy intensity <sup>4)</sup>		TJ/KRW 100million	0.026	0.014	0.014	0.016
Energy Consumption by Fuel	Electricity	TJ	837.0	790.0	668.2	819.4
	City gas, propane, other oil	TJ	2,338.9	2,354.9	1,920.6	357.4
	Other(Steam, lignite, etc.)	TJ	19.4	16.2	16.1	29.1
Energy Consumption target goal		MWh	-	-	-	1,401

1) Scope of energy consumption calculation sites: Headquarters (Donmuimun D Tower), company-owned sites (Jeongseon Condo, Glad Hotel Yeouido, Yongir, Han Forest Street, Orange Dunes Golf Course, Daejeon Safety Experience School), domestic/overseas construction sites  
 2) No sales of self-generated solar power other than for self-consumption  
 3) Based on power generation from hydropower projects operated since 2020  
 4) Calculated based on revenue in the reporting year

### Water

Category	Classification	Unit	Year			
			2019	2020	2021	2022
Water consumption <sup>1,2)</sup>	Total Fresh water Consumption	ton	1,234,385	1,044,183	1,006,130	1,107,451
	Municipal water supplies	ton	546,655	376,209	361,241	539,300
	Fresh Surface water	ton	515,917	609,961	607,954	537,505
	Fresh Underground water	ton	171,813	58,013	36,935	30,646
	Discharged Water <sup>3)</sup>	ton	0	0	0	0
	2022 Water consumption target goal	ton/KRW 100million	-	-	-	14.8
	Water intensity	ton/KRW 100million	15.67	11.97	13.18	14.77

1) Usage calculation reporting scope: Domestic construction sites  
 2) Water withdrawal and water consumption are managed equally  
 3) In the case of golf course water pollutant discharge facilities, the organization's own standards related to discharged water quality are managed within 50% of the legal regulations.

### Waste

Category	Classification	Unit	Year			
			2019	2020	2021	2022
Waste generated <sup>1,2)</sup>	Total waste generated	ton	1,080,099	342,183	650,870	648,621
	General waste	ton	1,080,045	342,123	650,835	648,548
	Hazardous waste	ton	54	60	35	73
Waste reused/recycled <sup>2)</sup>	Total volume of waste recycled/reused <sup>1)</sup>	ton	1,079,535	341,599	649,811	648,287
	General waste	ton	1,079,518	341,596	649,805	648,287
	Hazardous waste	ton	17	3	6	0
	Waste recycling rate	%	99.95	99.83	99.84	99.95
	2022 Waste recycling rate target goal	%	-	-	-	96.60
Waste disposal <sup>2)</sup>	Total general waste disposal	ton	527	527	1,030	261
	Landfilled	ton	55	127	333	175
	Incineration (energy recovery)	ton	0	0	0	0
	Incineration (energy not recovery)	ton	472	400	697	86
	Others	ton	0	0	0	0
	Total hazardous waste disposal	ton	36	57	29	73
	Landfilled	ton	5	0	1	0
	Incineration (Energy recovery)	ton	0	0	0	0
	Incineration (Energy not recovery)	ton	31	57	28	73
	Others	ton	0	0	0	0

1) Due to the refinement of the waste calculation method compared to the previous year (the division of general and designated waste data), there are data revisions.  
 2) Usage calculation reporting scope: Domestic construction sites

# ESG Data

## Environmental performance

### Construction Materials

Category	Classification	Unit	Year			
			2019	2020	2021	2022
Consumption of construction materials <sup>1,2)</sup>	Steel	ton	473,646	301,447	317,384	255,919
	Concrete	m <sup>3</sup>	2,068,112	2,072,773	2,354,293	2,099,400
	Aggregate	m <sup>3</sup>	823,623	708,965	819,136	498,992
	Asphalt	ton	97,255	81,382	124,775	53,216
	Cement	ton	171,751	196,431	129,199	120,594
	Other(Sand)	m <sup>3</sup>	178,744	216,185	140,750	103,020
Reusing/recycling rate of Construction material	Wood	%	-	-	-	-
	Steel	%	-	-	-	-
	Concrete	%	-	-	-	-
	Aggregate <sup>3)</sup>	%	7.59	6.38	17.09	1.21 <sup>4)</sup>
	Asphalt	%	-	-	-	-
	Cement	%	-	-	-	-
Other(Sand)	%	-	-	-	-	

1) Reporting scope of usage calculation: domestic construction sites  
 2) Among construction material usage, wood is excluded as there is no direct purchase volume.  
 3) The amount of recycled aggregates purchased was calculated as a percentage of the total amount of aggregates used, and quality-certified recycled aggregates were purchased and used.  
 4) There has been a downward trend due to the completion of a large-scale project using recycled aggregates, but we are regularly purchasing recycled products.

### Environmental Certification

Category	Classification	Unit	Year			
			2019	2020	2021	2022
ISO 14001	Percentage of sites operating in accordance with ISO 14001 standard	%	100	100	100	100

### Eco-friendly Construction

Category	Classification	Unit	Year			
			2019	2020	2021	2022
Eco-friendly Construction and Energy Efficiency Rating	Number of Certifications	Case	13	14	9	8
	Percentage of total	%	3	15	44	53

### Eco-friendly Purchasement

Category	Classification	Unit	Year			
			2019	2020	2021	2022
Eco-friendly performance	Eco-friendly product purchase amount	KRW million	74,209	43,914	37,492	73,059
	Purchasement amount of raw materials	KRW million	215,597	141,732	82,660	145,442
	Eco-friendly product purchase ratio	%	34	31	45	50

### Eco-friendly Sales

Category	Classification	Unit	Year			
			2019	2020	2021	2022
Eco-friendly design and product sales	Eco-friendly design and product sales	KRW million	2,521,529	2,334,808	2,162,641	2,432,480
	Total sale revenue	KRW million	4,926,057	4,577,212	4,369,295	4,635,162
	Eco-friendly design/product sales ratio	%	51	51	50	52

### Eco-friendly investment

Category	Classification	Unit	Year			
			2019	2020	2021	2022
Eco-friendly investment cost	Research and Development(R&D) cost	KRW million	204	319	461	687
	Environmental management cost	KRW million	2,223	2,621	2,473	2,774

# ESG Data

## Environmental performance

### Environmental education

Category	Classification	Unit	Year			
			2019	2020	2021	2022
Head Office (Environmental Education)	Education	Hour	3,554	1,956	2,067	1,454
	Number of participating employees	Person	2,430	1,677	1,884	1,426
	Training hours per person	Hour/person	1.46	1.17	1.10	1.02
On-site (environmental education and training)	Education and training hours	Hour	74,233	45,780	52,198	38,989
	Number of participating employees	Person	6,177	2,740	2,720	2,787
	Number of employees of participating suppliers	Person	45,127	19,337	17,910	27,398
	Training hours per person	Hour/person	1.45	2.07	2.53	1.29

### Violation of environmental laws

Category	Unit	Year			
		2019	2020	2021	2022
Number of lawsuits filed	Case	0	0	0	0
Total fine	KRW million	0	0	0	0

### Water pollution discharge

Category	Classification	Unit	Year			
			2019	2020	2021	2022
BOD	Density	mg/L	7.37	3.98	2.55	3.51
	Emissions	kg	52.19	9.51	10.07	1.96
SS	Density	mg/L	7.50	4.20	1.80	5.42
	Emissions	kg	53.11	10.04	7.11	26.18

## Social performance

### Employee Status

Category	Classification	Unit	Year							
			2019		2020		2021		2022	
			male	female	male	female	male	female	male	female
Total number of employees	Total number of employees	Person	5,946		5,490		5,469		5,591 <sup>1)</sup>	
		Person	5,143	803	4,752	738	4,684	785	4,779	812
	Domestic	Person	5,647		5,282		5,262		5,397	
		Person	4,846	801	4,546	736	4,479	783	4,586	811
	Overseas	Person	299		208		207		194	
		Person	297	2	206	2	205	2	193	1
	Female percentage	%	13.5		13.4		14.4		14.5	
By Employment type	Executives	Person	86	2	88	3	71	3	72	2
	Full-time employee	Person	3,328	223	3,085	223	3,034	209	3,126	238
	contract employee	Person	1,729	578	1,579	512	1,579	573	1,581	572
	Others <sup>2)</sup>	Person	5,124	226	9,477	278	8,148	301	6,373	263
By age	Under 30	Person	314	144	254	122	274	124	314	134
	30~50	Person	3,678	450	3,421	429	3,268	448	3,047	442
	Over 50	Person	1,151	209	1,077	187	1,142	213	1,418	236
By position	Executives	Person	86	2	88	3	71	3	72	2
	Senior(middle) manager	Person	355	2	327	5	318	5	301	14
	Junior manager	Person	2,135	87	2,105	115	2,221	120	2,322	125
	Staff	Person	2,567	712	2,232	615	2,074	657	2,084	671

1) Figures include all employees (5,855) and BOD members (6).

2) Includes workers belonging to suppliers, temporary workers, etc. and the data differs from the reporting period of the business report, resulting in a difference in the number of employees (\*Sustainability Report data calculated as of December 31, 2022).

