

HWASHIN

Sustainability Report 2023

GREEN INNOVATION FOR EARTH

About This Report

Cover Story

The cover of the 2023 Sustainability Report expresses our determination to develop eco-friendly products as clean as nature itself and to grow into a sustainable corporation.



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Report Overview

This is the fourth Sustainability Report published by HWASHIN Co., Ltd. (hereinafter "HWASHIN"). HWASHIN publishes sustainability reports annually to transparently disclose to stakeholders HWASHIN's activities and outcomes for the achievement of sustainable management goals for the past year and to solicit opinions through communication with a broad base of stakeholders.

Report Standards

This report was prepared consistently with the core methods for the publication of sustainability reports. Financial information was prepared on a consolidated basis, while the reporting standards and definitions adhere to the Korean International Financial Reporting Standards (K-IFRS). Energy usage and carbon emissions volume disclosed herein are verified results. Any major changes were separately noted in the relevant sections.

Reporting Period and Scope

This report covers the period from January 1, 2023, to December 31, 2023. Some of the activities alluded to take place in the first half of 2024. Quantitative data include outcomes from the latest three years (2021–2023) to display trends by year.

Report Verification

This report is published after a thorough review by HWASHIN's Environmental, Social, and Governance (ESG) Secretariat. The financial information in the Report is data verified in an audit by Nexia Samduk, an independent auditing firm, while other information in the Report was collected from the cited sources. A third-party verification was undertaken by Lloyd's Register Quality Assurance (LRQA), an independent outside assurance and certification service. For the verification statement, see APPENDIX.

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CEO Message



CEO and President of HWASHIN, Jeong Seojin

“HWASHIN will achieve sustainable growth in cognizance of the financial and nonfinancial value of ESG despite a rapidly changing environment and will take its place among the ranks of carbon-neutral corporations through ESG management.”

Hello. Allow me to extend heartfelt respects and greetings to you, our stakeholders. This is Jeong Seojin, the CEO of HWASHIN.

I would like to express my profound gratitude to all of you who have given us your steadfast trust and support.

Though the world is still suffering from COVID-19 and uncertainty is increasing, HWASHIN is making continuing efforts to create a better future with our stakeholders and making strides as a sustainable enterprise.

We are building a transparent control structure by applying rigorous ethical and compliance management standards, and systematically managing risks on all fronts through an autonomous compliance manager. We have also established ESG management as a policy applied in the form of management indices for all management activities, and the ESG Secretariat is in operation for more integrated management.

Short-term and mid- to long-term goal achievement outcomes by area are disclosed timely for integrated and systematic ESG management across all corporate activities, and ESG information requested by stakeholders is disclosed with transparency and clarity.

HWASHIN also obtained an Environmental Management Systems (ISO 14001) certification to establish eco-friendly management practices across the company. It is taking the lead in greening through carbon emissions reduction and harmful substance management.

We would like our respected stakeholders to know:

We will expand social value and practice eco-friendly, socially responsible, and ethical management through ESG activities with full officer and staff participation, and join wholeheartedly in efforts for sustainable development with the goal of carbon neutrality.

Thank you for your generous attention, which all the officers and staff of HWASHIN hope to repay by going above and beyond.

Thank you very much.

Greeting Remarks from the ESG Committee Chairperson

“HWASHIN has been putting a board of directors–driven ESG management system into practice. As the inaugural ESG Committee Chairperson, I am making efforts for risk management by putting good ESG management practices into action.”



ESG Committee Chairperson
Kim Junho

How are you? I would like to take this opportunity to thank the shareholders and stakeholders who are unwavering in your support of HWASHIN.

I am Kim Junho, Chairperson of the HWASHIN Co., Ltd. audit committee and ESG Committee.

The world economy is still not free from a plethora of uncertain factors, including the structural weakening of the Chinese market's growth, rising interest rates, and continuous outbursts of geopolitical conflicts. The automobile industry is feeling this as well, with the decrease in rollout-ready volumes and the recent slowdown in the growth rate of the electric car market.

Of these numerous factors, HWASHIN is focused on risk management by putting ESG management into practice.

The HWASHIN ESG Committee formulates ESG strategy and policy for all stakeholders in pursuit of sustainable growth and has the role of supervising agendas for deliberation and resolution.

The ESG Committee, where all outside directors participate, will not only consider major matters, including returns-to-shareholder policies going forward, paths to carbon neutrality, eco-friendly activities, and ethical management, but also implement stronger outcome and risk monitoring. Moreover, the ESG Committee will serve as the route for the speedy communication of evaluation and outcomes of HWASHIN's ESG activities to all stakeholders.

We at HWASHIN humbly ask for your continued attention and encouragement as stakeholders as we make environmental and social values a reality based on board of directors-led responsible management.

Thank you.

Company Overview

HWASHIN is a specialized global automobile parts company. It started out 50 years ago alongside automobile manufacturers in a country with no automobile industry at the time, with an outsized dream of being a global leader in the 21st-century automobile parts industry, and showed unbreakable perseverance through every hardship and adversity. Having been active in the heart of the Korean automobile parts industry through efforts including the development of new technology through creative research, HWASHIN is now expanding worldwide with a competitive edge consisting of its enterprising spirit and cutting-edge information system based on superior technology.



Company name	HWASHIN Co., Ltd.
Date of establishment	July 1, 1975
CEO	Jeong Seojin, Jang Uiho
Headquarters location	94-2 Donam Gongdan-gil, Yeongcheon-si, Gyeongsangbuk-do Province
Main business	Automobile parts manufacturing
Officers and staff	1,258 domestic / 3,022 overseas

Financial Information

(As of December 2023, consolidated basis)

Total assets	Total capital
KRW 1,196.8 billion	KRW 445 billion
Sales	Business profits
KRW 1,802.7 billion	KRW 83.7 billion
Net profit during term	Credit rating
KRW 77.2 billion	BBB (NICE assessment information)

Domestic Plants and Affiliates

We are manufacturing products at HWASHIN plants in Yeongcheon, Gyeongsangbuk-do Province, and Yesan, Chungcheongnam-do Province. All HWASHIN products are being supplied to our corporate buyers. See below for a list of domestic plants and affiliates:



Domestic plants	Location	Personnel	Affiliate	Location	Personnel
Headquarters	Yeongcheon-si, Gyeongsangbuk-do Province	397	HWASHIN Precision Plant No. 1	Yeongcheon-si, Gyeongsangbuk-do Province	160
Technology Research Center	Yeongcheon-si, Gyeongsangbuk-do Province	497	HWASHIN Precision Plant No. 2	Gyeongsan-si, Gyeongsangbuk-do Province	84
Yesan Plant	Yesan-gun, Chungcheongnam-do Province	111	Innovill	Daeju Metropolitan City	9

Global Network

HWASHIN Co., Ltd. has networks in major countries around the world, including Korea, India, China, the United States, Brazil, and Vietnam, and is making strides toward leveraging this network into a global parts company and a leader in the automobile parts industry.



China

- Beijing branch (November 2002 / 8.41 billion / 246)
- Changzhou branch (June 2015 / 10.4 billion / 8)
- Chongqing branch (September 2015 / 15.2 billion / 84)

India

- India branch (January 2002 / 330.4 billion / 1,301)

United States

- US branch (February 2003 / 576.1 billion / 702)

Brazil

- Brazil branch (December 2009 / 163.2 billion / 509)

Vietnam

- Vietnam branch (November 2020 / 6.4 billion / 172)

* Established in / sales / personnel

Company Timeline



- 1975** Established HWASHIN Co., Ltd. production company
- 1985** Awarded the Saemaeul Medal Award for Diligence
- 1986** Awarded the USD 500 Million Export Tower
- 1987** Established the attached Technological Research Center
- 1988** Designated Grade 1 Quality Control Plant by the Office of Industry Promotion
- 1991** Established HWASHIN Precision
- 1994** Listed on the Korean Stock Exchange
- 1995** Changed trade name to HWASHIN Co., Ltd.
- 1999** Awarded the Top 100 Technology Reward under the auspices of the Ministry of Science and Technology
- 2000** Adopted ERP SAP as a whole-company management system

“Enterprise and Takeoff”
(1975–2000)



- 2002** Established Indian branch
- 2002** Established Beijing branch
- 2003** Established US branch
- 2004** Obtained the ISO 14001 system certification
- 2005** Selected as a Leading Company in New Labor and Management Culture
- 2006** Awarded the Steel Tower Industry Medal
- 2008** Awarded for contributions to the development of the automobile parts industry
- 2008** Awarded for Coexistence and Cooperation Between Large, Medium, and Small Enterprises (Prime Minister award)
- 2009** Established the Brazilian branch
- 2009** Selected as an Institution of Excellency in Human Resource Development
- 2010** Awarded the Prize for Excellence in the Republic of Korea Technology Awards (Minister of Knowledge Economy)

“Stability and Growth”
(2001–2010)



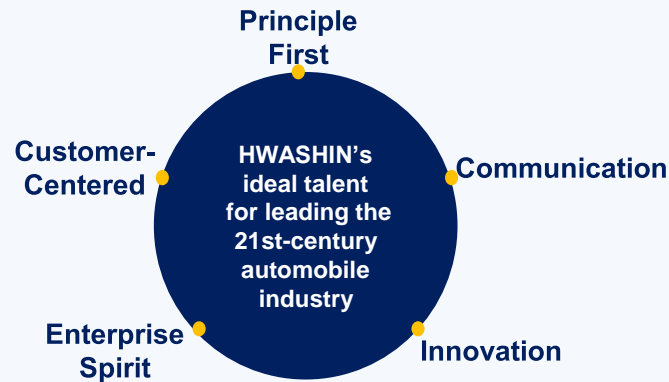
- 2011** Was awarded the Global CEO Grand Prize
- 2012** Selected as a World Class 300 company
- 2013** Obtained OSHAS certification
- 2014** Awarded the USD 300 Million Export Tower
- 2015** Established Changzhou branch
- 2015** Established Chongqing branch
- 2017** Obtained IATF 16949 certification
- 2018** Awarded for contributions to the prevention of industrial disasters
- 2018** Converted to ISO 45001 certification
- 2018** Merged SaeHWASHIN
- 2020** Established Vietnamese branch

“Globalization”
(2011–2020)

- 2021** Root Industry Contribution Award (Presidential award)
- 2022** Selected as a Root Industry Master
- 2022** Selected as a Top Materials, Parts, and Equipment Company
- 2022** Obtained Family-Friendly Company Certification
- 2022** Awarded the Fair Trade Order Establishment and Expanding a Culture of Coexistence and Cooperation Reward (Fair Trade Commission)
- 2022** Rewarded for the Supply Payment Linkage System (Minister of SMEs and Startups)
- 2023** Conducted the groundbreaking of the HWASHIN Hi-Tech Park Plant
- 2023** Established Georgia HWASHIN in the United States
- 2023** Awarded for contribution to the repatriation of overseas-expanded companies (Presidential award)
- 2023** Awarded Best in Fair Trade Pact (Five consecutive years)

“Innovation and Sustained Growth”
(2021–present)

Ideal Talent



[Nurturing Talent]



Common Competency

Core value dissemination education and business competency enhancement support the enhancement of basic work competency.



Functional Competency

Outside professional functions courses, internal functional on-the-job training (OJT) courses, and internal technical courses support individual functional competency enhancement.



Leadership Competency

Levels of leadership courses support action on the right leadership competency for the circumstances and roles.



Global Competency

Cyberlinguistic courses, intensive language courses, and language study groups support the enhancement of global competency.

The Ideal



The late President
"Wuseok" Jeong Ho
of HWASHIN

"A company should be like a rich pasture where flocks of sheep graze. Its role is like that of a ranch that supplies a fertile environment year-round.

It should fatten the sheep who are its true sovereigns. For all employees to thrive like flocks in a prosperous ranch, the company should never stop growing and innovating.

Moreover, HWASHIN will fulfill its roles and obligations as a trusted partner for customers and as a member of local communities, with all employees united under the values of human-centered management and participatory management open to all. Guided by the motto of putting good thoughts into the right action, we will lead the age of unlimited competition, which has become our reality."

Company Name Origin

和信

The company name "HWASHIN" takes after the beliefs of the late President "Woosok" Jeong Ho to capture the spirit of harmony and confidence between all members of the community.

This is the heart and soul of HWASHIN that all employees rally around, seeking to inspire trust and confidence not only from our corporate clients but also from all stakeholders. All of us at HWASHIN pursue the same dream as the late President Jeong.

Vision



“Make the leap to a global Tier 1 parts manufacturer by expanding the market.”

Market Expansion

Global major original equipment manufacturer (OEM)
Expanded contract awards from customers
Aggressively target emerging markets

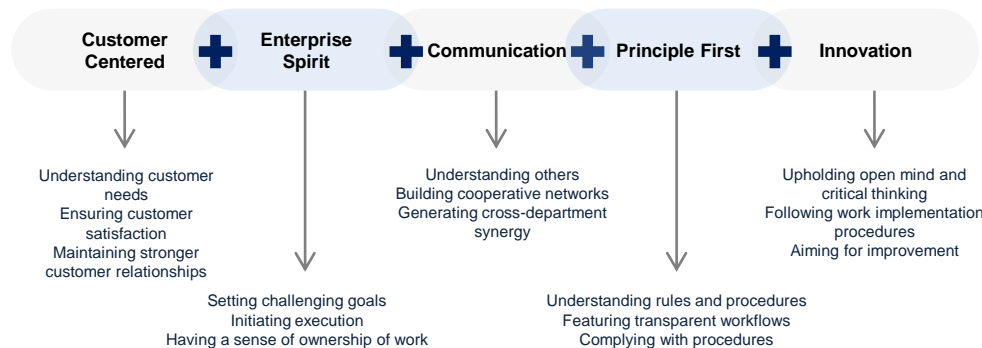
Technological Expansion

Develop high-value-added products by the application of new materials and eco-friendly technology.

Business Field Expansion

Pursue system integration projects by linking modularization and information technology.
System Integration

Core Values

**Customer-Centered**

- A HWASHIN person enhances customer satisfaction by developing products that meet customer needs and expectations.

**Enterprise Spirit**

- A HWASHIN person does not fear failure but sets higher goals for achievement out of enterprising urges.

**Communication**

- A HWASHIN person exchanges individual ways of thought and opinions on a horizontal basis.

**Principle First**

- A HWASHIN person puts weight on company regulations and procedures for transparent and fair work processes.

**Innovation**

- A HWASHIN person can lead innovation with fresh and diverse perspectives.

Certifications and Awards



ISO 14001 Environmental management systems certification

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



ISO 45001 Occupational health and safety management systems

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



ISO 22301 Business continuity management systems

HWASHIN makes efforts to maintain business continuity by restoring core functions in the minimal possible time in the face of threats to work continuity, such as disasters, accidents, and obstructions.



IATF 16949 Automotive Quality Management system

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



Award for supply payment linkage system

HWASHIN received a Minister of SMEs and Startups reward for its contributions to the spread of the supply payment linkage and mediation and consultation systems for suppliers.



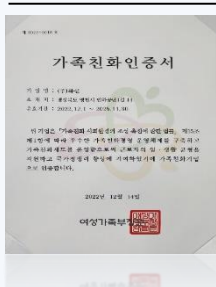
Presidential Root Industry Award

HWASHIN shares a future vision of its achievements with a stronger competitive edge in materials, parts, and equipment and in root industries, and it contributes to national industry development.



Certified for corporate excellence in labor-management culture

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



Family-friendly certification

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



Fair Trade Commission Chairperson Award

HWASHIN was awarded by the Chairperson of the Fair Trade Commission for five consecutive years with top results in recognition of our establishment of a fair trade order through fair trade pacts and our efforts in spreading a culture of coexistence and cooperation.

Overview of Major Products

With the strength of new technology, superb human resources, cutting-edge facilities, and technical prowess to secure high quality, HWASHIN is doing its best to fulfill customer needs while keeping with consumer trends in the desire for more pleasant and comfortable vehicles.

HWASHIN conducts R&D for functional parts that play the most crucial roles in vehicle durability, performance, and fuel efficiency. Our ultimate goal is the mass production of eco-friendly end vehicles through lighter, diverse materials and optimized design. In keeping with the paradigm shift from conventional internal combustion engines to eco-friendly cars, we are also developing and mass-producing battery pack cases that store the battery carrier modules in electric vehicles, and also making continued R&D efforts for the development of lighter, electric, and smart products to address the needs of future mobility in time.



[View of HWASHIN Technology Research Center]

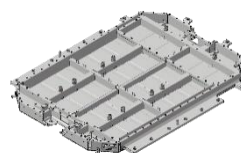
[Newly Developed Products]

AL Front Cross Member



- ▶ A part for lightweight suspension in electric vehicles
Lightweight construction improves mileage.
Supports electric motor, steering mechanism, and suspension system
Improves ride comfort by reducing road vibration and shocks

Battery Pack Case



- ▶ Battery pack case part for electric vehicles
Stores the cell module, which is the source of the energy supply
Protects internal systems and the driver from external driving conditions, fire, and explosions

[Existing Products]

FRONT CROSS MEMBER



- ▶ Supports the engine, connects the axle and frame
Arm type, steering gear box, and stabilizer bar
Absorbs vibrations, cuts off noise from the road surface or powertrain

REAR ARM



- ▶ Supports frontal, dorsal, lateral, upward, and downward force through the tire during driving; prevents abnormal movements
Absorbs or mitigates vibrations generated by the cross member and knuckle

[Existing Products]FRONT ARM

- Supports frontal, dorsal, lateral, upward, and downward force through the tires during driving; prevents abnormal movements
Absorbs or mitigates vibrations generated by the cross member and knuckle

REAR CTBA

- Installed on the rear wheels of a vehicle Absorbs shock during driving by information entered on a road, maintaining safe parameters
Compact and highly maintainable
This type boasts excellent roll and lateral stiffness.

REAR AXLE HOUSING
ASSEMBLY

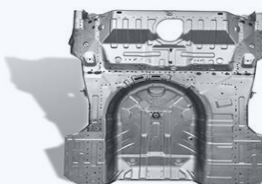
- Used on a rear-wheel drive axle-type suspension
Installed on a final reduction device to wrap around the drive shaft and disperse the axial load on the tires to the frame Installed on 1-ton or greater commercial vehicles

BUMPER RAIL

- Connects the front bumper to the vehicle
This part mitigates shock and fastens the products installed at the front of the vehicle.

SUNROOF REINF

- Provides a guiding surface to install a sunroof for opening and closing the vehicle ceiling

CENTER FLOOR
REAR FLOOR

- Connects the left and right of the frame and fastens various cables
Supplements the stiffness of the entire vehicle
The suspension system and drive parts, including the cross member and transmission, are installed on this part

Electric Vehicle Parts I

Body Control Unit (BCU)



- Processes vehicle input and output signals
 - . Lamp control functions
 - . Input switch (P, R, N, D) control functions
 - . Acceleration, deceleration, and brake functions
- Controller Area Network (CAN) communication
 - . Makes it easy to identify the causes of input and output problems

Digital Cluster



- Customer-tailored user interface (UI)
- Displays remaining battery in 10 levels
- Displays vehicle drive status and a range of other information
 - . Vehicular system errors, voltage, and electric current
 - . Mileage, travel time, vehicle identification number

Electric Water Pump (EWP)



- Cooling modules for electric vehicle motor, inverter, and battery: Integrated module for three-state Brushless Direct Current (BLDC) motor, motor control, and circulating pump
- High-efficiency, low noise, applies sensorless algorithm
- CAN and Pulse Width Modulation (PWM) capable
- Enhances driving safety and product durability with a safety verification function algorithm (patented)

Direct Current (DC) Converter



- 150 W class high-frequency transformer
- Converter circuits with PUSH-PULL topology applied
- Thermal analysis-based heat radiation
- Soft start, cuts down on ripple noise
- Secures electricity supply stability for protective functions

Motor Control Unit (MCU)



- Controls square waves and sine waves with three-state BLDC, Permanent Magnet Synchronous Motor (PMSM)
- Controls torque, speed, location, and sensor
- Field Oriented Control (FOC)
- Fail safety applied: Overvoltage, overcurrent, etc.
 - . Takes responsive measures when an error is exposed through the vehicle state and drive-related information monitoring

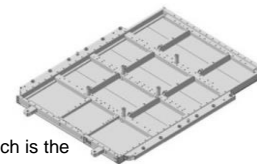
Electric Vehicle Parts II

AL Front Cross Member



- Connects, fastens, and supports the axle and frame
- First domestic development applying aluminum casting process
- Structure suited to lightweight parts
 - . Reduces the number of parts compared to steel products (by at least 70%)
 - . Reduced weight (by at least 20%)

Battery Pack Case



- Stores the battery carrier module, which is the source of an electric vehicle's energy supply
- Installed on the floor of a vehicle to prevent battery damage from foreign material on the road surface, flooding during rain, and outside force, and protects drivers from fire and explosion



AL RR L/ARM

- Supports lateral, frontal, dorsal, upward, and downward force through the tires during driving; prevents abnormal tire movements.
- Absorbs or mitigates vibrations generated by the cross member and knuckle
- Structure suited to lightweight parts
 - . Reduces weight compared to steel products (by at least 10%)

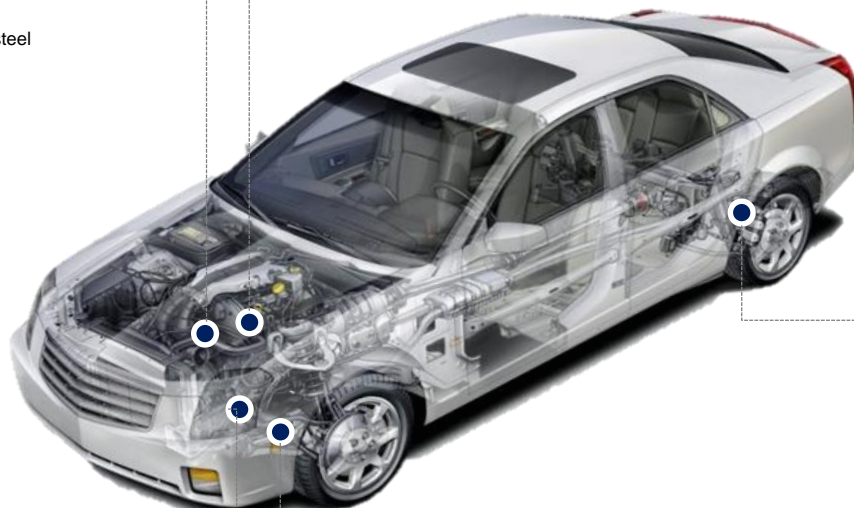
AL FR Compression ARM



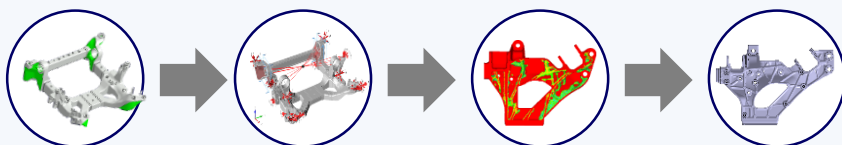
- Supports lateral, frontal, dorsal, upward, and downward force through the tires during driving; prevents abnormal tire movements
- Absorbs or mitigates vibrations generated by the cross member and knuckle
- Structure suited to lightweight parts
 - . Reduces weight compared to steel products (by at least 10%)

AL FR Lateral ARM

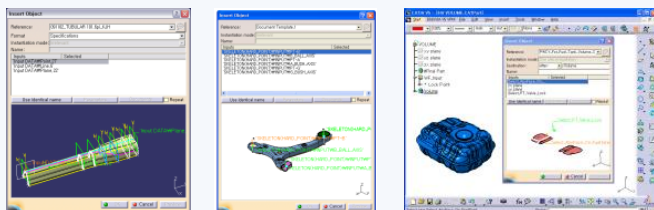
- Supports lateral, frontal, dorsal, upward, and downward force through the tires during driving; prevents abnormal tire movements
- Absorbs or mitigates vibrations generated by the cross member and knuckle
- Structure suited to lightweight parts
 - . Reduces weight compared to steel products (by at least 10%)



01. Parts Optimization Design Technology



<Optimization Design>



<Template Design>

03. Prototype Manufacture and Quality Verification

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



02. Retention and Performance Verification of High-Speed Durability Tester, Fatigue Tester, etc.



<Dynamic Load Fatigue Test>



<Static Load Fatigue Test>



<RR Compound Torsion Beam Axle (CTBA) Fatigue Test>



<Corrosion Resistance Test>

04. Computer-Aided Engineering (CAE) Preview of Parts Performance and Manufacturing Processes

내구 해석	강성/강도 해석	충돌 해석
<ul style="list-style-type: none"> • Nastran • Msc.Fatigue • Design Life <p>Front sub-frame Fatigue Analysis</p>	<ul style="list-style-type: none"> • Nastran • Abaqus • SimSolid <p>Front Sub-Frame Stress Contour</p>	<ul style="list-style-type: none"> • Pam-Crash • Ls-Dyna • Abaqus <p>Bumper Rail Crash Analysis</p>
열/유동 해석	동역학/최적화 해석	공정 해석
<ul style="list-style-type: none"> • Abaqus • SC/TEIRA <p>Battery Pack Case CFD Analysis</p>	<ul style="list-style-type: none"> • Adams • Optistruct • Inspire <p>System Analysis</p> <p>Concept Model</p> <p>Optimization Analysis</p> <p>Final Model</p> <p>Optimization Analysis</p>	<ul style="list-style-type: none"> • Pam-Stamp & AutoForm • SysWeld & Visual Assembly • ProCast <p>Stamping Analysis</p> <p>Welding Analysis</p> <p>Casting Analysis</p>

Summary of 2023 ESG Performance

Performance in Main Areas

Korea Institute of Corporate Governance and Sustainability
combined ESG evaluation rating in 2023: B+



For all plants by 2050:

**Establish carbon
neutrality goals**



Stronger legal standards
for pollutant management:

**Stronger self-reported
measurement standards**



For local habitats:

**Biodiversity
Conservation**



Five years running in fair trade pact
implementation

Top scores



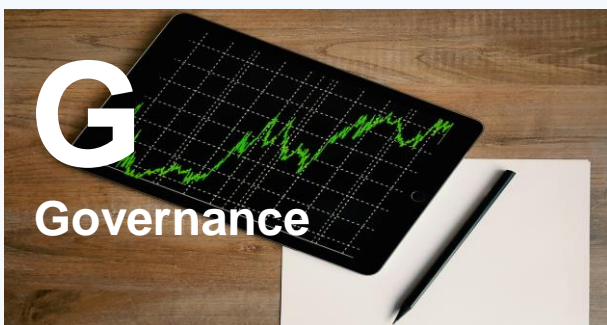
Selected by the Ministry of SMEs and Startups
for the supply payment linkage system:

Win-Win Corporation



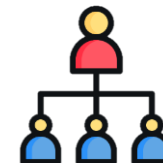
Contributions and donations for

**Value-creation in local
communities**



Private bonds for electric vehicle parts
development

Issued green bonds



Under the board of directors:

**Established the ESG
Committee**



Enacted and amended anti-corruption
ethical code and policy

**Cross-company ethical
management practices**

ESG Management Governance

HWASHIN's ESG Management

In rapidly changing internal and external business conditions, HWASHIN seeks to lead innovations in the eco-friendly industry to make the leap to a sustainable global company and contribute to the advancement of Korean society.

