

ESG OPERATION REPORT OF SUNGWOO HITECH S.R.O

YEAR 2024 REV00 (15.01.2025)

1. BUSINESS OPERATION

1.1 FOREWORD

Dear colleagues, business partners and fellow citizens

In the year 2024, many new initiatives were established not only across automotive industry but in the global spectre as well, with the goal of leaning towards sustainable living and operation of our presence on our planet earth. SUNGWOO HITECH took the opportunity to show to the business and environmental world, that we take our impact very seriously and fully endured opportunity to listen and adapt to the requirements of the ESG and other relevant directions.

SUNGWOO HITECH conducted many improvements in the sustainability field, learned new methods, identified important measurement areas and set up targets towards our environmental, ethical and human rights areas.

We would like to declare our sincere desire to be part of the leading forces and exemplar entity within our supplier chain, both downstream and upstream. In this report you may see our operation results for the year 2024, our objectives and goals for the next years and development from the history.

Your feedback and also criticism is really important to us, so please, do not hesitate, if you may find any flaws or deficiencies. Help us to be better.

Thank you!



J.O. Kim
CEO of SUNGWOO HITECH s.r.o.

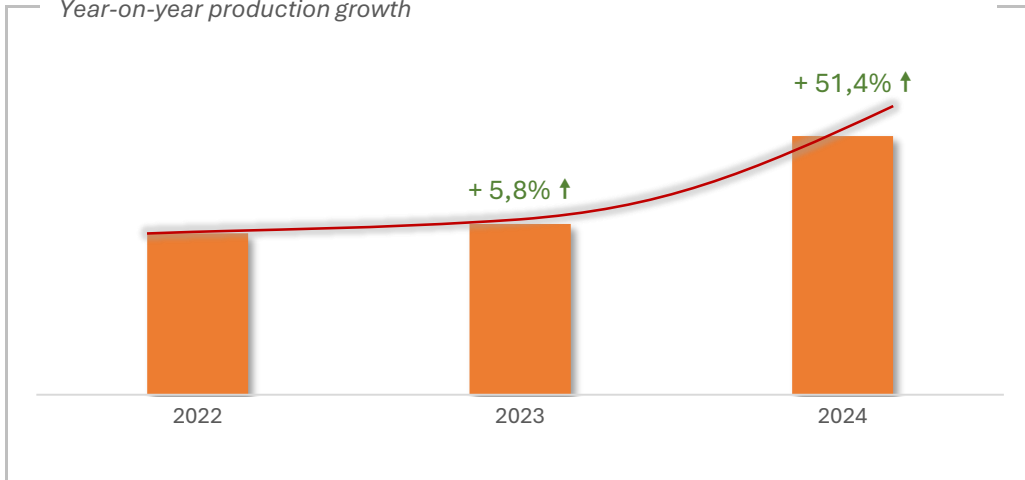
1.2 OPERATION RESULT

Our company is committed to supporting the transition to sustainable mobility by increasing the supply of production parts for vehicles powered by non-fossil fuel sources, resulting in a significant reduction in our carbon footprint and contributing to a cleaner, greener future for the automotive industry.

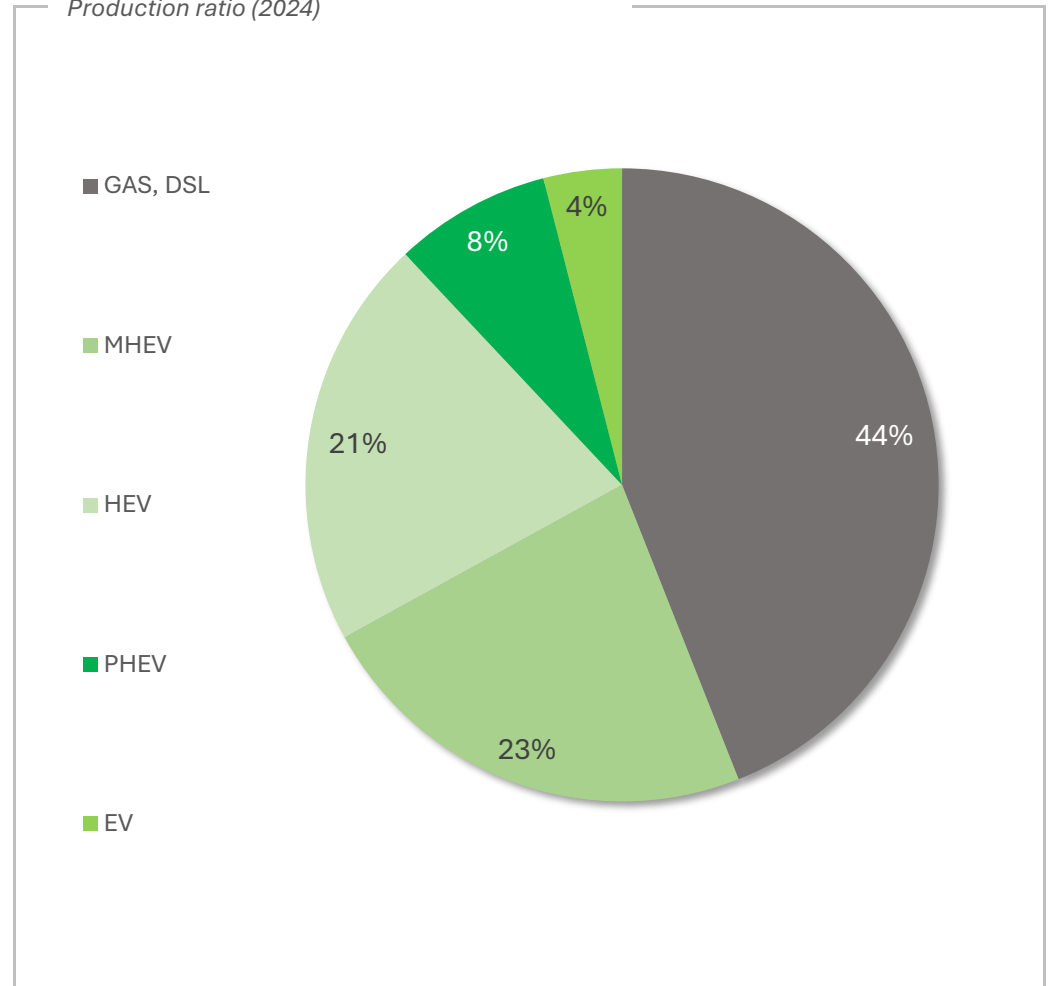
In the year 2024, production scope and our portfolio were greatly increased including start of production of many projects of hot stamping plant. With the increasing demand for sustainable vehicles and vehicles with alternative propulsion, also our portfolio has adapted to this trend. Results below clearly show the increase of proportion of parts for alternative / EV vehicles to their combustion engine counterparts.

