

# Hyundai Elevator Co., Ltd. Convocation Notice of the Annual General Meeting of Shareholders

2024.03.13



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## 1. Shareholder Letter

Dear Shareholders,

We express our gratitude for the unwavering support and encouragement you have extended to Hyundai Elevator in 2023.

The past year has been marked by ongoing global market uncertainties, including the Russia-Ukraine conflict and the Israel-Gaza war, contributing to an increase in oil prices. Additionally, the escalating tensions between the United States and China have added to the unpredictability of global markets. Domestically, Korea has faced challenges such as the prolonged high-interest rates and concerns about project financing (PF) real estate defaults, resulting in difficulties in capital acquisition and a sustained slowdown in the construction industry.

Despite these challenges, we have persistently engaged in cost-cutting activities to enhance profitability. Additionally, in our commitment to securing future competitiveness, we have joined the government-led initiative 'One Team Korea.' This includes participating in bids for major projects such as the Indonesia new capital relocation and Saudi Arabia's NEOM City development. Furthermore, we have undertaken new challenges, including becoming a hub for Urban Air Mobility (UAM) with the H-Port project and developing modular elevators, which will be a core architectural technology for smart cities.

In the upcoming year, guided by the motto "Enhancing Future Competitiveness and Establishing a Foundation for Sustainable Growth," we intend to proactively prepare for the uncertainties in both domestic and international environments. Through five core management strategies - namely, "Boosting Global Presence," "Strengthening Profitability," "Ensuring Future Competitiveness," "Enhancing ESG Management," and "Improving Operational Efficiency" - we aim to fortify our position in a changing landscape. Our efforts will be directed towards improving business performance and maximizing shareholder value by adapting to changes and laying the groundwork for sustained growth.

### **[Financial Highlights]**

In 2023, despite the challenging environment characterized by a sluggish construction industry and high-interest rates, our company achieved significant growth in revenue, recording an increase of 13.6% compared to the previous year, reaching KRW 1,882.5 Bn. Operating profit also experienced a notable growth of 42.6% on the prior year, reaching KRW 101.1 Bn. We actively targeted the replacement demand market and sustained growth in the maintenance sector.

Our market share in the domestic new elevator market is 38.9%, maintaining the top position for the 17th consecutive year. Additionally, we continue to secure the top position in the maintenance sector for the ninth consecutive year.

### **[Improvement in Corporate Governance]**

Last year, our company formulated corporate governance policies aimed at enhancing shareholder value and continues its efforts to implement them. As part of our shareholder return policy, we plan to distribute more than 50% of net profit (excluding one-time gains) over the next five years through cash dividends or the acquisition and retirement of treasury stocks. Additionally, a certain proportion of one-time non-operating profits will be allocated separately for cash dividends or the acquisition and retirement of treasury stocks, further enhancing shareholder value. This year marks the first year of implementing this commitment, with the Board of Directors proposing a cash dividend of KRW 144.4 billion (KRW 4,000 per share), considering both ordinary income and one-time gains.

In terms of board governance policies, the Board has introduced a new process to verify independent director candidates through an external professional organization. We have established internal transaction and risk management committees, implemented a dedicated support team for the audit committee, and established an evaluation system for board operations to enhance its expertise. Furthermore, to improve board independence, an independent director has been appointed as the Chairman of the Board, separating the roles of CEO and Board Chairman. All committee chairpersons within the Board (Audit Committee, Independent Director Candidate Recommendation Committee, Evaluation and Compensation Committee, ESG Committee, Internal Transaction Committee, Risk Management Committee) are now appointed as independent directors, further enhancing the independence of board operations.

### **[Pursuit of Sustainability]**

Our company is committed to sustainable development, making continuous efforts to manage and improve matters that significantly impact sustainability. In June 2023, we established the ESG Committee under the Board of Directors to build a sustainable management system. Additionally, to enhance our RE100 achievement rate and proactively respond to climate change, we installed renewable energy (solar power) facilities at our Chungju and Shanghai factories. Beyond transitioning all company vehicles to eco-friendly options (electric and hybrid vehicles), we are actively engaged in energy-saving campaigns throughout the organization to achieve substantial reductions in greenhouse gas emissions.

Furthermore, we are promoting gender equality and enhancing the competitiveness of female employees. We have joined the United Nations Women's Empowerment Principles and undertaken various initiatives. Recognizing our contributions, we received the award for the Governance category in the '2023 Republic of Korea Sustainable Management Awards' from a reputable institution authorized by the Ministry of Trade, Industry, and Energy. For details on our carbon emission performance and other ESG efforts, please refer to the upcoming ESG report scheduled for the first half of this year.

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**[Annual General Shareholders Meeting]**

We cordially invite all shareholders to the upcoming 40th Annual Shareholders' Meeting scheduled for March 28. The agenda for this meeting includes the approval of financial statements, the appointment of directors, and the approval of the director's compensation limit. Specifically, under the director appointment agenda, we are proposing the appointment of HAN Hee-won as a new independent director, alongside three reappointment candidates, including myself. Professor HAN Hee-won, currently serving as a professor in the College of Law at Dongguk University, brings extensive knowledge in both legal matters and regional economic development, and we believe she will make a substantial contribution to the effective operation of the Board. For more detailed explanations on each agenda item, please refer to pages 7-19 of the accompanying materials.

In an effort to proactively address the evolving economic landscape and uphold the commitment to improving corporate governance issues and enhancing shareholder value, the Board has meticulously assessed the qualifications, expertise, and suitability of the candidates needed for these tasks. After careful consideration, the Board has put forth these nominees and seeks the support of our shareholders in this regard.