We also seek to meet our social obligations by participating actively in environment conservation activities and maintaining relationships of shared growth with our suppliers in business operations. HWASHIN is communicating the social value achievements we generate to diverse external stakeholders as a continuous expression of our attention to and determination to persist with ESG management.

HWASHIN ESG Operation Consultation Body

To establish an ESG management system, HWASHIN organized an ESG Secretariat under the auspices of the CEO and is applying ESG management indices to all management activities for integrated and systematic ESG management.



HWASHIN's Transparent and Systematic ESG

HWASHIN supports sustainable value-creation activities for better lives and a cleaner Earth. We have enshrined the establishment of a sustainable management system as a management policy for the pursuit of company-wide ESG management and announced our ESG management policy to all members domestically and overseas. We also select core tasks based on the operation of the internal ESG Committee and design life cycle management processes for the core tasks to achieve integrated management. Under the lead of the ESG Secretariat, HWASHIN analyzes, improves, and supplements internal environment, social, and governance management activities in keeping with international codes of conduct.

HWASHIN's unique "small but strong" ESG management strategy is our answer to the new corporate roles and responsibilities as we ponder how a company realizes the greater good, not only socially but in the world.

As you can see, HWASHIN is changing in response to the importance of ESG and the changing roles of corporations, a process every member of our community takes pride in.



Environmental Management Policy

- Obtained an international standard certification to stabilize a system of environmental management and pursue environmental management



Human Rights Policy

- Enacted and operated a human rights policy framework



Supplier Code of Conduct

- Establish a sustainable supply chain through transparent management with suppliers.



Ethics Charter and Practice Norms

- Meets social responsibilities by enacting an Ethics Charter to be a trustworthy company

[Posted on website: https://www.hwashi.co.kr/kr/esg/esg_rule_4.do]

Creating Eco-Friendly Workplace

Efforts to conserve endangered species in production plant regions

HWASHIN places importance on the value of biodiversity and its conservation and considers the environment and biodiverse ecology firsthand in management activities. To this end, we have identified the status of endangered wild species around production plants and cleaned upstream environments every year and from time to time to prevent habitat destruction.



Otter



White-tailed sea eagle



Suwon tree frog



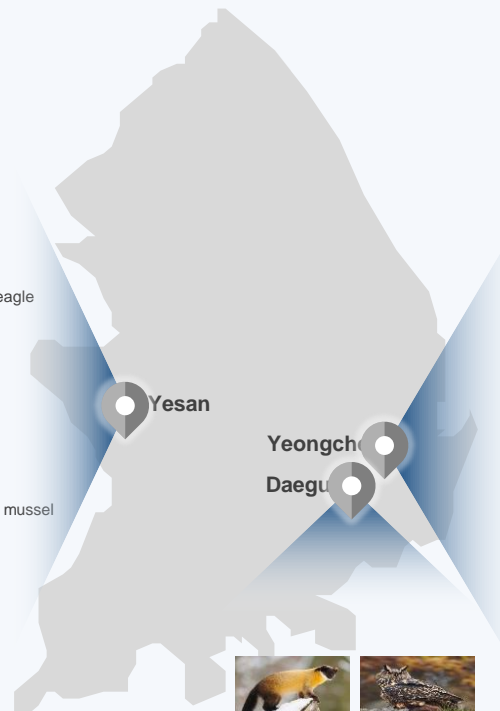
Cockscomb pearl mussel



Leopard cat



Ural owl



Korean stumpy bullhead



White nose loach



Far Eastern brook lamprey



Gray-backed thrush



Otter



Stoat



Eurasian eagle owl



Mandarin duck



Eurasian sparrowhawk

Ecology management

HWASHIN is engaged in monthly environmental cleanup activities at the outskirts of company premises and around streams for biodiversity conservation, picking up waste such as plastic bags and glass shards. We are also voluntarily measuring the water pollution levels of the Geumho-gang River to track and manage the ecological effects of wastewater produced by the plants.



Classification	Yesan	Yeongcheon	Daegu
Class 1 endangered species	White-tailed sea eagle Suwon tree frog Cockscomb pearl mussel Leopard cat Ural owl	Korean stumpy bullhead White nose loach Otter Far Eastern brook lamprey	Stoat Eurasian eagle-owl Eurasian sparrowhawk
Endangered species for observation		Gray-backed thrush	Mandarin duck (natural heritage)

Groundbreaking Ceremony for Electric Vehicle Parts Production Plant

HWASHIN constructed an additional automobile lightning and electronic vehicle parts production plant in the Yeongcheon Hi-Tech Park Zone. This is the first corporation to move into the Yeongcheon Hi-Tech Park Zone, and we plan to construct new electronic vehicle battery and automobile chassis lighting production plants on a site of over 1,800 m², investing KRW 80 billion by the year 2025.

This is expected to create over 500 new jobs, including direct employment and indirect employment at suppliers, and to make advance contributions to climate change responses by installing solar energy facilities and producing eco-friendly parts.



Criticality Analysis

HWASHIN conducted criticality analyses according to the principles of “stakeholder inclusiveness,” “context of sustainability,” “criticality,” and “completeness,” comprehensively reviewing the focus of and business impact on internal and external stakeholders. We assembled a pool of major issues related to HWASHIN's sustainable management activities by analyzing international standards, benchmarking advanced enterprises, analyzing internal status, etc. Based on the major issues that were identified in this way, we quantified “stakeholder interest” and “business impact” to set our priorities. Stakeholder interest was assessed based on the validity of the impact of business costs, earnings, and risk on the stakeholders, while the business risk assessment considered the financial and nonfinancial impact on corporate management activities and linkages with management policy. Seven core issues were ultimately derived through the criticality analysis:

The Criticality Analysis Process

01. Identify ESG Issues

- Composition of issue pool (identified a total of 12)
- Take Global Reporting Initiative (GRI) Standards, United Nations (UN) Sustainable Development Goals (SDG), Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD), and Korean Environmental, Social, and Governance (K-ESG) indices on board.
- K-ESG - Analyze ESG issues and Voice of the Customer (VOC) feedback in similar industries.

Order	Issue Pool	Order	Issue Pool
1	Carbon neutrality	7	Ethics and compliance
2	Climate change risk	8	Information protection
3	Resource cycling	9	Fair trade
4	Eco-friendly products	10	Risk management
5	Shared growth	11	Returns-to-shareholder policy
6	Safety and health	12	Biodiversity

02. Prioritize Major Issues

- Analyze the impact on stakeholders.
- Analyze business impact.
- Analyze the criticality matrix.

● High impact

● Medium impact

● Low impact

Criticality
analysis
Size of impact

03. Derive Topics

- Derive major topics through topic review.
- Report the resulting criticality analysis results to the ESG Committee and conduct a review.

Order	Type	Issue	Impact	
			Environmental, Social	Finance
1	Environment	Carbon neutrality	●	●
2	Environment	Climate change risk	●	●
3	Environment	Resource cycling	●	●
4	Environment	Eco-friendly products	●	●
5	Social	Shared growth	●	●
6	Social	Safety and health	●	●
7	Governance structure	Ethics and compliance	●	●

ESG PERFORMANCE

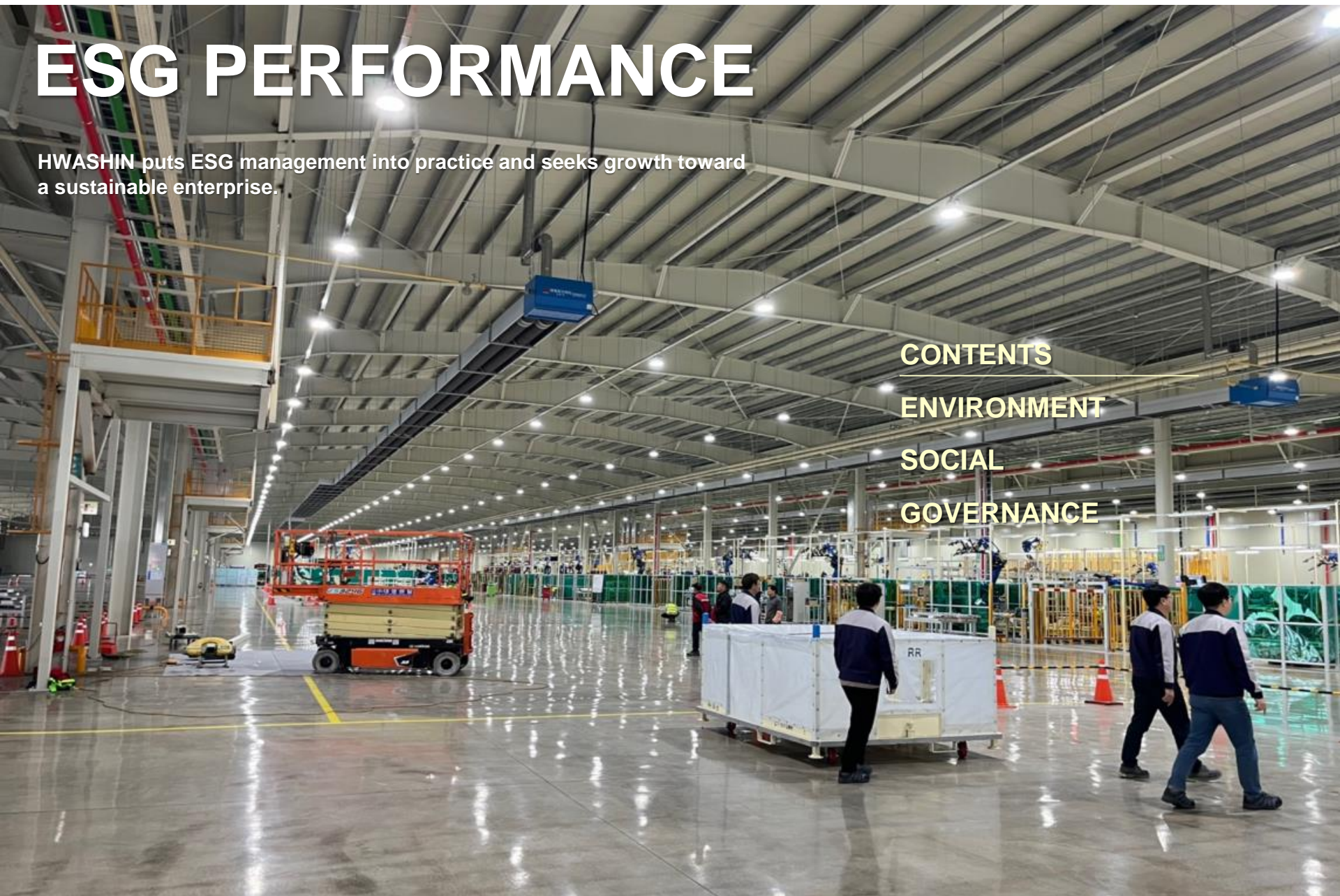
HWAHIN puts ESG management into practice and seeks growth toward a sustainable enterprise.

CONTENTS

ENVIRONMENT

SOCIAL

GOVERNANCE



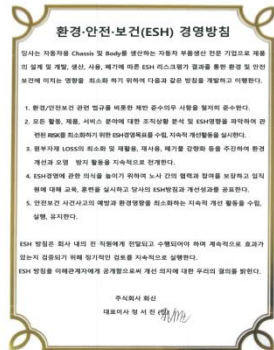
HWASHIN's Commitment to the Environment

Environment

- 23 Environmental Management
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Environmental Management



Worldwide attention to environmental protection is continuously on the rise, with Korea also making concentrated efforts toward climate change responses and the achievement of carbon neutrality for a sustainable future. In keeping with this trend, not only the Korean government but also corporations are participating through environmentally friendly operations. At HWASHIN, we are operating our own ESG management policy as part of management policy under the value that this is the beginning of environmental administration. S.The inclusion of topics including the following is an expression of the CEO's and all employees' commitment to environmental improvement, maintenance, and preservation: compliance with the relevant laws and regulations; minimizing the environmental risks of activities, products, and services; waste recycling, reuse, and reduction. By formulating ESG activities (enhanced environmental management, waste reduction activities, air quality and water pollutant management, etc.) as KPI evaluation items, we have linked environmental achievements with employee evaluation to encourage more active participation.

Board of Directors' ESG Review

ESG is a term that refers to the three themes a company must address on the managerial side for communities' sustainable development through respect for human rights and protection of the environment, that is, the environment, society, and governance. ESG is known as a new management paradigm that incorporates into corporate management the perception that nonfinancial ESG issues can pose both risks and opportunities for management. In response, HWASHIN established an ESG organization with the ESG Secretariat at the lead and has continuously obtained evaluation on the relevant evaluation items from the Korea Institute of Corporate Governance and Sustainability starting with HWASHIN's 2019 ESG activities and has been supplementing shortfalls. Moreover, aware of the crucial role of the board of directors and based on such role, we have added ESG content to the board of directors' agendas to discuss and review ESG agendas with the board.

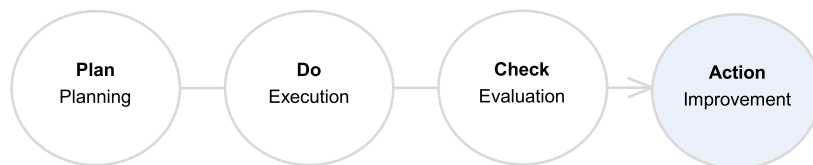
이 사 회 의 사 례	이 사 회 의 사 례
<p>회의일시 : 2024년 3월 27일 회의장소 : 본사 회의실 출석이사 : 이사총수 5명 중 출석이사 5명 의 안 : 2024년 환경관리 계획 보고 및 승인</p> <p>의장인 대표이사 정서진은 정관에 의거 합법적으로 이사회가 개최되었음을 알리고 상기 의안을 심의하기 위해 개회를 선언함.</p> <p>환경·안전·보건 경영방침에 따라 관련 법규를 비롯한 제반 준수 의무사항을 철저히 준수하며, 조직상향 분석 및 ESH 영향을 파악하여 환경 개선과 오염 방지 활동들에 대한 이사회 검토 승인을 받고자 함.</p> <p>'화신은 지속가능경영을 실행하는 회사로서, 화신의 전체 사업장에 대한 환경 관련 실적 및 계획을 첨부자료와 같이 수립함.</p> <p>'2024년 환경관리 계획상 환경경영방침, 관리조직, 환경이슈, 환경활동 실적 및 계획을 상세히 설명 보고함.</p> <p>의안에 대한 심의를 구한 바, 출석이사 전원여 아연 없이 찬성하므로 의장 정서진은 본 이사회회의 폐회를 선언하고 출석이사는 위 사실을 명백히 하기 위하여 아래에 기명날임함.</p>	<p>회의일시 : 2024년 3월 27일 회의장소 : 본사 회의실 출석이사 : 이사총수 5명 중 출석이사 5명 의 안 : 2024년 안전보건관리 계획 보고 및 승인</p> <p>의장인 대표이사 정서진은 정관에 의거 합법적으로 이사회가 개최되었음을 알리고 상기 의안을 심의하기 위해 개회를 선언함.</p> <p>산업안전보건법 제14조에 따라 대통령령으로 정하는 회사의 대표이사는 매년 회사의 안전 및 보건에 관한 계획을 수립하여 이사회에 보고하고 승인을 받아야 한다.</p> <p>'화신은 상시 근로자 500인 이상 법인으로 화신의 전체 사업장에 대한 안전 및 보건에 관한 계획을 첨부자료와 같이 수립함.</p> <p>'2024년 안전보건관리 계획상 안전보건 경영방침, 관리조직, 활동 계획 등 상세히 설명, 보고함.</p> <p>의안에 대한 심의를 구한 바, 출석이사 전원여 아연 없이 찬성하므로 의장 정서진은 본 이사회회의 폐회를 선언하고 출석이사는 위 사실을 명백히 하기 위하여 아래에 기명날임함.</p>
<p>주 식 회 사 화 신 경북 영천시 도남공단길 94-2</p> <p>대표이사 정 서 진</p> <p>사외이사 김 준 호</p> <p>사외이사 김 기 현</p>	<p>주 식 회 사 화 신 경북 영천시 도남공단길 94-2</p> <p>대표이사 장 의 호</p> <p>사외이사 한 동 석</p> <p>사외이사 김 기 현</p>

ISO 14001 (Environmental Management Systems) Certification System

We are obtaining system certification from a Korea Accreditation Board-recognized body to analyze and improve upon the environmental impacts that arise out of the entire process from product development to production, supply, and disposal. The major environmental risks are identified, starting with environmental impact identification by process, and comprehensive means of environmental improvement are formulated and reviewed by identifying internal and external issues and stakeholder demands.. Risks are minimized through improvement activities, and after the end of every activity, validity is evaluated, and compliance with regulations, guidelines, manuals, etc. is confirmed by an internal review conducted by HWASHIN and an external review conducted by outside bodies for each process for systemic systematic operation.

We will maintain amicable relationships with customers, the public, and local communities by complying with ISO 14001 and endlessly strive to be a company that fulfills social responsibilities by sharing solutions to environmental problems and promoting their development.

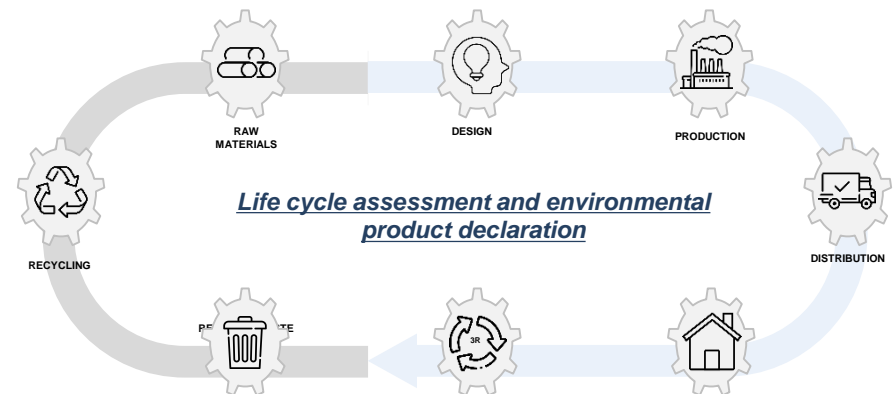
Certification system composition: PDCA cycle



L.C.A (Life Cycle Assessment) System Operation

Every year, we compute the environmental carrying capacity for all processes, from the commitment of ingredients through production processes and supply to customers to disposal. Analyzed items include energy, utilities, and gases.

Analysis results are sorted by score each year to identify major harm factors and formulate measures for improvement, and we strive toward establishing eco-friendly processes by reducing or removing the impact of harm factors.



- **Plan:** Environmental impact assessment / organizational circumstance analysis and risk assessment
- **Execution:** Implementation of environmental improvement activities
- **Assessment:** Internal and external review
- **Improvement:** Supplementation of shortfalls from evaluation results

Carbon Neutrality

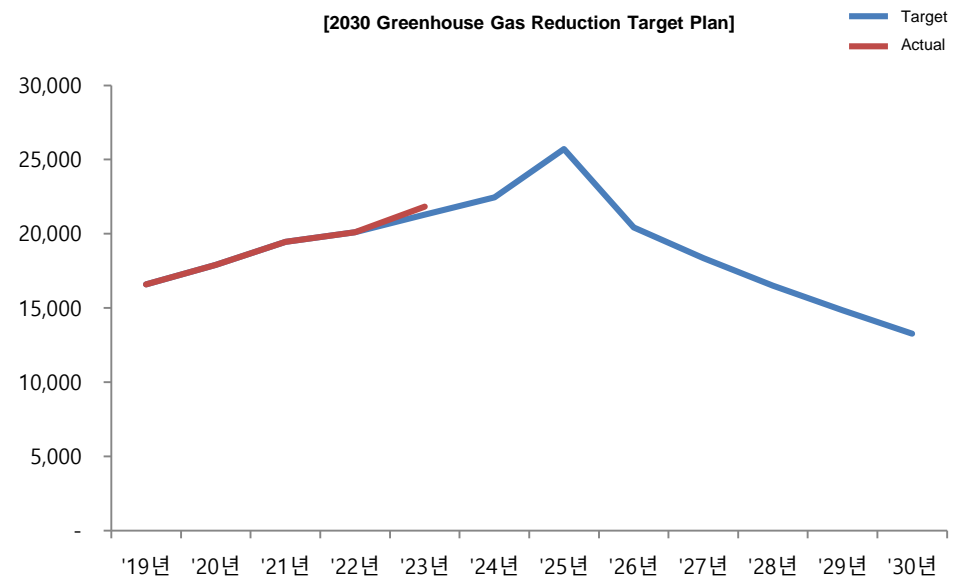
From the past to the present, there has been a constant barrage of domestic and overseas warnings on the dangers of climate change, and the world has engaged in efforts such as the 2015 Paris Agreement to minimize such risks. Korea is participating in these worldwide efforts by formulating the policy of carbon neutrality at the Ministry of Environment level and implementing carbon credit trading and greenhouse gas emissions target management. HWASHIN profoundly agrees with the need for climate change responses and carbon neutrality activities and participates in this action through continuous engagement in activities, including the reduction of electric power usage and renewable energy conversion through the installation of solar panels.

At HWASHIN, we have established our own carbon neutrality targets and are engaged in activities to achieve carbon neutrality, reaching a consensus on the necessity and importance of carbon neutrality by educating all employees on environmental awareness. This allows us to pursue our work consistent with the aim of carbon neutrality.

Mid to Long-Term Road Map

Starting in 2023, HWASHIN seeks to be active in the national greenhouse gas reduction target of 20% by 2030 compared to total greenhouse gas emissions in 2019. We have formulated our own mid to long-term waste output reduction process and have proceeded with company-wide waste output reduction activities and the use of carbon footprint-certified products. In addition, we are shoring up data credibility on greenhouse gas emissions through third-party verification by an expert body.

[2030 Greenhouse Gas Reduction Target Plan]



(Unit: tCO2eq)

Type	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Target Emissions	16,588	17,908	19,468	20,112	21,287	22,461	25,705	20,426	18,363	16,508	14,841	13,271
Actual Emissions	16,588	17,908	19,469	20,112	21,834							

HWASHIN Mini Gardening Event

HWASHIN held a Mini Gardening Event as an opportunity for all officers and staff to consider the importance of the environment.

This event consisted of participants creating a mini garden following the demonstration of an invited outside instructor so that they could understand the importance of HWASHIN's unique ESG environmental policy.

This event is part of HWASHIN's contribution to our unique small-scale yet robust environmental protection policy and sustainable development.

Spurred by this event, all HWASHIN officers and staff plan to proceed with additional environmental events in the future, such as tree-planting campaigns.