In line with our commitment to sustainability, we have strategically expanded our capabilities to produce more parts supplied to more advanced, eco-friendly vehicles, helping to accelerate the adoption of electric, hybrid, and other alternative energy vehicles.

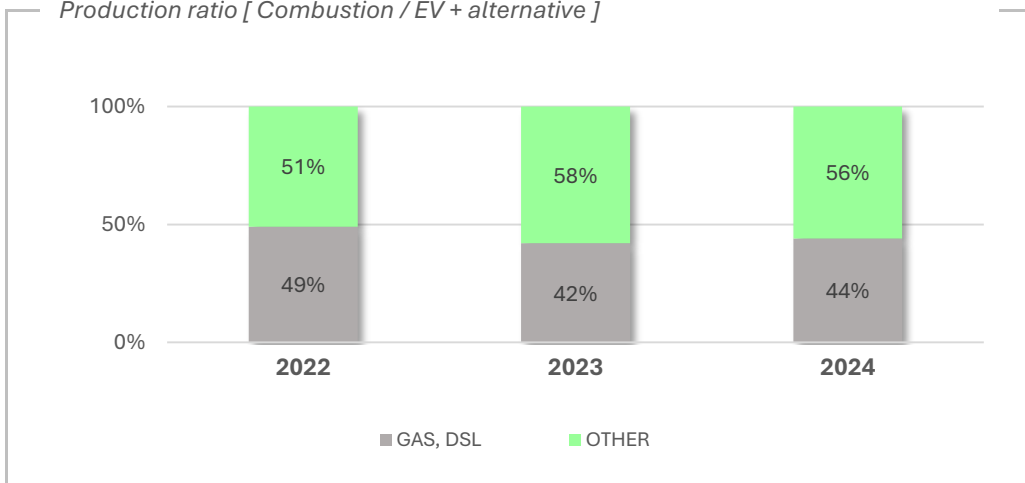
Year-on-year production growth



Production ratio (2024)



Production ratio [Combustion / EV + alternative]



2. ENVIRONMENT

SUNGWOO HITECH s.r.o. is aware of the importance of caring for our surroundings, both in terms of preserving natural resources and the impact of our company's operations on the environment. We constantly monitor the emissions and waste produced. With a responsible attitude, we apply modern solutions to minimize the waste produced, and their implementation can be clearly seen in the decreasing trend of waste produced per manufactured part.

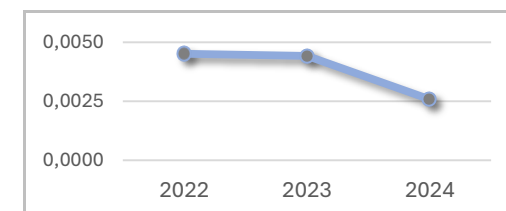
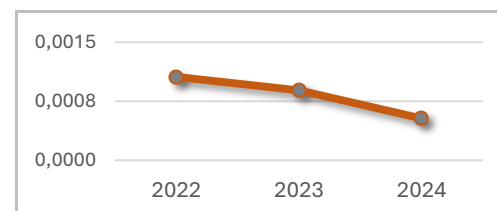
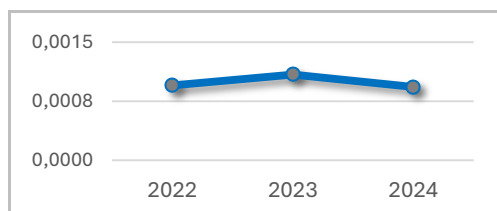
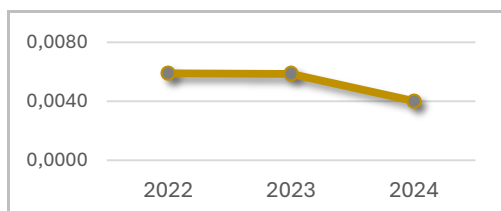
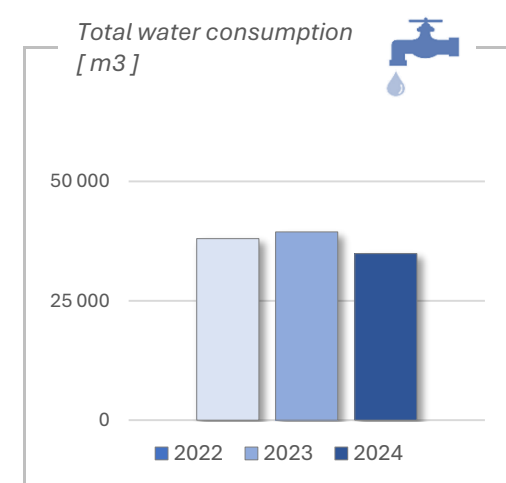
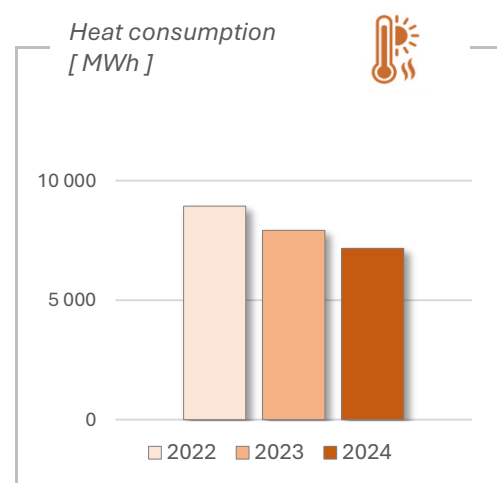
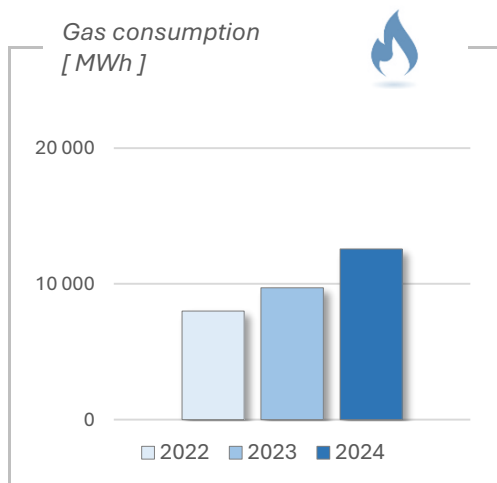
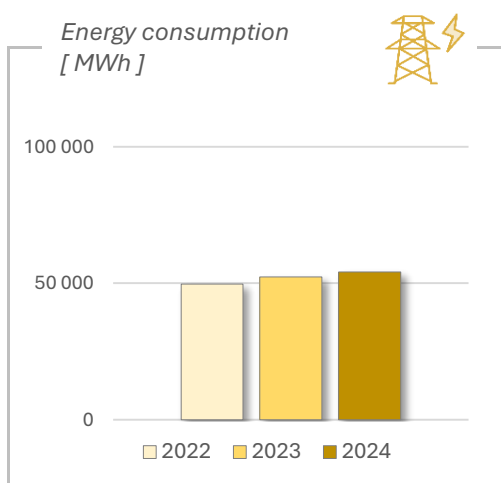
As a confirmation of this commitment, SUNGWOO HITECH s.r.o. is certified according to ISO 14001 Environmental management system from year 01/2023



$$\frac{\text{Consumption}}{\text{Delivered part qty}} = \text{KPI}$$

2.1 RESOURCES CONSUMPTION

Shown below are consumption results connected with production activity of our company. Each result (KPI) is then evaluated for consumption per one delivered part to the customer, to compensate increased values due to production scope increase.



