BE THE BEST, **MAKE A DIFFERENCE**

POONGSAN Sustainability Report 2025

POONGSAN

About This Report

Following the publication of our first sustainability report in 2023, we have continued to publish the report annually to communicate our sustainable management performance to internal and external stakeholders. This report has been developed in alignment with international reporting standards and presents our business activities and performance in addressing ESG matters, centering on key topics identified through a double materiality assessment. This report aims to transparently communicate the value we create to our shareholders, employees, suppliers, local communities, and other stakeholders, and to continue ongoing and meaningful engagement by sharing the progress and future direction of our sustainable management program.

Reporting Period

This report covers activities from January 1 to December 31, 2025, along with key developments through the first half of 2026. The report also provides quantitative performance over the past three years, from 2023 to 2025, to illustrate data trends over time.

Reporting Scope

Sustainability management activities and performance, including non-financial information, were primarily compiled from our domestic business sites: the head office in Seoul and the plants in Ulsan, Angang, and Busan. For selected items, data from overseas subsidiaries is also included.
Where there are differences in reporting scope, these are indicated in separate footnotes.

Reporting Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021. Financial data is presented in accordance with Korean International Financial Reporting Standards (K-IFRS).

Report Assurance

To ensure the accuracy and credibility of this report and the data it contains, Poongsan obtained third-party assurance from the Korea Management Registrar (KMR), an independent assurance provider. Greenhouse gas emissions have been separately verified by the Korean Standards Association (KSA). Detailed assurance results and statements from each assurance provider are provided in the Appendix to this report.

Inquiries Regarding This Report

We publish our ESG reports and related activities in the Sustainable Management section of our company website (https://www.poongsan.co.kr). For inquiries regarding this report, please contact us through the following:

Department	Planning Team 2
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E-Mail	esg@poongsan.co.kr
Website	https://www.poongsan.co.kr

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Message from Management

Chief Operating Officer / Vice Chairman
Woo-dong Park

Message from Management

Dear Valued Stakeholders,

Poongsan is pleased to publish our third annual Sustainability Report, sharing our journey toward a sustainable future and continued growth.
This report reflects our ongoing commitment to sustainable management and outlines our strategic direction in a rapidly changing global environment.

2025 was a year of heightened uncertainty caused by slow growth, deepening protectionism, and geopolitical conflicts. Despite these difficult challenges, Poongsan continued to post solid results this year. We extend our gratitude to everyone who has stood by us and supported our continued growth.

The global economy today is undergoing structural changes with the rise of the AI revolution, digital transformation, supply chain restructuring, and climate change. In line with this, companies are also experiencing rapid changes in the business environment. At the same time, there are growing demands for increased ESG disclosures and other sustainable practices. To actively respond to these changes, we are continuing to reshape our sustainable growth strategy, guided by our ESG vision, the POONGSAN WAY. First, we will expand the foundation for our future growth by focusing our portfolio on high-value-added and eco-friendly products, and continue to strengthen our competitiveness by incorporating digital technologies to innovate our manufacturing practices. To bolster our business, we will strengthen our competitiveness in quality and cost while expanding investment in future growth areas to secure a stable foundation for sustainable profitability.

Moreover, we will accelerate operational innovation by leveraging AI, big data, and other digital technologies, and improve organizational efficiency to establish a framework that can flexibly respond to rapidly changing environments.

Above all, Poongsan will embed ESG management and safety as core values throughout our operations. We will continue to enhance our environmental management framework and strengthen our capabilities to address climate change, while creating a workplace where all employees feel safe by adopting a safety-first culture. In addition, we will continue to build trust with our stakeholders by expanding mutually beneficial partnerships and collaborations, and will continue to fulfill our social responsibilities.

Poongsan will continue to respond responsibly to society's expectations for sustainable management while enhancing our long-term corporate value and striving to become a company that contributes to the prosperity and safety of humanity.

Company Overview

Poongsan Corporation Overview

Leveraging the expertise gained in the non-ferrous metals and defense industries, we continue to grow by strengthening our advanced technological capabilities and high-quality competitiveness while expanding our business into the precision machining sector. We manufacture and supply a broad range of non-ferrous metal products, including copper and copper alloys, as well as defense products. Our global network comprises 14 subsidiaries and offices overseas.

Company Overview and Financial Performance

(As of December 31, 2025)

Company Name	Poongsan Corporation	
Date of Establishment	July 1, 2008 (Newly formed as a result of a spin-off)	
Chief Representatives	Jin Ryu (Chairman & CEO), Woo-dong Park (Vice Chairman & COO)	
Head Office	Poongsan Building, 23 Chungjeong-ro, Seodaemun-gu, Seoul, Republic of Korea	
Business Areas	Production and sales of copper and copper alloy and defense products	
Employees	3,757	
Sales Revenue	KRW 5.05 trillion	
Total Assets	KRW 4.3 trillion	
Credit Rating*	[Corporate Bond] KIS Rating A+ NICE Rating A+	[CP] KIS Rating A2+ NICE Rating A2+
Website	https://www.poongsan.co.kr	

* As of April 2026, which is after the reporting period of this report, KIS Rating and NICE Rating upgraded our corporate bonds to AA-, and CP to A1.

Management Philosophy

At the core of our management philosophy is the POONGSAN WAY, a shared set of values that shapes our future and guides the actions of all our employees. It encapsulates our aim for every member of Poongsan to serve as a channel for humanity's aspirations, just as highly conductive copper transmits energy, and to play a leading role in building a more prosperous and peaceful world. By practicing the POONGSAN WAY, we will realize our corporate vision and, as a responsible corporation that fulfills its obligations to society, contribute to the promotion of peace and well-being for humanity.

POONGSAN WAY

Management Philosophy Poongsan Corporation contributes to human progress through its superior products, employment opportunities, and uncompromising service.

Vision Poongsan sets the industry's global standard for excellence.

Core Values

Challenge Poongsan overcomes obstacles to success.

Create Poongsan generates value in each of its operations.

Change Poongsan constantly seeks ways to improve itself, its industry, and the world.

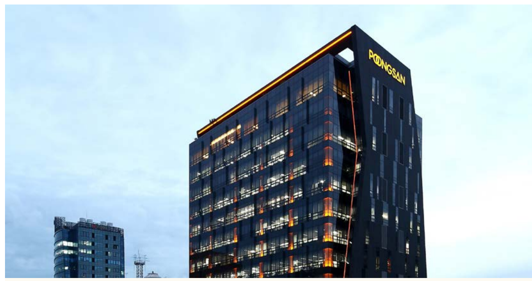
Confirm Poongsan consistently checks to ensure superior quality in its process and products.

Communicate Poongsan communicates openly with its customers, employees, partners, and shareholders.

Company Overview

Corporate History

2008 → 2011



2008
- JUL Establishment of Poongsan Holdings Corporation
- SEP Exceeded USD 100 million in defense exports
- DEC Received Korean Ministry of National Defense Award in recognition of its defense product exports

2009
- DEC Honored with Defense Quality Management Grand Prix Award

2010
- DEC Exceeded KRW 2 trillion in sales

2011
- MAR Received the Presidential Award for Meritorious Contribution to Unified Defense
- NOV Awarded the USD 900 million Export Tower Award

2012 → 2015

2012
- OCT Chairman Jin Ryu awarded the Moran Medal, the second highest Order of Civil Merit
- NOV Angang Plant awarded the Presidential Award for Quality Management Innovation

2013
- FEB Angang Plant obtained ISO27001 and AS9100

2015
- NOV Angang Plant honored with the Presidential Award at National Quality Management Convention

2016 → 2022

2016
- SEP Chairman Jin Ryu won the Korea-America Friendship Award from the Korea-America Association

2018
- OCT 50th anniversary of Poongsan Corporation

2021
- DEC Angang Plant awarded the Silver Tower Order of Industrial Service Merit at the National Quality Management Convention

2022
- OCT Awarded the Corporate Value-up Best Practice Award
- NOV Received the Gold Tower Order of Industrial Service Merit at the National Productivity Awards

2023 → 2025

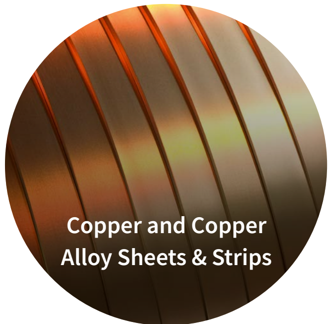
2023
- APR Chairman Jin Ryu presented with a plaque of appreciation from Korea Electric Terminal in recognition of his contributions to stable material supply and development
- MAY Selected as an outstanding company at the conference on promoting the delivery price indexation system
- OCT Defense R&D Institute acquired the highest rating of Level 5 of the international standard CMMI; 55th anniversary of Poongsan Corporation
- DEC Won the Presidential Award at the National Quality Management Convention

2024
- MAR Established subsidiary in Vietnam
- JUL Received the Seoul Metropolitan Government's Excellent Donor Commendation
- NOV Won the Excellence Award at the 1st Safety Culture Innovation Awards
- DEC Achieved record-high sales in defense business (Exceeded KRW 1 trillion)
  2024 Selected as Excellent Company in Subcontract Price Indexation

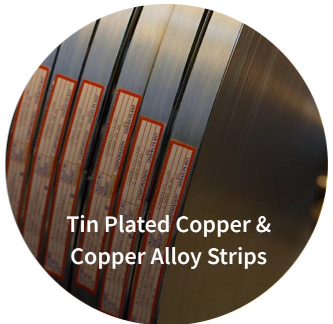
2025
- FEB Selected as Outstanding Workplace for Safety and Health Win-win Cooperation Program (Ulsan)
- MAY Marked the 25th anniversary of the Labor-Management cooperation declaration
- JUN Recognized as Outstanding Company in Quality Management (Busan)
- SEP Achieved third consecutive "Excellent" in the Win-win Growth Index evaluation

Business Overview

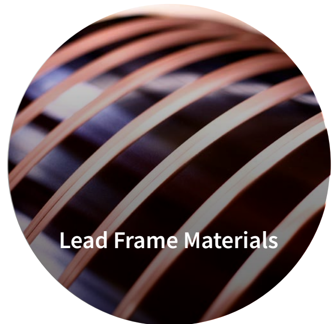
Copper and Copper Alloy Products Business



Poongsan produces a wide range of copper and copper alloy sheets and strips, from everyday products to high-tech industrial materials. Renowned for their premium quality both at home and abroad, our products are used in a wide range of industries and applications, including automobiles, electronics, semiconductors, telecommunications, construction, machinery, household goods, and antibacterial materials. These copper and copper alloy rolled products are categorized by alloy composition and casting method into pure copper, brass, phosphor bronze, nickel silver, cupro-nickel, and other specialized alloys (PMC26 and others). Based on this diversified product portfolio, we are able to effectively respond to customer requirements. In response to market demand for new high-strength and high-conductivity copper alloys driven by technological advancements such as the Internet of Things and electric vehicles, we are developing new alloys such as P1000HS.



Poongsan, through its subsidiary PNT, manufactures and supplies tin-plated copper and copper alloy materials, which are widely used for electrical contacts and various contact terminals in automobiles, electrical and electronic appliances, and information and communication equipment. The tin-plated materials are manufactured from copper and copper alloy base materials. These subsequently undergo surface treatment via the reflow method of heating and melting, resulting in a uniform plating thickness and excellent surface brightness. Furthermore, the materials exhibit excellent weldability and corrosion resistance, and their plating layer does not deteriorate even in long-term use. This makes them ideal for use in various electrical and electronic components, including switches, connectors, terminals, and relays.



Building on our extensive production experience and accumulated expertise in the non-ferrous metals industry, Poongsan has developed a wide range of copper alloys, and supplied advanced materials for semiconductor lead frames, connectors, and related applications, making a significant contribution to the growth of the electronic component industry. PMC102 and PMC102M are materials for semiconductor lead frames, offering outstanding electrical and thermal conductivity, high mechanical strength, and thermal stability at high temperatures. These alloys are recognized for their competitiveness, and have obtained patents in major economies including the United States and Japan. In addition to the proprietary PMC102 series, we produce a wide variety of high-quality materials, such as C194, for use in transistors, power transistors, and heat sink components.

Poongsan's coin blanks refer to metal disks prior to the engraving of any designs, denominations, or year of issue. We have supplied coin blanks domestically since 1970, and have expanded into the global market with our portfolio of over 50 distinct types of coin blanks. We currently export coin blanks to 70 countries, and manufacture and supply high value-added products such as bi-metal and clad metal coin blanks. We continue to expand our global business by supplying Euro coin blanks to EU countries as a recognized participant in the production of the Euro.

Poongsan's production process encompasses the full range of operations, from casting to chamfering. This enables the company to manufacture copper and copper alloy rods, bars, and wires of various specifications, tailored to meet the specific demands of a diverse customer base. Our products are used extensively in a variety of applications, including bolts, nuts, valves, electrical and mechanical components, as well as accessory parts for automobiles and industrial machinery. Free-machining brass rods, which exhibit superior weldability and machinability, are frequently utilized in the production of high-precision components. Moreover, the EDM wire brass rods are used as electrode materials for electrical discharge machining (EDM) of hard-to-cut cemented carbides, such as those used in ultra-precision mold manufacturing. In addition, we manufacture and supply environmentally friendly lead-free brass (biobrass), faucet fittings, and products used in crafts.

Business Overview

Defense Business

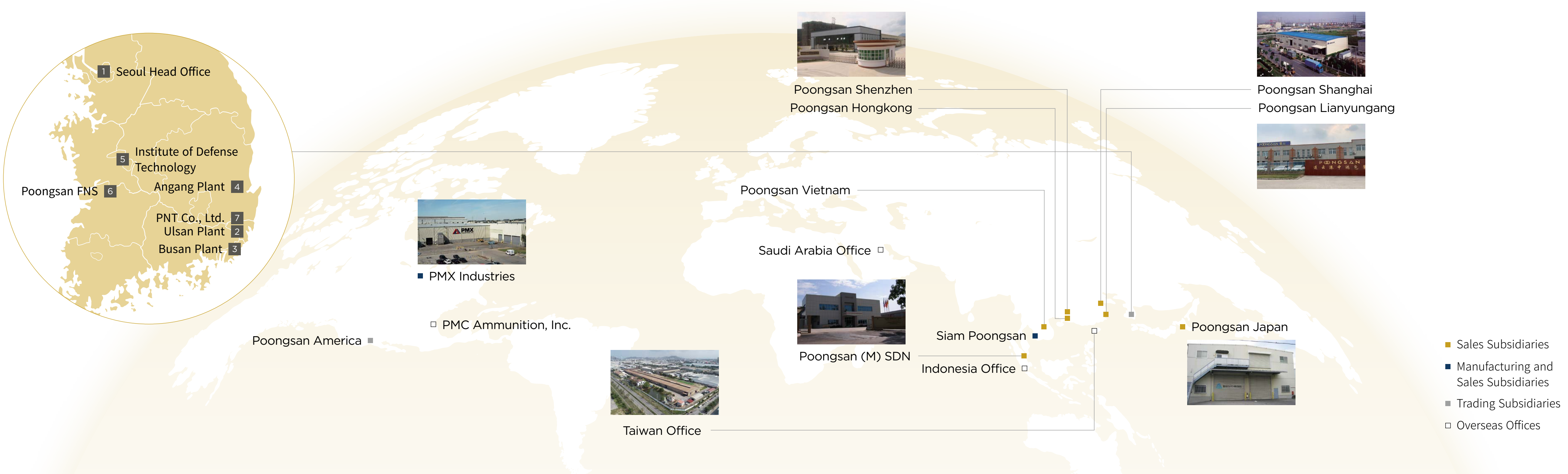
Poongsan produces all types of ammunition used by the military, from small-caliber 5.56 mm cartridges to 155 mm howitzer artillery shells. We have developed a variety of innovative munitions, including anti-tank ammunition with enhanced penetration, extended-range munitions, Goalkeeper ammunition for South Korean destroyers, and dual-purpose munitions.

We also participated in the joint development of the Multiple Launch Rocket System (MLRS) and are responsible for the assembly of warheads, including submunitions. We will continue to improve the performance of existing products while developing high-precision ammunition and new solutions in emerging fields such as combat drones. These efforts will contribute to our country's self-reliance in national defense.

Poongsan's PMC (Precision Made Cartridges) brand is recognized worldwide as a leader in sporting ammunition. We ensure stable quality and superior performance through rigorous quality inspections and performance testing, and our products are widely acknowledged for their quality. Competing alongside the world's top sporting ammunition manufacturers, we have earned a strong reputation in the global market.

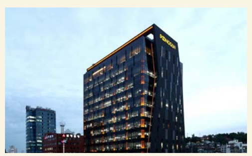
Based on our experience and technology in producing copper and copper alloy materials and ammunition, we manufacture a variety of propellants and ammunition components, as well as complete ammunition. We operate dedicated production lines for each item to ensure a stable supply of semi-finished products and components that are required for ammunition manufacturing. Our product range comprises ammunition materials such as cups, disks, and rotating bands, and ammunition components such as cartridge cases, projectiles, fuses, links, and tungsten penetrators, which are widely supplied to both domestic and overseas markets.

Global Network



POONGSAN

Domestic Sites | Domestic Subsidiaries | Joint Ventures



1 **Seoul Head Office** | Seoul

2 **Ulsan Plant** | Ulsan
- Copper & Copper Alloy
- Lead Frame Materials
- Coin Blanks

3 **Busan Plant** | Busan
- Small-caliber ammunition
- Sporting ammunition
- Special-purpose ammunition

4 **Angang Plant** | Angang
- Medium- and large-caliber ammunition
- Propellants
- Precision forgings

5 **Institute of Defense Technology** | Daejeon

6 **Poongsan FNS** | Nonsan
- Fuses
- Sensors

7 **PNT Co., Ltd.** | Ulsan
- Tin-plated copper alloy materials

Sustainability at PSC

ESG Management

ESG Vision

POONGSAN

Vision Leading the Future with Sustainable Value

Part	Environment	Social	Governance
Mission	Advancing a Sustainable POONGSAN WAY Through Responsible Environmental Management	Building a Sustainable Future Through the Values of Safety, Integrity, and Shared Growth	Leading Progress Through Creation of Future Value
Goal	· Establishing Environmental Management Infrastructure · Strengthening Climate Change Response Capabilities · Transitioning to Eco-friendly Business	· Participation of All Employees · Expand Win-win Cooperation · Zero Accidents	· Transparent Management · Compliance Management · Ethical Management

ESG Governance

Board of Directors

Report / Approval

Chief Representatives

ESG Working Council

Planning Team 2

	Head Office	Ulsan	Angang	Busan
E	Safety & Environment Planning Team, Raw Material Procurement Team	Environment Team, Engineering Support Team, Electrical Team,	Environment Team, Facilities Team	Environment Section, Facilities Team
S	HR, Labor-Management Team, Training and Culture Team, General Affairs Team, Strategic Procurement Team	Safety & Health Team, Planning Team, General Affairs Team	Safety & Health Team, Planning Team, General Affairs Team	Safety Section, Support Team
G	General Affairs Team, Legal & Compliance Division			

ESG Working Council Meetings

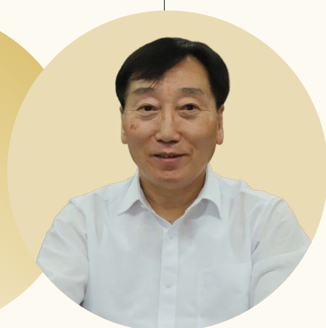
Date	Agenda	Attendance Rate
March 11, 2026	Discuss strategy and key agenda items for the first ESG Working Council	100%

ESG Management

Employee Story

Poongsan ESG Working Council

To respond to the evolving global business environment and achieve sustainable growth, Poongsan has established and is operating an ESG Working Council, which will implement ESG management activities in a structured and systematic manner. The Working Council serves as an operational body to lead the advancement of our ESG management system, with the objective of establishing execution frameworks across all environmental (E), social (S), and governance (G) areas. In addition, the Working Council is responsible for strengthening our capabilities to effectively respond to increasingly strict ESG disclosure requirements and external assessments by securing reliable foundational data and enhancing performance management systems. If an ESG Committee under the Board of Directors is established in the future, the Working Council will provide close operational support and serve as a key coordinating body to ensure strong alignment with the Board.



Won Gu Kwon | ESG Working Council Chair / Head of Strategic Planning Division

ESG is no longer merely a matter of responding to evaluations, but a fundamental management factor that determines a company's long-term survival. Poongsan defines ESG not as an additional set of tasks, but as an essential process of systematically connecting and managing existing business activities. The success of ESG management depends not on a single department, but on "organic collaboration" between operational departments providing accurate data and management departments establishing systematic standards. The day-to-day activities of each department collectively contribute to ESG competitiveness. Our objective goes beyond achieving high ESG scores. We aim to establish a "robust risk management system."
Every small effort to ensure accurate data and make improvements based on monitoring results will form the foundation for enhancing the trust that is placed in us. Through the ESG Working Council, we aim to specify each department's ESG responsibilities and embed ESG deeply into the management practices of our company.

Role of the Poongsan ESG Working Council

Category	Description
Management of ESG tasks	Establish annual ESG implementation plans, and identify and manage tasks for each team
Analyze ESG data	Collect data from each team, and establish verification process
Manage ESG assessments and certification processes	Collaborate with external consultants and verification bodies

Role by Area

Category	Description
Environmental (E)	· Management of carbon, energy, resources, and pollutants · Support for compliance with environmental regulations and management of permits · Planning environmental facility investment and improvement tasks, and support for implementation at business sites
Social (S)	· Human rights, labor, occupational safety and health, training, local community engagement, tasks to improve labor management relations · Standardize and share accident prevention activities at each business site · Conduct awareness activities such as training and campaigns
Governance (G)	· Review ethics and compliance management standards and propose improvements for internal regulations · Review integration of internal control and risk management systems and ESG framework

2025 ESG Highlights

Establish environmental management system and enhance performance-based management

Environmental training for all employees across all business sites

- Handling hazardous chemicals, waste treatment, environmental technical training for noise and vibration

100%

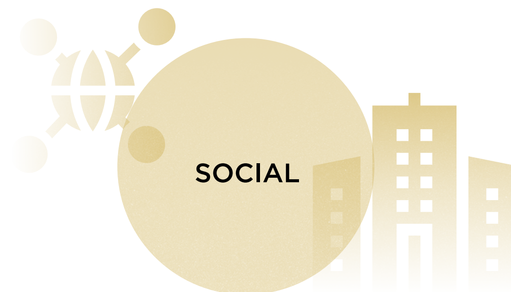
Environmental management system certification

- ISO 14001: Angang Plant, Ulsan Plant, Busan Plant

100%

Environmental Compliance Violations

ZERO



Operate safety-focused business sites and strengthen relationships with suppliers

Occupational Safety and Health Awards

- Selected as an outstanding company in the Large–Small Business Occupational Safety and Health Win-win Cooperation Program
- Received the Grand Prize for Best Practice in the Honorary Occupational Safety and Health Inspector Program

2 cases

Supplier Satisfaction Survey

- Conducted 149 supplier satisfaction surveys
- Score increased by 0.1 points compared to previous year

92.7 points

Information security incidents over three consecutive years

ZERO

GOVERNANCE

Enhance shareholder value and management transparency

Board of Directors Attendance Rate

100%

Strengthening decision-making framework

through the ESG Working Council

Anti-corruption incidents for three consecutive years

ZERO

Stakeholder Communication

Employees

Communication Channels

- Labor-Management Council
- Business Overview Booklet
- Organizational Culture Improvement Activities and Programs

Key Activities

- Hold quarterly Labor-Management council meetings
- Distribute annual business update booklet in comic format
- Offering programs such as Sopung+, P-VENT, Cross Lunch, and after-work cultural walk

Customers

Communication Channels

- Customer Satisfaction Surveys
- Website
- Site Tour Programs

Key Activities

- Conduct annual customer satisfaction surveys
- Operate customer service centers to handle inquiries on products, materials, equipment, and raw materials
- Conduct site visits and production line tours for customers

Suppliers

Communication Channels

- Supplier Satisfaction Survey
- Supplier Meetings
- Cyber Grievance Center

Key Activities

- Conduct annual surveys on overall supplier satisfaction and areas for improvement
- Provide ongoing guidance on new supplier support programs and receive suggestions or concerns from suppliers
- Handle grievances through the cyber grievance center

Shareholders/Investors

Communication Channels

- Corporate Disclosures
- General Shareholders' Meeting
- Regular IR Sessions

Key Activities

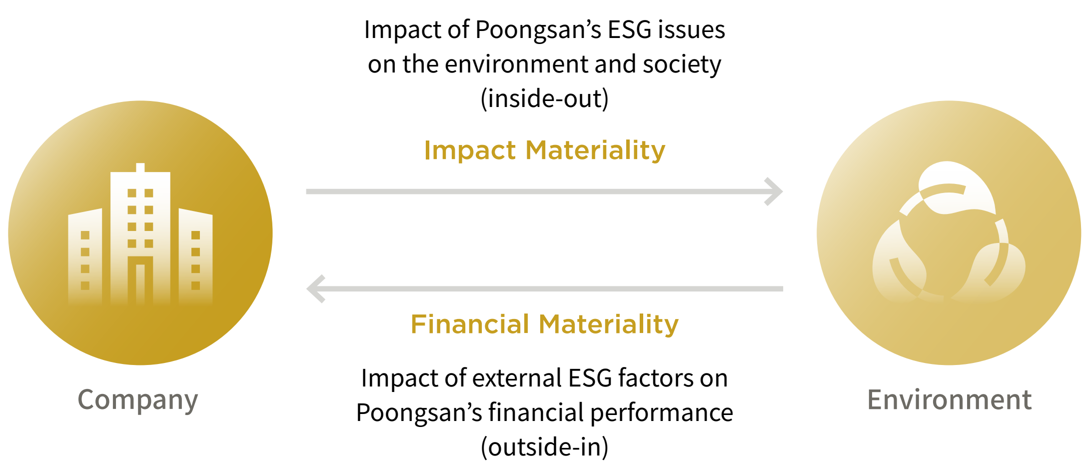
- Publish periodic disclosures
- Implement electronic voting and proxy systems
- Host quarterly IR sessions

Double Materiality Assessment

Poongsan identifies its key sustainability issues by conducting a double materiality assessment methodology based on the European Sustainability Reporting Standards (ESRS). Our process is built on the materiality assessment framework of the GRI Standards 2021, while incorporating the concept of "double materiality" outlined in the EU's Corporate Sustainability Reporting Directive (CSRD). We conducted analyses of global ESG standards, industry peers, and media to develop an ESG IRO (Impact, Risk, Opportunity) list of 10 key ESG issues. Then, through stakeholder surveys and internal and external expert assessments, we assessed the effects of our business activities on the environment and society (impact materiality), as well as the effects of external ESG-related factors on the company's financial performance (financial materiality). Five material issues were finalized, following approval by management and the board of directors. We will manage the risks and opportunities inherent in these issues systematically and enhance communication with our stakeholders by transparently disclosing related management activities in our sustainability report.