[HWASHIN Mini Gardening Event]

Participation in the Environmental Initiative CDP

Starting with the disclosure in the Carbon Disclosure Project (CDP) climate change items (based on the minimum version) in 2023, HWASHIN took another step toward reducing greenhouse gases. In 2023, we pursued climate change response activities, starting with the computation of carbon emissions and mid to long-term greenhouse gas emissions reduction targets. In the future, we will not only disclose greenhouse gas emissions and carbon neutrality targets as required by the CDP but also plan and implement systematic response activities such as analyzing risks and opportunity factors arising from climate change.

Together with the transparent disclosures through the CDP, HWASHIN will participate in and support various global campaigns, as well as enhance transparent disclosure through continued CDP participation. In 2023, HWASHIN prepared a Climate Change Report and obtained an evaluation score of C.

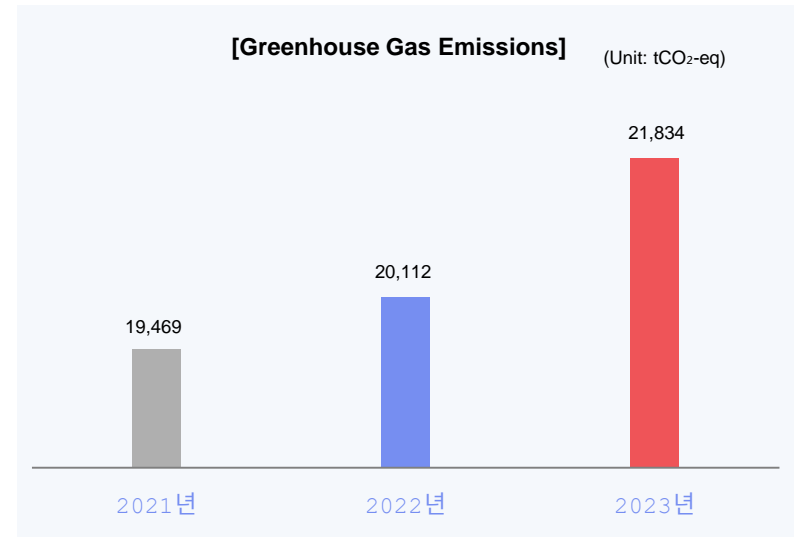
Response	Year	Response type	Status	Score
Climate Change 2023	2023	Public	Submitted	C



Computation of Greenhouse Gas Emissions

HWASHIN systematically manages greenhouse gases emitted during product manufacture at each plant, identifying and recording them in Scopes 1 and 2. As a related activity, voluntary third-party greenhouse gas verification raises the accuracy and credibility of greenhouse gas emissions data from energy use at plants.

Organizational boundaries were assessed based on six domestic plants, with an overall review of energy usage throughout the plant from the fuel, heating, work vehicles, electricity, etc. necessary for process operation. HWASHIN will record increasingly sophisticated greenhouse gas inventories with this review as a start and continue to seek means for greenhouse gas reduction.



Type	2023 (tCO ₂ eq)		
	Direct emissions (Scope 1)	Indirect emissions (Scope 2)	Total (Scopes 1+2)
	5,525	16,309	21,834

* **Scope 1:** LNG, LPG, kerosene, diesel, gasoline, airborne waste (gas emissions)

* **Scope 2:** Electric power

※ Scope of computation: Eonha Plant, Bongdong Plant, Maeho Plant, Technology Research Center, Pyeongchon Advance Research Center, Yesan Plant

Transparency in Self-Measurement and Stronger Standards

In 2019, Company Y's self-measurement records at its Seokpo Smelter were manipulated. This incident, where pollutants were inadequately measured and managed, could potentially cause injury not only to internal workers but also to third parties. To prevent such accidents, HWASHIN implements regular self-measurements in the presence of an environmental manager and communicates the importance and impact of environmental protection to workers through regular internal environmental education. Furthermore, we carry out pollutant emission reduction activities by setting higher standards for internal management than the legal requirements.

In adherence with the legal requirements, pollution levels in wastewater and air are regularly measured through a self-measurement business formally certified by the Ministry of Environment for air pollutants. HWASHIN has set standards 20% higher than the legally allowed values for pollutant management, disposing and managing pollutants legitimately, consistent with laws and regulations. Furthermore, the pollutant measurement process is made transparent by the participation of observers. HWASHIN exerts efforts to minimize environmental risk to internal workers, local natural ecologies, and third parties by strengthening and complying with internal management standards.

Legal Pollutant Regulations and Stronger Internal Management Standards

Type	Measured Substance	Legal Standard	Stronger Internal Standard (80% of Legal Standards)
Air Pollutant	Dust	Up to 30 mg/m ³	Up to 24 mg/m ³
	Sulfur oxides	Up to 200 ppm	Up to 160 ppm
	Carbon monoxide	-	-
	Nitrogen oxides	Up to 150 ppm	Up to 120 ppm
	Hydrogen chloride	Up to 3 ppm	Up to 2.4 ppm
	Formaldehyde	Up to 8 ppm	Up to 6.4 ppm
	Copper	Up to 4 mg/m ³	Up to 3.2 mg/m ³
	Hydrocarbon	Up to 200 ppm	Up to 160 ppm



Status of Water Pollutant Output

In compliance with the Wastewater Management Guideline, HWASHIN applies internal standards above the legally allowed standards to manage major water pollutants such as Total Organic Carbon (TOC), Biochemical Oxygen Demand (BOD), Suspended Solids (SS), etc. at levels lower than those legally allowed.

Type	Measured Substance	Legal Standard	Stronger Internal Standard (80% of Legal Standards)
Water Pollutant	pH	5.8–8.6	-
	BOD	Up to 80 mg/L	Up to 64 mg/L
	SS	Up to 80 mg/L	Up to 64 mg/L
	n-H	Up to 5 mg/L	Up to 4 mg/L
	Zn	Up to 5 mg/L	Up to 4 mg/L
	Cu	Up to 3 mg/L	Up to 2.4 mg/L
	T-N	Up to 60 mg/L	Up to 48 mg/L
	T-P	Up to 8 mg/L	Up to 6.4 mg/L
	ABS	Up to 5 mg/L	Up to 4 mg/L
	TOC	Up to 50 mg/L	-

※ TOC was first measured in 2022, and a stronger internal standard will be formulated going forward.



Water Pollutant	Unit	Legal Standard	Stronger Internal Standard	Internal Output		
				2021	2022	2023
Total Organic Carbon (TOC)	ppm	50	-	-	45.9	14.8
Biochemical Oxygen Demand (BOD)	mg/L	80	64	2.9	4.3	3
Suspended Solids (SS)	mg/L	80	64	27	13.7	5.1
Total Nitrogen (T-N)	mg/L	60	48	4.58	3.89	27.1
Total Phosphorus (T-P)	mg/L	8	6.4	3.99	1.24	2.4

※ For the HWASHIN Eonha Plant (2021–2023)

Operation of Air Pollution Prevention Facilities (Dust Scrubbers, Adsorption Towers)

HWASHIN has installed prevention facilities (dust scrubbers and adsorption towers) in plant emission establishments capable of emitting air pollutants as part of efforts to reduce odors and pollutant concentrations in the air. We also regularly inspect prevention facilities to exchange and repair old or declining establishments, keeping them in the best condition.

[Status of Air Pollution Prevention Facility Operations]

Place of Business	Air Pollution Prevention Facility			
Eonhaa Plant	Filter dust collector 2 ea	RTO 1 ea	Dust scrubber 2 ea	Adsorption facility 1 ea
Technology Research Center	Filter dust collector 6 ea			
Bongdong Plant	Filter dust collector 8 ea	Adsorption facility 1ea		Dust scrubber 1 ea
Yesan Plant	Filter dust collector 1 ea	RTO 1 ea	Dust scrubber 1 ea	Adsorption facility 2 ea



[Technology Research Center Filter Dust
Collector]



[Eonhaa Plant Dust Scrubber]



[Eonhaa Plant RTO Facility]

Self-Measurement through a Ministry of Environment-Registered Business

HWASHIN has commissioned a business recognized by the Ministry of Environment to measure the concentration of pollutants emitted into the water and air and makes efforts for thorough compliance with laws and regulations. Atmospheric measurements are made biannually for substances in general and twice a month for certain substances, while water measurements are made once annually on a voluntary basis.

The air and water quality are both safely managed below the allowed levels.

지구환경측정(주)
 부 37596 경북 포항시 북구 삼척남로 103 / 전화 (054) 274-1280 / 팩스 (054) 274-1281
 대표 : 홍영민

본사번호 : 제 23-05393 호	업종	지시
시행일자 : 2023. 09. 19 일	설치	결과
수신 : ㈜화진(연천공장)	수신번호	지시
장소 : 환경보유 담당 부서장	측정결과	결과
제출 : 측정대행 결과인	담당자	결과

1. 위사의 무제한 발령을 기명합니다.
 2. 당사에서는 대기환경보전법 제 36조 및 시행규칙 제 52조에 따라 위사에서 의뢰한 대기시료 (2023. 9. 19 일) 의 측정결과를 발령과 같이 보내드리오니, 측정결과에 맞추어 조치하시기 바랍니다.

발령 : 대기측정기록부 (6) 부 " " "

2023. 09. 19
 지구환경측정(주) 대표이사 김명

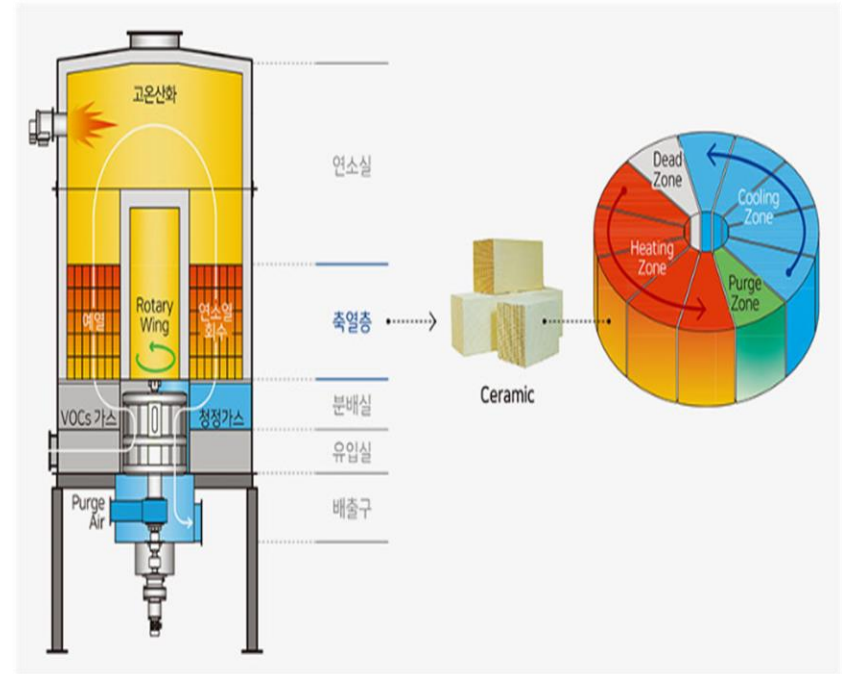
[Results of Atmospheric Self-
Measurement]

Operation of RTO Facilities

As a primary vendor specializing in producing chassis and body parts for completed vehicles, HWASHIN manages the production processes of parts through a company-wide monitoring system. In particular, the painting process carries the risk of environmental pollution and harm to the health of company workers and local community residents from odors.

To prevent such damage, in May 2020, we installed an RTO facility, which has proved to be more effective than any other means of removing highly concentrated odors, in addition to the previously used dust collector, alongside other deodorizing facilities (dust scrubber, adsorption tower, etc.) as part of our pollutant reduction efforts.

The RTO was also fitted with a waste heat recovery system that supplies heated water to the paint process line's gas boiler through a heat exchanger rather than dissipating waste heat from the RTO, reducing gas and other energy usage.



[RTO Facility Principles]

[Production Process]



01. SLITTING



02. STAMPING



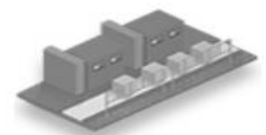
03. WELDING



04. PAINTING



05. ASSEMBLY



06. DELIVERY

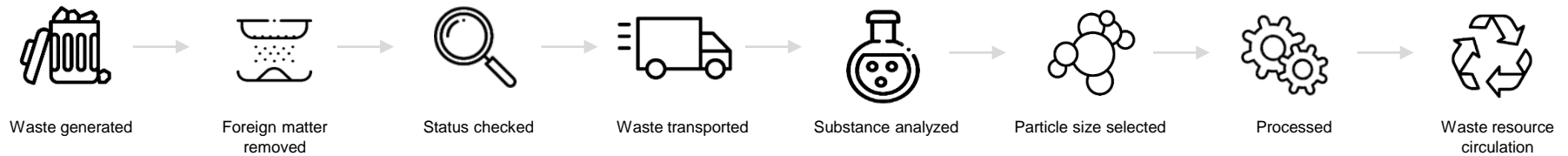


High risk of odors from the painting process

Waste Resource Circulation

HWASHIN continues its pollution prevention activities through recycling, reuse, and waste reduction based on the ESH management policy. Major activities include converting waste disposal to recycling and the use of certified eco-friendly products, with continued efforts at environmental friendliness with the establishment of a waste resource circulation system in 2023.

[Waste Resource Circulation System for Slag]



We also converted the ordinary waste slag disposal method from landfill dumping to recycling in all domestic workplaces. The foreign matter in waste slag is internally removed in the first instance. Then, about 60% of the total discarded slag is processed into iron oxide through substance analysis and particle size selection. We will incrementally increase our rate of resource circulation usage in the future to contribute to sustainable development.

We are also putting eco-friendly management into practice by converting wastewater sludge disposal from landfill to recycling methods, gradually increasing resource recycling usage and recycling rates.

2023 Waste Resource Circulation Achievement Indices

(Unit: kg)

Site	Total Amount of Slag Output	Amount of Recycled Slag	Actual Amount Recycled
Eonhaa Plant	27,440	14,460	8,676
Bongdong Plant	28,550	28,550	17,130
Technology Research Center	40,190	40,190	24,114
Total	96,180	83,200	49,920

* Actual amount recycled: Total amount of slag output (recycling disposal method) × 0.6 (waste processing rate)



Climate Change Risk and Opportunity Factors

HWASHIN is currently managing energy systematically in accordance with a timeline based on the Net Zero 2050 (Net Zero Emissions by 2050) scenario. Short-term targets include energy usage reduction compared to the previous year and daily waste sorting, while on-site solar panel installation and green premium purchases for the implementation of RE100 are planned as mid to long-term targets. As you can see, we conduct multifaceted analyses of climate change scenarios and classify the issue as a crucial point of financial management to manage risk factors.

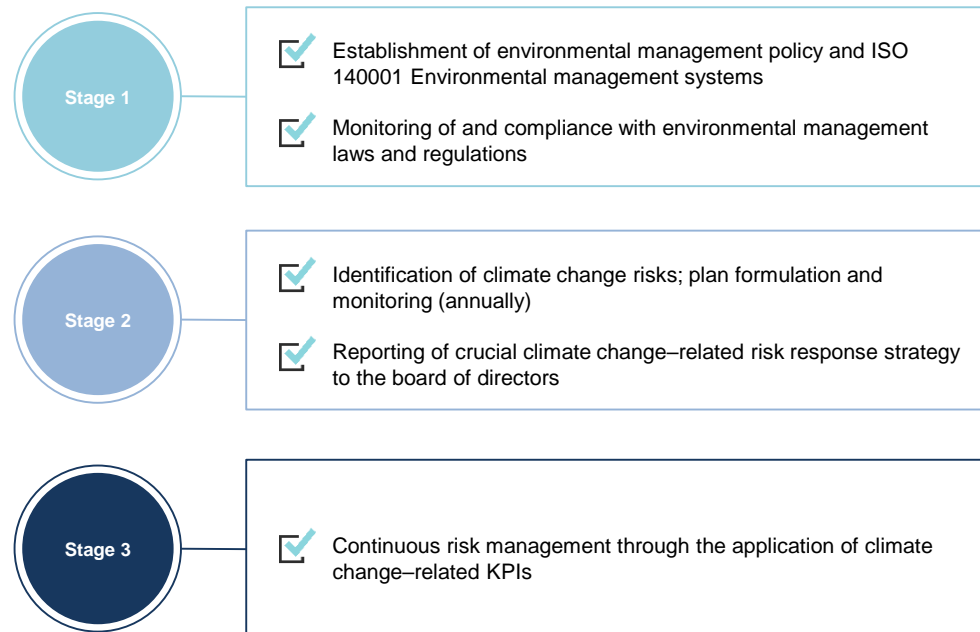
Climate Change Risk Management Process

HWASHIN's Safety, Environment, and Health Team monitors the status of greenhouse gas-related ESH activity achievements every year and, otherwise, identifies and assesses the related risks; crucial issues are reported to the CEO and the ESG Secretariat or the board of directors for decision-making.

Moreover, to structure climate change-related risks, HWASHIN transparently discloses environmental policies and management regulations and consistently monitors and complies with environmental management rules and regulations through the establishment and operation of ISO 14001 – Environmental management systems.

In addition, we included environmental indices such as facility electric power usage reduction in the KPI of greenhouse gas-emitting departments, establishing systems to integrate climate change risks into company-wide risks.

Climate Change Risk Management System



Major Environmental Risk and Opportunity Factors

HWASHIN classifies and identifies risk and opportunity factors based on the Net Zero 2050 scenario of climate change. Risk was classified into transition and physical risk with a focus on climate change and carbon emission reduction as the major environmental factors, while natural capital-related risk factors are assessed as miscellaneous risks. Every risk and opportunity factor is identified from short-term, midterm, and long-term perspectives, with appropriate response strategies and potential financial impacts identified for each item.

Risk		Timeline	Risk/Opportunity Factor		Potential Financial Impact	HWASHIN's Response Strategy
Transition Risks	Regulation	Long-term	The possibility that ESG regulation will be adopted domestically		The costs required for the development of and investment in human resources necessary for ESG management responses	Continuous ESG trend identification and Secretariat formulation
	Market	Midterm	Increase in demands from corporate clients		Bidding penalties due to failure to meet CDP SC and corporate client ESG evaluation standard ratings	Meet CDP SC ratings and engage in stable ESG management
	Technical	Long-term	Computation of carbon amounts by product under Life Cycle Assessment (LCA) computation		Quantitative index management following energy emission computation	Energy emission quantification and stable ESG management
	Reputation	Midterm	Deterioration of external credibility and corporate reputation due to low ESG evaluation rating		Decrease in sales because of deterioration in reputation and the unavailability of ESG-related low-interest products such as green bonds	Stronger response to ESG evaluation and disclosure of environmental information
Physical Risks	Natural Disaster	Long-term	The occurrence of natural disasters such as earthquakes and typhoons		Decline in sales because of suspended plant operations in the event of on-site property or physical damage	Emergency response procedures and training
	Rising Temperatures	Long-term	Water shortage because of rising annual mean temperatures		Decline in line operation rate and sales because of unavailability of water for industrial use following a decrease in water source supply	Water usage reduction activities such as the installation of water-saving sinks
Other Risks	Natural capital	Long-term	Ecological destruction from plant pollutants		Decline in corporate image and sales from complaints	Regular stream pollution measurements
Opportunity Factors	Reputation	Midterm	Enhanced credibility with external bodies from the rise in ESG evaluation ratings		Enhanced credibility and corporate value with corporate clients Availability of low-interest financial products	Implementation of consistent ESG management
	Market	Midterm	Increased expectations from corporate clients from fulfilling their demands		Increased trust from clients due to the rise in corporate value	Increased facility efficiency due to carbon emission reduction activities Set CDP SC and greenhouse gas emission reduction targets
	Resource Efficiency	Short-term	Enhanced workplace energy efficiency		Reduction of electricity usage from an increase in facility energy efficiency	Introduction of high-efficiency compressors, etc.
	Natural capital	Long-term	Reduced complaints by minimizing impacts on the surrounding environment, etc.		Enhanced corporate credibility through ecosystem cleanup activities	Uroji Ecological Park cleanup activities

Eco-Friendly Workplaces

With the intensification of global warming from the production activities of corporations around the world and the use of internal combustion engines, companies are being urged to respond to the climate crisis. As a member of society, HWASHIN is exerting efforts to meet its responsibilities and roles on climate change, starting with small, everyday practices. We operate various eco-friendly activities, including the purchase and use of eco-friendly goods, the use of electronic vehicles for work and installation of charging stations, and the construction of eco-friendly lounges through the installation of eco-friendly wall landscaping in workplaces. In addition, we make efforts toward environmental protection and improvements to officer and staff environment awareness.



[Eco-Friendly Lounge On-Site]



Use of Eco-Friendly Vehicles

The production of internal combustion engines is being curtailed around the world, while completed vehicle businesses in various countries are announcing the end of internal combustion engine vehicle production. In line with this trend, HWASHIN is replacing its on-site work vehicles one by one from internal combustion engines to electric vehicles. It has also installed electric vehicle charging stations in workplaces to reduce fossil fuel usage.

We plan to transition 100% of our corporate fleet into electric vehicles as we advance.



[Electric Vehicle and Charging Station On-Site]

Daily Environmental Protection and Energy Usage Reduction Activities

Status of On-Site Environmental Improvements

Eco-Friendly Paper Cups



► Activities

- ① Recommendation to use personal tumblers
- ② Encouragement of waste sorting for recycling
- ③ Improvement in paper cup purchase process and type of product purchased

Before improvement

Ordinary paper cups purchased by team

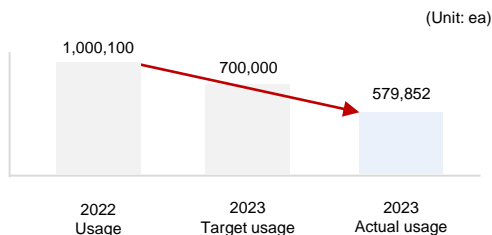


After improvement

Ordinary paper cups purchased by team

► 2023 Activity Results

- 42% savings compared to 2022 usage (1.26 tons)
- Achieved 140% over activity target



Energy Savings



► Activities

- Installed central control system for air-conditioning and heating
 - ① Control of individual arbitrary manipulation by remote control
 - ② Enforcement of turning power on and off in empty offices upon leaving work
 - ③ Maintenance of appropriate office temperatures
 - ④ Real-time remote management of air conditioners and heaters

- Establishment of an energy management system

- ① Replacement lights (fluorescent lights → LEDs)
- ② Installation of building energy management systems (BEMSs)
- ③ LED lighting control
- ④ Electric power consumption monitoring

► 2023 Activity Results

- Centralized control of energy consumption
- Flexible operation by consumption status
- Electric power and cost savings by replacing lighting
 - * Savings from electric power consumption: KRW 10,712,000/year
 - * Savings from lighting replacement: KRW 3,581,000/year

Water Savings



► Activities

- Replaced faucets in 32 sinks in the office wing

Before improvement



Manual lever
(Ordinary type)



After improvement



Automatic sensor
(Water-saving type)

► 2023 Activity Results

- Savings of 86 tons of water in a year
- Horizontal plant wing layout
- Replaced urinals and toilets (Grade 1 water-saving products)

Domestic Waste Reduction Activities

The waste generated by eight billion people worldwide is also a problem that requires attention. With the spread of the COVID-19 pandemic, plastic waste has increased to unmanageable levels. According to a 2018 study by the National Institute of Environmental Research, the domestic recycling rate in 2016 was 58.5%. This number, however, only calculates the amount of plastic intake into recyclable resource facilities. A calculation of actual recycled product production volume revealed that the actual recycling rate is 20.8%. This means that not all sorted plastic waste is recycled. Such unsorted waste accumulates because of the lack of landfill space, while incineration will emit significant amounts of harmful chemicals and greenhouse gases. Everyone in HWASHIN participates in domestic waste reduction activities through the formation of internal communication channels, including minimizing the use of disposable products, everyday waste sorting, and the use of certified eco-friendly products. We are also exerting efforts for environmental protection through the priority adoption of eco-friendly methods from waste output to disposal, including the collection of heat energy generated by industrial waste for reuse as input in product manufacture.

Focused Waste Targets and Performance in 2023

HWASHIN has set its waste reduction targets since 2019 and measures its waste output on a monthly, company-wide basis for management. If there is a sharp increase in emissions, the fundamental causes are identified, reviewed, and analyzed to carry out improvement activities for waste output reduction. As part of such company-wide activities, the slag output process was modified (added a foreign matter filter step), and the wastewater sludge processing method was transitioned (landfill → recycling) in 2023, raising the recycling rate.