# ESG Data

## Social performance

### Employee Status

Category	Classification	Unit	Year						2022	
			2019		2020		2021		male	female
			male	female	male	female	male	female		
By occupational group	<b>Business department</b>	Person	4,608		4,181		4,121		4,321	
	Executives	Person	51	2	53	3	41	3	47	1
	Senior(middle) manager	Person	296	0	272	2	265	2	243	6
	Junior manager	Person	1,414	45	1,390	50	1,407	48	1,540	65
	Staff	Person	2,202	598	1,890	521	1,798	557	1,848	571
	<b>Non-Business department</b>	Person	496		462		433		414	
	Executives	Person	35	0	35	0	30	0	25	1
	Senior(middle) manager	Person	34	1	26	1	27	1	31	7
	Junior manager	Person	255	23	227	32	235	30	214	27
	Staff	Person	113	35	105	36	69	41	66	43
	<b>STEM department</b>	Person	842		847		915		856	
	Senior(middle) manager	Person	25	1	29	2	26	2	27	1
	Junior manager	Person	466	19	488	33	579	42	568	33
Staff	Person	252	79	237	58	207	59	170	57	
By nationality	Korea	Person	5,107	795	4,716	730	4,651	767	4,705	790
	Asia(except Korea)	Person	20	5	18	4	7	2	36	5
	Middle East	Person	0	0	0	0	0	0	1	0
	America	Person	4	0	5	0	4	0	8	0
	Europe and Africa	Person	12	3	13	4	22	16	29	17
Veterans and Disabled Employees	Veterans employees	Person	123		101		94		86	
	Veterans employees rate	%	2.07		1.84		1.72		1.54	
	Disabled employees	Person	58		51		47		51	
	Disabled employees rate	%	0.98		0.93		0.86		0.91	

### Statue of Race/Ethnicity in 2022

Category	Unit	Percentage of Total Employees		Percentage of total management positions	
Asian	%	97.2		99.54	
Black or African American	%	0		0	
White	%	0.86		0.46	
Indigenous or Native	%	0.05		0	
Other	%	0.02		0	

### New hired

Category	Classification	Unit	Year						2022	
			2019		2020		2021		male	female
			male	female	male	female	male	female		
Total nuber of new hired	<b>Total nuber of new hired</b>	Person	157		71		109		392	
	Domestic	Person	131	26	52	18	99	10	340	50
	Overseas	Person	0	0	1	0	0	0	1	1
By age	Under 30	Person	70	18	26	9	29	5	93	31
	30~50	Person	59	8	25	9	70	5	238	19
	Over 50	Person	2	0	2	0	0	0	10	1
By position	Executives	Person	0	0	7	1	4	0	3	1
	Senior(middle) manager	Person	1	0	1	0	4	0	0	0
	Junior manager	Person	40	3	15	7	56	4	171	11
Internally hired	Staff	Person	90	23	37	11	39	6	170	40
	<b>Internally hired</b>	%	94.0		96.8		94.5		86.3	

# ESG Data

## Social performance

### Turnover and Retirement

Category	Classification	Unit	Year							
			2019		2020		2021		2022	
			male	female	male	female	male	female	male	female
<b>Total turnover and retirement</b>		Person	892	258	792	176	591	165	723	195
By age	Under 30	Person	122		83		82		118	
	30~50	Person	553		434		402		464	
	Over 50	Person	475		451		272		336	
By position	Executives	Person	21		19		14		10	
	Senior(middle) manager	Person	7		24		12		17	
	Junior manager	Person	181		184		89		179	
	Staff	Person	941		741		641		712	
By nationality	Korea	Person	1,112		945		733		904	
	Asia(except Korea)	Person	28		21		16		5	
	Middle East	Person	2		0		0		0	
	America	Person	0		1		1		1	
	Europe and Africa	Person	8		1		6		8	
By race	Asian	%	99.1		99.8		99.1		99.0	
	Black or African American	%	0.2		0.0		2.1		0.5	
	White	%	0.9		0.2		0.1		0.1	
	Indigenous or Native	%	0.0		0.0		0.0		0.0	
	Other	%	0.0		0.0		0.0		0.0	

Category	Classification	Unit	Year							
			2019		2020		2021		2022	
			male	female	male	female	male	female	male	female
<b>Voluntary turnover and retirement</b>		Person	401	75	391	58	344	71	451	73
By age	Under 30	Person	57		34		53		74	
	30~50	Person	304		258		279		320	
	Over 50	Person	115		157		83		130	
By position	Executives	Person	0		1		0		2	
	Senior(middle) manager	Person	3		10		2		3	
	Junior manager	Person	154		168		82		142	
	Staff	Person	319		270		331		377	
By nationality	Korea	Person	452		436		399		518	
	Asia(except Korea)	Person	20		13		12		2	
	Middle East	Person	1		0		0		0	
	America	Person	0		0		1		0	
	Europe and Africa	Person	3		0		3		4	
By race	Asian	%	99.2		100.0		99.0		99.2	
	Black or African American	%	0.0		0.0		0.0		0.0	
	White	%	0.8		0.0		1.0		0.8	
	Indigenous or Native	%	0.0		0.0		0.0		0.0	
	Other	%	0.0		0.0		0.0		0.0	

# ESG Data

## Social performance

### Turnover and Retirement

Category	Classification	Unit	Year						2022	
			2019		2020		2021		male	female
			male	female	male	female	male	female		
<b>Total turnover and retirement rate</b>		%	19.3		17.6		13.8		16.4	
		%	17.3	32.1	16.7	23.8	12.6	21.0	15.1	24.0
By age	Under 30	%	10.6		8.6		10.8		12.9	
	30~50	%	48.1		44.8		53.2		50.5	
	Over 50	%	41.3		46.6		36.0		36.6	
By position	Executives	%	1.8		2.0		1.9		1.1	
	Senior(middle) manager	%	0.6		2.5		1.6		1.9	
	Junior manager	%	15.7		19.0		11.8		19.5	
	Staff	%	81.8		76.5		84.8		77.6	
By nationality	Korea	%	96.7		97.6		97.0		98.5	
	Asia(except Korea)	%	2.4		2.2		2.1		0.5	
	Middle East	%	0.2		0.0		0.0		0.0	
	America	%	0.0		0.1		0.1		0.1	
	Europe and Africa	%	0.7		0.1		0.8		0.9	
By race	Asian	%	99.1		99.8		99.1		99.0	
	Black or African American	%	0.0		0.0		0.0		0.0	
	White	%	0.9		0.2		0.9		1.0	
	Indigenous or Native	%	0.0		0.0		0.0		0.0	
	Other	%	0.0		0.0		0.0		0.0	

Category	Classification	Unit	Year						2022	
			2019		2020		2021		male	female
			male	female	male	female	male	female		
<b>Voluntary turnover and retirement rate<sup>1)</sup></b>		%	8.0		8.2		7.6		9.4	
		%	7.8	9.3	8.2	7.9	7.3	9.0	9.4	9.0
By age	Under 30	%	12.0		7.6		12.8		14.1	
	30~50	%	63.9		57.5		67.2		61.1	
	Over 50	%	24.2		35.0		20.0		24.8	
By position	Executives	%	0.0		0.2		0.0		0.4	
	Senior(middle) manager	%	0.6		2.2		0.5		0.6	
	Junior manager	%	32.4		37.4		19.8		27.1	
	Staff	%	67.0		60.1		79.8		71.9	
By nationality	Korea	%	95.0		97.1		96.1		98.9	
	Asia(except Korea)	%	4.2		2.9		2.9		0.4	
	Middle East	%	0.2		0.0		0.0		0.0	
	America	%	0.0		0.0		0.2		0.0	
	Europe and Africa	%	0.6		0.0		0.7		0.8	
By race	Asian	%	99.2		100		99.0		99.2	
	Black or African American	%	0.0		0.0		0.0		0.0	
	White	%	0.8		0.0		1.0		0.8	
	Indigenous or Native	%	0.0		0.0		0.0		0.0	
	Other	%	0.0		0.0		0.0		0.0	

1) In the case of voluntary turnover-retirement of an employee, not contract expiration or recommended retirement

# ESG Data

## Social performance

### Average length of services

Category	Unit	Year						2022	
		2019		2020		2021		male	female
		male	female	male	female	male	female		
Average years of service	Year	12	10	13	10	14	11	13	10

### Parental leave<sup>1)</sup>

Category	Unit	Year						2022	
		2019		2020		2021		male	female
		male	female	male	female	male	female		
Number of employee eligible for parental leave	Person	1,458	59	1,565	83	1,479	96	1,398	99
Number of employee using parental leave	Person	43	20	42	26	58	28	65	32
Number of returnees in the year after parental leave	Person	40	20	38	23	56	24	48	19
Percentage of return after parental leave	%	93	100	91	89	97	86	74	59
Number of employees who worked for 12 months or longer after returning from parental leave in the previous year	Person	39	20	35	11	30	21	45	20
Percentage of employees who worked for more than 12 months after returning from parental leave in the previous year <sup>2)</sup>	%	91	100	88	55	79	91	80	83

1) Based on the number of full-time employees registered for parental leave in the HR system

2) Percentage of employees who worked for more than 12 months/returning employees from the previous year Correction of the ratio due to changes in data values and calculation formulas from the previous year

### Gender Pay Indicators<sup>1)</sup>

Category	Classification	Unit	Year						2022	
			2019		2020		2021		male	female
			male	female	male	female	male	female		
Management level	Basic salary	KRW million	84	81	83	80	87	82	90	85
	Wage rate of women to men (basic salary)	%	97.0		95.5		95.1		94.9	
	Basic salary + bonus (performance salary)	KRW million	104	90	102	85	108	91	112	94
	Wage rate of women to men (basic salary+performance salary)	%	86.4		83.1		84.0		84.0	
Non-management level	Basic salary	KRW million	58	56	58	54	60	57	62	58
	Wage rate of women to men (basic salary)	%	96.5		94.2		94.6		94.2	

1) Based on full-time employees

※ DL E&C pays wages fairly in accordance with relevant regulations, and male and female employees are paid according to the same standard. However, for employees who have fulfilled their military duty, military service career recognized and reflected. Therefore, the difference in wages between male and female new employees is due to experience, not gender.