Concept of Double Materiality Assessment

Double materiality assessment is an approach that evaluates sustainability issues from two perspectives: how a company's activities affect the environment and society (inside-out), and how environmental and social factors affect the company's financial performance (outside-in). Poongsan evaluated factors from these two perspectives to identify key material issues.



Double Materiality Assessment Process

Step 1 Form Issue Pool

- Use EFRAG ESRS Implementation Guidance (IG 1)
- Enhance industry classification (considering business activities and upstream/downstream value chain)
- Analyze assessment/disclosure standards (GRI, KCGS, DJSI, etc)

Step 2 Double Materiality Assessment

Financial Materiality
- Analyze requirements of shareholders and investors (SASB, NPS Korea, MSCI, KCGS)
- Analyze key issues in same and related industries (Analyze BM)

Impact Materiality
- Analyze international standards and initiatives (KSSB, UNGC, etc)
- Media analysis (review of articles related to Poongsan)

Identify impact/ risk/ opportunities

Design and conduct surveys based on impacts, risks, opportunities of each shortlisted ESG issue

Environmental/Social Materiality	Assess severity based on scale, scope, and irremediability
Financial Materiality	Assess risk and opportunities from a financial perspective

Period: March 11 to 17, 2026

Step 3 Determine Material Issues

Based on the results of double materiality assessment, prioritize issues to identify five material issues

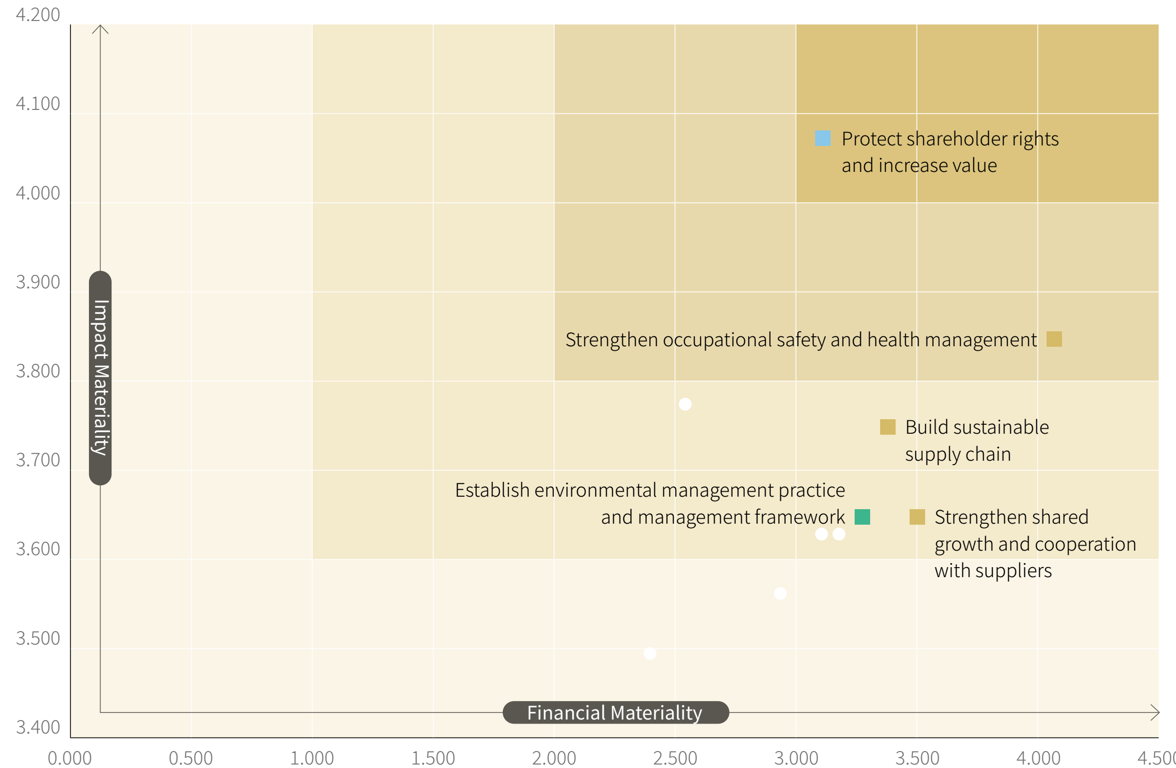
Double Materiality Assessment

Double Materiality Assessment Results

Through the double materiality assessment, we established the impact and financial materiality rankings for the 10 issues in the issue pool. We then comprehensively considered these results to select the final five material issues. In this assessment, “Protection of shareholder rights and increasing corporate value”, “Strengthening of shared growth and Win-win cooperation”, “Practice of environmental management and establishment of a management framework” were newly identified as material issues compared to the previous year since they scored high from both environmental/social impact and financial impact perspectives. The material issues were finalized with the approval of the Board of Directors. This report details our efforts and performance for each of these material issues.

No.	Category	Topic	Issue	Impact Materiality		Financial Materiality	
				Actual/ Potential	Period	Opportunity/ Risk	Period
1	Social	Occupational Safety and Health	Strengthen occupational safety and health management	Actual	Short Term	Risk	Short Term
2	Governance	Protection of Shareholder Rights	Protect shareholder rights and increase value	Actual	Short Term	Opportunity	Short Term
3	Social	Shared Growth	Strengthen shared growth and cooperation with suppliers	Potential	Medium Term	Opportunity	Medium Term
4	Social	Supply Chain	Build sustainable supply chain	Potential	Medium Term	Risk Opportunity	Medium Term
5	Environment	Environmental Management	Practice environmental management and establish management framework	Actual	Medium Term	Opportunity	Medium Term

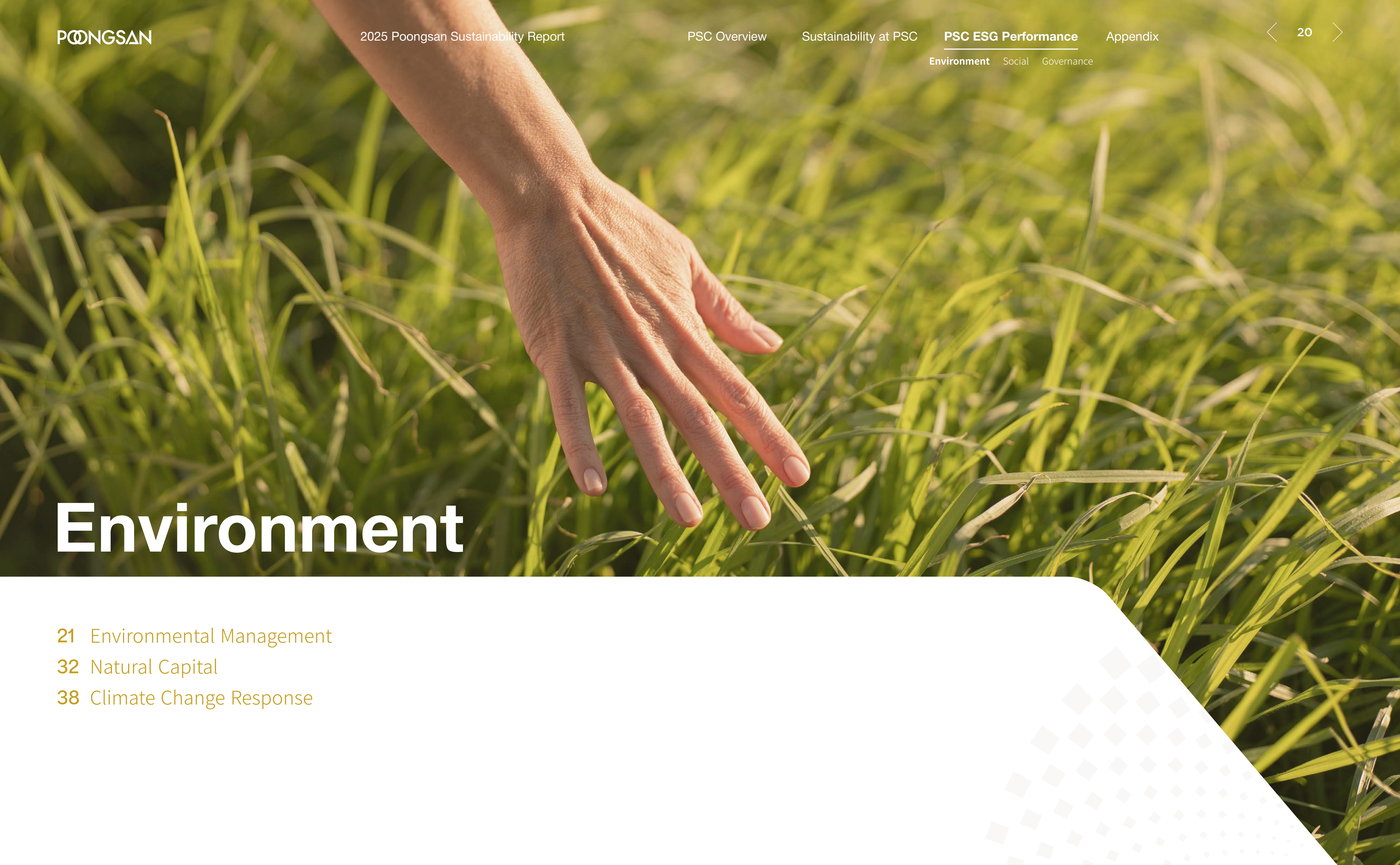
Short Term | Medium Term | Long Term



Response to Material Issues

Rank	Area	Material Issues	Opportunity/ Risk Factors	Key Activities and Performance	Reporting pages	GRI	UN SDGs
1	Social	Occupational Safety and Health	· Risk Workplace accidents leading to operational disruptions and legal and financial losses · Opportunity Reducing workplace accident rates and improving productivity through enhanced safety management systems	· Obtained and maintained Occupational Safety and Health Management System (ISO 45001) certification at all business sites · Completed 1,010 risk assessments · 100% completion of safety training by employees across all business sites	47~54	GRI 403	3, 8, 12
2	Governance	Shareholder Rights Protection	· Risk Weak governance leading to reduced investor confidence and decline in corporate value · Opportunity Creating a transparent governance structure to attract greater investment and enhance corporate value	· Dividend of 31.5%, up 1.5%p from the previous year · Set the dividend record date after determining the dividend amount · Sent out notification for general shareholders' meeting four weeks in advance	76~81	GRI 2	5, 8, 16
3	Social	Shared Growth	· Risk Unfair transactions with suppliers lead to heightened regulatory risk and unstable supply chain · Opportunity Secure supply chain competitiveness by supporting suppliers to strengthen capabilities and mutually beneficial collaboration	· Conducted 149 supplier satisfaction surveys · Contributed KRW 9,070 million to the Shared Growth Fund	60~63	-	8, 10, 17
4	Social	Supply Chain	· Risk Disruptions in production due to unstable supply of raw materials and supplier ESG risks · Opportunity Build a sustainable supply chain to strengthen operational stability and customer trust	· Selected three suppliers as outstanding partners and awarded plaques of appreciation · Provided ESG consulting for 23 suppliers	55~59	GRI 308 GRI 414	8, 12, 16
5	Environment	Environmental Management	· Risk Increased costs and regulatory sanction risk due to stricter environmental regulations and pollutant emissions · Opportunity Cost reduction and improved ESG performance through strengthened environmental management and efficiency improvements	· New environmental guidelines at head office, planned for 2H 2026 · Conducted environmental training for all employees across all business sites · Obtained and maintained Environmental Management System (ISO 14001) certification	21~31	GRI 303 GRI 306	6, 7, 12, 14, 15

PSC ESG Performance



Environment

E1 Environment

Environmental Management

UN SDGs

Appendix

ESG Data

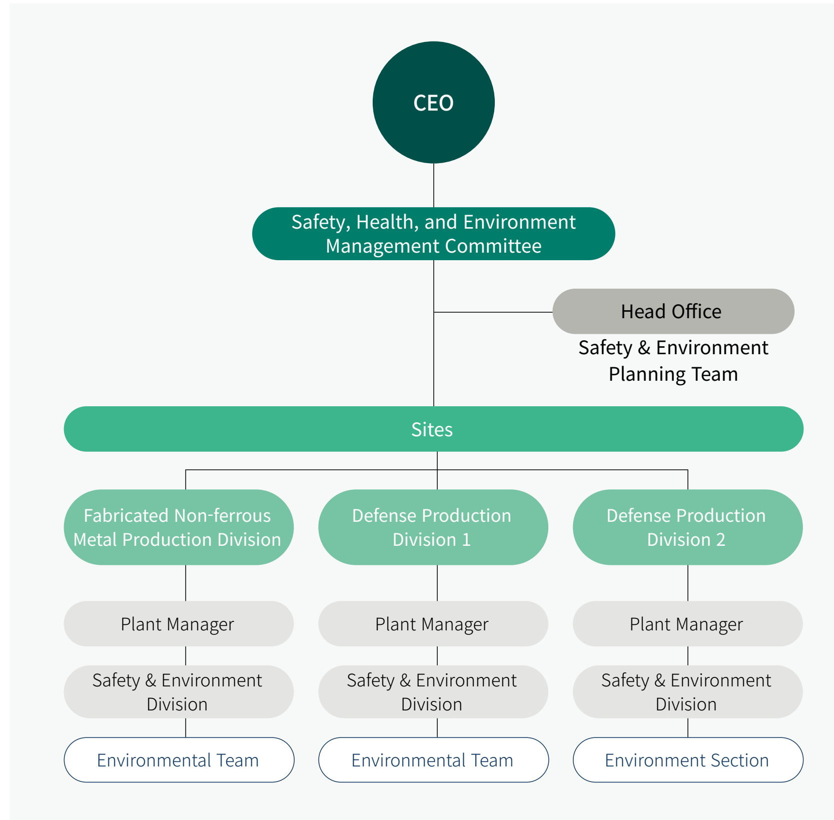
Governance

Environmental Management Framework

Organizational Structure

Poongsan has established and operates an advanced Environmental Management System (EMS) to advance systematic environmental management and enhance stakeholder value. First, we have appointed our representative director, the Chief Operating Officer (COO), as the executive in charge of company-wide environmental management to oversee environmental strategies and major environmental issues. Through the Safety, Health, and Environment Management Committee, which reports directly to the representative director, we establish company-wide environmental policies and objectives, and analyze and respond to environmental risks at the enterprise level. The headquarters' Safety & Environment Management Division leads these environmental strategies and serves as a control tower to achieve company-wide goals by maintaining a close cooperative system with each business site.

The Safety & Environment Division at each business site is responsible for on-site practical management under the supervision of the plant manager. We conduct real-time monitoring through the Tele-Monitoring System (TMS) and periodic measurement and analysis of air and water pollutants, while evaluating the likelihood and severity of internal and external environmental risks from various perspectives. Through these efforts, we are fully committed to proactively monitoring and managing on-site risks by identifying potential risks in advance and establishing effective pollution prevention measures.



Environmental Management KPIs

Poongsan links environmental KPIs to the performance-based compensation systems for executives and managers responsible for on-site environmental operations, ensuring that each site's environmental management system operates systematically. We manage performance based on quantitative metrics, such as compliance with environmental regulations and the achievement of targets under the total emissions quota system. By linking these evaluation results to organizational performance, we incentivize the effective achievement of our environmental management goals.

Environmental Performance-based Compensation System

- Compliance with environmental regulations
- Achievement of targets under the total emissions quota system
- Improvement of work processes, etc.

+

Incentives

- Financial rewards (reflected in performance bonus calculations)
- Non-financial rewards (reflected in personnel evaluations)

Environmental Managers / Executives (heads of the Safety & Environment Divisions at each site)

Environmental Management Policy and Strategy

Safety and Environment Management Policy

Poongsan recognizes that the environment is closely linked to all of our management activities and that continuous improvement is essential. Accordingly, we have established environmental conservation as a core management principle based on our Safety, Health, and Environment (SHE) Management Policy, and we strive to minimize our environmental impact through proactive management and continuous improvement initiatives. We engage in environmental conservation activities based on active communication with local communities and stakeholders, and are also implementing more systematic environmental management by complying with relevant laws and strengthening our internal management standards. Through these efforts, we are enhancing the implementation effectiveness of our company-wide environmental management system and strengthening the foundation for sustainable management.

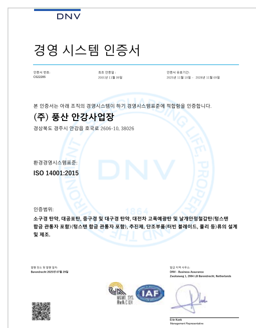
Safety, Health, and Environment (SHE) Management Policy

1. In all of the company's management activities, safety, health, and the environment are our top priorities.
2. We identify safety, health, or environmental impacts in advance and remove hazards and risk factors to help prevent accidents, while continuously pursuing environmental improvement activities.
3. Poongsan provides ongoing training for employees, complies with relevant laws and regulations, and establishes and adheres to strict internal management standards.
4. Poongsan establishes a safety, health, and environment management system and continuously improves it by setting, implementing and evaluating specific goals and action plans.
5. We continually work to communicate with all stakeholders—including customers, contractors, and local communities—and optimize our relationships with them.

External Certifications

We have implemented and are maintaining an environmental management system (EMS) certified to ISO 14001 to continuously strengthen our environmental management and improve our environmental performance.
Under our EMS, each business site conducts regular risk assessments by comprehensively considering internal environmental risks and the requirements of external stakeholders. We continuously identify and mitigate environmental risks by evaluating both the likelihood and severity of potential risks and verifying the effectiveness of the measures taken.
In line with these efforts, we have obtained and maintain RoHS (Restriction of Hazardous Substances Directive) certification to proactively respond to global environmental regulations and ensure the environmental safety of our products. By strictly adhering to the EU's restrictions on hazardous substances in electrical and electronic equipment—such as lead, cadmium, mercury, hexavalent chromium, and flame retardants (PBBs and PBDEs)—we are strengthening the environmental competitiveness of our products at the global level.
The Ulsan Plant was designated as a Green Company in 2006—the first in the non-ferrous metal industry—in recognition of its efforts to reduce pollutants through the establishment of an environmental management system and investment in pollution control facilities. Since then, the plant has maintained its Green Company status granted by the Ministry of Environment, with its environmental improvement activities aimed at the continued development of eco-friendly operations recognized in subsequent re-designation reviews. Poongsan plans to continue its efforts to expand Green Company certification from the Ulsan Plant to all of its business sites.

Certification Type	Certification Scope
Environmental Management System Certification (ISO 14001)	Ulsan Plant, Angang Plant, Busan Plant
Green Company Certification	Ulsan Plant
Hazardous Substances (RoHS) Test Report	Copper and Copper Alloy Products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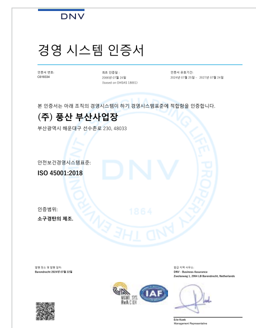
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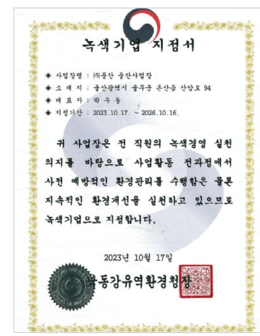
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E1 Environmental Management Strategy

Environmental Management Policy and Strategy

Green Procurement

Poongsan has established and systematically implemented a Green Procurement Policy, an upgraded version of our previous Green Procurement Guidelines, to promote a sustainable, eco-friendly culture and responsible supply chain management. While we previously encouraged the purchase of eco-friendly products, we have now formalized this into a corporate policy, clarifying the application criteria and operational direction while strengthening implementation.

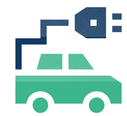
Our Green Procurement Policy was designed to minimize environmental impact and implement ESG management by actively identifying and expanding the use of eco-friendly alternatives for raw materials, auxiliary materials, and other items required for our business operations and manufacturing activities. The scope of this policy includes Environmental Label-certified products, Excellent Recycled Products, Grade 1–2 energy-efficient products, Energy Saving Label-certified products, high-efficiency energy equipment, and products that reduce hazardous substances and waste. We plan to continuously expand this scope to include products recognized for their environmental benefits in terms of safety, energy, carbon reduction, and waste reduction.

Moreover, Poongsan incorporates eco-friendliness as a key evaluation criterion—alongside quality and price—in our purchasing decisions, and we actively communicate our Green Procurement Policy to suppliers. We award extra points in evaluations to suppliers who propose or identify eco-friendly products, and we offer incentives—such as priority support for shared growth programs and long-term contracts—for participation in green procurement, thereby working with our suppliers to build an eco-friendly supply chain together with our partners. Through these initiatives, Poongsan plans to strengthen the foundation of our eco-friendly business operations, enhance our capabilities in greenhouse gas reduction and respond to environmental risks, and further solidify our sustainable supply chain management system.

