



Keep Moving

Drive Change

HARMONY

SYNERGY

CONTINUITY

Hwaseung Corporation Sustainability Report 2025

ABOUT THIS REPORT

Overview of Report

Hwaseung Corporation wishes to publish its first Sustainability Report to share its sustainability performance and initiatives with various stakeholders. This report systematically discloses the key management activities pursued by Hwaseung Corporation across the Environmental (E), Social (S), and Governance (G) sectors and achievements thereof. The report also outlines strategic directions and goals for future sustainability management.

Reporting Standards

This report fulfills the compliance requirements of the Global Reporting Initiative (GRI) Standards 2021, a global guideline for sustainability reporting. Additionally, the report has been prepared by reflecting the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for climate change-related information disclosure, the Sustainability Accounting Standards Board (SASB) industrial standards to address industry-specific material issues, and the indicators and goals of the European Sustainability Reporting Standards (ESRS) and the UN Sustainable Development Goals (UN SDGs).

Reporting Period

This report covers activities and performance from January 1, 2024, to December 31, 2024. For quantitative performance, data from the most recent three years (2022-2024) are included to enable trend analysis. For certain categories of information, the report also covers the first half of 2025 to enhance stakeholder understanding.

Reporting Scope and Boundary

This report primarily focuses on the ESG management activities and performance of Hwaseung Corporation. Financial data has been prepared based on separate financial statements in accordance with Korean International Financial Reporting Standards (K-IFRS). Non-financial performance covers all domestic business sites, but overseas business sites have been included in the report for certain performance. Where the reporting scope differs, it is separately indicated in the footnotes for the respective information.

Assurance on the Report

To ensure the fairness and reliability of the report preparation process and the information presented, an independent assurance body, Korea Productivity Center Quality Assurance (KPCQA), conducted third-party assurance. This assurance was performed using the AA1000AS Assurance Standard, applying the Moderate level and Type 1. Detailed assurance results can be found in the 'Third-Party Assurance Statement' on pages 103-104.

Forward-Looking Statements

In addition to information about Hwaseung Corporation's present and past, this report may contain forward-looking statements that include future management strategies, ESG targets, and sustainability initiatives. These forward-looking statements are based on assumptions and expectations that Hwaseung Corporation's management considers reasonable at present. However,

given the nature of the automotive components industry, actual business performance may differ from predictions due to various external factors, such as economic fluctuations, instability in global supply chains, strategic changes by major automotive manufacturers, and revisions to relevant laws and environmental regulations. Therefore, this report should be utilized by stakeholders as a reference for understanding Hwaseung Corporation's ESG management direction and strategy, and there can be limits in using this report for other purposes such as investment. Additionally, Hwaseung Corporation does not undertake any obligation to revise or update these statements based on new information or future events, unless required by law or regulation.

Inquiry about the Report

Address	1079, Jungang-daero, Yeonje-gu, Busan
Contact	In charge of ESG +82-51-717-7375
Email	hscorp.esg@hscorp.com
Publication	June 2025

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CEO MESSAGE



Hwaseung Corporation is the company responsible for global Hwaseung's future businesses. We constantly research and invest to meet the demands of the changing era and offer forward-looking solutions.

Hwaseung Corporation is creating a better future by generating new value from its position at the heart of global Hwaseung, a leader in future industries. Built on top of an industrial foundation rooted in rubber materials, Hwaseung Corporation has expanded its business into eco-friendly energy and advanced future technology areas, seeking solutions for sustainable growth. To meet the demands of a changing era, we pursue continuous research and investment, offering cutting-edge solutions based on core technologies and quality competitiveness.

As the Global Headquarters (GHQ) connecting global Hwaseung affiliates engaged in diverse areas such as automotive parts, general trading, and industrial rubber materials, Hwaseung Corporation serves as the central axis for sustainable growth through stable operations and the establishment of future-oriented investment strategies for each business. Furthermore, we work together with customers across various fields, including civil engineering, ports, construction, and industrial sites, to create value that transcends the boundaries of daily life and industry.

In this journey of growth, ESG is a core pillar of sustainable management pursued by Hwaseung Corporation. In the short term, we are reinforcing our ESG framework and data-based management systems. In the medium-to-long term, we are integrating ESG throughout our overall management, focusing on practical implementation in terms of improving human rights and labor conditions and advancing greenhouse gas reduction strategies. As a result of these efforts, we have acquired an integrated ESG rating of B+ from the Korea Institute of Corporate Governance and Sustainability in 2024.

Going forward, Hwaseung Corporation will respond proactively to the rapidly changing global market trends and create sustainable value together with all stakeholders, including customers, shareholders, employees, partner companies, and local communities. We will strengthen our ESG implementation system and innovate our corporate culture to enable all members to practice ESG values.

All employees of Hwaseung Corporation, who are collectively taking up challenges globally, will uphold our promise to provide the greatest value based on trust. We request your continued support and interest in our journey as we grow together with society and strive toward a better future.

Thank you.

Hwaseung Corporation
CEO **Heo Sung-Ryong**

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Established in September 1978 as Dongyang Chemical Co., Ltd., Hwaseung Corporation is the company responsible for the Hwaseung Group's future businesses, expanding its scope beyond the rubber business to eco-friendly energy and advanced future industries. We drive investments in new businesses for the Group's value creation and serve as the Global Headquarters (GHQ), connecting Hwaseung affiliates in automotive parts, general trading, and rubber material areas. Through continuous research and development, Hwaseung Corporation provides tailored business strategies for each affiliate to respond to shifts in global market paradigms and supports their growth through strategic investment management.

Overview

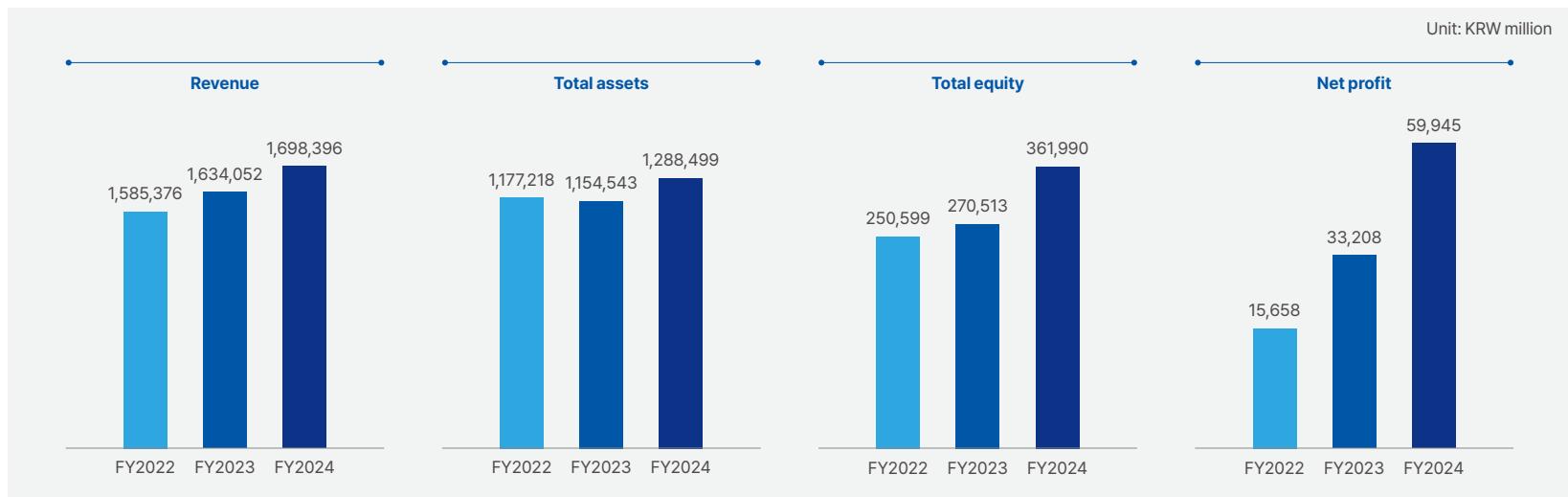
Company Name	Hwaseung Corporation
CEO	Hyun Ji Ho, Heo Sung Ryong
Date of Establishment	September 15, 1978
Number of Employees	561 employees
Business Areas	Automobile parts, materials, general trading, energy, rubber for industrial, defense, etc.
Head Office Address	1079, Jungang-daero, Yeonje-gu, Busan

Business Highlights

Consolidated as of the end of December 2024

Unit: KRW million

Division	FY2022	FY2023	FY2024
Revenue	1,585,376	1,634,052	1,698,396
Operating profit	43,168	78,207	88,715
Net profit	15,658	33,208	59,945
Total assets	1,177,218	1,154,543	1,288,499
Total equity	250,599	270,513	361,990



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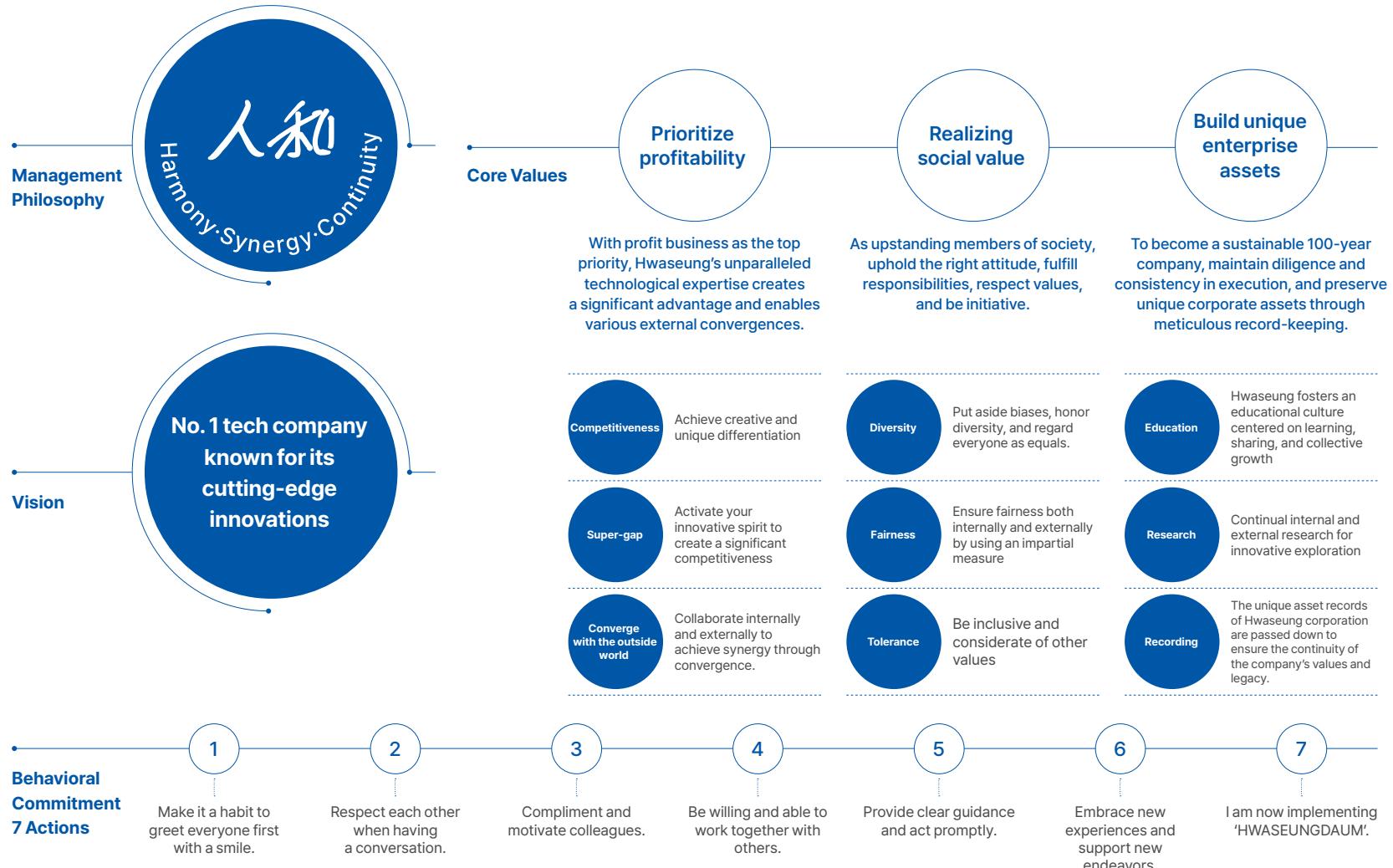
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Increasing employee happiness through social contributions and prioritizing customer satisfaction. The values and behaviors recognized by Hwaseung employees are referred to as the Hwaseung's identity. Hwaseung's identity is a unique system of corporate values that guides our behavior as we embrace change.

HWASEUNG Value System HWASEUNG DAUM



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HWASEUNG'S SUSTAINABLE WAY



1979~1999

Sep, 1978
Dongyang Chemical Co., Ltd is established.
Jan, 1979
Operated New Year's Day homecoming bus service
Jun, 1981
Yundang Scholarship Foundation, Scholarship Award Ceremony
Aug, 1984
Selected as a 1st class quality control factory
Feb, 1988
Dongyang Chemical Co., Ltd. is renamed Hwaseung Chemical Co., Ltd.
Nov, 1991
The 5th Jangcheon Literary Award Ceremony
Apr, 1992
Employees volunteered to participate in river purification activity
Dec, 1998
Hwaseung Chemical Co., Ltd. is renamed Hwaseung R&A.

Nov, 2004
Selected as a company with excellent labor-management culture (Ministry of Employment and Labor)
Sep, 2013
Hwaseung R&D. 5-Star Quality Certification Award Ceremony
Dec, 2014
Received the Tower of Exporting Award at the 51st Trade Day
Jul, 2016
Sponsored Busan-Hochi Minh Union volunteer activity

1999~2019



Sep, 2020
Hwaseung Exwill is merged with Hwaseung R&A.

Mar, 2021
Completed registration of the parent corporation, Hwaseung Corporation / split-off company, Hwaseung R&A

Nov, 2021
Hwaseung Group supported scholarships to Busan Police Agency

2020~

Jul, 2023
Merged with Hwaseung Material
Sep, 2023
70th Anniversary Event_National Ballet was invited and performed Don Quixote
Mar, 2024
Conducted ESG diagnosis and established strategy / Enhanced response to ESG evaluation bodies
Apr, 2024
Established the ESG information disclosure channel
Jul, 2024
Established the client supply chain management system / ESG diagnosis
Sep, 2024
Established and revised ESG-related policies
Nov, 2024
Conducted human rights impact assessment



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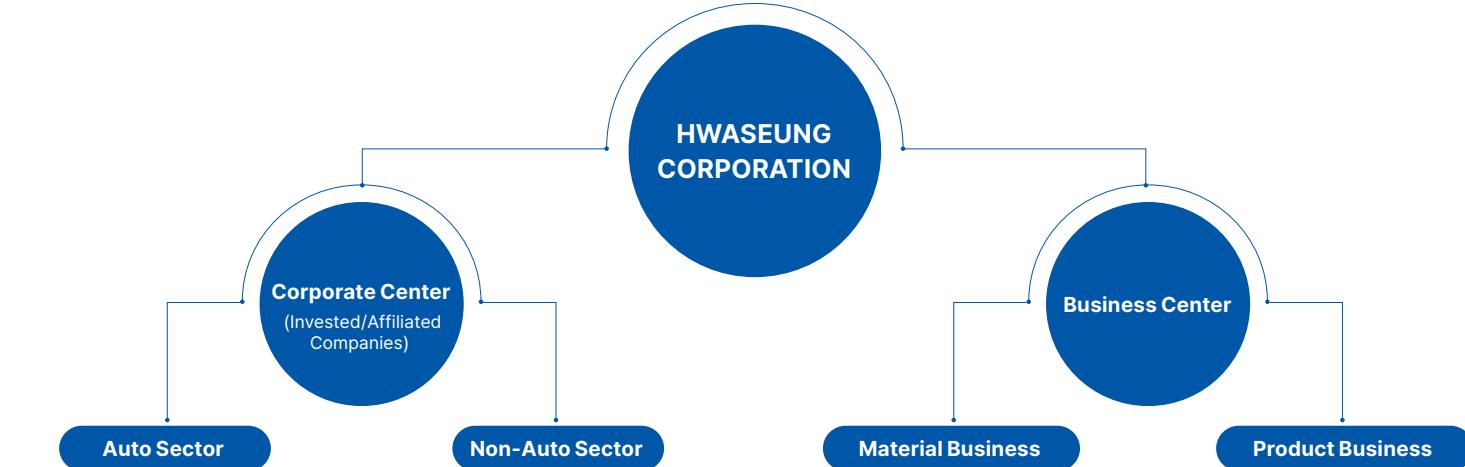
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FAMILY SITE

Hwaseung Corporation plays a pivotal role in the company's growth as the Global Headquarters (GHQ), connecting affiliates across the global automotive parts, materials, and general trading business areas. The automotive parts business is divided into the KRHQ, ARHQ, CRHQ, and ERHQ* based on regional characteristics, and provides various tailored business strategies such as cost management, improvement of the production process, and technology management and development. In the materials and general trading areas, we also meet the needs of the global market through stable operations and growth management.

* KRHQ: Korea Regional Headquarters, ARHQ: Americas Regional Headquarters, CRHQ: China Regional Headquarters, ERHQ: Europe Regional Headquarters



KRHQ	<ul style="list-style-type: none"> HWASEUNG R&A (SOUTH KOREA) HWASEUNG T&C (SOUTH KOREA) HSI (Chennai, India) HSIA (Andhra Pradesh, India) HSVA (Vietnam) HSID (Indonesia) HSBI (Indonesia)
ARHQ	<ul style="list-style-type: none"> HSAH (Detroit, USA) HSAA (Alabama, USA1) HSAU (Alabama, USA2) HSAM (Mexico) HSAB (Brazil)
CRHQ	<ul style="list-style-type: none"> HST (Taichang, China)
ERHQ	<ul style="list-style-type: none"> HSEU (Germany) HSTR (Turkey) HSABG (Bulgaria)

RUBBER MATERIAL	HWASEUNG CORPORATION Materials Business
	<ul style="list-style-type: none"> HSMV (Vietnam) HSR (Taichang, China) HSMI (Chennai, India)

General Trading	HWASEUNG NETWORKS
	<ul style="list-style-type: none"> HSNM (Mexico) HSSN (Suzhou, China) HSNA (Georgia, USA) HSNI (India)

New Biz

CMB	<ul style="list-style-type: none"> Conveyor Belts Hoses / Rubber Sheets Marine Fender System & Shipbuilding Tools and Material Defense Energy
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Affiliates

Affiliates	Business Details
HWASEUNG R&A	<p>"A company growing toward a sustainable future with rubber-like flexibility"</p> <p>Manufacturer of automotive components including Sealing Products and Fluid Products</p>
HWASEUNG T&C	<p>"Components that connect a sustainable future, technologies that power eco-friendly mobility"</p> <p>Manufacturer of automotive parts including door and trunk sealing products, various hoses for air conditioning and power steering, as well as hose pipe assemblies.</p>
HWASEUNG NETWORKS	<p>"The key to sustainable growth — responsible trade"</p> <p>Engaged in general trading of synthetic rubber raw materials, biofuels, commodities, and B2B MRO business.</p>

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Product

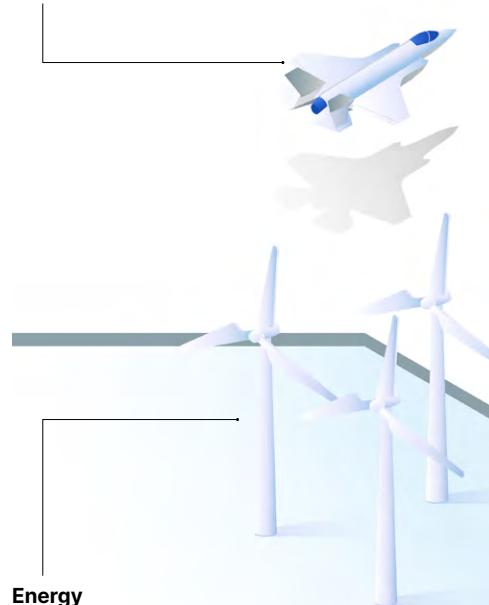
Hwaseung Corporation develops, produces, and supplies industrial hoses and rubber sheets, including conveyor belts, hoses and sheets, fenders and shipbuilding materials, essential parts for offshore wind power and energy storage systems, and core technology components for the defense industry.

Defense

Expanding the domestic defense business sector by developing domestic material technologies through continuous R&D investment and by developing core component technologies using synthetic rubber and urethane materials

Domestic material technology development

- Stealth(acoustic tiles for submarines, acoustic baffle for surface ships/submarines)
- Fuel Tank(KUH fuel tank, External fuel tank)
- Rubber products(Anti-Vibration, Sealing and Hose)
- New material(Metamaterial and Composite structural material)



Producing and supplying essential parts applied in the renewable energy area, such as offshore wind power and Energy Storage System(ESS), as well as in the semiconductor industry

Hoses & Rubber Sheets

Expanding into eco-friendly renewable energy fields, including general industrial hoses, lance hoses, and application of energy storage system (ESS)

- Industrial hoses: Oil hoses, air and water hoses, anti-abrasion hoses, chemical-resistant hoses, welding hoses, special hoses
- High-pressure hoses
- Industrial rubber sheets



Conveyor belts

Manufacturing conveyor belts and smart belts, stably managing conveyor belt lines, and developing the BMS*

- By material properties: Steel cords and canvas conveyor belts (general and anti-abrasion belts, flame-retardant belts, heat-resistant belts, oil-resistant belts, oil and heat-resistant belts, tear-resistant belts, etc.)
- By special functionality: Smart belts (multi belts), mega heat belts (SUPER-HT extreme heat-resistant belts), LTE belts, cakelless belts, energy saving belts, anti-C&C (impact and corrosion resistance) belts, etc.
- By product form: Pipe belts, rough top belts, coal feeder belts, incline belts, side wall belts, etc.

* BMS(Belt Monitoring System)

Marine Fender System & Shipbuilding Tools and Material

Establishing global standards in the shipbuilding material system market, which is centered on technology and quality

- Fenders : SSP Fender, HSP Fender, STR Fender, TR Fender, TRS Fender, Pneumatic Fender, Form Filled Fender, AOV/ACV/NV Fender, Cylindrical Fender, BP Fender, RC/RD/DC, DD Fender, MC/W/SP Fender, Roller Fender, Composite Fender, Fender Davits & MAT
- Shipbuilding materials : Stern tube seal, Hatch cover seal, Glass packing seal

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Material

Hwaseung Corporation has achieved growth beyond being the largest CMB* manufacturing company in Korea to independently develop and produce future-oriented new materials like Thermoplastic Elastomer (TPE*) and Thermoplastic Vulcanizate (TPV**). We have launched the THERMOPRENE which is TPE/TPV brand and are leading the global materials market. Our products are highly regarded as alternatives to PVC and rubber due to their superior quality and ease of processing. We prove to our customers quality of our products by obtaining ISO certification. TPE and TPV, eco-friendly materials free from six major heavy metals and harmful substances, allow for resource-saving through the reuse of scrap.

* CMB (Carbon Master Batch) – Compound rubber

** TPE (Thermoplastic Elastomer) – A material possessing both the elasticity of rubber and the processability of plastic

TPV (Thermoplastic Vulcanizates) – An elastic thermoplastic material made from polypropylene and Ethylene Propylene Diene Monomer (EPDM) rubber, enabling simplified processing, shortened process cycles, and recycling



TPE/TPV

Automotive Sealing Parts

Glass Run

- Lip & Bottom : XA1-65B, XA1-80B
- Coat : ED2-50B, ED2-52B, ED2-53B
- Coner Molding - IA4-78B, GM-B70E
- Fixed - IA4-74B

Door Belt

- Inner Belt : B55E-UV, XA1-58B, XA1-80B
- Outer Belt : B70E, B67E
- Coat : ED2-48B, B50DP

Specialty Grade

Flame Retardant

- Halogen Grade : EA8-80B, 80FR, EA8-95B
- Non Halogen Grade : SA8-65BI, SA8-75BI, SA8-80N

FDA(Food) : SA6-45NI, SA6-55NI, SA6-65NI, SA6-75NI

Bonding - TPV : SA4-65BA, SA4-65BC

ECO - TPV : ECO-B80E, ECO-B87E

Automotive Non Sealing Parts

Interior Material

- Door Trim : N65EH, N75EH, N80EL, N90EL
- Instrument Panel Skin : N80EH, N65EH, EA9-65N, EA0-55N

Under Hood

- Air Intake & Bellows : IA0-70B, EA1-80B, B87E, B40D
- Bumper, O/Slam : IA0-60B, IA0-68B, GM-B70EM

Other

Extrusion

- Wiper Spoiler - IA6-75B
- Speaker Edge - B55EA
- Brim Cover - 75BKS, 65BKS

Injection

- Drain Hose - B55E
- Diaphragm - SA7-55GE
- Filter - EA0-72N

CMB

We are the largest CMB manufacturer in Korea, with an annual production capacity of over 100,000 tons of CMB, achieved through continuous expansion of R&D investments and the development of core technologies. We continuously strive to produce top-tier products through our efforts to enhance quality.

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HWASEUNG CORPORATION CO., LTD.

<https://www.hscorp.com/eng/main/index.php>

Head Office

8th, 9th, 11th, 12th Floors, Jangcheon B/D
1079, Jungang-daero, Yeonje-gu, Busan, Republic of Korea
Tel. 82-51-717-7300 Fax. 82-51-850-7001

Seoul Office

19th Floor, IM Securities B/D, 66, Yeoui-daero,
Yeongdeungpo-gu, Seoul, Republic of Korea

Yangsan Factory

11, Yusanggongdan 2-gil, Yangsan-si, Gyeongsangnam-do
(Gyo-dong), Republic of Korea

Tel. 82-55-780-3400 Fax. 82-55-785-2521

Gijang Factory

56, Myeongnyesandan 5-ro, Jangan-eup, Gijang-gun,
Busan, Republic of Korea

Tel. 82-51-745-7000 Fax. 82-51-745-7099

HWASEUNG R&A CO., LTD.