	2022	2023	2024
RESULT	49 649	52 287	54 181
KPI	0,0059	0,0059	0,0040
TARGET	0,006	0,006	0,006

	2022	2023	2024
RESULT	7 992	9 704	12 566
KPI	0,0009	0,0011	0,0009
TARGET	0,0012	0,0011	0,001

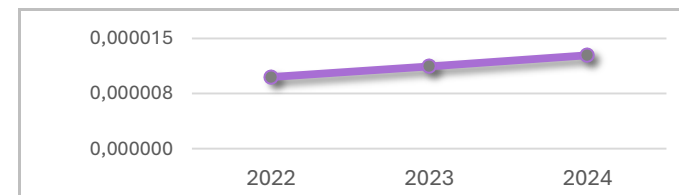
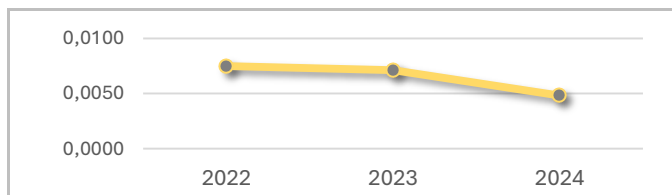
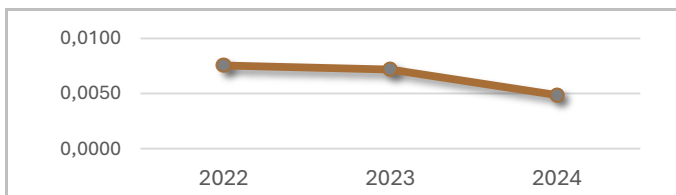
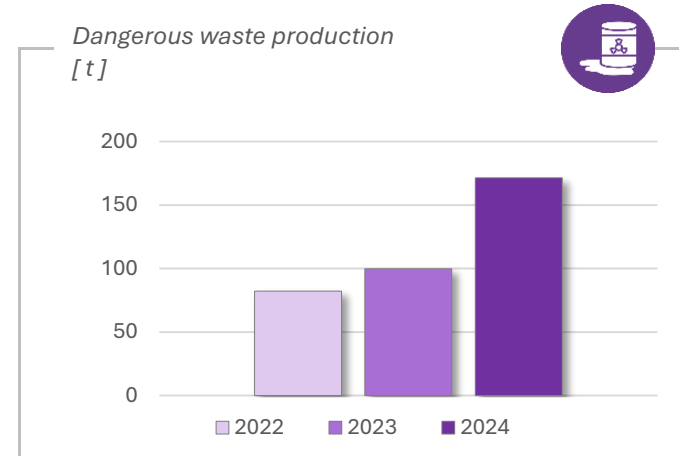
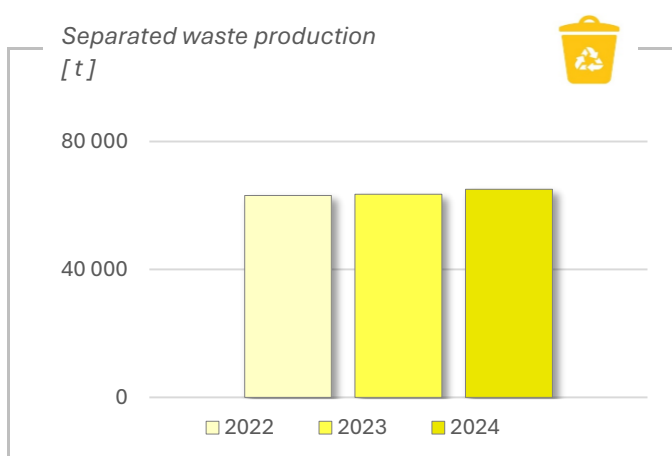
	2022	2023	2024
RESULT	8 929	7 913	7 168
KPI	0,0011	0,0009	0,0005
TARGET	0,001	0,001	0,001

	2022	2023	2024
RESULT	38 013	39 416	34 846
KPI	0,0045	0,0044	0,0026
TARGET	0,006	0,005	0,004

2.2 WASTE PRODUCTION

Shown below are waste production results connected with production activity of our company. Each result (KPI) is then evaluated for waste production per one delivered part to the customer, to compensate increased values due to production scope increase.

$$\frac{\text{Waste production}}{\text{Delivered part qty}} = \text{KPI}$$



	2022	2023	2024
RESULT	63 556	64 022	65 561
KPI	0,0075	0,0072	0,0049
TARGET	0,008	0,0075	0,007

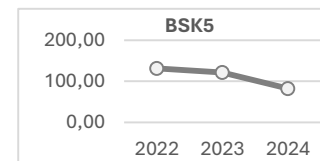
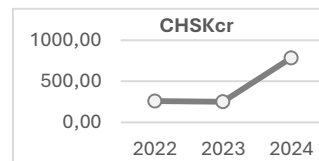
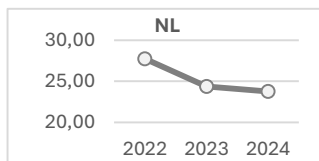
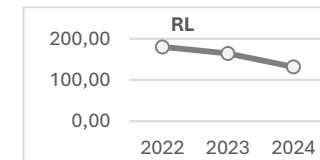
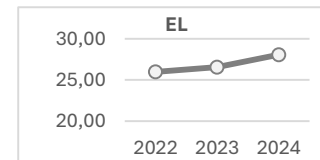
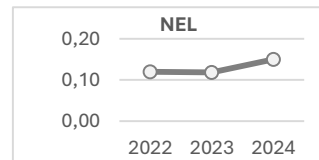
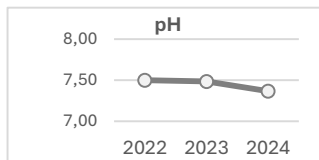
	2022	2023	2024
RESULT	63 118	63 528	65 027
KPI	0,0075	0,0071	0,0048
TARGET	0,008	0,0075	0,007

	2022	2023	2024
RESULT	82,11	99,75	171,51
KPI	0,000010	0,000011	0,000013
TARGET	0,000012	0,000011	0,00001

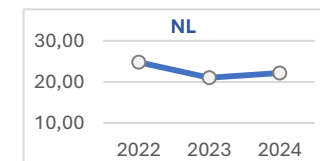
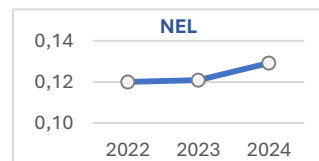
2.3 WASTE WATER QUALITY

Measurement and evaluation of outputting waste water are divided into two groups, SEWAGE WATER produced by our operation and water usage for ex. toilet, sink etc. and RAINWATER, which is collected from rain.