Category		Unit	2023	2024	2025
Eco-friendly product sales	Copper and Copper Alloy Division	KRW million	1,047	925	905
	Defense Division	KRW million	-	-	-
Purchases of eco-certified products		KRW million	18.89	15.26	24.62

Introduction of Eco-friendly Vehicles

Poongsan is transitioning in phases to eco-friendly corporate vehicles and on-site transportation to reduce carbon emissions and build eco-friendly business sites. Our company-wide corporate fleet totals 117 vehicles, including 58 two-wheeled vehicles. At our head office, we have established a foundation for this transition by introducing and operating one electric vehicle (EV) out of our 30 business vehicles. At the Busan Plant, we are sequentially replacing existing two-wheeled vehicles with electric motorcycles to reduce air pollutant emissions. Of the approximately 35 two-wheeled vehicles currently in operation, we have successfully replaced about 20 with electric motorcycles as of 2025, and we are continuously expanding the proportion of eco-friendly vehicles by introducing approximately five additional units each year. Poongsan plans to continue evaluating the adoption of eco-friendly transportation, taking into account the unique operational characteristics of each business site.



Eco-friendly Vehicle Conversion Rate
(Busan Plant, as of 2025)

57.1%

Environmental Management Policy and Strategy

Environmental Training for Employees

Poongsan conducts systematic environmental training across all business sites to embed environmental management throughout the organization and strengthen its regulatory compliance capabilities. In particular, we have integrated training for hazardous chemical handlers and workers to enhance safety awareness among all employees, and we maintain a professional management system through specialized training for environmental technicians in areas such as water quality, air quality, and waste management. Moving forward, we plan to solidify our global-standard environmental management system through continued investment in training, including maintaining our ISO 14001 certification and training internal auditors.

Training Program	Target Participants	No. of Participants	Dates	Training Objectives	Duration (Hours)
Hazardous Chemical Handler Training	Hazardous chemical handlers at each site	299	Jan. 1–Dec. 31	Strengthen the safety management of hazardous chemical handling facilities and chemical accident prevention and response capabilities	16
Hazardous Chemical Worker Training	Hazardous chemical workers at each site	3,902	Jan. 1–Dec. 31	Enhance awareness of hazardous chemical risks at business sites and emergency response capabilities in the event of an accident	2
Hazardous Chemical Manager Training	Hazardous chemical managers at Angang Plant	1	Oct. 29–30	Improve understanding of the Chemical Substances Control Act and strengthen chemical accident prevention and response capabilities	16
Hazardous Chemical Technician Training	Busan Plant Environmental Team	1	Dec. 29–30	Enhance the expertise and management capabilities of technical personnel legally required for hazardous chemical handling and management	16
Specialized Water Quality Technician Training	Busan Plant Environmental Team	1	Sep. 16–19	Enhance expertise in the efficient operation and management of water pollution control facilities and in the latest water quality management technologies and regulations	28
Waste Management Training	Angang Plant Environmental Technical Staff	1	Nov. 7	Strengthen operational and technical capabilities for waste treatment facilities	6
Noise & Vibration Technician Training	Angang Plant Environmental Team	1	Sep. 26	Enhance expertise in operating noise-emitting facilities and improving their management	6
Integrated Environmental Manager Statutory Training	Ulsan Plant Environmental Technicians	2	Mar. 17–21, Jun. 16–20	Develop expertise in integrated management across environmental media and improve the efficiency of environmental pollution facility management using BAT (Best Available Techniques)	40
ISO 14001 Certification Auditor Training	Ulsan Plant Environmental Technicians	2	Feb. 17–21, Sep. 1–5	Develop competence in assessing conformity with international EMS standards and conducting certification audits	40
ISO 14001 Internal Auditor Training	Busan Plant Environmental Team	1	May. 19–21	Develop competence in planning and conducting internal audits in accordance with EMS standards	24
SHE Staff Meeting and Training	Ulsan Plant Environmental Key Personnel	10	Jan. 1–Dec. 31	Monthly sharing of environmental performance and notable issues, and training on environmental facility management	12
Special Environmental Training	Ulsan Plant professional staff and managers in charge	44	Jan. 1–Dec. 31	Thorough management of alkaline cleaning solutions, leak response procedures, impacts on wastewater treatment, etc.	1

Environmental Management Policy and Strategy

Community Environmental Improvement Initiatives

Poongsan has established robust partnerships with local governments and related organizations to conserve ecosystems and create pleasant living environments in the communities where we operate, and actively carries out effective environmental improvement initiatives.

As a member of the local community, the Ulsan Plant participates in the “One Company, One River Restoration campaign” to help realize a healthy, green city. Together with the voluntary participation of corporations and environmental groups, we contribute to protecting the local environment through activities such as removing waste and debris around rivers and recycling household waste. The Angang Plant also serves as a member company of the Gyeongju Environmental Preservation Council, participating in joint river clean-up activities to contribute to the protection of regional water systems. To proactively manage local environmental risks, the Ulsan Plant regularly conducts voluntary private-sector environmental patrols in areas at risk of odor and river pollution within the Onsan Industrial Complex. These patrols are conducted by two-person teams comprising representatives from two companies, helping maintain a pleasant environment around the industrial complex. The Angang Plant is also strengthening emergency response systems through public-private cooperation and promoting high-quality development in the community by jointly pursuing ESG and SDG-related projects through participation in the Gyeongju Council for Sustainable Development.

Furthermore, to promote an environmental culture, the Angang Plant takes the lead in raising environmental awareness among local residents by participating in the annual “Beautiful Gyeongju! Environmental Festival” and operating environmental education programs for citizens. In 2025, a total of 92 employees from the Ulsan Plant participated in six environmental campaigns, including Chuseok-holiday clean-up activities and “Plogging Days", joining forces to create a clean and beautiful local environment. Poongsan conducts these initiatives regularly as part of its Green Company activities to ensure that they are sustained over time rather than serving as one-off events. We plan to continue fulfilling our environmental responsibilities while pursuing mutual growth with local communities.

Gyeongju Environmental Preservation Council

Environmental Festival


Namchang Stream Clean-up


Chuseok Holiday Clean-up Campaign

Environmental Management Policy and Strategy

Local Community Environmental Impact Assessment

Site Conditions and Potential Impact Assessment

Poongsan's Ulsan Plant is located within the Onsan National Industrial Complex, a designated industrial zone under the "Industrial Sites and Development Act." It is situated at a sufficient buffer distance of approximately 15 km from downtown Ulsan and over 3 km from nearby residential areas and educational facilities.

Considering such topographical buffer features, the potential environmental impact on the surrounding area is considered low. Nevertheless, Poongsan operates a rigorous monitoring system to prepare for any contingency. Without continuous management of pollutant and waste discharge, degraded air quality could disrupt nearby ecosystems, while soil and water pollution could cause secondary environmental damage. Accordingly, Poongsan is committed to managing and monitoring emission and discharge facilities to proactively prevent potential negative impacts.

Environmental Impact Assessment of the Surrounding Areas from Business Activities

In 2025, the Ulsan Plant conducted an environmental impact survey of the surrounding area to ensure compliance with the Persistent Pollutants Control Act. Survey locations were selected based on emission impact projections derived from atmospheric dispersion modeling, which incorporates data on temperature, humidity, wind direction, wind speed, and topography. The plant measured and analyzed dioxin concentrations in the air and soil at the selected locations, and continues to monitor and manage the impacts of its business activities on the surrounding environment.

Eco-friendly Management Activities

Category	Environmental Impact Review
Air	We maintain all facility air pollutant emissions at no more than 30% of permit limits and apply stricter internal management standards. We have maximized operational reliability through real-time monitoring using a Tele-Monitoring System (TMS) and the optimization of pollution control facilities. While our impact on local residential areas is minimal when considering site conditions, Poongsan conducts thorough analyses and continuous monitoring to proactively eliminate environmental risks and protect the local community.
Water	We strictly comply with legal standards in all wastewater treatment processes and transfer the entire volume of effluent to the Onsan Water Quality Improvement Center to prevent direct impact on nearby streams. To ensure the stability of effluent quality, we've shortened inspection cycles and strengthened operational processes, and we proactively manage environmental risks based on real-time monitoring to protect the local community's environment.
Chemicals	We prioritize chemical safety management and operate a Chemical Accident Prevention Management Plan, having completed formal approval through rigorous government review. We have established a containment system that contains the impact within the site in the event of an accident to prevent any effect on surrounding areas, and we lead the creation of a safe local community by regularly sharing the status of safety measures with local residents.
Waste	We operate thorough waste segregation and storage systems that exceed legal standards across all business sites. Waste is processed entirely through qualified specialized contractors, and the entire process—from generation and transport to final disposal—is managed digitally via the Allbaro System. By doing so, we ensure data reliability in waste management and practice environmental management by transparently disclosing the resource circulation process.
Soil	To protect the soil environment, we have installed concrete flooring of oil storage and handling areas to prevent subterranean seepage of pollutants in advance. We also continuously monitor contamination risks through regular detailed soil inspections and maintain a clean business environment by operating a proactive management system that considers even potential environmental impacts.
Noise and Vibration	We manage noise and vibration generated during operations by applying the "Permissible Emission Levels in General Industrial Areas" under relevant laws. We continuously verify legal compliance through regular measurements at the site perimeter, and we have maintained all measurements within legal limits since the commencement of operations, thereby contributing to a quiet environment for the local community.

Environmental Management Risk Management

Compliance with Environmental Laws and Regulations

Poongsan has established and operates management procedures for major environmental regulations related to its business operations, including the "Clean Air Conservation Act", the "Water Environment Conservation Act", the "Wastes Control Act", and the "Chemical Substances Control Act", while maintaining continuous monitoring and on-site inspection systems to ensure strict compliance with environmental regulations. We strictly manage air and water pollutant emissions within legally permitted limits and ensure full compliance with relevant legislation throughout every stage of waste generation and treatment.
Moreover, we periodically review new and amended regulations to incorporate them into our internal management standards, proactively preventing potential environmental regulatory risks by continuously monitoring compliance with the relevant requirements.

Environmental Compliance Violations[1]

Category	Unit	2023	2024	2025
Number of Environmental Compliance Violations	Cases	-	-	-
Environmental Fines	KRW million	-	-	-

1) Cases subject to fines or more severe penalties

Environmental Risk Management

Category	Relevant Legislation	Response Strategy: Copper and Copper Alloy Division		Response Strategy: Defense Division		Financial Impact[1]
Air Pollutants	Clean Air Conservation Act	Applicable Scope	Air emission facilities for rolling, extrusion, and heat treatment processes	Applicable Scope	Manufacturing processes for explosives and propellants, special material processing, boilers, and emission facilities	KRW 518.3 Million[2]
		Risks	· Risk of exceeding emission standards for SOx, NOx, and dust · Increased maintenance costs for aging equipment	Risks	· Management burden associated with hazardous air pollutants generated by the processes · Increased need for investment in abatement facilities due to tightened emission standards	
		Opportunities	· Emission reduction through energy efficiency improvements and optimization of abatement facility operations · Air quality improvement through upgrades to dust collection facilities (e.g., bag filters)	Opportunities	· Strengthening environmental safety and enhancing ESG response capabilities through advanced abatement facilities	
		Response Measures	· Management of emission facility operating standards and real-time monitoring through the TMS (Tele-Monitoring System) · Setting KPIs for emission management and linking to performance management systems	Response Measures	· Regular inspection and improvement of dust collection and abatement facilities	
Water Pollutants	Water Environment Conservation Act	Applicable Scope	Rolling, surface treatment, cooling processes, and wastewater treatment facilities	Applicable Scope	Chemical treatment, cleaning processes, and wastewater treatment facilities	KRW 123.52 Million[2]
		Risks	· Increased operating costs due to tightened water quality standards · Burden of water resource management due to increased water usage	Risks	· Suspension of operations and imposition of administrative surcharges for exceeding wastewater discharge standards · Water pollution risks from wastewater containing chemicals	
		Opportunities	· Water usage reduction through cooling water recovery and reuse systems · Operational efficiency improvement through wastewater recycling	Opportunities	· Stable water quality management based on in-house treatment and real-time monitoring · Environmental risk minimization through advanced water treatment technologies	
		Response Measures	· Operation of wastewater treatment facilities and water quality self-monitoring systems · Expansion of cooling water recovery and reuse systems	Response Measures	· Discharge of all wastewater only after in-house treatment and confirmation that applicable standards are met · Operation of TMS-based real-time water quality monitoring	
Waste	Wastes Control Act	Applicable Scope	Metal scrap, sludge, general and designated waste	Applicable Scope	Waste explosives, chemical waste, and designated waste	KRW 48 Million[2]
		Risks	· Administrative sanctions for non-compliance with waste treatment standards · Additional burdens due to tightened environmental regulations	Risks	· Environmental incidents and legal penalties due to inadequate management of hazardous waste · Increased waste treatment costs and management burdens	
		Opportunities	· Cost savings through metal scrap recycling · Improvement of ESG performance through increased waste recycling rates	Opportunities	· Risk minimization through advanced waste management systems · Cost savings through the sorting of recyclable resources	
		Response Measures	· Establishment of waste segregation and recycling systems · Setting recycling rate KPIs and linking them to performance management	Response Measures	· Strengthening of management of waste treatment contractors and monitoring of treatment processes · Setting KPIs for waste generation volumes and promoting reduction activities	

1) Represents potential financial impacts that may arise in connection with environmental matters, such as fines for violations of environmental laws and regulations or costs for replacing aging facilities in accordance with applicable laws and regulations.
2) Refers to costs for replacing aging facilities and investing in facilities in the Defense Division (Busan Plant) and the Copper and Copper Alloy Division (Ulsan Plant).

Reducing Environmental Pollutants

Air Pollutant Management

To proactively address increasingly stringent environmental regulations such as the "Clean Air Conservation Act", Poongsan is focusing on minimizing emissions by optimizing air pollution control facilities and operating real-time monitoring systems. We have installed and are operating a diverse array of control technologies, including inertial dust collectors, wet scrubbers, and bag filters, as well as activated carbon adsorption towers and combustion control facilities, to reduce major air pollutants such as nitrogen oxides (NOx), sulfur oxides (SOx), and dust. Notably, we have installed a Tele-Monitoring System (TMS) at major emission stacks at the Ulsan Plant to monitor emissions in real time, allowing us to prevent abnormal emissions, while enhancing management precision through regular self-monitoring.

The Ulsan Plant focuses on upgrading pollution control facilities and establishing real-time monitoring systems to proactively manage air pollutant emissions. In October 2025, we bolstered the performance of our control facilities by introducing a new Selective Catalytic Reduction (SCR) system to enhance nitrogen oxide (NOx) reduction efficiency. The Angang Plant manages air pollutant emissions below 30% of the legally permitted limits and systematically complies with its annual allocations under the total emissions management system for air control zones. Finally, the Busan Plant proactively manages air pollutants by incorporating the occurrence of administrative fines for air-related violations into the KPIs of personnel responsible for environmental management.

Air Pollutant Management Process

- Designing emission-generating facilities and obtaining permits →
- Installing emission-generating facilities and submitting required notifications →
- Establishing inspection standards and providing training →
- Inspecting emission-generating facilities →
- Reporting the status of air pollutant emissions →
- Calculating emissions and submitting reports to the environmental authority

Water Resources Management

Poongsan recognizes water as a shared resource and systematically manages the entire process from intake and usage to discharge. Water is primarily used for cooling in the rolled product manufacturing process, and each business site manages the quality of its effluent.

Water Resources Management Process

- Establishing a water resources management plan →
- Installing facilities and obtaining permits/approvals →
- Performing water quality inspections →
- Carrying out internal inspections of water management facilities →
- Conducting inspections by the department in charge →
- Reporting performance in water resources management

Water Pollutant Management

Poongsan treats wastewater generated at its business sites through on-site wastewater treatment facilities using physical-chemical and biological treatment processes and discharges it only when legal standards are met. Effluent from the Angang and Busan plants is discharged into nearby streams, while the Ulsan Plant routes its effluent to a municipal wastewater treatment plant. At the Angang and Busan plants, where effluent is discharged directly into streams, we operate a Tele-Monitoring System (TMS) to monitor water pollutants in real time.

All business sites manage the quality of their effluent, including specific hazardous water pollutants, through regular in-house measurements. Poongsan strictly adheres to the discharge standards stipulated in the Water Environment Conservation Act, and certain business sites apply in-house standards that are stricter than the statutory limits. Notably, the Ulsan Plant enhances water usage efficiency by recovering cooling water used in manufacturing processes for copper and copper alloy products at a central cooling tower. The water is then filtered and cooled for reuse as industrial water.

Reducing Environmental Pollutants

Soil Contamination Management

Poongsan is committed to assessing the impact of fuel handling on the soil environment and minimizing potential contamination. To this end, we conduct soil contamination inspections at each business site on a biennial basis to ensure continuous monitoring of soil conditions.

Soil Contamination Management Process

1. Establishing a soil contamination management plan
2. Installing facilities and obtaining permits/ approvals
3. Performing soil contamination inspections
4. Carrying out internal inspections of soil-related facilities
5. Conducting inspections by the department in charge
6. Reporting performance in soil contamination management

The Ulsan Plant has established and operates internal soil contamination management guidelines, thereby establishing a management framework for preventing soil contamination. When installing specific facilities subject to the control of soil contamination, we perform comprehensive preliminary reviews with relevant departments to ensure compliance with legal standards. During the operational phase, we maintain these facilities through regular inspections and adherence to established management criteria. To prevent leaked substances from seeping into the soil during operation, we have paved the entire site of these facilities with concrete. Additionally, we have installed and regularly inspect oil-water separators to prevent the spread of pollutants via rainwater runoff.

Chemical Management

As an operator of facilities handling hazardous chemicals under the "Chemical Substances Control Act", Poongsan conducts proactive prevention activities to ensure workplace safety. We manage chemicals used in core production processes based on Material Safety Data Sheets (MSDS). When introducing new substances, we perform a comprehensive assessment that includes an MSDS-based evaluation, environmental impact analysis, and wastewater treatment compatibility to confirm suitability. In addition, we systematically record and manage the receipt and shipment of all chemicals through a chemical management ledger.

To analyze and monitor chemical risks, we operate the CHARM (Chemical Hazard Assessment and Risk Management) system to assess the risks associated with each substance and implement mitigation or elimination measures based on the results. We verify the safety of handling facilities through weekly internal inspections and annual regular inspections, while operating a real-time monitoring system equipped with gas detectors, CCTV, and leak detection sensors. We also maintain an emergency response system designed to minimize damage in the event of an accident by conducting annual response drills based on chemical accident scenarios. Notably, the Ulsan Plant has expanded the number of hazardous chemical handling contracts subject to reporting from 9 to 15 items, thereby enhancing operational transparency and safety management capabilities.

Each business site is also dedicated to identifying alternative substances to reduce the use of hazardous chemicals. The Angang Plant is progressively pursuing substitutions, focusing on items with flexible specifications, such as cleaning agents, while excluding those whose substitution is restricted by defense standards. Recently, after conducting technical reviews and performance tests to replace MX-100, an existing cleaning agent containing hazardous chemicals, we successfully implemented a switch to BCS-5000, a non-hazardous alternative with comparable performance. The Busan Plant is also identifying, developing, and using alternative paints and cleaning agents, excluding items where substitution is restricted by defense standards. It is currently conducting numerous product tests to replace major hazardous chemicals such as sulfuric acid and sodium hydroxide. If a component of an existing product is designated as a new toxic chemical, the plant coordinates the alternative production schedule with manufacturers, and continues its efforts to reduce the use of hazardous chemicals. The Ulsan Plant minimizes unnecessary consumption by precisely analyzing toxic chemical usage at each process stage. It has installed containment dikes and trenches at storage and handling facilities, preventing potential abnormal releases through regular inspections and preventive maintenance. Moreover, the plant minimizes fugitive emissions by sealing handling equipment and upgrading piping systems.

Chemicals Management Process

1. Establishing a chemical substance management plan
2. Preparing a chemical accident prevention and management plan
3. Installing handling facilities and obtaining permits/ approvals
4. Purchasing and registering chemical substances

Circular Economy

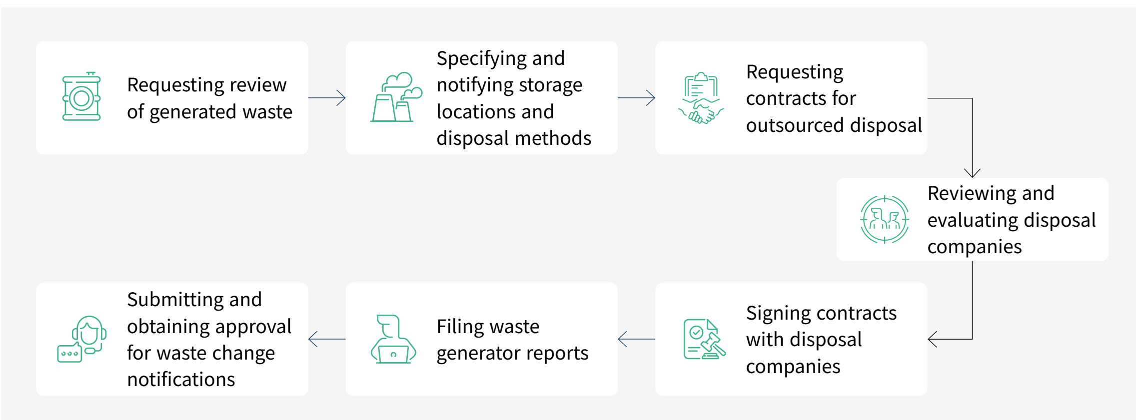
Waste Management

Poongsan recognizes the potential for environmental pollution and social costs resulting from regulatory non-compliance or improper waste handling. Consequently, we systematically manage the entire lifecycle of waste, from generation to final disposal, in accordance with our waste management guidelines. Additionally, we utilize the Allbaro waste disposal tracking system to maintain transparent records of disposal for each type of waste.

Poongsan prioritizes recycling as the governing principle for all waste generated at our sites; we strengthen our waste reduction initiatives by prioritizing firms capable of recycling when selecting contractors. We clearly define disposal methods, discharge protocols, and designated storage areas for each waste category, while operating a proactive management system to prevent the mixing of different waste streams. When new types of waste are generated, we perform sampling and analysis to identify any hazardous substances, subsequently applying appropriate management and disposal procedures based on the results.

Each site is also driving various initiatives to advance its waste management practices. The Angang Plant is promoting waste reduction through a dedicated task force (TFT) to strengthen on-site segregation and improve processes, and the Busan Plant is implementing more systematic management by enhancing its segregation systems. The Ulsan Plant is realizing waste reduction through expanded segregated storage and a waste traceability system. Notably, we have further enhanced our waste management system by transitioning from a drum-based waste removal method to direct removal by tank, thereby increasing efficiency in transport and disposal while enhancing operational safety. By developing an SAP ERP module to improve waste oil removal and treatment processes, we have minimized unnecessary losses and ensured transparency in environmental data management, contributing to enhanced corporate reputation and proactive regulatory compliance.

Waste Management Process



Resource Recycling

Poongsan's Copper and Copper Alloy Division is a non-ferrous metal manufacturer primarily using electrolytic copper as its main raw material and regards maximizing resource efficiency as a core value of our environmental management. In particular, we are leading efforts to advance the circular economy by leveraging the superior recyclability of copper and copper alloy products to increase the proportion of scrap used in our production.

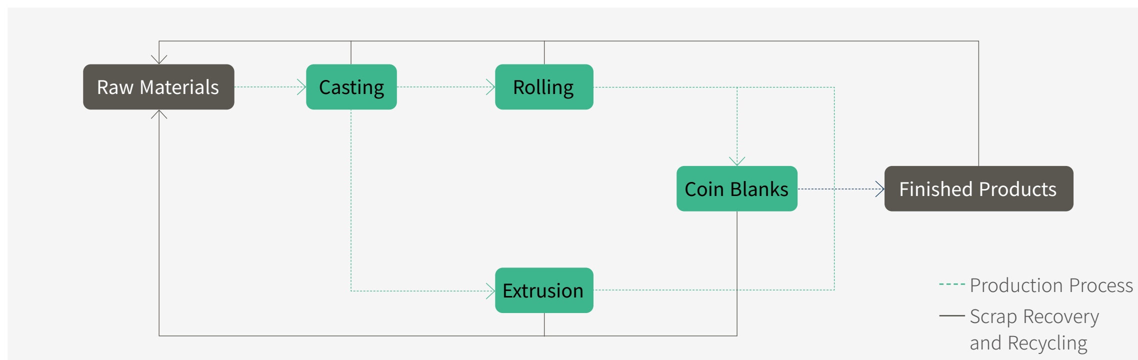
All copper scrap generated during rolling and extrusion processes is recovered and strictly managed. By reusing this material alongside electrolytic copper in the casting process, we effectively reduce our raw material consumption. Because copper scrap requires significantly less energy and produces fewer carbon emissions compared to electrolytic copper, which must undergo smelting, its use contributes directly to our climate change response. To support this, Poongsan is strengthening scrap recovery systems with our customers to ensure a stable supply chain and continuously improve our resource recycling rates.