<https://www.hsrna.com/hsrnaen/>

Head Office and Factory

61, Chungnyeol-ro, Yangsan-si, Gyeongsangnam-do,
Republic of Korea
Tel. 82-55-370-3331~4 Fax. 82-55-387-8870

HWASEUNG NETWORKS CO., LTD.

<https://www.hsnetw.co.kr/eng/>

Head Office

6th, 7th Floors, Jangcheon B/D, 1079, Jungang-daero,
Yeonje-gu, Busan, Republic of Korea
Tel. 82-51-850-0100 Fax. 82-51-850-0101

Seoul Office

19th Floor, IM Securities B/D, 66, Yeoui-daero,
Yeongdeungpo-gu, Seoul (Yeouido-dong),
Republic of Korea

Tel. 82-2-6958-2000 Fax. 82-2-6958-2001~3

HWASEUNG T&C CORPORATION

www.hstnc.co.kr

Head Office and Factory

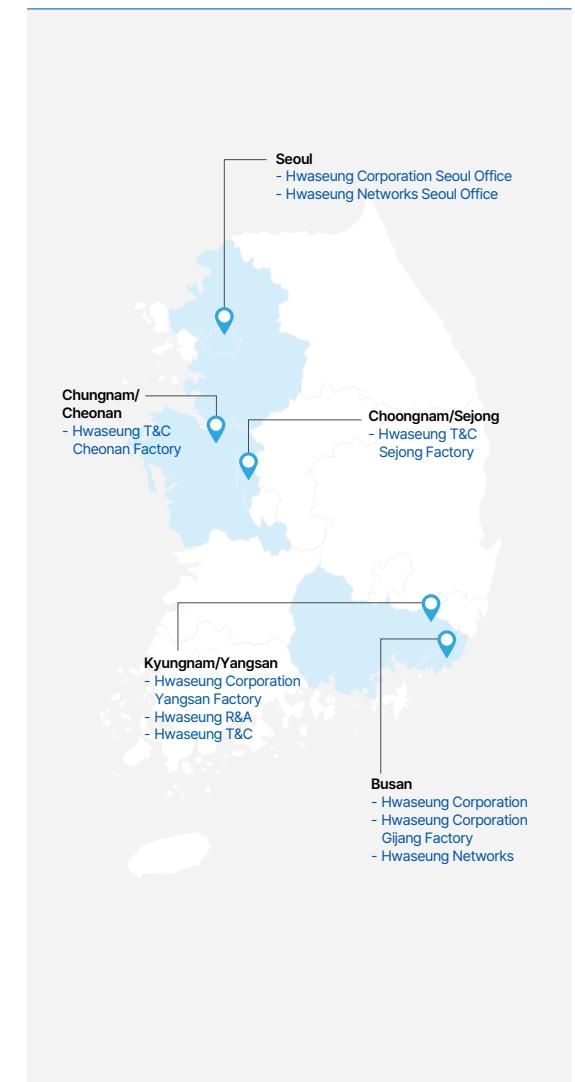
39, Egokgongdan 5-gil, Yangsan-si, Gyeongsangnam-do,
Republic of Korea
Tel. 82-55-380-3600 Fax. 82-55-380-3601

Cheonan Factory

36, Pungsesandan 3-ro, Pungse-myeon, Dongnam-gu,
Cheonan-si, Chungcheongnam-do, Republic of Korea
Tel. 82-41-414-4200 Fax. 82-41-414-4201

Sejong Factory

301, Buganggeumho-ro, Sejong-si, Republic of Korea
Tel. 82-44-275-0766 Fax. 82-44-275-3575





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HSNA(Hwaseung Networks America Corp.)

3805 Crestwood Pkwy Suite 175, Duluth, Georgia 30096, U.S.A
Tel. 1-770-769-2700 Fax. 1-770-779-2787

HSTN(HWASEUNG HAOTIAN (TAICANG) INTERNATIONAL TRADING)

#86. Beijing East RD. Taicang, Jiangsu, China

HSNI(Hwaseung Networks India Private Ltd)

New No.54, Old NO. 100, Mevalur Kuppam Village, Sriperumbudur TK, Kanchipuram DT, Tamil Nadu 602 105, India
Tel. 91-44-2681-0001~5
Fax. 91-44-2681-1899

HSNM(Hwaseung Networks Mexico Saltillo, S. DE R. L. DE C. V)

Cenzontle 230, Parque industrial Finsa, Ramos arizpe, Coahuila de zaragoza, Mexico CP.25904 Tel. +52 844 4817312

HSI(HSI Automotives Private Ltd)

S. No.73, "A" Block,100 Thandalam Post, Mevalur Kuppam, Sriperumbudur TK, Kanchipuram DT, Tamil Nadu 602105, India
Tel. 91-44-6110-3110
Fax. 91-44-6110-3199

HSIA (Hwaseung IA Automotives Private Ltd)

Survey no.99/2 Part & 93/2 Part, Plot No. 6C Industrial Park, Gudipalli Village, Somandepalli Mandal, Penukonda, Sri sathya sai Puttaraparthi Dist, Andhra Pradesh -515122
Tel. 91-73-3873-8862

HSTR(Hwaseung TR Otomotiv. San. Tic. Ltd. Sti)

Sevkatkiye Mh. Ulker Sk. No.102 41285 Kartepe, Kocaeli-Turkey
Tel. 90-533-136-9384

HSID(PT Hwaseung Automotive Indonesia)

Jl. Anggrek VII KAV.45, Deltamas, Greenland International Industrial Center (GIIC), Kel. Nagasari, Kec. Serang Baru, Kab. Bekasi, Prov. Jawa Barat, Indonesia

HSVA(Hwaseung Vietnam Haiphong Automotive Co., Ltd.)

Room 503, 5th Floor, TD Business Center, Dong Khe ward, Ngo Quyen district, Hai Phong city, Vietnam
Tel. 84-0225-658-3818

HSABG(Hwaseung Bulgaria)

Industrialna Zona 1, 4300 PK, Karlovo Bulgaria

HSEU(Hwaseung Europe)

Mergenthaler Allee 79-81, 65760 Eschborn, Germany Tel. 49-6196-96967-0

HST(HECHENG VEHICLE PARTS (TAICANG) CO, LTD.)

#86. Beijing East RD. Taicang, Jiangsu, China

HSAH(Hwaseung Automotive America Holdings Inc.)

1150 Stephenson Hwy Troy, MI 48083
Tel. 1-248-871-1000

HSAA(Hwaseung Automotive Alabama LLC.)

100 Sonata Drive, Enterprise AL 36330, U.S.A.
Tel. 1-334-348-9516~9
Fax. 1-334-348-9520

HSAU(Hwaseung Automotive USA LLC.)

100 Sonata Drive, Enterprise, AL 36330 U.S.A.
Tel. 1-334-348-9516~9
Fax. 1-334-348-9520

HSAM(Hwaseung Automotives Mexico, S. de R.L.deC.)

Ave. Industria # 101, Col. VYNMSA Ramos Arizpe Industrial Park Sector II, Ramos Arizpe, Coahuila, Mexico CP.25904
Tel. 52-1-844-309-01-00

HSAB(Hwaseung Automotives Brasil LTDA.)

R. Phelipe Zaidan Maluf, 600 - Bairro Unileste, Piracicaba - SP, 13422-190 Brasil
Tel. 55-19-3124-9090

HSR(HWASEUNG SPECIAL RUBBER(TAICANG) CO, LTD)

#86 Beijing East RD, Taicang, Jiangsu, China

HSMI(Hwaseung Material India Private Ltd.)

New No.54, Old NO. 100, Mevalur Kuppam Village, Sriperumbudur TK, Kanchipuram DT, Tamil Nadu 602 105, India
Tel. 91-44-2681-0001~5
Fax. 91-44-2681-1899

HSMV(Hwaseung Material Vietnam Company Limited)

Room 1110, 11th Floor, Plaschem Building, No. 562 Nguyen Van Cu, Gia Thuy Ward, Long Bien District, Hanoi City, Vietnam
Tel. 91-44-2681-0001~5

HSSN(SUZHOU HWASEUNG JANGCHUN INTERNATIONAL TRADING CO.)

Room f1-a-1010, building a2 no.8, Qicun road, suzhou industrial park, china jiangsu free trade pilot zonem suzhou area

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2024 HIGHLIGHTS

Major Increase in Annual Revenue and Profit (Consolidated)

Revenue increased by 3.94%

Operating profit increased by 13.44%

Net profit increased by 80.60%



Building a Net Zero Energy Factory



Conducted Human Rights Impact Assessment (November 2024)



Won Excellence Award at Busan, Ulsan, Gyeongsangnam-do Risk Assessment Presentation Contest (October 2024)



Improved the Employee Appraisal System



Zero Legal Violations

Environment, safety and health, fair trade, etc.



ESG Rating Upgrade

Korea Institute of Corporate Governance and Sustainability: B (2023) → B+ (2024)



Family-friendly certified company

(July 2024)

| Ministry of Gender Equality and Family



Established Zero Waste to Landfill (ZWTL) Target



ESG Value Strategy

- 16** ESG Management
- 18** Risk Management
- 19** Stakeholder Engagement
- 20** Double Materiality Assessment



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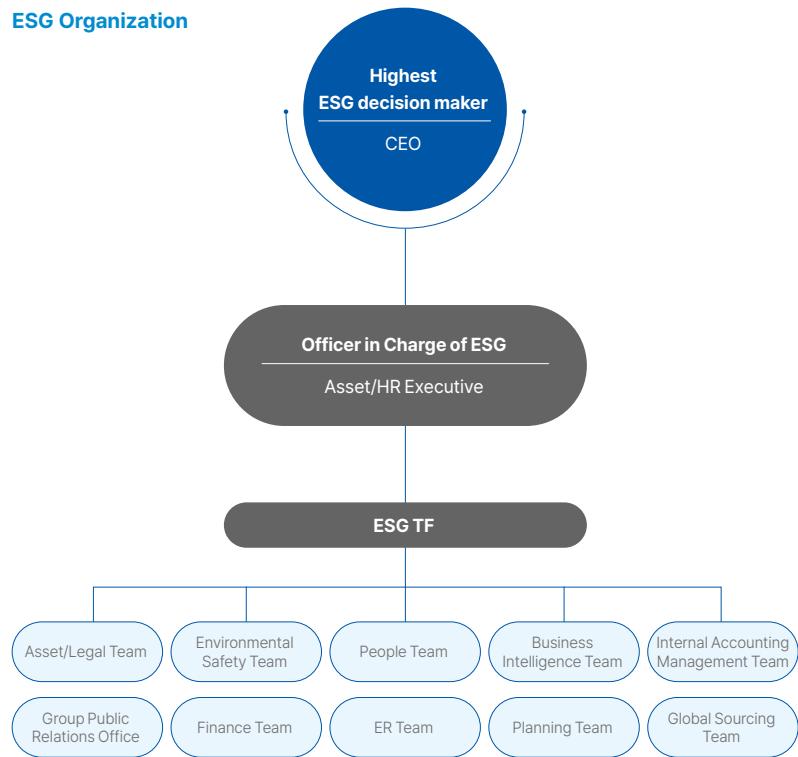
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ESG MANAGEMENT

ESG Management System

Hwaseung Corporation introduces various systems and strives to enhance its corporate culture to integrate ESG factors throughout its management for sustainable growth. The Asset/Legal Team has been designated as the dedicated ESG team, and is responsible for building a systematic management framework from strategy formulation to execution and performance management. In addition, through the operation of the ESG TF, we raise the ESG awareness of employees and strengthen internal capabilities to secure company-wide implementation.

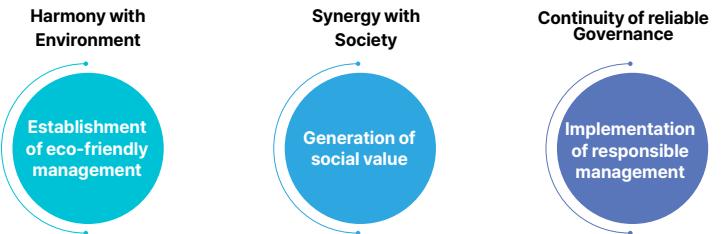
ESG Organization



ESG Management Strategy

We have established 'Sustainable Future through New Value Creation' as our ESG vision and set pursuing eco-friendly management, creating social value, and practicing responsible management as our ESG strategic directions. Key ESG initiatives have been selected for each strategic direction, and the involvement of all employees ensured to implement the tasks diligently. Since 2025, ESG-related Key Performance Indicators (KPIs) such as evaluation of the HMG supplier supply chain, greenhouse gas emissions, waste disposal costs, and employee turnover rates will be set for the group company evaluation. We plan to review the esg performance twice a year and reflect the results in the evaluation.

ESG Strategic Directions



Key ESG Initiatives

The diagram shows three circular nodes representing Key ESG Initiatives:

- Environmental** (Teal circle):
 - Establishment of an environmental management system
 - Development of eco-friendly technologies
 - Strengthening climate change response
 - Enhancing resource efficiency
- Social** (Blue circle):
 - Expanding trust-based markets
 - People-centered management
 - Sustainable supply chain management
- Governance** (Dark Blue circle):
 - Strengthening ethical and compliance management
 - Establishing an ESG governance system

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ESG MANAGEMENT

Internalizing ESG Management Practices

Hwaseung Corporation has adopted ESG management as a core operating principle, establishing a roadmap that spans from the establishment of the ESG management system to its internalization and advancement and implementing it step-by-step. We have developed detailed action plans for each stage and are strengthening company-wide implementation based on the plans. To raise ESG awareness and prepare a policy foundation, relevant regulations such as the Human Rights Management Charter and Code of Conduct for Business Partners have been established and revised. Continuous education is conducted to ensure employees recognize the importance of ESG and practice ESG management throughout their work. Additionally, ESG elements are being integrated into the performance indicators of responsible executives and teams to manage ESG performance systematically. In the future, we will expand this application to all departments to further strengthen the internalization of ESG.

ESG Evaluation

Hwaseung Corporation actively responds to external ESG evaluations to ensure the reliability and transparency of its ESG management, and strives to enhance evaluation ratings through continuous efforts. We have shown a steady upward trend in the Korea Institute of Corporate Governance and Sustainability (KCGS) evaluations over the past three years, acquiring an overall rating of B+ in 2024. In particular, as a result of comprehensively reorganizing our environmental management system, including the establishment of environmental management policies and a dedicated environmental organization, rating for the environmental sector was raised by two levels from C in 2023 to B+ in 2024. Hwaseung Corporation will continue to pursue substantial management activities across all ESG areas to improve the external evaluation level and strengthen strategic responses continuously to enhance stakeholder trust.

ESG Roadmap



Environmental		
Action Plans	<ul style="list-style-type: none"> Establishment and disclosure of environmental management policies Development of environmental management governance Establishment of a greenhouse gas management system 	<ul style="list-style-type: none"> Reduction of greenhouse gas emissions and target setting Setting and implementation of resource circulation goals Expansion of eco-friendly product development Management and reduction of waste emissions
Social		
	<ul style="list-style-type: none"> ESG impact analysis for new market entry Establishment of human rights management system Improvement of HR systems and databases 	<ul style="list-style-type: none"> Operation of training programs Development of ESG management system for suppliers Strengthening of occupational health and safety management
Governance		
	<ul style="list-style-type: none"> Strengthening ethical management Strengthening compliance systems Enhancing dedicated information security teams Operating ESG responsibility organizations 	<ul style="list-style-type: none"> Strengthening stakeholder communication Improving whistleblower processes and disclosing status Enhancing information security management and reporting performance Establishing and implementing anti-corruption plans

Korea Institute of Corporate Governance and Sustainability Evaluation Results

Evaluation Body	2022	2023	2024
Korea Institute of Corporate Governance and Sustainability	C	B	B+

* ESG ratings by the Korea Institute of Corporate Governance and Sustainability are classified into 7 grades, from S to D.



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RISK MANAGEMENT

Risk Management System

In the face of an uncertain business environment, Hwaseung Corporation has established risk management policies to manage financial and non-financial risks integrally for sustainable growth. We have formed a company-wide monitoring system to stably address risks in financial aspects, such as exchange rates, interest rates, and raw material prices. For risks in non-financial areas, such as climate change, industrial safety, supply chain, and information security, we are strengthening our response systems to meet the needs of stakeholders. Key risks are reviewed by the responsible organization, and continuous improvement and supplementation efforts are pursued. In the future, we will enhance our risk management system to respond flexibly not only to foreseeable crises but also to potential risks.

Decision-making	Board of Directors	
	Management Committee	
Risk type	Financial risks	Non-financial risks
	Finance Team	Environmental Safety Team Internal Accounting Management Team
Organization in charge	<ul style="list-style-type: none"> Diagnosing financial risks of affiliates and periodically reviewing reporting systems Analyzing cash flows regularly 	<ul style="list-style-type: none"> Managing environmental and safety risks Monitoring ethical management, strengthening the ethical awareness of employees
	Accounting Team, Internal Accounting Management Team	Asset/Legal Team Operating the Board of Directors to manage ESG evaluations and enhance management transparency
	<ul style="list-style-type: none"> Preparing financial statement reports, etc. Minimizing tax risks Standardizing internal system processes 	

Managing Tax Risks

Hwaseung Corporation does not engage in activities such as transfer pricing transactions that unfairly transfer income to low-tax countries. We establish and operate transfer pricing policies by applying commonly accepted OECD TP Guidelines* within the tax jurisdictions of each country where our business activities are conducted. We monitor global tax trends continuously and revise and supplement our transfer pricing policies as necessary by utilizing the services of external experts with specialized knowledge in the field. We fully understand the Base Erosion and Profit Shifting (BEPS) framework and disclose our global transfer pricing policies and operational status transparently in relevant reports each year. Our tax information is transparently disclosed through audit reports on the Electronic Disclosure System of the Financial Supervisory Service in Korea, ensuring transparency and objectivity through external audits.

*OECD Transfer Pricing Guidelines for Multinational Enterprises and Tax Administrations

Major Potential Risks, Business Impact, and Response

Business risks	Details	Risk of loss due to default by clients, financial institutions, etc.
		Response
Market risks	Details	Risk due to changes in external market factors such as exchange rates, interest rates, and stock prices
		Response
Liquidity risks	Details	Risk of facing difficulties due to unexpected funding shortage
		Response
Operational risks	Details	Risk due to errors in internal systems, procedures, and personnel
		Response
Environmental risks	Details	Risk arising from environmental regulations on elements such as greenhouse gases and hazardous substance emissions
		Response
Non-business risks	Details	Risk arising from workplace safety accidents such as fires or explosions and serious industrial accidents
		Response
Ethical risks	Details	Risk due to corruption and unfair trade practices of employees
		Response
Supply chain risks	Details	Risk due to failure in securing raw material supply and production continuity
		Response

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STAKEHOLDER ENGAGEMENT

Hwaseung Corporation defines its key stakeholders as employees, partner companies, government and local communities, customers, and shareholders and investors. We strive to actively listen to the opinions of all stakeholders and incorporate them into our management activities. We aim to nurture a culture of healthy communication by encouraging stakeholders to actively express their opinions and revitalizing communication.

Category	Key Issues	Communication Channels	Cycle	Response Activities
 Employees	<ul style="list-style-type: none"> Human rights management Safety and health Fair appraisal and remuneration Competency development 	<ul style="list-style-type: none"> In-house intranet Labor-management council Employee survey Internal education/workshops 	Ad hoc/Regular	<ul style="list-style-type: none"> Conducting regular safety and health education Operating on-the-job training and leadership education Operating a performance-based personnel evaluation system Operating a grievance handling system
 Partner companies	<ul style="list-style-type: none"> Fair trade Mutual cooperation ESG evaluation and management 	<ul style="list-style-type: none"> Partner company council ESG due diligence for the supply chain Supplier evaluation 	Ad hoc/Regular	<ul style="list-style-type: none"> Conducting supply chain ESG due diligence and providing feedback Supporting technical and quality education Incorporating ESG clauses within the Code of Ethics and contracts
 Government, local communities, and NGOs	<ul style="list-style-type: none"> Legal compliance Contribution to local communities Mutual cooperation 	<ul style="list-style-type: none"> Policy meetings Local community hearings Volunteer activity Local sponsorship 	Ad hoc	<ul style="list-style-type: none"> Operating social contribution programs Conducting local environmental improvement activities Implementing joint projects linked to government policies
 Customers	<ul style="list-style-type: none"> Product quality and safety Technological innovation 	<ul style="list-style-type: none"> Customer satisfaction surveys Seminars 	Regular/As needed	<ul style="list-style-type: none"> Conducting quality improvement activities Developing products that meet customers' needs Providing technical support Expanding sustainable products
 Shareholders and investors	<ul style="list-style-type: none"> Financial performance Enhancement of corporate value Transparent disclosure of information 	<ul style="list-style-type: none"> Regular reporting (IR) Website disclosures General meeting of shareholders Sustainability report 	Regular	<ul style="list-style-type: none"> Establishing and disclosing ESG strategies Publishing sustainability reports Reporting business performance to shareholders

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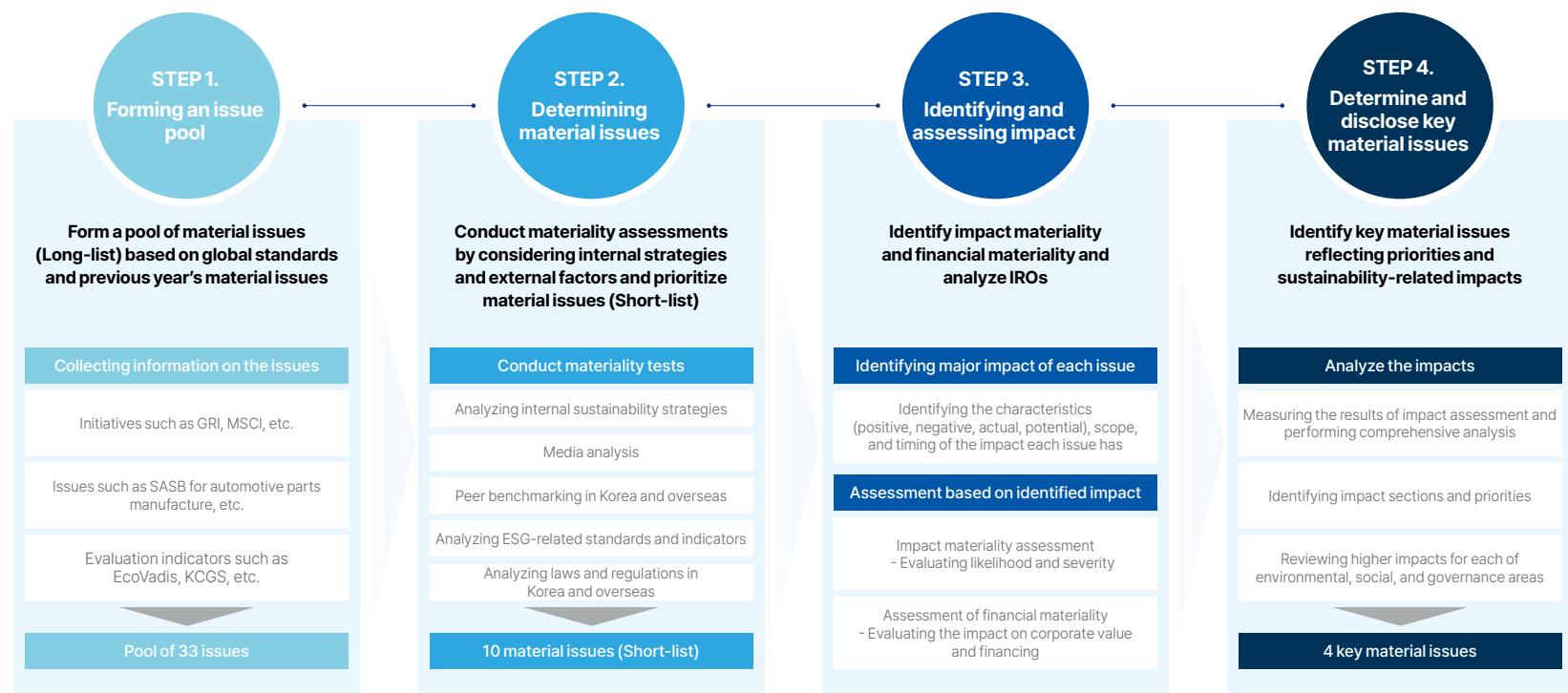
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DOUBLE MATERIALITY ASSESSMENT

Double Materiality Assessment Process

Hwaseung Corporation conducted a double materiality assessment to identify issues that have an impact on corporate sustainability and business. This assessment considered both the impact of corporate business activities on the environment and society (impact materiality) and the financial impact various issues have on the company (financial materiality). Regarding the material issues determined, Hwaseung Corporation identified their impact on the environment, society, and stakeholders, as well as the impact of the external environment on the company's financial risks and opportunities. After analyzing IRO* and considering key strategic issues with internal and external stakeholders, we finalized four key material issues. These key material issues identified through the double materiality assessment are used in the organizational risk management processes and are disclosed to stakeholders through the sustainability report.

