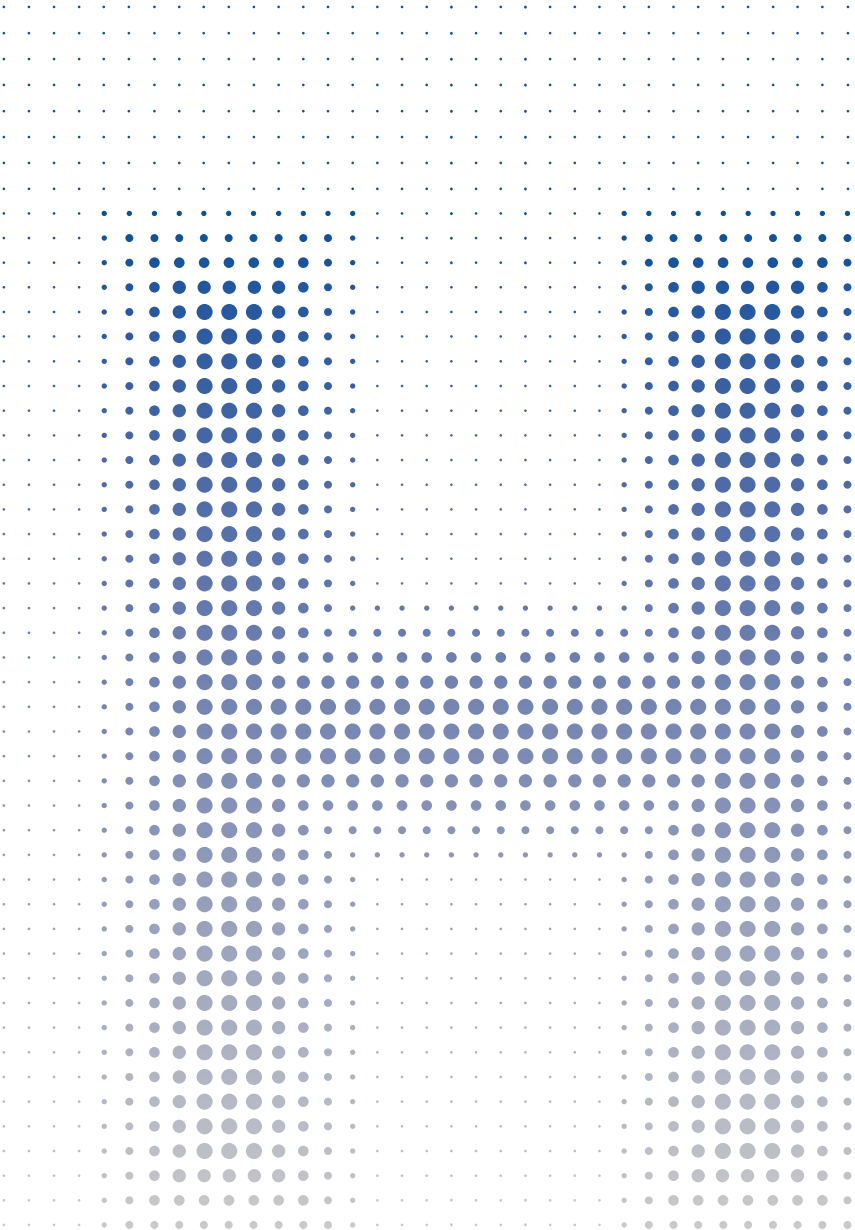




HWASEUNG INDUSTRIES HWASEUNG ENTERPRISE INTEGRATED REPORT 2022

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Sustainable Value Creation

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This report was published as an **interactive PDF** which allows navigation to related pages and shortcuts to related web pages.

About This Report

Summary

This report is the first integrated report of Hwaseung Industries and Hwaseung Enterprise, which encompasses various financial, non-financial performance, and activities related to sustainability.

Moving forward, Hwaseung Industries and Hwaseung Enterprise will continue to publish annual integrated reports to disclose activities and performance, and engage in communication with various stakeholders.

Reporting Principles and Standards

This report was prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021, which are international guidelines for sustainable management reporting. The International Integrated Reporting Council (IIRC) Integrated Reporting Framework was also referenced during its preparation.

The financial information is prepared in accordance with the International Financial Reporting Standards (IFRS) consolidated financial statements and reported on a consolidated basis according to the Korean International Financial Reporting Standards (K-IFRS). Non-financial information is reported on an individual company basis.

Reporting Period

The reporting period for the main report is from Jan. 1, 2022 to Dec. 31, 2022.

To provide an overview of changes, quantitative performance is reported for the past three years: 2020, 2021, and 2022. For some data, the information for the first half of 2023 is also reported.

Scope of Report

The qualitative reporting content of Hwaseung Industries and Hwaseung Enterprise is applied uniformly, encompassing the strategies and implementation plans of subsidiary companies. For quantitative data, Hwaseung Industries reported the quantitative performance of its major subsidiary, Hwaseung Chemical, while Hwaseung Enterprise reported the quantitative performance of its major subsidiaries, Hwaseung Vina (HSV), Hwaseung Indonesia (HWI), and Hwaseung Dalian (HSD) in China.

* Regarding Hwaseung Vina, the performance of its footwear business unit has been reflected, and the overseas subsidiaries in Vietnam, Indonesia, and China have been used as the basis for reporting its performance.

Third-Party Assurance

Hwaseung Industries and Hwaseung Enterprise have undergone verification by an independent verification agency, BSI, to ensure the reliability of the report and the disclosed information.

Additional Information

Hwaseung Industries' website: www.hsi.co.kr/eng

Hwaseung Enterprise's website: www.hsenterprise.co.kr

CEO Message

Dear respected stakeholders,

We deeply understand and empathize with the growing demand for sustainable management. The employees and executives of Hwaseung Industries and Hwaseung Enterprise are committed to earning the trust of our stakeholders through value-driven management. We have established an Environmental, Social, and Governance (ESG) management system to align our production with the needs of our key customers for sustainable products. We have recruited ESG experts and created a dedicated sustainable management team to implement these initiatives. As a result, Hwaseung Enterprise is the first shoe OEM/ODM company to join the United Nations Framework Convention on Climate Change (UNFCCC) in 2021, taking the lead in reducing greenhouse gas emissions. By installing solar power, introducing eco-friendly biomass boilers, adopting eco-friendly/high-efficiency equipment for energy efficiency, and collaborating with the government, customers, and NGOs, our goal is to reduce greenhouse gas emissions by 50% by 2030 and achieve net-zero by 2050.

We aim to spread and enhance a decision-making culture that manages ESG related risks, not only in the financial domain but also in the areas of environment, society, and governance, through ESG management. To contribute to a sustainable society, we will ensure that the company's sustainable growth is supported by robust technological R&D efforts.

December 2023

CEO of Hwaseung Industries,
Hyun Suk ho

CEO of Hwaseung Enterprise
Lee Gie yeong

INTRO

Company Introduction
Business Introduction

Company Introduction



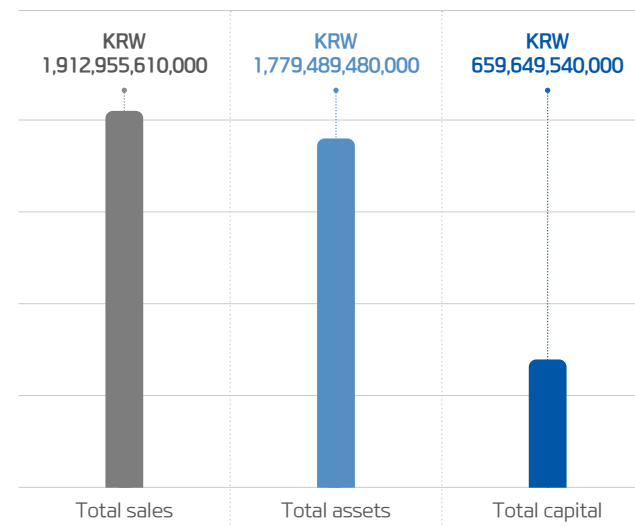
Company Overview

Hwaseung Industries was established in 1969 and is primarily engaged in the sale of finished footwear products, footwear materials, as well as the manufacturing and sale of component materials such as BOPP, PET, breathable films, and synthetic resin products for packaging.

Company Name	Hwaseung Industries
Establishment Date	May 7, 1969
Listing Date	(KOSPI) Feb. 4, 1991
CEO	Hyun Suk ho
Business	Shoe business and trading business
Headquarters	6F, 1079 Jungang-daero, Yeonje-gu, Busan, 47540, Republic of Korea
Seoul Office	8F, 301 Seocho-daero, Seocho-gu, Seoul, 06606, Republic of Korea
No. of Subsidiaries	40 (14 domestic, 26 overseas)
Website	www.hsi.co.kr/eng

Key Financial Information for 2022

(As of December 2022, based on IFRS)



ESG Rating

Hwaseung Industries is listed on the KOSPI and undergoes annual KCGS evaluations based on the Korean ESG standards set by the Korea Institute of Corporate Governance and Sustainability. In the 2023 evaluation by the Korea Institute of Corporate Governance and Sustainability, Hwaseung Industries achieved an overall ESG rating of B+ and received B+ ratings in all three categories: Environment, Social, and Governance.



Company Introduction



Company Overview

Since its establishment on Nov. 17, 2015, Hwaseung Enterprise has expanded its business scale by operating in 24 organizations across Korea and around the world. Its main business is manufacturing and distributing shoes, accessories, and clothing.

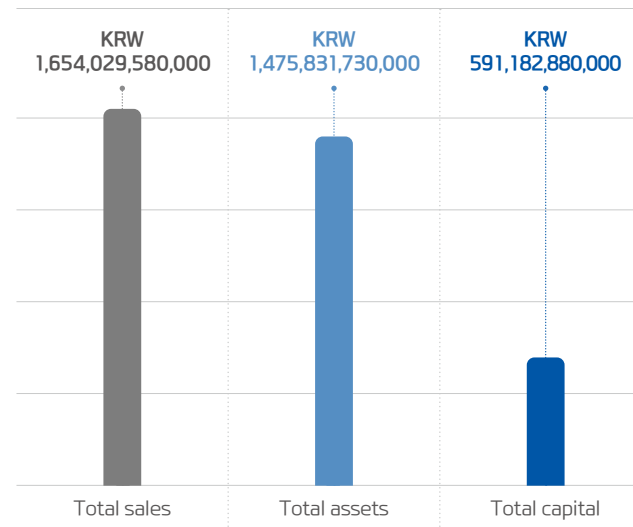
Company Name	Hwaseung Enterprise
Establishment Date	Nov. 17, 2015
Listing Date	(KOSPI) Oct. 4, 2016
CEO	Lee Gie yeong
Business	Shoes, distribution, etc.
Headquarters	6F, 1079 Jungang-daero, Yeonje-gu, Busan, 47540, Republic of Korea
Seoul Office	8F, 301 Seocho-daero, Seocho-gu, Seoul, 06606, Republic of Korea
No. of Subsidiaries	24 (3 domestic, 21 overseas)
Website	www.hsenterprise.co.kr

Key Subsidiary Companies in 2022

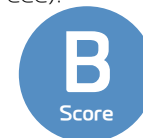
Company Name	Stake
HWASEUNG VINA Co.,Ltd	100%
PT. Hwa Seung Indonesia	100%

Key Financial Information for 2022

(As of December 2022, based on IFRS)

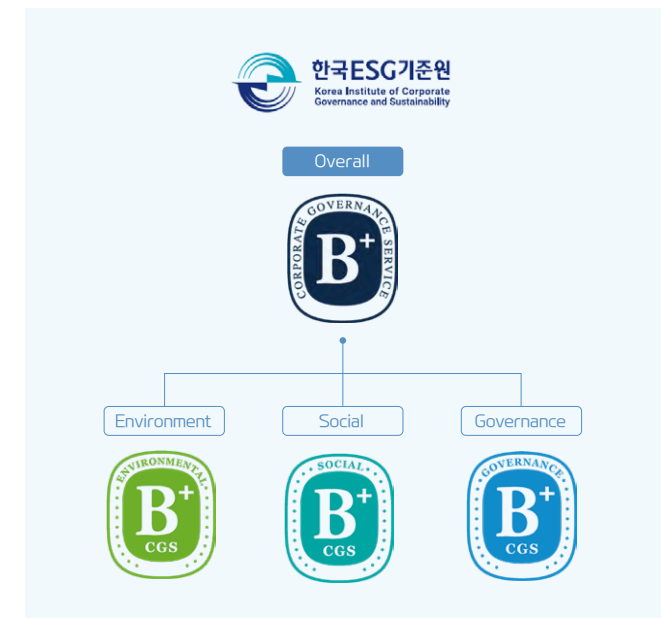


Hwaseung Enterprise has achieved a B rating in the Carbon Disclosure Project (CDP) assessment. We will continue to generate outstanding results in climate change response, including the CDP assessment, and take a leading role in climate change response as the first domestic shoe industry company in Korea to join the United Nations Framework Convention on Climate Change (UNFCCC).



ESG Rating

Hwaseung Enterprise is listed on the KOSPI and undergoes the Korea Corporate Governance Service (KCGS) evaluation by the Korea Institute of Corporate Governance and Sustainability annually. In the 2023 evaluation conducted by the Korea Institute of Corporate Governance and Sustainability, Hwaseung Enterprise obtained an overall ESG rating of B+. It received B+ ratings in the categories of environment, social, and governance.



Vision and Core Values

Hwaseung Industries is a global company representing Hwaseung Group's sports fashion ODM business and precision chemical business.
We will enhance customers' future value of life through quality competitiveness based on technological innovation.

Trans-nation

We foster global talent and build the best global partnerships through localizing.

Micro-management

We communicate based on data in all areas and make rational decisions by analyzing phenomena under objective information.



BBD (Borderless Business Development)

To achieve swift resolution of current challenges, we operate an agile organization that does not set boundaries between business areas. Through this, we secure excellent product quality and identify new growth engines through the fusion of domains, industries, and technologies.

Standard

We produce (GPS), manage (GMS), secure customers (GSS), research (GRS) through the advanced enhancement of functions to reach the level of global standards.

Vision and Core Values

Hwaseung Enterprise strives incessantly to become a globally expanding company that improves the quality of life in the global community through technology and innovation. We are doing our utmost to fulfill corporate social responsibilities, and become a sustainable long-term enterprise.

Vision

The most innovative and sustainable creator
in the footwear, apparel, and accessories industries

Mission

Move the world with one idea at a time.

Core Values

Flawless execution, leading the industry

ESG Vision



Sustainability

- Expansion of eco-friendly product lineups
- Carbon emission reduction



Innovation

- Investment in eco-friendly R&D
- Market exploration through technological innovation
- Utilization of new materials

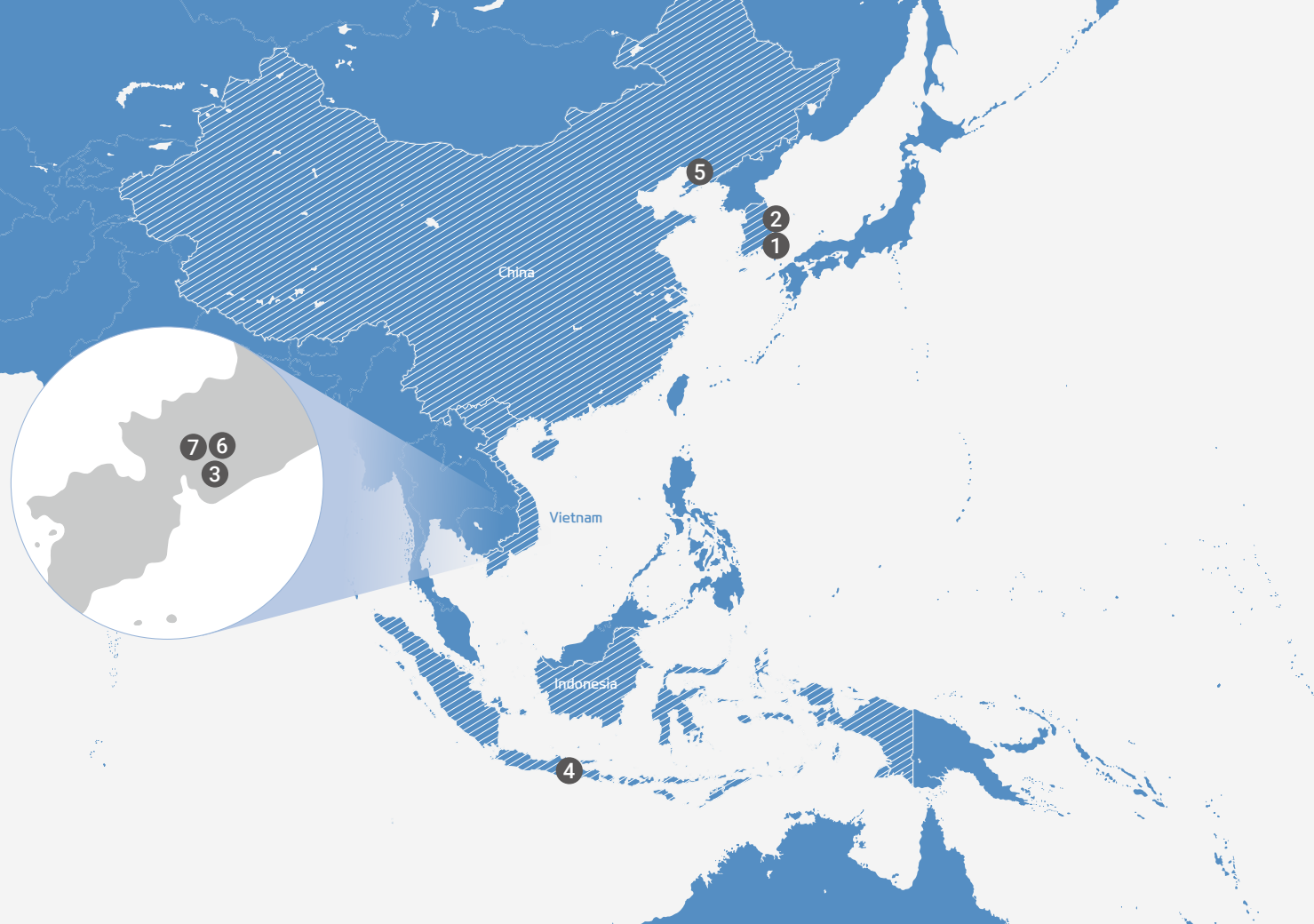


Digital

- Digital visualization of production and sales processes
- Supply chain management using data

Global Network

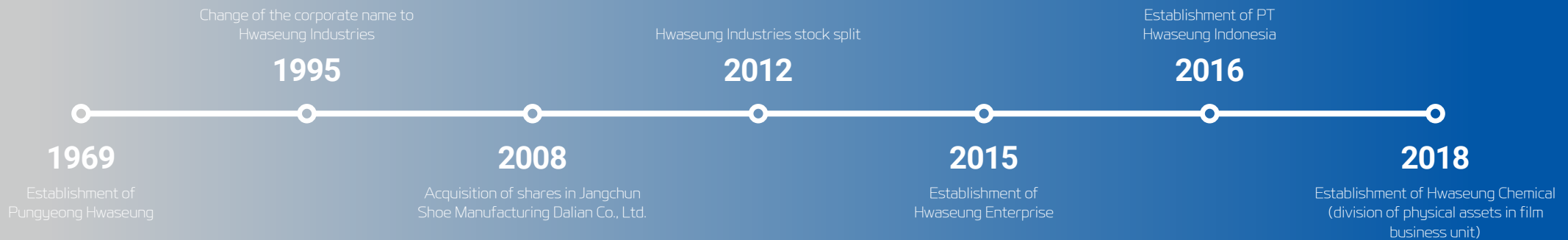
Hwaseung Industries established Hwaseung Vina in Vietnam in 2002, and has since established a total of 13 subsidiaries in Vietnam. In 2008, after acquiring Jangchun Shoe Manufacturing Dalian Co., Ltd. in China, we established a total of 5 subsidiaries in China. In 2016, we established Hwaseung Indonesia, expanding our presence to a total of 5 subsidiaries in Indonesia. In total, we have expanded into four countries in Asia.



1	Hwaseung Industries	Establishment Year	1969
	Main Business	Shoe business and trading business	
	Headquarters	6F, 1079 Jungang-daero, Yeonje-gu, Busan, Republic of Korea	
2	Hwaseung Enterprise	Establishment Year	2015
	Main Business	Shoes, distribution, etc.	
	Headquarters	6F, 1079 Jungang-daero, Yeonje-gu, Busan, Republic of Korea	
3	Hwaseung Vina (HSV)	Establishment Year	2002
	Main Business	Shoe manufacturing, wholesale	
	Headquarters	Nhon Trach 1 Industrial Zone, Nhon Trach Dist, DongNai Province, S.R. Vietnam	
4	Hwaseung Indonesia (HWI)	Establishment Year	2016
	Main Business	Shoe manufacturing, wholesale	
	Headquarters	Desa Banyuputih, Kec, Kalinyamatan, KapubantenJepara, Provinsi Jawa Tengah, Indonesia	
5	Jangchun Shoe Manufacturing Dalian Co., Ltd. (HSD)	Establishment Year	1993
	Main Business	Shoe manufacturing, wholesale	Acquisition 2008
	Headquarters	Sujia Village, Dalianwan Town, GanJingZi District, Dalian, Liaoning, China	
6	Unipax	Establishment Year	2002
	Main Business	Hat manufacturing, wholesale	
	Headquarters	Amata Industrial Park, Long Binh Ward, Bien Hoa City, Dongnai Province, Vietnam	
7	IBS	Establishment Year	2007
	Main Business	Retail, distribution	
	Headquarters	Saigon Trade Center 37 Ton Duc Thang, Ward BenNghe, District 1 Ho Chi Minh City, Vietnam	

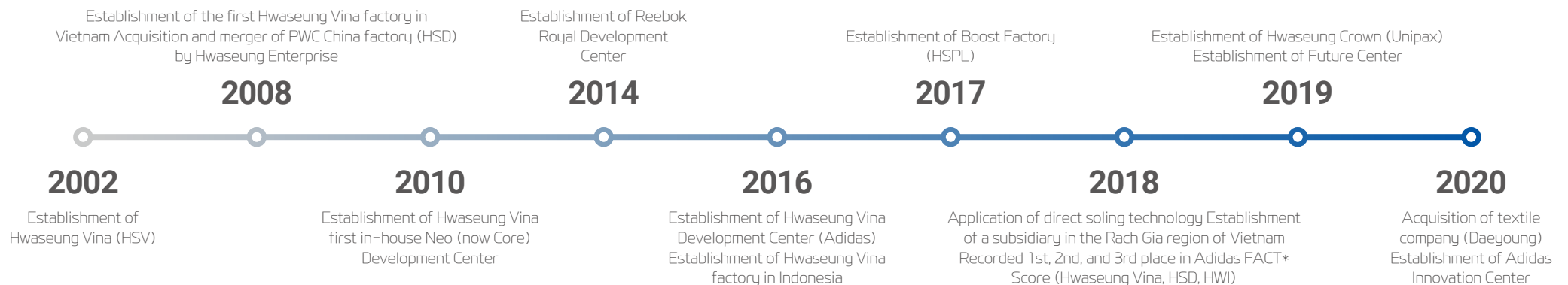
HSI History

Since its establishment in 1969, Hwaseung Industries has been a leader in sports fashion, specializing in the production of footwear, shoe materials, and other finished shoe products. We have built a strong reputation for excellent quality and reliability. In addition, we have expanded our business into the field of precision chemicals, including component materials such as BOPP, PET, breathable films, and synthetic resin products for packaging. As a global company, we will continue to enhance the quality of human life through constant innovation.



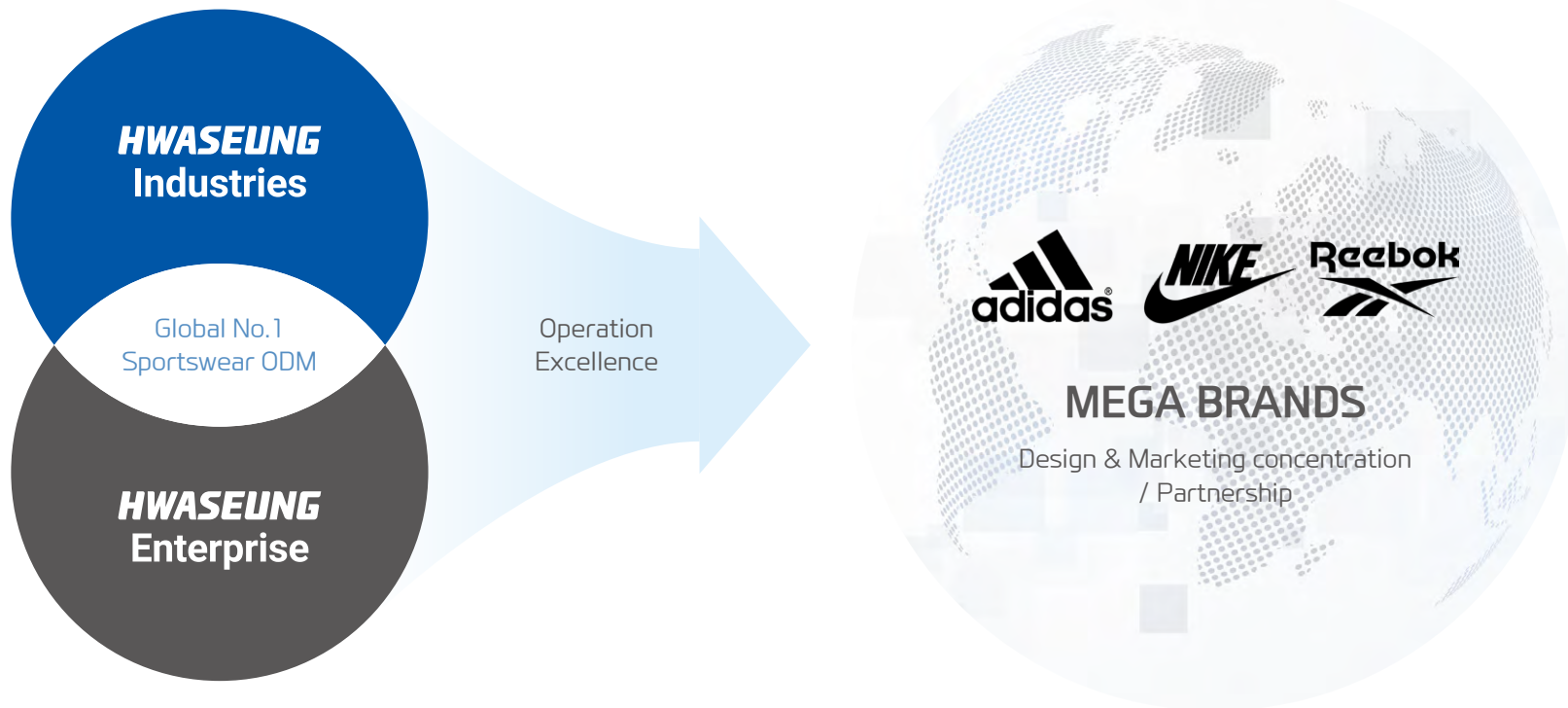
HSE History

Since its establishment in 2015, Hwaseung Enterprise has been leading the global market in the footwear, accessories, and apparel industries through its outstanding quality competitiveness. Hwaseung Enterprise will continue to strive for sustained growth as a global company that enhances the quality of customers' lives.