Furthermore, we have upgraded our management framework for dross (slag), a byproduct of the casting process. For dross that cannot be recycled directly within our own processes, we collaborate with partner firms to perform secondary processing and recover copper content. The recovered resources are either reintroduced into our production processes or recycled through external resource recovery companies, thereby minimizing waste generation while simultaneously achieving a virtuous cycle of resource use.

Generation and Treatment of Process Byproducts (Slag)

4,511 tons

Resource Circulation System (Scrap Recycling)



E1 Environmental Management | Strategy

Circular Economy

Eco-friendly Products

Rolling and Extrusion Business R&D Roadmap

Category	~2026	2027	2028
Antimicrobial and Antiviral Materials	Bio MediCopper (for architectural, household, and medical use)	Applications in Medical and Public Sectors	
New Materials	Lead-free Brass (for automotive parts, electronic components, valves, and faucet fittings, etc.)	Development of Biobrass and New Alloys	
New Products	High-conductivity, High-strength, and HPA products (for automotive parts and precision electronic components)	Development of New Alloys (Cu-Cr, Cu-Te, Cu-Co Alloy Systems); Development for Mass Production of Three-Layer Plating with a Ni Underlayer (TPN) and Development of New Plating Technologies	

Lead-free Brass

In response to the tightening of lead usage standards through the RoHS and ELV directives in Europe, Poongsan is developing eco-friendly, lead-free brass. The Ulsan Plant has developed and commenced mass production of Biobrass1 and Biobrass2, which eliminate the use of Pb (lead) and Bi (bismuth) while maintaining excellent machinability. Both products have properties that meet KC certification requirements.

Domestic

Category	Description
2005-0018147	Free-machining brass alloy with excellent machinability and formability
2007-0009294	Free-machining copper alloy
2011-0099741	Biobrass1
2011-0099742	Lead-free free-machining copper alloy and its manufacturing method
2018-0165425	Biobrass2
2021-0062604	Biobrass2 casting ingot

International

Description	Countries of Patent Registration
Biobrass1 (11 countries)	Europe, Germany, Vietnam, Malaysia, United States, Canada, Japan, China, Thailand, Indonesia, Australia
Biobrass2 (9 countries)	China, Taiwan, Vietnam, Europe, Thailand, Indonesia, Malaysia, United States, Japan

Bio MediCopper

Since 2015, Poongsan has been developing Bio MediCopper products that utilize the antimicrobial and antiviral properties of copper alloys for applications in architectural, household, and medical sectors. These products are currently used in various everyday items, including door handles and copper alloy tape. In 2024, we expanded their applications by installing them on a trial basis at Incheon International Airport, as well as on bus and subway handrails. In the short term, Poongsan plans to commercialize hygiene, household, and interior/exterior materials, while expanding their applications into the medical and public sectors in the medium term.

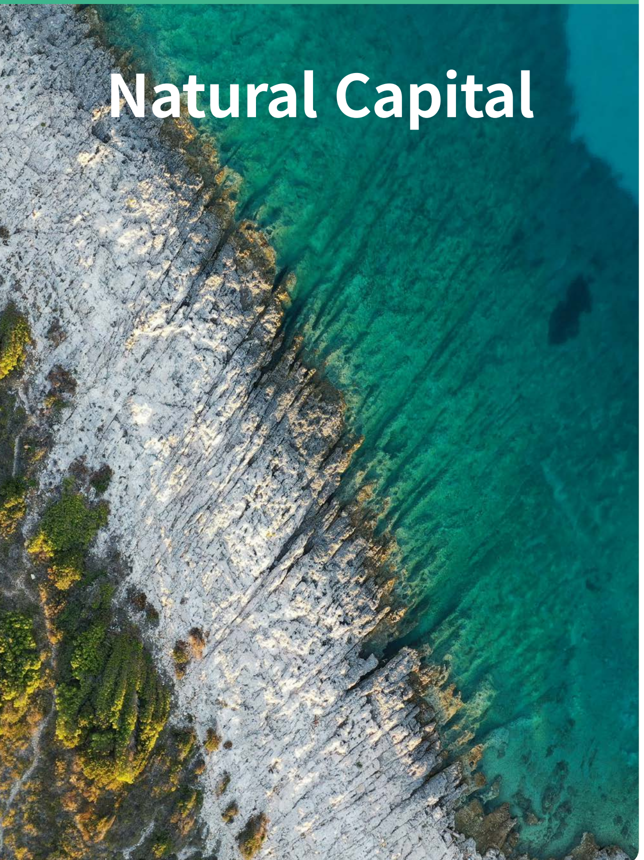
Registration No.	Description
10-1796191-0000	Copper alloy material with excellent antibacterial properties, tarnish resistance, and formability, and method of manufacturing the same
10-2107585-0000	Copper alloy material with excellent wear resistance, and method of manufacturing the same
10-2265115-0000	Cu-Zn-based alloy with excellent corrosion resistance and tarnish resistance, and method of manufacturing the same
10-2403909-0000	Method of manufacturing copper alloy material with excellent formability and machinability, and copper alloy material manufactured thereby
ZL202211312594	Method of manufacturing copper alloy material with excellent formability and machinability, and copper alloy material manufactured thereby (China)
In progress	Method of manufacturing copper alloy material with excellent formability and machinability, and copper alloy material manufactured thereby (India)
10-2630489-0000	Copper alloy tape with improved adhesion, formability, and tarnish resistance, and method of manufacturing the same
40-1844261-0000	Bio MediCopper trademark registration

Development of Eco-friendly Small-caliber Ammunition

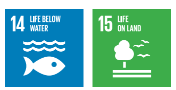
Poongsan is expanding the commercialization of eco-friendly small-caliber ammunition by eliminating harmful heavy metals, such as the lead and barium found in conventional small-caliber ammunition. This product line ensures performance parity with conventional small-caliber ammunition while removing hazardous substances, thereby minimizing environmental impact during military training exercises.

E2 Environment

Natural Capital



UN SDGs



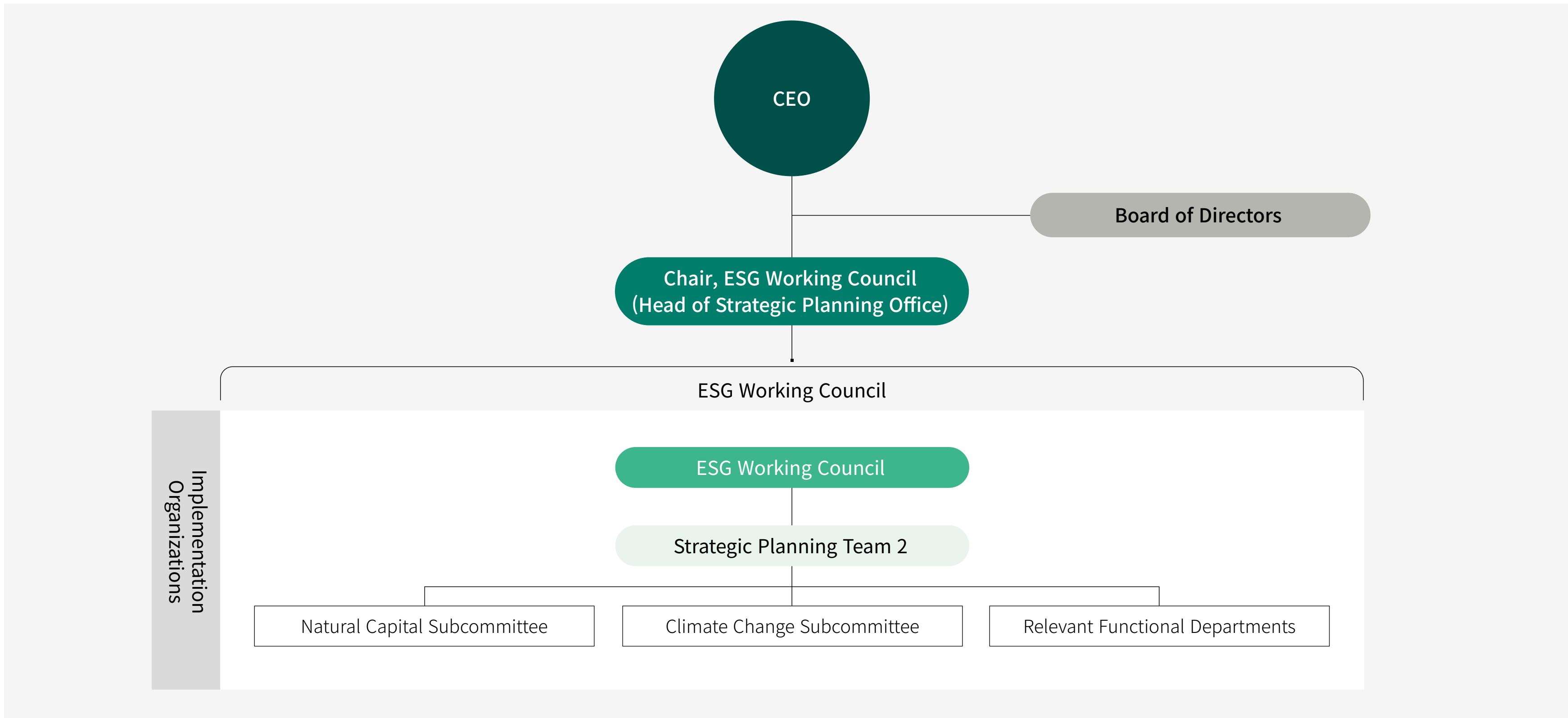
Appendix
ESG Data

Governance

Biodiversity Management

Management System

To preserve natural capital, Poongsan has established and is operating a systematic governance structure through an ESG Working Council that reports directly to the CEO. The Head of the Strategic Planning Office chairs the ESG Working Council, spearheading company-wide collaboration on natural capital, while the Strategic Planning Team 2, serving as the council's secretariat, leads the development and planning of biodiversity-related strategies. To address natural capital issues more effectively, we have formed a dedicated Natural Capital Subcommittee within the ESG Working Council. By closely linking this subcommittee with the Climate Change Subcommittee and other relevant departments, we have built a framework for integrating ecosystem impact mitigation and climate risk management.



E2 Environmental Management Strategy

Biodiversity Risk Management

LEAP-Based Natural Capital Risk Assessment Process

According to the Global Risks Report 2026[1], published by the World Economic Forum (WEF), "Biodiversity loss and ecosystem collapse" was ranked as one of the three most severe risks facing humanity over the next decade. In particular, the 2026 report defines environmental risks not merely as secondary consequences of climate change, but as independent and material economic threats directly linked to reaching an Earth system tipping point. Poongsan is acutely aware of these natural capital risks. Accordingly, to develop biodiversity conservation measures, we have conducted a biodiversity risk assessment that identifies species and population sizes near our business sites. This risk assessment was performed using the LEAP (Locate, Evaluate, Assess, Prepare) approach. The LEAP approach is a core component of the TNFD recommendations for analyzing interactions between business activities and natural capital and assessing the resulting biodiversity-related risks and opportunities.

Natural Capital Risk Assessment Process

Category	1 Locate	2 Evaluate	3 Assess	4 Prepare
	Scope Definition	**Dependency and Impact Assessment**	**Identification of High Nature-related Risk Areas**	**Reporting on Response Status for Sites with High Natural Capital Management Needs**
Approach	· Identification of interface between all Poongsan sites and biomes · Identification of key biodiversity areas, protected areas, and threatened species near business sites	· Identification and assessment of nature-related impacts and dependencies at Busan/Ulsan/Angang sites · Identification of key business sites requiring natural capital management based on assessment results	· Assessment of natural capital risks at major domestic sites and the value chain · Evaluation of priority for natural capital management among core sites	· Reporting on current response status and management plans for risks related to sites with high natural capital management needs
Methodology	· National Biodiversity Information Sharing System · Ecoregions 2017 · Ecological and Natural Information	· Encore Tool	· WWF Biodiversity Risk Filter(BRF)	· AR3T

1) World Economic Forum. (2026). The Global Risks Report 2026 (21st ed.).

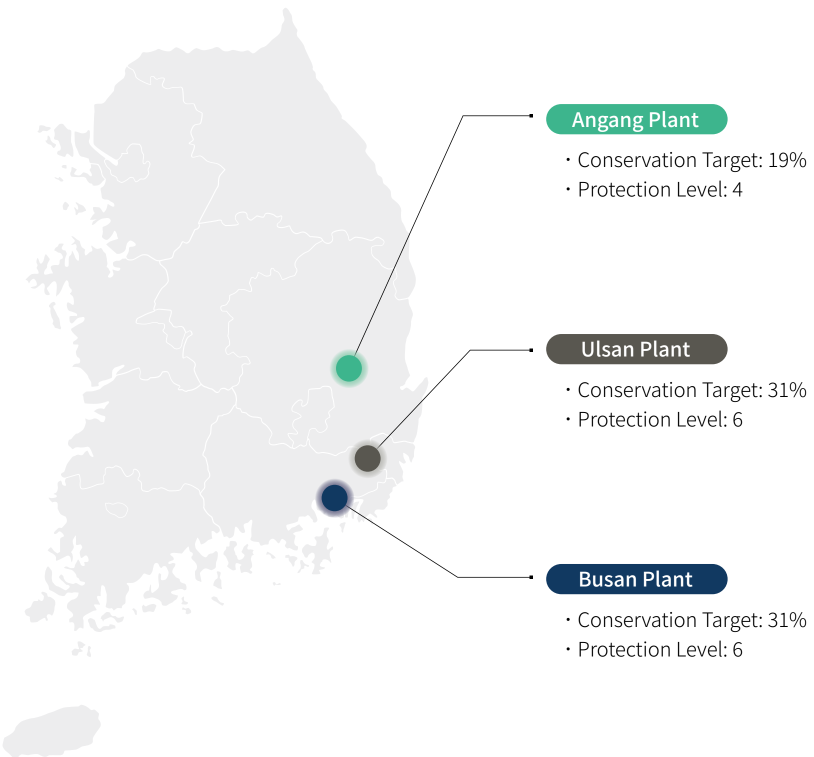
E2 Environmental Management Strategy

Biodiversity Risk Management

Site LEAP Assessment ❶ Locate

Poongsan analyzed the ecological context of its three major domestic business sites in accordance with the TNFD LEAP methodology. Analysis using the Global Ecoregions 2017 dataset revealed that all sites are located within the Korean Peninsula Mixed Forests bioregion. However, the Angang Plant is located in an area classified as "Nature Imperiled", with a Protection Level of 4, indicating a need to prioritize its response to nature-related risks. These findings were cross-verified through an analysis of Korea's Ecological and Natural Map. The Angang Plant contains areas categorized as Grade 2 on the ecological and natural grade map, including pine and Oriental cork oak communities, requiring substantive vegetation preservation and habitat management. In contrast, the Ulsan and Busan plants are primarily located in Grade 3 areas or developed land with lower ecological value and were therefore assessed as having relatively lower nature-related risks. To identify the status of endangered species in the regions hosting our operations, we reviewed the status of Class I and II endangered species in Angang (Gyeongju-si), Ulsan (Ulju-gun), and Busan (Haeundae-gu), and then analyzed biodiversity at each business site.

Biodiversity Risk Regions of Domestic Business Sites (Ecoregions)



Ecological and Natural Data and Endangered Species Counts by Domestic Business Site

Category	Angang	Ulsan	Busan
Ecological and Natural Data	· **Area by ecological and natural map grade (m^2):** - Grade 2: 4,988.25 · **Vegetation Assessment:** - Vegetation Conservation Grade: 3 / Community: Pine Community, Oriental Cork Oak Community · **Topography Assessment:** - Topography Conservation Grade: 3 - Wetland Assessment: 3	· **Area by ecological and natural map grade (m^2):** - Grade 3: 117,762.80 · **Vegetation Assessment:** Not Applicable · **Topography Assessment:** Not Applicable · **Wetland Assessment:** Not Applicable	· **Area by ecological and natural map grade (m^2):** - Grade 3: 9,516.92 · **Vegetation Assessment:** - Vegetation Conservation Grade: 5 / Community: Developed Land · **Topography Assessment** - Topography Conservation Grade: 3 Wetland / Assessment: Grade: 3
Class I	· Mammals (1 species): Eurasian Otter (Lutra lutra) · Birds (1 species): White-Tailed Eagle (Haliaeetus albicilla)	· Mammals (1 species): Eurasian Otter (Lutra lutra) · Birds (2 species): Steller's Sea Eagle (Haliaeetus pelagicus), White-Tailed Eagle (Haliaeetus albicilla)	· Terrestrial Plants (1 species): Wind Orchid (Neofinetia falcata)
Class II	· Mammals (3 species): Yellow-throated Marten (Martes flavigula), Leopard Cat (Prionailurus bengalensis), Siberian Flying Squirrel (Pteromys volans aluco) · Birds (14 species): Japanese Paradise Flycatcher (Terpsiphone atrocaudata), Eurasian Spoonbill(Platalea leucorodia), Oriental Honey-buzzard (Pernis ptilorhynchus), Chinese Sparrowhawk (Accipiter soloensis), Eurasian Sparrowhawk (Accipiter nisus), Eurasian Hobby(Falco subbuteo), Eurasian Eagle-owl (Bubo bubo), White-naped Crane (Grus vipio), Hen Harrier (Circus cyaneus), Japanese Sparrowhawk (Accipiter gularis), Northern Goshawk (Accipiter gentilis), Whooper Swan (Cygnus cygnus), Taiga Bean Goose (Anser fabalis), Long-billed Plover (Charadrius placidus)	· Mammals (2 species): Yellow-throated Marten (Martes flavigula), Leopard Cat (Prionailurus bengalensis) · Birds (10 species): Eurasian Spoonbill(Platalea leucorodia), Cinereous Vulture (Aegypius monachus), Osprey (Pandion haliaetus), Oriental Honey-buzzard (Pernis ptilorhynchus), Chinese Sparrowhawk (Accipiter soloensis), Eurasian Sparrowhawk (Accipiter nisus), Black Kite (Milvus migrans), Northern Goshawk (Accipiter gentilis), Taiga Bean Goose (Anser fabalis), Long-billed Plover (Charadrius placidus) · Amphibians/Reptiles (1 species): Kori Salamander (Hynobius yangi) · Insects (1 species): Dung Beetle (Copris (Copris) tripartitus) · Terrestrial Plants (1 species): Purple-flower Bladderwort (Utricularia yakusimensis)	· Birds (1 species): Eurasian Sparrowhawk (Accipiter nisus) · Amphibians/Reptiles (1 species): Kori Salamander (Hynobius yangi) · Terrestrial Plants (1 species): Purple-flower Bladderwort (Utricularia yakusimensis)

E2 Environmental Management | Strategy

Biodiversity Risk Management

Site LEAP Assessment 2 Evaluate

In the Evaluate phase of the TNFD LEAP framework, Poongsan identified the industries and business sites with high levels of dependency on and impact on nature by examining the interactions between its business activities and natural capital. We classified our core industries based on the International Standard Industrial Classification (ISIC) and utilized the ENCORE tool, jointly developed by the UNEP-WCMC and UNEP FI, to identify potential dependencies on and impacts on nature associated with the business activities assessed. The analysis revealed that Poongsan relies on ecosystem-provided water supply services to ensure a stable supply of water essential to our production processes. The analysis also found considerable dependence on water flow regulation and storm mitigation services that protect our operational environment from hazards such as sudden heavy rainfall and droughts. Regarding our impact on nature, the primary factors identified, particularly within the Copper and Copper Alloy Division, include disturbances such as noise and vibration, as well as emissions of toxic pollutants. The assessment confirmed that emissions of non-GHG air pollutants, the generation and release of solid waste, and water use have a high impact on nature.

Very High · High · Medium · Low · Very Low

Natural Capital Dependency

Sector/Dependency	Provisioning Services	Regulation and Maintenance Services												
	Water Supply	Climate Regulation	Rainfall Patterns	Local Climate Regulation	Air Filtration	Soil and Sediment Retention	Solid Waste Remediation	Water Purification	Water Flow Regulation	Flood Mitigation	Storm Mitigation	Noise Attenuation	Other Regulating and Maintenance Service - Dilution by Atmosphere and Ecosystems	Other Regulatory and Maintenance Services - Mediation of Sensory Impacts (Other Than Noise)
Copper and Copper Alloy Division (C2420)	Medium	Very Low	Medium	Low	Medium	Low	Low	Medium	Medium	Medium	Medium	-	-	-
Defense Division (C2520)	Medium	Very Low	Very Low	Low	Very Low	Medium	Medium	Medium	Medium	Medium	Medium	Very Low	Low	Very Low

Natural Capital Impact

Sector/Impact	Impact							
	Disturbances (e.g., Light and Noise)	Emissions of GHGs	Emissions of Non-GHG Air Pollutants	Generation and Release of Solid Waste	Area of Land Use	Emissions of Toxic Pollutants to Water and Soil	Emissions of Nutrient Pollutants to Water and Soil	Volume of Water Use
Copper and Copper Alloy Division (C2420)	Very High	Medium	Very High	Medium	Low	Very High	Medium	Low
Defense Division (C2520)	Medium	Low	Low	Low	Low	Medium	-	Medium

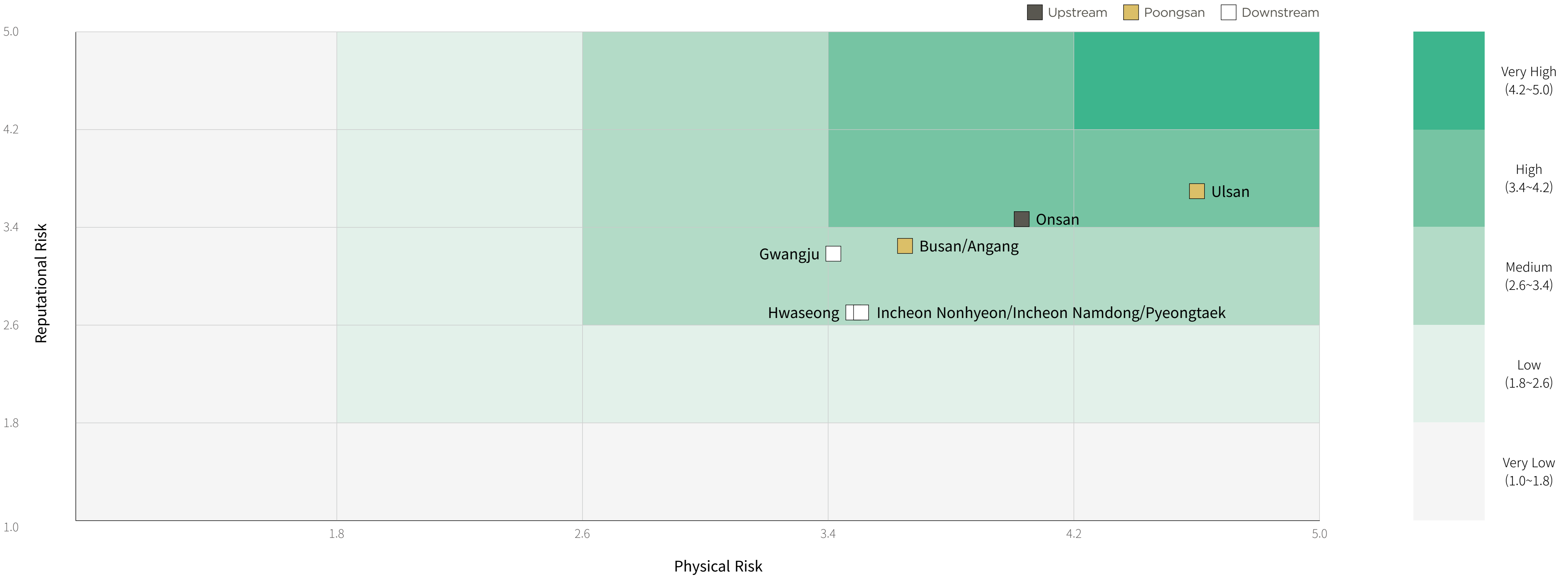
E2 Environmental Management Strategy

Biodiversity Risk Management

Site LEAP Assessment ③ Assess

In the Assess phase of the TNFD LEAP approach, Poongsan selected nine sites, comprising its major business sites and sites of key suppliers and customers, to identify biodiversity risk levels and nearby biodiversity protected areas. The analysis of these nine sites revealed that within the non-ferrous metal smelting sector, physical risks were rated as "Very High" and "High", while reputational risks were rated as "Very High" at both sites. Within the value chain, one supplier site was rated "High" for physical risk and "Very High" for reputational risk. No other sites in the value chain were classed as "High" for physical or reputational risk.