* 2023 target: 5% reduction from 2022 waste output on a per-KRW basis



[Waste Recycling Process Performance and Per-KRW Measurement]

(Unit: ton)

Type	2021	2022	2023
Total Waste (A)	663	663	744
Amount Recycled (B)	385	376	514
Recycling Rate (C)	58%	57%	69%
Sales (D)	KRW 725.0 billion	KRW 946.9 billion	KRW 957.1 billion
Waste per KRW (A/D)	0.09 ton / KRW 100 million	0.07 ton / KRW 100 million	0.08 ton / KRW 100 million

* Although waste increased along with the rise in production, it showed a decreasing or stable trend when converted to a per-KRW basis.

Energy Efficiency Improvement Activities

We are aggressively adopting highly energy-efficient equipment to reduce energy usage on work sites and are achieving electric power cost savings, along with energy savings, from the use of high-efficiency equipment.

Year	Energy Efficiency Improvement Activity	Invested Amount	Investment Effect
2021	Replaced ceiling lights with high-efficiency LEDs	8,120	Power cost savings 250 W → 100 W
	Replaced worn-out compressors (100 HP)	45,000	Savings of KRW 10,000,000/year
2022	Replaced ceiling lights with high-efficiency LEDs	43,930	Power cost savings 250 W → 100 W
	Replaced worn-out compressors with high-efficiency improvements	83,800	Savings in power costs of KRW 29,000,000/year
	Separated and improved ceiling lights into alternating lights	22,000	Savings in power costs of KRW 11,287,000/year
2023	Replaced ceiling lights with high-efficiency LEDs	7,000	Power cost savings 250 W → 100 W
	Replaced worn-out compressors with high-efficiency improvements	39,550	Savings in power costs of KRW 11,000,000/year

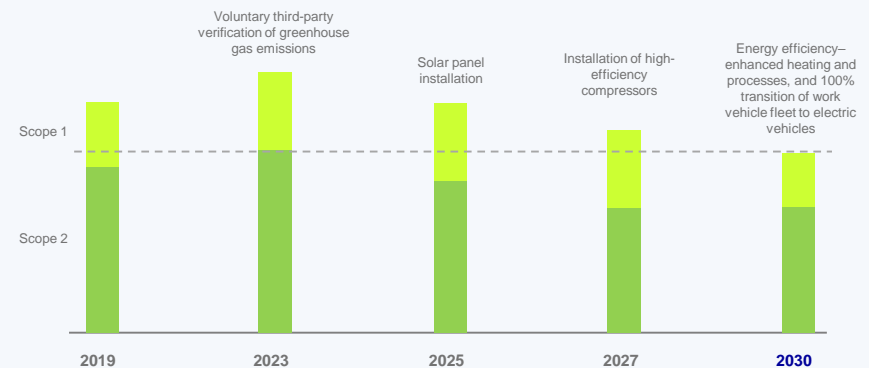


Renewable Energy Plans and Mid to Long-Term Targets for Greenhouse Gas Reduction

HWASHIN is fully on board with the importance and urgency of reducing greenhouse gases and seeks different ways to reduce greenhouse gas emissions by identifying sources of carbon emissions among production processes to reach carbon emission reduction goals. In addition, we actively review ways to participate in eco-friendly investment activities, such as installing solar panels in work sites and green premium (PPA/REC) purchases. Based on a mid to long-term road map on greenhouse gas reductions alongside immediately applicable short-term activities, we plan to reach our mid to long-term targets through investment and product R&D for the establishment of eco-friendly workplaces.

Energy Source		2025	~2029	2030
Solar	Capacity	4,600 KW	-	-
	Investment Amount	KRW 5.3 billion	-	-
VPPA	Capacity	-	10.3 million kWh	4.1 million kWh
	Investment Amount	-	KRW 1.364 billion	KRW 0.567 billion

[Mid to Long-Term Road Map for Greenhouse Gas Reduction]



Biodiversity Conservation

Biodiversity refers to the diversity of all life on earth and the existence of diverse ecosystems. It maintains stable ecosystems and strengthens resilience against natural disasters. This has a profound effect on our lives and ecosystems, making the protection and maintenance of biodiversity crucial tasks for everyone. These efforts require international cooperation and policy initiatives, and changes in individual awareness and behavior are also necessary. HWASHIN actively participates in local environmental protection activities to safeguard and maintain biodiversity.

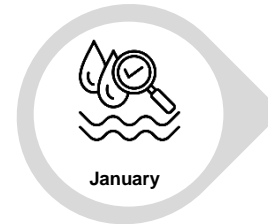
Conservation Activities

HWASHIN is engaged in regular monthly cleanup activities on the outskirts of the company grounds to participate in local environmental protection activities and is making in-house measurements of Geumhogang River's water pollution level for the safe disposal of wastewater from the work site's paint line.

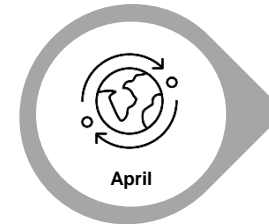
Beyond activities by officers and staff, we seek and strive for the formation of better ecosystems through cooperative activities with local governments and neighboring businesses. Currently, we are planning and pushing through activities to expand cleaning activities to the regional scope rather than limiting them to the outskirts of the company grounds, conserving not only land but also water ecosystems.



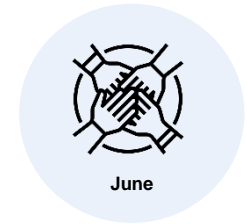
Plans for 2024



January
Water quality
analysis



April
Ecosystem conservation activity area
designation



June
Conservation
activities

Worksite Wastewater and Geumho-gang River Pollution Measurement Results

(Unit: ppm)



Substance	Raw Wastewater	Wastewater Treated on Site	Wastewater Released to Geumhogang River
BOD	738	3	0.9
SS	234	5.1	2.2
TOC	349	14.8	14.4
Zn	7.946	2.1	0.003
Cu	0.067	-	Not detected
ABS	12.486	0.03	Not detected

Movement to Keep Earth Beautiful

Climate change should be recognized as a human-caused environmental disaster, not a natural disaster. Recognizing the importance of green energy production and resource recycling in response, HWAASHIN enthusiastically engages in environmental protection activities to enable sustainable development. We consistently put small actions into practice as all members participate in environmental protection activities.



[Environmental Cleanup Activity]

Reducing the Use of Disposable Products

HWASHIN is running an ongoing campaign to reduce the use of disposable products in all workplaces. We have minimized the use of paper cups by normalizing personal cups and stopped using paper towels by installing hand dryers in bathrooms. Although the campaign is small-scale, all members of HWASHIN share an understanding of the urgency and importance of environmental protection and participate in daily environmental protection activities.

Thorough Waste Sorting

According to the Ministry of Environment's Everyday Practical Guidelines for Carbon Neutrality, properly sorting recyclables can enhance the efficiency of the recycling process and the quality of recycled products. Globally, waste that is discarded without being sorted is difficult to recycle, so it ends up accumulating in landfills. The indiscriminately disposed waste results in a shortfall of landfill sites, with a vicious cycle of intensifying environmental pollution. HWAHIN has placed separate waste collection boxes (paper, colored plastic, colorless plastic, cans, bottles, vinyl, and others) at every workplace. Our company also manages waste reduction by measuring waste output every week.

We are making efforts to defend the beautiful Earth, starting with the small-scale actions and practices of HWASHIN's officers and employees.



Other Government Projects

Environmental Consulting

HWASHIN participated in the Coexistence and Cooperation ESG Management Promotion Working-Level Pact Ceremony that took place at the Korea Press Center on February 20, 2023, to execute a Coexistence and Cooperation ESG Management Promotion Working-Level Pact Ceremony MOU (memorandum of understanding) with the Ministry of Environment and our corporate clients (Hyundai Motor Company and Kia Corporation).

Our company has been selected as an “Excellent” win-win company by the Fair Trade Commission for five consecutive years, and we have been engaged in various ESG activities since the early stages of our foundation to fulfill our corporate social responsibilities. Furthermore, deciding that proactive responses are required in rapidly changing environmental policies, including in Europe, and regulations all over the world, we participate in environmental consulting under the joint auspices of the Ministry of Environment and corporate clients, aggressively building a systemic environmental environment system and making efforts to enhance our capabilities.

ESG Consultative Body

Apart from government projects, HWASHIN is also active in various ESG consultative bodies. For each month in 2023, we worked with the ESG implementation consultative body in the Daegu-Gyeongsangbuk-do Province area where we are located, joining discussions on the latest disclosure trends of expert ESG bodies and how to respond, and sharing information on good ESG cases with public agencies and the responsible officers in other industries to seek directions and ways forward for ESG operation.

Chemical Safety Community Working-Level Pact

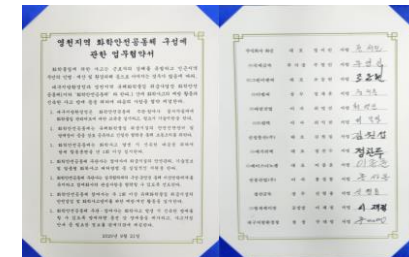
Aware of the harm and dangers of chemical substances, HWASHIN concluded a Chemical Safety Community Working-Level Pact with the Daegu Regional Environmental Office and 12 corporations in the Yeongcheon area for systematic internal and external response in the event of a chemical accident. We are enhancing accident prevention and response capabilities through several activities, including disaster prevention equipment support, joint training for accident response, emergency contact network maintenance, etc. Furthermore, we continuously improve chemical safety through several efforts, such as regularly attending seminars hosted by the Environmental Office and the Chemical Safety Community to acquire a broad range of varied chemical safety information.



[Coexistence and Cooperation ESG Management Promotion Working-Level Pact Ceremony]



[2023 Daegu-Gyeongsangbuk-do Province ESG Implementation Consultative Body]



[Yeongcheon Regional Chemical Safety Community Working-Level Pact]

Status of Environmental Education

Training	Training Period and Hours	Number of Trainees (Individuals)					Note
		Eonha Plant	Research Center	Bongdong Plant	Yesan Plant	Total	
Environmental Education	Monthly	All Employees					Training on ESG Management and Air/Water/Waste-Related Laws and Regulations, Etc.
Training for Workers Engaged with Harmful Chemicals	2 hr/year	562		N/A	132	694	
Environmental Technologist Training	1 session / 2 years	1	1	1	1	4	
Harmful Chemical Manager Training	1 session / 2 years	2	-	N/A	3	5	



[Environmental Education Log and Training Certificate]



[In-House Environmental Training]

Harmful Chemical Management

As a business that handles harmful chemicals, HWASHIN is subject to harmful chemical handling facility installation inspection, harmful chemical business permit requirements, off-site impact assessment, and chemical accident prevention planning requirements in purchasing and using chemicals. We have also enacted guidelines for harmful chemical management for a double layer of safety with in-house and external verification. We also retain MSDS and implement regular training to prevent worker chemical accidents while accepting and updating the MSDS annually through the manufacturing sector to provide the latest information. To respond to the gradual rise in the demands of the environmental field, HWASHIN is not only enhancing its own environmental management but also engaging in cooperative activities for suppliers' safety management. A department dedicated to supplier cooperation support duties is committed to advancing prevention activities, supporting ISO 14001 system certification (document review, on-site inspection, etc.), and making regular circuit inspections of environmental sites (wastewater treatment facility, paint line, etc.) with the supplier's safety officer. We provide active support for the suppliers' systematic management of harmful chemical management processes and the enhancement of practical work capability.

HWASHIN's Dedication to Social Obligations and Responsibilities

Social

- 44 Talent-Centered Management
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- 74 Shared Growth
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Talent-Centered Management

Attracting Top-Tier Talent

To attract individuals that meet HWASHIN's vision of talent, we provide different routes to hiring, including rolling and regular employment, alongside company visits with universities and local governments. We hire without discrimination on the basis of gender, region, education, nationality, religion, disability, age, social class, political leaning, etc. In addition, we have adopted a sophisticated hiring system since 2023, including the operation of an in-house individual online hiring website starting in 2024 to recruit superior talent with job expertise through a fair and transparent process.

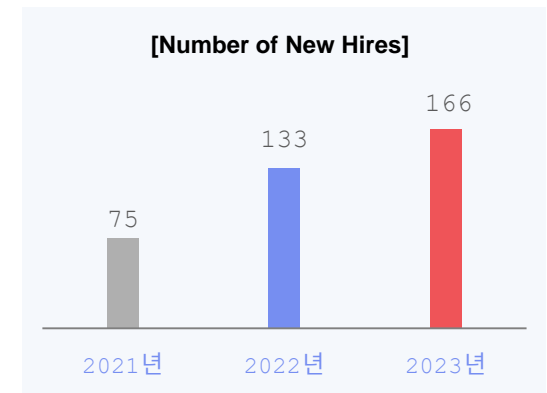


[2023 Visit and Information Session for Great Companies]



[Online Hiring Website]

Though we were conservative in our hiring until 2021 because of uncertainties introduced by the long-term COVID-19 pandemic, starting in 2022 we proceeded with large-scale hirings of top talent in keeping with our mid-to-long-term human resource plans. We welcomed new hires willing to grow with us based on Hwashin's ideal of "principled, communicative, innovative, enterprising, and customer-centered" talent, injecting a huge boost of energy for future corporate growth. Far from stopping at securing the best talent, we will provide them with varied workplace experiences and career exploration opportunities in continued efforts to help our employees remake themselves into core talent to lead the automotive industry in the 21st century.



Retention of New Hires

HWASHIN implements various programs to support new hires in swiftly adjusting to the organization and enhancing work capabilities. We hold entrance ceremonies to welcome new employees, providing welcome kits and the New Employee Guidebook to help them adjust to new surroundings. Meanwhile, the parents of new employees are presented with congratulatory flower baskets and thank you notes in the CEO's name. An in-house job academy is operated to enhance new employees' basic work capabilities; upon the completion of entry-level training, individual departments run OJT programs with senior employees teaching new hires about their duties. In addition, new hires are exempted from performance evaluations within the year of hiring to ensure a stable period of settling into the organization.



[HWASHIN Group New Employee Entrance Ceremony]



[New Hire Entry-Level Training]



[In-House Job Academy]

OJT 계획서					
OJT 유형	신입사원	경력사원	전배사원		
교육대상자	주임				
교육목표	화신의 문화에 대해 배우고, 현장 투어 및 강의를 통해 신속하게 부서 업무 흐름을 파악하기 위함				
교육기간	2024.03.18~2024.04.02				
강사	교육주제	교육일자	소요시간	교육방법	평가방법
안정희	신입사원보통교육	3/18	4HR	강의	참가열의
최운복	연차휴가 신청순회	3/19	2HR	기타	참가열의
최운복	환경 업무 일반(배수위탁처리 등)	3/19	4HR	강의	참가열의
박미화	보건관리 업무(직업환경건강 등)	3/20	8HR	강의	참가열의
김동현	봉동 현장순회	3/21	2HR	기타	참가열의
김동현	환경시설 소개 및 관련업무 교육	3/21	2HR	강의	참가열의

[OJT by Department]

Moreover, In 2023, we organized provided, networking and team-building for new hires who are still adapting to their new environments. These events provided them with an opportunity to break away from their daily routines, gain new energy, and recharge. . These networking activities allow new hires to become closer to their colleagues with whom they will be working in the future at HWASHIN.



[Networking Event for 2022/2023 Hires]



[New Employee Team Spirit Event]

Improvements to Performance Evaluation and Compensation Culture

HWASHIN strives to operate a fair performance evaluation and a rational compensation system to ensure that employees' performance and achievements are properly assessed and compensated. Accordingly, the compensation system is operated on an individual annual salary basis, reflecting assessments based on personal competence and job performance rather than seniority. To strengthen the linkage between evaluation and compensation and enhance employee motivation, we conducted the "HR Change Management Discussion" in 2023. During the "HR Change Management Discussion," employees from every company level directly participated in the discussions, sharing opinions on subjects ranging from the evaluation and compensation systems to organizational culture and jointly formulating measures to improve the system. As a result, 2024 has seen the implementation of small but significant changes, including setting challenging goals, expanding the salary increase rate differential based on performance, and introducing the retention bonus system.

Improvements Toward Fair Performance Evaluation and Rational Compensation Culture



[Performance-Based Culture]



Performance Management System

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



Individual Salary System

The individual annual salary system is applied differently based on performance results



Incentive System

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

Establishment of a Horizontal Organizational Structure

HWASHIN strives to replace the traditional rank system by establishing a horizontal organizational culture and integrating and abolishing job positions. Following the reorganization of the job title and designation system, the company aims to improve the rigid organizational culture that employees experience in vertical relationships. By encouraging the free expression of opinions and promoting work performance accompanied by autonomy and responsibility, the company expects to enhance employees' work efficiency and expertise.



※ Rankings divided into six levels

Human Rights-Centered Management

Human Rights Policy

HWASHIN protects and respects the human rights of all internal and external stakeholders associated with its business activities, including not only the company's executives and employees but also the suppliers and customers. The company is in compliance with human rights and labor-related international standards and guidelines, such as the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights. While practicing sustainable human rights management, HWASHIN has established a human rights policy to prevent human rights violations at all its business sites. It strives to build a corporate culture that respects and protects human rights.

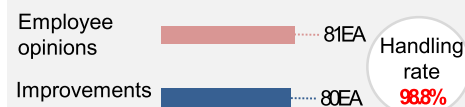
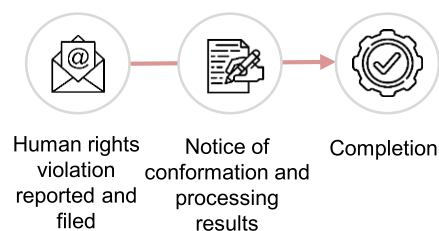
Human Rights Grievance Counseling and Reporting

HWASHIN operates a Company Grievance Center and an online Complaints Center where executives and employees can report and seek counseling on unethical and rights-violating issues they encounter during work, such as workplace bullying or sexual harassment. Employee complaints and grievances are received through various channels, including the Cyber Complaints Center on the company website, email, and phone. The content of the filed reports and the personal details of the informants are kept strictly confidential. In the event of human rights violations, the company will continue promoting human rights by operating a process that follows rigorous security standards, from reporting and filing complaints to resolving issues and providing follow-up management.

Human Rights Internal Training and Activities

HWASHIN conducts human rights training sessions to promote a culture of respect for human rights and the advance prevention of human rights risks. We hold the legally mandated workplace sexual harassment prevention, anti-bullying, disability awareness, and personal information protection training annually. In 2023, we invited an expert instructor to hold an in-house, on-site workplace sexual harassment prevention training. The relevant lesson plan and manual are shared with all officers and staff through internal bulletin board notices.

< Cyber Complaints Center Operating Process > <Results of Cyber Complaints Center Operation >



※ One opinion that has not been improved is expected to improve in 2024 as a mid-to-long-term improvement task.

Legally Mandated Training Completion Rate in 2023

- Workplace sexual harassment prevention: 99.2%
- Workplace bullying prevention: 98.9%
- Disability awareness improvement: 98.7%
- Personal information protection: 98.6%

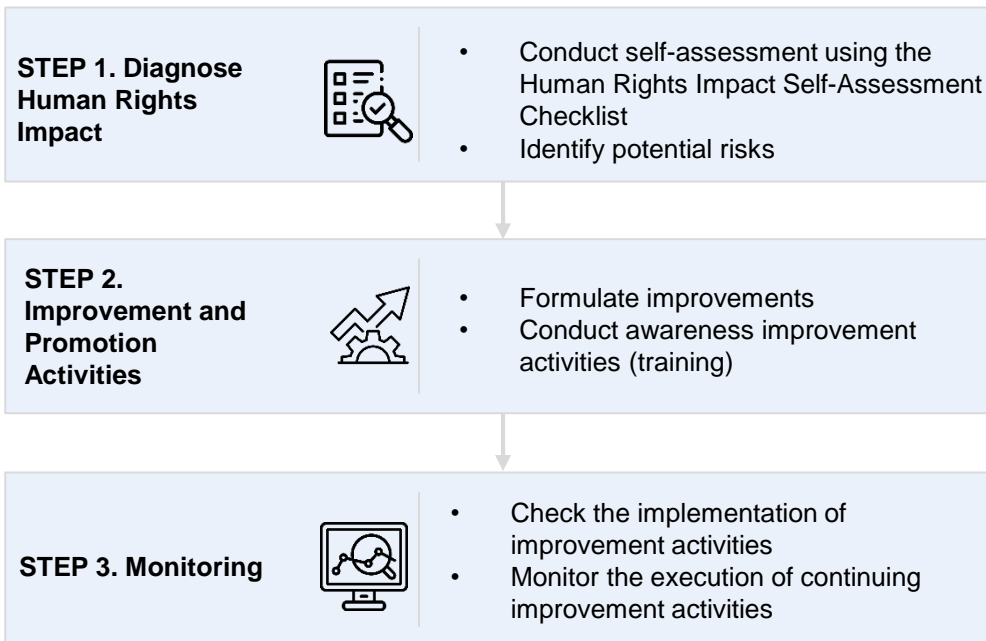
※ The employees who did not complete include those on leave or overseas business trip



Human Rights Impact Assessment

HWASHIN is making efforts to establish a principled human rights-centered management system by identifying and mitigating the major human rights risks that may arise during corporate management activities. To this end, we are engaged in continuous internal checks and improvement activities by conducting self-evaluations of the 10 top human rights impact assessment fields based on the guidelines and checklists issued by the National Human Rights Commission of Korea and monitoring the identified potential risks to arrive at tasks for improvement. HWASHIN will take the lead in protecting the human rights of all parties by conducting regular human rights impact assessments, eliminating the potential for human rights violations in advance, and minimizing human rights risks for our employees and all external stakeholders.

Human Rights Impact Assessment Process



10 Key Areas of Human Rights Impact Assessment



Employee Competency Development

Employee Development Strategy

HWASHIN believes that people are the central competitive edge of the manufacturing industry. Thus, it strives to be a company that enhances the competitiveness of its people. To this end, the company has established four directions for developing talent and formulated diverse educational curricula for all employees to develop into talented individuals equipped with global competence, leadership, and expertise based on positive thinking.



Common Competencies

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



Job Competencies

Supports the strengthening of personal job competencies through external job expert courses, internal job OJT courses, and internal technical courses



Leadership Competencies

Supports the enhancement of leadership competencies suitable for each situation and position by applying leadership courses tailored to the circumstances and roles

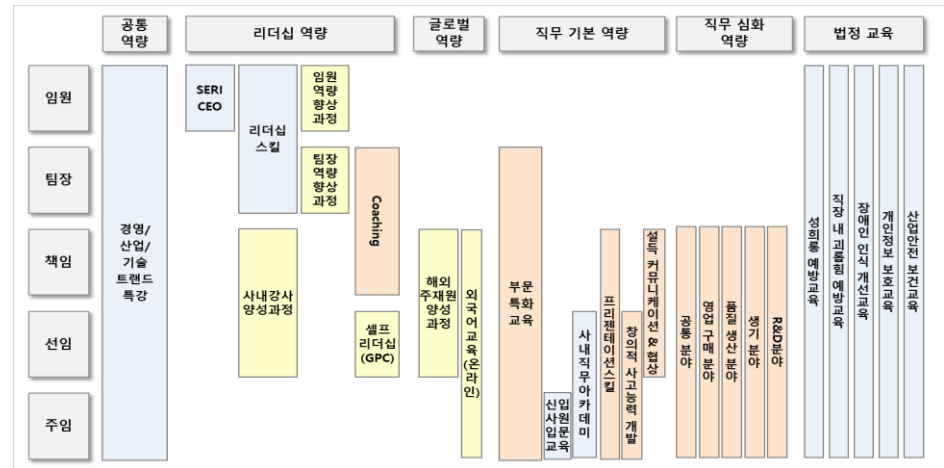


Global Competencies

Supports the development of global competencies by operating cyber linguistics courses, intensive foreign language courses, and foreign language study courses

Company-Wide Training System Diagram

Based on its employee development strategy, HWASHIN has established a company-wide training system diagram. The diagram serves as a guide for everyone, from new hires to officers, to participate in training courses ranging from essential courses that employees at each job level should take to selective and optional courses, depending on the characteristics of each position. To strengthen employee competencies, we formulate new education and training operation plans annually. In order to provide more practical and effective training, HWASHIN operates various in-house courses and instructor training programs, striving to secure organizational competencies.



Mandatory

Mandatory courses for all employees in a given position

Selective

Courses for which the HR department selects employees who fulfill certain eligibility criteria

Elective

Courses that employees participate in voluntarily with the approval of their team leaders

Intergenerational Communication Training

Joyful Coexistence and Communication with HWASHIN

Recently, communication and conflict between older generations and Millennials / Generation Z have emerged as crucial corporate issues. Recognizing the need for mutual exchange and consensus-building between employees and generations who have been disconnected for a long time due to the impacts of COVID-19 and the economic downturn, HWASHIN conducts company-wide training for all members, from organizational leaders to new hires. The training analyzed the causes of conflicts that may arise from the differences in communication styles between generations, presented solutions to these problems, and discussed the necessity for communication and cooperation. It proceeded with a focus on practical exercises and activities, with members from various departments and generations collaborating. At HWASHIN, we will continue our efforts to improve as an organization, continuously monitoring the levels of intergenerational communication in the organization, forming an organizational culture of healthy communication, and making the company a better workplace.



