Hwashin 2025 Sustainability Report



Great Innovation! Great Future!
Hwashin's Innovation Is Shaping the Future of Automobiles.

HWASHIN

About This Report

Report Overview

This is the sixth Sustainability Report published by HWASHIN Co., Ltd. (hereinafter "Hwashin"). Hwashin publishes sustainability reports annually to transparently disclose to stakeholders its activities and outcomes for the achievement of sustainable management goals for the past year and to communicate openly with the stakeholders. In this report, Hwashin comprehensively discloses both its financial and non-financial sustainability management information. The report is organized around the three pillars of sustainable management—Environmental, Social, and Governance (ESG) issues. Through this report, we aim to actively engage with and solicit the opinions of our diverse stakeholders on Hwashin's ESG management.

Reporting Standards

This report was prepared consistently with the core methods for the publication of sustainability reports. Financial information was prepared on a consolidated basis in adherence to the Korea International Financial Reporting Standards (K-IFRS) consolidated financial statements, while the non-financial reporting was prepared with reference to Global Reporting Initiative (GRI) 2021, the international sustainability reporting standard. Greenhouse gas (GHG) emissions were prepared in accordance with the GHG Protocol. Where there have been significant changes in our management or business, they were separately noted in the relevant sections.

Reporting Period and Scope

This report covers the major activities and achievements made by Hwashin from January 1 to December 31, 2025. Some of the qualitative activities also include content that took place in the first half of 2026. Quantitative data include the performance results of the past three years (2023–2025) to display trends by year.

The reporting scope covers all Korean business sites (Eonha Plant, Technology Research Center, Bongdong Plant, Yesan Plant, Pyeongchon Advanced Research Center, High-Tech Park Plant, and Maeho Plant). Depending on the size and nature of each site, some may have been added or excluded; any such exceptions are noted with separate explanations where necessary. For our international subsidiaries, qualitative sustainability activities are reported with separate notation.

Report Verification

This report is published after a thorough review by Hwashin's ESG Planning Team and related departments, and after verification by an independent external organization free from any conflict of interest. The financial information in the report is data verified in an audit by Samduk Accounting Corporation, an independent auditing firm. Other information in the report was collected and prepared from the cited sources. Additionally, a third-party verification was undertaken by Lloyd's Register Quality Assurance (LRQA), an independent outside assurance and certification service, on the report's content, its reference to GRI Standards, and greenhouse gas emissions. For the verification statements, see APPENDIX.

Online Resources

You can find past Sustainability Reports along with extensive ESG management information on Hwashin's Website. The full text of the declarations, policies, and regulations referenced in this report can be accessed through the following links.

Hwashin's ESG management page:
https://www.hwashin.co.kr/kr/esg/esg_esg.do
Hwashin's ESG policies: https://www.hwashin.co.kr/kr/esg/esg_rule.do
Hwashin's previous Sustainability Reports:
https://www.hwashin.co.kr/kr/esg/esg_continue_report.do

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About Hwashin

Corporate Overview

1. CEO Message

2. Company Profile

1) Current State of Company and Foundation for Growth

2) Sustainable Competitiveness and Corporate Value

3. Business Portfolio

1) Business and Products Overview

CEO Message

Dear valued stakeholders,

Thank you for your continued interest, encouragement, and unwavering support for our company.

The past several years were marked with instability and changes. Factors such as the COVID-19 pandemic, geopolitical conflicts between nations, and the remarkable pace of AI technology development have rapidly shifted the global economy and political landscape, while markets have remained unstable amid high inflation, high oil prices, and supply chain disruptions. The automotive industry too has undergone many changes in this unpredictable environment. Mobility continues to transform with electrification, autonomous driving, and eco-friendly technologies, and what is demanded of automotive parts suppliers is evolving as well. Yet even in this challenging environment, Hwashin is focusing on ESG management—activities that strengthen the company's stability and internal capabilities—and is returning to its fundamentals to focus on technology and quality management, as well as prepare for a leap forward as a centennial company. Hwashin is making focused efforts in the following areas to achieve sustainable development and become a centennial company.

First, we are strengthening workplace safety and health management.

The life and safety of our employees is Hwashin's top priority and we are strengthening our safety and health management system based on proactive identification and prevention of risk factors. We conduct regular safety inspections and training across all our business sites and continue to upgrade our equipment and working environments to prevent accidents. In particular, given that automotive parts manufacturing entails high-risk processes such as press operations and automotive body-part production, we are expanding on-site safety diagnoses and the adoption of smart safety equipment.

Second, we respond to climate change for its mitigation.

Responding to climate change is no longer a choice but a must for corporate management. Hwashin is upgrading its greenhouse gas emissions management system and has established mid- to long-term reduction targets to respond systematically to climate change. Through climate risks analyses, we are minimizing their impact on our business, and we are strengthening our capacity to respond to climate change through low-carbon technology development and the expansion of eco-friendly products. In line with the automotive industry's shift toward electrification and eco-friendly transition, Hwashin aims to turn climate change into a new opportunity for growth and sustainability.

Third, we guarantee product quality control and safety.

Gaining the trust of our customers is our top priority and Hwashin operates a rigorous quality control system across our entire product lifecycle to this end. From the design stage to production and shipment, we minimize quality risks through thorough verification procedures, and we proactively address product safety—a critical factor given the nature of the automotive value chain. Through continued quality innovation and enhancement of our data-driven management system, we meet the expectations of our global customers.

Fourth, we are building a sustainable supply chain and working for shared growth with our suppliers.

Coexistence with our suppliers is an important pillar of Hwashin's sustainable management. Hwashin fosters a fair and transparent trading environment and operates a variety of support programs to build the capacity of our suppliers. To embed ESG standards across the supply chain, we conduct supplier assessments and training for sustainable partnerships and shared growth. In particular, through supply chain risk management based on our Korean and global production hubs and by strengthening the ESG of our suppliers, we aim to contribute to enhanced sustainability across the automotive industry as a whole.

Finally, we are improving our energy consumption efficiency and managing our power sources.

Hwashin is building a sustainable production foundation by improving energy efficiency and expanding the use of eco-friendly electricity. We have upgraded our energy consumption monitoring system to identify and improve inefficiencies. Beginning in 2026, we plan to install solar energy panels at our business sites, thereby contributing to greenhouse gas emission reduction and the expanded adoption of renewable energy.

CEO Message

Even in such a challenging environment, we continue to work on technological innovation and stable ESG management, while pursuing sustainable development through a wide range of substantive activities, including the systematic management of carbon and pollutant emissions, quality control enhancement, safety assurance, as well as coexistence programs for the shared growth with our suppliers.

Going forward, Hwashin will continue to make tireless efforts to establish itself as a key partner in the sustainable mobility ecosystem. By making ESG management a key corporate strategy and source of competitiveness, we will fulfill our responsibilities to the environment and society, as well as establish transparent and sound governance. As a result, we will build a sustainable future together with our stakeholders and take one more step forward as a trusted company.

Thank you.

CEO of Hwashin
Chung Seo-jin



Company Profile

Current State of Company and Foundation for Growth

Company Profile

Over 50 years ago, Hwashin set out with the bold vision of “becoming a global leader in the automobile parts industry” in a country with no automotive industry at the time. Despite countless challenges, Hwashin has grown into a global company specializing in automotive parts thanks to our unwavering determination and efforts made. Hwashin now supplies chassis and body parts, and electrification parts, which are key parts, to not only leading Korean but also global automakers. By developing new technologies and products through indispensable creative research, Hwashin has played a pivotal role in advancing Korea's automotive parts industry. Hwashin continues to expand globally with our youthful challenge-taking spirit, and outstanding and advanced technological competitiveness.

Hwashin At a Glance

Company name	HWASHIN Co., Ltd.
Date of establishment	July 1, 1975
CEOs	Chung Seo-jin , Jang Ui-ho 1)
Headquarters location	94-2, Donamgongdan-gil, Yeongcheon-si, Gyeongsangbuk-do, Korea
Main business	Automotive parts manufacturing
Number of employees	1,010 in Korea / 3,042 overseas

1) CEO Jang Ui-ho resigned in March 2026; as of June 2026, the current CEOs are Chung Seo-jin and Bae Heon-ju.

2025 Financial Performance

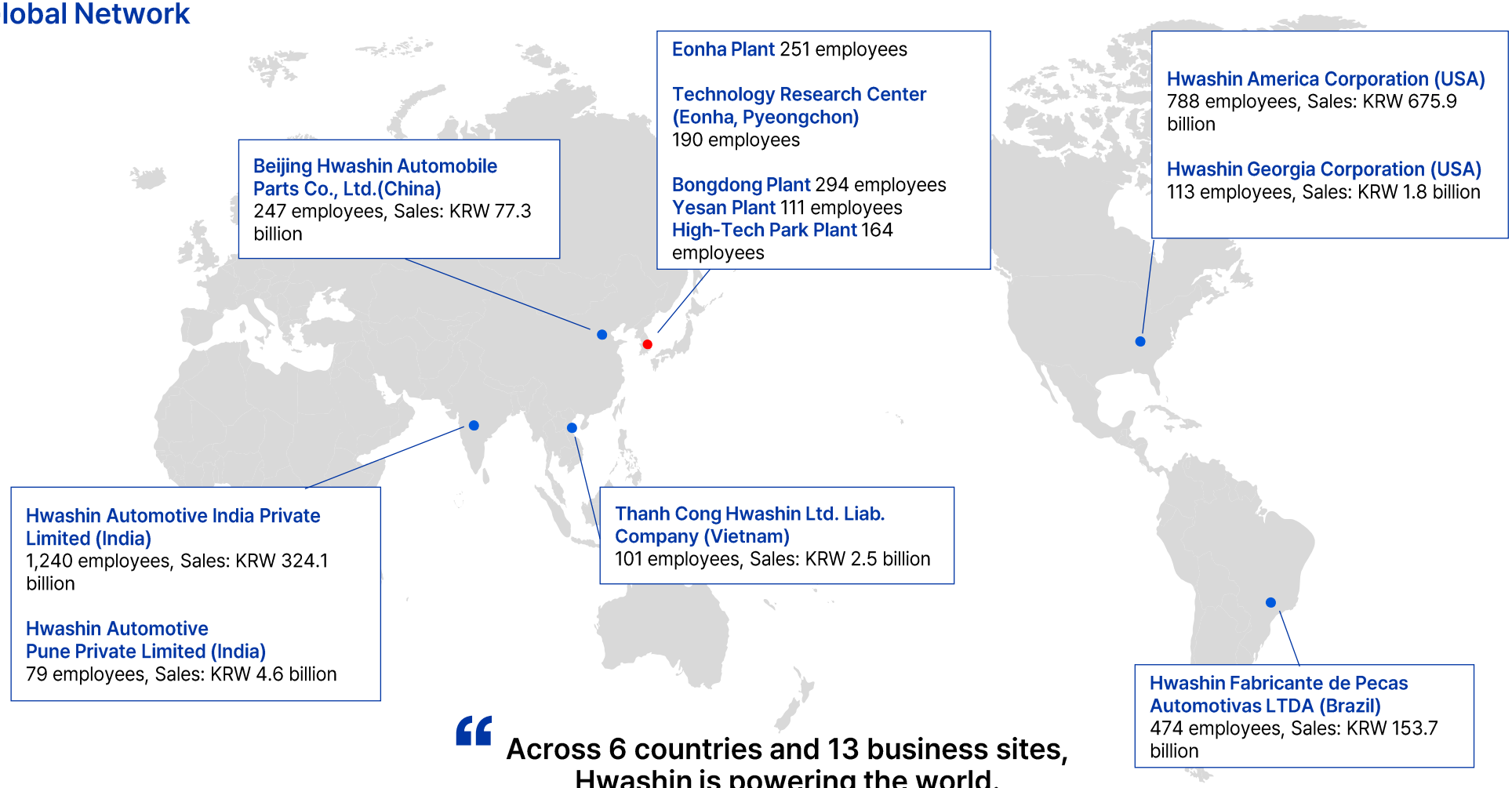
As of December 31, 2025 (consolidated basis)

Total assets	KRW 1.559 trillion
Total capital	KRW 571.3 billion
Sales	KRW 1.962 trillion
Operating profit	KRW 102.4 billion
Net profit for the current period	KRW 66.7 billion
Credit rating	BBB (Korea Rating & Data (KoDATA))

Company Profile

Current State of Company and Foundation for Growth

Global Network



“Across 6 countries and 13 business sites, Hwashin is powering the world.”

Company Profile

Current State of Company and Foundation for Growth

Company History

1975-2000 Enterprise and Takeoff

1975	Established HWASHIN Co., Ltd. production company
1985	Awarded the Saemaeul Medal Award for Diligence
1986	Awarded the USD 5 Million Export Tower
1987	Established the attached Technology Research Center
1988	Rated Grade 1 in Quality Control Plant by the Office of Industry Promotion
1991	Established HWASHIN Precision
1994	Listed on the Korean Stock Exchange
1995	Changed trade name to HWASHIN Co., Ltd.
1999	Awarded the Top 100 Technologies Award by the Korean Ministry of Science and Technology
2000	Introduced ERP SAP as a company-wide management system

2001-2010 Stability and Growth

2002	Established the India and Beijing branches
2003	Established the USA branch
2004	Acquired ISO 14001 certification
2005	Selected as a Leading Company in New Labor and Management Culture
2006	Awarded the Steel Tower Industry Medal
2008	Awarded for contributions to the development of the automobile parts industry
2008	Awarded for Coexistence and Cooperation between Large, Medium, and Small Enterprises (Korean Prime Minister award)
2009	Established the Brazil branch
2009	Selected as an Institution of Excellence in World Class 300 Company
2010	Awarded the Prize for Excellence at the Republic of Korea Technology Awards (Korean Minister of Knowledge Economy)

2011-2020 Globalization

2011	Awarded the Global CEO Grand Prize
2012	Selected as a World Class 300 Company
2013	Acquired OHSAS certification
2014	Awarded the USD 300 Million Export Tower
2015	Established the Changzhou and Chongqing (China) branches
2017	Acquired IATF 16949 certification
2018	Awarded for contributions to the prevention of industrial disasters
2018	Converted to ISO 45001 certification
2018	Merged SaeHWASHIN
2020	Established the Vietnam branch

2021–Present Innovation and Sustained Growth

2021	Awarded Root Industry Contribution Award (Korean President award)
2022	Selected as a Root Industry Master
2022	Selected as a Top Materials, Parts, and Equipment (MPE) Company
2022	Acquired Family-Friendly Company certification
2022	Awarded the Fair Trade Order Establishment and Award for Expanding a Culture of Coexistence and Cooperation
2022	Awarded for Supply Payment Linkage System (Korean Minister of SMEs and Startups)
2023	Established Georgia HWASHIN in the United States
2023	Awarded for contributions to the reshoring of overseas enterprises (Korean President award)
2024	Completed the construction of the High-Tech Park Plant / Established the Pune branch in India
2025	Awarded Supplier of the Year by Hyundai Motor Group
2025	Certified for corporate excellence in labor-management culture
2025	Selected as a Corporate Philanthropy Leader
2025	Awarded Top Commendation for Fair Trade Agreement (for seven consecutive years)

Company Profile

Sustainable Competitiveness and Corporate Value

Vision and Core Values

GT45
A global top 45 parts company leading the automobile parts market

Core Values

- Winning customers' hearts
- Globalization
- Creative enterprise
- Coexistence and cooperation

Growth Targets

Achieve consolidated sales of KRW 5.2 trillion
Reach 7.6% share of the global parts market

"Leaping forward to become a global tier 1 parts manufacturer by expanding the market"

Market expansion	Technology expansion	Business scope expansion
Expanding orders from global major Original Equipment Manufacturers (OEMs) Actively targeting emerging markets	Developing high value-added products by applying new materials and eco-friendly technologies	Integrating modularization and IT technologies for system integration and business promotion

Customer-centered
Hwashin employees enhance customer satisfaction by developing products that meet customer needs and expectations
- Understanding customer needs
- Ensuring customer satisfaction
- Maintaining strong customer relationships

Enterprise spirit
Hwashin employees are not afraid of failure; driven by a spirit of challenge-taking, they set higher performance goals.
- Setting challenging goals
- Initiating execution
- Having a sense of ownership of work

Communication
Hwashin employees exchange ideas and opinions on a horizontal basis.
- Understanding others
- Building cooperative networks and generating cross-department synergy

Principles first
Hwashin employees value company regulations and procedures for transparent and fair work processes.
- Understanding rules and procedures
- Featuring transparent workflows
- Complying with procedures

Innovation
Hwashin employees can lead innovation with fresh and diverse perspectives.
- Open-minded thinking and problem awareness
- Improvement of work execution, procedures, and methods

Company Profile

Sustainable Competitiveness and Corporate Value

Certifications and Awards

ISO 14001 Environmental Management System certification

We have made environmental management a cornerstone of corporate management and are making strides toward continuous improvements of the environment by setting specific targets and processes.

ISO 45001 Occupational Health and Safety Management System certification

We are taking the lead in preventing disasters by setting safety and health goals and building systems for workers' safety and health in the workplace.

IATF 16949 Automotive Quality Management System certification

We apply a quality system capable of application to any supplier in the global automobile industry supply chain to achieve continual improvements, prevent defects, and reduce waste.

Designated as a leading company in energy efficiency innovation

We are working to transform our energy consumption structure into a low-consumption, high-efficiency model to reduce energy costs and greenhouse gas emissions.

Korea Fair Trade Commission (KFTC) Chairperson Award

We were awarded by the Chairperson of the Korea Fair Trade Commission for seven consecutive years, having been recognized for establishing a fair trade order through fair trade agreements and promoting a culture of coexistence and cooperation.

Award for Supply Payment Linkage System

We received the Korean Minister of SMEs and Startups Award for our contributions to the spread of the supply payment linkage, and mediation and consultation systems for suppliers.

Family-friendly certification

We were recognized and certified as a model company for the operation of systems, including support for childbirth and childcare, flexible work, and the formulation of a family-friendly corporate culture.

Certified for corporate excellence in labor-management culture

We were selected and certified as a model company for the practice of a symbiotic labor-management culture for the spread of a cooperative labor-management culture and stronger corporate competitiveness.

Business Portfolio

Business and Products Overview

Business Overview

As a global automotive parts company, Hwashin specializes in chassis and body parts that play a key role in enhancing vehicle durability, driving stability, and fuel efficiency, through research, development, and production. In particular, we contribute to the mass production of eco-friendly, high-efficiency vehicles by developing optimized designs that meet customer needs using high-performance, high-strength, and diverse materials. In addition, in keeping with the paradigm shift from conventional internal combustion engines to eco-friendly mobility, we are developing and mass-producing battery pack cases that store the battery carrier modules in electric vehicles — a key energy supply module- which have been recognized for their technical excellence. Hwashin is currently focusing its capacity on developing high-strength, lightweight, and smart parts, as well as electric components, to preemptively respond to the future vehicle market and secure the technological competitiveness needed to lead the next-generation mobility era. Moving forward, Hwashin will continue to grow as the optimal partner that meets customer needs in the ever-evolving global automotive market based on sustainable innovation and customer-centric quality management.



View of HWASHIN Technology Research Center

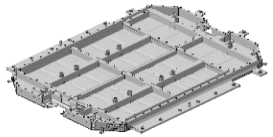
Newly Developed Products

AL FRONT CROSS MEMBER



- A part for lightweight suspension in electric vehicles
- It is made lightweight to improve mileage.
- It supports electric motor, steering mechanism, and suspension system.
- It improves ride comfort by reducing road vibration and shocks.

BATTERY PACK CASE



- Storage for carrier module, the energy source for electric vehicles
- Installed on the underside of a vehicle, it protects the battery from road debris, water ingress during rain, and external impacts, thereby safeguarding the driver from potential fire and explosion.

Business Portfolio

Business and Products Overview

Main Products Overview – CHASSIS

FRONT CROSS MEMBER (#) TYPE



- It supports the engine and connects the axle and frame.
- It fastens and supports components, such as arms, steering gear box, and stabilizer bar.
- It dampens vibrations and suppresses noise from the road surface and powertrain.

REAR CROSS MEMBER (#) TYPE



- It is designed as an independent suspension using 3 to 5 links to ensure the tires remain perpendicular to the road surface.
- It plays the role of fastening and supporting components such as arms and stabilizer bars, which are mounted at the rear of a vehicle and form part of the suspension system.

FRONT CROSS MEMBER (H) TYPE



- It supports the engine and connects the axle and frame.
- It fastens and supports components such as arms, steering gear box, and stabilizer bar.
- It dampens vibrations and suppresses noise from the road surface and powertrain.

REAR CROSS MEMBER (H) TYPE



- It supports the engine and connects the axle and frame.
- It fastens and supports components such as arms, steering gear box, and stabilizer bar.
- It dampens vibrations and suppresses noise from the road surface and powertrain.

FRONT LOWER ARM



- It supports the frontal, dorsal, lateral, upward, and downward forces transmitted through the tires during driving and prevents abnormal movements.
- It dampens and mitigates vibrations generated by the cross member and knuckle.

REAR CTBA



- It is installed on the rear wheels of a vehicle to absorb shocks during driving caused by information entered on a road, maintaining stability when cornering.
- It is lightweight, compact, and highly maintainable.
- It boasts of excellent roll and lateral stiffness.

REAR LOWER ARM



- It supports the lateral, frontal, dorsal, upward, and downward forces transmitted through the tires during driving and prevents abnormal tire movements.
- It dampens and mitigates vibrations generated by the cross member and knuckle.

REAR TRAILING ARM



- It is mounted on the lower rear section of a vehicle and assembled on the rear cross member and carrier.
- It absorbs external forces applied to the tires through upward and downward movements, improving ride comfort.

Business Portfolio

Business and Products Overview

Main Products Overview – CHASSIS

REAR ASSIST ARM



- It connects the rear wheel carrier and the cross member.
- It affects the vehicle's lateral stiffness and high-speed cornering stability.

FRONT UPPER ARM



- It is mounted on the lower rear section of a vehicle and disperses the load during the movement and functions as an upward and downward link.

REAR AXLE HOUSING ASSEMBLY



- It is used in rear-wheel drive axle-type suspensions.
- It is installed on the final reduction gear to house the drive shaft and transmit axial loads from the shaft to the vehicle frame.
- It is a component mounted on one-ton or larger commercial vehicles.

PEDAL



- It is a device that controls vehicle acceleration and braking, and disconnects the engine power during gear shifting and manual transmission.
- It consists of an accelerator pedal, braking pedal, and clutch pedal.

FUEL TANK



- It is mounted on the rear floor of a vehicle and primarily supplies fuel to the engine and blocks fuel flow noise generated during vehicle operation.
- It is composed of a canister that captures evaporating gas and a fuel pump module that delivers fuel to the engine.

Business Portfolio

Business and Products Overview

Main Products Overview – BODY

REINF SIDE OUTER



- It is a component that reinforces the side stiffness of a vehicle and enhances the stiffness in the event of a side collision.
- It has mounting points on the front and rear doors.

FENDER APRON & MEMBER



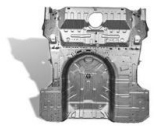
- It is mounted above the left and right front wheels of a vehicle.
- It fastens and supports the shock absorber, which helps mitigate and dampen road surface vibrations and shocks.

CENTER FLOOR



- It connects the left and right sides of a frame and fastens various cables, including the parking cable.

REAR FLOOR



- It forms the floor structure of a vehicle and reinforces the overall vehicle stiffness.
- It serves as a mounting point for suspension and driving components such as a cross member and transmission.

COWL COMPLETE



- It serves as a partition between the engine room and a vehicle's interior/exterior and provides connection points for the engine hood and front doors, as well as a drainage channel.

COWL CROSS BAR



- It is a frame installed in the cowl area to prevent lateral twisting or bending and enhance stiffness.
- It maintains structural strength to protect the passengers in the event of a collision.

BUMPER RAIL



- It connects the front bumper and vehicle.
- It is a component that absorbs shocks and fastens products mounted at the front of a vehicle.

SUN ROOF REINF



- It provides a guiding surface to install a sunroof for opening and closing the vehicle ceiling.



ESG Management Governance

ESG Management System

1. ESG Management Governance and Achievements Made

1) ESG Highlights

2) ESG Implementation Governance

3) Stakeholder Engagement

2. Foundation for ESG Implementation

1) Support for and Participation in Global ESG Initiatives

2) Double Materiality Assessment

ESG Management Governance and Achievements Made

ESG Highlights

2025 ESG Evaluation Results and Key Achievements

한국ESG기준원	SUSTINVEST	CDP
B (Integrated)	A	B (Climate Change, Water)

E	Established greenhouse gas inventories for all our subsidiaries and conducted third-party verifications	Established carbon reduction plans Selected as an outstanding company	Laid the foundation for switching to renewable energy
S	Implemented fair trade agreements Rated “excellent” for seven consecutive years	Certified for corporate excellence in labor-management culture	Promoted the horizontal expansion of ESG, targeting the lower-tier supply chain
G	Laid the foundation for enhancing the expertise and independence of the Board of Directors	Established a company-wide standard contract system and prevented contract risks	Strengthened the operation of channels for reporting ethical and legal compliance breaches

ESG Management Governance and Achievements Made

ESG Implementation Governance

ESG Implementation Governance and Organizational Chart

Hwashin has established dedicated teams for each ESG area and assigned specific roles and responsibilities to embed ESG management into its organizational structure. This enables company-wide ESG management and internalization while also strengthening domain-specific expertise. In particular, in 2025, we established the new ESG Planning Team as a dedicated body to oversee all ESG-related work beyond the format of a secretariat or Task Force Team (TFT). The establishment of the control tower overseeing all ESG matters has enabled us to enjoy more efficient ESG disclosure, strategies, and planning. The ESG Planning Team communicates with stakeholders through transparent disclosure to enhance corporate trust, while organically working in connection with the specialized organizations in each area to advance the system for actionable ESG initiatives and continued performance management. As a result, we seek to substantively embed ESG management and simultaneously enhance our mid-to-long-term corporate value.



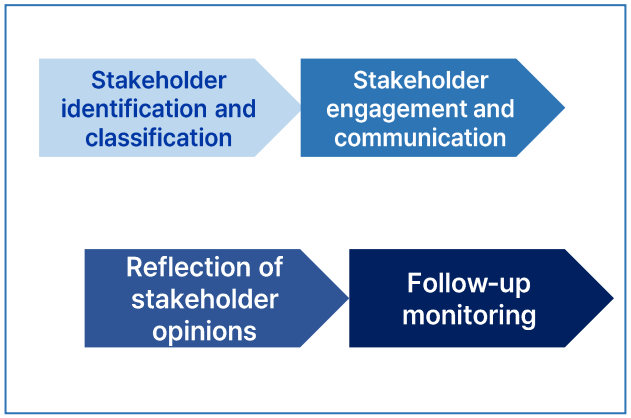
ESG Management Governance and Achievements Made

Stakeholder Engagement

Communication with Stakeholders and Open Engagement

Hwashin realizes sustainable management based on active communication and seamless cooperation with our stakeholders. We have identified the company's key stakeholders into six groups—customers, shareholders and investors, employees, suppliers, governments, and local communities, and we operate communication channels tailored to each group. Through these channels, the company reflects stakeholders' major opinions and, when necessary, establishes related response plans and incorporates them into the business management decision-making. We also annually analyze each stakeholder group's expectations and actively work to reflect their feedback. To this end, we are strengthening communication with our stakeholders through a four-stage process: stakeholder identification and classification → stakeholder engagement and communication → reflection of stakeholder opinions → follow-up monitoring.

Stakeholder Engagement Process



State of Stakeholder Communication

Category	Communication Channels	Expectations	Major Activities
Customers	• Website • Customer evaluations (ESG, safety and health, etc.) • Voice of Customer (VOC) Program • Technical seminars	• Product and technological competitiveness • Quality, stability, and on-time delivery	• Collecting customer feedback • Carrying out customer evaluations
Shareholders and investors	• General Meeting of Shareholders • Board of Directors • Data Analysis, Retrieval, and Transfer (DART) (disclosure) • Website (disclosure)	• Sales and financial performance • Business outlook • Profit distribution • Sustainability management strategies	• General Meeting of Shareholders • Dividends • Disclosing materials • Sustainability Report
Employees	• Intranet • Cyber Complaints Center (Sinmungo) • Online newsletter (Haneultari) • Labor-Management Council and meetings	• Employee welfare and benefits • Training and self-development, career development • Fair compensation • Childcare policies • Work-life balance	• Subsidy for children's education • Subsidy for employee education • Housing loans • Living expense loans
Suppliers	• Seminars • Supplier representatives networking events • Supplier factory managers meetings • Supplier VOC activities • Online anonymous reporting channel	• Shared growth • Training and supplier capacity building • Listening to concerns and addressing challenges	• Support for coexistence and cooperation with suppliers (technical, safety and health, training, and financial support, as well as raw materials price increase, etc.)
Government	• MOUs with national and local governments	• Compliance with regulations • Tax payments • Revitalizing the local economy	• National and local tax payments • New hires • Donations to the local community
Local communities	• Website • Foundation Website • Meetings with local communities • Job fairs	• Community engagement • Social contribution activities • Communication with local universities	• Fundraising for underprivileged neighbors in the local community • Employee "Salary Change for Change Donation Campaign" • Goods and scholarships support for the vulnerable class • Participation in local university job fairs • Hosting corporate information sessions

ESG Management Governance and Achievements Made

Stakeholder Engagement

Distribution of Economic Value

Hwashin seeks to maintain sustainable relationships with its key stakeholders—shareholders and creditors, employees, suppliers, governments, and local communities—by distributing the economic value generated by the company fairly and responsibly. In 2025, based on consolidated financials, Hwashin recorded KRW 1.962 trillion in sales, KRW 102.4 billion in operating profit, and KRW 66.7 billion in net profit for the current period. This marks a year-on-year increase caused by an increase in product sales to Korean automakers driven by rising demand and improved earnings at our major subsidiaries. As part of our social responsibility to uphold the value of coexistence with our stakeholders who helped achieve these results, we continue to carry out various forms of value return activities - including dividends. Going forward, Hwashin will continue to share the profits it generates with its stakeholders, thereby building a virtuous cycle of sustainable growth.

2025 Distribution of Economic Value

(Unit: KRW million)

Category		2023	2024	2025
Shareholders	Dividends	5,212	5,212	5,212
Creditors	Interest	24,123	25,657	25,348
Employees	Wages	148,849	157,531	184,398
	Employee welfare and benefits	18,717	20,527	21,772
Suppliers	Stock asset payments	1,333,637	1,243,268	1,459,963
Governments and local communities	Taxes	7,359	22,251	15,450
	Contributions	268	630	369

Foundation for ESG Implementation

Support for and Participation in Global ESG Initiatives

UN SDGs

Hwashin has established its ESG management strategies aligned with the UN SDGs to promote a sustainable future and our major activities aim to achieve the following goals. In this year's report, we have put together the policies and activities we have pursued, and the achievements we have made linked to each SDG in the APPENDIX and noted the related SDGs alongside the relevant text in the main body to enhance these linkages. As a responsible global company, Hwashin will continue to implement the UN SDGs and pursue sustainable management across all areas - environmental, social, and governance.

Participating in the UN Global Compact (UNGC) and Implementing its Principles

Since April 2025, Hwashin has participated in UNGC, working to incorporate the Ten Principles spanning the four key areas of human rights, labor, environment, and anti-corruption, into its corporate strategies and operations. Accordingly, Hwashin is updating its internal human rights management systems and its environmental management system and policies based on the principles of UNGC. Starting from this year, 2026, we will submit a Communication on Progress (CoP), and beginning next year, in 2027, we will submit a Communication on Engagement (CoE), to advance the transparency and sophistication of our sustainability management.

WE SUPPORT UN GLOBAL COMPACT



UNGC Ten Principles

Category	Ten Principles	
Human Rights	Principle 1	Businesses should support and respect the protection of internationally proclaimed human rights;
	Principle 2	Make sure that they are not complicit in human rights abuses.
Labor	Principle 3	Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
	Principle 4	The elimination of all forms of forced and compulsory labor;
	Principle 5	The effective abolition of child labor;
	Principle 6	The elimination of discrimination in respect of employment and occupation.
Environment	Principle 7	Businesses should support a precautionary approach to environmental challenges;
	Principle 8	Undertake initiatives to promote greater environmental responsibility;
	Principle 9	Encourage the development and diffusion of environmentally friendly technologies.
Anti-Corruption	Principle 10	Businesses should work against corruption in all its forms, including extortion and bribery.

Foundation for ESG Implementation

Double Materiality Assessment

Conducting Double Materiality Assessments

Hwashin performs double materiality assessments each year to derive key ESG issues that should be prioritized and disclosed, and we integrate them into the company's business strategies. The double materiality assessments consider both the actual and potential impacts of Hwashin's business activities on the environment and society, as well the actual and potential impacts that these social and environmental factors pose to the company's financial performance to identify critical issues. For the 2025 disclosure, we selected issues and conducted Impact, Risk, and Opportunity (IRO) analyses in accordance with the materiality assessment implementation guidance presented in the European Sustainability Reporting Standards (ESRS) 1 and European Financial Reporting Advisory Group Implementation Guidance (EFRAG IG) 1 under the European Union's Corporate Sustainability Reporting Directive (CSRD). During the double materiality assessments, we have gathered the opinions of our key stakeholders through surveys, including our employees and suppliers, and reflected the industry trends, global ESG requirements, and regulatory changes to analyze the importance and IRO of ESG issues, as well as assess the importance of each ESG issue. The major issues thus identified are reflected in Hwashin's ESG disclosure, strategy, and execution plans, as well as aligned with our management decisions and risk response activities, thereby forming the core foundation of the company's sustainable business operations.

Double Materiality Assessment Process

01. Identification of ESG issues pool

Based on the issues pool presented in ESRS 1 & IG 1 and Automobiles Sustainability Accounting Standard (SASB) on Auto Parts, and by referencing the major issues of peer companies and the opinions of external experts, we derived an initial issues pool (long-list) consisting of 84 issues. From this initial pool, we derived a secondary issues pool (short-list) consisting of 15 issues based on discussions with the relevant employees and by reflecting ESG disclosure standards and rating agency indicators.

02. Analyses of the issues

Based on the issues in the short-list, we have identified the risks and opportunities the company faces from a financial materiality perspective and the positive and negative impacts the company has on society and the environment from a social and environmental materiality perspective. To enhance the consistency of the identification process, we sought the opinions of employees in the relevant departments and external experts, which enabled us to identify the IRO of issues appropriate for Hwashin's internal and external environment.

03. Selection of key issues

The major issues were selected through a survey of internal and external stakeholders. The issues were presented together with the IRO analysis results to facilitate understanding. The internal and external impacts and likelihood of occurrence of each issue, as perceived by each stakeholder, were scored and aggregated. As a result, we identified five issues that Hwashin should focus on the most.

04. Reflection into the company's ESG strategies and management

We linked the selected issues with the 2025 ESG disclosure as well as the company's future management strategies to set our ESG targets and prepare their implementation plans. Key Performance Indicators (KPIs) for areas related to the major issues have been established, and the management of the issues is connected to employee performance evaluations and compensation. We also regularly review the implementation status and reflect improvements made to ensure that ESG activities remain continuously connected to our corporate value.

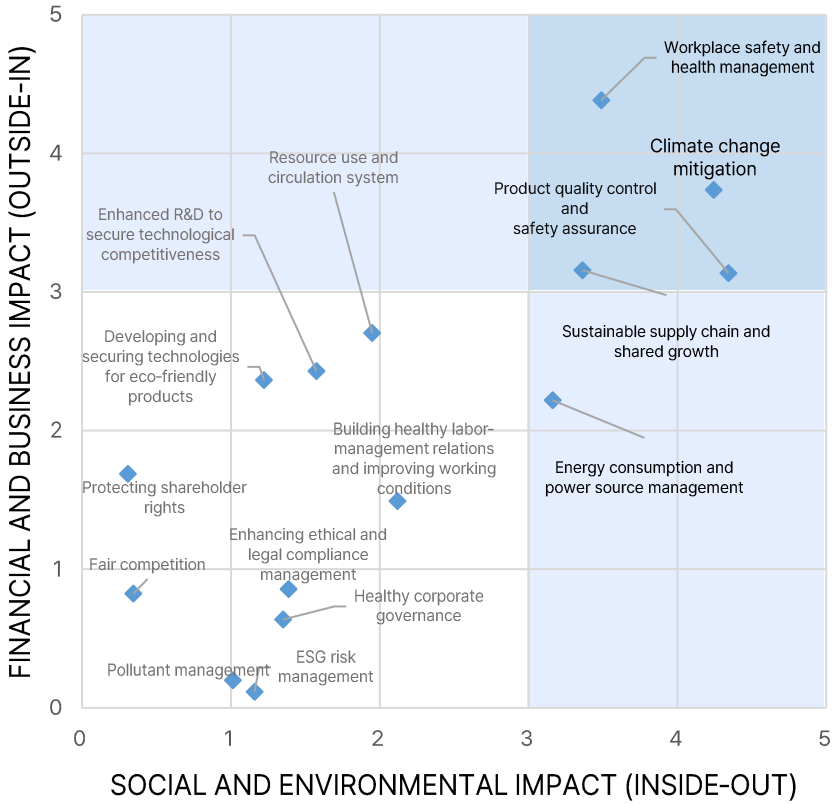
Foundation for ESG Implementation

Double Materiality Assessment

Double Materiality Assessment Results

As a result of the double materiality assessments that we have conducted, a total of five major issues were identified. Issues related to climate change, energy consumption, supply chain, and industrial safety were selected for the second consecutive year, while the materiality of product quality and safety has risen significantly, with many stakeholders identifying it as the most important issue. Major issues were selected by including all those that scored above the threshold of three points in either the financial or the social/environmental materiality dimension.

Double Materiality Matrix



Five Selected Issues

ISSUE 1 **Workplace safety and health management**

Related keywords: industrial accidents, lost-time injuries, strengthened regulations including the Serious Accidents Punishment Act of Korea, and worker protection

Automotive parts manufacturing sites carry a high risk of industrial accidents due to the handling of heavy equipment and hazardous substances. As such, inadequate safety and health management can result in serious accidents that lead to loss of life and production stoppages. In particular, as safety and health regulations, such as the "Serious Accidents Punishment Act" of Korea, have been strengthened, business risks—including legal liability and penalties in the event of an accident—have expanded significantly. Systematic safety and health management and proactive investment in safety play a crucial role not only in responding to regulations but also in reducing time and material costs caused by lost time injury frequency rates (LTIFR) and in securing business continuity and financial stability.

ISSUE 2 **Climate change mitigation**

Related keywords: greenhouse gas reduction (installation of highly efficient equipment, energy source management, fuel conversion, and smart factories)

Climate risks, supply chain stability, physical risks: heatwaves, torrential rains, and logistics disruptions caused by climate change can lead to process interruptions and raw material supply problems. Increasingly frequent climate extremes such as wildfires and typhoons often result in damages to supply chains and key plants, causing significant losses.

Foundation for ESG Implementation

Double Materiality Assessment

Double Materiality Assessment Results

Five Selected Issues

ISSUE 3 **Product quality control and safety assurance**

Related keywords: quality standards, product safety, recall risk, and reliability

Parts quality issues can lead directly to recalls at the OEM level and to accidents that may cause loss of life, resulting in enormous costs and loss of trust. Even a single defective part can have a greatly amplified financial impact given the nature of mass production. Thorough quality control is the key to maintaining customer trust and securing stable sales.

ISSUE 5 **Energy consumption and power source management**

Related keywords: energy efficiency, renewable energy, power consumption amount, and energy costs

In automotive parts processes with many energy-intensive facilities, inefficient power use can lead to increased greenhouse gas emissions and rising energy costs. In particular, when electricity rates, oil prices, or carbon regulations are tightened, the manufacturing costs burden can expand. Improving energy efficiency and transitioning to eco-friendly power sources simultaneously reduce carbon emissions and costs, while meeting customers' ESG requirements, thereby enhancing corporate value and competitiveness.

ISSUE 4 **Sustainable supply chain and shared growth**

Related keywords: supply chain ESG, supplier management, and coexistence and cooperation

In the automotive parts industry, because production involves working with numerous suppliers, there are many supply-chain-related risks. As an industry with high dependence on irreplaceable raw materials such as conflict minerals, responsible minerals, and rare earth minerals, issues such as human rights risks can arise during raw material procurement as well. Our customers, who are finished vehicle OEMs, also work with many parts suppliers, and accordingly, many of the OEMs now include secondary and tertiary suppliers within the scope of their supply chain ESG management. When an environmental or labor-related accident occurs at a supplier company, or when procured raw materials originate from a conflict region, production disruptions occur not only with primary parts suppliers but also with the OEMs, leading to reduced sales, costs waste, and damage to corporate value and trust. By sharing ESG standards with our suppliers and continuing to support their capacity building, a sustainable and stable supply chain can be formed, which in turn leads to stable production and a predictable cost structure.

Foundation for ESG Implementation

Double Materiality Assessment

Double Materiality Assessment Results

IRO Analysis of the Five Selected Issues and Hwashin's Response Activities

Issue	Risk and Opportunity Factors	Potential Financial Impact	Hwashin's Response Strategy
Workplace safety and health management	• Risk of human casualties and production disruptions in the event of industrial accidents • Improving worker satisfaction and productivity and enhancing social trust thanks to tighter safety management levels	• Compensation costs due to industrial accidents and sales losses due to operational disruptions • Indirect costs related to legal penalties • Reduction in insurance premiums and indirect costs from fewer safety-related incidents	• Improving worksite environments including at the international subsidiaries • Strengthening safety training including real life like evacuation drills and virtual reality (VR) training
Climate change mitigation	• Strengthened climate change-related regulations • Potential physical risks related to climate change • Securing environmental competitiveness through greenhouse gas emission reduction efforts	• Possible carbon-related costs and environmental regulation compliance costs • Potential mid- to long-term cost savings through the establishment of eco-friendly production systems	• Establishing low-carbon business sites • Expanding carbon emission reduction and verification to the international subsidiaries • Switching to renewable energy • Managing the supply chain for carbon emission reduction
Product quality control and safety assurance	• Loss of customer trust, potential safety-related accidents, and recall risks in the event of quality defects • Strengthening partnerships with OEM customers through stable quality assurance	• Possible recall costs and compensation for damages in the event of quality issues • Opportunities for new orders and sales growth through enhanced quality competitiveness	• Re-establishing the quality control system across the entire process, from development through inspection • Operating a quality system that meets customer requirements and global quality standards
Sustainable supply chain and shared growth	• Supply chain risks due to inadequate ESG management of suppliers • Strengthening supply chain stability through coexistence and cooperation with suppliers	• Production disruptions and delivery delays due to unstable raw materials supply and demand • Cost reduction through stable supply chain operations	• Upgrading supply chain ESG evaluation methodology • Expanding support and ESG coaching for suppliers • Strengthening evaluation of ESG factors for raw material procurement
Energy consumption and power source management	• Risk of rising manufacturing costs due to energy price volatility • Improving environmental performance through cost savings and greenhouse gas emission reductions via energy efficiency improvements	• Expanded energy cost burden due to increased electricity consumption • Mid- to long-term cost savings thanks to investment in energy efficiency	• Replacing utility equipment with high-efficiency models • Optimizing equipment operation and process conditions • Using the Building Energy Management System (BEMS)

Environmental

1. Environmental Management System

1) Environmental Management Governance

2) Environmental Management Operating System

3) Environmental Management Enhancement Activities

2. Responding to Climate Change and Carbon Reduction Strategies

1) Responding to Climate Change

2) Carbon Reduction Strategies

3. Establishment of Eco-Friendly Workplaces

1) Water Resource Management

2) Air Pollution Management

3) Hazardous Chemical Substances Management

4. Resource Circulation and Natural Capital Expansion

1) Waste Reduction and Expansion of Resource Circulation

2) Biodiversity and Natural Capital Management

Environmental Management System

Believing that a sustainable environment is directly tied to the company's sustainable growth, Hwashin consistently practices responsible environmental management. To realize management that benefits the earth and to ensure that our environmental management activities translate into tangible results, we have established a company-wide environmental management system. Hwashin not only strictly complies with environmental laws and customer requirements, but also systematically manages the environmental impacts that may arise across our business, and we operate clear standards and procedures to mitigate its negative impacts. Hwashin's environmental management system is built on preventive management, continuous performance monitoring, and employee engagement, through which we minimize environmental risks and spread an eco-friendly management culture throughout the automotive industry.