Finally, we express our sincere gratitude for the continued interest and support from our shareholders. In 2024, we will strive to meet your expectations with our best efforts. Thank you.

Sincerely yours,

Cho Jae Cheon  
CEO, Hyundai Elevator Co., Ltd.

## 2. Notice of Convocation for the Annual General Meeting of Shareholders

With utmost respect, we wish for the prosperity of our shareholders and peace within your households. In accordance with Article 365 of the Commercial Act and Article 17 of our Company's Articles of Incorporation, we hereby notify you of the convocation of the 40th Extraordinary General Meeting of Shareholders for the 40th fiscal year as follows and kindly request your attendance:

### Details:

**1. Date and Time: March 28, 2024 (Thursday) at 09:00 AM (KST)**

**2. Location: Welfare Building 4th Floor Auditorium (Bok-ji Dong), 128, Chungjusandan 1-ro, Chungju-si, Chungcheongbuk-do, Republic of Korea**

### 3. Purpose of the Meeting

#### A. Report Item:

- Audit Report
- Sales Report
- Report on Internal Accounting Control System Operation Status
- Report on Transactions with Major Shareholders and Affiliates

#### B. Resolution Item:

- Agenda Item 1: Approval of the 40th Financial Statements (including the Statement of Appropriation of Retained Earnings) and Consolidated Financial Statements  
※ Cash dividend of KRW 500 per share (Total dividend amount KRW 144.4bn)
- Agenda Item 2: Election of Directors
  - Agenda Item 2-1: Re-election of CHO Jae Cheon as Executive Director
  - Agenda Item 2-2: Re-election of KIM Ho Jin as Non-Independent Non-Executive Director
  - Agenda Item 2-3: Re-election of JEONG Young Gi as Independent Director
  - Agenda Item 2-4: Election of HAN Hee Won as Independent Director
- Agenda Item 3: Appointment of Audit Committee Members from Independent directors
  - Agenda Item 3-1: JEONG Young Gi
  - Agenda Item 3-2: HAN Hee Won
- Agenda Item 4: Approval of the Director's Compensation Limit  
※ Compensation Limit: KRW 5.0 Bn (2023 limit: KRW 6.0 Bn)

### 4. Availability of Management Reference Information:

In accordance with Article 542-4, Paragraph 3 of the Commercial Act, the notice and announcement for the General Meeting of Shareholders are available at our headquarters, branches, the Financial Services Commission, Korea Exchange, and the Securities Services Department of Kookmin Bank.

### 5. Items to prepare for Attendance at the Shareholders' Meeting:

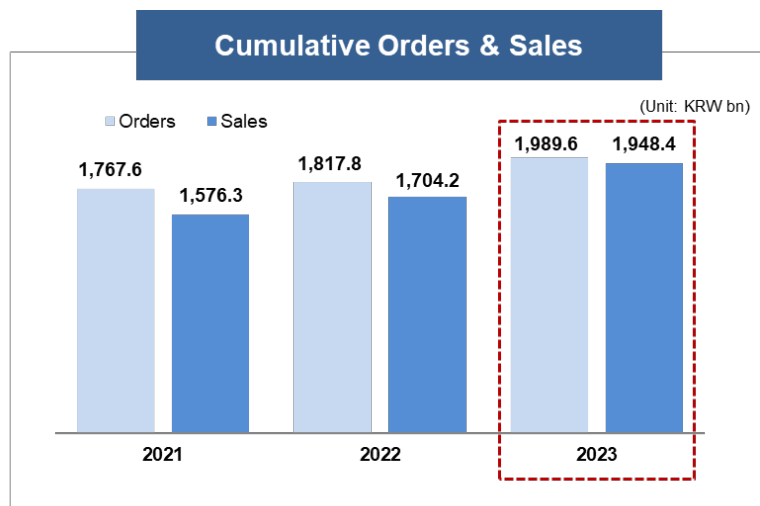
- Identification Card for direct participation
- Power of Attorney, proxy's identification card for proxy participation

### 3. Resolution Item

#### Agenda Item 1: Approval of the 40th Financial Statements (including the Statement of Appropriation of Retained Earnings) and Consolidated Financials

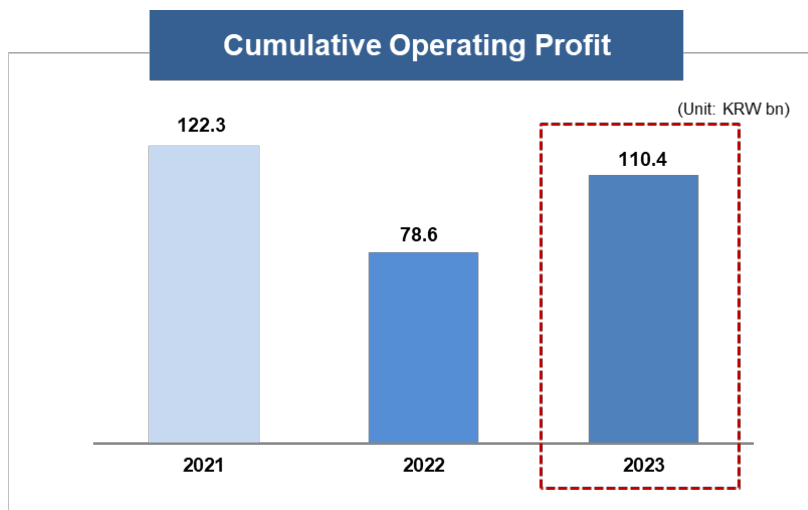
Over the past three years, our financial statements have received an 'UNQUALIFIED' opinion from the external auditor (PwC), and the FY2023 audit report is schedule to be disclosed on March 20, 2024.