Biodiversity Risk Identification



Biodiversity Risk Management

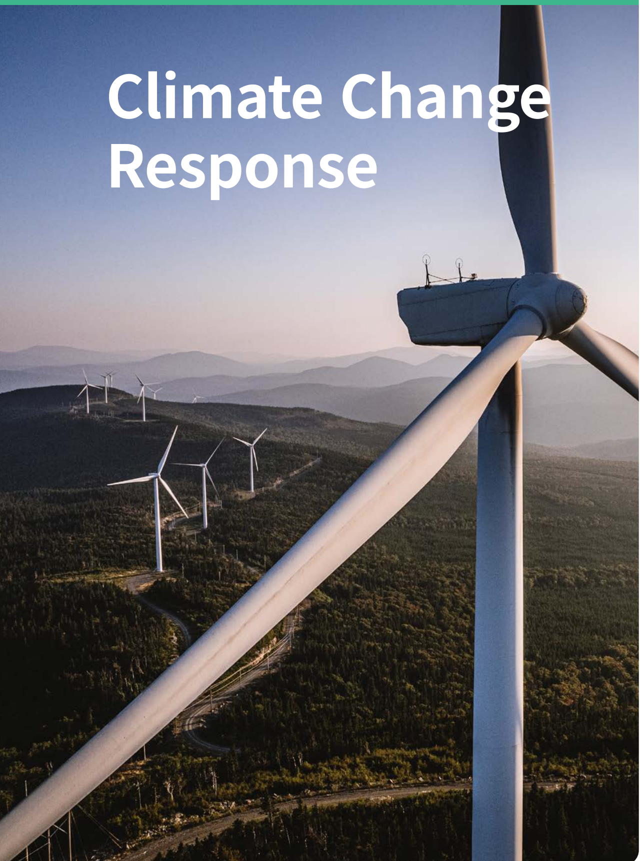
Site LEAP Assessment ④ Prepare

Recognizing the impacts of its business activities on the natural ecosystem, Poongsan has adopted the global "AR3T (Avoid, Reduce, Restore & Regenerate, Transform)" framework to systematically manage and mitigate any potential adverse effects. Our goal is to go beyond simply avoiding environmental impact, minimizing unavoidable consequences, and restoring or regenerating damaged ecosystems, and ultimately achieve systemic transformation across our business as a whole. In pursuit of this, we achieved meaningful implementation results in 2025, primarily at the Ulsan and Angang Plants, and we will continue to lead in biodiversity conservation by refining our AR3T-based detailed strategies and mid- to long-term goals.

Biodiversity Management Measures under the AR3T Framework

Category	Description	2025 Performance		Remarks
Avoid	Activities that prevent negative impacts on nature before they occur	Soil & Groundwater Contamination Prevention	Applied anti-corrosion treatment and concrete pavement across the entire facility site when building designated soil contamination management facilities, such as lubricating oil and diesel handling areas.	Ulsan
		Wastewater Discharge Avoidance	Prevented direct discharge of production wastewater into rivers by rerouting all effluent to the Onsan Water Quality Improvement Center, thereby avoiding direct impacts on local river ecosystems	Ulsan
Reduce	Activities that minimize unavoidable environmental impacts	Pollutant Emission Reduction	Managed air pollutant emissions from all processes at approximately 30% or less of the permitted emission limits, thereby maintaining a sufficient compliance margin	Ulsan
		Water Consumption Reduction	Reduced daily water usage by several hundred tons through process improvements, including reusing backwash water from pure water equipment in industrial water supply tanks and optimizing high-pressure washing line spray controls and acid tank make-up water with factory circulation water	Ulsan
		Greenhouse Gas and Noise Reduction	Invested in energy-saving equipment, including high-efficiency motor replacements and inverter applications for exhaust fans, reducing GHG emissions and noise via blower vibration control facilities	Ulsan
		Joint Emergency Response Drill for Water Pollution Incidents	Led a joint emergency response drill for water pollution incidents with relevant agencies in the Chilpyeongcheon Stream area to establish a rapid response system and enhance response and containment capabilities in the event of an environmental pollution incident	Angang
Restore & Regeneration	Activities that restore damaged nature and improve ecosystems	Restoration of River and Stream Ecosystems	Participated in the "One Company, One River" restoration campaign, with dozens of employees annually conducting clean-up activities (e.g., Plogging Days) to remove trash and debris from riverbanks such as the Namchangcheon	Ulsan
			Conducted river clean-up efforts around the Soheoncheon area in Hyeon-gok-myeon in commemoration of World Water Day	Angang
Transform	Systemic innovation in the value chain for a Nature Positive outcome	Resource Circularity Maximization	Shifted to a system that actively recycles process waste beyond simple disposal (e.g., recovering Cu and other materials from wastewater sludge and slag for reuse as auxiliary raw materials, recycling waste oil and hydraulic oil into rolling lubricants after oil-water separation, converting synthetic resin waste and wood waste into raw materials after shredding)	Ulsan
		Eco-friendly Supply Chain Construction	Promoted value chain innovation by enacting a new "Green Procurement Policy", prioritizing the procurement of eco-friendly green products that minimize GHG and pollutant emissions, such as environmental labeling products, Excellent Recycled (GR) products, and low-carbon products	Ulsan
		Biodiversity Agreement	Signed the "Voluntary Agreement for Biodiversity Conservation" in 2015 as part of a fundamental systemic shift, which remains in effect today	Ulsan
		Regional Public-Private Cooperation System Construction and Implementation	Conducted joint public-private inspections to prevent environmental pollution accidents in the region (conducted twice in 2025, once in each half of the year)	Angang

E3 Environment



UN SDGs

Appendix

ESG Data

Strategy

Climate Change Response

2050 Carbon Neutrality Declaration

The international community recognizes the severity of global warming caused by greenhouse gas (GHG) emissions and is intensifying efforts to address the climate crisis. Through major international agreements such as the United Nations Framework Convention on Climate Change (UNFCCC), the Kyoto Protocol, and the Paris Agreement, joint efforts are being pursued to curb the rise in global average temperatures. In its 2018 Special Report, the IPCC stated that to limit the rise in global average temperature to within 1.5°C, GHG emissions must be reduced by at least 45% from 2010 levels by 2030, and carbon neutrality must be achieved by 2050. Aligned with this global shift, South Korea has declared its commitment to "2050 Carbon Neutrality" and established a national vision, reinforcing its accountability in addressing climate change. The non-ferrous metal industry is also building a joint response system to realize carbon neutrality; centered on the Non-ferrous Metals Carbon Neutrality Committee, an industry-academia-research-government consultative body, it announced the Carbon Neutrality Challenge Joint Declaration in 2021 and is expanding the foundation for industry-wide cooperation. Poongsan is actively engaged in this movement, driving carbon neutrality initiatives and bolstering its response capabilities through deepened industry collaboration. Regarding the goal of achieving carbon neutrality by 2050, we are laying the groundwork for our response, for instance by establishing a system for managing product carbon emissions. Considering social demands for carbon neutrality and changes in the business environment, Poongsan is reviewing a company-wide response approach and is preparing to establish a mid- to long-term strategic framework to identify and respond to climate-related risks.

2050 Non-ferrous Metals Industry Carbon Neutrality Challenge

The non-ferrous metal industry recognizes that reducing greenhouse gas emissions to address climate change is a defining imperative for human coexistence and prosperity, and hereby declares its commitment to achieving 2050 carbon neutrality as follows.

1 The non-ferrous metal industry will strive to achieve the 2050 carbon neutrality goal through innovative technology development and the transformation of production structures.

- In the short term, the industry will reduce greenhouse gas emissions by building a circular economy—through energy efficiency improvements, use of low-carbon raw materials, and increased utilization of metal scrap—and by optimizing production processes.
- In the mid to long term, the industry will actively endeavor to realize carbon-neutral, eco-friendly smart smelters by developing and securing innovative technologies, including low-carbon non-ferrous metal production technologies and carbon capture and storage (CCS) technologies.

2 The non-ferrous metal industry will form the "Carbon Neutrality Committee for Non-ferrous Metals", featuring experts from industry, academia, and research, to continuously discuss joint tasks for transitioning to an eco-friendly, future-oriented industrial structure and to strengthen mutual cooperation.

3 The non-ferrous metal industry will strive to enhance future industrial competitiveness based on government support for R&D, infrastructure for expanded use of circular resources, and the transition of production structures. To this end, the industry will actively identify and improve policy tasks in cooperation with the government, and communicate proactively to build new carbon-neutral industrial models that strengthen the global competitiveness of downstream industries and create new demand.

4 The non-ferrous metal industry will strengthen international cooperation with the International Copper Association (ICA), the International Zinc Association (IZA), and non-ferrous metal industry counterparts in other nations to realize a global low-carbon society.

E3 Climate Change Response Strategy

Climate Change Response

Mid- to Long-term Implementation Plan for Climate Change Response

Under the vision of "Advancing a Sustainable POONGSAN WAY Through Responsible Environmental Management", Poongsan aims to strengthen its climate change response capabilities and is pursuing a specific mid-to-long-term implementation plan to achieve this goal. By prioritizing the broadening of carbon neutrality efforts and the establishment of climate change response systems and strategies, we are building a structured roadmap that spans short-, mid-, and long-term horizons to maximize implementation effectiveness.
First, in the short term, we will focus on establishing a company-wide carbon neutrality strategy and defining the organizational structure for climate change response. At the same time, we plan to proactively establish a system for managing carbon emissions from key products to solidify the foundation for our initiatives.
In the medium term, based on this infrastructure, we will substantially expand carbon neutrality initiatives and enhance external credibility by expanding climate disclosures that meet global standards. Moreover, we plan to further advance our climate change response strategies in line with changing regulations and market environments.
Finally, in the long term, we plan to fully embed the previously established organizational framework for climate change response and product carbon emissions management processes into company-wide management activities, solidifying our climate risk response capabilities by delivering tangible and sustainable carbon neutrality outcomes.

Vision
Advancing a Sustainable POONGSAN WAY Through Responsible Environmental Management

Goals
Strengthening Climate Change Response Capabilities

Strategic Tasks
Broadening Carbon Neutrality Efforts and Establishing Climate Change Response Systems and Strategies

Category	Initiative	Short-term	Mid-term	Long-term
Capacity Building Stage Strengthening Climate Change Response Capabilities	Formulating carbon neutrality strategies			
	Establishing an organizational structure for climate change response			
	Managing product carbon footprint			
	Promoting carbon neutrality initiatives			
	Enhancing climate-related disclosures			
	Formulating climate change response strategies			

Climate Change Risk Analysis

Physical Risk Analysis

Poongsan has adopted quantitative scenario analysis for major physical climate risks to proactively identify and address the impacts of climate change on operational stability, asset protection, and supply continuity. Because the impacts of physical climate risks on corporate activities can vary based on business site locations and asset characteristics, we aimed to establish a framework to identify key risk factors and analyze them quantitatively from a business operations perspective.

In this analysis, we prioritized extreme rainfall-related pluvial flooding that can cause direct damage to major physical assets such as buildings, production facilities, and inventory, potentially triggering financial losses, and analyzed its potential impact on our business environment. Going forward, we plan to expand the scope of analysis to include various acute and chronic risk factors such as extreme heat and typhoons, comprehensively identifying potential losses—including decreased productivity, reduced equipment reliability, and rising costs—to refine our management system.

Identification of Physical Risk Factors

Category	Physical Risk Factor	Description
Acute	Extreme Rainfall (Pluvial Flooding)	· Impairment losses to tangible and intangible assets due to facility flooding
	Heatwaves and Extreme Temperatures	· Reduced number of operating days due to worker protection measures at sites with high heat exposure
	Drought	· Risk of operational suspension in water-intensive processes due to drought
Chronic	Sea Level Rise (Coastal Flooding)	· Potential for inundation of facilities located near coastal areas
	Rising Mean Temperatures	· Increased operational costs and impacts on quality management due to rising average temperatures

Scope and Methodology of Physical Risk Analysis

Poongsan's core business operations currently consist of the Copper and Copper Alloy Division and Defense Divisions. Due to the national security implications inherent in our defense sector, information concerning facility locations, major facilities, and asset profiles is strictly protected under rigorous security protocols. Considering these security constraints, the assessment was limited to the Ulsan Plant, a major business site of the Copper and Copper Alloy Division. By conducting an in-depth analysis of flood disaster risks at the Ulsan Plant, we sought to obtain baseline data to upgrade the climate risk management system for all domestic sites in the future.

For this physical risk analysis, we utilized a specialized climate risk analysis tool jointly developed by NICE Information Service and the Center for Climate/Environment Change Prediction Research at Ewha Womans University. This tool uses the Korea Meteorological Administration's national climate change standard scenarios based on Shared Socioeconomic Pathways (SSPs) to predict the future frequency of pluvial flood events at facility locations. It quantitatively estimates expected losses to major physical assets by comprehensively reflecting asset characteristics, locations, and disaster prevention levels based on damage functions for approximately 80 asset types. Using this tool, Poongsan analyzed the potential financial impacts of exposing major assets at the Ulsan Plant to pluvial flooding due to extreme rainfall.

Physical Risk Analysis Results

The physical risk analysis for the Ulsan site indicates that, should extreme rainfall damage our buildings, production equipment, or inventory by 2050, the resulting annual average losses are estimated at less than 1% of total assets. Consequently, the financial impact is evaluated to remain at a relatively limited level from both short- and mid-term perspectives. However, under the high-emission SSP5-8.5 scenario, the increased probability of extreme rainfall due to intensifying climate change and the growing scale of asset damage indicate that annual average losses could rise to approximately 2–3% of total assets during the 2051–2100 period.

Accordingly, Poongsan intends to explore multifaceted measures to progressively strengthen our climate risk response capabilities and organizational climate resilience from a long-term perspective. Moving forward, we will carefully review disaster prevention infrastructure improvements and damage mitigation alternatives to enhance the protection level of major assets at the facility, while making phased preparations to translate these measures into effective action plans.

Projected Frequency of Pluvial Flood Events by SSP Scenario (Ulsan Plant)

Category	Definition	Projected Number of Flood Events	Average Return Period
SSP1-2.6	A scenario assuming sustainable economic growth with minimized fossil fuel usage due to advancements in renewable energy technologies	7 events in total	Approx. 10.7 years
SSP5-8.5	A scenario assuming heavy fossil fuel reliance driven by rapid advances in industrial technology and unchecked urban development	11 events in total	Approx. 6.8 years

Projected Financial Impact by Period (Ulsan Site)

Period	SSP1-2.6	SSP5-8.5
2026–2030	< 1%	< 1%
2031–2040	< 1%	< 1%
2041–2050	< 1%	< 1%
2051–2100	1-2%	2-3%

* Based on Annual Average Loss (AAL)

Climate Change Risk Analysis

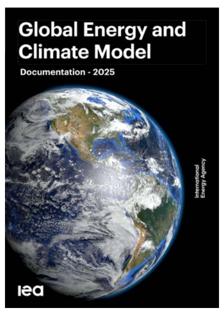
Transition Risk Analysis

Among climate-related risks, transition risk refers to the potential financial losses a company may incur due to rapid shifts in policies and laws, technology, or market conditions during the transition to a low-carbon economy. Poongsan categorized transition risks to analyze specific risk factors and their associated impacts.

Identification of Transition Risk Factors

Category	Transition Risk Factor	Description
Policy and Legal	Strengthening of Emissions Trading Schemes (ETS)	Increased costs for purchasing emission allowances due to reduced ex-ante allocations, the phasing out of free allocations, and an increased share of auctioned allowances and higher auction prices
	Expansion of Carbon Taxes and Border Adjustment Mechanisms (CBAM)	Increased costs due to the expanded scope of the Carbon Border Adjustment Mechanisms (CBAM)
	Stricter GHG Emissions Reporting Requirements	Higher operational costs associated with GHG emissions monitoring and reporting
	Stricter Resource Circulation Requirements	Potential fines or penalties for non-compliance, and erosion of product competitiveness
Technology	Increased Need for Investment in Low-Carbon Technologies	Capital expenditure requirements for low-carbon energy transition and new technology R&D/adoption
	Rising Raw Material Costs	Increased procurement costs driven by rising fuel prices and the shift toward low-carbon raw materials
	Rising Electricity Tariffs	Escalating operational costs resulting from electricity rate hikes linked to the implementation of the Basic Plan for Long-term Electricity Supply and Demand
	Market Uncertainty	Decreased business stability due to uncertainty in demand for low-carbon products and services
Reputation	Loss of Stakeholder Trust	Erosion of stakeholder confidence and reduced investment appeal due to insufficient credibility in the implementation of ESG targets

IEA Global Energy and Climate Model Documentation, World Energy Outlook 2025

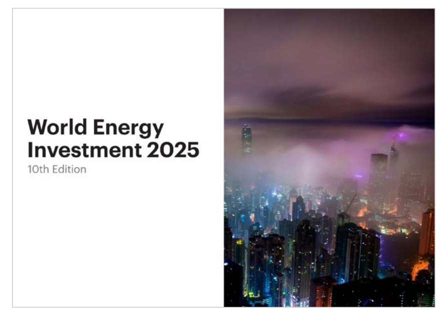


Among these, the financial impact of strengthened emissions trading schemes was assessed by estimating the additional financial impacts arising from Poongsan's purchase and sale of emissions allowances. To ensure objectivity, we utilized the International Energy Agency's (IEA) Global Energy and Climate (GEC) Model. The GEC model incorporates assumptions regarding energy policies, technology, and climate change. The climate scenarios used in Poongsan's financial risk analysis are the Current Policies Scenario (CPS), the Stated Policies Scenario (STEPS), and the Net Zero Emissions by 2050 Scenario (NZE). Their underlying assumptions are as follows.

Key Assumptions of Climate Scenarios

Category	Key Assumptions	Climate Goal	Speed of Low-Carbon Energy Technology Adoption
CPS	Reflects only currently implemented policies, and assumes no new measures are introduced after existing policies expire	None	Slow and cautious
STEPS	Assumes implementation of both current policies and announced plans not yet adopted. Maintains the pace and level of policy and technological advancement after current policy periods expire	None	Moderately fast
NZE2050	Assumes the adoption and execution of highly rigorous policies to achieve carbon neutrality by 2050, bolstered by enhanced global cooperation	Limit global mean temperature rise to 1.5°C by 2100	Very fast

IEA World Energy Investment 2025, 10th Edition

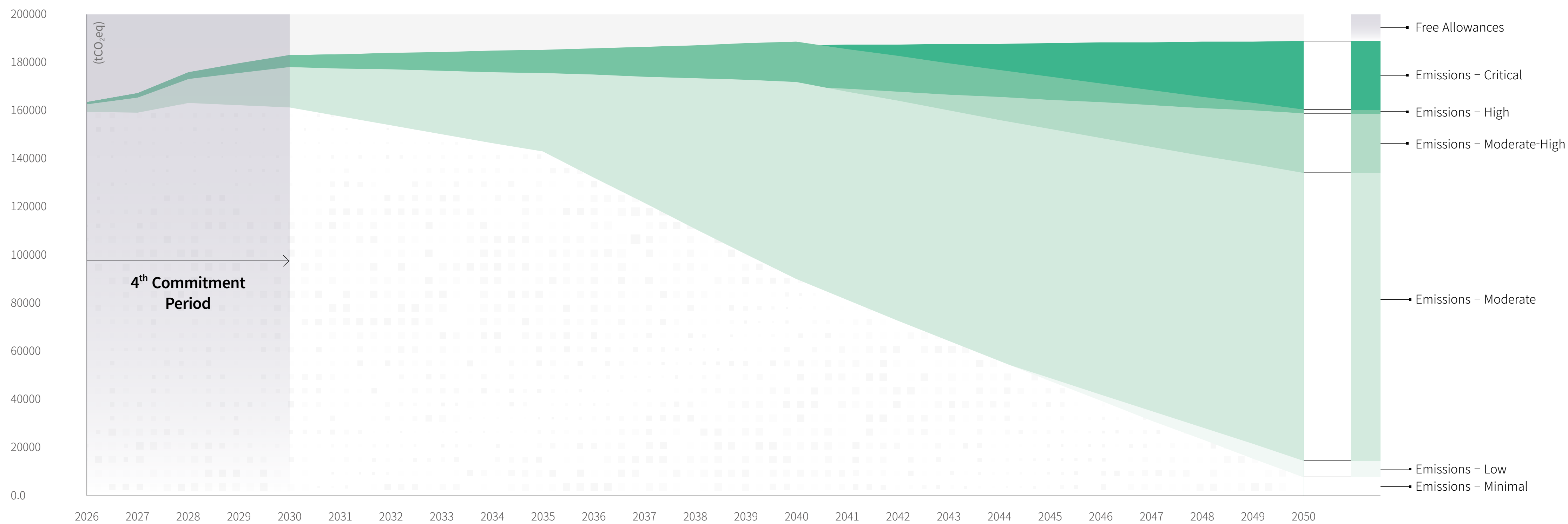


Climate Change Risk Analysis

Transition Risk Analysis Results

For a detailed analysis, we established a total of six transition risk scenarios by integrating Poongsan's internal carbon reduction scenarios with climate scenarios. The analysis covers the period through 2050, incorporating Poongsan's internal carbon reduction levels, the emission allowance allocations for the 4th commitment period of the Emissions Trading Scheme (ETS) and carbon price projections under the IEA climate scenarios.
In the scenario with the lowest financial impact, the global pace of adoption of low-carbon energy technologies was projected to be very rapid, consistent with the NZE model. Consequently, Poongsan's carbon emissions would be the lowest, resulting in minimal expenditure for purchasing emission allowances. In the scenario with the greatest financial impact, carbon reduction pressure on Poongsan would be very strong, while the development of low-carbon energy technologies needed to support such reductions is projected to be slow. Therefore, we would rely on purchasing emission allowances rather than direct emissions reduction, resulting in the highest financial burden.
Moving forward, we will refine our transition risk model to further analyze the financial impacts of various risk factors and reflect the results in our internal carbon reduction strategy.

Transition Risk Scenario Analysis Results



Greenhouse Gas and Energy Management

Efforts to Reduce GHG Emissions and Energy Consumption

Poongsan has prioritized GHG emissions reduction as a key medium- to long-term task in achieving carbon neutrality, and has been actively driving a range of reduction initiatives across our headquarters and business sites throughout 2025. We are promoting GHG emissions reduction by improving facility and operational efficiency, and by operating a monitoring system to proactively prevent abnormal emissions.

In addition, we plan to review internal regulations related to energy and utilities, and based on this, establish and implement company-wide energy and GHG management regulations and detailed rules to upgrade our management system. Based on this framework, we will clarify the roles and responsibilities across relevant departments, ensuring we remain focused on systematic energy management and continuous energy reduction activities.

We plan to partially incorporate GHG reduction targets and implementation responsibilities into employee performance evaluations and continuously promote various GHG reduction activities, such as replacing aging equipment and participating in carbon neutrality support projects.