Environmental Management Governance

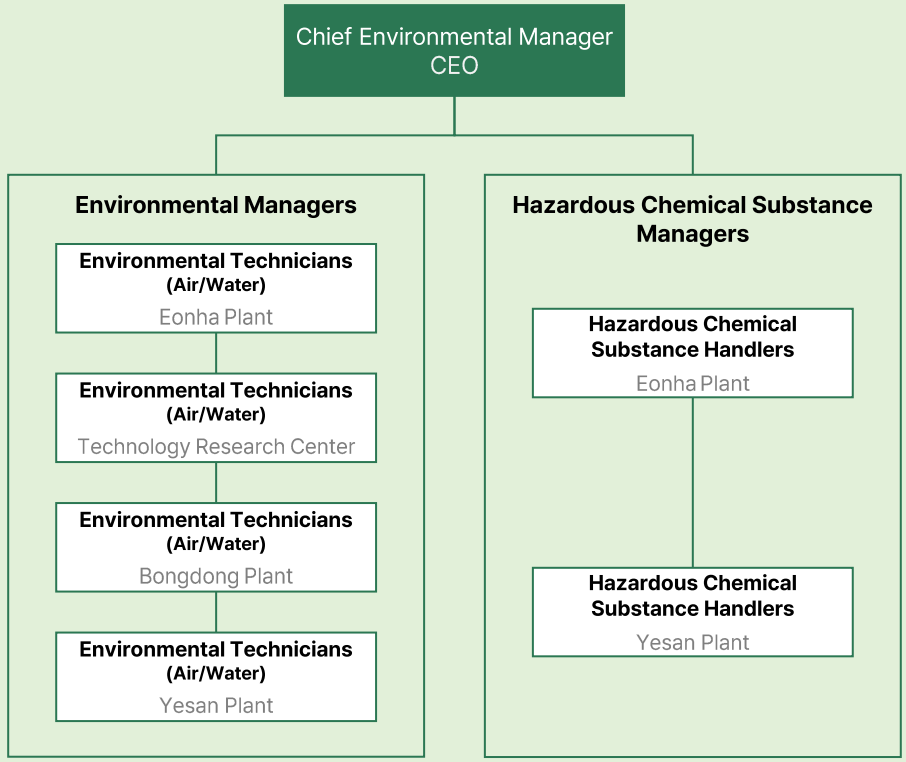
Roles and Responsibilities of Management

The CEO of Hwashin serves as the Chief Environmental Manager, overseeing the formulation and execution of company-wide environmental management strategies. As the Chief Environmental Manager, the CEO establishes environmental management policies, oversees the operation of the ISO 14001-based environmental management system, and regularly checks environmental targets and implementation results of each business site. The Chief Environmental Manager also checks the adequacy of environmental risk identification and response systems and decides the response direction when major environmental issues arise. Each worksite designates an Environmental Manager to carry out environmental management duties and maintain consistency in the level of environmental management across the company.

Roles and Responsibilities of the Dedicated Organization

To systematically carry out environmental laws and permits and pollutants management, Hwashin operates a dedicated environmental management organization. At each business site, we designate Environmental Managers and Hazardous Chemical Substance Managers to manage key environmental impact factors such as air, water, waste, and hazardous chemical substances. We thus regularly review their compliance with regulations. We also prevent environmental accidents and legal risks through internal audits and monitoring of corrective action implementation. The results of environmental management are reported to senior management so that environmental management is managed as an integrated, company-wide system.

Environmental Management Organization



Environmental Management System

Environmental Management Governance

Roles and Responsibilities of the Board of Directors

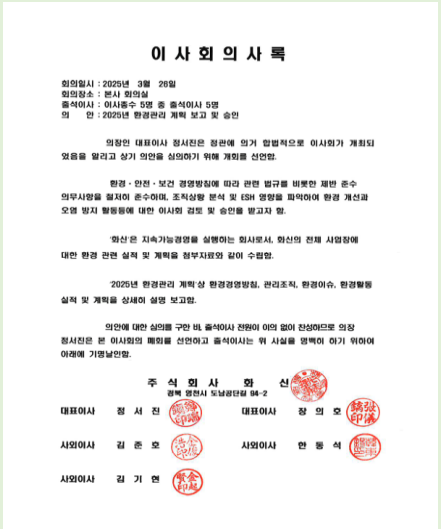
As the highest oversight body for ESG management, Hwashin's Board of Directors regularly reviews key sustainability issues, including environmental matters. The Board receives reports on the state of compliance with environmental regulations, key risks and management plans, and mid- to long-term strategies, and oversees to ensure that environmental factors are reflected across all management activities. In particular, by deliberating and approving major matters, such as climate change response strategies, the introduction of eco-friendly processes, and environmental investment plans, the Board supports strategic decision-making.

Board of Directors' ESG Review

To ensure that the key directions and execution of environmental management are pursued across the company, Hwashin conducts Board-level reviews and resolutions. The Board reviews the company's risks and response directions on key environmental and ESG-related matters and deliberates on annual targets and execution plans, thereby strengthening the company's execution of environmental management. In March 2025, an agenda item on the establishment and approval of the Integrated Environmental Management Plan was submitted to the Board. The agenda reviewed changes in environmental laws and related obligations, and examined improvement directions for continuous environmental and greenhouse gas management. The 2025 environmental management plan—along with the environmental management policy, organization, issues, impacts, and activity results and plans—was deliberated on and approved. Subsequently, in June 2025, the Board reviewed ESG materiality and company-wide non-financial risks. The Board received reports on the 2025 ESG materiality assessment results and the response direction for key non-financial risks, and discussed the need for establishing ESG strategies and ways to enhance their execution for sustainable growth. In particular, the Board set company-wide greenhouse gas emission reduction and energy efficiency improvements, eco-friendly management, and supply chain management as priority ESG agenda items and requested continuous monitoring. Through such Board-level oversight of environmental management planning and approval, as well as review of key ESG and non-financial risks, Hwashin is strengthening its environmental management system.

Board Meeting Minutes

March 2025



이 사 회 의 사 록

회의일시 : 2025년 3월 26일
회의장소 : 본사 회의실
출석이사 : 이사총수 5명 중 출석이사 5명
의 안 : 2026년 환경관리 계획 보고 및 승인

의장인 대표이사 정서진은 정관에 의거 합법적으로 이사회가 개최되었음을 알리고 상기 의안을 심의하기 위해 개회를 선언함.

환경 · 안전 · 보건 경영방침에 따라 관련 법규를 비롯한 제반 준수의무사항을 철저히 준수하며, 조직상황 분석 및 ESH 영향을 파악하여 환경 개선과 오염 방지 활동등에 대한 이사회 검토 및 승인을 받고자 함.

화신은 지속가능경영을 실행하는 회사로서, 화신의 전체 사업장에 대한 환경 관련 실적 및 계획을 첨부자료와 같이 수립함.

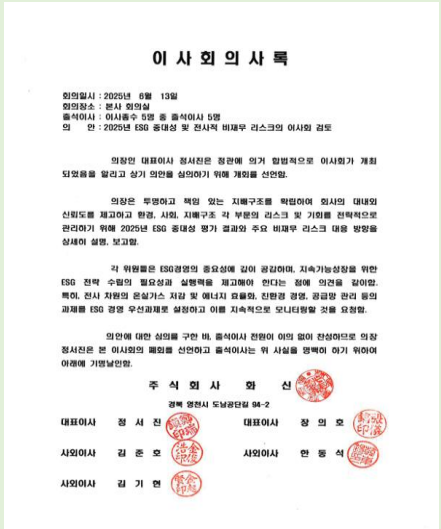
2025년 환경관리 계획상 환경경영방침, 관리조직, 환경이슈, 환경활동 실적 및 계획을 상세히 설명 보고함.

의안에 대한 심의를 구한 바, 출석이사 전원이 이의 없이 찬성하므로 의장 정서진은 본 이사회의 폐회를 선언하고 출석이사는 위 사실을 명백히 하기 위하여 아래에 기명날인함.

주 식 회 사 화 신
경북 영천시 도남공단길 94-2

대표이사 정 서 진 (인)　대표이사 장 의 호 (인)
사외이사 김 준 호 (인)　사외이사 한 동 석 (인)
사외이사 김 기 현 (인)

June 2025



이 사 회 의 사 록

회의일시 : 2025년 6월 13일
회의장소 : 본사 회의실
출석이사 : 이사총수 5명 중 출석이사 5명
의 안 : 2025년 ESG 중대성 및 전사적 비재무 리스크의 이사회 검토

의장인 대표이사 정서진은 정관에 의거 합법적으로 이사회가 개최되었음을 알리고 상기 의안을 심의하기 위해 개회를 선언함.

의장은 투명하고 책임 있는 지배구조를 확립하여 회사의 대내외 신뢰도를 제고하고 환경, 사회, 지배구조 각 부문의 리스크 및 기회를 전략적으로 관리하기 위해 2025년 ESG 중대성 평가 결과와 주요 비재무 리스크 대응 방향을 상세히 설명, 보고함.

각 위원들은 ESG경영의 중요성에 깊이 공감하며, 지속가능성장을 위한 ESG 전략 수립의 필요성과 실행력을 제고해야 한다는 점에 의견을 같이함. 특히, 전사 차원의 온실가스 저감 및 에너지 효율화, 친환경 경영, 공급망 관리 등의 과제를 ESG 경영 우선과제로 설정하고 이를 지속적으로 모니터링할 것을 요청함.

의안에 대한 심의를 구한 바, 출석이사 전원이 이의 없이 찬성하므로 의장 정서진은 본 이사회의 폐회를 선언하고 출석이사는 위 사실을 명백히 하기 위하여 아래에 기명날인함.

주 식 회 사 화 신
경북 영천시 도남공단길 94-2

대표이사 정 서 진 (인)　대표이사 장 의 호 (인)
사외이사 김 준 호 (인)　사외이사 한 동 석 (인)
사외이사 김 기 현 (인)

Environmental Management System

Environmental Management Operating System

Environmental, Safety, and Health (ESH) Management Policy

Recognizing ESH management as the foundation of sustainable growth, Hwashin reflects it across all aspects of its business. Based on the principles of preventing environmental pollution and safety-related accidents, and protecting employees' health, we systematically manage the environmental, safety, and health impacts that may arise throughout our business processes. We comply with relevant laws and stakeholder requirements, maintain a responsible management system, and manage their implementation by establishing mid- to long-term targets and KPIs. We also pursue management activities that consider climate change response and resource efficiency enhancement, and we work to raise the level of environmental and safety management across the supply chain, thereby expanding our foundation for sustainable value creation.

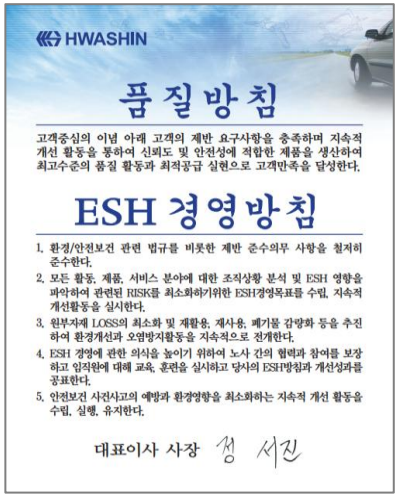
Environmental Management Policies

Through its environmental management policies, Hwashin manages the environmental impacts that may arise across its business activities in a company-wide and systematic manner. The policies are to ensure compliance with environmental laws and stakeholder requirements and prevent environmental accidents and regulatory risks through a risk-based management system. The policies apply equally to the headquarters and all its Korean and international worksites, and are shared with its stakeholders, including its employees and suppliers. Under the policies, environmental targets are set, implementation checked, and performance managed through a separate environmental management operating system. Key environmental performance and management state are integrated and managed at the corporate level after review by senior management.

System Establishment and Certification

Hwashin has established and operates an environmental management system that meets international standards and maintains ISO 14001 certification—the international standard for environmental management systems—at eight business sites both in Korea and globally. To support this, Hwashin annually specifically sets environmental targets linked to its environmental management policies and regularly checks key environmental impact factors and risks to strengthen the management system. Through regular internal audits and compliance checks, it proactively manages potential environmental accidents and regulatory risks, as well as conducts effectiveness evaluations and follow-up monitoring of corrective actions to ensure continuous improvements.

ESH Management Policy



HWASHIN

품질방침

고객중심의 이념 아래 고객의 제반 요구사항을 충족하며 지속적 개선 활동을 통하여 신뢰도 및 안전성에 적합한 제품을 생산하여 최고수준의 품질 활동과 최적공급 실현으로 고객만족을 달성한다.

ESH 경영방침

1. 환경/안전보건 관련 법규를 비롯한 제반 준수의무 사항을 철저히 준수한다.
2. 모든 활동, 제품, 서비스 분야에 대한 조직상황 분석 및 ESH 영향을 파악하여 관련된 RISK를 최소화하기위한 ESH경영목표를 수립, 지속적 개선활동을 실시한다.
3. 원부자재 LOSS의 최소화 및 재활용, 재사용, 폐기물 감량화 등을 추진하여 환경개선과 오염방지활동을 지속적으로 전개한다.
4. ESH 경영에 관한 의식을 높이기 위하여 노사 간의 협력과 참여를 보장하고 임직원에 대해 교육, 훈련을 실시하고 당사의 ESH방침과 개선성과를 공표한다.
5. 안전보건 사건사고의 예방과 환경영향을 최소화하는 지속적 개선 활동을 수립, 실행, 유지한다.

대표이사 사장 정 서진

Environmental Management System

1. Hwashin has established a system to continuously improve the environment by defining the organization, processes, and specific goals, and efficiently allocating the resources for their organized management,
2. The company strives for eco-friendly design and thorough environmental impact assessments throughout the entire process, while also implementing and continuously improving processes for developing technologies such as data construction and environmental performance certification to optimize environmental costs.
3. By establishing and operating ISO certification systems in all the plants in Korea and globally, Hwashin continuously improves the working environment, enhances emission reduction, and improves energy efficiency by upgrading the environmental facilities.
4. We comply with Korean and international environmental laws and agreements, work toward promoting and improving environmental management, and disclose the results internally and externally.

State of ISO 14001 Certification

Certified Business Sites

Business Sites in Korea	• Eonha Plant (- Sep 12, 2027) • Bongdong Plant (- Sep 12, 2027) • Yesan Plant (- Sep 12, 2027) • Technology Research Center (- Sep 12, 2027)
International Business Sites	• Hwashin America Corporation (- Jul 13, 2027) • Hwashin Automotive India Private Limited (- May 5, 2026) • Beijing Hwashin Automobile Parts Co., Ltd. (- Oct 25, 2028) • Hwashin Fabricante de Pecas Automotivas LTDA (- Feb 20, 2026)

Environmental Management System

Environmental Management Operating System

Environmental Management Strategies and Targets

Based on its ESH management policy, Hwashin establishes annual environmental management targets and manages their implementation through KPIs. The key management areas include the prevention of environmental accidents, the operation and improvement of the environmental management system, and the reduction of greenhouse gas emissions. We also set and operate detailed execution tasks that reflect our business characteristics. We regularly monitor company-wide greenhouse gas emissions and energy usage, and manage our emission reduction and energy consumption reduction performance through process improvements and efficiency enhancement activities. Environment-related KPIs are linked to the evaluation and compensation of its employees, and key indicators include company-wide carbon emission reduction activities, improvements in Carbon Disclosure Project (CDP) ratings, compliance with environmental regulations, and more. We regularly monitor and review the management of these indicators, which are used to check the implementation level of our environmental management targets and to derive directions for continuous improvements.

Monitoring of Key Environmental Laws and Regulations

Hwashin strictly complies with environmental laws and regulatory requirements related to its business operations. We take the relevant laws and licenses for key environmental areas—air, water, waste, and hazardous chemical substances—as the basic foundation of our business plans, and we regularly analyze the latest legal and regulatory amendments and related trends to promptly reflect them in the operation of our worksites. Each site designates an environmental manager to continuously verify legal inspection items and compliance with emission standards, and to manage related records. Through regular inspections and internal verification procedures, we identify potential violations in advance and implement corrective actions. In the event of environmental regulatory violations, we immediately conduct a root-cause analysis and establish recurrence-prevention measures in accordance with our environmental management policies. Going forward, we plan to include environmental laws, licenses, and related issues in our management reports for company-wide resource investment and integrated management of our compliance with environmental regulations.

2025 Key Environmental Management KPIs and Performance

Task	2025 target	Whether achieved
Company-wide activities to reduce carbon emission 1)	3% reduction year-on-year	Achieved
Improvement in CDP rating	B- grade	Achieved
Compliance with environmental regulations – achieving zero environmental accidents	0 cases	Achieved
Yeongcheon Plant's waste emission reduction activities	5% reduction year-on-year	Achieved
R&D of eco-friendly parts	2)	Achieved

Note 1) The company-wide carbon emission management target is included in the KPIs of the relevant departments (teams) as well as in the KPIs of the Carbon Management Committee Chair (Head of Strategic Planning Division).
Note 2) This task is managed as a qualitative indicator, so no separate quantitative target was set.

2025 State of Compliance with Environmental Regulations

Category	Clean Air Conservation Act	Water Environment Conservation Act	Wastes Control Act	Chemical Substances Control Act	Other Regulations
Eonha Plant	Compliant	Compliant	Compliant	Compliant	Compliant
Technology Research Center	Compliant	Compliant	Compliant	N/A	Compliant
Bongdong Plant	Compliant	Compliant	Compliant	N/A	Compliant
Yesan Plant	Compliant	Compliant	Compliant	Compliant	Compliant
High-Tech Park Plant	N/A	N/A	Compliant	N/A	Compliant

Environmental Management System

Environmental Management Operating System

Environmental Management Risks and Opportunities

Hwashin recognizes internal and external environmental factors, such as climate change, strengthening environmental regulations, and changing customer requirements, as both risks and opportunities. To manage environmental risks and opportunities and reflect them in business operations, Hwashin periodically conducts environmental risk and opportunity (IRO) analysis. In 2025, the company conducted a qualitative scenario analysis by referring to publicly available climate change scenarios. For transition risks, Hwashin referred to the IEA STEPS scenario to review the potential impacts of strengthening environmental regulations, rising energy prices, and increasing customer demand for low-carbon solutions under current policy and market trends. For physical risks, Hwashin referred to the IPCC SSP2-4.5 scenario to review the potential impacts of extreme weather events, such as heatwaves, heavy rainfall, and typhoons, on business operations. As a result of the analysis, major transition risk impacts included increased environmental improvement investments and operating costs, higher energy use costs, and a growing need to respond to customer ESG requirements. For physical risks, potential impacts on the company included production disruptions, facility damage, recovery costs, and an increased need for workplace environment management. Meanwhile, energy efficiency improvements, the transition to renewable energy, growing demand for eco-friendly products, and increasing customer ESG requirements were identified as opportunity factors that may lead to improved operational efficiency, cost savings, enhanced order competitiveness, and increased corporate value. The results of risk identification and scenario analysis are shared with relevant departments and reflected in response activities, while key management status is reviewed by management and managed at the company-wide level. Based on the analysis results, Hwashin is responding to environmental changes through measures such as enhancing its environmental management system, improving energy efficiency, transitioning to renewable energy, inspecting site-level risks, and operating emergency response systems.

Major Environmental Risks and Opportunities

Category		Period	Risk and Opportunity Factors	Potential Financial Impact	Response strategy	Remarks
Risks	Regulations and Laws	Mid/ Long-term	Strengthened environmental regulations (Emissions Trading System - ETS)	Increased investments in environmental improvements and operating costs; costs from non-compliance	Upgrading the environmental management system and monitoring regulations	Based on IEA STEPS
		Short/ Mid-term	Rising energy prices and increasing carbon costs	Increased energy costs	Improving energy efficiency, transitioning to renewable energy	Based on IEA STEPS
	Acute	Mid/ Long-term	Physical risks from climate change	Production disruptions, equipment damages, and recovery costs	Assessing risks and operating emergency response systems at each business site	Based on IPCC SSP2-4.5
	Market	Mid-term	Increasing low-carbon emission requirements from customers	Reduced order competitiveness	Strengthening CDP, Life Cycle Assessment (LCA) response, and supply chain carbon management	Based on IEA STEPS
	Reputation	Short-term	Environmental accidents and pollutant management risks	Recovery costs, administrative penalties, reputational damage	Regular inspections, preventive activities, and training	-
Opportunities	Resource Efficiency	Short/ Mid-term	Improving energy efficiency	Reduced energy costs, improved productivity	Introducing highly-efficient equipment, optimizing processes, and managing utility efficiency	Based on IEA STEPS
		Mid-term	Expanding resource circulation	Reduced waste disposal costs, improved resource efficiency	Reducing waste, expanding reuse and recycling	Based on IEA STEPS
	Energy Sources	Mid/ Long-term	Transitioning to renewable energy	Stabilized electricity costs, mitigated carbon cost burden	Installing rooftop solar panels, procuring renewable electricity	Based on IEA STEPS
	Products and Services	Mid/ Long-term	Expanding demand for eco-friendly products	Strengthened order competitiveness, secured new opportunities	Expanding the parts portfolio, strengthening R&D	-
	Market	Mid-term	Increasing ESG requirements from customers and the market	Enhanced customer trust, and improved order competitiveness and corporate value	Strengthening RE100 and CDP response and disclosure	-

Environmental Management System

Environmental Management Enhancement Activities

Zero Environmental Accidents

Hwashin's activities for Zero Environmental Accidents are prevention-focused environmental management activities that proactively block the possibility of accidents across all environmental areas—air, water, waste, hazardous substances, and chemicals. These help to secure a stable foundation for our worksites operation. Hwashin recognizes environmental accidents not as something to address after they have occurred but as a key risk that must be proactively managed and eliminated, and we operate self-inspection lists that are far more rigorous than those of regulatory authorities to practice a stricter level of environmental management. Based on this, we regularly and systematically check key environmental impact factors and potential risk factors within each business site, and any item identified during the inspections as a risk is immediately linked to corrective and follow-up actions to proactively lower the likelihood of accidents. In particular, all relevant departments that handle environmental equipment conduct self-inspections each quarter, and the lead department conducts regular inspections biannually for a multi-layered inspection system. Through this structured management system, routine on-site management and the lead department's comprehensive inspections are organically integrated, and the inspection results are used to continuously improve the level of environmental management at each business site. Through such prevention-focused environmental management, Hwashin works to minimize the likelihood of environmental accidents and maintain a level of environmental management that earns the trust of the local communities and customers, as well as complies with regulations. Hwashin will continue to pursue these activities beyond 2025, and based on this proactive environmental management system, we seek to achieve Zero Environmental Accidents and continue our trusted environmental management.

Work Process

Self-inspection (relevant departments / lead department)

▼

Sharing inspection results (relevant departments / lead department)

▼

When issues arise, they are resolved after consultation between the relevant departments and lead department

▼

Reporting final results

2025 Final Results of Zero Environmental Accidents

1. **Purpose of inspection**: to prevent environmental risks in advance by inspecting environmental equipment and documents
2. **Inspection scope**: licenses, operation logs, and facility management of air, water, wastes, and hazardous chemical substances, process changes, etc.
3. **Inspection targets**: all business sites in Korea and key environmental management facilities
4. **Inspection frequency**: biannually (lead department) / quarterly (relevant departments)
5. **Final results**: all items maintained an appropriate management level

Environmental Management System

Environmental Management Enhancement Activities

Operating an Environmental Accident Prevention and Response System

To enable rapid initial response and minimize damages in the event of an environmental accident, Hwashin has established and operates a system for preventing and responding to environmental accidents at each business site. To this end, we have prepared response manuals for each major environmental risk type—air, water, wastes, hazardous substances, and chemical substances—and have systematized step-by-step response procedures covering initial recognition, situation notification, reporting, prevention of its spread, minimization of its external impact, and follow-up measures. We have also clarified the roles and responsibilities of each department to enable immediate collaboration in case of an emergency, and have organized reporting lines and emergency contact networks so that rapid decision-making and response can take place among the relevant departments. In addition, we continuously check the state of fire-prevention facilities and response equipment at our business sites, and we have prepared response standards reflecting accident scenarios that can occur in each major process to maintain a management system applicable to real situations. Based on this system, Hwashin proactively prepares against environmental accidents and continuously upgrades the level of its environmental risk management for consistent and effective response in the event of an accident.

Drills to Respond to Environmental Emergencies

To respond promptly to environmental pollution accidents and prevent further damages, Hwashin regularly conducts environmental emergency response drills at each business site. The drills are run based on scenarios that reflect the characteristics of each process and key environmental risks, including various situations such as wastewater leakage, hazardous/dangerous substance spills, and malfunctions of air pollution preventing facilities. For example, the painting section repeatedly checks the initial actions, prevention of spread, reporting, and follow-up response procedures that must be taken by assuming a leakage caused by an overflow in the wastewater treatment plant's collection tank. It also conducts drills for situations wherein exhaust does not flow smoothly due to air blower failures at the Regenerative Thermal Oxidizer (RTO) or scrubber tower. The drills are focused on recognizing equipment failures, taking process action, notifying the situation, reporting, preventing its spread, and taking follow-up response measures. In addition, the drills entail verifying the activation of the emergency contact network, collaboration among the relevant departments, and execution of the reporting system, thereby enabling immediate and systematic response in the event of an actual accident. Through such scenario-based drills, Hwashin continuously inspects and improves its on-site response capabilities and inter-departmental collaboration, thereby upgrading its capacity to prevent and respond to environmental accidents.

Simulated response scenario drill for air blower failure at an air pollution preventing facility

① Shut off the blower power



② Stop the painting line



③ Report to the environmental manager



④ Identify the cause and repair



⑤ Conduct trial runs and inspect



⑥ Establish recurrence-prevention measures



Environmental Management System

Environmental Management Enhancement Activities

Environmental Training of Employees

To enhance employees' awareness of the environment and safety, and to strengthen job expertise, Hwashin operates a company-wide and specialized training program on the environment. In addition, not only do we provide training materials on the environment to all our employees, but we also conduct job-specific tailored training for hazardous chemical substance workers, environmental technicians, and hazardous chemical substance managers and direct handlers, in order to prevent environmental risks that may arise in the course of work in advance. We also share the latest environmental regulations, safety guidelines, and accident cases through environmental bulletin boards and internal communication channels, thereby helping employees to responsibly manage the environment with a sense of ownership. Going forward, Hwashin will continue to expand and regularly conduct not only legally required training, but also specialized training based on the characteristics of each business site, to continuously build safe workplaces free of environmental accidents and further enhance our environmental management.

Environmental Campaigns

Hwashin operates a variety of environmental campaigns to help employees participate in environmental protection activities in their daily lives. As one of the implementation methods for the company-wide strategic task of "Establishing a Global Low-Carbon Management System," we run campaigns to spread a culture of practicing environmental protection within the workplaces. Employees participate in daily eco-friendly practices—such as reducing the use of disposable items, using personal tumblers, sorting waste, and maintaining appropriate indoor temperatures—and join a carpool campaign to spread an eco-friendly commuting culture. Hwashin shares these environmental campaign activities through company-wide bulletin boards and internal communication channels, and posts information posters and promotional materials at the business sites to encourage employees to continue practicing environmental protection in their daily lives.

2025 Achievements of Environmental Training

Category	Frequency (Time)	Number of Trainees				
		Eonha Plant	Technology Research Center	Bongdong Plant	High-Tech Park Plant	Yesan Plant
① Environmental training	Monthly	Shared via company-wide bulletin board				
② Training for workers engaged with hazardous chemical substances	2 hours / year	324	N/A None	N/A None	N/A None	128
③ Training for environmental technicians	1 session / 3 years	-	-	2		-
④ Training for managers and supervisors of hazardous chemical substances	1 session / 2 years	2	N/A None	N/A None		2
⑤ Training for direct handlers of hazardous chemical substances	1 session / 2 years	1	N/A None	N/A None		1

Note) The number of trainees varies by business site depending on whether hazardous chemical substances are handled and whether training-eligible employees were present that year.

Environmental Protection Campaign Posters





Environmental Management System

Environmental Management Enhancement Activities

Expanding the Foundation for Environmental Management by Participating in Local Councils

To strengthen the execution of environmental management based on cooperation with the local communities and contribute to spreading ESG management, Hwashin participates in the activities of the Daegu-Gyeongbuk ESG Promotion Council. In 2025, through the Council, we shared key ESG issues and response directions in the region and strengthened the foundation for cooperation toward carbon neutrality. In particular, in the first half of the year, together with 16 organizations in the region, we participated in a private-public cooperation agreement for carbon neutrality and worked together on a variety of joint initiatives—including eco-friendly energy use, carbon emission measurement and management, and ESG campaigns. In the second half of the year, we participated in a regular seminar themed on AI Transformation (AX) to deepen our understanding of sustainable AX transition and AI governance from an ESG perspective, and to jointly explore new directions for ESG management in response to technological changes. Hwashin will continue to strengthen its foundation for environmental management based on cooperation with related local organizations and companies to contribute to carbon neutrality and the creation of a sustainable regional ecosystem.





2025 Daegu-Gyeongbuk ESG Promotion Council events held during the first and second halves of 2025

Responding to Climate Change and Carbon Reduction Strategies

Recognizing that climate change response is not a choice but a must for corporate survival, Hwashin is contributing to the creation of a sustainable industrial ecosystem. We recognize and analyze the impact of climate change on businesses and society at large, and pursue mid- to long-term carbon reduction strategies focused on reducing greenhouse gas emissions and improving energy efficiency. We systematically manage energy use in our production processes and continuously pursue carbon emission reduction through equipment efficiency improvements and process optimization. We also actively respond to the green wave in the automotive industry through eco-friendly technologies, low-carbon processes, and the development of products exclusively for eco-friendly vehicles, to thus live up to the trust of our customers and society.

Responding to Climate Change

Climate Change Response Governance

Hwashin views climate change as a risk factor that has a significant impact on the company, and recognizes carbon emission reduction as both a corporate social responsibility and a risk-response measure. To respond and adapt to climate change, Hwashin pursues response strategies based on a company-wide low-carbon management system. Starting in 2025, we have operated a TFT to establish a global low-carbon management system and systematically manage our activities to respond to climate change, such as setting carbon emission reduction targets, identifying detailed implementation tasks, and reviewing progress. Through the TFT, we aim to maximize our company-wide collaboration while continuously pursuing key tasks such as reducing carbon emissions, improving energy efficiency, and discovering eco-friendly technologies, to thereby strengthen the foundation for our transition to low carbon.

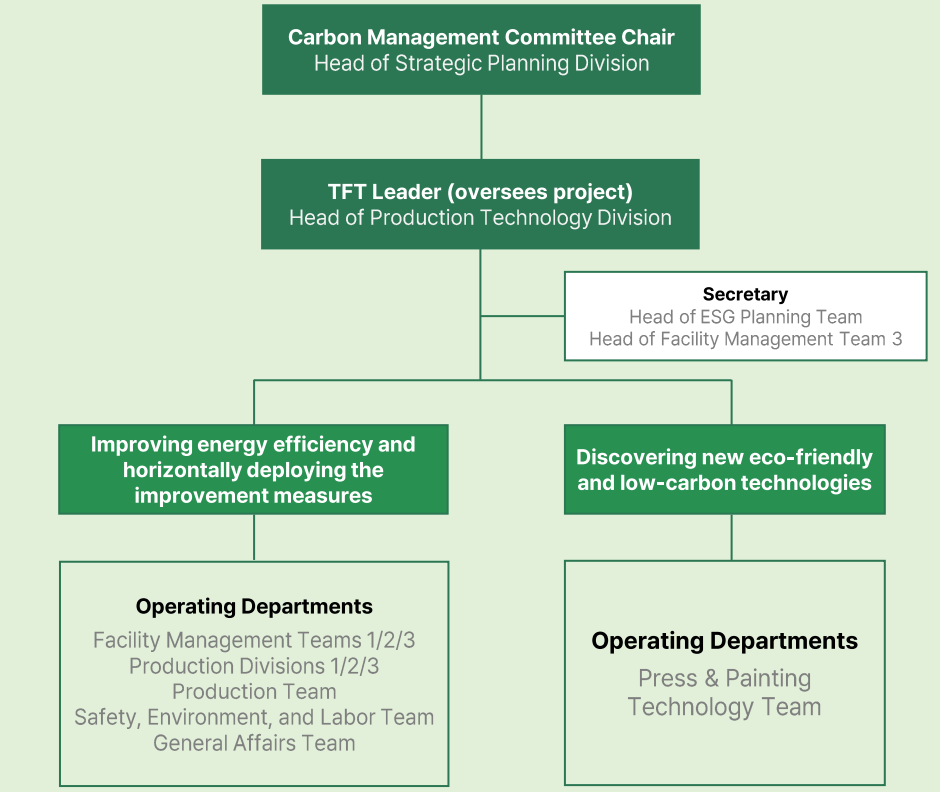
Dedicated Organization and Council

To better respond to climate change, Hwashin has established a climate change response and carbon reduction system based on the TFT for the establishment of a global low-carbon management system. The TFT operates under the Carbon Management Committee Chair, and the TFT Leader oversees the entire project. Within the operational structure for carbon reduction, the TFT collaborates with various departments working on the key themes of improving energy efficiency in the production (manufacturing) division, horizontally deploying improvement measures, and discovering new eco-friendly and low-carbon technologies. Based on horizontal inter-organizational communication and collaboration, we specify carbon reduction targets and implementation tasks and spread the reduction results and measures of each business site, company-wide.

Evaluation of and Compensation for Climate Change Management

To ensure that climate change-related targets are substantively reflected in our organizational operation and execution, Hwashin manages relevant indicators within its employees' performance evaluation system. Relevant departments, key responsible officers, and C-level executives set climate change response performance—including carbon emission reductions—as KPIs and work to achieve the annual targets and tasks based on these indicators. Through this performance management system, Hwashin enhances accountability for climate change response performance and ensures that carbon emission reduction activities are established as core tasks within each organization.

Organizational Chart of Management System for Responding to Climate Change



Responding to Climate Change and Carbon Reduction Strategies

Responding to Climate Change

Climate Change Risk Management System

Hwashin recognizes climate change as a key management issue affecting the company's sustainability and overall business operations, and operates a climate change risk management system that allows it to manage the risks at the company-wide level. Climate change risks are managed through a collaborative structure wherein the ESH Team mainly works together with ESG-related departments and other relevant departments, and the management responsibilities and roles are clearly defined to enable an integrated review of both physical and transition risks. We also continuously monitor ESH activities overall and share information across departments to regularly review climate-related issues, and report major risks and response directions to senior management and the Board of Directors as needed so that they may be reflected in strategic decision-making. In addition, by linking climate change response tasks to departmental execution plans and KPIs, we enhance the company-wide execution of the tasks and continuously enhance the effectiveness of the management system.

Climate Change Risk Management Process

Hwashin has established and operates a four-stage climate change risk management process to proactively identify and effectively respond to the impacts of climate change. First, we identify physical and transition risks by reviewing key issues, such as Korean and international environmental regulations, climate policies, market changes, customer requirements, extreme climate events, and natural disasters. The importance and priority of the identified risks are then assessed based on their likelihood and business impact, and response measures are established for each risk and implemented in connection with departmental execution plans based on the assessment results. Finally, we regularly monitor the progress made and management level of the response tasks. Where necessary, follow-up actions and improvement directions are reflected in the reporting procedures to continuously upgrade our climate change risk management.

Climate Change Risk Management System

Stage 1	• Establishment of environmental management policies and an environmental management system • Monitoring and compliance with environmental management laws and regulations
Stage 2	• Identifying and assessing climate change risks and establishing response plans • Monitoring and reporting the state of response to key climate change risks
Stage 3	• Linking climate change response tasks to department-level KPIs • Continuous risk management and improvements by monitoring their implementation performance

* Hwashin's current level is Stage 3.

Risk Management Process



- ✓ We identify physical and transition risks based on Korean and international environmental regulation trends, climate policies, market changes, and occurrence of extreme weather events.
- ✓ We evaluate the likelihood and impact of the identified risks and classify the priority of their management based on their significance.
- ✓ We establish strategies such as mitigation, avoidance, substitution, and acceptance of high risks, and manage them in conjunction with departmental execution plans (KPIs).
- ✓ The ESG dedicated team regularly monitors the implementation state of response measures to risks and key issues are reported to management and the Board of Directors.

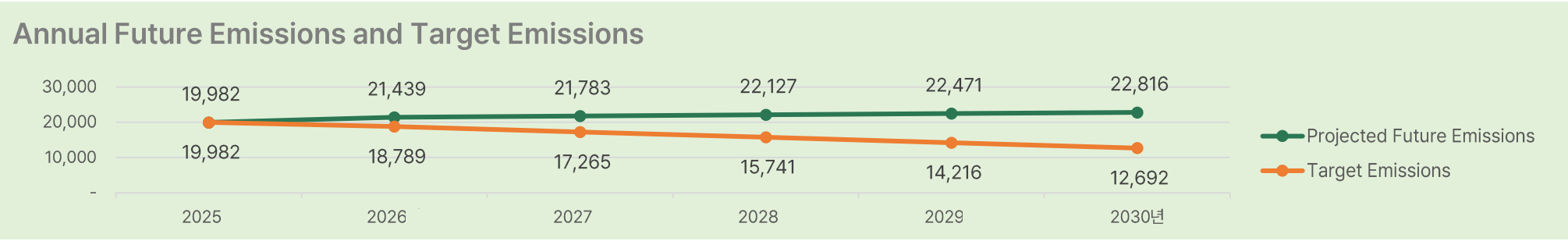
Note) For climate-related risks, please refer to "Environmental Management Operating System > Major Environmental Risks and Opportunities."

Responding to Climate Change and Carbon Reduction Strategies

Carbon Reduction Strategies

Carbon Reduction Roadmap

To address climate change and strengthen the foundation for sustainable growth, Hwashin has established a mid- to long-term Carbon Reduction Roadmap and is actively pursuing greenhouse gas reduction activities based on it. Hwashin has set the goal of reducing its greenhouse gas emissions by 25% by 2030 using 2019 as the baseline year. This goal applies to all Hwashin's facilities in Korea and covers both direct (Scope 1) and indirect (Scope 2) energy-related greenhouse gas emissions. The Carbon Reduction Roadmap is being implemented in phases, reflecting the emission characteristics and energy consumption structure of each business site. Hwashin continues to improve energy efficiency in its production processes by introducing highly-efficient equipment, optimizing processes, and applying waste heat recovery systems, as well as prioritizing tasks with high greenhouse gas emission reduction effects. In parallel, we are researching low-carbon technologies and reviewing the feasibility of renewable energy transitions, thereby strengthening the foundation for mid- to long-term reductions. Hwashin links its reduction targets with detailed execution tasks to continuously check the progress made and enhance the execution of the roadmap, reflecting the changes in the internal and external environment and business conditions.



(Unit: tCO2eq)

Category	Actual Emissions (Performance)							Future Emissions (Projected)				
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Scope 1 (A)	3,211	3,314	3,819	5,450	4,234	4,145	4,501	4,282	4,351	4,420	4,488	4,558
Scope 2 (B)	13,705	14,595	15,650	16,022	16,383	16,606	15,480	17,157	17,432	17,707	17,983	18,258
Total (A)+(B)	16,916	17,909	19,469	21,473	20,617	20,751	19,982	21,439	21,783	22,127	22,471	22,816
Target Reduction Amount	-							2,650	4,518	6,386	8,255	10,124
Target Emissions								18,789	17,265	15,741	14,216	12,692

Note 1) The emission figures for some years have been revised through third-party verification and may therefore differ from those in the previous year's report.
Note 2) Emissions for each item are calculated and presented based on decimal rounding, so some differences may occur between the sum of individual items and the overall total.
Note 3) Annual target emissions from 2026 onward are calculated by subtracting the cumulative target reduction for that year from the projected future emissions.

Responding to Climate Change and Carbon Reduction Strategies

Carbon Reduction Strategies

Greenhouse Gas Emission Management System

To manage greenhouse gas emissions and achieve their reduction targets, Hwashin regularly calculates and discloses direct (Scope 1) and indirect (Scope 2) energy-related greenhouse gas emissions. Greenhouse gas emissions are calculated based on each business site's energy usage and emission source data, and the calculation results maintain accuracy and consistency through internal checks. Hwashin also undergoes third-party verification annually to secure the reliability of its greenhouse gas emissions information. Starting from 2025, we have expanded the verification scope to our international subsidiaries for the operation of a company-wide greenhouse gas emission management system that includes both our Korean and international business sites. This enables us to more systematically grasp the emission state across our global business operations and to continuously enhance the management level of our reduction activities. Hwashin continuously monitors key indicators, such as greenhouse gas emissions and energy consumption, and regularly checks performance against reduction targets, thereby managing the implementation level of our climate change response activities.

Actual Greenhouse Gas Emissions and Reduction Target Implementation

(Unit: tCO2eq)

Category	2023	2024	2025
Scope 1 (A)	4,234	4,145	4,501
Scope 2 (B)	16,383	16,606	15,480
Total (A)+(B)	20,617	20,751	19,982
GHG Reduction	855 ▼	-134 ▲	769 ▼
GHG Reduction Rate	4.0% ▼	-0.6% ▲	3.7% ▼

Note 1) Based on business sites in Korea: Eonha Plant, Bongdong Plant, Yesan Plant, Maeho Plant, High-Tech Park Plant, and Pyeongchon Advanced Research Center
Note 2) Greenhouse gas emissions in this table are based on third-party verification results.
Note 3) Emissions for each item are calculated and presented based on decimal rounding, so some differences may occur between the sum of individual items and the overall total.
Note 4) The 2025 target emissions were set at 20,128 tCO_2eq, which represents a 3% reduction compared to the 2024 Scope 1·2 emissions of 20,751 tCO_2eq. The actual emissions in 2025 amounted to 19,982 tCO_2eq, achieving a reduction of 769 tCO_2eq compared to the previous year and thereby exceeding the target.

Energy Usage Reduction Activities

Reflecting the energy usage characteristics and process conditions of each business site, Hwashin pursues various energy-saving activities focused on equipment improvement and operational optimization. Energy-saving activities include replacing compressors with high-efficiency models and retrofitting existing ones, managing compressor loading efficiency, adjusting heating furnace operating conditions, replacing lighting, and improving the efficiency of cleaning machines and utility equipment, thereby increasing our energy usage efficiency across both our production processes and support facilities. In 2025, we pursued key equipment and process improvement activities mainly at the Eonha, Bongdong, High-Tech Park, and Yesan Plants, achieving company-wide reductions in energy consumption and greenhouse gas emissions. Hwashin systematically manages energy-saving performance by combining investment in low-carbon, high-efficiency equipment with improvements in equipment operating efficiency and the optimization of process conditions.