Company Value Chain

Hwaseung Industries and Hwaseung Enterprise, as the global number one sportswear ODM companies, supply footwear and sports accessories to global mega brands such as Adidas, Nike, Reebok, and Under Armour. In addition, the main raw materials used in shoe manufacturing include leather, vinyl, chemicals, soles, and subsidiary materials. Most of these raw materials were sourced domestically, but Hwaseung Enterprise has diversified its supply chain to ensure supply chain stability. Currently, 57% of raw materials are sourced locally, 14% domestically, and 29% from other countries at the location of its facilities.



Business Introduction



Investment/Affiliated Companies

Hwaseung Industries and Hwaseung Enterprise have world-class manufacturing capabilities and have established the global no. 1 sportswear ODM conglomerate through partnership with mega brands. Currently, Hwaseung Industries serves as the top holding company, with a total of 40 subsidiaries, including 14 domestic companies and 26 overseas companies. Hwaseung Enterprise has a total of 24 subsidiaries, consisting of 3 domestic companies and 21 overseas companies.

40

No. of Subsidiaries of Hwaseung Industries

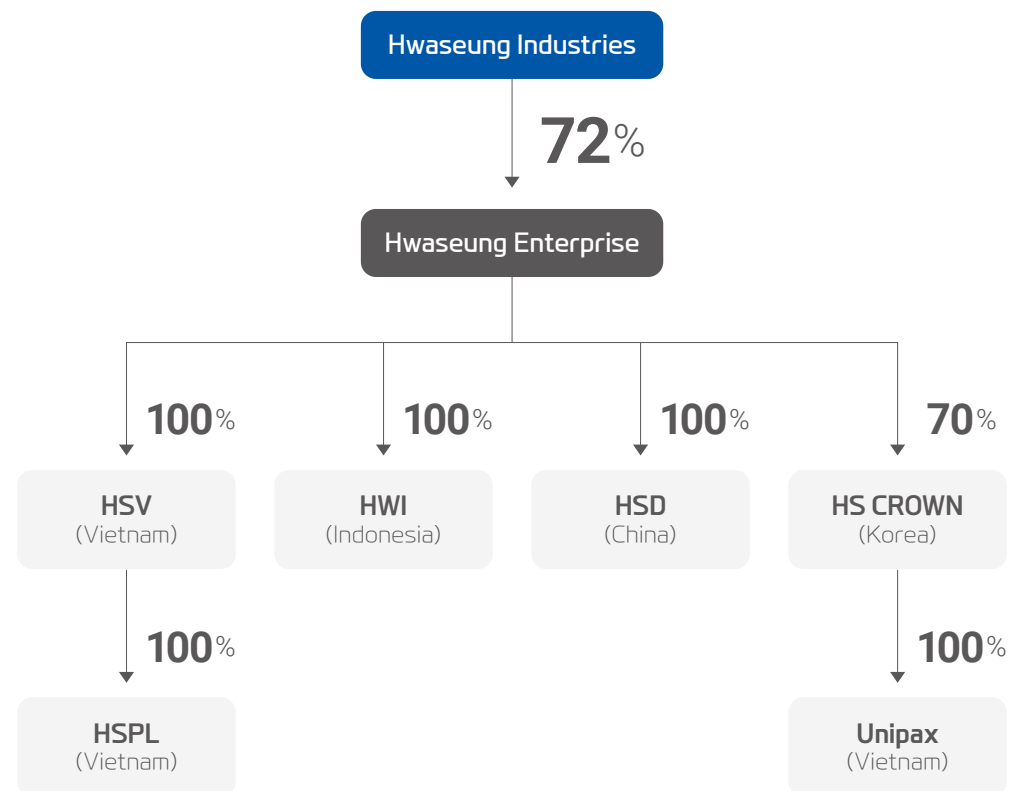
14 domestic, 26 overseas



24

No. of Subsidiaries of Hwaseung Enterprise

3 domestic, 21 overseas



BUSINESS VALUE CREATION

2022 in Figures
Sustainable Approach

2022 in Figures



INPUT

		Hwaseung Industries	Hwaseung Enterprise
Finance 	Assets	KRW 1,779,489,000,000	KRW 1,475,832,000,000
	Liabilities	KRW 1,119,840,000,000	KRW 884,649,000,000
	Equity	KRW 659,650,000,000	KRW 591,183,000,000
Manufacturing 	Tangible Assets	KRW 653,440,000,000	KRW 566,975,000,000
	Intangible Assets	KRW 76,346,000,000	KRW 42,028,000,000
Intellectual Property 	Ordinary R&D Expense	KRW 30,673,000,000	KRW 28,030,000,000
	Energy Consumption	561 TJ *Hwaseung Chemical's energy consumption	1,416 TJ
Resources 	Water Usage	129,232 t *Hwaseung Chemical's water usage	2,694,649 t
	Total Employees	41	12
Human Resources 	Average Employee Compensation	KRW 62,000,000	KRW 62,000,000
	Training Hours per Employee	2 hr./person	3 hr./person
Social Contribution 	Amount of Social Contribution	KRW 310,740,000 *Please refer to page 117 of the Business Report.	KRW 60,000,000 *Hwaseung Indonesia donations

OUTPUT

	Hwaseung Industries	Hwaseung Enterprise
Sales	KRW 1,912,956,000,000	KRW 1,654,030,000,000
Operating Income	KRW 73,298,000,000	KRW 52,801,000,000
Net Income (Loss)	KRW 84,000,000	KRW - 7,540,000,000
Production Capacity	86,498,000 pairs	71,123,000 pairs
Certifications	Acquired ISO 9001, ISO 14001, ISO 45001 certifications	
GHG Emissions	27,261 tCO ₂ eq *Hwaseung Chemical's greenhouse gas emissions	1,103,923 tCO ₂ eq
Wastewater Generation	206 t *Hwaseung Chemical's wastewater generation	1,733,231 t
Female Employee Ratio	17%	8%
No. of Fatal Industrial Accidents	0	0
Corporate Tax	KRW 20,306,000,000	KRW 14,034,000,000
Implementation of social contribution activities supporting domestic welfare facilities and the regions where the business has expanded (incl. Vietnam, Indonesia, China)		

Sustainable Approach



2022 Market Status and Outlook

The global footwear market is forecasted to grow from USD 365.5 billion in 2020 to an estimated USD 530.3 billion in 2027, with a compound annual growth rate (CAGR) of 5.5%. As awareness of health increases worldwide, the demand for athletic footwear is expected to continue to grow. This is driven by the increasing population engaged in sports activities and changing lifestyle patterns that incorporate sports shoes into everyday life. The growth of the athletic footwear market is anticipated to lead the overall growth of the footwear market. Furthermore, with the increase of shoe retail stores and the development of the Internet, consumers now have easier access to a wide range of shoe brands. This is expected to result in an increase in consumers' shoe purchases. Moreover, the global athletic footwear market is dominated by major global athletic footwear brand companies that lead the market. Adidas Group, one of our key clients and the world's second-largest company in the industry, has been strengthening its competitiveness in the largest market, the United States. As a result, it is expected to continue increasing its market share and contribute to the expansion of the footwear market in line with its growth.

USD 365.5 Billion
2020 global footwear market size
USD 365.5 Billion



USD 530.3 Billion
2027 projected global footwear market
Projected to grow to USD 530.3 Billion

Key Plans for 2023

In the first half of 2023, Hwaseung Industries recorded sales of KRW 750.7 billion, which exhibited a 22% decrease compared to the same period last year. On the other hand, Hwaseung Enterprise reported sales of KRW 62.74 billion won, which indicates a 24% decrease compared to the previous year. This is primarily attributed to recent underperformance of Adidas Group and the decrease in order volume due to high inventory assets. However, considering the ongoing trend of declining assets in Adidas Group, it can be expected that Hwaseung Industries and Hwaseung Enterprise may see a recovery in factory utilization rates and improved performance. Meanwhile, our company has been making continuous efforts to comply with the United Nations Framework Convention on Climate Change (UNFCCC) since our membership in 2021. Our company aims to achieve a 50% reduction in greenhouse gas emissions by 2030 compared to the levels in 2020. To achieve this goal, we are actively pursuing the installation of solar panels and the phase-out of coal-fired power generation. We will continue to strive for value realization for our shareholders and stakeholders at Hwaseung Industries and Hwaseung Enterprise.

50% Reduction
2030 GHG emissions
50% reduction compared to 2020



SUSTAINABILITY APPROACH



Double Materiality Assessment
Stakeholder Engagement
ESG Approach
Risk Management

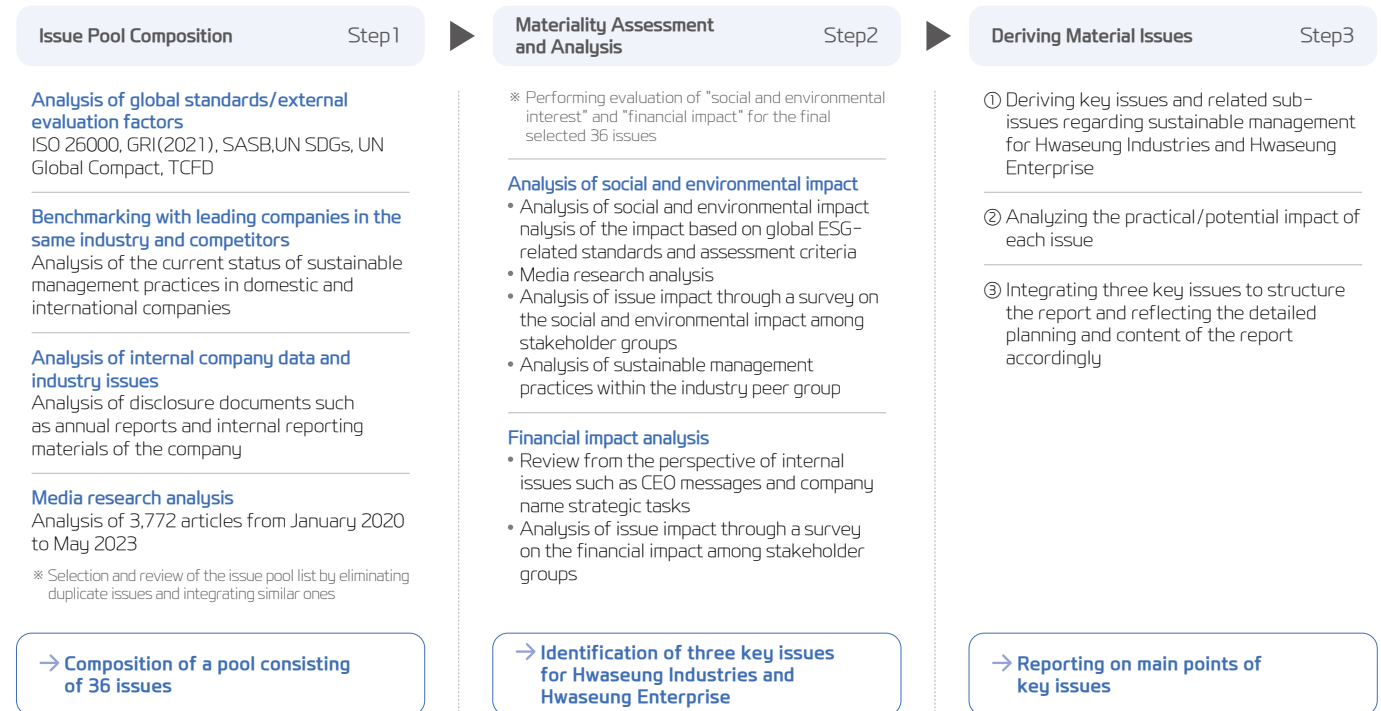
Double Materiality Assessment



Overview of Double Materiality Assessment

Hwaseung Industries and Hwaseung Enterprise conducted a materiality assessment to identify the concerns of stakeholders who are affected by business operations and to assess their significance. In particular, a double materiality assessment was conducted based on the significance assessment of the Global Reporting Initiative (GRI) Standard 2021. Through this evaluation, not only non-financial aspects but also environmental and social factors, both internal and external, which have an impact on financial status, were taken into consideration in assessing the business activities. The double materiality assessment was conducted to clearly identify the impact on sustainable business value and stakeholders, both internal and external. The selected key issues will be linked to future sustainable management strategies and goals and reflected in business activities.

Double Materiality Assessment Process



Identification of Material Issues via Double Materiality Assessment

Rankin	GRI Index	Key Issues	Financial Impact	Social and Environmental Impact	Report Page
1	305 Emissions	Pursuing carbon neutrality for climate change mitigation			20, 33~36, 66~67
2	Non-GRI*	Reporting and discussing ESG management policies, performance, and goals with the BoD, as well as future directions for development			20, 22, 27~31
3	201 Economic Performance	Considering ESG management as a top priority when making new business and investment decisions			20~24

* No connectable topic standard available

Stakeholder Engagement



Stakeholder Engagement Overview

Hwaseung Industries and Hwaseung Enterprise have defined stakeholders who have direct or indirect impacts on business operations as key stakeholders. Considering the business impact, key stakeholders are categorized into seven groups. Various communication channels are established based on the key interests of each group. The aim is to continuously identify issues and concerns related to stakeholders and actively incorporate them into decision-making processes for sustainable management. This will help fulfill stakeholders' expectations.

Stakeholder	Communication channels/Communication cycle		Key areas of concern
Employees	- CAN meetings - Labor-Management Council - Hwaseung Group Consultation Center	- Quarterly - Quarterly - As needed	- Pursuing carbon neutrality for climate change mitigation - Pursuit of work-life balance for employees
Shareholders	- IR, corporate briefings - Shareholder meetings - Website	4 times a month - Once a year - Ad hoc	- Considering ESG management as a top priority when making new business and investment decisions - Protection of rights of internal and external stakeholders, including dividend expansion
Customers	- SPIKE Assessment - Website	- Semi-annual - Ad hoc	- Pursuing carbon neutrality for climate change mitigation - Considering ESG management as a top priority when making new business and investment decisions
Suppliers	- SEA Assessment - Website	- Quarterly - Ad hoc	- Establishment of a system for collaborative growth with suppliers, including support and expansion of communication channels - Considering ESG management as a top priority when making new business and investment decisions
Governments and Associations	- Monitoring relevant regulations - Association activities	- Ad hoc - When active	- Pursuing carbon neutrality for climate change mitigation - Considering ESG management as a top priority when making new business and investment decisions
Local Community	- Media - Website - Social contribution activities	- When reported - Ad hoc - Annually	- Social contribution activities and resource allocation considering the needs and priorities of the local community - Local economic development through expanding business activities in the local community, such as increasing local purchases near the business premises
Media	Press Release	When active	- Pursuing carbon neutrality for climate change mitigation - Transparent disclosure of information for external stakeholders through a disclosure system and company website

ESG Approach

ESG Management Approach

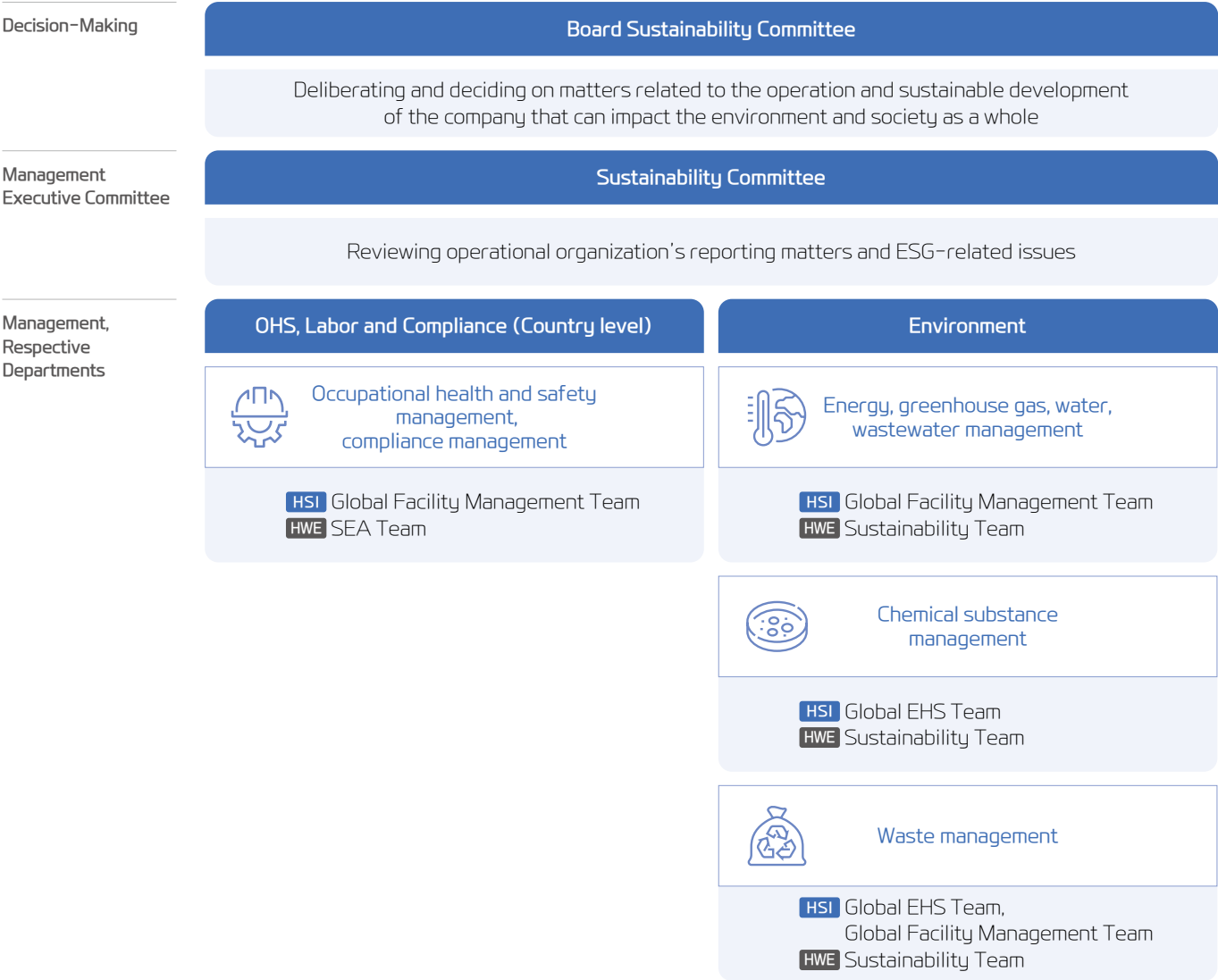


		Management Context	Approach	Policy	Data Index	Target	Related Issues
Sustainability	Environment, Social, Governance	- Increased internal and external interest in the impact that companies have on the environment, society, and human rights - Demand for improvement of companies' ESG performance from customers, investors, and other stakeholders	HSI HSE - Incorporating ESG factors into corporate operations and decision-making processes, as well as efforts to improve ESG performance - Convening Sustainability Board meetings	Climate Action Policy	-	- Reducing greenhouse gas emissions by 50% by 2030 - Net zero by 2050	- Pursuing carbon neutrality for climate change mitigation - Reporting and discussing ESG management policies, performance, and goals with the BoD, as well as future directions for development
Governance	Decision-Making Structure	- Enhancing transparency in key business decision-making processes - Management support activities for maximizing corporate value	- Reviewing and approving ESG-related matters by the management and BoD - Incorporating ESG-related issues into the corporate strategy	Regulations of the Board of Directors, Corporate Governance Charter	Board attendance rate	-	- Establishment of a structure that promotes diversity, equity, and inclusion within the BoD - Establishing a transparent governance structure through the disclosure of the evaluation and compensation structure for top management by the BoD
Environment	Climate Change	- Increased operating costs due to climate change - Requests for climate change assessment, response, and data disclosure from domestic and international customers and institutions	HSI - Emission reduction through fuel and energy conservation HSE - Participation in the United Nations Framework Convention on Climate Change (UNFCCC) and CDP evaluation and response - Promotion of 2050 Net Zero	Climate Action Policy	GHG Emissions	- Reducing greenhouse gas emissions by 50% by 2030 - Net zero by 2050 - Energy efficiency / RE100 / Phasing out coal energy use	- Pursuing carbon neutrality for climate change mitigation - Establishment of a dedicated environmental organization: expansion of eco-friendly investments, etc. - Establishment of an environment management system
	Water, Soil, Biodiversity, Circular Economy	- Growing need for corporate-level water management due to droughts and floods - Generation of various pollutants and waste in the operational processes of a company - Expanding the circular economy through recycling, reusing, and other practices throughout the industry	HSI - Reducing scrap and waste generated in the manufacturing process - Improving the quality of recycled chips and increasing their usage quantity HSE - Increasing the usage of recycled materials in accordance with the Recycled Claim Standard (RCS) certification	HSE Climate Action Policy Waste Management Guidelines Brand guidelines	- Generated waste - Recyclable waste	-	- Reducing waste generation and expanding recycling - Development of eco-friendly products and services - Protection of ecosystems, including biodiversity conservation and restoration of natural habitats
	Eco-Friendly Supply Chain	- Trends in the legislation of supply chain ESG management, such as supply chain due diligence and regulations - Emergence of global supply chain risks due to factors such as war, disasters, etc.	HSE Implementation of supplier evaluations that include environmental criteria	HSE Climate Action Policy Brand guidelines	Amount of eco-friendly purchases in relation to the total purchase amount from suppliers	- Expansion of key materials by 2030 - Expansion of eco-friendly transportation methods - Pursuit of sustainability within the supply chain	- Enhanced evaluation and monitoring of ESG risks for suppliers - Establishment of a system for collaborative growth with suppliers, including support and expansion of communication channels
	Eco-Friendly Products	A strategic approach is needed to simultaneously improve environmental performance and corporate competitiveness.	HSE Analyzing environmental impacts and CO2 emissions for each process using life cycle assessment (LCA)	LCA Brand Collaboration	Eco-friendly sales	- Expanding the use of life cycle assessment (LCA) - Expansion of Adidas models based on ocean plastic and EPMS materials	Development of eco-friendly products and services

		Management Context	Approach	Policy	Data Index	Target	Related Issues
Social	Labor Customs	- Expanding employee satisfaction through fair compensation, performance management, and providing comprehensive benefits - Enhancing company competitiveness through employee development and training	HSI HSE - Promoting social dialogue with employees through labor-management councils - Implementation of telecommuting and flextime systems - Providing business education and job-specific training	Great Work Place (GWP)	Training hours per employee	Providing new employee onboarding, promotion opportunities, 6S and technical training	- Pursuit of work-life balance for employees - Human development and training programs for employees - Strengthening employee capabilities through expansion
	Occupational Health & Safety	Enhancing the management of occupational health and safety, including compliance with the Occupational Health and safety Act, Serious Accidents Punishment Act, and other relevant laws and regulations	HSI HSE Setting the goal of zero accidents of various kinds	Brand-specific occupational health and safety guidelines	Occupational injury rate	Reducing long-term occupational injuries	Building a safe work environment and monitoring health risks of employees
	Human Rights and Ethical Management	- Increasing demand for the protection and respect of human rights within the company - Improving corporate trustworthiness	HSI HSE Participating in ethical management at the level of the Hwaseung Group	Code of Ethics, Ethical Norms, Ethical Management Practice Guidelines	Internal whistleblowing submission Internal whistleblowing handling	-	- Strengthening human rights management through the establishment of a human rights risk response system - Respecting employee diversity, prohibiting discrimination, and providing equal opportunities to all employees
	Fair Operating Practices and Supply Chain Management	Respect for customers, suppliers, and pursuit of fair competition within the industry throughout the collaboration process	HSI HSE - Providing equal opportunities to all qualified vendors - Prohibition of coercion and exercising undue influence	Supplier Certification Program	Number of incidents occurred to suppliers	-	- Establishment of a system for collaborative growth with suppliers, including support and expansion of communication channels - Pursuing fair competition in the market by prohibiting implicit collusion and actions that hinder the business activities of other companies
	Information Security and Protection of Personal Data	Information security for tangible and intangible assets within the company	HSI HSE Establishing an information security system with firewall, network security, and antivirus programs for PCs	Security Policy, Information Management Regulations	Breaches of customer privacy and loss of customer information	Achieving a security audit score of 95% or higher	Establishing an information security system through the protection of customer data and personal information
	Community Engagement and Development	Increasing demand for promoting social welfare through corporate community welfare practices	HSI HSE - Promoting support activities for socially disadvantaged individuals, such as sponsoring children, supporting people with disabilities, and promoting matching grants for future generations - Promoting social contribution activities such as supporting orphanages in Hanoi, Vietnam, and building houses for those in need through initiatives such as "Sarang Housing," etc.	CSR Policy	Employee social contribution activities	-	- Social contribution activities and resource allocation considering the needs and priorities of the local community - Education and cultural activities for sustainable community development

ESG Decision-Making Framework

Hwaseung Industries and Hwaseung Enterprise are committed to pursuing a better future for the environment, society, and the community. In light of the impact that the company’s operation processes have on the environment and society as a whole, and in the rapidly changing business environment, we have established an ESG decision-making framework to achieve sustainable growth through effective and systematic ESG management. Furthermore, in the second half of 2023, both Hwaseung Industries and Hwaseung Enterprise plan to establish ESG committees to promote social responsibility and improve corporate governance.