SEWAGE WATER				
PARAMETER	TARGET	2022	2023	2024
pH	6 - 9	7,50	7,48	7,37
NEL	< 10	0,12	0,12	0,15
EL	< 60	25,98	26,57	28,07
RL	< 1000	180,50	164,67	131,87
NL	< 700	27,75	24,38	23,77
CHSKcr	< 1200	259,83	251,33	786,33
BSK5	< 600	131,50	121,77	82,57



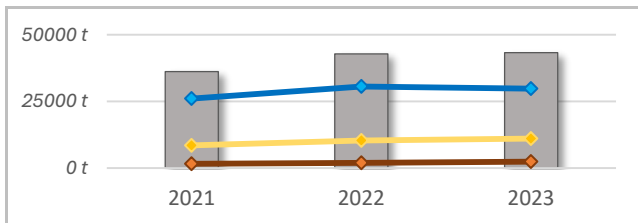
RAINWATER				
PARAMETER	TARGET	2022	2023	2024
pH	6 - 9	7,43	7,63	7,38
NEL	< 0,2	0,12	0,12	0,13
RL	< 1000	72,52	71,82	78,94
NL	30; MAX 45	24,79	21,01	22,18



2.4 GHG INVENTORY

2.4.1 GHG INVENTORY RESULT

Evaluated are GHG equivalents in tons for the scope 1, scope 2 and the scope 3, with the remark, that scope 3 emissions would be calculated in the full scope from the year 2024.



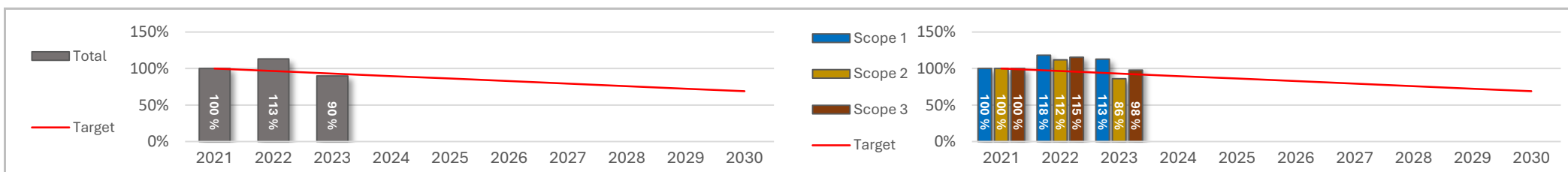
2.4.2 GHG INVENTORY COMPARISSON EMISSION VALUE

To provide insight on ideal emission reduction value with the idea of reaching zero emission by the year 2050, following table demonstrate maximum volume of produced emissions of CO2 eq. in tons per year to reach such target. However, this indicator may not fully demonstrate reduction of emissions, as production scope regularly changes. Due to this reason, following table shows only as reference and general targeting value of our operation for the following years. To determine real value of emission reduction, chapter 2.4.3 EMISSION REDUCTION GOAL explains approach method and official result.

YEAR	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2050
COMPARE EMISSION VALUE [t]											
Total	36153,5	34906,8	33660,2	32413,5	31166,8	29920,1	28673,5	27426,8	26180,1	24933,4	0,0
Scope 1	1600,3	1545,1	1489,9	1434,8	1379,6	1324,4	1269,2	1214,0	1158,8	1103,7	0,0
Scope 2	26043,3	25145,3	24247,2	23349,2	22451,1	21553,1	20655,0	19757,0	18858,9	17960,9	0,0
Scope 3	8509,9	8216,5	7923,0	7629,6	7336,1	7042,7	6749,2	6455,8	6162,3	5868,9	0,0

2.4.3 EMISSION REDUCTION GOAL

Targets were determined on the base year of 2021 with the commitment to reach zero emission by the year 2050. To evaluate the KPI, we monitor produced GHG eq. emissions againts total company income in thousands of CZK to balance increased emissions due to increased production scope (Refer to chapter 1.1 Operation result). Values are deducted each year by coefficient value, which will result in zero emission in the year 2050, no matter what production increase or decrease will happen.



YEAR	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
KPI Target										
Total	1,983	1,914	1,846	1,778	1,709	1,641	1,573	1,504	1,436	1,367
Scope 1	0,088	0,085	0,082	0,079	0,076	0,073	0,070	0,067	0,064	0,061
Scope 2	1,428	1,379	1,330	1,281	1,231	1,182	1,133	1,084	1,034	0,985
Scope 3	0,467	0,451	0,435	0,418	0,402	0,386	0,370	0,354	0,338	0,322
KPI Result										
Total	1,983	2,242	1,785	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Scope 1	0,088	0,104	0,099	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Scope 2	1,428	1,600	1,230	0,000	0,000	0,000	0,000	0,000	0,000	0,000
Scope 3	0,467	0,538	0,456	0,000	0,000	0,000	0,000	0,000	0,000	0,000