Energy Efficiency and Usage Reduction Activities by Business Site

Business Site	Key Activities
Eonha Plant	Upgrading to high-efficiency compressors
	Applying low-temperature drying electrodeposition paint
Bongdong Plant	Introducing and operating high-efficiency two-stage compression compressors
	Replacing old air conditioners (full-outdoor-air type → intake-exhaust type)
High-Tech Park Plant	Managing compressor loading efficiency
	Applying inverters to welding fume exhaust devices
Yesan Plant	Applying LED ceiling lighting in office buildings

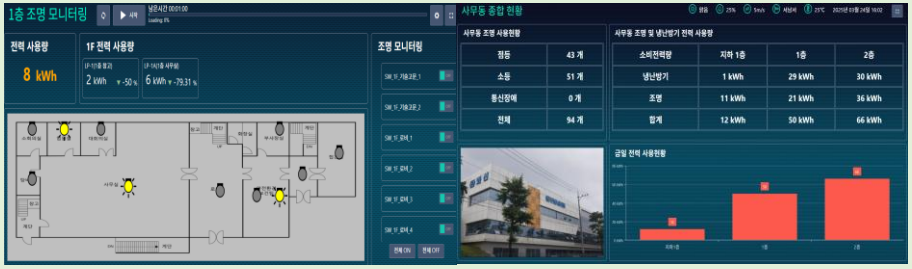
Responding to Climate Change and Carbon Reduction Strategies

Carbon Reduction Strategies

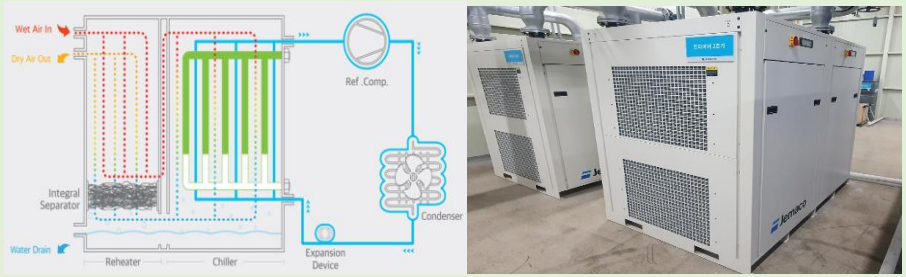
Building Low-Carbon, High-Efficiency Business Sites

To create a sustainable manufacturing environment, Hwashin is pursuing the establishment of low-carbon, high-efficiency business sites that combine eco-friendly infrastructure with smart software operations. At the Bongdong Plant, we have introduced BEMS to monitor the state of energy use in real time and efficiently manage equipment operations. In particular, when designing and operating new business sites, we consider energy efficiency, resource utilization, productivity, and eco-friendliness together. As for existing sites, we gradually establish site operating systems that incorporate environmental factors. The High-Tech Park Plant is a representative case reflecting this direction. Here, we applied waste-heat recovery heating systems, high-efficiency heating, ventilation, air conditioning (HVAC) equipment, and smart logistics and automation equipment to enhance its overall operating efficiency and strengthen its foundation for low-carbon production. We are also currently reviewing rainwater reuse systems and the introduction of solar facilities to build the foundation for resource efficiency and renewable energy use, as well as reduce the environmental burden across our business site operations and create a sustainable production environment. Going forward, Hwashin plans to continue the transition to eco-friendly business sites by gradually expanding the application of low-carbon, high-efficiency elements at both our new and existing worksites.

Cases of Building Low-Carbon, High-Efficiency Business Sites



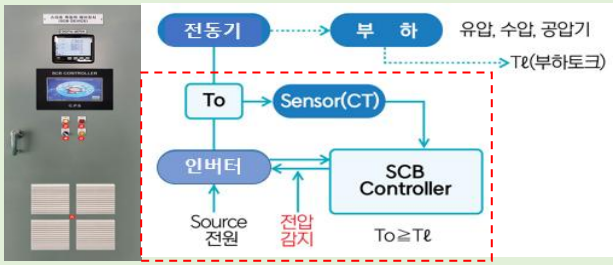
BEMS



Phase change material (PCM) air dryer



Autonomous mobile robots



Installation of existing motors + SCB devices



Waste-heat recovery heating system

Responding to Climate Change and Carbon Reduction Strategies

Carbon Reduction Strategies

Establishing Electric Vehicle (EV) and Eco-Friendly Forklift Infrastructure

To reduce carbon emissions from in-site transportation, Hwashin is pursuing the transition to eco-friendly transport equipment. We are gradually shifting our corporate vehicles from internal combustion engine vehicles to EVs, and we currently operate 3 EVs (1 at Eonha Plant, 2 at Bongdong Plant) out of a total of 17 corporate vehicles, which is equivalent to approximately 18% of the entire fleet. While expanding EV purchases, Hwashin is also continuously increasing the charging infrastructure. We currently operate a total of 11 EV chargers: 5 at Eonha Plant, 3 at Bongdong Plant, and 3 at High-Tech Park Plant. In addition, Hwashin is transitioning forklifts used for in-plant transport to eco-friendly forklifts, strengthening the low-carbon operating foundation at our production sites. By transitioning to eco-friendly transport equipment, Hwashin is jointly pursuing carbon emission reductions and the shift to eco-friendly energy in the movement and transportation processes within our business sites.



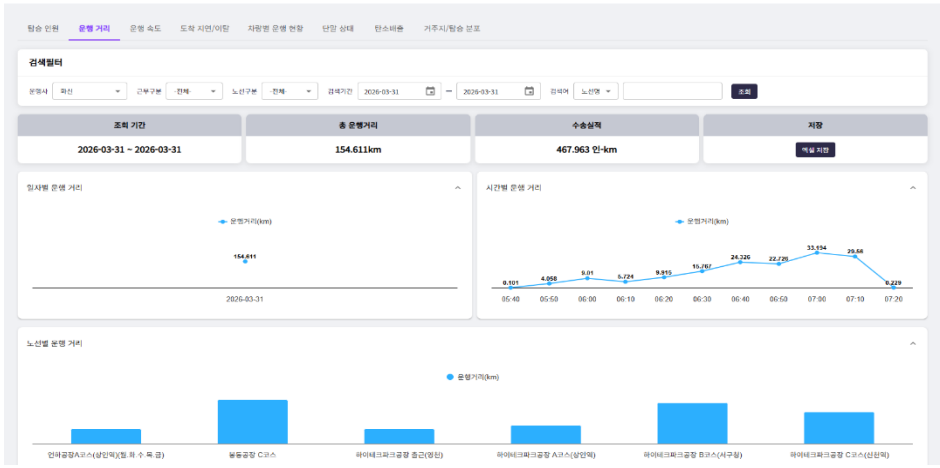


EV and charging station

Improving Employee Commute Efficiency

To enhance employee commute convenience and shuttle bus operating efficiency and to reduce pollutant emissions during commute, Hwashin operates a demand-based commute system using a mobile app. The system identifies commuting demand in real time and thus helps manage routes and dispatch more efficiently, thereby reducing unnecessary shuttle bus operations and improving operational efficiency and stability. Through demand-based operations, Hwashin curbs over-running of commuter buses and helps mitigate air pollution and congestion while improving accessibility and convenience for our employees. We also continuously manage our commute operation data to improve the commute service quality and optimize its operation. Going forward, we plan to consider building a measurement system that can more quantitatively calculate other indirect commute-related greenhouse gas emissions (Scope 3) by improving the quality of the data and integrating systems.

Commute Bus Operation Management System



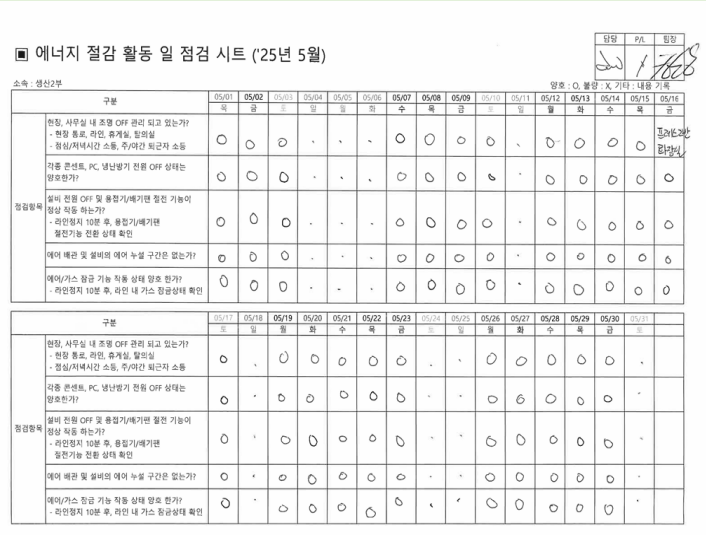
Responding to Climate Change and Carbon Reduction Strategies

Carbon Reduction Strategies

Creating a Culture of Energy Saving

Alongside equipment improvements and process efficiency activities, Hwashin also works to spread a culture of voluntary energy saving among the employees. We operate various promotional and participatory programs at our Korean and international business sites to embed energy-saving practices in the employees' daily life, thereby enhancing their understanding and practice of energy-saving activities. In Korea, energy-saving self-inspection activities are conducted mainly on the Bongdong Plant. We use an energy-saving daily inspection sheet to routinely check ways to practice energy saving on-site, thereby allowing employees to check their energy use and participate in energy-saving activities. At the High-Tech Park Plant, we have installed banners on carbon emission reduction in places that employees frequently visit—such as meeting rooms—and along major employee traffic paths to continuously remind them of the importance of energy saving and carbon emission reduction. Our international subsidiaries also display energy-saving posters in key spaces to encourage their employees to daily practice it. Through such activities, Hwashin spreads an energy-saving culture across both our Korean and international workplaces. Moving forward, we will continuously expand the activities and scope of energy-saving practices to establish a low-carbon operating culture.

Campaign Activities


▣ 에너지 절감 활동 일 점검 시트 ('25년 5월)

담당 | P/L | 팀장

소속 : 생산2부

양호 : O, 불량 : X, 기타 : 내용 기록

구분		05/01	05/02	05/03	05/04	05/05	05/06	05/07	05/08	05/09	05/10	05/11	05/12	05/13	05/14	05/15	05/16
		목	금	토	일	월	화	수	목	금	토	일	월	화	수	목	금
점검항목	현장, 사무실 내 조명 OFF 관리 되고 있는가? - 현장 통로, 라인, 휴게실, 탈의실 - 점심/저녁시간 소등, 주/야간 퇴근자 소등	O	O	O	·	·	·	O	O	O	O	·	O	O	O	O	프레스팀 라인
	작종 콘센트, PC, 냉난방기 전원 OFF 상태는 양호한가?	O	O	O	·	·	·	O	O	O	O	·	O	O	O	O	O
	설비 전원 OFF 및 용접기/배기팬 절전 기능이 정상 작동 하는가? - 라인정지 10분 후, 용접기/배기팬 절전기능 전환 상태 확인	O	O	O	·	·	·	O	O	O	O	·	O	O	O	O	O
	에어 배관 및 설비의 에어 누설 구간은 없는가?	O	O	O	·	·	·	O	O	O	O	·	O	O	O	O	O
	에어/가스 잠금 기능 작동 상태 양호 한가? - 라인정지 10분 후, 라인 내 가스 잠금상태 확인	O	O	O	·	·	·	O	O	O	O	·	O	O	O	O	O

구분		05/17	05/18	05/19	05/20	05/21	05/22	05/23	05/24	05/25	05/26	05/27	05/28	05/29	05/30	05/31
		토	일	월	화	수	목	금	토	일	월	화	수	목	금	토
점검항목	현장, 사무실 내 조명 OFF 관리 되고 있는가? - 현장 통로, 라인, 휴게실, 탈의실 - 점심/저녁시간 소등, 주/야간 퇴근자 소등	O	·	O	O	O	O	O	·	·	O	O	O	O	O	·
	작종 콘센트, PC, 냉난방기 전원 OFF 상태는 양호한가?	O	·	O	O	O	O	O	·	·	O	O	O	O	O	·
	설비 전원 OFF 및 용접기/배기팬 절전 기능이 정상 작동 하는가? - 라인정지 10분 후, 용접기/배기팬 절전기능 전환 상태 확인	O	·	O	O	O	O	O	·	·	O	O	O	O	O	·
	에어 배관 및 설비의 에어 누설 구간은 없는가?	O	·	O	O	O	O	O	·	·	O	O	O	O	O	·
	에어/가스 잠금 기능 작동 상태 양호 한가? - 라인정지 10분 후, 라인 내 가스 잠금상태 확인	O	·	O	O	O	O	O	·	·	O	O	O	O	O	·







Responding to Climate Change and Carbon Reduction Strategies

Carbon Reduction Strategies

Transitioning to Renewable Energy

To reduce greenhouse gas emissions from electricity use during the operation of our business sites, Hwashin is pursuing a phased transition to renewable energy tailored to the conditions of each site. The transition to renewable energy is focused on the introduction of self-generating facilities and the procurement of external renewable energy through Power Purchase Agreements (PPAs) in order to shift the company's electricity use structure to being more eco-friendly over the mid- to long-term. At our Korean business sites, we are pursuing the installation of solar power facilities on parts of the rooftops of the Bongdong Plant and the High-Tech Park Plant. Hwashin leases the relevant rooftop space to a power generating business that installs and operates the solar facilities, and we receive electricity through a PPA, thereby building the foundation for the use of renewable energy. We are preparing to use renewable energy from July 2026 and thus fully launch our transition to renewable energy at our Korean worksites. Our international subsidiaries are also expanding the use of renewable energy considering the local energy procurement conditions. HWASHIN Chennai Corporation in India is using renewable energy generated by wind power and procured under a contract, thereby advancing its transition to the use of eco-friendly electricity at the business site.

Renewable Energy Transition Implementation State

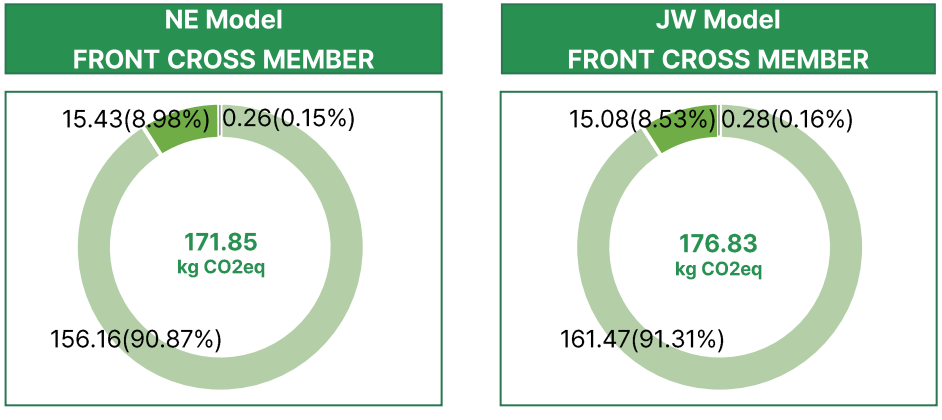
Category	Electricity consumption	Generated renewable energy power	Projected conversion rate
Bongdong Plant	9,839,124 kWh	490,614 kWh	5.0%
High-Tech Park Plant	2,522,102 kWh	560,701 kWh	22.2%
HWASHIN Chennai Corporation (India)	25,844,666 kWh	22,162,768 kWh	85.8%

Note 1) Electricity consumption is based on the actual annual usage in 2025.
Note 2) Renewable energy generation is an annual projection, and actual use will begin after July 2026. The actual generation in the first year of application is expected to be approximately 50% of the figures shown.
(Bongdong Plant and High-Tech Park Plant)

Life Cycle Assessment(LCA)-Based Reduction Efforts

Hwashin is pursuing LCA-based product-level carbon emission calculations for its key mass-produced parts, and in 2025 we conducted carbon emission calculations for the FRONT CROSS MEMBER parts of the NE and JW models. Hwashin analyzes the environmental impact of a product throughout its entire life cycle, from raw materials collection to its production, logistics, usage, and disposal by tracking its carbon emission, and thus identifies the emission characteristics for each product in detail. The analysis shows that product carbon emissions are largely determined by the material segment, so Hwashin is focusing its product-level carbon reduction activities on material improvements. Accordingly, we have set reducing raw material usage, lightweighting through the application of high-strength materials, and reviewing the feasibility of low-carbon material adoption as the main improvement directions. As a means of maintaining part performance and durability, we are also reviewing the feasibility of applying giga-steel and processes such as induction hardening. Hwashin links these analytical results to decision-making during the product development and production stages to identify substantive carbon emission reduction tasks. We plan to gradually expand the scope of their application to key vehicle models and parts in the future.

Parts LCA results



Note) The emissions in this table represent the emissions generated per part unit.

Responding to Climate Change and Carbon Reduction Strategies

Carbon Reduction Strategies

Supply Chain Carbon Neutrality Management

To reduce carbon emissions across the supply chain, Hwashin is pursuing carbon emission reduction activities linked with its suppliers. In 2025, we participated in a project hosted by a customer to lay the foundation for financial support for the lower-tier supply chain (suppliers). Based on this, we are supporting carbon emission reduction activities at our suppliers, including equipment and process improvements and related investments. Furthermore, beyond financial support, Hwashin directly examines the suppliers' production processes and jointly identifies items for improvements that can save energy and reduce greenhouse gas emission. Thus, we support carbon emission reduction activities tailored to each supplier's conditions—such as replacing aging equipment, improving processes, and enhancing energy efficiency—and strengthen the foundation for greenhouse gas management across the supply chain. Through such activities, Hwashin builds the capacity of its suppliers to respond to climate change, while responding to customer requirements and the global trend of strengthened supply chain carbon management.





On-site visit to a supplier

Global Initiative (Carbon Disclosure Project - CDP)

Hwashin continues to participate in CDP, a global environmental information disclosure platform, and transparently discloses its information related to climate change and water management to its external stakeholders. To this end, we review the level of environmental management response across the supply chain and enhance our information disclosure system to meet global requirements. Hwashin has participated in the CDP Supply Chain program since 2023, and in 2024, we expanded our response to include Water Security in addition to Climate Change. In the 2025 assessment, we achieved a B grade in both Climate Change and Water Security, which was an improvement over the previous year. Going forward, Hwashin will continue to participate in global environmental initiatives, including CDP, to build our capacity to respond to climate change and water resource issues and enhance stakeholder trust in us.

CDP Supply Chain Participation Results

Category	2023	2024	2025
Climate Change	C	C	B ▲
Water	-	B-	B ▲

CDP
DISCLOSURE INSIGHT ACTION

Responding to Climate Change and Carbon Reduction Strategies

Carbon Reduction Strategies

Outstanding Company in Carbon Reduction Planning

Hwashin was selected as an Outstanding Company in Carbon Reduction Planning based on an assessment conducted by Hyundai Motor and Kia. The assessment was conducted to support high-emission companies in achieving their mid- to long-term carbon emission reduction targets and building their capacity to reduce carbon emission. Based on the carbon emission reduction plans submitted by the participating companies, the companies were assessed in four areas: response capacity, target appropriateness, implementation feasibility, and management understanding. Hyundai Motor and Kia comprehensively reflected the assessment results to classify outstanding and underperforming companies. As a result, Hwashin's carbon emission reduction plan was recognized for being systematic and feasible and the company was selected as an Outstanding Company in Carbon Reduction Planning. We thus expect to get support from Hyundai Motor and Kia in introducing items that would help further reduce our carbon emission in the future.



Ceremony awarding Outstanding Company in Carbon Reduction Planning in 2025


탄소 감축 계획 수립
우수사

Eco Leader

㈜화신 대표이사 정 서 진

귀사는 친환경 경영 실천을 위하여
2030 탄소감축 목표를 적극적이고 체계적으로 수립하여
자동차산업 발전과 지속가능경영에 모범을 보였으므로,
이를 치하하여 우수 협력사로 선정하고 이 상장을 수여합니다.

2025년 11월 17일

현대자동차·기아
부회장 장 재 훈

HYUNDAI | KIA

Certificate of Outstanding Company in Carbon Reduction Planning

2025 Automotive Parts Industry ESG and Carbon Neutrality Expo

Hwashin participated in the 2025 Automotive Parts Industry ESG and Carbon Neutrality Expo as an outstanding greenhouse gas emission reducing company. At the expo, the company introduced its key technologies used to reduce carbon emission and shared externally its activities carried out for energy management and efficiency improvements at its worksites. It equally shared its mid- to long-term low-carbon transition directions pursued across its production processes and utility operations. Hwashin introduced the technologies actually applied at its sites for carbon reduction—including the application of compressor inverters (VSD), waste heat recovery (used for heating), high-efficiency air dryers, and HVAC inverters; conversion into LED lighting; rainwater reuse; and control of equipment standby power. It also presented its energy transitions scheduled for future expansion, such as unmanned logistics systems, solar power facility installations, and Factory Energy Management System (FEMS). At the expo, Hwashin promoted its substantive efforts made to reduce carbon emission and save energy at its sites and shared cases of their execution that live up to the low-carbon transition trend in the automotive parts industry. Hwashin will continue to pursue activities for greenhouse gas reduction by improving processes, upgrading its energy management, and expanding the use of renewable energy. It will also share its technologies and case studies to thereby spread sustainability throughout the automotive industry.





Operated booth at expo

Establishment of Eco-Friendly Workplaces

Hwashin minimizes negative impacts on the local community's environment by building eco-friendly business sites. We pursue various activities such as minimizing pollutant generation, reducing resource use, and cutting waste, to reduce the environmental impacts of our production sites. We also continuously improve our environmental performance by introducing eco-friendly equipment and enhancing the management of our workplaces. Hwashin's efforts to build eco-friendly workplaces serve as a key foundation for our securing sustainable manufacturing competitiveness and growth.

Water Resource Management

Water Usage and Reuse

Hwashin works to reduce water consumption by expanding activities aimed at reusing and saving water in the operation of its business sites. We continuously monitor the state of water use, while actively utilizing reusable water resources and introducing water-saving equipment to improve our water-use efficiency. The High-Tech Park Plant reuses rainwater for landscape irrigation, and some Korean worksites have installed water-saving sensor faucets to efficiently manage their water use. We also treat wastewater generated from processes like painting and reuse part of it to reduce our water consumption. Such water reuse and saving activities carried out at our Korean workplaces are being expanded to our international business sites as well. HWASHIN Beijing Corporation and HWASHIN Chennai Corporation are benchmarking the activities carried out at the Korean sites and have strengthened their water-saving activities, including reusing Reverse Osmosis (R/O) concentrated water from painting lines as water for pretreatment processes and bathroom use.

Water Reuse Performance 1) and 2)

Category	2023	2024	2025
Water consumption	64,446	65,599	70,684
Water reuse volume	6,082	7,887	7,742
Water reuse rate	9%	12%	11%

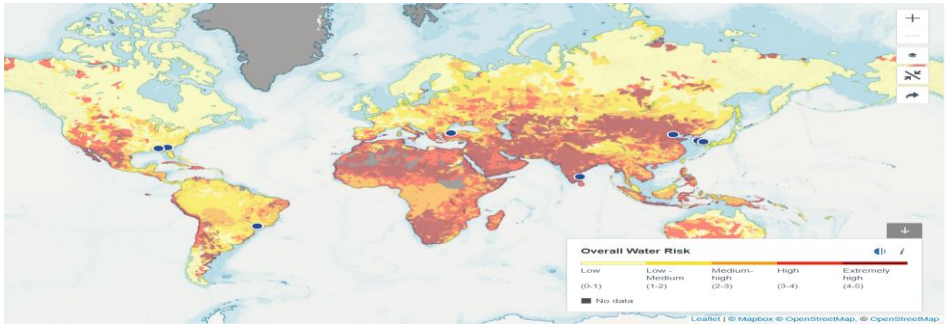
Note 1) The 2025 water reuse target was set at a reuse rate of 10% relative to total water consumption, and the target level was achieved in 2025.

Note 2) The 2023 and 2024 figures have been restated due to a change in the water consumption aggregation basis.

Water Resource Risk Analyses and Management

To proactively identify and manage water resource risks at each business site, Hwashin regularly checks water stress levels using external water risk assessment tools. We analyze and evaluate water-related risks for each workplace based on the World Resources Institute (WRI) Aqueduct Water Risk Atlas and the World Wildlife Fund (WWF) Water Risk Filter, in order to respond to potential water resource risks such as water shortages, supply instability, and tightened regulations. The assessment results show that HWASHIN Chennai Corporation and HWASHIN Beijing Corporation are located in areas classified as Extremely High (4–5) in water stress under the Overall Water Risk indicator. Based on these results, Hwashin conducts stricter management and monitoring of high-risk business sites. In addition, Hwashin seeks to review not only current water stress levels but also the mid- to long-term impacts of climate change. In the future, we plan to upgrade our water resource risk analyses at each workplace by using physical risk indicators—such as water stress, water supply, floods, and droughts—reflecting climate scenarios, and to continuously strengthen our management system for high-risk regions.

Results from Using the Water Risk Filter Tool



Establishment of Eco-Friendly Workplaces

Water Resource Management

Water Pollutant Output Management

Hwashin has established and operates separate water quality management regulations to minimize the output of water pollutants generated at its facilities and prevent water pollution. In accordance with relevant regulations, logs of wastewater discharge facilities and water pollution prevention facilities are prepared on a daily basis, thereby ensuring systematic water quality management. Additionally, for all items managed to prevent water pollution, Hwashin has established internal management standards that are 30% more stringent than legal discharge thresholds. Key water pollutants—Total Organic Carbon (TOC), Biochemical Oxygen Demand (BOD), Suspended Solids (SS), and others—are measured regularly twice a year, and based on the measurement results, we check the treatment efficiency of the facilities and improve the problematic areas. Through strict internal standards and a regular monitoring system, Hwashin stably manages all items that cause water pollution and proactively blocks the inflow of pollutants into the water system.

Measurement of Water Pollutant Levels and Discharge State

To strictly comply with the wastewater discharge standards under the "Water Environment Conservation Act" of Korea, Hwashin requests an environmental expert agency to periodically measure the concentrations of major water pollutants discharged from its wastewater discharging facilities twice a year. The measured pollutants include key water management indicators such as TOC, BOD, SS, T-N, and T-P. The measurement results are then compared and analyzed against both legal and internal standards to verify their management level at all times. We also maintain stable quality of the discharged water by systematically operating wastewater treatment facilities and a system to manage their treatment efficiency. In 2025, no measured item exceeded the legal discharge thresholds and legal standards were stably complied with.

Water Pollutant Discharge Management Targets

Measured Substance	Legal Standard	Hwashin Target
Hydrogen Ion Concentration Index (pH)	5.8-8.6	-
Biochemical Oxygen Demand (BOD)	≤ 80 mg/L	≤ 56 mg/L
Suspended Solids (SS)	≤ 80 mg/L	≤ 56 mg/L
Normal Hexane Extracted Substances (n-H)	≤ 5 mg/L	≤ 3.5 mg/L
Zinc (Zn)	≤ 5 mg/L	≤ 3.5 mg/L
Copper (Cu)	≤ 3 mg/L	≤ 2.1 mg/L
Total Nitrogen (T-N)	≤ 60 mg/L	≤ 42 mg/L
Total Phosphorus (T-P)	≤ 8 mg/L	≤ 5.6 mg/L
Alkyl Benzene Sulfonate (ABS)	≤ 5 mg/L	≤ 3.5 mg/L
Total Organic Carbon (TOC)	≤ 50 mg/L	≤ 35 mg/L

Major Water Pollutant Discharge Volume

(Unit: mg/L)

Measured Substance	Eonha Plant		
	2023	2024	2025
Total Organic Carbon (TOC)	14.8	24.5	15.3
Biochemical Oxygen Demand (BOD)	3.0	2.5	5.3
Suspended Solids (SS)	5.1	1.8	0.5
Total Nitrogen (T-N)	27.1	7.6	10.4
Total Phosphorus (T-P)	2.4	0.11	0.05

Note 1) Discharge volumes of the Technology Research Center, Bongdong Plant, and Yesan Plant, in addition to the Eonha Plant, are listed in the APPENDIX.
Note 2) Discharge volumes are the average values measured for the first and second halves of the year.

Establishment of Eco-Friendly Workplaces

Water Resource Management

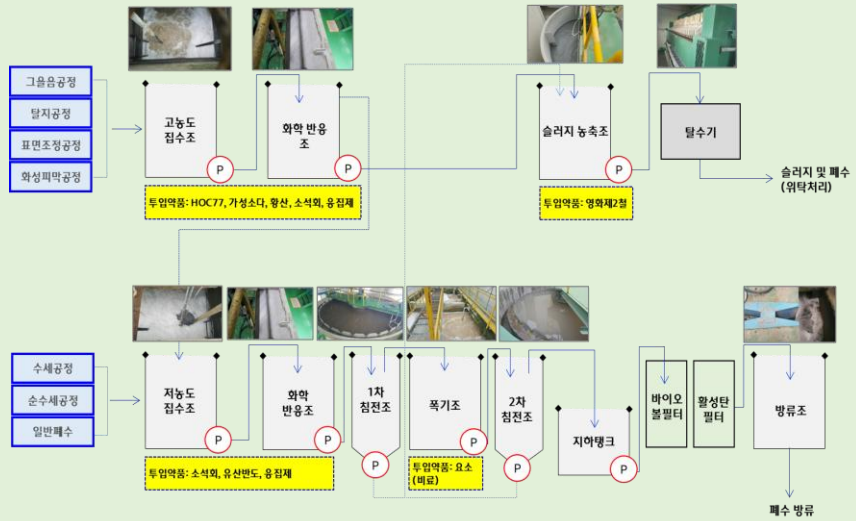
Operation of Water Pollution Preventing Facilities

Hwashin recognizes that preventing water pollution, which may occur during the production process, is a key environmental management task. It has thus established and operates high-performance water pollution preventing facilities to contribute to the protection of the regional water resources. Wastewater generated at its workplaces is managed in compliance with relevant regulations and discharge standards. We equally continuously strengthen our management system to minimize water pollution. Specifically, both the Eonha Plant and Yesan Plant have their own wastewater treatment plants, where wastewater generated from the production process is treated physically, chemically, and biologically, to effectively remove pollutants before their discharge in accordance with appropriate standards. In particular, through activated carbon filters, fine pollutants and residual organic matter are effectively removed to significantly reduce the pollution load of wastewater on the local communities. Additionally, Hwashin conducts regular inspections to ensure the stable operation of its water pollution preventing facilities. It thus manages the entire process from wastewater generation to treatment and the final discharge according to standardized procedures. Meanwhile, at other facilities excluding the Eonha and Yesan Plants, wastewater is processed through specialized external outsourced agencies, thereby ensuring that wastewater is properly managed at all its business sites.

Operation State of Water Pollution Preventing Facilities

Plant	Wastewater Treatment Plant	Remarks
Eonha Plant	1	
Technology Research Center	-	Treated through external outsourcing
Bongdong Plant	-	Treated through external outsourcing
Yesan Plant	1	
High-Tech Park Plant	-	

Wastewater Treatment Process inside a Facility



① Wastewater generation

② In-plant wastewater treatment

③ Treatment at a terminal disposal plant of sewage

④ Final discharge into Geumhogang River

Establishment of Eco-Friendly Workplaces

Air Pollution Management

Air Pollutant Emission Management

Hwashin has established internal management standards and goals that are 30% more stringent than the legal emission requirements in order to minimize the environmental impacts caused by air pollutants generated at its facilities, and operates a proactive, prevention-focused management system. We have installed and operate high-efficiency air pollution control facilities at key processes, with regular inspections and preventive maintenance being conducted to ensure stable equipment performance. Specifically, abnormal pollutant leakage, such as from filter damage or equipment malfunction, is proactively prevented and managed. We have also enhanced our inspection processes at all times to thoroughly ensure that emission concentrations remain below the legal and internal target limits. To enhance the reliability and transparency of our emission management, we equally regularly self-measure the air pollutants and manage our equipment operating hours and operating state in real time through an Internet-of-Things (IoT)-based equipment monitoring system. The measured data are systematically recorded and stored, and we have built a system for continuous monitoring that enables us to immediately respond when abnormal concentrations occur, promptly analyze the root causes, and take corrective action.

Air Pollutant Emission Management Targets

Measured Substance	Legal Standard	Hwashin Target
Particulate Matter - Dust (PM)	≤ 30 mg/m³	≤ 21 mg/m³
Sulfur Oxides (SOx)	≤ 200 ppm	≤ 140 ppm
Carbon Monoxide (CO)	-	-
Nitrogen Oxides (NOx)	≤ 150 ppm	≤ 105 ppm
Hydrochloric Acid (HCl)	≤ 3 ppm	≤ 0.4 ppm
Formaldehyde (CH_2O)	≤ 8 ppm	≤ 5.6 ppm
Copper (Cu)	≤ 4 mg/m³	≤ 2.8 mg/m³
Total Hydrocarbons (THC)	≤ 200 ppm	≤ 140 ppm

Note 1) Starting in 2025, Hwashin plans to set key management indicators that include maintaining emissions within 70% of the legal allowance, recording zero cases of exceeding the emission limits, achieving a 100% implementation rate for inspections of air pollution prevention facilities, and a 100% implementation rate for self-measurement of air emissions. The company will review performance against these indicators annually.

Self-Measurement of Air Pollutants and Emission State

Hwashin systematically and thoroughly manages major air pollutants generated at its facilities in accordance with the "Clean Air Conservation Act" of Korea and other relevant laws and regulations. For major pollutants, such as Particulate Matter - Dust (PM), Sulfur Oxides (SOx), and Nitrogen Oxides (NOx), Hwashin has set internal management targets that are 30% more stringent than the legal emission thresholds, and it thoroughly controls air pollutants through the optimal operation of its air pollution preventing facilities and an advanced monitoring system. For air pollutants, we conduct regular self-measurement and continuous inspections to verify their emission concentrations on an ongoing basis, and the measurement results are systematically recorded and managed through an internal management system and reported to the government's environmental information management system in accordance with relevant laws and regulations. In particular, no air pollutant emission item exceeded the legal standards in 2025 and Hwashin maintained a 100% compliance record. Hwashin secures stakeholder trust by transparently managing its emission data and annually disclosing the emission state. In the future, we plan to continue strengthening our proactive, prevention-focused management activities.

Major Air Pollutant Emissions

(Unit: ton)

Measured Substance	Eonha Plant		
	2023	2024	2025
Particulate Matter - Dust (PM)	0.12	0.12	0.22
Sulfur Oxides (SOx)	0.24	0.06	0
Nitrogen Oxides (NOx)	0.60	0.24	0.44

Note 1) Note 1)Emission data for the Technology Research Center, Bongdong Plant, and Yesan Plant, in addition to the Eonha Plant, are listed in the APPENDIX.
Note 2) The emission data are the average values of the first and second halves of the year.

Establishment of Eco-Friendly Workplaces

Air Pollution Management

Operation of Air Pollution Preventing Facilities

Hwashin has installed and operates various air pollution preventing facilities that are suitable for the characteristics of each process to reduce pollutants generated during the operation of its facilities, such as dust, Volatile Organic Compounds (VOCs), and odor-causing components. For dust-generating processes, we apply air filters to capture and remove fine particles, and for gaseous pollutants, we physically and chemically treat them with dust scrubbers and adsorption towers. In particular, for the painting process, Hwashin has implemented RTO to oxidize VOCs and odor-causing substances at high temperatures, thereby converting them into harmless materials while also considering energy efficiency and odor complaints from the local community. We operate each preventing facility by taking into account the emission characteristics and load variations of each process, and maintain equipment stability and treatment efficiency through regular inspections and preventive maintenance. We equally systematically manage items, including filter replacement and temperature/pressure monitoring, to proactively block the possibility of abnormal emissions caused by aging or performance degradation.

Installation of IoT in Air Pollution Preventing Facilities

In compliance with Paragraph 1, Article 17 of the Enforcement Decree of the "Clean Air Conservation Act" of Korea, Hwashin is gradually introducing IoT-based air pollutant measuring devices at preventing facilities classified as small-scale air emission facilities (categories 4 and 5). After having completed the installation of such devices at the relevant facilities in the Bongdong Plant in 2024, we expanded the scope to the Eonha Plant and the Technology Research Center in 2025. The IoT measuring devices are configured to monitor the operating state of the pollutant preventing facilities and pollutant emission concentrations in real time on a 24-hour basis, and the collected data are systematically recorded and managed in connection with an internal management system. This upgraded management system enables us to promptly identify abnormal operation of equipment and take immediate action when abnormal signs occur. Beyond fulfilling legal obligations, Hwashin is enhancing the accuracy and transparency of its emission management by building a data-based environmental management system, as well as improving our energy efficiency that come with optimized equipment operation.

State of Air Pollution Preventing Facilities Operation

Business Site	Air Filtration Facility	Absorption Facility (Wash Tower)	Adsorption Facility	Combustion Facility (RTO)
Eonha Plant	2	2	1	1
Technology Research Center	6	-	-	-
Bongdong Plant	8	-	-	-
Yesan Plant	1	2	2	1
High-Tech Park Plant	-		-	-

State of IoT Installation

Business Site	Air Filtration Facility	Absorption Facility (Wash Tower)	Adsorption Facility	Combustion Facility (RTO)
Eonha Plant	2	2	1	1
Technology Research Center	6	-	-	-
Bongdong Plant	8	-	-	-







Establishment of Eco-Friendly Workplaces

Hazardous Chemical Substances Management

Hazardous Chemical Substances Management System

To minimize the potential impact of hazardous chemical substances handled at its facilities on the environment and local community, Hwashin has established and operates an advanced management system. We comply with relevant laws and regulations, and have set strict safety management standards across the entire lifecycle of the substances, including their introduction, storage, use, and disposal. We thus continuously inspect and manage their handling state at our facilities. In particular, we conduct regular equipment inspections and safety diagnostics, and proactively replace and improve aging facilities to prevent leaks and accidents that may occur during their handling. Through such a proactive management system, Hwashin minimizes the risks of environmental pollution and safety-related accidents that may occur during the handling of hazardous chemical substances.

2025 Regular Inspection Results of Hazardous Chemical Substances Handling Facilities

Category	No.	Inspected Item	Whether Appropriate
Document review	1	Inspection log of the hazardous chemical substances handling facilities	Compliant
	2	Hazardous chemical substances inbound/outbound log	Compliant
	3	Hazardous chemical substances business license	Compliant
	4	Inventory check of hazardous chemical substances storing facilities	Compliant
	5	Completion of required statutory training	Compliant
	6	Operation log of hazardous chemical substances	Compliant
On-site inspection	1	Entering and exiting personnel control list for hazardous chemical substances storing areas	Compliant
	2	Verification of sign posting indicating hazardous chemical substances handling sites	Compliant
	3	Verification of availability of safety protective gear and safety sign posting	Compliant

Prevention of Chemical Accidents and Building Safety Capacity

Hwashin undertakes multilateral preventive measures to proactively prevent accidents involving hazardous chemical substances and ensure worker safety. As part of these efforts made, Material Safety Data Sheets (MSDS) are made available at all its business sites. All MSDS are obtained and regularly updated with the latest information through the respective manufacturers so that workers may accurately understand the properties and risks of each substance. Additionally, warning signs are posted in areas where hazardous chemical substances are used, helping workers to clearly recognize the potential risks associated with each substance in advance and respond quickly and appropriately in case of an emergency. In addition, Hwashin provides regular legally mandated training for managers, handlers, and workers involved in the use of the substances. The trainings cover safety guidelines, emergency response procedures, and the proper use of personal protective gear. It also regularly conducts emergency response drills assuming possible chemical accident situations to help the personnel understand the response procedures and roles and build their capacity to respond to accidents on-site.

Participation in the Chemical Safety Community Activities

To cooperate with the local communities on chemical safety, Hwashin has established and operates the Chemical Safety Network with the Daegu Regional Environmental Office and companies in the Yeongcheon area. In particular, as the host company of the community, Hwashin has established a cooperative system for the participating companies and is building the capacity to respond to local chemical accidents through measures such as support for disaster-prevention equipment, joint drills, and the operation of emergency contact networks. We also continue engaging in cooperative activities for accident prevention, including regular exchanges and safety inspections, with the participating companies. Hwashin equally pursues various environmental protection activities such as environmental cleanup activities for environmental protection and coexistence with the local communities. In October 2025, we conducted environmental cleanup activities along a riverside walking trail together with the Yeongcheon Municipal Government and the companies participating in the community, thereby contributing to improving the local community's environment and conserving its biodiversity. Going forward, Hwashin will continue to expand its environment and safety cooperation networks, not only on industrial sites but also together with the local communities, through the activities of the Chemical Safety Community.

Resource Circulation and Natural Capital Expansion

Hwashin continues its efforts to expand resource circulation and natural capital based on the tenet that the conservation of the natural ecosystems and the circular use of resources form the foundation of a sustainable Earth. Hwashin seeks to reduce resource waste through the efficient use of natural resources—such as water, energy, and raw materials—and to contribute to a circular economy by expanding recycling and reuse. We are also strengthening our management system to minimize the impact of our business activities on the natural environment, and aim to grow into a company that coexists with nature from a long-term perspective. As a corporate citizen, Hwashin will fulfill its role in creating a sustainable future together with nature.

Waste Reduction and Expansion of Resource Circulation

Setting Waste Reduction Targets

Hwashin has set its own waste reduction targets to reduce waste generated during the operation of its business sites and expand resource circulation. It thus pursues activities to achieve these targets company-wide. Hwashin continuously monitors company-wide waste output, regularly checks the state and trends of its generation at each worksite, identifies major waste generating factors through output analyses, and operates a management system to derive tasks for improvements. We also reflect the characteristics and types of waste of each business site to select areas requiring management *a priori*, and based on this, we establish more effective reduction plans. Each year, we set waste reduction targets based on the previous year's output. We set the target of reducing waste output by 5% in 2025 year-on-year. Hwashin specifically sets the direction of its waste reduction activities at each business site based on this target-based management system and continuously pursues waste reduction and the minimization of environmental impact.

Employee Participation in Waste Reduction Activities

Hwashin pursues waste reduction activities within its business sites through the voluntary engagement of its employees. At the sites, we are enhancing our waste sorting and resource-recovery activities while reducing waste by improving the production process efficiency. Even in our daily work and office settings, we identify and implement waste reduction tasks, such as reducing the usage of disposable products, for waste reduction. In particular, the Yeongcheon Plant achieved a 7.4% reduction in waste output compared to the previous year through strengthened waste sorting, expanded employee participation, and process improvement activities, thus exceeding its target. We also continuously encourage on-site management and participation to build consensus on the importance and necessity of practicing waste reduction at our workplaces. Our employees comply with waste sorting standards in their daily work and jointly identify opportunities for improvements, thus directly participating in waste reduction activities. Hwashin will continue to pursue waste reduction and the expansion of resource circulation based on an employee-driven eco-friendly culture.

2025 Waste Processing Performance

(Unit: tons)

Type	2023	2024	2025
Total Waste (A) Note 1)	981	939	803
Amount Recycled (B)	699	762	616
Recycling Rate (C)	71%	81%	77%
Sales (D) 2)	KRW 957.1 billion	KRW 940.6 billion	KRW 1.115 trillion
Waste per KRW (A/D)	0.10 ton / KRW 100 million	0.10 ton / KRW 100 million	0.07 ton / KRW 100 million

Note 1) Total waste is the sum of the Yeongcheon Plant and Yesan Plant.
Note 2) Sales are based on separate financial statements.

2025 Yeongcheon Plant Waste Output Performance

(Unit: kg)

Plant	2024	2025		Reduction rate year-on-year	Target achievement rate
	Performance	Target	performance		
Eonha Plant 1)	487,350	460,230	446,600	8.4%	103.0%
Bongdong Plant	150,100	137,596	127,670	14.9%	107.8%
High-Tech Park Plant	28,405	25,565	42,560	-49.8%	60.1%
Total	665,855	623,391	616,830	7.4%	101.1%

Note 1) Eonha Plant: the records include the Technology Research Center.