*IRO: Impact, Risk, Opportunity



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DOUBLE MATERIALITY ASSESSMENT

key Material Issues

Hwaseung Corporation identified a total of 10 material issues (short-list) closely associated with its business activities through the double materiality assessment. Based on an assessment of the impact these issues have, four key material issues were selected for their high significance in environmental and social impact and financial impact. The key material issues of Hwaseung Corporation are: management and reduction of greenhouse gas emissions, product innovation and new market development, enhancement of occupational safety and health for employees, and strengthening ethical management. Hwaseung Corporation identifies issues and the degree of their impact on sustainability through regular materiality assessments. We manage the selected key material issues proactively and communicate our performance transparently to stakeholders.

Double Materiality Assessment Results

	Key Material Issues	GRI Index	UN SDGs Goals	Report Page	Activities and Performance in 2024
Environment	Management and reduction of greenhouse gas emissions 201-2, 302-1, 302-3, 305-1-2, 305-4-5, 305-7	7 Affordable and Clean Energy 301-2, 302-1, 302-3, 305-1-2, 305-4-5, 305-7	 7 Affordable and Clean Energy  9 Industry, Innovation, and Infrastructure  12 Responsible Consumption and Production  13 Climate Action	25-27	<ul style="list-style-type: none"> Introduced high-efficiency lighting Operated power-saving systems Efficiently operated transformers Joined DHL GoGreen Plus for Scope 3 reduction
Social	Product innovation and development of new markets 2-6		 9 Industry, Innovation, and Infrastructure	36-38	<ul style="list-style-type: none"> Newly developed seal for wind power generators
Social	Enhancement of occupational safety and health for employees 404-1-2		 3 Good Health and Well-Being  8 Decent Work and Economic Growth	39-41	<ul style="list-style-type: none"> Won the Excellence Award at the Busan, Ulsan, and Gyeongsangnam-do Risk Assessment Presentation Contest Established the Safety Communication Center Established the fire prevention system Built the safety and health education platform and developed content
Governance	Strengthening ethical management 205-1-3		 16 Peace, Justice and Strong Institutions	59	<ul style="list-style-type: none"> Conducted education on core values and ethical management for Hwaseung Corporation's value-up Had 95% of employees sign the ethical practice pledge

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Social and
Environmental
Impact
(Impact)

Financial Impact
(Risk, Opportunity)

Issue	Impact Severity			
Issue	Impact Magnitude	Impact Identification	Impact Scope	Timing
Product innovation and development of new markets	●●●	Positive	Actual	Customers
Management and reduction of greenhouse gas emissions	●●●	Negative	Potential	Our company/ Partner companies
Enhancement of occupational safety and health for employees	●●●	Positive	Actual	Our company
Strengthening ethical management	●●●	Positive	Actual	Our company/ Partner companies

Issue	Financial Importance		
Issue	Impact Magnitude	Impact Identification	Timing
Product innovation and development of new markets	●●●	Opportunity	-
Management and reduction of greenhouse gas emissions	●●●	Opportunity	Medium-term
Enhancement of occupational safety and health for employees	●●●	Opportunity	-
Strengthening ethical management	●●●	Opportunity	-

ESG Performance

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24 Environmental

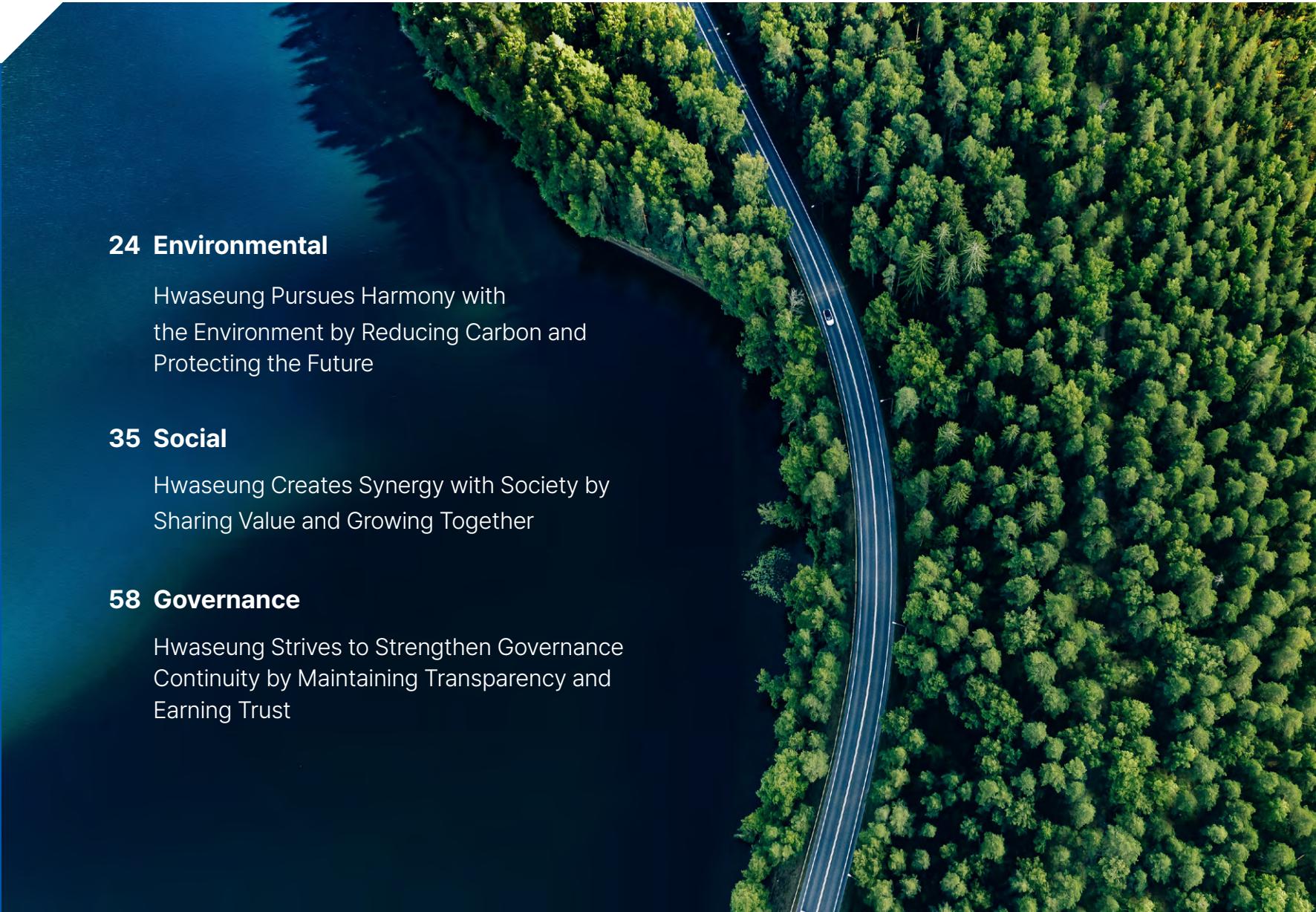
Hwaseung Pursues Harmony with
the Environment by Reducing Carbon and
Protecting the Future

35 Social

Hwaseung Creates Synergy with Society by
Sharing Value and Growing Together

58 Governance

Hwaseung Strives to Strengthen Governance
Continuity by Maintaining Transparency and
Earning Trust



▶ Environmental

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Hwaseung Pursues Harmony with the Environment

by Reducing Carbon and Protecting the Future

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CLIMATE CHANGE RESPONSE

Governance

Dedicated Organization

At Hwaseung Corporation, the CEO is the highest decision-maker who makes decisions on all aspects of environmental management, including climate change and resource circulation. The CEO has designated the Environmental Safety Team as a dedicated group to identify environmental aspects and assess their impacts. Additionally, we comply with relevant laws and regulations, correct non-conformities, and establish detailed goals, environmental management programs, and environmental conservation activities in line with our environmental objectives.

Environmental Management Organization



Organizational Duties

Category	Responsibility and Authority
ISO 14001 safety and health	<ul style="list-style-type: none"> Identifying environmental aspects and assessing environmental impact Correcting non-conformities and ensuring compliance with relevant laws and regulations Setting detailed environmental targets and implementing environmental management programs
Environment	<ul style="list-style-type: none"> Promoting teams' environmental duties and providing environmental support Playing the role of a coordinator in teams' environmental affairs
General affairs	<ul style="list-style-type: none"> Promoting and participating in environmental conservation activities Correcting non-conformities and ensuring compliance with relevant laws and regulations Implementing, maintaining, and continuously improving the environmental management system

Strategy

Policy and Strategy

Hwaseung Corporation establishes climate change response policies to achieve sustainable management based on environmental responsibility, and pursues implementation in line with its medium-to-long-term strategy. We have developed an analysis framework by referencing Task Force on Climate-related Financial Disclosures (TCFD) recommendations to identify climate-related risks and opportunities and integrate them into management decisions. We are following a stepwise response strategy focused on carbon emissions management, energy efficiency, and response to transition risks. In the short term, we are systematically measuring greenhouse gas emissions and enhancing our reporting system. In the medium-to-long term, we have established greenhouse gas reduction targets and are implementing relevant tasks through initiatives like introducing high-efficiency facilities, transitioning to eco-friendly processes, and expanding the use of renewable energy. Additionally, we identify physical risks (extreme weather, flooding, etc.) and transition risks (carbon taxes, regulatory reinforcement, etc.) primarily at our major business sites, and we also review corresponding response scenarios.

Identification of Climate Change Risks

Category	Type	Details	Major Impact	Response Strategy
Physical risks	Acute	<ul style="list-style-type: none"> Floods, typhoons, submergence, etc. 	<ul style="list-style-type: none"> Disruptions in operation of production facilities and logistics infrastructure, delays in delivery 	<ul style="list-style-type: none"> Revising disaster response manuals and rearranging recovery systems
	Chronic	<ul style="list-style-type: none"> Rising average temperatures, drought, and water scarcity 	<ul style="list-style-type: none"> Increased production costs, increased operating expenses 	<ul style="list-style-type: none"> Replacing old equipment with energy-saving equipment Improving process cooling systems
	Regulatory	<ul style="list-style-type: none"> Carbon taxes, greenhouse gas emissions regulations, etc. 	<ul style="list-style-type: none"> Fines or export restrictions due to regulatory non-compliance 	<ul style="list-style-type: none"> Building a carbon emissions monitoring system Setting medium-to-long-term reduction goals
Transition risks	Technology	<ul style="list-style-type: none"> Increased demand for low-carbon technologies and eco-friendly products 	<ul style="list-style-type: none"> Decreased product competitiveness, increased investment costs 	<ul style="list-style-type: none"> Developing eco-friendly materials and expanding investments
	Reputation	<ul style="list-style-type: none"> Declining client and investor trust due to inadequate climate response 	<ul style="list-style-type: none"> Reduced transaction opportunities with key customers 	<ul style="list-style-type: none"> Strengthening external disclosure of ESG strategy and performance Operating a sustainable supply chain

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CLIMATE CHANGE RESPONSE

Risk Management

Risk Management

Hwaseung Corporation recognizes the impact of physical and transition risks caused by climate change across its overall business management and operates an organized risk management system to address the risks. We regard climate-related risks as more than just environmental issues, as they are directly linked to the sustainability of our business, and we are pursuing proactive, company-wide responses. Each business site and organizational unit regularly reviews climate change-related risks and opportunities. Based on these issues, we categorize and analyze physical risks (extreme weather, flooding, heat waves, etc.) and transition risks (carbon taxes, emission regulations, technological transition, etc.). Following this, we evaluate the impact of each factor on our business strategy and finances from various angles. Hwaseung Corporation plans to strengthen its climate change response capabilities continuously and enhance the risk management system to proactively respond to changes in domestic and international regulations and stakeholder expectations.

Process for Identifying and Evaluating Climate Change Risks and Opportunities



Metrics & Target

Greenhouse Gas Reduction Plan

To achieve Net Zero and encourage OEMs in Korea and overseas to adopt proactive environmental management practices, Hwaseung Corporation initiated the construction of an eco-friendly, zero-environmental-energy factory in 2025. We recognize that our business, by its nature, shows a trend of increasing electricity consumption, which leads to several negative environmental impacts from our corporate activities, such as a rise in greenhouse gas emissions and generation of process pollutants. Accordingly, we aim to secure corporate competitiveness by transitioning to eco-friendly factories, which involves reducing energy waste from inefficient electricity use, securing self-generation facilities, and establishing integrated monitoring of factory environments.

Greenhouse Gas Emissions Status

Category	Unit	FY2022	FY2023	FY2024
Scope 1	tCO ₂ eq	68	82	64
Head Office	Scope 2	tCO ₂ eq	11,907	13,023
Seoul Office				12,662
Yangsan Factory	Total	tCO ₂ eq	11,974	13,105
Gijang Factory				12,724
Change Amount	tCO ₂ eq	-	+1,132	-382

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CLIMATE CHANGE RESPONSE

Performance

Solar Power Generation Facilities

Hwaseung Corporation plans to install an 860-kW roof-type solar power generation facility at Gijang Factory to reduce electricity consumption through the use of renewable energy, and reduce carbon emissions through eco-friendly power supply. The electricity generated from this facility will be used for power requirements within the business site. By introducing this solar power system, we expect to reduce greenhouse gas emissions by about 502 tons and save 1,133 MWh of energy each year.

High-Efficiency Compressors

Hwaseung Corporation currently operates direct-drive type compressors, and efficiency degradation of these compressors may cause production halts and accidents. We are planning and implementing the replacement of these compressors with inverter-equipped, high-efficiency compressors to reduce energy consumption and greenhouse gas emissions. The compressors to be newly installed are 110-kW high-efficiency models that operate with a direct-drive coupling system. High-efficiency models are expected to contribute to energy savings and greenhouse gas reduction by minimizing unnecessary power consumption, as they adjust the air supply precisely to meet operational needs.



Participating in a Carbon Reduction Project

Starting in 2024, Hwaseung Corporation is actively promoting a Scope 3 carbon emissions reduction project by joining the DHL GoGreen Plus service. The DHL GoGreen Plus service, launched by DHL Express in 2023, utilizes Sustainable Aviation Fuel (SAF), which is a non-fossil-based aviation fuel. This fuel reduces carbon dioxide emissions by up to 80% compared to conventional aviation fuels. Through this project, Hwaseung Corporation aims to strengthen its position as a leading sustainable ESG company that aligns with international environmental standards and practices responsible environmental management.



GoGreen Plus Certificate

Reducing Greenhouse Gases and Saving Energy at Business Sites

Hwaseung Corporation raises awareness regarding the reduction of greenhouse gas emissions by incorporating greenhouse gas emissions intensity into the KPIs of relevant employees. Our Yangsan Factory is committed to reducing greenhouse gas emissions annually through electricity management, including the adoption of high-efficiency lighting, operation of power-saving systems, and efficient transformer operation. Additionally, Gijang Factory is pursuing plans to install solar power facilities with the goal of introducing renewable energy. We secure data objectivity by conducting third-party assurance of our greenhouse gas emissions and energy consumption.

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ENVIRONMENTAL MANAGEMENT SYSTEM

Environmental Principles and Policy

Hwaseung Corporation has established an environmental management policy to ensure that the natural environment and technology can be maintained and developed harmoniously. This policy not only complies with environmental safety laws and regulatory requirements but also includes continuous plans to minimize the direct and indirect impacts of our activities, products, and services on environmental safety. The policy outlines commitments to developing eco-friendly products and services, promoting resource circulation, and creating eco-friendly workplaces. It explicitly states the principles we follow regarding energy, water, greenhouse gases, harmful chemicals, waste and discarded products, environmental pollutants, local communities, and biodiversity.

[Environmental Management Policy](#)

Environmental Management Policy

Environmental Management Policy



Environmental Management System Certificate

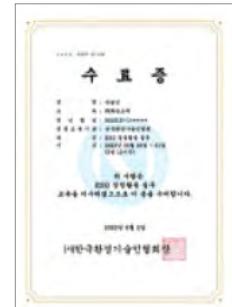
Hwaseung Corporation first obtained environmental management system certification in January 2008 by adhering to environmental laws and regulations. In January 2023, we successfully renewed our ISO 14001:2015 environmental management system certification for our head office, Yangsan Factory, and Gijang Factory, and we have been maintaining this certification. Looking ahead, Hwaseung Corporation plans to renew and manage the environmental management system by minimizing adverse environmental impacts, complying with environmental laws and regulations, and operating a framework for continuous improvement.



Environmental Management System Certificate

Environmental Management Education

We conduct statutory environmental engineer education for our business sites in Korea every three years. We also strive to raise environmental awareness by sharing environmental issues with all employees. For the management of harmful chemicals, we designate technical personnel, managers, and inspectors at each business site. We conduct annual safety education (2 hours) for all employees at business sites that use harmful chemicals. In addition, persons handling harmful chemicals and personnel with specialized responsibilities in related areas are required to complete 16 hours of education every two years.



ESG Management Practice Certificate

Environmental Education Status

(Unit: persons)

Category	FY2022	FY2023	FY2024
Number of participants	284	227	372
Environmental education (compulsory education)	283	226	372
- Education for workers handling harmful chemicals	194	217	280
- Education for personnel handling harmful chemicals	84	6	84
- Safety education on harmful chemicals (persons in charge)	2	3	2
- Specialized education for air environment engineers (persons in charge)	1	0	2
- Specialized education for general water quality engineers (persons in charge)	1	0	2
- Education on waste discharge (persons in charge)	1	0	2
Environmental education (on-the-job training)	1	1	0

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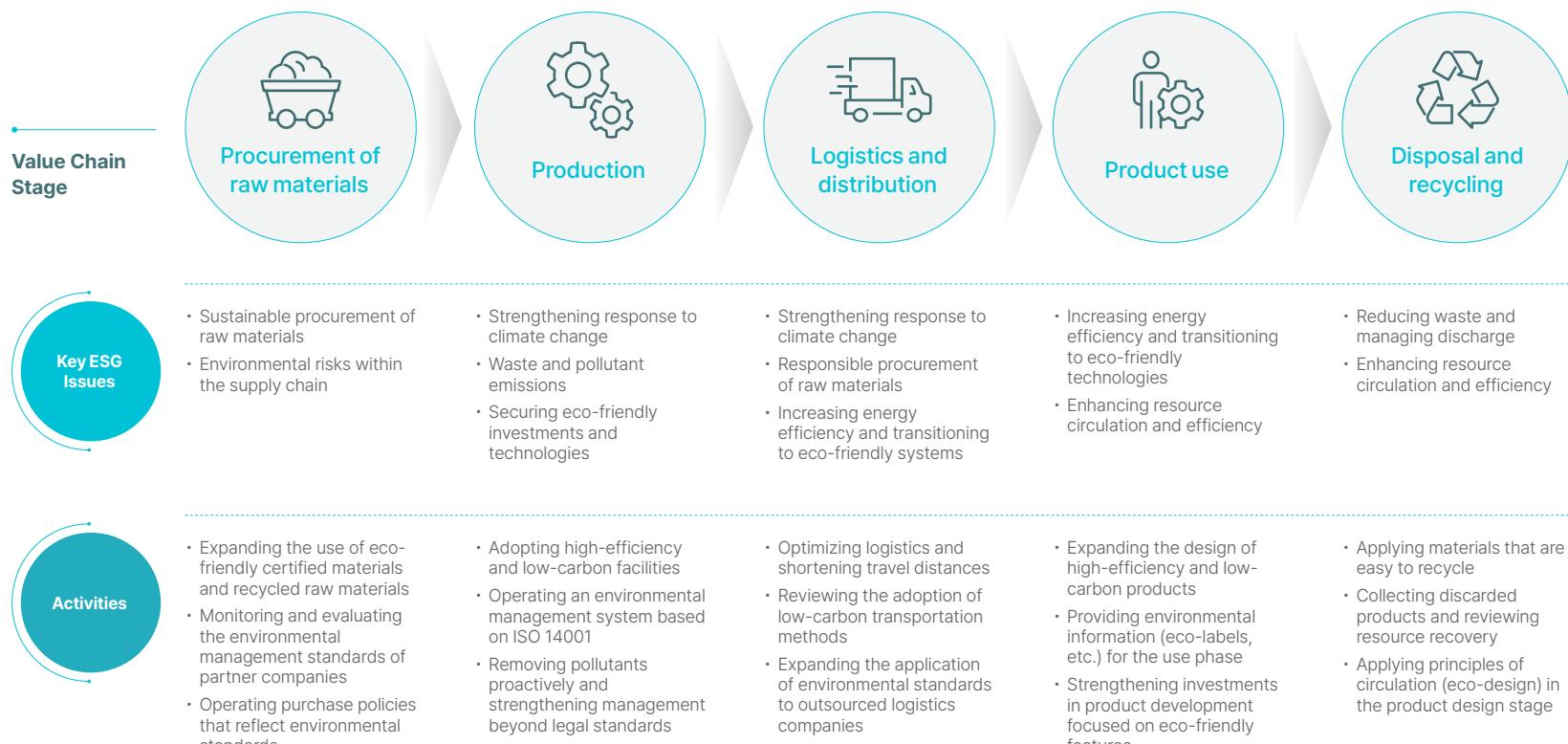
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ENVIRONMENTAL MANAGEMENT SYSTEM

Value Chain Environmental Management System

Hwaseung Corporation systematically identifies and manages environmental impacts across all stages of its business to practice company environmental management. We operate an integrated management system to minimize environmental risks and maximize environmental performance throughout the entire value chain, from procurement of raw materials to production, logistics, product use, and disposal. In the future, Hwaseung Corporation will continue to advance its value chain-based implementation system to practice global-level environmental management, contributing to the creation of a sustainable industrial ecosystem.





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ENVIRONMENTAL IMPACT REDUCTION

Environmental Impact Goals and Management

Hwaseung Corporation sets annual targets for managing pollutants generated at business sites, in compliance with environmental laws and regulations and stakeholder requirements.

Responding to Environmental Complaints

We are actively reducing odors by periodically replacing consumables in pollution control facilities and upgrading or replacing aging environmental equipment. We conduct periodic odor monitoring and conduct odor reduction activities using oxidizers, neutralizers, and deodorizers. In 2024, we combined government subsidy and our investment of KRW 220 million to replace outdated dust collectors at Yangsan Factory.

Water Pollutants

Hwaseung Corporation is following an organized management system to minimize the environmental impact of water pollutants generated during its business site operations. Wastewater from major business sites is separated and stored according to legal standards, and all wastewater is entirely entrusted to a specialized environmental company for treatment. The outsourced treatment process is carried out safely by a professional treatment company in compliance with relevant laws, and the details of treatment are inspected and recorded regularly for transparent management. Additionally, we are reinforcing piping and storage facilities for each process to prevent the leakage or spillage of harmful substances, and operating an emergency response system to ensure thorough prevention of accidents. Moving forward, Hwaseung Corporation will continue to promote the adoption of eco-friendly processes and facility improvements to fundamentally reduce the generation of water pollutants, and strengthen its responsible management activities for protection of the water environment.

Air Pollutants

We are enhancing the efficiency of treating pollutants through the regular replacement of consumables in our pollution control facilities and through facility improvements. In 2024, we invested KRW 93 million to replace and manage consumables for air pollution control facilities in Yangsan Factory.

Category	Unit	FY2022	FY2023	FY2024
Dust	kg	620	165	704
Nitrogen oxides (NOx)	kg	0	0	0
Sulfur oxides (SOx)	Kg	273	57	90

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ENVIRONMENTAL IMPACT REDUCTION

Realization of a Zero Environmental Energy Factory

Hwaseung Corporation started implementing its Zero Environmental Energy Factory in 2025 to minimize negative environmental impacts from corporate operations by reducing air pollutants, waste, odors, and noise. We plan to set pollutant reduction targets by introducing environmental improvement facilities and equipment and subsequently build an ICT system for efficient facility operation and real-time monitoring. Through this effort, we plan to reduce energy use, greenhouse gas emissions, and pollutant generation, aiming for grade 5 zero energy building certification.

Bag Filter Dust Collector

- Reduction of TPE dust, external scattering, and accumulated substances within the factory
- Use of bag filter method with a capacity of 600CMM
- Separation and capturing of fine particles from dust-containing gas

Adsorption dust collection facility

- Necessity to address the environmental burden of existing equipment
- Absorption facility with a capacity of 80CMM
- Adoption of odor reduction facilities that capture VOCs and odors from dust-containing gas

Waste oil recycling facility

- Outsourced disposal as designated waste
- Plan to refine waste oil and reuse it in the process
- Capacity of 30L per hour
- Removal of sludge from lubricating oil and improvement of oil condition

Thermal imaging CCTV

- High fire risk due to processes involving high-temperature heating of rubber
- Installation of thermal imaging CCTV to take initial response in the event of a fire and prevent large-scale casualties
- Monitoring signs of danger using smart mobile CCTV and notification of issues to administrators using mobile devices

Zero Environmental Energy Factory

- Mitigation of health threats to workers such as noise-induced hearing loss caused by noise from cutting processes within the business site
- Installation of soundproof panels

Noise reduction facility

- Establishment of a facility to capture odors generated during processes that utilize adhesives
- Adsorption equipment with 500CMM capacity
- Adoption of an odor reduction facility that captures VOCs and odors from dust-containing gas

Odor reduction facility

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ENVIRONMENTAL IMPACT REDUCTION

Hazardous Chemicals Management

Education on Harmful Chemicals

We strive to reduce chemical usage and emissions through process and operational improvements, while maintaining and upgrading our pollution control facilities. Yangsan Factory and Gijang Factory report their harmful substance handling performance to the Korea Chemicals Management Association, pursuant to Article 49, Paragraph 1 of the Chemicals Control Act and Article 53, Paragraph 1 of the Enforcement Regulations of the same Act. Harmful chemicals generated at the two business sites are treated via entrusted companies. We manage reportable chemicals, their emission and transfer volumes, and reduction activities in compliance with legal standards. In addition, we conduct employee education for managing harmful chemicals.



Status of Education on Harmful Chemicals

Usage of Harmful Chemicals

Hwaseung Corporation manages the use of harmful chemicals continuously to minimize environmental impact from our business activities. In 2024, Yangsan Factory used 10 types of chemicals, including thiram, whereas Gijang Factory used 4 types of chemicals. We are monitoring usage systematically in compliance with relevant laws and regulations.