3. LABOR & HUMAN RIGHTS

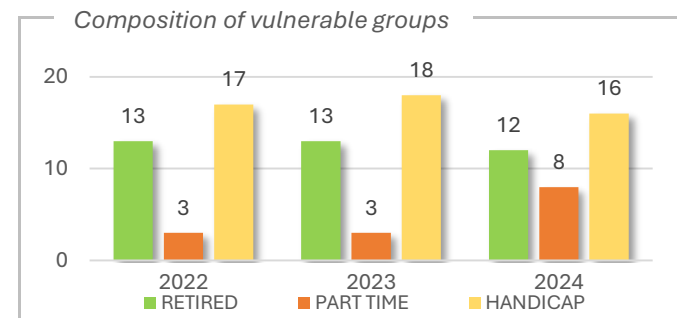
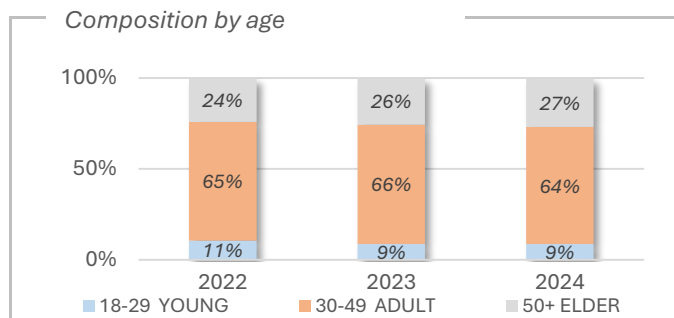
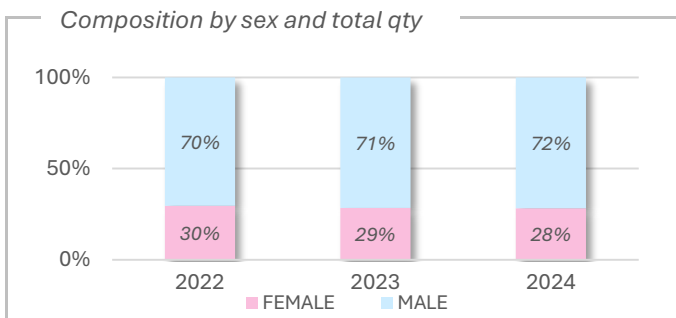
At SUNGWOO HITECH, we are deeply committed to upholding the principles of labor and human rights in all aspects of our operations. We believe that every individual deserves to be treated with dignity, respect, and fairness, regardless of their background, gender, ethnicity, or nationality. As part of our corporate responsibility, we ensure that our business practices adhere to the highest standards of labor rights and human dignity.



Labor rights include ensuring fair wages, safe working conditions, reasonable working hours, and the freedom to join or form unions. We strive to create an inclusive, diverse, and supportive workplace that values the well-being and personal growth of our employees. Additionally, we are committed to ensuring that our supply chain partners share these values and adhere to the same ethical standards, promoting fair labor practices across the global community.

3.1 EMPLOYEE COMPOSITION

Results shown below are informative and we do not set KPI to prevent discrimination based on sex, age or disability to fulfill set target. However, taking into account evaluated results and factor of company operation, shown results clearly demonstrate equal and adequate distribution and we are not discriminate, which is in compliance with our collective agreement and code of conduct.



	2022		2023		2024	
EMPLOYEE QTY	1 463		1 410		1 399	
MALE	1 030	70%	1 008	71%	1 003	72%
FEMALE	433	30%	402	29%	396	28%

	2022		2023		2024	
18-29 YOUNG	155	11%	124	9%	121	9%
30-49 ADULT	955	65%	924	66%	901	64%
50+ ELDER	353	24%	362	26%	377	27%

	2022	2023	2024
RETIRED	13	13	12
PART TIME	3	3	8
HANDICAP	17	18	16

3.1.1 WOMEN IN THE MANAGEMENT

Quantitative and percentual proportion of women at the management.

3.1.2 MINORITIES

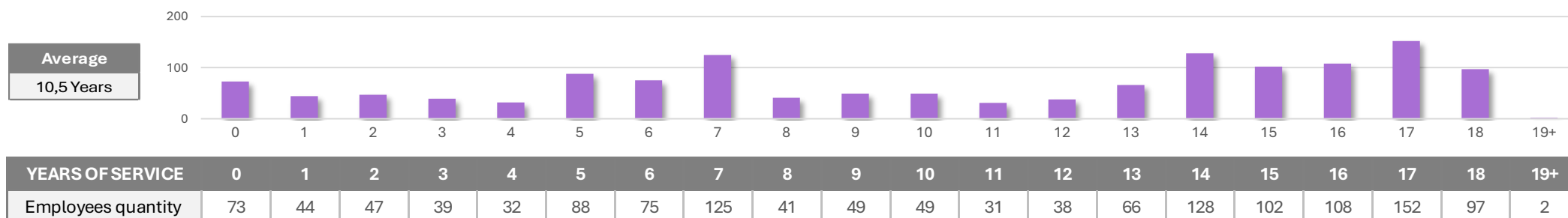
Due to legislative reasons, we are able to monitor only nationality of our employees. Following data demonstrate composition of our employee nationality in Czech (local) against other nationality and other nationality composition.

	2022		2023		2024	
CZECH	1 341	92%	1 289	91%	1 269	91%
OTHER	122	8%	121	9%	130	9%

	2022		2023		2024	
BULGARIAN	9	7%	10	8%	10	8%
KOREAN	41	34%	41	34%	43	33%
POLISH	9	7%	8	7%	8	6%
SLOVAKIAN	53	43%	51	42%	50	38%
UKRAINIAN	4	3%	4	3%	12	9%
OTHER	6	5%	7	6%	7	5%

3.2 EMPLOYEE TENURE

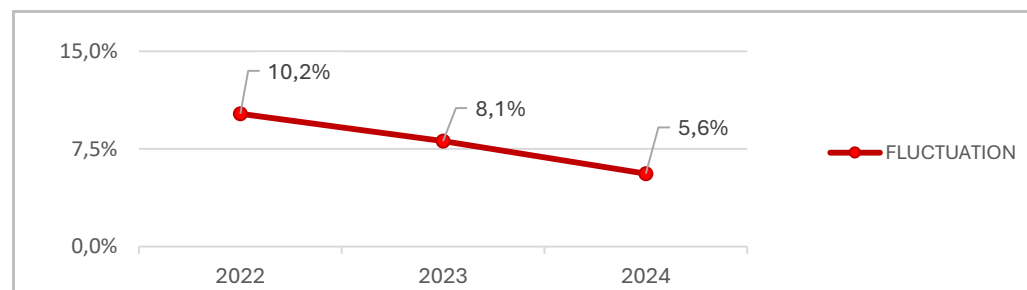
How demonstrate satisfaction of our employees better than providing information of our long term cooperation that we hope will go even further. Data was evaluated to the date of 01.01.2025



3.3 EMPLOYEE TURNOVER RATE

The departure of a good employee and colleague is always sad for us, but at the same time we wish that nothing stands in the way of their personal development and we always fully respect their decision. However, as can be seen from the following data, the percentage of employee fluctuation has been maintained low in the long term, demonstrating our efforts to maintain our cooperation. Result data are evaluated at the start of each calendar year, however monitored results are available on monthly basis.

