

HWASHIN

Sustainability Report 2022

Great Innovation! Great Future!

HWASHIN's innovations are shaping the future of the automotive industry.



# About This Report

## Summary of Report

HWASHIN has published its third sustainability report in 2023, and we intend to transparently disclose to our interested parties the activities and accomplishments that HWASHIN pursued to meet its sustainability management objectives over the past year. HWASHIN will continue to collect opinions through communication with interested parties through diverse management.

## Criteria for Writing the Report

This report has been compiled to conform to the Core Methodology for Sustainability Reporting. The financial information is presented on a consolidated basis in accordance with the Korean International Financial Reporting Standards (K-IFRS) reporting standards and definitions. The preparation of energy consumption and carbon emissions was based on the verification results. If there are major changes, the corresponding part is marked separately.

## Period and Scope of the Report

The reporting period is from January 1, 2022, to December 31, 2022, and some activities include the first half of 2023. Some contain quantitative performance from the last three years for the comparability of information.

## Verification of Report

This report is published after careful review by the HWASHIN ESG Secretariat. The financial information in the report was audited by an independent auditing firm, and the report was compiled by compiling pertinent information from each source. In addition, it has undergone a third-party verification process from Lloyd's Register Quality Assurance (LRQA), an independent external verification agency. Please refer to APPENDIX for the verification statement.

**Publication Date** May 2023

**Department in Charge** HWASHIN Co., Ltd. ESG Secretariat

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# Commitment



- CEO Message
- Legacy
- About HWASHIN

## CEO Message

### Dear customers, shareholders, and all interested parties

I would like to express my sincere gratitude to all of you who generously support HWASHIN with unwavering faith.

While the world is still struggling with COVID-19 and the uncertainties have increased, HWASHIN is constantly striving to create a better future with various interested parties and take a step forward as a sustainable company.

We are establishing a transparent governance structure through careful ethical management and compliance management, as well as systematically managing various risks through a voluntary compliance manager. In addition, we are systematically operating the ESG Secretariat to reflect ESG management in all business activities across the company and manage it more in an integrated manner.

To monitor ESG management in an integrated and systematic manner, we will disclose short-term, midterm, and long-term goal achievement by item and gain trust by transparently and promptly disclosing ESG information requested by the interested parties.

In addition, HWASHIN acquired the environmental management system certification (ISO14001) to practice eco-friendly management at the company-wide level and is taking the lead in environmental management by reducing carbon emissions and managing hazardous substances.

Dear valued interested parties

We ask for your support and encouragement in HWASHIN's challenge to grow together with humanity and nature by expanding social values through ESG activities in which executives and employees participate and actively practice eco-friendly management, socially responsible management, and ethical management.

Thank you for your generosity, and all of us at Incarnation will return the favor.

Thank you.



**Seojin Chung**, President of HWASHIN

## Legacy

### [Talent Management]

Great talent is the most important foundation for growing a company.

We believe that a company should be like a fertile pasture where many sheep graze. Businesses should always act like a ranch providing a fertile environment to feed sheep, another owner of the ranch. For all executives and employees to be happy like sheep on a prosperous ranch, a company must not stop growing.

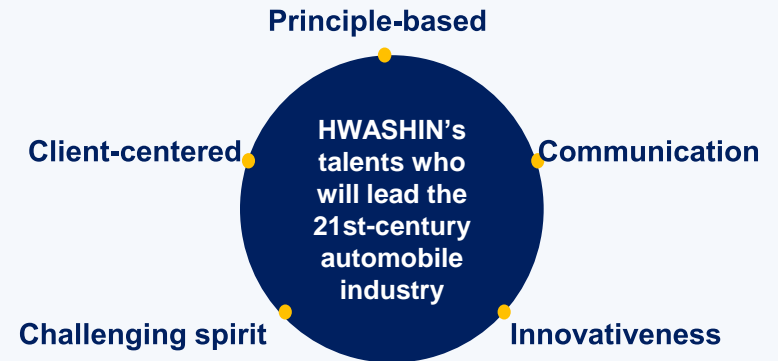
To this end, HWASHIN provides various training programs so that all members can grow into talented people with global competence, leadership, and expertise based on positive thinking.



Late) Chairman Wooseok Ho Chung

“Under the values of human-based management and open management in which everyone participates, all employees will unite to fulfill their roles and responsibilities as a trusted partner to our customers and as a member of the community, and with the motto of putting good ideas into practice, we will lead the way in the era of infinite competition that has become a reality.”

### [Talent]



### [Talent Development]

#### Common Capabilities

We support the strengthening of basic business capabilities through core value dissemination training and business competency enhancement courses.

#### Working Capabilities

We support the strengthening of individual job competencies through external job expert courses, internal job OJT courses, and internal technical courses.

#### Leader Capabilities

Through leadership courses for each level, we support employees to demonstrate leadership capabilities appropriate to their situation and role.

#### Global Capabilities

We support the strengthening of global capabilities through the operation of cyber language courses, foreign language intensive courses, and foreign language study courses.

## About HWASHIN

### Company Overview

HWASHIN is a global auto parts company that has been striving with indomitable will despite all kinds of hardships and adversities with a big dream of becoming a “global leader in the 21st-century auto parts industry” with finished car companies in the barren land of automobiles more than 50 years ago. HWASHIN, which has played a crucial role in the Korean auto parts industry through creative research and development of new technologies, is expanding into the world with advanced competitiveness through a cutting-edge information system built with a youthful spirit of challenge and excellent technology.

### Major History

<b>Company Name</b>	HWASHIN Co., Ltd.	<b>Key Products</b>	Member, CTBA, Arm, etc.
<b>Main Office</b>	14, Eonha Industry Complex 1-gil, Yeongcheon-si, Gyeongsangbuk-do, Republic of Korea	<b>Certificates</b>	ISO45001, ISO14001, and others
<b>Establishment</b>	July 1, 1975	<b>Sales</b>	KRW 1,690.3 billion (consolidated in 2022)
<b>Seojin Chung</b>	Seojin Chung, Ui-ho Jang	<b>Employees</b>	Domestic: 1,164 people / Overseas: 3,096 people

#### 1975–1999

#### 2000–2010

#### 2011–present

<b>1975</b>	Established HWASHIN Manufacturing Co., Ltd.	<b>2002</b>	Established India Corporation	<b>2012</b>	Selected in World Class 300 Companies	<b>2022</b>	Obtained Family-Friendly Company Certification
<b>1985</b>	Awarded the Saemaul Medal of Merit	<b>2002</b>	Established Beijing Corporation	<b>2013</b>	Obtained OSHAS Certification	<b>2022</b>	Commendation for Delivery Payment Linked System (Minister of SMEs and Startups)
<b>1986</b>	Awarded 5 Million-Dollar Export Tower	<b>2003</b>	Established USA Corporation	<b>2014</b>	Awarded 300 Million-Dollar Export Tower	<b>2022</b>	Awarded the Best Award for Fair Trade Agreement (4 consecutive years)
<b>1987</b>	Establishment of a Company-Affiliated Technology Research & Development Center	<b>2004</b>	Obtained ISO 14001 Certification	<b>2015</b>	Established Changzhou Corporation		
<b>1988</b>	Designated as a First-Class Factory for Quality Control by the Industrial Advancement Administration	<b>2005</b>	Awarded Best Company for New Labor-Management Culture	<b>2015</b>	Established Chongqing Corporation		
<b>1994</b>	Listed on Korea Exchange	<b>2006</b>	Awarded Iron Tower Order of Industrial Service Merit	<b>2017</b>	Obtained IATF 16949 certification		
<b>1995</b>	Changed Company Name to HWASHIN Co., Ltd.	<b>2008</b>	Awarded the Prime Minister Award for Win-Win Cooperation between Large Enterprises and Small and Medium Enterprises	<b>2018</b>	Commendation for Merit for Industrial Accident Prevention Transition to ISO 45001 certification		
<b>1999</b>	Awarded Top 100 Leading Technologies by the Ministry of Science and ICT	<b>2009</b>	Established Brazil Corporation	<b>2020</b>	Established Vietnam Corporation		
		<b>2010</b>	Awarded Excellence Award at Korea Technology (Minister of Knowledge Economy)	<b>2021</b>	Award for Merit in the Root Industry by the President		
				<b>2022</b>	Designated Best Company for Materials, Parts, and Equipment		

## Status of Workplaces and Subsidiaries



### [Global Network]

HWASHIN Co., Ltd. has networks in major countries around the world, including Korea, India, China, the United States, Brazil, and Vietnam, and through this, it strives to become a global parts company that leads the automotive parts market.

Workplaces Abroad	Company Name	Sales (billion)	Number of Employees
	HWASHIN Beijing Corporation	57.4 billion	193 people
	HWASHIN Changzhou Corporation	29.3 billion	101 people
	HWASHIN Chongqing Corporation	23.9 billion	100 people
	HWASHIN USA Corporation	500.1 billion	666 people
	HWASHIN India Corporation	322.3 billion	1,309 people
	HWASHIN Vietnam (Thanh Cong) Corporation	9.5 billion	212 people
	HWASHIN Brazil Corporation	161.5 billion	515 people

### [Domestic Network]

To achieve sustainable growth, aiming to provide the best products and services, we have not only overseas business sites but also domestic business sites and subsidiaries, which shows that we are doing our best to accommodate our customers.

Workplaces in Korea	Company Name	Sales (billion)	Number of Employees
	HWASHIN (Eonha Factory)		
	HWASHIN (Bongdong Factory)	946.9 billion	933 people
	HWASHIN (Yesan Factory)		
Subsidiaries	Company Name	Sales (billion)	Number of Employees
	HWASHIN Precision Industry (Yeongcheon Factory)	317.9 billion	221 people
	HWASHIN Precision Industry (Gyeongsan Factory)		
	Innobile	1.1 billion	10 people

\* Sales / number of employees as of 2022

## Vision



### [Goals for Growth]

Consolidated sales KRW 5.2 trillion  
Achieved a 7.6% share in the global parts market

## Jumping up as a top-tier global auto parts leader through market expansion

### Market Expansion

Winning more orders from major global OEM clients  
Aggressive targeting of emerging markets

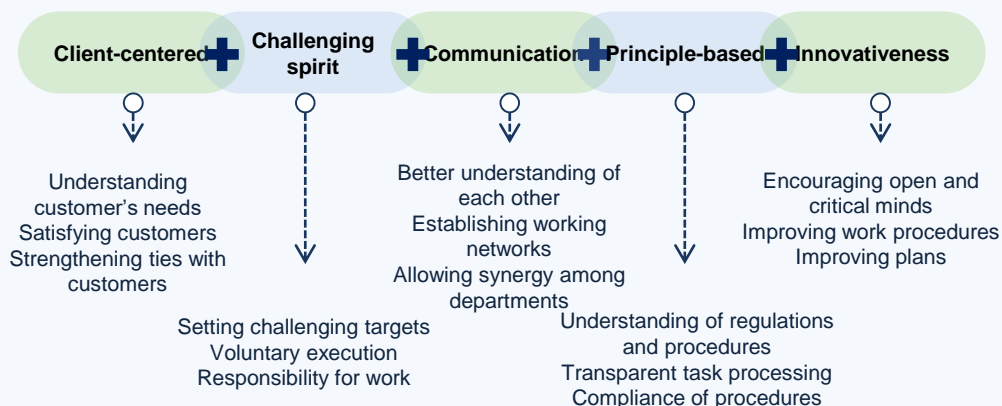
### Technology Expansion

Developing high value-added products  
High added value through application value product development

### Business Area Expansion

Through modularization and IT technology integration  
System Integration  
Business Promotion

## Core Values



### Client-centered

- HWASHIN people, who ensure customer satisfaction by developing products that meet customer needs and expectations



### Challenging spirit

- HWASHIN people, who are not afraid of failure and set higher performance goals with a desire for challenge



### Communication

- HWASHIN people, who horizontally facilitate thoughts and opinions exchange among members



### Principle-based

- HWASHIN people, who value company rules and procedures according to transparent and fair work



### Innovativeness

- HWASHIN people, who can lead innovation with new and diverse perspectives



## ESG Management Governance

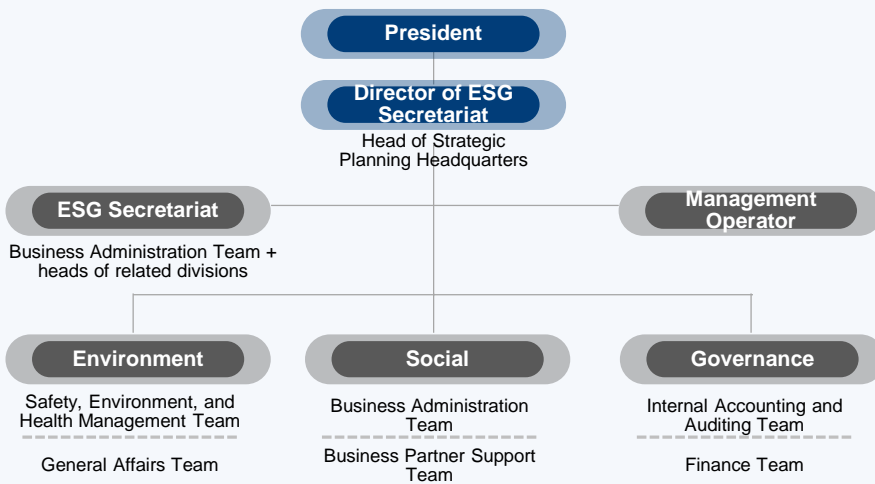
### HWASHIN ESG Management

HWASHIN aims to contribute to the development of the Republic of Korea by leading innovation in the eco-friendly industry to grow into a sustainable global company in the rapidly changing domestic and international business environment.

In addition, we take the lead in preserving the environment, further strengthen our social responsibility to achieve mutual growth with our suppliers, deliver social value achievements created by HWASHIN to various external interested parties, and continue to show interest in and commitment to ESG at the company level.

### HWASHIN ESG Operating Council

HWASHIN's ESG Secretariat, newly established in 2021, is systematically operating to reflect ESG management in all company-wide management activities and manage it more in an integrated manner.



### Transparent and systematic HWASHIN ESG

For a better life and a cleaner planet, HWASHIN supports sustainable value-creation activities. It systematically operates the ESG Secretariat to reflect ESG management in all business activities across the company and manage it more in an integrated manner.

In addition, HWASHIN preemptively starts ESG operation, selects key tasks, designs the life cycle management process for the selected items suitable for HWASHIN, and manages them in an integrated manner.

Accordingly, HWASHIN is conducting a careful analysis and improvement of the environment, society, and governance under the supervision of the ESG Secretariat in line with international codes of conduct to strengthen and lay the foundation for ESG management.

Through HWASHIN's small but strong ESG management strategy system, it has a new role and responsibility as a company that can bring happiness not only to society but also to the world.

As such, HWASHIN is changing its corporate role in the importance of ESG and is changing anew with the pride of its individual members.



#### Environmental Management Policy

- Establishment of an environmental management system and promotion of environmental management by obtaining an international standard certification



#### Human Rights Policy

- Establish and operate basic policies on human rights



#### Supplier Code of Conduct

- Establishment of a sustainable supply chain through transparent management with suppliers



#### Ethics Charter and Code of Practice

- Fulfillment of social responsibilities to become a trusted company by enacting the Ethics Charter

[Posted on Website: [https://www.hwashi.co.kr/kr/esg/esg\\_rule\\_4.do](https://www.hwashi.co.kr/kr/esg/esg_rule_4.do)]

## Our Key Products

HWASHIN is constantly conducting research and development activities centered on the technology research center for the highest quality.

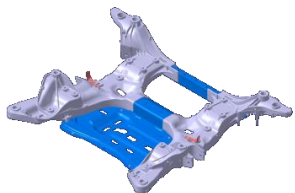
We are leading the industry in new technology and new construction methods as well as product development, and by securing our own design technology, we are participating as a guest engineer from the customer's new car development planning stage. Moreover, we have a clear competitive advantage in receiving orders for integrated platform products. In addition, we are constantly striving to develop lightweight, electrified, and intelligent products to promptly respond to the paradigm shift in the era of eco-friendly cars and future mobility from existing internal combustion engines, such as hydrogen and electric vehicles.



[View of HWASHIN's R&D Center]

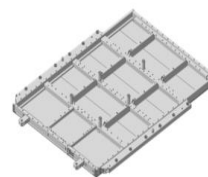
## [Development of New Items]

### AL Front Cross Member



- ▶ Suspension parts for electric vehicles (EVs)  
Supports electric motors, steering, and suspension  
Attenuates Noise, Vibration, and Harshness (N.V.H.)  
→ Secures comfortable driving and enhances the mobility performance

### Battery Pack Case



- ▶ Stores the carrier of battery modules, the source of energy for EVs, Prevents batteries from being damaged by alien substances on the road, flooding in the rain, and external force prevention. → Protects the driver from fire and explosion.

## [Existing Items]

### FRONT CROSS MEMBER



- ▶ Supports the engine and connects the auto axle and body  
Arm items, steering gear box, stabilizer bar  
Absorbs vibration and blocks noise from the road or powertrain

### REAR ARM



- ▶ Supports the front and rear forces, lateral forces, and up and down forces coming through the tires while driving and prevents abnormal behavior  
Absorbs or alleviates vibrations generated from Cross Members and Knuckles

## [Existing Items]

### FRONT ARM



- ▶ Supports the front and rear forces, lateral forces, and up and down forces coming through the tires while driving and prevents abnormal behavior  
Absorbs or alleviates vibrations generated from Cross Members and Knuckles

### REAR CTBA



- ▶ Mounted on the rear wheel of the vehicle; absorbs shocks according to road input information while driving and maintains safety  
Compact and excellent maintainability  
Type with good roll stiffness and transverse stiffness

### REAR AXLE HOSUING ASSEMBLY



- ▶ Used on the rear wheel driving axle-type suspension system  
Used for covering the drive shaft and final reduction gear, and distribute the axle load of the tire to the vehicle body  
Equipped on commercial cars that are 1 ton or heavier

### BUMPER RAIL



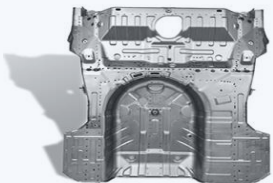
- ▶ Connects the front bumper and the car  
A part that absorbs impact and fixes products mounted on the front of the vehicle

### SUN ROOF REINF



- ▶ Provides a guide surface mounted on the sunroof to open and close the car's roof

### CENTER FLOOR REAR FLOOR



- ▶ Connects the left and right car body and fastens various cables  
Reinforces the rigidity of the entire vehicle  
Attach suspension system and driving parts such as Cross Member and Transmission.