### Percentage of new-hired employee wage to minimum wage

Category	Unit	Year						2022	
		2019		2020		2021		male	female
		male	female	male	female	male	female		
Starting salary rate new hired employee based on full-time positions	%	1.8	1.7	1.7	1.6	1.8	1.7	1.7	1.6

### Retirement Pension System

Category	Unit	Year			2022
		2019	2020	2021	
Amount of the fund	KRW million	258,342	270,871	304,633	320,369
Beneficiaries	Person	1,077	1,052	1,181	1,210
Beneficiaries	Person	2,400	2,746	2,268	2,099

# ESG Data

## Social performance

### Performance appraisal

Category	Unit	Year			
		2019	2020	2021	2022
Subjects for performance appraisal review	Person	5,908	5,446	5,333	5,487
Subjects for official performance appraisal <sup>1)</sup>	Person	4,554	4,349	4,213	4,338
Percentage of people subject to formal performance appraisal	%	77.1	79.9	79.0	79.1
Percentage of employees using management by objectives (MBO)	%	100	100	100	100
Percentage of Employees Conducting multidimensional Assessments of Colleagues	%	100	100	100	100
Ratio of ranking selection through comparative analysis of employees	%	100	100	100	100

1) Full-time employees and contractors, excluding on-site hires who are not subject to evaluation.

### Labor relations

Category	Unit	Year			
		2019	2020	2021	2022
Number of labor-management consultative bodies (Hansup Council) held	Case	4	13	13	8
Number of holding	Case	17	19	24	30
Agenda adoption rate	%	100	100	100	100
Labor-management consultative bodies employee ratio	%	100	100	100	100

### Amount and percentage of CEO-employee remuneration

Category	Unit	2022
CEO Total Annual remuneration	KRW million	1,062.7
Median annual remuneration of all employees except the CEO	KRW million	77
Average annual remuneration of all employees except the CEO	KRW million	89.6
Ratio median between CEO total annual remuneration and employee remuneration	%	13.8
Ratio average between CEO total annual remuneration and employee remuneration	%	11.9

### Employee training

Category	Classification	Unit	Year							
			2019		2020		2021		2022	
			male	female	male	female	male	female	male	female
<b>Total training hours</b>	Total training hours	Hour	149,832	13,883	124,342	10,594	160,985	11,163	170,948	16,225
<b>By age</b>	Under 30	Hour	109,991	9,876	93,158	7,428	111,385	8,011	111,794	8,362
	30~50	Hour	4,216	2,818	6,699	2,427	7,167	2,141	24,462	6,804
	Over 50	Hour	35,625	1,189	24,485	739	42,433	1,010	34,692	1,060
<b>By position</b>	Executives	Hour	1,858	4	754	7	934	12	666	8
	Senior(middle) manager	Hour	12,811	612	8,136	686	13,777	394	10,969	408
	Junior manager	Hour	109,402	6,635	91,253	5,456	121,799	5,320	115,720	6,479
	Staff	Hour	25,762	6,632	24,199	4,445	24,475	5,437	43,594	9,331
	Education general (Job, Leadership)	Hour	137,609	13,022	115,073	9,949	146,206	10,151	150,611	14,554
	Environmental education	Hour	747	160	303	8	2,236	41	1,403	39
<b>By program</b>	ESG education	Hour	-	-	-	-	3,903	284	-	-
	Sexual harassment prevention education	Hour	4,330	300	4,019	293	3,964	309	4,044	361
	Ehtics/CP education	Hour	2,182	20	514		514	24	2,778	178
	Information security education	Hour	642	84	414	51	4,162	354	4,116	399
	Disabled awareness education	Hour	4,322	297	4,019	293	-	-	3,999	347
	Workplace bullying prevention education	Hour	-	-	-	-	-	-	3,999	347
<b>Total cost of education</b>		KRW million	1,831		1,347		1,442		1,594	
<b>Employees participating in education</b>		Person	4,630		4,312		4,273		4,405	
<b>Training hours per person</b>		Hour/person	35		31		40		42	
<b>Education cost per person</b>		KRW million	0.39		0.31		0.33		0.36	



# ESG Data

## Social performance

### Human Capital Investment in 2021~2022(Consolidated Basis)

Category	Unit	Year			
		2019	2020	2021	2022
Total sales	KRW million			7,631,651	7,496,823
Total Operating expenses	KRW million			6,674,393	6,999,858
Employee value distribution (wage + benefits)	KRW million	Spin off (January 2021)		688,457	683,139
Total no. of employees	Person			5,469	5,591
Return On investment(ROI) <sup>1)</sup>	%			2.39	1.73

1) Based on business report disclosure, Human Capital Return on Investment = Sales - (operating expenses - (salaries+welfare expenses)) / (salary+welfare expenses)

### Win-Win Partnership

Category	Classification	Unit	2022
Technical support	Joint R&D performance sharing system	Case	33
	Technical data leasing support	Case	1
Financial support	Mutual Growth Fund Creation	KRW Billion	500
	Mutual Growth Fund Loan	KRW Billion	330
	Creation of direct fund support	KRW Billion	500
	Execution of Direct Fund Support	KRW Billion	497
Business Support	Contract performance guarantee rate reduction	Number of company	18
	Subcontract settlement appraisal support for subcontractors	Case	1
	Contributing to the Win-Win Cooperation Fund for Large and Small Businesses	KRW Billion	52
	Financial consulting support	Number of company	34
	Safety consulting support	Number of company	19
Education support	Number of participants in job training	Person	298
	Number of participants in safety training	Person	209

### Government support amount

Category	Unit	Year			
		2019	2020	2021	2022
Tax deduction <sup>1)</sup>	KRW million	Spin off (January 2021)		230	432

1) Business report disclosure criteria (Refer to 35. Corporate tax expense in the notes to the financial statements)

### Supplier grievance handling

Category	Classification	Unit	2022
Receipt of complaints and actions	Number of complaints received	Case	50
	Number of complaint handling actions	Case	41
	Complaint handling reception and handling rate	%	82.0

### Social contribution

Category	Classification	Unit	Year			
			2019	2020	2021	2022
Social Contribution Investment Rate	Charity donation	%	70.2	64.7	45.3	36.6
	Social investment	%	26.3	32.8	53.7	62.5
	Commercial investment	%	3.5	2.5	1.0	0.9
Amount of social contribution activities	Total donation	KRW million	6,949	7,495	6,027	8,327
	Total volunteer hours of members	Hour	16,842	12,603	12,522	15,124

# ESG Data

## Social performance

### Industrial Safety

Category	Classification	Unit	Year			
			2019	2020	2021	2022
Disaster and Mortality <sup>1)</sup>	<b>Total number of daths</b>	Person	2	1	1	5
	Employee Deaths	Person	0	0	0	0
	Supplier <sup>2)</sup> Deaths	Person	2	1	1	5
	Mortality Rate	%	0.87	0.40	0.29	1.62
	LTIR (Lost Time Injury Rate) (employees)	Case/200,000 Working	0	0	0	0
	LTIR (Lost Time Injury Rate) (Supplier)	Case/200,000 Working	0.2591	0.2256	0.2031	0.2968
	<b>Total number of injured</b>	Person	144	159	107	134
	Employee injury	Person	0	0	0	0
	Supplier <sup>2)</sup> injury	Person	144	159	107	134
	Occupational diseases (illnesses) <sup>3)</sup>	<b>Total number of victims</b>	Person	32	32	32
Number of employees victims		Person	0	0	0	0
Number of supplier victims		Person	32	32	32	23

1) Criteria for calculating the accident and fatality rate  
 - Domestic: Accidental injury accidents that occurred at our worksites and resulted in 3 days or more of leave from work.  
 - Overseas: Accidental injury accidents that occurred at our worksites that resulted in a lost time incident (LTI) or more.  
 2) Accidental injury accidents among workers who are affiliated with suppliers and work at our sites  
 3) Approved cases of occupational diseases by the Labor Welfare Corporation (classified by date of occurrence)

### Customer satisfaction

Category	Classification	Unit	Year			
			2019	2020	2021	2022
Customer Satisfaction Survey	Number of people surveyed	Person	248,396	169,836	90,210	66,949
	Survey Respondents	Person	40,143	28,610	19,988	9,896
	Survey Response	%	16	17	22	15
	Rate Customer Satisfaction Result (Average)	Point	86	93	96	96
	Percentage of satisfied customers	%	-	-	-	82.3
	Customer Satisfaction Goal	%	-	-	-	95

### Cyber sinmungo

Category	Classification	Unit	Year			
			2019	2020	2021	2022
Operation Status	Risk	Case	-	21	15	6
	Employee Corruption	Case	-	10	8	2
	Construction civil complaints/unreasonable requests	Case	-	12	5	3
	Others	Case	2	20	13	15
	Dismissal from office	Case	4	5	0	0
Unethical Behavior Cases and Actions	Suspension	Case	8	10	3	10
	Salary reducion	Case	15	9	1	18
	Discipline	Case	15	14	0	7
	Written appolgy	Case	0	7	2	7

### Violation of the Code of Conduct/Ethics Policy<sup>1)</sup>

Category	Unit	2022
Corruption/bribery	Case	0
Discrimination/Harassment	Case	1
Violation of customer privacy protection	Case	0
Conflict of interest	Case	0
Money laundering or insider trading violations	Case	0

1) Based on business report and internal reporting standards

**Compliance with regulations** | DL E&C transparently discloses the status of sanctions through its annual business report, and in 2022, the company was sanctioned with four fines for operating a construction site under the Occupational Safety and Health Act.