Resource Circulation and Natural Capital Expansion

Waste Reduction and Expansion of Resource Circulation

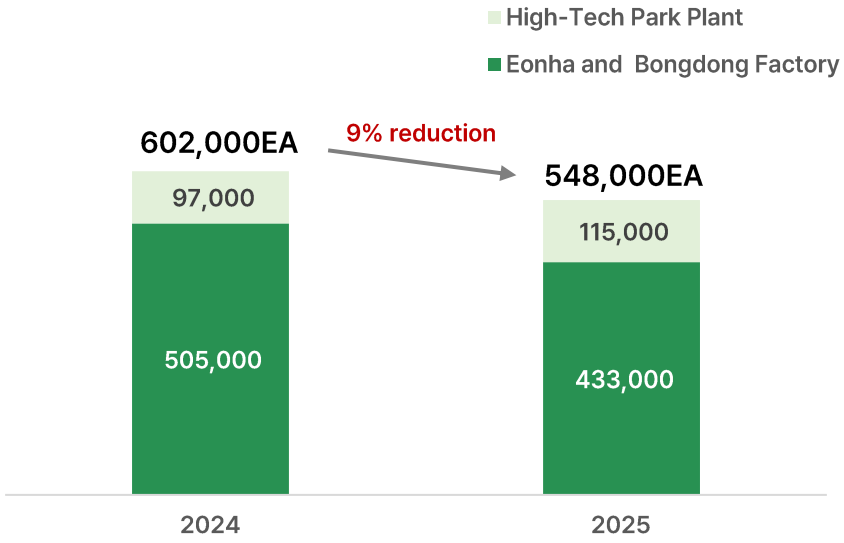
Reducing Disposable Product Usage

As part of its everyday practices to conserve resources and reduce waste, Hwashin actively promoted initiatives to minimize the use of disposable products within its workplaces. In particular, to minimize the use of paper cups in offices and shared spaces, Hwashin encourages all its employees the use of personal cups and regularly checks paper cup usage, while concurrently carrying out management activities to reduce the unnecessary use of disposable products. The General Affairs Team purchases eco-friendly paper cups for shared distribution and continuously manages their purchase and usage state to reduce paper cup consumption. By installing hand dryers to eliminate paper towel consumption, we are creating an environment wherein resource conservation is naturally practiced in our daily work.

Purchasing and Using Eco-Certified Products

To reduce the environmental impacts arising during the operation of its business sites, Hwashin is expanding the use of eco-certified products. For paper goods and some household items used in offices and shared spaces, we preferentially purchase eco-certified products. Gifts provided to our employees on special occasions such as celebrations and condolences, also include eco-friendly products made from plant-derived materials such as corn starch. Through these everyday practices, eco-friendly consumption is implemented. In addition, by considering not only the function and price of products but also their eco-friendliness at the purchasing stage, we enhance the sustainability of resource use and reflect an environmental impact reduction perspective in the selection of various products at our workplaces.

State of Paper Cup Purchase



Purchase Details of Eco-Friendly Products for Ceremonies

◆ 150인분 상조용품 추가 제작 견적 ◆

구분	품 명	규 격	재질	수 량	단가(VAT별도)	금액(VAT별도)	비 고
1	국공기	520cc / 230g	무형광 천연펄프	150			logo 1도인쇄
2	밥공기	520cc / 230g	무형광 천연펄프	150			logo 1도인쇄
3	종이컵	190g / 6.5OZ	무형광 천연펄프	250			logo 1도인쇄
4	소주컵	190g / 2.5OZ	무형광 천연펄프	100			logo 1도인쇄
5	일반 PP숟가락	4.5g - 5.0g	PP	200			무인쇄
6	최고급 젓가락	240mm / 8인치	대나무	200			logo 1도인쇄
7	안주접시 - 大	180mm	옥수수전분	200			친환경
8	김치접시 - 中	140mm	옥수수전분	200			친환경
9	양념접시 - 小	100mm	옥수수전분	50			친환경
10	수저케이스	4칸	코팅 / 골판지	10			logo 1도인쇄
11	일반 식탁보	900*1300	분해성 / 흰색	50			무인쇄
12	최고급 포장박스	인분별 규격상이	KLB4K-[K.CK.K.CK]	1			logo 1도인쇄
13	유한킴벌리 미용티슈	70매/6팩	천연펄프	6			70매
14	EVA슬리퍼	270mm	EVA	2			무인쇄
	계						

Resource Circulation and Natural Capital Expansion

Waste Reduction and Expansion of Resource Circulation

Waste Management System

Based on relevant laws such as the "Wastes Control Act" of Korea, Hwashin has established waste management regulations and applies them uniformly across all its workplaces. These regulations include appropriate treatment standards and recording/management procedures for waste, and we regularly check compliance with the regulations. The amount of waste generated and the recycling state at our business sites are periodically compiled and reviewed, and we use the waste unit indicators to check their management level and operational efficiency. All wastes, including designated wastes, are legally processed through authorized professional treatment companies, and when outsourcing for treatment, the waste is weighed and the treatment history is recorded and managed through the computerized system for waste processing (Olbaro System).

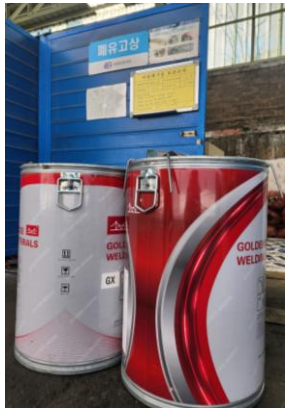
Waste Management Process

① Waste generated
↓
② Waste analysis
↓
③ Review of processing methods
↓
④ Decision on whether to process externally
↓
⑤ Contract and permitting process
↓
⑥ Registration and notification in the Olbaro System
↓
⑦ Waste processing and history management

Expanding the Volume of Waste Recycling and Reuse

Hwashin is working to realize resource circulation by expanding the share of waste recycling and reuse at our workplaces. At our business sites in Korea, we have shifted the processing of slag waste from landfill dumping to recycling, and recover them as iron oxide and other materials through sorting processes, thereby raising the level of waste resource recovery. We also reuse hydraulic fluids generated in processes through purification. We have equally shifted the treatment method for wastewater sludge from landfill dumping to recycling to reduce the final disposal burden and expand the circular use of resources. Led by Hwashin America Corporation, our international business sites have also installed dedicated scrap collection bins to separately collect recyclable waste and improve their recycling efficiency.





Separation and storage facility for recyclable waste within a workplace

Plastic Reducing Activities

To reduce the use of plastic and expand resource circulation, Hwashin conducts in-house recycling collection activities. Employees dispose of transparent PET bottles and cans through designated separate collection bins, and the collection performance is compiled and managed monthly. The collected recyclable waste is converted into usable material and recycled into resources through specialized companies, thereby saving on waste processing costs and having compensation effects. We also provide modest incentives to the participating employees to encourage their voluntary participation.

수퍼빈 superbin

Results of Participation in the SuperBin Moa Resource Collection

Month	Weight (kg)		Carbon Reduction[1)]	Forest Substitution Effect
	PET	Can		
July	10.8	72.3	35.2	5.3
August	16.6	79.2	53.4	8.1
September	16.2	120.3	80.4	12.2
October	8.8	118.7		
November	11.1	18.1	50.2	7.6
December	4.5	77.6		
Total	68.03	486.2	219.2	33.2

Note 1) Carbon reduction unit: $kgCO_2eq$ / Note 2) Forest substitution effect unit: trees

Resource Circulation and Natural Capital Expansion

Biodiversity and Natural Capital Management

Natural Capital Management Direction

Recognizing natural capital as a fundamental element for sustainable business operation, Hwashin establishes the direction for its management considering the impacts of its business activities on the natural environment and ecosystems. Natural capital—including land, water resources, biodiversity, and ecosystem services—is an environmental asset directly and indirectly connected to our corporate activities, and it has an important impact on the stable operation of our business sites and the local community's environmental conservation. Accordingly, Hwashin reviews the dependency and impact on the natural capital of our operational activities in a balanced manner, and gradually identifies the environmental factors that require management during the activities. In particular, we review key issues related to biodiversity, protected areas, endangered species, water resources, and land use, from a mid- to long-term perspective to strengthen the foundation for their management so that natural capital-related risks and opportunities may be reflected in the company's decision-making on environmental management.

Major Areas for Natural Capital Management

Category	Major Management Targets	Management Direction
Water resources	Water use, wastewater discharge, and water pollution	Monitoring of business site water consumption and management to prevent water pollution
Land and environment surrounding our business sites	Business site land and nearby ecological environment	Impact minimization of business operation on the surrounding environment
Biodiversity	Protected areas, endangered species, and habitats	Identification of ecologically sensitive areas near our business sites
Air and climate	Air pollutants and greenhouse gas emissions	Emission reduction and linkage with climate change response activities
Resource circulation	Waste and recyclable resources	Reduction of waste generation and expansion of resource recycling

Biodiversity Policy

Hwashin recognizes in advance the risks of ecosystem degradation and biodiversity loss that may arise across its business operations, and has established and operates a "Biodiversity Protection Policy" to prevent and minimize such risks. As part of Hwashin's sustainable management strategy, this policy outlines the basic principles and implementation direction for practicing responsible environmental management that takes into account harmony with natural ecosystems throughout all its business activities. Hwashin regards biodiversity conservation as a critical environmental issue closely linked to climate change response. Therefore, to minimize the impact of our business activities on ecosystems, we comply with relevant regulations and continuously manage the environmental impact of our activities. In addition, through ecosystem conservation activities and regular monitoring, we manage the environment around our business sites and continuously pursue improvement activities to enhance the effectiveness of the policy. Going forward, based on the Biodiversity Protection Policy, Hwashin plans to minimize the impact of its business activities on the natural environment and expand its ecosystem conservation activities together with the local communities.

Biodiversity Policy Text (Excerpt)

① When establishing facilities in new locations or expanding business sites, Hwashin shall identify and prevent factors that threaten the locations' biodiversity and take action as necessary.
② Hwashin shall comply with the legal requirements of each country and region at all its business sites and strive for business operations that, over the mid- to long-term, cause no harm or loss to biodiversity.
③ Hwashin shall plan and pursue activities that can enhance positive impacts—such as the conservation, restoration, and expansion of biodiversity and habitat preservation—in its business sites, their surrounding areas, and the local communities.
④ Placing the protection of endangered, rare, and endemic species as a top priority, Hwashin shall provide relevant information to its employees and stakeholders to enhance their understanding of biodiversity protection issues.
⑤ Hwashin shall take sustainable resource utilization into account and strive to develop eco-friendly technologies and products.

Resource Circulation and Natural Capital Expansion

Biodiversity and Natural Capital Management

Analyzing Biodiversity Risks Based on Locate, Evaluate, Assess, Prepare (LEAP)

To identify the impact and dependency of its business sites and activities on the natural capital and biodiversity, Hwashin analyzed the biodiversity risks based on the LEAP approach. LEAP is a procedure for locating business sites, evaluating their connection with the natural environment, analyzing key risks, and then establishing response directions. Hwashin used it to review the biodiversity risks at its key Korean production sites. The analyses covered the Eonha Plant, Bongdong Plant, High-Tech Park Plant, and Yesan Plant —Hwashin's key business sites in Korea—and we used the Biodiversity Risk Filter map and protected area data to verify the ecological characteristics of the areas surrounding the workplaces. The analyses showed that Hwashin's Korean production sites do not directly overlap with either internationally protected areas such as Ramsar wetlands, UN Educational, Scientific and Cultural Organization (UNESCO) Biosphere Reserves, and Natural World Heritage sites, or with Korean protected areas such as Ecological and Scenery Conservation Areas. However, some areas surrounding our business sites were found to have possible habitats for endangered species, indicating the need for continued attention to and management of those local ecosystems. Based on these analytical results, Hwashin will review the biodiversity risk level of each business site and enhance its monitoring and response activities focused on areas requiring enhanced management.

Planning Biodiversity Risk Response and Management

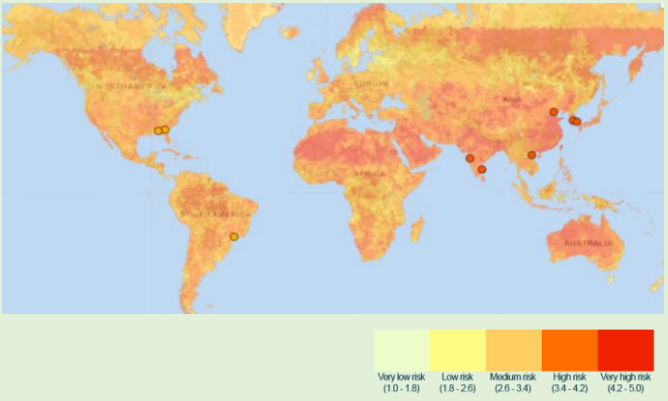
Based on the biodiversity risk analyses results, Hwashin deems that the overall biodiversity risk level of its current business sites is not high. However, to ensure preventive management of potential impacts, we plan to continuously strengthen our ecological environment management system for areas around our business sites. By regularly reviewing factors, such as proximity to protected areas, possible endangered species habitats, and potential impacts from worksite operations, as well as by setting management priorities according to the risk levels, we aim to establish the foundation for systematic response. In addition, we plan to pursue ecosystem conservation activities in cooperation with the local communities and relevant organizations, monitor endangered species habitats, and provide training for our employees to raise their awareness of biodiversity, thereby preventing the possibility of biodiversity damage and enhance our management of the biodiversity. Hwashin will continue to upgrade its biodiversity management system by linking the results of the risk filter analyses with environmental data from each business site, as well as expanding the foundation for sustainable business site operations in harmony with natural capital conservation.

Results of LEAP-Based Risk Analyses

1. **Direct overlap with protected areas**: none
2. **Possible endangered species habitats nearby**: Yes
3. **Likelihood of direct impact on protected areas**: low
4. **Need for management of surrounding ecosystem**: medium
5. **Overall biodiversity risk level**: medium

Results of Biodiversity Risk Filter Application

Category	Yeongcheon Plant	Yesan Plant
Physical risks	3.80 (High)	3.58 (High)
Regulatory risks	3.25 (Medium)	3.25 (Medium)
Reputational risks	2.94 (Medium)	2.98 (Medium)
Overall assessment	Medium to high	Medium to high



Resource Circulation and Natural Capital Expansion

Biodiversity and Natural Capital Management

Water Quality Monitoring of the Geumhogang River Basin

To minimize the impact of our business site operations on the aquatic ecosystems and contribute to protecting local ecosystems, Hwashin periodically monitors not only the quality of the final wastewater discharged from its business sites but also the water quality of the nearby Geumhogang River basin. Through this, we not only check the level of discharge water management within the business site but also manage changes in the surrounding aquatic ecosystem, thereby proactively responding to water pollution risks. In particular, Hwashin operates its own company-wide pollutant management standards for discharged water that are stricter than the legal standards and maintains rigorous water quality management and a prevention-focused environmental management system. We also continuously check the water quality measurement results in the Geumhogang River basin to minimize the potential impact of our business sites on the aquatic ecosystem around the sites. Going forward, Hwashin will continue monitoring and pursuing environmental protection activities for the water quality conservation and biodiversity preservation of the Geumhogang River basin, as well as enhance our responsible water resource management system.

2025 Geumhogang River Basin Pollution Levels

(Unit: mg/L)

Substance	Raw Wastewater	Wastewater Released from Business Site	Geumhogang River Basin
BOD	50.35	5.3	1.9
SS	479	0.5	2.2
TOC	75.2	15.25	5.9
Zn	60.185	3.933	Not detected
Cu	0.02	Not detected	Not detected
ABS	0.22	Not detected	0.11

Carrying Out Environmental Cleanup Activities

As part of its ESG activities, Hwashin engages in regular environmental cleanup activities around its business sites to protect and conserve the local ecological environment, as well as improve the local community environment. In 2025, Hwashin, together with seven member companies of the Chemical Safety Community and officials from the Environmental Protection Division of the Yeongcheon Municipal Government, participated in environmental cleanup activities around the Yeongcheongang Riverside Park. This activity went beyond simple waste collection and entailed examining the surrounding natural environment based on interest in the local ecological environment. Hwashin shares the importance of natural environment conservation in cooperation with the local communities and related organizations and is expanding its ecosystem protection activities beyond its business sites. Going forward, Hwashin plans to continue contributing to the conservation of the ecological environment around its worksites and coexist with the local communities by regularly pursuing environmental protection activities and by continuing to fulfill its responsibility as an eco-friendly company.





2025 ESG environmental cleanup activities

Social



1. Talent Management

1) Talent Recruitment and Development

2) Creating a Happy Workplace

3) Organizational Culture

2. Human Rights Management

1) Human Rights Management Policy and Principles

2) Labor-Management Relations

3. Safety and Health Management

1) Safety and Health-First Management Policy

2) Training on and Building a Safety and Health-First Culture

4. Local Community

1) Coexistence and Value Creation with Local Communities

5. Information Protection and Security

1) Information Protection and Security System

2) Training and Spreading a Culture of Information Protection and Security

6. Shared Growth and Supply Chain Management

1) Principles and Practices for the Value of Shared Growth

2) Expanding Support for Suppliers for Coexistence

3) Sustainable Supply Chain and Responsible Sourcing

7. Quality Management

1) Quality Management Policy and Operating System

2) Quality Assurance and Improvement Activities

3) Quality Communication

8. Technology Management

1) R&D and Technology Infrastructure

2) Technological Cooperation

Talent Management

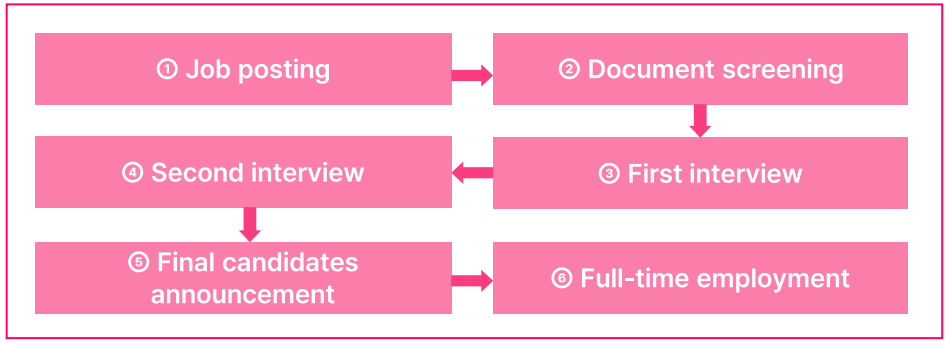
Hwashin views talent as the core driver of sustainable management. The creation of an environment where all employees are respected and able to grow is our top priority, and we are creating the value of sustainability by spreading fair recruitment, respect for diversity, a safe and happy workplace, and an organizational culture that is based on coexistence. Hwashin's talent management is built upon an attitude of respecting people, a vision of growing together, and a sense of responsible ownership. We believe sustainable growth is possible when based on this foundation. Hwashin will continuously create ways for every employee to realize their full potential and positively impact the organization and society.

Talent Recruitment and Development

Fair Recruitment and Diversity Assurance

To create a company where innovation and growth take place and where talents want to stay, Hwashin fosters an organizational culture that respects diversity and inclusion through fair and non-discriminatory hiring practices. During the recruitment process, candidates are evaluated through a structured process based on their competencies and job suitability regardless of sex, region, education, nationality, religion, disability, age, family relations (such as marital status), pregnancy and childbirth, social status, or political views. The company also continues to expand employment opportunities for persons with disabilities and persons of national merit. For the employment of persons with disabilities, as of 2025, Hwashin maintains compliance with the statutory employment rate of 3%, and plans to raise it to 3.5% or higher by 2027. Hwashin defines its ideal talent with the core values of “principled thinking, innovative, customer focused, good communication skills, and a challenge-taking spirit.” It equally places emphasis on selecting and developing the capabilities of individuals who embody these qualities. To further enhance the fairness and credibility of the recruitment process, the company has upgraded its recruitment system to ensure transparency throughout—from job postings and screening procedures to result notifications—through a dedicated webpage. This approach enables applicants to clearly understand and trust the recruitment process and Hwashin to realize its commitment to responsible hiring practices.

Recruitment Process Stages



Securing Global Talents

To strengthen its global competitiveness, Hwashin is also advancing strategies to identify and foster outstanding global talents who can enhance its cultural and capability diversity. As part of this initiative, Hwashin has conducted on-campus recruitment, industry-academia cooperation, and global internship programs at major universities in Vietnam since 2023, to recruit talents to work at the local subsidiary HWASHIN Vietnam Corporation and at the Korean headquarters. In 2025, through industry-academia cooperation with Hanoi University of Science and Technology (HUST), we provided internship opportunities that allowed students to gain hands-on field experience and job exposure at Thanh Cong Hwashin Ltd. Liab. Company for a certain period, and outstanding candidates were formally hired. As of 2025, 2 alumni of the global internship program are working at the Korean headquarters, and 2 more are scheduled to join the headquarters in 2026. Through such a process, we support talents to experience our corporate culture and job requirements in advance, and we also operate Korean language learning programs to enhance their cultural adaptability. As such, Hwashin discovers global talents and supports them to grow into core talents equipped with both practical capabilities and organizational adaptability.





Recruitment at HUST campus in 2025 and the employees selected to work at the headquarters

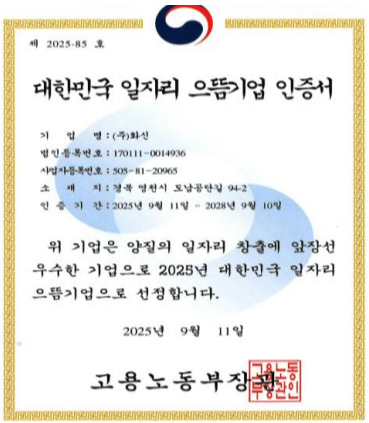
Talent Management

Talent Recruitment and Development

Talent Retention Initiatives

Hwashin implements a variety of talent retention initiatives to help employees quickly adapt to the organization, develop a strong sense of ownership and satisfaction, and grow over the long term. Recognizing that a strong onboarding experience is critical for future retention and engagement, the company offers a welcome program specifically for new hires. As part of this initiative, Hwashin provides a “Welcome Kit” to all new employees upon joining to introduce the company's core values and support a comfortable working environment. The kit includes work manuals and job-related books for performing duties, eco-friendly office supplies, solid toothpaste, and bamboo toothbrushes, thereby helping new employees feel connected to the organization, while sharing Hwashin's environmentally conscious values. In addition, Hwashin supports newcomers in adapting quickly to the organization through educational recreational activities and team-building programs provided during the orientation sessions as well as department-specific onboarding programs. Hwashin has been recognized externally for creating quality jobs and a great working environment and was selected for corporate excellence in labor-management culture in 2025. Hwashin will continue to strengthen its talent retention system so that talents may grow and the organization sustainably develop forming a virtuous cycle.




대한민국 일자리 으뜸기업 인증서

기 업 명 : (주)화신
법인등록번호 : 170111-0014936
사업자등록번호 : 505-81-20965
소 재 지 : 경북 영천시 도남공단길 94-2
인 증 기 간 : 2025년 9월 11일 ~ 2028년 9월 10일

위 기업은 양질의 일자리 창출에 앞장선 우수한 기업으로 2025년 대한민국 일자리 으뜸기업으로 선정합니다.

2025년 9월 11일

고용노동부장관

2025 Welcome Kit for new employees and certificate for corporate excellence in labor-management culture

Performance-Based Fair Compensation System

Hwashin has established a performance-based compensation system to fairly evaluate and reward the achievements and contributions made by its employees. By linking individual and organizational performance, the company fosters a fair and transparent compensation culture. Performance evaluations are conducted using a multi-dimensional assessment method that incorporates both quantitative and qualitative performance indicators to ensure comprehensiveness and objectivity. Regular feedback and goal-setting meetings between evaluators and those being evaluated enhance the acceptance of the evaluation results and ultimately support the growth of each employee. Compensation is differentiated based on performance ratings with adjustments to annual salaries and performance bonuses. High performers are further motivated through various incentives, including performance bonuses and promotion opportunities. Going forward, Hwashin will continue to reinforce its performance-oriented organizational culture and continuously enhance its transparent and trustworthy compensation system in order to ensure that its employees are fairly recognized for their efforts made.

Hwashin's Performance-Based Culture

Performance Management System

The balanced scorecard (BSC) performance management system links organizational management targets and individual goals for vision achievement and strategy execution.

Individualized Salary System

The individual annual salary system is applied differentially based on performance results.

Incentive System

Management performance bonuses and rewards for merit are paid based on the company’s business performance.

Talent Management

Talent Recruitment and Development

Employee Development System

Hwashin firmly believes that the expertise and capabilities of its employees are key drivers of the company's future and growth. With this understanding, the company has established and operates a structured talent development strategy by continuously expanding and improving its training programs. We thus aim to lay the foundation for all employees—regardless of role or position—to grow together with the organization. By carefully analyzing the competencies required for each role based on position, job function, and responsibilities, Hwashin identifies the competencies to cultivate and operates tailored training programs that align with the needs. These programs are provided equitably to all employees, including non-regular staff, and are designed to provide equal and fair access to learning opportunities to all employees through various means such as group and online training. In addition, the company has developed a company-wide training system diagram and curricula that individuals can select from based on the talent development strategy, and we provide detailed participation guides to encourage voluntary and autonomous learning among the employees. This approach contributes to fostering a culture of employee-led learning. Each year, Hwashin develops an annual training plan and continuously supplements and expands practical and effective training contents linked to on-the-job performance. Moving forward, the company will continue to foster future-oriented talents for the joint growth of both the individual employees and the organization.

Employee Development Strategy and Company-Wide Training System

Common Competencies

- We support the reinforcement of basic job competencies through the dissemination and education of core values and business capability enhancement courses.

Job Competencies

- We support the strengthening of personal job competencies through external job expert courses, internal on-the-job training (OJT) courses, and internal technical courses.

Leaders' Competencies

- We support the enforcement of leadership competencies suitable for each situation and position by applying leadership courses tailored to the circumstances and roles.

Global Competencies

- We support the development of global competencies by operating online foreign language courses.

Common competencies	Special lectures on management/industry/technology trends for all employees
Leadership competencies	Leadership skills (executives, team leaders); in-house train-the-trainer programs (managers, senior managers)
Global competencies	Expatriate training programs (managers, senior managers); online foreign language courses
Job training	Specialized training for each job area, in-house job academy, presentation skills, etc.
In-depth job training	Advanced training by area, including sales and procurement, quality and production, production technologies, and R&D
Mandatory legal training for all employees	Prevention of sexual harassment and workplace bullying, raising awareness of persons with disabilities, personal information protection, industrial safety protection

Talent Management

Talent Recruitment and Development

Employee Competence Development Programs

Hwashin operates multi-layered, systemic competence development programs to enhance employees' job expertise and potential for growth within the organization. From the organizational adaptation required of new employees, to acquiring practical skills, job expertise development, and leadership advancement, the company has established a full life-cycle learning system for all employees across all career stages and job areas. Early on, we provide new employees with orientation, team-level OJT training, and basic job training so that they may quickly adapt to the organizational culture and working environment. Subsequently, the focus shifts to reinforcing their practical skills and job expertise. For employees with accumulated experiences, we provide training to develop their leadership competencies and strategic thinking so that they may lead their juniors and have a broad perspective that goes beyond their jobs and helps them understand the company and market as a whole. The training system provides both mandatory and elective courses to support the tailored individual growth of each employee. Beyond statutory mandatory training and job-specific essential competency training, we also strive to meet individual interests and growth goals through elective training. We also operate select training programs in which only those selected through internal screening can participate, to intensively develop core talents such as in-house instructors and global talents (expatriates). All training courses are linked to the e-human resources (HR) system, allowing employees to easily check the learning opportunities and apply for courses voluntarily. Participation is actively encouraged through system notifications and internal communication channels. After each training, we conduct satisfaction surveys and instructor effectiveness evaluations to objectively verify the quality of the provided trainings, and the results are reflected in curriculum improvement and instructor selection for future courses, thereby continuously advancing the programs. Through such programs, employees get to experience a virtuous cycle of growth—from reinforcing their job expertise to enhancing their leadership competencies—and the organization simultaneously achieves the dual goals of talent development and the securing of sustainable competitiveness.



In-house Job Academy in session

Leadership Development Program for International Subsidiaries

Hwashin America Corporation is also developing training programs to enhance the expertise of its employees and the organization's growth. By reinforcing its organizational leadership training for leaders such as supervisors and managers, it is ensuring that the improvements in their organizational management competencies translate into performance improvements for the organization and its employees. In 2025, the corporation conducted training on effective leadership based on "The Seven Habits of Highly Effective People" to enhance its individual managers' organizational leadership skills and for them to properly lead others and bring about a positive shift in the organizational culture thanks to the establishment of a leadership mindset. By expanding such activities to other international subsidiaries, we plan to help leaders spread a growth-oriented attitude in their organizations and thereafter provide various training programs for employees at all levels.



Leadership training conducted at Hwashin America Corporation

Talent Management

Talent Recruitment and Development

Employee Competence Development Programs

New Employees Orientation	Business fundamentals training is provided to promote the overall understanding of the company and to develop a proper mindset for new hires.
OJT Program	Senior employees in each department serve as mentors to help new hires improve their practical adaptability and understanding of their jobs.
In-House Job Academy	To enhance job expertise, in-house instructors conduct tailored training courses across various departments, including production, quality, and design.
R&D Technical Seminars	Lectures are delivered by university professors and research institute experts to help employees understand the technological trends and developments in the automotive industry.
Special Lectures on Leadership	Customized training is offered for current and next-generation leaders to foster a comprehensive and, strategic perspective for the organization's long-term growth.

Training Programs Executed in 2025

Type	Training Program
New employees	• Orientation for new employees
In-house instructors	• Train-the-trainer for in-house instructors
In-House Job Academy	• Understanding IATF 16949 • Understanding Development Processes • Understanding Production Processes • Understanding the Functions of Parts • Cost Analysis / Financial Accounting
Training to improve quality capacity	• AIAG-VDA FMEA
Leadership training	• Performance Management Workshop • Improving Communication Skills for On-Site Managers • The Role and Attitude of Production Managers
Job training	• 3DCS Basics • CATIA Basic Course • Training on the Management of Hazardous Substances Regulations • DFSS Training and Task Execution • Quality Problem Root-Cause Analysis and Improvement Process
Special lectures	• Invited Lecture by Korea's First Female Master Welder (challenge-taking and overcoming) • Special Lecture on Organizational Culture - Communication Skills that Understand Emotions and Respect Others

Talent Management

Talent Recruitment and Development

Managing the Performance and Effectiveness Indicators of Training Programs

To systematically manage the actual performance and effectiveness of employee training, Hwashin has established a system for operating training based on performance and effectiveness indicators. For key courses including new employee orientation, we conduct satisfaction surveys upon the training's completion to comprehensively review the appropriateness of the course, lecture quality, training environment, and the level of improvement in job understanding. The satisfaction survey of the 2025 orientation for new employees showed positive results in the overall satisfaction with the training and improvement in job understanding. It also confirmed that the program contributes to new employees' organizational adaptation and early job performance. In addition, beyond short-term satisfaction, Hwashin continuously manages the effectiveness of training by evaluating them and measuring the changes before and after each training. For the evaluation of training effectiveness, key indicators, such as changes in job understanding after training, confidence in job performance, and their applicability to actual work, are evaluated. We are confirming positive results such as shorter post-training work adaptation periods and improved job performance competencies. These evaluation results are then actively reflected in future course improvements and in the design of training tailored to each job and position. Moving forward, Hwashin will continue to strengthen the objectivity and reliability of the indicators used to evaluate the effectiveness of training and continuously advance the training system to support the enhancement of its HR competitiveness and sustainable growth.

Evaluation Details and Results of the Effectiveness of Training for New Employees in 2025

List of questions used to evaluate the effectiveness of training
Has knowledge improved as expected compared to before the training?
After completing the training, has the practical application of the training improved?
Are you enjoying synergistic effects with other tasks related to the training?
Are you maintaining the understanding of what was trained?
Is the training being reflected in work improvements and creativity?
Has the trainee's work performance improved as a result of the training and would the training have an effect on the employee performing this job?
Would you recommend the training to other team members?

Evaluation details	Evaluation score
Very satisfied with the completed training and my job performance significantly improved after the training	31–40 points
Generally satisfied with the completed training and my job performance improved after the training at a satisfactory level	21–30 points
Generally dissatisfied with the completed training and improvements in my job performance after the training fall short of expectations	11–20 points
Very dissatisfied with the completed training, and no notable differences were found between before and after the training	0–10 points
Average scores of the 2025 effectiveness evaluations	**37.8 points**

Day	Satisfaction with course	Satisfaction with instructor	Overall
Day 1	4.04	4.63	4.34
Day 2	4.08	4.63	4.36
Day 3	4.06	4.60	4.33
Average	**4.06**	**4.62**	**4.34**

* Maximum score for training satisfaction is 5.0

Talent Management

Creating a Happy Workplace

Diverse Welfare Programs

Hwashin operates a wide range of welfare programs that go beyond improving the working environment so that its employees may deliver their best performance through engagement at work and lead a more stable and abundant personal life. Hwashin seeks to create an efficient and enjoyable workplace by improving the working conditions and by addressing various concerns of its employees' daily living through welfare programs. The concerns include their health and that of their families, children's education, housing stability, and retirement planning. Our goal is to enhance our employees' quality of life in the process and simultaneously enhance their satisfaction with and engagement in work and the company. Hwashin will continue to expand tailored welfare programs reflecting the employees' life cycles and create a healthy organizational culture based on trust and consideration.

Welfare Benefit Programs

Support for family life	Tuition support for employees' children and for employees pursuing master's and doctoral degrees / monetary support for family events (congratulatory and condolences) / housing loans / livelihood support loans / support for infants and toddlers
Support for office life	Commuter buses / company cafeteria / company dinner expense support / long-term employee bonus
Leisure support	Vacation expense support / recreational facility support / club activity support / special vacation for long-term employees / sports festivals
Medical support	Regular health checkups / comprehensive medical examinations for employees aged 40 and above / focused management of employees with abnormal findings / company fitness center / anti-smoking clinic
Work-life balance	Work-life balance support programs / focused breaks / annual leave and other leave

Intracompany Clubs

Hwashin officially supports employee club activities to help staff achieve work-life balance and enjoy a happy workplace culture. By providing opportunities for members to naturally connect and interact based on shared hobbies and interests, the company enhances nonwork-related satisfaction and fosters a sense of camaraderie. As of 2025, Hwashin operated a total of 24 intracompany clubs, including fishing, hiking, baseball, futsal, and bowling. Employees are free to join any club of their choice after joining the company and can relieve stress and engage in personal development through a variety of activities. Hwashin will continue to actively support these club activities and encourage the formation of new groups to ensure that all its employees enjoy a joyful and dynamic workplace.

Promotion of Smart Work

By establishing a digital Smart Work infrastructure, Hwashin has created a working environment that helps its employees work more efficiently, flexibly, and stably. The company adopted Microsoft Teams, a company-wide cooperative work platform, to not only share work schedules and materials, but also reduce unnecessary meetings and mundane work of reporting tasks using video conferencing. This has allowed the company to shape a flexible work environment that allows its employees to work anytime, anywhere without physical restraints. We also provide Virtual Desktop Infrastructure (VDI) solutions that support the employees to comply with security protocols and work stably from anywhere, whether in the office, during business trips, or at home.

Talent Management

Creating a Happy Workplace

Reward System Operation

Hwashin expresses its gratitude for the efforts made and dedication of each and every employee and operates various and morale and motivation boosting programs to foster a healthy organizational culture. Every year, during the company's anniversary celebration, we select and award outstanding employees who have demonstrated exceptional achievements and served as role models within the organization. In addition to formal recognition, we provide practical rewards such as opportunities for overseas training to boost their morale. Furthermore, to reinforce respect and appreciation for long-serving employees, the company offers monetary rewards and the right to special vacations based on their years of service, thereby encouraging long-term commitment. These programs go beyond mere recognition; they play a key role in building a sense of identity and ownership and in reinforcing the feeling that they are growing together with the company.





Awards ceremony and overseas training of outstanding employees

Retiree Roundtable

Hwashin holds an annual retiree roundtable to express sincere gratitude to employees who have dedicated themselves to the company until their retirement age. At this gathering, those who have served the company for many years share their experiences and memories with employees who continue to lead the company. Through such warm encouragement and heartfelt farewell, we support a positive conclusion to their career journey and cheer their lives after retirement, making it a meaningful occasion. Such initiatives reflect Hwashin's people-centered management philosophy, which emphasizes respect and consideration throughout the entire span of an employee's working life. They also contribute to building a workplace where all members feel valued, trusted, and inspired to stay in the long term.

Spaces for Rest and Culture to Support Emotional Well-Being

Beyond office space and infrastructure, Hwashin is actively working to provide spaces dedicated to rest and cultural engagement so that its employees may enjoy moments of relaxation, recharge, and communicate in their daily routine. Within the company, a variety of spaces, including an in-house cafe, lounge areas for resting, and a library, are available for employees to recharge freely during the workday and inspire creativity. The in-house cafe is located in an area accessible to all employees and provides various beverages such as coffee and tea. It also serves as a space where, regardless of department or job, employees can engage in casual conversations while enjoying drinks, which help break down barriers between departments and foster an open organizational culture. The library and reading spaces offer opportunities for both self-development and emotional relaxation. We periodically gather employee requests and stock the latest books related to work and general culture, thereby supporting employees to independently acquire knowledge and information. These multi-purpose cultural spaces go beyond basic welfare: they are strategically designed to enhance the emotional well-being and overall quality of life of the employees. Hwashin will continue to improve the working environment with a focus not only on the employees' physical health, but also their emotional satisfaction to build a truly sustainable and happy workplace.



2025 Retiree Roundtable



In-house library and lounge

Talent Management

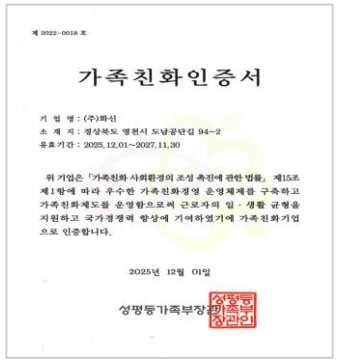
Organizational Culture

Work-Life Balance

Hwashin is committed to helping all its employees to harmonize their family life and work responsibilities by systematically operating programs and fostering a culture that supports work-life balance. The company distributes an internal manual outlining its support systems that cover every stage from pregnancy planning to childbirth and child-rearing. Institutional safeguards are in place to ensure that employees who use these benefits are not disadvantaged in performance evaluations or promotion timelines, allowing them to use the programs with confidence. In recognition of these efforts made to build a family-friendly corporate culture, Hwashin received the "Excellent Family-Friendly Company" certification from the Korean Ministry of Gender Equality and Family in 2022, and our efforts have continued since then.

Operation of the Female Employees' Council

To support the stable organizational integration and continued growth of its female employees, Hwashin operates the Female Employees' Council. The council is an organizational culture program that encourages communication and interaction among the female employees for their sharing of the challenges faced and opinions that may arise during their work as women and for their supporting one another. In particular, the council operates a mentoring program for new female employees within their first year, in which senior female employees help the new employees understand the organizational culture and adapt to their work, and discuss together the difficulties faced at the early stage of their career. Through such activities, Hwashin supports the retention and growth of female talents and fosters an organizational culture in which the employees respect and grow together.


제 2022-0018 호

가족친화인증서

기 업 명 : (주)화신
소 재 지 : 경상북도 영천시 도남공단길 94-2
유효기간 : 2025.12.01~2027.11.30

위 기업은 「가족친화 사회환경의 조성 촉진에 관한 법률」 제15조 제1항에 따라 우수한 가족친화경영 운영체제를 구축하고 가족친화제도를 운영함으로써 근로자의 일 · 생활 균형을 지원하고 국가경쟁력 향상에 기여하였기에 가족친화기업으로 인증합니다.

2025년 12월 01일

성평등가족부장관

Excellent Family-Friendly Company certificate acquired in December 2025



Female Employees' Council's mentoring for new employees

Programs Supporting Work-Life Balance

Category	Program	Details
Pregnancy	Maternity protection during pregnancy	Work hours may be reduced by 2 hours a day between 12 and 32 weeks of pregnancy
		Reassignment to easier duties during pregnancy
		Time allowed for prenatal checkups
Childbirth	Infertility treatment leave	Up to 6 days in a year (first 2 days paid)
	Leave for miscarriage or stillbirth	Granted for 5-90 days depending on the duration of pregnancy
	Pre- and postpartum leave	A total of 90 days (100 days for premature infants, 120 days for multiple births)
		20 days of paid pre- and postpartum leave granted to spouse
Support for work-life balance	Childcare leave	Granted within one year to pregnant female employees; employees with children up to the age of 8 or up to second grade of elementary school
	Reduced work hours during childcare period	For parents taking care of children up to the age of 12 or up to sixth grade of elementary school, work hours can be reduced by 1 to 5 hours a day.
	Reduced work hours for family care	For any family member who requires an employee's care because of illness, accident, advanced age, etc., the employee's work hours may be reduced by 15-30 hours a week.
	Family care leave	For any family member who requires an employee's care because of illness, accident, advanced age, etc., the employee may take up to 3 months of leave per year.
	Family care vacation (short-term)	For any family member who requires an employee's care because of illness, accident, advanced age, etc., the employee may take up to 10 days of leave per year.

Talent Management

Organizational Culture

Pursuit of a Horizontal Organizational Culture

Hwashin is committed to fostering a horizontal organizational culture grounded in autonomy and mutual respect among its members. Recognizing that traditional vertical and rigid communication structure bound by rank and age can hinder collaboration and dialogue within the organization, the company has streamlined its position hierarchy and integrated and abolished job positions to create a more flexible communication environment. Currently, we have adopted a simplified three-tier position system of Junior, Senior, and Manager, laying the foundation for cultivating a more flexible organizational culture. Through these efforts made, we sought to eliminate unnecessary hierarchies and distance among the positions and foster an environment where all employees can freely express their opinions and be heard. Hwashin will continue to promote a horizontal organizational culture that values individual creativity and autonomy in order to build a healthy and dynamic workplace that encourages continued changes and innovation.

Holding Workshops for Junior Employees

Hwashin held a participatory workshop for Junior-level employees to support their organizational adaptation and activate communication among them. The workshop consisted of interactive activities, recreation, and opinion-sharing programs, helping them to further bond together and provide the opportunity to recharge.





Strategic Planning Division workshop held for Juniors in 2025

Internal Communication Programs

Hwashin operates internal communication programs designed to promote smooth communication among the employees and build consensus within the organization through various channels. As part of these efforts made, the company publishes an online newsletter “Haneultari,” twice a year. This publication has become a key platform for information sharing and communication among the employees. The newsletter is produced by an internal reporting team composed of employees, who plan and write the content themselves, capturing a wide range of voices from across the organization. Once published, the newsletter is shared via the company’s in-house electronic bulletin board and Website, making it accessible to all employees as well as external stakeholders. These initiatives help strengthen interdepartmental understanding and promote a culture of open communication based on respect in the workplace.



”Haneultari,”
the internal newsletter published in 2025

Open Communication with Management

Hwashin's management actively shares information with its employees in the decision-making process and pursues open management and two-way communication to reflect the employees' opinions. First, we hold a company-wide business environment briefing to transparently share major management performance results, shifts in the business environment, mid- to long-term strategies, and management tasks with its employees each year. In particular, a Q&A session between the executives and staff is included in these briefings to facilitate genuine two-way communication in an open environment. To share the company's strategic direction and reinforce cross-organizational collaboration, Hwashin also conducts a business strategy workshop wherein all the executives participate. During the workshop, each division presents its priorities and execution strategies for each business area for the coming year and the participants engage in open discussions and collaborative problem-solving to strengthen organic inter-executive communication.