## Electric Vehicle Parts I

### Body Control Unit (BCU)



- Processing input and output signals
- Lamps control function
- Input switches (P, R, N, D) control function
- Variable speeds brakes operating function
- Controller Area Network (CAN)
- Quickly identifies the cause of input/output problems

### Digital Cluster



- Customized UI
- Displays the remaining battery power in 10 levels
- Vehicle driving status display and various information display
- Errors in the car system, voltage, current
- Mileage, driving time, vehicle identification number

### Electric Water Pump (EWP)



- Electric motors, inverters, and battery cooling
- Cooling module: Integrated module of 3-phase BLDC motor, motor controller and circulation pump
- High-efficiency, low noise, and applies sensorless algorithms
- Contains CAN and Pulse Width Modulation (PWM)
- Safety driving and enhanced durability ensured by applying a (patented) algorithm with safety check functions

### DC-Converter

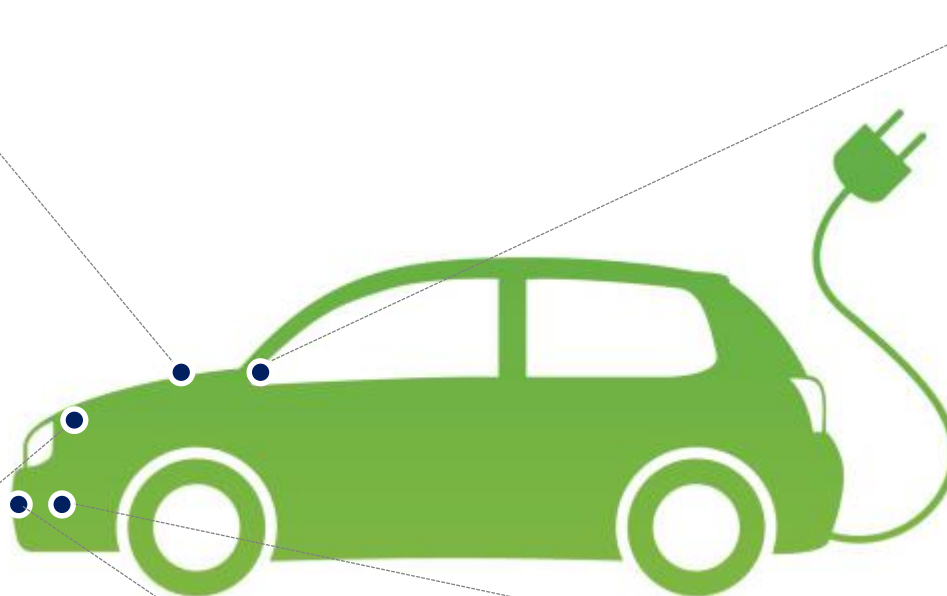


- 150 W-level high-frequency transformer
- Converter circuit applied with the PUSH-PULL topology
- Thermal analysis-based heatproof case
- Allows soft start, reduced Ripple Noise
- Secured electric stability as a protective function

### Motor Control Unit (MCU)



- 3-phase BLDC, PMSM motor square wave and fixed wave control
- Torque/Speed/Location/Sensor Control
- Field Oriented Control (FOC)
- Application of Fail Safety: Monitoring vehicle status and driving-related information such as overvoltage and overcurrent to take countermeasures when an error occurs



## Electric Vehicle Parts II



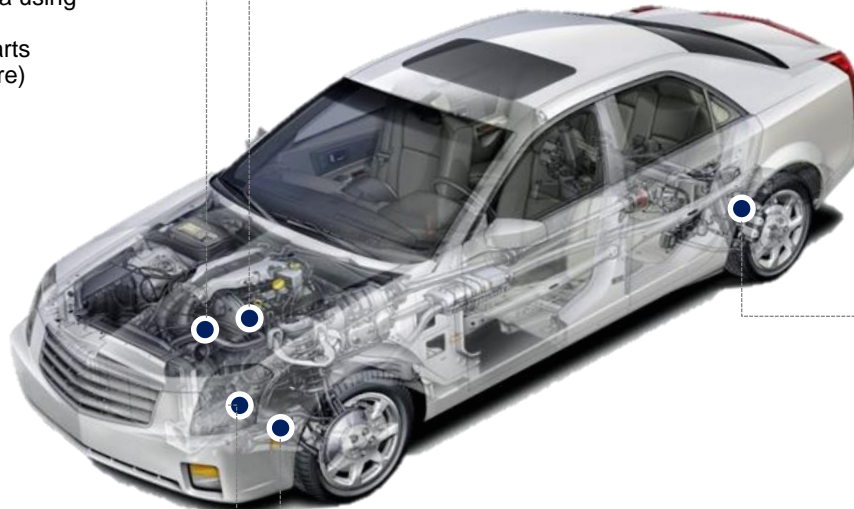
### AL Front Cross Member

- Connects, fastens, and supports the axle and car body
- Developed for the first time in Korea using an aluminum casting method
- Structure suitable for lightweight parts
  - Less parts than steel (-70% or more)
  - Lighter weight (-20% or more)

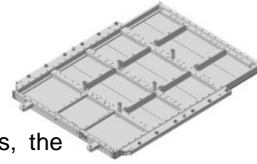


### AL FR Compression ARM

- Supports the lateral force, frontal force, and vertical force coming through the tire while driving and prevents abnormal tire behavior
- Absorbs or alleviates vibration generated from Cross Member and Knuckle
- Structure suitable for lightweight parts
  - Lighter weight than steel (-10% or more)



### BatteryPack Case



- Stores battery carrier modules, the source of energy for EVs
- Installed on the floor of the vehicle to protect the driver from fire and explosion by preventing foreign substances on the road surface, flooding in case of rain, and battery damage caused by external forces



### AI RR L/ARM

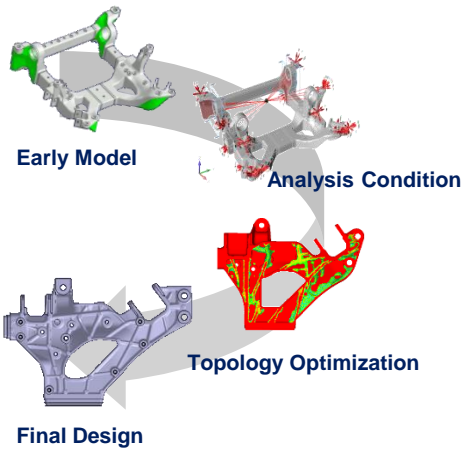
- Supports the lateral force, frontal force, and vertical force coming through the tire while driving and prevents abnormal tire behavior
- Absorbs or alleviates vibration generated from Cross Member and Carrier
- Structure suitable for lightweight parts
  - Lighter weight than steel (-10% or more)

### AL FR Lateral ARM

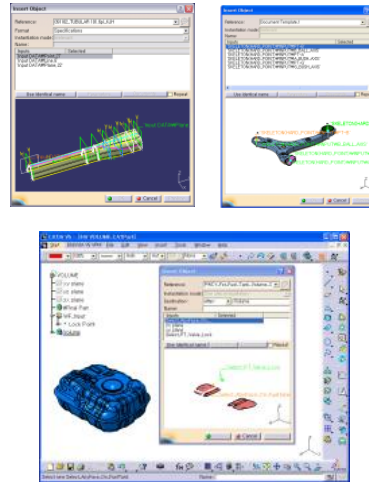
- Supports the lateral force, frontal force, and vertical force coming through the tire while driving and prevents abnormal tire behavior
- Occurs in Cross Member and Knuckle the cross member or knuckle
- Structure suitable for lightweight parts
  - Lighter weight than steel (-10% or more)



**Part Optimization Design Technology**



**Template Design**



**Possession and performance verification of high-speed durability/fatigue tester, etc.**



**Dynamic Load Fatigue Test**



**Static Load Fatigue Test**



**RR CTBA Fatigue Test**



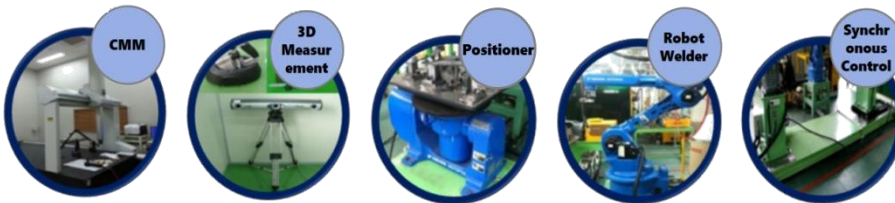
**Corrosion Resistance Test**

Design Ability

Test Ability

**Implementation of Prototyping Activities**

- Prototyping Planning
- Die Manufacturing & Try Out
- Jig Manufacturing & Try Out
- 3D Scanning Measurement
- Check the Formability & Welding



Ability to Start

Interpretable Ability

**Preliminary review of CAE-utilized parts performance and manufacturing process**

Durability Analysis	Stiffness/Strength Analysis	Crash Analysis
<ul style="list-style-type: none"> <li>• Nastran</li> <li>• Msc Fatigue</li> <li>• Design Life</li> </ul> <p>Front sub-Frame Fatigue Analysis</p>	<ul style="list-style-type: none"> <li>• Nastran</li> <li>• Abaqus</li> <li>• SimSolid</li> </ul> <p>Front Sub-Frame Stress Contour</p>	<ul style="list-style-type: none"> <li>• Pam-Crash</li> <li>• Ls-Dyna</li> <li>• Abaqus</li> </ul> <p>Bumper Rail Crash Analysis</p>
Thermal/Fluid Analysis	Dynamics/Optimization Analysis	Process Analysis
<ul style="list-style-type: none"> <li>• Abaqus</li> <li>• SC/TETRA</li> </ul> <p>Railway Pack Case CFD Analysis</p>	<ul style="list-style-type: none"> <li>• Adams</li> <li>• Optistruct</li> <li>• Inspire</li> </ul> <p>Optimization Analysis</p>	<ul style="list-style-type: none"> <li>• Pam-Stamp &amp; AutoForm</li> <li>• SysWeld &amp; Visual Assembly</li> <li>• ProCast</li> </ul> <p>Stamping Analysis</p> <p>Welding Analysis</p> <p>Casting Analysis</p>

### Certifications and Awards



#### ISO 14001 Certificate for the Environmental Management System

We set environmental management as our corporate management policy and set specific goals and procedures to strive for continuous environmental improvement.



#### ISO 45001 Safety and Health Management System

HWASHIN takes the lead in preventing accidents by setting safety and health goals and establishing systems for the safety and health of workers in the workplace.



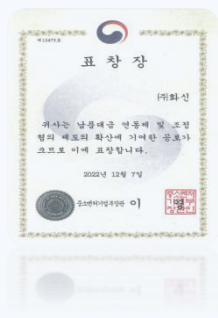
#### ISO 22301 Business Continuity Management System

HWASHIN strives to maintain business continuity by restoring core business in the shortest time in the event of a risk of business interruption, such as a disaster, calamity, or failure.



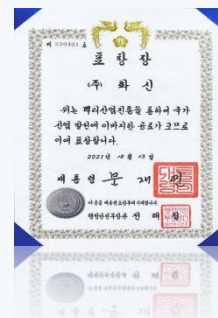
#### IATF 16949 Automotive Quality Management System

We strive for continuous improvement, defect prevention, and waste reduction through the application of a quality system that can be applied to all suppliers in the global automotive industry supply chain.



#### Commendation for Delivery Payment Linked System

HWASHIN received a commendation from the Minister of SMEs and Startups in recognition of its contribution to the expansion of the delivery payment linked system and coordination consultation system for suppliers.



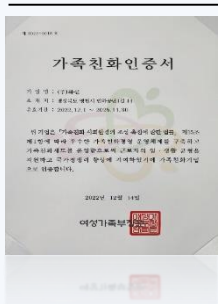
#### Award for Merit in the Root Industry by the President

HWASHIN shares its vision for the future of performance by strengthening the competitiveness of the root industry and material parts equipment industry, contributing to the development of the national industry.



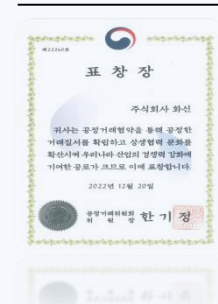
#### Certificate for Best Labor-Management Relationships

HWASHIN was selected and certified as a company that practices a win-win labor-management culture to spread a cooperative labor-management culture and strengthen corporate competitiveness.



#### Family Friendly Certification

HWASHIN was recognized and certified as a company that modeled childbirth and childrearing support, a flexible work system, and the creation of a family-friendly workplace culture.



#### Award from the Fair Trade Committee (FTC) Chairperson

HWASHIN was recognized for its efforts to establish a fair trade order through fair trade agreements and spread a win-win cooperation culture, and was awarded the Fair Trade Commission Chairman's Commendation for three consecutive years as the "best" result.

## [Materiality Assessment]

HWASHIN conducted a materiality test by comprehensively reviewing the level of interest and business impact of internal and external interested parties in accordance with the principles of “interested party inclusiveness,” “sustainability context,” “materiality,” and “completeness.” A pool of major issues related to HWASHIN’s sustainable management activities was derived through international standard analysis, benchmarking of advanced companies, and internal status analysis.

HWASHIN arranged the order of priority based on the deducted key issues by quantifying the “interest degree of interested parties” and the “level of business influence.” Stakeholder interest was evaluated by reviewing the effectiveness of the impact of business costs, profits, and risks on interested parties, and the business impact was considered in relation to financial and nonfinancial impacts of corporate management activities and management policies. Through the materiality test, five key issues were finally identified.

### The Process of Materiality Assessment

#### STEP 1 Identifying Sustainability Management Issues

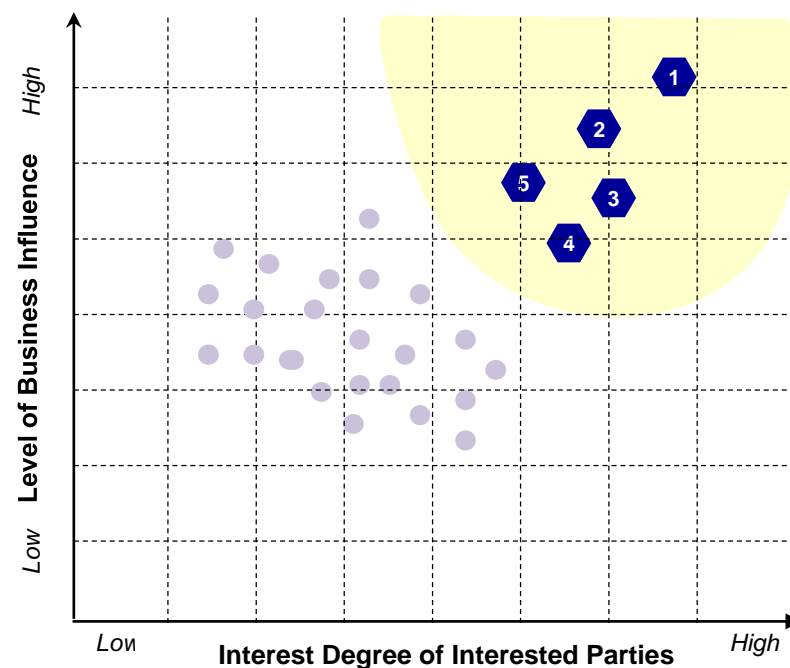
- Configuring a pool of issues
- Benchmarking the Global Reporting Initiative (GRI)
- Benchmarking national and international companies in the same industry
- Opinions received through the voice of the customer (VOC) system

#### STEP 2 Identifying the Status of Interested Parties

- Analysis of interested party needs
- Selection of sustainability management issues that have a significant impact on interested parties

#### STEP 3 Selecting Key Issues

- Participation in materiality assessment through management circulation
- Analysis of materiality metrics and selection of major issues



### Core Issues

	Core Topics	Performance Indicator	Interested party	Page
1	Safety management to prevent severe disasters	Accident Rate	Employees, Government, Local Community	83–94
2	Climate Change Response	green gas emissions	Employees, Investors	51–52
3	Win-win growth policies with business partners	Business partners growth rate	Business partners	75–80
4	Participation in and contribution to the local community	Local Community Benefit amount	Local Community	71–74
5	Innovation by R&D	Economic Performance	Employees	105–106



# Environment

HWASHIN puts the environment first and fulfills its social responsibilities for the next generation through compliance with environmental laws and eco-friendly management. HWASHIN will focus on the future and create a sustainable future by strictly following the principles for the environment.

33–36 Environmental Management

37–40 Carbon Neutral

41–50 Securing the Transparency of Self-Measurement and Strengthening Standards

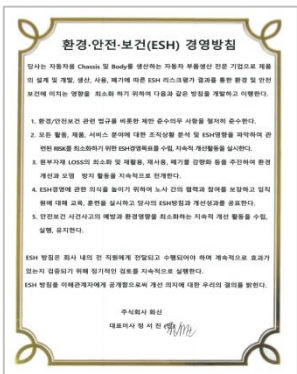
51–52 Response to Climate Change

53–56 Save Our Beautiful Earth Campaign

57–58 Other Government Support Projects

59–60 Hazardous Chemical Substance Management / Partner Support Activities

# [Environmental Management]



Interest in environmental preservation continues to increase worldwide, and Korea also focuses on responding to climate change and achieving carbon neutrality to create a sustainable future. In line with this trend, not only the government but also companies are participating through operations. Hwashin has established and operates its own ESG management policy under the value of environmental management as the first step, and by including contents such as “compliance with relevant laws and regulations - minimization of environmental risks in activities/products/services - recycling/reuse/reduction of waste,” the CEO and all executives and employees have shown their commitment to environmental improvement and maintenance. In addition, by establishing ESG activities (environmental management improvement, waste reduction activities, air and water pollutant management, etc.) as KPI evaluation items, we are inducing more active participation by linking environmental performance with employee evaluation.

## ESG Board Review

After ESG became a global issue in 2020, the participation of companies in ESG activities is gradually increasing. ESG is a system that evaluates a company’s nonfinancial performance, such as eco-friendly management (E), social responsibility (S) realization, and transparent management governance (G). In response, Hwashin has established an ESG organization centered on the ESG Secretariat, and since its activities in 2019, it has been continuously evaluated for related evaluation items through the ESG Standards Board and is improving on areas that are lacking. In addition, recognizing the importance of the Board of Directors, we are discussing and reviewing ESG agendas with them by adding ESG content to the board agenda based on this.



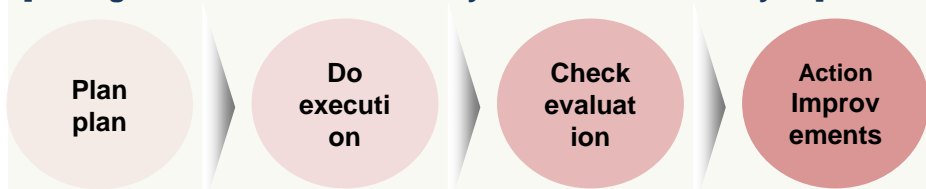
## ISO 14001 (Environmental Management System) Certificate System

To analyze and improve the environmental impact that occurs throughout the entire process, from product development to production, delivery, and disposal, we are receiving system certification from an institution recognized by the Korea Accreditation Center. Starting with the identification of environmental impacts by process, major environmental risks are identified and comprehensive environmental improvement plans are established and reviewed through the identification of internal and external issues and interested party requirements. HWASHIN minimizes risk by conducting improvement activities, and after the end of every activity, we check its validity and compliance with regulations, guidelines, and manuals through internal audits conducted by HWASHIN and external audits through external agencies for each process, and operate systematically.

By maintaining ISO14001, we will continue striving to become a company that can fulfill its social responsibilities by maintaining friendly relations with customers, the public, and local communities, sharing solutions to environmental problems and promoting development activities.

To recognize and raise awareness of the seriousness of these wastes, HWASHIN's employees are actively contributing to eco-friendly activities not only through waste reduction activities through the formation of internal communication channels but also by prioritizing recycling methods (thermal energy recovery, product manufacturing, etc.) when disposing of industrial wastes. In other words, HWASHIN is creating and executing the coexistence of sustainable management and a sustainable environment. The Safety, Environment, and Health Management Team is the working-level team dedicated to eco-friendly management. It sets relevant policies and accomplishes goals accordingly. HWASHIN strives to continuously improve its environmental management performance by establishing and operating an environmental management system, and it will actively implement midterm and long-term goals to prepare for and realize Net Zero in the near future, as well as seek innovative contributions to the environment.

### [Configuration of Certification System: P - D - C - A Cycle]



- **Plan:** Environmental impact assessment / organization situation analysis and risk assessment
- **Do:** Implementation of environmental improvement activities
- **Check:** Internal audit and external audit
- **Action:** Complement for the insufficient part of the evaluation result



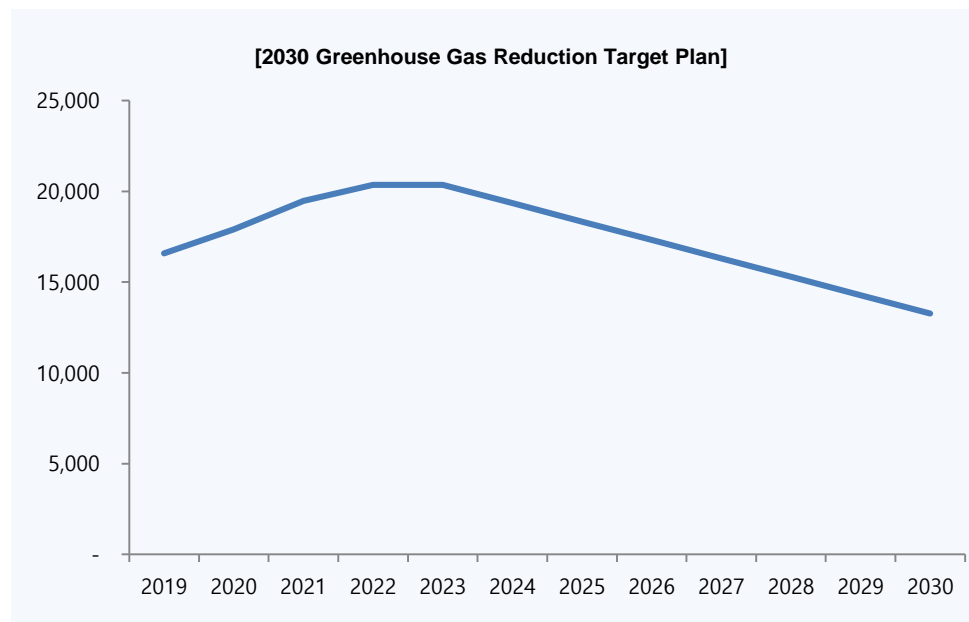
## [Carbon Neutral]

From the past to the present, we domestically and internationally gave warnings about the dangers of climate change every day, and we are exerting efforts to minimize risks around the world, such as the 2015 Paris Agreement on Climate Change. Korea is also taking part in global steps by advocating carbon neutrality as a policy of the Ministry of Environment and implementing the carbon emission trading system and greenhouse gas target management system. HWASHIN also deeply sympathizes with the need for climate change response and carbon-neutral activities. It participates in activities that practice reducing waste emissions, recycling waste, and reducing power consumption.

HWASHIN is currently carrying out strengthening activities by establishing its own carbon-neutral goal for carbon neutral activities, and by conducting environmental training for all employees, it imprints the need for carbon neutrality and moves in step with the same goal.

### Midterm/Long-Term Road Map

HWASHIN has been using waste emission reduction activities and carbon footprint-certified products even in normal times, and from 2023, we want to contribute to the national greenhouse gas reduction goal of “20% reduction compared to the total greenhouse gas emissions in 2019 by 2030.” Therefore, after securing the reliability of greenhouse gas emissions by voluntarily conducting third-party verification of greenhouse gas emissions, we plan to establish a midterm to long-term road map by establishing greenhouse gas emission reduction targets.