Both revenue and orders have grown compared to the previous year, driven by the expansion of domestic remodeling and maintenance services. Profit has also increased compared to the previous year, attributed to selective orders and cost-cutting efforts through focus and concentration. Additionally, with the inclusion of Hyundai Movex Co., Ltd. as a consolidated subsidiary, both revenue and operating profit on the income statement have increased. Furthermore, the balance sheet reflects an increase in total assets, total liabilities, and total equity.



※ Includes the performance of the wholly-owned subsidiary, Hyundai Elevator Service Co., Ltd.:

- '22: KRW 65.1bn in Orders, KRW 58.7bn in Sales, KRW 7.8bn in Operating profit
- '23: KRW 82.6bn in Orders, KRW 79.8bn in Sales, KRW 9.2bn in Operating profit



## ① Operating Performance (Summary Consolidated Income Statement)

(Unit: KRW Bn)

Account	2023.1.1. ~12.31.	2022.1.1. ~12.31.	Remarks
Revenue	2,602.1	2,129.3	
Cost of Goods Sold	2,163.2	1,813.9	
Gross Profit	438.9	315.4	
Selling, General, and Administrative Expenses	356.3	272.4	
Operating Profit	82.6	43.0	
Income (Loss) before Income Tax Expense	401.6	110.1	
Income Tax Expense (Profit)	87.3	31.9	
Consolidated Net Income (Loss)	314.3	78.2	

## ② Financial Position (Consolidated Balance Sheet)

(Unit: KRW Bn)

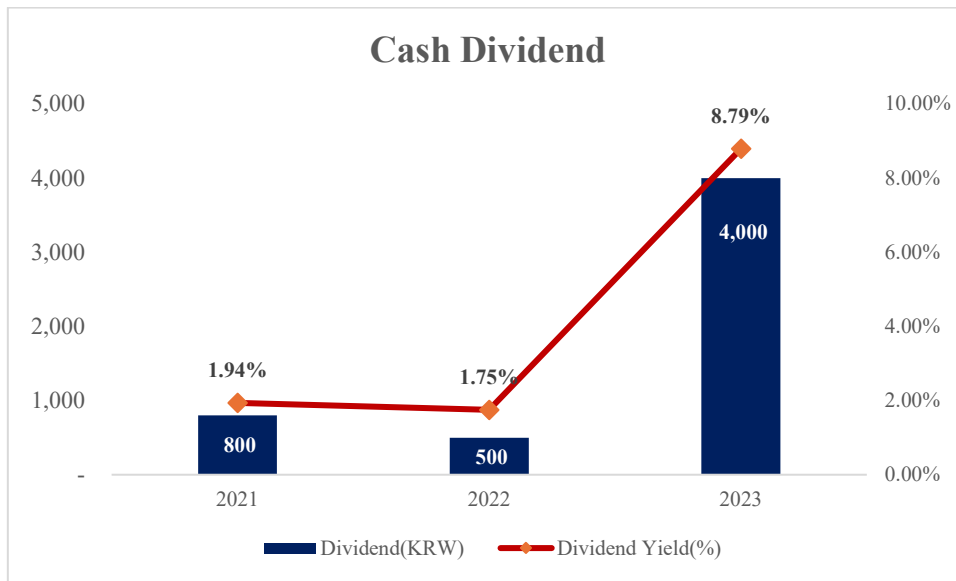
Account	As at end 2023	As at end 2022	Remarks
Current Assets	1,345.8	1,096.3	
Non-current Assets	2,194.1	1,918.2	
Total Assets	3,539.9	3,014.5	
Current Liabilities	1,333.8	1,222.9	
Non-current Liabilities	830.1	624.9	
Total Liabilities	2,163.9	1,847.8	
Capital Stock	212.2	212.2	
Consolidated Capital Surplus	573.7	570.4	
Consolidated Other Capital Components	(128.8)	(32.0)	
Consolidated Other Accumulated Earnings and Comprehensive Income	6.4	8.1	
Consolidated Retained Earnings (Deficit)	626.9	394.6	
Non-controlling Interest	85.6	13.4	
Total Equity	1,376.0	1,166.7	
Total Liabilities and Equity	3,539.9	3,014.5	



In November 2023, we introduced a five-year shareholder return policy for the period spanning from 2023 to 2027. The outlined policy includes the following elements:

- 1) Cash dividends or the acquisition and retirement of treasury stock, surpassing 50% of the annual net profit (excluding one-time gains)
- 2) Separate allocation of cash dividends or the acquisition and retirement of treasury stock for a certain portion of one-time non-operating gains.
- 3) Ensuring stability through the establishment of a minimum dividend (KRW 500 per share based on the 2022 year-end dividend)

In the first year following the announcement of the shareholder return policy, a cash dividend of KRW 4,000 per share has been proposed, marking an eightfold increase compared to the previous year's KRW 500 per share. We will continue to strive for an optimal level of shareholder return, taking into consideration the Company's growth in the future.



	2021	2022	2023
<b>Market Price (KRW)</b>	41,340 ( '21.12.22~'22.12.28)	28,590 ( '22.12.21~'22.12.27)	45,525 ( '23.12.20~'23.12.26)
<b>Dividend per share (KRW)</b>	800	500	4,000
<b>Dividend Yield (%)</b>	1.94%	1.75%	8.79%

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## Agenda Items 2 and 3: Appointment of Directors

Our Board of Directors is comprised of a total of seven members, including four Independent directors. In December 2023, Ms. HYUN Jeong Eun (Executive Director) and Mr. SUH Chang Jin (Independent director) resigned, leading to the appointment of Mr. RHIM Yu Chul (Non-Executive Director) and Ms. LEE Ki Hwa (Independent director) during the extraordinary shareholders' meeting held in December 2023.