# ESG Data

## Economic performance

### Composition of the board of directors

Category	Classification	Unit	Year			
			2019	2020	2021	2022
Board independence	All of Directors	Person			5	6
	Executive Director	Person			2	2
	Independent Director	Person			3	4
	Non-executive Director	Person			0	0
Board diversity	Male	Person	Spin off (January 2021)		5	5
	Female	Person			0	1
Board of directors	Held	Case			11	9
	Reporting and Resolution Agenda	Case			56	56
	Attendance rate	%			100	100

### Board effectiveness

Category	Classification	Unit	Year			
			2019	2020	2021	2022
Board term	Average Tenure	Year			3	4
Board expertise	Number of industry experts	Person	Spin off (January 2021)		4	5
	Number of financial experts	Person			1	1

※ No member of the DL E&C Full Independent Board has been employed in an executive capacity within the last one year, is an advisor or consultant to the Company or is a member of the Company's senior management team, or is affiliated with any such company. In addition, no Full Independent Director is affiliated with a not-for-profit organization that receives contributions from the Company.

### Operation of board of directors

Category	Classification	Unit	Year			
			2019	2020	2021	2022
Nomination and Remuneration Committee	Held	Case			1	3
	Attendance rate	%			100	100
Audit Committee	Held	Case			6	6
	Attendance rate	%	Spin off (January 2021)		100	100
Finance Committee	Held	Case			15	12
	Attendance rate	%			100	100
ESG Committee	Held	Case			9	10
	Attendance rate	%			100	100

### Compliance management

Category	Unit	Year			
		2019	2020	2021	2022
Total number of inspections	Case	-	-	529	279
Self-inspection	Case	-	-	524	276
Unregular inspection	Case	-	-	5	3
Subcontractor self-inspection	Case	-	1,108	1,149	1,097
Number of internal violation reports	Case	-	0	0	0

# ESG Data

## Economic performance

### Amount of Fines and Non-Monetary Sanctions for Violation of Laws

Category	Classification	Unit	Year			2022
			2019	2020	2021	
Compliance-Related Legal Actions	Amount of fine	KRW	-	0	0	0

### Fair Trade Education

Category	Classification by job	Unit	Year			2022
			2019	2020	2021	
Compliance monitoring and ethical management training completion system	On-site employee	Person	-	-	-	202
	Head office employee	Person	-	-	-	93
Collusion prevention education	Head office employee	Person	-	-	-	147
Internal trading education	Head office employee	Person	-	-	-	24
Display and Advertising Act	Head office employee	Person	-	17	124	196
Examples and Countermeasures for Violation of the Subcontracting Act	On-site employee	Person	-	2,054	402	743
	Head office employee	Person	-	330	1,985	154

### Information protection

Category	Classification	Unit	Year			2022
			2019	2020	2021	
Violation of data protection	Number of information protection violations	Case	0	0	1	0
	Number of violations of customer privacy	Case	0	0	1	0
	Total amount of fines and negligence due to data protection violations	KRW	0	0	3,360,000	0

## Key financial indicators

### Consolidated statement of comprehensive income (creation of economic value)

(Unit: KRW 100million)

Category	2022
Sales	74,968
Cost of sales	65,654
Gross profit	9,313
Operating Income	4,969
Income before income tax expenses	5,954
Net Income	4,315

### Consolidated financial stability

(Unit: %)

Category	2022
Current ratio	168.31
Debt ratio	91.26
Net debt ratio	-13.95

### Consolidated statement of financial position

(Unit: KRW 100 million)

Category	2022
Total Current Assets	54,037
Total non-current assets	35,709
Total assets	89,747
Total current liabilities	32,106
Total non-current liabilities	10,715
Total liabilities	42,822
Capital stock	2,145
Other paid-in capital	34,615
Retained Earnings	8,580
Non-controlling interests	3,428

# SASB Index

Topic	Code	Accounting Metric	Category	Remarks
Environmental Impacts of Project Development	IF-EN-160a.1	Number of incidents of non-compliance with environmental permits, standards, and regulations	Quantitative	No incidents
	IF-EN-160a.2	Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction	Discussion and Analysis	We assess environmental impacts on the surrounding environment due to the project, promoting eco-friendly design and construction.
Structural Integrity & Safety	IF-EN-250a.1	Amount of defect- and safety-related rework costs	Quantitative	Undisclosed
	IF-EN-250a.2	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	Quantitative	Undisclosed
Workforce Health & Safety	IF-EN-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	Quantitative	<ul style="list-style-type: none"> <li>DL E&amp;C is administered under LTIR instead of TRIR</li> <li>0.2968 as of 2022, with a mortality rate of 0 for full-time and contract employees</li> </ul>
Life Cycle Impacts of Buildings & Infrastructure	IF-EN-410a.1	Number of (1) commissioned projects certified to a third-party multi-purpose sustainability standard and number of (2) active projects promoting such certification	Quantitative	Green Construction and Energy Efficiency Ratings Building Certification 8 Projects (2022)
	IF-EN-410a.2	Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design	Discussion and Analysis	<ul style="list-style-type: none"> <li>We are developing superior insulation and sound PVC turning doors, curtain wall systems with improved insulation performance, high-efficiency ventilation devices, smart energy analysis systems using sensors, and smart commissioning solutions as well as an optimal design program for solar energy systems.</li> <li>When it comes to water conservation and efficient use, the initial rainwater treatment facility and rainwater infiltration block are considered in the design process through the hydrological survey and analysis for the project. By reviewing the changes, we are taking action against possible risks in the future. We also developed a technology to optimize the operation of sewage membrane filtration for the pre-treatment process to improve maintenance and operation in private/environmental projects.</li> </ul>
Climate Impacts of Business Mix	IF-EN-410b.1	Amount of backlog <sup>1)</sup> for (1) hydrocarbon-related projects and (2) renewable energy projects	Quantitative	There have not been any backlog associated with hydrocarbon and renewable energy related projects.
	IF-EN-410b.2	Amount of backlog cancellations associated with hydrocarbon-related projects	Quantitative	There have not been any backlog cancellations associated with hydrocarbon-related projects.
	IF-EN-410b.3	Amount of backlog for non-energy projects associated with climate change mitigation	Quantitative	There has not been any backlog associated with non-energy projects
Business Ethics	IF-EN-510a.1	(1) Number of active projects and (2) backlog in countries <sup>2)</sup> that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Quantitative	There are no projects or backlogs in countries that have the 20 lowest rankings.
	IF-EN-510a.2	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices <sup>3)</sup>	Quantitative	(1) No incident (2) KRW 10.8 billion due to anti-competition lawsuits (Dec. 20, 2022, DART disclosure, as a result of a lawsuit for damages for the construction of liquefied natural gas storage tanks for Korea Gas Corporation)
	IF-EN-510a.3	Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behavior in the project bidding processes	Discussion and Analysis	<ul style="list-style-type: none"> <li>We introduced and shared ethical practice based on the ethics charter, code of ethics and practice guidelines as well as the signing of a pledge for compliance</li> <li>ESG Committee has been organized under the BoD along with fair trade compliance programs and training</li> </ul>
Activity Metrics	IF-EN-000.A	Number of active projects <sup>4)</sup>	Quantitative	140 active projects
	IF-EN-000.B	Number of commissioned projects <sup>5)</sup>	Quantitative	N/A
	IF-EN-000.C	Total backlog <sup>6)</sup>	Quantitative	KRW 18.6 trillion

1) A backlog is defined as the value of an uncompleted business (i.e. expected but unrecognized revenues) as of the end of the reporting period or defined by an entity consistent with existing backlog disclosures. A backlog can also be referred to as a log with delayed revenue or an unfulfilled performance obligation. The scope of the disclosure is limited to building and infrastructure projects for which the company provides engineering, construction, architecture, design, installation, planning, consulting, repair or other similar services.

2) Somalia, North Korea, Myanmar, Afghanistan, Uzbekistan, Turkmenistan, Sudan, Iraq, Haiti, Venezuela, Equatorial Guinea, Burundi, Libya, DR Congo, Chad, Angola, Yemen, Kyrgyzstan, Guinea, Cambodia

3) Describe briefly the nature, circumstances and actions taken as a result of the monetary losses.

4) Active projects refer to building and infrastructure projects under development that the company is actively providing services as of the end of the reporting period, including, but not limited to, its design and construction. However, it does not include any projects commissioned during the reporting period.

5) Commissioned projects are defined as those that have been completed and ready for service during the reporting period. The scope of the commissioned projects includes only those for which the company provides construction services.

6) Order backlog (number or amount of projects not completed during the reporting period)

# UN SDGs



DL E&C is actively promoting activities to achieve the United Nations Sustainable Development Goals (SDGs) for sustainable human development.