(Unit: TON: tCO2eq)

2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
16,588	17,908	19,468	20,112	20,112	19,350	18,337	17,324	16,310	15,297	14,284	13,271

## Calculation of Greenhouse Gas Emissions

HWASHIN identifies and records GHG emissions from each plant for product production into Scope 1 and Scope 2, and systematically manages them. As a related activity, we are enhancing the accuracy and reliability of GHG emission data caused by energy use in business sites through voluntary third-party verification. Organizational boundaries were reviewed based on six domestic business sites, and the overall energy consumption was reviewed at the business sites, including fuel, heating, business vehicles, and electricity required for process operation. Starting with this, HWASHIN plans to advance its greenhouse gas inventory and will continue to seek ways to reduce greenhouse gas emissions.



[Greenhouse Gas Inventory Verification Opinion Presentation Ceremony]

Occurrence Items		Place used	Outcome	Carbon Production (tCO2eq)
Electricity (kwh)		Production line, etc.	34,866,334	16,018
Oils (L)	Gasoline	Business car	22,956	50
	Diesel		27,800	74
	Diesel	Emergency generator	3,344	9
	Kerosene	Portable Heater	6,080	15
Gas	LNG gas (Nm <sup>3</sup> )	Painting Line, etc.	687,838	1,502
		On-Site Heater	696,743	1,522
	Restaurant Heating and others	30,118	66	
	LPG gas (kg)	Factory building and others	291,010	851
Gaseous Waste	RTO (ton)	Exhaust Gas	1,903	5
<b>Total Sum</b>				<b>20,112</b>

Category	2022 (tCO2eq)		
	Direct Emissions (Scope 1)	indirect emissions (Scope2)	Sum (Scope1+2)
	<b>4,094</b>	<b>16,018</b>	<b>20,112</b>

\* **Scope 1:** LNG gas, LPG gas, kerosene, diesel, gasoline, gaseous waste (exhaust gas)

\* **Scope 2:** Power

※ Calculation range: Eonha Factory, Bongdong Factory, Maeho Factory, Technology Research Center, Pyeongchon Advanced Research Center, Yesan Factory

## [Secure Self-Measurement Transparency and Strengthen Standards]

In 2019, there was an incident that caused a stir nationwide because of the manipulation of self-measurement records at Company Y's Seokpo smelter. If the pollutants are not measured properly, it is an act that can harm not only in-house workers but also third parties. To prevent such accidents, HWASHIN conducts self-measurements with the presence of environmental managers, and furthermore, it regularly conducts environmental education to make workers aware of the importance of environmental preservation and takes the lead in reducing pollutant emissions and securing transparency of data by strengthening its own standards.

HWASHIN is a self-measuring company registered with the Ministry of Environment for water quality and air pollutants generated from discharge facilities (painting lines, short facilities, etc.) by process in accordance with Article 46 of the Water Environment Conservation Act, Article 39 of the Air Quality Conservation Act, and Article 52 of the Enforcement Rule. Through a contract with , wastewater/atmospheric fields are regularly measured in accordance with legal requirements, and pollutants generated are normally discharged below legal standards through prevention facilities. We also ensure the transparency of our measurements by involving our members in the measurement process and guaranteeing the safety of our measurement personnel. In addition, by strengthening internal management standards, we are minimizing environmental risks not only for workers but also for the natural ecosystem and third parties.

### Reinforcement of pollutant legal standards and in-house management standards



Category	Measurable substance	Legal standards	In-house reinforcement standard (80% of the legal standard)
Air pollutants	Dust	30 mg/m <sup>3</sup> or less	24 mg/m <sup>3</sup> or less
	Sulfur oxide	200 ppm or less	160 ppm or less
	Carbon monoxide	-	-
	Nitrogen oxide	150 ppm or less	120 ppm or less
	Hydrogen chloride	3 ppm or less	2.4 ppm or less
	Formaldehyde	8 ppm or less	6.4 ppm or less
	Cu	4 mg/m <sup>3</sup> or less	3.2 mg/m <sup>3</sup> or less
	Hydrocarbon	200 ppm or less	160 ppm or less

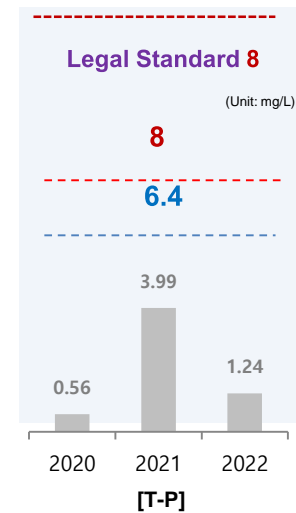
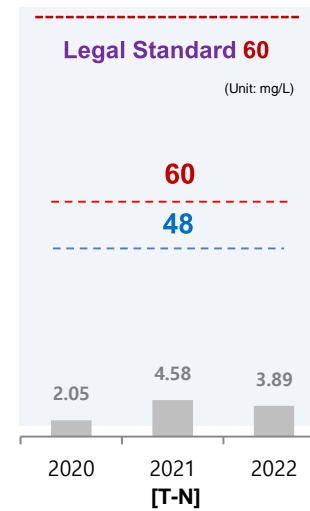
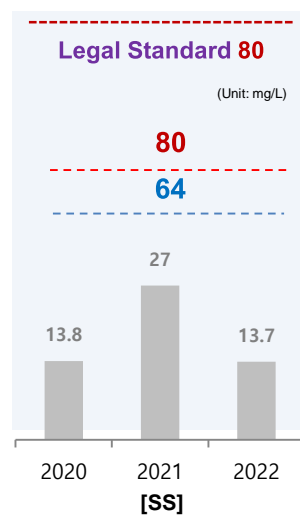
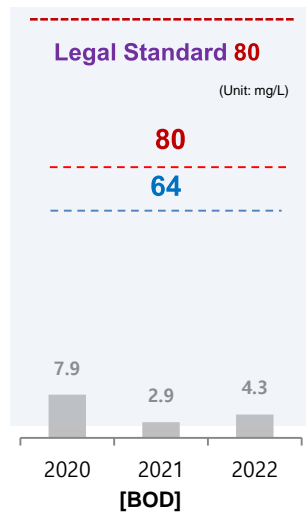
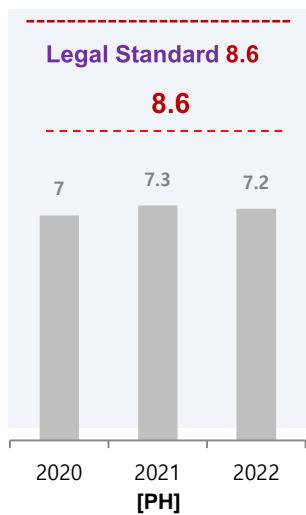
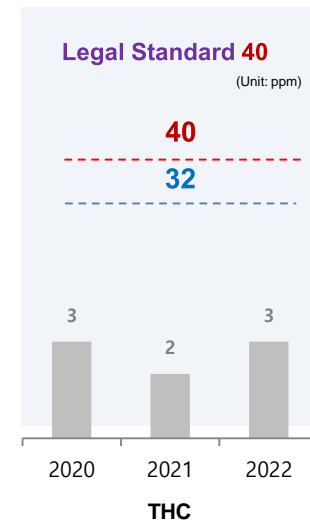
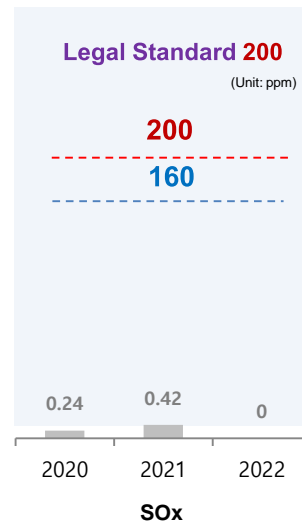
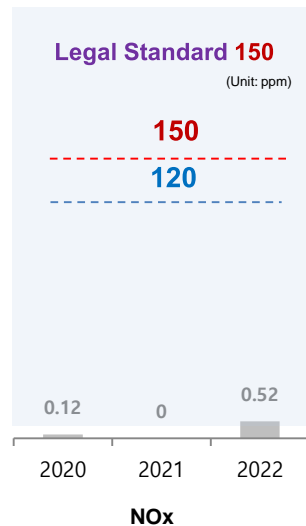
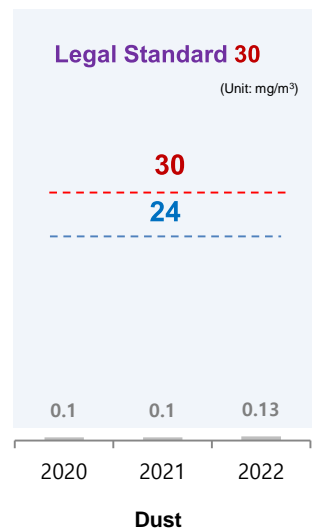
Category	Measurable substance	Legal standards	In-house reinforcement standard (80% of the legal standard)
water pollutant	pH	5.8 ~ 8.6	-
	BOD	80 mg/L or less	64 mg/L or less
	SS	80 mg/L or less	64 mg/L or less
	n-H	5 mg/L or less	4 mg/L or less
	Zn	5 mg/L or less	4 mg/L or less
	Cu	3 mg/L or less	2.4 mg/L or less
	T-N	60 mg/L or less	48 mg/L or less
	T-P	8 mg/L or less	6.4 mg/L or less
	ABS	5 mg/L or less	4 mg/L or less
	TOC	50 mg/L or less	-

※ TOC is the first measurement substance in 2022, and internal reinforcement standards will be established later.

## Emissions of Air and Water Pollutants

※ Based on HWASHIN Eonha Factory (2020–2022)

--- Legal Standard --- In-house strengthening standard



### Air Pollution Prevention Facility Operation (Scrubbers, Absorption Carbon Towers)

HWASHIN strives to reduce the concentration of odors and pollutants in the air by installing prevention facilities (wash towers and adsorption towers) in emission facilities that can generate air pollutants at each plant. In addition, we maintain the best condition by regularly inspecting prevention facilities and replacing or repairing old or poorly functional prevention facilities.

### Air Pollution Prevention Facility Operation Status

Workplaces	Air Pollution Prevention Facility			
Eonhaa Factory	Filter dust collectors 2 ea	RTO 1 ea	Scrubbing dust collectors 2 ea	Absorption facilities 1 ea
R&D Center	Filter dust collectors 6 ea			
Bongdong Factory	Filter dust collectors 4 ea	Absorption facilities 1 ea		Scrubbing Dust Collector 1 ea
Yesan Plant	Filter dust collectors 1 ea	RTO 1 ea	Scrubbing Dust Collector 1 ea	Absorption facilities 2 ea



[Filter dust collectors in the R&D Center]



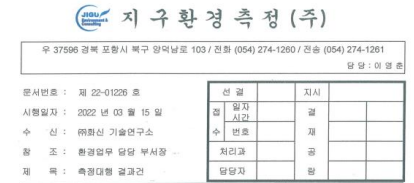
[Scrubbers in the Eonhaa Factory]



[RTO Facility]

### Self-measurement through a registered company of the Ministry of Environment

HWASHIN commissions a reliable company to measure the concentration of water, air, and pollutants, and HWASHIN strives to comply with laws and regulations. Air and water quality are managed twice a year, and HWASHIN strives to comply with laws and regulations. Air and water quality are managed twice a year, and specific air pollutants are managed twice a month without exceeding legal standards, and it was confirmed that no specific air pollutant was discharged.



1. 귀사의 무공해 발전을 기원합니다.
2. 당사에서是大기환경보전법 제 39조 및 시행규칙 제 52조에 따라 귀사에서 의뢰한 대기시료 (2022년 03월 04일) 의 측정결과를 불응과 같이 보내드리오니 환경관리 업무에 참조하시기 바랍니다.

붙임: 대기측정기록부 (6) 부 "붙"



지구환경측정주식회사 대표이사 김명량

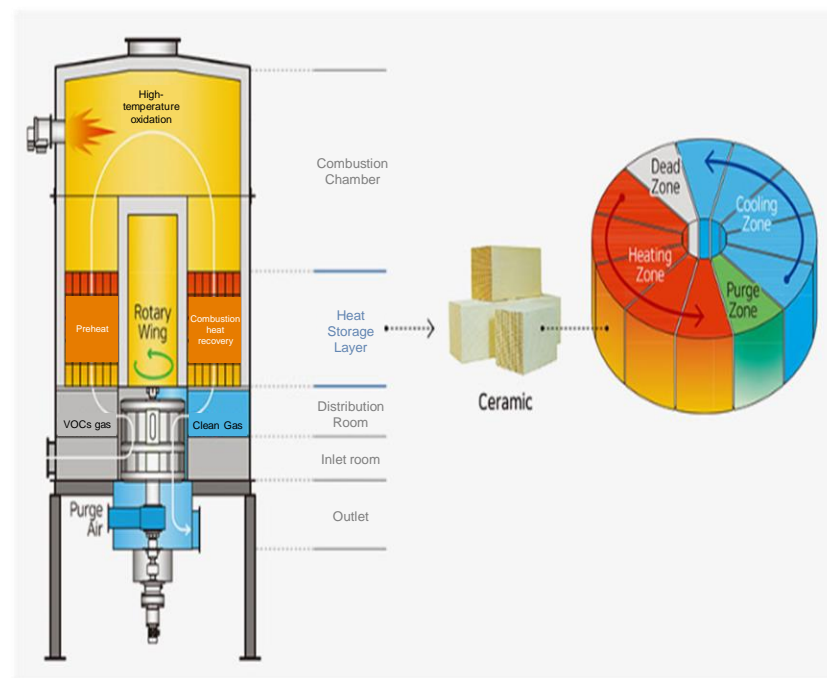


## RTO Facility Operation

HWASHIN is a primary vendor that specializes in producing chassis and body parts for finished vehicles. It manages the production process of making parts through a company-wide monitoring system.

In particular, the painting process, among other processes, can generate odors that can cause environmental pollution and damage the health of our workers and local residents. To prevent this, among various deodorization facilities (washing tower, adsorption tower, etc.), in addition to the previously used dust collector, RTO equipment, which shows the best effect in removing high-concentration odors, was additionally installed in May 2020 to reduce pollutants.

In addition, by applying a waste heat recovery system to the RTO, the waste heat generated from the RTO is not lost as it is, and hot water is supplied to the gas boiler in the painting line through a heat exchanger to reduce energy consumption such as gas.



[RTO Facility Principle]

### [Production Process]



01. SLITTING



02. STAMPING



03. WELDING



04. PAINTING



05. ASSEMBLY



06. DELIVERY

High possibility of odor generated in the painting process

## Activities to Reduce Domestic Waste

The waste generated by the 8 billion people in the world is also a big problem that cannot be ignored. Because of the spread of COVID-19, plastic waste has increased to an uncontrollable level. According to a survey by the National Institute of Environmental Research in 2018, the domestic recycling rate in 2016 was 58.5%. However, this figure only calculates the amount of plastic brought into the recyclable resource facility. In fact, when we calculated the amount of recycled goods produced, it turned out that the actual recycling rate was 20.8%. This means that all separated plastics are not fully recycled. Waste that is not recycled like this spreads to landfill shortages, and even if it is incinerated, it emits considerable hazardous chemicals and greenhouse gases. All HWASHIN employees not only carry out activities to reduce household waste through internal communication channels such as careful separate collection of waste, and use of eco-friendly paper cups but also adopt recycling measures as a priority by using industrial waste as raw materials for heat energy recovery, reuse, and product manufacturing.



## Waste Monthly Performance Management and Continuous Reduction Activities

We monitor waste every month to find its cause and make improvements in case of a rapid increase in discharge. In addition to performance management, we have been continuously promoting waste reduction activities since 2019, and we are ready to start the year next year with the goal of reducing waste by 2%. In addition, to reduce waste, eco-friendly paper cups are purchased and provided to each department, and activities to increase the recycling rate are also actively promoted by changing the wastewater sludge treatment method (landfill → recycling).

[Waste Recycling Performance and Production Unit Basic Unit]

(Unit: ton)








Category	2020	2021	2022
Total Waste	529	662	662
Recycled Amount	318	385	375
Recycling rate (%)	60	58	57
Number of production	1.95 million	1.99 million	2.27 million
On a per unit basis	27 ton/unit	33 ton/unit	29 ton/unit

\* Increased waste caused by increased production, but similar conversion rates on a per unit basis

## Climate Change Response

### Response to Global Climate Change

Global warming, which is a rise in the earth's average temperature because of greenhouse gases and methane gases caused by the production activities of companies in each country and the use of internal combustion engine vehicles around the world, is urging companies to respond to this. In response, HWASHIN is converting its business vehicles from internal combustion engine vehicles to eco-friendly electric vehicles to start with small things, and plans to gradually increase the number of eco-friendly vehicles at each business site.

Countries	Progress
 Norway	- Agree on a policy goal to eliminate gasoline and diesel vehicle sales by 2025 - Oslo to ban diesel cars from 2017
 France	- Announced policy objectives of prohibiting sales of vehicles with GHG emissions by 2040 - Operation of diesel locomotives to be prohibited in the downtown area of Paris by 2025
 United Kingdom	- Policies set to prohibit the sales of traditional internal combustion locomotives by 2040
 Germany	- Operation of diesel vans prohibited in some cities in Germany
 Israel	- Announced the policy of allowing only EVs and natural gas vehicles (NGV) to be operated by 2030 - Striving to induce the use of EVs and NGVs by using natural gas produced in the national gas field
 China	- The timing of the retirement of internal combustion engines is undetermined
 India	- Announced the policy of permitting sales for electrically powered vehicles only by 2030 - Provided that EVs are sold at highly reasonable prices

### [Using EVs]

The production of vehicles with internal combustion engines is limited worldwide, and End-user companies in each country are already announcing the end of vehicles with internal combustion engines. In line with this, HWASHIN is also changing internal combustion engine vehicles to electric vehicles one by one for business vehicles within its workplace and is also installing and operating electric vehicle charging stations in its workplace to reduce the use of fossil fuels.

Category	No. of cars	Eco-friendly No. of cars	Percentage	EV charging stations
2020	12	2	16%	3
2021	12	2	16%	3
2022	13	3	23%	7



[EV Charging Stations in our Workplaces]



[Attending ESG-related councils and meetings]

HWASHIN attends as many briefing sessions as possible, such as the ESG council conducted outside government projects, and is doing its best to transform into an eco-friendly workplace and achieve sustainable growth of the company. Representatively, from 2022, it attended the “Daegu-Gyeongbuk ESG Promotion Council Seminar” to share and discuss the latest ESG disclosure trends and countermeasures of ESG-specialized organizations, share and discuss ESG issues of companies in the Daegu-Gyeongbuk area, and set the direction for ESG in the future. As a local company, we allot time every year to collaborate with public institutions. We also participated in the “National Carbon Neutrality and Green Growth Basic Plan Establishment Meeting,” the government’s carbon reduction road map beyond the Daegu-Gyeongbuk region, to proactively respond to regulations and identify directions from the perspective of mid-sized companies.



[Establishment of the National Carbon Neutral Green Growth Basic Plan]



[2023 Daegu-Gyeongbuk ESG Promotion Council]

[Daily use of eco-friendly products]

HWASHIN aims to improve environmental awareness through ESG activities that employees can practice daily. As part of the company’s environmental improvement initiatives, the company’s general affairs team purchases and provides eco-friendly paper cups in bulk instead of teams purchasing and using their own cups.

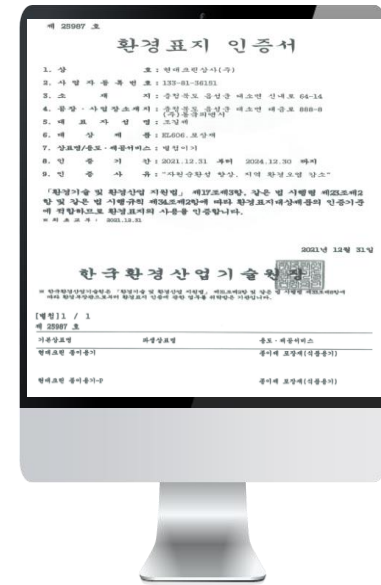
HWASHIN supports items for funerals (soup bowls, rice bowls, paper cups) that have received eco-label certificates when providing items to employees. In addition, we support eco-friendly products such as cutlery and tablecloths that are highly degradable, so even though the unit price is slightly higher than general products, we consider the importance of nature first.