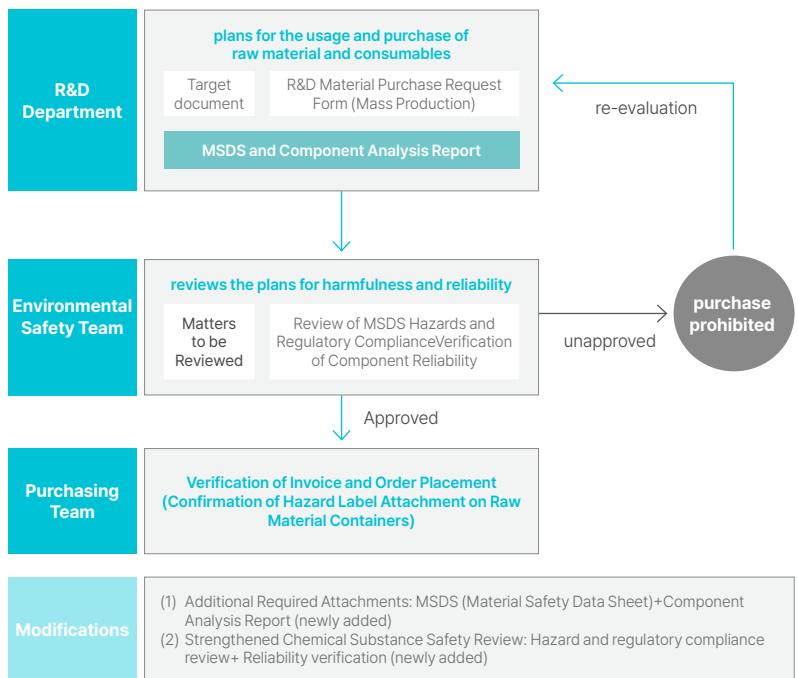
Category	Unit	FY2022	FY2023	FY2024
Harmful chemicals usage	Tons/year	65	307*	Collecting data**
Harmful chemicals emission	Tons/year	7	9	Collecting data**

* Usage in 2023 increased compared to the previous year due to the designation of new harmful chemicals

** Volumes of harmful chemicals used and emitted in 2024 will be gathered in the end of August 2025, and are not disclosed in this report.

Harmful Chemicals Management Process

Hwaseung Corporation has established and operates a process for managing harmful chemicals at our business sites. The R&D department submits plans for the usage and purchase of raw material and consumables. The Environmental Safety Team then reviews the plans for harmfulness and reliability. If approved, the Purchasing Team places the order. If unapproved, purchasing is prohibited, and the plans undergo a re-evaluation process. Additionally, each business site designates technical personnel, managers, and inspectors for harmful chemicals. All employees involved receive annual safety education (2 hours). Persons handling harmful chemicals and specialized personnel also receive 16 hours of education every two years.



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RESOURCE USE AND CIRCULAR ECONOMY

Waste and Recycling

Efforts to Reduce and Recycle Waste

We have established and operate waste management and recycling policies to reduce waste generated at our business sites and ensure efficient disposal. We have started initiatives to turn waste into resources and reduce waste through separate collection activities. We also strive to strengthen our activities for turning waste into resources by finding new waste treatment companies. Each year, we set and implement resource circulation targets and report details to the Korea Environment Corporation.

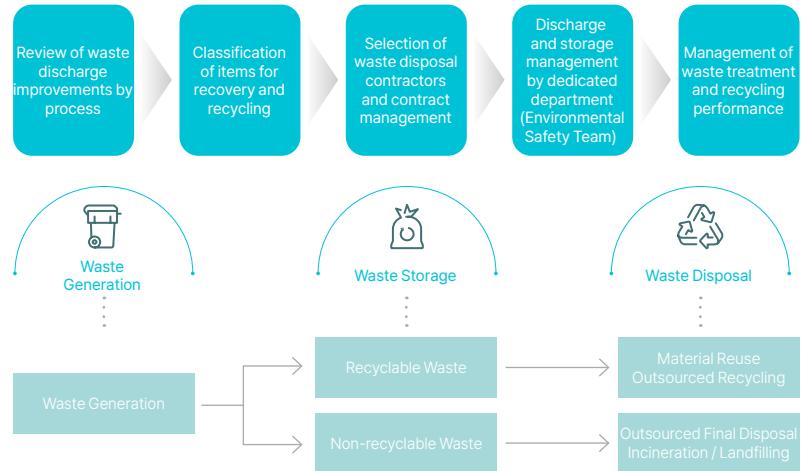
Waste Disposal and Recycling

Category	Unit	FY2022	FY2023	FY2024
Volume of waste generation	Total waste generation	Tons	1,208	1,277
	General waste generation	Tons	991	1,120
	Generation of designated waste	Tons	217	156
	Intensity of waste generation (separate standards)	Tons/KRW 100 million	1.05	0.47
Volume of waste treated	Total volume of waste treated	Tons	1,208	1,277
	- Incineration	Tons	442	463
	- Landfill	Tons	115	130
	- Recycling	Tons	651	683
Waste recycling	Rate of waste recycling	%	53.9	53.6
				64.7

Waste Management Process

Hwaseung Corporation has established and operates a stringent waste management process. When waste is generated, it is legally treated according to the established process based on the type of waste storage.

Waste Management Process



Zero Waste to Landfill

Hwaseung Corporation is actively working towards achieving Zero Waste to Landfill (ZWTL) by 2030. Through accomplishing this goal, we can increase the recycling rate of dust waste, and contribute practically to the local community and the environment.

Waste Landfill Performance

Category	Unit	FY2022	FY2023	FY2024
Particle waste generation	Tons	120.62	146.65	108.56
Recycled waste	Tons	6.8	21.68	61.83
Recycling rate	%	6	15	57



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Resource Use

Hwaseung Corporation is driving a sustainability strategy from the stage of product development to use resources efficiently and help build a circular economy. We are working to reduce environmental risks from resource depletion and increased waste by expanding the use of recyclable materials and minimizing resource waste through increased efficiency of production processes. In 2024, we newly developed industrial hoses made of thermoplastic styrene (TPS) and TPS fenders using recyclable materials. These products were designed not only to reduce resource consumption compared to existing materials but also to enable end-of-life recyclability. We have simultaneously improved environmental performance and functionality through reduced weight and enhanced durability. In the future, Hwaseung Corporation will continue to develop resource-saving products considering their life cycle, and build a sustainable manufacturing foundation by expanding the application of high-value, eco-friendly materials.

Managing Water Resources

Water Usage

Hwaseung Corporation recognizes the impact of water usage and wastewater discharge from its manufacturing processes on the local environment and pursues systematic management to ensure efficient management of water resources and minimize pollution. Our facilities use an appropriate amount of water for process operations, and all generated wastewater is entrusted to specialized environmental treatment companies to prevent water pollution. We are also reviewing the future adoption of recycling treatment facilities, which will gradually increase the rate of water reuse within our processes. Additionally, we plan to strengthen systematic monitoring of water usage at each business site and minimize environmental impact through data-based management of water resources. Hwaseung Corporation is committed to advancing its management system continuously for sustainable water usage and fulfilling its responsibility for water resource conservation to contribute to the protection of local communities and ecosystems.

Water Intake Status

Category	Unit	FY2022	FY2023	FY2024
Water intake	Tons	30,558	34,733	38,622
Intensity of water intake	Tons/ KRW 100 million	26	13	9

Water Usage by Factory

Category		FY2022	FY2023	FY2024
Yangsan Factory	Intake source	Waterworks	Waterworks	Waterworks
	Intake volume(m ³)	22,158	25,079	27,913
Gijang Factory	Water usage(m ³)	22,158	25,079	27,913
	Intake source	Waterworks	Waterworks	Waterworks
Gijang Factory	Intake volume(m ³)	7,583	9,525	9,233
	Water usage(m ³)	7,583	9,525	9,233

Monitoring of Water Resource Risks

We manage water resource risks within business sites by monitoring the enactment and amendment of environmental laws and regulations and introducing the required changes. In line with the amended Water Supply and Waterworks Installation Act (Enforcement Decree Article 3, Paragraphs 1-2), which came into effect in 2023, we have strengthened compliance for factories in areas approved and managed for factory establishment. Due to the increased fines and penalties under the Sewerage Act (Enforcement Decree Article 50 and Article 80), we are conducting continuous monitoring to ensure legal and regulatory compliance. We outsource wastewater treatment to prevent pollution incidents at business sites. We have reinforced patrols of the sewage system and the Yangsancheon Stream and continue to monitor the sewage pipelines.

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Hwaseung Creates Synergy with Society

by Sharing Value and Growing Together

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PRODUCT INNOVATION AND NEW MARKET DEVELOPMENT

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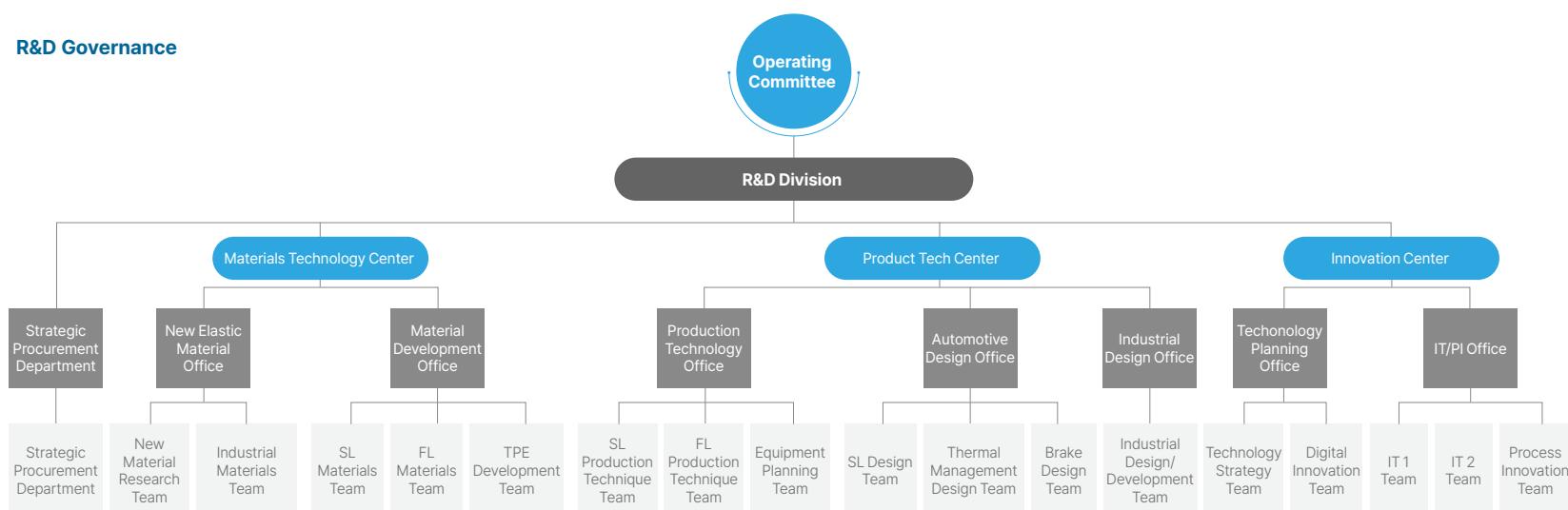
R&D Governance

Hwaseung Corporation has established a systematic R&D governance framework to drive technology-based sustainable growth, strengthening its capabilities in product innovation and new market entry. With the R&D Division at the core, the Materials Technology Center, Product Research Center, and Innovation Center collaborate organically to enable full-cycle technology development, from the development of key materials to product design and application of new technologies. Each center operates joint projects based on its specialized expertise and task execution capabilities, with development progress and results regularly reported and inspected by the Operating Committee. The Operating Committee oversees key decision-making, including reviewing the strategic alignment of product development directions, adjusting priorities, and evaluating business performance. Moving forward, Hwaseung Corporation will continue to build on its innovation capabilities through inter-organizational collaboration and secure product competitiveness that can actively respond to market changes.

Product Development Reporting System

The departments within the Integrated Technology Division of Hwaseung Corporation have established a reporting system in which progress is reported sequentially from the person in charge to the head of the division during both the product development phase and upon completion. Through this process, the completeness of development and commercialization potential are thoroughly reviewed. By operating a responsibility-centered product development reporting system and structured development process, the company continues to drive product innovation, market expansion, and the enhancement of quality competitiveness.

R&D Governance



*The R&D Division includes employees from Hwaseung Corporation, Hwaseung R&D, and Hwaseung Networks.

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PRODUCT INNOVATION AND NEW MARKET DEVELOPMENT

Strategy

Promoting Market Expansion Strategy

Hwaseung Corporation is enhancing competitiveness through product innovation and pioneering new markets as core strategies to respond proactively to rapidly changing industrial environments and customer demands. Our medium-to-long-term vision is to internalize technological innovation capabilities and develop future-oriented solutions as a foundation for sustainable growth. The product development policy is established based on market-centered technology planning, with key directions including the application of eco-friendly materials, development of lightweight products, and securing high functionality. Additionally, we are promoting proactive technology development and diversification of our new product portfolio to address changes in the global automotive industry, as well as electrification and eco-friendly mobility trends. Moving forward, Hwaseung Corporation will continuously pursue a market expansion strategy that creates sustainable product value through technology-based innovation and responds flexibly to future changes in the industrial ecosystem.

Performance

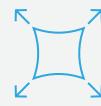
Product Applying Eco-Friendly Materials, TPE*

Hwaseung Corporation is independently developing and producing products using TPE, a next-generation new material, at Gijang Factory. TPE is an eco-friendly material completely free of six major heavy metals and harmful substances. It is also an excellent material that allows resource circulation due to the reusability of scraps. TPE combines the characteristics of thermosetting rubber at room temperature with the characteristics of thermoplastic resin plastics during processing, making it a highly favored substitute for PVC and rubber due to the ease of processing. The TPE products made by Hwaseung Corporation have obtained ISO certification and secured product reliability, and have been acknowledged for superior quality. Based on this achievement, THERMOPRENE, the self-developed TPE/TPV brand of Hwaseung Corporation, is favored by Korean and international automotive industries, as well as related parts manufacturers. Products applied with TPE materials include automotive sealing parts and other automotive parts. The safety of TPE has been well-established, with some products even obtaining FDA certification for biocompatibility applicable to food and infant products.

* TPE - Thermo-Plastic-Elastomer, a material that simultaneously possesses the elasticity of rubber and the processability of plastic

Characteristics of TPE

Excellent moldability



Low energy consumption



Lightweight



Wide range of physical properties



Recyclable after molding



Biomaterial applicability



Expanding the Eco-Friendly Renewable Energy Project

Hwaseung Corporation engaged in industry-university cooperation with Kunsan National University in 2024 to conduct research on the localization of seals for wind turbines, a component that was previously reliant on imports. This R&D project was carried out for a year from January to December 2024 and led to the successful development of two new types of wind power bearing seals, allowing localized production. Hwaseung Corporation is working to expand the application of seal technology into other industrial areas, including industrial equipment, aerospace, marine shipbuilding, and wind power generation, by considering strengthened regulations on safety and emissions, the emergence of alternative technologies and new materials, increasing demand for customized seal products, and the application of IoT for real-time monitoring.

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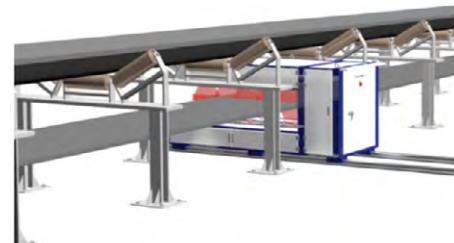
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PRODUCT INNOVATION AND NEW MARKET DEVELOPMENT

BMS(Belt Monitoring System)

Hwaseung Corporation has developed and is operating a Belt Monitoring System (BMS) to enhance product safety and reliability and to improve customers' operational efficiency. Focusing on the BMS, Hwaseung Corporation continuously strengthens the safety and operational efficiency of production facilities using smart sensor-based technology. The Surface Monitoring System detects abnormal signs such as wear, delamination, and misalignment of conveyor belts in real-time, and enables preventative maintenance by predicting remaining lifespan. Additionally, the Fire Prediction System monitors temperature changes in the lower cover of belts and predicts potential fires, thereby minimizing fire risks and enhancing safety at the workplace.

Surface monitoring system



Fire prediction system



FMS(Fender Monitoring System)

Hwaseung Corporation is establishing a Fender Monitoring System to support the stable operation of marine structures and port facilities. The system enables real-time measurement of internal pressure, temperature, and location (GPS) through a single device attached to pneumatic fenders, allowing for data-based management of fender conditions. The collected information is continuously accumulated through monitoring and record-keeping. If an anomaly exceeding set thresholds occurs, an alarm function and record notification system are activated for prompt responses. In particular, by tracking changes in internal pressure and temperature, the system can preemptively identify degradation in performance and predict optimal maintenance timing, thereby contributing to improved equipment stability and operational efficiency. Through smart sensor-based technology, Hwaseung Corporation simultaneously enhances the reliability of equipment and reduces safety risks in marine industrial sites. In the future, we will contribute to creating a sustainable marine industry operating environment by advancing our data-based maintenance solutions.

SMS(Ship Stern & Bow Monitoring System)

Hwaseung Corporation operates a Ship Stern & Bow Monitoring System (SMS) that identifies information on a vessel's position and direction in real-time to enhance safety and efficiency in the marine transportation environment. Devices are installed on both the bow and stern of the vessel to comprehensively monitor the vessel's direction and positional movement during navigation. The data acquired through this installation is visualized on a map, showing the vessel's mooring direction and current location, along with a recording function to track its movement path. This enables the retrieval of past location history, analysis of movement paths, and management of operational schedules, thereby improving the efficiency and stability of navigation planning. The SMS facilitates precise vessel position control and real-time information sharing in ports and marine logistics environments, contributing to the prevention of unexpected movements or collision risks. Through this system, Hwaseung Corporation is further strengthening operational safety and sustainable management systems across the marine industry.

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Safety and Health Management System

Hwaseung Corporation has established annual safety and health plans in accordance with Article 14 of the Occupational Safety and Health Act so that the CEO can report the plans to the Board of Directors for approval. We are working toward the establishment of a safety and health management system that enables the CEO to proactively lead the development and implementation of safety and health plans. Health and Safety Supervisors is accountable for safety and health within the organization, overseeing regular inspections and maintenance of safety facilities and equipment, identifying possible dangers in the work environment, and implementing preventive measures. The Environmental Safety Team works with distinct safety and hazardous materials sector and health and firefighting sector, with 30 supervisors handling practical duties.

Safety and Health Management Organization



Strategy

Policy and Strategy

Hwaseung Corporation has established and adheres to a safety and health management policy aimed at minimizing safety and health risks for all stakeholders, including employees, partner companies, and customers, across all activities from product design, procurement, and production to sales. To guide the process of creating a safe work environment, the policy stipulates the following: improvement of the safety management system, focused management of serious accidents, embedment of safety awareness among employees, systematic promotion of safety and health, and safety and health activities of partner companies. We have established a Plan-Do-Check-Action process based on worker participation and the CEO's leadership to manage safety and health objectives and risks, monitor performance, and introduce continual improvements.

[Principles of Safety and Health Management](#)

[Safety and Health Management Policy](#)

Safety and Health Risk Management Process



Metrics & Target

Safety and Health Targets in 2024

In 2024, Hwaseung Corporation set and implemented five strategic directions for achieving zero industrial accidents and safe, accident-free business sites. The strategies included: complying with the Serious Accidents Punishment Act, establishing a self-regulatory prevention system centered on risk assessment, strengthening safety and health management, cooperating with external partner companies on safety and health, and building a fire prevention system.

Creating Safe Business Sites With 'Zero' Industrial Accidents

Compliance with the Serious Accidents Punishment Act	Self-regulatory prevention system centered on risk assessment	
<ul style="list-style-type: none"> Building a safety and health management system Establishing safety and health management plans Developing and revising manuals to prevent serious accidents 	<ul style="list-style-type: none"> Expanding worker participation across all stages of risk assessment Reforming the risk assessment implementation system 	
Strengthening safety and health management	Cooperating with external partner companies on safety and health	Establishing a fire prevention system
<ul style="list-style-type: none"> Strengthening inspections for industrial accident prevention Activities for prevention of occupational diseases Reducing the rate of abnormal findings in health check-ups (40%↓) Registering and submitting MSDS for chemicals Managing the wearing of protective equipment for hazardous work 	<ul style="list-style-type: none"> Quarterly safety and health councils Sharing safety and health issues and distributing materials Horizontal safety and health management levels Mutual cooperation between the head office and partner companies 	<ul style="list-style-type: none"> Enhancing education and training for various fire scenarios Improving outdated firefighting facilities to meet current legal standards Conducting self-inspections of firefighting facilities

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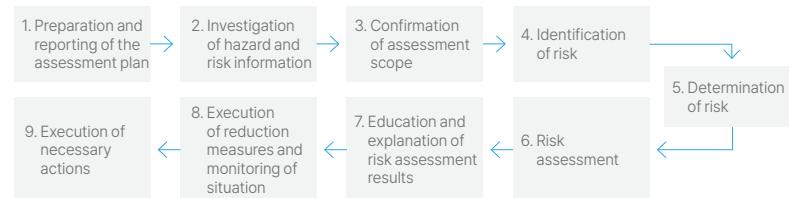
Risk Management

Self-Regulatory Prevention System Centered on Risk Assessment

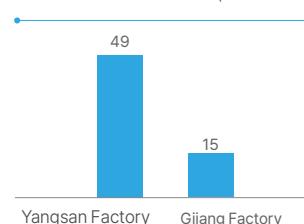
Risk Assessment

In accordance with Article 36 of the Occupational Safety and Health Act and Article 4, Paragraph 3 of the Enforcement Decree of the Serious Accidents Punishment Act, we aim to identify hazards and risks associated with each department and prevent serious accidents by establishing and executing reduction measures through risk assessments. The departments targeted for risk assessment in the first and second halves of 2024 were 10 departments at Yangsan Factory and 3 departments at Gijang Factory, totaling 13 departments. In total, 64 risk factors were identified, with 49 cases at Yangsan Factory and 15 cases at Gijang Factory. In the risk assessment for the second half of the year, workers participated directly by completing a risk factor checklist consisting of 53 items. We completed improving all risk factors identified. The results of the risk assessment were posted on the in-house bulletin board and disseminated to workers, and 33 employees who excelled in risk assessment improvements were selected and awarded.

Risk Assessment Procedure



Frequency of Risk Detection (Unit: Cases)



Performance

B, U, G* Risk Assessment Presentation Contest

Based on its in-house risk assessment activities, Hwaseung Corporation participated in the B, U, G* Risk Assessment Presentation Contest held by the Busan Metropolitan Headquarters of the Korea Occupational Safety and Health Agency in October 2024. We received an 'Excellence Award' for risk assessment. We were highly evaluated for our presentation on the status of our risk assessment implementation, application cases, improvements, and benchmarking proposals.

*B, U, G – Busan, Ulsan, Gyeongsangnam-do



Safety Communication Center

To expand workers' participation in risk assessments, we established a Safety Communication Center for workers at Yangsan Factory and Gijang Factory in October 2024. The Safety Communication Center allows workers to report risk factors by scanning a QR code with their mobile phones. The center also facilitates immediate improvement suggestions upon discovering problems related to risk assessment and on-site safety and health. Through this center, we have improved a total of five risk factors.

Emergency Response Drills

In 2024, Hwaseung Corporation conducted seven emergency response drills to enhance the response capabilities of members in the event of a serious industrial accident, as per Article 4, Paragraph 8 of the Enforcement Decree of the Serious Accidents Punishment Act. All 199 participants successfully completed the drills. The training content covered topics such as the definition of emergency situations, response methods, education on drill scenarios, first-aid theory and practice, and emergency evacuation drills. We will strive to conduct more effective drills by incorporating improvements identified from previous drills, such as the inadequacies observed in usage of fire hydrant and CPR practice.

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ADVANCING SAFETY AND HEALTH MANAGEMENT

Establishing a Fire Prevention System

In September 2024, Gijang Factory conducted a joint drill with the Gijang Fire Station, practicing the fire emergency action theory and use of firefighting equipment. 12 employees from Gijang Factory participated in this joint drill and significantly enhanced their initial fire response capabilities.

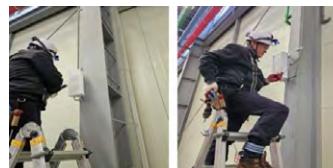
From January to December 2024, we installed and supplemented fire safety facilities at Yangsan Factory and Gijang Factory to ensure proper maintenance of fire safety facilities. In compliance with relevant laws and regulations, including those for alarm systems, evacuation facilities, and automatic detection systems, we replaced and installed equipment according to line expansions and aging.

In July 2024, we replaced about 60 outdated powder fire extinguishers and CO2 fire extinguishers that were older than 10 years in accordance with Article 17 of the Act on Installation and Management of Firefighting Systems. We are thoroughly maintaining firefighting equipment to ensure immediate initial response in the event of a fire.

In April and July 2024, we conducted fire safety facility inspections for all fire safety facilities at Yangsan Factory and Gijang Factory in compliance with Article 22 of the Act on Installation and Management of Firefighting Systems. As a result, we identified 31 inspection points and finished improving all of them.



Joint drills conducted by Gijang Fire Station and Gijang Factory



Installing and supplementing fire safety facilities



Replacing outdated fire extinguishers



Checking operational functionality of firefighting equipment

Building a Safety and Health Education Platform and Developing Content

Hwaseung Corporation conducts regular online safety and health education twice a year, once in the first half and once in the second half. In 2024, this education was provided to 512 office employees and on-site workers from the head office, Yangsan Factory, and Gijang Factory. The content included safety rules for using equipment such as forklifts, cranes, C/Vs, and rollers. All participants successfully completed their education.