Talent Management

Organizational Culture

Internal Communication Programs for the International Subsidiaries

Hwashin America Corporation expresses gratitude to all its employees who quietly dedicate themselves on site, and organizes various company-wide communication events—including the Thanksgiving Day event, June Anniversary Day luncheon, and end-of-year major achievement celebrations to foster a free communication culture that transcends ranks and departments. For the Thanksgiving Day event, it shared the U.S. holiday culture and held a traditional Southern BBQ luncheon to help its members bond. Through such regular company-wide events held in a warm and relaxed ambience, the company expresses gratitude and respect for its employees' dedication, and the members get to interact regardless of their nationality or rank. Beyond strengthening relationships and improving job satisfaction among the employees, thanks to these events, Hwashin America Corporation gets to listen to the employees' honest thoughts and reflect their opinions in the corporation's management. Through such heartwarming gatherings, the corporation will continue to build a workplace where its members bond and want to stay for a long time. In addition, every first and second half of the year, it hosts roundtable meetings wherein the executives and HR staff get to hold candid conversations about the company, work, and working environment, with employees from other departments. At the roundtable meeting held in October, it listened to the opinions of the employees working on production and reflected the opinions to actually create resting spaces and enhance safety in the plant's remodeling plan. By creating such opportunities to listen to the members' honest opinions and reflect them in actual management, the corporation simultaneously gets to improve the working environment and build trust between labor and management.

Beijing Hwashin Automobile Parts Co., Ltd. uses birthday gatherings and the November Anniversary Day event as opportunities for labor-management communication. Through these events, the company recognizes its members' efforts and achievements made while directly hearing their voices and strengthening their sense of belonging. In particular, at the birthday gatherings, the head of the subsidiary personally participates to extend his or her congratulations and encouragement, as well as listen to the members' honest opinions and concerns about the company and their work. Going forward, the corporation will continue to actively create opportunities for communication and enhance bonding among its members, as well as directly listen to the employees' voices to reflect them in its management.






Various communication programs held at the international subsidiaries

Talent Management

Organizational Culture

Operation of a Company Workers' Welfare Fund

Hwashin has established and operates the Company Workers' Welfare Fund since 2003 to support the livelihood stability and enhance the welfare of its employees. At the time of its establishment, the company contributed KRW 550 million to launch the fund. Through consistent asset management, the fund has grown to a total asset value of KRW 3.225 billion, including KRW 3.199 billion in permanent property and annual mean interest earnings, and loan interest earnings of about KRW 72 million as of the end of 2025. The fund is managed with a strong focus on its core mission of improving the actual quality of life of the employees. It is actively used to support programs that boost the morale and strengthen the organizational culture, such as quarterly support for intracompany club activities and sports festivals. Hwashin remains committed to continuously using the fund to identify practical and sustainable benefits that reflect the diverse needs of the employees and create a truly happy workplace that satisfies all the employees through the fund's transparent and efficient management.

Company Workers' Welfare Fund's Operation Regulations

[Article 3] Business Purpose
The fund shall execute the following project expenses according to its capacity to pay
▶ Club operation costs and sports festival event costs

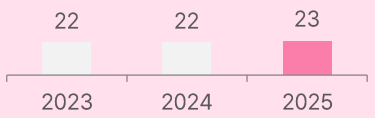
[Article 4] Loan Business
The fund shall execute the following loan project expenses according to its capacity to loan funds.
▶ Housing purchase (new construction), rent funds, and livelihood stabilization funds

[Article 14] Loan Eligibility
① Housing fund: not a homeowner at the time the loan is applied for; leasing or purchasing a house up to national housing scale
② Livelihood stability fund: a person who otherwise experiences difficulty with livelihood

2025 State of Company Workers' Welfare Fund

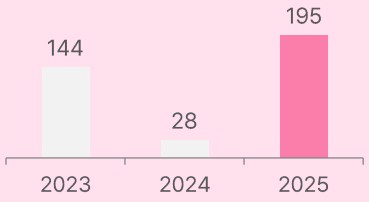
Support for Intracompany Club Activities

(Unit: KRW million)



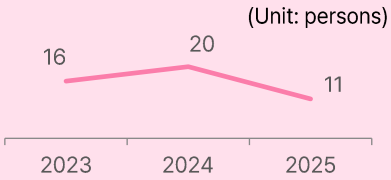
Expenses for Sports Festival Events and Subsidized Gifts

(Unit: KRW million)

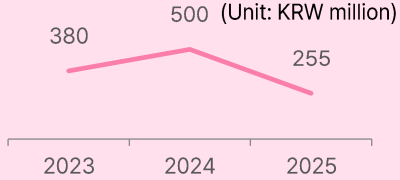


Housing Fund Loan (number of recipients and amount)

(Unit: persons)

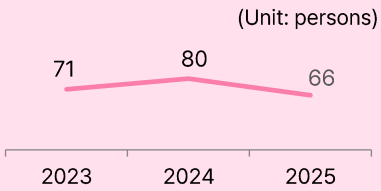


(Unit: KRW million)

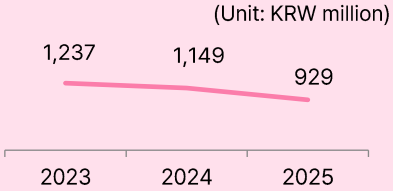


Livelihood Stabilization Loan (number of recipients and amount)

(Unit: persons)



(Unit: KRW million)



Note 1) Per the statement of financial position as of the end of 2025 (non-current assets)
Note 2) Housing fund loans: KRW 838.709 million / Livelihood stabilization fund loans: KRW 1.941 billion

Human Rights Management

Hwashin practices responsible corporate activities based on its human rights management policy that respects and protects the human rights of all its internal and external stakeholders—including its employees as well as local community residents, suppliers, and customers. Hwashin's human rights management is operated on a foundation of respect for people, responsible behavior, and relationships that promote mutual growth, and we believe that the company and society can move together toward a sustainable future grounded in this foundation. Hwashin has established a human rights management system so that everyone may be respected without discrimination and have their rights guaranteed in a safe and fair environment. We are also spreading the value of human rights across the company through fair employment and working environment, safe business sites operation, and the formation of cooperative relationships based on coexistence and trust.

Human Rights Management Policy and Principles

Human Rights Policy

Hwashin recognizes the protection of and respect for human rights for all internal and external stakeholders involved in its business activities—including employees, suppliers, and customers—as a fundamental responsibility. Based on international human rights and labor standards, such as the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights, Hwashin practices human rights management with respect for human dignity as a core value. To this end, the company has established a human rights policy outlining its commitments and detailed principles regarding key human rights issues, including the prohibition of discrimination and harassment, compliance with and improvement of working hours, elimination of forced and child labor, freedom of association and collective bargaining, assurance of occupational safety, and protection of the human rights of local communities and customers. The policy applies to all its Korean and international worksites. Hwashin will continue to strengthen its implementation efforts to ensure genuine protection of human rights, grounded in a corporate culture that upholds human dignity.

Prohibition of Discrimination and Respect for Diversity

Hwashin prohibits any form of unjust discrimination against its employees and strives to be an inclusive company that respects employee diversity. In the recruitment process, no discrimination is made based on sex, race, ethnicity, nationality, religion, age, family status, pregnancy and childbirth, social status, or political beliefs. After hiring, fair and equal opportunities are ensured across all aspects of HR management—including promotions, compensation, training, wages, and welfare benefits. Hwashin will continue to strengthen its HR policies and institutional foundations to respect diversity and inclusiveness.

Human Rights Management Charter (excerpt)

Hwashin Co., Ltd. shall respect the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, and other international standards and guidelines related to human rights and labor.

1. We shall respect the human dignity and value of all employees working at our Korean and international subsidiaries (including executives, staff, and non-regular employees) and stakeholders, as well as strive to fulfill our responsibility to respect human rights across all our business activities.

2. We shall respect international standards and guidelines related to human rights and labor, including international human rights principles and norms, such as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the Organisation for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises on Responsible Business Conduct, and the UN Convention on the Rights of the Child.

3. We shall establish and follow human rights management principles so that human dignity and value are embodied in our business activities and take root in our corporate organizational culture.

4. To fulfill our responsibility to our suppliers, we shall conduct human rights infringement prevention activities to ensure that their human rights and labor rights are not violated, as well as support them in practicing human rights management through Voice of Customer (VOC) activities across various channels for shared growth and mutual prosperity.

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Human Rights Management

Human Rights Management Policy and Principles

Operation of the Human Rights Grievance Counseling and Processing System 1)

Hwashin operates a grievance resolution system to ensure that any human rights violation- such as workplace bullying, sexual harassment, or unfair treatment-that employees may encounter during their work are addressed fairly. To this end, Hwashin has established an internal grievance processing center to which the employees can submit reports related to human rights and ethics and an integrated reporting channel called the "Cyber Complaints Center" to which internal and external stakeholders can submit their grievances. The system allows for both anonymous and real-name reports and counseling through various channels, including email and phone. Upon receipt, reports are handled by the internal reporting system according its operational plan under strict security procedures, and the personal information and report details of the informant are kept thoroughly confidential. To prevent disadvantages arising from reporting, we also operate protective measures for the informants and a system prohibiting retaliation. The reported content is classified by a responsible personnel according to the nature of the case and either forwarded to the relevant departments or handled by a dedicated team for it to conduct the necessary investigations and take appropriate action. Hwashin goes beyond simply resolving individual issues by actively protecting victims' rights through a comprehensive response system that includes post-report protection and measures to prevent the recurrence of the abuse in the workplace.

Note 1) In 2025, there were 0 reports filed through the "Cyber Complaints Center" and the grievance processing center.

Grievance Handling Process

① Grievance submission	✓ Grievances may be submitted through various channels including the Website, email, or phone. ✓ Processing time: within 1–2 days
② Investigation and review	✓ Forwarded to the relevant departments for investigation (fact checking) depending on the nature of the case ✓ Processing time: within 3–4 days
③ Action and resolution	✓ Based on the findings, corrective measures such as training or disciplinary action are taken. ✓ Protective measures for the victim are prepared and recurrence prevention plans are established. ✓ Processing time: within 2–3 days
④ Follow-up management	✓ The outcome is communicated to the person who filed the grievance. ✓ Follow-up monitoring is conducted to ensure implementation of the actions taken and recurrence prevention plans.

Appointment of Grievance Handling Committee Members

Hwashin operates a grievance handling system to protect the human rights of its employees and improve their working environment. In particular, we have established an institutional framework to respond promptly and fairly to a wide range of employee concerns, including unfair treatment, conflicts within the organization, and personnel-related issues, that may arise during work. Hwashin appoints up to three grievance committee members composed of labor and management representatives. These members are responsible for handling employee grievances within 10 days of receipt and notifying the employee of the outcome. If the issue cannot be resolved by the committee, it is referred to the Labor-Management Council for joint consultation and resolution. In addition, the company strictly prohibits any retaliatory treatment against the employees who have raised the grievances or against the grievance committee members. Furthermore, the relevant departments are mandated to actively cooperate in matters necessary for resolving the grievances.

Employee Human Rights Training

Hwashin conducts human rights training sessions for all employees each year, including the legally mandatory training, to promote a culture of respect for human rights and the advance prevention of human rights risks. Educational materials and manuals are shared visa the company's internal bulletin board to support voluntary learning and raise awareness. In addition to the legally required human rights-related training—such as workplace bullying and sexual harassment prevention, disability awareness improvement, and personal information protection—we have included training on "human rights and ESG," which conveys Hwashin's human rights management policy and the importance of human rights, as mandatory in-house training.

Human Rights Training Completion Rate in 2025

NO.	Training Program	Completion Rate 2)
1	Workplace Sexual Harassment Prevention Training	98.4%
2	Workplace Bullying Prevention Training	98.4%
3	Disability Awareness Improvement Training	98.4%
4	Personal Information Protection Training	98.5%
5	Human Rights Protection Training (Human Rights and ESG Management)	98.5%

Note 2) Employees who did not complete training were on leave or overseas business trips. etc.

Human Rights Management

Human Rights Management Policy and Principles

Human Rights Impact Assessment

Hwashin conducts human rights impact assessments to systematically identify and manage the direct and indirect human rights risks that may arise during its corporate management activities. These annual assessments serve as a core mechanism for identifying potential violations by internal and external stakeholders during its business activities and fostering a human rights-friendly corporate culture. Based on the "Guidelines for Human Rights Management and Check List" provided by the National Human Rights Commission of Korea, Hwashin developed its own self-assessment questionnaire. The assessment covers key human rights areas—including prohibition of discrimination, prevention of bullying, prohibition of forced labor, and assurance of occupational safety. In 2025, we expanded the assessment's scope that had previously focused on internal employees, to include external stakeholders—such as contractor and supplier employees—for the first time. The assessment showed that contractor employees working at Hwashin business sites were a relatively more vulnerable group than other stakeholders. For contractor employees, the need for improvements was identified in some human rights areas such as the level of occupational safety management and the working environment. The analyses results showed the limited human and material management resources of the contractors and the characteristics of their on-site working environments. Hwashin plans to designate contractor employees as a key vulnerable group for management and identify and implement improvement tasks based on the assessment results. We will enhance Hwashin's human rights management level through improvements, such as strengthening our support for the contractors' better occupational safety management, support for safety equipment, and the provision of information on communication and reporting channels that can be used when human rights-related grievances arise.

Human Rights Management 2030 Vision

Hwashin has set "Building an organizational culture that respects human rights" and "Leading human rights management" as its vision for 2030. The company aims to realize this vision through human rights impact assessments and advanced improvement measures linked to those assessments. In the short term, by 2026, it plans to expand the scope of internal employee evaluations beyond the Eonha plant to other business sites, achieving an implementation rate of over 50% across domestic sites. By 2028, the company will raise the implementation rate to over 75% and complete more than 80% of improvement tasks derived from assessment results, thereby executing substantial human rights management improvements. By 2030, Hwashin will conduct human rights impact assessments for all employees at domestic business sites and achieve 100% completion of improvement tasks such as enhancing human rights for subcontractor employees, thereby increasing the completeness of human rights management. In addition, the company will institutionalize human rights education for all employees at least twice a year, and to spread human rights culture, will hold internal campaigns and workshops at least once a year, considering qualitative activities as well.

Human Rights Impact Assessment Process

Preparing and planning
- ✓ Selecting assessment targets (internal/external stakeholders)
- ✓ Developing assessment tools and survey questionnaires

▼

Identifying and analyzing human rights risks
- ✓ Conducting self-assessment surveys
- ✓ Identifying key human rights risks
- ✓ Prioritizing risks

▼

Drawing up and implementing improvement measures
- ✓ Establishing risk response measures
- ✓ Each department deducts improvement tasks
- ✓ Distributing training materials and guidelines, if necessary

▼

Monitoring and reporting
- ✓ Verifying the implementation of the improvement measures
- ✓ Collecting feedback and reassessment

Assessment is managed by ESG Planning Team

Ten Key Human Rights Areas

NO.	Human Rights Area
1	Prohibition of discrimination and respect for diversity
2	Prevention of workplace bullying and sexual harassment
3	Prohibition of forced and child labor
4	Guarantee of reasonable working hours and the right to rest
5	Assurance of occupational safety and the right to health
6	Guarantee of freedom of association and collective bargaining
7	Protection of personal information
8	Protection of customers' human rights
9	Impact on the local communities' human rights
10	Respect for human rights in the supply chain

Human Rights Management

Labor-Management Relations

Labor-Management Relations and Protection of Labor Rights

Hwashin fosters a healthy labor-management culture based on mutual respect for managerial rights and labor rights in accordance with the fundamental principles of the Constitution and the Trade Union and Labor Relations Adjustment Act of Korea. Building on this foundation, Hwashin pursues shared interests through communication and cooperation based on trust between labor and management for the sustainable operation of the organization. The company officially recognizes the establishment of labor unions and guarantees workers' rights to freedom of association and collective bargaining. It also operates consultative bodies to maintain and improve working conditions and protect workers' rights and interests. Each year, Hwashin engages in wage and collective bargaining negotiations with the labor union and 99.5%1) of the employees are covered by the results of the collective bargaining. Through this, we ensure fair compensation and improve HR systems. In addition, regular Labor-Management Council meetings are held to listen to and reflect diverse employee opinions and demands regarding the working environment, system operation, and organizational culture. Through these ongoing dialogues and trust-based partnerships, Hwashin is committed to upholding workers' rights while jointly pursuing sustainable corporate growth. The company will continue to do its best to embed a culture of labor-management cooperation throughout the organization.

Note 1) All employees except 2 CEOs and 3 part-time directors were covered by the results as of end of 2025.

Analyzing Wage Levels and Paying Living Wages

As part of harmonious labor-management relations and a healthy workplace culture for sustainable management, Hwashin analyzes the employee wage level and works to pay wages that are above the living wage announced by Gyeongsangbuk-do Province of Korea. A living wage is the wage above the minimum wage at a level that allows workers and their families to lead a decent life as members of society—covering basic food, clothing, and housing as well as education, health care, and cultural life expenses. Following the 2023 enactment of the Gyeongsangbuk-do Living Wage Ordinance, labor and management have cooperated to conduct survey questionnaires of the union members, investigate employees' awareness and the reality of the living wage, as well as analyze the wage level based on the IDH Living Wage Tools, a certified methodology and guideline. Through surveys and wage level analyses, we verify each year whether our employees receive sufficient economic compensation. Since the enactment of the ordinance, Hwashin has paid wages above the living wage to all its full-time regular employees. Hwashin views the living wage as both a means of relieving its employees' livelihood concerns and improving their work engagement, and as an investment and means that help reduce turnover, improve productivity, enhance corporate competitiveness.

Labor-Management Council Activities in 2025

Category	Key Agenda	Discussion Outcome
Q1	Bongdong Plant roof replacement	The construction schedule is to be established during the August 2025 summer vacation period, and the plant building roof is to be sealed.
Q2	Installation of road mirrors and speed bumps at the High-Tech Park Plant	Facilities are to be installed in June to prevent pedestrian collision accidents from vehicles' high-speed driving around corners and roads surrounding the plant.
Q3	Installation of lounge areas for resting and changing room for employees working on logistics at the High-Tech Park Plant	Installation is to be completed by the end of October after confirming its location.
Q4	Increase in departmental dinner expenses	To be re-discussed at the Q1 2026 Labor-Management Council meeting.



2025 Q1 Labor-Management Council meeting minutes

Safety and Health Management

Hwashin has established a safety and health system for its worksites based on the following two pillars: a “people-focused safety and health culture” that places human life and health first, and a “prevention-focused management system” that aims to proactively prevent accidents, which could affect employees, the environment, and the local community. Hwashin believes that safe and healthy worksites are the foundation on which sustainable business and stakeholder trust are based. We do not spare investments for enhanced safety and health and work to build safe working environments to create accident-free worksites. We also provide ongoing training on accident prevention and effective response to embed the values of safety and health and build the capacity of our employees to prevent accidents and respond to them properly to thereby build sustainable and safe worksites.

Safety and Health-First Management Policy

Safety and Health Management Policy

In line with the accelerating global trend of ESG management, Hwashin places the environment and safety of its employees—which determine humanity's sustainable future—as a core operational strategy for corporate competitiveness. Based on the internationally certified Environmental Management System (ISO 14001) and Occupational Health and Safety Management System (ISO 45001), we have established a management system that meets international standards and we thoroughly manage risks across the entire business process. Beyond protecting the local community environment through carbon neutrality practices and establishing a resource circulation economy to address the climate crisis, we fulfill our role as an eco-friendly company by taking responsibility for the environment and contributing to the protection of the global environment. By creating safe worksites wherein all the employees can confidently demonstrate their capabilities, we are establishing a safety-first culture that respects the value of HR, including our employees and those of our suppliers. We also pursue sustainable, trust-based mutual growth by meeting social expectations and transparently communicating with all our stakeholders, including the local community, investors, and customers.



The four “Pause” safety rules posted throughout Hwashin worksites

Ensuring the Independence of Safety and Health Budgets

To systematically manage safety and health risks at its worksites, Hwashin has established a separate safety and health account to ensure that the allocated budget is used exclusively for safety and health purposes and is not affected by internal or external situations. This systematized separate management structure prevents safety and health investments from being subordinated to general operating expenses, thereby enhancing the effectiveness of activities pursued to prevent accidents and improve the working environment. Based on this independent budget, immediate improvements and safety measures are implemented when hazardous or risk factors are identified on site, allowing actions to be taken within the golden time and ensure safety. In addition, Hwashin regularly compiles and reviews the results of its safety and health budget allocation and execution to evaluate the appropriateness of the expenditures and execution rates. Based on this process, the company allocates the budgets flexibly, prioritizing according to the risk level of each worksite. Hwashin continues to make efforts to secure reasonable budgets that reflect the actual needs at each worksite.

Aggregation of Expenses Executed for Safety and Health in 2025

(Unit: KRW 1,000)

Category	Yeongcheon Plant	Yesan Plant	Total
Safety inspections, etc.	7,070	-	7,070
Accident-free awards, etc.	13,096	2,633	15,729
Work environment measurement	27,000	7,700	34,700
Medical exams, etc.	41,472	8,059	49,531
Disinfection	2,580	900	3,480
Total			110,510

Safety and Health Management

Safety and Health-First Management Policy

Safety and Health Management System and Certification

Hwashin places the highest priority on the safety and health of its employees. The company has established an Occupational Health and Safety Management System (ISO 45001) aligned with international standards to carry out systemic and effective risk management and accident prevention activities. Accordingly, Hwashin annually operates its safety and health programs according to a step-by-step process: "risk assessment → organizational circumstance analysis and risk evaluation → goal formulation and improvement (PDCA Cycle)" and carry out safety and health activities based on the evaluation results. We also systematically identify hazardous and risk factors at all worksites and implement proactive preventive measures for the identified risks. The company equally conducts risk assessments at all times in response to changes in safety and health regulations, process or worksite changes, and industrial accidents, to quickly identify on-site risk factors and implement corrective actions. During the risk assessment process, employees' participation and opinions are given the highest priority and we gather opinions at worksites to enhance their participation and consultation. In addition, we provide training on safety and health on an ongoing basis. Through transparent communication about safety and health both within and outside the assessment process, we raise safety awareness across our worksites. We are also in strict compliance with relevant laws and regulations centered around the "Occupational Safety and Health Act" and the "Serious Accidents Punishment Act" of Korea. The company conducts both in-house reviews and third-party reviews by external certification bodies to objectively evaluate the appropriateness and effectiveness of the system. Through this process, Hwashin continuously enhances its safety and health management system reflecting the risk characteristics of each business site.

State of ISO 45001 Certification

Certified Business Sites

Business Sites in Korea	International Business Sites
• Eonha Plant (- Sep 12, 2027) • Bongdong Plant (- Sep 12, 2027) • Yesan Plant (- Sep 12, 2027) • Technology Research Center (- Sep 12, 2027) • High-Tech Park Plant (-Sep 12, 2027)	• Hwashin America Corporation (-Mar 20, 2026) • Hwashin Automotive India Private Limited (-Apr 5, 2026) • Beijing Hwashin Automobile Parts • Co., Ltd. (~Nov 13, 2028) • Hwashin Fabricante de Pecas • Automotivas LTDA (- Feb 20, 2026)

Workplace Safety Inspection Results

(Unit: cases)

Category	Eonha Plant 1)	Bongdong Plant	Yesan Plant	High-Tech Park Plant	Total
Improvements / Total	22/22	23/23	65/65	15/17	**125/127**
Improvement rate	100%	100%	100%	88.2%	**98.4%**

Note 1) The Eonha Plant results include those of the Technology Research Center.

Risk Assessment Improvement Results

(Unit: cases)

Category	Eonha Plant 1)	Bongdong Plant	Yesan Plant	High-Tech Park Plant	Total
Improvements / identified issues	30/30	39/39	45/45	21/21	**135/135**
Improvement rate	100%	100%	100%	100%	**100%**

Note 1) The Eonha Plant results include those of the Technology Research Center.

Contractor Management Activities

Category	Eonha Plant	Bongdong Plant	Yesan Plant	High-Tech Park Plant
State of businesses	HRDAIN, Our Home, Dowon E&C, Daesung	Kyeong Hee Industrial, Green Resources, Our Home	HRDAIN, SMHWAJIN, Misung Food, Tongil Tourism	Our Home, Dowon E&C
Contractor Conference	Sharing of each plant's worker health management and precautions on illnesses related to heat and cold			
Joint safety inspection	Inspection of fire hazards in cafeterias and forklift collision risk areas at the worksites, etc.			

Safety and Health Management

Safety and Health-First Management Policy

Safety and Health Management Organization and Activities

Based on the "Occupational Safety and Health Act" of Korea, Hwashin operates the Occupational Safety and Health Committee composed of a general manager of safety and health and dedicated management personnel with clearly assigned duties and roles according to their positions to carry out safety and health activities at worksites in accordance with established procedures. As such, Hwashin works to proactively prevent hazards at its worksites and maintain safe working environments. In particular, a labor-management committee holds meetings and jointly identifies risks at worksites every quarter, as well as actively discusses and implements substantive improvement measures and solutions. Hwashin will continue to create safe worksites through management-employees communication and practice safety and health management in order to realize accident-free worksites.

Yeongcheon Plant's Safety and Health Management Organization



Occupational Safety and Health Committee's Activities in 2025

Quarter	Eonha Plant / Bongdong Plant / High-Tech Park Plant	Yesan Plant
Q1	- Establishment of the 2025 Safety and Health Management Plan	- Discussions on the 2025 general/special health checkup schedule - Discussions on compliance with comprehensive health checkup guidelines for workers
Q2	- Measures to take based on partial amendments to the Rule on Occupational Safety and Health Standard (heat-related illnesses) - 2025 Company-wide risk register - ESH Management Plan target: achieve a 90% or higher risk improvement rate based on safety inspection results	- Forklift daily/regular inspection and reporting by the supervisor - Establishment of industrial robot safety rule standards
Q3	- Working environment measurement results for the second half of the year - State of improvements made of items discussed during Q3 working-level meetings	- Affixing "no product stacking" stickers in front of indoor fire hydrants and marking directions for hydrant operation - Discussions on constructions to improve plant entrances and material loading/unloading areas to prevent forklift and vehicle collisions
Q4	- Amendments to the Guidelines on the Safety Protective Equipment Management Standards	- Discussions of alternative safe items - Sharing of the supplier safety and health level evaluation results for the second half of 2025

Safety and Health Management

Training on and Building a Safety and Health-First Culture

Safety and Health Training

To enhance employee awareness of safety and build their capacity to prevent and respond to accidents, Hwashin operates a systematic safety and health training program every year. The training's schedule and content are based on the mandatory topics required by the relevant laws such as the "Occupational Safety and Health Act" and the "Serious Accidents Punishment Act" of Korea. The training is structured to reflect each worksite's characteristics, risk assessment results, and job characteristics, with the goal of substantively improving the on-site safety management capabilities. The primary goal of the training is to go beyond simple compliance with legal obligations and entails building the practical on-site capacity to respond to risks and establishing a prevention-centered safety management system. Hwashin conducts regular safety and health training, special safety and health training, other legally mandated job-specific training, and supervisor training, to continuously raise employees' awareness of safety and health and cultivate a culture wherein the individuals voluntarily practice safety. Training is offered through various methods, including online, virtual reality, and group training, thereby improving their accessibility to and participation of all employees. We also operate a system for improving the training by managing the training sessions' completion rates and comprehensively evaluating their understanding in parallel, to quantitatively and qualitatively check the effectiveness of the training and reflect the results in the following year's training plan. Hwashin will continuously enhance its prevention-focused safety and health management system and expand job-specific training in order to deeply embed a company-wide culture of safety and create a sustainable working environment.

2025 Safety and Health Training Completion Rate

Type	Target	Completion Rate
Regular safety and health raining	All employees 1)	100%
Onboarding training	New employees	100%
Special safety and health training	When applicable	100%
Training upon change in work duties	When applicable	100%
Training on hazardous substances	When applicable	100%
Supervisor training	Management supervisor	100%

Note 1) It excludes expatriates, those on leave, and other absentees.

Regular Safety and Health Training

Month	Training Subject	Month	Training Subject
1	Risk assessment	7	Summer health management and risk prevention measures
2	Prevention of near-miss accidents	8	Pressure vessels and welding work safety
3	Prevention of musculoskeletal diseases	9	Prevention of chemical substance hazards and electrical accidents
4	Occupational Safety and Health Act	10	Handling heavy objects and safely managing forklifts
5	Confined spaces and prevention of asphyxiation accidents	11	Use of safety equipment and conveyor work safety
6	Prevention of job stress and workplace bullying	12	Prevention of fires and health management in the winter

Special Safety and Health Training

Relevant Internal Items	Target
Hazardous substances, industrial robots, fire-hazard work, press machines, cranes, hoists, pressure vessels, electrical facilities, confined spaces, conveyors, and forklifts	Workers handling the applicable tasks

Other training

Training Details	Target	Training Institution
Statutory job training	Safety / health / environment managers	Korea Industrial Safety Association
Management and supervisor training	Office workers / on-site management and supervisors	Korea Industrial Health Association

Safety and Health Management

Training on and Building a Safety and Health-First Culture

Designating Dedicated Safety Supervisors and Reinforcing Safety Inspection Activities

Following the "Industrial Accident Prevention Proclamation Ceremony" held in 2022 with the full participation of all the staff, including the CEO, Hwashin has launched a full-scale effort to enhance its on-site safety and health activities to prevent serious accidents, focusing on supervisors since 2023. By appointing supervisors for each department and clearly defining their on-site-based safety inspection task assignments, responsibilities, and authority, Hwashin has implemented initiatives led by team leaders and chiefs- who serve as key frontline figures- to directly identify risk factors and carry out corrective measures. The supervisors identify and improve risk factors at worksites at all times through substantive risk assessments and periodic on-site inspections, and thus contribute significantly to creating an accident-free environment. In addition, to further promote participation and engagement in on-site activities, we operate an incentive program for the supervisors that selects and rewards those with outstanding safety management performance during the year. Additionally, the company is enhancing the safety awareness and expertise of the supervisors and workers through external safety training programs organized by local governments. Hwashin will continue to enhance its proactive risk management system centered on the supervisors' role and continuously expand effective training and participatory programs to foster a deeply rooted safety culture at the field level.





Supervisor activity awards ceremony in 2025

Fire Safety Training System and Drills to Respond to Accidents

Hwashin operates a structured fire safety education and training system to ensure prompt and effective responses to fire and emergency situations at its worksites. The company has established internal fire response units and conducts regular in-house fire drills twice a year. These drills are designed to build the capacity to take rapid initial responses and ensure the proper execution of evacuation procedures in the event of a fire. The training is scenario-based, tailored to the actual situation of each fire unit, and focuses on improving the workers' response skills and checking the effectiveness of the emergency response system. Additionally, Hwashin conducts joint fire drills and fire safety training with the local fire department once a year to strengthen its cooperation with related agencies and enhance the workers' practical response capabilities. The training is based on real situation scenarios such as evacuation simulations and fire suppression. Any improvements identified during the joint drills are promptly reflected in the operation of worksites and safety training under the guidance of the fire department to minimize safety blind spots at the workplace. In addition to the joint drills, we conduct practical cardiopulmonary resuscitation (CPR) training under the guidance of professional firefighters to equip the workers with the capabilities to effectively respond and secure the golden time in the event of an emergency in order to enhance the effectiveness of our emergency rescue system. Hwashin will continue to reinforce proactive prevention-oriented safety management and ensure that all employees are equipped with the practical skills necessary to respond to fires and other emergency situations through ongoing education and training.

Hwashin America Corporation conducts weather disaster preparedness drills twice a year for all its employees working at its worksite to prepare for weather disasters such as tornadoes that occur in the region. In May, based on a scenario of a severe tornado, the drill was conducted as if it were an actual situation, helping employees familiarize themselves with the evacuation routes and areas for safe gathering and embed the actions to take, thereby reducing confusion and enabling safe response in the event of such actual situations.

Safety and Health Management

Training on and Building a Safety and Health-First Culture

Emergency Response Drills

Hwashin maintains emergency management regulations to respond promptly and actively in the event of an emergency, prevent human and property losses, and minimize further damages. In accordance with these regulations, departments that handle high-risk equipment or hazardous and dangerous substances conduct department-level emergency drills. Separately from company-wide drills such as fire evacuation drills, each department conducts scenario-based response drills at sites where various types of safety-related accidents may occur by considering the characteristics of each site's work processes and handled equipment. For example, departments using press machines conduct emergency response drills based on a scenario assuming a crushing accident to reinforce their capabilities for on-site responses, such as treating the injured and communicating the accident situation. By repeatedly conducting regular simulated response drills based on such virtual scenarios, we build the workers' capacity to respond effectively when similar situations occur. In addition to crushing accidents, workers repeatedly get on-site training on how to respond to accidents by assuming scenarios such as collisions, hazardous substance spills, and explosions, for their deeply rooted capability to respond to accidents.



Scenario-based drills to handle emergencies and suppress fires

Creating a Safe and Comfortable Working Environment

During the year-end plant shutdown period, Hwashin America Corporation created a safe and comfortable working environment by improving the office spaces and plant. By redesigning and expanding the lounge area for resting, we enabled workers to take breaks in an accessible and comfortable area, and by improving the worksite's safety and cleanliness, we transformed it into an efficient site. We thus enhance employees' productivity and job satisfaction and prevent accidents by providing appropriate opportunities for resting.



Before improvements to the worksite environment



After improvements to the worksite environment

Safety and Health Management

Training on and Building a Safety and Health-First Culture

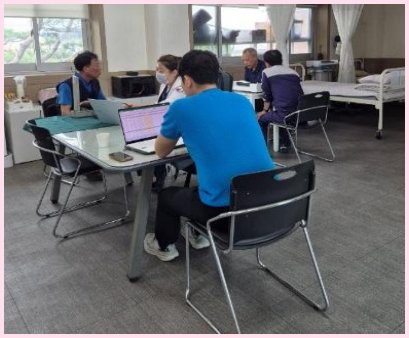
Operation of Health Management Facilities and Programs

Hwashin operates a medical facility within each business site to protect and manage the health of its employees. To effectively alleviate fatigue and physical discomfort that may arise during work, and to effectively respond in the event of emergencies or situations requiring treatment, specialized treatment devices and professionals are stationed within the infirmaries. Each facility is equipped with specialized treatment devices such as low-frequency, infrared, and paraffin treatment equipment, as well as air-pressure massagers for physical therapy, InBody analyzers, and blood pressure and blood glucose monitors, so that employees may manage their health periodically. These facilities are open to all employees at any time during working hours for their health management and physical recovery. The equipment are managed reflecting the workers' health risks that may arise given the characteristics of each worksite. The infirmaries are effectively used especially in working environments that place a significant strain on the musculoskeletal system to help employees relieve fatigue and recover early, or ease minor pain or tension through physical therapy. In addition, a full-time certified nurse is stationed in each facility to guide employees to safely and accurately use the treatment devices according to established procedures and standards. The nurse also provides health consultations, enabling the early detection of and response to symptoms and preventive care. For minor illnesses and injuries, appropriate medication is provided and prompt first-aid is administered after checking the condition, and when needed, follow-up care is systematically supported through referral to external medical institutions and post-care monitoring. Hwashin goes beyond simply providing treatment devices and continuously expands the provision of medical equipment and programs in consideration of the unique characteristics of each workplace and the specific health risk factors faced by the workers. We are enhancing our workplace health management system through integrated efforts, such as intensive care for individuals with abnormal findings and diagnoses, musculoskeletal risk factor preventing activities, noise-induced illness prevention, and programs to prevent hazards in confined spaces. Additionally, we conduct preventive consultations and follow-up management for high-risk employees. We are thus building a proactive health management foundation for occupational disease prevention and health risk reduction. We are currently considering providing personalized health management solutions for all employees in the future.

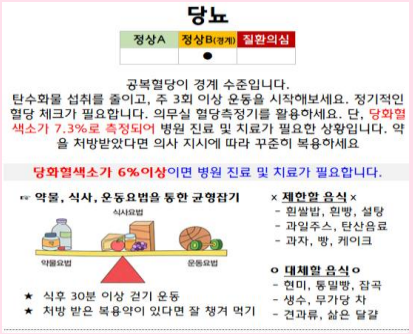




Physical therapy and the low-frequency and infrared therapy devices used



Health management with health managers and specialized medical staff



Guidance for personalized health management

Safety and Health Management

Training on and Building a Safety and Health-First Culture

Health Management during Heat Waves

To protect workers from heat waves that have become increasingly severe due to climate change and to comply with strengthened regulations related to heat waves and heat-related illnesses, we operate an on-site management system to prevent health abnormalities and accidents that may occur from working in heat. In particular, we improve the working environment and carry out activities to protect the workers' health based on the three basic rules used to protect heat-related illnesses (water, shade, and rest), so that they are guaranteed sufficient water intake, sun shading, and rest in cool environments. We continuously monitor the apparent temperature around the worksites, reflect it in the work schedule, and collect measurement data to use them in improving the working environment. We have also established response standards by time of day and temperature stage that reflect the characteristics of each work process, and are adjusting the working hours for flexible resting and working. Furthermore, we are reinforcing the water and salt replenishment system to ensure the intake of water, sugar, and salt, which are essential for preventing heat-related illnesses. In the summer, beverages and ice products are provided daily, ice machines have been installed in worksite departments, and the medical facilities keep saline glucose and heat-related illness medication in stock to prepare against emergencies. In particular, we identify high-risk individuals to intensively monitor their working environment and body temperature, as well as provide items to prepare against heat waves (cooling scarves, ion drink powder). We also conduct health-related questionnaires and individual consultations in advance to proactively manage vulnerabilities toward heat-related illnesses. In addition, we conduct on-site tests to verify the effectiveness of personal cooling items and review practical measures to reduce the apparent temperature. In 2026, we plan to introduce an IoT-based temperature and apparent-temperature monitoring system, and use a system for real-time collection and analysis of data to predict risk levels in advance and build a proactive response process based on manager alerts. We will continue to prepare against heat waves and protect workers' health by creating smarter and safer worksites.

System for Monitoring and Preventing Infectious Diseases

To protect employee health, Hwashin operates a system for the continuous monitoring of infectious disease outbreaks in Korea and globally, and we quickly provide related information for their prevention. Based on the announcements of authoritative agencies such as the Korea Disease Control and Prevention Agency, we analyze the risk levels, review their impact on our business sites, and establish response measures. When major seasonal infectious diseases arise, we actively disseminate prevention guidelines through in-house bulletin boards to help employees protect themselves from infectious diseases and work safely. When necessary, step-by-step preventive measures are conducted in parallel, such as reinforcing personal hygiene rules, recommending mask wearing, and inspecting workplace disinfection. In addition, due to the characteristics of the work process, worksite employees are particularly vulnerable to tetanus. As such, we have supported tetanus vaccination costs for employees, reviewed their vaccination history, and managed their state since 2021. By providing guidance to those in need of vaccination, encouraging their vaccination, and managing their history data, we operate a structured immunity management system. During the Lunar New Year and Korean Thanksgiving holidays, we provide information on emergency clinics and pharmacies in advance so that medical help may be easily accessible in the event of emergencies and even beyond working hours. The company thus prevents the spread of infectious diseases and continuously upgrades its prevention-oriented health management system so that all its employees may enjoy safe and healthy daily lives.



Distribution of cooling items



Tetanus vaccination support for on-site workers

Safety and Health Management

Training on and Building a Safety and Health-First Culture

Promotion of Employee Health

Hwashin operates a structured health management program based on the belief that the physical and mental well-being of our employees is the foundation for sustainable corporate growth. Hwashin operates its health management system in an integrated manner covering the entire process from prevention, to diagnosis and follow-up management. All employees undergo annual regular health checkups for all our employees and those of our suppliers. For high-risk groups prone to specific illnesses and for those identified through checkup results as needing observation or further attention, we provide thorough follow-up health management programs—such as additional blood tests and frequent consultations with medical specialists and health managers. We screen high-risk groups for diseases by turning checkup results into data and conduct health risk reduction activities by managing the tracking and encouraging their getting medical examinations again. We also conduct preventive activities such as a hearing preservation program to prevent health problems. In addition to these health management programs, special medical examinations are conducted before and after job assignments to proactively assess and manage various symptoms that may arise from each job, and continuously monitor health impacts based on job changes or exposure to harmful factors. Hwashin provides comprehensive medical examinations for employees aged 41 and older and their spouses to support their early diagnosis of diseases and promote the health of their families. We thus support the early detection and treatment linkage of major diseases, spread a health management culture, and contribute to improving our employees' quality of life. For working environments, we conduct inspections twice a year. In addition, we protect employees' health with workplace-specific health protection activities through surveys on musculoskeletal hazards, programs to manage safety in confined spaces, and improvements to working environments. Activities to improve the working environments are managed in connection with risk assessments and health checkup results, thereby building a management system focused on the prevention of occupational diseases.

Types of Medical Examinations

Category		Exam Period	Examined Items	Time of Examination	Examining Institution	
					Yeongcheon Plant	Yesan Plant
Regular health checkup		Once a year	General checkup, Hearing test, lung capacity test, blood test, cavities, etc.	April	Korea Industrial Health Association	Korea Industrial Health Association
Pre-placement medical exam		Pre-assignment		As needed	Worksite: Korea Industrial Health Association Office: Dongsan Orthopedic Clinic	Yesan Myongji Hospital, Hongseong Medical Center
Post-placement medical exam		Within 2–6 months after assignment				
Comprehensive medical exam	Employees	1 session / 3 years	Blood test, computed tomography (CT), ultrasound, gastroscopy, colonoscopy, MRI, etc.	Desired date between February and November	The Most Holy Trinity Hospital	Chungcheongnam-do Hongseong Medical Center
	Executives	Once a year			Preferred hospital	Preferred hospital

Working Environment Measurements

Measurement Frequency	Implementation Schedule	Relevant Departments for Measurement	Measuring Institution
Semiannually	First half: March Second half: September	Production Departments 1/2/3, Facility Management Team, Logistics Management Team, Development Testing Team, Advanced Research Team, EV Structure Team, Production Team, Production Management and Logistics Team	Korea Industrial Health Association Environmental Hygiene Team

Other Health Promotion Programs

Medical Exam Management of Individuals with Abnormal Findings	Hearing Preservation Program	Confined Spaces Program	Operation of Infirmary and Physical Therapy Clinic
January – December	May – October	January – December	January – December

Local Community

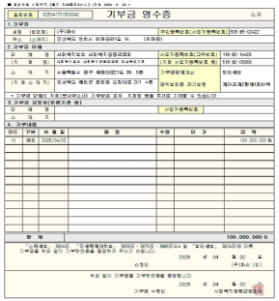
Hwashin firmly believes that sustainable corporate growth must go hand in hand with the sustainable development of the local community. Guided by this belief, the company actively engages in a variety of social contribution activities to promote mutual growth with the region. Rather than focusing on one-off donations, Hwashin implements sustainable and systematic social contribution programs that bring about meaningful changes in the communities and foster a culture of empathy and solidarity throughout the organization.

Coexistence and Value Creation with Local Communities

Social contribution activities

Disaster Response and Emergency Relief Support

In March 2025, Hwashin donated KRW 100 million to the local communities affected by large-scale wildfires in the North Gyeongsang Province, Korea. As wide forested areas were destroyed and many people were displaced—not only in Uiseong, where the fires began, but also in Andong and Cheongsong—the KRW 100 million fund was used for forest damage recovery and for the livelihood stability of the displaced residents. This donation reflects Hwashin's commitment to fulfill its responsibility for mutual growth and solidarity as a member of the local community.


기부금 영수증

Hwashin donated KRW 100 million to the Community Chest of Korea for recovery from wildfires in the North Gyeongsang Province.