Minimizing Communication
Failures and Conflicts



Mutual Exchanges Between
Members



Recovery of Trust



Enhance Immersion in the
Organization



Organizational Culture

Stronger Communication

HWASHIN aspires to a culture of free communication to form a healthy organizational culture. For instance, in a roundtable with the CEO in company-wide training for officers and employees in 2023, the CEO directly replied to anonymously collected employee comments, actively identifying feedback and grievances from the front lines as part of our goal of open communication. The company also hold an information session on major points of the business environment, sharing this information with all officers and staff to form a consensus together on the circumstances and tasks we are faced with.







[2023 Business Environment Information Session]



[Roundtable with the CEO]

Intracompany Communication Programs

 <p>Online Company Newsletter</p>	<p>These share news from inside and outside the company in the first and second half of every year, from New Year's greetings and stories about employees written by in-house reporters to mobility trends.</p>
 <p>Cyber Complaints Center</p>	<p>An anonymous Cyber Complaints Center and whistleblower protection program are being operated to prevent wrongful work-related practices and establish a principled corporate culture.</p>
 <p>Grievance Center</p>	<p>A Company Grievance Center is operated to make joint efforts toward resolving the grievances experienced by employees both within and outside of the company.</p>
 <p>Work Guidebook</p>	<p>A guidebook is supported so everyone can voluntarily and actively be immersed in the job.</p>



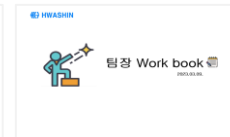
2023년 화신사보(여름호)



2023년 화신사보(신년호)



2024년 화신사보(신년호)



Safety First Management

Safety First Management Policy

As an expert manufacturer of chassis and body automobile parts, HWASHIN analyzes and evaluates the environmental, safety, and health risks in every field arising from the *entire process*, from product design and development, production, usage, and disposal. Based on this, we select high-risk sites and focus on their management. All workers at all sites at the Yeongcheon and Yesan Plants are exerting their utmost efforts at accident prevention and the fostering of safe and healthy working environments for workers based on the ESH management policy.

ESH Management Policy

1. Strictly comply with all obligations, including environmental, health, and safety laws and regulations.
2. Analyze the organizational context and identify ESH impacts of all activities, products, and services
to formulate ESH management goals, minimize related risks, and conduct continuous improvement activities.
3. Consistently implement environmental improvement and pollution prevention activities by minimizing raw and subsidiary materials loss, promoting recycling, encouraging waste reduction, etc.
4. Ensure cooperation and participation between labor and management to raise awareness of ESH management, implement employee education and training to executives and employees, and publish the company's ESH policies and improvement performance.
5. Establish, implement, and maintain continuous improvement activities to prevent safety and health incidents and minimize environmental impact.

※ The ESH policy must be communicated to and implemented by all company employees, and regular reviews should be conducted continuously to verify its ongoing effectiveness. By disclosing the ESH policy to stakeholders, we declare our determination to make improvements.

Safety First Management Policy

The company created a separate safety and health account from the previously used shared account, separating the safety and health management costs. The system was designed to ensure that the safety and health account can only be used for the purpose of securing safety and health. We also regularly check the appropriateness of the budget size and usage by aggregating the safety and health budget performance every year as part of continued efforts to ensure a budget that is effective and appropriate for workplace safety and health management.

[Aggregation of Expenses Executed for Safety and Health in 2023]

(Unit: KRW 1 million)

Activities	Yeongcheon Plant	Yesan Plant	Total
Safety Inspections, etc.	160	60	220
Accident-Free Awards, etc.	65	25	85
Work Environment Measurement	22	7	29
Medical Exam, etc.	26	30	56
Disinfection	2	1	3
Total			393

Safety and Health Management Organization and Activities

HWASHIN has organized for safety and health management. Based on the Occupational Safety and Health Act, we have legally mandated personnel, including a general manager of safety and health, safety manager, health manager, and management supervisor. These employees are fully aware of their duties and roles according to their positions and manage the sites consistently with the work processes. We have also established an Occupational Safety and Health Committee for labor and management to identify risks in work sites together every quarter and consult continuously to meet the highest standards in work environments.

[Eonhaa Plant, Bongdong Plant, and Technology Research Center]



[Yesan Plant]



[Occupational Safety and Health Committee (Once Per Quarter)]

Quarter	Eonhaa Plant	Bongdong Plant	Yesan Plant
First Quarter	Review of the 2023 Safety and Health Management Plan Draft	Review of the 2023 Safety and Health Management Plan Draft	Review of the Safety and Health Management Plan Draft
Second Quarter	Review of the 2023 Second-Quarter Safety Inspection Results Changes to the safety protective equipment provision standards: Added safety goggles	Review of the 2023 Second-Quarter Safety Inspection Results Changes to the safety protective equipment provision standards: Added safety goggles	Matters regarding worker health checkups and health management and three (3) other items
Third Quarter	Review of the Safety and Health Management Regulation Amendment Draft - Added provisions from the Serious Accidents Punishment Act	Review of the Safety and Health Management Regulation Amendment Draft - Added provisions from the Serious Accidents Punishment Act	Compliance with the Serious Accidents Punishment Act Matters regarding status checks and three (3) other items
Fourth Quarter	Confirmation of the Fourth Quarter Safety Inspection Improvements Results	Confirmation of the Fourth Quarter Safety Inspection Improvements Results	Consultation on the 2024 Safety and Health Management Plan Draft

[Joint Labor-Management Safety Inspection Results]

(Unit: Number of inspections)

Category	Eonha Plant	Bongdong Plant	Yesan Plant	Total
Improvements /Targets	18/18	26/27	15/15	59/60
Improvement Rate (%)	100%	97%	100%	98%

[Risk Assessment Improvement Results]

(Unit: Number of assessments)

Category	Eonha Plant	Bongdong Plant	Yesan Plant	Total
Improvements / Identified Issues	17/17	24/24	37/37	78/78
Improvement Rate (%)	100%	100%	100%	100%

[Contractor Management Activities]

Category	Eonha Plant	Bongdong Plant	Yesan Plant
Status of Businesses	Our Home, HRDAIN, Dowon E&C, Samyoung Corporation	Our Home, Kumho, Green Environment	HRDAIN, JSG Co., Ltd., Dukin Corporation
Contractor Conference	24 agenda items		10 agenda items
Joint Safety Inspection	Improved 20 out of 20 agenda items		Improved 9 out of 9 agenda items

Safety and Health Training

Our company mandates annual safety and health education to continuously monitor the safety and health of executives and employees and instill safety awareness among workers. Major relevant training items include regular safety and health training, special safety and health training, and other training (legally mandated duty training, management supervisor training), with details by item being as follows:

[Regular Safety and Health Training]

Month	Training Subject	Month	Training Subject
1	Seasonal health management (winter)	7	Working safely with forklifts
2	Industrial accident prevention for zero-accident workplaces	8	Overview of cranes, jamming accidents
3	Cardiopulmonary resuscitation (CPR) and automated external defibrillators (AED)	9	Risk assessment case studies (manufacturing)
4	Preventing musculoskeletal disorders	10	Seasonal health management (autumn)
5	Preventing health hazards from confined spaces, noise, and vibrations	11	Safety measures for handling heavy objects
6	Managing work-related stress	12	The types and details of industrial accident compensation

[Special Safety and Health Training]

Relevant Internal Items	Training Subjects
Work that handles forklifts, cranes, press, harmful substances, industrial robots, electricity, and fire	Personnel who work in the relevant items

[Other Training]

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

Safety and Health Management Systems

Recognizing the importance of employee safety and health management, we regularly engage in system activities in the order of risk assessment → organizational circumstance analysis and risk evaluation → goal formulation and improvement. When a process change or industrial accident occurs, the risk is assessed on a rolling basis to prevent workers' industrial accidents. We are also in compliance with relevant laws and regulations and other safety and health matters centered around the Occupational Safety and Health Act and the Serious Accidents Punishment Act and are maintaining objectivity while building a system optimized to work sites by being evaluated for the appropriateness and effectiveness of system operations through in-house reviews and third-party reviews by external certification bodies.

We have obtained *ISO 45001 certification to manage safety and health systematically and improve safety and health management levels, working to enhance the reliability of our safety and health management systems.

* ISO 45001
International Organization for
Standardization 45001
(International certification for
occupational health and safety
management systems)



Focus on Chemical Safety Week Campaign

In 2020, HWASHIN concluded a Chemical Safety Community Agreement with the Ministry of Environment and, following its selection as a regional supervising company, is taking the lead in preventing chemical accidents that may occur in the Yeongcheon region. Due to COVID-19, our activities were limited to information sharing and internal activities. However, as of 2023, we are actively participating in meetings hosted by the Daegu Regional Environmental Office and hosting meetings for the Yeongcheon and Gyeongsan chemical safety communities, doing our utmost to prevent chemical accidents in each region.



[Conclusion of Chemical Safety Community
Supervising Company Agreement]



[Gyeongsan Chemical Safety Community
Roundtable]

Comprehensive Fire Prevention Training

HWASHIN has established a local firefighting system for prompt response and evacuation in the event of a fire and implemented in-house training based on the local system while running joint comprehensive fire drills at least once a year with the local fire department.



[Comprehensive Fire Drill]



[CPR Training]

Hands-on CPR Training

We also operate first-aid simulations to enhance response capabilities to internal emergencies. In 2023k, the training was conducted for 118 volunteers, resulting in a high satisfaction score of 99.5. A survey on cardiopulmonary resuscitation (CPR) training for all employees (750 people) showed that 82% (616 people) were willing to participate in the training, and 50% (375 people) considered the appropriate training frequency to be once a year, while 30% (225 people) preferred every two years. Overall, the survey indicated a high level of interest in the training among employees. Taking these employee needs on board, we are making plans for hands-on CPR training in 2024 as well. This training will also raise employees' aware AEDs placed around workplaces and train them on their use. AEDs are regularly checked monthly and continuously maintained for immediate use in emergencies.



Medical Support Services

To maintain and improve employee health, HWASHIN conducts medical exams, comprehensive checkups, and focused management of screened individuals. A health manager is stationed full-time at the infirmary to keep abreast of employee health in real time. At the same time, pharmaceutical and physical therapy facilities are placed and supported for immediate response when symptoms such as coughing, fever, and muscular pain occur.



[Medical Exam, Comprehensive Checkup, and Focused Management of Screened Individuals]

Establishment and Operation of a Health Management System

At HWASHIN, we have installed InBody Body Composition Analyzers and sphygmomanometers at every work site to help establish a system of health management that improves employees' awareness of health and daily habit.. Using these devices, individual executives and employees can check their health status regularly.



[InBody Analyzer]

Mutually Beneficial Coexistence

Operation of a Company Workers' Welfare Fund

HWASHIN operates the HWASHIN Company Workers' Welfare Fund, established in 2003, for the stabilization of employees' lives and enhancement to their welfare. Since its establishment, the company contributed KRW 550,000,000. As of the end of 2022, its total assets amounted to KRW 3,298,000,000, and the permanent property is about KRW 2,889,000,000, with annual mean interest earnings and loan interest earnings of KRW 70,000,000 from the permanent property. The major proprietary business purposes include housing fund and livelihood stabilization fund loans. We will continuously review practical welfare benefits system necessary for employees so the fund's continued efficiency in operation and management.

Welfare Fund Operation Regulation

[Article 3] Business Purpose

This Fund shall execute the following project expenses according to its capacity to pay

▶ Club operation costs, sports festival event costs

[Article 4] Loan Business

This Fund shall execute the following loan project expenses according its capacity to loan funds

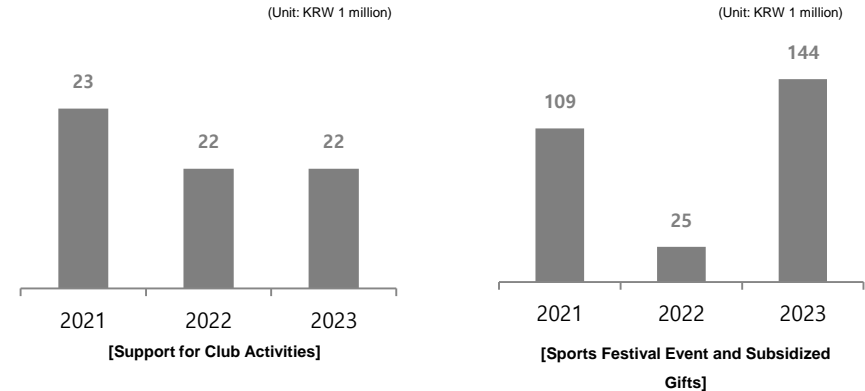
▶ Housing purchase (construction), rent funds, livelihood stabilization funds

[Article 14] Loan Eligibility

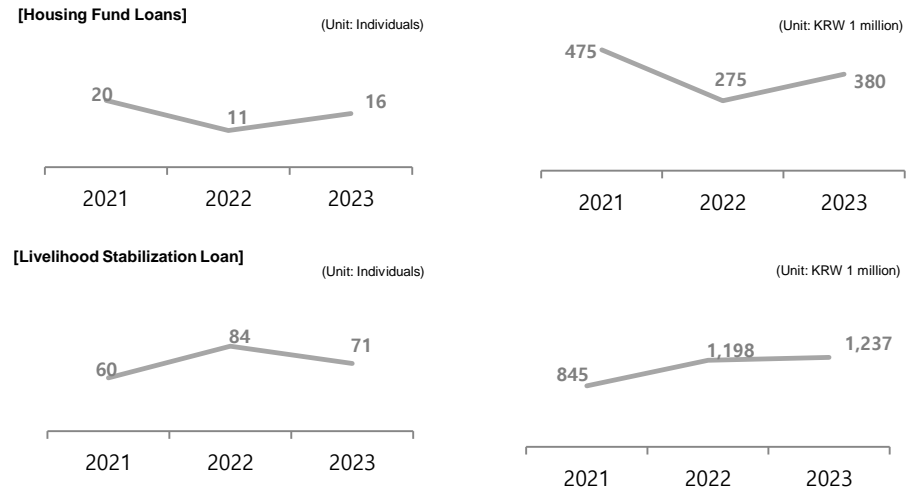
① Housing fund: Not a homeowner at the time the loan is applied for; leasing or purchasing a house up to national housing scale

② Livelihood stabilization fund: A person who otherwise experiences difficulty with livelihood

Status of Support Systems



Support System Status



※ Per the statement of financial position as of the end of 2023 (noncurrent assets)

※ Housing fund loans **KRW 856,477,000** / Livelihood stabilization fund loans **KRW 1,941,632,000**

Promotion of Employee Health

To manage the health of our executives and employees, our company conducts annual regular health checkups and special health examinations before and after assigning employees to their respective tasks, regularly monitoring and managing the health status of workers. Furthermore, we provide comprehensive medical examination benefits to employees aged 41 and above and their spouses, enabling early diagnosis to increase the survival rate of diseases and allowing them to care for their own and their family's health. We also strive to identify and improve harmful factors exposed to workers through work environment measurements. In addition, we operate programs such as musculoskeletal risk factor surveys and management of individuals with abnormal findings, hearing conservation programs, and confined space programs to ensure that workers can perform their duties in optimal health conditions and work environments.

[Medical Examinations]

Category	Exam Period	Examined Items	Time of Examination	Examination Institution	
				Yeongcheon Plant	Yesan Plant
Regular Medical Exam	Once a year (annually)	General checkup, hearing, lung capacity, blood testing, cavities, etc.	April	Korea Industrial Health Association	Korea Industrial Health Association
Preplacement Medical Exam	Preplacement		Occasional	Specialized: Korea Industrial Health Association	Yesan Myeongji Hospital, Hongseong Medical Center
Postplacement Medical exam	Within 2-6 months postplacement			General: Dongsan Orthopedic Surgery	
Comprehensive Check up	Employees	Detailed blood, computed tomography (CT), computed axial tomography (CAT), gastroscop, colonoscopy, magnetic resonance angiography (MRA), etc.	Between January and November Desired date	The Most Holy Trinity Hospital	Hongseong Medical Center
	Officers			Preferred hospital	Preferred hospital

[Working Environment Measurements]

Measurement Period	Implementation Schedule	Relevant Departments for Measurement	Measuring Institution
Semiannually	First half: March Second half: September	First Production Department, Second Production Department, Production-Related Materials Team, Testing and Initiation Team, Advance Research Team, Facility Management Team, New Business Technology Team, Production Team, Business Team	Korea Industrial Health Association Environmental Hygiene Team

[Other Health Promotion Programs]

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

Voluntary Consultations with Health Manager



Support of Blood Testing (Biannual)



Management/sharing of personal results history

Results of July Blood Test

성명 : 000

구분	고혈압		이상지질혈증				당뇨		간기능		
	수축기	이완기	TC	HDL-C	TG	LDL-C	GLU	당화혈색소	AST	ALT	γGT
정상범위	140미만	90미만	200미만	50이상	150미만	130미만	식전 100 이하	4.5% 미만	40미만	35미만	남 11~63 여 8~35
검사결과	'22년 4월 108	64	219	40	175	144	177	34	20	51	
	'22년 7월 -	-	218	46	233	125	103	35	20	51	
중간			-1	6	58	-19	-74	1	0	0	

* 추가 ▶ 000년 당화혈색소 결과 : 6.1 % (정상수치 : 4.0~5.7%)

Results of Final Blood Test of Screened Individuals in 2022

성명 : 0

구분	고혈압		이상지질혈증				당뇨		간기능		
	수축기	이완기	TC	HDL-C	TG	LDL-C	GLU	당화혈색소	AST	ALT	γGT
정상범위	140미만	90미만	200미만	50이상	150미만	130미만	식전 100 이하	4~5% 미만	40미만	35미만	남 11~63 여 8~35
22년 4월 결과	128	76	207	48	200	119	135	-	26	31	39
22년 7월 결과											
22년 10월 결과	132	76	196	49	113	124	111	-	24	20	35

Building a Happy Workplace

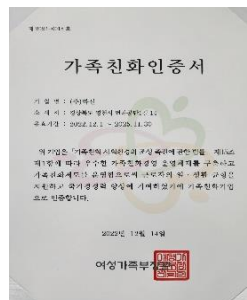
Labor-Management Relations

HWASHIN strives to achieve corporate development and improve the welfare of union members by respecting both management rights and labor rights based on the fundamental spirit of the Constitution and labor relations laws, establishing management order, and maintaining and improving working conditions. To this end, we not only conduct annual wage and collective bargaining with labor unions but also hold quarterly meetings to gather opinions and demands from executives and employees regarding working conditions, personnel systems, and other matters.

Work-Life Balance Support System

HWASHIN strives to protect workers' labor rights and maternity rights so that all executives and employees can work while pregnant, giving birth, and raising children without any discrimination, and can balance their work and family life. We implement various systems such as maternity protection during pregnancy, infertility treatment, miscarriage and stillbirth leave, pre- and post-natal leave, spousal childbirth leave, parental leave, reduced working hours during the childcare period, and family care leave. The details of these systems are compiled and distributed in the Work-Life Balance Support System manual.

Furthermore, we have institutionalized measures to ensure that employees who use the maternity protection and work-life balance systems do not receive unfavorable treatment in personnel evaluations and promotion periods. In recognition of our efforts to create and operate a family-friendly culture, we were certified as an "Excellent Family-Friendly Company" by the Ministry of Gender Equality and Family in 2022.



Category	Program	Details
Pregnancy	Maternity Protection During Pregnancy	Applicants between 12 and 36 weeks of their pregnancy
		Work hours reduced by two (2) hours a day
Childbirth	Infertility treatment leave	Up to three (3) days in a year (first day paid)
	Leave for miscarriage or stillbirth	Granted for 5–90 days depending on the duration of pregnancy
	Pre- and postpartum leave	A total of 90 days (120 for multiple births) 10 days of paid childbirth leave granted to spouse
Support for Employees with Families	Childcare Leave	Pregnant female employees; employees with children up to the age of eight (8) or up to second grade Within one year (may be split into two)
	Reduced work hours during childcare period	Pregnant female employees; employees with children up to the age of eight (8) or up to second grade 1–5 hours a day (5–25 hours a week)
	Reduced work hours for family care	Any family member requires an employee's care because of illness, accident, advanced age, etc. May be reduced by 15–30 hours a week
	Family care leave	Any family member requires an employee's care because of illness, accident, advanced age, etc. Leave: Three months, Break: Up to 10 days

Creating a Happy Workplace

HWASHIN implements various domestic and international programs to ensure that our executives and employees, who spend a significant portion of their day at the company, can feel happiness in their daily lives and at work. For long-term employees who have contributed to the company's growth, we grant reward vacations and awards every 5 years starting from their 10th year of service. For those who have been promoted, we support "healing vacation" expenses when they use their vacation days to refresh themselves. Our overseas subsidiaries (Beijing and Vietnam) held events to commemorate Women's Day. Hwasin Precision, our domestic subsidiary, invited an external singer to hold a "Happy Concert" at the end of the year to comfort the hearts of executives and employees who had worked hard throughout the year and allow them to recharge. The Research Center at headquarters operates a company library to support employees' enhancement of their capabilities and self-development, and an automated café machine installed in the library facilitates an atmosphere of easy communication.

Women's Day at the
Beijing Branch



Female employees were presented with gifts by the Beijing Hwasin Union in a ceremony on Women's Day (March 8)

Happy Concert



Held "Chaehwan's Happy Concert" to boost the morale of our executives and employees, alleviate their work stress, and foster a sense of unity

Company Library & Café



A company library and a new automated café machine are installed and operated simultaneously.

In addition, we have adopted and are operating various programs for employee welfare, having entered into agreements with domestic hotels and resorts for the use of officers and staff and their family members to support their leisure time. In 2023, we partnered with KT to enable employees to use the special benefits of corporate-only rates.

Promotion of a Happy Workplace

Intracompany Clubs

HWASHIN officially supports a culture of intracompany clubs so officers and staff can bond through common hobbies and leisure activities. There are currently 22 clubs, including fishing, mountaineering, baseball, futsal, and bowling, with employees free to join their desired clubs to bond with colleagues, relieve stress, and develop their abilities. We will continue to support and start various intracompany club activities to make long-term contributions to a happy workplace culture .



HWASHIN Intracompany Clubs



Fishing Club



Baseball Club



Soccer Club



Screen Golf



Softball Club



Foot Volleyball Club

Operating a total of 22 clubs

Creation of a new organizational culture / a lively atmosphere

Promotion of a Happy Workplace

Varied Welfare Systems

HWASHIN provides support for various welfare benefits so officers and staff can work in better surroundings and can enrich their lives outside of working hours. We work to raise employee morale and motivation by providing proactive support for the concerns of all workers, including their own and family's health, their children's education, housing, and geriatric planning.

Support for
Family Life



Support for children's school funds / support for employee M.A. and Ph.D. funds / support for congratulatory and condolence expenses / Housing fund loan / livelihood stabilization loan / support for infants and children

Support for
Office Life



Commute buses / company cafeteria / company dinner expense support / Long-term employee bonus

Leisure
Support



Vacation expense support / recreational facility support / club activity support / special vacation for long-term employees / sports festivals

Medical
Support



Regular medical exams / comprehensive checkups for 40 and older / Focused management of screened individuals / company fitness center / antismoking clinic

Work-Life
Balance



Focused breaks, annual leave, work from home, etc.

Retiree Roundtable

Every year at HWASHIN, we open a roundtable with the CEO for the retirees who fulfilled their duties faithfully for the company's development. We gift them with commemorative plaques and flowers in thanks for their labors.



[2023 Retiree Roundtable]

Promotion of Smart Work

HWASHIN adopted Microsoft Teams, a company-wide cooperative work platform, to not only share work schedules and materials but also to reduce unnecessary meetings and mundane work using video conferencing and shaping an environment where employees can work anytime and anywhere without physical restraints. We also provide virtual desktop virtualization (VDI) solutions that support officers and staff to comply with security protocols in the office and at home and are otherwise making active efforts to improve employees' working environment.

Promoting Employee Health

HWASHIN, considering the maintenance and promotion of employee physical and mental health to be crucial elements in corporate management, is taking varied efforts at the organizational level. Though most employees know the importance of health, we realize that they are hard-pressed to make the time for it given their busy work schedules. Overseas branches hold sports festivals. In contrast, domestic affiliates hold events, such as interdepartmental foot volleyball competitions, to run and move alongside colleagues away from work, offering opportunities for camaraderie. In 2024, we are launching a HWASHIN Walking Challenge to prevent brain and cardiovascular disease. Employees who achieve at least 15,000 steps every week and those who complete full-course marathons held between March and May and rank first to third place will be eligible for a prize raffle.

Female Employees' Sports Festival at the Beijing Branch



A sports festival for female employees was held on December 6 with various events at the Beijing branch.

Inter-Department Foot Volleyball Competition



All HWASHIN Precision employees, including field and office workers, participated in an inter-department foot volleyball competition on May 18.