100% completion of regular safety and health education



Safety and Health Management System

At Hwaseung Corporation, the CEO proactively engages in the planning and implementation of the safety and health management system. Each year, the safety and health management plan is established, reported to, and approved by the Board of Directors. We execute this plan diligently, evaluate performance, and incorporate the results into the following year's safety and health plan. Hwaseung Corporation implements risk assessments within the safety and health management system procedures, establishing a systematic and effective risk assessment and management process. The reliability of the system is ensured through regular internal audits and external certifications. Additionally, we operate reinforced safety and health education programs to promote a safety culture.



Safety and Health Management System Certificate



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STRENGTHENING SUPPLY CHAIN MANAGEMENT

Supply Chain Management System

Hwaseung Corporation has established guidelines for a sustainable and ethical supply chain by reflecting the latest global trends, including the European Union's Sustainability Due Diligence Directive, based on global automotive industry guides and Responsible Business Alliance standards. Through these guidelines, we aim to achieve mutual growth with our partner companies by managing legal compliance, environmental protection, and respect for human rights across the entire supply chain. In 2024, we conducted safety and health consulting for external partners to identify the status of supply chain management and provided support to establish response systems for the Occupational Safety and Health Act and the Serious Accidents Punishment Act, which were determined as areas requiring improvement. A council was formed between our head office and partner companies to share safety and health issues and discuss support matters once every two months. Furthermore, a partner company inspection sheet was developed, and inspections and technical guidance were conducted semi-annually across safety, health, environment, and material sectors. One special educational session on the Serious Accidents Punishment Act was conducted. In 2025, we plan to support risk assessment duties and facilitate the establishment of the safety and health management system through external consulting.

[Code of Conduct for Business Partners](#)

Quality Education for Partner Companies

Hwaseung Corporation operates regular quality meetings and education programs for partner companies to strengthen quality capabilities across the supply chain. This education is structured around analyzing the causes of non-conformity cases, sharing preventive measures, and studying improvement cases, thereby enhancing the quality management level of partner companies continuously through hands-on education. From 2022 to 2023, quality meetings were operated quarterly or semi-annually, two to four times per year. In response to feedback and requests for quality improvement from partner companies, we have expanded the meetings to be held regularly every month, starting from 2024. These meetings enabled the prevention of quality issues and prompt information sharing, strengthening the foundation for mutual cooperation with partner companies. Going forward, Hwaseung Corporation will expand effective quality education for mutual growth with partner companies and expand support to enhance quality competitiveness throughout the supply chain.

Results of Education for Partner Companies

Category	Unit	FY2022	FY2023	FY2024
Number of training sessions	Sessions	3	2	8
Number of subjected participants	Persons	15	6	24

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STRENGTHENING SUPPLY CHAIN MANAGEMENT

Supporting R&D and Technology of Partner Companies

Hwaseung Corporation provides technical support to enhance the capabilities of its overseas supply chain to ensure stable business operations. In 2024, technical support was provided 4 times at a total of 3 overseas partner companies in China and Indonesia, regarding raw material management for production, technical inspection, and manufacturing of products.

Business Site	Description
QINGDAO RUBBER SIX HOSE CO., LTD.	<ul style="list-style-type: none"> Development of industrial hose O/S Inspection and support for molding and manufacturing technology
PT.K	<ul style="list-style-type: none"> Management of raw materials, production conditions, inspection and testing, and rubber for stabilizing compounding production Production and testing of prototypes
China	<ul style="list-style-type: none"> Establishment of preliminary inspection and quality processes for the prototype development and mass production of PHOEBUS belts Improvement of the abrasion reduction compound for cover rubber Production of 100m prototype of JIS-S canvas belts Establishment of standards for evaluation of rubber quality and collection of reliability data Inspection of mass producibility of the prototype under development

Supply Chain Sustainability Diagnosis and Due Diligence System

Hwaseung Corporation selected five partner companies for sustainable supply chain management and conducted due diligence on safety, health, environment, firefighting capabilities, and management of hazardous substances. A total of 164 non-conformities were found in these five companies, and they have taken improvement measures for these issues. Additionally, we operate communication channels with our partner companies, including social media and telephone lines, to build close cooperative relationships.

Education to Enhance Sustainable Management Capability of Partner Companies

In March 2024, Hwaseung Corporation provided environmental, safety, and health technical guidance to five external partner companies to enhance their safety and health standards. In addition, we offered consulting, including on-site inspections in preparation for the Serious Accidents Punishment Act, provided assistance for establishment of safety and health management systems and drafting of legal documents, and conducted education for business owners in December 2024. Through these efforts, we have laid the groundwork for strengthening the sustainable management capabilities of partner companies and achieving mutual growth.



Technical guidance on safety and health

Supporting consulting service to build a safety and health management system

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PURSUING PRODUCT QUALITY AND SAFETY

Quality Control Strategy

Hwaseung Corporation has built a quality management system tailored to the characteristics of each business unit to provide customers with trusted quality, and is promoting continuous quality improvement activities. The Material Business Unit (MBU) operates a Quality Management System (QMS) that meets international standards based on IATF 16949, performing quality assurance activities systematically throughout the entire process from design to production and delivery. Through this system, we have been able to respond proactively to the quality requirements of global clients and achieve world-class quality management standards. Meanwhile, the Product Business Unit (PBU) operates based on a structure where most items are purchased from external manufacturers and sold, given the nature of its products. Accordingly, quality control consists of activities centered on inspection and examination after finished products are received. In the event of a new transaction or customer request, the PBU responds quickly and flexibly based on in-house standards and quality-related data. Hwaseung Corporation is continuously advancing its quality management system optimized for each business characteristic and is enhancing product reliability and realizing sustainable growth simultaneously through quality management that actively fulfills customer expectations.

Strengthening Quality Assurance

Hwaseung Corporation has established a company-wide quality management system and is operating systematic quality assurance activities to provide customers with reliable products and services. Based on a quality management process that covers the entire product lifecycle, we prevent quality risks in all processes, from design to production and delivery, and pursue continuous improvement. Major production sites have acquired IATF 16949 (Automotive Industry Quality Management System) and ISO 9001 (Quality Management System) certifications. Based on these, we maintain a global-level quality management system. In particular, through IATF 16949 certification, we reflect the quality standards required by the automotive industry and meet customer-tailored quality requirements effectively, while strengthening the standardization of internal processes and continuous improvement activities. Moreover, we are enhancing product reliability and customer satisfaction by strengthening our quality data-based operating system, including internal quality audits, responses to external audits, analysis of customer complaints, and process improvement activities. In the future, we will consider quality as a core value of corporate competitiveness and advance our quality management standards continuously to exceed the expectations of global clients.

Managing Quality of Partner Companies

When selecting business partners, Hwaseung Corporation conducts pre-evaluations to ensure stable product production and quality. Evaluation items are categorized into capability for delivery comprehension, competitiveness, and credit-worthiness. Evaluation factors include design capability, personnel management, equipment possession status, professional capability, factory management, adherence to delivery deadlines, recent debts, liquidity ratio, price competitiveness, quality assurance of possession of technology and patents, and post-sales service. Grades are assigned for each evaluation factor to calculate a total score, and companies scoring 80 points or higher out of 100 are selected as business partners.



Automotive industry quality management system (IATF 16949:2016) certificate

Quality management system (ISO 9001:2015) certificate



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Quality Control Process

Quality Control Inspections

Hwaseung Corporation applies inspection work procedures to raw materials, side materials, in-process products, and finished products to implement step-by-step inspection tasks for product quality control. The Quality Management Team, Technical Support Team (MBU) and Quality Team (PBU) hold the responsibility and authority for inspection work. They conduct general inspections, finished product inspections, prototype inspections, interim inspections, and product inspections. If necessary, tests for physical properties are outsourced to external testing institutions. Inspection status is verified according to the traceability management procedure, and non-conforming products are handled according to the non-conforming product management procedure. Records of quality control inspections and tests are kept for five years.

Types and Details of Inspections

Category	Details
General inspection	<ul style="list-style-type: none">(MBU) Managers of Quality Management Team, Technical Support Team / (PBU) Manager of Quality Team: Execution of inspections, verification and approval of inspection results, self-inspection items, self-inspection processDesignated inspector: Person who has completed quality manager education or inspector education to ensure fairness and accuracy, or has at least two years of experience in quality control work, responsible for prohibiting the incoming or outgoing of substandard productsIn-house inspector: Person who performs inspection tasks according to regulated procedures, and conducts an inspection after verifying the calibration status of necessary inspection equipment
Inspection of finished product	<ul style="list-style-type: none">Upon completion of product production, confirmation of actual products against the details provided in the purchase order, drawings, and specifications (inspector)Determination of pass or fail judgment based on inspection standards, and receipt of products after preparation and approval of the inspection report
Prototype and interim inspection	<ul style="list-style-type: none">Conducted by the inspector in accordance with the QC flow chart, work standards, and inspection criteriaContinuation of the subsequent process and production work upon obtaining a passing judgment after the preparation and approval of the inspection report (sampling, inspection execution, inspection details)
Product inspection	<ul style="list-style-type: none">Conducted by the inspector in accordance with the criteria for product inspectionMovement of products to the ready-for-shipment area upon obtaining a passing judgment after the preparation and approval of the inspection report (inspection execution, inspection details)

TRS(Total Request System)

Hwaseung Corporation operates a company-wide computer system called Total Request System (TRS), to manage product quality-related issues efficiently. When a quality issue arises, problems are identified early and resolved effectively through prompt information sharing with relevant departments (Quality, Purchasing, Research & Development, etc.). Now and forever, Hwaseung Corporation will provide greater reliability to stakeholders by enhancing work efficiency through the advancement of its internal work sharing system and strengthening the systematic management of quality-related history.

Quality and Safety Education

Hwaseung Corporation regularly conducts quality and safety education for employees. In particular, we operate education programs to prevent quality and safety risks and strengthen response capabilities for products of the Material Business Unit (MBU). In 2024, we provided quality and safety education for 16 employees over 2 sessions, enhancing their practical capabilities across product design, production, and overall quality control. Hwaseung Corporation strives to provide customers with safe and reliable products through continuous education and management.

Results of Quality and Safety Education

Category	Unit	FY2022	FY2023	FY2024
Number of training sessions	Sessions	3	1	2
Number of subjected participants	Persons	23	15	16



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ESTABLISHING HUMAN RIGHTS MANAGEMENT SYSTEM

Human Rights Management Policy

Hwaseung Corporation fulfills its responsibility and role in protecting human rights diligently to prevent human rights infringements and mitigate related risks, complying with international standards and guidelines related to human rights and labor, such as the Universal Declaration of Human Rights, the UN Guiding Principles on Business and Human Rights, the ILO Constitution, and the OECD Due Diligence Guidance. Accordingly, we have declared a Human Rights Charter to prevent human rights risks that may affect our employees and stakeholders and to enhance sustainability and competitiveness. The Human Rights Management Policy is disclosed on Hwaseung Corporation's website.

[Human Rights Management Policy](#)

Enhancing Diversity of Employees

Hwaseung Corporation has declared a Diversity & Inclusion (D&I) Policy to promote a corporate culture where all stakeholders are respected. Through this policy, clear principles are established to prevent discrimination based on gender, race, ethnicity, nationality, cultural background, disability, age, personal gender identity, political or religious beliefs, social status, or other factors. Accordingly, any discrimination without reasonable grounds is prohibited, and we make efforts to provide equal opportunities in all areas, including employment, promotion, education, payroll, and welfare.

In particular, we pursue the practical realization of diversity and inclusion by establishing specific principles for each factor, such as a zero-tolerance principle regarding offensive behaviors against gender and gender identity, prohibition of strengthening hierarchy based on age, prevention of exclusion based on disability or illness, and increased consideration for persons in protected categories.

[Diversity and Inclusion Policy](#)

Human Rights Education for Employees

Hwaseung Corporation conducts three human rights education courses annually to raise human rights awareness among employees. Education on preventing workplace bullying is provided to all employees once a year to prevent bullying at the workplace and create a healthy organizational culture. Furthermore, education on improving disability awareness is conducted once a year to create a workplace culture free of discrimination and to encourage understanding and consideration for workers with disabilities.

Human Rights Education Participation Status

Category	Unit	FY2022	FY2023	FY2024
Education to prevent sexual harassment at the workplace		106	528	711
Education to improve disability awareness at the workplace	Persons	105	521	708
Education to prevent bullying at the workplace		105	512	711

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Human Rights Risk Management

Human Rights Impact Assessment

In November 2024, Hwaseung Corporation conducted a human rights impact assessment through employee surveys and interviews. Interviewees were selected by analyzing the survey results, and human rights risks stemming from business activities were identified in depth. The results of the human rights impact assessment showed that improvements are necessary in the areas of building and implementing a human rights management system, preventing discrimination in employment, welfare benefits, and promotions, and reorganizing basic policies related to the prohibition of forced and child labor. Accordingly, we designated a dedicated human rights department to establish and disclose the basic human rights policy and operate channels for handling grievances. Through these efforts, we aim to create a system that can manage and prevent human rights risks continuously.

Channels for Managing Human Rights Risks

We regulate the prevention of workplace bullying in Chapter 11 of the Rules of Employment, defining acts of bullying and setting up a process for prevention education, incident investigation, and actions. Reports, either named or anonymous, are accepted at all times through the ESG counseling and reporting boards on Hwaseung Corporation's website.

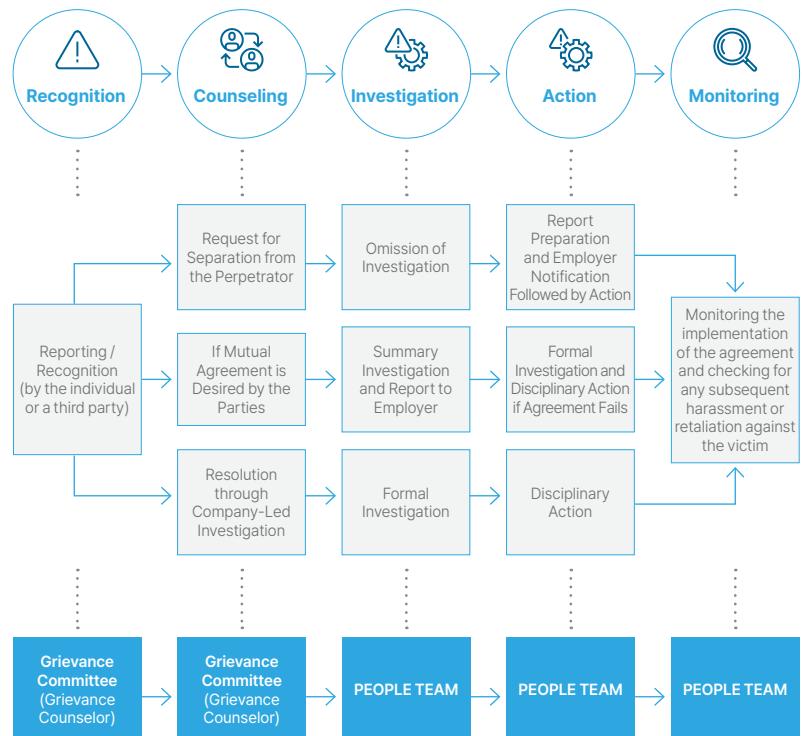
Grievance Handling Status

Category	Unit	FY2022	FY2023	FY2024
Received	Cases	0	0	1
Handled	Cases	0	0	1
Processing ratio	%	-	-	100

Human Rights Risk Management Process

Hwaseung Corporation operates a Grievance Committee to manage human rights risks, including the handling of workplace bullying incidents. The grievance handling process proceeds in the following order: recognition of the incident, counseling, investigation, action, and monitoring. The results are notified within 10 days of reporting the grievance.

Grievance Handling Process



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SECURING HUMAN RESOURCE COMPETITIVENESS

Ideal Talents

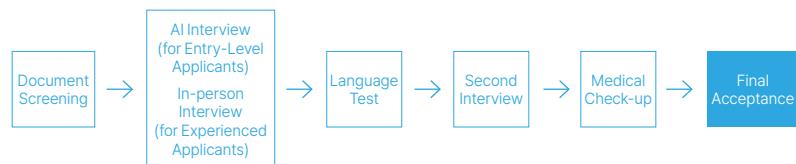
Hwaseung Corporation defines Hwaseung people as talents with an upright personality capable of respecting, understanding, and building trust with others. We strive to enhance our employees' capabilities to be passionate, flexible, and insightful global talents.



Talent Recruitment

Hwaseung Corporation conducts recruitment through its website, where job descriptions, qualifications, preferred requirements, work locations, work types, working hours, annual salary, selection process, application period, and methods are announced for each job category. We adhere to the defined recruitment procedures to ensure fair hiring and aim to secure excellent talent by selecting applicants who align with our ideal talent profile. Furthermore, successful candidates at each stage of the recruitment process are notified individually via email and text message.

Recruitment Procedure



Leadership and Job Competency Education

Hwaseung Corporation identified the educational needs of employees through a job training survey in 2023. We reflected the survey results to establish and operate educational courses centered on digital transformation supporting the transition into a tech company in 2024. A total of five courses were offered over five sessions, and the effectiveness of this education was confirmed by an employee satisfaction survey conducted in October 2024. In 2025, we plan to strengthen AI education suitable for technological innovation and the work environment. We will operate AI education for organizational and personal growth, education for new employees, communication education for managers, and stress management education. Hwaseung Corporation operated a total of 14 educational courses in various formats, including training camps, groups, and online mode, depending on characteristics of the program. We enhanced the quality of education and employee satisfaction through smart language learning, book-based learning, and special lectures on humanities and health. We also offer leadership education tailored to each job rank to strengthen our leaders' understanding of their roles and job performance capabilities.

	Mandatory	Optional	Separate	
Category	Common	Leadership	Job-specific	Others
General Manager	G5 G4 G3 G2	Internal Instructor Training Program e-Learning + Book Learning Language	Promotee Training G4 Promotee Program G2 Promotee Program	GPC Training
Manager	G1	Specialized Program for Senior Associates		AI Training by Job Function
Associate	A2 A1	Specialized Program for Staff		Statutory/Mandatory Training
New Employee		New Employee Orientation	In-house OJT (On-the-Job Training)	GHR Expatriate Training Special Lecture Series

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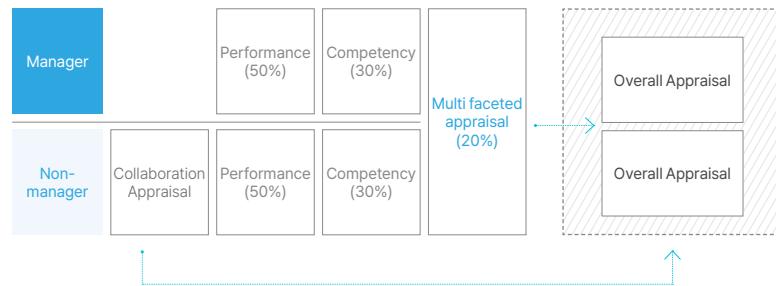
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SECURING HUMAN RESOURCE COMPETITIVENESS

Performance Reward System

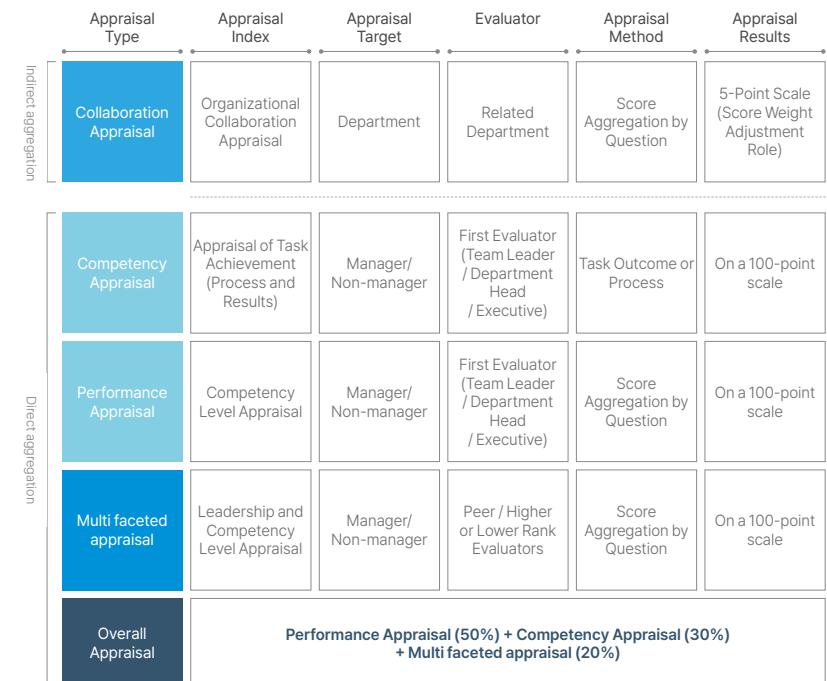
Hwaseung Corporation has restructured and implemented its employee performance appraisal and reward system in 2025 to ensure fair performance-based rewards. We have introduced collaboration appraisal and multi-faceted appraisal and improved our evaluation process and overall grade calculation formula to establish reward plans and revise the promotion system. The performance appraisal has been restructured to incorporate process appraisal and set meaningful goals, reducing the weighting assigned to competency appraisal in performance appraisal.

Appraisal System



The newly introduced collaboration appraisal is conducted with the involvement of relevant departments by applying a total team score system. Multi-faceted appraisal is conducted by members within the organization. The process has been improved to maintain the purpose of each appraisal stage, and the overall result of appraisal is calculated by reflecting 50% of performance appraisal, 30% of competency appraisal, and 20% of multi-faceted appraisal.

Appraisal Process





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FOSTERING GOOD ORGANIZATIONAL CULTURE TO WORK

Operating Corporate Culture Activities and Programs

Employee Satisfaction Survey

Hwaseung Corporation conducted an employee satisfaction survey in January 2025, in accordance with the resolutions of the 7th Talent and Culture Committee, to monitor organizational health continuously, analyze factors detrimental to corporate culture through trend analysis, and create a better organizational culture. The survey, consisting of 40 questions in 8 areas, resulted in an overall average score of 3.78 out of 5 points, with a response rate of 49%. Moving forward, we will continue improving our organizational culture and enhancing employees' work satisfaction based on the insights derived from employee satisfaction surveys.

Women's Mentoring

Hwaseung Corporation operated a women's mentoring program to support the growth of female talent within the organization and strengthen their capabilities. This program was planned to facilitate the growth of female employees and prepare a foundation for sustainable talent development by sharing advice on job experiences, career development, and organizational roles through regular communication between mentors and mentees. After the program, a survey was conducted among participants to identify areas requiring improvement. In particular, we received feedback on limitations in individual communication due to the 1-on-4 mentoring structure and difficulties in scheduling. Accordingly, we plan to adjust the mentor-mentee ratio and introduce flexible operating methods to enable smoother communication and more substantial mentoring outcomes. In the future, we will actively support the sustainable growth of female employees through practical support programs aimed at expanding diversity and inclusion.

Parental Leave Support Allowance

Hwaseung Corporation implemented a parental leave support allowance system starting from August 2024 to minimize work vacancies for employees on parental leave and boost the morale of existing employees. Members of an organization that does not hire replacement personnel when parental leave occurs are paid an allowance within the limit of KRW 500,000 per salary for each person, based on their adjusted workload.

Reorganizing the Leave System and Working Hours

In April 2024, Hwaseung Corporation restructured its leave system and working hours to promote a flexible and healthy organizational culture. The summer vacation period previously fixed to July and August was redesigned as a regular leave self-designation system, allowing individuals to choose their vacation timing freely. A new manager recharge leave was introduced, mandating general managers to use at least three consecutive days of annual leave by setting leave usage history as a common KPI for managers and reflecting it in performance appraisal. A staggered commute system was adopted to expand employees' choice of working hours, and the minimum annual leave unit was changed to 30 minutes to increase employee satisfaction.

Status of improvement on the Leave System and Working hours

Item	Details
Regular leave self-designation system	<ul style="list-style-type: none">Individuals allowed to freely choose when to use their summer vacation, which was previously set to July and AugustFive days excluding weekends and holidays
Manager recharge leave	<ul style="list-style-type: none">Mandatory use of at least three consecutive days of annual leave excluding weekends and holidays (at least three days in the first half and the second half of the year each)Managers' leave usage history set as a common KPI (10%) for managers and reflected in personnel appraisal
Staggered commute system	<ul style="list-style-type: none">Commuting time adjusted according to personal schedule and duties of workersType A: 7 to 16, type B (default): 8 to 17, type C: 9 to 18, type D: 10 to 19
Annual leave unit change	<ul style="list-style-type: none">Minimum unit of leave changed from half-day to 30 minutes



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Welfare Benefit System for Employees

Hwaseung Corporation provides diverse opportunities and support to its employees so that they can maintain balance between work and life, pursuing personal happiness on top of company's growth.