■ 종이컵 줄이기 운동

- 목적
  - 일상에서 할 수 있는 ESG 실천을 통하여 ESG 문화 정착
  - 일상 속 ESG 실천의 일환으로 일반종이컵을 친환경종이컵으로 교체
  - 관리직 사무실 종이컵 사용량 30% 감소 : 500잔(1.5ton) → 350잔(1.05ton)
- 활동계획
  - 목표 : 2022년 사용량 대비 30% 절감
 

구분	사용개수(EA)	일회용 사용량(EA)	일회용 절감량(EA)	적용시기
2022년	500,000	41,667		
2023년(30%감)	350,000	29,167	12,500	2월 시범적용, 3월 시행
  - 종이컵 구매방법 및 종이컵 변경
    - 종이컵 : 일반종이컵 → 친환경종이컵
    - 구매방법 : 팀별 별도 구매 → 총무팀 일괄 구매 지급
    - 시행 : 2월 1일전 시범 지급 3월부터 정상 시행
    - 지급방법 / 수량 : 민원대리 배제 지급 / 30% 감량된 수량 지급
  - 절감방안 : 부서내 개인별 개인컵 사용 장려(종이컵 사용 자제), 종이컵은 고체·생분해 우수 사용
- 친환경종이컵 분리수거 방안
  - 종이컵 수거통 활용 : 안원 고려 집단위 또는 2개팀 단위 수거통 지급, 개인별 수거함에 분리 배출
  - 종이컵 구분 : 일반종이컵 → 일반쓰레기, 친환경종이컵 → 분리수거 재활용

[In-house bulletin board notice]



## [Other government support projects]

### [Executing Environmental Consulting]

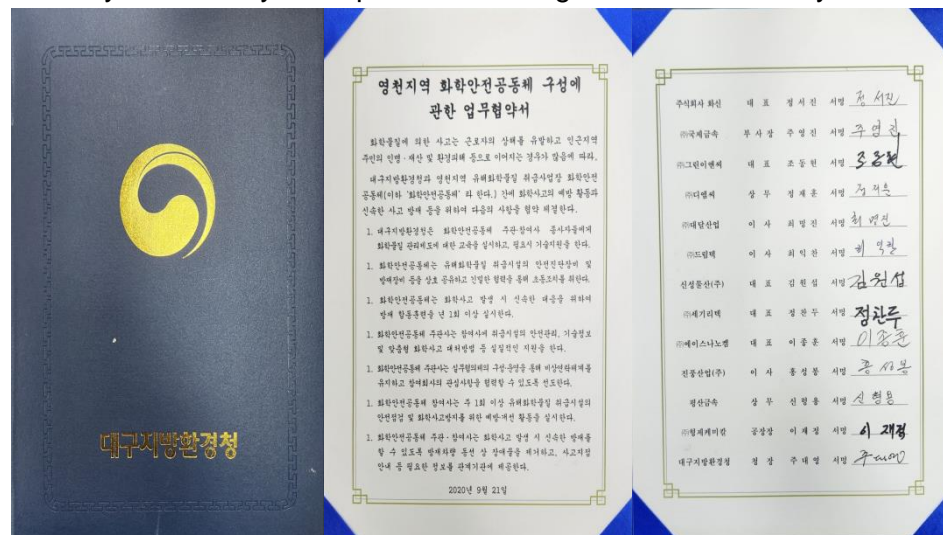
On February 20, 2023, HWASHIN participated in the “Business Agreement Ceremony for Promoting Win-Win Cooperation ESG Management” held at the Korea Press Center in Jung-gu, Seoul, and signed an MOU with the Ministry of Environment and our customer (Hyundai Kia Motors) to promote win-win cooperation ESG management. Although we have been conducting various ESG activities to fulfill our corporate social responsibility since our inception as a “Best” Win-Win Company selected by the Fair Trade Commission for four consecutive years, we have determined that we need to be more proactive in responding to the rapidly changing environment and regulations in various countries around the world, including Europe. Therefore, we will participate in environmental consulting jointly conducted by the Ministry of Environment and our customers to establish our systematic environmental management system and improve our capabilities.



### [Chemical safety community business agreement]

HWASHIN recognizes the harmfulness and risk of chemical substances, and to systematically respond internally and externally in the event of a chemical accident, the Daegu Regional Environmental Office and 12 companies in Yeongcheon have signed a chemical safety community business agreement.

We strengthen our accident prevention and response capabilities through activities such as supporting disaster prevention equipment, implementing joint drills for accident response, and maintaining an emergency contact system, and we constantly strive to improve chemical safety by regularly attending training seminars organized by the Korea Environment Agency and the Daegu-Gyeongbuk Chemical Safety Community to acquire a wide range of chemical safety.



## [Management of hazardous chemicals]

As a workplace that handles hazardous chemicals, HWASHIN purchases and uses chemicals after establishing a hazardous chemical handling facility installation inspection, hazardous chemical business license, off-site impact assessment, and chemical accident prevention and management plan. These things were enacted to ensure double stability through external as well as self-verification. In addition, to prevent chemical accidents of workers, Material Safety Data Sheet (MSDS) is regularly provided as well as training, and up-to-date information is provided by receiving and updating MSDS through the manufacturing industry every year.



## [Support activities for subcontractors]

HWASHIN not only develops our environmental management to respond to the gradually strengthening requirements in the environmental field but also engages in activities for mutual growth with partner companies.

We have established a partner support team and are actively supporting it. Representative activities include ISO14001 system certification support (document review and on-site inspection) and environmental field site (wastewater treatment plant, painting line, etc.) tour inspection. We will make the partner support process more systematic, and we will make constant efforts to become a company that goes together.



# Social

HWASHIN creates a happy and healthy working environment for employees for customer satisfaction, coexistence, and work-life balance. HWASHIN will create a sustainable future by thoroughly adhering to these principles.

63–70 Talent Management

71–61 Creating Value Locally and by Social Contribution

75–80 Shared Growth

81–82 Improving Members' Health

83–94 Safety Management

95–96 Human Rights Protection

83–97 Friendly Win-Win Relationships

105–106 Innovative R&D

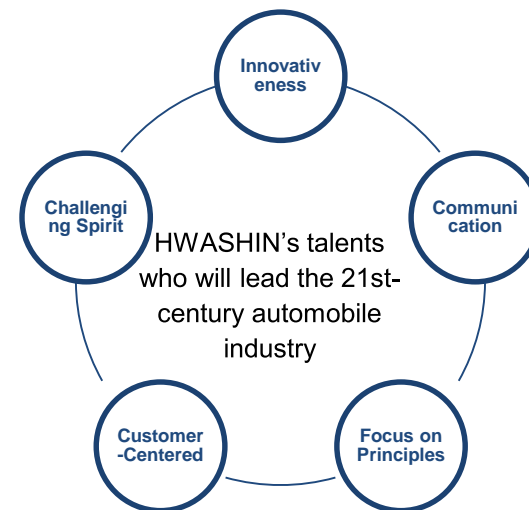
107–108 COVID-19 Support for Business Partners



## [Talent Management]

### Right People for HWASHIN

Based on the belief that people are vital in uplifting the core competitiveness of the manufacturing industry, HWASHIN endeavors to enhance employees' competitive edge. We believe that people are our greatest competitive advantage to change the world, and we continuously strive to recruit talented people who are aligned with our five core values: customer-centered, challenging, principled, innovative, and communicative.



### Recruiting Talents

HWASHIN establishes a transparent and fair recruitment process and operates diversified recruitment methods such as occasional/regular recruitment to recruit excellent talent.

In accordance with the Act on the Fairness of Recruitment Procedures and the Personal Information Protection Act, we actively strive to recruit people with great capabilities and potential by blinding personal information items for fairer recruitment and selecting people based on job skills.



### Retention of new hires

To help new employees understand the company and organization and adapt to the new environment, HWASHIN runs introductory training for new employees and an onboarding program within each team after they are placed in a department, giving them the opportunity to not only adapt to their work but also to socialize with senior employees. In addition, when new employees join the company, a "Welcome Kit" and "New Employee Work Guide Book" are provided to support basic job performance such as personnel system and welfare information.



## Employee Training Road Map

HWASHIN presents educational goals for each role to its members and strives to systematically improve the skills required for each position. After new employees join the company, during the introductory training period prior to starting the full-scale work, external company training is conducted to improve basic competencies in relation to business manners, communication skills, document writing & reporting skills, etc. After being assigned to a department, basic job duties are provided. We are running an in-house job academy to strengthen our capabilities. In addition, we continue to strive to build a systematic training road map for employees by conducting course-specific surveys after the training to understand the degree of change and satisfaction of employees, which can also be used as data to improve the growth roadmap of future incarnations.

Growth Road Map		STEP 1. Associate	STEP 2. Senior Assistant	STEP 3. Manager	STEP 4. Team Leader
Training goals		Understanding business processes and improving basic job skills	Fostering self-leadership that directly contributes to organizational performance and proactively promotes work	Fostering leadership in facilitating execution that expands planned work promotion and smooth relationship formation with interested parties	Leadership in facilitating change by establishing strategic action plans and driving continuous innovation
Training course	Essential	Introductory training for new employees In-house job academy	In-house job academy		Special Lecture on Leadership Management
	Selection	Introduction to the automobile industry In-house instructor training course	Overseas Expatriate Training Course In-house instructor training course	Overseas Expatriate Training Course	Improving new team leader capabilities



## Systematic Talent Development Program

HWASHIN offers various programs to help all members grow into people with global competence, leadership, and expertise based on positive thinking. In particular, we are providing opportunities to enhance work skills and learn so that employees can design their own careers and develop their expertise according to the educational goals within the growth road map.

### Common Capabilities

Strengthening basic trade skills through core value dissemination, training, and business empowerment courses.



### Working Capabilities

Supporting the improvement of each individual's working capabilities through the Professional Course for External Duties, the Internal On-the-Job (OTJ) Training, and the Internal Technology Course



### Leader Capabilities

Supporting employees to show ideal leadership in line with each situation and role through the Leadership by Position Course



### Global Capabilities

Cyber language courses, foreign language immersion courses, and foreign language study courses to enhance global competencies



## [CASE] Education by inviting external professors and experts

HWASHIN provides convenience to receive more professional training within the company without going far by inviting external professors or experts. Through the educational information sharing bulletin board in the internal bulletin board (KMS), special lecture notices are distributed, and applicants who wish to participate are receiving separate applications.

## Training System

For systematic and continuous education support, HWASHIN spares no financial support such as daily wages, lodging expenses, and transportation expenses so that executives and employees can receive education smoothly through education support through the global win-win cooperation center with customers and other external educational institutions. In addition to GPC training and external training institutions through cooperation with customers, internal job training related to their department and job duties is opened to help internal employees understand other jobs and acquire general information related to the company. We are pursuing a strategy to nurture key talent.



※ Support for online/offline education through the global win-win cooperation center of the customer company

번호	제목	작성일	조회수	첨삭
101	GPC 교육 신청서	2022.08.17	10	완료
102	GPC 교육 신청서	2022.08.17	10	완료
103	GPC 교육 신청서	2022.08.17	10	완료
104	GPC 교육 신청서	2022.08.17	10	완료
105	GPC 교육 신청서	2022.08.17	10	완료
106	GPC 교육 신청서	2022.08.17	10	완료
107	GPC 교육 신청서	2022.08.17	10	완료
108	GPC 교육 신청서	2022.08.17	10	완료
109	GPC 교육 신청서	2022.08.17	10	완료
110	GPC 교육 신청서	2022.08.17	10	완료
111	GPC 교육 신청서	2022.08.17	10	완료
112	GPC 교육 신청서	2022.08.17	10	완료
113	GPC 교육 신청서	2022.08.17	10	완료
114	GPC 교육 신청서	2022.08.17	10	완료
115	GPC 교육 신청서	2022.08.17	10	완료
116	GPC 교육 신청서	2022.08.17	10	완료
117	GPC 교육 신청서	2022.08.17	10	완료
118	GPC 교육 신청서	2022.08.17	10	완료
119	GPC 교육 신청서	2022.08.17	10	완료
120	GPC 교육 신청서	2022.08.17	10	완료

※ In-house training through the internal bulletin board (KMS) and training support by inviting external lecturers



※ Special lecture by the author of "The First Question" held on August 17, 2022 (Professor Lee Jung-dong, Seoul National University)

## Organization, growing together

HWASHIN always strives to create a healthy corporate culture. Employees spend most of their days at the company and spend most of their time with colleagues. To prevent company life from becoming difficult because of stress caused by non-work stress among colleagues at work, problems and potential problems occurring within the organization are identified by determining shared leadership, values, work atmosphere, personnel system, etc. among members. Moreover, to improve personal issues, we are working through various programs and internal communication activities.

### Organizational culture activities and in-house communication activities



## Changes in work methods “Smart Work”

HWASHIN introduced Microsoft Teams, a company-wide collaboration platform, to create an environment where employees can work anytime, anywhere without physical limitations through video conferencing as well as sharing work schedules and materials. In addition, by providing a Virtual Desktop Infrastructure (VDI) solution, we are actively working to improve the work environment of our employees by supporting them so that they can work not only in the office but also in compliance with security regulations when traveling or working from home.

## Establishment and evaluation of fair performance-oriented culture

HWASHIN strives to establish a horizontal organizational culture by integrating and abolishing positions instead of the traditional position system. Accordingly, the compensation system is operated as an individual salary system based on individual performance and competency rather than seniority, and the connection between evaluation and compensation is strengthened to motivate members and set challenging goals.

We frequently review and check opinions on strengths and areas for improvement through regular evaluations that manage progress by frequently revising/supplementing work goals and 360-degree multifaceted leadership evaluations. As such, HWASHIN will strive to continuously improve the more advanced performance management system in the future.

### [Performance Control System]

Strengthening basic trade skills through core value dissemination, training, and business empowerment courses.

### [Individual Annual Income System]

Operate an individual salary system that is applied differentially according to performance results.

### [Incentive System]

Operation of a management bonus paid according to the company's management performance and a reward system for contributions

※ The business environment briefing session is held every year to share transparent management performance.



## [Creating Value Locally and by Social Contribution]

HWASHIN established the “**Woosuk Scholarship and Culture Foundation**” to continuously and systematically fulfill its social responsibilities. “**Woosuk Scholarship and Culture Foundation**” supports underprivileged neighbors and youths to live with hope and courage based on scholarship and cultural projects. We believe the talents we support will contribute our future. Therefore we will continue to provide opportunities so that we can contribute to the growth of society, our country, and even global talent.

Since its establishment in 2005, it has been expanding the number of people who can receive scholarships and opportunities every year and will strive to contribute to the community with more support and various activities in the future.

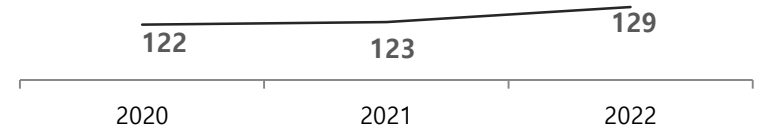
※ For more information, visit the foundation’s website.  
(<http://hswooseok.or.kr/>)

### Organization of the Board of Directors

Name	Position	Name	Position
Seojin Chung	President	Tae-Mun Seong	Director
Yeong-Baek Chae	Director	Jeong-Gi Min	Auditor
Yeon-Wook Jeong	Director	Jae-Eok Jeong	Auditor
Sang-Woo Song	Director	Yeong-Woo Gwon	Secretary General
Tae-Gi Noh	Director		

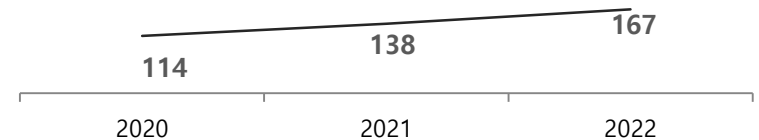
### Number of scholarship students supported

(Unit: persons)



### Amount of scholarships provided

(Unit: KRW 1 million)



### Fundraising for the needy

HWASHIN is working hard to share the pain our neighbors and society are facing because of the spread of COVID-19. We provide donations every year to support citizens experiencing economic difficulties. In 2021, a total of KRW 90 million was raised for the less fortunate, including HWASHIN, Yesan Factory, and HWASHIN Precision, and in 2022, a total of KRW 160 million was raised, including the total of HWASHIN affiliates. We will continue to pay attention to the difficulties and problems of local communities and promote various social contribution activities for local members.

#### INTERVIEW



**Ki-Moon Choi**  
Mayor of  
Yeongcheon

“Thank you again for the passionate interest and support shown last year, and there are still many people around us who need a warm helping hand, so we ask for greater interest and participation from citizens.”

### Partial Donation of Salaries and Fundraising for Persons with Disabilities

HWASHIN has established its position as a leading auto parts company and has been following the YMCA for many years with various contribution activities in the local community. President Seo-Jin Chung and executives raise funds by donating a portion of their monthly wages to support vulnerable local groups every year. We are also donating to the “Love Sharing Bazaar” for low-income people with disabilities.

#### INTERVIEW



**Sun-Ho Kim**  
Yeongcheon YMCA  
President

“With the funds donated by HWASHIN, we visited and delivered kimchi to over 900 underprivileged households in the region for the visiting youth meal truck program to support safe food for teenagers and the recent event to share kimchi with love. While everyone was having a hard time because of COVID-19, HWASHIN, a mid-sized company in the Yeongcheon automobile industry, was able to show warmth to the community with great help.”



#### 기부확인서

1. 기부자				
성명	최신 임직원일동	주민등록번호	(사영/과/번호)	
주소	경상북도 영천시 도남공단길94-2			
2. 기부처				
경북사회복지공동모금회 515-82-05309				
3. 기부내역				
연번	기부년도	횟수	금액(원)	비고
1	2018	1	9,538,222	현금
2	2019	1	9,287,605	
3	2020	1	8,404,577	
4	2021	1	7,850,282	
5	2022	1	6,874,672	
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
계		5회	41,965,358	

본 기부확인서는 세금공제 효력이 없습니다.  
(발급자 : 모금사업팀 권소영)

위와 같이 기부하였음을 확인합니다.  
2022. 12. 20.

경상북도사회복지공동모금회장

## [Shared Growth]

HWASHIN is establishing a win-win growth system for coexistence by preparing support programs based on continuous communication with partners. We form a dedicated organization to maintain close cooperation with our partners, regularly operate VOC activities to listen to their difficulties, and find ways to improve. We are growing together through continuous partnerships.

### Shared Growth Fund

HWASHIN operates the HWASHIN Mutual Growth Fund for partner companies, providing smooth financial support to partner companies. Since HWASHIN signed a business agreement with Daegu Bank in 2013, it has created and operated a fund with Daegu Bank to support interest expenses when lending to business partners. As a result, suppliers can reduce financial costs and smoothly procure funds necessary for management to stably operate the supply chain.

\* 2020 (32.1 billion), 2021 (29.4 billion), 2022 (24.2 billion)

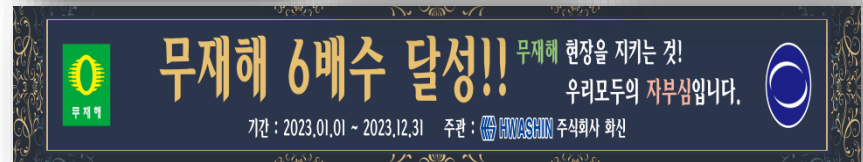
### Educational Support for Business Partners

HWASHIN plans and implements its own training program every year to enhance the competitiveness of suppliers beyond communication with them. As partners for a better future, our suppliers are striving to nurture their talents by leveling up.



## Safety and Health Management for Business Partners

HWASHIN continues to reduce the risks of safety accidents by investigating and raising operators' awareness of safety through annual safety inspections and control for business partners. We share partner companies' disaster safety cases and monitor the improvement status through our own safety inspection F/up to horizontally spread best practices to other suppliers. As part of win-win cooperation activities, to strengthen the relationship between our company and our partners, we are providing plaques and prizes to partners who have achieved zero accidents.



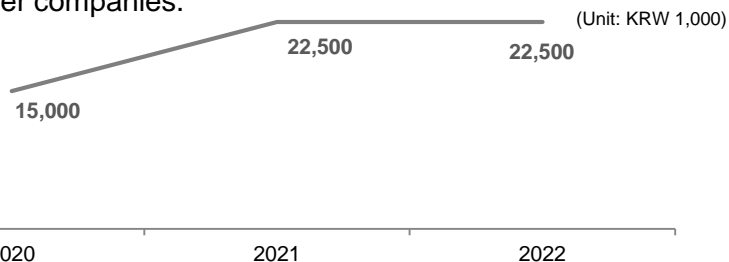
### Taking Away the Heat for Business Partners

HWASHIN expects to improve productivity and increase ties with partners by providing ice makers and seasonal fruits for partners suffering from the hot summer.



### Donating Win-Win Collaboration Funds

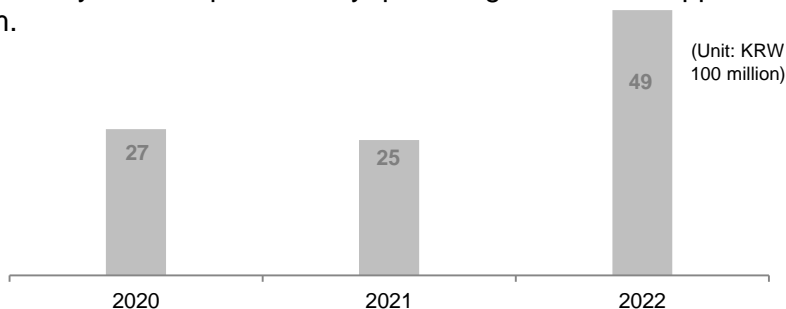
HWASHIN contributes funds to the Large Enterprises and Small and Medium Enterprises Agriculture and Fisheries Cooperation Foundation every year, and uses the funds to support other helpful items to partner companies, taking the lead in activities aimed at enhancing competitiveness and resolving polarization with partner companies.



[Annual Donations to the Foundation for Collaboration between Small, Medium, and Large Corporations in Agriculture and Fishery]

### Technical Support for Business Partners

HWASHIN contributes to business partners' profit creation through activities that optimize technical support that can meet the rapidly changing external environment and customer policy trends. HWASHIN's technology is not only available free of charge. Our employees are also responsible for improving the productivity of our partners by providing technical support to them.