Risk Management



Risk Management Overview

In the rapidly changing business environment, managing unpredictable risks that can impact corporate performance is an essential element for promoting sustainable management effectively and smoothly. Hwaseung Industries and Hwaseung Enterprise strive to create a stable business environment by establishing a risk management system to proactively identify and efficiently respond to potential risk factors.

Hwaseung Industries Risk Management System

Board Reporting / Decision-Making	Board of Directors					
	Management Committee					
Management Executive Committee	Business Unit Sustainability Committee					
Risk Type	Financial Risks		Non-Financial Risks			
	Financing	Taxation	Environment	Occupational health and safety	Ethics	Supply chain
Management, Respective Departments	Management Assessment Team - Subsidiary financial risk assessment and management of periodic reporting system - Preparing management assessment reports for two or more corporate entities annually - Preparing financial indicator reports after the end of each quarter		IR & Management Administration Team - Management of compliance with key indicators in the Corporate Governance Report - Conducting mandatory training on employee safety, health, and ethics - Managing ESG evaluations and operating the BoD to enhance corporate transparency			
	Finance Team Managing past data and tax issues to minimize tax risks					

Hwaseung Enterprise Risk Management System

Board Reporting / Decision-Making	Board of Directors					
	Management Committee					
Management Executive Committee	Business Unit Sustainability Committee					
Risk Type	Financial Risks		Non-Financial Risks			
	Financing	Taxation	Environment	Occupational health and safety	Ethics	Supply chain
Management, Respective Departments	Management Assessment Team - Financial risk diagnosis for subsidiaries and management of periodic reporting system - Preparing management assessment reports for two or more corporate entities annually - Preparing financial indicator reports after the end of each quarter		Sustainability Team - Pursuing United Nations Framework Convention on Climate Change (UNFCCC) membership and measures for greenhouse gas reduction - Supporting and managing ESG management in the supply chain - Conducting training on employee safety, health, and ethics			
	Finance Team Managing past data and tax issues to minimize tax risks					

Risk Management Approach

Risk Type		Risk Analysis for Potential Occurrences	Urgency		Importance	Management Cycle	Responsible Team	Response Status
			Short-term	Mid- to long-term				
Financing	Financial Risks	Risk management is necessary due to the unpredictability of market fluctuations in foreign exchange rates, credit, liquidity, interest rates, and other factors that are interconnected with finance.	N	Y	High	All year round	HSI Management Administration Team, Management Assessment Team	Performing continuous monitoring of financial markets
							HSE Capital Team, Management Assessment Team	Improving efficiency in fund management processes Ongoing management of diagnostic checklist
	Tax Risks	Regular monitoring of tax payment-related matters and trends at domestic and international business locations where the company operates is necessary to ensure tax compliance	N	Y	High	All year round	HSI Management Administration Team, Management Assessment Team	Tracking tax regulations and policy trends, and fulfilling tax obligations diligently
							HSE Capital Team	Enhancing the timeliness of financial information through the reduction of reporting deadlines and adherence to reporting requirements Activating communication between departments and enhancing internal capabilities through tax education
Non-Financial	Environmental Risks	It is necessary to participate in global environmental issues and assess the environmental impact of the company's operations in order to manage them effectively.	N	Y	High	Monthly	HSI Management Administration Team, Management Assessment Team	Managing the environmental impact during the operation process of the business
							HSE SEA Team, General Affairs Team	Setting up dedicated teams and implementing tasks by project Supporting projects and verifying action plans for projects
	Health and Safety Risks	It is necessary to recognize and manage the significance of occupational health and safety, as well as the potential social impact that accidents can have.	Y	Y	High	Monthly	HSI Management Administration Team, Management Assessment Team	Establishing a management system for the prevention of industrial accidents and the management of occupational health and safety activities
							HSE SEA Team, General Affairs Team	Setting up a daily patrol team and conducting preventive activities Managing/sharing/improving daily checklists
	Ethical Risks	Recognizing the impact of corporate ethics on corporate value and strengthening ethical management to ensure trustworthiness and enhance reputation management	N	Y	Medium	Monthly	HSI Management Administration Team, Management Assessment Team	Monitoring compliance with ethical management practices
							HSE HR Team, General Affairs Team	Conducting ethics training Implementing and monitoring/preventive activities
	Supply Chain Risks	Striving for both customer satisfaction and a mutually beneficial relationship with suppliers to ensure the stability of the value chain within the business	Y	Y	High	Monthly	HSI Management Administration Team, Management Assessment Team	Management activities for the prevention and minimization of risks related to suppliers
							HSE Development/Sales/Materials Team, Outsourcing Management Team	Collection of opinions, solving difficulties, and proactively addressing quality/production issues Regular visits, inspections, and measures

SUSTAINABLE VALUE CREATION

GOVERNANCE
ENVIRONMENT
SOCIAL

GOVERNANCE

Governance Structure

Board of Directors

UN SDGs



Governance Structure

Governance Principles

Operating Principles

Hwaseung Industries and Hwaseung Enterprise have established a Corporate Governance Charter and Regulations of the Board of Directors to practice sound corporate governance and transparent value management. We strive to fulfill our corporate social responsibility and commitment.

Shareholder Composition and Dividend Policy

Hwaseung Industries and Hwaseung Enterprise follow the Articles of Incorporation and distribute dividends based on resolutions of the BoD and shareholders' meetings. We are committed to enhancing shareholder value and will continue to review various approaches, including dividends, to achieve this goal. We are preparing to disclose our dividend policy in the future.

Ensuring the Independence of the Audit Committee

The chairpersons of the Audit Committee in Hwaseung Industries and Hwaseung Enterprise are accounting and financial experts. The members of the Audit Committee consist solely of external directors to ensure independence. We also engage external and internal experts to provide regular reports and conduct training on important issues in order to enhance the effectiveness of our audit-related tasks. In addition, we established a support organization for the Audit Committee, which grants the committee the authority to appoint and evaluate the responsible personnel of the support organization.

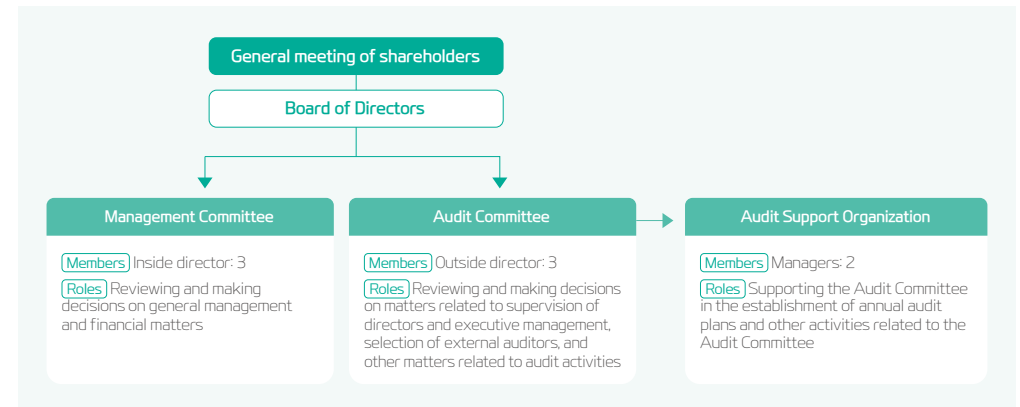
2022 Audit committee meeting records

Category	Session	Date Held	Attendance Rate	Agenda	Adoption Status
Hwaseung Industries	1st	Jan. 3, 2022	100%	Revision of regulations regarding the internal accounting management system	Approved
	2nd	Mar. 10, 2022	100%	Assessment of the design and operation status of the internal accounting management system	Approved
	3rd	Mar. 28, 2022	100%	Election of the chairperson of the Audit Committee	Approved
Hwaseung Enterprise	1st	Jan. 3, 2022	100%	Revision of regulations regarding the internal accounting management system	Approved
	2nd	Mar. 10, 2022	100%	Assessment of the design and operation status of the internal accounting management system	Approved
	3rd	Mar. 28, 2022	100%	Election of the chairperson of the Audit Committee	Approved

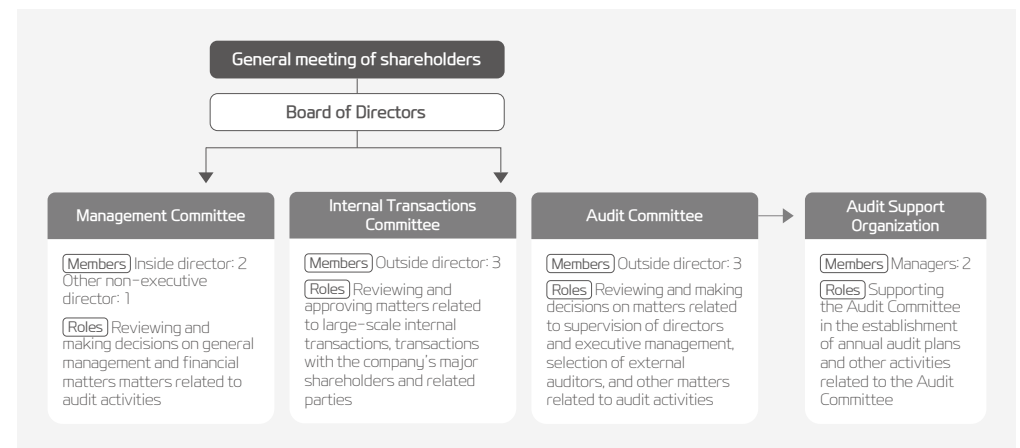
Distribution of Power and Balance

Hwaseung Industries and Hwaseung Enterprise establish management committees and audit committees under the Board of Directors (BoD) to ensure expertise and efficiency in important decision-making processes. Moreover, in the second half of 2023, we plan to establish an ESG committee to review matters related to the company's social responsibilities and enhance corporate governance transparency.

HSI Committees within the BoD



HSE Committees within the BoD



Board of Directors

Hwaseung Industries strives to build a transparent and rational decision-making system centered around a BoD with independence, expertise, and diversity. Through this, we aim to create sustainable value and enhance the rights of all stakeholders.

Composition of the BoD

Composition of the BoD

The composition of the BoD includes outside directors in accordance with relevant laws and the Articles of Incorporation, and all outside directors attend the listed company association's training. The chairperson of the BoD is held by the CEO to enhance the efficiency of decision-making. Appointment of directors is entrusted to the BoD, and their appointment is determined through a resolution at the shareholders' meeting.

I Composition of the Hwaseung Industries BoD

Position	Name	Gender	Field of Expertise	Term of Office	Attendance Rate	Main Career
Inside Directors	Hyun Seung hoon	Male	Business management	Mar. 28, 2018 ~ Mar. 28, 2024	100%	Hwaseung Group chairperson Hwaseung Industries registered executive (2018~)
	Hyun Suk ho (chairperson)	Male	Business management	Mar. 27, 2009 ~ Mar. 30, 2024	100%	Hwaseung Industries CEO (2014~) Hwaseung Enterprise Other Non-Executive Director (2016~)
	Lee Chan-ho	Male	Finance, accounting	Mar. 26, 2019 ~ Mar. 28, 2025	100%	Hwaseung Industries Senior Managing Director (2023~) Former Hwaseung Industries Executive Director (2019~2022) Former Hwaseung Enterprise Executive Director (2018~2022) Worked at Cheil Worldwide Management Support Office
	Park Jong-woo	Male	Trade	Mar. 30, 2021 ~ Mar. 30, 2024	100%	Hwaseung Industries Overseas Support Division General Manager (2021~) Former Hwaseung Industries Overseas Support Team General Manager (2014~2020) Former Hwaseung Vina Busan Office Overseas Business Unit Deputy General Manager (2013~2014)

Position	Name	Gender	Field of Expertise	Term of Office	Attendance Rate	Main Career
Outside Director	Park Yong-ju	Male	Accounting, auditing	Mar. 26, 2019 ~ Mar. 28, 2025	100%	Outside Director at Hwaseung Industries (2019 ~) Certified Public Accountant at Hyundai Accounting Corporation (2014 ~)
	Oh Seung-seok	Male	Investment, M&A advisory	Mar. 28, 2022 ~ Mar. 28, 2025	100%	Hwaseung Industries Outside Director (2022 ~) Senior Managing Director at The Turning Point (2018 ~)
	Park Yong-seok	Male	Society, safety (Professor)	Mar. 28, 2022 ~ Mar. 28, 2025	100%	Outside Director at Hwaseung Industries (2022 ~) Professor of Social Safety at Kyungsung University (2018 ~)

Operation of the BoD

Independence and Transparency of the BoD

To ensure the independence of the BoD, the BoD has been structured in accordance with the Commercial Act, including the appointment of outside directors. To prevent the erosion of corporate value due to conflicts of interest, we faithfully comply with laws and guidelines related to corporate governance. In cases where directors have a conflict of interest regarding matters and resolutions, their voting rights are excluded to prevent conflicts of interest. We are currently not adopting a cumulative voting system, but we actively seek input from stakeholders and carefully review the advantages and disadvantages of the system.

Board Evaluation and Compensation Policy

Inside directors undergo a comprehensive performance evaluation, while outside directors have not been evaluated separately up to this point. However, we are in the process of establishing criteria to comprehensively evaluate factors such as attendance at meetings, independence, contribution, and non-financial performance of outside directors. Furthermore, compensation for outside directors is uniformly provided, limited to basic salary and other company-related expenses. Additional compensation such as performance-based bonuses or stock options is not provided.

I 2022 BoD compensation payment status

Indicator	Unit	Inside Directors	Outside Director	Total
No. of Personnel	Persons	4	3	7
Total Compensation	KRW Million	1,280	72	1,352
Average Compensation per Director	KRW Million	320	24	193

BoD Activities

In 2022, the regular BoD meetings have been convened 5 times, and provision has been made to hold additional board meetings as necessary, allowing for flexibility in the operations. In addition, the company has subscribed to director's liability insurance to cover any damages or claims incurred by the directors. The Articles of Incorporation have also been established to allow for the reduction of the directors' liability towards the company through resolutions passed by the shareholders' meeting.

Operating status of the BoD in 2022

Category		Unit	2022
Regular BoD Meeting		Sessions	5
Extraordinary BoD Meeting		Sessions	5
BoD Attendance Rate	Inside directors	%	100
	Outside directors	%	100

Agenda items for the 2022 BoD meetings

Agenda	Date of Discussion	Key Points	Resolution Status
Matters regarding approval of transactions with related parties	Jan. 4, 2022	The BoD has pre-screened and resolved on matters related to the types of transactions with related parties that may occur in 2022.	Approved
Matters regarding the report on the evaluation of the operational status of internal accounting management by the internal accounting manager and the report on the examination of accounting task processing	Jan. 28, 2022	The CEO and internal accounting manager evaluated the design and operational status of the internal accounting management system in accordance with the concept framework of the "Design and Operation of Internal Accounting Management System." They reported the results of the examination of accounting task processing to the BoD for the fiscal year ended on Dec. 31, 2021, and the BoD approved it.	Approved
Matters regarding the conclusion of a trust agreement for the acquisition of treasury shares	Feb. 16, 2022	The BoD reviewed and approved the treasury shares trust agreement with Samsung Securities.	Approved
Matters regarding the evaluation report of the Audit Committee	Mar. 10, 2022	The Audit Committee reported to the BoD on the audit report, evaluation report on the operational status of the internal accounting management system, and the committee's opinion on internal control mechanisms for the fiscal year ending on Dec. 31, 2021. The BoD approved the reports.	Approved
Matters regarding the approval of the 53rd-term financial statements (including statement of retained earnings) and consolidated financial statements		The BoD reviewed and approved the financial statements and financial status of Hwaseung Industries for the year 2021.	Approved
Matters regarding the final resolution on the dividend proposal for the fiscal year 2021		The BoD reviewed and resolved on matters related to dividends, such as dividends per share, total dividends, for the fiscal year 2021.	Approved
Matters regarding the introduction of electronic voting system and electronic proxy system		The BoD resolved that shareholders will have the option to exercise their voting rights and grant electronic proxies during the 53rd regular shareholders' meeting.	Approved
Matters regarding the convening of the 53rd regular shareholders' meeting		The BoD reviewed and resolved on the date, venue, and agenda items for the convening of the 53rd regular shareholders' meeting.	Approved
Matters regarding the election of Audit Committee members	Mar. 28, 2022	The BoD deliberated on the candidates for the Audit Committee members and elected the members of the Audit Committee.	Approved
Revision of regulations regarding the internal accounting management system	Apr. 1, 2022	The BoD thoroughly reviewed and carefully discussed the proposed amendment to the regulations for internal accounting management system and resolved on it.	Approved
Matters regarding the reporting of financial statements for the first quarter of 2022 (Jan. 1, 2022 ~ Mar. 31, 2022)	May 13, 2022	The BoD reviewed and approved the financial statements for the first quarter of 2022 (Jan. 1, 2022 ~ Mar. 31, 2022) of Hwaseung Industries.	Approved
Matters regarding the conclusion of a trust agreement for the acquisition of treasury shares	Jun. 15, 2022	The BoD reviewed and approved the treasury shares trust agreement with Samsung Securities.	Approved
Matters regarding the conclusion of a trust agreement for the acquisition of treasury shares	Sep. 14, 2022	The BoD reviewed and approved the treasury shares trust agreement with Korea Investment & Securities.	Approved
Matters regarding the reporting of financial statements for the third quarter of 2022 (Jan. 1, 2022 ~ Sep. 30, 2022)	Nov. 11, 2022	The BoD reviewed and approved the financial statements for the third quarter of 2022 (Jan. 1, 2022 ~ Sep. 30, 2022) of Hwaseung Industries.	Approved

Board of Directors

Hwaseung Enterprise strives to enhance corporate value and further become a more trusted company by establishing a transparent corporate governance structure. We will continue to enhance sustainable value through the establishment of advanced governance structures.

Composition of the BoD

Composition of the BoD

The BoD has been formed with a focus on reflecting the principle of diversity to ensure that it does not represent or favor any specific interests. The chairperson of the board is also the CEO who is well-versed in internal affairs and has a high level of organizational understanding. Directors are recommended by the BoD and appointed through a shareholder's meeting.

I Composition of the Hwaseung Enterprise BoD

Position	Name	Gender	Field of Expertise	Term of Office	Attendance Rate	Main Career
Inside Directors	Lee Gie yeong (Chairperson)	Male	Business management	Mar. 29, 2018 ~ Mar. 29, 2024	100%	Hwaseung Enterprise CEO (2015~)
	Lee Chan-ho	Male	Finance, accounting	Mar. 29, 2018 ~ Mar. 29, 2024	100%	Hwaseung Industries Senior Managing Director (2023~) Former Hwaseung Enterprise Executive Director (2018~2022) Former Hwaseung Industries Executive Director (2019~2022) Worked at Cheil Worldwide Management Support Office
Other Non - Executive Directors	Hyun Suk ho	Male	Business management	May 6, 2016 ~ May 6, 2025	100%	Hwaseung Industries CEO (2014~) Hwaseung Enterprise Other Non-Executive Director (2016~)
	Kim Jun-gyu	Male	Finance, accounting	May 6, 2016 ~ May 6, 2025	100%	Hwaseung Indonesia Managing Executive (2016~) Hwaseung Enterprise Other Non-Executive Director (2016~)
Outside Directors	Ga Tae-yeong	Male	Accounting, auditing	Mar. 28, 2022 ~ Mar. 28, 2025	100%	Doyoung Accounting Corporation (2016~) Hwaseung Enterprise Outside Director (2022~)

Position	Name	Gender	Field of Expertise	Term of Office	Attendance Rate	Main Career
Outside Directors	Nam Seong-jib	Male	Business Administration (Professor)	Jun. 2, 2020 ~ Jun. 2, 2026	100%	Hwaseung Enterprise Outside Director (2019~)Professor of Business Administration at Hannam University (2010~)Former Vice President of the Korea Distribution Science Association (2015~2017)
	Son Dong-hwan	Male	Corporate law (Attorney)	Mar. 28, 2022 ~ Mar. 28, 2025	100%	EYP Law Attorney (2012~) Hwaseung Enterprise Outside Director (2022~)

Operation of the BoD

Independence and Transparency of the BoD

We operate the BoD by appointing a majority of outside directors in order to strengthen their independence. Furthermore, to prevent conflicts of interest, we have established regulations that prohibit directors with a conflict of interest to the resolution item from exercising their voting rights, thereby enhancing transparency. We plan to introduce a cumulative voting system in the future, taking into consideration any potential disadvantages that may arise from its implementation. If the adoption of the cumulative voting system becomes mandatory in the future, we will consider implementing it accordingly.

Board Evaluation and Compensation Policy

For outside directors, a comprehensive performance evaluation is conducted, which includes attendance and participation in committee meetings among other factors. As for outside directors, although a formal evaluation is not currently being conducted, there are plans to establish criteria and conduct evaluations in the future, ensuring that independence is not compromised. Furthermore, compensation for outside directors is uniformly provided, limited to basic salary and other company-related expenses. Additional compensation such as performance-based bonuses or stock options is not provided.

I 2022 BoD compensation payment status

Indicator	Unit	Inside Directors	Outside Directors	Total
No. of Personnel	Persons	4	3	7
Total Compensation	KRW Million	530	72	602
Average Compensation per Director	KRW Million	133	24	86

*Including 4 inside directors and 2 other non-executive directors

BoD Activities

As a general principle, we hold regular BoD meetings in early March each year. As of 2022, we have held 5 regular meetings, and we have also set regulations to allow for additional meetings as needed. In addition, the company has subscribed to director's liability insurance to cover any damages or claims incurred by the directors. The Articles of Incorporation have also been established to allow for the reduction of the directors' liability towards the company through resolutions passed by the shareholders' meeting.

I Agenda items for the 2022 BoD meetings

Agenda	Date of Discussion	Key Points	Resolution Status
Matters regarding approval of transactions with related parties	Jan. 4, 2022	The BoD has pre-screened and resolved on matters related to the types of transactions with related parties that may occur in 2022.	Approved
Matters regarding the capital increase of Hwaseung Crown through paid-in capital increase	Jan. 27, 2022	The BoD thoroughly reviewed and approved the matter of the capital increase of Hwaseung Crown through a paid-in capital increase.	Approved
Matters regarding the capital increase of Daeyoung Textile through paid-in capital increase		The BoD thoroughly reviewed and approved the matter of the capital increase of Daeyoung Textile through a paid-in capital increase.	Approved
Matters regarding the report on the evaluation of the operational status of internal accounting management by the internal accounting manager and the report on the examination of accounting task processing	Jan. 28, 2022	The CEO and internal accounting manager evaluated the design and operational status of the internal accounting management system in accordance with the concept framework of the "Design and Operation of Internal Accounting Management System." They reported the results of the examination of accounting task processing to the BoD for the fiscal year ended on Dec. 31, 2021, and the BoD approved it.	Approved
Matters regarding the evaluation report of the Audit Committee	Mar. 10, 2022	The Audit Committee reported to the BoD on the audit report, evaluation report on the operational status of the internal accounting management system, and the committee's opinion on internal control mechanisms for the fiscal year ending on Dec. 31, 2021. The BoD approved the reports.	Approved
Matters regarding the approval of the 7th-term financial statements (including statement of retained earnings) and consolidated financial statements		The BoD reviewed and approved the financial statements and financial status of Hwaseung Enterprise for the year 2021.	Approved
Matters regarding the final resolution on the dividend proposal for the fiscal year 2021		The BoD reviewed and resolved on matters related to dividends, such as dividends per share, total dividends, for the fiscal year 2021.	Approved
Matters regarding the convening of the 7th regular shareholders' meeting		The BoD reviewed and resolved on the date, venue, and agenda items for the convening of the 7th regular shareholders' meeting.	Approved
Matters regarding the introduction of electronic voting system and electronic proxy system		The BoD resolved that shareholders will have the option to exercise their voting rights and grant electronic proxies during the 7th regular shareholders' meeting.	Approved
Matters regarding the election of Audit Committee members	Mar. 28, 2022	The BoD deliberated on the candidates for the Audit Committee members and elected the members of the Audit Committee.	Approved
Appointment of Internal Transactions Committee members		The BoD deliberated on the appointment of candidates for the Internal Transactions Committee members and elected the members of the Audit Committee.	Approved
Revision of regulations regarding the internal accounting management system	Apr. 1, 2022	The BoD thoroughly reviewed and carefully discussed the proposed amendment to the regulations for internal accounting management system and resolved on it.	Approved
Matters regarding signing a contract for the OEM Manufacturing Agreement for shoes with Deckers Brand	May 3, 2022	The BoD carefully reviewed and diligently discussed the contents of the Deckers Outdoor Corporation footwear supply contract agreement, and resolved to adopt it.	Approved
Matters regarding financial statements reporting for the first quarter of 2022 (Jan.1,2022-Mar.31,2022)	May 13, 2022	The BoD reviewed and approved the financial statements for the first quarter of 2022 (Jan. 1, 2022 ~ Mar. 31, 2022) of Hwaseung Enterprise.	Approved
Matters regarding holding the 8th extraordinary shareholders' meeting	Aug. 8, 2022	The BoD reviewed and resolved on the date, venue, and agenda items for the convening of the 8th extraordinary shareholders' meeting.	Approved
Matters regarding setting the record date for the 8th extraordinary shareholders' meeting		The BoD discussed and resolved to set the record date for the purpose of finalizing the shareholder register for the 8th-term extraordinary shareholders' meeting.	Approved
Matters regarding the introduction of electronic voting system and electronic proxy system		The BoD resolved that shareholders will have the option to exercise their voting rights and grant electronic proxies during the 8th extraordinary shareholders' meeting.	Approved
Matters regarding the reporting of financial statements for the third quarter of 2022 (Jan.1, 2022-Sep. 30, 2022)	Nov. 11, 2022	The BoD reviewed and approved the financial statements for the first quarter of 2022 (Jan. 1, 2022 ~ Sep. 30, 2022) of Hwaseung Enterprise.	Approved

II Operating status of the BoD in 2022

Category	Unit	2022
Regular BoD Meeting	Sessions	5
Extraordinary BoD Meeting	Sessions	5
BoD Attendance Rate	Inside directors	%
	Outside directors	%
		100
		100

ENVIRONMENT

Climate Change

TCFD Recommendations

Environmental Management

Resource and Pollution Management

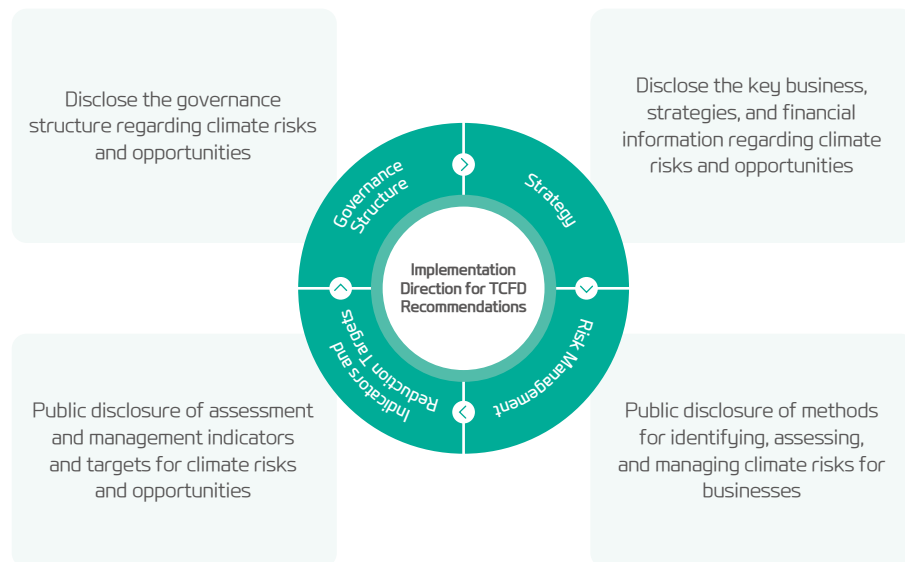


UN SDGs



Climate Change

Hwaseung Industries strives to respond to extreme climate change situations such as floods, heatwaves, wildfires, and mitigate the impact of climate change caused by corporate operations. We make various efforts to reduce carbon emissions. In line with this, we have plans to review and implement various strategies to reduce greenhouse gas emissions and decrease energy consumption.