Energy Conservation Training

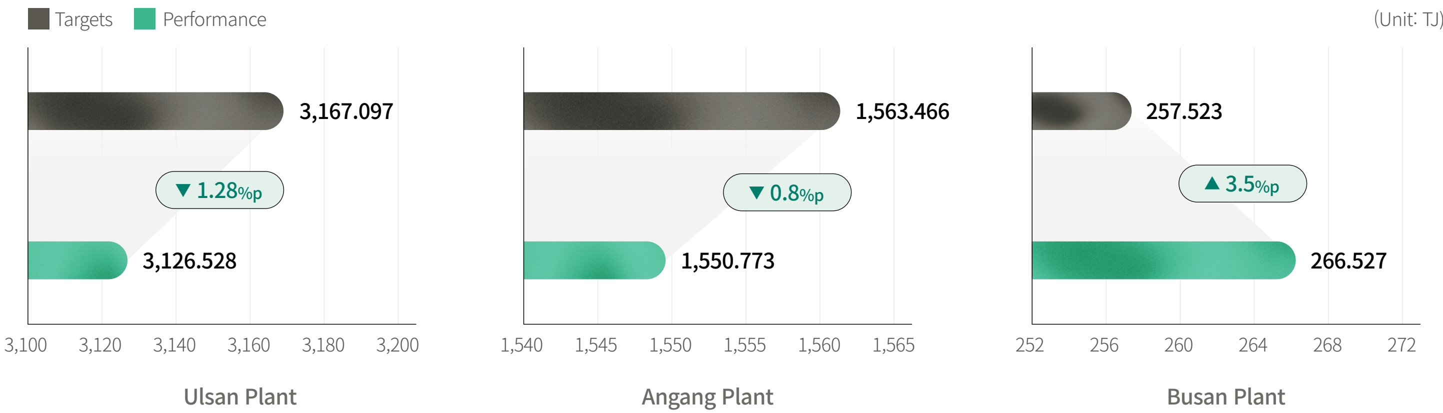
Poongsan conducted energy conservation training to enhance employees' awareness of energy efficiency and to foster a culture of energy conservation across all business sites. At the Angang plant, training was provided for supervisors, focusing on understanding energy waste factors and reduction measures. At the Busan plant, practical capabilities for energy conservation and GHG emissions reduction were strengthened through training linked to carbon neutrality facility support programs.

Training Program	Target Participants	Dates	Training Objectives	Total Sessions
Group Training on Energy Conservation	Angang Plant Supervisors (staff in charge and foremen)	Jul. 3– 24, 2025	Identify energy waste factors and propose mitigation strategies	4
Carbon-Neutral Facility Support Training	Busan Plant Personnel	May. 13, 2025	Enhance practical understanding of carbon-neutral facility support programs	1

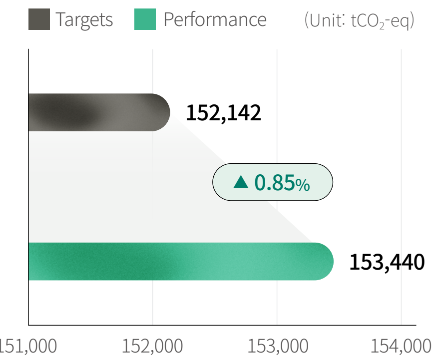
Status of GHG and Energy Management

Carbon Neutrality Targets and Performance

Energy Consumption Targets and Performance



Greenhouse Gas Emissions Targets and Performance*



(Production Volume: Tons / Emissions: tCO_2-eq / Intensity: tCO_2-eq/Ton)

Category	Target (Planned Emissions)		Performance	
	Total	Intensity	Total	Intensity
Production Volume	208,312		195,400	
Direct Emissions (Scope 1)	34,491	0.166	32,631	0.167
Indirect Emissions (Scope 2)	117,651	0.565	120,808	0.618
Total Greenhouse Gas Emissions	152,142	0.730	153,439	0.785

* Note: GHG emissions targets and performance data are based on the Copper and Copper Alloy Division (Ulsan Plant), excluding the Defense Division.

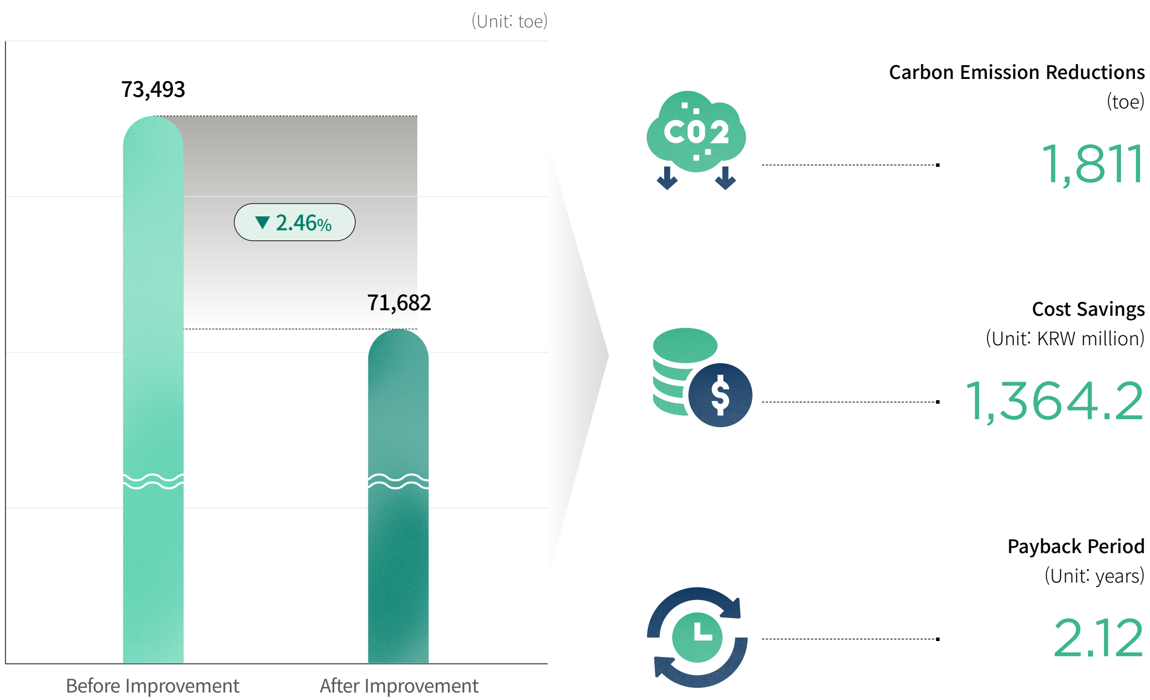
E3 Climate Change Response Metrics&Targets

GHG and Energy Reduction Initiatives

Energy Conservation Consulting and Support Programs

Energy Audit Consulting

The Ulsan Plant commissioned an energy audit to assess potential efficiency improvements across its facility operations, systematically implementing GHG and energy reduction activities. The audit identified 11 energy-saving measures, and full implementation is expected to yield approximately 1,811.3 toe in energy savings and corresponding GHG emission reductions.
Furthermore, analysis indicates potential cost savings of approximately KRW 1,364.2 million, with required equipment investment estimated at approximately KRW 2,886.3 million. The payback period was estimated at approximately 2.12 years, indicating that both economic and environmental benefits can be achieved. Based on these audit results, the Ulsan Plant plans to implement phased facility improvements and energy efficiency improvement measures to continue reducing energy costs and GHG emissions.



Internal Energy Consulting

To enhance energy efficiency and strengthen conservation efforts, the Angang Plant is systematically implementing energy reduction activities based on in-house energy consulting. We reviewed current energy usage and performed improvement activities by identifying key waste factors, including waste of compressed air and water, aging steam pipes and valves, faulty steam traps, and inefficient operation of lighting and HVAC systems. As a result, a total of 133 inspection and improvement tasks were identified, and all items have been addressed. Through on-site inspections and improvement activities, we effectively eliminated energy waste factors and improved energy efficiency across the business site.
Going forward, the Angang Plant plans to continue identifying reduction tasks based on energy consulting and continuously promote energy savings and GHG emission reductions through efficiency improvements in facilities and operations.

Carbon Neutrality Facility Support Programs

As part of the 2025 Carbon Neutral Facility Support Program organized by the Korea Environment Corporation, the Busan Plant installed a steam-driven compressor (100HP). This equipment operates by utilizing the differential pressure of steam generated from the boiler, contributing to reduced electricity consumption and improved energy efficiency. The installation is expected to reduce annual GHG emissions by approximately 283.7 tCO_2eq and energy use by 5.7 TJ. We secured KRW 178.3 million, approximately 50% of the total project cost of KRW 356.6 million, through government subsidies, enhancing investment efficiency with an expected payback period of 4.3 years. The Busan Plant plans to continue expanding the adoption of eco-friendly equipment and strengthen efforts to improve energy efficiency and carbon emission reduction at the business site.

GHG and Energy Reduction Initiatives

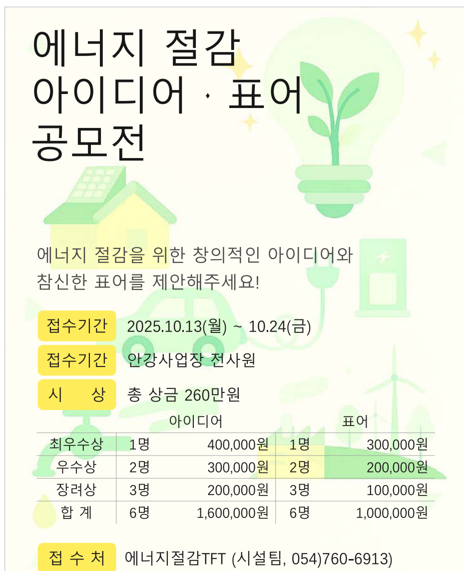
Energy-Saving Campaign

Energy Conservation Campaign

Poongsan launched a company-wide energy conservation campaign to establish a culture of efficient energy management. The campaign focused on actionable practices for all employees, such as maintaining optimal indoor temperatures, switching off power to equipment not in use, and turning off unnecessary lights. Additionally, the Angang Plant held an idea and slogan contest for energy conservation, drawing strong participation, with a total of 394 proposals submitted. We selected and awarded prizes for outstanding ideas and slogans, providing a total of KRW 2.6 million in rewards to foster a company-wide culture of energy conservation.

Proposals Submitted
(71 ideas, 323 slogans)
Total: 394

Award-winning Entries
(6 ideas, 6 slogans)
Total: 12



Energy Conservation Task Force

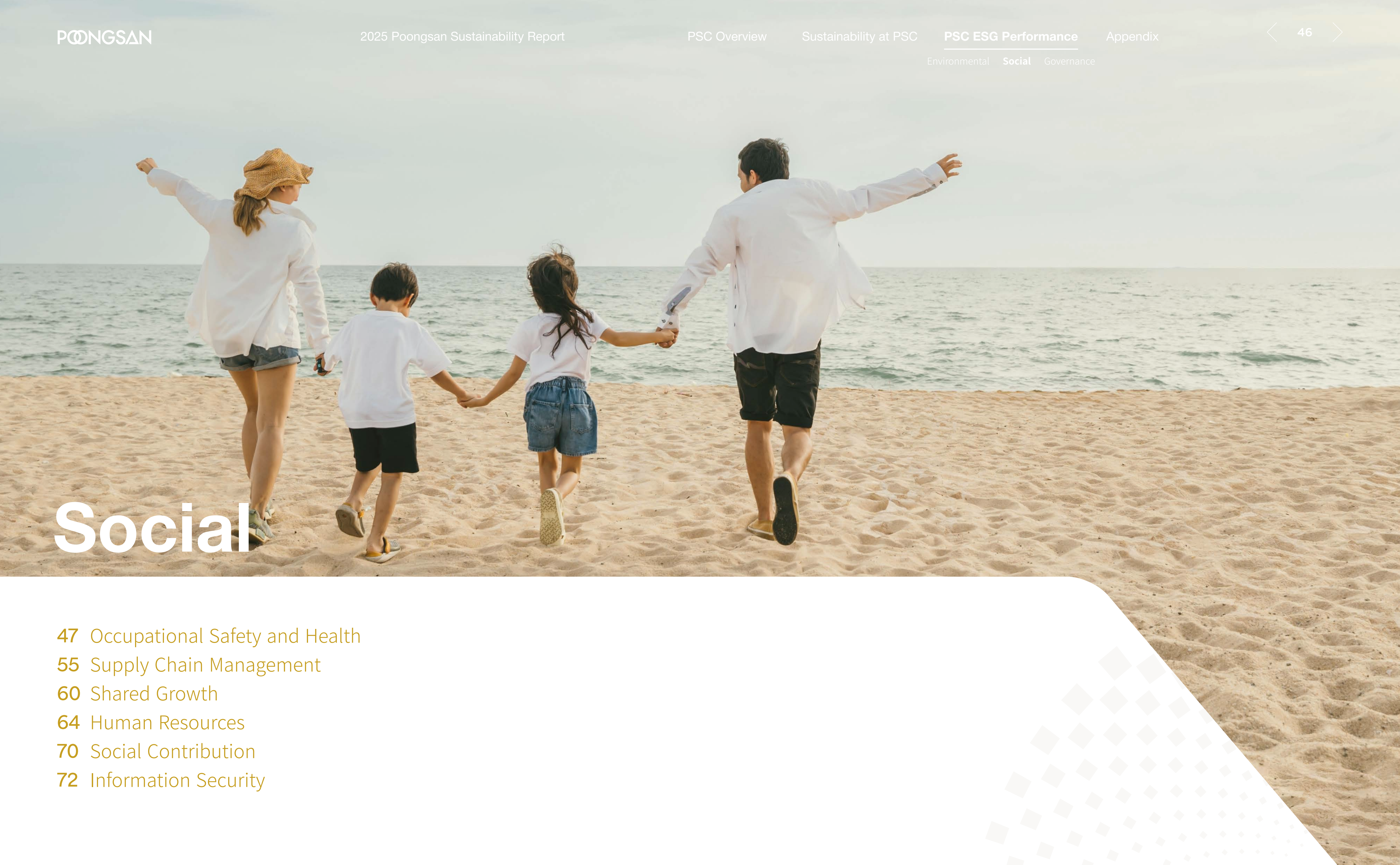
Energy-Saving Initiatives by the Energy Task Force

Poongsan completed 31 energy conservation initiatives across diverse areas, including capital investment, routine management, and process improvements, achieving approximately 115% of its cumulative annual target. These efforts contribute to both energy cost savings and GHG emission reductions. Moving forward, we plan to continue enhancing operational efficiency through sustained energy management and improvement activities.

Reduction Activities[1]	Number of Initiatives	Cost Savings
Capital Investment and Expense Budget · LED replacement (Rifle, Forging building, Bullet Jacket, etc.) & water pump upgrades · High-efficiency cooling tower pump replacement · Once-through boiler replacement, etc.	9	KRW 452.8 million
Routine Maintenance · Replacement of aging lighting with high-efficiency equipment · Water dispenser management · Repair of compressed-air leaks · C/T power shutdown on holidays and weekends, etc.	16	KRW 346.7 million
Process Improvement · Optimization of the 20 mm local exhaust structure · Heat treatment process improvement · Graphite mixer heat source improvement, etc.	6	KRW 52.5 million

1) Energy reduction activities at the Angang Plant

Category	Total (KRW million)	Achievement Rate
Targets	738.0	115%
Performance	852.0	



Social

S1 Social

Occupational Safety and Health

UN SDGs

Appendix

ESG Data

Governance

Occupational Safety and Health Management Framework

Organizational Structure

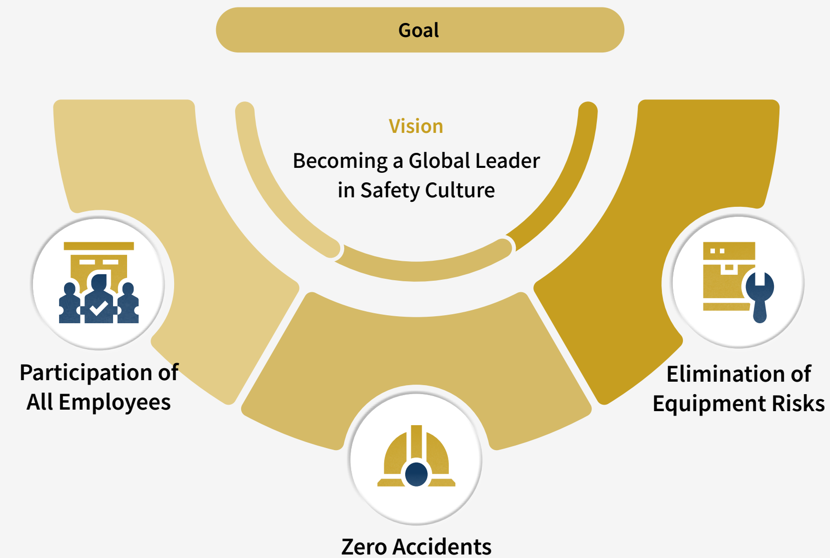
To ensure consistency and implementation effectiveness in company-wide safety and health management, Poongsan has established the Safety & Environment Management Division directly under the CEO to serve as the control tower for its integrated safety management system. Since upgrading safety and environment organizations at each business site to the division level in 2022, we have solidified our company-wide safety and health management system through continued expansion of specialized safety and health personnel and strengthening of the capabilities of dedicated organizations. In addition, we operate the Safety, Health, and Environment (SHE) Management Committee to enhance the efficiency of company-wide consultation and decision-making on major SHE-related matters. The committee convenes quarterly to review company-wide SHE performance and key issues, and where necessary, deliberates on and approves policies, objectives, and safety and health plans.

S1 Occupational Safety and Health | Strategy

Occupational Safety and Health Management Framework

Safety and Health Mission/Policy

Poongsan recognizes safety and health management as a core element of sustainable management and has established and is actively implementing a safety and health management policy to achieve its safety objectives and its vision of becoming a global leader in safety culture.



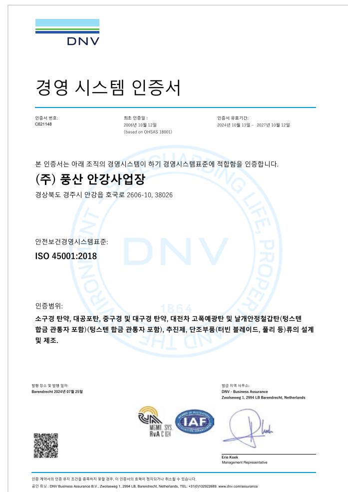
Safety Mission

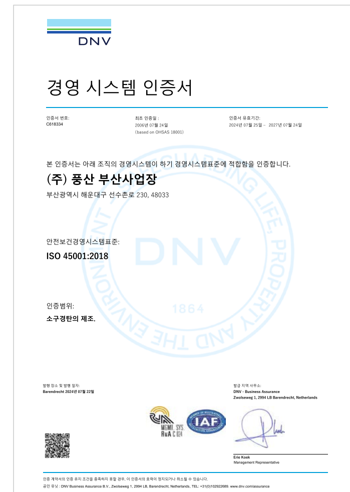
1. Build a safety culture where everyone understands and follows procedures
2. Implement accountable safety management in collaboration with operating departments
3. Establish and continuously improve an advanced safety and health system
4. Create a safe work environment by ensuring equipment safety
5. Develop a safety culture among partner companies based on the same standards

Occupational Safety and Health Management System

Poongsan is dedicated to creating a safe working environment where all employees and workers of partner companies can work safely and in good health, and systematically implements activities to proactively prevent safety and health risks that may arise at its business sites.

Since 2020, Poongsan has obtained ISO 45001 certification—the international standard for occupational health and safety management systems established by the International Organization for Standardization (ISO)—for the Busan, Ulsan, and Angang plants. After obtaining ISO 45001 certification, we have advanced our processes for identifying and autonomously managing hazards and risk factors at our major business sites. Through these efforts, we have established a site-focused preventive system involving both management and workers to substantially reduce industrial accidents, and are doing our utmost to ensure a safe working environment.





Safety Training

Employee Safety Training

Poongsan systematically provides safety training for all employees to enhance safety awareness and embed compliance with safety rules. We establish a company-wide training framework by organizing customized curricula that reflect the specific characteristics and work environments of each business site and conducting regular training.
In 2025, we continued to strengthen the effectiveness of safety training by providing a variety of training programs across all business sites, including our headquarters, Ulsan, Angang, Busan, and the Defense Technology Research Institute, achieving a high training completion rate through broad employee participation.

2025 Employee Safety Training

Site	Number of Courses	Number of Participants	Completion Rate (%)
Head Office	2	585	100
Ulsan	18	3,927	100
Angang	19	7,696	100
Busan	15	1,461	100
Institute of Defense Technology	6	351	100


Emergency Response Drills

Poongsan has established a rapid reporting and dissemination system to prepare for serious accidents or emergency situations with a high likelihood of occurrence. We have also developed response scenarios and manuals tailored to specific types of emergencies to minimize damage.
Furthermore, we conduct quarterly emergency response drills across all company departments to strengthen practical response capabilities and enhance the effectiveness of our emergency response system.

2025 Emergency Response Drills

Site	Number of Drills
Ulsan	21
Angang	42
Busan	20
Institute of Defense Technology	16




Safety Activity Award Program

Poongsan operates various award programs to encourage voluntary participation in safety and environmental initiatives. We incentivize active employee participation through awards for accident-free initiatives, excellence in safety and health evaluations, and the identification of new hazards. In addition, we are working to establish a sound safety culture based on joint Labor-Management participation.

2025 Safety Activity Award Results

Site	Amount (KRW 10 thousand)
Ulsan	9,897
Angang	7,959
Busan	5,282
Institute of Defense Technology	1,352

Occupational Safety and Health Management

Work Environment Management

Poongsan systematically measures and evaluates exposure levels to hazardous agents at each business site. Based on these findings, we implement facility and equipment upgrades to prevent occupational diseases and ensure a comfortable working environment.
Furthermore, we operate on-site health facilities and health management systems to continuously monitor and manage the health status of our employees, while consistently strengthening our prevention-oriented health management framework.

Employee Health Promotion Programs

Poongsan operates diverse health promotion activities, including health consultations, smoking cessation programs, psychological support, and health education and campaigns, tailored to the specific characteristics and working conditions of each business site.
By expanding psychological support programs and health management services company-wide, we manage employees' physical and mental health in an integrated manner, while encouraging them to proactively manage their own health through participatory programs.

Head Office	Angang Plant	Ulsan Plant	Busan Plant	Institute of Defense Technology
· Walk-On Challenge (Walking point donations) · Employee psychological support program	· Health counseling for employees with abnormal findings / Special health lectures · Cerebrovascular and cardiovascular disease risk assessment · Employee psychological support program · Hearing protection fit testing · InBody challenge / Walk-On health walk · Healthcare classes	· At-home exercise training / InBody ranking competition · Employee psychological support program · Walk-on Challenge (Walking point donations) · Health education, guidance, and promotion · Balance clinic · Mobile health management / Smoking cessation clinic	· Smoking cessation program · Employee psychological support program · InBody ranking / Walk-On challenge · Health education, guidance, and promotion	· Health counseling for employees with abnormal findings / Health education · Employee psychological support program · Walk-On Challenge

Company-wide Health Promotion Programs in 2025

2025 Walk-On Challenge Donation Amount (Seoul + Ulsan)

KRW 16,760,000

2025 Employee Psychological Support Program Utilization

86 sessions

Occupational and Infectious Disease Prevention

Poongsan systematically investigates and identifies hazards that may affect employees and prevents occupational diseases through the elimination or substitution of these hazards, alongside the implementation of engineering and technical improvement measures.
Furthermore, based on regular health check-ups, we continuously monitor employees with potential health concerns and operate systematic follow-up management activities.