As four directors are scheduled to complete their terms in March 2024, to ensure the stable operation of the Board, we propose to reappoint three of them (Agendas 2-1, 2-2, 2-3) and appoint one new Independent director (Agenda 2-4). All candidates for this general shareholders' meeting have been considered based on the 'FAVORABLE' opinion obtained through qualification verification by an independent external advisory agency, utilizing the Board Skills Matrix (BSM) to enhance the board's expertise and capabilities. Independent director candidates were recommended by the Independent director Nomination Committee, while all other executive and non-executive director candidates were presented through the recommendations at the first regular board meeting in 2024.

Currently, the Chairman of our Board of Directors is JEONG Young-gi, an Independent director. To ensure the independence of all committees within the Board, the Chairpersons of these committees are also appointed from the pool of Independent directors, further securing the autonomy of both the Board and its committees. The introduction of BSM has further enhanced the expertise and capabilities of our Board of Directors.

## Agenda Item 2: Appointment of Directors

### Proposal 2-1: Re-election of CHO Jae Cheon (Executive Director, 3-year term)

In accordance with Article 382 of the Commercial Act and Article 25 of the Company's Articles of Incorporation, we propose to appoint the following director at the Shareholders' Meeting.

#### ※ Biographical Details

Name	CHO Jae Cheon
DOB	1964.02.07
Gender	Male
Director Type	Executive Director
Current Occupation	CEO, Hyundai Elevator
Key Career Highlights	2022 ~ Present: CEO, Hyundai Elevator 2019 ~ 2022: Head, Hyundai Elevator Sales Division 2013 ~ 2019: Director, Hyundai Elevator Sales Division
Recent Transaction History with the Company	-
Nominator / Term	Board of Directors / 3 Years
Relationship with the Major Shareholder	Affiliate Executive
Other Directorships	-
Academic Experiences	B.A in English Language and Literature, Yonsei University

#### ※ Reasons for Candidate Nomination

Mr. CHO Jae Cheon, a seasoned professional, currently serves as a board member at Hyundai Elevator, bringing with him an extensive career spanning over 28 years. Having held key roles such as Director in the Elevator Division and Head of the Elevator Business, he has consistently demonstrated profound expertise in the elevator industry. In his ongoing capacity as a board member, Mr. Cho plays a pivotal role in key decision-making processes, contributing significantly to the strategic direction and operational effectiveness of the Company.

His reappointment as a board member is a testament to his continued commitment and valuable contributions to the organization. With a proven track record of leadership and a deep understanding of the elevator industry landscape, Mr. CHO is well-positioned to continue playing a crucial role in shaping the future trajectory of Hyundai Elevator. The recommendation for his reappointment is grounded in the confidence that he will further enhance the company's governance and foster its sustained growth.

## Proposal 2-2: Re-election of KIM Ho Jin (Non-Independent Non-Executive Director, 3-year term)

In accordance with Article 382 of the Commercial Act and Article 25 of the Company's Articles of Incorporation, we propose to appoint the following director at the Shareholders' Meeting.

### ※ Biographical Details

Name	KIM Ho Jin
DOB	1962.05.12
Gender	Male
Director Type	Non-Independent Non-Executive Director
Current Occupation	Senior Executive Vice President, Hyundai Group Planning & Development Office
Key Career Highlights	2014 ~ Present: Hyundai Elevator Non-Independent Non-Executive Director 2012 ~ 2022: Hyundai Group Strategic Planning & Development Senior Vice President/Executive Vice President 2009 ~ 2012: Executive Vice President, Daewoo Securities IB Business Division
Recent Transaction History with the Company	-
Nominator / Term	Board of Directors / 3 Years
Relationship with the Major Shareholder	Affiliate Executive
Other Directorships	Hyundai Holdings Company Co., Ltd.
Academic Experiences	Bachelor of Applied Statistics, Yonsei University Master's in public administration, Yonsei University

### ※ Reasons for Candidate Nomination

Mr. KIM Ho Jin possesses diverse experiences and competencies in board roles, having served as an internal auditor and director within various affiliates of the Hyundai Group. He has developed a keen understanding of internal and external company dynamics. Additionally, with a background as the Deputy Head of Kyongnam Bank and Executive Director of the Investment Banking Division at Daewoo Securities, he brings expertise in finance, accounting, and investment.

Based on Mr. KIM's expertise, it is evident that he plays a crucial role in various decision-making processes, including strategic planning, contributing to the company's growth. Based on the candidate's expertise, his pivotal role in various decision-making processes, including strategic planning, and contribution to the company's growth, we recommend him for the position of Non-Executive Director.

## Proposal 2-3: Re-election of JEONG Young Gi (Independent director, 1 year-term)

In accordance with Article 382 of the Commercial Act and Article 25 of the Company's Articles of Incorporation, we propose to appoint the following director at the Shareholders' Meeting.