[Amount of Annual Technical Support for Business Partners]

### Strengthening Communication with Business Partners

HWASHIN listens carefully to the voices of business partners through various channels and operates multifaceted communication channels, such as meetings, conferences for collaboration, and anonymous online communication channels to solve the grievances of business partners. HWASHIN regularly visits partner companies every year to listen to the vivid voices of its partners, listens to their voices from the field, and continuously strives to reflect the contents immediately. In the future, we will do our best to become an incarnation that fully understands and resolves the grievances of suppliers by discovering other VOC activities.

Communication Programs	Communication Programs Overview
Meeting with Representative Business Partners	Exchange meeting to resolve difficulties between 1st and 2nd tier suppliers
Meeting with Factory Managers	Explaining Policies and Managing Performance through Quarterly Meetings with Factory Managers (Business Partners)
Supplier VOC activities	Visiting to listen to grievances and improve hardships of business partners
Anonymous Online Report Channel	Operating a "Cyber VOC" for business partner executives to voice their complaints





## Atomic foundation price impression reflected

HWASHIN immediately reflects and pays the subcontract price according to the price fluctuation of the raw material unit price to its suppliers every year. If the unit price of raw materials is not reflected, it can have a significant impact on the management of partner companies, so HWASHIN prevents the risk in advance by raising the unit price of raw materials to partner companies. Through these efforts toward partner companies, the Ministry of SMEs and Startups received a commendation from the Minister of SMEs and Startups in recognition of its achievements in improving the business environment of partner companies through various policies, such as the delivery payment adjustment consultation system.

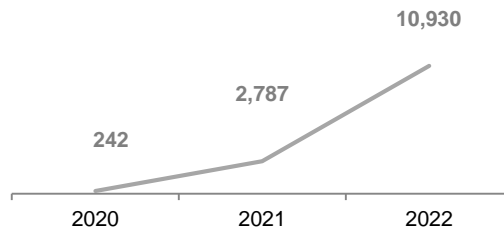
(Unit: million)



[Minister's Commendation for Delivery Payment Linked System]

## Creating a Corporate Culture of Shared Growth

HWASHIN enters into a "Fair Trade Agreement" with business partners every year. In the contents of the "Fair Trade Agreement," we implement strengthened support for suppliers, such as blocking unfair trade practices, entering into and fulfilling fair contracts, promoting sales expansion of suppliers, adjusting the price of raw materials, and the four subcontracting action items. We are implementing rewards such as additional points when selecting a company.



[Increasing Unit Prices of Raw Materials Applied Annually]

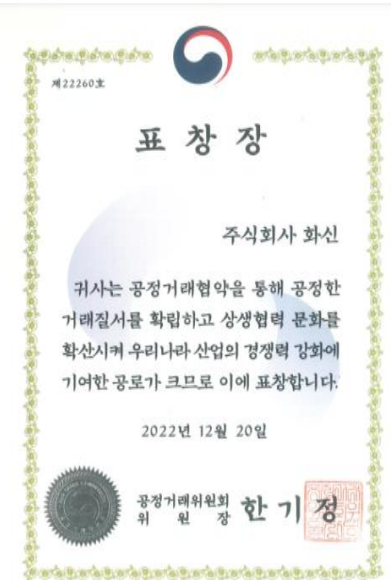
## Selected as an excellent case by the Fair Trade Commission

HWASHIN received the "Best" rating in the implementation performance category supervised by the Fair Trade Commission. The Fair Trade Commission and the Korea Fair Trade Adjustment Agency inspect and evaluate the implementation of the fair trade agreement signed to establish a mutually fair subcontracting order between HWASHIN and its suppliers and grant incentives such as exemption from an investigation by authority. HWASHIN has been rated "Excellent" for four consecutive years.

As a result, it was selected as an exemplary case in 2022. This is a rare result for a medium-sized company, and HWASHIN will continue to make efforts to achieve a fair, cooperative relationship with its partners in the future.



[Awarded the best prize of Fair Trade Commission]



## [Improve health of members]

HWASHIN supports the growth and satisfaction of each employee. To this end, HWASHIN has been operating an in-house fitness room and a well-being menu. It is also making efforts to keep its members' body and mind healthy by providing books that anyone can use in the company library. For the well-being menu, employees' opinions are collected, and healthy meals such as smoked duck salad, chicken breast salad, and chicken tender salad are operated to increase employee satisfaction.

In the future, HWASHIN will strive to maintain a healthy organizational culture for its employees by introducing various programs.



[Operating a well-being meal]



[Company fitness room]



[View of the in-house library]



눈병부터 심장질환까지 48종의 원과진분과가 오호저를 생지합니다.

### 누네안과병원 제휴특별혜택

**대상** 제주시 임직원(배우자 포함) 및 직계 존비속 가족  
**기간** 2022년 8월 31일 까지  
**문의** [내선]1663-1175 / [상담]홍순선 상담 010-9496-9063

구분	원가 (일반회원)	제휴회원 (가족회원)
아마리스 S&K 라식	-180--	115 (레드 + 30)
아마리스 노티지 라세	-170--	100 (레드 + 30)
스마트 라식	-300--	270
프레스비 노안 라식		라식 라세가 + 40-70
알티클릭스	-350--	335
이보 ICL	-450--	420
클래디블 눈 종합검진	-20--	16
노안 검사		3 (대상만 45-60세)

**여름철 눈관리 TIP**  
 1. 물놀이 시 대충 씻지 마세요. 각막염, 금상충형성 결막염등과 같은 눈병 예방을 위한 물안경 착용과 손 씻기 등 위생 수칙 준수  
 2. 외출 시 자외선 차단용 선글라스 혹은 창 있는 모자 착용 (머리 라세 수술 환자 주의)  
 3. 주기적인 눈병을 통해 눈 피로감 해소  
 4. 안포사안안기 등부터 가까운 과외과, 녹내장, 백내장 등 전문

### 이름없는치과 특별혜택

**혜택** 비급여 진료 10% 할인

**대상** 화신 임직원 및 배우자, 직계비속  
\* 진료 전 사일증 또는 명함 제시

**진료과목** 소아치과/보존치과/보철치과/심미치과/치주치과/임플란트

월	화	수	목	금	토
10:00-18:30		10:00-20:30	휴진	10:00-18:30	10:00-13:30

\* 점심시간 : 13:00 - 14:00 (토요일 제외)  
 \* 휴진 : 매달 마지막 주 토요일, 일요일 및 공휴일

**위치** 대구광역시 동구 이보벨리로 166, 4층 이름없는치과의원  
\* 대구 동구 **화신도시 휴 휴**

**상담전화** 053-963-7528

### [Information on Affiliated Hospitals]

HWASHIN signs partnership agreements with hospitals every year to support employees to receive hospital benefits and their families to receive hospital benefits. Notices are posted on the company's electronic bulletin board so that all employees can use them.

For health care and maintenance, HWASHIN is actively supporting discounted rates and plans to provide more hospital benefit programs in the future.

## [Safety Management]

### Management Policies for Safety Management

HWASHIN is an automobile parts manufacturing company that produces chassis and bodies for automobiles. It analyzes and evaluates risks in each environment/safety/health field that occur in the entire process of design, development, production, use, and disposal of products to ensure high-risk sites. Workers at all workplaces at the Yeongcheon Factory and Yesan Factory are doing their best to prevent accidents and create a safe and healthy working environment for workers based on the ESH management policy.

#### ESH Management Policy

1. Thoroughly comply with all compliance obligations, including environmental/safety and health-related laws and regulations.
2. Establish ESH management goals to minimize related risks by analyzing organizational situations and identifying ESH impacts in all activities, products, and service fields, and conducting continuous improvement activities.
3. Minimize loss of raw and subsidiary materials, promote recycling, reuse, waste reduction, etc., and carry out environmental improvement and pollution prevention activities continuously.
4. To raise awareness about ESH management, we guarantee cooperation and participation between labor and management, conduct education and training for executives and employees, and announce our ESH policy and improvement results.
5. Establish, implement, and maintain continuous improvement activities that prevent safety and health incidents and minimize environmental impacts.

※ The ESH policy must be communicated and implemented to all employees within the company, and regular reviews are continuously conducted to verify that it is continuously effective. By disclosing our ESH policy to interested parties, we demonstrate our commitment to improvement.

### Safety and health budget classification

We have created a safety and health account in a shared account to separate safety and health management costs and systematized the account so that it can be used only for the purpose of securing safety and health. In addition, we strive to secure an effective and reasonable budget for workplace safety and health management by regularly checking the size and appropriateness of the budget by aggregating the performance of the safety and health budget every year.

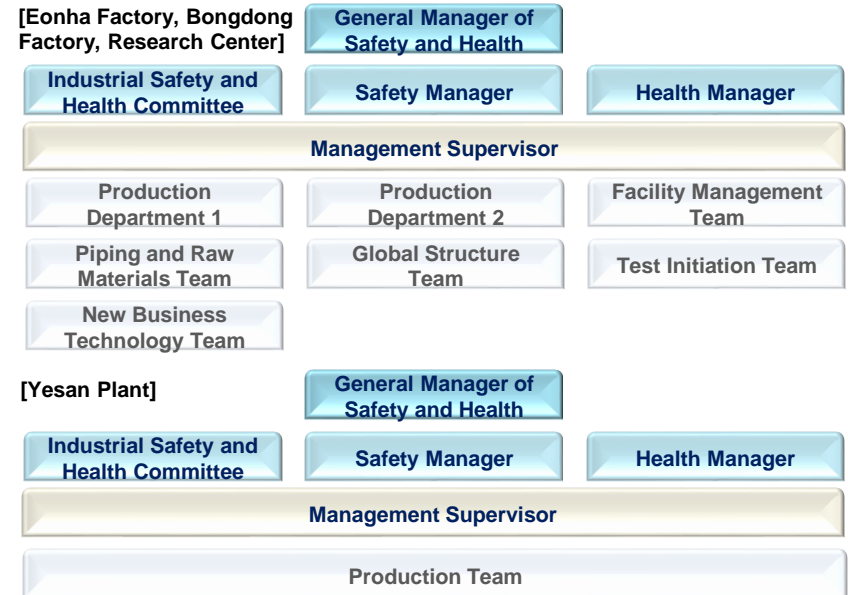
#### [Total amount of safety and health consumption in 2022]

(Unit: KRW 1 million)

Category	Yeongcheon Plant	Yesan Plant	Total
Safety inspection, etc.	160	60	220
Accident-Free Rewards and Others	65	25	90
Measuring the Working Environment	21	7	28
Health Checkup and Others	210	30	240
Quarantine	3	1	4
<b>Total Sum</b>			<b>582</b>

## Safety and Health Management Organization and Activities

HWASHIN manages an organization for safety and health management and has legally necessary personnel such as a safety and health general manager, safety manager, health manager, and management supervisor as members based on the Industrial Safety and Health Act. Members are clearly aware of the duties and roles that fit their position and are managing the site according to the work process. The Occupational Safety and Health Committee has been established every quarter to identify and consult on risk factors that exist in the workplace with both the labor and management sides. We strive to create the best working environment.



### [Industrial Safety and Health Committee (Quarterly Basis)]

Category	Eonha Factory	Bongdong Factory	Yesan Plant
Q1	2022 safety and health management plan (draft) review	2022 safety and health management plan (draft) review	2 other matters related to worker safety and health education
Q2	2022 company-wide "risk assessment" registration and "safety goal" review	2022 company-wide "risk assessment" registration and "safety goal" review	3 other matters related to health management such as health checkups for workers
Q3	Risk of tipping because of falling off welding wire bogie "bracket" and 1 other case	Risk of tipping because of falling off welding wire bogie "bracket" and 1 other case	Compliance with the Serious Accident Punishment Act Matters related to factfinding inspection and 3 other items
Q4	Consultation on safety and health management plan (draft) for 2023	Consultation on safety and health management plan (draft) for 2023	Industrial accident prevention establishment and 3 other matters

**[Performance of Labor-Management Safety Inspections]**

(Unit: cases)

Category	Eonha Factory	Bongdong Factory	Yesan Plant
Improvement/target	16/17	25/25	10/10
Improvement progress (%)	94.1%	100%	100%

**[Improvements Based on Risk Assessments]**

(Unit: cases)

Category	Eonha Factory	Bongdong Factory	Sum
Matters to improve	131/131	98/98	229/229
Improvement progress (%)	100%	100%	100%

**[Contractor Management Activities]**

Category	Eonha Factory	Bongdong Factory	Yesan Plant
Companies Current Situation	OURHOME, HRDAIN DOWON CORPORATION, SAMYOUNG CORPORATION	OURHOME, KUMHO TIRE Korea Green Resource Co., Ltd.	HR Dine, JSG, Deokin Enterprise
Contractors Councils	24 agendas		15 agendas
Joint Safety Inspections	13 agendas / 13 improvements		11 agendas / 11 improvements

**Safety and Health Training**

HWASHIN always pays attention to every employee's health and safety and executes mandatory training on safety and health annually for workers to raise awareness of safety. Education related to this is largely divided into regular safety and health education, special safety and health education, and statutory job training, and details for each item are as follows.

**[Regular Safety and Health Training]**

Month	Subject	Month	Subject
1	Seasonal health care (winter)	7	Forklift safety work method
2	Prevention of industrial accidents for accident-free workplaces	8	Overview of cranes, jamming accident
3	CPR and automated external defibrillators	9	Risk Assessment Case (Manufacturing Industry)
4	Prevention of musculoskeletal disorders	10	Seasonal health care (fall)
5	Prevention of health problems caused by confined spaces, noise, and vibration	11	Safety measures for handling heavy goods
6	Job stress management	12	Types and Contents of Industrial Accident Compensation

**[Special Safety and Health Training]**

Applicable Items Internally	Training Targets
Forklifts, Cranes, Press, Harmful substances, Industrial robots, tasks of handling electricity and fire handling	Operators of applicable items

**[Other Training Courses]**

Contents	Targets	Training Institution
Compulsory Training Courses	Safety, Health, and Environmental Manager	Korea Industrial Safety Association (KISA)
Training in Administration and Management	Office Worker / On-Site Manager	

## Enhancing Employees' Health

For employee health management, the company conducts regular health checkups every year, as well as special health checkups before and after assignments to diagnose and manage the health conditions of employees. In addition, comprehensive health checkups are provided for employees aged 41 and above and their spouses so that they can receive early diagnosis and increase the survival rate of diseases so that they can take care of themselves and their families. In addition, we strive to identify and improve harmful factors to which workers are exposed through work environment measurement, and operate a musculoskeletal harmful factor survey and management of small children, a hearing preservation program, and a closed space program to ensure that workers maintain the best health condition and working environment.

### [Health Checkups]

Category	Checkup Cycle	Checkup Items	Period of Execution	Institution in Charge	
				Yeongcheon Plant	Yesan Plant
Routine health examination	Every year	General examination, hearing, lung capacity, blood test, tooth corrosion, etc.	April	Korean Industrial Health Association	Korean Industrial Health Association
Before arrangement health examination	Before arrangement		Frequently	Special Checkups: Korean Industrial Health Association General: Dongsan Orthopedic Surgery Yesan Myongji Hospital, Hongseong Medical Center	
After arrangement health examination	After arrangement Within 2-6 months				
Comprehensive health checkups	Employee	Every three years	Between January and November Desired date	The Most Holy Trinity Hospital	Hongseong Medical Center
	Executives	Every year		Heemang Hospital	Heemang Hospital

### [Measuring the working environment]

Measurement period	Implementation schedule	Department related to measurement	Measuring institution
Semiannual 1 time	First half: March Second half: September	Production Department 1, Production Department 2, Production and Material Management Team, Test Initiation Team, Advanced Research Team, Facility Management Team, New Business Technology Team, Production Team, Business Team	Korean Industrial Health Association (KIHA) Environmental Hygiene Team

### [Other Health Improvement Programs]

Health checkups Management of abnormal findings	Hearing Conservation Program	Confined space program	Infirmary & Physical therapy room operation
Jan-Dec	May-Oct	Jan-Dec	Jan-Dec

## Safety and Health Management System

Recognizing the importance of safety and health management for executives and employees, the company regularly conducts system activities in the order of “risk assessment → organizational situation analysis and risk assessment → goal establishment and improvement,” and in the event of process changes or industrial accidents, we strive to prevent accidents for workers by conducting frequent risk assessments. In addition, we comply with relevant laws and regulations, mainly the Occupational Safety and Health Act and the Serious Accident Punishment Act, and are evaluated on the appropriateness and effectiveness of system operations through our own internal audits and third-party audits through external certification bodies to maintain objectivity and create a system optimized for our business sites.

To systematically manage safety and health and raise the level of safety and health management, we are enhancing the reliability of the safety and health management system by acquiring \*ISO 45001 certification.

\* ISO 45001  
International Organization for Standardization 45001  
Occupational Health and Safety Management System (OHSAS)

CERTIFICATE



Registration no. KS 21175 IAF Code 22  
First issue date 2018-09-13 Issue date 2021-09-13  
Expiry date 2024-09-12 Reissue date 2021-09-09

Occupational Health and Safety Management System Certificate  
**KS Q ISO 45001:2018/ISO 45001:2018**

We certify that the Occupational Health and Safety Management System of the Organization:  
**Hwashin Co., Ltd.**

is in compliance with the standard KS Q ISO 45001:2018/ISO 45001:2018 for the following products/services:  
**Design and manufacture of chassis frames, engine cradles, control arms and body parts for automotive applications  
Manufacture of oil pans for automotive applications**

General Manager  
Seung-Chan Lee



Maintenance of the certification is subject to continual surveillance audit and dependent upon the observance of Kiwa Korea's certification criteria.

**Certified Sites**  
14, Eonhagongdan 1-gil, Yeongcheon-si, Gyeongsangbuk-do, Korea  
and sites as mentioned in the appendix accompanying this certificate



IAF KQAS  
KAB-OC-31

## Declaration Ceremony for Industrial Accident Prevention

At the start of 2022, HWASHIN held the “Proclamation of Industrial Accident Prevention Ceremony.” Everyone from the CEO to the executives and employees participated, and by taking lectures on the Industrial Safety and Health Act and Serious Accident Punishment Act provided by safety and health experts, they were able to preemptively acquire legal knowledge on the newly implemented Serious Accident Punishment Act, and had time to be aware of the direction of future safety and health activities. In addition, by reading the “Industrial Accident Prevention Resolution,” we reaffirmed our will to do our best in preventing accidents with the belief that “safety” is more important than production or quality and that workers’ safety is the value of a company’s existence. Starting with the industrial disaster prevention ceremony, HWASHIN has carried out various safety and health activities, such as enacting the “four major safety rules” and disaster evacuation drills, and is still constantly thinking about securing the safety and health of workers and ensuring no accidents.



[Declaration of Preventing Industrial Hazards]

## Activities to Create a Safety Culture





HWASHIN ensures the safety of each member by acting with awareness of safety. HWASHIN is exerting various efforts to establish a safety culture, and to enhance employees’ safety awareness, the company has established safety slogans for major types of hazards and four essential safety tips, and has installed signboards throughout the company to continuously emphasize safety campaigns. In the future, HWASHIN will continue to make efforts to internalize safety awareness among employees by expanding and operating safety culture programs.



[Safety Slogan]



[Safety and Health VR Training]

<p><b>1. Daily wearing of protective equipment</b></p> <ul style="list-style-type: none"> <li>Wear basic protective gear when entering the site.</li> <li>Wear suitable protective equipment for each task.</li> <li>Wear a safety hat when entering the danger zone.</li> </ul> 	<p><b>2. Forklift-safe operation</b></p> <ul style="list-style-type: none"> <li>There should be no boarding other than for designated workers.</li> <li>Fasten seat belt.</li> <li>Maintain a speed of 10 km or less.</li> <li>Remove the key when leaving the forklift.</li> <li>Check for pedestrians and give way to driving a yield.</li> </ul> 	<p><b>3. No cell phone use while walking</b></p> <ul style="list-style-type: none"> <li>Pedestrian aisle utilization movement</li> <li>Look left and right while walking (forklift collision).</li> </ul> 	<p><b>4. Abnormal work safety management</b></p> <ul style="list-style-type: none"> <li>When working with ladders, safety helmets must be worn.</li> <li>Lines or power lines are not to be operated by anyone other than personnel.</li> <li>Install "repair in progress" signs during maintenance work.</li> <li>Inspect equipment before use.</li> </ul> 
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[The Top 4 Obligatory Safety Policies]

### Executing the Disaster Evacuation Drill

HWASHIN conducts training for all employees every year to minimize human resource loss from unpredictable natural disasters. Through repetitive training, it is possible to cope with actual situations, and education is also conducted to raise awareness and change awareness about safety. In addition, we have established a system that enables smoother evacuation and first-aid activities in case of emergency by organizing district teams for each district.



[Executing the Disaster Evacuation Drill]

### Executing the Comprehensive Firefighting Drill

HWASHIN has established a fire brigade system for prompt response and evacuation in the event of a fire and conducts comprehensive fire drills jointly with the fire departments in charge at least once a year. In addition, CPR training, which will be useful when a family member or colleague collapses, is also in progress.



[Executing Comprehensive Firefighting Drills]



[Executing Cardiopulmonary Resuscitation (CPR) Drills]

### Weekly Campaign to Highlight the Safety of Chemicals

The year 2021 was when HWASHIN initially formed the Chemical Safety Community with the Ministry of Environment to lead and operate the "Weekly Campaign to Highlight Safety of Chemicals." Through theme-specific campaign programs to prevent chemical accidents in the winter, we are awake to employees' awareness and are doing our best in chemical safety. In 2023, we plan to hold a chemical safety emphasis week program.