Infectious Disease Prevention

Establishing and Operating Infectious Disease Prevention Measures	· Developing guidelines to prevent the spread of infectious diseases · Managing at-risk groups according to risk level · Implementing and operating a remote work system
Developing Business Continuity Plans	· Preparing work process scenarios for each department · Planning work arrangements according to job functions
Conducting Disinfection at Business Sites	· Preventing contact transmission (e.g., antimicrobial products) · Conducting disinfection and stocking disinfection supplies
Personal Hygiene and Awareness-raising	· Distributing personal protective items (e.g., masks) · Sharing information and guidance (e.g., announcements, text messages)
Preventing the Introduction and Spread of Infectious Diseases	· Preventing the introduction of infectious diseases (e.g., visitor access control) · Preventing the spread of infectious diseases (e.g., installation of partitions)

Occupational Disease Prevention

Respiratory Protection Program	· Managing work environments and operating protection systems to prevent respiratory health issues caused by workplace hazards such as dust
Confined Space Entry Program	· Conducting pre-work hazard checks and establishing/executing safety management plans to prevent major accidents, such as asphyxiation, during confined space work
Hearing Conservation Program	· Managing noise exposure and implementing hearing conservation activities to prevent noise-induced hearing loss in the work environment
Musculoskeletal Disorder Prevention and Management Program	· Eliminating hazards, implementing improvements, and establishing prevention-focused management strategies to prevent musculoskeletal disorders
Job Stress Prevention Program	· Proactively identifying and managing job stress factors; operating systems for early detection, follow-up management, and recovery support for health problems
Employee Assistance Program (EAP)	· Operating professional counseling and coaching programs to alleviate employees' psychological stress
Heat-Related Illness Prevention	· Establishing response standards and implementing preventive measures against heat-related illnesses in high-temperature environments, such as during heatwaves · Providing drinking water, salt, and shade, and adjusting rest breaks based on the work environment to safeguard worker health

Safety Risk Management

Safety Incident Management

Poongsan operates a standardized incident management process to ensure prompt containment and rigorous root cause analysis. Upon an incident, we utilize a tiered reporting system to provide immediate notification to the dedicated safety unit at the head office. This activates a company-wide command structure to prevent further damage and prioritize immediate on-site response measures. We investigate all incidents without delay, and the Incident Investigation Committee analyzes not only direct causes but also underlying systemic deficiencies. The resulting corrective measures are rolled out across all business sites to fundamentally prevent recurrence. We monitor the entire process from the initial incident through the treatment and recuperation, and return to work of injured employees. We also leverage digital systems to systematically record and manage all data, ensuring a transparent and accountable post-incident management system.

Incident Management Process

1. Incident Occurrence and Initial Response
2. Incident Reporting
3. Thorough Investigation and Analysis (Incident Investigation Committee)
4. Development and Implementation of Recurrence Prevention Measures (Company-wide Rollout)
5. Post-Incident Management and Documentation

Hazard Management

Poongsan operates a hazard reporting system that allows not only employees, but also external contractors and visitors on-site, to report hazardous tasks and suggest improvements via QR codes and mobile devices.

2025 Hazard Reports and Safety Suggestions

3,414 Total Reports	729 Items Identified for Improvement
655 Improvements Completed	74 Improvements Planned

Risk Assessment Process

1. **Preparation** Conducting regular reassessments twice a year
2. **Identification of Hazards and Risks** Using the reference table for identifying hazards and risks by accident type and root cause
3. **Risk Estimation and Determination** Measuring the current level of risk exposure
4. **Mitigation Measures** Establishing comprehensive risk reduction measures
5. **Implementation and Management** Reassessing risks after improvements and determining the new rating

Implementation Status of Risk Assessments

Site	Improvements Identified	Completed	Scheduled
Head Office	2	2	0
Ulsan	122	100	22
Angang	756	733	23
Busan	157	137	20
Institute of Defense Technology	38	38	0

S1 Occupational Safety and Health | Risk Management

Safety Risk Management

Workplace Safety and Health Inspections

Poongsan operates an integrated inspection framework that includes subcontractors to evaluate safety management across all business sites from multiple perspectives. We regularly conduct joint safety and health inspections and site patrols involving the general safety manager and executives from suppliers to systematically identify potential workplace hazards. Furthermore, we manage the inspection process to ensure findings lead to actual improvements in safety standards by facilitating inter-site cross-inspections to share best practices and encourage mutual improvement. Meanwhile, the Ulsan and Angang plants, as sites subject to Process Safety Management (PSM), perform annual self-inspections of process-specific hazards. Through inspections involving internal and external experts, we evaluate the level of PSM implementation. We then strengthen process safety continuously by developing action plans for identified improvement items and monitoring their implementation.

Safety and Health Inspections

Ongoing Assessments	Near-miss reporting, safety suggestions, safety observations, and identification of unsafe or improper conditions
Ad-hoc Assessments	Management of changes in maintenance work
Site Walkthroughs	Periodic site walkthroughs, daily site walkthroughs

2025 PSM Internal Audit

Site	Scope (Target)	Improvement Measures	Results
Ulsan	9 Teams	S	18 cases
Angang	1 Team	S	26 cases

2025 PSM Improvements by Element (No. of Cases)

Category	Site		Category	Site	
	Ulsan	Angang		Ulsan	Angang
1. Process Safety Information	10	15	7. Contractor Management	-	-
2. Process Hazard Analysis	5	4	8. Pre-startup Safety Review	-	-
3. Operating Procedures	-	7	9. Management of Change	-	-
4. Equipment Inspection and Maintenance	-	-	10. Internal Audit	-	-
5. Work Permit System	-	-	11. Process Incident Investigation	-	-
6. Training	3	-	12. Emergency Response Plan	-	

Contractor Safety and Health Management

Poongsan promotes industrial accident prevention and the spread of a safety culture through a collaborative system with contractors during subcontracted projects. To this end, we hold a monthly Safety and Health Council meeting involving the contracting employer and subcontractors to share key safety matters and proactively identify and manage field hazards.

To strengthen the practical safety and health capabilities of contractors, we conduct in-depth assessments of safety and health items during regular evaluations.

This year, we conducted safety and health evaluations for approximately 30 contractors. This assessment comprehensively reviews whether the contractor has established a safety and health policy and procedures for conducting risk assessments, the status of its safety and health training, and its safety and health incident history over the past three years.

Through this council and multi-faceted evaluation system, we strengthen safety information sharing and on-site response systems, driving substantial improvements in safety management by enhancing safety awareness among both employees and contractors. Based on mutual cooperation with contractors, we continuously advance the safety and health management system in the workplace, contributing to the prevention of major accidents and the realization of ESG management.

Strengthening Safety Management Across the Entire Lifecycle—From Contractor Selection to Work Execution and Evaluation

1. Contractor Selection	**Defining the Scope of Contracted Work** · Clarify the scope of the contractor's obligations	**Qualified Contractor Assessment Criteria** · Two-tier criteria (50+ employees / <50) · Digital management system (P-SRM) · Standardized assessment forms	
2. Contracting	**Standardizing Subcontractor Contracts** · Production process (on-site subcontractors) · External construction · Outsourced processing, equipment, & supply	**Contractor Safety and Health Cost Allocation Standards** · On-site subcontractors: ≥0.5% of contract value · Outsourced processors: ≥1% of contract value	**Safety Standards for Equipment Leasing** · Established H&S obligations for lessors
3. Pre-Work	**Safety Plan Review and Approval** · External contractors: Unified company-wide standard · On-site subcontractors: Expanded company-wide standard	**Permit-to-Work (PTW) System** · Unified site standards	
4. Operations	**Contractor Safety Management Standards** · Unified site-wide standards	**Construction Safety and Health Cost Compliance** · Applied based on project type/scale · Lump-sum payment for <KRW 40M · Proof of payment/accrual for ≥KRW 40M	**Construction Accident Prevention Guidance** · Scope: KRW 100M to KRW 12B (a duration of at least one month) · Content: Safety guidance for subject projects
5. Evaluation	**Contract and Evaluation Status Review** · Unified assessment criteria · Reflecting results in subcontractor contracts		

S1 Occupational Safety and Health Metrics&Targets

Occupational Safety and Health Targets

Occupational Safety and Health Mid- to Long-Term Targets

Poongsan has established a mid- to long-term safety and health roadmap for 2026–2030 and is making every effort to achieve its targets. To systematize our safety and health management, we are refining our performance indicators based on the Poongsan Safety and Health Assessment System (PS_SRS), improving its regulatory compliance management process, and upgrading standard operating procedures (SOPs) to foster an action-oriented safety culture.
We plan to further advance our safety and health management by advancing equipment safety management, strengthening the control of hazardous agents, and improving health management, including job stress management. We also intend to raise the level of safety management across its contractor network by expanding the verification of contractor qualifications.

Short-Term Mid-Term Long-Term

Category	Strategic Direction	Description	Plan by Year 2026	2027	2028	2029	2030	Remarks
Occupational Safety and Health	Systematizing safety and health management	· Linking CEO commitment to implementation · Improving safety & health processes and assessment systems	Refinement of metrics (2026) Enhancement of PS_SRS and assessment ratings (2026–2030)					
	Building an action-oriented safety culture	· Compliance with P-SAFE and procedures for non-routine work · Implementing company-wide monthly themed activities · Strengthening audits to verify management's fulfillment of duties	Establishing a Regulatory compliance management (2026–2027)	Enhancing Standard Operating Procedures (SOPs) (2027–2028)				
	Promoting participatory self-directed safety	· Expanding worker participation: Safety Talks, Safety Supporters · Supporting the use of IT systems: reflecting the needs of operating departments	Enhancing motivation and participation (2026–2027)					Performance measurement
	Improving safety through risk reduction	· Visual Management at worksites, inspections of tools and jigs, and smart devices · Hazard identification and improvement tracking, TPM integration	Advancing equipment safety management and operating the SB Promotion Committee (2026–2028)					Tangible improvement
	Advancing occupational health management	· Revitalizing Worker Health Promotion Activities · Strengthening Chemical Monitoring	Identification of equipment associated with hazardous agents (2026) Mobile-based management of health promotion participation (2026–2027)	Job stress management (2027–2028)				
	Establishing mutually beneficial contractor safety management	· Systematizing Contractor Safety Management	Expanding contractor qualification verification (2026) Establishing a system for incorporating evaluation results (2026–2027)					Support activities

Occupational Safety and Health Performance

2025 External Safety and Health Achievements

Selected as an Outstanding Company in the 2025 Large Enterprise-SME Safety and Health Win-Win Cooperation Program

Poongsan was selected as an Outstanding Company in the 2025 Large Enterprise-SME Safety and Health Win-Win Cooperation Program, organized by the Korea Occupational Safety and Health Agency (KOSHA), after providing contractors with risk assessment diagnostics and improvement-focused consulting. Through this initiative, we conducted collaborative safety and health activities for a total of 322 workers across 14 companies, including 6 on-site contractors (117 employees), 4 off-site contractors (54 employees), and 4 local SMEs (78 employees). We prioritized contractors performing high-risk maintenance and handling hazardous machinery, subsequently expanding our support framework to include off-site contractors and local SMEs at the Busan and Angang Plants.

Leveraging 14 matched support projects, we provided 140 person-days (M/D), or 10 person-days for each participating company of expert risk assessment and customized consulting, achieving tangible results in identifying and mitigating on-site hazards. Building on incentives such as government awards and designated self-inspection periods, we plan to further advance our win-win cooperation model. We remain committed to fulfilling our social responsibilities and practicing ESG management by fostering a safe business environment with our contractors.

Received the Grand Prize at the Best Practices Competition for Honorary Occupational Safety Inspectors

Poongsan was awarded the Grand Prize—the President's Award from the Korea Occupational Safety and Health Agency—at the Best Practices Competition for Honorary Occupational Safety Inspectors, hosted by KOSHA and organized by the Ministry of Employment and Labor, in recognition of our success in building a robust, autonomous safety prevention system through Labor-Management cooperation. This competition serves as a platform to identify and promote outstanding industrial accident prevention practices. Poongsan demonstrated its outstanding safety and health management capabilities by spearheading field-oriented improvement activities led by its Honorary Occupational Safety Inspectors. The Honorary Occupational Safety Inspector at the Ulsan Plant was highly commended for acting as a "responsible practitioner" who went beyond simple observation to lead the actual removal of risk factors through advisory support for risk assessments, regular site patrols, and the active collection of worker feedback (VOC). Based on this external recognition, Poongsan plans to further strengthen the role of our Honorary Occupational Safety Inspectors and continuously practice a safety culture that is firmly rooted in the workplace, thereby solidifying safety and health management as a core value of ESG management.

S2 Social

Supply Chain Management

UN SDGs

Appendix

ESG Data

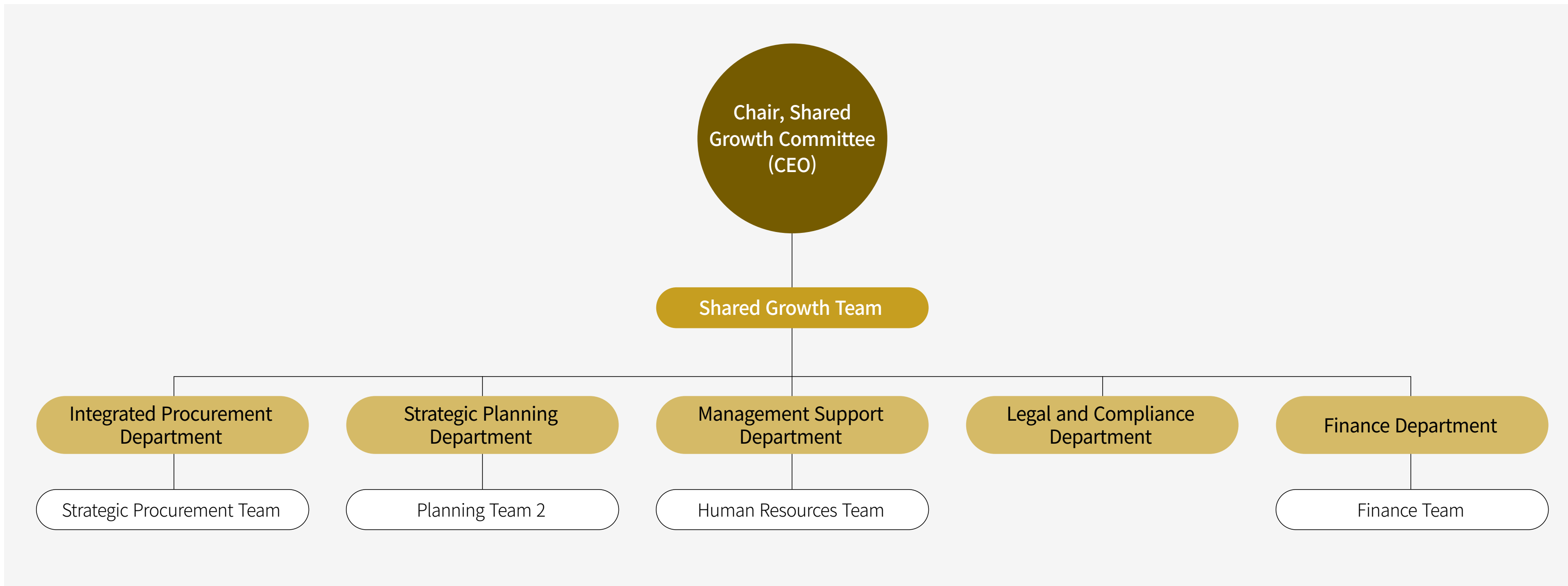
Governance

Supply Chain Management Framework

Organizational Structure

Poongsan operates its supplier management framework through the Shared Growth Committee, chaired by the CEO, to build a sustainable supply chain and strengthen shared growth with its suppliers.

Furthermore, Poongsan systematically categorizes managed entities based on supplier characteristics and trade relationships, designating 200 Tier-1 suppliers subject to survey and 70 suppliers that have entered into Fair Trade Agreements as key suppliers to integrate risk management with shared growth policies for these key suppliers.



S2 Supply Chain Management Strategy

Supply Chain Policies

Supplier Code of Conduct

Poongsan aims to build a sustainable supply chain with its suppliers by creating safe working environments, respecting employees' human rights, fulfilling environmental responsibilities, and practicing ethical management.
Respecting the autonomy and independence of our contractors, we recommend that they faithfully implement and adhere to this Code of Conduct to ensure alignment with sustainable management principles and philosophies.
Furthermore, we conduct document reviews or on-site inspections/due diligence as necessary, and provide guidance and support for improvements to cultivate a sustainable supply chain.

Health & Safety
- Occupational Safety
- Hygiene Management, etc.

Environment
- Hazardous Substances/Waste
- Compliance with Environmental Regulations

Labor
- Freely Chosen Employment (Prohibition of Forced/Child Labor)
- Payment of Fair Wages

Ethics
- Fair Trade
- Intellectual Property Rights

Management Systems
- Supply Chain Management
- Corporate Commitment to Compliance

Fair Trade Agreement

Poongsan enters into annual Fair Trade Agreements to establish fair trade practices and foster a culture of shared growth with its suppliers.
Moving forward, Poongsan will remain committed to fulfilling these agreements and continuously strengthening a healthy ecosystem of shared growth based on mutual respect and trust.

- Fair Contracting
- Efforts to Prevent Legal Violations and Ensure Compliance
- Support for Shared Growth
- Communication and Partnership

Fair Trade Culture

Poongsan has provided guidance on Fair Trade Agreements and the use of standard subcontract agreements to establish fair trade practices and strengthen the foundation for shared growth between Tier-1 and Tier-2 suppliers. By establishing an electronic agreement system using the NICE Winc, we have streamlined the agreement process, making it easier for suppliers to enter into agreements and increasing their participation.
Furthermore, following guidance provided to 70 major Tier-1 suppliers on the importance of the system and drafting methods of these agreements, 2025 saw an increase in the number of Fair Trade Agreements and standard subcontract agreements executed with Tier-2 suppliers compared to the previous year. Poongsan plans to continue maturing its fair trade framework based on trust with its suppliers and contribute to the establishment of a sound industrial ecosystem.

Supply Chain Policies

Procurement Policy

Grounded in a culture of fair trade, Poongsan has built mutually beneficial partnerships with its contractors and operates a shared growth system with "Partnership" as its core value. Building on this, we maintain fair and sustainable trading relationships with our suppliers and comply with relevant guidelines to strengthen our collaborative foundation based on shared growth.

As supply chain uncertainty grows due to escalating geopolitical risks, intensified climate change impacts, and the spread of protectionism, Poongsan is enhancing its response framework to secure stable raw material supplies. We are proactively addressing global supply shortages by securing supply volumes through multi-year contracts and diversifying supply sources for key items.

Conflict Minerals Policy

To address social issues such as human rights abuses, child labor, exploitation, and sexual violence occurring in conflict-affected regions, Poongsan has established and operates a Conflict Minerals Management Policy. In particular, we apply restrictions on the use of the four major conflict minerals—tin, tungsten, tantalum, and gold (3TG)—mined in 10 conflict-affected countries in Africa, including the Democratic Republic of the Congo.

Furthermore, we maintain an ethical and responsible sourcing system by purchasing these minerals exclusively through supply chains that comply with the Responsible Minerals Assurance Process (RMAP).

Category	RMI Smelter ID	Smelter Name	Country of Origin
Tin	CID001482	PT TIMAH TBK	Indonesia
Tin	CID003449	PT Mitra Sukses Globalindo	Indonesia
Tin	CID002593	PT RAJEHAN ARIQ	Indonesia

Supply Chain Risk Management

Supplier Risk Management

In its supplier selection and registration process, Poongsan operates procedures that ensure fairness and transparency by applying the standard contracts and four major guidelines established by the Korea Fair Trade Commission (KFTC). We select suppliers by comprehensively reviewing key criteria, including creditworthiness, facility capabilities, raw material procurement methods, and quality management systems.

Furthermore, we conduct a comprehensive annual evaluation consisting of basic, competency, completion, and performance assessments, based on a framework that reflects the specific characteristics of our sourcing groups, such as defense manufacturing, raw materials, and equipment construction. Through this, we systematically assess the overall capabilities of our suppliers.

Evaluation results are integrated into our supplier management system. Based on this system, high-performing suppliers receive incentives such as monetary awards, exemptions from performance bond requirements, and waiver of credit rating fees. For suppliers requiring improvement, we encourage them to voluntarily strengthen their capabilities through the submission of corrective action plans.

Supplier Evaluation Criteria

Category	Evaluation Items	
Basic Evaluation	Credit Rating	Level of Cooperation
	ESG Assessment	
	Code of Conduct	
Competency Evaluation	Management/Cost	Safety/Environment
	Quality/Technology	Security/Technology Protection
Completion Evaluation	Completion Report	
Performance Evaluation	Quality/Technology	Participation
	Delivery	Contribution

Supplier ESG Assessment

Poongsan selected 224 major suppliers for ESG assessment, among which 178 completed the evaluation process. The assessments were conducted via online self-assessments administered by a specialized ESG assessment agency. Based on the results, we identified high-performing and high-risk suppliers, as well as potential ESG risks and areas requiring improvement. Going forward, we plan to gradually expand the scope of suppliers subject to assessment and remain committed to continuously enhancing ESG performance across our entire supply chain.

2025 Supplier ESG Assessment Criteria

Environment	Social	Governance
· Environmental Management System · Environmental Impact Management · Eco-friendly Vehicles · Environmental Investment · Environmental Regulations ⋮	· Human Rights and Labor · Safety and Health · Quality Management · Information Security ⋮	· Ethical Management · Fair Trade · ESG Management ⋮

2025 Supplier ESG Assessment Results

Suppliers Subject to Assessment	224
Suppliers Evaluated	178
Suppliers Classified as High Risk	23
Suppliers Receiving Improvement Consulting	23

Operation of the Supplier Shared Growth Council

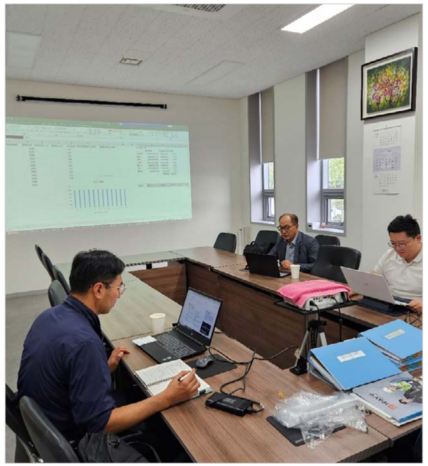
Poongsan operates both environmental and safety management support activities in parallel with the Supplier Shared Growth Council to support the adoption of green management practices among its suppliers. We also review the operational status of our suppliers' environmental and safety facilities. For areas requiring improvement, we ensure that improvements are implemented through on-site consulting and technical support. In addition, we assist in regulatory compliance, risk assessment, and incident prevention activities to strengthen suppliers' self-management capabilities. Through regular Shared Growth Council meetings, we continuously gather feedback on operational challenges and suggestions for improvement, sharing best practices to achieve ongoing improvements in environmental and safety standards.

Supply Chain Management Performance

ESG Consulting Support for Suppliers

Poongsan conducted ESG assessments for a total of 178 suppliers and provided ESG improvement consulting to 23 of them to embed ESG management across the entire supply chain and strengthen sustainable shared growth with its suppliers. The consulting framework covers three pillars—basic ESG implementation, in-depth diagnostics, and the establishment of safety and health management systems—and provides 6-step customized support tailored to the ESG maturity level and characteristics of each supplier.

We are currently identifying key improvement tasks through on-site diagnostics for participating suppliers and continuously monitoring their implementation progress. To support the strengthening of their ESG response capabilities, we provide incentives, such as bonus points in supplier evaluations, and deliver customized reports on the results. Through this support, Poongsan is enhancing the level of ESG management among its suppliers and contributing to the development of a sustainable supply chain.



Outstanding Supplier Awards

Poongsan conducts an annual comprehensive supplier evaluation to build robust partnerships with its suppliers and recognize those contributing to enhanced quality and technical competitiveness. In 2025, we completed comprehensive evaluations for a total of 224 suppliers. Based on these results, we held an awards ceremony in recognition of outstanding suppliers on March 25. At the ceremony, Poongsan selected three outstanding suppliers, including Woojin Industry, and presented them with plaques of appreciation and awards. Vice Chairman Woo-dong Park emphasized our commitment to sustainable mutual development with participating firms and reaffirmed our dedication to shared growth. Poongsan will continue to operate a fair and transparent evaluation system to consistently identify high-performing suppliers. Furthermore, we plan to strengthen trust-based strategic partnerships to enhance the competitiveness of its overall supply chain and realize the value of shared growth.

Supplier Mentoring Program

As part of its support activities to strengthen supplier competitiveness, Poongsan has continued to participate in the "Management Doctor" Program hosted by the Federation of Korean Industries (FKI). This program operates as a mentoring framework involving large enterprises and middle-market companies, suppliers, and external advisors, with the objective of supporting suppliers in developing business strategies, expanding into overseas markets, pursuing technological innovation, and improving productivity.