HWASHIN Walking Challenge

Howashin Walk Challenge

검지 않으면 모든 것을 잃는다! 확산안을 걷게 하자!

[HWASHIN] Walk Challenge! Start

1. 목적 : 확산 전 일·직원들이 "걷기운동"에 적극 참여할 수 있도록 유도하여 건강한 사업장 분위기 조성
2. 대상 : 확산 전 일·직원
3. 내용 : ① 3~5월 매주 금요일을 'Howashin Walking Friday'로 정하여 15,000보 이상 걷는 대상자 걸음 수 1~3위 대상으로 포상
② 3~5월 중 마라톤 대회 5km or 10km 완주자 중 무작위 추첨으로 3명씩 포상

구분	사내 직·심혈관질환 주요 발병 질환 현황	고혈압	당뇨
2021년	254 (37%)	82 (12%)	54 (8%)
2022년	200 (30%)	72 (11%)	49 (7%)
2023년	232 (31%)	71 (10%)	55 (7%)

가장 효과적인 뇌·심혈관질환의 예방법 중 하나는 걷기

- ✓ 걸을 때 발바닥이나 허반신의 여러 근육을 통한 신장자극이 대뇌 심피질의 감각 영역에 전달 → 뇌간을 자극
- ✓ 보행 중에는 뇌 전체의 혈류(피가 돌) 개선
- ✓ 대다수의 의료인들이 뇌질환 환자들에게 항상 주문(요구)하는 것은 꾸준한 걷기 운동

HWASHIN

The event will be held for active participation by all HWASHIN employees in the walking challenge.

In addition, to ensure employees' right to health, lounges are installed in all workplaces as a space where they can relieve physical fatigue and mental stress.

Promoting Employee Health

HWASHIN has added a well-being menu to the company cafeteria for employee health and is providing healthy meals by managing the salt levels in the general menu. In addition to menu management, a company fitness club was established to allow employees to have convenient workouts and promote fitness. We also entered into partnerships with regional hospitals and fitness centers to give discounts not only to employees but also to their direct families, actively supporting employee health through medical exams, hospital treatments, and workouts.



Well-Being Menu



Company Fitness Club

엘스	단디워트니스 (경북 영천시 시청로 5)
대상	· 화신 임직원 및 직계가족
주요 우대 내용	· 카드결제시 10%, 현금결제시 20% 할인 · 퍼스널트레이닝 등록 시 예택 · 회원권 정가의 60% 할인 · 트레이닝 횟수 10% 추가 (10회→11회, 20회→22회, 30회→33회)
안과	누네안과병원-대구/서울
대상	· 화신 임직원 및 그 직계가족, 형제자매, 배우자 · 배우자의 직계가족, 형제자매
진료과목	· 시력교정수술(라식/라섹 등), 백내장, 녹내장, 망막, 각막, 사시 등 모든 안과질환
주요 우대 내용	· 연과 비급여 수술비 10~20% 할인 · 눈 종합검진 VVIP 우대가 · 시력교정수술(라식,라섹 등) VIP우대가 · 치료 및 검사관련 비급여 항목 VIP우대가

Partnership Events with Hospitals and Fitness Centers

In 2023, we jointly organized a Safety and Health Mission Event with the Yeongcheon Mental Health and Welfare Center and the YC Leaders Dental Clinic, a partner hospital. The event proceeded with health and safety themes so all employees could easily participate, engage in, and learn about safety and health issues, which may have seemed complicated.



Stronger Management Supervisor Activities

At the beginning of 2022, HWASHIN advocated for the respect for and protection of workers' lives by holding an Industrial Accident Prevention Proclamation Ceremony for the prevention of serious accidents attended by the CEO and all employees. In 2023, the most prominent activities for the prevention of industrial accidents were safety and health activities led by the management supervisor. The management supervisor's duties, responsibilities, and authority were clearly delineated ahead of any activities. Risk factors that may arise on site were discovered, and countermeasures were taken, with chiefs and forepeople taking the lead as the core personnel on working sites. The management supervisor was awarded to encourage proactivity and participation in the activities.



[Industrial Accident Prevention Proclamation Ceremony]



[Management Supervisor-Led Safety and Health Activities in 2023]

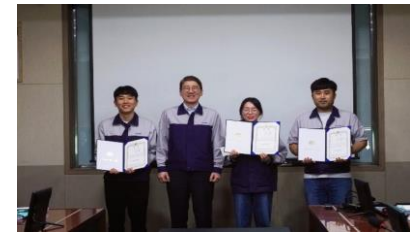


Safety Culture Promotion Activities

HWASHIN continues to undertake employee-friendly activities through annual events to raise employees' safety awareness. In 2023, we held various activities such as CPR simulation and fire drills for employees and drew attention to safety as an issue by holding an N-lines poetry competition. We also helped relieve employee stress and raised their positive impressions on safety by providing punch machines, coffee, and tea.



[N-Lines Poetry Competition Voting and Award by the CEO]



[Safety and Health Establishment Activities through Worker Participation]

Support for Physical Therapy Facilities

HWASHIN operates physical therapy facilities in all workplace infirmaries. Low-frequency treatment equipment, infrared treatment equipment, paraffin treatment equipment, air-pressure massagers, and others are placed to help employees relieve the fatigue and discomfort they experience on the job. The usage of treatment equipment complies with established methods in consultation with a health officer who is a licensed nurse. HWASHIN plans to place any additional equipment necessary for the promotion of employee health.



[Low-Frequency Treatment Equipment]



[Infrared Treatment Equipment]



[Paraffin Treatment Equipment]



[Air-Pressure Massager]

Support for Supplier Safety and Health

We also conduct activities to support the health and safety of our suppliers' employees. With the outbreak of COVID-19, we distributed free medical masks, hand cleansers, and self-diagnosis kits to suppliers' employees in 2020 to aid in COVID-19 prevention and response systems.

Moreover, safety gear was provided to suppliers to prevent industrial accidents and build comfortable work environments, identifying potential risk factors in advance. To this end, we will prevent accidents by providing safety gear such as gloves and hard hats and continuing our contribution to workers' awareness through consistent visits and monitoring.



INTERVIEW



Kim Myeong-gu
CEO, Joong Won Industrial

"HWASHIN has been steadfast in its safety and health support activities as part of its shared growth policy with suppliers. On behalf of all employees, I would like to thank the HWASHIN community for their consistent help to suppliers in need despite uncertain business conditions during COVID-19. Following HWASHIN's lead in building an organic system of cooperation for a model of coexistence with suppliers, we will join the effort to aid suppliers in their safety and health management."

Social Contribution and Value Creation in Local Communities

Wooseok Scholarship and Culture Fund

HWASHIN established the **Wooseok Scholarship and Culture Foundation** to meet its social responsibilities consistently and systematically. Focused on scholarship and culture projects, the **Wooseok Scholarship and Culture Foundation** supports disadvantaged neighbors and youth in living lives full of hope and courage. Based on the belief that support for talent is hope for our future, we will provide opportunities to contribute to our scholarship recipients' growth into indispensable talent in local communities, Korea, and worldwide.

Since its establishment in 2005, the amount of the scholarship and the number of potential recipients have increased every year. We will continue to contribute to the community through more support and varied activities.

※ For more details, see the Foundation's website:

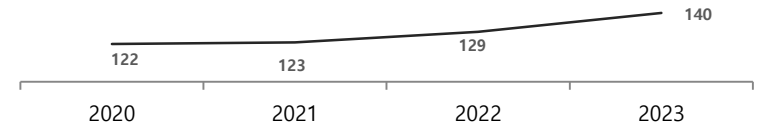
(<http://hswooseok.or.kr/>)

Composition of the Board of Directors

Name	Position	Name	Position
Jeong Seojin	Chairman of the Board of Directors	Seong Tae-mun	Director
Chae Yeong-baek	Director	Min Jeong-gi	Auditor
Jeong Yeon-uk	Director	Jeong Jae-eok	Auditor
Song Sang-woo	Director	Kwon Yeong-woo	Secretary-General
Roh Tae-gi	Director		

Number of Scholarship Recipients

(Unit: Individuals)



Amount of Scholarships Awarded

(Unit: Individuals)



Social Contribution Activities

Donation for Flood Recovery Efforts

The torrential downpours in the summer of 2023 brought devastation to many regions, including Gyeongsangbuk-do Province. HWASHIN donated KRW 50 million for the flood victims' swift return to normalcy and restoration of affected areas. The company also actively participates in support projects by the national foundation.

■ 법인세법 시행규칙 제88조제9항의4(3)항 2022. 8. 18. >

입금번호		82307260150019		기부금 영수증		신규	
1. 기부자							
성명 (법인명)		(주)화신		주인등록번호(사업자등록번호)		505-85-02422	
주소 (소재지)		경상북도 영천시 연화동1길 14. (연하동)					
2. 기부금 단체							
단체명		사회복지법인 사회복지공동모금회		사업자등록번호(고유번호)		116-82-14428	
(지점명)		사회복지법인 사회복지공동모금회 경상북도지회		(지점 사업자등록번호 등)		515-82-05309	
소재지		서울특별시 중구 세종대로21길 39, 5층		기부금품계대상		법인세법	
(지점소재지)		경상북도 영천시 효령면 도청대로 201, 4층		공익법인등 관계법령		제24조제2항제1호의6	
* 기부금 단체의 지점(분사무소)이 기부받은 경우, 지점명 등을 추가로 기재할 수 있습니다.							
3. 기부금 모집처(원본기관 등)				사업자등록번호			
단체명		사회복지					
소재지							
4. 기부내역							
코드	구분	년월일	품명	수량	단가	금액	
10	물품	2023/07/28				50,000,000 원	



사회복지법인 사회복지공동모금회 경상북도지회
주소 : (38848) 경상북도 예천군 효령면 도화대로 201, 4층
TEL : 054-650-2800
FAX : 054-650-2809

경상북도 영천시 연화동1길 14. (연하동)

(주)화신 귀하

Fundraising for Disadvantaged Neighbors

We consistently pay attention to difficulties and issues in local communities and participate in sharing campaigns through fundraising for local community members every year. In 2021, we raised a total of KRW 90 million, KRW 160 million in 2022, and KRW 170 million in 2023. HWASHIN will remain active in diverse activities to give back to local communities.

INTERVIEW



Choi Gimun
Mayor of
Yeongcheon

"Thank you once again for the attention and support you have shown in the past year. We would like to ask for your continued engagement and participation by local residents, bodies, and organizations in the new hope and sharing campaigns for 2024."



Employee Change for Change Donations

HWASHIN CEO Jeong Seojin, joined by officers and staff, is collecting change from their wages every month to donate to vulnerable populations in local communities. Change for Change contributes to activities including Visiting Food Trucks for Youth, Community Kimchi Sharing, and sharing beef-bone soup with vulnerable populations.

기부확인서

1. 기부자				
성명	최선 일직원일동	주인등록번호: (사업자번호)		
주소	경상북도 영천시 도남공단길94-2			
2. 기부처				
경북사회복지공동모금회		515-82-05309		
3. 기부내역				
연월	기부년도	회수	금액(원)	비고
1	2018	1	9,538,222	
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	2023	1	6,457,618	
7				
8				
9				
10				
11				
12				
13				
14				
15				
계		6회	48,412,976	회금

* 본 기부확인서는 세금공제 효력이 없습니다.
(별첨과 1. 포상자명장 참조)

위와 같이 기부하였음을 확인합니다.
2023. 12. 22.

경상북도사회복지공동모금회



Value Creation in Local Communities

Presidential Citation for Contribution to Repatriation

In 2022, HWASHIN concluded a repatriation investment MOU to invest KRW 80 billion in the Yeongcheon High-TecZh Park, which is a Daegu-Gyeongbuk Free Economic Zone, for a local community-based lightweight and eco-friendly electric vehicle parts manufacturing plant. In recognition of these efforts to stimulate the local economy and contribution to the stability of the domestic supply chain through the expansion of the production plant for battery pack cases, CEO Jeong Seojin was awarded a Presidential Citation on November 16, 2023, at the Award and Seminar for Contribution to the Repatriation of Overseas-Expanded Companies held by the Ministry of Trade, Industry and Energy. The lightweight and eco-friendly electric vehicle parts manufacturing plant will contribute not only to HWASHIN's growth but also to local job creation and economic stimulus.



[Repatriation MOU Signing]



[Award for Contribution to Repatriation]

Visit by Yeongcheon's Dongbu-dong Association of Neighborhood Chiefs

In September 2023, the Dongbu-dong Association of Neighborhood Chiefs in the city of Yeongcheon held a Visiting Town Hall at HWASHIN. Instead of being held in the conventional setting of the administration and welfare center meeting room, this meeting was conducted by visiting a local company to see major products in a tour of the display hall and gather information on the general direction of the automobile parts industry. HWASHIN will continue expanding activities that contribute to the balanced development of local communities.



[Visiting Town Hall]

Mid- to Long-Term Goal & Strategy for creating community value

HWASHIN has set the following mid- to long-term goals and strategies to continuously create value in the community and carry out various win-win activities in the future.

Community Value Creation Vision

A company that creates social value through continuous social contribution activities

2030 Goal

Diversification of social contribution activities

2030 Goal Achievement Strategy

- A fundraising campaigns for helping the underprivileged in the community
- A promotion of the Employee salary change donation
- Donation to restore in the event of climate crisis and disaster
- Discovering support activities for the vulnerable groups such as providing necessary goods and scholarships
- Cleanup activities and plogging for ecological conservation



Information Protection

Information Protection Directions and Policy

HWASHIN remains in strict compliance with domestic and foreign security laws and regulations to protect employees' personal information, customer information acquired in the course of business activities, trade secrets, etc., and has amended and published internal information protection regulations such as information security management and IT security incident response guidelines, etc. With the continued occurrences of cybercrimes against corporations through hacking and ransomware, we have raised internal security awareness and strived to prevent damage by training employees on the types of cyberattacks, responses, and self-diagnosis of personal computers to respond to relevant risk exposure proactively.

Information Protection Certification

To systemize information protection management, HWASHIN has obtained external certifications such as TISAX and H-ISMS to enhance corporate information protection levels, and has consistently renewed them.



Enhance Information Security Incident Response Capabilities

Elevating Information Protection Awareness

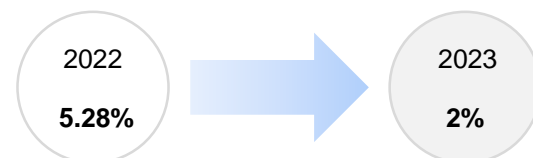
To enhance employees' awareness of information security and capabilities, HWASHIN selects a security officer for each team to receive annual security training and support the security officers in disseminating the training throughout their departments.



[2023 Information Security Training]

Simulated Scenario Response Training

HWASHIN runs phishing email simulation training during the first and second half of every year to strengthen cybersecurity and minimize losses from cybercrime. For the simulated training, phishing emails were sent to employees impersonating corporate clients, MS Office, etc., with about 2% of all trainees falling prey to information leakage in the second half of 2023. We will continue to work toward a 0% infection rate in the future through consistent simulated scenario response training and information security education.

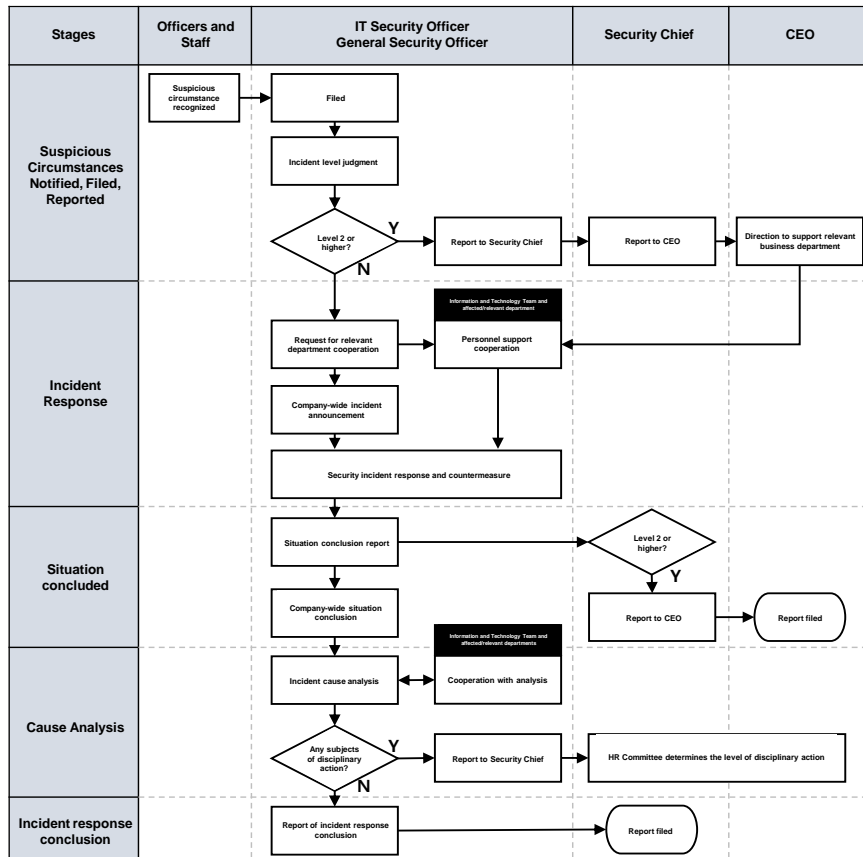


※ Simulated phishing: Lowered by 3.28% compared to the previous year.

Enhanced Information Security Incident Response Capabilities

Security Incident Response Procedures

With HWASHIN's consistency with internal information security guidelines, relevant systems have been placed, including security incident report chains, response organizations, response procedures, etc., and will strive toward rapid and accurate responses in case of information security incidents.



Establishment of a Company-Wide Security Solution

Starting in 2022, HWASHIN replaced its security solution with SentinelOne for company-wide installation and use. SentinelOne continuously monitors behaviors and events, including user files, processes, and memory. It can immediately identify causes and take measures to detect malicious code or hacking, and the security solution cuts off potential incidents that may occur in the company.



Personal information protection

Information Protection Training and Regular Audits

Pursuant to Article 28 (2) of the Personal Information Protection Act, HWASHIN conducts personal information handler training to ensure the appropriate handling of personal information and at least two personal information training sessions for personal information protection chiefs and department security officers for the protection of personal information and the prevention of compromise incidents. There are regular inspections to determine whether the proper technical and managerial safeguards of personal information are being taken.

Furthermore, only designated personnel are granted system authorization regarding access to personal HR information to prevent the misuse or leakage of employee personal information. These personnel are requested to sign a pledge of HR information protection annually as part of our measures to protect personal information.

R&D Innovation

Innovation Climate 5S (IC5S)

The current automobile market experiences a rapid change in market cycles, including internal combustion engines, hybrid cars, plug-in hybrids, electric vehicles, and hydrogen cars, derived from customer needs, attention to the environment for future generations, and other factors. With various R&D and investments, HWASHIN navigates uncertainties in the global business environment, including COVID-19 and the economic recession worldwide. Therefore, HWASHIN makes consistent R&D efforts through innovation activities, including internalization of core values (securing a basic constitution to make innovation a reality), implementation of management policy (establishment of a value-creation structure unique to R&D), innovation with customers (R&D linkage), etc.

Core Values

Enterprising Spirit

Customer-Centered

Innovation

Principle First

Communication

Directions for Action

Beginnings

Specialization

Smart Products

Standardization

Communication

Formulate direction for innovative actions

Enrich quality enhancement activities
Formulate a production technology road map

Develop a real-life digitization system
Commercialize the operation of a virtual line

Establish a new technology development process
Standardization/documentation

Enhance communication

IC5S Activity Outcomes

Core Value	Directions for Action	Activity
Beginning	- A climate of everyday innovation	- Establishment of directions for innovation actions and awareness education
Specialization	- Enhance the advanced quality of prior art - Preventing issues with new car product quality - Innovation through mid-to-long-term ERM	- R&D of advanced prior art and painting methods - Vehicle group activities, advance verification of mass production - Formulate the mid-to-long-term vision and production technology road map
Smart Products	- Develop a real-life digitization system - Commercialize the operation of a virtual line	- Digitize facility management and establish a global painting process monitoring system - Develop a process review program and build a facility database
Standardization	- Establish a new technology development process - Standardization and documentation	- Standardize and document various blueprints
Communication	- Communication training and communication board	- Monthly communication training

Shared Growth

Shaping a Culture of Shared Growth

To establish an order of fair trade and to prevent risks that may arise in contracts and transactions, HWASHIN has formulated and adheres to four principles. We are holding exchanges with suppliers about their general management activities and providing systematic and practical support, including technical, training, financial, enhancing safety management capabilities, and business stabilization to shape a culture of shared growth.

Four Action Points for Fair Trade and Shared Growth

① Action Point for Good Contracts

Present matters for mutual compliance in transactions

② Action Point for Fair Supplier Selection (Registration)

Enhance transparency and fairness in supplier selection and operation of supplier pool

③ Action Point for the Establishment and Operation of the Subcontracting Transaction Internal Review Board

Review the fairness and legality of subcontracting transactions between suppliers in advance

④ Action Point for Good Practices in the Issuance and Retention of Documentation in Subcontracting Transactions

Promote a practice of issuing advanced documentation in subcontracting agreements and transactions between suppliers

Supplier Code of Conduct

HWASHIN has enacted a Supplier Code of Conduct and posted it online for internal and external stakeholders to view it and effectively respond to supply chain risks through the establishment of a sustainable supply chain. Suppliers who provide goods or services to HWASHIN throughout the supply chain are advised to comply with the Code. The substance of the Code of Conduct subdivides into four major areas of ethics, environment, labor/human rights, and safety/health, along with relevant implementation guidelines and conduct guides.

Top score in evaluation of fair trade pact implementation (five consecutive years)

HWASHIN is subject to annual implementation evaluations by the Korea Fair Trade Mediation Agency and the Fair Trade Commission and was awarded the top score level for five years from 2019 to 2023 in recognition of its efforts to establish an autonomous order of fair trade and promote a culture of coexistence and cooperation.



[Top Citation from the Fair Trade Commission]

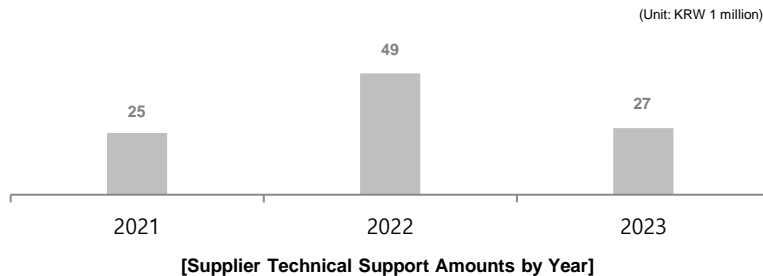
Fair Trade Pact Implementation
Evaluation by the Fair Trade
Commission

★★★★★
**Top Score for
Five Consecutive
Years**

Major Shared Growth Programs

Technical Support

HWASHIN provides technical support to suppliers experiencing difficulties from worsening outcomes and shortfall of expert personnel, making joint efforts to help suppliers secure sustainable technological capabilities. In 2023, we modified suppliers' molds. We also supported ingredient yield rate improvements of mass-produced and new vehicles to enhance supplier profitability, and continue implementing other improvements to stabilize suppliers' production and quality.



Severe Heat Season Support

HWASHIN engages in activities to improve morale and prevent heat-related injuries in our suppliers who toil through the hot summers. We primarily provide support in the form of seasonal fruits such as watermelons and directly provide goods needed by suppliers after hearing supplier opinions. In 2022, we provided ice machines as severe heat cooling equipment, and in 2023, we provided integrated distribution workers with red ginseng to support their health. HWASHIN will continue working toward healthy and safe work environments for and stronger relationships with our suppliers.

Safety and Health Support

We implement continued annual safety inspections of suppliers to respond to safety regulations such as the Serious Accidents Punishment Act. We have focused efforts to settle and internalize safety and health management systems in 2023, including joint safety inspections with suppliers, forklift inspections, and technical support for risk assessment. HWASHIN also encourages consistent safety practices by awarding plaques and prizes to accident-free suppliers every year, and will not only monitor safety and health but also publicize and horizontally deploy model cases of safety and health in suppliers to achieve zero rates of severe and industrial accidents among suppliers.



[Accident-Free Supplier Award]



Major Shared Growth Programs

Training and Personnel Support

With the firm conviction in recognizing suppliers' competitive edge as its own, HWASHIN plans and undertakes various training programs annually for capability development and top-tier talent nurturing in our suppliers. In 2023, we not only provided work training in subjects such as production technology and quality but also safety training for our major suppliers. If a supplier needs assistance with quality or productivity enhancement, we provide support through our expert personnel for fundamental solutions required by the suppliers up until increased profitability.