Climate Change Response

Establishing the Direction of TCFD Recommendations

We have established a direction for climate change adaptation in accordance with the recommendations of TCFD by recognizing and carefully analyzing the potential impacts that may arise for our company as a result of climate change. Furthermore, we have established indicators related to climate change to manage performance and achievements. We have systematized the review and approval of key climate change issues by the BoD to ensure leadership in this area.

Implementation direction of Hwaseung Industries' TCFD recommendations

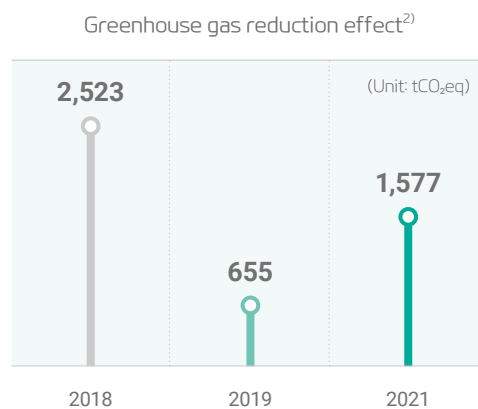
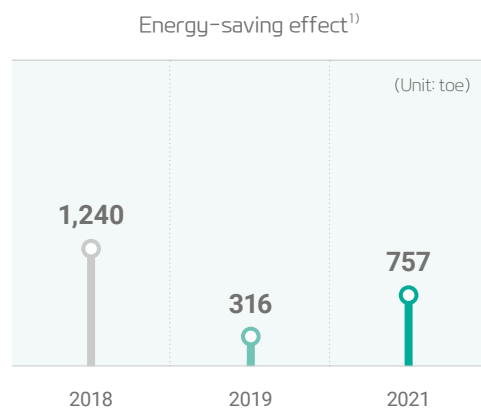
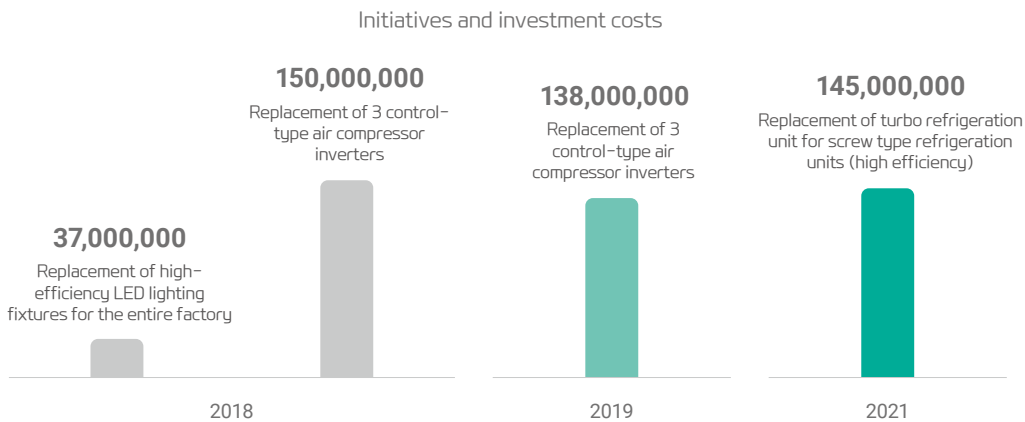


GHG Reduction Activities

We are focusing on various efforts to reduce carbon emissions in accordance with the demands of society and the market. Our goal is to achieve the highest level of carbon emission reduction in the industry. To achieve this, we are conducting overseas consulting to establish energy efficiency measures. We are also building an Environmental Management System (EMS), hiring ESG experts, and implementing solar power installations in our production facilities. We are putting efforts in multiple areas to achieve our goals.

Key initiatives for greenhouse gas reduction

(Unit: KRW)

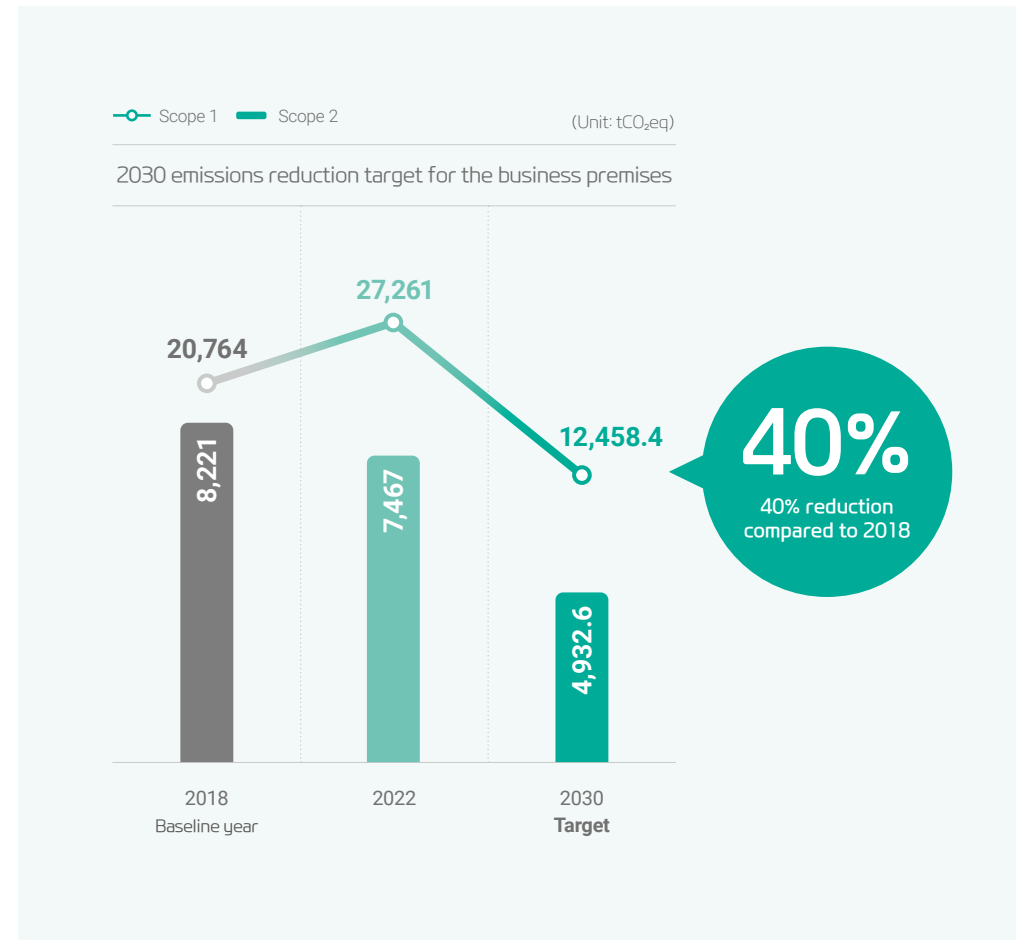


1), 2) Energy and greenhouse gas reduction effects are calculated based on the greenhouse gas inventory

Greenhouse Gas Reduction Indicators and Reduction Targets

We establish and manage indicators and reduction targets to reduce greenhouse gas emissions generated during our operations. With Hwaseung Chemical, our subsidiary, as the focal point, our target is to achieve a 40% reduction in greenhouse gas emissions by 2030 compared to the baseline year of 2018.

Greenhouse gas reduction indicators and reduction targets



TCFD Recommendations

Hwaseung Enterprise manages greenhouse gas emissions in accordance with the GHG Protocol as a responding company evaluated by Carbon Disclosure Project (CDP). In addition, Hwaseung Enterprise has incorporated a greenhouse gas management system in line with the international standard of the Task Force on Climate-related Financial Disclosures (TCFD) to set ESG goals. Furthermore, the company is taking a leading role in corporate-level climate action in accordance with the UNFCCC Fashion Industry Charter for Climate Action.

Governance Structure

Governance Structure of an Organization that Addresses Climate Change-Related Risks and Opportunities

The organization operates by establishing a governance structure for climate change response activities, enabling the awareness of the impact of business activities on climate change and managing factors related to climate change in the decision-making body of the company's operations. The governance structure for climate change response activities is composed of top management to operational departments within the organization. Through this structure, the organization promotes company-wide climate action.

▮ Governance structure for climate change response activities



Strategy

Promotion of Long-Term Climate Change Response Strategies in Accordance with the UNFCCC Fashion Industry Charter for Climate Action

Hwaseung Enterprise is actively pursuing strategies to reduce greenhouse gas emissions in its operations, product manufacturing, and other processes in accordance with the global trend of greenhouse gas emission reduction. Based on the UN Sustainable Development Goals (SDGs), the Paris Agreement, and the UNFCCC Fashion Industry Charter for Climate Action, Hwaseung Enterprise has established climate change response strategies. The company aims to achieve a 50% reduction in greenhouse gas emissions by 2030 and reach net-zero emissions by 2050.

Category	Risks	Potential Financial Impact	Hwaseung Enterprise Approach
Physical risks			
Acute	Physical losses caused by extreme weather conditions such as floods, earthquakes, heatwaves, etc.	- Decreased revenue due to a decrease in production capacity - Decreased sales due to a decrease in product and service demand	- Risk management of supply chains at both domestic and overseas locations, including Vietnam, Indonesia, and China, through weather monitoring - Weather risk monitoring that can impact key transportation modes such as trucks, ships, and aviation
Chronic	Physical losses caused by temperature fluctuations	Decreased revenue due to a decrease in production capacity	Evaluation of management and implementation measures to address the impacts of increased temperature in the workplace, including the financial impact of creating a suitable environment, the health impact on employees, and the availability of labor for product manufacturing in extreme climate conditions
Transitional risks			
Policies and Regulations	Regulations and provisions regarding existing products and services	Indirect operating cost increase	Establishment of a goal to reduce greenhouse gas emissions by 50% by 2030, with the baseline year being 2020, and achieve net zero emissions by 2050 in accordance with the UNFCCC declaration
Reputation	Customer preference changes	Decreased sales due to a decrease in product and service demand	- Identification of opportunities for sustainable product manufacturing - Increasing the use of recycled materials and enhancing product durability
Technology	Transition to emission reduction technologies	Direct operating cost increase	Promotion of energy transition to low-emission fuels in accordance with greenhouse gas reduction strategies
Opportunities			
Energy and Raw Materials	Efficiency improvement in production and distribution processes Energy utilization for greenhouse gas reduction	Return on investment in greenhouse gas reduction technologies resulting in a decrease in indirect operating costs	- Efforts to reduce operating expenses through continuous improvement of production and distribution processes, including the optimization of electricity, fuel, and equipment maintenance through efficiency enhancements - Research and development of recycling methods for wastewater generated in the dyeing process - Exploring options for utilizing renewable energy, such as installing solar panels at business sites in Vietnam, Indonesia, and China
Products and Services	Development and expansion of low-carbon products	Increase in revenue due to growing demand for sustainable products	- Collaborating with customers to develop sustainable products - Conducting feasibility assessment of carbon reduction through the utilization of recycled materials - Research and development of biodegradable and eco-friendly materials for footwear, clothing, and accessories

Risk Management

Analysis of Climate Change Risks and Opportunities, and Development of Strategies Based on Response Measures

Each year, we actively participate in CDP assessments, analyzing not only quantitative indicators related to greenhouse gas emissions but also risks and opportunities. We have established response measures and management systems to address these factors. We aim to allocate an annual investment of KRW 240 million toward climate change initiatives and closely monitor the planning and execution of climate change investment projects. We have established a strategy for reducing greenhouse gas emissions, focusing on improving energy efficiency, securing renewable energy sources, and reducing the use of coal energy. These are key measures in our efforts to reduce emissions. In addition, we are preparing our climate change strategy in a systematic and structured manner to achieve a 50% reduction in greenhouse gas emissions by 2030 and reach our net zero target by 2050. This includes phased installation of solar power (RTS) through PPAs at our facilities in Vietnam and Indonesia, participation in IRECs, coal energy phasing out calculation of scope 3 emissions, and implementation of product life cycle assessments (LCA).

Key initiatives for greenhouse gas reduction

Year of Action	Details	Investment Cost (Unit: KRW Million)	Energy and Greenhouse Gas Reduction Effect ¹⁾
2021	Sustainability Consulting / Act Renewable Target Setting / Governance Structure / Data Management System	120	-
	Rooftop Solar Procurement / Consulting	60	-
2022	Coal Phase Out / Energy Assessment / RTS PPA / I-RECs	200	I-REC / 14,922 MWh
2023	GHG Verification / I-RECs / Scope 3 Measurement	150	I-REC / 25,000 MWh
	Solar Heating System	10	30 tCO ₂ eq/year (1 subsidiary)
	Air Compressor - VFD	20	81.9 tCO ₂ eq (4 subsidiaries)
	Cutting Machine - VFD	4	17.3 tCO ₂ eq (2 subsidiaries)

1) The data was calculated based on the reduction in electricity consumption reported by the company's report for the reduction activities, as well as the greenhouse gas emissions from Vietnam's electricity production.

Greenhouse Gas Indicators and Reduction Targets

GHG Reduction Targets

Hwaseung Enterprise aims to achieve a 50% reduction in greenhouse gas emissions by 2030 compared to 2020 levels. In line with the UNFCCC declaration, we monitor various management indicators and performance to effectively manage greenhouse gas emissions and energy. Our key management indicators include absolute greenhouse gas emissions and energy usage, as well as specific goals and plans for emissions reduction in relation to revenue. We manage these indicators and transparently disclose our greenhouse gas emissions and management activities through our response to the CDP.

Baseline greenhouse gas emissions

(Unit: tCO₂eq)

Category	2020
Scope 1	32,751
Scope 2	117,172
Total	149,923

GHG emissions

(Unit: tCO₂eq)

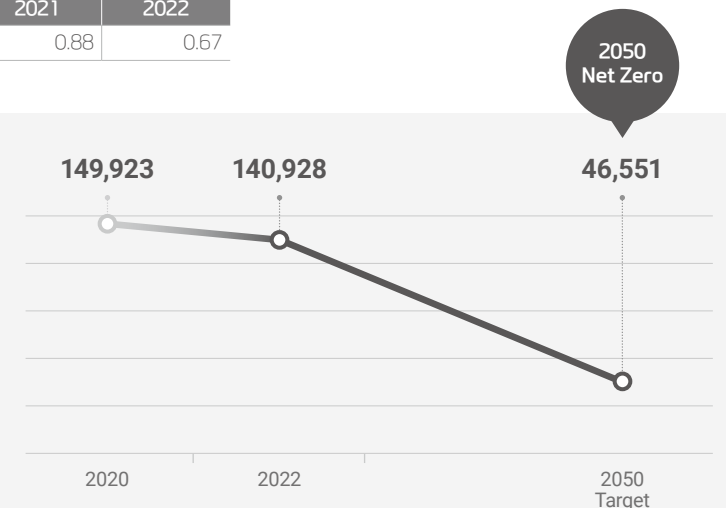
Category	2020	2021	2022	Target
Scope 1	32,751	49,688	49,521	5,854
Scope 2	117,172	131,146	141,199	40,697
Total	149,923	180,834	190,720	46,551

Greenhouse gas emissions intensity

(Greenhouse gas emissions/revenue [Unit: KRW])

Category	2020	2021	2022
Total	0.83	0.88	0.67

2050 greenhouse gas emission reduction targets (Scopes 1, 2)



Environmental Management

Hwaseung Industries recognizes its social responsibility toward the environment and continuously monitors and promotes environmental impact minimization and energy-saving activities throughout its business processes through an environmental management system. Hwaseung Industries aims to further enhance its environmental management system through ongoing evaluation and improvement activities, in order to protect the future of our planet and contribute to the sustainable future of our customers.

Environmental Management System

We have established an environmental management system in line with external demands for environmental conservation and the environmental policy direction of the Korean government. Based on Hwaseung Industries' unique environmental management system, we will strive to leap forward as a provider of eco-friendly products & solutions in the chemical field.



Moving Towards Sustainability

- Continued carbon emission reduction activities aiming for a 40% reduction by 2030 (baseline year: 2018)
- Establishment of environmental risk management principles and strengthening of environmental management systems
- Leapfrogging into a provider of eco-friendly products & solutions in the chemical field through expanding environmentally friendly investments
- Research and development of eco-friendly technologies and products
- Active participation in global environmental protection initiatives

Environmental Management Strategy and Promotion System

We actively promote eco-friendly management to proactively respond to environmental risks and manage our environmental performance. This includes activities such as reducing greenhouse gas emissions, conserving energy and water resources, and minimizing pollution and waste. To achieve this, we have formed operational groups led by representatives from domestic and international business sites. These operational groups share and report environmental issues throughout the company and manage performance related to these issues. The CEO serves as the ultimate decision-maker for environmental management and reviews key issues. If necessary, these issues are presented to the board of directors for discussion.

I Quality management promotion system



Conducting Environmental Impact Assessments

We conduct environmental impact assessments to measure and manage the environmental effects arising from our operational processes. Accordingly, Hwaseung Chemical, a subsidiary of Hwaseung Industries, conducts an annual environmental impact assessment to identify environmental risks and ultimately prevent environmental pollution and destruction that may occur during business operations.

I Environmental impact assessment in 2022

Number of implemented facilities
1 facility (Korea - Hwaseung Chemical)

Obtaining Environmental Certifications and Making Eco-Friendly Investments

We carry out environmental management activities based on certifications such as ISO 14001 (Environmental Management System) and International Sustainability & Carbon Certification (ISCC). In addition to the environmental management system certification through ISO 14001, we have also obtained ISCC certification, which ensures the sustainability of the environment by encompassing greenhouse gas emissions reduction, sustainable land use, and biodiversity protection. In addition to that, we strive to reduce pollutant emissions and conserve energy and resources through measures such as replacing aging equipment and coal energy phasing out.

I Eco-friendly investment and activity records

Year of Action	Details	Investment Amount\$	Expected Effects
2022	Installation of insulated covers for the flexible hoses of OPP, PET extruders, and MDO equipment	KRW 80,467,000	KRW 131,098,157/year
2022	Installation of ducts and insulation work for the recycling of PET TDO CLIP exhaust heat through the CAU-1 and 6 feed lines	KRW 18,090,000	KRW 26,003,600/year
2022	Installation of a remote sensing system for boiler chimneys (TMS)	KRW 92,000,000	Real-time monitoring of nitrogen oxide (NOx) emission levels
2021	Replacement of two conventional gas burners with low NOx gas burners in a water-tube boiler	KRW 142,000,000	Management of NOx emissions below the standard limit of 40 ppm

Conducting Environmental Training

We conduct environmental training to prevent potential environmental incidents and accidents, as well as to enhance environmental awareness. In order to manage the environmental aspects of the workplace, we provide annual management supervisor training of at least 16 hours a year for supervisors and team leaders. This training aims to enhance their capacity to manage environmental issues within the workplace, in addition to keeping them updated on the trends in environmental laws and regulations.

Environmental Management

Hwaseung Enterprise not only develops long-term climate change strategies but also promotes environmental management through rigorous control of environmental impacts such as chemical substances and waste. We will actively pursue environmental management, including addressing climate change, to lead toward a sustainable future.

Environmental Management System

To ensure sustainable management, we have established an environmental management system to fulfill social responsibilities and uphold the rights of stakeholders. In addition, we will set environmental management goals and work towards achieving them, aiming to grow as a sustainable company.

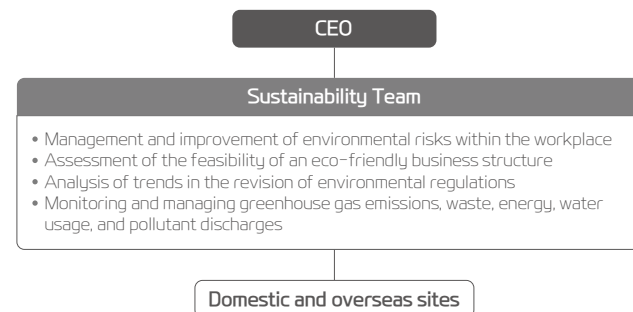
Our Goals

- Goal of achieving a 50% reduction in greenhouse gas emissions by 2030 (baseline year 2020)
- Establishing a foundation for decarbonization strategies
- Proposal for eco-friendly and long-term sustainable materials as a priority
- Elimination of coal boilers by 2025
- Installation of solar facilities on the rooftops of all production bases
- Implementing "energy efficiency improvement projects" in all production bases
- Considering adopting the Renewable Electricity 100%(RE100) to meet the target by 2030
- Proactively preparing and organizing procedures to ensure compliance with major ESG guidelines and reporting requirements such as KCGS/CDP/Corporate Sustainability Reporting Directive (CSRD) and Sustainable Finance Disclosure Regulation (SFDR)

Environmental Management Strategy and Promotion System

We manage environmental management issues through practical working groups and establish response strategies by monitoring legal and regulatory trends. We assess the feasibility of the goals set to achieve an eco-friendly business structure in the long term and report key findings to the management. The CEO is the ultimate decision-maker in environmental management. Major issues discussed in the working groups are presented to the BoD for deliberation and resolution.

Quality management promotion system



Conducting Environmental Impact Assessments

Environmental impact assessments are conducted annually and semi-annually when registering new factories or facilities. In 2022, through environmental impact assessments, we identified issues in leakage and water management, and took measures to improve leakage and implement rainwater and water reuse. We also carried out energy efficiency improvement projects for efficient energy management.

Environmental impact assessment in 2022

Number of implemented facilities

6 facilities (overseas)

Obtaining Environmental Certifications and Making Eco-Friendly Investments

We operate our businesses in line with ISO 14001 (Environmental Management System) through environmental management activities and carry out continuous evaluation and improvement efforts. Through this, we identify, assess, manage, and continuously improve environmental aspects, effectively managing environmental risks, and proactively identifying and preventing potential adverse environmental impacts. In addition, we efficiently manage the environmental aspects of production and operational facilities through making eco-friendly investments. We will make multifaceted efforts to reduce environmental impacts in operations by conducting research and development on timely replacement of aging equipment and increasing the use of recycled chips.

Eco-friendly investment and activity records

Year of Action	Details	Investment Amount	Expected Effects
2023	Solar Heating System	KRW 10 Million	10 tCO ₂ eq/year
2023	Air Compressor - VFD	KRW 10 Million	11 tCO ₂ eq/year
2023	Air Compressor - VFD	KRW 5 Million	8 tCO ₂ eq/year
2023	Cutting Machine - VFD	KRW 16 Million	2 tCO ₂ eq/year
2023	Air Compressor - VFD	KRW 32 Million	15 tCO ₂ eq/year
2023	Cutting Machine - VFD	KRW 16 Million	2 tCO ₂ eq/year
2023	Air Compressor - VFD	KRW 7 Million	18 tCO ₂ eq/year

Conducting Environmental Training

Hwaseung Vina, a subsidiary of Hwaseung Enterprise, conducts annual one-hour environmental education to emphasize the importance of the environment and enhance environmental management within the workplace. In addition to various environmental regulations, the training also includes education on efficient energy use, climate change mitigation, and improving awareness and building consensus on the goals of the United Nations Framework Convention on Climate Change (UNFCCC).

Resource and Pollution Management

The importance of resource and pollution management in production and operational processes is becoming increasingly significant due to serious resource depletion and environmental pollution. Hwaseung Industries and Hwaseung Enterprise, including the implementation of environmental management systems, assess the status of pollutant emissions at the headquarters and each business site. We reduce the environmental impact of pollution along each emission source to create environmental value.

Chemical Substance Management

Hwaseung Industries and Hwaseung Enterprise are researching and developing eco-friendly manufacturing processes to reduce and eliminate pollutants such as waste oil and carbon generated during shoe production, in line with the global trend toward environmental sustainability in the footwear industry. In particular, we have managed indicators to reduce the use of hazardous substances in order to satisfy the evaluation criteria of our customer, Adidas Group. We have also improved environmental value by transitioning from solvent-based shoe adhesives to water-based adhesives.

Furthermore, Hwaseung Industries strictly adheres to the Chemical Substances Control Act and the Act on Registration and Evaluation of Chemical Substances by obtaining permits, registrations, and making necessary notifications for chemical substances before importing them. Hwaseung Industries also conducts inspections of facilities handling hazardous chemicals at least once a week in accordance with the Chemical Substances Control Act. Hwaseung Enterprise's subsidiary, Hwaseung Vina, primarily purchases chemicals such as bonding agents from Hwaseung Chemical, which has obtained Zero Discharge of Hazardous Chemicals (ZDHC) level 3 certification. Through this, the company aims to minimize the use of hazardous chemicals and pursue sustainable chemical management practices.

Management of Pollutants

Hwaseung Industries applies more stringent internal management standards to ensure that air and water pollutants are managed below the legal permissible limits. Through strict management, we proactively respond to the strengthening trend of regulations related to chemical substance management and reduce pollutant emissions to enhance sustainability.