### ※ Biographical Details

Name	JEONG Young Gi
DOB	1958.11.17
Gender	Male
Director Type	Independent director
Current Occupation	Adjunct Professor, College of Business, Hongik University
Key Career Highlights	2024 ~ Present: Adjunct Professor, College of Business, Hongik University 2006 ~ 2024: Professor, College of Business, Hongik University (Vice President, CPA) 2018 ~ 2021: Member of the Legal Interpretation Advisory Committee, National Tax Service 2015 ~ 2018: Ethics Committee Member, Korean Institute of Certified Public Accountants
Recent Transaction History with the Company	-
Nominator / Term	Independent director Nomination Committee / 1 Year
Relationship with the Major Shareholder	-
Other Directorships	Korea Petrochemical Ind. Co., Ltd.
Academic Experiences	Ph.D. in Business Administration, Sungkyunkwan University

### ※ Reasons for Candidate Nomination

Dr. JEONG Young Gi, possessing an accounting qualification, has garnered substantial expertise in economics and management through roles like the Dean of the College of Business at Hongik University, Ethics Committee Member at the Korean Institute of Certified Public Accountants, and Non-Permanent Judge at the Tax Tribunal. With a wealth of professional knowledge and extensive experience in financial matters, he has been demonstrating his ability to provide specialized opinions throughout various decision-making processes within the Board.

Furthermore, having served as Independent director and Audit Committee Chairman at KT&G and KT PowerTel, he currently holds the position of Independent director at Korea Petrochemical Ind. Co., Ltd. This indicates a diverse set of experiences and competencies in performing roles within the Board.

Additionally, Dr. JEONG has maintained a clean record with no disciplinary actions or instances of compromising shareholder value, and there are no independence issues concerning transactions with the Company.

Through exercising independent oversight and monitoring, as well as providing alternative suggestions, he will continue contributing to enhancing the Company's competitiveness.

## Proposal 2-4: Election of Han Hee Won (Independent director, 3-year term)

In accordance with Article 382 of the Commercial Act and Article 25 of the Company's Articles of Incorporation, we propose to appoint the following director at the Shareholders' Meeting.

### ※ Biographical Details

Name	HAN Hee Won
DOB	1958.05.15
Gender	Male
Director Type	Independent director
Current Occupation	Professor, Dongguk University College of Law
Key Career Highlights	2023 ~ Present: Director, Gyeongsangbuk-do Independence Movement Memorial Hall 2021 ~ Present: Independent director, KBI Dongkook Ind. Co., Ltd. 2007 ~ Present: Professor, Dongguk University College of Law 1992 ~ 2000: Prosecutor (Daegu District Prosecutors' Office, Seoul High Prosecutors' Office, etc.)
Recent Transaction History with the Company	-
Nominator / Term	Independent director Nomination Committee / 3 Years
Relationship with the Major Shareholder	-
Other Directorships	KBI Dongkook Ind. Co, Ltd.
Academic Experiences	Ph.D. in Law, Hoseo University Graduate School

### ※ Reasons for Candidate Nomination

Dr. HAN Hee-won, a legal expert who successfully passed the judicial examination, served as a prosecutor at the Seoul District Prosecutors' Office and the Seoul High Prosecutors' Office. Currently, he holds the position of professor in the Department of Law at Dongguk University, showcasing expertise in the legal profession.

In addition, having completed the Executive Management Program at Hanyang University and obtained master's degrees in Regional Economics at Kookmin University Graduate School and in Local Autonomy and Regional Economics at Yonsei University Graduate School of Public Administration, he is deemed to possess specialized knowledge in the fields of management and economics.

Furthermore, Professor Han maintains an unblemished record with no history of disciplinary actions or compromising shareholder value. There are no independence issues concerning transactions with the company.

Leveraging Dr. HAN's expertise and independence, it is recommended that he be appointed as an Independent director. Through exercising independent oversight and monitoring, as well as providing alternative suggestions, he is anticipated to contribute to enhancing the competitiveness to the Board.

## Agenda Item 3: Appointment of Audit Committee Members from Independent directors

### Proposal 3-1: JEONG Young Gi (Audit Committee Member)

In accordance with Article 415-2 of the Commercial Act and Article 41-4 of the Company's Articles of Incorporation, we propose to appoint the following director at the Shareholders' Meeting.

#### ※ Biographical Details

Name	JEONG Young Gi
DOB	1958.11.17
Gender	Male
Director Type	Independent director
Current Occupation	Adjunct Professor, College of Business, Hongik University
Key Career Highlights	2024 ~ Present: Adjunct Professor, College of Business, Hongik Univ. 2006 ~ 2024: Professor, College of Business, Hongik Univ. (VP, CPA) 2018 ~ 2021: Member of the Legal Interpretation Advisory Committee, National Tax Service 2015 ~ 2018: Ethics Committee Member, Korean Institute of CPA
Recent Transaction History with the Company	-
Nominator / Term	Board of Directors / 1 Year
Relationship with the Major Shareholder	-
Other Directorships	Korea Petrochemical Ind. Co., Ltd.
Academic Experiences	Ph.D. in Business Administration, Sungkyunkwan University

#### ※ Reasons for Candidate Nomination

Dr. JEONG Young Gi, possessing an accounting qualification, has garnered substantial expertise in economics and management through roles like the Dean of the College of Business at Hongik University, Ethics Committee Member at the Korean Institute of Certified Public Accountants, and Non-Permanent Judge at the Tax Tribunal. With a wealth of professional knowledge and extensive experience in financial matters, he has been demonstrating his ability to provide specialized opinions throughout various decision-making processes within the Board.

Furthermore, having served as Independent director and Audit Committee Chairman at KT&G and KT PowerTel, he currently holds the position of Independent director at Korea Petrochemical Ind. Co., Ltd. This indicates a diverse set of experiences and competencies in performing roles within the Board.

Additionally, Dr. JEONG has maintained a clean record with no disciplinary actions or instances of compromising shareholder value, and there are no independence issues concerning transactions with the company.