2023 Educational Programs

1. Technical Education
 - ROBOT elementary/intermediate level, PLC training
2. Safety Education
 - VR safety simulation, CPR training
3. Labor/Management Education
 - Labor management and leadership lecture
4. Other
 - Supplier Global Coexistence Cooperation Center



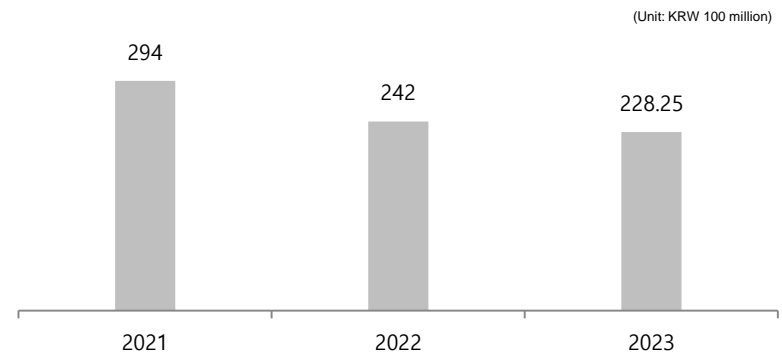
Personnel Support

1. Quality Improvement Activities
 - Qualitative quality improvement activities
 - Supplier horizontal deployment TFT
2. Productivity Stabilization Activities
3. Profitability Improvement Activities
 - PRESS process improvement, personnel reduction, optimization, JIG motion improvement in welding lines

Financial Support

To resolve suppliers' funding difficulties and enhance their financial solvency and stable growth, HWASHIN has partnered with Daegu Bank to operate the Shared Growth Fund. Since signing the working-level pact with Daegu Bank in 2013, HWASHIN has supported interest costs when suppliers take out loans for operation funds, which enables them to save on financial costs and facilitates the procurement of business funds for stable supply chain operations.

HWASHIN also contributes about KRW 22,500,000 every year to the Large, Medium and Small Enterprises Agriculture and Fisheries Foundation to provide steady support in masks, hand sanitizers, self-diagnosis kits, and safety gear since COVID-19. We also plan to provide a range of support to enhance competitiveness alongside suppliers and resolve wealth concentration.



[Shared Growth Fund Operation Fund by Year]

Spreading a Culture of Shared Growth

Raising Prices to Align with Raw Material Unit Price Increases

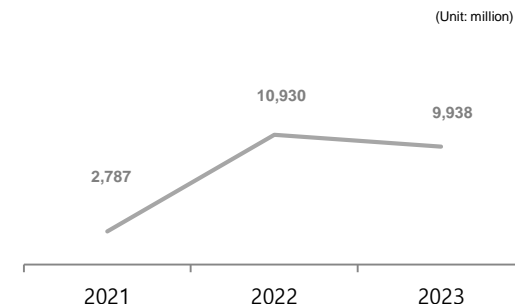
HWASHIN swiftly raises and pays suppliers subcontracting prices every year to adapt to raw material unit price fluctuations. Recent events, including COVID-19 and the Ukraine– Russian War, destabilized the global supply chain, causing raw material prices to skyrocket. To prevent the raw material unit price increase from burdening suppliers, HWASHIN immediately raises prices appropriately to improve suppliers' management environment. In recognition of our efforts, we received a citation from the Minister of SMEs and Startups in 2022.

Supply Payment Linkage System Win-Win Corporation

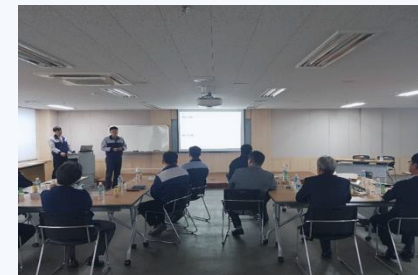
HWASHIN had implemented voluntary supply payment linkage since before its enactment as law, marking up supply payments to align with increases in raw material unit prices compared to the time of contract execution to resolve supplier burdens. Starting in 2023 with the government's implementation of the supply payment linkage system as law, we have chosen to participate in advance as a "supply payment linkage system win-win corporation." HWASHIN informed major suppliers about its plan to implement the supply payment linkage system, provided relevant training ahead of implementing the system, and discussed with them the problems and difficulties that may arise from linked contracts. In conclusion, HWASHIN will encourage the participation of consigning and consigned corporations to promote the supply payment linkage system, and will continue building a culture of shared growth and coexistence along with it.



[Ministerial Award for the Supply Payment Linkage System]



[Amount of Increase in Raw Material Unit Prices by Year]



[Information Session for Suppliers on the Supply Payment Linkage System]

Spreading a Culture of Shared Growth

Autonomous Compliance Review Committee Meeting

HWASHIN seeks to establish a fair subcontracting order by reviewing the fairness and appropriateness of subcontracting transactions. To this end, the departments involved in subcontracting transactions regularly hold Autonomous Compliance Review Committee meetings. We seek to prevent potential risk by seeking consultation from expert attorneys and the autonomous compliance manager regarding issues arising from each team's internal review.



Coexistence and Cooperation / Subcontracting Law Training

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



Programs for Enhanced Communication with Suppliers

To strengthen relations with suppliers and establish a culture of shared growth where lines of communication are open for any issues, HWASHIN implements various programs to enhance communication. HWASHIN officers and employees conduct exchange meetings with suppliers' plant managers and cooperation meetings with supplier representatives, operating multifaceted communication channels to listen to voices on the ground and resolve any issues. HWASHIN will continue operating various communication enhancement programs to empathize with and resolve supplier issues for a sustainable partnership with side-by-side growth.

Programs for Enhanced Communication with Suppliers

Exchange Meetings with Supplier Representatives

Exchange meeting to resolve issues that may arise between primary and secondary suppliers

Roundtable with Supplier Plant Managers

Policy information session and performance management through quarterly roundtables

Supplier VOC Activities

Visit suppliers to hear their grievances and resolve issues

Online Anonymous Tip Channel

A cyber complaints center for supplier employees to convey issues

HWASHIN Pursues Principled Management

Governance

- 81 Governance Structure
- 83 Risk Management
- 85 Shareholder-Friendly Management
- 88 Ethical/Compliance Management
- 90 Compliance Management
- 91 Stakeholders and Distribution of Economic Value



Governance Structure

Board of Directors–Centered Management

To maintain a sustainable management system, HWASHIN has a board of directors as the highest decision-making body to hear the opinions of all stakeholders, including shareholders, and to advance the protection of their interests and transparent, effective management. We always strive for profit maximization and to meet corporate social responsibilities by regularly conducting board meetings.

Composition of the Board of Directors

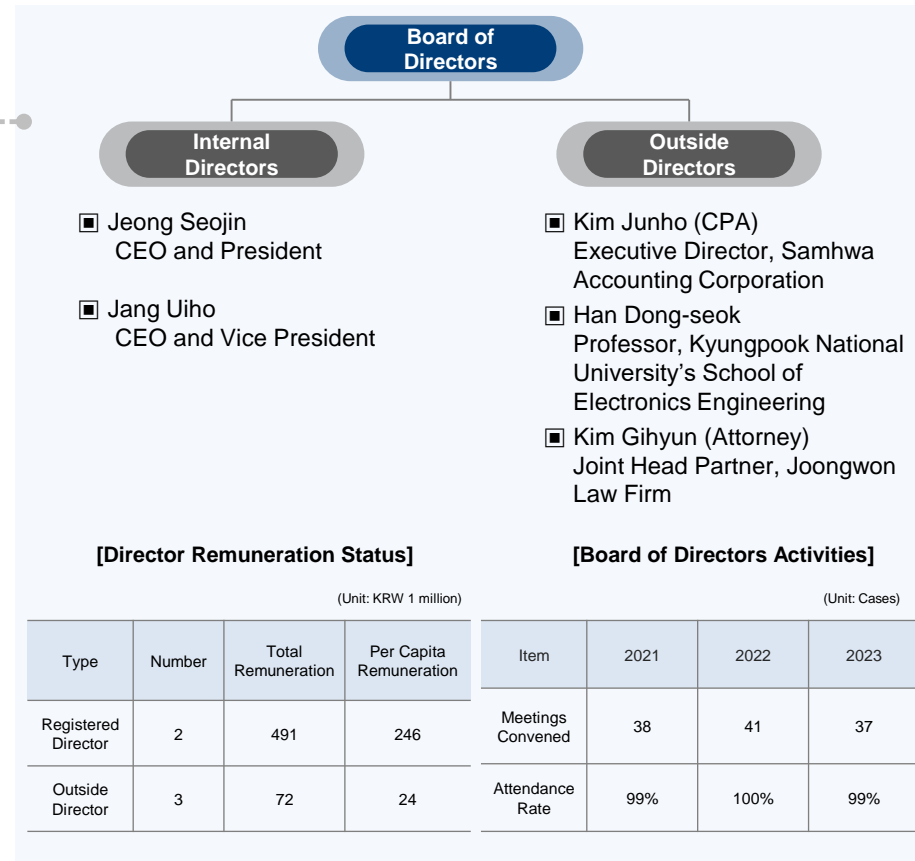
The board of directors is the highest decision-making body with authority on corporate management–related decisions. HWASHIN's board consists of five directors. To maintain expertise and transparency, the board comprises two internal directors and three outside directors, and the CEO concurrently serves as the Chairperson of the Board in consideration of an understanding of and expertise in the automobile industry as a whole.

Independence of the Board of Directors

To enhance the independence of our directors, including outside directors, we transparently disclose all director information to the general meeting of shareholders ahead of selection, making external disclosures of the relationship between each candidate and the largest shareholder, details of the person's transactions with the company, etc. As a listed company with gross assets of less than KRW 2 trillion, HWASHIN did not establish a committee for recommending candidates for outside directors pursuant to Article 542-8 of the Commercial Act.

Director Remuneration and Compensation

Director remuneration is determined by individual consultation every year, while the remuneration of registered and outside directors is executed within the amount limits approved by the general meeting of shareholders.



Board of Directors Status

For expertise and objectivity in decision-making, the board of directors comprises two internal and three outside directors. The statuses of the Chairman of the Board and audit committee members are disclosed in detail through our website, and we will continue to work together for the effective operation of the Board.

Type	Name	Position	Gender	Appointment Date	Term	Duties	Experience
Internal Directors	Jeong Seojin	CEO (Chairperson)	Male	March 29, 2022	Three years	Management lead	BA in Business, Korea University MBA, University of Rochester (United States) CEO and President, HWASHIN Co., Ltd.; HWASHIN Precision Co., Ltd.
	Jang Uiho	CEO	Male	March 29, 2022	Three years	Manufacturing lead	President, HWASHIN Co., Ltd. US Branch Vice President, HWASHIN Co., Ltd.
Outside Directors	Kim Junho	Member of the Audit Committee	Male	March 28, 2023	Three years	Outside director/ Representative member of the Audit Committee	CPA, tax accountant Executive Director, Samhwa Accounting Corporation
	Han Dong-seok	Member of the Audit Committee	Male	March 29, 2022	Three years	Outside director/ member of the Audit Committee	Head, Kyungpook National University Center for ICT & Automobile Convergence Research Professor, School of Electronics Engineering, IT College, Kyungpook National University
	Kim Gihyun	Member of the Audit Committee	Male	March 29, 2022	Three years	Outside director/ member of the Audit Committee	Chief Judge, Daegu District Court Joint Head Partner, Joongwon Law Firm

Audit Committee Status



Representative Member

Kim Junho



Member

Han Dong-seok



Member

Kim Gihyun

Type	Name	Position	Gender	Concurrent Service
Outside Directors	Kim Junho	Representative Member	Male	-
	Han Dong-seok	Member	Male	-
	Kim Gihyun	Member	Male	-

[Main Roles of the Audit Committee]

- Supervises the duties of the directors and management
- Approval for the selection of outside auditors
- Other matters provided for in the Articles of Incorporation or the Operation Regulation of the Audit Committee in connection to audit duties

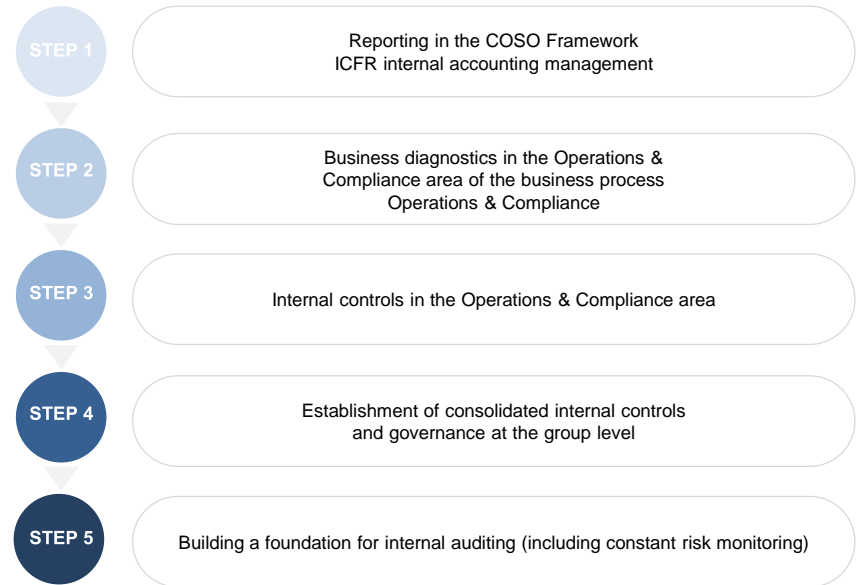
Risk Management

Internal Controls

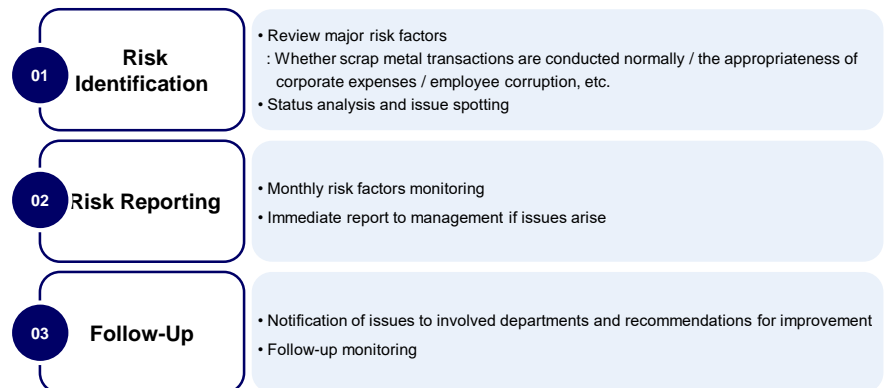
HWASHIN's three main goals are the efficiency and effectiveness of corporate management, trustworthy financial reporting, and compliance with applicable laws and policy. As part of our efforts toward the second goal, we operate internal accounting controls to give reasonable confidence that the company's financial statements were prepared and disclosed in accordance with generally accepted accounting principles. With the application starting in 2023 to listed company headquarters with at least KRW 2 trillion in total assets (stage-by-stage application differs by amount of total assets) and even consolidated subsidiaries, we are performing management diagnostics of overseas branches subject to consolidation and responding to the implementation of consolidated internal accounting control systems. Recognizing the limits of managing and supervising operational risks in overseas branches with internal accounting controls alone whose purpose is to secure the trustworthiness of financial reports, we are expanding the management and supervision functions of headquarters with internal controls.

Internal Accounting Management System

HWASHIN operates an efficient internal accounting management system for the advanced prevention of errors or fraud that may distort financial statements during preparation and disclosure. The CEO evaluates and reports the status of internal accounting design and operations to the General Meeting of Shareholders, the Board of Directors, and the Audit Committee. The CEO also discloses the independent evaluation of the Audit Committee and the review opinion or audit opinion of an independent outside auditor pursuant to the Internal Accounting Management System Design and Operation Concept Framework, disclosing the effective design and operation of this system from the standpoint of importance.



Risk Management Process



Task Risk Management Framework

With the rapid changes in automobile industry policies and economic climate, managing the ensuing tax risks has become a major task for our sustainable management. Accordingly, the Internal Financial Audit Team manages tax risks by making regular annual checks of tax issues and formulating responses to reduce not only domestic but also international tax risks by collecting, using, and analyzing tax administration issues, interpretations and application of amended tax laws, and leading tax cases. Taxation matters are reported along report lines all the way to senior management depending on the type of tax and its importance, and we do not hold any subsidiaries involved in tax avoidance. As a primary vendor of automobiles, we hold overseas branches subject to consolidation in countries such as the United States, India, Brazil, China, etc., following the overseas expansion of our corporate clients, and keep up with legal compliance requirements by putting reasonable normal price calculation methods to use in transfer price transactions with overseas branches in compliance with the Adjustment of International Taxes Act.

Tax Risk Management

The core of HWASHIN's tax risk management is strict compliance with laws and regulations. We maintain relations of transparency with tax authorities and provide proof of relevant facts on request. As a global corporation, we are aware of differences between national tax legislation and work to prevent tax risks ahead of time. The Internal Financial Audit Team recognizes the risk of double taxation in transfer price transactions as tax authorities compete over tax authorization and are making efforts to resolve the issue by formulating reasonable standard price calculation methods consistent with domestic tax law and transfer price guidelines by transaction type in international transactions with overseas branches. We are also providing support from headquarters in good faith for the taxation obligations of corporate taxes, etc., at the overseas subsidiaries based on their national tax laws and the obligation to submit various materials required by the competent national taxation authorities.

Tax Strategy

We are aware that complying with tax law and managing taxation risk are crucial for maximizing shareholder interest and meeting our corporate social responsibility (CSR) through contribution to the national budget and are fundamental to sustainable management. Based on the foregoing, we are complying with the obligation to pay taxes in good faith in response to taxation agencies' principle of fair taxation, and are building a relationship of cooperative mutual trust with taxation agencies.

Transparent Disclosure

HWASHIN makes transparent disclosures of major financial and taxation information that may affect the decision-making of various stakeholders through the digital disclosure system.



Shareholder-Friendly Management

Returns-to-Shareholder Policies

In pursuit of our goal of maximizing shareholder interest, we implement dividends and other measures as a major means of returning part of corporate profits to our shareholders.

Based on the Articles of Incorporation, dividends are executed based on the resolution of the Board of Directors and the approval of the General Meeting of Shareholders. Appropriate levels of dividend rates are determined within the scope of profits available for dividends in consideration of investment for continued corporate growth, shareholder value enhancement, business environment, and more.

We will continue to execute dividends based on a balanced consideration of investment for future growth and the enhancement of shareholder value.

[Operation Principles]

1. Matters pertaining to dividends are notified in advance through public notice of dividend decisions in cash or in kind and by digital public notice up to two weeks before a regular General Meeting of Shareholders.
2. We will make reasonable announcements of any mid-to-long-term dividend policy changes moving forward.

[Dividend Status in Recent Business Years]

Business Year	Stock Class	Par Value	Dividend Per Share	Total Dividends (KRW 1 million)	Payout Ratio	Market Value Dividend Rate	Nominal Dividend Rate
2023	Common stock	KRW 500	KRW 150	5,212	6.7	1.1%	30%
2022	Common stock	KRW 500	KRW 100	3,292	4.4	1.3%	20%
2021	Common stock	KRW 500	KRW 70	2,305	9.5	0.9%	14%
2020	Common stock	KRW 500	KRW 50	1,646	-3.0	1.5%	10%
2019	Common stock	KRW 500	KRW 50	1,646	24.8	1.6%	10%

Agenda	Type	Purpose of the Meeting	Passed	Number of Voting Shares	Number of Shares that Voted	Shares for
						Shares against, abstained, etc.
No. 1	Ordinary	Approval of the 48th financial statement	Yes	32,924,810	2,718,420 (8.3%)	2,212,971 (81.4%)
						505,449 (18.6%)
No. 2	Ordinary resolution	The appointment of outside directors who will be members of the Audit Committee				
No. 2-1	Ordinary resolution	The appointment of outside director Kim Junho, who will be a member of the Audit Committee	Yes	24,110,725	2,718,420 (8.3%)	2,700,834 (99.4%)
						17,586 (0.6%)
No. 3	Ordinary resolution	Approval of the limits of director remuneration	Yes	32,924,810	2,718,420 (8.3%)	2,627,646 (96.7%)
						90,774 (3.3%)

Agenda	Type	Purpose of the Meeting	Passed	Number of Voting Shares	Number of Shares that Voted	Shares for
						Shares against, abstained, etc.
No. 1	Ordinary resolution	Approval of the 49th financial statement	Yes	34,748,441	3,103,287 (8.9%)	3,023,409 (97.4%)
						79,878 (2.6%)
No. 2	Ordinary resolution	Approval of the limits of director remuneration	Yes	34,748,441	3,103,287 (8.9%)	3,074,591 (99.1%)
						28,696 (0.9%)

Ethical/Compliance Management

Ethical and Compliance Management

HWASHIN will fulfill its roles and obligations as a trusted partner for customers and as a member of local communities, with all employees united under the values of human-centered management and participatory management open to all. Guided by the motto of putting good thoughts into the right actions, we will lead the age of unlimited competition that has become our reality. HWASHIN has, therefore, enacted ethics and compliance rules as a standard of action and value judgment applicable to all officers and staff for employees' individual dignity, company reputation, and fairness in transactions with suppliers for a principled company culture, and are resolved to put them into practice.

Basic Mindset of HWASHIN Officers and Staff

HWASHIN employees, being aware that their individual actions are connected to the company's reputation, must hold firm to the following principles for a healthy corporate culture and stronger internal and external credibility:

- Perform duties with fairness and transparency in all work pursuant to lawful procedures..
- Not engage in any form of illegal or wrongful activity using superior authority or dominant position..
- Not seek any quid pro quo for intentional work delays..
- Be mutually courteous in performing duties..
- Be fair and honest in performing and reporting work.
- Protect the company's property and maintain strict security with information arising from transactions and company secrets acquired during work.
- Comply with national laws and HWASHIN regulations in everyday life and duties, and engage in no immoral or unethical actions that may be socially censured.

Ethics and Compliance Conduct Guidelines

1. Prohibition of Illegal or Wrongful Personal Interest

No one may misuse one's position or authority related to work or seek the following interest from any internal or external stakeholder in violation of national laws or HWASHIN's regulations. (Pecuniary interest, entertainment, concurrent employment as staff or an officer, the acquisition or guarantee of capital profits, the provision or receipt of conveniences, and other receipt of valuables not mentioned in the foregoing or actions amounting to such)

2. Prohibition of Wrongful Solicitation

No one may solicit the following actions from any internal or external stakeholder using a superior position or amicable relationship. (Solicitation or pressure that may be socially censured; private favors or commissions)

3. Prohibition of Illegal or Wrongful Use of Company Assets

No one may use the company's tangible or intangible asset or business information as follows for their own or any third party's private interest. (Personal use, assignment, or lease to a third party without company approval; the use of company budgets for personal use, expenditures at odds with company purposes, or false records in accounting ledgers; the use or unauthorized leakage of company information assets for profit)

4. Prohibitions of Activities that Damage Healthy Corporate Culture

No one may engage in the following activities that damage a healthy corporate culture. (Immoral actions that may violate human rights and harm the workplace atmosphere; discrimination for any cause)

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

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

Ethics Training and Ethics Pledge

To foster a transparent culture of ethics among employees, HWASHIN implements ethics training to provide standards for principled action and value judgment that employees must adhere to and for employees to understand and comply correctly with ethics regulations. This Internal Financial Audit Team leads the ethics training for administrative personnel. We create our own training resources to educate employees about major social issues for the year and remind them of the Ethics Code of Conduct. We also raise awareness by having employees sign the Ethics Pledge themselves and plan to continue to prepare constantly updated and diverse educational processes to prevent corporate corruption and build a workplace environment of integrity.



Contract Performance Integrity Pledge

HWASHIN, profoundly aware that uncorrupted and transparent corporate management and fair administration are significant factors in national competitiveness, prepares a Contract Performance Integrity Pledge. We require anyone participating in bids (tenders) for our construction, services, or goods or engaging in any business activity that involves signing any contract to sign this pledge and commit to lawful and ethical performance of their work. Such activities are designed as control activities within our internal accounting management system to prevent corruption and maintain transparent and fair mutual cooperation.

Cyber Complaints Center

To prevent wrongful work-related practices, secure fairness in transactions with suppliers, establish a principled corporate culture, and practice ethical management, HWASHIN operates a reporting system on illegal or improper personal gain, solicitation, the illegal or improper use of company assets, and other violations of law or company regulations.

(Please refer to the company website for reporting methods.)

제보 유형	제보 방법
불법·부당한 사익 도모 부당한 요청 회사 자산의 불법·부당 사용 건전한 기업문화 저해 거래관계에서의 다름에 관한 사항 하도급법 위반 기타 법령 및 사규 위반 직장 내 성희롱 관련 신고 안전보건 위험요인 제보	인터넷 : 사이버 신문고 제보하기 이메일 : sinmungo@hwashin.co.kr 전화 : 054-330-5151 팩스 : 054-335-7568 서신 : (38828) 경상북도 영천시 연하공단 1길 14 (연하동) ㈜화신 내부회계감사팀 * 지번 주소 : 경상북도 영천시 연하동 412번지 ㈜화신 내부회계감사팀 담당자 : 투명경영 실천센터 제보전담책임자 김종필 팀장

■ 귀하께서 제보하신 내용에 대해서는 관련부서 확인 및 필요한 절차를 거치게 되며 답변을 드리시기까지 최소한의 시간이 필요합니다. 최대한 빠른 시일 내에 답변을 드리겠습니다.