SDGs	Goals	ESG strategy	DL E&C activities	SDGs	Goals	ESG strategy	DL E&C activities
1.5	• Build Resilience to Environmental, Economic and Social Disasters	• A partner growing with local communities	• Employee volunteering to support local community	10.3	• Ensure Equal Opportunities and End Discrimination	• Building a safe society	• Human Rights Charter
3	• Ensure Healthy Lives and Promote Well-being for All Ages	• Building a safe society	• Health and safety management	11.7	• Provide Access to Safe and Inclusive Green and Public Spaces	• Expansion of eco-friendly construction • A partner growing with local communities	• Facilities for low-income families(Repair house for hope)
4.7	• Education for Sustainable Development and Global Citizenship	• A partner growing with local communities	• Safety Experience Center for local communities and suppliers • Community Creative Convergence Education	12.5, 12.6	• Substantially Reduce Waste Generation • Encourage Companies to Adopt Sustainable Practices and Sustainability Reporting	• Activation of resource circulation • Sustainable supply chain	• Improve waste recycling rates(Build an emissions performance management system) • Build ESG governance system(Establish an ESG committee)
5.5	• Ensure Full Participation in Leadership and Decision-Making	• Strengthen human rights management	• Diversity in workplace (setting target ratio for female employees)	13.3	• Build Knowledge and Capacity to Meet Climate Change	• Reinforcement of climate change activities	• Expanding the use of energy management systems across all sites for Net-Zero 2050, Excessive reduction of GHG emissions by applying Smart Construction • Implemented a carbon zero challenge campaign for employees
7.3	• Double the Improvement in Energy Efficiency	• Expansion of eco-friendly construction • Activation of resource circulation	• Eco-friendly design technology • Expanding energy efficiency at the operational level	15.1	• Conserve and Restore Terrestrial and Freshwater Ecosystems	• Expansion of eco-friendly construction	• Biodiversity and deforestation policies
8.3	• Promote Policies to Support Job Creation and Growing Enterprises	• Building a safe society	• Win-Win partnership programs(2022 Open Innovation)	16.5	• Substantially Reduce Corruption and Bribery	• Strengthening ethics and compliance management • Enhancement of risk management system	• Anti-corruption policies • Compliance monitoring and ethical management training program
9	• Building resilient infrastructure, promoting inclusive sustainable industrialization and drive innovation	• Reinforcement of climate change activities	• Green Redesign for Environmental Facilities				

# GRI Contents Index

**Statement of use** | DL E&C has reported the information cited in this GRI content index for the period January 1, 2022 to December 31 with reference to the GRI Standards.

**Used GRI 1** | GRI 1 Foundation 2021

\* DL E&C has not been subject to any published industry standards to date, so no industry standards have been applied.

GRI Standard	Disclosure	Indicators	Page	remark
<b>General disclosures</b>				
<b>GRI 2: General Disclosures 2021</b>	2-1	Organizational details	5~6, 59	
	2-2	Entities included in the organization's sustainability reporting	-	About this report
	2-3	Reporting period, frequency and contact point	-	About this report
	2-4	Restatements of information	-	Annotate change data separately
	2-5	External assurance	103~104	
	2-6	Activities, value chain and other business relationships	5~11	
	2-7	Employees	83~84	
	2-8	Workers who are not employees	83	
	2-9	Governance structure and composition	56~59	
	2-10	Nomination and selection of the highest governance body	58	
	2-11	Chair of the highest governance body	56	
	2-12	Role of the highest governance body in overseeing the management of impacts	14	
	2-13	Delegation of responsibility for managing impacts	14	
	2-14	Role of the highest governance body in sustainability reporting	14	
	2-15	Conflicts of interest	58, 60	
	2-16	Communication of critical concerns	62, 67	
	2-17	Collective knowledge of the highest governance body	56, 58	
	2-18	Evaluation of the performance of the highest governance body	58	
	2-19	Remuneration policie	58	
	2-20	Process to determine remuneration	58	
	2-21	Annual total compensation ratio	88	
	2-22	Statement on sustainable development strategy	4	
	2-23	Policy commitments	98~102	
	2-24	Embedding policy commitments	98~102	

GRI Standard	Disclosure	Indicators	Page	remark
<b>GRI 2: General Disclosures 2021</b>	2-25	Processes to remediate negative impacts	66, 67, 69	
	2-26	Mechanisms for seeking advice and raising concerns	61	
	2-27	Compliance with laws and regulations	63, 90	business Report 373page
	2-28	Membership associations	97	
	2-29	Approach to stakeholder engagement	72~73	
	2-30	Collective bargaining agreements	36	
<b>Material Topics</b>				
<b>GRI 3: Material Topics 2021</b>	3-1	Process to determine material topics	74	
	3-2	List of material topics	75	
	3-3	Management of material topics	76~78	
<b>Economic Performance</b>				
<b>TOP-Specific Standards (GRI 200)</b>	201-1	Direct economic value generated and distributed	78, 92	
	201-2	Financial implications and other risks and opportunities due to climate change	24~25	
	201-4	Financial assistance received from government	59, 89	
	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	35	
	203-1	Infrastructure investments and services supported	53~54	
	203-2	Significant indirect economic impacts	78	
	204-1	Proportion of spending on local suppliers	41~42	
	205-1	Operations assessed for risks related to corruption	60, 63, 91	
	205-2	Communication and training about anti-corruption policies and procedures	60	
	205-3	Confirmed incidents of corruption and actions taken	62	
	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	90	business Report 373page
	207-1	Approach to tax	68	
	207-2	Tax governance, control, and risk management	68	

# GRI Contents Index

GRI Standard	Disclosure	Indicators	Page	remark
<b>Environmental Performance</b>				
<b>Materials</b>	301-1	Materials used by weight or volume	82	
	301-2	Recycled input materials used	82	
<b>Energy</b>	302-1	Energy consumption within the organization	81	
	302-2	Energy consumption outside of the organization	81	
	302-3	Energy intensity	81	
<b>Water</b>	303-1	Interactions with water as a shared resource	20, 81	
	303-2	Management of water discharge-related impacts	20, 81	
	303-3	Water withdrawal	81	
	303-5	Water consumption	81	
<b>Emissions</b>	305-1	Direct (Scope 1) GHG emissions	80, 104	
	305-2	Energy indirect (Scope 2) GHG emissions	80	
	305-3	Other indirect (Scope 3) GHG emissions	80	
	305-4	GHG emissions intensity	80	
	305-5	Reduction of GHG emissions	27~28	
<b>Effluents &amp; Waste</b>	306-1	Waste generation and significant waste-related impacts	22	
	306-2	Management of significant waste-related impacts	22	
	306-3	Waste generated	81	
	306-4	Waste diverted from disposal	81	
	306-5	Waste directed to disposal	81	
<b>Social Performance</b>				
<b>Employment</b>	401-1	New employee hires and employee turnover	84	
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	39	
	401-3	Parental leave	37, 87	

GRI Standard	Disclosure	Indicators	Page	remark
<b>Occupational Health and Safety</b>	403-1	Occupational health and safety management system	44	
	403-2	Hazard identification, risk assessment, and incident investigation	45, 47, 48	
	403-3	Occupational health services	38	
	403-4	Worker participation, consultation, and communication on occupational health and safety	45	
	403-5	Worker training on occupational health and safety	47	
	403-9	Work-related injuries	90	
	403-10	Work-related ill health	90	
<b>Training &amp; Education</b>	404-1	Average hours of training per year per employee	88	
	404-2	Programs for upgrading employee skills and transition assistance programs	34	
	404-3	Percentage of employees receiving regular performance and career development reviews	88	
<b>Diversity and Equal Opportunity</b>	405-1	Diversity of governance bodies and employees	36	
<b>Non-discrimination</b>	406-1	Incidents of discrimination and corrective actions taken	30	N/A
<b>Child Labor</b>	408-1	Operations and suppliers at significant risk for incidents of child labor	30	N/A
<b>Forced or Compulsory Labor</b>	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	30	N/A
<b>Local Communities</b>	413-1	Operations with local community engagement, impact assessments, and development programs	52, 89	
<b>Public Policy</b>	415-1	Political contributions	-	We do not make political donations under Article 31 of the Political Funds Act (limitation of donations)
<b>Customer Health and Safety</b>	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	90	Business report 373page
<b>Marketing and Labeling</b>	417-3	Incidents of non-compliance concerning marketing communications	-	N/A
<b>Customer Privacy</b>	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	92	N/A



# Awards & Memberships

## Awards

Awards	Hosts/Organizers
2022 Overseas Construction Awards (SOC Grand Prize)	Money Today
2022 Korea Residential Service Award (Best Architecture)	Money Today
16th Asia Economic Apartment Brand Awards (Power Brand Award)	Asia Economic
2022 Hankyung Residential Culture Award (Customer Satisfaction Award)	The Korea Economic Daily
2022 Liveable Apartment Competition (Excellence Award)	Maeil Business News
2022 Korea Luxury Housing Grand Prize (Best General Apartment)	Money Today
2022 Korea Representative Apartment Grand Prize (MOLIT Minister Award for Customer Satisfaction)	Korea Economic Daily TV
2022 Eco-friendly Construction Industry Grand Prize (Wellness Apartment Award)	The Economist
The 18th Wellness Apartment Award (Space Innovation Award)	Hankyung Business
The 17th Asia Construction Grand Prize (Customer Satisfaction Award)	Asia Economy
The 14th Azure Economy Construction Award (Residential Technology Innovation Award)	Aju Economy
The 14th Green Construction Award (Innovative Design Award)	Asia Today
2022 Smart Construction Award (Design Award)	E-Today
2022 Green Housing Award (Customer Satisfaction Grand Prize)	Hankook Ilbo
2022 Top House to Live (Housing and Urban Development Award)	Herald Economy
2022 Hankyung Residential Culture Award (Wellness Apartment Grand Prize)	The Korea Economic Daily
The 13th Korea Green Construction Award (Architecture Grand Prize)	The Seoul Shinmun
The 18th Korea Civil Engineering and Construction Technology Awards (Grand Prize for Water and Marine Facilities)	Maeil Business Daily
2022 Metro Apartment Landscape Award Hu and Hu (Theme Landscape Award)	Metro Media