Work & Life



Item	Description
Welcome Kit	Provision of a welcome kit to celebrate the exciting occasion of the first day at work
Congratulations and condolences support	Provision of support for one's marriage, including 100% of base salary
Shuttle bus operation	Operation of dedicated shuttle buses for commuting (Yangsan)
Employee apartment operation and support	Operation or support of employee apartments to provide housing convenience and opportunities for home ownership
Health support	Health check-ups
Staggered commute system	Provision of a flexible working arrangement allowing employees to commute between 7 and 10 AM
Maternity leave support allowance	Provision of monthly allowance of KRW 100,000 to 500,000 when a team member takes Maternity Leave
Global language program support	Provision of video, phone, or online lectures on English, Chinese, Japanese, and other languages
Provision of vehicle maintenance allowance	Provision of monthly vehicle maintenance allowance of KRW 150,000 to 230,000, only to car owners
Club support	Support for in-house clubs created by employees, for activities such as performance viewing, golf, car wash, futsal, soccer, etc.
Various rest areas	Provision of spaces for appropriate rest and rejuvenation
Smart work	Settlement of a culture of leaving work on time, such as PC-OFF system
Happy meal	Provision of meal expenses or operation of employee cafeteria depending on the work location
Soft landing support for new employees	Implementation of onboarding programs such as new employee orientation, OJT, and mentoring program
Holiday and anniversary gifts	Provision of gifts for Lunar New Year, Chuseok, company anniversary, Family Month, and company outing expenses
Long service reward	Rewards up to KRW 10 million in 5-year increments from 10 to 30 years of service
Operation of in-house library	Free book borrowing available at the in-house library, both online and offline

Family



Item	Description
Tuition support	Support for childcare expenses, school uniform expenses, university tuition fees, etc.
Congratulatory grant upon childbirth	Provision of a grant of KRW 3 million per child upon childbirth
Encouragement gifts for child's enrollment and college entrance exam	Provision of congratulatory gifts for enrollment in elementary school and encouragement gifts for college entrance exam
Maternity leave	Provision of 90 days of leave and salary before and after childbirth to female workers Provision of 20 days of paternity leave for male employees
Family invitation events	Cultural and artistic events such as musicals, ballets, and magic shows to which families, lovers, and friends of employees are invited

Refresh



Item	Description
Vacation trip for model employees	Selection of model employees in the first and second halves of each year, providing a 5-day overseas trip
Condominium and resort	Provision of stay at Hanwha or Daemyung Sono condominium or resort at employee discount rates
Various vacation supports	Bridging leave, family care leaves, congratulatory or condolence leaves, infertility treatment leaves, etc.

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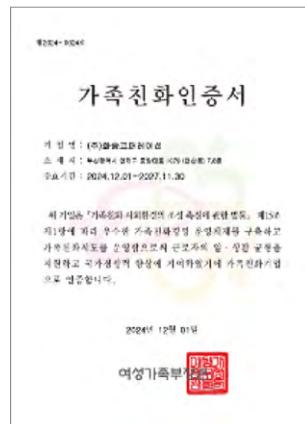
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FOSTERING GOOD ORGANIZATIONAL CULTURE TO WORK

Family-Friendly Company Certification

In December 2024, Hwaseung Corporation was initially designated as a family-friendly company by the Ministry of Gender Equality and Family, in recognition for the successful establishment and practice of its family-friendly policies, including the reorganization of the leave system and working hours, support for childbirth and childcare, and the parental leave support allowance. Family-friendly company certification is an official recognition bestowed by the Ministry of Gender Equality and Family upon exemplary companies and institutions that operate systems supporting employees to maintain work-life balance.



Family-Friendly Company Certificate

Communication with the Labor Union

Hwaseung Corporation, through its collective agreement, stipulates that the company and the labor union will respect mutual rights and obligations based on labor laws; contribute to business prosperity and enhance the welfare of union members; and comply with regulations concerning union activities, human resources, service, wages, accident compensation, education, safety and health, Labor-Management Council, collective bargaining, and collective

action. For smooth communication and cooperation between employees and the management, we operate a Labor-Management Council composed of three employer representatives and three employee representatives. Discussions on various current issues are carried out through a transparent consultation process built on trust between labor and management. The Labor-Management Council meets every quarter, four times a year, and the meeting results are reported regularly to all employees.

Operating Status of Labor-Management Council

Category	Unit	FY2022	FY2023	FY2024
Number of meetings held	Times	4	5	4
Agenda processing rate	%	100	100	100

Regulations on Retirement Benefit Payment

Hwaseung Corporation operates a retirement pension system to support employees to maintain financial stability post retirement, enabling them to lead sustainable lives even after retirement. We have adopted a Defined Benefit (DB) retirement pension in accordance with the Employee Retirement Benefit Security Act. A pre-determined benefit is paid out based on years of service and average wages at the time of retirement. The retirement pension is managed stably by external financial institutions, and we are committed to protecting the rights and interests of retirees by reviewing the operational status and providing information regularly in compliance with relevant laws and regulations. In the future, we will continue to strengthen our institutional foundation and enhance the transparency and sustainability of the system operation for retirees to support the financial stability of our employees.

Operating Status of Retirement Pension

Category	Unit	FY2022	FY2023	FY2024
Amount of retirement pension in operation (DB)	KRW million	13,537	35,705	40,892
Number of employees subscribed for retirement pension	Persons	117	382	460



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STRENGTHENING INFORMATION SECURITY SYSTEM

Information Security Governance

Hwaseung Corporation operates a personal information protection organization in accordance with its guidelines for the protection of personal information. The head of the department responsible for personal information protection serves as the Chief Privacy Officer overseeing the operation and activities of the personal information protection organization. The person in charge of personal information protection is responsible for establishing and revising personal information protection policies, implementing technical and administrative protection standards for personal information, inspecting illegal or improper personal information infringements by employees or third parties, implementing improvements and corrective actions related to personal information, supervising and educating employees and handlers, managing practical affairs related to all facilities and services for personal information protection, and managing the status of personal information handlers. Personal information handlers are employees who process collected personal information. They are required to use personal information only for business purposes, are prohibited from leaking and providing personal information to outside parties without approval, comply with procedures such as obtaining approval when providing personal information externally for work purposes, and adhere to other matters stipulated by law.

Managerial Measures to Protect Personal Information

Hwaseung Corporation has established personal information protection guidelines that stipulate detailed matters concerning standards for the processing of personal information, types of personal information infringement, and preventive measures, as defined by relevant laws such as the Personal Information Protection Act, to safely protect personal information collected as part of corporate activities. Additionally, in accordance with Article 30 of the Personal Information Protection Act, we have established a Personal Information Processing Policy and announced it on the company website to guide information subjects on the procedures and standards for personal information processing and to handle related grievances promptly and smoothly. Hwaseung Corporation processes and securely manages personal information lawfully in compliance with the Personal Information Protection Act and related laws to protect the freedom and rights of information subjects. We conduct personal information education once a year for all employees. In 2024, collective education on in-house security regulations and IT system usage was conducted for 40 individuals.

[Personal Information Protection Policy and Principles](#)



Status of Information Security Education

Category	Unit	FY2022	FY2023	FY2024
Number of participants	Persons	-	160	522

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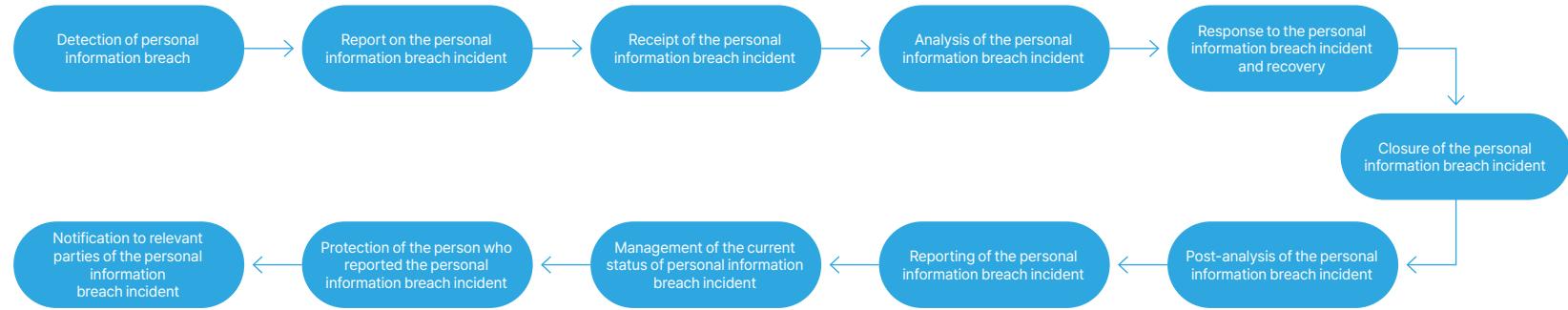
STRENGTHENING INFORMATION SECURITY SYSTEM

Technical Measures to Protect Personal Information

Hwaseung Corporation, in accordance with the "Personal Information Protection Policy and Guidelines," provides detailed directions for incident response and handling methods related to personal information breaches in the "Personal Information Breach Incident Response Guidelines." We have classified personal information breaches by grade and established a response process. Chief Privacy Officer designates the head of the originating department as the officer for handling the breach incident based on the exposed or provided information and forms a personal information breach response team. The personal information breach response team, consisting of Chief Privacy Officer, the person in charge of personal information protection, the Breach Incident Handling Officer, technical analysis assistant, personal information practitioners, and relevant system operators, executes the response process.

In addition, for information and communication security, cyberattacks are blocked and prevented through installing security equipment such as firewalls and IPS. Backup systems are secured to restore critical systems in the event of a data breach, and recovery tests are conducted annually.

Process of Personal Information Breach Incident Response



Information Security Activities

Category	Description
Asset management system software	<ul style="list-style-type: none">Prohibition of installation and use of unauthorized software programs within the company's computer systemsUnauthorized software programs flagged in the asset management system and disabled
Harmful content blocking system	<ul style="list-style-type: none">Blocking websites with high possibility of virus and ransomware infection

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Corporate Social Responsibility Policy

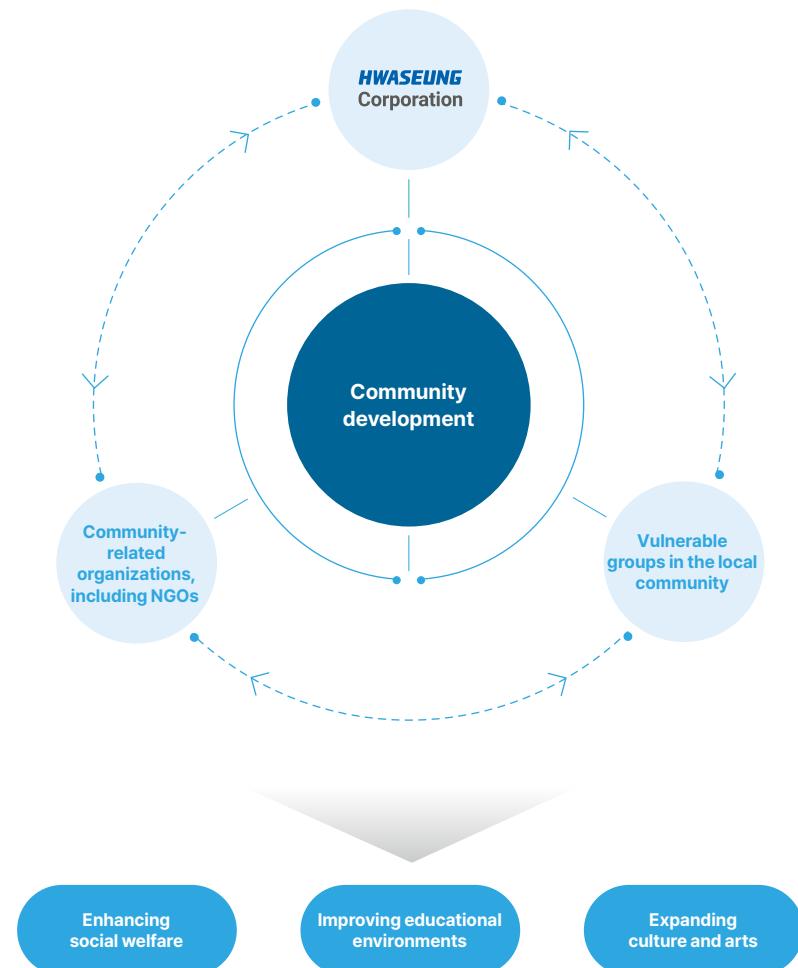
Hwaseung Corporation revised the Local Community Contribution Policy in July 2024 to actively pursue social contribution activities for enhancing the quality of life for local communities and residents and achieving economic development, attentively listening to diverse opinions from the local community. Based on management principles that prioritize coexistence with society, we strive continuously to improve our social contribution system. We also operate social contribution programs with direct employee participation, as part of efforts to fulfill our social responsibilities by utilizing corporate capabilities and infrastructure. In the future, Hwaseung Corporation will vigorously promote social contribution activities with employees, encourage voluntary participation, and promote sustainable development through smooth communication and cooperation with local communities.

[Corporate Social Responsibility Policy](#)

Corporate Social Responsibility Strategy

Hwaseung Corporation strives to achieve mutual growth with local communities and sustainable development based on the principles of the UN SDGs and ISO 26000. We conduct various support and donation activities with the goals of promoting the welfare of vulnerable groups and enabling them lead healthy lives, and we plan and operate programs to revitalize local culture and arts. Hwaseung Corporation researches local community issues by cooperating with various experts and actively promotes social contribution activities, including on-site visits to resolve problems. With genuine interest in the local community and efforts to promote mutual prosperity, Hwaseung Corporation aims to become a company that grows and develops together with the local community.

Corporate Social Responsibility Strategy



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Local Community Contribution Activities

Hwaseung Corporation conducts social contribution activities in various areas, including culture and arts, support for vulnerable groups, and overseas medical support. In the culture and arts area, we consistently sponsor local community organizations and events in the film and sports industries that require financial support, enabling their stable operation. In 2024, we supported vulnerable groups through various donations and volunteer activities in cooperation with the Community Chest of Korea and the Korean Association for Children with Leukemia and Cancer. Starting from 2014, we have directly planned and conducted the "Hwaseung Kkumteul Project: Dreams Surely Come True," an activity supporting socially disadvantaged persons in their efforts to achieve self-reliance. Along with this, we continue our Mecenat activities, providing cultural experiences to residents by vitalizing various cultural and artistic affairs in the local community, from popular culture to less-popular art forms, thereby fulfilling our corporate social responsibility.

Programs in Support of Culture and Arts

Hwaseung Corporation fully supports local community members to provide them with opportunities to experience diverse cultural activities and arts. Since 2008, we have sponsored the Buil Film Awards to help it continue operations after they were halted due to financial difficulties. We also contribute to the development of sports in the local community by sponsoring the Busan Sports Council. To commemorate Hwaseung Group's 70th anniversary, we are making various efforts to bring ballet closer to people, such as co-planning the Korean National Ballet's Don Quixote performance with the Busan Cultural Center. Moreover, Hwaseung Corporation has employed three young artists with developmental disabilities, supporting their artistic and exhibition activities. We also donate artifacts and development funds consistently to the Busan Museum.

Status of Culture and Arts Support Programs

(Unit: KRW million)

Title of Program	Details	Annual Expense
Buil Film Awards sponsorship	Ongoing sponsorship since 2008	105
Busan Sports Council sponsorship	Contributing to sports development through sponsorship of the Busan Sports Council	20
Korean National Ballet invitational performance	Invited the Korean National Ballet to conduct a performance to revitalize ballet culture in the local community	26
Exhibition sponsorship for young artists with developmental disabilities	Employed three young artists with developmental disabilities as employees of Hwaseung Corporation to support their creative work and sponsor in-house exhibitions	5
Donation of development fund to Busan Museum, etc.	Contributed to the Busan Museum since its opening by donating 67 personal artifacts, and donated a development fund of KRW 100 million in 2024	10



Donation of development fund to Busan Museum

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Social Welfare Projects

Hwaseung Corporation has annually sponsored related organizations that support vulnerable groups in the local community, such as the Korean Association for Children with Leukemia and Cancer and the Community Chest of Korea, since 2003. Additionally, we have self-planned and operated the 'Hwaseung Kkumteul Project' since 2014, continuously supporting disabled persons achieve economic independence, with our employees acting as mentors to help individuals with disabilities acquire licenses.

(Unit: KRW million)

Title of Project	Details	Annual Project Expense
Sponsorship of Korean Association for Children with Leukemia and Cancer	Sponsored the Busan Branch of the Korean Association for Children with Leukemia and Cancer since 2003	26
Sponsorship of Community Chest of Korea, Busan	Regularly donating each year and additionally providing emergency relief supplies in case of disasters	158
Hwaseung Kkumteul Project	Supporting license acquisition by matching employees with disabled persons one-on-one	21



Hwaseung Kkumteul Project



Sharing Love Family Walk

Overseas Medical Support

Hwaseung Corporation continues to support residents and children in India where it operates who face difficulties due to the country's inadequate medical infrastructure. We developed a mobile hospital project in India and donated it to Saveetha Medical College, helping local residents access better medical care.

(Unit: KRW million)

Title of Project	Details	Annual Project Expense
Free medical vehicles in India	Operated a mobile hospital in Chennai, India since 2023	179



Free medical vehicles in India

Hwaseung Strives to Strengthen Governance Continuity

by Maintaining Transparency and Earning Trust

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STRENGTHENING ETHICAL MANAGEMENT

Strategy

Ethical Management Charter

Hwaseung Corporation strives relentlessly to remain a company that impresses customers, protects shareholder rights, fosters growth and quality of life for employees, and fulfills responsibilities to the nation and society, all rooted in the Hwaseung Spirit of 'harmony, creative challenge, customer priority, and social service.' Hwaseung Corporation has established an Ethics Charter and a Code of Conduct for all members to take ethical values as the priority behavioral standards. The Code of Conduct specifies our basic ethics, responsibilities toward employees, basic ethics to be followed by employees, responsibilities toward customers, respect for shareholders, relationships with business partners, roles in the nation and society, commitment to sustainability and adherence to ethical standards.

[Ethics Charter & Code of Conduct](#)

Risk Management

Whistleblowing

Since 2021, ethics-related reports can be submitted through the 'Counseling and Reporting' menu on the Hwaseung Group website, categorized as named and anonymous reports. Reported matters are received by the person in charge of the Internal Accounting Management Team, who conducts a thorough review of the severity and authenticity of the matter. Following this, disciplinary procedures are carried out via the Human Resources Committee. Personal information collected through reports is used solely for the purpose of processing the counseling and report and responding with the results. This information is destroyed upon the conclusion of the reported case.

Whistleblowing Status

Category	Unit	FY2022	FY2023	FY2024
Whistleblowing	Cases	0	0	0

Performance

Ethical Education

Hwaseung Corporation conducts annual ethical education for all employees. In 2023 and 2024, we conducted education on core values and ethical management for Hwaseung Corporation Value-up. The ethical education completion rate was 82% in 2024. We will continue promoting various activities to further raise the ethical awareness of employees in the future.

Ethical Education Status

Category	Unit	FY2022	FY2023	FY2024
Number of participants	Persons	95	221	217
Hours of ethical education	Hours	760	1,768	1,736
Ethical education completion rate	%	68.8	84	82

[Ethical Practice Guidelines of Hwaseung Group](#)



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STRENGTHENING TRANSPARENCY AND RESPONSIBILITY OF BOARD OF DIRECTORS

Composition of the Board of Directors

Hwaseung Corporation's Board of Directors comprises a total of eight directors, including four inside directors, one non-executive director, and three outside directors. All directors are appointed at the general meeting of shareholders. The Board of Directors resolves matters stipulated by laws or the Articles of Incorporation, matters delegated by the general meeting of shareholders, and important matters concerning the basic principles and business execution of our operations. The CEO of Hwaseung Corporation also serves as the Chair of the Board of Directors, but various systems are in operation to ensure the independence and oversight function of the Board of Directors. The Board of Directors has three committees (Management Committee, Audit Committee, and Internal Transaction Committee) for more specialized operations. The Board of Directors and the dedicated department for each committee support the committees depending on their duties.

Composition of Board of Directors

[As of May 2025]

Classification	Name	Gender	Rank/Position	Career	Initial Appointment	Term Expiry	Committee in Charge
Inside Directors	Hyun Seung-Hoon	Male	Chairman of Hwaseung	Bachelor of Commerce, Pusan National University (Present) Chairman of Hwaseung	Mar, 2013	Mar, 2028	
	Hyun Ji-Ho	Male	General Vice Chairman of Hwaseung	Bachelor of Economics, Bates College (U.S.) (Present) General Vice Chairman of Hwaseung	Mar, 2007	Mar, 2028	Management Committee
	Heo Sung-Ryong	Male	Chair of Board of Directors Chair of Management Committee	Associate of Chemical Engineering, Kyungnam College of Information & Technology (Present) CEO of Hwaseung Corporation	Mar, 2021	Mar, 2027	Management Committee
	Kwak Myung-Chul	Male	Strategy / Planning Director Member of Management Committee	Bachelor of Accounting, Pusan National University (Present) Strategic Planning Officer of Hwaseung Corporation	Mar, 2022	Mar, 2028	Management Committee Internal Transaction Committee
Non-executive Director	Koo Chul-Hong	Male	Other Non-executive director	Bachelor of Accounting, Dong-Eui University (Present) Administration/Planning/Finance Director, Hwaseung R&A	Mar, 2024	Mar, 2027	
Outside Directors	Yoon Jae-Woong	Male	Chair of Internal Transaction Committee Chair of Audit Committee	(Present) Managing Director of Deloitte Anjin (Present) CEO of F&D Net	Mar, 2021	Mar, 2027	Audit Committee Internal Transaction Committee
	Hong Soon-Bo	Male	Member of Audit Committee	(Former) Deputy Chief Prosecutor, Eastern Branch of Busan District Public Prosecutor's Office (Present) Representative attorney, Hong Sun-Bo Law Firm	Mar, 2024	Mar, 2027	Audit Committee Internal Transaction Committee
	Choi Jae-Hyun	Male	Member of Audit Committee	(Former) Managing Director of U.S. Factory Purchasing HQ, Kia Motor Company (Former) Executive Director of Purchasing HQ, Hyundai Motor Company	Mar, 2025	Mar, 2028	Audit Committee



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STRENGTHENING TRANSPARENCY AND RESPONSIBILITY OF BOARD OF DIRECTORS

Operating the Board of Directors

Hwaseung Corporation holds quarterly meetings of the Board of Directors to report on consolidated and separate financial statements. Extraordinary meetings are also convened as needed for major management decisions. The Articles of Incorporation and Board Regulations define the composition of the Board of Directors, authority, operations, and directors' duties. Board resolutions require the attendance of a majority of directors and the approval of a majority of attending directors. The Chair shall convene Board of Directors meetings, but any director may request the Chair to convene a meeting by stating the agenda and reasons if deemed necessary for execution of work. In 2024, a total of nine Board of Directors meetings were held to report and resolve important management matters.

Operating Status of Board of Directors

No.	Date Held	Details	Attendance (%)
1	Feb 14, 2024	<ul style="list-style-type: none">Approval of Hwaseung Corporation's 46th pre-audit separate financial statementsApproval of the 2024 safety and health plan	
2	Feb 28, 2024	<ul style="list-style-type: none">Report on the operating status of the internal accounting management systemApproval of Hwaseung Corporation's 46th pre-audit consolidated financial statements	
3	Mar 13, 2024	<ul style="list-style-type: none">Evaluation and report on operating status of the internal accounting management systemAnnouncement of cash dividendsConvening the 46th regular general meeting of shareholdersAdoption of electronic voting system at the 46th regular general meeting of shareholders	
4	Mar 28, 2024	<ul style="list-style-type: none">Appointment of the CEOAppointment of the members of the Management CommitteeAppointment of members of the Internal Transactions Committee	97
5	May 14, 2024	<ul style="list-style-type: none">Report on resolutions of the Management CommitteeReport on consolidated and separate financial statements for 1Q 2024	
6	Aug 13, 2024	<ul style="list-style-type: none">Report on consolidated and separate financial statements for 2Q 2024	
7	Sep 20, 2024	<ul style="list-style-type: none">Issuance of Hwaseung Corporation's 58th unsecured private placement bondsAppointment of members of the Internal Transaction Committee	
8	Nov 13, 2024	<ul style="list-style-type: none">Report on consolidated and separate financial statements for 3Q 2024Establishment of a JV with SFC	
9	Dec 31, 2024	<ul style="list-style-type: none">Approval of executive incentive payment regulations	

Expertise and Diversity of the Board of Directors

We appoint outside directors with diverse backgrounds and expertise to enhance the expertise of the Board of Directors and strengthen the BOD's oversight of management. The Board of Directors is composed of directors with experience in various professional fields, including finance, accounting, law, and technology, so that it is not biased towards a particular background and can represent diverse stakeholders. To secure the expertise of outside directors, we operate a support organization for job performance. This support organization assists outside directors with their duties and supports the proceedings of Board of Directors meetings and its committees.

Independence of Outside Directors

Outside directors are ultimately appointed at the general meeting of shareholders after deliberation by the Board of Directors to confirm suitability as outside directors. The deliberations take into account factors such as their qualifications, independence, and expertise based on the Commercial Act and related laws. Before appointment, the independence of outside directors is secured by closely reviewing any prior transactions or interests with the company, major shareholders, or other related parties. All directors adhere to relevant regulations under the Commercial Act and the Monopoly Regulation and Fair Trade Act, which are intended to prevent conflicts of interest between directors and the company, including prohibitions on self-dealing, misappropriation of corporate opportunities, and regulations on large-scale internal transaction disclosures.

Education for the Board of Directors

We support outside directors so they can monitor our business management objectively and make important policy decisions effectively. A dedicated department in charge of duties related to the Board of Directors has been designated to respond to the information requests of outside directors promptly. We are internally reviewing educational courses for outside directors, and future education will be conducted by taking into account the schedules of outside directors.



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Committees within the Board of Directors

Hwaseung Corporation operates a Management Committee, Audit Committee, and Internal Transaction Committee within the Board of Directors. The Management Committee, composed of three inside directors, performs deliberations and resolves matters related to investment, credits and debts, and sales and production activities that have been delegated to it by the Board of Directors. The Audit Committee, consisting of three outside directors, conducts audits on all company operations, including its financial status. The Internal Transaction Committee, comprising two outside directors and one inside director, reviews and resolves internal transactions exceeding a certain size.