Compliance Management

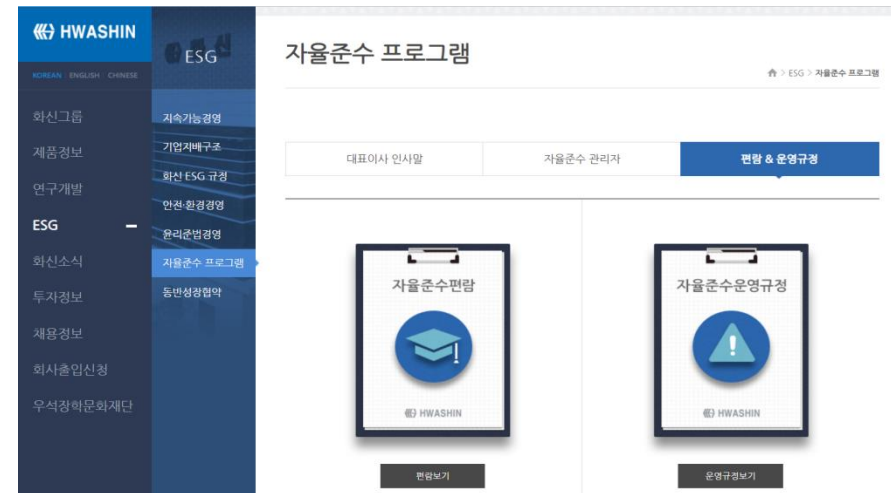
HWASHIN adopted a Fair Trade Voluntary Compliance Program (CP) in 2018 and is operating actively. It includes employee conduct guidelines based on fair trade with suppliers and contains matters any HWASHIN employee must follow for compliance with the Fair Trade Act, general matters on CP operation, etc. With CP providing clear standards of behavior for legal compliance, employees are able to prevent actions that may violate the law on their own. HWASHIN is furthermore implementing regular monitoring to prevent legal violations.

Seven Elements of CP

1. Announce the management's commitment to voluntary compliance internally and externally.
2. Designate (appoint) the autonomous compliance manager.
3. Produce a voluntary compliance manual and distribute it to employees.
4. Train employees on fair trade.
5. Implement audits to prevent legal violations.
6. Discipline employees who violate fair trade laws and regulations.
7. Implement appropriate document management.

CP Violation Reporting System

As part of our monitoring efforts, HWASHIN operates a reporting system so an employee who is aware of a CP violation or potential violation can report to the autonomous compliance manager at any time.



※ See the company website for our voluntary compliance program manual and operation rules

INTERVIEW



Lee Jeongjin
Seyoung Law Firm
Attorney

“HWASHIN is contributing to the establishment of a fair subcontracting order by conducting advance reviews of subcontracting transaction fairness and lawfulness through the Voluntary Compliance Review Board under the auspices of the voluntary compliance manager every month. This level of CP operation is rare in corporations of medium standing and is a model for others. I applaud HWASHIN employees who engage in transactions with suppliers based on the CEO's strong commitment to fair trade order and their use of CP conduct guidelines in their work.”

Stakeholders and Distribution of Economic Value

The major HWAHSHIN stakeholders are shareholders, investors, the government, officers, staff, and customers. We make efforts to actively hear and consider the opinions of board stakeholders using various communications channels in every field for proactive communication.

Items	Customers	Shareholders, Investors	Employees	Partner Companies	Government	Local Communities
Communications Channels	- Website	- General Meeting of Shareholders - DART (disclosure) - Website (disclosure)	- Intranet - Cyber Complaints Center - Management-Labor Consultation Body	- Seminars	- MOU with the national and local governments	- Website - Foundation Website
Expectations	- Product, technology - Product competitiveness	- Business and financial achievements - Business prospects - Profit dividends	- Welfare - Training and self-development - Pay raises - Childcare policy - Work-life balance	- Shared growth - Improvements to problems	- Compliance with regulations - Tax payment - Stimulate the local economy	- Communication with the local community - Social contribution activities
Major Activities		- General Meeting of Shareholders - Dividends	- Subsidy of children's education - Subsidy of employee education costs - Housing funds - Loans, living expense loans		- Payment of national and local taxes - New hires - Donation to the local community	- Scholarship for the local community

HWAHSHIN is committed to sharing economic value with the major stakeholders, shareholders, investors, the government, officers and staff, partner companies, customers, and more. In 2023, we recorded a consolidated basis sales of KRW 1,802.8 billion, business profits of KRW 83.7 billion, and net profit of KRW 77.3 billion. This represents a large increase from the previous year from increases in domestic OEM sales and sales of goods to corporate customers, improvement of major subsidiaries' profit and loss situation, the rise in exchange rates with major currencies, etc. We have been making consistent efforts such as dividends to give back on these gains and fulfill our social responsibility of coexistence.

(Unit: KRW 1 million)

Stakeholders		2021	2022	2023
Stakeholders	Dividends	2,305	3,292	5,212
Creditors	Interest	12,263	16,789	24,123
Employees	Wages	108,045	128,565	148,849
	Welfare	14,540	16,100	18,717
Suppliers	Stock asset payments	915,338	1,219,021	1,333,637
Governments and local communities	Taxes	7,163	20,897	7,359
	Contributions	97	171	268

Appendix



Financial Outcomes_Summary of Statements of Financial Position, Income Statements

(Unit: KRW)

Items			2021	2022	2023
Other	Assets	Liquid assets	311,755,617,884	382,499,216,963	511,730,953,321
		Non-current assets	367,712,959,745	376,971,846,081	395,877,410,298
		Total	679,468,577,629	759,471,063,044	907,608,363,619
	Liabilities	Liquid liabilities	270,375,757,902	316,342,723,462	388,928,524,149
		Non-current liabilities	78,764,868,729	72,892,632,667	77,220,441,211
		Total	349,140,626,631	389,235,356,129	466,148,965,360
	Capital		330,327,950,998	370,235,706,915	441,459,398,259
	Sales		724,967,783,499	946,869,044,715	957,106,396,810
	Sales costs		688,306,003,561	863,147,644,327	878,035,977,106
	Sales management costs		43,812,644,200	52,145,965,143	40,221,520,998
	Business profits		(7,150,864,262)	31,575,435,245	38,848,898,706
	Net profit during the term		26,057,799,975	42,735,767,055	59,595,931,484
Consolidated	Assets	Liquid assets	429,221,933,696	548,104,713,599	677,129,872,707
		Non-current assets	441,531,164,451	456,516,280,900	519,684,111,662
		Total	870,753,098,147	1,004,620,994,499	1,196,813,984,369
	Liabilities	Liquid liabilities	462,971,528,845	541,172,902,992	626,781,242,442
		Non-current liabilities	119,339,537,914	106,584,500,685	124,969,416,541
		Total	582,311,066,759	647,757,403,677	751,750,658,983
	Capital		288,442,031,388	356,863,590,822	445,063,325,386
	Sales		1,236,592,388,393	1,690,271,415,164	1,802,759,833,241
	Sales costs		1,135,045,552,110	1,516,259,501,039	1,626,277,170,549
	Sales management costs		77,389,615,933	86,648,955,370	92,753,847,784
	Business profits		24,157,220,350	87,362,958,755	83,728,814,908
	Net profit during the term		24,367,674,191	74,211,911,444	77,268,483,097

*See digital disclosure system (DART)

Non-Financial Outcomes _Social

Items			Unit	2021	2022	2023
Employee Status						
Employment Type	Permanent		Individuals	833	841	879
	Temporary		Individuals	81	92	126
	Total		Individuals	914	933	1,005
New Hires	Regular	Male	Individuals	20	50	81
		Female	Individuals	-	4	5
		Total	Individuals	20	54	86
	Temporary	Male	Individuals	52	76	77
		Female	Individuals	3	3	3
		Total	Individuals	55	79	80
Gender	Male		Individuals	874	892	960
	Female		Individuals	40	41	45
Female Management Personnel	Chief		Individuals	13	14	15
	Senior		Individuals	17	19	16
	Junior		Individuals	5	5	9
	Staff		Individuals	5	3	5
Region/Country	Vietnam		Individuals	1	1	1
	United States		Individuals	-	-	1
Employees with Disabilities	Number of employees		Individuals	28	30	29
	Ratio		%	3	3	3
Voluntary Turnover	Number		Individuals	38	57	59
	Ratio		%	4	6	6
Childcare Leave						
Eligible Workers	Male		Individuals	223	223	220
	Female		Individuals	13	13	13
Workers who took Childcare Leave	Male		Individuals	5	8	2
	Female		Individuals	3	2	4
Workers' Reduced Work Hours during Childcare Leave	Male		Individuals	1	3	1
	Female		Individuals	1	-	-
Workers who Returned to Work after Childcare Leave	Male		Individuals	1	9	2
	Female		Individuals	3	4	-
Accumulated Severance Pay Funds	Accumulated Amount		KRW 1 million	40,531	52,238	57,256

Item			Unit	2021	2022	2023
Social Contribution						
Donations*			KRW 1 million	217	333	428
Labor Union States						
Eligible Workers			Individuals	886	904	951
Enrolled Workers			Individuals	406	413	443
Enrollment Rate			%	46	46	47
Training						
Total Trained			Individuals	2,279	2,510	3,631
Total Hours			Hours	15,348	18,765	26,423
Total Costs			KRW 1 million	62	83	450
Medical Exam Outcomes						
Workers with Regular Medical Exams*			Individuals	692	755	798
Workers with Comprehensive Employee Checkups*			Individuals	256	254	210
Industrial Accident Status						
Number of Victims*	Accidents	Regular Employees	Individuals	-	3	1
		Temporary Employees	Individuals	-	-	-
	Illness	Regular Employees	Individuals	1	1	3
		Temporary Employees	Individuals	-	-	-
	Rates of occupational fatalities and injuries*		%	0.11	0.44	0.55
Legal and Regulatory Violations						
Date			Cases	-	-	-
Details			Cases	-	-	-
Sanctions			Cases	-	-	-

*Donations are the total of HWASHIN donations and the expenses of the scholarship foundation's business purpose.

*Regular medical exams are legally mandated medical exams.

*HWASHIN provides comprehensive employee checkups as employee welfare for employees and spouses aged 40 and above.

*Scope of industrial accident victims: Eonha Plant, Bongdong Plant, Technology Research Center, Yesan Plant

*Statistical data on the industrial accident rate by the Korea Occupational Safety & Health Agency

Non-Financial Outcomes_Environment

Energy Usage

(Unit: TJ)

Source	Purpose	Energy Usage		
		2021	2022	2023
Electricity	Production Line, Etc.	327	335	341
Fossil Fuels	Renewable Energy	69	78	87
Renewable Energy	-	-	-	-
Total		396	413	428
Energy Usage Concentration (TJ/KRW 100 million)		0.06 TJ / KRW 100 million	0.04 TJ / KRW 100 million	0.04 TJ / KRW 100 million
Energy Usage Decrease or Increase (%)		-	4%	3%

*Calculation scope: Eonha Plant, Bongdong Plant, Maeho Plant, Technological Research Center, Pyeongchon Advance Research Center, Yesan Plant

* Standard for electricity usage unit conversion: 1 kWh = 9.6 MJ (Attached Table, Enforcement Rule of the Energy Act)

Greenhouse Gas Emissions

(Unit: tCO₂-eq)

Scope	2021	2022	2023
Direct Emissions (Scope 1)	3,819	4,094	5,525
Indirect Emissions (Scope 2)	15,650	16,018	16,309
Total (Scope 1+2)	19,469	20,112	21,834
Greenhouse gas emissions concentration (tCO ₂ -eq / KRW 100 million)	2.69 tCO ₂ -eq / KRW 100 million	2.12 tCO ₂ -eq / KRW 100 million	2.28 tCO ₂ -eq / KRW 100 million
Increase or Decrease Rate (%)	-	3%	9%

* Calculation scope: Eonha Plant, Bongdong Plant, Maeho Plant, Technology Research Center, Pyeongchon Advance Research Center, Yesan Plant

*Scope 1: LNG, LPG, weather waste, gasoline, diesel, kerosene *Scope 2: Electricity

Non-Financial Outcomes _Environment

Atmospheric Pollutants

(Unit: ton)

Pollutant	Site	2021	2022	2023
Dust	Eonha-dong	0.10	0.13	0.12
	Technology Research Center	0.02	0.04	0.02
	Bongdong	0.02	0.01	0.009
	Yesan	0.24	0.14	0.12
SOx	Eonha-dong	0.42	-	0.24
	Technology Research Center	-	-	-
	Bongdong	-	-	-
	Yesan	0.37	0.02	0.02
NOx	Eonha-dong	-	0.52	0.6
	Technology Research Center	-	-	-
	Bongdong	-	-	-
	Yesan	0.09	0.40	0.29

*Air pollutants were measured through Earth Environment Measurement Co., Ltd., DooHyun ENC Co., Ltd., and Samyang Construction Environment Research Center Co., Ltd.

*Changes in measurement may occur due to differences in materials committed to processes, legal amendments, etc.

Water Pollutant Output

(Unit: kg)

Pollutant	Site	2021	2022	2023
TOC	Eonha-dong	-	928	356
	Yesan	-	197	292
BOD	Eonha-dong	144	87	72
	Yesan	81	38	73
SS	Eonha-dong	664	277	123
	Yesan	81	67	45

Water Pollutants

Pollutants	Standard	Site	2021	2022	2023
pH	5.8–8.6	Eonha	7.30	7.20	6.90
		Yesan	-	7.20	7.30
BOD	80 mg/L	Eonha	2.90	4.30	3.0
		Yesan	-	1.70	18.4
TOC	50 mg/L	Eonha	-	45.9	14.8
		Yesan	-	8.9	32.2
S S	80 mg/L	Eonha	27.00	13.7	5.1
		Yesan	-	3.0	4
n - H	5 mg/L	Eonha	Not detected	Not detected	Not detected
		Yesan	-	Not detected	Not detected
T-N	60 mg/L	Eonha	4.58	3.89	27.1
		Yesan	-	1.23	39.57
T-P	8 mg/L	Eonha	3.99	1.24	2.4
		Yesan	-	0.22	1.14
Z n	5 mg/L	Eonha	1.86	1.35	2.1
		Yesan	-	0.28	1.21
C u	3 mg/L	Eonha	0.01	Not detected	Not detected
		Yesan	-	-	-
A B S	5 mg/L	Eonha	0.03	Not detected	0.03
		Yesan	-	Not detected	Not detected

Water Pollutants

Incident	Unit	2021	2022	2023
Environmental Legal or Regulatory Violation Cases	Cases	-	-	-

*Based on actions subject to fines of at least KRW 10 million and penalties

Non-Financial Outcomes _Environment

Eco-Friendly Environment Outcomes and Future Plans (KRW: KRW 1,000)

Period		Investment	Expense
2023 Outcomes	1	R&D for lightweight plasma technology products	38,590
	2	Development of low-carbon, eco-friendly giga-class steel plate chassis parts	58,100
	3	Development of recycled carbon fiber products	57,900
	4	LCA for carbon neutrality	-
Total			154,590
2024 Plans	1	R&D for all-in-one AL semitrailing ARM	190,000
	2	Development of low-carbon, eco-friendly giga-class steel plate chassis parts	250,000
	3	Development of FRT C/MBR using AL compression process	250,000
	4	Calculation of carbon emission reduction LCA	-
Total			690,000

Usage of Major Raw and Subsidiary Materials (2023) (Unit: kg)

Material	Eonha Plant	Bongdong Plant	Yesan Plant	Total
Coil	-	44,785,052	-	44,785,052
Welding Wire	571,470	597,080	403,600	1,572,150
Total	571,470	45,382,132	403,600	46,357,202
Concentration (kg/KRW 100 million)				4,843

*Based on coil / welding wire stock

Use of Harmful Chemicals and Harmful Chemicals Output (Unit: kg)

Outcomes	2021	2022	2023
Harmful Chemical Usage	9,910	9,020	7,805
Chemical Output	2,692	3,570	-

Waste Output and Recycling Rate

(Unit: kg)

Period		2021	2022	2023
Ordinary Waste	Recycled	358,560	355,140	479,540
	Incinerated	46,300	37,290	50,510
	Landfill	191,140	199,500	136,270
	Total	596,000	591,930	633,320
Designated Waste	Recycled	26,700	20,500	34,100
	Incinerated	40,210	50,440	43,940
	Landfill	-	-	-
	Total	66,910	70,940	78,040
Total		662,910	662,870	744,360
Waste Reduction Rate (%)		-	0.01	-12.29
Recycling Rate (%)		58	57	69

Water Resource Usage

(Unit: m³)

Material	Year	Eonha Plant	Bongdong Plant	Yesan Plant	Total
Water Intake	2021	47,703	11,949	26,407	86,059
	2022	35,351	5,856	25,138	66,345
	2023	59,680	5,927	28,847	94,454
Water Consumption	2021	17,198	11,643	3,150	31,991
	2022	15,118	5,548	2,951	23,617
	2023	35,504	5,582	3,600	44,686
Water Output (Wastewater)	2021	30,505	306	23,257	54,068
	2022	20,233	308	22,187	42,728
	2023	24,176	345	25,247	49,768

Water Reuse Outcomes

(Unit: m³)

Activity	2021	2022	2023
Water Usage	31,991	23,617	44,686
Water Reuse	3,759	1,389	4,955
Water Reuse Rate (%)	12	6	21

Sustainable Management (ESG) Charter

지속가능경영(ESG) 헌장

Document No : HSESG-001

Change History

Version	Date	Status	Handled by	Comment
No.1	2024.01.01.	제정	ESG사무국	

회사	HWASHIN			문서번호	2024-HSESG-001
문서명	지속가능경영(ESG) 헌장			페이지	2 of 22
주관 부서	ESG 사무국	제정일자	2024.01.01	개정번호	01-ESG2024

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You can view details of the Sustainable Management (ESG) Charter on the website.

(http://www.HWASHIN.co.kr/kr/esg/esg_charter.do)

LRQA Verification Statement

In relation to HWASHIN Co., Ltd's Greenhouse Gas Inventory

Scope of Verification

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

HWASHIN Co., Ltd. requested that LRQA verify HWASHIN's 2023 Greenhouse Gas Inventory (hereinafter the "Report").

The Report includes direct and indirect greenhouse gas emissions.

HWASHIN Co., Ltd.'s geographical delineation includes four plants and two research centers. The organization's primary activity is the manufacture of automobile parts, and greenhouse gas emissions were consolidated using an operation management approach.

Management Responsibility

Responsibility for consistency with the Guideline on Report and Certification of Emissions for Greenhouse Gas Credit Trading, the claims made and the preparation of the report, and effective internal controls of data and information lies with the HWASHIN Co., Ltd. management. LRQA's responsibility is limited to certifying the Report pursuant to our contract with HWASHIN Co., Ltd.

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

LRQA's Approach

LRQA's verification was conducted in accordance with the Verification Guideline for the Operation of the Greenhouse Gas Credit Trading System to verify, at a reasonable warranty level, whether HWASHIN, Co., Ltd.'s greenhouse gas data is consistent with the Guideline on Report and Certification of Emissions for Greenhouse Gas Credit Trading.

To arrive at the verification results, the verification activities proceeded through sampling, in particular, the following activities:

- We conducted a tour of the facilities and reviewed all processes relating to greenhouse gas emissions data and records management.
- We interviewed relevant employees responsible for greenhouse gas emissions data and records management.
- We verified the 2023 greenhouse gas emissions data and records at the source data level.

Importance of the Warranty Level

Based on the contract, the verification proceeded at the level of reasonable warranty and 5% importance; the verification opinion expressed in this verification statement was derived accordingly.



LRQA Opinion

Verification based on LRQA's approach leads us to conclude that the direct and indirect greenhouse gas emissions summarized in Table 1 below are accurate in major matters and that the Report complies with the Guideline on the Report and Certification of Emissions for Greenhouse Gas Credit Trading.

Date: April 17, 2024

Yun Chansik

Senior Reviewer

Representing LRQA

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

LRQA reference number:
SEO00001277

Table 1. Summary of HWASHIN's Greenhouse Gas Inventory 2023

Scope of Greenhouse Gas Emission Reporting	Tonnes CO ₂ e
Direct Greenhouse Gas Emissions	5,525
Indirect Greenhouse Gas Emissions	16,308
Total Greenhouse Gas Emissions	21,834

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Third-Party Verification Statement

This Verification Statement is for the readers of the Sustainability Report and was prepared in mutual contract with HWASHIN.

Standard and Scope of Verification

HWASHIN Co., Ltd. (hereinafter HWASHIN) requested that LRQA provide independent verification of the HWASHIN Sustainability Report 2023 (hereinafter the "Report"). This verification was conducted following the below verification standard using AA1000AS v3 at an importance level of Moderate Level Professional Judgement, and the scope was Type 1. The verification scope included HWASHIN's domestic workplace operation and activities, in particular, the following requirements:

- AA1000 AccountAbility Principle 1 evaluates compliance with the Comprehensiveness, Importance, Responsiveness, and Impact principles. Data and information on HWASHIN's suppliers, contractors, and other third parties were excluded from the verification scope. LRQA's liability is limited solely to HWASHIN. LRQA, as explained in the final footnote, does not bear liability to any other person or organization. HWASHIN is responsible for the creation, collection, analysis, and presentation of all data and information in the Report and for maintaining effective internal control of the Report publishing system. Ultimately, the Report was approved by HWASHIN and is the company's responsibility.

LRQA Opinion

Based on the results of the verification based on LRQA's approach, in all important aspects, we have found no cause to suspect that HWASHIN failed to perform the following:

- The fulfillment of the foregoing requirements
- Reporting of all important issues to readers and stakeholders

This opinion is based on a Moderate Level of verification and is derived using LRQA's professional judgment as the standard of importance. Note: The scope of evidence collection at the Moderate Level of verification is smaller than that of the High Level of verification. The Moderate Level of verification focuses on the collected data rather than directly confirming the raw data on-site. As a result, a Moderate Level of verification is a significantly lower level of warranty compared to the High Level of verification.

LRQA's Approach

LRQA's verification is conducted according to our verification process. For this verification, the following activities were conducted as part of evidence gathering:

- To confirm whether the issues raised by stakeholders were correctly identified, we evaluated HWASHIN's approach to stakeholder participation. We proceeded by reviewing documents and relevant records.
- To confirm whether the major issues were properly included in the Report, we reviewed HWASHIN's process for identifying and determining major issues. We compared HWASHIN's Report with other companies' reports to confirm whether the issues specific to the industry were reported in comparable ways. We also reviewed the standards used by HWASHIN in the course of determining major issues. This was for evaluating whether HWASHIN's business decisions were made on the basis of information pertaining to sustainable development.
- We visited HWASHIN's headquarters located in Yeongcheon-si City, Gyeongsangbuk-do Province, to review the evidence they produced.

Observations

The additional observations and findings from the verification process are as follows:

- Comprehensiveness: We did not find any major stakeholder group excluded from HWASHIN's stakeholder participation process.
- Importance: We did not find major issues not included in the Report regarding HWASHIN's sustainability outcomes. HWASHIN established broad-based standards to determine issue importance, which standards were not biased solely in favor of the company's management.
- Responsiveness: HWASHIN declared to achieve carbon neutrality by 2050 and formulated specific implementation plans until 2030.
- Impact: HWASHIN identified potential human rights risks by implementing human rights impact assessments. We expect to derive tasks for improvement to respond to human rights risks in the future and, through this, respond effectively to human rights risks.

LRQA's Qualification and Independence

LRQA implements and maintains a comprehensive management system that fulfills the recognition requirements for ISO 14065 (Greenhouse Gas — Requirements for greenhouse gas feasibility assessment and verification body recognition or certification) and ISO/IEC 17021 (Conformity assessment — Requirements for bodies providing audit and certification of management systems), and complies with the requirements of ISQC1: International Standard on Quality Control 1 and the CPA ethics code of conduct of IESBA: International Ethics Standards Board for Accountants).

LRQA guarantees the selection of verification reviewers with the proper qualifications based on credentials, training, and experience. To ensure strict adherence to the applied approach and transparency, all verification and certification evaluation results are reviewed internally by management. LRQA is the verification body for HWASHIN's greenhouse gas emissions. LRQA only provides verification services to HWASHIN, which does not harm its independence or fairness.

LRQA contract number: SEO00001273

April 28, 2024
Kim Taegyong
 Verification Team Leader
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**Distribution of the Sustainability Report and Inquiries**

HWASHIN's Sustainability Report (Korean and English) can be downloaded as a PDF from our website. If you would like to make any inquiries on the substance of the report, please contact us with the information below.

Inquiries and Contact

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