Through exercising independent oversight and monitoring, as well as providing alternative suggestions, he will continue contributing to enhancing company's competitiveness.

## Proposal 3-2 : Han Hee Won (Audit Committee Member)

In accordance with Article 415-2 of the Commercial Act and Article 41-4 of the Company's Articles of Incorporation, we propose to appoint the following director at the Shareholders' Meeting.

### ※ Biographical Details

Name	HAN Hee Won
DOB	1958.05.15
Gender	Male
Director Type	Independent director
Current Occupation	Professor, Dongguk University College of Law
Key Career Highlights	2023 ~ Present: Director, Gyeongsangbuk-do Independence Movement Memorial Hall 2021 ~ Present: Independent director, KBI Dongkook Ind. Co., Ltd. 2007 ~ Present: Professor, Dongguk University College of Law 1992 ~ 2000: Prosecutor (Daegu District Prosecutors' Office, Seoul High Prosecutors' Office, etc.)
Recent Transaction History with the Company	-
Nominator / Term	Board of Directors / 3 Years
Relationship with the Major Shareholder	-
Other Directorships	KBI Dongkook Ind. Co, Ltd.
Academic Experiences	Ph.D. in Law, Hoseo University Graduate School

### ※ Reasons for Candidate Nomination

Dr. HAN Hee-won, a legal expert who successfully passed the judicial examination, served as a prosecutor at the Seoul District Prosecutors' Office and the Seoul High Prosecutors' Office. He is a professor in the Department of Law at Dongguk Univ., showcasing expertise in the legal profession.

In addition, having completed the Executive Management Program at Hanyang University and obtained master's degrees in Regional Economics at Kookmin University Graduate School and in Local Autonomy and Regional Economics at Yonsei University Graduate School of Public Administration, he is deemed to possess specialized knowledge in the fields of management and economics.

Furthermore, the candidate maintains an unblemished record with no history of disciplinary actions or compromising shareholder value. There are no independence issues concerning transactions with the company.

Leveraging the Dr. HAN's expertise and independence, it is recommended that he be appointed as a member of the Audit Committee. Through exercising independent oversight and monitoring, as well as providing alternative suggestions, he is anticipated to contribute to enhancing the competitiveness to the Board.



**【Composition of the Board of Directors(To-be)】**

Director Type	Assuming the approval of director appointments at the AGM					
	Name	Sex	Status	Key Career Highlights	Term Ends	Remark
<b>Executive</b>	<b>CHO Jae Cheon</b>	M	Re-appoint	Current) CEO, Hyundai Elevator Former) Head, Hyundai Elevator Sales Division	'27.03	3 Yrs.
<b>Non-Independent Non-Executive Director</b>	<b>KIM Ho Jin</b>	M	Re-appoint	Current) Sr. Executive Vice President, Hyundai Group Planning & Development Office Former) Executive Vice President, Daewoo Securities IB Business Division	'27.03	3 Yrs.
Non-Independent Non-Executive Director	RHIM Yu Chul	M		Current) Co-CEO, H&Q KOREA PARTNERS Former) Director/VP, H&Q KOREAPARTNERS	'26.12	
<b>Outside</b>	<b>JEONG Young Gi</b>	M	Re-appoint	現) Adjunct Professor, College of Business, Hongik Univ. (CPA) 前) Vice President, Korean International Accounting Association	'25.03	1 Yr.
<b>Outside</b>	<b>HAN Hee Won</b>	M	New appoint	現) Professor, Dongguk Univ. College of Law 前) Prosecutor (Daegu District Prosecutors' Office, Seoul High Prosecutors' Office, etc.)	'27.03	3 Yrs.
Outside	KIM Jung Ho	M		Current) CEO, Opus Private Equity (CPA) Former) Sr. Vice President, Woori Private Equity	'25.03	
Outside	LEE Ki Hwa	F		Current) Partner, Dasan Accounting Corp. (CPA) Former) Vice Chairman, Korean Institute of CPA	'26.12	
Total Directors: 7			BOD Independence Rate: 57%			

※ Among the board members, the four candidates for director appointment at the upcoming AGM are marked in blue

\*PARK Min's term ends in March 2024, and he is not a candidate for the reappointment

\*\*RHIM Yu Chul and LEE Ki Hwa were appointed as Board member in 2023 EGM

**【Composition of the Committee (As-is)】**

Committee	Director Type	Current	Independence Rate
Audit	Independent director	JEONG Young Gi (Chair)	100%
	Independent director	PARK Min	
	Independent director	KIM Jung Ho (Chair)	
	Independent director	LEE Ki Hwa	
Independent director Nomination	Independent director	KIM Jung Ho (Chair)	67%
	Independent director	JEONG Young Gi	
	Independent director	PARK Min	
	Independent director	LEE Ki Hwa	
	Non-Executive Director	KIM Ho Jin	
	Non-Executive Director	RHIM Yu Chul	
Evaluation & Compensation	Independent director	KIM Jung Ho (Chair)	100%
	Independent director	JEONG Young Gi	
	Independent director	PARK Min	
Internal Transaction	Independent director	JEONG Young Gi (Chair)	50%
	Executive Director	CHO Jae Cheon	
	Independent director	KIM Jung Ho	
	Non-Executive Director	KIM Ho Jin	
Risk Management	Independent director	PARK Min(Chair)	50%
	Executive Director	CHO Jae Cheon	
	Independent director	LEE Ki Hwa	
	Non-Executive Director	RHIM Yu Chul	
ESG	Independent director	LEE Ki Hwa (Chair)	50%
	Executive Director	CHO Jae Cheon	
	Independent director	KIM Jung Ho	
	Non-Executive Director	RHIM Yu Chul	

※ Among the board members, the newly nominated director candidates for AGM are marked in blue

※ The composition of committees to be revised after the election of directors at the AGM, subject to discussion at the board.