Local Community Sharing Campaigns and Donation Records

To address difficulties faced by the local community, Hwashin participates in sharing campaigns each year. We donated a total of KRW 170 million in 2023, KRW 200 million in 2024, and KRW 220 million in 2025—donating a total of more than KRW 590 million to the local community over the past 3 years. In recognition of its ongoing commitment to sharing, Hwashin was honored as an "Corporate Philanthropy Leader" by the Community Chest of North Gyeongsang Province.





Hwashin donated KRW 150 million to the Yeongcheon City Hope 2026 Sharing Campaign and KRW 20 million to the Yesan County Hope 2026 Sharing Campaign, thereby delivering hope to the local communities.

Promoting a Culture of Employee-Driven Giving

Hwashin is also leading the way in creating a culture of voluntary giving based on employee participation. CEO Chung Seo-jin and employees take part in the "Salary Change for Change Donation Campaign," in which the employees voluntarily donate the remaining change from their monthly salaries. By lowering the threshold to sharing and making it a light, accessible event for everyone, we are spreading a culture of sharing. The funds collected through the initiative are used to support various on-the-ground activities such as the welfare of children in the local community and support for medically vulnerable groups.





Funded by Salary Change for Change Donation Campaign, we implemented the Children's Meal Truck and Welfare Center Summer Camp Program

Local Community

Coexistence and Value Creation with Local Communities

Wooseok Scholarship and Culture Fund

In 2005, Hwashin established the "Wooseok Scholarship and Culture Fund'" to meet its social responsibilities and share consistently and systematically. Rooted in Hwashin's founding philosophy of "people-centered growth" and "sharing," the foundation focuses on contributing to the local community and nurturing future generations through the balanced development of education and culture of local talents. The Fund annually runs scholarship programs for youth and college students, along with cultural and artistic initiatives and community contribution activities. The fund provides meaningful financial and academic support for promising individuals who pursue their dreams without losing hope or courage despite financial hardships and helps them focus on their studies. It also offers a range of opportunities to the selected scholarship recipients for them to grow into leaders who can contribute not only to their local community but also in Korea and globally. Since the founding, the fund has continually expanded both the scale of its scholarships and the number of beneficiaries, thereby contributing to the reduction of educational inequality and fostering a virtuous cycle of talent development in the local community. Hwashin will continue to deliver messages of hope to more students and neighbors through the foundation's activities and thus fulfill its role as a responsible company growing together with the local community.



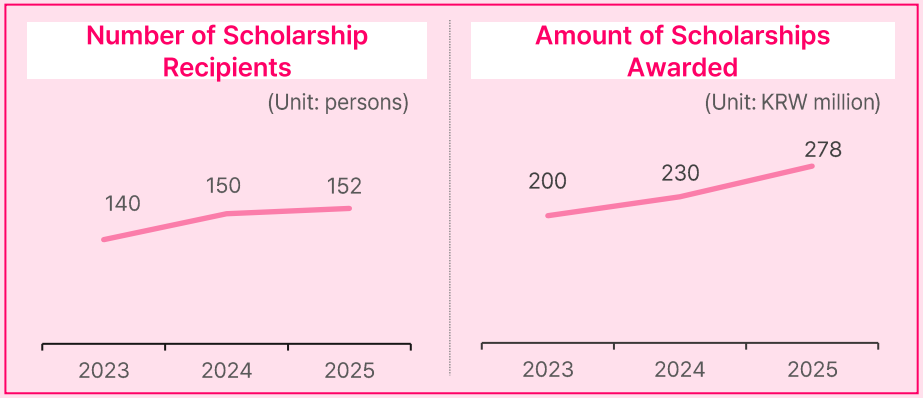


The 21st Wooseok Scholarship and Culture Fund Award Ceremony and recipients in 2025

Foundation's Board of Directors (as of December 2025)

Position	Name
Chairperson of the Board of Directors	Chung Seo-jin
Director	Park Gyeong-hwan, Do Yeong-rok, Song Sang-woo, Roh Tae-gi, Seong Tae-mun
Auditor	Min Jeong-gi, Jeong Jae-ook
Secretary-General	Kwon Yeong-woo

State of Scholarship Provision



Information Protection and Security

Hwashin is making continuous efforts and providing ongoing training to establish a robust information security culture in which all users and information providers—including employees, suppliers, customers, and internal and external stakeholders—can use information with peace of mind. To safely protect critical corporate information assets and the personal information of various stakeholders, we have established and operate a thorough and secure information protection management system. Through this information security and personal information protection system, we encourage our employees to recognize the importance of information security and do our utmost to protect the personal information of our internal and external stakeholders. To this end, we conduct regular information security training and inspections to prevent the risk of information leakage and plan to continue reinforcing our information security system to maintain the trust of our customers and society.

Information Protection and Security System

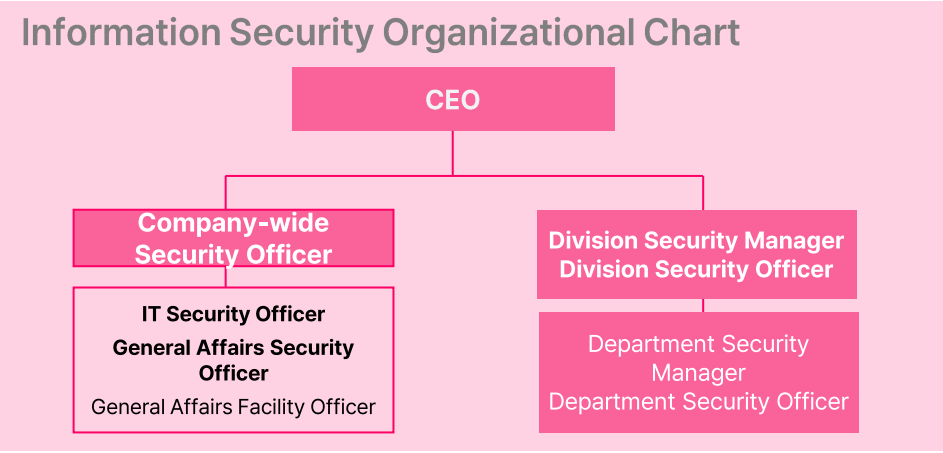
Information Protection Principles and Policies

Hwashin recognizes the protection of sensitive information, such as employees' personal information, customer information, and trade secrets obtained in the course of its business activities, as a critical corporate responsibility. Accordingly, the company is advancing its information security system while simultaneously strengthening employee awareness of security practices. Hwashin strictly complies with relevant laws and security regulations and systematically updates and enforces internal regulations, including its standards for managing information security and guidelines for responding to IT security accidents. These efforts help establish a solid foundation for effectively responding to various threats, such as information leaks, system intrusions, and information loss. To proactively address the growing sophistication of cybercrimes such as hacking and ransomware, Hwashin regularly conducts security training programs. These include response procedures for different types of cyberattacks and self-diagnosing methods for personal computers. These training sessions play a key role in raising security awareness among all the employees and in preventing real-world damages, while also promoting a culture of voluntary information protection.

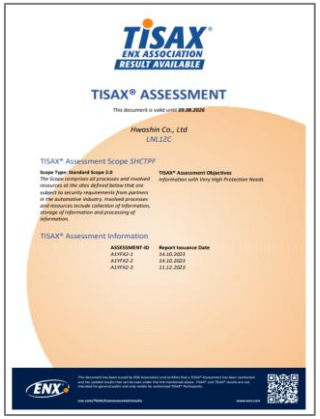
Information Protection Certification and Management

Hwashin is actively pursuing and maintaining external information protection certifications to establish a globally recognized information protection system and earn the trust of its customers and stakeholders. In particular, the company has acquired certifications, such as the Trusted Information Security Assessment Exchange (TISAX), which sets the information protection standards for the automotive industry, and Hyundai Information Security Management System (H-ISMS), which meets the Korean information protection management standards. Through these certifications, Hwashin systematically manages its overall information protection standards, including security policies, infrastructure, and management systems. These are not one-time certifications, rather, they are renewed and managed through regular security checks, document reviews, and evaluations of the adequacy of physical and technological safeguards. This approach ensures that the company remains flexibly responsive to the ever evolving cyber threats. Moving forward, Hwashin will continue to build its company-wide information protection capacity to maintain information protection standards that meet the global standards and ensure the safe protection of sensitive information that belong to its customers, suppliers, and employees.

Information Security Organizational Chart







Information protection certificates

Information Protection and Security

Training and Spreading a Culture of Information Protection and Security

Elevating Information Protection Awareness

Hwashin operates a company-wide information security training system under the principle that the foundation of information security begins with employee awareness and practices. Each year, a security officer is selected within each team to undergo primary security training. Through in-team cascade training, these selected officers help ensure that all employees within each team understand and can apply core information security principles. This structure helps raise the overall level of security awareness across the organization and supports the establishment of a security culture tailored to each department's unique characteristics. The training curricula include practical content such as personal data protection, email security, precautions for file sharing, and how to respond to ransomware and phishing attacks. The goal is to empower employees with the capability to proactively respond to information security threats.





Security training during the first half of 2025

Simulated Training for Enhancing Response to Cybersecurity Threats

To prevent cybersecurity incidents in advance and build the employees' capacity to respond to them, Hwashin regularly conducts phishing email simulation training twice a year – the first and second halves of each year. The training uses realistic scenarios based on possible actual phishing threats, such as emails impersonating concert ticket promotions or well-known online retailers, which are contents that employees can easily fall for. These simulated attacks are sent to staff members to assess their awareness and responsiveness to security risks. In the training conducted in the second half of 2025, the information leak rate among the participants was approximately 2%, making an improvement compared with 13% in the first half and 4% in the second half of 2024. Hwashin plans to further advance its information security activities with the goal of achieving "zero (0%)" cyber incident infection rate.

Strengthening Internal System Security

In the first half of 2025, Hwashin introduced a mobile OTP-based double-layer authentication to enhance security when accessing internal systems such as the Knowledge Management System (KMS) and HR System (e-HR). Prior to the implementation, we provided guidance not only on how to install but also use the OTP system, and how to adhere to security protocols to all the employees. This initiative prevents account theft and unauthorized access, thereby reinforcing the protection of internal information assets to a higher level.

Inspecting and Supporting Supplier Information Security

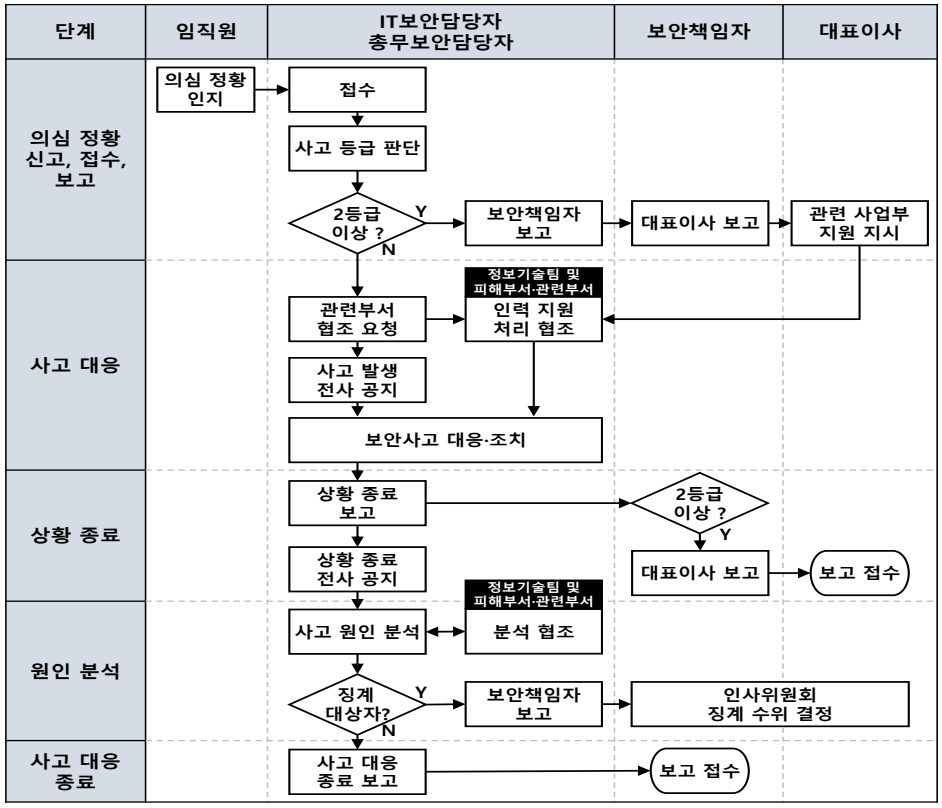
Hwashin has inspected its suppliers' information security systems and supported their IT capabilities since 2025 by extending its information security system to them for seamless information security and protection. From March to April, we inspected the information systems of five suppliers through document reviews and on-site audits, focusing on information system risk factors that could affect their production and customer information security requirements. Based on the audit results, we also provided support to build the IT and information security capacity of our suppliers. For suppliers lacking information security policies and equipment expertise, we prepared and provided documents on procedures and improvement plans based on the on-site inspection results so that they could improve them in the short term without costly investments. We presented specific items to improve, such as the installation of security cameras and restricted-area signs, monthly information security patches, and the preparation and management of a network configuration diagram, thus encouraging our suppliers to build their information security capacity. In addition, when there was no dedicated IT/information security organization or staff, we requested the designation of officers and presented mid- to long-term improvement tasks for each company. For suppliers with limited additional investment capacity or poor infrastructure, we provided regular information security training to enhance their employees' information security and protection awareness. We plan to continuously build the suppliers' system for information security management by designating officers for each company and providing detailed mid- to long-term improvement tasks. We also plan to expand the inspection scope to the top 10 suppliers selected by revenue and to companies that have not met Hwashin's standards. We equally plan to share samples of Hwashin's information security procedures and manuals to support our suppliers practice information protection and security.

Information Protection and Security

Training and Spreading a Culture of Information Protection and Security

Information Security Incident Response Procedures

Hwashin has established and operates a company-wide information security incident response procedure to ensure swift and systematic handling of security breaches. By clearly defining each response phase and building a collaborative system among the relevant departments, we effectively respond to various information security threats, such as information leaks, malicious code infections, and system intrusions.



Personal Information Protection System

Pursuant to Article 28 (2) of the "Personal Information Protection Act" of Korea, Hwashin operates a structured training and control system to ensure the appropriate handling and safe management of personal information. At least twice a year, we provide training on personal information protection and breach prevention to personnel handling personal information, the personal information protection managers and departmental information security officers, in order to raise employees' information security awareness and build their practical capacity. Additionally, we regularly inspect to determine whether the proper technical and managerial safeguards of personal information are being taken to continuously maintain a secure management system in line with the legal requirements and internal regulations. Furthermore, only a minimum number of designated personnel are granted system authorization regarding access to personal HR information with limited rights. These personnel are requested to sign a pledge of HR information protection annually to strengthen internal controls against the misuse and leakage of personal information. Hwashin will continue its efforts to safely protect the valuable information of its internal and external stakeholders based on a responsible attitude toward personal information protection and actual management system.

Personal Information Protection Training

Category	Details
Training frequency	At least twice a year
Target participants	Personal information protection officers, personal information handlers, departmental security representatives
Training details	Safe handling of personal information and prevention of data breaches
Training method	Company-wide group training, department-level training, online training, and other methods tailored to specific situations

Shared Growth and Supply Chain Management

Believing that shared growth with our suppliers and a sustainable supply chain accelerate the development of both Hwashin and the automotive industry, we seek ways to grow together with our suppliers and pursue the sustainable growth of the entire supply chain. Based on fair and transparent trading relationships, we strengthen trust with our suppliers and systematically manage ESG risks and sustainability issues that may arise across the supply chain—including quality, technology, safety culture, and environmental protection. We thus support our suppliers build competitiveness and proactively manage the supply chain risks to secure a stable value chain. We will continue to raise our suppliers' awareness of sustainability management and reinforce the establishment of a responsible supply chain trusted by our customers and society by regularly communicating, evaluating, training, and pursuing shared growth programs with our suppliers.

Principles and Practices for the Value of Shared Growth

Four Action Points for Fair Trade and Shared Growth

To establish an order of fair trade order and proactively prevent risks that may arise in contracts and transactions, Hwashin has formulated and adheres to “Four Action Points for Fair Trade and Shared Growth” and conducts transactions and exchanges with our suppliers accordingly. To build a voluntary and sustainable shared growth culture, we engage with our suppliers on a wide range of topics—including technology, training, finance, safety management, and management stabilization—and pursue substantive support programs that contribute to our shared growth.

Desirable Contract for Coexistence and Cooperation	We build fair and reasonable trading practices by presenting matters for mutual compliance in transactions.
Fair Supplier Selection (Registration)	Enhance transparency and fairness in supplier selection
Establishment and Operation of the Subcontracting Transaction Internal Review Board	Review in advance the fairness and legality of subcontracting transactions between Hwashin and suppliers
Good Practices in the Issuance and Retention of Documentation in Subcontract Transactions	Promote the practice of issuing advanced documentation in subcontracting agreements and transactions between Hwashin and suppliers

Supplier Code of Conduct

Hwashin has established a sustainable supply chain to effectively manage supply chain risks and enacted the Supplier Code of Conduct to minimize problems that may arise in our transactions with our suppliers. This code is the basic norm that defines the transactions and exchanges between Hwashin and the suppliers and is posted on the company's Website and disclosed to all internal and external stakeholders. The code broadly consists of four areas—ethics, environment, labor and human rights, and safety and health—each containing the values that Hwashin considers important. It also provides implementation guidelines and conduct guides for external stakeholders such as our suppliers. Suppliers who provide goods and services to Hwashin through the supply chain are advised to comply with the code.



Shared Growth and Supply Chain Management

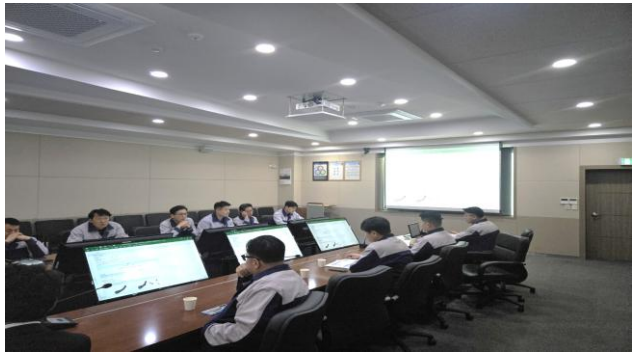
Principles and Practices for the Value of Shared Growth

Autonomous Compliance Review Committee Meeting

Hwashin seeks to establish a fair subcontracting order by pre-reviewing the fairness and legality of subcontracting transactions with our suppliers and post-verification of their legality. To this end, the departments involved in subcontracting transactions regularly hold the Autonomous Compliance Review Committee meeting each month. We seek to proactively prevent potential risks by seeking consultation from expert attorneys and the autonomous compliance manager regarding issues arising from each team's internal review.

Coexistence and Cooperation / Subcontracting Law Training

To shape a culture of fair subcontracting transactions with suppliers, Hwashin annually distributes lesson plans and implements training for the involved departments. The lesson plans include matters such as an overview of fair trade and enforcement trends, the subjects and types of subcontracting laws, regulations, and sanctions for violations to provide basic training on subcontracting laws. In addition, we share cases and hold Q&A sessions with advisory attorneys in order to establish a corporate culture of coexistence between Hwashin and its suppliers.



Autonomous Compliance Review Committee meeting with the participation of relevant Hwashin employees

Enhanced Communication with Suppliers

To strengthen relations with its suppliers and establish a culture of shared growth where lines of communication are open for any issues, Hwashin implements various programs to enhance communication. Each year, Hwashin officers and employees visit suppliers and conduct exchange meetings with supplier plant managers and cooperation meetings with supplier representatives, operating multifaceted communication channels and Voice of Customer (VOC) activities to listen to the voices and grievances on the ground and thus resolve any issues. Hwashin will continue operating various communication enhancement programs to empathize with and resolve supplier issues for sustainable partnership with side-by-side growth.

Programs for Enhanced Communication with Suppliers

Supplier VOC activities Visits to suppliers to listen to their grievances and resolve issues	**Cooperation meetings with supplier representatives** Exchange meetings with supplier plant managers Meetings to listen to issues that may arise
Online anonymous reporting channel Operation of the "Cyber Complaints Center" for supplier employees to convey issues	**Exchange meetings with primary and secondary suppliers** Sharing policies and issues through semi-annual exchange meetings

Shared Growth and Supply Chain Management

Principles and Practices for the Value of Shared Growth

Top Score in Evaluation of Fair Trade Pact Implementation (seven consecutive years)

Hwashin continuously practices shared growth principles to spread a culture of coexistence and cooperation and build fair and transparent trading relations based on trust with its suppliers. For this, Hwashin is subject to annual implementation evaluations by the Korea Fair Trade commission (KFTC). We comply with the KFTC's guidelines in our transactions with our suppliers and work to comply with fair trade-related laws and regulations through activities such as the Fair Trade Autonomous Compliance Review Committee meetings and Fair Trade Pact evaluation preparations. In recognition of these autonomous contributions to establishing an order of fair trade and promoting a culture of coexistence and cooperation, Hwashin was awarded the top score level for seven consecutive years from 2019 to 2025. This is the result of efforts made to enhance fairness and transparency in all our transactions with our suppliers and to reinforce a system for sustainable supply chain management. Hwashin will continue to strengthen the supply chain system to grow together with our suppliers based on mutual trust.

Participation in the Gyeongbuk – Automotive Parts Industry Coexistence Agreement

To contribute to strengthening sustainability across the entire automotive value chain, Hwashin signed the "Gyeongbuk – Automotive Parts Industry Coexistence Agreement" and actively conducts activities for coexistence and cooperation. Starting with this agreement, the Gyeongbuk Provincial Government, academia, and local automotive parts companies agreed to cooperate for fair trade and coexistence within the automotive value chain. In particular, public and private sectors are jointly enhancing trade stability and strengthening partnerships, focusing on the small and medium-sized enterprises that constitute a large portion of the region's automotive parts industry's competitiveness. Through this agreement, we established a coexistence council with the joint participation of local governments, employment-related organizations, and academia, to directly listen to the difficulties faced on-the-ground, discuss ways to close the gaps in the labor market, and stabilize the operation of the supplier workforce. We also seek to support suppliers improve their business conditions and build their capacity by identifying and sharing coexistence and cooperation models. We equally seek to systematically manage the supply chain risk factors such as compliance, safety, and working environment by running programs for coexistence and cooperation. These efforts contribute to enhancing the resilience and sustainability of the supply chain based in the region and serve as an important foundation for building Hwashin's capacity to manage its supply chain.



Awarded the top score level in the Fair Trade Pact implementation evaluation consistently since December 2019



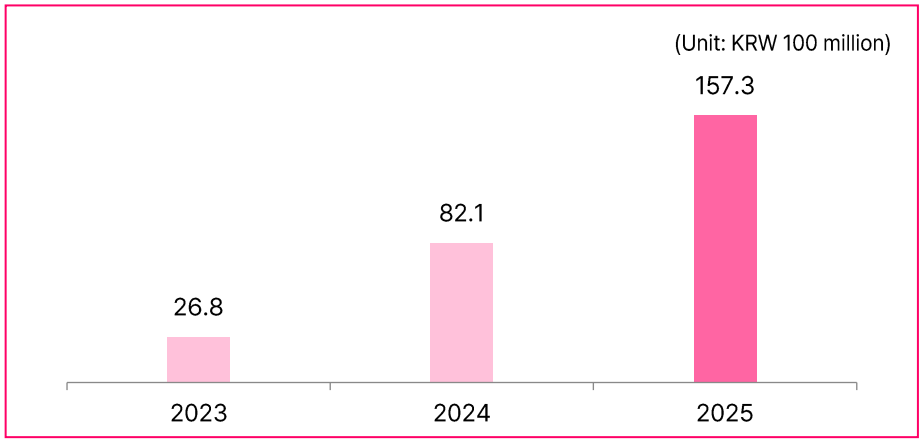
Shared Growth and Supply Chain Management

Expanding Support for Suppliers for Coexistence

Technical Support and Profitability Improvement Support

Hwashin provides technical support to suppliers experiencing technological difficulties from continued worsening outcomes and shortfall of expert personnel by making joint efforts to help them secure sustainable technological competitiveness. We thus pursue projects so that technical support leads to improvements in product quality issues, stabilization, and the elimination of waste factors in the production process. Ultimately, through technical support, we help our suppliers not only enhance their technological competitiveness but also improve profitability. In 2025, we pursued technical support projects to improve the suppliers' profitability that can positively impact their business management—such as production line consolidation and process redistribution, ROBOT program reprogramming, waste elimination through process improvements, and improvement of persistent quality issues—and we invested approximately KRW 15.7 billion alongside the technical support.

Supplier Technical Support Amount by Year



Safety and Health Support

Hwashin places the health and safety of its supplier employees as a top priority, equal to that of its own employees. Thus, to protect them and promote Hwashin's value of "health first, safety first," we actively support the prevention of industrial accidents and the integration of safety management systems within our suppliers. To proactively respond to the increasingly stringent safety and health regulations, such as the "Serious Accidents Punishment Act" of Korea and to spread the value of safety and health, Hwashin conducts regular safety and health inspections, support, and training for its suppliers every year. In 2025, we carried out joint safety and fire drills, forklift checks, and risk assessment support with the suppliers. These initiatives aim to help them establish their own industrial safety and health management systems and focus on building their capacity to prevent worksite risks. The company also continues to provide worksite monitoring and support programs to identify and address potential hazards before they occur. In 2025, through support programs, including the installation of forklift safety sensors at major suppliers and the construction of welding-line safety equipment, we contributed to raising the overall safety standards of our suppliers. We also conducted joint fire drills with the local fire department and, as part of fire risk management support, we provided consulting on safety and guidance on measures to improve safety at worksites. Furthermore, by continuously supplying our suppliers with personal protective gear, such as safety gloves and helmets, we are proactively preventing safety-related accidents.

Severe Hot-Weather Season Support

Hwashin extends its activities to prevent heat-related injuries conducted at its own sites during the hot-weather season to its supplier employees struggling with the heat. Following 2024, in 2025 as well, we provided ice makers to suppliers in preparation for the hot-weather season. This not only helped supplier employees access cool beverages but also encouraged their use of tumblers, achieving the additional effect of reducing paper cup use. In addition, starting in 2025, during a two-week hot-weather period, we visited our suppliers individually to provide cool ion drinks and ice products to support their employees enjoy rest from the heat. To protect the employees from heat-related illnesses arising from increasingly severe heat waves and to boost morale, we plan to expand our hot-weather season support programs—such as guidance on government support for the construction of cooling and resting or break rooms at supplier sites or investment support, and support for personal cooling equipment.

Shared Growth and Supply Chain Management

Expanding Support for Suppliers for Coexistence

Worksite-Centered Direct Support

Hwashin provides support to its suppliers by directly visiting their worksites and jointly working with their employees. Under the principle of worksite-centered direct support, in 2025, we visited numerous supplier worksites to conduct various support programs. We also directly listened to their employees working at the sites on the needed support and reflected their opinions in our support programs. By directly conducting activities at the worksites and listening to on-site opinions, we were able to provide the items, training programs, and other resources needed by on-site employees at the right time and place. By continuing to uphold the principles of worksite-centered and direct support, we are helping our suppliers enhance their stability and competitiveness. Hwashin realizes the value of shared growth by personally visiting our suppliers and working hand in hand with their employees.



Joint Fire Training



Summer Seasonal Support



Safety Sensors

Supplier workplace safety management and support

Hwashin manages the industrial accident rates of its major partner companies and supports occupational safety and health activities. The company reviews the accident rates of key partners annually, and for business sites that show higher-than-average accident rates, it provides occupational safety and health support activities to prevent industrial accidents. For companies that maintain accident-free workplaces, Hwashin encourages their high level of safety and health by awarding accident-free certificates and incentives.

2025 Supplier Safety Management

Period: 2025.01.01 ~ 2025.10.24
Standards: KOSHA standards and database

No. of Suppliers	Grave Accidents	Workplace Accidents	Accident-free Suppliers
13	ZERO (0)	1	12 1)

Supplier	Accident rate	재해 발생일	Accident	Follow-Up Support
A	0.95	25.06.05	Compression injuty	Workplace maintenance, reinforcement of safety training and supervision

Notes 1) Number of suppliers Hwashin manages safety issues with
Notes 2) Accident free suppliers have accident rate of 0



Zero-Accident Certification Award Ceremony

Shared Growth and Supply Chain Management

Expanding Support for Suppliers for Coexistence

Training and Personnel Support

With the firm conviction in recognizing suppliers' competitive edge as its own, Hwashin undertakes various training programs annually for capability development and developing top talent within our suppliers. In 2025, we conducted the Edu-Camp program, during which we provided safety, job, and technological training for Hwashin's major suppliers. Building on the safety, job, and technological training conducted last year, we provided our supplier employees with opportunities to learn robotics and production technologies. We also hosted a roundtable on safety for their safety officers. By expanding such specialized and worksite-oriented practical training, we improve the effectiveness of the training and formulate the training programs so that they actually lead to substantive enhancement of technological capabilities and improvements in profitability. In addition to job-related training, in the safety field as well, we provided training to prevent industrial accidents using VR as if it were a real situation. Even after the training, when help is needed in areas such as quality improvements or productivity enhancement, we provide Hwashin's professional personnel to support the suppliers solve root-cause problems and improve their profitability.

Training and Personnel Support Programs

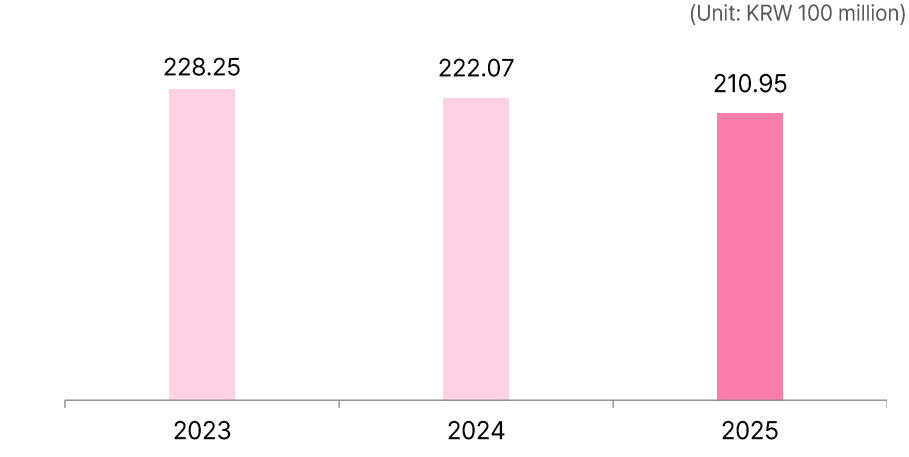
2025 Training Programs	2025 Personnel Support
1. Technology Training (Edu-Camp) → ROBOT (Beginner/Intermediate) → PLC position control, special communications → Inverters, motion controllers 2. Safety Training → VR safety simulation training → Special safety lectures & seminars → Fire safety evacuation training 3. Other → Supplier training through the Supplier Global Coexistence and Cooperation Center	1. Quality Improvement Activities → Quality improvement activities → Refurbishment of worn-out molds and process improvement 2. Productivity Stabilization Activities 3. Profitability Improvement Activities → PRESS process improvement, optimization of raw material yield, improvement to welding line personnel, cycle time (C/T) reduction

Note 1) In 2025, Hwashin supported technical training for a total of 25 employees of partner companies.
Note 2) In 2025, Hwashin supported safety training for a total of 561 employees of partner companies.

Financial Support

To resolve suppliers' funding difficulties and enhance their financial solvency and stable growth, Hwashin has partnered with Daegu Bank to operate the Shared Growth Fund. Since signing the working-level pact with Daegu Bank in 2013, Hwashin has supported interest costs when suppliers take out loans for operation funds, which enables them to save on financial costs and facilitates the procurement of business funds for the stable operation of the supply chain. Hwashin also contributes about KRW 22.5 million every year to the Large, Medium, and Small Enterprises Agriculture and Fisheries Foundation to support the construction of safety facilities, installation of safety equipment, and procurement of safety items. We are also planning other various support to enhance supplier competitiveness and close gaps.

Shared Growth Fund's Operation Fund by Year



Shared Growth and Supply Chain Management

Expanding Support for Suppliers for Coexistence

Raising Prices to Align with Raw Material Unit Price Increases

Hwashin continuously monitors fluctuations in raw material unit prices and, when they change, immediately reflects them in the subcontracting payments to its suppliers. Recent events, including the COVID-19 pandemic, the ongoing Russia-Ukraine war, and unstable international politics, have destabilized the global supply chain and caused raw material prices to skyrocket. To prevent the raw material unit price increase from burdening its suppliers, Hwashin immediately raises prices appropriately in the subcontracting payments to improve the suppliers' management environment.

Supply Payment Linkage System

Hwashin has implemented voluntary supply payment linkage since before its enactment as law, marking up supply payments to align with increase in raw material unit prices compared to the time of contract execution to solve supplier burdens. In 2022, Hwashin received a Ministerial Award from the Minister of Small and Medium Enterprises (SMEs) and Startups of Korea in recognition of these efforts made. In addition, since the government's enactment of the Supply Payment Linkage System as law in 2023, we have chosen to participate in advance in "Supply Payment Linkage System Win-Win Corporation." Hwashin informed major suppliers about the plan to implement the system, provided relevant training, and discussed with them the problems and difficulties that may arise from linked contracts. Ultimately, Hwashin will encourage the participation of consigning and consigned corporations to promote the system, and will continue building a culture of shared growth and coexistence along with it.

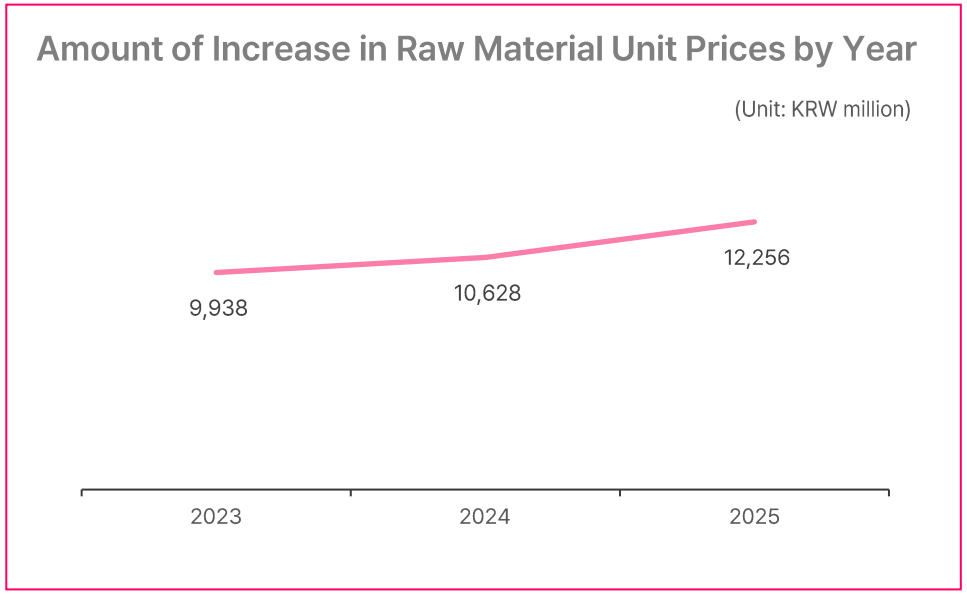



표 창 장

(주)화신

귀사는 납품대금 연동제 및 조정 협의 제도의 확산에 기여한 공로가 크므로 이에 표창합니다.

2022년 12월 7일

중소벤처기업부장관 이

Korean Ministerial Award for the Supply Payment Linkage System





Information session for suppliers on the Supply Payment Linkage System

Shared Growth and Supply Chain Management

Sustainable Supply Chain and Responsible Sourcing

Supply Chain ESG Evaluation

To ensure the sustainability of its overall supply chain, Hwashin operates a system for diagnosing the ESG performance and risk levels of its suppliers once a year. In 2025, we advanced the level of the existing supplier ESG evaluations—previously conducted based on our own criteria—by using a specialized supply chain due diligence toolkit. We reorganized the assessment–evaluation–support system so that the evaluations lead to improvements in the suppliers' ESG capabilities. Starting with the 2025 due diligence, to align with customer requirements, we conducted evaluations of three suppliers using enhanced standards based on the due diligence questions and standards provided by the K-Mobility Bridge Foundation (formerly the Foundation of Korea Automotive Parts Industry Promotion -KAP). Focusing on the four core areas of ethics, human rights, safety, and environment, we reviewed the K-Mobility Bridge Foundation ESG supply chain due diligence results and related risk factors. We also conducted support programs for the selected suppliers, such as ESG management and evaluation-related training and coaching on improvement measures based on the evaluation standards, thereby promoting their understanding of sustainable management across the supply chain and building their capacity. Based on the evaluation results, the suppliers were rated and the rating is considered when selecting future suppliers and deciding contract continuation. Transactions are restricted for suppliers that fail to comply with the legal standards in areas such as environment and safety, or those that are ruled to have a significant number of ESG-related risk factors. Moving forward, Hwashin plans to strengthen related reward and penalty elements—such as rewards and bidding evaluation incentives based on suppliers' ESG performance—and thus position ESG as a core factor in bidding and strengthen the sustainability of the entire supply chain. Hwashin will continue regularly refining its ESG evaluation criteria and establish a proactive risk prevention-oriented management system to build a sustainable management ecosystem of coexistence with its suppliers.

2025 Supply Chain ESG Evaluation Questions

No.	ESG Evaluation Questions for Suppliers (Excerpt)
Q1.13	Which of the following activities does your company perform for fair and favorable working conditions?
Q3.4	Which of the following activities does your company perform to prevent corruption, bribery, conflicts of interest, anti-competitive practices, and unfair trade, etc.?
Q4.1	Does your company have an officially documented health and safety policy that complies with the laws of the country/region of operation, industry requirements, and international standards?
Q6.2	Which of the following activities does your company perform regarding greenhouse gas emission monitoring?
Q7.7	Does your company manage information about chemical substances being stored, used at, or delivered from the worksite?
Q10.2	Which of the following activities does your company perform regarding waste management?

Source: 2025 Hyundai Motor Group Supply Chain Due Diligence, former KAP Foundation

2025 Supply Chain ESG Diagnosis Results

Suppliers	Comprehensive	Social	Environmental
DongSan Industrial Corporation	43.9	58.6	29.1
Yujin Precision	32.5	43.1	21.9
H&DE	52.1	52.3	52

Each item out of 100 points

Shared Growth and Supply Chain Management

Sustainable Supply Chain and Responsible Sourcing

Responsible Mineral Procurement Policy and Management System

Hwashin seriously recognizes problems that may arise during raw materials procurement, such as child labor exploitation, human rights infringement, environmental damage, and conflict triggering. Accordingly, to eliminate the use of minerals that have been extracted and distributed in unethical or environmentally unsustainable ways, we have established the Responsible Mineral Procurement Policy. The company has established and systematically operates the policy reflecting international standards such as the OECD Due Diligence Guidance for Responsible Business Conduct, and we seek to fulfill our role as a responsible corporate citizen by complying with the relevant laws and regulations. By applying this policy across the supply chain, we also spread a culture of responsible procurement together with our suppliers. Hwashin requires its suppliers to annually submit Conflict Minerals Reporting Template (CMRT) and Extended Minerals Reporting Template (EMRT) for raw materials including 3TG (tin, tungsten, tantalum, and gold) conflict minerals and responsible minerals. Based on these, we continuously monitor risks related to conflict minerals and responsible minerals. Through such advance information collection, we identify risks related to conflict minerals and responsible minerals, and operate a process for promptly implementing improvement measures—such as changing sourcing—when problems arise. When unethical or anti-environmental practices are confirmed in obtaining raw materials such as minerals extracted from conflict regions, we require our suppliers to establish improvement plans and continuously monitor their implementation. When necessary, we systematically manage risks within the supply chain by encouraging substitution with sustainable raw materials, such as materials processed through RMI-certified smelters.

Responsible Mineral Procurement Policy and Scope of Application (Policy Excerpt)

Hwashin Co., Ltd. shall actively respond to conflict mineral issues, prohibit the use of illegally mined minerals, and strive for ethical mineral procurement. Accordingly, the company shall comply with international guidelines and regulations such as the OECD Due Diligence Guidance for Responsible Business Conduct, establish usage policies, and manage “responsible procurement” not only within the company but also with our suppliers.

1) Based on the laws and regulations applicable to our business management activities, we shall provide conflict mineral-related norms and guidelines to our employees as well as suppliers, raise awareness through training, and require compliance with these norms.
2) Our company and suppliers shall continuously monitor the use of conflict minerals and work to reduce negative environmental impacts that arise across our business operations.
3) Our company shall verify that conflict minerals sourced by our suppliers have not contributed indirectly or directly to human rights infringements in their production process, and we shall take the necessary measures to protect human rights.
4) Our company shall request our suppliers to inspect and improve risk factors in the raw material production process, and we shall thus work to enhance the safety and health of the employees involved in the raw material production process.

This policy shall apply to all employees where the company's finance applies, including the headquarters and all Korean and international subsidiaries. Employees and internal/external stakeholders are encouraged to comply with the conflict mineral policy when dealing with suppliers as well.

Quality Management

Hwashin believes that quality is the starting point of corporate competitiveness and the foundation of customer trust. As a specialized automotive parts company, we have made it our top priority to provide safe products and reliable quality. Through a company-wide quality management system, we continue to conduct activities for rigorous management and continuous improvements across the entire process—from product development through production and shipment. Hwashin's quality management is operated based on proactive responses to customer requirements, a management system that meets global quality standards, and the promotion of employee engagement in a culture that prioritizes quality in order to simultaneously prevent defects and strengthen our quality competitiveness.

Quality Management Policy and Operating System

Quality Management Strategy

Under the philosophy of "Smart Quality, Making Dream Hwashin," Hwashin pursues quality management that always keeps the promise of top quality made to our customers and puts the riding comfort and safety of the end users first. Hwashin thoroughly manages quality not only during the manufacturing process but also in the earlier stages of parts and raw material procurement and manufacturing preparation, thereby preventing defects and responding promptly when problems arise. At the same time, through continuous improvement activities centered on the production and usage sites, we seek to enhance customer satisfaction. To this end, based on the IATF 16949 quality system requirements, we systematically operate all stages of Advanced Products Quality Planning (APQP) from product development and planning through mass production, thereby proactively managing quality risks. In addition, for specification non-conformities that occur during processes, we investigate and analyze the root causes to prevent their recurrence and continuously improve the stability and quality levels of all the processes based on Statistical Process Control (SPC) and the Six Sigma activities.

Quality Management Governance

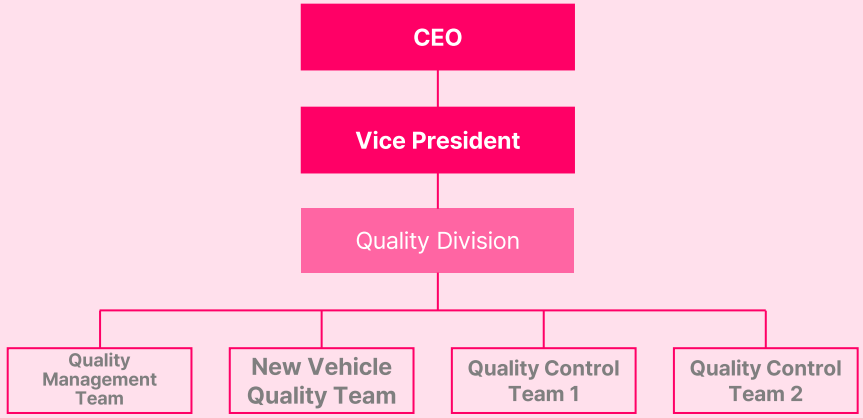
Based on quality management governance centered on the CEO, Hwashin operates a company-wide quality control accountability system. To enhance the efficiency of the company-wide quality level inspection and management functions, we have integrated the existing Quality Audit TFT under the CEO into the Quality Management Team within the Quality Division. This upgrades the company-wide quality management system by enhancing the linkage between the execution of quality policy and the audit function. In addition, each business site and the relevant departments share on-site quality issues and improvement needs through collaboration with the Quality Division and ensure that customer requirements are reflected in the actual work. Through such organizational operation, Hwashin organically connects quality-related decision-making and execution systems, and continuously strengthens company-wide quality accountability and management efficiency.