## Memberships

KOSHA-MS Council	Korea International Trade Association
Korea Fire Facility Association	Korea Housing Association
Korean Structural Engineers Association	Korea Specialty Contractors Association
Korea Electrical Contractors Association	Korea Construction and Transport New-Technology Association
Korea Industrial Technology Association	Korea Listed Companies Association
Korea Facilities Maintenance Association	Korea Concrete Institute
Korean Professional Engineers Association	Korean Society of Civil Engineers
Korea Electric Engineers Association	Korea Construction Engineers Association
Construction Association of Korea	Korea Fire Safety Institute
Korean Society of Steel Construction	Korea Plant Industries Association
Korean Society of Road Engineers	Seoul Chamber of Commerce and Industry
Korea Information and Communication Contractors Association	Korea Environment Construction Association
Korea Electric Association	Korea Engineering & Consulting Association
Korea Federation of Construction Contractors	International Contractors Association of Korea
	Seoul Branch of Habitat for humanity

## Awards & Memberships

### Political Contributions and Association Fees

(Unit: KRW million, %)

Category	2019	2020	2021	2022
Lobbying, interest representation or similar	0	0	0	0
Local, regional or national political campaigns / organizations / candidates <sup>1)</sup>	0	0	0	0
Trade associations or tax-exempt groups	1,829.8	1,336.9	1,412.1	1,838.0
Other	0	0	0	0
<b>Total contributions and other spending</b>	<b>1,829.8</b>	<b>1,336.9</b>	<b>1,412.1</b>	<b>1,838.0</b>
<b>Data coverage</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

1) DL E&C complies with Article 31 (Restrictions on Donations) of Chapter 6 of the Korean Political Funds Act, which prohibits donations of political funds by corporations or organizations, and does not provide any political and election funds and lobbying funds to specific political parties and political organizations to prevent corruption related to political funds. We cooperate in the development of public interest through support for associations whose political neutrality is guaranteed, and we recognize that expenditures related to policy influence can be a medium- to long-term risk factor, and we prevent potential risks by managing the details and size of our overall donations.

### Top 5 Membership Due Payment in 2022

(Unit: KRW million)

Top 5 Membership Due Payment in 2022	2022
Construction Association of Korea	389
International Contractors Association of Korea	250
Korea Plant Industries Association	185
Korea Federation of Construction Contractors	100
Seoul Branch of Habitat for humanity	90

### Membership(associations) Align with Climate change

DL E&C recognizes the seriousness of climate change and is developing relevant technologies to respond to climate change. In addition, we support the achievement of the Paris Agreement goals on pages 24-26 of this report and describe our internal policies to respond to climate change, and DL E&C's strategy to achieve net-zero emissions by 2050 can be found on page 27. Through its subsidiary CARBONCO (100% stake in DL E&C), DL E&C joined the 'K-CCUS Association' in 2022 and actively participates in association activities to develop an international cooperation mechanism for CCUS, and is a member of the 'Clean Ammonia Council', a consultative group for establishing a technology base for the entire cycle of ammonia production, transportation, extraction, and utilization as part of carbon neutrality, and is conducting various activities for domestic and international technology and information exchange and public-private partnership responses for the green ammonia industry. In order to actively participate in the implementation of the Paris Agreement and initiatives to respond to global climate change, DL E&C has established internal standards for joining associations and applies them to all sites operated by DL E&C, and plans to actively expand participation in associations to advance carbon neutrality-related technologies in the future. DL E&C monitors compliance with the Paris Agreement for all associations it joins and applies to all of its operations. As of December 2022, no associations are in material breach of the Paris Agreement.

## Policy & Principle

### Guidelines for Independence and Diversity of the Board of Directors

We ensure compliance with relevant laws and regulations including the Commercial Act to maintain the independence of our independent directors. We also introduced global regulations<sup>1)</sup> or stricter requirements to check their independence when selecting candidates.

Candidates are considered independent if they do not fall under any of the following conditions, and their relationship with the company is comprehensively reviewed.

- Directors, executive officers and employees working for the company, or directors, auditors, executive officers and employees who have worked for the company within the last 3 years
- The largest shareholder, their spouse and immediate family members, or if the largest shareholder is a company, and they are the director, auditor, executive officer, or employee of the company
- A director, executive officer, auditor or employee of the following company within the last 2 years:
  - A total amount of transactions with DL E&C in the last 3 business years is 10% or more of their total assets or total sales
  - An accounting firm that is appointed as an auditor of DL E&C
- Serving as a director, executive officer, or auditor of two or more other companies besides DL E&C
- The person's immediate family member has served as a director or executive member of DL E&C within the last 3 years.
- The person or his/her family member has received during any twelve month period within the last 3 years, more than KRW 70 million (US\$ 60,000) in direct compensation.
- The person who has worked for a public organization related to DL E&C 3 years from the date of resignation (unless approved by the Public Official Ethics Committee)

The Board of Directors is composed of directors with expertise in various fields, not biased toward a specific field so that they can make informed rational decision based on the interests of stakeholders including shareholders and customers.

In particular, independent directors are selected by considering their nationality, gender, and age to ensure diversity to keep a broad perspective.

- **Diversity**
  - Nationality: Candidates with various nationalities to build a balanced governance structure
  - Gender: Candidates of different genders to reflect the principle of gender equality and take broad perspectives without being biased toward a certain gender
  - Age: Candidates of various ages to ensure flexibility in dealing with changing business environment and increase the effectiveness of the board
  - Others: Other elements including race, ethnicity, and religion to support diversity

1) 「NYSE Listed Company Manual」 Section 303A

# Policy & Principle

## Policy for Prevention of Sexual Harassment and Workplace Bullying

At DL E&C, we do not tolerate any form of sexual harassment and bullying in our workplace, and any violations are dealt with according to our zero-tolerance policy. We are committed to taking action in response to the incidents and protecting victims under the policy.

We deal with violations in accordance with the Employment Rules and Sexual Harassment Prevention Guidelines and raise awareness by specifying our zero-tolerance policy on sexual harassment and bullying under the Code of Ethics Practice Guidelines.

**• Definitions**

- 1) "Sexual Harassment in Workplace" means that an employer or any employees abusing their position, making sexual remarks, or engaging in sexual behaviors resulting in a feeling of sexual humiliation or disgust, or undesired sexual advances where refusal can bring disadvantages to the person in terms of working conditions or employment.
- 2) "Bullying in Workplace" refers to the act of causing physical or mental pain to other employees or worsening their working environment by taking advantage of one's position or relationship at work.

**• Scope of Application**

It applies to all employees of DL E&C.

**• Preventive Training**

We organize training to prevent sexual harassment and workplace bullying once a year for all our employees.

**• Defined Escalation Process for Reporting Incidents**

- 1) Reception: We have online and offline channels to receive reports on bullying and sexual harassment in workplaces. We also have Grievance Committee dedicated to providing counseling and support for our female employees.
- 2) Investigation: We investigate the incident including its circumstances, frequency and continuity of the conduct based on the report.
- 3) Action: Based on the results of the investigation, we take disciplinary actions according to our policy.
- 4) Notification: We keep the reporter or the victim informed of the results of the actions taken by us.

**• Corrective or Disciplinary Action Taken in Case of Discriminatory Behavior or Harassment**

- 1) If the charges are confirmed, we take disciplinary actions according to our policy.
- 2) After dealing with the incident, we identify its cause and prevent recurrence through monitoring.

## Anti-corruption Policy

Recognizing that ethical practice is the driving force behind our competitiveness, we are committed to creating a corporate culture based on honesty and trust. To this end, we established the Anti-corruption Policy as the standard for making decisions and actively promote its compliance.

**First**, we take the lead in creating an ethical and healthy corporate culture based on honesty and trust by practicing our ethics guidelines and complying with relevant laws and regulations.

**First**, we respect our customers and build their trust while providing services to increase their satisfaction and create value for them.

**First**, we compete fairly and ethically while building trust and cooperative relations to promote mutual benefits and growth throughout all business activities.

**First**, we respect our employees as individuals and help them reach their full potential and creativity by providing equal opportunities and fair evaluation.

**First**, we protect the interests of our shareholders and improve the quality of life for our customers and local communities through ethical business operation and sound corporate governance practices.

**Areas of Anti-corruption Practice**

Scope of Application: ① Domestic and overseas corporations and branch offices ② Subsidiaries and sub-subsidiaries

**1. Anti-bribery**

- 1) Any form of unethical gains, whether monetary or not, such as cash, entertainment and convenience is strictly prohibited.
- 2) Any form of gains, whether monetary or not, tangible or intangible, in relation to contracts (rebate, toll tax) is strictly prohibited.

**2. Non-solicitation of Personnel**

- 1) Any solicitation for the hiring or promotion of any interested party is strictly prohibited.

**3. No Financial Transactions with Stakeholders**

- 1) Any financial transactions with stakeholders (e.g., loan, guarantee) are strictly prohibited.

**4. No Insider Trading**

- 1) Any unethical or illegal trading using one's position or confidential information for personal gain is strictly prohibited.

**5. No Sexual Harassment and Bullying in Workplace**

- 1) Any language or behavior that is detrimental to healthy working relationships, including a physical, verbal, or visual act that causes sexual humiliation is strictly prohibited.

# Policy & Principle

## 6. No Illegal Political Contributions

- 1) Any use of the company's organization, personnel, and assets for political participation is strictly prohibited.
- 2) Making or approving political donations to the government or public officials in the name of the company or on behalf of the company is strictly prohibited.
- 3) It is allowed if expressly permitted by the laws of the local country and with prior approval of the company. However, any political donations that are considered bribery are strictly prohibited.