**【Board Skills Matrix】**

To-be						
Name	Director Type	Management / Leadership	Finance/ Accounting/ Investment	Legal/ Policy	Risk/ Management	ESG
CHO Jae Cheon	Executive	●			●	●
JEONG Young Gi	Outside		●	●		
HAN Hee Won	Outside			●	●	●
KIM Jung Ho	Outside		●		●	
LEE Ki Hwa	Outside		●		●	●
KIM Ho Jin	Non-Independent Non-Executive Director	●	●			
RHIM Yu Chul	Non-Independent Non-Executive Director	●	●		●	●

※ Among the board members, the newly nominated director candidates for AGM are marked in gray.

## Agenda Item 4 : Approval of the Director's Compensation Limit

In light of the Evaluation and Compensation Committee’s reorganization, and to incentivize active management engagement by non-executive directors, the Board of Directors proposes a revision of the total compensation limit for its seven directors. Considering the need to bolster the Board’s expertise through the addition of subcommittees and support departments, the compensation cap is set to be adjusted from the current KRW 6 billion to KRW 5 billion, a reduction of KRW 1 billion. This decision encompasses a comprehensive evaluation of the necessary measures to enhance the Board’s expertise and capabilities. The Board is dedicated to reinforcing its independence through prudent budget management while striving for maximum operational efficiency.

### [2021~2023 Limit and Actual, 2024 Limit Proposal]

(Unit: KRW bn, %)

	2021	2022	2023	2024	Remarks
Approval Limit	6.0	6.0	6.0	5.0	N/A
Execution performance (Rate)	4.17 (69.5%)	3.80 (63.3%)	3.58 (59.7%)		N/A

## 4. Corporate Governance

In November 2023, the Company announced and disclosed the Shareholder Return Policies and the Corporate Governance Improvement Policies, incorporating feedback from the market, shareholders, and external independent consulting firm. In line with the shareholder return policy, we aim to implement a shareholder-friendly approach at this year's annual shareholders' meeting by proposing an increase in the cash dividend compared to last year. Specifically, we are suggesting an increase from last year's cash dividend of KRW 500 per share to KRW 4,000 per share this year.

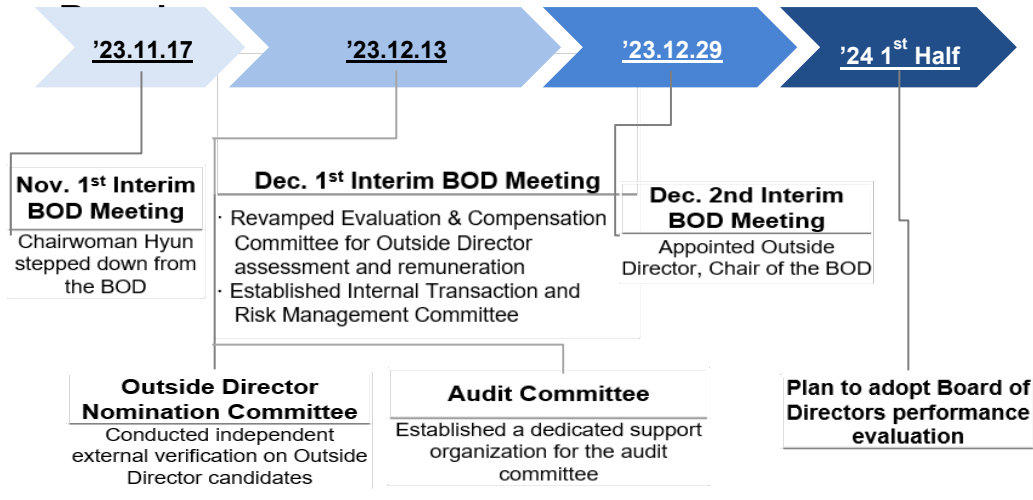
The Corporate Governance Improvement Policy has initially selected six board operating policies recommended by the external consulting firm. Priority has been given to those policies that can be introduced and applied promptly. Among these, five policies have already been reviewed and implemented. The introduction of a Board operating evaluation system is currently under preparation through discussions with external consulting firms regarding evaluation methods, questionnaires, etc., and is scheduled for implementation in the first half of this year.

### ■ Policies on Board Operation:

- First, we have bolstered the expertise and independence of the Board by introducing an additional process to validate independent director candidates and enhance scrutiny. Following a rigorous and comprehensive examination by independent external institutions, candidates are appointed based on the recommendation/validation of the Independent director Candidate Committee.
- Secondly, we have secured the Board's independence by appointing and operating separate roles for the CEO and the Chairman. Recently, there has been a trend of appointing an independent director as the chairman or recommending the introduction of an independent director appointment system. In response, we have appointed an independent director as the Chairman to enhance the board's independence. Furthermore, chairpersons of all Board committees are also now independent directors to strengthen overall independence.
- Thirdly, we have explored methods to compensate outside directors, aiming to provide alignment with shareholders while ensuring board independence. We considered implementing a compensation system tied to stock options for outside directors, incorporating safeguards to prevent selling/exercising options before retirement, and addressing potential concerns.
- Fourthly, we have established an Internal Transaction Committee and a Risk Management Committee within the board. Both committees are operational, focusing on monitoring internal transactions among affiliated companies to enhance management transparency and further strengthen the Board's expertise.