HSI Pollutant management standards

		Unit	2021	2022
Legal Concentration Standards for Atmospheric Pollutants	Nitrogen oxides (NOx)	ppm	40	40
	Sulfur oxides (SOx)	ppm	40	40
	Particulate matter (PM)	mg/sm³	30	30
Concentration of Air Pollutants for Internal Management	Nitrogen oxides (NOx)	ppm	17	30
	Sulfur oxides (SOx)	ppm	0	0
	Particulate matter (PM)	mg/sm³	3	2
Legal Standard Concentration for Water Pollutants	Total organic carbon (TOC)	mg/L	N/A	N/A
	Biochemical oxygen demand (BOD)	mg/L	20	20
	Suspended solids (SS)	mg/L	20	20
Internal Management Concentration of Water Pollutants	Total organic carbon (TOC)	mg/L	16	26
	Biochemical oxygen demand (BOD)	mg/L	6	14
	Suspended solids (SS)	mg/L	9	18

Waste Management

Hwaseung Industries and Hwaseung Enterprise are aware of the resource depletion and environmental pollution issues caused by the mass production and consumption of fashion textile materials in the industry. We are making efforts to minimize environmental impacts and take steps towards sustainable practices. We manage waste disposal and treatment based on waste management guidelines and also track recycling achievements.

We also manage waste recycling rates to meet the satisfaction of our customer, the Adidas Group, as part of their SPIKE evaluation.

Hwaseung Industries sets waste management targets and monitors the methods of disposal and performance of waste treatment by waste category on an annual basis. We ensure that waste is handled legally and managed systematically.

Water Usage and Water Intake Management

Hwaseung Industries and Hwaseung Enterprise recognize water resources as essential public resources not only in manufacturing and operational processes but also for all members of society, and manage them accordingly. To efficiently and reliably obtain water and conserve water resources, we monitor water usage to ensure its efficient and judicious use. We plan to minimize water usage in the manufacturing process and actively manage it by exploring process optimization and the feasibility of water reuse, aiming for maximum efficiency and sustainability.

Environmental Impact Reduction Efforts

Hwaseung Industries and Hwaseung Enterprise are aware of the environmental impact the two companies' operations can have on the global ecosystem. We actively promote activities for biodiversity conservation.

Hwaseung Industries continues to produce and research and develop recycled films and water-based products. On the other hand, Hwaseung Enterprise conducts life cycle assessments (LCA) to analyze and develop reduction strategies for carbon emissions and environmental impacts throughout the entire lifecycle of products, from resource extraction to use, production, and manufacturing stages.

SOCIAL

Talent Management

Health & Safety Management

Human Rights Management

Ethical Management and Compliance

Information Security

Customer Satisfaction Management

Supply Chain ESG Management

Social Contributions

UN SDGs



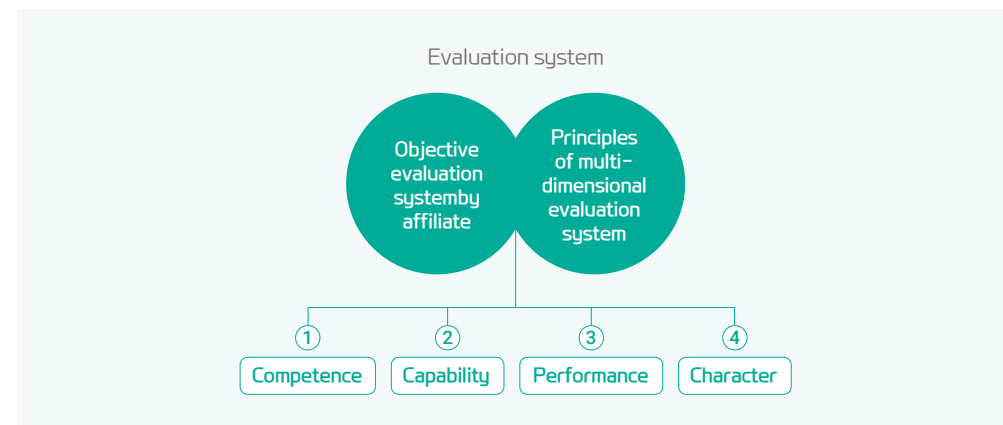
Talent Management

Human resource management is key to a company's competitiveness, and companies that practice people-centered management are moving toward sustainable and future growth. Hwaseung Industries and Hwaseung Enterprise strive to become companies that create social value by implementing healthy HR systems and educational programs to support an environment where employees can engage fully in their work.

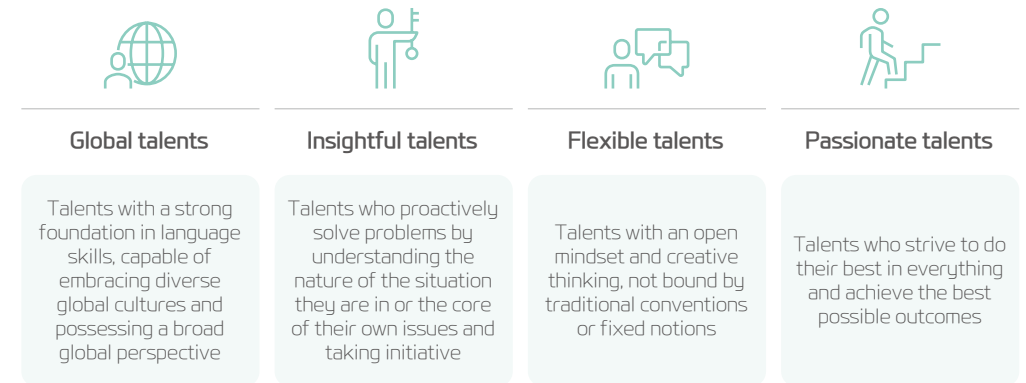
Talent Management System

Hwaseung Industries and Hwaseung Enterprise strategically operate a talent management system based on the principle of establishing a fair and objective evaluation system. We conduct multi-dimensional evaluations, including assessments of capabilities, skills, achievements, and character traits. We use in-house evaluation systems called "Job Architecture" and "Global Salary Management System" to assess the competencies and positions of all employees based on market and performance criteria. In addition, we evaluate both company performance and individual performance through the "Global Bonus Program" and provide incentives based on individual achievements.

I Personnel system



I Talents



Training Systems

Hwaseung Industries and Hwaseung Enterprise operate various training systems to achieve sustainable business performance.



Training Performance Management

Hwaseung Industries provides remote training through outsourcing companies to support employees in developing job competencies. Furthermore, after the training, we conduct evaluations of the learning content for the participants and carry out surveys on the satisfaction of the lectures to enhance the effectiveness of the training.

Since 2013, Hwaseung Enterprise has established an in-house training "university" within its overseas branches. We have developed a training system based on ranks and age groups by fostering two professional Korean staff members and 50 in-house instructors. We continuously upgrade the training system every year. We also set key performance indicators (KPI) for training to manage training performance indicators.

I Main training categories

Hwaseung Industries training	Hwaseung Enterprise training
• Online training • Hwamoni Language Learning Program • Knowledge forum	• Training in proprietary technology • Training in core competencies • Foreign language training • Management training • Basic training • Saturday Jump Up Training

Support for Life after Retirement

Hwaseung Industries and Hwaseung Enterprise operate a retirement pension system to help alleviate the financial burden that employees may face after retirement. Furthermore, we conduct retirement pension training at least once a year for all employees to enhance their understanding of the retirement pension system. We also provide reemployment services through exit interviews for retired employees to support them in their post-retirement life.

Providing a Flexible Work Environment and Welfare Benefits

Hwaseung Industries and Hwaseung Enterprise aim to connect with talents worldwide who possess a global mindset, talent, and entrepreneurial spirit. We seek to share this corporate culture with these individuals. As a global company, we provide a flexible work environment and comprehensive welfare benefits based on a corporate culture of mutual respect. This is to enable the formation of diverse teams with various talents.

I Employee welfare benefits system*

Operation/support of employee clubs	Supporting employee clubs for fostering a sense of unity and creating a positive and rewarding work environment through hobbies and recreational activities
Implementation of flexible working hours system	Implementation of telecommuting, flextime, and staggered work hour systems
Operation of various amenities/facilities	Operating PC rooms, libraries, table tennis facilities, billiards halls, and gymnasiums for employees' leisure and health promotion purposes
Providing dormitory facilities	Providing on-site dormitory facilities for unmarried employees for their residential convenience
Organizing a spring sports competition and an autumn leisure gathering	Organizing sports competitions and leisure gatherings to boost employee morale and increase work motivation
Providing scholarships	Providing full financial support for employees' children who are currently attending middle or high school
Operating a mutual aid group	Supporting a condolence leave policy and providing support for condolence expenses
Operating a workplace reserve forces unit	Operating a workplace reserve forces company to facilitate the organization and training convenience of employees' reserve forces service
Providing employee apartments	Providing employee apartments to provide housing convenience and opportunities for early homeownership to married employees without housing
Conducting health screenings for employees	Comprehensive health check-ups, support for influenza vaccinations, group accident insurance enrollment, installation of air purifiers
Other employee benefits	Implementing a year-round vacation policy, conducting regular and special health check-ups, providing employee shuttle bus services for commuting

* The employee benefits system may vary across different subsidiaries/companies.

Labor-Management Communication Culture

Recognizing that harmonious labor-management relations are a crucial driver of corporate competitiveness, we have built a labor-management relationship based on mutual respect and trust, fostering a corporate culture of harmony.

In Hwaseung Industries, employees are members of the Federation of Korean Trade Unions, and we hold labor-management meetings twice a year, leading to the signing of collective agreements twice a year. In Hwaseung Enterprise, we conduct labor-management meetings and worker dialogues once every quarter, and share the outcomes within the company. Especially in Hwaseung Enterprise, the efforts made to build a cooperative labor-management relationship have been highly recognized, and as a result, we were honored with the "2023 Bipartite LKS Award for the Best Labor-Management Council in the Jepara Region" from the local government of Jepara in Central Java, Indonesia.



Health and Safety Management

With the amendment of the Occupational Health and Safety Act and the enactment and enforcement of the Serious Accidents Punishment Act, there has been a strengthening of health and safety regulations for businesses, and the importance of safety management has been emphasized. In Hwaseung Industries and Hwaseung Enterprise, we set corporate health and safety policies and goals to ensure that all employees can work in a safe and pleasant working environment. We make every effort to manage workplace health and safety.

Health and Safety Management System

Hwaseung Industries and Hwaseung Enterprise have established a health and safety management system that prioritizes safety above all else.

In Hwaseung Industries, a Social Value Creation Committee is established to carry out health and safety management through the establishment of health and safety policies and goals, as well as the development of strategies based on the United Nations Sustainable Development Goals (UN SDGs). On the other hand, Hwaseung Enterprise implements the health and safety management system through activities such as the Ministry of Employment and Labor's safety consultations and factory safety committees. We set a goal of zero accidents and manage health and safety performance.

I Activities and management of health and safety risk prevention

Hwaseung Industries

Based on the ideology of establishing a culture of communication and empathy, recognizing health and safety as the core values of our company

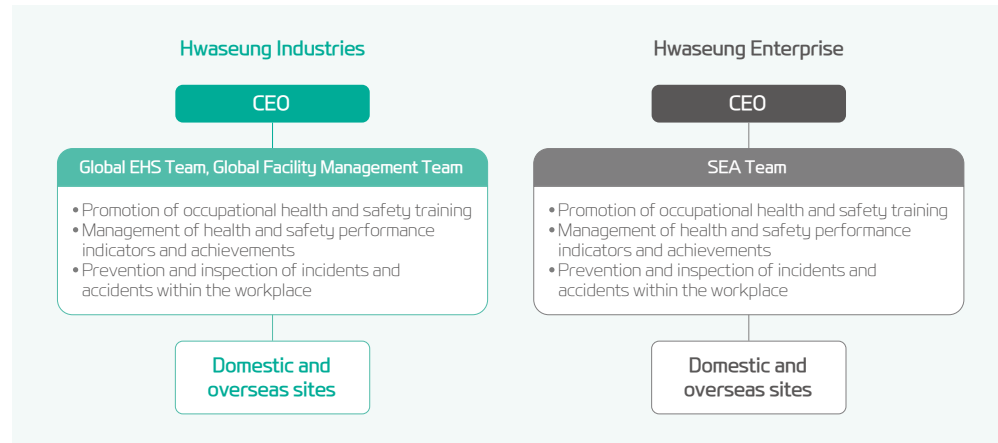
- Employee safety, health, welfare, training, and competency development
- Compliance with health and safety regulations and proactively responding to changes in internal and external safety regulations to ensure the legal stability of the company
- Efforts to establish a preventive activity system to continuously improve health and safety
- Establishing a health and safety awareness culture to ensure compliance with health and safety procedures
- Providing employees with a pleasant working environment through activities to improve the work environment
- Formation of a collective sense of responsibility as a socially responsible company through social responsibility management

Hwaseung Enterprise

Zero serious accidents

- Setting safety goals and establishing plans to achieve them
- Identification of unsafe factors (conducting safety inspections, accident investigations, safety meetings)
- Evaluation and analysis
- Deriving and implementing improvement measures

I Health and Safety management system



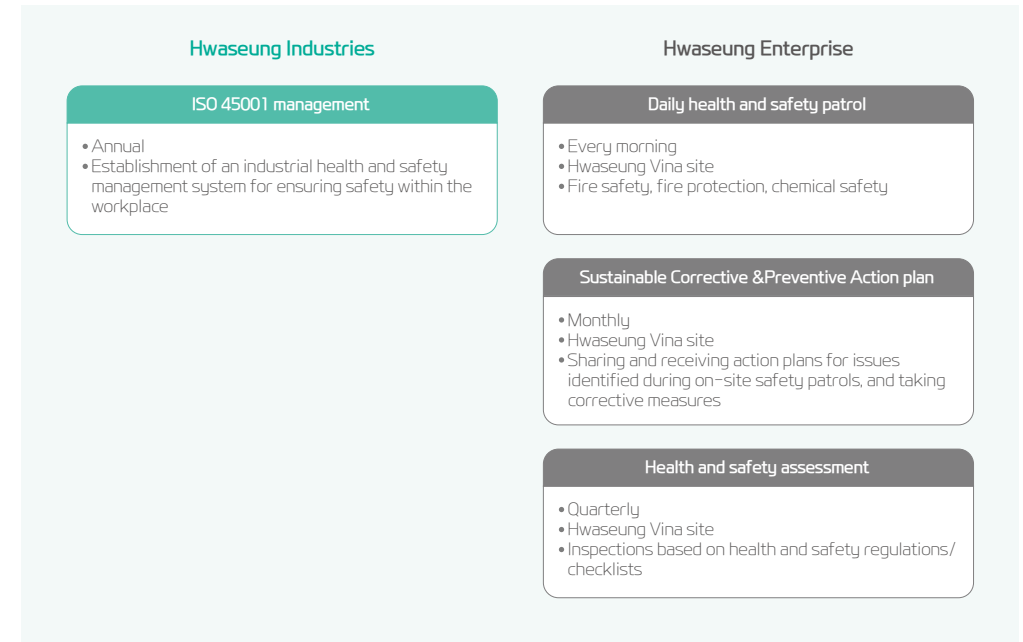
Reinforcing Health and Safety Management

Hwaseung Industries and Hwaseung Enterprise maintain systematic management of safety within the workplace by obtaining ISO 45001 certification (Occupational Health and Safety Management System). We provide appropriate protective equipment to ensure that workers can maintain basic safety on their own, and we operate the workplace in accordance with the Occupational Health and Safety Management Manual, promoting a culture of health and safety management.

I Hwaseung Industries health and safety activities



I Activities and management of health and safety risk prevention



Emergency Response System

Hwaseung Industries and Hwaseung Enterprise have established an emergency response system to prepare for emergencies that may occur in the workplace or during operations, with the primary goal of prioritizing the health and safety of employees. To that end, a clear division of duties and a task system have been established to form an emergency control organization. In addition, internal and external emergency response plans for hazardous facilities have been developed to prepare for any untoward incidents. All emergency response plans have been written in a way that is easy for employees to understand, and regular training is conducted to systematize the ability to respond promptly in the event of an accident.

Allocation of Health and safety Investments

Hwaseung Industries and Hwaseung Enterprise execute health and safety investments to strengthen industrial competitiveness based on a safe workplace. As part of efforts to reduce industrial accidents within the workplace, Hwaseung Industries sets an annual health and safety investment budget and executes appropriate investments to ensure health and safety. Through this, aging or hazardous equipment is timely replaced to enhance safety within the workplace.

I Health and safety investment and activities of Hwaseung Industries

Year	Details	Investment Amount	Expected Effects
2022	Health check-ups	KRW 716,000,000	Worker health management
2022	Payment to a supplier	KRW 1,471,000,000	On-site health and safety management

I Health and safety investment and activities of Hwaseung Enterprise

Year	Details	Investment Amount	Expected Effects
2023	Installation of spring coolers at each site	KRW 1.31 Billion	Minimizing damage in the event of a fire at the site
2022	Installation of smoke detectors and fire safety systems	KRW 509 Million	Prevention of fire incidents through early smoke detection
2016	Purchase of fire trucks	KRW 1.596 Billion	Capable of responding to fire incidents internally

I Strengthening smart safety management and establishment of a safety management system at Hwaseung Enterprise facilities

- Installation of fire detection systems at each site
- Real-time management through an alarm system from the central control center
- Training conducted for responsible personnel and patrol teams



Implementation of Health and safety Training

Hwaseung Industries regularly conducts various health and safety training programs. A health and safety training system has been established in which managers and workers, among others, must complete a certain amount of training to be eligible. Hwaseung Enterprise conducts regular training for new employees and worker competency training to remind employees of the importance of health and safety, ensuring thorough training to maintain safety within the workplace.

I Training system at Hwaseung Enterprise

System	Training Program	Description	Training Hours
Occupational Health and safety Training System	Regular health and safety training	Industrial health and safety training	At least 6 hours per quarter
	Supervisor training and supervision	Team leader level supervisor training	At least 16 hours per year
	Training at the time of recruitment	Health and safety training for newly hired employees	At least 8 hours
	Training when there is a change in job duties	Health and safety training when transferring to a different department or when there is a change in job duties	At least 2 hours
	Special safety training	Special safety training for targeted workers	At least 16 hours for specific job-related training

Securing Health and safety of Suppliers' Employees

In order to protect the health and safety of all employees within the company, we are enhancing the health and safety management of suppliers' employees to comply with changes in the Occupational Health and safety Act. At the same time, we are improving the safety management capabilities within the workplace.

At Hwaseung Industries, we establish subsupplier safety management guidelines to ensure industrial safety and prevent accidents. Furthermore, we conduct supplier quality and safety assessments (QSA) to prioritize and strengthen the health and safety management of our suppliers.

At Hwaseung Enterprise, we regularly assess the health and safety capabilities of each supplier on a quarterly basis, in order to identify and address risk factors. We demand corrective actions to be taken accordingly.

Human Rights Management

Hwaseung Industries and Hwaseung Enterprise, as growing companies, aim to realize the value of respecting human rights throughout our management activities. We strive to communicate with various stakeholders and promote growth while upholding the principles of human rights. Human rights management is a key indicator of ESG management. Hwaseung Group takes a leading role in human rights management by ensuring employees' working environment, legal freedom, and respect for human dignity based on its Ethical Norms.

[Hwaseung Group's ethical management system](#)

Human Rights Management System

As global companies, Hwaseung Industries and Hwaseung Enterprise have established a human rights management system that encompasses suppliers, customers, and external stakeholders. We believe in a corporate culture that values and embraces employees' diverse ideas, strengths, interests, and cultural backgrounds without any restrictions based on nationality, gender, age, religion, etc.

Based on the Ethical Norms of Hwaseung Group, we implement human rights management. In particular, Hwaseung Enterprise compiles a list of relevant stakeholders regarding human rights each year and maintains related documents as evidence, in order to respond to internal/brand compliance audits.

Respect for Human Diversity

Hwaseung Industries and Hwaseung Enterprise, in order to achieve sustainable growth as a sustainable company, have explicitly stated in the Ethical Norms that all stakeholders, including employees, should not be discriminated against based on innate conditions such as gender, race, nationality, or disabilities, under the belief that diversity is a driving force for innovation. Through this, we aim to provide fair opportunities to external stakeholders, including employees, and establish a corporate culture that respects diversity.

Human Rights Training

To prevent potential human rights violations and promote a culture of respect for human rights, we recommend conducting training on various issues such as workplace harassment, discrimination against individuals with disabilities and women. This will empower employees to actively practice a culture of respect within the workplace.

I Human rights training



Legal training on prevention of sexual harassment, improvement of disability awareness, and prevention of workplace bullying

Execution of mandatory legal training that must be conducted by the company as a legal obligation

Internal Reporting Channels for Human Rights-Related Whistleblowing

Hwaseung Industries and Hwaseung Enterprise seek human rights management under the ethical management principles of Hwaseung Group. In line with this, Hwaseung Group operates an ethical management counseling channel at the group level to prevent and address any violations of human rights by employees and strive for improvement. The reporting channel is available for both employees and external stakeholders to report any concerns or issues. We also accept anonymous reports to ensure confidentiality and encourage participation. We maintain strict confidentiality regarding received reports and operate a transparent reporting channel. We clearly state that no harm or retaliation will occur to the counselors or reporters, and we commit to providing restitution or appropriate compensation for any damages caused by the disclosure of information.

I Human rights-related concerns reporting channel

Website	Learn more
Mail	Hwaseung Group Audit Team, 1079 Jungang-daero, Yeonje-gu, Busan, 47540, Republic of Korea
Contact	+82-51-850-7070

Ethical Management and Compliance

Securing and maintaining customer trust is more important than anything else in order to proactively adapt to the changing business environment. Hwaseung Industries and Hwaseung Enterprise have established a Code of Ethics, a Code of Conduct, and Anti-Corruption Guidelines to enhance employees' autonomous professional ethics and fulfill social roles and responsibilities. In addition, we conduct sexual harassment prevention training and workplace bullying prevention training to ensure that all employees contribute to establishing an ethical corporate culture.

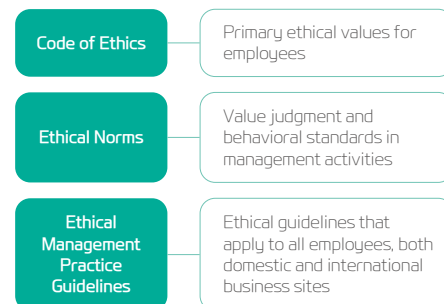
Ethics and Compliance Management System

Hwaseung Industries and Hwaseung Enterprise adhere to Hwaseung Group's ethics and compliance management policies. Hwaseung Group has established a Code of Ethics, Ethical Norms, and practice guidelines that embody its commitment to transparent and responsible management. These provide a framework for all employees to conduct themselves in a manner that is ethical and aligned with the highest standards of integrity. Through these efforts, we aim to become a company that contributes to social and economic development and the advancement of humanity. We strive to establish a culture of transparent compliance and fulfill our social responsibilities and roles.

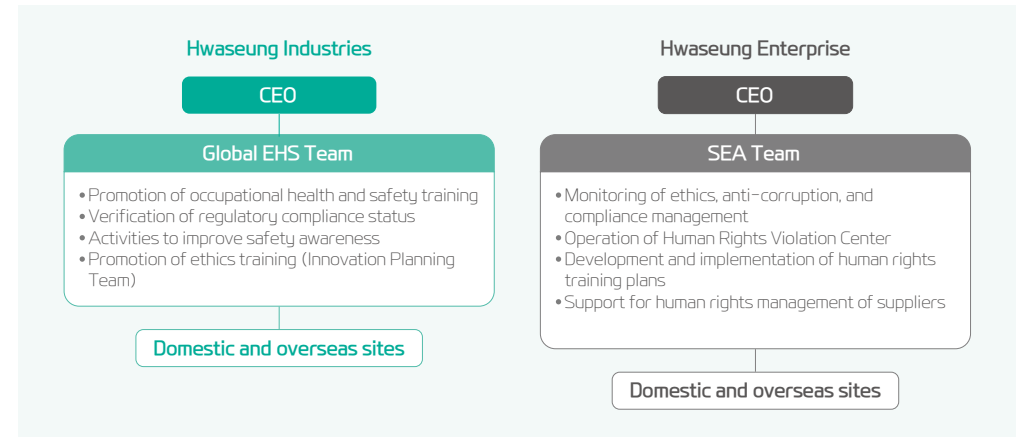
Background of ethics and compliance management



Ethics and compliance management policies



Ethics and compliance management system



Ethics and Compliance Management Reporting Channel and Protection of Whistleblowers

We operate an ethics reporting channel on our website to ensure that all stakeholders can freely report ethical concerns. Once an ethics report is received through the reporting channel, the designated personnel will thoroughly review the facts and supporting evidence to determine the veracity of the report. If the report is substantiated, it will be reported to the CEO, who is the ultimate responsible authority. The matter will be discussed, and appropriate disciplinary actions will be determined. Furthermore, we ensure strict adherence to the Code of Ethics and Code of Conduct, which explicitly document the reporting channels and whistleblower protection measures. Accordingly, we protect the confidentiality of informants thoroughly and ensure that they can report without any disadvantages and safely.

Ethics reporting channels

Website	Learn more
Mail	Hwaseung Group Audit Team, 1079 Jungang-daero, Yeonje-gu, Busan, 47540, Republic of Korea
Contact	+82-51-850-7070

Ethics and Compliance Auditing

Conducting ethics and compliance audits allows us to identify and assess the ethical and legal risks within the company, thereby enhancing our management insights. Starting from 2023, Hwaseung Industries will increase the frequency of ethics and compliance audits which has been conducted once a year to twice a year in order to conduct more rigorous assessments. In addition, Hwaseung Enterprise conducts brand audits semi-annually through SEA audits and internal audits within business facilities on a quarterly basis.

Ethics and Compliance Training

To promote ethics and compliance management, we provide training to all employees on the Code of Ethics, Code of Conduct, and Anti-Corruption Guidelines that all employees must adhere to. This training covers the rules and regulations that employees need to comply with in accordance with applicable laws and regulations. Through these efforts, we aim to raise employee awareness and strive to maintain customer trust by upholding these principles.