	2022	2023	2024
FLUCTUATION	10,2%	8,1%	5,6%



3.4 EMPLOYEE HEALTH AND SAFETY

Safety of our employees is our number one priority. We continuously implement innovative methods and tools to greatly improve safety of production premises. Examples of our safety implementation is installation of line safety methods such as:

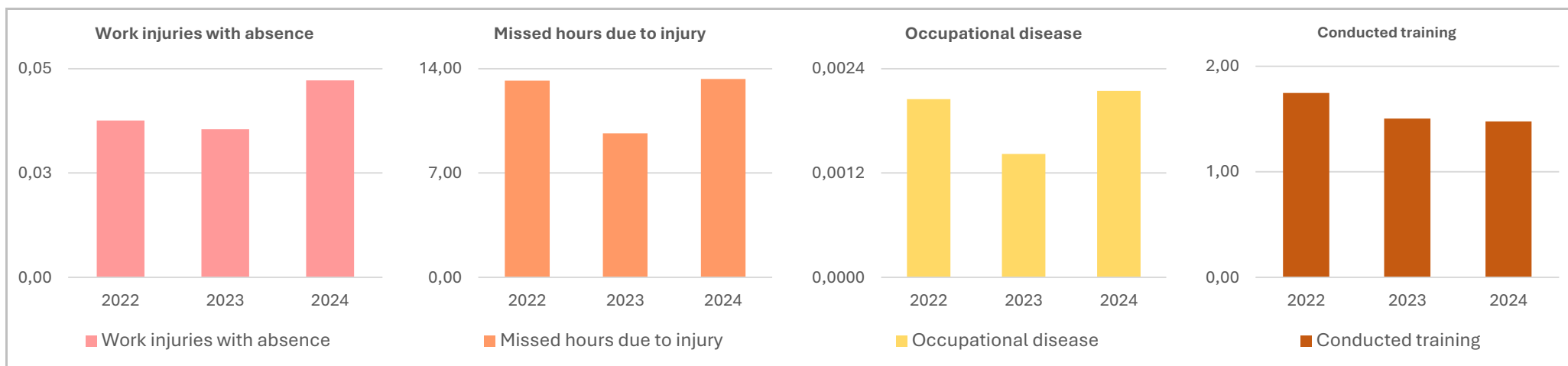
INFRARED BARRIER - Implemented on 100 % of production lines at all work entry (Input and output of parts)

SAFETY PLUG - Implemented on 100% of production lines at all line maintenance entry

FORKLIFT INDICATION - Implemented on 100% of operated forklifts. Usage of awareness lights indicating approaching forklift.

EMERGENCY REACTION PLANS - Implemented for all relevant emergency situations, such as Fire, Flood, Snow, Toxic substance leakage, Safety incident / Serious injury + regular first aid training for all leader positions (T/L, S/V + Management)

HEALTH AND SAFETY EVALUATION DATA						
	2022		2023		2024	
	TOTAL	PER EMPLOYEE	TOTAL	PER EMPLOYEE	TOTAL	PER EMPLOYEE
Work injuries with absence	55	0,04	50	0,04	66	0,05
Missed hours due to injury	19323	13,21	13640	9,67	18633	13,32
Occupational disease	3	0,0021	2	0,0014	3	0,0021
Conducted training	2555	1,75	2120	1,50	2066	1,48



3.5 SALARY, MINIMUM AND THE LIVING WAGE

Salary is without doubt biggest motivation of our employees. Without sufficient wages, sufficient development of society cannot be achieved. Following articles are focusing on the minimum wage and living wage in comparison with our lowest and average wages including median wage.

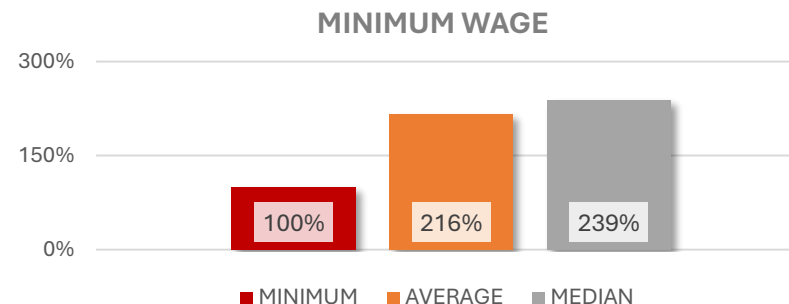
3.5.1 MINIMUM WAGE

SUNGWOO HITECH guarantee minimum wage to **100%** of our employees, with accordance to the local regulatory no. 230/2024 coll. This applies since the beginning of our operation in the year 2005.

Lowest base position with the minimum wage is Junior operator (Base salary without bonuses, etc.), however this position is occupied by **0 %** of our total employees at the moment.

AVERAGE salary without top management exceeds this value by **216%**

MEDIAN salary without top management exceeds this value by **239%**



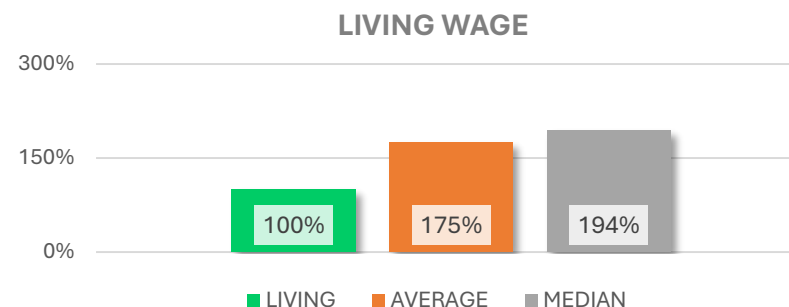
3.5.2 LIVING WAGE

The living wage was calculated according to the methodology referenced, for example, by Ecovadis, on the page <https://wageindicator.org/salary/living-wage/gap-check> . Living wage for the year 2025 is calculated to be **25 729,25 CZK**.

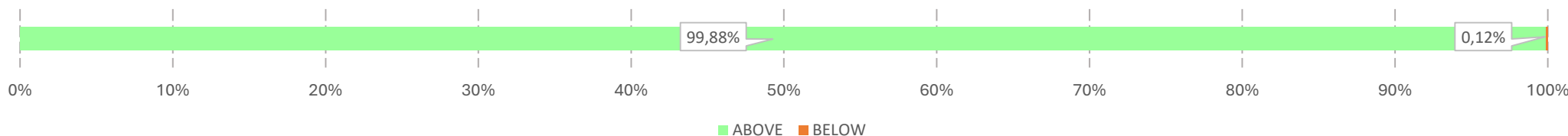
Derived from this value, in the year 2024 **99,88%** of our employees exceeded this value in net salary paid on their bank account.