## 7. No Donations or Sponsorships Violating DL E&C Policies or Laws

- 1) Any donations and sponsorships not allowed by our policies or laws and regulations are strictly prohibited.
- 2) Any charitable donations or sponsorship that are considered illegal benefits or bribery are strictly prohibited.

## 8. Any Other Acts that Are Against the DL E&C Code of Ethics or laws

## Supplier Code of Conduct

This Code of Conduct applies to all our suppliers that provide us with products and services. We or third-party organization designated by us may visit their sites to conduct due diligence and check their compliance with the code. In case of any serious violations, we may advise them to make necessary improvements

### • Compliance with the Labor Relations Act

- Working hours should not exceed the limit set by the local laws except in case of emergency.
- Forced and involuntary labor as well as child labor is strictly prohibited.
- The freedom of association and the right to collective bargaining should be protected in accordance with the local laws of each country or region without any disadvantages on the grounds of union membership, organization, or activities.

### • Wages and Benefits

- The company shall guarantee the minimum wage, living wage, and legal wage per the Labor Relations Act and pay the wages at least once on a set date.
- The Suppliers should provide pay stubs written in a language that employees can comprehend.
- Opportunities for self-development and growth should be provided through a necessary system so that they can develop their creativity and ethical awareness.

### • Humane Treatment

- Prohibit any form of workplace harassment, including sexual harassment, abuse, or verbal abuse of workers, and clearly define and disclose the disciplinary policies that may be applied in the event of a violation.

### • Nondiscrimination

- Establish and disclose evaluation criteria for competence and achievement, and comply with them to ensure fair evaluation and compensation.
- We do not discriminate based on gender, race, ethnicity, nationality, religion, disability, age, family status, social status, and political views, and treat them fairly.

### • Health and Safety

- Suppliers shall make every effort to promote the safety and health of workers by preventing industrial accidents and establishing a safe working environment.

### • Environment

- Suppliers shall minimize environmental pollution and strive to minimize the overall environmental impact of their business activities by continuing sustainable eco-friendly management activities.

### • Pollution Prevention and Resource Conservation

- Throughout our business activities, products, and services, we strive to minimize negative environmental impacts and strive to prevent pollution and recycle.
- Identify the use of air emissions, waste, and hazardous substances, and minimize their emissions and generation.
- Manage the overall consumption of resources such as energy and water, and improve resource efficiency to minimize consumption.

### • Green Construction

- Suppliers shall strive to reduce environmental impacts throughout the construction process and shall review the application of eco-friendly construction methods from the project preparation process as well as conduct regular environmental inspections.
- Suppliers shall use eco-friendly building materials to pursue green construction.

### • Ethics

- Suppliers shall recognize their corporate social responsibility and follow the following ethical guidelines to prevent ethical issues such as wrongful acts and corruption throughout their business activities.
- Comply with the OECD Anti-Bribery Convention and the International Commercial Anti-Bribery Act in international commerce.
- We will not unfairly infringe on the interests of competitors or unfairly take advantage of their weaknesses.

### • Fair Trade

- We prohibit bribery using a superior position in transactions and other unfair behavior that violates good faith transactions.

This Code of Conduct is subject to review and revision according to changes in our policies and standards, and the entire document can be viewed on our supplier portal (<http://partner.dlenc.co.kr>)

# Policy & Principle

## Environmental Management Policy

### 1. Environmental Management Philosophy

Recognizing the importance of environmental issues for sustainable growth, we are committed to protecting our environment and making improvements.

### 2. Environment & Energy Policy

Under our founding principles for which we act to “Create a Comfortable and Abundant Life” and “Promote Infinite Growth and Development,” we have introduced the following policies on environment and energy to support Sustainable Green Construction.

- Establish measures to prevent environmental pollution and improve energy performance throughout the project.
- Comply with the domestic and overseas environment and energy laws and regulations and set strict internal standards.
- Conduct training to improve the environmental capabilities and energy performance of employees and suppliers.
- Develop eco-friendly technologies to create new environmental values.
- Conserve resources and improve energy efficiency through purchases and design of green products that focus on energy-saving and energy efficiency.
- Respond to climate change and improve energy efficiency through GHG emission and energy reduction activities.

We disclose this policy to stakeholders, set goals on environmental protection and energy conservation, and make continuous improvements in the management system through monitoring and review.

### 3. Scope of Application

At DL E&C, all staff of our headquarters, domestic and overseas business sites, and subsidiaries perform their work under our environmental policies. Furthermore, we encourage our suppliers, contractors, and joint ventures to ensure full compliance.

### 4. Organization

We expanded and reorganized the Governance Committee into the ESG Committee to ensure consistent and continuous environmental management. The ESG Committee deliberates in advance on major non-financial issues such as Environment (E), Society (S), and Governance (G), key management decisions affecting shareholders’ value among those requiring the resolution of the board of directors.

### 5. Environmental Management Policies

We engage in the following activities to reduce the environmental impact that occurs in the course of our business operation and expand its scope to our supply chain and suppliers.

#### • Eco-friendly Management of Production Activities/Business Facilities

We are committed to minimizing our environmental impacts such as waste, scattering dust, noise and vibration, and wastewater generated from our business activities and facilities for sustainable operation. We are planning environmental management by selecting construction processes and installing pollution prevention facilities to minimize environmental impacts while identifying environmental aspects and conducting impact analysis before starting construction. We have also established and managed standards and processes such as training, document and record management, as well as internal audit.

#### • Development of Products and Services

Recognizing the risks and opportunities in various environmental issues such as climate change and pollution, we are committed to minimizing our environmental impact through R&D activities when developing products and services. We are promoting the development of various eco-friendly technologies to meet consumers’ needs for improving the quality of living and the Ministry of Land, Infrastructure and Transport’s mandatory road map for zero energy construction. We are also focusing on designs with a high level of efficiency and eco-friendliness to realize zero-energy houses.

#### • Waste Management

We manage all stages of waste generation, storage and treatment to improve our recycling and reduce emissions. Separate storage is installed for different types of waste on our sites, and disposal is performed through licensed waste disposal companies. Furthermore, we have established and operated a smart waste management system, such as monitoring disposed wastes in real time by waste electronic handover system and providing information on local recycling service companies to the site.

#### • Management of Suppliers, Service Providers and Contractors

Recognizing the importance of cooperation between large and small businesses, we are committed to promoting mutual growth through continuous communication and support. To help our suppliers improve their environmental management, we operate the D-EEP (DL-Environment Enhancement Program for Suppliers) for suppliers selected by construction type. Furthermore, we are working on reducing environmental risks throughout the supply chain by conducting assessments on our suppliers regularly. To strengthen their overall ESG management capabilities, we identify areas of weakness through current status analysis.

#### • Distribution and Logistics

At DL E&C, we prevent environmental pollution that may occur during transportation according to the guidelines. When selecting logistics suppliers, we make sure their logistics process is eco-friendly by reviewing their procedures. When it comes to chemical substances imported or exported for use at domestic/overseas sites, their MSDS is identified, and business procedures are established and managed so that chemical substances can be safely delivered to each site in accordance with local laws.

#### • Response to Climate Change

In response to climate change, we engage in various energy efficiency activities, setting carbon reduction targets and mid/long-term goals while monitoring GHG emissions. These activities are incorporated into each action group for active implementation.

#### • Due Diligence on Mergers and Acquisitions

We are taking a proactive approach to dealing with environmental risks by conducting due diligence on the mergers and acquisitions. The media assessment has been introduced and managed, and the results are reflected as important factors in mergers and acquisitions.

# Policy & Principle

## Biodiversity and Deforestation Policy

We recognize the importance of biodiversity and the prevention of deforestation for sustainable development as well as its potential impact on the environment and biodiversity. In the decision-making process, we understand the need to protect biodiversity and prevent deforestation and are taking all necessary measures to minimize our environmental impact. We are also incorporating these measures not only into our site operation, but also into all our primary and secondary supply chains.

We will engage in the following activities to protect biodiversity:

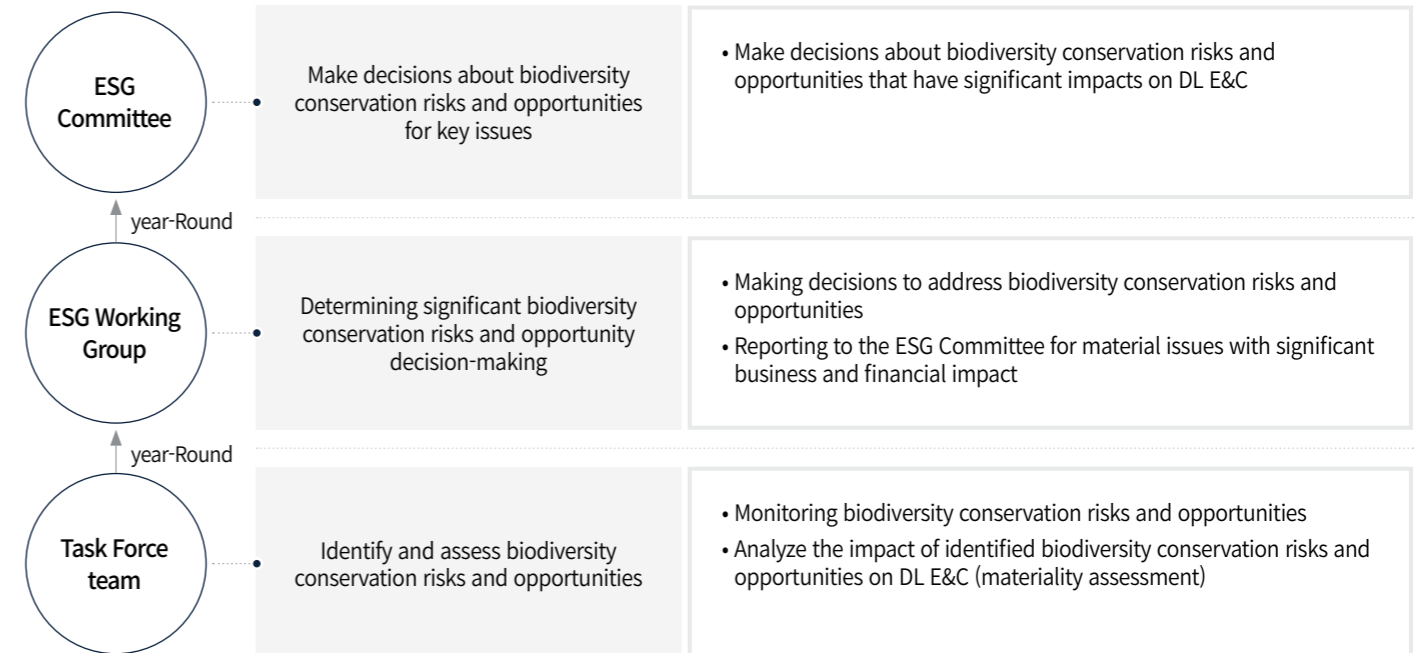
- 1) We will analyze our projects according to the international conventions for the protection of biodiversity (World Heritage areas, IUCN Category I-IV protected areas) and ensure all business sites comply with the local regulatory requirements.
- 2) We will establish plans to prevent, minimize, and mitigate the risks associated with biodiversity by pre-assessing the impact on the environment and improving the net loss and positive impact on biodiversity.
- 3) We will minimize the direct impact on biodiversity during the development process, as well as promote biodiversity by creating biotopes and planting various types of trees in our landscaping areas to build a green environment for customers

We will engage in the following activities to prevent deforestation:

- 1) We will focus on eco-friendly designs to minimize deforestation. If it is unavoidable for the project, then we will make sure that there is no net deforestation by creating an alternative habitat for the trees and through transplantation.
- 2) We will establish an evaluation process and develop an eco-friendly management system with our supply chain to prevent the risk of deforestation.
- 3) In order to maintain a healthy ecosystem in the country and region where we develop our projects, we will engage in various environmental and social contribution programs [One Mountain, One River and One Street Campaigns] with civic and environmental groups.

We are committed to protecting biodiversity and preventing deforestation by monitoring compliance with policies and reviewing our performance on a regular basis. We are also raising awareness and creating a consensus while improving our process through training and communication to enhance the understanding of our employees and stakeholders on these policies.

### Biodiversity risk and opportunity decision-making process



# Independent Assurance Statement

## To: The Stakeholders of DL E&C

### Introduction and Objectives of Work

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

### Standards and Levels

This assurance was based on the AA1000AS (Assurance Standard) v3 (2020) Assurance Standard and confirmed that the Report was prepared in accordance with the GRI Standards, the international standards guidelines of sustainability reports. In accordance with the AA1000 AS, the assurance level was Moderate Level, and conducted against Type 1 to confirm compliance with the four principles of the AA1000 AP (AccountAbility Principles) 2018 and the Type 2 assurance that verified the quality and reliability of the information disclosed in the report. Type 2 was limitedly verified based on the data and information provided by the reporting organization, for Performance indicators related to energy consumption, quantity of waste treatment, quantity of water usage, supplier selection/evaluation, and equivalent wages, rate of recordable work-related injuries and rate of fatal occupational injuries.

### Scope

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

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

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

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

### Methodology

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

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

### Limitation

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

### Assurance Opinion

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

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

#### AA1000 AP (2018)

##### Inclusivity: Stakeholder Engagement and Opinion

DL E&C defined customers, shareholders/investors, partners, employees, communities and the public sector as key stakeholders groups, and operated communication channels for each stakeholder group for engagement. DL E&C reflected key issues drawn through stakeholder channels in sustainability management decisions and disclosed the process in the Report.

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

DL E&C established the strategy related to sustainability management and established the process to derive reporting issues. DL E&C identified financial and social/environmental impacts and derived 10 material issues based on the analysis of media research, benchmarking global advanced companies in its field, and analysis of major global initiatives related to sustainability.

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

DL E&C established the management process for material issues determined by the materiality assessment, implemented a response plan for each issue to appropriately respond to the derived core issues that reflects the expectations of stakeholders. DL E&C disclosed the process including policy, indicator, activity and response performance on material issues in the Report.

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

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

# Independent Assurance Statement

## Key areas for ongoing development

The Assurer makes the following comments to the extent that they do not affect the outcome of the assurance.

- It may be helpful to advance sustainability management system by expanding the reporting scope of sustainability-related performance, such as environment and social/human-right, and revealing detailed strategies and plans for achieving that performance taking into account the characteristics of DL E&C's key business areas.

## Statement of independence and competence

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

## Evaluation against GRI 'In Accordance' Criteria

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

### Universal Standards

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

### Topic Standards

201-1~2, 201-4, 202-1, 203-1~2, 204-1, 205-1~3, 206-1, 207-1~2, 301-1~2, 302-1~3, 303-1~3, 303-5, 305-1~5, 306-1~5, 401-1~3, 403-1~5, 403-9~10, 404-1~3, 405-1, 406-1, 408-1, 409-1, 413-1, 415-1, 416-2, 417-3, 418-1



5th June 2023  
S. H. Lim / BSI Group Korea, Managing Director

# Greenhouse Gas Verification Statement

## GHG Verification Statement

**DL E&C co.,ltd**  
Donuimun, D Tower, 134 Tongil-ro, Jongno-gu, Seoul, Korea.

**Verification Scope**  
Korean Standards Association has conducted verification for GHG emissions under the reasonable assurance level on the year of 2022 Scope1(Direct) and Scope2(Indirect) emissions in the domestic sector and the limited assurance level of Scope1 and Scope2 emissions in the overseas sector and Scope3(other indirect) emissions in the domestic & overseas sector of DL E&C co.,ltd.

**Verification Standards and Guidelines**  
To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

- Verification guideline for management of GHG Emissions Trading Scheme provided by Ministry of Environment, Republic of Korea
- Guideline for reporting and certification of GHG Emissions Trading Scheme provided by Ministry of Environment, Republic of Korea
- KS I ISO 14064-1 : 2006
- WRI GHG Protocol
- 2006 IPCC Guidelines for National Greenhouse Gas Inventories
- Technical Guidance for Calculating Scope 3 Emissions, version1.0(WRI)

**Verification Conclusion**  
As a result of verification activities, verification team has found no significant errors. Therefore, Korean Standards Association confirms that following emissions data are adequately quantified.

• 2022 Emissions

2022	Greenhouse Gas Emissions of DL E&C (tCO2-eq)			
	Scope1	Scope2	Scope3	Total
Domestic	17,520	39,481	106,650	163,651
Overseas	6,059	1,468	5,324	12,851
<b>Total emissions</b>	<b>23,579</b>	<b>40,949</b>	<b>111,974</b>	<b>176,502</b>

April 12, 2023

**KOREAN STANDARDS ASSOCIATION**



# About this Report

## 2023 DL E&C Sustainability Report

### Introduction

This report is the second sustainability report published by DL E&C and contains the results of DL E&C’s sustainability efforts and activities in 2022. Through this report, we aim to transparently disclose the company’s sustainability performance and intentions to the public, as well as listen to stakeholders’ opinions and use them as a key communication channel to reflect them in our management activities.

### Reporting Period and Boundaries

This report covers the period from January 1 to December 31, 2022, and the financial information is prepared on a consolidated basis in accordance with Korean International Financial Reporting Standards (K-IFRS). In addition, non-financial information is prepared on the basis of DL E&C’s domestic operations as a whole, but if the scope of reporting differs in some cases, it is presented separately. In addition, depending on the timeliness and materiality of the information, we have also reported some key results for the first half of 2023, and for quantitative results, we have included information from the last four years (2019 to 2022) for comparison with past performance.

### Reporting Principles

This report has been prepared in line with the Core Option of the GRI (Global Reporting Initiative) Standards, which present international sustainability reporting guidelines. It is also based on other indicators such as SASB (Sustainability Accounting Standards Board), UNGC (United Nations Global Compact) Ten Principles, and UN SDGs (UN Sustainable Development Goals)

### Assurance

This report has been assured by BSI Group Korea, a third-party assurance institution, to ensure the objectivity and accuracy of its content, data, and reporting standards, and the results can be found on pages 103~104 of this report.

### Publication Schedule

DL E&C publishes a report that highlights the progress it has made towards sustainability every year to enhance its communication with stakeholders.

You can download this report as a PDF file from DL E&C’s website at [www.dlenc.co.kr](http://www.dlenc.co.kr). DL E&C uses Forest Stewardship Council® (FSC®) certified paper, which is affixed only to products that use raw materials from responsibly managed forests and other managed sources to value the world’s forests and protect them for future generations.

Forest Stewardship Council® (FSC®) certified paper, which is only applied to products made from raw materials from responsibly managed forests and other managed sources. We also printed the <2023 DL E&C Sustainability Report> using soybean oil ink, which significantly reduces the amount of air pollutants generated during the printing process.

printed at an FSC® certified print shop. DL E&C plans to continue to increase information disclosure through PDF reports on its website to reduce resource and energy consumption. Stakeholders are encouraged to utilize the PDF reports on its website to get more information conveniently while participating in conserving resources and caring for the environment.



**IDI** E&C