Target	Content
All employees	• Sexual harassment prevention training • Disability awareness improvement training • Workplace harassment • Code of Conduct • Anti-Corruption Guidelines • Improper Solicitation and Graft Act • Bribery offense under the Criminal Act • Monopoly Regulation and Fair Trade Act - Collusion • Monopoly Regulation and Fair Trade Act - Subcontracting transactions • Unfair Competition Prevention and Trade Secret Protection Act

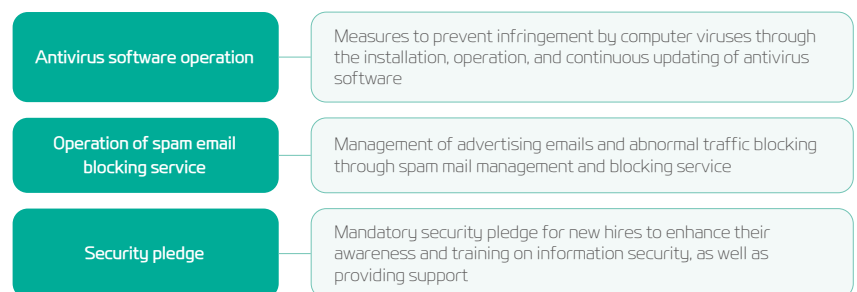
Information Security

With the acceleration of digital transformation, cyber threats have been rapidly increasing in all organizations. As a result, the need for improving security levels has become prominent across the industry as a whole. In line with these changes, Hwaseung Industries and Hwaseung Enterprise are strengthening investments in information security to enhance sustainability.

Information Security System

Hwaseung Industries and Hwaseung Enterprise have systematically established an information security system that encompasses the management of various information not only internal to the organization but also pertaining to employees, suppliers, customers, shareholders, and investors. In order to prevent the loss, theft, leakage, or tampering of personal information, the company has established and operates internal measures to safeguard personal data. Hwaseung Industries has designated and appointed a Chief Information Security Officer (CISO) to establish an internal information security management system.

Human rights training



Investment in Information Security

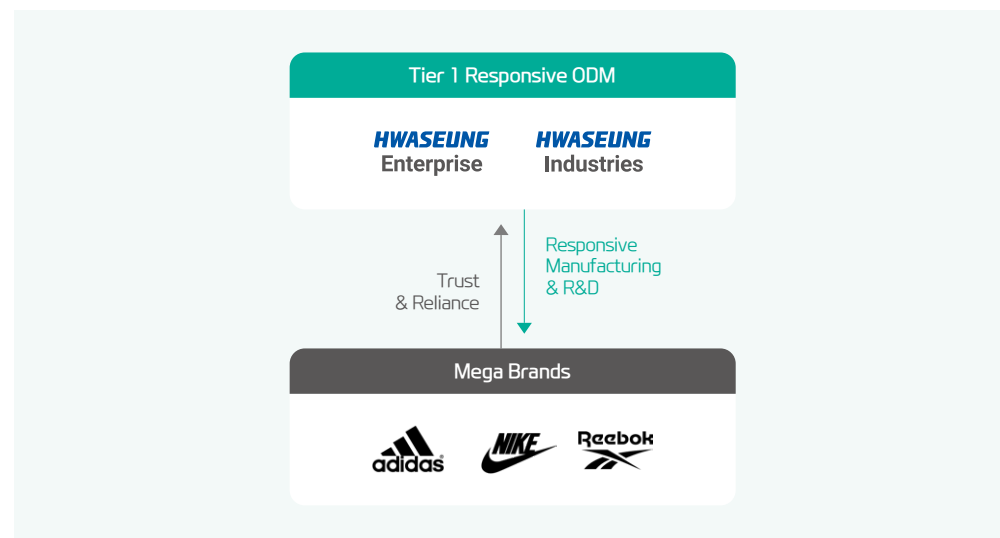
In the recent information security trend, often referred to as a "tech war," Hwaseung Industries and Hwaseung Enterprise strive to enhance information security capabilities by making annual investments in information security. Hwaseung Industries allocates approximately KRW 29 million per year for IT budget, while Hwaseung Enterprise dedicates approximately USD 3 million per year for IT budget, both for information security investments.

Customer Satisfaction Management

The products of Hwaseung Industries and Hwaseung Enterprise are widely applied in various aspects of daily life. In line with this, we will make continuous efforts in quality management activities to ensure the reliability of product quality and supply our customers with the highest level of products.

Customer Satisfaction Management System

As the global no. 1 sportswear ODM company, Hwaseung Industries and Hwaseung Enterprise strive to meet the needs of our mega brand customers and enhance partnerships through collaboration, ultimately achieving customer satisfaction. To shorten the lead time from customer orders to delivery, we have localized shoe material suppliers and implemented in-house policies to reduce quality management issues and decision-making delays. These efforts aim to enhance the competitiveness of our company and ensure customer satisfaction by meeting their needs.



Quality Certification

Hwaseung Industries and Hwaseung Enterprise have obtained ISO 9001 (Quality Management System) certification across all departments to produce and supply defect-free products.

ISO 9001 (Quality Management System) certification management

ISO 9001 Quality Management System		
Writing internal audit reports (Annually)	Writing external audit reports After the initial certification audit, annual surveillance audits are conducted for post-certification management, and a recertification audit is conducted every 3 years.	Writing management review reports (Annually)

Customer Satisfaction with Supply Chain Management Evaluation

With increasing consumer demand for ESG considerations, the concept of ESG has gained prominence in the footwear industry. Our customer mega brands, includes ESG evaluation in their assessment of suppliers to foster value creation within the supply chain. In line with this, our customers, such as the Adidas Group, require suppliers, including Hwaseung Industries and Hwaseung Enterprise, to meet the SPIKE evaluation criteria, which assesses production and working environment based on the standards set by the Adidas Group. Hwaseung Industries and Hwaseung Enterprise not only focus on producing durable and high-quality products but also seek good performance in ESG. We actively participate in customer ESG evaluations and activities by effectively addressing their requirements and concerns.

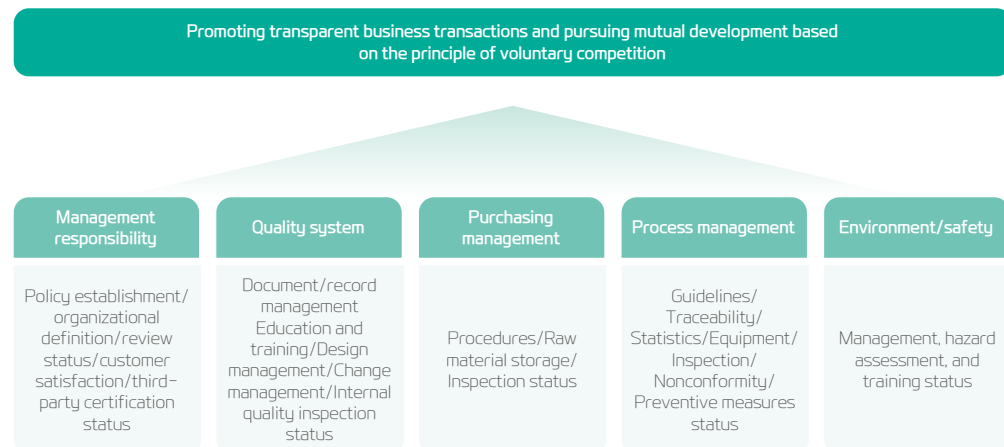
Supply Chain ESG Management

Hwaseung Industries and Hwaseung Enterprise recognize suppliers as important business partners and are making efforts to build a sustainable supply chain to create value. We will achieve co-prosperity with our suppliers by participating in our customers' supply chain management policies through supplier ESG evaluations and accompanying growth programs.

Supply Chain ESG Management System

Hwaseung Industries and Hwaseung Enterprise are spreading social value through co-prosperity and cooperative collaboration through ESG management within the supply chain. We provide support programs that can offer practical assistance for our business partners to grow together. We also incorporate ESG factors into supplier evaluations to enhance the competitiveness of our partners, thereby fostering a healthy corporate ecosystem.

I Hwaseung Industries' supply chain ESG management promotion system



II Hwaseung Enterprise supply chain ESG management promotion system

"Hope to the Company, Interest in the Local Community, and Happiness to Hwaseung Family"

Core values: More hopeful, warmer, and happier

3 key tasks:

1. Support for eco-friendly management for overcoming the climate crisis (Specialized Sustainability Team)
2. Support activities for vulnerable groups (orphanages, youth homes, nursing homes) for local coexistence
3. Leading responsible management through collaborative activities

Strengthening ESG of Suppliers

We conduct supplier evaluations in order to improve the quality and reliability of products in our business operations. Supplier evaluations include not only assessing suppliers' technical expertise, production capabilities, and quality, but also measuring their social and environmental impact. We introduce indicators to regularly evaluate their sustainability. Hwaseung Industries has established supplier safety management guidelines and conducts evaluations of the quality and environmental systems of our partners accordingly. Furthermore, we request suppliers to submit safety management plans and accident-free pledges, thereby promoting ESG values within the supply chain. Hwaseung Enterprise evaluates the capabilities of our suppliers in health, safety, and environmental aspects on a quarterly basis. In addition, we provide financial support to our suppliers, aiming for co-prosperity and cooperative collaboration.

II Hwaseung Enterprise's co-prosperity program for partner companies

Low interest deferred payment program	• August 2022 performance amount: USD 23 Million • Monthly interest of 0.5-1% deducted • To alleviate the financial burden on partner companies, we expedite the payment date to provide smooth cash flow support.
Low-interest capital loans	• August 2023 performance amount: USD 4.89 Million • 1.5% prepayment deducted (As the partner company has insufficient funds, we provide advance payment and deduct it from future sales to monitor their financial situation.)
Deduction program for long-term subcontracting fees after equipment rental	• August 2022 performance amount: Equipment purchase amount: USD 8,715,000 Equipment residual value: USD 294,000 Subcontracting cost deduction: USD 28,000

Social Contributions

To become a sustainable company, it is important to grow together with various stakeholders such as employees, suppliers, customers, and the local community, and to create positive social value through this collaboration. Hwaseung Industries and Hwaseung Enterprise are committed to actively contributing to the development of the local community and protecting the underprivileged. We strive to fulfill our corporate social responsibility, earn the love and respect from our customers and society, and make every effort to become a respected company.

System and Strategy for Promoting Social Contribution Activities

Hwaseung Industries and Hwaseung Enterprise, in accordance with Hwaseung Group's philosophy of ethical management, actively engage in various social contribution activities to contribute to social and economic development and the progress of humanity. Our aim is to evolve into a company that makes meaningful contributions to society and the world and humanity. Moreover, as our business expands and operates in multiple countries, we actively engage in socially responsible activities that are closely connected to each country and local community where our business facilities are located.

System for promoting social contribution activities at Hwaseung Industries

Creation of social value

- Promotion of social contribution activities to expand the creation of social value and values for future generations
- Enhancement of respect for stakeholders' human rights and diversity
- Supporting and managing ESG management in the supply chain
- Employee safety, health, welfare, training, and competency development
- Creation of customer value through quality management

System for promoting social contribution activities at Hwaseung Enterprise

"Hope to the Company, Interest in the Local Community, and Happiness to Hwaseung Family"

Core values

More hopeful, warmer, and happier

3 key tasks

1. Support for eco-friendly management for overcoming the climate crisis (Specialized Sustainability Team)
2. Support activities for vulnerable groups (orphanages, youth homes, nursing homes) for local coexistence
3. Leading responsible management through collaboration-based activities

Hwaseung Industries' major social contribution activities

Child (orphan) welfare facilities summer family invitation water play volunteering activities

- Frequency: Annually, during summer



Providing fruits and daily necessities through salary deductions for employees to welfare facilities for individuals with intellectual disabilities

- Frequency: Every year during Lunar New Year and Chuseok (Korean harvest festival)



Donation of funds to elderly and child welfare facilities

- Frequency: Every year during Lunar New Year and Chuseok (Korean harvest festival)



Rice donations for the underprivileged in the local community (Hwaseung Chemical Labor Union)

- Frequency: Every year during the end-of-year holiday season



Hwaseung Enterprise' major social contribution activities

Establishment and operation of kindergartens

- Monthly
- Establishment of kindergartens in two local communities, capable of accommodating 300 children, providing monthly operational funding support



Provision of medical equipment support to Nhon Trach Hospital

- Since 2007
- Significant improvement in the treatment level of local hospitals through the support to replace outdated medical equipment



Invitation event for the elderly to provide comfort and support

- Every September
- Conducting events inviting local war veterans (government officials, etc.)



Support for Thiên Bình Orphanage

- Every quarter
- Gifts/donations to the orphanage, volunteer activities (such as farming, raising chicks, and taking care of babies)



APPENDIX

- ESG Data
- Awards
- Membership Association
- ESG Index
- Third-Party Assurance Statement

ESG Data

Economic Performance



Summary Consolidated Balance Sheet

			Hwaseung Industries			Hwaseung Chemical			Hwaseung Enterprise			Hwaseung VINA		
			Performance			Performance			Performance			Performance		
Division	Indicator	Unit	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Assets	Current assets	KRW Million	764,633	820,294	874,904	85,931	87,731	82,891	632,983	697,621	757,367	353,116	411,858	426,314
	Non-current assets	KRW Million	668,850	816,757	904,586	36,065	43,281	46,259	521,973	632,638	718,465	254,070	229,943	204,558
	Total assets	KRW Million	1,433,482	1,637,051	1,779,489	121,996	131,012	129,150	1,154,956	1,330,258	1,475,832	607,186	641,800	630,873
Liabilities	Current liabilities	KRW Million	713,295	854,748	943,369	49,030	51,163	49,136	560,535	695,379	778,090	386,559	452,709	469,577
	Non-current liabilities	KRW Million	92,939	147,626	176,471	19,570	20,488	18,813	56,960	84,459	106,558	386	390	384
	Total liabilities	KRW Million	806,234	1,002,373	1,119,840	68,600	71,651	67,949	617,495	779,839	884,649	386,945	453,099	469,961
Equity	Capital	KRW Million	27,660	27,660	27,660	1,000	1,000	1,000	30,268	30,285	30,295	59,355	59,355	59,355
	Paid-in capital in excess of par value	KRW Million	6,300	6,300	6,300	38,471	38,471	38,471	165,398	165,897	166,124	-	-	-
	Retained earnings	KRW Million	287,768	276,840	265,577	14,924	20,890	22,730	188,823	179,188	169,201	160,886	129,346	101,557
Total equity			627,248	634,678	659,650	53,396	59,361	61,201	537,461	550,420	591,183	220,241	188,701	160,912

Summary Consolidated Statement of Comprehensive Income

			Hwaseung Industries			Hwaseung Chemical			Hwaseung Enterprise			Hwaseung VINA		
			Performance			Performance			Performance			Performance		
Division	Indicator	Unit	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Sales	Sales	KRW Million	1,298,774	1,365,518	1,912,956	139,950	166,138	175,992	1,115,756	1,138,575	1,654,030	774,113	561,948	743,497
Cost of goods sold	Cost of goods sold	KRW Million	1,078,398	1,189,195	1,635,293	119,338	139,568	152,210	955,883	1,022,079	1,454,787	709,910	526,453	683,511
Operating income	Operating income	KRW Million	82,392	17,136	73,298	4,769	5,630	2,870	62,461	7,099	52,801	11,593	(12,063)	6,119
Net income	Net income	KRW Million	49,917	(4,203)	84	310	5,269	769	41,459	(6,848)	(7,540)	8	(31,539)	(27,789)
Ordinary R&D expense	Ordinary R&D expense	KRW Million	7,309	23,538	30,673	597	789	333	4,751	20,686	28,030	3,697	3,226	3,376
Patent	Registration	Cases	-	-	-	-	-	1	-	-	-	-	-	-

Costs Incurred for Local Suppliers

			Hwaseung Industries			Hwaseung Chemical			Hwaseung Enterprise			Hwaseung VINA			Hwaseung Indonesia			Jangchun Shoe Manufacturing Dalian Co., Ltd.		
			Performance			Performance			Performance			Performance			Performance			Performance		
Division	Indicator	Unit	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Targeting contractors in areas where major business facilities are located	Purchase amount	KRW Million	-	-	-	-	-	-	-	-	-	255,040	196,656	262,193	713	1,668	1,670	54,605	58,531	53,476
Purchase amount for contractors	Branch location	KRW Million	-	-	-	-	-	-	-	-	-	32,229	21,645	25,777	713	1,668	1,670	13,032	17,020	17,336
Purchase amount for contractors	Overseas	KRW Million	-	-	-	-	-	-	-	-	-	222,810	175,011	236,415	-	-	-	41,573	41,511	36,141

Distribution of Economic Performance

			Hwaseung Industries			Hwaseung Chemical			Hwaseung Enterprise			Hwaseung VINA			Hwaseung Indonesia			Jangchun Shoe Manufacturing Dalian Co., Ltd.		
			Performance			Performance			Performance			Performance			Performance			Performance		
Division	Indicator	Unit	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Government	Corporate tax expenses	KRW Million	11,700	17,049	20,306	498	1,302	(36)	7,242	9,000	14,034	604	(3,666)	(2,566)	4,863	6,508	7,666	-	-	43
Shareholders	Total dividend amount	KRW Million	10,001	9,873	9,422	1	1	1	2,724	2,726	2,726	-	-	-	37,364	63,105	88,016	-	-	-

Employee Status

Employee Status			Hwaseung Industries			Hwaseung Chemical			Hwaseung Enterprise			Hwaseung VINA			Hwaseung Indonesia			Jangchun Shoe Manufacturing Dalian Co., Ltd.		
			Performance			Performance			Performance			Performance			Performance			Performance		
Division	Indicator	Unit	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Total employees, domestic and abroad-All (excl. executives)	Total	Persons	37	38	41	340	342	328	14	13	12	26,889	26,563	25,349	57	68	65	21	17	17
	Male	Persons	31	32	35	314	316	308	13	12	11	6,298	6,695	6,342	54	62	57	21	17	16
	Female	Persons	6	6	6	26	26	20	1	1	1	20,684	19,987	19,016	3	6	8	0	0	0
Ratio of total employees by gender, domestic and abroad	Female employee ratio	%	19	19	17	8	8	6	7	8	8	77	75	75	-	-	-	0	0	0
Total executives, domestic and abroad	Total	Persons	8	8	9	17	16	19	7	7	7	-	-	-	9	11	12	7	7	6
	Male (domestic)	Persons	8	8	9	16	15	18	7	7	7	-	-	-	-	-	-	6	6	4
	Male (overseas)	Persons	-	-	0	1	1	1	-	-	-	-	-	-	9	11	12	1	1	1
	Female (domestic)	Persons	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1
	Female (overseas)	Persons	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total employees (domestic) - All	Total	Persons	37	38	41	303	296	291	14	13	12	-	-	-	-	-	-	20	16	16
Total employees (domestic) (regular employees, male)	Total	Persons	23	24	26	262	257	249	6	5	4	-	-	-	-	-	-	20	16	15
	Under 30s	Persons	3	4	5	18	20	18	-	-	-	-	-	-	-	-	-	3	2	-
	30s to 50s	Persons	18	18	19	168	156	139	5	3	2	-	-	-	-	-	-	1	2	3
	50s and older	Persons	2	2	2	76	81	92	1	2	2	-	-	-	-	-	-	16	2	12
Total employees (domestic) (regular employees, female)	Total	Persons	6	6	6	15	14	12	1	1	1	-	-	-	-	-	-	-	-	1
	Under 30s	Persons	3	2	2	7	8	5	-	-	-	-	-	-	-	-	-	-	-	-
	30s to 50s	Persons	3	4	4	5	4	6	1	1	1	-	-	-	-	-	-	-	-	1
	50s and older	Persons	-	-	-	3	2	1	-	-	-	-	-	-	-	-	-	-	-	-
Total employees (domestic) (contract employees, male)	Total	Persons	8	8	9	24	25	30	7	7	7	-	-	-	-	-	-	-	-	-
	Under 30s	Persons	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	30s to 50s	Persons	6	4	4	4	5	4	4	4	1	-	-	-	-	-	-	-	-	-
	50s and older	Persons	2	4	5	20	20	26	3	3	6	-	-	-	-	-	-	-	-	-
Total employees (domestic) (contract employees, female)	Total	Persons	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Under 30s	Persons	-	-	-	2	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	30s to 50s	Persons	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	50s and older	Persons	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total employees (overseas) - All	Total	Persons	-	-	-	37	46	37	-	-	-	26,889	26,563	25,349	57	68	65	1	1	1
Total employees (overseas) (regular employees, male)	Total	Persons	-	-	-	20	22	18	-	-	-	6,267	6,658	6,340	54	62	57	1	1	1
	Under 30s	Persons	-	-	-	4	2	1	-	-	-	3,554	3,644	3,368	5	5	5	-	-	-
	30s to 50s	Persons	-	-	-	12	17	14	-	-	-	2,635	2,913	2,868	21	26	29	-	-	-
	50s and older	Persons	-	-	-	4	3	3	-	-	-	78	101	104	28	31	23	1	1	1
Total employees (overseas) (regular employees, female)	Total	Persons	-	-	-	8	11	5	-	-	-	20,622	19,905	19,009	3	6	8	-	-	-
	Under 30s	Persons	-	-	-	5	7	4	-	-	-	8,864	8,349	7,980	1	2	3	-	-	-
	30s to 50s	Persons	-	-	-	3	4	1	-	-	-	11,343	11,050	10,477	1	2	2	-	-	-
	50s and older	Persons	-	-	-	-	-	-	-	-	-	415	506	552	1	2	3	-	-	-
Total employees (overseas) (contract employees, male)	Total	Persons	-	-	-	8	12	11	-	-	-	31	37	2	-	-	-	-	-	-
	Under 30s	Persons	-	-	-	0	1	1	-	-	-	18	31	2	-	-	-	-	-	-
	30s to 50s	Persons	-	-	-	5	7	8	-	-	-	13	6	-	-	-	-	-	-	-
	50s and older	Persons	-	-	-	3	4	2	-	-	-	-	-	-	-	-	-	-	-	-

Employee Status

[illegible]

New Employment

New Employment			Hwaseung Industries			Hwaseung Chemical			Hwaseung Enterprise			Hwaseung VINA			Hwaseung Indonesia			Jangchun Shoe Manufacturing Dalian Co., Ltd.		
			Performance			Performance			Performance			Performance			Performance			Performance		
Division	Indicator	Unit	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Newly hired employees - All	Total	Persons	8	6	14	35	32	32	1	1	-	12,109	9,353	13,388	20	24	20	5	8	6
	Male	Persons	8	5	12	24	29	30	1	1	-	3,794	3,065	5,013	18	21	16	5	8	5
	Female	Persons	-	1	2	11	3	2	-	-	-	8,315	6,288	8,375	2	3	4	-	-	1
Newly hired employees (domestic) – All	Total	Persons	8	6	14	35	32	32	1	1	-	-	-	-	-	-	-	5	8	6
Newly hired employees (domestic, male)	Total	Persons	8	5	12	24	29	30	1	1	-	-	-	-	-	-	-	5	8	5
	Under 30s	Persons	3	2	5	9	9	6	1	-	-	-	-	-	-	-	-	1	1	-
	30s to 50s	Persons	5	3	7	11	19	14	-	-	-	-	-	-	-	-	-	1	3	-
	50s and older	Persons	-	-	-	4	1	10	-	1	-	-	-	-	-	-	-	3	4	5
Newly hired employees (domestic, female)	Total	Persons	-	1	2	11	3	2	-	-	-	-	-	-	-	-	-	-	-	1
	Under 30s	Persons	-	1	2	9	3	-	-	-	-	-	-	-	-	-	-	-	-	-
	30s to 50s	Persons	-	-	-	2	-	2	-	-	-	-	-	-	-	-	-	-	-	1
	50s and older	Persons	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Newly hired employees (overseas) - All	Total	Persons	-	-	-	10	18	15	-	-	-	12,109	8,742	13,388	20	24	20	-	-	-
Newly hired employees (overseas, male)	Total	Persons	-	-	-	7	15	10	-	-	-	3,794	3,065	5,013	18	21	16	-	-	-
	Under 30s	Persons	-	-	-	-	1	-	-	-	-	2,826	2,133	3,676	6	3	6	-	-	-
	30s to 50s	Persons	-	-	-	5	14	10	-	-	-	967	929	1,333	9	12	7	-	-	-
	50s and older	Persons	-	-	-	2	-	1	-	-	-	1	3	4	3	6	3	-	-	-
Newly hired employees (overseas, female)	Total	Persons	-	-	-	3	3	5	-	-	-	8,315	5,677	8,375	2	3	4	-	-	-
	Under 30s	Persons	-	-	-	3	3	2	-	-	-	5,171	3,871	5,385	2	2	1	-	-	-
	30s to 50s	Persons	-	-	-	-	-	3	-	-	-	3,135	2,405	2,986	-	-	1	-	-	-
	50s and older	Persons	-	-	-	-	-	-	-	-	-	9	12	4	-	1	2	-	-	-