Quality Philosophy and Quality Principles

Smart Quality, Making Dream Hwashin
Smart quality is Hwashin's future

1. Quality is the promise made between our customers and us.
2. Quality shall always be maintained from the basics.
3. Defects shall never be made.
4. When problems occur, action shall be taken promptly.
5. Think on-site and ceaselessly improve.

Quality Management Organizational Chart



Note) This organizational chart is as of January 1, 2026.

Quality Management

Quality Management Policy and Operating System

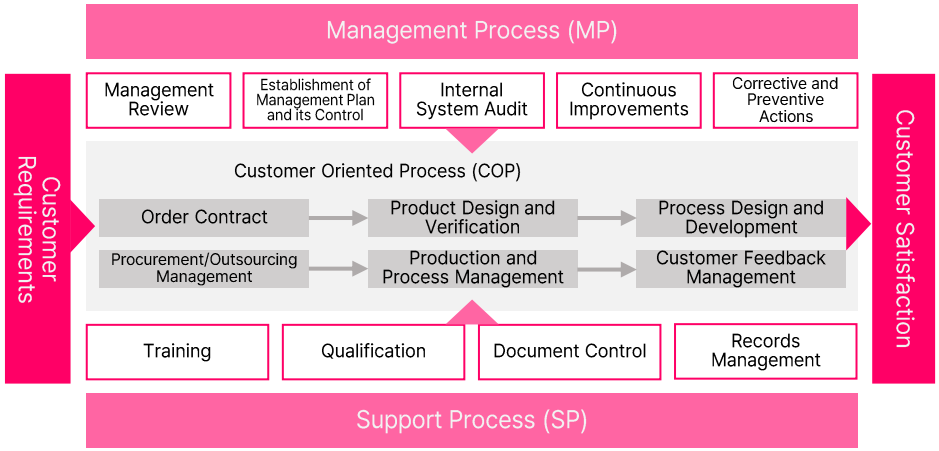
Quality Standards and Procedures

Based on the Quality Management System Manual, Hwashin systematically manages quality-related documents such as regulations, procedures, and guidelines. We thus ensure that customer requirements and quality standards are consistently reflected across our product development, production, inspection, and improvement activities. Each business site also performs quality work according to standardized procedures and continuously checks the enactment, amendments, and operational state of related documents, enhancing the consistency and execution of quality control. Based on such management of standards and procedures, Hwashin proactively prevents quality risks and strengthens the foundation for stable quality management.

Quality Management Process

Starting from customer requirements, Hwashin operates a quality management process so that the entire process—from development through production, inspection, shipment, and improvement—is organically linked. The key activities of each stage are managed within an interconnected flow, and quality issues identified during development and mass production are shared with the relevant departments and worksites, leading to follow-up responses and improvement activities. In addition, information on quality and on-site issues are accumulated during the operation of processes and managed in connection with inspections, analyses, corrective actions, and recurrence-prevention activities, thereby continuously strengthening the stability of our quality and responsiveness to our customers. Through such process-based operation, Hwashin enhances the consistency and execution of its quality control and maintains a system that can proactively respond to changing customer requirements.

Quality Management Process Interaction Diagram



State of Quality Certification

To meet the quality requirements of the global automotive industry, Hwashin operates a quality management system based on IATF 16949 requirements. The company conducts regular system audits and inspections to maintain its conformity with certification standards and operational levels, as well as secure the reliability and external competitiveness of its quality management system. By continuously reflecting customer requirements and international quality standards, we raise the level of our certification maintenance and build our capacity to control quality company-wide. Hwashin plans to continue advancing a quality management foundation that customers can trust through the systematic management of our certifications.

State of IATF 16949 Certification

Category	Certification Date	Expiration Date
Eonha Plant	Aug. 16, 2023	Aug. 15, 2026
Bongdong Plant	Aug. 3, 2023	Aug. 2, 2026
Yesan Plant	Aug. 10, 2023	Aug. 9, 2026
Hwashin Automotive India Private Limited (Plant 1)	Dec. 13, 2024	Dec. 12, 2027
Hwashin Automotive India Private Limited (Plant 2)	Dec. 12, 2024	Dec. 11, 2027
Beijing Hwashin Automobile Parts Co., Ltd.	July 19, 2024	July 18, 2027
Hwashin America Corporation	April 9, 2024	April 8, 2027
Hwashin Fabricante de Pecas Automotivas LTDA	Oct. 25, 2023	Oct. 24, 2026

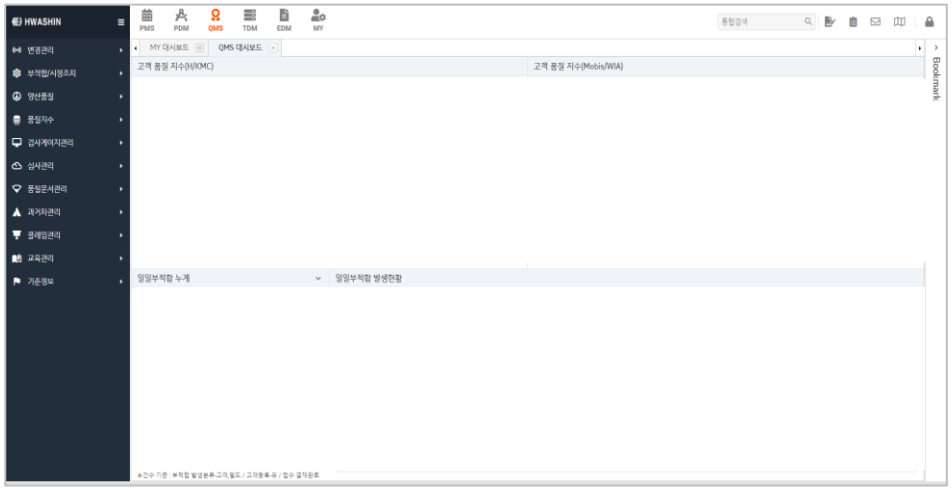
Quality Management

Quality Assurance and Improvement Activities

Quality Inspections and Improvement Activities

To enhance the effectiveness of our quality management system and continuously improve the level of our on-site quality, Hwashin conducts regular inspections and improvement activities. In accordance with IATF 16949 requirements, we conduct system audits once a year to check the operational conformity of the system, and at each plant, we verify the management level of the manufacturing process and the quality conformity of the products through process and product audits. When quality issues arise, the relevant information is registered as an action management item within the Hwashin Quality Management System (QMS) for us to systematically manage the root-cause analyses, improvement measures, and implementation results. Hwashin thus ensures prompt response to quality problems, prevention of similar issues, and continuous quality level improvements.

QMS Menu



Employee Quality Training

To enhance employees' understanding of the quality management system and build their capacity to apply it in the field, Hwashin conducts regular annual quality training within job training programs. This training—targeting new employees, employees with less than three years of tenure, and other interested participants—is structured around the understanding of IATF 16949. The training focuses on enhancing their understanding of the purpose and necessity of the quality management system, the background to its promotion, the basic principles of quality management in the automotive industry, and the major requirements of IATF 16949. We thus support employees in recognizing the importance of quality management and in more systematically understanding the quality standards and procedures required in the course of work. In addition, in 2025, after conducting a pre-survey of demand among the personnel of the relevant departments, we provided an overview and methodology training on design/process Failure Mode and Effects Analysis (FMEA) to interested participants, thereby building their practical capacity to proactively analyze potential failure modes and impacts at the product design and production process stages and to prevent quality risks. We thus support employees in systematically understanding the importance of quality management, the quality standards and procedures required in their work, and prevention-centered quality management techniques.



2025 FMEA training scene

Quality Management

Quality Communication

Comprehensive Quality Meetings

To systematically check the company-wide quality state and build its capacity to respond to quality issues, Hwashin operates monthly Comprehensive Quality Meetings. During the meetings, we comprehensively check the Parts Per Million (PPM) quality index of all our subsidiaries and the quality state of developed and mass produced vehicle models; share key quality issues in Korea and globally; and jointly review annual qualitative quality activity plans and quality targets. By examining key issues that arise in developed and mass produced vehicle models, we identify and manage quality risks early on. The major improvement tasks derived from the meetings are linked with the relevant subsidiaries and departments for follow-up actions, and their implementation state is continuously monitored, enhancing the execution of our quality control. Hwashin thus builds a company-wide consensus on quality management, shares quality information and improvement cases among the subsidiaries, and promotes quality level improvements of its products. Through such meetings, Hwashin will continue to reinforce its proactive quality management system that reflects customer requirements and on-site issues.





Comprehensive Quality Meetings held in 2025

Sharing Customer Policies and Requirements

To timely reflect customer quality policies and requirements, Hwashin operates policy sharing sessions with the relevant departments and suppliers. During the sessions, we share changes in the quality policies, management standards, and requirements of major customers including Hyundai Motor, as well as jointly review application measures and follow-up actions to be carried out at the level of worksites and suppliers. Hwashin thus enhances its responsiveness to customer requirements and operates consistent quality control standards across the entire supply chain. In particular, to ensure that changes in customer policies are quickly reflected in our business operation, we strengthen the system for collaboration among the relevant departments and share the same standards and direction with our suppliers, thereby building an effective quality response system. Key items identified during the sessions are linked with follow-up inspections and improvement activities to continuously verify whether they are actually applied. Hwashin thus enhances customer trust and stably operates its system for responding to changes in quality requirements.





Sharing sessions with suppliers held in 2025

Technology Management

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R&D and Technology Infrastructure

R&D

In 1987, Hwashin established its corporate research institute, the "HWASHIN Technology Research Center" with the aim of strengthening its future competitiveness. Since its founding, the center has pursued long-term R&D strategies of securing outstanding talents and building state-of-the-art computer systems and testing equipment. The research center focuses on the development of cutting-edge technologies in areas such as new process technologies, new materials, and new innovative engineering. Through joint research with industry-academia-research collaboration and the execution of government-funded projects, it continues to contribute to the technological advancement of the sustainable mobility industry. In addition, the company actively promotes specialized training and capacity building of its researchers, dedicating efforts to cultivating expert R&D personnel. The research center is structured into specialized teams across various fields, including product designing, computer-aided analyses, advance research, testing, prototyping, manufacturing process designing, and the development of mold processing technologies. These specialized teams enhance the research capacity of the company across the entire product development lifecycle. Building on its accumulated technological expertise, Hwashin plays a pivotal role in developing automobile parts technologies that will lead the next-generation vehicle era of the 21st century. Hwashin will continue to enhance its sustainable R&D activities that encompass both eco-friendliness and technological innovation.

Major Research Facilities and Equipment

Hwashin has state-of-the-art research infrastructure that supports the entire R&D cycle-from product design and analyses to prototyping and testing. Key facilities include robot welder, 3D measuring machine /coordinate measuring machine (M/C), static load tester, and Noise, Vibration, Harshness (NVH) tester. These enable fast and precise execution of a wide range of development activities, including prototyping, precision measurement, structural analyses, and noise and vibration assessment.



Test Lab

R&D Areas

Research	R&D for new technologies, analyses of new technological trends, R&D roadmap planning, executing government-funded projects, and patent management
Design	Designing mass production, product benchmarking, design automation, optimization design, and on-site design support for clients
Analyses	Dynamic analyses, structural and durability analyses, forming analyses, flow analyses, and collision analyses
Prototyping	Planning prototyping, die manufacturing and try outs, jig manufacturing and try outs, 3D scanning measurement, and checking formability and weldability
Testing	1/2 car durability testing, static load fatigue testing, collision performance testing, and combined environmental testing

Technology Management

Technological Cooperation

R&D Tech-Conference

Hwashin holds an R&D Tech-Conference every year to spread an R&D culture and strengthen its technological competitiveness. This event brings together experts in the automotive industry to share the latest technological trends in the automobile parts industry, as well as case studies on the application of new technologies, processes, and materials. Through this, Hwashin aims to build its in-house R&D capacity and strengthen technological collaboration with its suppliers. The 12th R&D Tech-Conference was held on October 30, 2025, and addressed key research topics for responding to next-generation mobility—including economical steel battery pack case technologies, integrated carrier aluminum hollow casting semi-trailing arms, and AI vision-based autonomous welding inspection systems. Through this, the event created synergistic effects of helping boost employees' motivation for R&D and strengthening technological competitiveness based on coexistence and cooperation with our stakeholders.





2025 R&D Tech-Conference scene

Technological Exchanges within the Industry and Strengthening of Future-Vehicle Research Networks

To expand the foundation for technological exchanges and cooperation within the automotive parts industry, Hwashin hosted the Korean Society of Automotive Engineers Parts Technology Research Society event at its Technology Research Center. Major parts companies—including INFAC, Daewon Sanup, Taeyang Metal Industrial, Kwangjin, and SJG Sejong —participated in the event to share the 2025 industry outlook and future vehicle technological trends, thereby providing opportunities for benchmarking and networking among the parts companies. In addition, Hwashin provided tours to its new battery pack case (BPC) plant and the High-Tech Park Plant during which it introduced its production processes and technological application, and jointly explored directions for enhancing competitiveness by linking R&D and production technologies. Such exchange activities are an important foundation for Hwashin to proactively respond to changes in the future-vehicle industry and to expand an open R&D system based on external cooperation.





2025 Korean Society of Automotive Engineers Parts Technology Research Society event scene

Technology Management

Technological Cooperation

Building the R&D Capacity Linked to Korean Government-Funded Projects

Based on close cooperation with local governments, relevant organizations, and academia, Hwashin continuously builds its technological competitiveness and quality capacity. In 2025, focusing on the identification and execution of Korean government-funded projects in cooperation with the Daegu Gyeongbuk Institute of Science and Technology (DGIST), we have specified our research topics that can be connected to our process and product competitiveness. Through technological exchange meetings with researchers, visits to research facilities, and on-site briefing sessions linked to production, we have built a cooperation system so that basic technologies may be developed to a level that is applicable to actual mass production. We have also jointly discussed key future technologies such as automation of battery welding processes and AI-based autonomous manufacturing. By also conducting consultations with local governments and related research and investment organizations, we comprehensively reviewed the possibility of commercialization after R&D and connections with the local industry, thereby enhancing the effectiveness of our technological development and laying the foundation for specifying our mid- to long-term directions for technological advancement and investment. Such industry-academia and public-private cooperation activities have become an important pillar that strengthens Hwashin's sustainable R&D system and its quality and technological management competitiveness.




2025 DGIST's Hwashin worksite tour

State of Patents

Hwashin is continuously advancing its intellectual property (IP) acquisition and management system as a key asset to enhance its technological competitiveness. In particular, the company systematically promotes company-wide patent creating activities and focuses on the commercialization of its R&D achievements made and the protection of its proprietary technologies by securing rights for outstanding technologies. As a result, as of 2025, Hwashin holds a total of 259 registered patents and 65 patent applications. In addition, the company annually holds a patent evaluation council meeting to reward R&D outcomes and link them with the personnel system (including promotions) to encourage the active participation of its employees in patent creating activities.



Some of the patents held

Governance



1. Governance

1) Operating Foundation of Governance
2) Operating System of the Board of Directors
3) Audit and Supervision
4) Shareholder-Friendly Management
5) Risk Management

2. Ethical and Legal Compliance Management

1) Ethical and Legal Compliance Management System
2) Ethics Code of Conduct, Legal Compliance, and Practicing Principles
3) Embedding and Practicing Ethical and Legal Compliance

3. Fair Trade Voluntary Compliance

1) Fair Trade Voluntary Compliance Program
2) Fair Trade Risk Prevention

Governance

Recognizing that transparent and responsible governance is the foundation of sustainable corporate growth and stakeholder trust, Hwashin is building and developing a sound governance system. Based on the expertise and independence of its Board of Directors, the company strengthens the transparency of key management decision-making and, through the responsible role of management, it seeks to balance the protection of the rights and interests of its shareholders and stakeholders. Hwashin's governance is centered on a sound decision-making structure, clear rights and responsibilities, and continuous inspection and improvements, through which we are further solidifying the relationships with our stakeholders based on trust.

Operating Foundation of Governance

Enactment of the Corporate Governance Charter

Hwashin has established the Corporate Governance Charter to promote transparent and accountable management and build a sustainable company. The charter clearly defines the roles and responsibilities of the Board of Directors and protects the rights and interests of all its stakeholders, including its shareholders, by proposing sound checks and principles for ethical business conduct for management. Based on the Charter, Hwashin is committed to forming a Board that is both professional and independent and to actively supporting responsible management by ensuring the efficient operation and robust supervisory functions of the Board. Through these efforts made, Hwashin aims to achieve both sustainable corporate growth and increased shareholder value, while establishing a governance system that earns the trust of society. Moving forward, Hwashin will continue to enhance and embed its corporate governance to promote greater management transparency and become a company trusted and respected by all its stakeholders.



Board of Directors-Centered Management

To maintain transparent and responsible management, Hwashin has a Board of Directors as the company's top decision-making body to hear the opinions of all its stakeholders, including its shareholders, and to advance the protection of their interests and transparent, effective management. To gather stakeholder opinions and advise management, regular Board meetings are held on a quarterly basis and ad hoc meetings are convened as needed. At these meetings, the opinions of each stakeholder are gathered, in-depth discussions on major management issues are held, and important decisions are made. As such, Hwashin works to enhance its corporate value and fulfill its social responsibility by ensuring that the Board functions as the central axis of sustainable corporate governance performing substantive oversight and advisory functions for management.

Committees within the Board

To ensure the expertise, independence, and transparency of the Board's operation, Hwashin operates a system of committees under the Board of Directors. The committees support the Board in performing its role in each area of expertise more professionally and systematically, and serve as the foundation for the Board to review major management matters and governance issues more objectively and efficiently. In particular, to strengthen the fairness and independence of the outside director appointment process, Hwashin newly established the Independent Director Candidate Recommendation Committee by resolution of the Board on March 31, 2026. The committee is composed of one inside director and three outside directors, with outside directors forming the majority. The committee enhances the objectivity and transparency of the candidate recommendation process through independence and qualification reviews of outside director candidates. By systematically operating the procedures for identifying and verifying the candidates, the committee also lays the foundation for enhancing the diversity and expertise of the Board's composition.

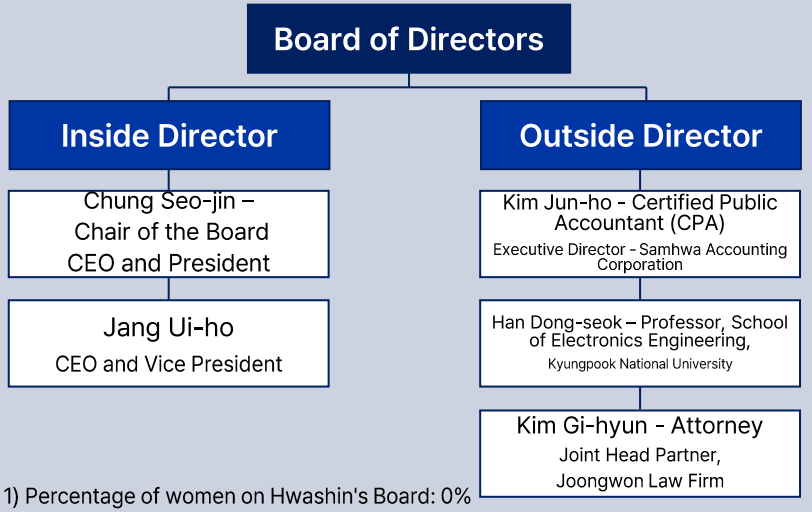
Governance

Operating System of the Board of Directors

Composition of the Board of Directors

Hwashin's Board of Directors consists of a total of five directors—two inside directors and three outside directors. Each director independently deliberates on and resolves major management issues and strategies based on their understanding of the automotive industry and their expertise in fields such as law and accounting. The CEO serves as the Chair of the Board, making sure the Board operates efficiently and decisions are made responsibly. Hwashin also discloses key information such as the career backgrounds and areas of expertise of its inside and outside directors on its Website, thereby enhancing stakeholder access to information and the transparency of the Board's operation.

Organizational Chart of the Board of Directors



Note 1) Percentage of women on Hwashin's Board: 0%

Board Composition

Type	Name	Position	Sex 1)	Appointment Date	Term	Duties	Nominator	Transactions with the Company	Relationship with the Largest Shareholder	Key Experiences
Inside Director	Chung Seo-jin	CEO and President (Chairperson)	Male	March 25, 2025	3 years	Management lead	Board of Directors	None	Largest shareholder	Graduated from Korea University majoring in Business Administration MBA, Univ. of Rochester (USA) CEO and President of Hwashin Co., Ltd. and Hwashin Precision Engineering Co., Ltd.
	Jang Ui-ho	CEO and Vice President	Male	March 25, 2025	3 years	Manufacturing lead	Board of Directors	None	None	Former head of Hwashin's U.S. Subsidiary CEO and Vice President of Hwashin Co., Ltd.
Outside Director	Kim Jun-ho	Outside Director	Male	March 28, 2023	3 years	Chair of the Audit Committee Financial expert	Board of Directors	None	None	Certified Public Accountant, Certified Tax Accountant Executive Director, Samhwa Accounting Corporation
	Han Dong-seok	Outside Director	Male	March 25, 2025	3 years	Audit Committee member	Board of Directors	None	None	Director, Center for ICT & Automobile Convergence, Kyungpook National University Professor, School of Electronics Engineering, College of IT Engineering, Kyungpook National University
	Kim Gi-hyun	Outside Director	Male	March 25, 2025	3 years	Audit Committee member	Board of Directors	None	None	Presiding Judge, Daegu District Court Joint Head Partner, Joongwon Law Firm

Governance

Operating System of the Board of Directors

Independence of the Board of Directors

To enhance the independence and transparency of the Board of Directors, Hwashin transparently discloses all director information, including outside directors, to the General Meeting of Shareholders prior to appointment. This includes the external disclosures of the nominator's identity, the relationship between each candidate and the largest shareholder, details of the person's transactions with the company, etc., to clearly externally communicate all factors that may affect a director's independence, including information on any potential conflicts of interest. Although Hwashin is not legally required to establish a committee for recommending candidates for outside directors as a listed company with gross assets of less than KRW 2 trillion, pursuant to Article 542-8 of the "Commercial Act" of Korea, by resolution of the Board on March 31, 2026, we newly established the Independent Director Candidate Recommendation Committee[1]). When selecting outside director candidates, the Board deliberates under strict standards centered on the candidate's expertise, independence, and conflicts of interest. Given the structure in which outside directors form the majority, outside directors exert substantive influence and participate in the candidates' review process. Hwashin plans to continue reinforcing the Board's independence in its composition and operation and make improvements to build a governance system that earns the trust of all its stakeholders.

Expertise of the Board of Directors

Hwashin's directors fully meet the qualification requirements set out in the relevant laws, including Article 382(3) and Article 542-8(2) of the "Commercial Act" of Korea. For Hwashin's inside directors, the Board reviews the qualifications, experiences, vision, and leadership of the candidates and selects those to recommend to the General Meeting of Shareholders. For outside directors, candidates who do not qualify according to the qualification requirements required by the Commercial Act are carefully reviewed and not appointed as outside directors. Furthermore, we select candidates with sound expertise and extensive experiences that will help realize Hwashin's vision and future growth and submit them as candidates to the General Meeting of Shareholders.

Director Remuneration and Compensation

Hwashin operates a fair and reasonable compensation system that aligns with the responsibilities and roles of its Board members. Director compensation is executed transparently at a level that reflects accountability to the shareholders and contributes to the company's sustainable growth. Director remuneration is determined by individual consultation every year by taking into account various factors such as the importance of duties, scope of responsibility, and performance contributions. The remuneration of both inside and outside directors is executed within the amount limits approved by the General Meeting of Shareholders. This approach ensures both shareholder rights protection and transparency of compensation. Hwashin regularly discloses matters related to director remuneration through its business reports and the General Meetings of Shareholders. The company will continue to review and improve the appropriateness and fairness of the remuneration, thereby operating sound governance that supports the Board's independence and responsible corporate governance.

Director Remuneration Status in 2025

Type	Number	Total Remuneration	Per Capita Remuneration
Registered director	2	KRW 558 million	KRW 279 million
Outside director	3	KRW 75 million	KRW 25 million

Note 1) From July 2026, pursuant to the amendment of the "Commercial Act," the term "outside director" will be changed to "independent director"

Governance

Operating System of the Board of Directors

Board of Directors Status

The Hwashin Board of Directors deliberates and resolves agenda items centered on key matters affecting the company's management stability and sustainable growth. In 2025, the Board addressed agenda items related to legal compliance, financial soundness, investor protection, and shareholder returns—including the appointment of a Compliance Support Officer, debt guarantees for the international subsidiaries, approval of financial statements, decisions on cash dividends, and approval of the agenda items for the regular General Meeting of Shareholders. By having the Board review key decision-making matters concerning the company's overall management, Hwashin enhances the transparency and accountability of its corporate operation. We also manage the records of the Board's activities and the attendance state of each director and disclose them in quarterly periodic reports, thereby continuously maintaining the diligence and transparency of the Board's operation.

Board of Directors' Activities and Attendance Rate in 2025

Type		2023	2024	2025
Number of Board meetings convened		37 times	37 times	31 times
Attendance rate	Chung Seo-jin	100%	100%	100%
	Jang Ui-ho	100%	100%	100%
	Kim Jun-ho	100%	100%	100%
	Han Dong-seok	100%	100%	96.7% 1)
	Kim Gi-hyun	100%	100%	96.7% 1)

Note 1) One absence due to overseas business trip

Key Resolutions of the Board of Directors 2)

Date of Meeting	Agenda Item	Approval Status	Inside Director		Outside Director		
			Chung Seo-jin	Jang Ui-ho	Kim Jun-ho	Han Dong-seok	Kim Gi-hyun
Jan. 3, 2025	Appointment of a Compliance Support Officer	Approved	Agreed	Agreed	Agreed	Agreed	- 1)
Jan. 21, 2025	Debt guarantee of CNY 24 million from Shinhan Bank for the Beijing subsidiary in China	Approved	Agreed	Agreed	Agreed	Agreed	Agreed
Feb. 10, 2025	Approval of the 50th fiscal year financial statements	Approved	Agreed	Agreed	Agreed	Agreed	Agreed
Feb. 27, 2025	Approval of the 50th fiscal year consolidated financial statements	Approved	Agreed	Agreed	Agreed	Agreed	Agreed
March 5, 2025	Decision on cash dividends	Approved	Agreed	Agreed	Agreed	Agreed	Agreed
March 5, 2025 1)	Agenda items for the 50th regular General Meeting of Shareholders	Approved	Agreed	Agreed	Agreed	Agreed	Agreed

Note 2) Other items are omitted; please refer to the periodic reports disclosed quarterly for details.

Governance

Audit and Supervision

Role and Key Activities of the Audit Committee

Hwashin's Audit Committee performs audit and supervisory functions to ensure the reliability of the company's financial reporting and the adequacy of its internal controls. The Audit Committee operates in accordance with laws, the Articles of Incorporation, and Audit Committee regulations, playing a key role in establishing a transparent and accountable management system through oversight over the company's overall management and periodic inspection of the operating state of its internal controls. As necessary, it receives relevant reports from management, the financial executive in charge, the audit department executives, and external auditors, and enhances the effectiveness of audits by requesting materials necessary for its audit work and seeking advice from external experts. Hwashin plans to continuously inspect its financial soundness, accounting transparency, and the level of internal controls, centered on the Audit Committee, to strengthen the foundation of sound governance.

State of Audit Committee

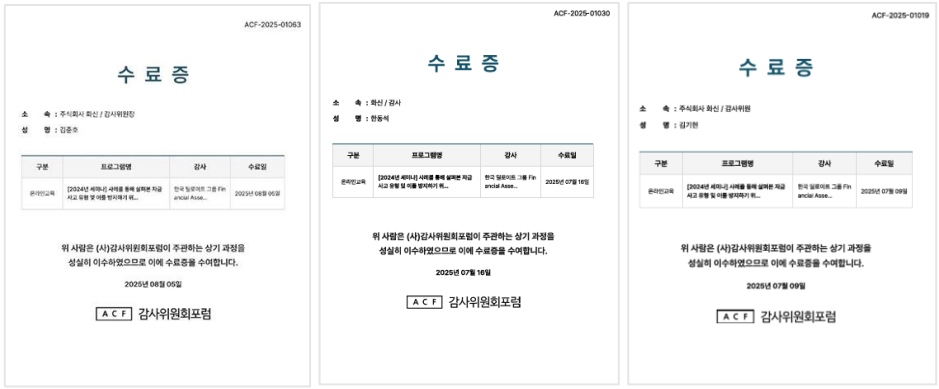
To strengthen the audit function and exercise substantive checks on management by enhancing the efficiency and expertise of audit-related functions, Hwashin has established and operates a separate Audit Committee within the Board. The committee consists entirely of three outside directors, thereby reinforcing its independence and transparency, and performs its duties from an independent position in accordance with the Articles of Incorporation.

Composition of the Audit Committee

Name	Position	Sex	Remarks
Kim Jun-ho	Chair	Male	Outside Director
Han Dong-seok	Member	Male	Outside Director
Kim Gi-hyun	Member	Male	Outside Director

Training Provided to Audit Committee Members

To enhance the expertise of the Audit Committee and the effectiveness of its audit and oversight functions, Hwashin continuously provides external specialized training to Audit Committee members. The members regularly participate in training on major topics closely related to the committee's work, such as accounting and audit, internal accounting control system, corporate governance, fair trade, and internal controls. In 2025, the members completed training programs organized by external specialized institutions such as Samjong Accounting Corporation KPMG, the Korea Exchange, the Korea Listed Companies Association, and the Audit Committee Forum (ACF), thereby enhancing their understanding of issues. The issues included corporate governance, the Audit Committee system and operation, unfair trade regulations, key issues of the internal accounting control system, key audit matters, controls related to financial accidents, changes in the accounting environment, and laws related to strengthening governance transparency. Through such training support, Hwashin helps the members deepen their understanding of changes in laws and systems and more professionally and responsibly judge the company's accounting transparency, internal controls, and audit functions.



Certificates of completed training

Governance

Shareholder-Friendly Management

Returns-to-Shareholder Policies

In pursuit of our goal of maximizing shareholder interest, Hwashin implements dividends and other measures as a major means of returning part of the corporate profits to our shareholders. Based on the Articles of Incorporation, dividends are executed based on the resolution of the Board of Directors and approval of the General Meeting of Shareholders. Starting in 2024, the Board resolved to adopt a mid- to long-term dividend policy aimed at securing dividend visibility and stability for 3 fiscal years starting from 2024. Under this policy, the company will flexibly maintain a dividend payout ratio of approximately 7% based on the annually consolidated net profit for the current period. Details of this policy have been published on the Hwashin Website (ESG – Returns-to-Shareholder Strategy > 5-Year Dividend Information). Guided by this policy, Hwashin plans to balance investments for future growth with enhanced shareholder value when executing dividends.

Operating Principles of the Returns-to-Shareholder Policies

1. Hwashin distributes the settlement dividends based on resolutions adopted at the General Meeting of Shareholders in accordance with the Articles of Incorporation.
2. The scale of the dividends is determined by taking into consideration future investments for the company's continued growth, business performance, and cash flow conditions based on the established mid- to long-term dividend policy.
3. Matters pertaining to dividends are notified in advance through public notice of dividend decisions in "cash and in kind and by digital public notice (DART)" up to two weeks before a regular General Meeting of Shareholders. The confirmed dividend amount is announced on the day of approval by the General Meeting of Shareholders through the "disclosure of the results of the regular General Meeting of Shareholders."

Status of Dividend Amount Confirmation Date and Designation of Dividend Record Date

Type	Settled Month	Whether Dividend Was Paid	Dividend Amount Confirmation Date	Dividend Record Date	Whether Dividend Forecast Was Provided
51st Fiscal Year	December 2025	O	March 24, 2026	December 31, 2025	X
50th Fiscal Year	December 2024	O	March 25, 2025	December 31, 2024	X
49th Fiscal Year	December 2023	O	March 28, 2024	December 31, 2023	X

Governance

Shareholder-Friendly Management

Dividend Status in Recent Business Years

Fiscal Year	Stock Class	Par Value	Dividend per Share	Total Dividends (KRW 1 million)	Payout Ratio	Market Value Dividend Rate	Nominal Dividend Rate	Dividend Policy Compliance	Dividend Policy Achievement Rate
2025	Common stock	KRW 500	KRW 170	5,907	8.9%	2.0%	34%	O	126.5%
2024	Common stock	KRW 500	KRW 150	5,212	9.7%	2.1%	30%	O	138.5%
2023	Common stock	KRW 500	KRW 150	5,212	6.7%	1.1%	30%	-	

Holding of the Regular General Meetings of Shareholders

Hwashin provides various institutional supports and makes communication efforts to substantively protect shareholder rights and encourage their active participation in the General Meeting of Shareholders. As part of this, the company has implemented an electronic voting system starting the 47th Regular General Meeting of Shareholders in 2022, to support its shareholders exercise their valuable voting rights and reflect their opinions in the company's management without time or spatial constraints. At the 50th Regular General Meeting of Shareholders held on March 25, 2025, the company's management performance and future vision were transparently shared, and we listened to the questions and opinions of the many shareholders attending in person, thereby building consensus on key management issues. Hwashin will use the General Meeting of Shareholders as a key communication channel for sharing the company's management strategies with our shareholders and market participants beyond a simple resolution procedure, and we will actively reflect our shareholders' voices across our management to build strong relationships based on trust.






20 Scene of the 50th Regular General Meeting of Shareholders held in 2025

Governance

Shareholder-Friendly Management

Resolutions of the 50th Regular General Meeting of Shareholders

Agenda	Type	Purpose of the Meeting	Passed	Number of Voting Shares	Number of Shares that Voted	Shares for (Shares Against, Abstained, etc.)
No. 1	Ordinary resolution	Approval of the 50th financial statement	Approved	34,748,441	18,327,840(52.7%)	18,306,659 (99.9%) 21,181 (0.1%)
No. 2	Ordinary resolution	Appointment of directors				
No. 2-1	Ordinary resolution	Appointment of Chung Seo-jin as an inside director	Approved	34,748,441	18,327,840(52.7%)	18,301,613 (99.9%) 26,227 (0.1%)
No. 2-2	Ordinary resolution	Appointment of Jang Ui-ho as an inside director	Approved	34,748,441	18,327,840(52.7%)	18,301,699 (99.9%) 26,141 (0.1%)
No. 3	Ordinary resolution	Appointment of outside directors serving as Audit Committee members				
No. 3-2	Ordinary resolution	Appointment of Han Dong-seok as an outside director serving as an Audit Committee member	Approved	26,262,610	9,842,009(37.5%)	9,816,123 (99.7%) 25,886 (0.3%)
No. 3-3	Ordinary resolution	Appointment of Kim Gi-hyun as an outside director serving as an Audit Committee member	Approved	26,262,610	9,842,009(37.5%)	9,816,209 (99.7%) 25,800 (0.3%)
No. 4	Ordinary resolution	Approval of the director remuneration limit	Approved	34,748,441	18,327,840(52.7%)	17,440,616 (95.2%) 887,224 (4.8%)

For the status of voting rights excluded for the largest shareholder and related parties, please refer to the company's Website (ESG > Returns-to-Shareholder Strategy).

Governance

Shareholder-Friendly Management

Minority Shareholders' Electronic Voting State at the 50th Regular General Meeting of Shareholders

Agenda	Type	Purpose of the Meeting	Shares for	Against	Abstained	Number of Shares that Voted
No. 1	Ordinary resolution	Approval of the 50th financial statement	1,221,548	12,626	16	1,234,190
No. 2	Ordinary resolution	Appointment of directors				
No. 2-1	Ordinary resolution	Appointment of Chung Seo-jin as an inside director	1,215,992	18,182	16	1,234,190
No. 2-2	Ordinary resolution	Appointment of Jang Ui-ho as an inside director	1,216,078	18,096	16	1,234,190
No. 3	Ordinary resolution	Appointment of outside directors serving as Audit Committee members				
No. 3-2	Ordinary resolution	Appointment of Han Dong-seok as an outside director serving as an Audit Committee member	1,216,333	17,841	16	1,234,190
No. 3-3	Ordinary resolution	Appointment of Kim Gi-hyun as an outside director serving as an Audit Committee member	1,216,419	17,755	16	1,234,190
No. 4	Ordinary resolution	Approval of the director remuneration limit	346,966	887,094	130	1,234,190

Governance

Risk Management

Risk Management System

To systematically manage major risks arising from changes in the management environment, Hwashin operates a three-stage process of risk identification – reporting – follow-up management. The company inspects key risk factors and sets management priorities considering their likelihood and the impact in the event of their occurrence. We continuously monitor the management status of each risk and, when issues arise, we report to management and share with the relevant departments for prompt response. In addition, by combining follow-up inspections and improvement recommendations, we continuously build the capacity to respond to risks company-wide and enhance the company's management stability.

Internal Control System

Hwashin's three main goals are the efficiency and effectiveness of corporate management, trustworthy financial reporting, and compliance with applicable laws and policy. For this, Hwashin has established an internal control system and operates a dedicated organization. We also operate internal accounting controls to give reasonable confidence that the company's financial statements were prepared and disclosed in accordance with generally accepted accounting principles. With the stage-by-stage application of legal standards on internal accounting control systems starting in 2023 to even linked and consolidated subsidiaries, we are performing management diagnostics of and expanding the consolidated internal accounting control systems to our global branches subject to consolidation for legal compliance and response. We are further strengthening and expanding the headquarters' internal control system and operation to manage and supervise the accounting risks of our global subsidiaries and secure the trustworthiness of the consolidated companies' financial reporting.

Risk Management Process

Risk Identification
- Review major risk factors (the appropriateness of corporate expenses, employee corruption, etc.)
- Status analysis and issue reporting

Risk Reporting
- Monthly risk factor monitoring
- Immediate report to management if issues arise

Follow-up Management
- Notification of issues to involved departments and recommendations for improvement
- Follow-up monitoring

Status of Internal Control Activities

Category	Details	2023	2024	2025
Internal auditor	Number of business sites subject to audit (in Korea and international subsidiaries)	5	5	5
	Number of audited business sites (in Korea/international subsidiaries)	3	3	2
	Audited rate of business sites	60%	60%	40%
Inspection activities	Number of regular inspections	3	3	2
	Number of ad-hoc inspections	0	0	0
	Reports and transparency investigations via cyber reporting, phone, mail, etc.	0	0	0

Governance

Risk Management

Internal Accounting Management System

Hwashin operates an efficient internal accounting management system for the advanced prevention of errors or fraud that may distort its financial statements and disclosed materials. The CEO regularly evaluates and reports the status of internal accounting management and internal control operation to the General Meeting of Shareholders, Board of Directors, and Audit Committee, and discloses the audit opinions provided by the Audit Committee or an independent external auditor on the related reporting results.

Tax Governance and Management System

As global policies and the economic environment surrounding the automotive industry continue to change rapidly, proactively managing potential tax risks has become a key task for sound governance. Accordingly, Hwashin conducts regular annual review of Korean and international tax issues and broadly analyzes tax-related data—such as major tax trends and tax law revisions—to establish response strategies and measures not only to reduce tax risks in Korea, but also those of our international subsidiaries. For tax payments and major tax issues, the types, scale, and importance of taxes are comprehensively analyzed and reported to management to maintain a transparent decision-making system. Hwashin manages tax risks under the core principles of faithful tax payment and thorough compliance with regulations. The company maintains transparent and mutually cooperative relationships with the Korean and international tax authorities, and as a global company, focuses on tax accounting management capabilities to proactively identify and prevent potential risks that may arise from differences in national tax laws. Hwashin does not operate any separate subsidiary for the purpose of tax avoidance, and only has local subsidiaries internationally—such as those in the United States, India, Brazil, and China—for our actual global business operations involving production and sales.

Global Tax Risk Response Activities

To prevent and manage tax risks, Hwashin continuously monitors and responds to changes in the Korean and international tax environments. In particular, by quickly providing proof of relevant facts on tax authorities' request, we secure external tax credibility. We also operate an integrated support system at the headquarters level so that our international subsidiaries can fully fulfill their tax obligations and data submission obligations under the tax laws of each country. Through this, we will continue to practice tax justice globally and reinforce sustainable management based on tax transparency. In particular, to prevent the risk of double taxation due to conflicts of taxation rights between countries in transfer price transactions, we have established a reasonable standard price calculation system consistent with Korean and international tax laws and the OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations. Hwashin also strictly complies with the "Adjustment of International Taxes Act (AITA)" of Korea by applying a reasonable standard price calculation method with our international subsidiaries based on the principle of pricing between independent enterprises in transfer price transactions, thereby practicing tax transparency.

Transparent Disclosure

To support reasonable decision-making by its stakeholders and minimize risks from information asymmetry, Hwashin transparently discloses major financial and taxation information in a timely manner through its electronic disclosure system (DART). While complying with legal standards, the company secures the accuracy and reliability of the information to enhance its management transparency, and plans to strengthen its relationship with the market based on trust through prompt and fair disclosure.

Ethical and Legal Compliance Management

Committed to ethical business and legal compliance as the starting point of all its management activities, Hwashin conducts fair and honest business activities. By embedding the spirit of ethical and legal compliance across its management, we prevent corruption and unfair practices. Hwashin's ethical and legal compliance management is based on the management value that regards trust with its stakeholders—customers, the local community, and employees—as the greatest asset. Through policies and activities that protect this value, we seek to contribute to establishing a fair and transparent trade order, not only within Hwashin but across the automotive industry as a whole.

Ethical and Legal Compliance Management System

Ethical and Legal Compliance Management System

To conduct ethical and lawful business and establish a fair corporate culture, Hwashin has established an ethical and legal compliance management system. The company reflects the standards of conduct and value-judgment principles that all employees must comply with in the course of work in its Ethics Code of Conduct and Legal Compliance, through which we seek to enhance the company's reputation and trust. We also require the same level of ethical and legal compliance in our transactions with our suppliers to secure fairness and transparency in our transactions and business activities. By practicing ethical and legal compliance management, Hwashin will continue to work to become a company trusted by various stakeholders—including customers, suppliers, and the local community.

Cyber Complaints Center

To promote ethical management and establish a transparent corporate culture, Hwashin operates the Cyber Complaints Center for its employees, suppliers, and various stakeholders. The center is a reporting channel designed to prevent wrongful work-related practices, establish a fair trade order, and enable the early detection and correction of violations of company regulations and ethical standards. The reporting scope includes illegal or improper pursuit of personal gain, improper requests, illegal or improper use of company assets, and acts that undermine a healthy corporate culture, as well as disputes in trading relationships, violations of the Fair Transactions in Subcontracting Act of Korea, and other violations of laws and company regulations. Reports can be submitted anonymously or under one's real name through various channels, including the Website, email, phone, and mail. The identity of the whistleblower and the contents of the report are strictly kept confidential and protective measures are in place to ensure that no disadvantage is caused to the good-faith whistleblower. All reports are promptly reviewed and investigated by a dedicated department. During the 2025 reporting period, there were no reports submitted through the center, and Hwashin continuously manages the system's operation and report submission. To prevent restrictions on the use of the system due to a lack of awareness of the reporting channel, we periodically guide employees on its usage and operational purpose by providing training on the system. By continuously enhancing the accessibility and reliability of the reporting channel, Hwashin is strengthening the effectiveness of its ethical and legal compliance management.