AVERAGE salary without top management exceeds this value by **175%**

MEDIAN salary without top management exceeds this value by **194%**



PORTION OF EMPLOYEES ABOVE LIVING WAGE



4. ETHICS

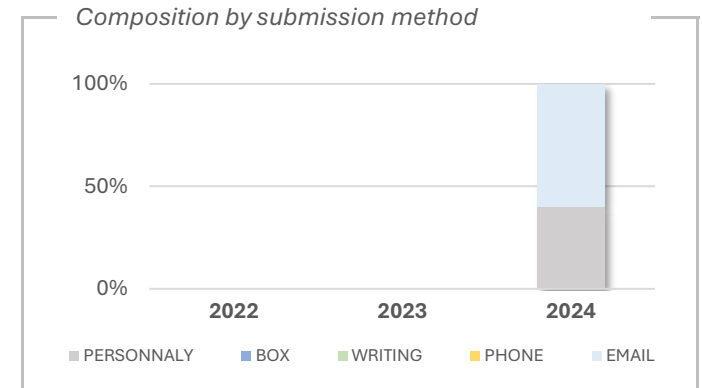
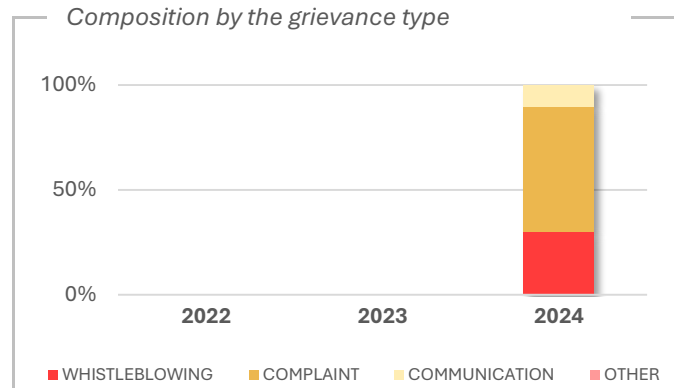
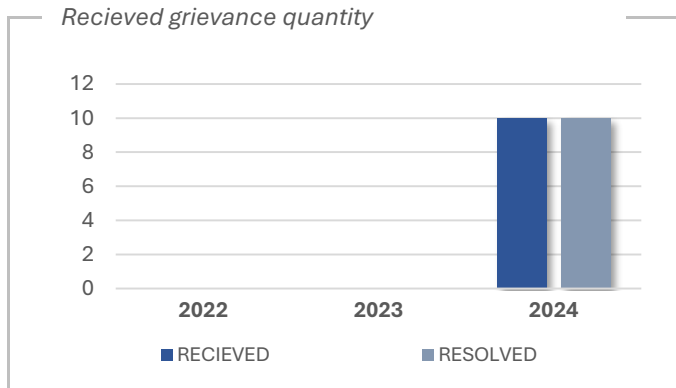
Ethics in business refers to the principles and standards that guide behavior within a business environment. It involves making decisions and acting in ways that align with values such as honesty, integrity, fairness, respect, and accountability. As businesses interact with employees, customers, suppliers, communities, and governments, ethical considerations play a crucial role in fostering trust, maintaining positive relationships, and ensuring long-term success.



For any business, ethical practices go beyond just compliance with laws and regulations. They encompass a commitment to doing what is right, even when no one is watching. Ethical decision-making helps businesses create a culture of transparency, respect for individual rights, and a commitment to social and environmental responsibility.

4.1 GRIEVANCE MANAGEMENT

Results shown below indicates total quantity of submitted grievances (Whistleblowing, complaints, communication and other notifications) and their management.



	2022	2023	2024
RECIEVED	N/A	N/A	10
RESOLVED	N/A	N/A	10

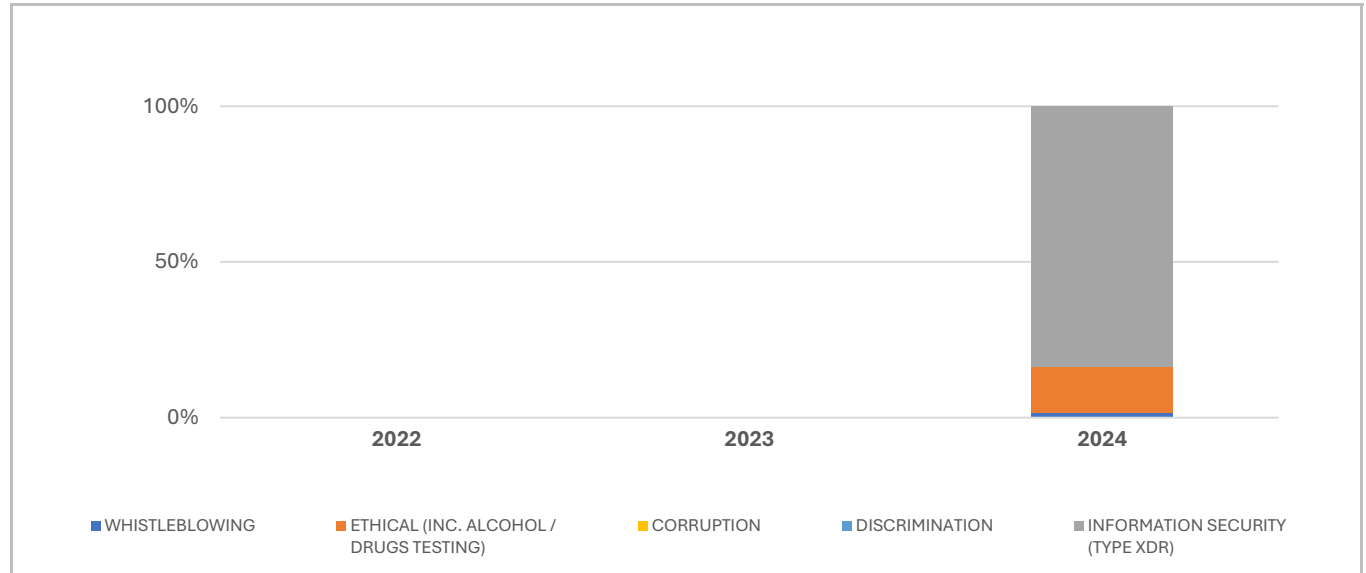
	2022		2023		2024	
WHISTLEBLOWING	N/A	N/A	N/A	N/A	3	30%
COMPLAINT	N/A	N/A	N/A	N/A	6	60%
COMMUNICATION	N/A	N/A	N/A	N/A	1	10%
OTHER	N/A	N/A	N/A	N/A	0	0%

	2022		2023		2024	
EMAIL	N/A	N/A	N/A	N/A	6	60%
PHONE	N/A	N/A	N/A	N/A	0	0%
WRITING	N/A	N/A	N/A	N/A	0	0%
BOX	N/A	N/A	N/A	N/A	0	0%
PERSONNALY	N/A	N/A	N/A	N/A	4	40%

4.2 INCIDENT MANAGEMENT

Results shown below indicates total quantity of resolved offences and incidents.