Voluntary Resignation

			Hwaseung Industries			Hwaseung Chemical			Hwaseung Enterprise			Hwaseung VINA			Hwaseung Indonesia			Jangchun Shoe Manufacturing Dalian Co., Ltd.		
			Performance			Performance			Performance			Performance			Performance			Performance		
Division	Indicator	Unit	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Resigned employees - All	Total	Persons	12	6	11	25	38	35	1	2	1	14,786	10,231	13,900	8	14	23	3	12	9
	Male	Persons	12	5	9	20	32	31	1	2	1	5,677	3,521	5,617	7	13	21	3	12	9
	Female	Persons	-	1	2	5	6	4	-	-	-	11,435	8,517	10,343	1	1	2	-	-	-
Resigned employees (domestic) - All	Total	Persons	12	6	11	25	38	35	1	2	1	-	-	-	-	-	-	3	12	9
Resigned employees (domestic, male)	Total	Persons	12	5	9	20	32	31	1	-	-	-	-	-	-	-	-	3	12	9
	Under 30s	Persons	3	-	6	5	4	3	1	-	-	-	-	-	-	-	-	-	2	-
	30s to 50s	Persons	7	4	2	12	19	16	-	-	-	-	-	-	-	-	-	-	2	1
	50s and older	Persons	2	1	1	3	9	12	-	2	1	-	-	-	-	-	-	3	8	8
Resigned employees (domestic, female)	Total	Persons	-	1	2	5	6	4	-	-	-	-	-	-	-	-	-	-	-	-
	Under 30s	Persons	-	1	2	4	3	1	-	-	-	-	-	-	-	-	-	-	-	-
	30s to 50s	Persons	-	-	-	1	2	2	-	-	-	-	-	-	-	-	-	-	-	-
	50s and older	Persons	-	-	-	-	1	1	-	-	-	-	-	-	-	-	-	-	-	-
Resigned employees (overseas) - All	Total	Persons	-	-	-	10	9	19	-	-	-	11,334	8,225	10,976	8	14	23	-	-	-
Resigned employees (overseas, male)	Total	Persons	-	-	-	7	9	17	-	-	-	3,937	2,459	4,024	7	13	21	-	-	-
	Under 30s	Persons	-	-	-	2	-	-	-	-	-	3,008	1,834	3,002	1	4	3	-	-	-
	30s to 50s	Persons	-	-	-	5	9	16	-	-	-	919	621	1,003	1	3	13	-	-	-
	50s and older	Persons	-	-	-	-	-	1	-	-	-	10	4	19	5	6	5	-	-	-
Resigned employees (overseas, female)	Total	Persons	-	-	-	3	1	2	-	-	-	7,397	5,766	6,952	1	1	2	-	-	-
	Under 30s	Persons	-	-	-	3	1	1	-	-	-	4,924	3,774	4,568	-	1	-	-	-	-
	30s to 50s	Persons	-	-	-	-	-	1	-	-	-	2,424	1,927	2,300	-	-	1	-	-	-
	50s and older	Persons	-	-	-	-	-	-	-	-	-	49	65	84	1	-	1	-	-	-
Voluntarily resigned employees - All	Total	Persons	12	6	11	24	28	25	-	2	1	5,778	3,813	4,984	6	10	14	-	-	-
	Male	Persons	12	5	9	18	25	21	-	2	1	1,740	1,062	1,593	5	9	14	-	-	-
	Female	Persons	-	1	2	6	3	4	-	-	-	4,038	2,751	3,391	1	1	-	-	-	-
Voluntarily resigned employees (domestic) - All	Total	Persons	12	6	11	22	27	20	-	2	1	-	-	-	-	-	-	-	-	-
Voluntarily resigned employees (domestic, male)	Total	Persons	12	5	9	17	24	17	-	2	1	-	-	-	-	-	-	-	-	-
	Under 30s	Persons	3	-	6	4	4	3	-	-	-	-	-	-	-	-	-	-	-	-
	30s to 50s	Persons	7	4	2	11	18	13	-	-	-	-	-	-	-	-	-	-	-	-
	50s and older	Persons	2	1	1	2	2	1	-	2	1	-	-	-	-	-	-	-	-	-
Voluntarily resigned employees (domestic, female)	Total	Persons	-	1	2	5	3	3	-	-	-	-	-	-	-	-	-	-	-	-
	Under 30s	Persons	-	1	2	4	1	1	-	-	-	-	-	-	-	-	-	-	-	-
	30s to 50s	Persons	-	-	-	1	2	2	-	-	-	-	-	-	-	-	-	-	-	-
	50s and older	Persons	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Voluntarily resigned employees (overseas) - All	Total	Persons	-	-	-	2	1	5	-	-	-	3,424	1,888	2,662	6	9	14	-	-	-
Voluntarily resigned employees (overseas, male)	Total	Persons	-	-	-	1	1	4	-	-	-	1,712	944	1,331	5	8	14	-	-	-
	Under 30s	Persons	-	-	-	-	-	-	-	-	-	1,178	615	901	2	3	2	-	-	-
	30s to 50s	Persons	-	-	-	1	1	3	-	-	-	525	325	413	-	2	10	-	-	-
	50s and older	Persons	-	-	-	-	-	1	-	-	-	9	4	17	3	3	2	-	-	-
Voluntarily resigned employees (overseas, female)	Total	Persons	-	-	-	1	-	1	-	-	-	4,038	2,751	3,391	1	1	-	-	-	-
	Under 30s	Persons	-	-	-	-	-	-	-	-	-	2,379	1,572	1,922	-	1	-	-	-	-
	30s to 50s	Persons	-	-	-	1	-	1	-	-	-	1,616	1,125	1,381	-	-	-	-	-	-
	50s and older	Persons	-	-	-	-	-	-	-	-	-	43	54	88	1	-	-	-	-	-

※ For overseas subsidiaries, the total number of retirees is managed through voluntary resignations, excluding one person from the personnel changes in 2020 at Hwaseung Enterprise

Employee Performance Evaluation

Division	Indicator	Unit
Employees who have received regular performance evaluations	Number of employees who have received regular performance evaluations	Persons
	Ratio	%

Hwaseung Industries			
Performance			
2020	2021	2022	
25	27	31	
68	71	76	

Hwaseung Chemical			
Performance			
2020	2021	2022	
143	149	158	
47	50	54	

Hwaseung Enterprise			
Performance			
2020	2021	2022	
4	4	4	
29	31	33	

Hwaseung VINA			
Performance			
2020	2021	2022	
26,889	26,563	25,349	
100	100	100	

Hwaseung Indonesia			
Performance			
2020	2021	2022	
57	68	65	
100	100	100	

Jangchun Shoe Manufacturing Dalian Co., Ltd.			
Performance			
2020	2021	2022	
20	16	16	
100	100	100	

Employee Health Checkup

Division	Indicator	Unit
Employees that received health checkup	No. of employees eligible for health checkup	Persons
	No. of employees that received health checkup	Persons
Rate of employees that received health checkup	Ratio	%

Hwaseung Industries			
Performance			
2020	2021	2022	
31	32	35	
31	32	35	
100	100	100	

Hwaseung Chemical			
Performance			
2020	2021	2022	
209	205	183	
209	205	183	
100	100	100	

Hwaseung Enterprise			
Performance			
2020	2021	2022	
7	6	6	
7	6	6	
100	100	100	

Hwaseung VINA			
Performance			
2020	2021	2022	
25,321	26,124	26,688	
24,460	24,583	25,647	
97	94	96	

Hwaseung Indonesia			
Performance			
2020	2021	2022	
10	11	12	
10	11	12	
100	100	100	

Jangchun Shoe Manufacturing Dalian Co., Ltd.			
Performance			
2020	2021	2022	
6	6	4	
6	6	4	
100	100	100	

Employee Parental Leave, Childcare Leave¹⁾

Division	Indicator	Unit
Number of users of parental leave	Total	Persons
	Male	Persons
	Female	Persons
Number of users of childcare leave	Total	Persons
	Male	Persons
	Female	Persons
Return rate after childcare leave	Total	%
	Male	%
	Female	%

Hwaseung Industries			
Performance			
2020	2021	2022	
1	1	-	
-	-	-	
1	1	-	
-	1	1	
-	-	-	
-	-	-	
-	1	1	
-	-	-	
-	-	-	
-	-	-	

Hwaseung Chemical			
Performance			
2020	2021	2022	
3	4	3	
3	3	2	
0	1	1	
1	1	1	
-	-	-	
1	1	1	
-	100	-	
-	-	-	
-	100	-	

Hwaseung Enterprise			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	

Hwaseung VINA			
Performance			
2020	2021	2022	
1,707	1,499	1,103	
-	-	-	
-	-	-	
2,857	2,951	3,928	
243	364	687	
2,614	2,587	3,241	
100	100	100	
100	100	100	
100	100	100	

Hwaseung Indonesia			
Performance			
2020	2021	2022	
333	478	635	
-	-	-	
333	478	635	
57	83	78	
-	-	-	
57	83	78	
100	100	100	
-	-	-	
100	100	100	

Jangchun Shoe Manufacturing Dalian Co., Ltd.			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	

1) In the case of Hwaseung Indonesia, it provides three months of paid maternity leave to female employees in accordance with Indonesian labor law regulations

Employee Code of Ethics Pledge

Division	Indicator	Unit
Employee Code of Ethics pledge	Number of employees who have made the pledge	Persons

Hwaseung Industries			
Performance			
2020	2021	2022	
31	32	35	

Hwaseung Chemical			
Performance			
2020	2021	2022	
329	329	329	

Hwaseung Enterprise			
Performance			
2020	2021	2022	
8	7	7	

Hwaseung VINA			
Performance			
2020	2021	2022	
22	25	22	

Hwaseung Indonesia			
Performance			
2020	2021	2022	
57	68	65	

Jangchun Shoe Manufacturing Dalian Co., Ltd.			
Performance			
2020	2021	2022	
21	17	17	

Employee Training Satisfaction

Division	Indicator	Unit
Employee training satisfaction survey	Score of employee training satisfaction survey	Points

Hwaseung Industries			
Performance			
2020	2021	2022	
-	-	-	

Hwaseung Chemical			
Performance			
2020	2021	2022	
-	-	-	

Hwaseung Enterprise			
Performance			
2020	2021	2022	
-	-	-	

Hwaseung VINA			
Performance			
2020	2021	2022	
-	-	-	

Hwaseung Indonesia			
Performance			
2020	2021	2022	
98	92	98	

Jangchun Shoe Manufacturing Dalian Co., Ltd.			
Performance			
2020	2021	2022	
-	94	95	

Employee Training

			Hwaseung Industries			Hwaseung Chemical			Hwaseung Enterprise			Hwaseung VINA			Hwaseung Indonesia			Jangchun Shoe Manufacturing Dalian Co., Ltd.		
			Performance			Performance			Performance			Performance			Performance			Performance		
Division	Indicator	Unit	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Ethics training	Number of employees who have received training	Persons	37	38	41	340	342	328	14	13	12	4,436	2,477	16,333	57	68	65	21	17	17
	Number of training sessions	Sessions	1	1	1	3	3	3	1	1	1	1	1	1	1	1	1	1	1	1
	Training hours	Hours	1	1	1	3	3	3	1	1	1	8	8	8	1	1	1	1	1	1
Environmental training	Number of employees who have received training	Persons	-	-	-	2	59	56	-	-	-	11,990	-	12,029	57	68	65	21	17	17
	Number of training sessions	Sessions	-	-	-	2	5	2	-	-	-	1	-	1	6	6	6	6	6	6
	Training hours	Hours	-	-	-	16	20	4	-	-	-	1	-	1	3	3	3	3	3	3
Occupational health and safety training	Number of employees who have received training	Persons	-	-	-	3,096	3,200	2,753	-	-	-	12,153	-	12,605	57	68	65	21	17	17
	Number of training sessions	Sessions	-	-	-	12	12	12	-	-	-	1	-	1	1	1	1	1	1	1
	Training hours	Hours	-	-	-	24	24	24	-	-	-	24	-	13	1	1	1	1	1	1
Human rights training	Number of employees who have received training	Persons	37	38	41	-	-	-	14	13	12	10,276	608	13,048	57	68	65	21	17	17
	Security personnel who have received training on human rights policies and procedures	Persons	-	-	-	-	-	-	-	-	-	128	-	120	1	1	1	1	1	1
	Number of training sessions	Sessions	1	1	1	-	-	-	1	1	1	1	1	1	6	6	6	6	6	6
	Training hours	Hours	1	1	1	-	-	-	1	1	1	3.5	1.5	1	6	6	6	6	6	6
Job training	Number of employees who have received training	Persons	3	3	3	-	-	116	3	3	3	-	43	157	26	33	24	21	17	17
	Number of training sessions	Sessions	2	2	2	-	-	11	2	2	2	-	12	매일	12	13	11	20	20	20
	Training hours	Hours	2	2	2	-	-	1,281	2	2	2	-	-	48	99	101	90	20	20	20
Information security training	Number of employees who have received training	Persons	-	-	-	-	-	-	-	-	-	239	139	167	57	68	65	21	17	17
	Number of training sessions	Sessions	-	-	-	-	-	-	-	-	-	1	1	1	1	1	1	2	2	2
	Training hours	Hours	-	-	-	-	-	-	-	-	-	1	1	1	1	1	1	2	2	2
ESG training	Number of employees who have received training	Persons	-	-	-	-	-	206	-	-	-	-	-	-	-	-	0	21	17	17
	Number of training sessions	Sessions	-	-	-	-	-	10	-	-	-	-	-	-	-	-	0	10	10	10
	Training hours	Hours	-	-	-	-	-	2,129	-	-	-	-	-	-	-	-	0	10	10	10
Employee training - All	Total investment cost for training	KRW Million	-	-	-	99	59	84	-	-	-	611	69	549	8	13	9	22	19	16
	Training cost per employee	KRW Million /Persons	-	-	-	0.33	0.20	0.29	-	-	-	0.022	0.022	0.012	0.14	0.19	0.14	105	114	94
	Total training hours	Hours	80	82	88	Not measured	Not measured	3,410	34	32	30	299,814	17,702	236,788	111	113	102	368	368	368
Training hours per employee - All	Training hours per employee	Hours /Persons	2	2	2	Not measured	Not measured	12	2	2	3	11	6	5	39	21	15	18	22	22

Management System Certification

[illegible]

Workplace Health and safety

[illegible]

Social Contribution Activities

[illegible]

Customer Satisfaction

Division	Indicator	Unit
Customer Satisfaction	Score	Points
Customer complaints received	Number of cases received	Cases
	Number of cases handled	Cases
	Handling rate	%

Hwaseung Industries			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	
-	-	-	

Hwaseung Chemical			
Performance			
2020	2021	2022	
89	90	90	
155	117	116	
155	117	116	
100	100	100	

Hwaseung Enterprise			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	
-	-	-	

Hwaseung VINA			
Performance			
2020	2021	2022	
-	-	-	
6	6	12	
6	6	12	
100	100	100	

Hwaseung Indonesia			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	
100	100	100	

Jangchun Shoe Manufacturing Dalian Co., Ltd.			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	
-	-	-	

Violation of Internal Rules and Regulations

Division	Indicator	Unit
Occurrence of discrimination incidents ¹⁾	Number of cases received	Cases
	Number of cases handled	Cases
	Handling rate	%
Child labor occurrence	Number of child laborers	Persons
	Number of child labor incidents	Cases
Occurrence of forced labor	Number of cases of forced labor occurrence	Cases
Violation of environmental laws and regulations	Number of incidents occurred	Cases
	Amount of fines	KRW
Violation of laws and regulations from a social and economic perspective	Number of incidents occurred	Cases
	Amount of fines	KRW
Breaches of customer privacy and loss of customer information	Number of complaints	Cases
Violation of legal regulations and voluntary regulations related to marketing communication	Number of incidents occurred	Cases

Hwaseung Industries			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	

Hwaseung Chemical			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
1	-	1	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	

Hwaseung Enterprise			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	

Hwaseung VINA			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	

Hwaseung Indonesia			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	

Jangchun Shoe Manufacturing Dalian Co., Ltd.			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	

1) Including incidents of discrimination based on gender, disability, and others

Anti-Corruption

Division	Indicator	Unit
Number of businesses that received a risk assessment for corruption in the workplace	Total	Locations
Received cases of corruption incidents	Number of cases of corruption incidents reported	Cases
Confirmed cases of corruption incidents	Number of corruption cases reported that have been verified as true	Cases
Handling of corruption incidents	Number of corruption cases handled	Cases
Disciplinary actions for corruption incidents	Number of disciplinary actions for corruption incidents	Cases
Corruption incident processing rate	Corruption incident processing rate	%

Hwaseung Industries			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	

Hwaseung Chemical			
Performance			
2020	2021	2022	
-	-	-	
-	1	-	
-	1	-	
-	1	-	
-	1	-	
-	100	-	

Hwaseung Enterprise			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	

Hwaseung VINA			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	

Hwaseung Indonesia			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	

Jangchun Shoe Manufacturing Dalian Co., Ltd.			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	
-	-	-	

Supply Chain ESG Management

Division	Indicator	Unit
Key suppliers	Number of key suppliers	Locations
Signing of code of conduct by key suppliers	Number of key suppliers that have signed the code of conduct	Locations
	Ratio	%

Hwaseung Industries			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	

Hwaseung Chemical			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	

Hwaseung Enterprise			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	

Hwaseung VINA			
Performance			
2020	2021	2022	
193	178	176	
-	-	-	
-	-	-	

Hwaseung Indonesia			
Performance			
2020	2021	2022	
3	3	3	
3	3	3	
100	100	100	

Jangchun Shoe Manufacturing Dalian Co., Ltd.			
Performance			
2020	2021	2022	
-	-	-	
-	-	-	
-	-	-	

ESG Data

Environmental Performance



Products and Packaging Materials

[illegible]

Eco-Friendly Sales and Purchases

Eco-Friendly Sales and Purchases			Hwaseung Industries			Hwaseung Chemical			Hwaseung Enterprise			Hwaseung VINA			Hwaseung Indonesia			Jangchun Shoe Manufacturing Dalian Co., Ltd.		
Division	Indicator	Unit	Performance			Performance			Performance			Performance			Performance			Performance		
			2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Revenue from eco-friendly products	Total	KRW Million	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	11,408	34,172	61,791
	Korea	KRW Million	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10,171	25,272	36,032
	Overseas	KRW Million	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,236	8,900	25,759
Percentage of revenue from eco-friendly products	Total	%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10	30	50
	Korea	%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10	30	50
	Overseas	%	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	10	30	50
Total purchase amount	Total	KRW Million	-	-	-	-	-	-	-	-	-	255,040	196,656	262,193	-	-	-	54,605	58,531	53,476
	Korea	KRW Million	-	-	-	-	-	-	-	-	-	32,229	21,645	25,777	-	-	-	16,381	23,412	25,134
	Overseas	KRW Million	-	-	-	-	-	-	-	-	-	222,810	175,011	236,415	-	-	-	38,223	35,119	28,342
Amount of purchases for eco-friendly products	Total	KRW Million	-	-	-	-	0.2	1.3	-	-	-	76,512	98,328	183,535	-	-	-	3,276	10,536	16,043
	Korea	KRW Million	-	-	-	-	0.2	1.3	-	-	-	9,669	10,822	18,044	-	-	-	983	4,214	7,540
	Overseas	KRW Million	-	-	-	-	-	-	-	-	-	66,843	87,506	165,491	-	-	-	2,293	6,321	8,503
Percentage of purchases for eco-friendly products	Total	%	-	-	-	-	-	-	-	-	-	30	50	70	-	-	-	6	18	30
	Korea	%	-	-	-	-	-	-	-	-	-	30	50	70	-	-	-	6	18	30
	Overseas	%	-	-	-	-	-	-	-	-	-	30	50	70	-	-	-	6	18	30

Investment in Environmental and Occupational Health and safety

[illegible]

Energy Consumption

Division	Indicator	Unit	Hwaseung Industries			Hwaseung Chemical			Hwaseung Enterprise			Hwaseung VINA			Hwaseung Indonesia			Jangchun Shoe Manufacturing Dalian Co., Ltd.		
			Performance			Performance			Performance			Performance			Performance			Performance		
			2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Energy Consumption	Total	TJ	-	-	-	576	588	561	1,081	1,283	1,414	264	210	228	145	177	203	36	32	30
	Electricity	kWh	-	-	-	44,085,768	44,367,492	43,611,546	171,419,167	181,633,611	214,759,167	70,440,833	56,991,389	62,151,667	38,883,889	47,786,944	55,049,444	8,770,833	7,704,722	7,288,611
	LNG	1,000 m³	-	-	-	3,456	3,740	3,507	6,933	6,157	6,940	-	-	-	-	-	-	-	-	-
	Diesel	kl	-	-	-	3	7	4	26	32	23	14	10	7	5	16	8	5	2	3
	Propane	Ton	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Steam	TJ	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Coal	TJ	-	-	-	-	-	-	152	351	343	-	-	-	-	-	-	-	-	-
	LPG	TJ	-	-	-	-	-	-	37	36	12	2	1	1	0.1	0.09	0.19	1.9	2.5	2
	Biomass (rice bran, etc.)	TJ	-	-	-	-	-	-	0.8	1.1	10	-	-	-	-	-	-	-	-	-
	Gasoline	TJ	-	-	-	-	-	-	7	3.6	4.5	3	0.2	0.2	0.9	1	1	1.7	1.2	1.1

※ Hwaseung Industries does not report cumulative data since it does not separately manage them

Energy Consumption (in TJ)

Division	Indicator	Unit	Hwaseung Industries			Hwaseung Chemical			Hwaseung Enterprise			Hwaseung VINA			Hwaseung Indonesia			Jangchun Shoe Manufacturing Dalian Co., Ltd.		
			Performance			Performance			Performance			Performance			Performance			Performance		
			2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Energy consumption (in TJ)	Total	TJ	-	-	-	576	588	561	1,081	1,283	1,414	263	209	228	145	177	203	37	32	30
	Electricity	TJ	-	-	-	423	426	414	617	654	773	254	205	224	140	172	198	32	28	26
	LNG	TJ	-	-	-	153	162	147	256	227	256	-	-	-	-	-	-	-	-	-
	Diesel	TJ	-	-	-	-	-	-	11	10	15	4	3	3	4	4	4	2	1	1
	Propane	TJ	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Steam	TJ	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Coal	TJ	-	-	-	-	-	-	152	351	343	-	-	-	-	-	-	-	-	-
	LPG	TJ	-	-	-	-	-	-	37	36	12	2	1	1	0.1	0.09	0.19	1.9	2.5	2
	Biomass (rice bran, etc.)	TJ	-	-	-	-	-	-	0.8	1.1	10	-	-	-	-	-	-	-	-	-
	Gasoline	TJ	-	-	-	-	-	-	7	3.6	4.5	3	0.2	0.2	0.9	1	1	1.7	1.2	1.1
Energy consumption intensity		TJ/ KRW Million (Sales)	-	-	-	0.0041	0.0035	0.0032	0.00100	0.00114	0.00086	0.0079	0.0088	0.0078	0.0051	0.0051	0.0052	0.0064	0.0056	0.0054
Energy consumption within the organization	Total	TJ	-	-	-	576	588	561	928	931	1,071	263	209	228	145	177	203	38	33	30
	Electricity	TJ	-	-	-	423	426	414	617	654	783	254	205	224	140	172	198	32	28	26
	LNG	TJ	-	-	-	153	162	147	256	227	256	-	-	-	-	-	-	-	-	-
	Diesel	TJ	-	-	-	-	-	-	11	10	15	4	3	3	4	4	4	2	1	1
	Gasoline	TJ	-	-	-	-	-	-	7	4	5	3	0.2	0.2	0.9	1	1	1.7	1.2	1.1
	Other	TJ	-	-	-	-	-	-	37	36	12	2	1	1	0.1	0.09	0.19	1.9	2.5	2
Renewable energy consumption	Amount of renewable energy consumption	TJ	-	-	-	-	-	-	4	59	75	0.2	54	33	-	-	-	0.8	1.1	1.3
	Percentage of renewable energy consumption	%	-	-	-	-	-	-	0.4	4.6	5.3	0.1	25.7	14.5	-	-	-	2.2	3.4	4.3

1) Hwaseung Industries does not separately manage or report the cumulative data until now

Greenhouse Gas Emissions

			Hwaseung Industries			Hwaseung Chemical			Hwaseung Enterprise			Hwaseung VINA			Hwaseung Indonesia			Jangchun Shoe Manufacturing Dalian Co., Ltd.		
			Performance			Performance			Performance			Performance			Performance			Performance		
Division	Indicator	Unit	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Greenhouse gas emissions	Total	tCO ₂ eq	-	-	-	28,308	28,579	27,261	923,321	997,675	1,103,923	538,584	401,288	468,041	322,893	369,916	458,584	56,496	51,601	49,820
	Greenhouse gas emissions (Scope 1) ¹⁾	tCO ₂ eq	-	-	-	7,753	8,196	7,467	32,751	49,688	49,521	754	350	365	377	413	381	310	308	259
	Greenhouse gas emissions (Scope 2)	tCO ₂ eq	-	-	-	20,555	20,383	19,793	117,172	131,146	141,199	50,829	40,942	44,676	30,516	37,503	43,203	4,887	4,293	4,061
	Greenhouse gas emissions (Scope 3) ²⁾	tCO ₂ eq	-	-	-	-	-	-	913,203	816,841	773,398	487,001	370,158	320,283	292,000	332,000	253,000	51,300	86,564	49,844
	Category 1: Purchased goods and services	tCO ₂ eq	-	-	-	-	-	-	684,169	565,651	598,387	411,648	307,714	272,864	246,881	253,960	209,536	43,844	70,141	44,281
	Category 2: Capital goods	tCO ₂ eq	-	-	-	-	-	-	74,468	70,212	43,369	24,500	17,623	10,105	14,670	31,034	9,194	2,456	6,530	1,908
	Category 3: Fuel- and energy-related activities	tCO ₂ eq	-	-	-	-	-	-	25,862	39,576	44,135	8,509	9,023	9,710	5,095	8,311	10,151	753	989	927
	Category 4: Upstream transportation and distribution	tCO ₂ eq	-	-	-	-	-	-	15,118	24,743	31,450	4,974	8,858	10,976	2,978	13,460	11,605	499	5,617	1,510
	Category 5: Waste generated in operations	tCO ₂ eq	-	-	-	-	-	-	4,662	1,266	4,233	1,534	515	491	918	689	411	154	176	114
	Category 6: Business travel	tCO ₂ eq	-	-	-	-	-	-	1,127	944	2,732	371	330	918	222	514	811	37	250	74
	Category 11: Use of sold products	tCO ₂ eq	-	-	-	-	-	-	61,434	74,257	8,057	20,212	16,931	2,498	12,103	15,594	1,853	2,027	1,856	169
	Category 12: End-of-life treatment of sold products	tCO ₂ eq	-	-	-	-	-	-	29,402	35,771	36,618	9,673	8,156	11,352	5,792	7,512	8,422	970	894	769
	Category 15: Investments	tCO ₂ eq	-	-	-	-	-	-	16,961	4,417	4,417	5,580	1,007	1,369	3,341	928	1,016	560	110	93
Greenhouse gas emissions intensity ³⁾	In KRW	tCO ₂ eq / KRW Million(Sales)	-	-	-	0.2	0.17	0.15	0.83	0.88	0.67	0.70	0.71	0.06	-	-	-	-	-	-

1) The guidelines for reporting and certification of greenhouse gas emissions under the emissions trading system were utilized as the calculation method, and Hwaseung VINA has completed external verification

2) Calculations were made according to the GHG Protocol, and greenhouse gas emission coefficients were determined based on the IPCC Emissions Factor Database.