[Weekly Campaign to Highlight Safety of Chemicals]

### HWASHIN's Three No's Campaign

HWASHIN implements the Three No's Campaign (No obesity, No smoking, No stress) with the Yeongcheon City Health Center for employees' health care.



[Implementation of smoking cessation clinic activities]





## [Human Rights Protection]

HWASHIN is enacting a human rights policy to prevent direct and indirect human rights violations in all workplaces while practicing sustainable human rights management. This human rights policy targets all interested parties, including executives and employees of domestic and foreign corporations, as well as partner companies.

### HWASHIN Co., Ltd. Human Rights Policy

#### ① Respect for Human Rights

All members respect each other to ensure that no acts that violate human rights occur.

#### ② Prohibition of Discrimination

We respect diversity and do not discriminate in terms of employment, promotion, education, wages, etc. based on gender, race, nationality, religion, disability, age, or political views.

#### ③ Humane Treatment

Respect the privacy of executives and employees, do not treat them unreasonably, and do not engage in mental or physical abuse.

#### ④ Working Hours

We strictly follow standards for working hours and overtime work. In case of overtime work, overtime pay is paid according to the standards set by the law.

#### ⑤ Prohibition of Child Labor

By law, we do not employ children under the age of 15 and will not tolerate any form of child labor.

#### ⑥ Freedom of Association

Freedom of association and the right to collective bargaining are guaranteed, and unreasonable treatment for reasons such as joining a labor union and organizing activities is not permitted.

#### ⑦ Human Rights Protection for Local Residents

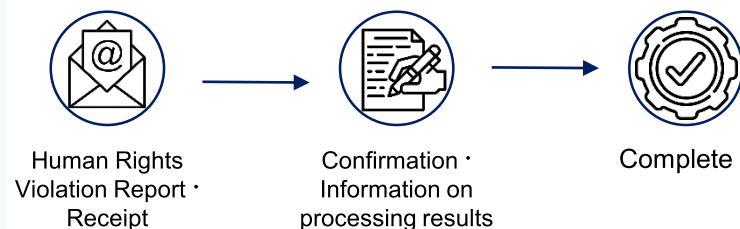
All executives and employees shall not infringe on the freedom of residence for the human rights, safety, and health of local residents while performing their duties.

#### ⑧ Assurance of Occupational Safety

Ensure a safe working environment for employees by regularly inspecting workplace facilities and equipment. Prepare appropriate measures and management plans for risk prevention.

### Operation of human rights grievance counseling and reporting system

We have an online reporting center where you can consult and report human rights violations, such as bullying and sexual harassment, in the workplace. Therefore, when there is a report or reception of human rights violations, an operating system exists so that the relevant department and relevant members strictly keep the reporter's personal information and report confidential contents and discuss specific solutions.



### Human Rights Education

HWASHIN conducts legally compulsory training for all employees every year to spread a culture of respect for human rights and to enhance members' understanding of human rights.

#### Human Rights Training Completion Rate in 2022

- Sexual harassment prevention education: 99.4%
- Disability awareness improvement training: 97.5%
- Workplace bullying prevention training: 99.2%








※ Those who have not completed the course: Leave of absence (parenting, death), etc.

## [Amicable Coexistence]

After recruiting talents, we try to provide sufficient support for employees so that they can concentrate on working, and they can appreciate their lives in general. We try to meet workers' expectations and provide efficient working environments as a significant part of creating corporate values. In addition, to establish a sound labor-management culture and provide a happy workplace, we are striving to improve the working environment by promoting various welfare systems to improve the quality of life.

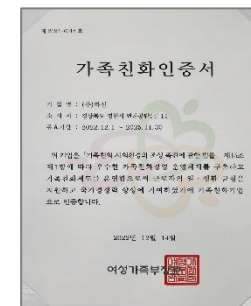
### Various Welfare Systems

At HWASHIN, the company actively supports issues that all office workers are worried about, such as the health of employees and their families, children's education, housing, and retirement plans.

Support for Home Life		Paying for a child's education / Paying for the employee's own master's or doctoral education / Bereavement assistance / Loans for housing / Loans for stabilization of livelihood / Support for infants and toddlers
Support for Company Life		Operation of commuter bus / operation of cafeteria / subsidization of team-dining expenses / Long-term employee reward
Leisure support		Support for vacation expenses / Support for recreational facilities / Support for club activity expenses / Special leave for long-term employees / Sports event
Medical Support		Regular health checkup / Comprehensive checkup for those over 40 years old / Intensive management of suspected cases / Operation of in-house fitness center / Smoking cessation clinic
Work-Life Balance		Intensive vacation system, Half a day off / Annual leave, work-from-home system, etc.

## Creating a Happy Workplace Together

To alleviate the burden of family life, such as childbirth and childrearing, as well as working mothers and working dads, HWASHIN has a system for the protection of labor rights and maternity rights and work-family balance. Recognized, we also obtained the certification of "Excellent Family-Friendly Company" from the Ministry of Gender Equality and Family.



### [Work and Life Support System]

Pregnancy-related system	Childbirth-related system	Work-family balance support system
<p><b>Maternity Protection System during Pregnancy</b></p> <ul style="list-style-type: none"> <li>- Within 12 weeks of pregnancy and Applicants among employees after 36 weeks</li> <li>- Two working hours reduced per day</li> <li>- 100% salary for reduced hours</li> </ul>	<p><b>Leave before and after Childbirth</b></p> <ul style="list-style-type: none"> <li>- Used for a total of 90 days before and after childbirth</li> <li>- 100% of ordinary wages are paid</li> <li>- Spouse child maternity leave 10 days paid</li> </ul> <p><b>Leave for Infertility Treatment</b></p> <ul style="list-style-type: none"> <li>- Leave for infertility treatment, such as artificial insemination or external fertilization</li> <li>- Granted 3 days per year (First 1 day paid)</li> </ul> <p><b>Leave for Stillbirth or Miscarriage</b></p> <ul style="list-style-type: none"> <li>- If a pregnant employee requests leave because of a miscarriage or stillbirth, 5 to 90 days are granted depending on the pregnancy period.</li> </ul>	<p><b>Parental Leave</b></p> <ul style="list-style-type: none"> <li>- Employees with children under the age of 8 or Elementary school 2nd grade or less (Employees must have a continuous service period of six months or more)</li> </ul> <p><b>Reduced Hours during Parental Leave</b></p> <ul style="list-style-type: none"> <li>- Same as the conditions of application for childcare leave</li> <li>- 1-5 hours/day (5-25 hours/week)</li> <li>- Period of use: 1 year</li> </ul> <p><b>Family Care-Related System</b></p> <ul style="list-style-type: none"> <li>- If care is needed because of a family member's illness, accident, old age, etc.</li> <li>- <b>Leave of absence:</b> 3 months</li> <li>- <b>Vacation:</b> up to 10 days</li> </ul> <p><b>Reduced Working Hours during Family Care Leave</b></p> <ul style="list-style-type: none"> <li>- To take care of your family and yourself</li> <li>- For employees aged 55 or more to prepare for their retirement</li> <li>- Possible reduction of 15-30 hours per week</li> </ul>

## Operation of HWASHIN's Welfare Funding System for Internal Labor

HWASHIN has been operating the HWASHIN Employee Welfare Fund since 2003 for the stable life and welfare of its employees. At the time of establishment, KRW 550 million was contributed, and as of the end of 2022, the total assets amounted to KRW 3,298 million and the basic assets amounted to KRW 2,889 million. The company earns an average of KRW 70 million a year from interest income on basic property and interest income on loans. Our main purpose businesses include housing loans and livelihood stabilization loans, and we will continue to review practical welfare programs needed for our employees to ensure efficient operation and management.

### [Regulations on Operating Welfare Funds]

We strive to ensure that all HWASHIN employees receive support fairly and efficiently by establishing internal fund operation regulations.

#### [Article 3] Target business

The fund executes the project expenses for the following purposes according to the solvency of the funds.

- ▶ Operating costs of clubs, expenses of sport events

#### [Article 4] Loan business

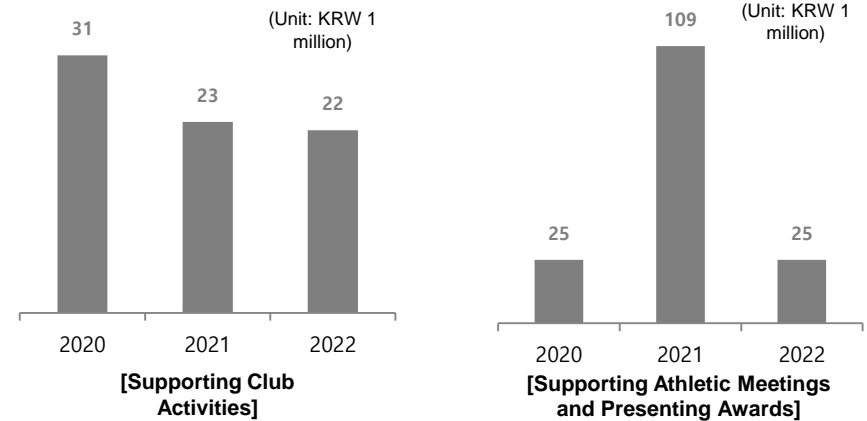
The fund executes the loan project expenses in each of the following subparagraphs according to the ability of the fund to lend.

- ▶ Purchase of (new) housing, lease funds, stability funds

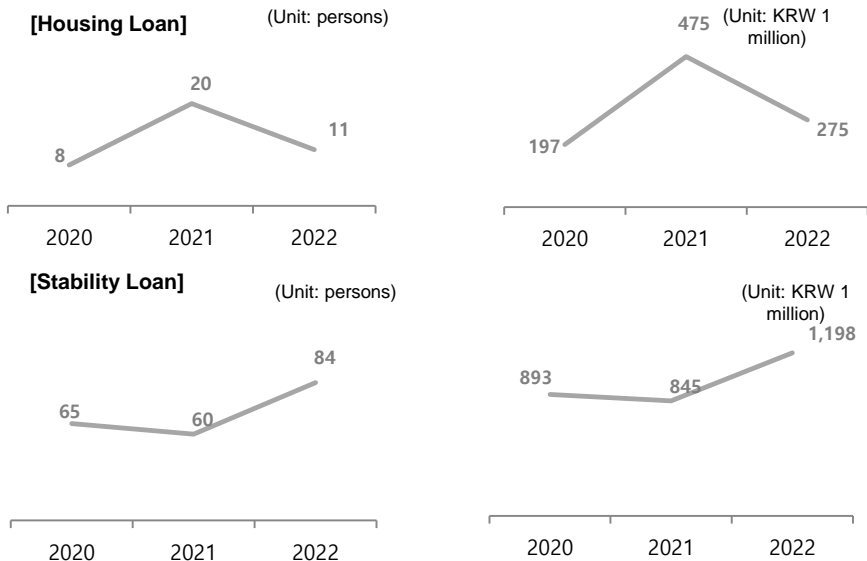
#### [Article 14] Loan Qualifications

- ① Housing funds: When applying for a loan, rent, or purchase for non-homeowners, below is the size of the national housing.
- ② Livelihood stabilization fund: Those who have other living difficulties

### [Status of Support Systems]



### [Amount of Annual Loans]



※ As of the year-end of 2021 (Noncurrent assets)

※ Housing Fund Loan: **KRW 684,686,000** / Living Stabilization Fund Loan: **KRW 1,880,824,000**

## Medical Support System

To maintain and promote the health of employees, HWASHIN conducts health examinations, comprehensive examinations, and intensive management of those with symptoms. InBody is provided to monitor the health status of employees in real time, and medicine is provided to respond immediately in case of symptoms such as cough, fever, and muscle pain. We continue to provide unsparing support for physical therapy facilities.



[General checkups, comprehensive checkups, intensive care by screening programs]

## Establishment and Operation of Health-Care Systems

HWASHIN has installed and managed InBody for each business site to establish a health management culture to improve employees' health awareness and daily life habits. We use this to encourage individual employees to check their health status and proceed accordingly.



[InBody]

## Support of Physical Therapy Facilities

HWASHIN prepares the following physical therapy facilities in each workplace to continuously support employees. We provide low-frequency therapy, infrared radiation lamp, paraffin therapy, pneumatic therapy, and other devices for employees' health and to maintain a healthy workplace. Whenever employees feel tired or uncomfortable, health-care devices are available in the medical service room in each workplace 24/7. In the future, HWASHIN will do its best to create a healthy workplace for its employees by arranging other necessary physical therapy facilities.



[Low-frequency therapy device]



[Infrared radiation therapy



[Paraffin Therapy Device]



[Pneumatic Therapy Device]

### Held a meeting for retirees

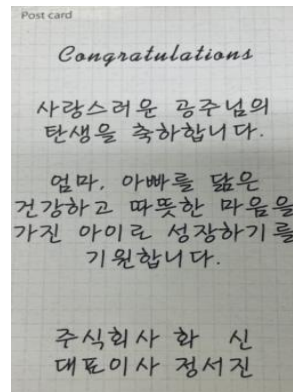
Every year, HWASHIN creates a place to thank retirees for their hard work for the company's development, and the CEO expresses his gratitude, provides retirement impressions, and delivers retirement commemorative plaques.



[Meeting to Thank Retiring Employees]

### Presents for Childbirth

To participate in the government's childbirth promotion policy, HWASHIN provides birth gifts and pays congratulatory money to employees who have given birth. In addition, HWASHIN encourages employees who will give birth to divide the 10 days of maternity leave into 1 installment.



### Appointment of a female team leader

Although small in size, our company's thirst for change is immense. By appointing the first female team leader since its foundation, we granted the rights and obligations of gender equality and set an example for female employees to break the mold of the manufacturing industry. It became an opportunity to have a horizontal and equal opportunity to abandon the stereotype that there was a glass ceiling where women generally became team leaders or executives. Based on this personnel appointment, we will further accelerate ESG management in the sense of expanding active internal and external communication and win-win management.



[Manager Myeong-  
seon Song]  
Business  
Administration Team  
Leader

### The Coffee Truck of Love

HWASHIN establishes and supports various welfare policies to raise employees' work efficiency. To encourage employees, we operate the Coffee Truck of Love after lunch to provide coffee and beverages every year.



## [Innovation of Research and Development (R&D)]

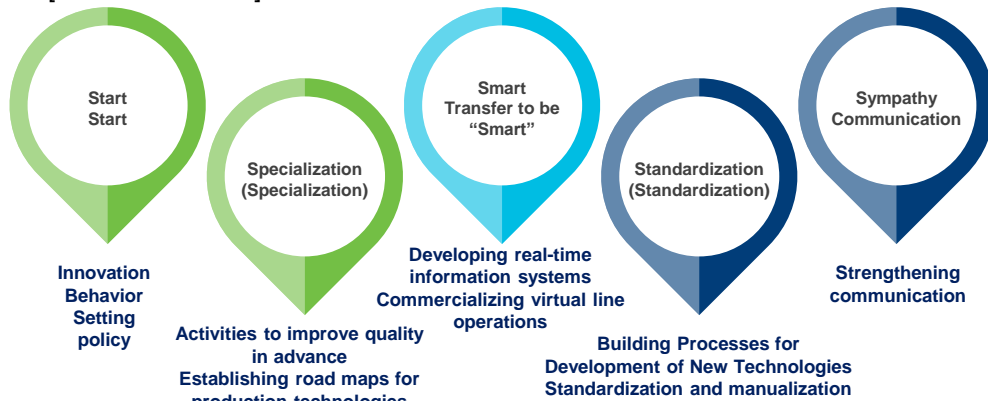
### Innovation Climate 5S (IC5S)

Today's automobile market faces drastic changes because of changing customer needs and heightened attention to next-generation eco-friendly technologies, such as internal combustion locomotives, hybrid cars, plug-in hybrid cars, electric vehicles (EVs), and hydrogen-fueled vehicles (HFVs). Amid COVID-19, global economic recession, and uncertainties in the global management environment, HWASHIN strives to overcome such issues through various attempts in R&D and investment. Accordingly, HWASHIN is striving to ensure continuous R&D through business innovation activities such as internalizing core values (securing basic physical strength to realize innovativeness), realizing management policies (establishing a value-creating work structure unique to R&D), and collaborating with customers on eastern innovation (linking R&D).

#### [Core Values]



#### [Code of Conduct]



### [Progress of IC5S Activities]

Core Values	Code of Conduct	Activities
Start	- Habitualizing innovation in everyday life	- Establishment of innovation action policy and awareness training
Specialization	- Strengthening the quality of preceding technologies in advance - Proactive prevention of quality issues occurring to new car types - Technical innovation through mid- to long-term enterprise risk management (ERM)	- Advanced prior art research and development and painting method research - Car group activities, early detection of mass production - Establish mid- to long-term vision and road map of production technologies
Transfer to be "Smart"	- Developing real-time information systems - Implementing commercial virtual line operations	- Digitalizing facility management and establish a fair trade process monitoring system - Developing the method screening program and establish the facility database
Standardization	- Establishing processes for the development of new technologies - Standardizing and manualizing	- Standardizing and manualizing various drawings
Communication	- Education and bulletin board for communication	- Monthly education courses on communication

## [COVID-19 Support for Business Partners]

HWASHIN supported small and medium-sized business partners suffering from business difficulties because of the spread of COVID-19 through the following various programs. We grow together with our partners through financial support, improvement of payment conditions, nonfinancial support, quarantine supplies, and other support. In addition, HWASHIN created a win-win growth fund of KRW 10 billion to support suppliers who are experiencing difficulties because of COVID-19 by increasing the limit and deferring repayment. HWASHIN will spare no support for its partners until the end of COVID-19 to overcome the global pandemic together with its partners.

### I. Support for safety products for suppliers

HWASHIN supports safety supplies for each of its suppliers to identify potential risk factors in advance, prevent industrial accidents, and create a comfortable working environment. We will continue to contribute to the improvement of workers' awareness through direct support to suppliers by providing safety gloves, hard hats, and safety boots.



### II. Increasing raw material unit costs

HWASHIN immediately reflects and pays the subcontract price according to the price fluctuation of the raw material unit price to its suppliers every year.

### III. Mutual Growth Fund

HWASHIN operates the HWASHIN Mutual Growth Fund for partner companies, providing smooth financial support to partner companies. After signing an MOU with Daegu Bank in 2013, HWASHIN raised KRW 10 billion through Daegu Bank to support business partners with interest rate expenses for operation loans. As a result, suppliers can reduce financial costs and smoothly procure funds necessary for the management to stably operate the supply chain.

### IV. Quarantine Supplies Support

Starting with the shortage of masks in Korea because of the spread of COVID-19 in early 2020, HWASHIN has been supporting suppliers with masks, hand sanitizers, and self-diagnosis kits as domestic products twice or thrice a year. The year 2022 will be no exception for the support above, and we will lead the way to prevent the spread of the coronavirus.



### INTERVIEW



**Sang-hoon Song**  
CEO of Giseung Industry

"HWASHIN is giving meaningful support for shared growth with its partners. I would like to express my gratitude to HWASHIN on behalf of our employees for providing quarantine supplies every year, even during difficult times because of COVID-19.

I would like to express my gratitude once again to HWASHIN for gathering a culture of coexistence together as an example, and I hope that we will overcome this difficult time together in a wise direction."

# Governance

HWASHIN places establishing a transparent governance structure as the no. 1 priority to earn the trust of interested parties. We also declare to implement ethical management and focus on systematic management of potential risks that may arise from changes in the internal and external environment. HWASHIN's Board of Directors will continue to exert more efforts to make balanced decisions for all interested parties, including customers and shareholders.

111–114 Governance

115–118 Risk Management

119–126 Shareholder-Friendly Management

127–128 Ethical and Law-Abiding  
Management

129–130 Compliance Management

131–132 Sharing Economic Value with  
Interested Parties



## [Governance]

### BOD-Centered Management

To maintain a sustainable management system, HWASHIN listens carefully to the voices of various interested parties, including customers and shareholders, through its Board of Directors, the ultimate decision-making organization that protects the interests of interested parties and propels efficient management. We are always striving to maximize profits and achieve corporate social responsibility (CSR) through regular meetings.