Operating Status of the Management Committee

No.	Date Held	Details	Attendance (%)
1	Feb 14, 2024	<ul style="list-style-type: none">Extension of Hwaseung Corporation's loans from the Korea Development BankExtension of payment guarantee of Hwaseung R&A	
2	Mar 13, 2024	<ul style="list-style-type: none">Extension of Hwaseung Corporation's loans from the Korea Development Bank	
3	Apr 16, 2024	<ul style="list-style-type: none">Extension of Hwaseung Corporation's loans from the Korea Development BankExtension of payment guarantee of Hwaseung R&AExtension of payment guarantee of Hwaseung NetworksLiquidation of Beijing Hwaseung R&A Automotive PartsLiquidation of Hwaseung Automotive Parts (Chongqing)	
4	May 14, 2024	<ul style="list-style-type: none">Extension of payment guarantee of Hwaseung R&AExtension of payment guarantee of Hwaseung NetworksExtension of payment guarantee of Hwaseung Networks America	100
5	Jun 11, 2024	<ul style="list-style-type: none">Extension of loans of Hwaseung CorporationExtension of payment guarantee of Hwaseung Networks	
6	Aug 13, 2024	<ul style="list-style-type: none">New loans and extension of existing loans of Hwaseung CorporationNew payment guarantee and extension of existing payment guarantee of Hwaseung NetworksExtension of payment guarantee of Hwaseung Alabama (HSAA)	
7	Sep 20, 2024	<ul style="list-style-type: none">Extension of payment guarantee of Hwaseung R&AExtension of payment guarantee of Hwaseung Networks	
8	Nov 13, 2024	<ul style="list-style-type: none">New loans of Hwaseung CorporationExtension of payment guarantee of Hwaseung Automotive Parts (Taicang)Extension of payment guarantee of Hwaseung Türkiye (HSTR)Extension of payment guarantee of Hwaseung Brazil (HSAB)	

Operating Status of the Audit Committee

No.	Date Held	Details	Attendance (%)
1	Feb 14, 2024	<ul style="list-style-type: none">Approval of Hwaseung Corporation's 46th pre-audit separate financial statements	
2	Feb 28, 2024	<ul style="list-style-type: none">Report on operating status of the internal accounting management systemApproval of Hwaseung Corporation's 46th pre-audit consolidated financial statements	
3	Mar 14, 2024	<ul style="list-style-type: none">Evaluation and report on operating status of the internal accounting management system	100
4	May 14, 2024	<ul style="list-style-type: none">Report on consolidated and separate financial statements for 1Q 2024	
5	Aug 13, 2024	<ul style="list-style-type: none">Report on consolidated and separate financial statements for 2Q 2024	
6	Nov 13, 2024	<ul style="list-style-type: none">Report on consolidated and separate financial statements for 3Q 2024	

Operating Status of the Internal Transaction Committee

No.	Date Held	Details	Attendance (%)
1	Mar 28, 2024	<ul style="list-style-type: none">Appointment of the Chair of the Internal Transaction Committee	100

Remuneration for Board of Directors

Remuneration for directors is paid within the remuneration limits approved by a resolution at the general meeting of shareholders. Inside directors receive differentiated remuneration based on internal standards, such as the in-house salary management guidelines, which consider factors like job rank and length of service within the in-house salary system. Outside directors receive a fixed amount of remuneration determined through internal review, as per their contract upon appointment.



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ADVANCING COMPLIANCE MANAGEMENT SYSTEM

Compliance Management System

For compliance management, we conduct pre-checks for violations of relevant laws, such as the Fair Trade Act and the Subcontracting Act, before and after signing contracts through employees with an attorney license. They also provide legal advice and review overall business activities and stay updated on precedents and the latest trends in enacted and amended laws. We adhere to our obligations under the Serious Accidents Punishment Act and the Occupational Safety and Health Act, providing related education to employees and preparing manuals to prevent legal risks. In case of disputes with stakeholders, we review resolution methods to support lawful business activities and minimize company losses.

Our CEO is responsible for the management and operation of the internal accounting control system. A full-time executive (Finance / Intelligence Director) is designated as the internal accounting manager to report each fiscal year on the operating status of our internal accounting control system to the general meeting of shareholders, the Board of Directors, and the Audit Committee. The Audit Committee evaluates the operating status of the internal accounting control system and reports to the Board of Directors in each fiscal year, furnishing the evaluation report for five years.

Declaring Code of Fair Practices

Hwaseung Corporation strives to build a transparent and fair trading environment to secure honesty and trust in its business activities in Korea and abroad, maintaining a competitive edge in the market. Accordingly, we have declared Code of Fair Practices to promote our sustainable growth and protect our employees and stakeholders. These principles are disclosed on our website.

[Code of Fair Practices](#)

Effectiveness Assessment of the Compliance Control System

The Audit Committee of Hwaseung Corporation evaluates the operating status of the internal accounting control system using the operating status reports submitted by the CEO and the internal accounting manager, as well as the 'Best Practice Guidelines of Internal Accounting Control System' using external experts. Based on the evaluation criteria, we determined that in 2024, the internal accounting control system was designed and operated effectively from a materiality perspective. Additionally, for the same fiscal year, the external auditor conducted an audit of the internal accounting control system in accordance with Article 2-2 of the Act on External Audit of Stock Companies and concluded in the audit report that the system was designed and operated effectively from a materiality perspective according to the 'Conceptual Framework for Designing and Operating Internal Accounting Control System.'



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Compliance Education

Hwaseung Corporation conducts systematic compliance management education to raise the compliance awareness of employees. We provide online education to all employees at least once a year, focusing on key laws and regulations such as the Fair Trade Act, the Subcontracting Act, the Personal Information Protection Act, and anti-corruption laws. Additionally, customized education is offered based on job-specific characteristics, and employees' compliance capabilities are strengthened through practical case study programs. Hwaseung Corporation will continue to prevent legal risks through ongoing education and strive to maintain an ethical and transparent corporate culture.

Legal Compliance

Hwaseung Corporation thoroughly adheres to relevant laws and internal regulations in all business activities, practicing stringent compliance management. We are strengthening legal compliance monitoring to respond proactively to changes in domestic and international laws and regulations and continuing education and inspections to raise company-wide compliance awareness. As of 2024, Hwaseung Corporation has not become involved in any legal violations during business operations. Going forward, we will continue to advance our compliance management system to prevent legal risks and build trust with all stakeholders.

Number of Legal Violations

Category	Unit	FY2022	FY2023	FY2024
Number of legal violations	Cases	0	0	0
Number of child labor cases	Cases	0	0	0
Number of forced labor cases	Cases	0	0	0

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ENHANCING THE PROTECTION OF SHAREHOLDER VALUE AND RIGHTS

Exercising Voting Rights

At a Board of Directors meeting held on March 14, 2025, Hwaseung Corporation took a resolution to adopt an electronic voting system for the 47th regular general meeting of shareholders. This decision was publicly disclosed via a notice of the general meeting convened on March 14, 2025. In addition, we have also adopted a proxy solicitation system, allowing shareholders to delegate their voting rights through direct solicitation, postal mail, email, or by posting proxy forms on the website. The total number of shares issued by our company is 50,051,252. Among them, 5,646,010 shares are without voting rights, and 44,405,242 shares are eligible to exercise voting rights.

Shareholder Communication

Hwaseung Corporation has prepared a menu on its website to post financial information, disclosure information, and announcements so that shareholders can access corporate information with ease. The person in charge of IR addresses stakeholder inquiries via phone and email. We plan to provide information on IR materials and corporate governance in the future. Additionally, we operate an English website (<http://www.hscorp.com/eng>) for foreign shareholders, offering comprehensive company-related information.

Shareholder Return Policy

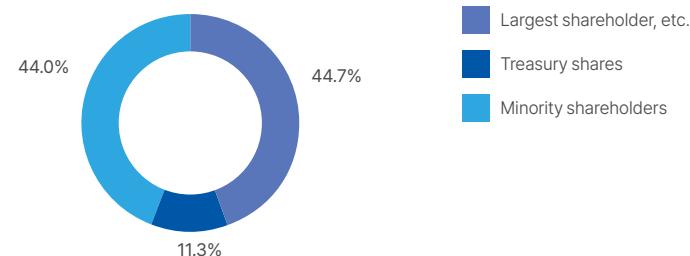
Hwaseung Corporation can distribute profits as cash, shares, and other assets based on the Articles of Incorporation. Our fundamental principle is to achieve stable and gradual dividend expansion, and we determine the dividend amount for each year by considering our financial status and the investment required to establish a foundation for future growth. When the Board of Directors resolves matters related to shareholder returns, such as dividend payments and treasury stock acquisitions, relevant details are disclosed through the Data Analysis, Retrieval, and Transfer System(DART). Additionally, important decisions regarding dividends and shareholder returns are disclosed at least two weeks prior to the general meeting of shareholders via the Financial Supervisory Service Data Analysis, Retrieval, and Transfer System (<http://dart.fss.or.kr>) and the Corporate Disclosure Channel (<http://kind.krx.co.kr>). Dividend information is also communicated to shareholders through dividend notices. In the future, we will introduce measures to inform stakeholders about our medium-to-long-term dividend policy plans.

Dividend Status

Category	Unit	FY2022	FY2023	FY2024
Cash dividend per share	KRW	50	50	75
Dividend yield	%	3.4	2.4	4.87

Shareholding Status

The total number of shares issued by Hwaseung Corporation is 50,051,252 common shares.



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FINANCIAL DATA

Financial Performance

Classification		Unit	FY2022	FY2023	FY2024
Financial performance	Distribution of financial performance	Shareholders and creditors	KRW million	7,359	11,671
		Ratio of total investment in affiliates to equity	%	149.1	140.2
		Ratio of total credit offering to equity	%	85.8	138.9
		Dividends	Y / N	Y	Y
		Current net profit	KRW million	7,071	9,983
	Shareholder return status	Total dividends	KRW million	2,220	2,220
		Dividend payout ratio	%	31.4	22.2
		Cash dividend per share	원	50	50
		Dividend yield	%	3.4	2.4
		Treasury share ratio	%	11.3	11.3
Shareholders	Shareholder composition	Share of controlling shareholder and its relatives	%	35.4	35.4
		Share of registered executives, excluding controlling shareholder and its relatives	%	0	0
		Total share of affiliates	%	9.3	9.3
		Voting in writing	Y / N	N	N
	General meetings of shareholders	Electronic voting	Y / N	Y	Y
		Proxy solicitation for all shareholders	Y / N	Y	Y
		Difference between the announced date and actual date of general meetings of shareholders	Days	15	15
					17

* Information on the Statement of Financial Position and Income Statement is provided on a separate basis.



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Classification	Unit	FY2022	FY2023	FY2024
Assets	KRW million	346,742	452,833	499,349
Cash	KRW million	2,106	3,176	2,797
Financial status	Liabilities	KRW million	169,081	273,201
	Equity	KRW million	177,660	179,632
	Capital	KRW million	25,025	25,025
	Revenue	KRW million	115,517	273,585
	Operating profit	KRW million	6,598	16,156
Profit and loss status	Profit before tax	KRW million	7,601	10,158
	Corporate tax	KRW million	530	174
	Net profit	KRW million	7,071	9,983
				34,779

* Information on the Statement of Financial Position and Income Statement is provided on a separate basis.



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Environmental*

Classification		Unit	FY2022	FY2023**	FY2024
Greenhouse gas	Greenhouse gas emissions (direct and indirect emissions)	Total greenhouse gas emissions (Scope 1+2)	tCO ₂ eq	11,974	13,105
		Scope 1 emissions	tCO ₂ eq	68	82
		Scope 2 emissions	tCO ₂ eq	11,907	13,023
		Greenhouse gas emission intensity (Scope 1+2)	tCO ₂ eq/KRW 100 million	10	5
	Energy consumption	Total energy consumption	MWh	57,155	65,746
		Energy consumption intensity	MWh/KRW 100 million	49	24
Energy	Energy consumption	Total direct energy consumption	MWh	29,652	35,675
		LNG	MWh	7,367	8,476
		Gasoline	MWh	16,291	18,531
		Diesel	MWh	5,994	8,668
		Total indirect energy consumption	MWh	27,503	30,071
		Electricity	MWh	24,725	27,016
	Waste generated	Steam	MWh	2,778	3,056
		Total waste generated	Tons/year	1,208	1,277
		General waste generated	Tons/year	991	1,120
		Designated waste generated	Tons/year	217	156
Waste	Waste generated	Ratio of designated waste	%	18	12
		Waste generation intensity (separate basis)	Tons/KRW 100 million	1.05	0.47

* The environmental data for 2022 includes all measurement values from the Busan Head Office, Yangsan Factory, Gijang Factory, and Seoul Office.

** Merged with Hwaseung Material in 2023



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Classification		Unit	FY2022	FY2023*	FY2024
Waste	Waste treated	Total waste treated	Tons/year	1,208	1,277
		(General) Incinerated	Tons/year	335	396
		Incinerated by heat recovery method	Tons/year	335	332
		Incinerated by non-heat recovery method	Tons/year	0	63
		(General) Landfilled	Tons/year	115	130
	Waste recycled	(General) Recycled	Tons/year	540	595
		(Designated) Incinerated	Tons/year	106	67
		Incinerated by heat recovery method	Tons/year	0	0
		Incinerated by non-heat recovery method	Tons/year	106	67
		(Designated) Recycled	Tons/year	111	89
Water resource	Water intake	Recycling ratio	%	53.9	53.6
		- General waste recycled	Tons	540	595
	Water intake	- Designated waste recycled	Tons	111	89
		Total water intake	Tons	30,558	34,733
		- Waterworks intake	Tons	30,558	34,733
		Water intake intensity	Tons/ KRW 100 million	26	13
					9

* Merged with Hwaseung Material in 2023



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Classification	Unit	FY2022	FY2023*	FY2024
Pollutants	Total air pollutant emissions	kg	893	257
	Nitrogen oxides (NOx)	kg	0	0
	Sulfur oxides (SOx)	kg	273	57
	Dust	kg	620	165
	Others	kg/ KRW 100 million	0	35
	Air pollutant emission intensity	kg/ KRW 100 million	0.77	0.09
	Harmful chemicals used	Tons/year	65	307 Data not collected**
	Harmful chemicals emitted	Tons/year	7	9 Data not collected**
	Number of business sites subject to certification	Sites	3	3
	Number of business sites that obtained certification	Sites	3	3
Environmental management system	Ratio of certification	%	100	100
	Environmental costs and investments	KRW million	516	528
	Amount of investment in environmental equipment	KRW million	25	20
	Operating costs of environmental equipment and environmental costs	KRW million	491	508
	Waste treatment costs	KRW million	232	248
	Environmental measurement fees	KRW million	61	80
	Other operating costs of environmental equipment, etc.	KRW million	198	180
	Environmental profits	KRW million	0	5
	Ratio of eco-friendly vehicles in possession (%)	%	0	0
				16.7
* Merged with Hwaseung Material in 2023				
** Volumes of harmful chemicals used and emitted in 2024 will be gathered in the end of August 2025, and are not disclosed in this report.				



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Employees*

Classification

		Unit	FY2022	FY2023	FY2024
	Total number of employees	Persons	157	504	561
Employee status	Male employees	Persons	131	460	503
	Female employees	Persons	26	44	58
	Total ratio of female employees	%	17	9	10
	Regular employees	Persons	157	446	487
	Male regular employees	Persons	131	405	434
	Female regular employees	Persons	26	41	53
Employee status by employment type	Contract employees	Persons	0	58	74
	Male non-regular employees	Persons	0	55	69
	Female non-regular employees	Persons	0	3	5
	Non-employee workers	Persons	0	0	0
	Ratio of social insurance coverage	%	96	99	98
Employee status by age group	18-under 30 years old	Persons	24	27	48
	30-under 50 years old	Persons	107	351	393
	50 years old or over	Persons	26	126	120
Employee status by educational background	College graduate	Persons	17	40	39
	University graduate	Persons	112	167	220
	Master's degree	Persons	17	24	33

* The number of employees increased due to merger with Hwaseung Material in 2023.



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Classification	Unit	FY2022	FY2023	FY2024
Total number of newly recruited	Persons	23	246	296
By employment type (regular)	Persons	23	206	227
By employment type (non-regular)	Persons	0	40	69
By gender (male)	Persons	11	234	272
By gender (female)	Persons	12	12	24
Experienced (new)	Persons	13	9	28
Ratio of female managers (general/excluding executives)	%	19.3	15.4	19.3
Ratio of female high-rank managers (position holders, executives)	%	0	2.2	2.2
Ratio of female junior managers (associates, managers, general managers)	%	23.4	18.4	22.6
Ratio of female non-managers (technical positions)	%	0	1.8	1.6
Number of disabled employees	Persons	0	10	11
Ratio of disabled employees	%	0	4.1	3.7
Number of persons of national merit	Persons	0	0	0
Ratio of persons of national merit	%	0	0	0
Total number of turnovers and resignations	Persons	24	37	85
Voluntary turnover	Persons	15	37	69
Non-voluntary turnover	Persons	9	0	16
Non-voluntary resignation ratio	%	37.5	0	18.8
By gender (male)	Persons	22	34	73
By gender (female)	Persons	2	3	12
By age group (18-under 30 years old)	Persons	1	8	31
By age group (30-under 50 years old)	Persons	14	29	44
By age group (50 years old or over)	Persons	9	0	10

* The number of employees increased due to merger with Hwaseung Material in 2023.



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Classification	Unit	FY2022	FY2023	FY2024
Years of service	Years	12	12	11
Male	Years	13	12	12
Female	Years	4	6	5
Total number of employees subject to parental leave	Persons	3	12	28
Target employees (male)	Persons	0	6	15
Target employees (female)	Persons	3	6	13
Total number of employees who used parental leave	Persons	1	5	7
Employees who used (male)	Persons	0	3	6
Employees who used (female)	Persons	1	2	1
Ratio of male	%	0	50	40
Ratio of female	%	33	33	8
Parental and maternity leaves	Persons	0	3	5
Total number of employees who returned to work after parental leave	Persons	0	2	5
Number returned (male)	Persons	0	1	0
Number returned (female)	Persons	0	66.7	83.3
Ratio returned (male)	%	0	50	0
Ratio returned (female)	%	0	0	2
Number of employees who worked for 12 months or longer after returning to work	Persons	0	0	1
Number working for 12 months or longer (male)	Persons	0	0	1
Number working for 12 months or longer (female)	Persons	0	0	1



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Classification	Unit	FY2022	FY2023	FY2024
Pension support	National pension	KRW million	662	1,531
	Retirement pension operation – defined benefit (DB)	KRW million	13,537	35,705
	Number subscribed for retirement pension - defined benefit (DB)	Persons	117	382
Welfare benefits	Welfare benefit expenses	KRW 100 million	19	31
	Ratio of welfare benefit to revenue	%	1.6	1.1
	Received (reports)	Cases	0	0
Grievance handling	Number of cases handled	Cases	0	0
	Handling rate	%	0	100
	Number of employees subject to performance appraisal	Persons	183	268
Performance appraisal	Number of employees who received regular performance appraisal	Persons	183	268
	Ratio of employees who received regular performance appraisal	%	100	100



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Classification	Unit	FY2022	FY2023	FY2024
Fair remuneration	Average salary per person	KRW million	69	70
	Average salary (male)	KRW million	73	73
	Average salary (female)	KRW million	44	49
	Average ratio of payment to salary (male)	%	105.3	105
	Average ratio of payment to salary (female)	%	63.4	71.2
	Average base pay ratio of female to male	%	100	100
Labor union membership status*	Number of employees subject to labor union membership	Persons	0	477
	Number of members	Persons	0	196
	Membership ratio	%	0	41.1
	Ratio of collective agreements applied	%	0	41.1
	Labor-management council meetings held	Cases	4	4
	Diagnosis of organizational culture	Cases	0	0
Human rights infringements (in-house)	Number of incidents	Cases	0	0
	Number of cases handled	Cases	0	1

* The company merged with Hwaseung Material in 2023, and the labor union did not exist in 2022.



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Employee Education

Classification	Unit	FY2022	FY2023	FY2024
Education status	Persons	961	2,463	1,574
	Programs	2	8	10
	Programs	4	3	3
	Hours	1,179	1,792	2,384
Hours of education	Hours	8	4	4
	Hours	747	1,077	1,197
	Hours	431	714	1,186
Educational costs	KRW 10,000	170	168	194
	KRW 10,000	1	0	0
Job competency education	Persons	0	95	128
	Hours	0	28	35

* The total number of participants for each training program includes duplicate counts for individuals who attended multiple programs.



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Classification	Unit	FY2022	FY2023	FY2024
Environmental education	Hours of environmental education	Hours	1,844	688
	Number of environmental education participants	Persons	284	227
	Environmental education (compulsory education)	Hours/person	283	226
	Education for persons related to harmful chemicals	2 hours/person	194	217
	Education for persons handling harmful chemicals	16 hours/person	84	6
	Safety education on harmful chemicals	16 hours/person	2	3
	Education for specialized air engineers	32 hours/person	1	0
	Education for specialized water quality engineers	16 hours/person	1	0
	Education for persons related to waste disposal	16 hours/person	1	0
	Environmental education (on-the-job training)	16 hours/person	1	1
Human rights education	Education for prevention of workplace sexual harassment	Hours/person	106	528
	Education for workplace disability awareness	Hours/person	105	521
	Education for prevention of workplace bullying	Hours/person	105	512



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Occupational Safety

Classification	Unit	FY2022	FY2023	FY2024
Total working hours	Hours	300,184	1,122,369	1,436,140
Total number of full-time employees	Persons	151	497	553
Severity rate	Cases/thousand working hours	0	0	0 (Yangsan) 0.9 (Gijang)
Number of accidents	Cases	0	0	0 (Yangsan) 3 (Gijang)
Number of victims	Persons	0	0	0 (Yangsan) 3 (Gijang)
Occupational accidents (in-house)				
Occupational accident rate	%	0	0	0 (Yangsan) 0.5 (Gijang)
Lost time injury (LTI)	Cases	0	0	0 (Yangsan) 3 (Gijang)
Lost time injury frequency rate (LTIFR)	Cases/million working hours	0	0	0 (Yangsan) 11.9 (Gijang)
Number of occupational injuries	Cases	0	0	0 (Yangsan) 1 (Gijang)
Occupational injury frequency rate (OIFR)	Cases/million working hours	0	0	0 (Yangsan) 4 (Gijang)
Health management				
Number of Occupational Safety and Health Committee meetings held	Cases	0	4	4
Number of special health check-up participants	Persons	0	206	221



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Classification	Unit	FY2022	FY2023	FY2024
Safety education	Safety education participants	Persons	134	474
	Hours of safety education	Hours	828	8,328
	Managers and supervisors	Hours	828	3,288
	Production workers	Hours	-*	5,664
	Number of persons who completed mandatory occupational safety education	Persons	134	474
	Managers and supervisors	Persons	134	264
	Production workers*	Persons	-*	210
	Ratio of participation	%	83	100
	Office workers	Hours	12	12
	Non-office workers	Hours	24	24
ISO45001	Supervisors	Hours	16	16
	Number of business sites subject to certification	Sites	1	3
	Number of business sites that obtained certification	Sites	1	3
	Ratio of certification	%	100	100
	Number of business site risk factors identified	Cases	-	145
Business site risk management**	Number of business site risk factors improved	Cases	-	84
	Ratio of risk factors improved	%	-	52.2

* There were no production workers in 2022, as the company had not merged with Hwaseung Material.

** Data could not be measured for 2022.



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Local Community Contribution, Information Security

Classification		Unit	FY2022	FY2023	FY2024
Local community contribution	Donation activities	Social contribution costs	KRW million	202	341
		Total donations	KRW million	202	341
		(By type) Cash contributions	KRW million	202	341
	Volunteer and social contribution activities	Major association fees and contributions	KRW million	81	63
		Number of participants	Persons	0	5
		Total number of activities	Times	0	24
	Information security	Total hours of activities	Hours	0	143
		Volunteer hours per employee	Hours	0	29
		Number of information security education participants (by employment type)	Persons	0	160
Information security	Certification of information security management system	Hours of information security education	Hours	0	160
		Overall IT budget	KRW million	1,880	1,377
		Information security budget	KRW million	170	220
	Information security	Amount of information security investment	KRW million	152	54
		Ratio of information security investment	%	13	2
					5



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Board of Directors

Classification	Unit	FY2022	FY2023	FY2024
Board of Directors composition	Persons	6	6	4
	Persons	3	3	3
	Persons	1	1	1
	%	30.0	30.0	37.5
Independence, expertise, and diversity of directors	Jobs	2	2	2
	Persons	1	1	1
	KRW million	108	108	108
Director remuneration	KRW million/person	36	36	36
	Times	30	32	23
	Times	11	11	9
	Times	0	5	0
Operating status	Times	19	16	14
	%	98.3	97	95.8
	%	96.7	93.9	95.4
	%	100	100	96.3



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Classification	Unit	FY2022	FY2023	FY2024
Audit Committee	Remuneration for external auditors	KRW million	240	250
	Number of Audit Committee meetings held	Times	7	6
	Ratio of outside directors within Audit Committee	Persons	1	1
	Attendance of outside directors within Audit Committee	%	100	100
	Approval of non-audit service contracts for auditors (committee)	Y / N	N	N
	Status of the auditors or the Chair of the Audit Committee as legal accounting or financial experts	Y / N	Y	Y
	Number of legal accounting or financial experts within Audit Committee	Persons	1	1
	Provision of agenda information	Y / N	Y	Y
	Provision of director candidate information	Y / N	Y	Y
	Average term of directors	Years	6	6
Transparency	Average term of inside directors	Years	5	6
	Average term of outside directors	Years	6	6



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GRI 1 : Foundation 2021

Report Page	Description
Statement of use	Hwaseung Corporation reported its performance from January 1 to December 31, 2024, in accordance with the reporting principles of the GRI Standards.
GRI 1 used	GRI: Foundation 2021
Applicable GRI Sector Standard	Industrial standards applicable as of the publication date have not been announced, so no GRI Sector Standards have been applied.