- Fifthly, we have established a dedicated support organization for the Audit Committee. The newly created Audit Support Team report directly to the Audit Committee to operate independently from the management. The Audit Committee holds the authority to approve the appointment and evaluation of the team leader, ensuring independence in its operation.
- Sixthly, we are in the process of establishing an evaluation system for the Board's operation. Through regularizing board evaluations, we aim to continuously identify areas for improvement, striving to leap towards a globally competitive corporate governance structure and excellence in ESG management. We are currently developing an evaluation tool and plan to implement it in the first half of FY 2024.

## Policy to enhance the independence/expertise of the



## Evaluation Questionnaire

- A total of 44 questions are categorized as follows:
- [Sector]
  - Board Sector : 27 Qs.
  - Committee Sector : 17 Qs.
- [Respondent]
  - Board Members' Questionnaire : 18 Qs
  - Board Secretariat Questionnaire : 26 Qs

Board Sector	Committee Sector	Board Members' Questionnaire	Board Secretariat Questionnaire
<b>이사회 전문성</b> 구분: 평가, 대표, 외부, 임직원, 임원, 기타 지표: 지배 권한, 지배 구조, 지배 이해관계, 지배 이해관계, 지배 이해관계, 지배 이해관계 내용: 지배권 이해관계, 지배권 이해관계, 지배권 이해관계, 지배권 이해관계 평가 방법: ... (Questionnaire details) ... 비중 및 평가 기준: ... (Questionnaire details) ... 주의 사항: ... (Questionnaire details) ...	<b>감사위원회/추진위원회/ESG위원회/이사회위원회</b> 구분: 평가, 대표, 외부, 임직원, 임원, 기타 지표: 지배 권한, 지배 구조, 지배 이해관계, 지배 이해관계, 지배 이해관계, 지배 이해관계 내용: ... (Questionnaire details) ... 평가 방법: ... (Questionnaire details) ... 비중 및 평가 기준: ... (Questionnaire details) ... 주의 사항: ... (Questionnaire details) ...	<b>사외이사간의 회의</b> 구분: 평가, 대표, 외부, 임직원, 임원, 기타 지표: 지배 권한, 지배 구조, 지배 이해관계, 지배 이해관계, 지배 이해관계, 지배 이해관계 내용: ... (Questionnaire details) ... 평가 방법: ... (Questionnaire details) ... 비중 및 평가 기준: ... (Questionnaire details) ... 주의 사항: ... (Questionnaire details) ...	<b>감사위원회 의사소통</b> 구분: 평가, 대표, 외부, 임직원, 임원, 기타 지표: 지배 권한, 지배 구조, 지배 이해관계, 지배 이해관계, 지배 이해관계, 지배 이해관계 내용: ... (Questionnaire details) ... 평가 방법: ... (Questionnaire details) ... 비중 및 평가 기준: ... (Questionnaire details) ... 주의 사항: ... (Questionnaire details) ...

## 5. ESG Highlights [Key ESG Achievements in 2023]

### **(E) Greenhouse Gas: Establishment of a 2050 Carbon Neutrality Plan / Reduction achievements will be reported in the ESG Report in H1 2024**

We have declared carbon neutrality by 2050 and joined the Korean initiative K-RE100 for 100% renewable energy use. Specifically, our target is to reduce carbon emissions by 42% by the year 2030. To achieve this, we are implementing a long-term greenhouse gas reduction roadmap, including additional installation of renewable energy (solar power), purchase of eco-friendly vehicles, and development of eco-friendly technologies. As a result, we achieved a significant reduction in greenhouse gas emissions in FY23 in comparison to FY22. (For more detail, please refer to our ESG report to be disclosed in May 2024.)

### **(E) Elevator Battery Recycling MOU Signed**

In November 2023, we signed a Memorandum of Understanding (MOU) with the Korea Environmental Corporation and the Korea Elevator Safety Agency to voluntarily collect and recycle elevator batteries generated on-site as part of our commitment to resource circulation. Previously, the absence of a dedicated processing system led to the neglect of elevator batteries on-site. We are making systematic efforts to manage and recycle these batteries to actively practice environmental management.

### **(E) Biodiversity: Environmental Cleanup Activity on Binae Island, Chungju**

In addition, we are making efforts for biodiversity conservation. Located in Chungju, we participated in biodiversity conservation activities on Binae Island, a national inland wetland protected area. More than 70 employees engaged in various conservation activities aimed to protecting 18 endangered species.

### **(S) Diversity and Inclusion (D&I): Women's Leadership Program, WEPs, Disabled Choir**

We, at Hyundai Elevator, have established Diversity and Inclusion (D&I) policies. To put D&I into practice, we joined the Women's Empowerment Principles (WEPs) initiative, a collaborative effort of the UN Global Compact (UNGC) and UN Women. We have introduced a Women's Leadership Program to foster a culture of gender equality within our workplace, emphasizing efforts to enhance the competitiveness of female employees and advance women's rights. Moreover, we have entered into a "Business Agreement for ESG Management through the Expansion of Employment for People with Disabilities" with the Korea Employment Agency for Persons with Disabilities. As part of this commitment, we have directly employed 20 individuals with disabilities in the Chungju region, establishing a disabled choir and providing support for their activities.

### **(S): Human Rights Management: Human Rights Impact Assessment Implemented**

In 2023, Hyundai Elevator formulated its inaugural human rights management policy and carried out a human rights impact assessment for employees, to enhance human rights management and establish a systematic framework. We consistently monitor factors and potential risks influencing the human rights of our employees through various channels, with a commitment to ongoing management and protection of human rights for all stakeholders across our business activities.