### Organization of the Board of Directors

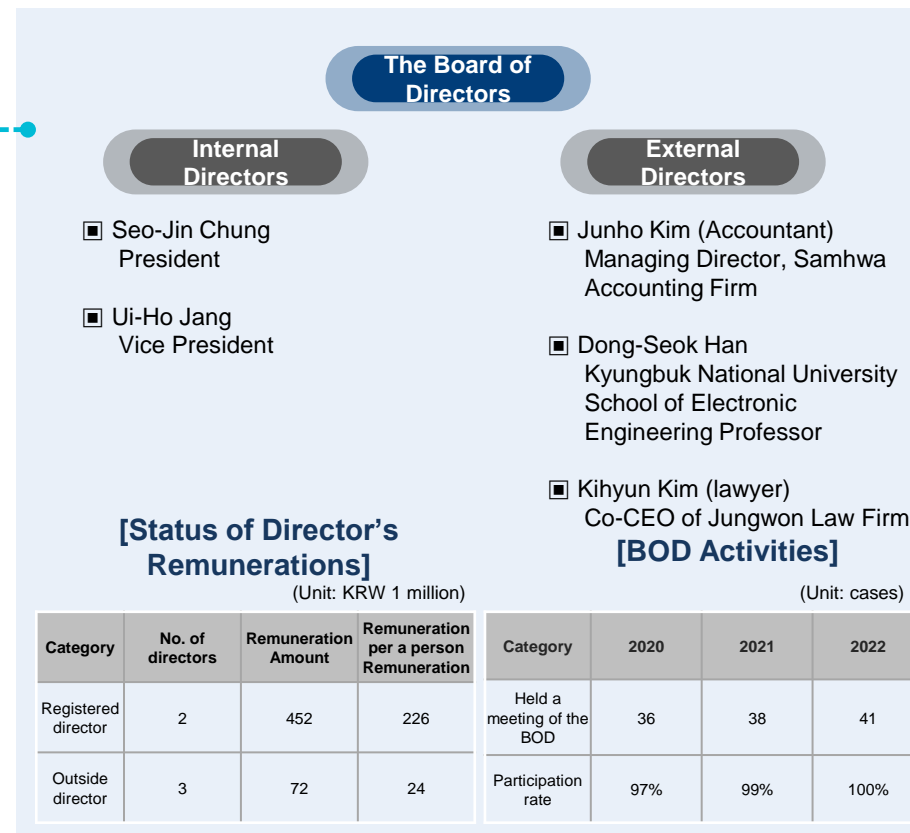
The Board of Directors (BOD) is the ultimate decision-making organization determining general corporate management matters. HWASHIN's BOD consists of five directors. In addition, to maintain professionalism and transparency, the BOD consists of two inside directors and three outside directors, and the CEO concurrently serves as its chairman in consideration of his understanding and expertise in the overall automotive industry.

### Independence of the BOD

To strengthen the independence of all directors, including our independent directors, we transparently disclose all information about our directors prior to the general meeting of shareholders at the time of their appointment, including their relationship with the nominee and the largest shareholder, and their transactions with the company. As a listed company with less than KRW 2 trillion in total assets, we have not established an outside director candidate recommendation committee in accordance with Article 542-8 of the Commercial Act.

### Remuneration and Compensation for Directors

Regarding the remuneration of directors, the company sets the remuneration through individual consultation every year, and in the case of registered and outside directors, the remuneration is implemented within the limit of the amount approved at the general shareholders' meeting.



## The Board of Directors

To ensure professionalism and objectivity in decision-making, we established the Board of Directors composed of two inside directors and five outside directors. The status of the chairman of the Board of Directors and members of the Audit Committee is disclosed in detail on our website, and we promise to work together to ensure that the Board of Directors operates effectively in the future.

Category	Name	Position	Gender	Appointment date	Term of office	Responsibilities	Major career
In-house Director	Seojin Chung	Seojin Chung (Chairman)	Male	March 29, 2022	3 years	General management	Graduated from Korea University, Business Administration US University of Rochester MBA President and CEO of HWASHIN Co., Ltd. and HWASHIN Precision Co., Ltd.
	Ui-Ho Jang	Seojin Chung	Male	March 29, 2022	3 years	Manufacturing Supervision	Former head of HWASHIN USA Corporation HWASHIN Co., Ltd. Vice President
External Director	Junho Kim	Audit Committee member	Male	March 28, 2023	3 years	Outside director/ Audit Committee member Representative	Graduated from Korea University, Business Administration Ph.D. in Business Administration, Graduate School of Korea University Certified Public Accountant, Tax Accountant Professor of Accounting at Kyungbuk National University
	Dongseok Han	Audit Committee member	Male	March 29, 2022	3 years	Outside director/ Audit Committee member	Kyungpook National University ICT · Automotive Convergence Research Center Director Kyungpook National University IT College Professor of Electronic Engineering
	Kihyun Kim	Audit Committee member	Male	March 29, 2022	3 years	Outside director/ Audit Committee member	Daegu District Court Presiding Judge Attorney at Law Firm Jungwon Co-CEO

## Audit Committee Status



Name	Position	Gender	Category	Adjunct
Junho Kim	Representative Commissioner	Male	Outside Director	Samhwa Accounting Firm Corporation
Dongseok Han	Commissioner	Male	Outside Director	-
Kihyun Kim	Commissioner	Male	Outside Director	-

### [Key roles of the Audit Committee]

- Supervision of the work of directors and management
- Approval of the selection of external auditors
- Other matters stipulated in the articles of incorporation or the duties regulations of the Audit Committee in relation to audit work

## [Risk Management]

### Internal Accounting Management

According to the revision of the Act on External Audit of Stock Companies in 2018, the level of existing internal accounting management systems changed from screening to auditing. In line with the regulation above, we readjusted the entire internal accounting management system in 2020. We additionally built a new program for effective planning and operation assessment to raise fairness and efficiency. In addition, as it will be applied to listed company headquarters and consolidated subsidiaries with total assets of KRW 2 trillion or more (with different stages of application depending on the total assets) from 2023, we plan to respond by planning and implementing the internal control system for overseas subsidiaries subject to consolidation in advance.

### Internal Accounting Management System

HWASHIN efficiently operates the internal accounting management system to proactively prevent any errors or fraudulent acts that may incur distortions when preparing and publishing its financial statements. In addition, the CEO reports operational status to the shareholders' meeting, Board of Directors, and Audit Committee.

#### Operation Management

##### Operation Information

Management of work schedule and period of control / HR Info.and approval management / System authority management

##### Scoping

Setting costs by significance / Quantitative and qualitative Evaluation / Scoping / Risk assessment

##### Standards

Risk management / Risk control matrix (RCM) management (Process level control (PLC), Entity level control (ELC) / Management review control (MRC) management

#### Assessments Management

##### ELC screening

Implementing ELC screening

##### Planning & Operation evaluation

Planning and operation evaluations / Designating the assessor / Implementing walk-through / Management of population and evidential data

##### Outcome Report

Reporting actual conditions / Managing shortcomings and supplements

## Management System of Risks in Tax Affairs

As policies and the economic environment in the car industry are drastically changing, managing risks in tax affairs has become a significant assignment for sustainable management. Accordingly, the internal accounting audit team manages tax issues through monthly tax issue checks and establishes countermeasures to reduce not only domestic tax but also international tax risks by collecting, using, and analyzing tax value issues, explanation and application of revised tax laws, and major tax precedents.

In addition, matters related to tax payment are reported according to the entire line from the viewpoint of type and importance of tax to upper management, and we do not have a separate subsidiary for tax avoidance.

As a primary automotive vendor, we own overseas local subsidiaries in the United States, India, Brazil, and China that are subject to consolidation because of our customers' overseas expansion, and we comply with the law by using the reasonable arm's length method for transfer pricing transactions with overseas subsidiaries in accordance with the Act on International Tax Coordination.

## Tax Strategies

We realize that compliance with tax laws and tax risk management not only maximizes shareholders' interests but also serves as critical elements engaging in Corporate Social Responsibility (CSR) by contributing to national finance and an essential condition for sustainable management. Based on this, we are striving to comply with the duty of faithful tax payment as a taxpayer in response to the principle of fair taxation of the tax authorities, and building a cooperative relationship of mutual trust with the tax authorities.

## Management of Risks in Tax Affairs

Our tax risk management core is "strict compliance with laws and regulations." We maintain transparent relationships with tax authorities and submit explanatory evidential documents upon request. Furthermore, as a global company, we are aware of the differences in tax laws among countries and proactively try to prevent potential risks in tax affairs. The Internal Accounting and Audit Team is aware of the risk of double taxation because of competition between taxing authorities in transfer pricing transactions, and to address this risk, we strive to establish a reasonable arm's length calculation method for international transactions with foreign entities that is consistent with domestic tax laws and transfer pricing guidelines for each type of transaction. In addition, we are faithfully fulfilling the headquarters-level support for each overseas subsidiary's tax obligations, such as corporate tax according to the tax laws of each country and the obligation to submit various materials requested by the tax authorities of the respective countries.

## Transparent Disclosure

HWASHIN transparently discloses important financial and tax information that can affect the decision-making of various interested parties through the electronic disclosure system.

## Cyber VOC

To prevent job-related irregularities, secure fairness in transactions with partners, establish a proper corporate culture, and practice ethical management, HWASHIN promotes illegal and unfair private interests of executives and employees, unfair requests, and illegal and unfair use of company assets. We operate a reporting system for violations of corporate regulations (refer to the company website for how to report).

## [Shareholder-friendly management]

### Shareholder return policy

Under the premise of maximizing shareholder profits, the company implements dividends as a major means of returning a certain portion of company profits to shareholders.

In accordance with the Articles of Incorporation, dividends are paid through the resolution of the Board of Directors and approval at the general shareholders' meeting, and the appropriate dividend rate is determined within the range of profits that can be distributed, taking into consideration the investment for sustainable growth of the company, the enhancement of shareholder value, and the business environment.

Going forward, we plan to pay out dividends in a balanced way between investing for future growth and enhancing shareholder value.

#### [Operating principles]

1. Dividend-related matters are notified in advance through the disclosure of cash and in-kind dividend decisions, and electronic notice is provided two weeks prior to the regular shareholders' meeting.
2. In the future, the mid- to long-term dividend policy will be notified in a reasonable manner.

### [Current Fiscal Year Dividend Status]

Business year	Stock type	Face value	Dividend per share	Total dividend (KRW 1 million)	Dividend payout ratio	Market price dividend rate	Par dividend rate
2022	Ordinary stock	KRW 500	KRW 100	3,292	4.4	1.3%	20%
2021	Ordinary stock	KRW 500	KRW 70	2,305	9.5	0.9%	14%
2020	Ordinary stock	KRW 500	KRW 50	1,646	-3.0	1.5%	10%
2019	Ordinary stock	KRW 500	KRW 50	1,646	24.8	1.6%	10%
2018	Ordinary stock	KRW 500	KRW 25	8,23	-1.4	1.0%	5%

## Status of Resolutions at the 47th Annual General Meeting of Shareholders

HWASHIN held the 47th regular shareholders' meeting on March 29, 2022.

The general meeting of shareholders proceeded smoothly, starting with the audit report by the Audit Committee, followed by a business report and a report on the operation of the internal accounting management system. Many shareholders attended and had time to express their opinions as shareholders despite the COVID-19 situation.

### [The 47th Annual General Meeting of Shareholders]

No. of Bills	Category	Meeting purpose	approved Whether	with voting rights Issued shares	exercise of voting rights number of shares	Number of shares in favor
						Opposition, abstention, etc.
No. 1	Ordinary resolution	Approval of the 47th financial statement	Approved	32,924,810	18,277,644 (55.5%)	18,228,623 (99.7%)
						49,021 (0.3%)
No. 2	Ordinary resolution	Appointment of director				
No. 2-1	Ordinary resolution	Appointment of inside director Seojin Chung	Approved	32,924,810	18,277,644 (55.5%)	18,080,118 (98.9%)
						197,526 (1.1%)
No. 2-2	Ordinary resolution	Appointment of Executive Director Jae-Ho Hyun	Approved	32,924,810	18,277,644 (55.5%)	18,086,493 (99.0%)
						191,151 (1.0%)
No. 3	Ordinary resolution	Election of outside directors to serve as members of the Audit Committee				
No. 3-1	Ordinary resolution	Appointment of Seong-ho Bae as an outside director to serve as an Audit Committee member	Approved	23,907,004	9,259,838 (38.7%)	8,085,653 (87.3%)
						1,174,185 (12.7%)
No. 3-2	Ordinary resolution	Appointment of Dong-seok Han as an outside director to serve as an Audit Committee member	Approved	23,907,004	9,259,838 (38.7%)	9,249,168 (99.9%)
						10,670 (0.1%)
No. 3-3	Ordinary resolution	Appointment of Ki-hyeon Kim as an outside director to serve as an Audit Committee member	Approved	23,907,004	9,259,838 (38.7%)	9,249,166 (99.9%)
						10,672 (0.1%)
No. 4	Ordinary resolution	Approval of Director Remuneration Limit	Approved	32,924,810	18,277,644 (55.5%)	17,073,585 (93.4%)
						1,204,059 (6.6%)

## Status of Resolutions at the 47th Annual General Meeting of Shareholders

### [The 47th Annual General Meeting of Shareholders (Excluding the largest shareholder and related parties)]

No. of Bills	Category	Meeting purpose	approved Whether	with voting rights Issued shares	exercise of voting rights number of shares	Number of shares in favor
						Opposition, abstention, etc.
No. 1	Ordinary resolution	Approval of the 47th financial statement	Approved	32,924,810	1,921,601 (5.8%)	1,872,580 (97.4%)
						49,021 (2.6%)
No. 2	Ordinary resolution	Appointment of director				
No. 2-1	Ordinary resolution	Appointment of inside director Seojin Chung	Approved	32,924,810	1,921,601 (5.8%)	1,724,075 (89.7%)
						197,526 (10.3%)
No. 2-2	Ordinary resolution	Appointment of Executive Director Jae-Ho Hyun	Approved	32,924,810	1,921,601 (5.8%)	1,730,450 (90.1%)
						191,151 (9.9%)
No. 3	Ordinary resolution	Election of outside directors to serve as members of the Audit Committee				
No. 3-1	Ordinary resolution	Appointment of Seong-ho Bae as an outside director to serve as an Audit Committee member	Approved	23,907,004	1,717,880 (7.2%)	543,695 (31.6%)
						1,174,185 (68.4%)
No. 3-2	Ordinary resolution	Appointment of Dong-seok Han as an outside director to serve as an Audit Committee member	Approved	23,907,004	1,717,880 (7.2%)	1,707,210 (99.4%)
						10,670 (0.6%)
No. 3-3	Ordinary resolution	Appointment of Ki-hyeon Kim as an outside director to serve as an Audit Committee member	Approved	23,907,004	1,717,880 (7.2%)	1,707,208 (99.4%)
						10,672 (0.6%)
No. 4	Ordinary resolution	Approval of Director Remuneration Limit	Approved	32,924,810	1,921,601 (5.8%)	717,542 (37.3%)
						1,204,059 (62.6%)

## Current Status of Resolutions at the 48th Annual General Meeting of Shareholders

Hwashin held the 48th regular shareholders' meeting on March 28, 2023, promising to become a company trusted by shareholders and stakeholders.

It will be held regularly every year to actively communicate with shareholders and the market.

### [The 48th Annual General Meeting of Shareholders]

No. of Bills	Category	Meeting purpose	approved Whether	with voting rights Issued shares	exercise of voting rights number of shares	Number of shares in favor	
						Opposition, abstention, etc.	
No. 1	Ordinary resolution	Approval of the 48th financial statement	Approved	32,924,810	19,274,120 (58.5%)	18,768,671 (97.4%)	
						505,449 (2.6%)	
No. 2	Ordinary resolution	Election of outside directors to serve as members of the Audit Committee					
No. 2-1	Ordinary resolution	Appointment of outside director Kim Joon-ho to serve as a member of the Audit Committee	Approved	24,110,725	10,460,035 (43.4%)	10,442,449 (99.8%)	
						17,586 (0.2%)	
No. 3	Ordinary resolution	Approval of Director Remuneration Limit	Approved	32,924,810	19,274,120 (58.5%)	19,183,346 (99.5%)	
						90,774 (0.5%)	

### [The 48th Annual General Meeting of Shareholders (Excluding the largest shareholder and related parties)]

No. of Bills	Category	Meeting purpose	approved Whether	with voting rights Issued shares	exercise of voting rights number of shares	Number of shares in favor	
						Opposition, abstention, etc.	
No. 1	Ordinary resolution	Approval of the 48th financial statement	Approved	32,924,810	2,718,420 (8.3%)	2,212,971 (81.4%)	
						505,449 (18.6%)	
No. 2	Ordinary resolution	Election of outside directors to serve as members of the Audit Committee					
No. 2-1	Ordinary resolution	Appointment of outside director Kim Joon-ho to serve as a member of the Audit Committee	Approved	24,110,725	2,718,420 (8.3%)	2,700,834 (99.4%)	
						17,586 (0.6%)	
No. 3	Ordinary resolution	Approval of Director Remuneration Limit	Approved	32,924,810	2,718,420 (8.3%)	2,627,646 (96.7%)	
						90,774 (3.3%)	



## [Ethical and Law-Abiding Management]

### Ethical and Law-Abiding Management

Based on HWASHIN's human-centered, open management value, all HWASHIN employees join hands to be trustworthy partners for our customers. Furthermore, we will fulfill our roles and responsibilities as a part of the community and be model leaders in spreading our motto—practicing upright mindsets—in the age of unlimited competition. Therefore, to maintain the dignity of each employee and the honor of the company, and to secure fairness in transactions with business partners to establish a correct corporate culture, HWASHIN has established the Code of Ethics and Compliance as a standard of correct behavior and value judgment that all executives and employees should observe and pledges to practice it.

### Basic Attitude of HWASHIN's Employees

Every HWASHIN employee shall be aware that each individual's attitude and behavior are deeply related to the company's honor and shall show a basic attitude as below to realize a sound corporate culture and strengthen the company's public trust internally and externally.

1. Always perform duties in a fair, transparent, and legal manner in handling all duties.
2. Do not engage in any form of illegal or unjust acts using superior authority and dominant position.
3. No compensation is intended for intentional delay.
4. Be courteous to each other in performing duties.
5. Conduct and report duties fairly and honestly.
6. Protect the company's property and observe strict security for the information generated in the transaction process and the company's confidential matters known in the business.
7. In relation to daily life and duties, we comply with national laws and regulations and do not engage in immoral or unethical acts that can be criticized by society.

### Code of Conduct on Ethical and Law-Abiding Management

#### 1. Prohibition of illegal and unfair pursuit of private interests

In relation to their duties, they shall not seek the following types of profits from interested parties inside and outside the company by abusing their position or authority or violating the laws or regulations of the country. (Monetary benefit, entertainment, double employment as an employee or executive, acquisition or guarantee of capital gains, provision and receipt of convenience, other money and valuables not mentioned above, and acts corresponding thereto)

#### 2. Prohibition of unreasonable requests

HWASHIN employees shall not request the following acts from internal or external interested parties by taking advantage of their higher position or amicable relationship. (Solicitation or pressure that can be criticized socially, private requests, or other requests)

#### 3. Prohibition of illegal or unfair use of company assets

The company's tangible assets, intangible assets, or management information must not be used for one's own or a third party's personal gain as follows: (Personal use without the company's approval, transfer or lending to a third party, personal use of the company's budget, expenditure other than the purpose set by the company, false entry in accounting books, use of company information assets for commercial purposes, or unauthorized leakage)

#### 4. Prohibition of acts that undermine the sound corporate culture

The following acts that harm a sound corporate culture must not be performed (disorderly conduct that may violate human rights and impede the work atmosphere, discriminatory treatment for various reasons).

#### 5. Prohibition of violation of other laws and regulations

Other daily life and duties must not violate the laws and regulations of the country.

## [Compliance Management]

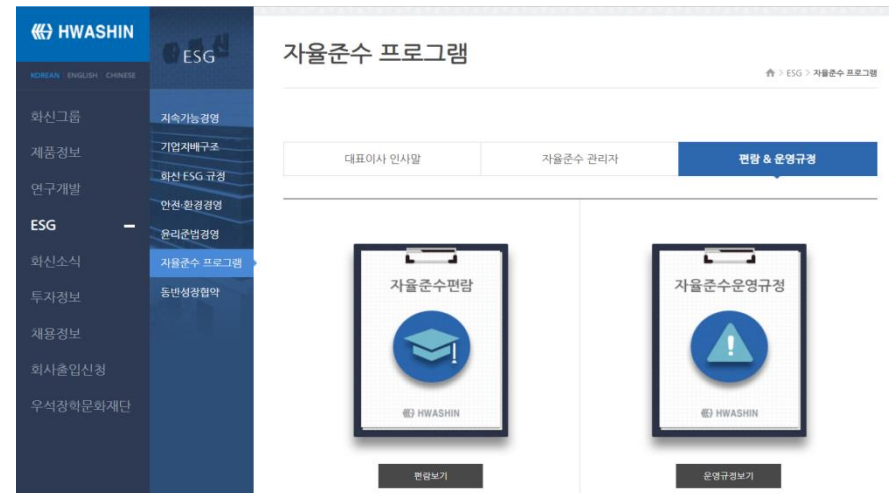
Since 2018, HWASHIN has introduced and operated the “Compliance Program (CP).” It includes the action guidelines for executives and employees based on fair trade with suppliers, and it consists of matters that our employees must abide by to comply with the Fair Trade Act and various matters related to CP operation. The CP explicitly presents a code of conduct for legal compliance so that employees can proactively prevent any acts that may be related to legal violations. Furthermore, HWASHIN is conducting regular monitoring to prevent legal violations.

### 7 Main Steps of the CP

1. Expressing the management’s commitment to autonomous compliance internally and externally
2. Appointment (designation) of a compliance manager
3. Producing a compliance handbook and distributing it to employees
4. Conducting training on fair trade for employees
5. Conducting audits to prevent law violations in advance
6. Necessity of sanctions against executives and employees who violate laws and regulations related to fair trade
7. Having good document management

## Reporting the Violation of CP

HWASHIN operates a reporting system so that employees who discover violations or potential violations of the compliance program can directly report to the compliance manager at any time. Monitoring is underway.



※ For more information on our CP manual and operation regulations, please visit our company website.