3)Hwaseung Indonesia and Jangchun Shoe Manufacturing Dalian Co., Ltd manage aggregated data but do not separately disclose it in the report

Hazardous Chemicals

			Hwaseung Industries			Hwaseung Chemical			Hwaseung Enterprise			Hwaseung VINA			Hwaseung Indonesia			Jangchun Shoe Manufacturing Dalian Co., Ltd.		
			Performance			Performance			Performance			Performance			Performance			Performance		
Division	Indicator	Unit	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Chemical usage amount		Ton	-	-	-	31,420	34,378	34,456	1,569	1,819	2,006	579	327	181	379	689	882	3	4	8
Hazardous chemical usage amount		Ton	-	-	-	888	791	939	1,569	1,819	2,006	579	327	181	379	689	882	3	4	8
Hazardous chemical alternative substance usage amount		Ton	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Chemical emission amount		Ton	-	-	-	34,785	36,896	37,803	220	322	640	14	9	8	94	124	204	2	2	4
Hazardous chemical emission amount		Ton	-	-	-	5,930	3,979	5,026	220	322	640	14	9	8	94	124	204	2	2	4

Air Pollutants

[illegible]

Water Pollutants

[illegible]

Water Management

Water Management			Hwaseung Industries			Hwaseung Chemical			Hwaseung Enterprise			Hwaseung VINA			Hwaseung Indonesia			Jangchun Shoe Manufacturing Dalian Co., Ltd.		
			Performance			Performance			Performance			Performance			Performance			Performance		
Division	Indicator	Unit	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Water intake	Total	Ton	-	-	-	107,507	109,677	129,232	1,839,081	2,342,138	2,737,891	496,457	415,261	423,320	191,789	239,934	261,555	59,142	83,791	62,622
	Water intake volume	Ton	-	-	-	-	-	-	1,627,042	1,985,830	2,325,937	496,457	415,261	423,320	-	-	-	-	-	-
	Industrial water intake volume	Ton	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Other water intake volume ¹⁾	Ton	-	-	-	107,507	109,677	129,232	212,039	356,308	411,954	-	-	-	-	-	-	-	-	-
Water usage	Total	Ton	-	-	-	107,507	109,677	129,232	983,614	897,819	1,032,006	496,457	415,216	423,310	187,249	235,771	256,998	50,883	76,492	60,316
	Tap water usage	ml	-	-	-	-	-	-	146,574	122,630	187,624	87,461	53,774	52,421	18,480	20,004	19,401	12,973	20,576	22,578
	Industrial water usage	ml	-	-	-	-	-	-	837,040	775,189	844,382	408,996	361,487	370,889	168,769	215,767	237,597	37,910	55,916	37,738
	Other water intake volume	Ton	-	-	-	107,507	109,677	129,232	-	-	-	-	-	-	-	-	-	-	-	-
Water recycling/reuse volume ¹⁾	Total	Ton	-	-	-	-	-	-	37,281	89,165	109,244	36,655	59,103	76,712	-	-	-	-	-	-
Water use intensity	In KRW	Ton/KRW Million (Sales)	-	-	-	0.77	0.66	0.73	0.77	0.68	0.59	0.88	0.97	0.78	0.70	0.66	0.60	0.43	0.62	0.51
Wastewater generation	Wastewater generation	Ton	-	-	-	276	178	206	1,172,978	1,799,498	1,733,231	427,534	362,542	360,013	63,553	74,481	82,438	53,146	75,316	56,257
Wastewater discharge	Wastewater discharge	Ton	-	-	-	-	-	-	1,135,697	1,710,333	1,623,987	390,879	303,439	283,301	63,553	74,478	81,811	53,146	75,316	56,257
Wastewater recycling ²⁾	Wastewater recycling volume	Ton	-	-	-	-	-	-	37,281	89,165	109,244	36,655	59,103	76,712	-	-	-	-	-	-
	Wastewater recycling ratio	%	-	-	-	-	-	-	3	5	6	9	16	21	-	-	-	-	-	-

1) Other water intake volume for individual corporations, including Hwaseung Enterprise 1) Groundwater, purchased treated water from external wastewater treatment/Hwaseung Chemical's other water intake: groundwater

Waste

Waste			Hwaseung Industries			Hwaseung Chemical			Hwaseung Enterprise			Hwaseung VINA			Hwaseung Indonesia			Jangchun Shoe Manufacturing Dalian Co., Ltd.			
			Performance			Performance			Performance			Performance			Performance			Performance			
Division	Indicator	Unit	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	
Waste generation ¹⁾	Total	Ton	-	-	-	316	76	40	8,927	9,072	11,353	2,937	2,011	2,454	283	455	470	81	87	75	
	General waste generation	Ton	-	-	-	98	54	22	8,927	9,072	11,353	2,937	2,011	2,454	283	455	470	81	87	75	
	Designated waste generation	Ton	-	-	-	218	22	18	-	-	-	-	-	-	-	-	-	-	-	-	
Waste disposal	Total	Waste disposal	Ton	-	-	-	-	-	-	8,927	9,072	11,353	2,937	2,011	2,454	283	455	470	81	87	75
		Waste disposal (incineration)	Ton	-	-	-	-	-	-	8,927	9,072	11,353	2,937	2,011	2,454	283	455	470	81	87	75
		Waste disposal (landfill)	Ton	-	-	-	-	-	-	4,158	4,402	1,618	460	336	348	-	-	42	-	-	-
		Waste disposal (other)	Ton	-	-	-	-	-	-	584	1,139	4,431	-	-	-	-	38	43	-	-	-
		Waste disposal (composting/ synthesis)	Ton	-	-	-	-	-	-	59	-	9	-	-	-	51	-	-	-	-	-
	Total	General waste disposal	Ton	-	-	-	98	54	22	8,927	9,072	11,353	2,937	2,011	2,454	283	455	470	81	87	75
		General waste disposal (incineration)	Ton	-	-	-	-	-	-	4,126	3,531	5,295	2,477	1,675	2,106	232	417	385	81	87	75
		General waste disposal (landfill)	Ton	-	-	-	-	-	-	4,158	4,402	1,618	460	336	348	-	-	42	-	-	-
		General waste disposal (other)	Ton	-	-	-	98	54	22	584	1,139	4,431	-	-	-	-	38	43	-	-	-
		General waste disposal (composting/synthesis)	Ton	-	-	-	-	-	-	59	-	9	-	-	-	51	-	-	-	-	-
	Total	Designated waste disposal	Ton	-	-	-	218	22	18	-	-	-	-	-	-	-	-	-	-	-	-
		Designated waste disposal (incineration)	Ton	-	-	-	202	2	18	-	-	-	-	-	-	-	-	-	-	-	-
		Designated waste disposal (other)	Ton	-	-	-	16	20	-	-	-	-	-	-	-	-	-	-	-	-	-
	Waste recycling	Total	Ton				-	-	-	1,956	3,140	5,200	1,010	1,675	1,047	386	1,197	1,255	186	164	152
		General waste recycling amount	Ton				98	54	22	1,956	3,140	5,200	1,010	1,675	1,047	386	1,197	1,255	186	164	152
Waste recycling rate	Waste recycling rate	%				31	71	55	18	26	31	26	60	30	58	72	73	68	65	67	

1) Hwaseung Chemical: General waste is recycled, and designated waste is collected and processed by waste disposal specialists. General waste consists mainly of paper and iron, and does not include plastic or wires, as they are in very small quantities. For paper and iron, they are either sold to external companies for recycling or processed internally by the same company.

Significant Spills

[illegible]

Awards

Awarding Authority	Award (Title)	Year of Award	Recipient Workplace
Dong Nai Nhon Trach People's Committee	Achievements in the patriotic emulation movement of Nhon Trach district in 2006	2006.12.25	Hwaseung VINA Labor Union
Dong Nai Nhon Trach People's Committee	Consolation prize Vietnamese family day cooking contest 28/06/2009	2009.06.26	Hwaseung VINA
Dong Nai Labor Union Committee	Excellent achievements in the movement "green-clean-beautiful" to ensure hygiene safety in 2016	2010.08.03	Hwaseung VINA Labor Union
Dong Nai People's Committee	Excellent achievements in the construction of agency with cultural life in 2009	2010.05.07	Hwaseung VINA
Dong Nai People's Committee	Excellent achievements in implementing the campaign "studying and following Ho Chi Minh's moral example" for 4 years.	2010.12.21	Hwaseung VINA Labor Union
Dong Nai Nhon Trach People's Committee	Achieved excellent results in the patriotic emulation movement in 2011	2011.12.19	Hwaseung VINA
Dong Nai Nhon Trach People's Committee	Achieved excellent results in the implementation of project 84 of the provincial Party Committee	2012.02.10	Hwaseung VINA Labor Union
Ministry of Trade, Industry and Energy of the Republic of Korea - Vietnam Planning and Investment Division	2013 CSR excellent company South Korea Ministry of Trade, Industry and Energy Minister's award	2013.12.04	Hwaseung VINA
Dong Nai Nhon Trach Labor Union Committee	Achievements in mobilizing workers, coordinating with the Board of Directors to well organize the company's protection on the night of May 13-14th, 2014	2014.06.18	Hwaseung VINA Labor Union
Dong Nai Nhon Trach Labor Union Committee	Achievements in the activity "worker month" activity in 2015	2015.06.08	Hwaseung VINA Labor Union
Dong Nai Labor Union Committee	Typical advanced workers and employees of Dong Nai province 4th, 2014	2015.06.26	Hwaseung VINA Labor Union
Dong Nai People's Committee	Excellent achievements in work, contributing to social - economic development	2015.06.29	Hwaseung VINA Labor Union
Dong Nai Nhon Trach People's Committee	Achieved excellent results through the achievement competition to welcome the congress	2015.09.11	Hwaseung VINA
Vietnam Dong Nai Red Cross Society Central Committee	Excellent achievement in "The pink blood campaign" summer 2016	2016.10.17	Hwaseung VINA Labor Union
Dong Nai Labor Union Committee	Excellent achievements in the movement "green-clean-beautiful" to ensure hygiene safety in 2016	2017.04.24	Hwaseung VINA Labor Union
Dong Nai Labor Union Committee	Excellent achievements in implementing the target of developing union members in 2016	2017.04.28	Hwaseung VINA Labor Union

Awarding Authority	Award (Title)	Year of Award	Recipient Workplace
Dong Nai Nhon Trach Industrial Zone Communist Party Committee	Meet the typical "clean and strong" standard in 2017	2018.02.27	Hwaseung VINA
Vietnam Red Cross Society Central Committee	Excellent achievements in voluntary blood donation and voluntary blood donation campaign in 2018	2018.12.24	Hwaseung VINA Labor Union
Dong Nai Labor Union Committee	Excellent achievements in mobilizing employees and emulation movement "good country work - good housework"	2020.07.14	Hwaseung VINA Labor Union
Dong Nai Nhon Trach People's Committee	Achieved excellent results in the patriotic emulation movement for the period 2015-2020	2020.07.21	Hwaseung VINA
Ho Chi Minh City Labor Union Committee	Have many excellent achievements in 30 years of construction and development	2021.10.30	Hwaseung VINA Labor Union
Vietnam Labor Union Committee	Excellent achievements in the movement "green-clean-beautiful" to ensure hygiene safety in 2021	2022.03.22	Hwaseung VINA Labor Union

Membership Association

Registered Workplace	Membership Association & Initiatives
Hwaseung Industries	Korea Listed Companies Association
	Korea International Trade Association(KITA)
	Korea Chamber of Commerce and Industry(Busan, North Chungcheong)
	KEF Busan Employers Federation
	Korea Footwear Industry Association(KFIA)
	Federation of Middle Market Enterprises of Korea(FDMEK)
Hwaseung Enterprise	Korea Listed Companies Association
	Korea International Trade Association(KITA)
	Korea Chamber of Commerce and Industry(Busan)
Hwaseung VINA	Korea Chamber of Business in Vietnam(KOCHAM)
	Vietnam Busan Investment Enterprises Association (Southern Region)
Hwaseung Indonesia	Indonesia Banten Korean Association
	Korea Chamber of Commerce and Industry in Indonesia(KOCHAM)

ESG Index

GRI Standards Index

The Global Reporting Initiative (GRI) is an international organization that provides guidelines for ESG (Environmental, Social, and Governance) reporting and recommends report creation for each company. Reporting is prepared based on the GRI Standards 2021, which serve as the standard for ESG reporting, and is transparently disclosed.

Statement of use	Hwaseung Industries and Hwaseung Enterprise reported in accordance with the GRI Standards for the period from January 1, 2022, to December 31, 2022.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	Sector standards not applied.

GRI Standards / Other Source	Disclosure	Reporting Page	Omission & Additional Comments
General Disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	6~13	
	2-2 Entities included in the organization's sustainability reporting	3	
	2-3 Reporting period, frequency and contact point	3, 77	
	2-4 Restatements of information	-	Not applicable/No restatement of information as it is the initial publication of the report
	2-5 External assurance	75~76	
	2-6 Activities, value chain and other business relationships	10~13	
	2-7 Employees	56~57	
	2-8 Workers who are not employees	56~57	
	2-9 Governance structure and composition	28, 30	
	2-10 Nomination and selection of the highest governance body	28, 30	
	2-11 Chair of the highest governance body	28, 30	
	2-12 Role of the highest governance body in overseeing the management of impacts	22	
	2-13 Delegation of responsibility for managing impacts	22~24	
	2-14 Role of the highest governance body in sustainability reporting	18, 22	
	2-15 Conflicts of interest	-	Refer to the 2021 Hwaseung Industries Corporate Governance Structure Report (pages 17 and 29) and the Hwaseung Enterprise Corporate Governance Structure Report (page 30)
	2-16 Communication of critical concerns	18	
	2-17 Collective knowledge of the highest governance body	-	Refer to the 2021 Hwaseung Industries Corporate Governance Structure Report (page 39) and the Hwaseung Enterprise Corporate Governance Structure Report (page 40)
	2-18 Evaluation of the performance of the highest governance body	28, 30	
	2-19 Remuneration policies	28, 30	
	2-20 Process to determine remuneration	28, 30	
	2-21 Annual total compensation ratio	-	Refer to the 54th Hwaseung Industries Annual Report (pages 241~244) and the 8th Hwaseung Enterprise Annual Report (pages 200~203)
	2-22 Statement on sustainable development strategy	4	
	2-23 Policy commitments	20~21	

GRI Standards / Other Source	Disclosure	Reporting Page	Omission & Additional Comments
General Disclosures			
GRI 2: General Disclosures 2021	2-24 Embedding policy commitments	20~21	
	2-25 Processes to remediate negative impacts	46~48	
	2-26 Mechanisms for seeking advice and raising concerns	46~48	
	2-27 Compliance with laws and regulations	46~48, 64	
	2-28 Membership Association	70	
	2-29 Approach to stakeholder engagement	19	
	2-30 Collective bargaining agreements	-	Confidentiality constraints/ Can be disclosed separately upon request from stakeholders
Material Topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics	18, 20~21	
	3-2 List of material topics	18	
Material Issue 1. Pursuing Carbon Neutrality for Climate Change Mitigation			
GRI 3: Material Topics 2021	3-3 Management of material topics	33~36	
GRI 302: Energy 2016	302-1 Energy consumption within the organization	66	
	302-3 Energy intensity	66	
	302-4 Reduction of energy consumption	34, 36	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	67	
	305-2 Energy indirect (Scope 2) GHG emissions	67	
	305-3 Other indirect (Scope 3) GHG emissions	67	
	305-4 GHG emissions intensity	67	
	305-7 Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions	67	
Material Issue 2. Reporting and Discussing ESG Management Policies, Performance, and Goals with the BoD, as well as Future Directions for Development			
GRI 3: Material Topics 2021	3-3 Management of material topics	20, 22, 27~31	
Non-GRI	-	-	No applicable GRI topic available
Material Issue 3. Considering ESG Management As a Top Priority When Making New business and Investment Decisions			
GRI 3: Material Topics 2021	3-3 Management of material topics	20~24	
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	53~54	
	201-2 Financial implications and other risks and opportunities due to climate change	33~36	
	201-3 Defined benefit plan obligations and other retirement plans	60	
	201-4 Financial assistance received from government	54	
Other GRI			
Indirect Economic Impacts			
GRI 203: Indirect Economic Impacts 2016	203-2 Significant indirect economic impacts	51, 53~54	
Procurement Practices			
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	53	
Anti-corruption			
GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	47~48, 64	
	205-2 Communication and training about anti-corruption policies and procedures	47~48	
	205-3 Confirmed incidents of corruption and actions taken	64	

GRI Standards / Other Source	Disclosure	Reporting Page	Omission & Additional Comments
Other GRI			
Anti-competitive Behavior			
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	-	No occurrences recorded
Tax			
GRI 207: Tax 2019	207-4 Country-by-country reporting	54	
Water and Effluents			
GRI 303: Water and Effluents 2018	303-2 Management of water discharge-related impacts	39	
	303-3 Water withdrawal	68	
	303-4 Water discharge	68	
	303-5 Water consumption	68	
Waste			
GRI 306: Waste 2020	306-3 Waste generated	69	
Employment			
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	58~59	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	42	
	401-3 Parental leave	61	
Occupational Health and Safety			
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	43~45	
	403-2 Hazard identification, risk assessment, and incident investigation	43~45	
	403-3 Occupational health services	61	
	403-4 Worker participation, consultation, and communication on occupational health and safety	43~45	
	403-5 Worker training on occupational health and safety	62	
	403-6 Promotion of worker health	42	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	44~45	
	403-8 Workers covered by an occupational health and safety management system	44	
Training and Education			
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	62	
	404-2 Programs for upgrading employee skills and transition assistance programs	42	
	404-3 Percentage of employees receiving regular performance and career development reviews	60	
Diversity and Equal Opportunity			
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	28, 30	
Non-discrimination			
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	64	
Customer Health and Safety			
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	39	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-	No occurrences recorded
Marketing and Labeling			
GRI 417: Marketing and Labeling 2016	417-3 Incidents of non-compliance concerning marketing communications	-	No occurrences recorded
Customer Privacy			
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	No occurrences recorded

TCFD

The Task Force on Climate-related Financial Disclosures (TCFD) is an initiative established in 2015 by the Financial Stability Board (FSB), delegated by the G20 finance ministers and central bank governors. The initiative aims to encourage the disclosure of information related to climate change. In order to systematically address and disclose potential risks associated with climate change, and to assist stakeholders in understanding corporate strategies, we disclose our efforts in response to climate change in accordance with TCFD Recommendations.

Division	TCFD Recommendations	Reporting Page
Governance Structure	③ Describe the board's oversight of climate-related risks and opportunities	33, 35
	④ Describe management's role in assessing and managing climate-related risks and opportunities	
Strategy	③ Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	34, 35
	④ Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	
	⑤ Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	
Risk Management	③ Describe the organization's processes for identifying and assessing climate-related risks	34, 36
	④ Describe the organization's processes for identifying and assessing climate-related risks	
	⑤ Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	
Metrics and Targets	③ Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	34, 35, 67
	④ Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	
	⑤ Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	

SASB Index

Industry : Industry: Apparel, Accessories & Footwear

The Sustainability Accounting Standards Board (SASB) is a non-profit organization that establishes non-financial reporting standards. It operates by developing and maintaining the SASB Index, a set of sustainability accounting standards. The SASB Index presents sustainability risk topics that are highly relevant to specific industries and recommends that companies regularly report on these topics to communicate with investors and stakeholders.

Table 1. Sustainability Disclosure Topics & Metrics

Division	Code	ACCOUNTING METRIC	Unit	Reporting Page
Management of Chemicals in Products	CG-AA-250a.1	Discussion of processes to maintain compliance with restricted substances regulations	-	39
	CG-AA-250a.2	Discussion of processes to assess and manage risks or hazards associated with chemicals in products	-	39
Environmental Impacts in the Supply Chain	CG-AA-430a.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 in compliance with wastewater discharge permits or contractual agreements	%	-
	CG-AA-430a.2	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have completed the Sustainable Apparel Coalition's Higg Facility Environmental Module (Higg FEM) assessment or an equivalent environmental data assessment	%	-
Labour Conditions in the Supply Chain	CG-AA-430b.1	Percentage of (1) Tier 1 supplier facilities and (2) supplier facilities beyond Tier 1 that have been audited to a labour code of conduct, (3) percentage of total audits conducted by a third-party auditor	%	64
	CG-AA-430b.2	(1) Priority non-conformance rate and (2) associated corrective action rate for suppliers' labour code of conduct audits	%	-
	CG-AA-430b.3	Description of the greatest (1) labour and (2) environmental, health and safety risks in the supply chain	-	50
Raw Materials Sourcing	CG-AA-440a.3	(1) List of priority raw materials; for each priority raw material: (2) environmental or social factor(s) most likely to threaten sourcing, (3) discussion on business risks or opportunities associated with environmental or social factors and (4) management strategy for addressing business risks and opportunities	-	49~50, 65
	CG-AA-440a.4	(1) Amount of priority raw materials purchased, by material, and (2) amount of each priority raw material that is certified to a third-party environmental or social standard, by standard	Ton	65

Table 2. Activity Metrics

Division	Code	ACCOUNTING METRIC	Unit	Reporting Page
Quantitative	CG-AA-000.A	Number of (1) Tier 1 suppliers and (2) suppliers beyond Tier 1	Number	-

Third-Party Assurance Statement

To: The Stakeholders of Hwaseung Industries/Hwaseung Enterprise

Introduction and Objectives of Work

BSI Group Korea (hereinafter "the Assurer") was requested to verify Hwaseung Industries/Hwaseung Enterprise Integrated Report 2022 (hereinafter "the Report"). This assurance statement applies only to the relevant information included in the scope of the assurance. Hwaseung Industries/Hwaseung Enterprise is solely responsible for all information and assertion contained in the Report. The responsibility of the Assurer is to provide Hwaseung Industries/Hwaseung Enterprise Management with independent assurance statement based on its expert opinions by applying the verification methodology for the specified assurance scope. It is also to provide the information to all stakeholders of Hwaseung Industries/Hwaseung Enterprise.

Standards and Levels

This assurance was based on the AA1000AS (Assurance Standard) v3 (2020) Assurance Standard and confirmed that the Report was prepared in accordance with the GRI Standards, the international standards guidelines of sustainability reports. In accordance with the AA1000 AS, the assurance level was Moderate Level, and conducted against Type 1 to confirm compliance with the four principles of the AA1000 AP (AccountAbility Principles) 2018.

Scope

The scope of assurance applied to the Report is as follows:

- Report contents during the period from January 1st to December 31st 2022 included in the report, some data included 2023.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review

The following contents were not included in the scope of assurance.

- Financial information in Appendix
- Index items related to other international standards and initiatives other than the GRI
- Other related additional information such as the website, business annual report.

Methodology

As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities:

- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible department
- Verification of data generation, collection and reporting for each performance index

Limitation

The Assurer performed limited verification for a limited period based on the data provided by the reporting organization. It implies that no significant errors were found during the verification process, and that there are limitations related to the inevitable risks that may exist. The Assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Assurance Opinion

On the basis of our methodology and the activities described above, it is our opinion that

- The information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement.
- The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards)
- The assurance opinions on the four principles presented in the AA1000 AP (2018) are as follows.

AA1000 AP (2018)

Inclusivity: Stakeholder Engagement and Opinion

Hwaseung Industries/Hwaseung Enterprise defined employees, shareholders, customers, suppliers, government/associations, local communities and media as key stakeholder groups, and operated communication channels for each stakeholder group for engagement. Hwaseung Industries/Hwaseung Enterprise reflected key issues derived from stakeholder channels to sustainability management decisions and disclosed the process in the Report.

Materiality: Identification and reporting of material sustainability topics

Hwaseung Industries/Hwaseung Enterprise established the strategy related to sustainability management and established the process to derive reporting issues. Hwaseung Industries/Hwaseung Enterprise identified financial and social/environmental impacts and derived 6 material ESG issues based on the analysis of media research, benchmarking global advanced companies in its field, and analysis of major global initiatives related to sustainability.

Responsiveness: Responding to material sustainability topics and related impacts

Hwaseung Industries/Hwaseung Enterprise established the management process for material issues determined by the materiality assessment, and implemented a response plan for each issue to appropriately respond to the derived core issues that reflects the expectations of stakeholders. HWASEUNG INDUSTRIES/HWASEUNG ENTERPRISE disclosed the relevant process including establishing policy and indicators, activity and response performance on key reporting issues in the Report.

Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders

Hwaseung Industries/Hwaseung Enterprise established the process to identify and evaluate the impact on organizations and stakeholders related to material issues. Hwaseung Industries/Hwaseung Enterprise used impacts, risk and opportunity factor analysis results for material issues to make decisions to develop response strategies for each issue, and disclosed the process in the Report.

Key areas for ongoing development

- Based on our responsibilities as a holding company of Hwaseung Industry, It may be help to advance the group's overall sustainability strategy and direction, and internalize the process and performance system of the holding company's own social and environmental indirect economic effects based on the sustainability performance of each business company.
- Based on the sustainability issues and stakeholder requirements of the textile and fashion industries, which are major business areas of Hwaseung Enterprise, It may be help to advance the sustainability management system by specifying sustainability strategies and goals, selecting important tasks for each major sustainability area such as the environment and society, and disclosing strategies and plans for those sustainability tasks.
- Considering the globally locations characteristics of Hwaseung Enterprise's major subsidiaries, It may be helpful to advance the sustainability management system by upgrading sustainability platforms including ESG data collection, measurement processes, and metrics.

Statement of independence and competence

The Assurer is an independent professional institution that specializes in quality, health, safety, social and environmental management with almost 120 years history in providing independent assurance services. No member of the assurance team has a business relationship with Hwaseung Industries/Hwaseung Enterprise. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

Evaluation against GRI 'In Accordance' Criteria

The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the following Universal Standards and Topic Standards Indicators based on the data provided by Hwaseung Industries/Hwaseung Enterprise, the sector standard was not applied.

[Universal Standards]

2-1 to 2-5 (The organization and its reporting practices), 2-6 to 2-8 (Activities and workers), 2-9 to 2-21 (Governance), 2-22 to 2-28 (Strategy, policies and practices), 2-29 to 2-30 (Stakeholder engagement), 3-1 to 3-3 (Material Topics Disclosures)

[Topic Standards]

201-1~4, 203-2, 204-1, 205-1~3, 206-1, 207-4, 302-1, 302-3~4, 303-2~5, 305-1~4, 305-7, 306-3, 401-1~3, 403-1~8, 404-1~3, 405-1, 406-1, 416-1~2, 417-3, 418-1

11 Dec 2023

S. H. Lim / BSI Group Korea, Managing Director




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HWASEUNG Industries **HWASEUNG Enterprise**

Report-Related Inquiries

If you need additional information or have any questions regarding the report, please contact us at the following contact information below.

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