	2022		2023		2024	
WHISTLEBLOWING	N/A	N/A	N/A	N/A	3	1%
ETHICAL (INC. ALCOHOL / DRUGS TESTING)	N/A	N/A	N/A	N/A	31	15%
CORRUPTION	N/A	N/A	N/A	N/A	0	0%
DISCRIMINATION	N/A	N/A	N/A	N/A	0	0%
INFORMATION SECURITY (TYPE XDR)	N/A	N/A	N/A	N/A	174	84%



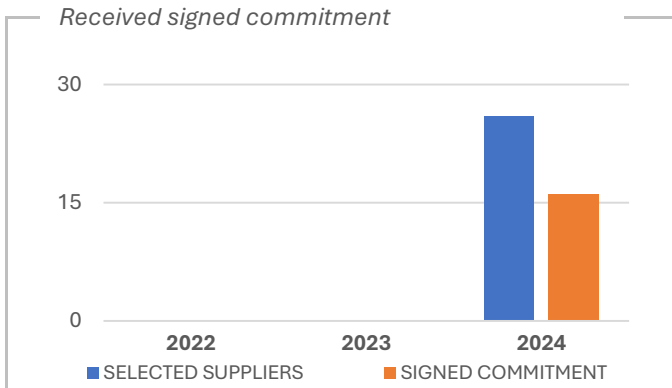
5. SUPPLIER

In today's business landscape, ensuring that our supply chain operates with integrity and responsibility is essential for long-term sustainability. As part of our commitment to environmental stewardship, social responsibility, and ethical governance, we are implementing robust ESG controls for all suppliers. This initiative aims to align our supply chain practices with global standards, promote transparency, and mitigate risks associated with environmental impact, labor practices, and corporate governance. By integrating ESG criteria into our supplier selection and monitoring processes, we are working towards creating a responsible and sustainable value chain that supports our core values and contributes to a better future for all stakeholders.



5.1 SUPPLIER COMMITMENT

We selected suppliers, that we require for official ESG commitment by signature of our Supplier Code of Conduct document including completing attached questionnaire based on internal selection criteria. Start of this activity begins in the year 2024. In the data below, you can see total quantity of selected suppliers against number of provided signed document + questionnaire.



	2022	2023	2024
SELECTED SUPPLIERS	N/A	N/A	26
SIGNED COMMITMENT	N/A	N/A	16

6. IMPROVEMENT

Our company is committed to driving continuous improvement in Environmental, Social, and Governance (ESG) practices, fostering sustainable growth, responsible innovation, and positive societal impact while consistently enhancing transparency, accountability, and stakeholder engagement. We are dedicated to integrating ESG principles across all levels of our operations, setting measurable goals, and actively collaborating with our partners and communities to create lasting value. Through innovation, ethical leadership, and a focus on environmental stewardship, we aim to contribute to a healthier planet, a more inclusive society, and a governance framework built on trust and integrity. Our commitment to ESG excellence is not just a priority, but a core element of our mission to create a positive and sustainable future for all.



6.1 COMMUNITY IMPROVEMENT

At SUNGWOO HITECH, we believe in the power of community and the profound impact that positive change can have on both individuals and society. Our commitment to community improvement is deeply embedded in our values, driving us to actively contribute to the well-being and growth of the communities we serve.

6.1.1 HELP DURING THE FLOOD REMEDIATION

The floods in the Czech Republic began on Friday, September 13, 2024, as a result of the collision of two frontal systems over the Central European region, which brought persistent rain. They affected most of the Czech Republic, its neighboring countries, as well as Croatia and Romania. In the Czech Republic, 262 streams reached one of the flood stages during the flood. The century-old water level was recorded at 55 measuring points.

SUNGWOO HITECH, s. r. o., provided the Hrabová Municipal District with a financial donation for the removal of material damage, the restoration of flooded rooms and their equipment at the Elementary School, Ostrava-Hrabová, Paskovská 46, a contributory organization, after the floods in September 2024. For the donation, the municipal district will purchase workshop cabinets for the janitor, wardrobes for cooks, a washing machine and dryer, a desk, a printer, and an office chair for the elementary school. The Hrabová Municipal District thanks you for the financial donation of CZK 100,000 and for your cooperation.

You can read more about this support for the Hrabová district in the November issue of Hrabovské listy (<https://hrabova.ostrava.cz/cs/o-hrabove/hrabovske-listy/2024/listopad-2024>) and on the website of the Ostrava Hrabová municipal district (<https://hrabova.ostrava.cz/cs/o-hrabove/aktualne/podekovani-spolecnosti-sungwoo-hitech-s-r-o-1>).



6.1.2 EMPLOYEE GRANT PROGRAM

In 2024, a total of 20 proposed projects were supported with a total subsidy amount of 120,000 CZK. We select 2 projects per month and are dedicated to continue so.



6.1.3 SPONSORING

In 2024, we decided to sponsor total of 11 activities and projects with accumulated support of 533 830 CZK in sponsoring and as happiness and joy was rewarded to us, it filled us with sense of our purpose.



6.2 SUSTAINABILITY IMPROVEMENT

From implementing waste reduction initiatives to investing in renewable energy solutions and sustainable materials, we are actively working to minimize our footprint and create a positive impact within our organization and beyond. By embracing sustainability as a core value, we empower our team to innovate, collaborate, and contribute to a greener, more responsible future.

6.2.1 AWARENESS LABELS - WASTE REDUCTION

We implemented awareness labels for consideration of conservation of water or electricity in the office building and factory premises. Inclusion



6.3 IMPROVEMENT PLAN FOR YEAR 2025

At SUNGWOO HITECH, sustainability is at the heart of our operations, and we are continuously striving to enhance our internal practices to foster a more sustainable future. We are committed to reducing our environmental impact, improving energy efficiency, and optimizing the use of resources across all areas of our business. To achieve that we plan to implement following issues during the year 2025.

- Implement material sourcing to the raw material of our material suppliers.
- Involvement with the worldwide recognized initiatives. Officially apply and comply with initiatives such as UNGP, UNGC, GRI etc.
- Continue in waste reduction program such as training of employees of potential areas of improvement, share consumption results and provide comparison with familiar indicators.
- Increase company EV vehicle park
- Installation of additional 5 EV vehicles charge stations.
- Increased transparency and implementation of due diligence process.
- Publication of full annual sustainability reports in accordance with the EU standards, with external assurance.
- Initiating dialogue with main stakeholders, to assess possibilities to improve further.
- Expansion of GHG reporting to the full Scope 3

AFTERWORD

As we conclude this year's ESG report, we are proud of the progress we have made, but we recognize that our journey toward sustainability and responsibility is ongoing. The commitment to Environmental, Social, and Governance (ESG) principles remains a core focus at [Company Name], and we are dedicated to continuously improving and innovating in these areas. Our work is far from finished, but the foundation we've built through our collective efforts provides us with the momentum to drive lasting, positive change.

We understand the importance of transparency, accountability, and collaboration, and we are grateful for the support of our employees, partners, and stakeholders in achieving our ESG goals. As we look ahead, we remain focused on advancing our sustainability initiatives, enhancing social impact, and strengthening our governance practices, all while staying true to our mission of creating a better future for all. Together, we will continue to make meaningful strides toward a more sustainable, inclusive, and responsible world.

Thank you for your support and commitment.