GRI 2 : General Disclosures 2021

Topic	No.	Indicator	Report Page
The organization and its reporting practices	2-1	Organizational details	6
	2-2	Entities included in the organization's sustainability reporting	2, 9
	2-3	Reporting period, frequency, and contact point	2
	2-4	Restatements of information	Not applicable First report
	2-5	External assurance	2, 103-104
Activities and workers	2-6	Activities, value chain, and other business relationships	9, 12-13
	2-7	Employees	6, 72, 75, 77-78, 83
Governance	2-8	Workers who are not employees	72
	2-9	Governance structure and composition	60
	2-10	Nomination and selection of the highest governance body	60-61



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Topic	No.	Indicator	Report Page
Governance	2-11	Chair of the highest governance body	60
	2-12	Role of the highest governance body in overseeing the management of impacts	16, 18
	2-13	Delegation of responsibility for managing impacts	16, 18
	2-14	Role of the highest governance body in sustainability reporting	16
	2-15	Conflicts of interest	61
	2-16	Communication of critical concerns	16-17
	2-17	Collective knowledge of the highest governance body	Insufficient information To be introduced later
	2-18	Evaluation of the performance of the highest governance body	Insufficient information Performance review system to be introduced later
	2-19	Remuneration policies	62
	2-20	Process to determine remuneration	62
Strategy, policies, and practices	2-21	Annual total compensation ratio	76
	2-22	Statement on sustainable development strategy	5
	2-23	Policy commitments	18, 26, 39, 44, 52, 59
	2-24	Embedding policy commitments	18, 26, 39, 44, 52, 59
	2-25	Processes to remediate negative impacts	18, 25, 26, 37, 40, 45, 47
	2-26	Mechanisms for seeking advice and raising concerns	19, 41
	2-27	Compliance with laws and regulations	64
	2-28	Membership associations	102



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Topic	No.	Indicator	Report Page
Stakeholder engagement	2-29	Approach to stakeholder engagement	19, 65
	2-30	Collective bargaining agreements	52, 76

GRI 3 : Material Topics 2021

Topic	No.	Indicator	Report Page
	3-1	Process to determine material topics	20
Disclosures on material topics	3-2	List of material topics	21
	3-3	Management of material topics	21-22



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Material Topics

Management and Reduction of Greenhouse Gas Emissions

Topic	No.	Indicator	Report Page
Disclosures on material topics	3-3	Management of material topics	21-22, 25-27
Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	25-26
Energy	302-1	Energy consumption within the organization	69
	302-3	Energy intensity	69
	305-1	Direct (Scope 1) GHG emissions	26, 69
	305-2	Energy indirect (Scope 2) GHG emissions	26, 69
	305-4	GHG emissions intensity	69
	305-5	Reduction of GHG emissions	26, 69
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	30, 71

Product Innovation and New Market Development

Topic	No.	Indicator	Report Page
Disclosures on material topics	3-3	Management of material topics	36-38
General Disclosures	2-6	Market domain	21-22, 36-38



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Strengthening Occupational Safety and Health for Employees

Topic	No.	Indicator	Report Page
Disclosures on material topics	3-3	Management of material topics	21-22, 39-41
	404-1	Occupational health and safety management system	39-41
	404-2	Hazard identification, risk assessment, and incident investigation	40
	404-3	Occupational health services	52
	404-4	Worker participation, consultation, and communication on occupational health and safety	40, 52
	404-5	Worker training on occupational health and safety	40-41, 80
	404-6	Promotion of worker health	51
	404-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	40-41
	404-8	Workers covered by an occupational health and safety management system	80
	404-9	Work-related injuries	79
	404-10	Work-related ill health	79

Strengthening Ethical Management

Topic	No.	Indicator	Report Page
Disclosures on material topics	3-3	Management of material topics	21-22, 59
	205-1	Operations assessed for risks related to corruption	63
	205-2	Communication and training about anti-corruption policies and procedures	59, 63
	205-3	Confirmed incidents of corruption and actions taken	59



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Non Material Topics (GRI 200~400)

Topic	No.	Indicator	Report Page
Economic Performance	201-1	Direct economic value generated and distributed	67
	201-3	Defined benefit plan obligations and other retirement plans	75
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	75
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	56-57, 81
Tax	207-1	Approach to tax	18
	303-1	Interactions with water as a shared resource	30, 34
	303-2	Management of water discharge-related impacts	30, 34
Water and Effluents	303-3	Water withdrawal	30, 34, 70
	306-1	Waste generation and significant waste-related impacts	33
	306-2	Waste by type and disposal method	33
	306-3	Waste generated	33
	306-4	Waste diverted from disposal	34
Waste	306-5	Waste directed to disposal	33-34
	308-2	Negative environmental impacts in the supply chain and actions taken	43
Employment	401-1	New employee hires and employee turnover	50-52, 74-75
	401-3	Parental leave	50-51, 74



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Topic	No.	Indicator	Report Page
Training and Education	404-1	Average hours of training per year per employee	77-78, 80-81
	404-2	Programs for upgrading employee skills and transition assistance programs	48
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	46, 61, 73
	405-2	Ratio of basic salary and remuneration of women to men	75
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	47
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	56-57
	416-1	Assessment of the health and safety impacts of product and service categories	45
Customer Health and Safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	45



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Auto Parts

Sustainability Disclosure Topics and Accounting Metrics

Topic	Accounting Metrics	Code	Details
Energy Management	Total energy consumed	TR-AP-130a.1	54,591 MWh
	Percentage grid electricity		48.4%
	Percentage renewable		0%
Waste Management	Total amount of waste from manufacturing	TR-AP-150a.1	1,182 tons
	Percentage hazardous		12%
	Percentage recycled		64.7%
Product Safety	1. Number of recalled issued	TR-AP-250a.1	1. 0 cases
	2. Total units recalled		2. 0 products
Design for Fuel Efficiency	Revenue from products designed to increase fuel efficiency or reduce emissions	TR-AP-410a.1	KRW 67,020 million
Materials Sourcing	Description of the management of risks associated with the use of critical minerals	TR-AP-440a.1	Establishment of conflict mineral policy, plan for advancement of conflict mineral management system
Materials Efficiency	Percentage of products sold that are recyclable	TR-AP-440b.1	21.1%
	Percentage of input materials from recycled or remanufactured content	TR-AP-440b.2	-*
Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behavior regulations	TR-AP-520a.1	None

* Recycled or reproduced raw materials cannot be confirmed.

Activity Metrics

Accounting Metrics

Accounting Metrics	Code	Details
Number of parts produced	TR-AP-000.A	-*
Weight of parts produced	TR-AP-000.B	102,331톤
Area of manufacturing plants	TR-AP-000.C	Yangsan Factory - 25,784.94 m ² Gijang Factory - 13,420.4 m ²

* Total number cannot be measured, as the company is a rubber producer.



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ESRS 2. General Disclosures

Indicator No.	Title	Page
ESRS 2 BP-1	General basis for preparation of the sustainability statements	2
ESRS 2 BP-2	Disclosures in relation to specific circumstances	-*
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	16, 18, 61
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	18
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	-*
ESRS 2 GOV-4	Statement on sustainability due diligence	16-18
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting	18
ESRS 2 SBM-1	Market position, strategy, business model(s) and value chain	6-7, 9
ESRS 2 SBM-2	Interests and views of stakeholders	19
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model(s)	22
ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	20
ESRS 2 IRO-2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statements	93-99

* Not applicable



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ESRS E1. Climate Change

Indicator No.	Title	Page
ESRS E1-1	Transition plan for climate change mitigation	25
ESRS E1-2	Policies related to climate change mitigation and adaptation	25
ESRS E1-3	Actions and resources in relation to climate change policies	25-26
ESRS E1-4	Targets related to climate change mitigation and adaptation	26
ESRS E1-5	Energy consumption and mix, Energy intensity based on net revenue	69
ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions , GHG Intensity based on net revenue	69
ESRS E1-7	GHG removals and GHG mitigation projects financed through carbon credits	27
ESRS E1-7	Avoided emissions of products and services	-*
ESRS E1-8	Internal carbon pricing	-*
ESRS E1-9	Potential financial effects from material physical and transition risks and potential climate-related opportunities	22

* Not applicable



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ESRS E2. Pollution

Indicator No.	Title	Page
ESRS E2-1	Policies related to pollution	28
ESRS E2-2	Actions and resources related to pollution	29
ESRS E2-3	Targets related to pollution	30-31
ESRS E2-4	Pollution of air, water and soil	30, 70, 71
ESRS E2-5	Substances of concern and substances of very high concern	32
ESRS E2-6	Potential financial effects from pollution-related impacts, risks and opportunities	22

ESRS E3. Water and Marine Resources

Indicator No.	Title	Page
ESRS E3-1	Policies related to water and marine resources	-*
ESRS E3-2	Actions and resources related to water and marine resources	34
ESRS E3-3	Targets related to water and marine resources	34
ESRS E3-4	Water consumption	34
ESRS E3-5	Potential financial effects from water and marine resources-related impacts, risks and opportunities	-*

* Not applicable



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ESRS E4. Biodiversity and Ecosystems

Indicator No.	Title	Page
ESRS E4-1	Transition plan on biodiversity and ecosystems	-*
ESRS E4-2	Policies related to biodiversity and ecosystems	-*
ESRS E4-3	Actions and resources related to biodiversity and ecosystems	-*
ESRS E4-4	Targets related to biodiversity and ecosystems	-*
ESRS E4-5	Impact metrics related to biodiversity and ecosystems change	-*
ESRS E4-6	Potential financial effects from biodiversity and ecosystem-related impacts, risks and opportunities	-*

* Not applicable

ESRS E5. Resource Use and Circular Economy

Indicator No.	Title	Page
ESRS E5-1	Policies related to resource use and circular economy	-*
ESRS E5-2	Actions and resources related to resource use and circular economy	33
ESRS E5-3	Targets related to resource use and circular economy	33-34
ESRS E5-4	Resource inflows	-*
ESRS E5-5	Resource outflows	33
ESRS E5-6	Potential financial effects from resource use and circular economy-related impacts, risks and opportunities	-*

* Not applicable



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ESRS S1. Own Workforce

Indicator No.	Title	Page
ESRS S1-1	Policies related to own workforce	46
ESRS S1-2	Processes for engaging with own workers and workers' representatives about impacts	47, 52
ESRS S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	47
ESRS S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	47
ESRS S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	47
ESRS S1-6	Characteristics of the undertaking's employees	72-73
ESRS S1-7	Characteristics of non-employee workers in the undertaking's own workforce	72-73
ESRS S1-8	Percentage of total employees covered by collective bargaining agreements For employees not covered by collective bargaining agreements, a description of reasons and countermeasures No. of strikes, no. of work loss days due to strikes, measures and discussions to resolve strikes, etc.	76 -* -*
ESRS S1-9	Average hourly wage difference between genders, ratio of women's hourly wage against men's hourly wage Persons subject to family care leave (maternity leave, parental leave, etc.), no. of persons who went on a leave, retention rate after returning to work after leave	75 74
ESRS S1-10	Adequate wages	-*
ESRS S1-11	Social protection	-*
ESRS S1-12	Persons with disabilities	73
ESRS S1-13	Percentage of employees that participated in regular performance and career development reviews Average number of training hours and expenses per person	75 77
ESRS S1-14	Percentage of own workers who are covered by the undertaking's health and safety management system based on legal requirements and/or recognized standards or guidelines Number and rate of work-related injuries and ill health, the number of days lost to work-related injuries, accidents, and ill Health	39 79

* Not applicable



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ESRS S3. Affected Communities

Indicator No.	Title	Page
ESRS S3-1	Policies related to affected communities	55
ESRS S3-2	Processes for engaging with affected communities about impacts	55
ESRS S3-3	Processes to remediate negative impacts and channels for affected communities to raise concerns	-*
ESRS S3-4	Taking action on material impacts on affected communities, and approaches to mitigating material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions	-*
ESRS S3-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	-*

* Not applicable

ESRS S4. Consumers and End Users

Indicator No.	Title	Page
ESRS S4-1	Policies related to consumers and end-users	-*
ESRS S4-2	Processes for engaging with consumers and end-users about impacts	45
ESRS S4-3	Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	45
ESRS S4-4	Taking action on material impacts on consumers and end-users, and approaches to mitigating material risks and pursuing material opportunities related to consumers and end-users, and effectiveness of those actions	45
ESRS S4-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	44

* Not applicable



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ESRS G1. Business Conduct

Indicator No.	Title	Page
ESRS G1-1	Top decision-making body's declaration of ethical management and roles and responsibilities in relation to management and supervision	59
	Requirements in the Ethics Charter and Code of Conduct	59
ESRS G1-2	Operating the compliance program, conducting activities to make payment improvements, such as the win-win payment system	64
	Diagnosing and conducting a due diligence on supplier ESG risks, reflecting diagnosis and due diligence results in supplier selection criteria	43
ESRS G1-3	Activities to prevent corruption or bribery, and a system to investigate and report outcomes to the administrative, management and supervisory bodies	63-64
	Activities to prevent unfair trading, and a system to investigate and report outcomes to the administrative, management and supervisory bodies	63-64
ESRS G1-4	Number of confirmed incidents of corruption or bribery, details of public legal cases, the number of confirmed incidents in which own workers were dismissed or disciplined	59, 64
	Number of confirmed incidents of unfair trading, details of public legal cases, the number of confirmed incidents in which own workers were dismissed or disciplined	59, 64
ESRS G1-5	Political influence and lobbying activities	-*
ESRS G1-6	Payment practices	-*

* Not applicable

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UN SDGS

The United Nations Sustainable Development Goals (UN SDGs) are the global objectives adopted at the UN General Assembly in September 2015 to build a sustainable society by 2030, promoting social development, environmental protection, and inclusive economic growth. Hwaseung Corporation strives to implement these 17 goals and 169 specific targets to address global economic, environmental, and social issues and achieve sustainable development. We aim to create social value and build a sustainable society by selecting SDGs relevant to our business and linking our sustainable management activities to specific targets.

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UN SDGs

UN SDGs	Key Activities
1 NO POVERTY	<p>Goal 1. No Poverty</p> <p>End poverty in all its form everywhere</p> <ul style="list-style-type: none"> • Sponsorship of the Republic of Korea National Red Cross • Sponsorship of the Korean Association for Children with Leukemia and Cancer • Sponsorship of the Community Chest of Korea, Busan
3 GOOD HEALTH AND WELL-BEING	<p>Goal 3. Good Health and Well-Being</p> <p>Ensure healthy lives and promote well-being for all at all ages</p> <ul style="list-style-type: none"> • Welfare benefits for employees • Regular health check-up, job stress prevention and management, education for practicing healthy lifestyle, and smoking cessation programs
4 QUALITY EDUCATION	<p>Goal 4. Quality Education</p> <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> <ul style="list-style-type: none"> • Leadership and job competency education • Hwaseung Kkumteul Project
5 GENDER EQUALITY	<p>Goal 5. Gender Equality</p> <p>Achieve gender equality and empower all women and girls</p> <ul style="list-style-type: none"> • Implementation of compulsory human rights education • Improvement of employee performance appraisal systems • Family-friendly company certification
6 CLEAN WATER AND SANITATION	<p>Goal 6. Clean Water and Sanitation</p> <p>Ensure availability and sustainable management of water and sanitation for all</p> <ul style="list-style-type: none"> • Monitoring of water resource risk • Compliance with environmental laws and regulations
7 AFFORDABLE AND CLEAN ENERGY	<p>Goal 7. Affordable and Clean Energy</p> <p>Ensure access to affordable, reliable, sustainable, and modern energy for all</p> <ul style="list-style-type: none"> • Adoption of solar power generation • Improvement of energy efficiency at business sites • Construction of zero-energy eco-friendly factories • Participation in projects for reducing carbon emissions
8 DECENT WORK AND ECONOMIC GROWTH	<p>Goal 8. Decent Work and Economic Growth</p> <p>Promote sustained, inclusive, and sustainable economic growth, full and productive employment and decent work for all</p> <ul style="list-style-type: none"> • Talent recruitment through employment rules • Safety communication center • Emergency response training

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Goal 9. Industry, Innovation and Infrastructure

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation



Goal 10. Reduced Inequalities

Reduce inequality within and among countries



Goal 12. Responsible Consumption and Production

Ensure sustainable consumption and production patterns



Goal 13. Climate Action

Take urgent action to combat climate change and its impacts



Goal 16. Peace, Justice and Strong Institutions

Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



Goal 17. Partnerships for the Goals

Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development

Key Activities

- Expansion of eco-friendly renewable energy business
- Adoption of high-efficiency lighting
- Operation of power-saving systems
- Efficient operation of transformers

- Implementation of compulsory human rights education
- Implementation of human rights impact assessment

- Construction of zero-energy eco-friendly factories
- Improvement of energy efficiency at business sites
- Expanded application of recycled materials
- Attainment of ZWTL(Zero Waste To Landfill) targets

- Net Zero by 2045
- Construction of zero-energy eco-friendly factories
- Agreement on a pilot project to reduce greenhouse gas emissions

- Autonomous fair trade compliance programs
- Activities to support partner companies
- Zero violations of laws (environmental, safety and health, fair trade, etc.)

- Response to ESG evaluations and initiatives (KCGS)



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AWARDS AND MEMBERSHIPS

Association Memberships

Name of Association

Busan Chamber of Commerce & Industry	East Gyeongnam Safety and Health Council
Busan Sports Council	Korea Fire Safety Association
Busan Mecenat Association	Korea Polymer Materials Research Association
Busan Community Relations Center (Corporate Welfare Net)	East Gyeongnam Environmental Engineers Association
Busan Metropolitan City Volunteer Center (Busan CSR Council)	Korea Electrical Engineers Association
Korean Association for Children with Leukemia and Cancer, Busan Branch	Yangsan Chamber of Commerce & Industry
Korea Productivity Center	Korea Aerospace Industries Association
Korean Standards Association	Korea Defense Industry Association
Korea Industrial Safety Association	

Awards

Host

The 40th Proud Citizen Awards of Busan Metropolitan City

Description

Grand Prize awarded to Chairman Seung-Hoon Hyun



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THIRD-PARTY ASSURANCE STATEMENT

Dear Stakeholders of HWASEUNG CORPORATION CO., LTD.

Assurance Outline

Korea Productivity Center Quality Assurance (hereinafter "KPCQA") was commissioned by HWASEUNG CORPORATION CO., LTD. (hereinafter "HS CORP") to conduct an independent assurance on the 2025 Sustainability Report (hereinafter "the report") and issues an assurance statement. HS CORP has sole responsibility for the preparation of the data within the report. KPCQA's responsibility is to provide objective opinions on this report with the specified criteria and scope of assurance.

Scope

This report describes HS CORP 's sustainability efforts and performance. The scope of assurance was included on activities from January 1, 2024 to December 31, 2024. Activities through 2025 has also been used in some areas. The report was assured focusing on the reporting of sustainable management policies, strategies, goals, businesses, and performance, and conformity of data collection and analysis, and the report creation process.

Criteria

The assurance was carried out in accordance with the following standards:

- AA1000AS v3
- KPCQA ESG Report Assurance Protocol

Levels

The assurance of this report was conducted in line with the requirements of the AA1000AS v3 Type 1 (Adherence to the AA1000 four principles) at Moderate level of assurance. The assurance was applied by professional judgement about materiality.

The report has been produced in accordance with GRI Standards. We confirmed that the report was complied with reporting principles of GRI Standards, Universal Standards, and Topic Standards based on the data and information provided by HS CORP.

Universal Standards

Organizational and its reporting practices	2-1 ~ 2-5
Activities and workers	2-6 ~ 2-8
Governance	2-9 ~ 2-21
Strategy, policies and practices	2-22 ~ 2-28
Stakeholder engagement	2-29 ~ 2-30
Material topics	3-1 ~ 3-3

Topic Standards

Economic Performance	201-1, 201-2, 201-3
Market Presence	202-1
Indirect Economic Impacts	203-1
Anti-corruption	205-1, 205-2, 205-3
Tax	207-1
Energy	302-1, 302-3
Water and Effluents	303-1, 303-2, 303-3
Emissions	305-1, 305-2, 305-4, 305-5, 305-7
Waste	306-1, 306-2, 306-3, 306-4, 306-5
Supplier Environmental Assessment	308-2
Employment	401-1, 401-3
Occupational Health and Safety	403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10
Training and Education	404-1, 404-2
Diversity and Equal Opportunity	405-1, 405-2
Non-discrimination	406-1
Local Communities	413-1
Customer Health and Safety	416-1, 416-2

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THIRD-PARTY ASSURANCE STATEMENT

Methodology

- Review of Sustainability Performance Data and Management System
- Review of the reporting process and data management framework
- Review of materiality assessment process and Internal Analysis Procedure
- Review of media report on sustainability
- Interviews with executives and employees involved in material topics and report preparation
- Review of the overall report

Limitations

This assurance is limited assurance in limited criteria with comparative review of data provided by HS CORP. It has its own limitations depending on the characteristics and calculation method of the data.

Conclusions

KPCQA conducted assurance on the draft by review of the data, onsite verification and interview with the employees. It was confirmed that all errors identified during the assurance were corrected.

As a result of the assurance of this report, no material errors or improper descriptions have been found and the conclusions are as follows.

▶ Inclusivity : Participation of stakeholders

HS CORP operates stakeholder communication channels to gather opinions from various stakeholders to derive material topics and ensure that they are reflected in decision-making.

▶ Materiality : Selection and reporting of material topics

HS CORP presented sustainability performance data without any material omissions. Relating to the material issues in the report, nothing had come to our attention that would cause problem in decision-making process.

▶ Responsiveness : Organizational response to issues

KPCQA checked and reviewed the data related to the internal and external stakeholders of HS CORP, we confirmed HS CORP identified the reporting scope and stakeholders' interests and reflected them. we confirmed HS CORP has management process of material topics through materiality assessment.

▶ Impact : Monitoring and measurement of business activities

KPCQA reviewed HS CORP identified and monitored the impact of HS CORP's business activities on stakeholders. we confirmed the impact associated with material issues have been properly measured.

Competencies and Independence of Assurance

KPCQA is a 3rd Party Conformity Assessment Body that conforms to ISO/IEC 17021:2015 and has documented policies, assessment processes, and quality assurance systems with assurance team of ESG experts.

KPCQA was not involved in any of the business operations of the HS CORP and the assurance was conducted with independence.

June 2025

Korea Productivity Center Quality Assurance

President **Jang Jean, Kang**



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GREENHOUSE GAS ASSURANCE STATEMENT

Hwaseung Corporation

1079, Jungang-daero, Yeonje-gu, Busan, Republic of Korea

1. Verification Goal

The goals of greenhouse gas (GHG) emission verification (hereinafter referred to as 'verification') conducted by the Korean Standards Association are as follows.

- Confirming the conformity with standards and procedures of GHG emission and GHG emissions calculated within the scope of verification
- Checking the validity of declarations related to the organization's GHG emissions or removals
- Confirming the effective implementation of the organization's management of GHG emissions or removals
- Confirming the conformity of processes for implementing, managing and improving the organization's GHG emissions or removals estimates

2. Verification Scope

Korean Standards Association conducted limited assurance verification of Hwaseung Corporation's Scope1 and Scope2 GHG statement.

- Reporting Target : Headquarters, Yangsan Factory, Gijang Factory, Seoul Office
- Boundary : Scope1(Direct emissions), Scope2(Indirect emissions)
 - Scope1: Stationary combustion, Mobile combustion, Other emission
 - Scope2: Externally purchased power and heat(steam)
- Year : January 1, 2024 to December 31, 2024

3. Verification Criteria and Guidelines

Korean Standards Association conducted verification according to the procedures stipulated

in ISO 14064-3 : 2019.

- Calculation criteria
 - KS I ISO 14064-1:2018
 - Guidelines for Reporting and Certification of Emissions from Greenhouse Gas Emissions Trading System Ministry of Environment No. 2025-64)
 - 2006 IPCC Guidelines for National Greenhouse Gas Inventories
 - WRI(World Resources Institute) Greenhouse Gas Protocol

4. Level of assurance verification and Responsibility

Korean Standards Association provides verification at limited level of assurance to strengthen GHG management for your company's GHG emissions.

- On-site inspection : Visit to Yangsan Factory of Hwaseung Corporation
- Method of confirmation
 - Interview with greenhouse gas emissions manager and field staff

- Review of the management system and data used to calculate greenhouse gas emissions during the reporting period
- Tracking review of internal documents and basic data

Hwaseung Corporation should provide fair data on information and evidence related to GHG emissions, and the KSA is limited to guaranteeing GHG emissions.

5. Verification Limit

GHG emissions can be affected by factors such as data limits and uncertainties in the scope of verification, and inherent limitations may exist accordingly.

6. Verification Conclusion

No errors or false facts were found in Hwaseung Corporation's GHG emissions verified through the ISO 14064-3 verification procedure within the scope of verification.

Appendix. GHG Emissions and Energy Consumption

Division	GHG Emissions(tCO ₂ eq)			Energy Consumption (TJ)
	Scope1	Scope2	Subtotal	
Headquarters	57,293	119,368	176	3,340
Yangsan Factory	2,531	9,009,899	9,012	186,641
Gijang Factory	4,257	3,526,561	3,530	73,776
Seoul Office	-	6,234	6	0.130
Total	64,081	12,662.06	12,724	263,888

* Note : Emissions by business sites and the final GHG emission was cut below the decimal point and expressed in integer unit

June 13, 2025

HWASEUNG
Corporation