Whistleblower Protection Program

Category	Key Details
Confidentiality assurance	• Disclosing or implication of the whistleblower's identity or the content of the report without his or her consent is strictly prohibited. • Tracking of a whistleblower's location or whereabouts—such as through IP addresses when reports are submitted online through email and other means-is strictly prohibited. • All individuals involved in the whistleblowing process are required to sign a confidentiality agreement to ensure that matters are handled fairly and independently. They are also obligated to strictly protect any confidential information obtained throughout the entire reporting procedure.
Protection of identity and status	• Any form of disadvantage or discrimination in employment conditions (hereinafter referred to as "retaliatory action") is strictly prohibited against individuals who assist in audits or investigations by reporting, making statements, or submitting materials. • Employees of the company and those of its suppliers who experience retaliatory action are entitled to request corrective measures.
Liability mitigation	• If an internal report leads to the discovery of disciplinary issues involving the whistleblower, disciplinary action may be reduced or exempted as a result of his or her reporting.

Ethical and Legal Compliance Management

Ethics Code of Conduct, Legal Compliance, and Practicing Principles

Ethical and Compliance Conduct Guidelines

To support fair and transparent work performance by its employees, Hwashin operates the Ethical and Compliance Conduct Guidelines. These guidelines present the standards of conduct that employees must comply with—including compliance with laws and company regulations, prohibition of abuse of position or authority, prohibition of receiving improper benefits, respect for customers and colleagues, fair and honest work performance, and protection of company assets and information. Hwashin thereby establishes a healthy corporate culture across the organization and makes sure its ethical and legal compliance management is substantively practiced.

1 Prohibition of Illegal or Wrongful Personal Interest

No one may misuse one's position or authority related to work or seek the following interest from any internal or external stakeholder in violation of national laws or Hwashin regulations.

2 Prohibition of Wrongful Solicitation

No one may solicit the following actions from any internal or external stakeholder using a superior position or amicable relationship.

3 Prohibition of Illegal or Wrongful Use of Company Assets

No one may use the company's tangible or intangible asset or business information as follows for their own or any third party's private interest.

4 Prohibition of Activities that Damage a Healthy Corporate Culture

No one may engage in the following activities that damage a healthy corporate culture.

5 Prohibition of Other Activities in Violation of Laws and Company Regulations

No one shall otherwise violate national laws or Hwashin regulations in everyday life or duties.

Basic Mindset of Hwashin Employees

To establish a healthy corporate culture and make sure the organization is operated in a trustworthy manner, Hwashin presents the basic mindset that all its employees should have. Based on fairness and a sense of accountability, employees respect various stakeholders—including customers, colleagues, and suppliers—during the course of work, and act in ways that enhance the company's trust and reputation. Through this, Hwashin seeks to form a healthy organizational culture.

Basic Mindset of Hwashin Employees

1. In carrying out all duties, employees must always perform duties with fairness and transparency pursuant to lawful procedures.
2. Employees must not engage in any illegal or wrongful activity using superior authority or dominant position.
3. They must not seek any *quid pro quo* for intentional work delays.
4. They must be mutually courteous in performing duties.
5. They must be fair and honest in performing and reporting work.
6. Employees must protect the company's property and maintain strict security with information arising from transactions and company secrets acquired during work.
7. They must comply with national laws and Hwashin regulations in everyday life and duties, and engage in no immoral or unethical actions that may be socially censured.

Ethical and Legal Compliance Management

Embedding and Practicing Ethical and Legal Compliance

Ethical and Legal Compliance Training and Pledge

Hwashin conducts regular training to ensure that all its employees fully understand the purpose of and standards for practicing ethical and legal compliance management, exercise correct judgment, and act responsibly during work. The training covers practice-related content—such as the company's Ethics Code of Conduct and legal compliance standards, examples of its violations in the workplace, procedures for handling ethical breaches, and how to use the internal reporting system. These sessions are designed to help employees accurately recognize ethical issues that may arise in real-world work situations and respond according to the company's standards. In addition, Hwashin has all its employees personally write and sign the Ethics and Compliance Commitment Pledge, reinforcing their ethical awareness and encouraging their autonomous commitment to ethical practices within the organization.

Status of Ethical and Legal Compliance Training Participation and Ethics and Compliance Commitment Pledge Signing

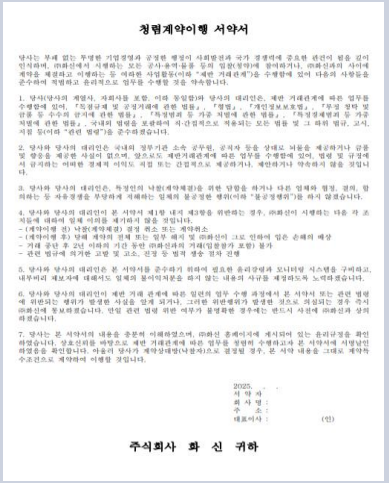
Category 1)		Ethical and Legal Compliance Management Training	Ethics and Compliance Commitment Pledge
2023	Target	446	411
	Conducted	421	383
	Participation rate	94.4%	93.2%
2024	Target	457	465
	Conducted	431	429
	Participation rate	94.3%	92.3%
2025 Note 2)	Target	499	499
	Conducted	445	445
	Participation rate	89.2%	89.2%

Note 1) Reasons for non-participation: leave of absence (including parental leave), business trips (including overseas trips and assignments), etc.
Note 2) Previously, training and the pledge were conducted at different times, but starting in 2025, the pledge is signed during the training.

Contract Performance Integrity Pledge

For sound corporate and sustainable supply chain management, Hwashin works to spread a fair and transparent trading culture. To this end, we require anyone participating in various contracting and trading processes with suppliers—such as construction, services, or goods procurement—sign the Contract Performance Integrity Pledge together with the suppliers to comply with laws and ethical standards, and prevent corruption. The pledge, signed at the time of a transaction, serves as a key mechanism for proactively preventing corruption-inducing acts—such as the exchange of improper money or entertainment, unlawful solicitation, and unfair transactions—and for securing fairness and transparency throughout the transaction process with our suppliers. Hwashin thereby builds accountable transactional relationships grounded in mutual trust with its suppliers, while extending the effectiveness of ethical and legal compliance management throughout the supply chain.

Main Details of the Contract Performance Integrity Pledge


청렴계약이행 서약서

주식회사 화 신 귀하

- Compliance with Fair Trade and Anti-Corruption-Related Laws
- Prohibition of receiving money or entertainment and providing improper benefits
- Prohibition of collusion and unfair practices
- Acceptance of sanctions such as contract termination and transaction restrictions in case of violations
- Immediate notification upon recognizing a violation
- Operation of ethical regulations and establishment of internal monitoring and whistleblower protection system to ensure compliance with the pledge

Fair Trade Voluntary Compliance

Hwashin believes that establishing a fair and transparent trade order is a corporate responsibility that benefits the entire supply chain. Since 2018, when the Fair Trade Voluntary Compliance (compliance with fair trade-related laws) Program (CP) was first implemented, we have led the practice of managing legal compliance in the course of transactions. The program is an internal control and training system designed to help employees precisely understand fair trade-related laws, regulations, and ethical standards, as well as reflect them across their work, thereby preventing potential risks. Hwashin's CP is important for achieving sustainable growth together with our stakeholders and the entire supply chain based on a legal compliance culture grounded in trust and accountability.

Fair Trade Voluntary Compliance Program

Fair Trade Voluntary Compliance Program

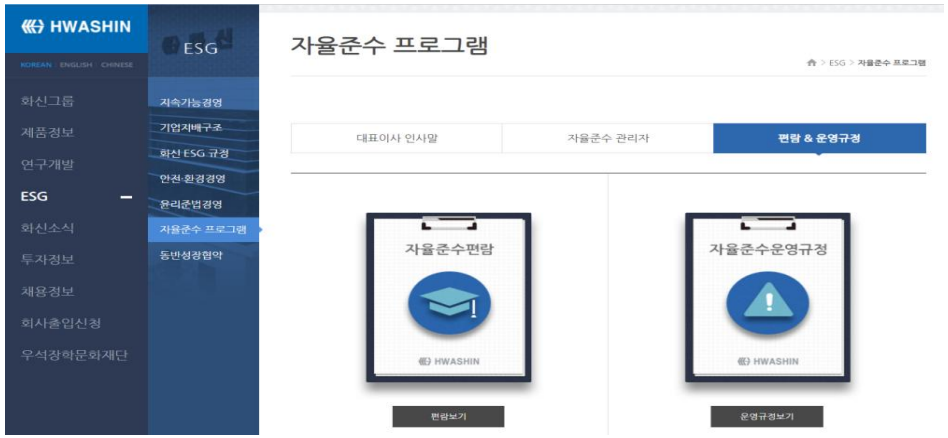
Since 2018, Hwashin has operated CP to promote a fair trade order and practice legal compliance management. CP is an internal control system designed to help employees to proactively recognize fair trade-related laws and regulations and prevent potential violations. It outlines mandatory standards of conduct for employees to practice in the course of work, legal precautions, and procedures for voluntary compliance activities. Through CP, Hwashin aims to proactively inspect fair-trade-related risks and foster a culture of autonomous compliance of fair trade and accountability across the organization to prevent legal violations.

Eight Elements of CP

1. Establish and implement CP standards and procedures
2. Announce the top management's commitment and support for voluntary compliance
3. Designate (appoint) the autonomous compliance manager
4. Produce a voluntary compliance manual and have employees use it
5. Provide continuous and systematic compliance training
6. Establish an internal monitoring system
7. Discipline employees who violate fair trade laws and regulations
8. Evaluate program effectiveness and implement corrective measures

CP Violation Reporting System

To promptly identify and respond to violations or their concerns related to CP, Hwashin operates an internal reporting system. When employees recognize an act that violates fair trade-related laws or internal voluntary compliance standards, they can report the violation to the compliance manager (cp@hwashin.co.kr). The submitted cases are linked to corrective and improvement measures as necessary after fact-finding and review procedures. The details of each report are handled through procedures that strictly ensure confidentiality, and the principle of protection against retaliation is upheld to enhance the reliability of the system's operation. The reporting system helps Hwashin identify fair trade issues early on, prevent the occurrence of similar cases, and have a voluntary compliance culture settle throughout the organization.



For details on Hwashin's compliance manager, the voluntary compliance manual, and operating regulations, please refer to the company Website.

Fair Trade Voluntary Compliance

Fair Trade Risk Prevention

Operation of Educational Programs to Enhance Awareness of Fair Trade

Hwashin regularly conducts fair trade-related training to establish a fair subcontracting order and promote coexistence and cooperation with its suppliers. The training programs are provided to internal related departments and centers and cover the basics of the "Fair Transactions in the Subcontracting Act" of Korea, key regulations, and precautions to take against violations. Practical training materials are also distributed, incorporating current enforcement trends and real-world cases from the Fair Trade Commission of Korea (KFTC). The training sessions include a Q&A session with legal advisors to help employees understand key practical fair trade issues and prevent legal risks during the course of work. This helps Hwashin employees realize the value of fair trade, build relevant knowledge, and manage a responsible trading culture for it to take root throughout the supply chain.



2025 Fair Trade Compliance Training

Pre-Review and Procurement Inspection System

Hwashin operates a pre-review and procurement inspection system to identify and respond early on to the possibility of legal violations that may arise during the transaction process. We hold a Voluntary Compliance Review Committee meeting each month, where the compliance manager, relevant department representatives, and a fair trade legal expert jointly review and assess major issues, such as supplier registration/cancellation criteria, contract procedures, and transaction disputes. We also conduct "regular procurement audit" semiannually and it includes a preliminary document investigation, checklist-based review, interviews with the responsible staff, and on-site inspections, to assess compliance with the Fair Transactions in the Subcontracting Act of Korea, the Monopoly Regulation and Fair Trade Act of Korea, company regulations, and other applicable laws from multiple angles. Based on the items identified through the inspections, corrective and improvement measures are provided to prevent the recurrence of similar issues, and the appropriateness and the operational effectiveness of the transaction process are continuously monitored.

2025 Regular Procurement Audit Results

Type	Team Name	Number of Cases	Compliant	Noncompliant
First half of the year	Parts Development Team	82	82	-
	Procurement Team	93	92	1
	Hwashin Precision Industry Development Team	82	81	1
	Total	257	255	2
Second half of the year	Parts Development Team	82	82	-
	Procurement Team	93	92	1
	Hwashin Precision Industry Development Team	82	82	-
	Total	257	256	1



Appendix

1. Financial Performance

2. Non-Financial Performance

1) Non-Financial Performance – Social

2) Non-Financial Performance – Environmental

3. Activities Linked with UN SDGs

4. GRI Standards Index

5. Third-Party Verification Statement

6. Memberships and Affiliations

Appendix

Financial Performance

(Unit: KRW)

Category			2023	2024	2025
Separate	Assets	Current assets	511,730,953,321	456,756,719,220	492,145,308,399
		Non-current assets	395,877,410,298	576,474,612,729	637,158,751,334
		Total	907,608,363,619	1,033,231,331,949	1,129,304,059,733
	Liabilities	Current liabilities	388,928,524,149	433,197,543,799	435,726,292,390
		Non-current liabilities	77,220,441,211	60,813,546,625	106,516,819,382
		Total	466,148,965,360	494,011,090,424	542,243,111,772
	Capital		441,459,398,259	539,220,241,525	587,060,947,961
	Sales		957,106,396,810	940,622,547,791	1,114,907,012,807
	Sales cost		878,035,977,106	864,975,139,156	1,011,044,443,869
	Cost for sales and management		40,221,520,998	57,578,444,950	56,155,402,222
	Operating profit		38,848,898,706	18,068,963,685	47,707,166,716
	Net profit for the current period		59,595,931,484	78,229,549,054	58,285,468,456
Consolidated	Assets	Current assets	677,129,872,707	599,667,165,885	755,427,797,030
		Non-current assets	519,684,111,662	722,002,703,873	803,671,415,714
		Total	1,196,813,984,369	1,321,669,869,758	1,559,099,212,744
	Liabilities	Current liabilities	626,781,242,442	668,820,568,133	652,527,637,597
		Non-current liabilities	124,969,416,541	135,416,894,252	335,225,383,639
		Total	751,750,658,983	804,237,462,385	987,753,021,236
	Capital		445,063,325,386	517,432,407,373	571,346,191,508
	Sales		1,802,759,833,241	1,712,315,816,922	1,962,483,716,837
	Sales cost		1,626,277,170,549	1,544,607,643,175	1,746,213,924,379
	Cost for sales and management		92,753,847,784	102,397,405,460	113,821,835,645
	Operating profit		83,728,814,908	65,310,768,287	102,447,956,813
	Net profit for the current period		77,268,483,097	53,561,268,072	66,688,373,511

* For detailed financial information, please refer to the electronic disclosure system (DART).

Appendix

Non-Financial Performance – Social

Category			Unit	2023	2024	2025
Employee Status						
Employment type	Regular		Individuals	879	961	941
	Temporary		Individuals	126	67	69
	Total		Individuals	1,005	1,028	1,010
New hires	Regular	Male	Individuals	81	44	5
		Female	Individuals	5	5	1
	Total		Individuals	86	49	6
	Temporary	Male	Individuals	77	54	53
		Female	Individuals	3	5	3
	Total		Individuals	80	59	56
Sex	Male		Individuals	960	981	963
	Female		Individuals	45	47	47
Female management personnel	Chief		Individuals	-	-	-
	Principal		Individuals	15	16	18
	Senior		Individuals	16	14	12
	Junior		Individuals	9	12	13
	Staff		Individuals	5	5	4
Region/country	Vietnam		Individuals	1	1	3
	United States		Individuals	1	1	1
	China		Individuals	-	1	1
Employees with disabilities*	Number of employees		Individuals	29	30	31
	Ratio		%	3.1	3.1	3.1
Voluntary turnover	Number		Individuals	59	54	52
	Ratio		%	6	5	5

Category		Unit	2023	2024	2025
Childcare Leave					
Workers who took childcare leave	Male	Individuals	5	9	18
	Female	Individuals	4	7	7
	Overall	Individuals	9	16	25
Childcare leave usage rate1)	Male	%	4.8	3.7	16.1
	Female	%	100	100	100
	Overall	%	16.7	13.3	18.5
Workers' reduced work hours during childcare leave		Individuals	2	4	6
Spouses who took childbirth leave		Individuals	17	26	31
Long-term workers who returned to work for 12 months or longer after childcare leave	Male	Individuals	7	2	7
	Female	Individuals	2	-	3
	Overall	Individuals	9	2	10
Retirement pension	Accumulated severance pay funds	KRW million	57,256	61,721	66,768

Note 1) Calculation of childcare leave usage rate: Workers who used childcare leave within one year after childbirth in the year / Workers with children younger than one-year-old from the date of birth in the year (The denominator (number of employees eligible for childcare) is set based on the number of workers with children younger than one-year-old from the date of birth, so it may differ from the actual number of those legally eligible for childcare leave.)

Appendix

Non-Financial Performance – Social

Category			Unit	2023	2024	2025
Social Contribution	Donations 1)		KRW million	879	961	941
Labor Union Status						
Eligible workers 2)			Individuals	951	971	949
Enrolled workers 3)			Individuals	443	526	551
Enrollment rate			%	46.6	54.1	58.1
Training						
Total trained 4)			Individuals	943	953	944
Total training hours			Hours	26,423	24,653	22,435
Total training cost			KRW million	450	145	108
Training hours per person			Hours	28	26	24
Training cost per person			KRW million	0.5	0.2	0.1
Medical Exam Outcomes						
Workers with regular health checkups 5)			Individuals	796	837	867
Workers with comprehensive employee medical examinations 6)			Individuals	255	259	285
Industrial Accident Status						
Number of victims 7)	Accidents 8)	Regular	Individuals	1	8	5
		Temporary	Individuals	-	2	1
	Illnesses	Regular	Individuals	3	-	-
		Temporary	Individuals	-	-	-
Industrial accident rate			%	0.55	0.67	0.59
Legal and Regulatory Violations 9)						
Legal and Regulatory Violations			Cases	-	-	-
Sanctions			Cases	-	-	-
Fines and Penalties Amount			KRW million	-	-	-

Note 1) Donations are the total amount of Hwashin donations and the expenses incurred in fulfilling the scholarship foundation's mission.

Note 2) the number of eligible workers for labor union enrollment excludes executives and expatriates.

Note 3) The number of workers enrolled in union includes hourly workers and Junior-level employees; excludes non-union departments such as HR, Labor, and Finance.

Note 4) The total number of trained excludes non-executive directors, overseas expatriates, contract-position employees, on-site personnel, contracted staff, and labor union personnel.

Note 5) Regular health checkups are legally mandated health checkups.

Note 6) Hwashin provides comprehensive employee medical examinations as employee welfare for employees and spouses aged 40 and above.

Note 7) Scope of industrial accident victims: Eonha Plant, Bongdong Plant, Technology Research Center, Yesan Plant, and High-Tech Park Plant

Note 8) Accident-related injuries include sprains and fractures, etc. with risk assessment results reported before and after improvements were made for each type of injury.

Note 9) Violations of laws and regulations include breaches of the Ethics Code of Conduct, labor law violations, environmental law violations, and violations related to information security and personal data protection. When legal and regulatory violations occur, the date of violation, details of violation, and sanctions are scheduled to be separately disclosed.

Appendix

Non-Financial Performance – Environmental

Greenhouse Gas Emissions

(Unit: tCO_2-eq)

Category	2023		2024		2025	
	Scope 1	Scope 2	Scope 1	Scope 2	Scope 1	Scope 2
Eonha Plant	2,463	8,811	2,291	8,401	2,362	7,369
Bongdong Plant	794	4,459	784	4,364	753	4,105
Yesan Plant	974	2,688	939	2,678	1,121	2,608
Maeho Plant	-	362	-	359	-	338
High-Tech Park Plant	-	55	129	794	264	1,052
Pyeongchon Advanced Research Center	3	8	2	10	1	8
Total (Scope 1 + 2)	20,617		20,751		19,982	
Greenhouse gas emission concentration (tCO_2-eq / KRW 100 million)	2.15 tCO_2-eq / KRW 100 million		2.20 tCO_2-eq / KRW 100 million		1.79 tCO_2-eq / KRW 100 million	
Emission decrease or increase rate (%)	3%		1%		-4%	

* Emissions for each item are calculated and presented based on decimal rounding, so some differences may occur between the sum of individual items and the total.

* Concentration is based on separate financial statements.

Energy Usage Amount

(Unit: TJ)

Category	2023	2024	2025
Electricity	128	130	134
Fossil fuels	67	67	72
Renewable energy	-	-	-
Total	195	197	206
Energy usage concentration (TJ / KRW 100 million)	0.02 TJ / KRW 100 million	0.02 TJ / KRW 100 million	0.02 TJ / KRW 100 million
Energy usage decrease or increase rate (%)	1%	1%	5%

* Concentration is based on separate financial statements.

* The 2025 energy consumption target was set at 0.02 TJ/KRW 100 million, the same intensity-based target as the previous year, and the actual performance achieved the same level, meeting the target.

Eco-Friendly Investment Performance and Future Plans

(Unit: KRW 1,000)

Category		Investment	Expense
2025 performance	1	Development of low-carbon, eco-friendly giga-grade steel plate chassis parts	135,237
	2	Development of FR C/MBR with metallizing dissimilar-material welding	-
	3	R&D of induction-hardened Rear CTBA	-
	4	R&D of FR L/ARM with induction hardening	1,560
Total			136,797
2026 plan	1	R&D of FR L/ARM with induction hardening	80,000
	2	Development of FR C/MBR with low-temperature thermal spray coating welding	100,000
	3	Development of chassis parts using high-strength aluminum sheet	40,000
	4	Development of FR C/MBR using high-strength steel and high-strength wire	150,000
Total			370,000

Appendix

Non-Financial Performance – Environmental

Atmospheric Pollutants

(Unit: ton)

Pollutant	Site	2023	2024	2025
PM	Eonha Plant	0.12	0.12	0.22
	Technology Research Center	0.02	0.02	0.01
	Bongdong Plant	0.009	0.006	0
	Yesan Plant	0.12	0.44	0.39
SOx	Eonha Plant	0.24	0.06	0
	Technology Research Center	-	-	-
	Bongdong Plant	-	-	-
	Yesan Plant	0.02	0.75	-
NOx	Eonha Plant	0.6	0.24	0.44
	Technology Research Center	-	0.01	-
	Bongdong Plant	-	-	-
	Yesan Plant	0.29	0.5	0.48

* Changes in measurement may occur due to changes in materials committed to processes, legal amendments, or other reasons.

Water Pollutant Output

(Unit: ton)

Pollutant	Site	2023	2024	2025
TOC	Eonha Plant	0.365	0.477	0.389
	Yesan Plant	0.292	0.218	0.383
BOD	Eonha Plant	0.072	0.081	0.135
	Yesan Plant	0.073	0.048	0.061
SS	Eonha Plant	0.123	0.039	0.012
	Yesan Plant	0.045	0.012	0.077

Water Pollutants

(Unit: mg/L)

Pollutant	Site	2023	2024	2025
pH	Eonha Plant	6.90	7.6	6.8
	Yesan Plant	7.30	7.5	7
BOD	Eonha Plant	3.0	2.5	5.3
	Yesan Plant	18.4	2	3.5
TOC	Eonha Plant	14.8	24.5	15.25
	Yesan Plant	32.2	9.8	22
SS	Eonha Plant	5.1	1.8	0.5
	Yesan Plant	4	0.6	4
N-H	Eonha Plant	Not detected	Not detected	Not detected
	Yesan Plant	Not detected	Not detected	Not detected
T-N	Eonha Plant	27.1	7.6	10.35
	Yesan Plant	39.57	20.5	5.1
T-P	Eonha Plant	2.4	0.108	0.05
	Yesan Plant	1.14	0.7	0.1
Zn	Eonha Plant	2.1	2.1	3.93
	Yesan Plant	1.21	2	2.9
Cu	Eonha Plant	Not detected	Not detected	Not detected
	Yesan Plant	-	-	Not detected
ABS	Eonha Plant	0.03	Not detected	Not detected
	Yesan Plant	Not detected	Not detected	0.07

* The pH is a dimensionless value that expresses the concentration on a logarithmic scale and it does not have a unit.

Appendix

Non-Financial Performance – Environmental

Water Resource Usage

(Unit: m³)

Type		Year	Eonha Plant1)	Bongdong Plant	High-Tech Park Plant 2)	Yesan Plant	Total
Water intake	Tap water	2023	59,231	5,927	N/A	3,608	68,766
	Underground water	2023	9,035	-	N/A	36,620	45,655
	Tap water	2024	53,873	7,142	167	3,443	64,625
	Underground water	2024	16,227	-	-	35,402	51,629
	Tap water	2025	54,593	7,832	3,616	3,443	69,484
	Underground water	2025	13,528	-	-	35,271	48,799
Water consumption		2023	43,883	5,582	N/A	14,981	64,446
		2024	44,390	6,706	167	14,336	65,599
		2025	44,002	7,488	3,616	15,578	70,684
Water output (wastewater)		2023	24,383	345	N/A	25,247	49,975
		2024	25,710	314	N/A	24,509	50,655
		2025	24,119	344	N/A	23,136	47,599

Note 1) Eonha Plant includes the Technology Research Center.

Note 2) The High-Tech Park Plant began operating in 2024; it has no water discharge process.

Use and Output of Hazardous Chemicals

(Unit: ton)

Outcomes	2023	2024	2025
Use and output of hazardous chemicals	10.08	11.28	8.75

* Hazardous chemical usage: total figures for Eonha Plant and Yesan Plant
* The chemical substance is not classified as Type 1, Type 2, or high-risk type, so it is excluded from performance reporting.
* 2023 figures were re-stated due to a change in the calculation basis

Waste Output and Recycling Rate

(Unit: kg)

Type		2023	2024	2025
General waste	Recycled	664,520	741,705	600,000
	Incinerated	101,020	50,080	42,610
	Landfill	136,270	81,160	103,340
	Total	901,810	872,945	745,950
Designated waste	Recycled	34,840	20,520	16,450
	Incinerated	44,760	45,220	40,940
	Landfill	-	-	-
	Total	79,600	65,740	57,390
Total		981,410	938,685	803,340
Waste increase or decrease rate		13%	-4%	-14%
Recycling rate		71%	81%	76%

Usage of Major Raw and Subsidiary Materials (2025)

Material	Eonha Plant	Bongdong Plant	High-Tech Park Plant	Yesan Plant	Total
Coil	-	48,443,941	-	-	48,443,941
Welding wire	1,383,200			339,715	1,722,915
Total	49,827,141			339,715	50,166,856
Concentration (kg / KRW 100 million)					4,500

* Concentration is based on separate financial statements.

Appendix

Activities Linked with UN SDGs

No.	Topic	Related Activities
	**Good Health and Well-Being**	Under the Safety and Health Management Policy, Hwashin guarantees the independence of its safety and health budget and this helps build business sites that are seamlessly safe and where all employees can be healthy. We conduct thorough safety management, supervision, and inspection activities, as well as safety training to prepare for real situations. We also contribute to our employees' safety and health through in-house health management facilities and personalized employee health management programs. Disclosure: pp. 75-83
	**Quality Education**	Through various capacity building programs and training courses based on a solid employee development system, we guarantee the right to quality vocational education. With training programs differentiated by job position and function, we guarantee all employees—regardless of position or function—the opportunity to grow. Disclosure: pp. 61-64, 125
	**Clean Water and Sanitation**	Through a systematic water pollutant management system and the operation of effective water pollution preventing facilities, we contribute to protecting the local community's water resources. We also further enhance water resource protection through active water-use reduction and expansion of water resource reuse, as well as water resource risk analyses and management. Disclosure: pp. 46-48, 127
	**Sustainable Energy**	We are gradually pursuing the transition to renewable energy in line with each business site's conditions. For our Korean business sites, we will fully start using solar energy from July 2026. HWASHIN Chennai Corporation already uses wind energy, and we will achieve sustainable energy use goals through continuous improvements in energy consumption efficiency and the expanded use of renewable energy at all our business sites. Disclosure: p. 43
	**Decent Work and Economic Growth**	Hwashin believes that a happy workplace and employee growth are core elements of corporate sustainable growth, and we continue to invest in building employee capacity and fostering a happy corporate culture. By providing support for work-family balance, expanding welfare programs, and creating a horizontal culture, we enhance employee job satisfaction and strive to provide quality jobs. Disclosure: pp. 65, 66, 125
	**Industrial Development, Innovation, and Building Infrastructure**	Based on the Four Action Points for Fair Trade and Shared Growth, we conduct various activities for coexistence and cooperation with and support for suppliers. Through these activities, we spread a fair trade culture throughout the automotive industry and strengthen sustainability across the entire automotive value chain. We also promote innovation in the automotive industry through R&D investment and various technological cooperation. Disclosure: pp. 89-97, 102-104, 126

Appendix

Activities Linked with UN SDGs

No.	Topic	Related Activities
	Reduced Inequalities	Hwashin's human rights policy and non-discrimination policy do not permit any discrimination. In the recruitment process, evaluation is based solely on the applicant's competencies and job suitability, and through global talent recruitment activities, we foster diversity within the company. We also work to reduce internal and external human rights risks and inequalities through various means such as the human rights impact assessments. Disclosure: pp. 59, 71-73
	Creating Sustainable Cities and Communities	Hwashin actively works to coexist with the local community and build sustainable communities. Through donations for sharing with the local communities and the operation of a scholarship foundation, we help local communities cope with difficulties and promote sustainable development. Through the “Salary Change for Change Donation Campaign,” our employees practice sharing and coexistence in their daily lives. Disclosure: pp. 84, 85, 125
	Responsible Consumption and Production	Hwashin practices responsible consumption and production through the expansion of resource circulation and waste reduction activities. We set targets each year for reducing waste generated in the production process and work to achieve them. In our daily lives, we participate in waste plastic resource recovery campaigns alongside the reduction of disposable items and the purchase of products certified as being eco-friendly. Disclosure: pp. 52-54, 128
	Responding to Climate Change	Through systematic air pollutant emission management and company-wide carbon emission reduction activities, Hwashin practices climate change mitigation. We are reducing carbon generated during production through the establishment of low-carbon, high-efficiency business sites and use of renewable energy. By establishing a TFT for the global low-carbon management system, we are inspecting all our business activities generating carbon at our Korean and international business sites, thereby working company-wide to identify and implement carbon reducing items. Disclosure: pp. 36-45, 128
	Protecting Terrestrial Ecosystems	Under our Biodiversity Protection Policy, we manage the natural capital and continuously monitor the impact of our business sites on the local community's ecosystem, thereby leading the protection of terrestrial ecosystems in the local community. Disclosure: pp. 55-57
	Partnerships to Realize the UN SDGs	By joining the UN Global Compact in 2025, we clarified our commitment to contributing to the achievement of the UN SDGs. We also participate in various partnerships related to SDGs and sustainable development—such as the Carbon Disclosure Project (participating since 2023)—fulfilling our responsibility as a corporate citizen. Disclosure: pp. 21, 44, 45, 91

Appendix

GRI Standards Index

GRI Content Index	
Statement of Use	Hwashin is reporting its sustainability information for the period from January 1 to December 31, 2025, with reference to the GRI Standards.
Standards Used	GRI 1: Foundation 2021

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	101-2	Management of impacts on biodiversity	55, 57
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	101-4	Identification of impacts on biodiversity	56, 57
	101-5	Locations with impacts on biodiversity	56
	101-6	Direct drivers of biodiversity loss	N/A[3)]
	101-7	Changes to the state of biodiversity	56, 57
	101-8	Ecosystem-related services	N/A[4)]
GRI 102: Climate Change 2025	102-1	Transition plan for climate change mitigation	36, 38-44
	102-2	Climate change adaptation plan	37
	102-3	Just and fair climate change transition plan	38-44
	102-4	GHG emissions reduction targets and progress made	38
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	103-5	Reduction of energy consumption	126

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GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	20, 112, 123
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GRI 205: Anti-Corruption 2016	205-1	Operations assessed for risks related to corruption	115
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GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	46-48
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GRI 305: Emissions 2016	305-6	Emissions of ozone-depleting substances (ODS)	N/A
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	49, 127
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	52, 128
	306-2	Management of significant waste-related impacts	54
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	404-3	Percentage of employees receiving regular performance and career development reviews	-
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	106, 115, 116, 124
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	N/A[8)]

Note 1) Disclosed in Business Report VIII in 1. Status of Officers, Employees, etc.

Note 2) Disclosed in Business Report VIII in 1. Status of Officers, Employees, etc.

Note 3) Monitoring results show no direct biodiversity damage incidents or potential causes; however, Hwashin will continue to perform biodiversity monitoring and conservation efforts.

Note 4) The company does not engage in natural capital utilization or biodiversity-related business activities.

Note 5) Currently, not all Scope 3 GHG emissions are calculated, but inventories are being built for some items.

Note 6) Corruption-related incidents identified through Cyber Complaints Center, etc.: 0 in 2025

Note 7) Disclosed in Business Report III in 3-29. Corporate Tax, International Subsidiary Corporate Tax Status

Note 8) No energy consumption outside the organization

Note 8) Discrimination-related incidents identified through Cyber Complaints Center, etc.: 0 in 2025

Appendix

Third-Party Verification Statement – Sustainability Report

LRQA Independent Assurance Statement

Relating to Hwashin Co., Ltd.'s Sustainability Report for the calendar year 2025

This Assurance Statement has been prepared for Hwashin Co., Ltd. in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

LRQA was commissioned by Hwashin Co., Ltd. (Hwashin abbreviated) to provide independent assurance on its 'Hwashin Sustainability Report 2025' ("the report") against the assurance criteria below to a moderate level of assurance and materiality of professional judgement using "Accountability's AA1000AS v3", where the scope was a Type 1 engagement.

Our assurance engagement covered Hwashin's operations and activities in Korea and specifically the following requirements:

- Evaluating adherence to the AA1000 AccountAbility Principles[1] of Inclusivity, Materiality, Responsiveness and Impact
- Confirming that the report has been prepared with reference to the GRI Standards 2021

Our assurance engagement excluded the data and information of Hwashin's suppliers, contractors and any third-parties mentioned in the report.

LRQA's responsibility is only to Hwashin. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Hwashin's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of Hwashin.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that Hwashin has not, in all material respects:

- Met the requirements above
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a moderate level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a moderate assurance engagement is less than for a high assurance engagement. Moderate assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a moderate assurance engagement is substantially lower than the assurance that would have been obtained had a high assurance engagement been performed.

LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing Hwashin's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through reviewing documents and associated records.
- Reviewing Hwashin's process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by benchmarking reports written by Hwashin and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether Hwashin makes informed business decisions that may create opportunities that contribute towards sustainable development.
- Reviewing additional evidence made available by Hwashin at its headquarters in Yeongcheon-si, Gyeongsangbuk-do.
- Checking whether the report meets the requirements for reporting with reference to the GRI Standards.

Observations

Further observations and findings, made during the assurance engagement, are:

- Inclusivity:
  We are not aware of any key stakeholder groups that have been excluded from Hwashin's stakeholder engagement process.

[1] *https://www.accountability.org*

Appendix

Third-Party Verification Statement – Sustainability Report

- Materiality:
  We are not aware of any material issues concerning Hwashin's sustainability performance that have been excluded from the report. It should be noted that Hwashin has established extensive criteria for determining which issue/aspect is material and that these criteria are not biased to the company's management.
- Responsiveness:
  We found that Hwashin has established strategies and goals to address material sustainability issues and is continuously improving its sustainability management performance.
- Impact:
  Hwashin strives to continuously improve its system for identifying and managing environmental and social impacts related to its supply chain in order to ensure responsible sourcing.

LRQA's standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity assessment – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is Hwashin's verification body for its GHG emissions. The verification is the only work undertaken by LRQA for Hwashin and as such does not compromise our independence or impartiality.



Dated: 14 May 2026

Tae-Kyoung Kim
LRQA Lead Verifier
On behalf of LRQA
2nd Floor, T Tower, 30, Sowol-ro 2-gil, Jung-gu, Seoul, Republic of Korea

LRQA reference: SEO00001273

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Appendix

Third-Party Verification Statement – GHG Emissions Inventory

LRQA Independent Assurance Statement

Relating to Hwashin Co., Ltd.'s GHG Emissions Inventory for the calendar years 2022 and 2025

This Assurance Statement has been prepared for Hwashin Co., Ltd. in accordance with our contract.

Terms of engagement

LRQA was commissioned by Hwashin Co., Ltd. to provide independent assurance on its GHG emissions inventory for the calendar years 2022 and 2025 (hereafter referred to as "the report") against the assurance criteria below to a limited level of assurance and materiality of 5% using ISO 14064-3:2019, 'Specification with guidance for verification and validation of greenhouse gas statements'.

Our assurance engagement covered the operations of Hwashin Co., Ltd.'s domestic sites[1] and overseas subsidiaries, and specifically the following requirements:

- Evaluating conformance with World Resources Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, revised edition[2]
- Evaluating the accuracy and reliability of data and information for direct GHG emissions (Scope 1) and energy indirect GHG emissions (Scope 2).

The main activities of Hwashin Co., Ltd. include manufacturing of automotive parts and the GHG emissions have been consolidated using an operational control approach.

LRQA's responsibility is only to Hwashin Co., Ltd. LRQA disclaims any liability or responsibility to others as explained in the end footnote. Hwashin Co., Ltd.'s responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of Hwashin Co., Ltd.

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that the GHG emissions as summarized in Table 1 and Table 2 below are not materially correct, and that the Report has not been prepared in conformance with Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, revised edition, except for the following qualification:

- Among Hwashin Co., Ltd.'s overseas subsidiaries, Hwashin BHAP (Chongqing) Automotive Parts Co., Ltd. was closed in 2024; accordingly, its greenhouse gas emissions for 2022 were not reported due to the unavailability of activity data.

The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of 5%.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

[1] *Hwashin Co., Ltd.'s domestic subsidiaries were excluded from this assurance engagement.*

[2] *https://www.ghgprotocol.org*

Appendix

Third-Party Verification Statement – GHG Emissions Inventory

LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Interviewing key people of the organization responsible for managing GHG emissions data and records;
- Reviewing processes related to the control of GHG emissions data and records;
- Visiting the head office and reviewing additional evidence made available by Hwashin Co., Ltd.;
- Verifying historical GHG emissions data and records at an aggregated level for the calendar years 2022 and 2025; and
- Reviewing whether Hwashin Co., Ltd. reflected the Greenhouse Gas Management Manual for Hyundai Motor and Kia Suppliers (Ver. 2.0).

LRQA's standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 *Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition* and ISO/IEC 17021 *Conformity assessment – Requirements for bodies providing audit and certification of management systems* that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

This verification engagement is the only work undertaken by LRQA for Hwashin Co., Ltd. and as such does not compromise our independence or impartiality.

Tae-Kyoung Kim
LRQA Lead Verifier
On behalf of LRQA
2nd Floor, T Tower, 30, Sowol-ro 2-gil, Jung-gu, Seoul, Republic of Korea

Dated: 24 March 2026

LRQA reference: SEO00001784

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Appendix

Third-Party Verification Statement – GHG Emissions Inventory

Table 1. Summary of GHG Emissions Inventory 2022

Region	Corporate entity (Site)	Scope of GHG emissions (tCO_2e)			
		Direct GHG emissions (Scope 1)	Energy indirect GHG emissions (Scope 2, Location based)	Total	Energy indirect GHG emissions (Scope 2, Market based)
Korea	Hwashin Co., Ltd. (Eonha Factory)	2,594	9,075	11,669	Excluded
	Hwashin Co., Ltd. (Bong-dong Factory)	878	4,210	5,088	Excluded
	Hwashin Co., Ltd. (Yesan Factory)	1,976	2,381	4,358	Excluded
	Hwashin Co., Ltd. (Maeho Factory)	0	347	347	Excluded
	Hwashin Co., Ltd. (Pyeongchon R&D Center)	2	9	11	Excluded
United States	Hwashin America Corporation	2,458	6,572	9,030	8,911
China	Hwashin BHAP (Cangzhou) Automotive Parts Co., Ltd.	251	1,293	1,544	1,293
	Beijing Hwashin Automobile Parts Co., Ltd.	587	2,999	3,587	2,999
India	Hwashin Automotive India Private Limited	2,460	16,356	18,816	4,476
Brazil	Hwashin Fabricante de Pecas Automotivas LTDA	955	423	1,378	423
Total		12,161	43,666	55,827	
Note 1: Scope 2, Location based and Market based are defined in the GHG Protocol Scope 2 Guidance, 2015					

Table 2. Summary of GHG Emissions Inventory 2025

Region	Corporate entity (Site)	Scope of GHG emissions (tCO_2e)			
		Direct GHG emissions (Scope 1)	Energy indirect GHG emissions (Scope 2, Location based)	Total	Energy indirect GHG emissions (Scope 2, Market based)
Korea	Hwashin Co., Ltd. (Eonha Factory)	2,362	7,369	9,730	Excluded
	Hwashin Co., Ltd. (Bong-dong Factory)	753	4,105	4,859	Excluded
	Hwashin Co., Ltd. (Yesan Factory)	1,121	2,608	3,729	Excluded
	Hwashin Co., Ltd. (Maeho Factory)	0	338	338	Excluded
	Hwashin Co., Ltd. (Hi-Tech Park Factory)	264	1,052	1,316	Excluded
	Hwashin Co., Ltd. (Pyeongchon R&D Center)	1	8	10	Excluded
United States	Hwashin America Corporation	3,457	8,175	11,632	12,435
	Hwashin Georgia Corporation	85	670	755	670
China	Beijing Hwashin Automobile Parts Co., Ltd.	1,014	3,186	4,200	3,186
India	Hwashin Automotive India Private Limited	2,402	18,284	20,686	2,605
	Hwashin Automotive Pune Private Limited	34	150	184	150
Brazil	Hwashin Fabricante de Pecas Automotivas LTDA	544	532	1,075	532
Total		12,038	46,477	58,515	
Note 1: Scope 2, Location based and Market based are defined in the GHG Protocol Scope 2 Guidance, 2015					

Appendix

Memberships and Affiliations

(In Korean alphabetical order, as of January 2026)

Memberships and Affiliations	
Gyeongbuk Mecenat Association	Yeongcheon Chamber of Commerce and Industry
Gyeongbuk Chambers of Commerce and Industry Council	Yeongcheon Fire Safety Council
Gyeongbuk Vehicle Embedded Technology Research Institute	Korea Mobility Bridge Foundation
Gyeongbuk Hybrid Technology Institute	Federation of Middle Market Enterprises of Korea
Daegu-Gyeongbuk Future Management Society	Korea International Trade Association
Daegu Regional Employment and Labor Office's Safety Manager Council	Korea Industrial Technology Association
The Korean Institute of Metals and Materials	Korea Fire Safety Institute
Korea Industrial Safety Association	The Korean Society for Technology of Plasticity and Materials Processing
The Korean Welding and Joining Society	Korean Society of Automotive Engineers
Korean Red Cross	Korea Auto Industries Cooperative Association
Korea Commission for Corporate Partnership	Korea Electrical Engineers Association
Foundation for Industrial Safety Partnerships	Korea Carbon and Nano Industry Association
Samsung Securities CEO/CFO Forum's Self-Governing Council	Korean Standards Association
Korea Listed Companies Association	Korea Environmental Engineers Association
Sangjeong Development Council	UN Global Compact
Yeongcheon Chemical Safety Community	

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(In Korean alphabetical order)

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