### INTERVIEW



**Jeong-Jin Lee**  
Seyeong Law Firm  
Lawyer

“Led by the CP administrator, the CP deliberation discusses the fairness and legitimacy of subcontract transactions in advance to establish fair trade orders with subcontractors. This is a CP operation that is difficult to see as a medium-sized company and is setting an example for other companies. I applaud all HWASHIN executives and employees who conduct business with suppliers based on the CEO’s strong mindset of establishing fair trade order and for working with the CP guidelines.”

## [Interested Parties]

HWASHIN's major interested parties are defined as shareholders, investors, government, employees, partners, and customers. For active communication with major interested parties surrounding HWASHIN, we strive to actively reflect opinions by utilizing communication channels for each area.

Category	Customers	Shareholders Investors	Employees	Partner Company	Government and the	Community society
Communication Channels	- Website	- General Meeting of Shareholders - DART (Disclosed data) - Website (Disclosed data)	- Intranet intranet - Cyber VOC - Labor-organization Councils	- Seminar	- MOU with the central and local government MOU	- Website - Foundation Website
Expectations matters	- Goods, technology - Product competitiveness	- Sales and Financial performance - Business prospect - Dividends	- Welfare - Education and Self-development - Wage increase - Childcare policies - Work and life balance	- Shared growth - Grievances Improvements	- Compliance - Tax payment - Community Vitalization	- Local community Communication - Social contribution Activities
Main Activities		- General Meeting of Shareholders - Dividends	- Payment for children's scholars - Support for employee training expenses - Housing loans, loan, life money loan		- Payment of National and Local taxes pay - New recruitments - Local community Donations	- Local community Scholarships

## [Distributing Economic Values]

We always endeavor to distribute economic values to our key interested parties, including shareholders, investors, the government, employees, partners, and customers. In 2022, the consolidated sales were KRW 1,690.3 billion, the operating profit was KRW 87.4 billion, and the net profit was KRW 74.2 billion. The increase in domestic OEM sales and sales of products for customers, improvement in profit and loss of major subsidiaries, and rising exchange rates of major currencies led to a sharp increase compared to the previous year.

(Unit: KRW 1 million)

Category		2020	2021	2022
Shareholders	Dividends	1,646	2,305	3,292
Creditors	Interest expenses	13,662	12,263	16,789
Employees	Salaries	103,829	108,045	128,565
	Welfare	14,696	14,540	16,100
Business partners	Inventory amount Purchase amount	849,263	915,338	1,219,021
Government and Local Government	Taxes	(Loss)	7,163	20,897
	Contribution	125	97	171

# Appendix



## Financial Performance\_Summary of Statement of Financial Position and Income Statement

(Unit: Won)

Items		2020	2021	2022	
Separate	Assets	Current Assets	299,957,241,697	311,755,617,884	382,499,216,963
		Noncurrent assets	341,267,830,122	367,712,959,745	376,971,846,081
		Sum	641,225,071,819	679,468,577,629	759,471,063,044
	Liabilities	Current liabilities	234,184,738,482	270,375,757,902	316,342,723,462
		Noncurrent liabilities	87,149,801,358	78,764,868,729	72,892,632,667
		Sum	321,334,539,840	349,140,626,631	389,235,356,129
	Equity		319,890,531,979	330,327,950,998	370,235,706,915
	Sales		708,778,761,902	724,967,783,499	946,869,044,715
	Cost of sales		659,821,347,410	688,306,003,561	863,147,644,327
	Sales operation costs		46,604,840,532	43,812,644,200	52,145,965,143
	Operating income		2,352,573,960	(7,150,864,262)	31,575,435,245
Net income		(22,226,060,244)	26,057,799,975	42,735,767,055	
Consolidated	Assets	Current Assets	408,943,541,670	429,221,933,696	548,104,713,599
		Noncurrent assets	413,716,933,746	441,531,164,451	456,516,280,900
		Sum	822,660,475,416	870,753,098,147	1,004,620,994,499
	Liabilities	Current liabilities	448,156,611,698	462,971,528,845	541,172,902,992
		Noncurrent liabilities	118,843,180,658	119,339,537,914	106,584,500,685
		Sum	566,999,792,356	582,311,066,759	647,757,403,677
	Equity		255,660,683,060	288,442,031,388	356,863,590,822
	Sales		1,085,541,981,389	1,236,592,388,393	1,690,271,415,164
	Cost of sales		1,028,521,343,497	1,135,045,552,110	1,516,259,501,039
	Sales operation costs		68,298,731,846	77,389,615,933	86,648,955,370
	Operating income		(11,278,093,954)	24,157,220,350	87,362,958,755
Net income		(54,248,883,110)	24,367,674,191	74,211,911,444	

\* Refer to Data Analysis, Retrieval and Transfer System (DART)

## Nonfinancial Performance \_Social

Category		Unit	2020	2021	2022
<b>Employee Status</b>					
Employment Type	Regular	People	847	833	<b>841</b>
	Irregular	People	72	81	<b>92</b>
	Sum	People	919	914	<b>933</b>
New recruitments	Regular	Male	9	20	<b>50</b>
		Female	-	-	<b>4</b>
	Sum	People	9	20	<b>54</b>
	Irregular	Male	67	52	<b>76</b>
		Female	5	3	<b>3</b>
Sum	People	72	55	<b>79</b>	
Gender	Male	People	877	874	<b>892</b>
	Female	People	42	40	<b>41</b>
Female management Workforce	Manager	People	9	13	<b>14</b>
	Senior Assistant	People	17	17	<b>19</b>
	Associate	People	10	5	<b>5</b>
Region/country	Vietnam	People	1	1	<b>1</b>
Employees with disabilities	Number of employees	People	27	28	<b>30</b>
	Percentage	%	3	3	<b>3</b>
Turnover rate		%	3	4	<b>6</b>
<b>Parental Leave</b>					
Parental Leave Target number of people	Male	People	229	223	<b>220</b>
	Female	People	14	13	<b>13</b>
Parental Leave Employees	Male	People	2	5	<b>8</b>
	Female	People	5	3	<b>2</b>
Parental leave hours Reduced number of people	Male	People	-	1	<b>3</b>
	Female	People	2	1	<b>-</b>
after parental leave returnee	Male	People	4	1	<b>9</b>
	Female	People	2	3	<b>4</b>
Retirement pension	Cumulative amount	KRW 1 million	37,158	40,531	<b>52,238</b>

Category		Unit	2020	2021	2022	
<b>Social contribution</b>						
Donations*		KRW 1 million	210	217	<b>333</b>	
<b>Labor Union Status</b>						
No. of members		People	894	886	<b>904</b>	
No. of registered employees		People	435	406	<b>413</b>	
Registration percentage		%	49	46	<b>46</b>	
<b>Training</b>						
No. of trainees		People	930	2,279	<b>2,510</b>	
Training hours		Time	26,863	15,348	<b>18,765</b>	
Training expenses		KRW 1 million	33	62	<b>83</b>	
<b>Performance of Health Checkups</b>						
Number of regular health checkups*		People	711	692	<b>755</b>	
Total number of employees for comprehensive health checkup*		People	208	256	<b>254</b>	
<b>Status of Industrial Accidents</b>						
Number of victims*	Accidental disasters	Regular	People	-	-	<b>3</b>
		Irregular	People	-	-	<b>-</b>
	Pathogenic disasters	Regular	People	-	1	<b>1</b>
		Irregular	People	-	-	<b>-</b>
<b>Legal Violations</b>						
Date		Cases	-	-	<b>-</b>	
Violations details		Cases	-	-	<b>-</b>	
Sanctions		Cases	-	-	<b>-</b>	

\* Donation is the sum of HWASHIN donations and the cost of carrying out the purpose of the scholarship foundation

\* The regular health checkup is stipulated under the law.

\* Comprehensive employee health check-up is provided to employees over the age of 40 and their spouses. It is for health checkup.

\* Scope of calculation of the number of casualties: Eonha Factory, Bongdong Factory, Technology Research Center, Yesan Factory

## Nonfinancial Performance \_Environment

### Amount of Energy Used

(Unit: TJ)

Items	Place Used	Amount of Energy Used		
		2020	2021	2022
Power	Production line, etc.	305	327	335
Fossil fuels	Field heating and others	59	69	78
Renewable energy	-	0	0	0

\* Calculation range: Eonha Plant, Bongdong Plant, Maeho Plant, Technology Research Center, Pyeongchon Advanced Research Center, Yesan Plant

### Greenhouse gas emissions

(Unit: tCO<sub>2</sub>-eq)

Category	2020	2021	2022
Direct emissions (Scope 1)	3,314	3,819	4,094
Indirect emissions (Scope 2)	14,595	15,650	16,018
<b>Total (Scope1+2)</b>	<b>17,909</b>	<b>19,469</b>	<b>20,112</b>

\* Calculation range: Eonha Plant, Bongdong Plant, Maeho Plant, Technology Research Center, Pyeongchon Advanced Research Center, Yesan Plant

\* Scope 1: LNG gas, LPG gas, Gaseous waste, Gasoline, Diesel, Kerosene \* Scope 2: Electricity

## Nonfinancial Performance \_Environment

### Air pollutants

(Unit: ton)

Items	Workplaces	2020	2021	2022
Dust	Eonha Factory Building	0.10	0.10	0.13
	R&D Center	0.04	0.02	0.04
	Bongdong	0.01	0.02	0.01
	Yesan	0.53	0.24	0.14
SOx	Eonha Factory Building	0.24	0.42	-
	R&D Center	-	-	-
	Bongdong	-	-	-
	Yesan	0.38	0.37	0.02
NOx	Eonha Factory Building	0.12	-	0.52
	R&D Center	-	-	-
	Bongdong	-	-	-
	Yesan	0.03	0.09	0.40

\* Air pollution was measured by Global Environment Measurement Co., Ltd., Doohyeon E&C Co., Ltd., and Samyang Construction Environment Research Center Co., Ltd.

\* Measurements may change because of changes in inputs to the process, changes in legislation, or other reasons.

### Number of violations of environmental laws

Category	Unit	2020	2021	2022
Number of violations of environmental laws and regulations	Cases	-	-	-

\* Based on fines and penalties of KRW 10 million or more

### Water pollutants

Items	Standard value	Workplaces	2020	2021	2022
pH	5.8–8.6	Eonha	7.00	7.30	7.20
		Yesan	-	-	7.20
B O D	80 mg/L	Eonha	7.90	2.90	4.30
		Yesan	1.70	-	1.70
C O D	90 mg/L	Eonha	31.30	27.00	-
		Yesan	15.70	-	-
T O C	50 mg/L	Eonha	-	-	45.9
		Yesan	-	-	8.9
S S	80 mg/L	Eonha	13.80	27.00	13.7
		Yesan	1.80	-	3.0
n - H	5 mg/L	Eonha	Undetected	Undetected	Undetected
		Yesan	-	-	Undetected
T - N	60 mg/L	Eonha	2.05	4.58	3.89
		Yesan	-	-	1.23
T - P	8 mg/L	Eonha	0.56	3.99	1.24
		Yesan	-	-	0.22
Zn	5 mg/L	Eonha	3.57	1.86	1.35
		Yesan	1.03	-	0.28
Cu	3 mg/L	Eonha	Undetected	0.01	Undetected
		Yesan	-	-	-
A B S	5 mg/L	Eonha	0.05	0.03	Undetected
		Yesan	-	-	Undetected

\* The water quality was measured by the Earth Environment Measurement Corporation, DOOHYUN E&C, and Samyang Construction and Environment Research Institute.

\* Measurements may change because of changes in inputs to the process, changes in legislation, or other reasons.

\* Technology Research Center, Bongdong Factory: Entire amount consigned

\* Excluding COD measurement and adding TOC measurement as of 2022



## Nonfinancial Performance \_Environment

### Eco-friendly investment performance and future plans

(Unit: KRW 1,000)

Category	Investment Details	Execution cost
Performance in 2022	1 Development of aluminum extrusion application technology	96,070
	2 Development of recycled carbon fiber applied products	9,500
	3 Development of plasma-applied chassis parts	172,392
	4 Development of aluminum products using high-strength casting alloy technology	56,000
<b>Sum</b>		<b>333,962</b>
Plans on 2023	1 Research and development of lightweight products with plasma technology	329,000
	2 Development of low-carbon, eco-friendly Giga-grade steel plate-applied chassis parts	600,000
	3 Development of recycled carbon fiber applied products	43,524
	4 Promotion of LCA for carbon neutrality	-
<b>Sum</b>		<b>972,524</b>

### Performance of major raw and subsidiary materials (2022)

(Unit: kg)

Category	Eonha Factory	Bongdong Factory	Yesan Plant	Sum
Coil	-	45,416,524	-	45,416,524
Welding wire	507,750	707,760	341,400	1,619,910

\*Based on coil/welding wire inventory

### Use of Hazardous Chemicals & Chemical Emissions (Unit: kg)

Category	2020	2021	2022
Hazardous Chemical Substance Usage	9,125	9,910	9,020
Chemical Substance Emissions	3,571	2,692	3,570

### Waste discharge and recycling rate

(Unit: kg)

Category	2020	2021	2022
Designated Waste	63,420	66,910	70,940
General Waste	466,100	596,000	591,930
<b>Sum</b>	<b>529,520</b>	<b>662,910</b>	<b>662,870</b>
Recycled amount	318,790	385,260	375,640
<b>Recycling rate (%)</b>	<b>60</b>	<b>58</b>	<b>57</b>

### Water usage

(Unit: m<sup>3</sup>)

Category	Year	Eonha Factory	Bongdong Factory	Yesan Plant	Sum
Water intake	2021	57,127	11,949	26,407	95,483
	2022	44,290	5,856	25,138	75,284
Water Consumption	2021	26,622	11,643	3,150	41,415
	2022	24,057	5,548	2,951	32,556
Water discharge (Wastewater)	2021	30,505	306	23,257	54,068
	2022	20,233	308	22,187	42,728

### Water reuse performance

(Unit: m<sup>3</sup>)

Category	2021	2022
Water Consumption	31,991	23,617
Water reuse amount	3,759	1,389
<b>Water reuse rate (%)</b>	<b>12</b>	<b>6</b>

## Greenhouse Gas Verification Statement

This assurance statement was prepared at the request of HWASHIN Co., Ltd.

### Verification Scope

This assurance statement was prepared at the request of HWASHIN Co., Ltd.

LRQA was requested by HWASHIN Co., Ltd. to provide verification on the 2022 greenhouse gas inventory (hereinafter the "Report").

The report covers both direct and indirect greenhouse gas emissions.

The geographical boundaries of HWASHIN Co., Ltd. include the operation of four factories and two R&D centers. The organization's primary activity is automotive component manufacturing, and GHG emissions have been integrated using an operations management approach.

### Management Responsibilities

Responsibility for compliance with the "Guidelines for Reporting and Certification of Emissions under the Greenhouse Gas Emissions Trading Scheme," related claims and reports, and responsibility for maintaining effective internal management of data and information lie with the management of HWASHIN Co., Ltd. The responsibility of LRQA is limited to the assurance work of the report under the contract with HWASHIN Co., Ltd.

Ultimately, the report was approved by HWASHIN, Co., Ltd. and is under the responsibility of HWASHIN.

### LRQA's Approach

Lloyd's assurance engagement was conducted in accordance with the "Guidance on Assurance for the Operation of Greenhouse Gas Emission Trading Systems" to provide reasonable assurance that the GHG data in the HWASHIN Report is in accordance with the "Guidance on Reporting and Certification of Emissions from Greenhouse Gas Emission Trading Systems."

To draw verification conclusions, verification activities were conducted through sampling, and in particular, the following activities were conducted.

- Conducted a site tour of the facility and reviewed the process related to the management of GHG emission data and records
- Interviews with relevant personnel responsible for the management of GHG emissions data and records
- The greenhouse gas emission data and records for 2022 were verified at the source data level.

### Assurance level and importance

In accordance with the contract, verification was conducted with a reasonable assurance level and a materiality standard of 5%, and the verification opinion expressed in this verification statement was derived accordingly.



### Opinion of Lloyd's Register

Based on our approach, we are satisfied that the direct GHG emissions and indirect GHG emissions summarized in Table 1 below are accurate in all material respects and that the report complies with the Guidance on Reporting and Certification of Emissions from Greenhouse Gas Emissions Trading Scheme.

Date: April 20, 2023

**Chan-sik Yoon**

Senior Examiner

On behalf of LRQA

2F, T-Tower, 30 Sowol-ro 2-gil, Jung-gu, Seoul, Republic of Korea

LRQA reference number: SEO00001277

**Table 1. HWASHIN's Greenhouse Gas Inventory 2022 Summary**

Reporting Scope of Greenhouse Gas Emissions	Tonnes CO2e
Direct Greenhouse Gas Emissions	4,094
Indirect Greenhouse Gas Emissions	16,018
Total Greenhouse Gas Emissions	20,112

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## Independent Assurance Statement

This assurance statement is for readers of the Sustainability Report and was written in accordance with a mutual contract with HWASHIN.

### Verification criteria and scope

LRQA has received a request from HWASHIN, Co., Ltd. (hereinafter "HWASHIN") to provide independent assurance on the "HWASHIN Sustainability Report 2022" (hereinafter the "Report"). This verification was conducted using AA1000AS v3 according to the verification criteria below and the materiality criteria of Moderate Level and Professional Judgment, and the scope was Type 1. The scope of verification included the operation and activities of Hwashin's domestic business sites, in particular:

Requirements included.

- Assess compliance with the AA1000 AccountAbility Principles: Inclusivity, Materiality, Responsiveness, and Impact Data and information about Hwashin's subcontractors, contractors, and other third parties were excluded from the scope of verification. Lloyd's Register's liability is limited to incarnation. As explained in the last note, LRQA assumes no obligation or responsibility to any other person or organization. Hwashin is responsible for the collection, aggregation, analysis and presentation of all data and information within the Report and for maintaining effective internal control over the Report publishing system. Finally The report has been approved by and becomes the responsibility of the avatar.

### Opinion of Lloyd's Register

As a result of the verification based on Lloyd's Register's approach, in all material respects, nothing suspected of HWASHIN's failure to comply with the following was found.

- Satisfaction of the above requirements

- Report all issues that are material to readers and interested parties; this opinion is based on a moderate level of assurance and is based on the professional judgment of the assurance practitioner as a criterion of materiality.

Note: The scope of evidence collection in the moderate level of verification is smaller than that of the high level of verification. Verification at the Moderate Level focuses on collected data rather than directly checking raw data at the business site. As a result, a moderate level of verification has a significantly lower level of assurance than a high level of verification.

### LRQA's Approach

Verification by Lloyd's Register is carried out in accordance with the verification procedure of Lloyd's Register. The following activities were performed as part of evidence collection for this verification.

- Evaluated HWASHIN's approach to interested party engagement to ensure that issues raised by interested parties were correctly identified. LRQA did this by reviewing documents and related records.
- Reviewed HWASHIN's process for identifying and determining material issues to ensure that material issues were appropriately included in the report. LRQA compared HWASHIN's reports with those of other companies to ensure that specific issues in the industry were reported in a way that allowed for comparison. LRQA also reviewed the criteria used by HWASHIN in the process of determining material issues. This was conducted to evaluate whether HWASHIN's business decision-making is based on information related to sustainable development.
- LRQA visited HWASHIN headquarters located in Yeongcheon, Gyeongsangbuk-do, and reviewed the evidence provided by HWASHIN.

### Observation

Additional observations and findings identified during the verification process include:

- Inclusivity:** No significant interested party groups that were excluded from HWASHIN's interested party engagement process were identified.
- Materiality:** There were no material issues related to HWASHIN's sustainability performance that were not included in the report. HWASHIN has established a wide range of criteria to determine which issues are material, and these criteria are not biased only on the management side of the company.
- Responsiveness:** HWASHIN has established long-term goals for reducing Scope 1 and Scope 2 greenhouse gas emissions. In the future, it is recommended that long-term goals for other important topics besides climate change-related goals be reported.
- Impact:** HWASHIN is making continuous efforts to reduce environmental impact through air pollutant management and waste reduction activities.

### Qualifications and Independence of Lloyd's Register

Lloyd's Register requires accreditation of ISO 14065 (Greenhouse Gas - Greenhouse Gas Feasibility Assessment and Requirements for Accreditation or Certification of Verification Bodies) and ISO/IEC 17021 (Conformity Assessment - Requirements for Organizations Providing Management System Audits and Certifications). We are implementing and maintaining a comprehensive management system that satisfies the requirements of Quality Control Standards 1 (ISQC1: International Standard on Quality Control 1) and the ethics of certified public accountants of the International Ethics Standards Board for Accountants (IESBA). We abide by the Code.

Lloyd's Register ensures that appropriately qualified auditors are selected based on qualifications, training, and experience. The results of all verification and certification assessments are reviewed internally by management to ensure that the approach applied is rigorous and transparent.

Lloyd's Register is a verification agency for HWASHIN's greenhouse gas emissions. It provides verification services only for HWASHIN, so independence and impartiality are not violated.

LRQA contract number: [SEO00001273](#)

May 16, 2023

**Taekyung Kim**

Verification Team Leader

On behalf of LRQA



AA1000  
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000-11/V3-SFUE5

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### **Distribution and Inquiries of Sustainability Report**

HWASHIN's Sustainability Report (Korean & English) can be downloaded as a PDF file from the website. If you have any questions about the contents of the report, please contact us at the contact information below.

#### **Contact Point for Inquiries**

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