Together with its suppliers, A&T Co., Ltd., Poongsan plans to provide customized mentoring focused on technological, production, and quality innovation, as well as the development of management improvement strategies, thereby contributing to the reinforcement of the suppliers' competitiveness and self-reliance and the enhancement of sustainability across the entire supply chain. Going forward, Poongsan plans to continue strengthening the foundation for mutual growth with its suppliers through continued participation in systematic mentoring programs and enhance supply chain competitiveness centered on mutual cooperation.

S3 Social

Shared Growth

UN SDGs

Appendix
ESG Data

Governance

Shared Growth Management Framework

Organizational Structure

Poongsan operates its cooperative framework centered on the Shared Growth Committee, chaired by the CEO, to drive sustainable shared growth with its suppliers. The Shared Growth Committee oversees the development of mutual growth strategies and major policy directions, while the Shared Growth Team coordinates collaboration among relevant departments to execute diverse support programs. To support the competitiveness and self-reliance of our suppliers, we integrate company-wide practical support activities—including evaluations, training, consulting, and the operation of a mutual growth cooperation fund—thereby building long-term partnerships.

Four Major Guidelines

1. Guidelines for Fair Contracting
2. Guidelines for Supplier Selection and Management
3. Guidelines for the Establishment and Operation of an Internal Review Committee
4. Guidelines for the Issuance and Retention of Written Documents

Core Value
“If you want to go fast, go alone; if you want to go far, go together.”
Partnership Process

Accompaniment Process
Building a win-win partnership by fostering a fair trade culture

- Enhancing mutual competitiveness
- Enhancing national competitiveness
- Compliance with Fair Trade Laws and Regulations
- Win-Win Cooperation

S3 Shared Growth Strategy

Shared Growth Activities

Financial Support

Performance Sharing System

Poongsan pursues joint improvement projects with its suppliers across diverse technical domains, including facility upgrades, energy conservation, and the management of waste and air pollutants, and shares the resulting benefits with them. Based on this performance-sharing framework, we are expanding voluntary participation in improvement initiatives among our suppliers.

Shared Growth Fund

Poongsan has established and currently operates a Shared Growth Fund for suppliers that have entered into shared growth agreements. Suppliers can utilize this fund to secure the funds needed for their business operations, thereby helping them establish a stable operational foundation.

Early Payment Ahead of Major Holidays

Recognizing the increased suppliers' funding needs during holiday periods, Poongsan accelerates the payments for goods delivered to alleviate their financial burdens and support stable business operations. Specifically, ahead of the 2025 Chuseok holiday, we accelerated the subcontract payments, disbursing funds on September 26, four days earlier than the original scheduled date of September 30. As a result, we proactively provided a total of KRW 18,589 million in support to our suppliers ahead of the 2025 Lunar New Year and Chuseok holidays.
To facilitate smooth financial management for our suppliers, we operate three settlement cycles per month and adhere to a 100% cash payment policy. Consequently, suppliers receive payments within an average of 10 days, helping them secure liquidity. Poongsan plans to continue operating these support programs to strengthen the financial stability of its suppliers, thereby reinforcing its supply chain management framework based on win-win cooperation.

Delivery Price Indexation System

To alleviate the financial burden on suppliers caused by fluctuations in raw material prices, Poongsan voluntarily participates in the Delivery Price Indexation System promoted by the Ministry of SMEs and Startups. We reflect fluctuations in the prices of key raw materials—such as copper, tin, and copper cable—in delivery prices, thereby easing cost pressures for our suppliers.

Rent Waiver

If the number of operating days of an on-site supplier fall below a certain threshold relative to their business days, Poongsan waives the rent for the relevant period to alleviate the supplier's operational burden.

Financial Support Highlights

Activity	Support Amount
Shared Growth Fund	KRW 9,070 million
Delivery Price Indexation System	KRW 3,918 million
Early Payment Ahead of Major Holidays	KRW 18,589 million
Mutual Growth Cooperation Fund	KRW 100 million
Incentives for Outstanding Suppliers	KRW 9 million

S3 Shared Growth Strategy

Shared Growth Activities

Technical Support

Supplier Support Group

To enhance supply chain competitiveness by strengthening the capabilities of its suppliers, Poongsan operates a Supplier Support Group composed of specialized support teams across management, cost, quality, technology, safety, environment, and security. The group selects suppliers for on-site visits over a specified period to perform a diagnostic assessment of their overall operational standards, including working conditions and training capabilities. Based on the assessment results, we identify improvement tasks and provide practical consulting and technical support to assist in strengthening the competitiveness of our suppliers. Through hands-on, on-site support, we establish a foundation for suppliers to achieve independent growth, thereby contributing to building a sustainable shared growth framework over the long term.

Supplier Training and Other Benefits

To strengthen the capabilities of employees of its suppliers, Poongsan operates diverse programs, including support for online course enrollment, payment of recruitment incentives, and the provision of ESG training and management support personnel. Through these initiatives, we support the improvement of employee capabilities and working environments for our suppliers, contributing to the establishment of a foundation for sustainable growth.

Participation in the 2025 Win-Win Cooperation Job Fair

Poongsan participated in the 2025 Win-Win Cooperation Job Fair to support its suppliers in securing necessary talent and to contribute to the creation of employment opportunities for young professionals. A total of 161 suppliers participated in this event, and Poongsan supported the booth operations and promotional activities for 10 key suppliers, ensuring a smooth recruitment process. Through this initiative, we contributed to alleviating workforce shortages among our suppliers and expanding employment opportunities for young professionals, thereby strengthening the foundation for win-win cooperation.

Participation in the Shared Growth Fair

Poongsan participated in the Ulsan Metropolitan City Shared Growth Fair, jointly hosted by the Korea Commission for Corporate Partnership and Ulsan Metropolitan City, to expand collaboration opportunities for cooperation with small and medium-sized enterprises (SMEs) and strengthen its supply chain competitiveness. Through procurement counseling sessions, we conducted one-on-one meetings with six SMEs, including precision machining contractors, and are currently evaluating potential collaboration opportunities and business integration strategies. Moving forward, Poongsan plans to strengthen its linkages with regional industries and contribute to the construction of a sustainable supply chain ecosystem through win-win cooperation with SMEs.

Shared Growth Networking Forum

Poongsan participated in the Regional Shared Growth Networking Forum hosted by the Korea Commission for Corporate Partnership to strengthen the foundation for win-win cooperation with the local community beyond its relationships with suppliers. The forum brought together approximately 100 representatives from local governments, companies, and public institutions to share regional shared growth policies and examples of private-sector cooperation, through which Poongsan explored avenues to expand cooperation with the local community. Looking ahead, Poongsan plans to strengthen its linkages with the local community based on the insights gained from the forum and incorporate these findings into the development of a sustainable win-win cooperation framework.

Key Achievements in Technical and Other Support

Activity	Support Activities
Online Training Support	Provided job-related training for employees of 3 suppliers
Supplier Support Group	Deployed 29 personnel to provide management support to 50 suppliers
Job Fair Participation Support	Supported the participation of 10 suppliers
ESG Assessment	Conducted ESG assessments of 178 suppliers
ESG Consulting	Provided ESG consulting to 23 suppliers
ESG Training	Provided online and offline ESG training to 40 employees from 32 suppliers

Supplier Communication

Supplier Communication Channels

Poongsan operates various communication channels to facilitate smooth communication and strengthen the foundation for win-win cooperation with its suppliers. We actively gather feedback and concerns from its suppliers and reflects them in its improvement initiatives.

Supplier Satisfaction Survey

Poongsan conducts an annual online satisfaction survey to strengthen sustainable partnerships with its suppliers. The survey covers the entire transaction process, including quotations, ordering, delivery, and payment. In 2025, 149 suppliers participated in the survey, recording an average satisfaction score of 92.7 points, an improvement of 0.1 points compared to the previous year. The survey results are shared with each business site to identify key improvement tasks. Afterward, follow-up plans are established and transparently communicated to our suppliers.

Category	Unit	2023	2024	2025
Number of Suppliers Subject to Survey	Companies	169	178	149
Satisfaction Survey Score	Points	91.7	92.6	92.7

Managing Supplier Consultative Meetings

Poongsan regularly holds supplier consultative meetings at each business site to introduce new systems and policies and listen to grievances and suggestions emerging from the field. The feedback collected is incorporated into improvement tasks, and the results of follow-up actions are shared with suppliers to foster open communication and strengthen mutual trust.

Contractor Consultative Meeting

Cyber Grievance Center

Poongsan operates a cyber reporting channel accessible to both employees and suppliers, enabling them to anonymously report fair trade violations and ethical issues. Through this channel, we proactively manage risks that may arise during business transactions and maintain a fair and transparent trading environment

Cyber Grievance Center

Shared Growth Performance

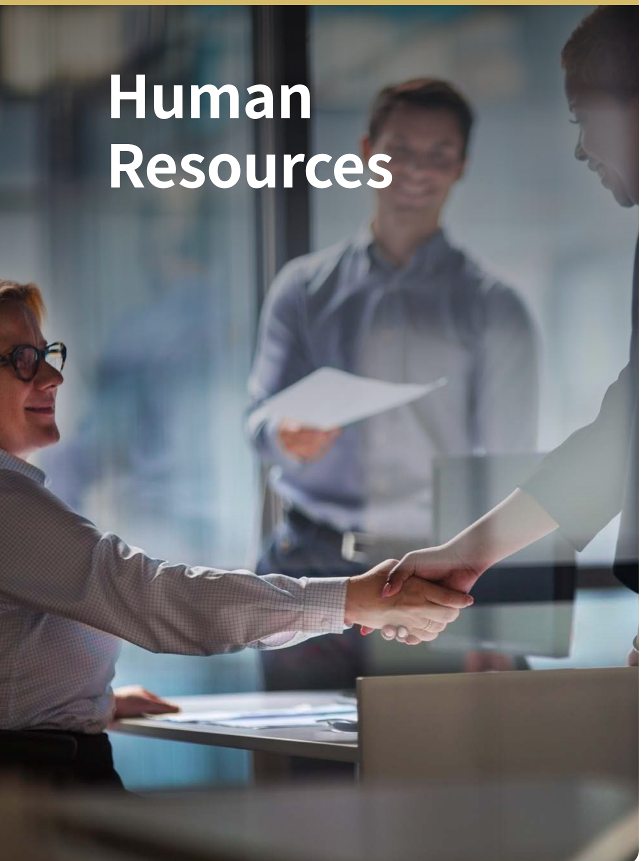
Signing of the Supplier Ecosystem Strengthening Agreement

To strengthen the foundation for win-win cooperation with its suppliers, Poongsan has entered into a Supplier Ecosystem Strengthening Agreement organized by the Korea Commission for Corporate Partnership. The objective of this agreement is to establish a tripartite cooperation framework involving Poongsan, its suppliers, and the Korea Commission for Corporate Partnership, aimed at spreading a culture of shared growth and alleviating polarization within the industry.

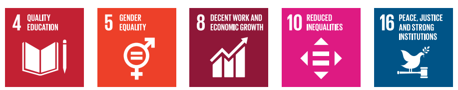
Under this agreement, Poongsan plans to provide approximately KRW 10 billion in support in phases, including adherence to payment due dates, the operation of a shared growth fund, and welfare support. In turn, suppliers intend to contribute to enhanced quality competitiveness through increased productivity and capability building. Through this agreement, Poongsan aims to strengthen our foundation for sustainable win-win cooperation with suppliers and continue to expand the construction of practical shared growth models.

S4 Social

Human Resources



UN SDGs



Appendix

ESG Data

Strategy

Talent Management

Talent Philosophy

Poongsan seeks individuals who challenge the future (Challenge), apply creativity in everything they do (Create), continuously pursue change (Change), uphold ethics and fundamentals and follow through to confirm results (Confirm), and communicate with an open mind (Communicate). To cultivate talent embodying these qualities, we have established a talent development framework centered on four key directions: Value, Leadership, Professional, and Expert.

Sharing Organizational Culture and Values

- Conduct training for all employees to internalize Poongsan's core values and share its vision
- Operate programs to respond to changes in the internal and external environment and foster a healthy organizational culture

Strengthening Leadership Capabilities at All Levels

- Operate systematic development programs to prepare employees to advance to the next level of leadership
- Provide diverse training and coaching programs to support employees in fulfilling their leadership roles

Improving Job-specific Expertise

- Develop common competencies required to perform work effectively, regardless of job function
- Provide training to strengthen specialized capabilities across job functions, including business management, R&D, and production

Developing Next-Generation Leaders by Field

- Support domestic and international MBA programs to develop future management candidates
- Support master's and doctoral degree programs to cultivate professionals in core technology fields

S4 Human Resources Strategy

Talent Management

Talent Recruitment

Poongsan maintains a fair recruitment process focused on job-specific competencies to secure talent capable of driving its sustainable growth. We evaluate applicants through a systematic and specialized screening process to assess their capabilities and qualities from multiple perspectives. To ensure fairness in the selection process, we operate a professional interviewer system and a related certification program.

Diversity and Inclusion

Poongsan pursues recruitment practices based on the principles of fairness and non-discrimination to enhance diversity and inclusion. We provide equal opportunities regardless of age, gender, disability status, or employment type, and we continuously monitor the entire recruitment process to prevent bias. Furthermore, we contribute to the creation of an inclusive organizational culture by expanding employment opportunities for vulnerable groups, including persons with disabilities and veterans.

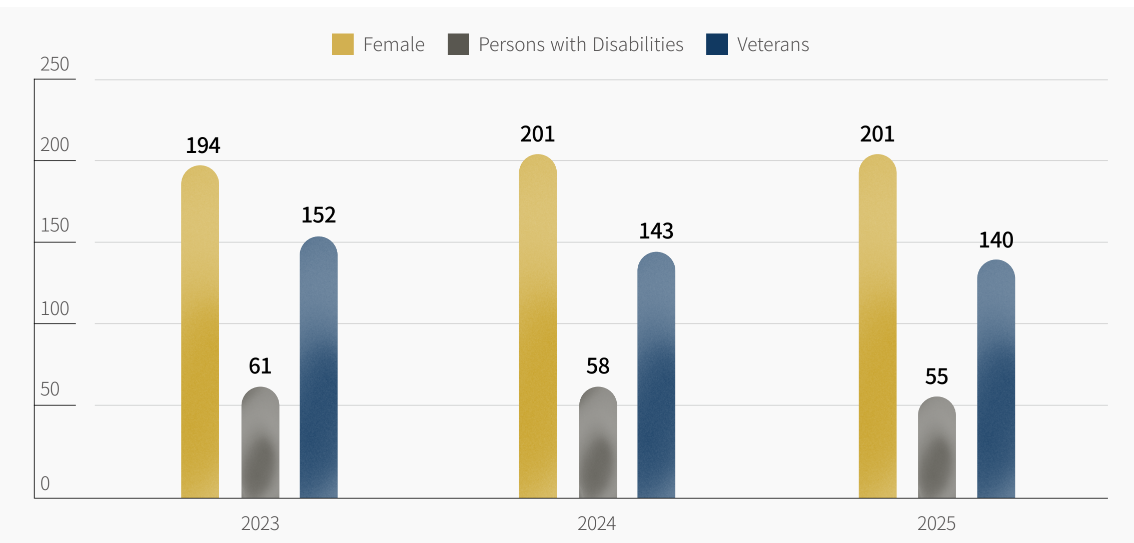
Maternity Protection Programs

Poongsan operates various maternity protection programs to foster a work environment where female employees can balance work and family life. Our commitment to tangible support includes celebratory gifts for expectant mothers, lunch boxes on Pregnant Women's Day, and childbirth grants. Additionally, we maintain on-site nursing rooms to ensure that our workplace environment remains supportive and protective throughout all stages of motherhood.
To support a smooth return to work following parental leave, we operate the "Mom-toring" program. Through mentoring by employees who have previously taken parental leave, we assist in resolving issues during the return process and provide support for a smooth adjustment to work.

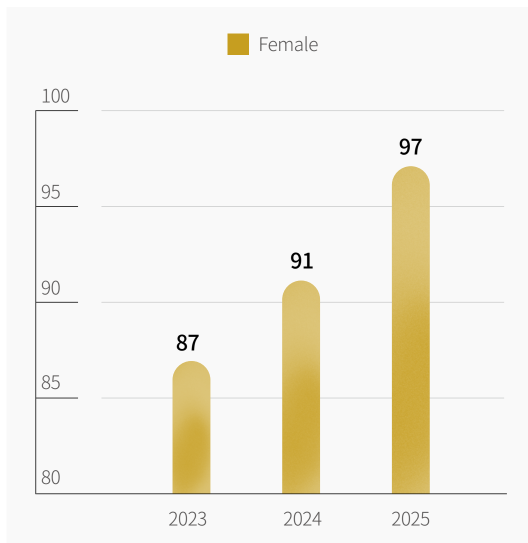
Pay Equity System

In accordance with the principle of "equal pay for work of equal value", Poongsan periodically reviews its wage structure and maintains a fair and transparent compensation system. Consequently, we manage wage levels relative to the minimum wage to ensure that they remain comparable across genders and operate a performance-based compensation system to ensure that compensation is based on actual performance. By embedding fairness and equity into the core of our human resources processes—spanning recruitment, promotion, evaluation, and compensation—we foster a culture where every member of our organization can thrive with equal opportunity.

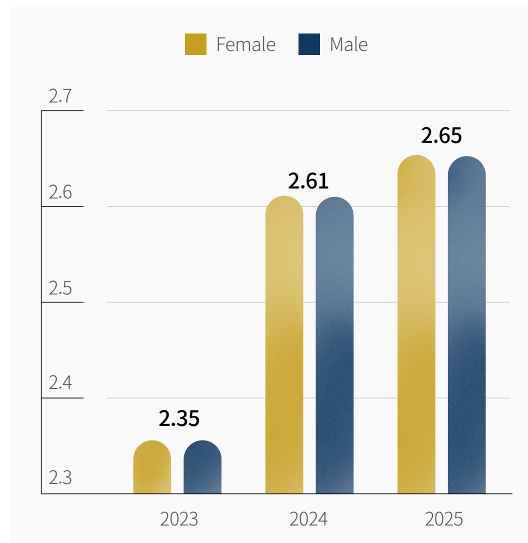
Employee Diversity Status (Unit: persons)



Pay Ratio of Women to Men (Unit: %)



Ratio of Wages to Minimum Wage (Unit: times)



Talent Management

Organizational Culture

With the goal of maximizing the growth potential of both individuals and the organization by fostering a positive and vibrant organizational culture, Poongsan is creating a work environment where employees can be fully engaged and perform to their full potential. To this end, we have established an institutional foundation that supports work-life balance and are implementing various programs to promote communication, collaboration, and efficient work practices.
We continuously improve and operate systematic programs to enhance effective communication and inter-departmental collaboration. By doing so, we increase mutual understanding among employees and strengthen our organizational culture, thereby establishing a foundation for sustainable growth.

Goal	Program	Description	Frequency
Transparent Communication	Poongsan Connect (Town Hall Meetings)	Sharing management performance and key issues by division heads, and enhancing employee understanding and facilitating communication through organizational-level programs	Semiannual
	Organizational Culture Survey	Collecting employee feedback through regular surveys to identify improvement areas	Annual
Strengthening Collaboration and Mutual Understanding	Cross-lunch	Building rapport and mutual understanding through 1:1 departmental pairings, shared meals, discussions of collaboration issues, and the establishment of ground rules	Semiannual
	Compliment App	Fostering a positive organizational culture by enabling employees to express praise and appreciation to one another via a mobile app	On-demand
	Culture Day	Supporting diverse cultural activities and expanding company-wide opportunities for interaction to strengthen bonds and a sense of belonging	Semiannual
Work Efficiency	Work Smart, Work Better Project	Enhancing productivity by streamlining unnecessary procedures and embedding efficient work practices	Ongoing

Employee Benefits

Poongsan operates diverse flexible working arrangements and family-friendly programs to improve the quality of life for our employees and provide practical support for work-life balance. We ensure work flexibility through staggered working hours and a flexible working hours system. We also support career continuity by operating on-site childcare and nursing facilities, alongside a "Welcome Program" for employees returning from parental leave. Furthermore, we have strengthened support tailored to different life stages, including childbirth incentives and school entrance congratulatory grants, to reduce the child-rearing burden on our employees.
In addition, we implement comprehensive welfare programs to support a stable life, including family health check-up support, educational support for children, and assistance for hobbies and cultural activities. Poongsan continuously improves and expands existing programs so that this support promotes increased employee engagement and job satisfaction, and we plan to continue building a sustainable organizational culture where everyone wants to work.

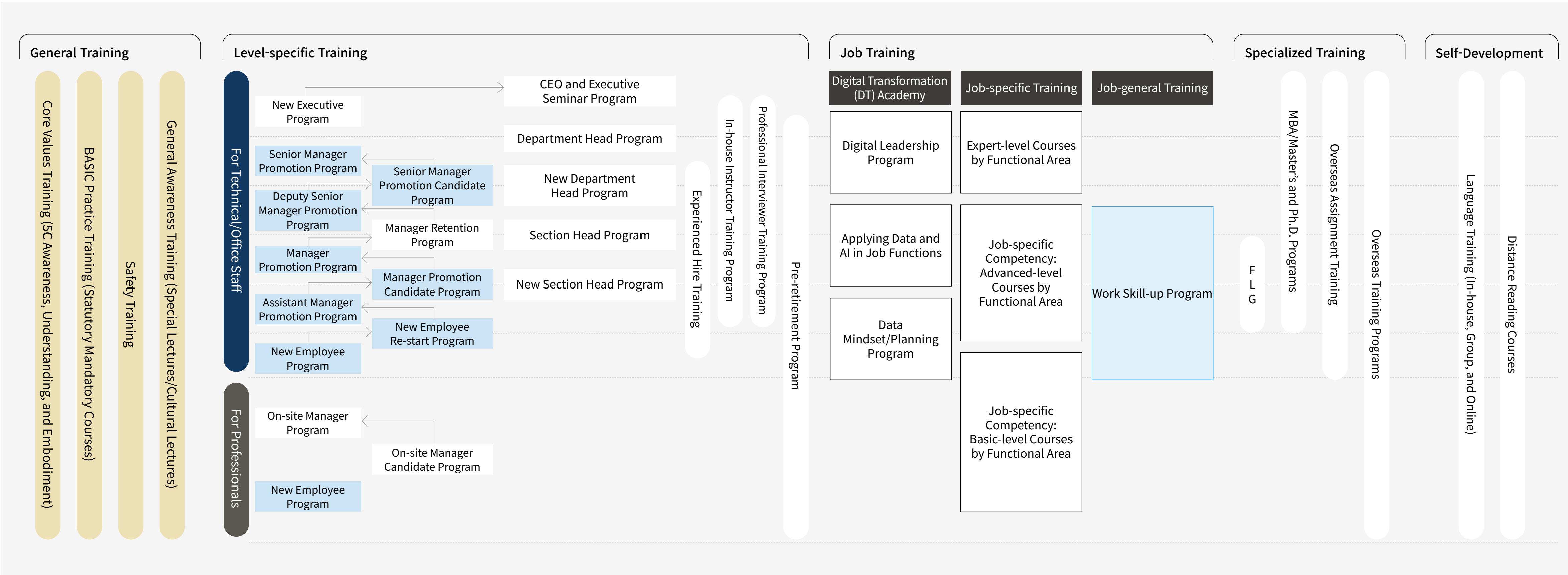
Category	Key Details
Leave System	Family event leave, summer vacation, self-development leave, and recognition trips for employees nearing retirement
Childcare Support	Tuition support for children, childbirth incentives, and school entrance grants
Flexible Work System	Staggered working hours, selective working hour systems, and remote work options
Health Support	Insurance coverage for injury-related disability, accidental death, work-related death, and death from illness, as well as comprehensive health screenings for employees and their spouses
Housing Support	Provision of 1,109 company housing units
Club Activities	Support for approximately 50 employee clubs across the company
On-Site Childcare Centers	On-site childcare centers at the Angang and Ulsan sites
Reemployment Support	Reemployment services for employees aged 50 and older preparing for retirement
Other Support	Mobile phone allowances, welfare points, employee welfare fund loans, long-service awards, and congratulatory and condolence payments

Talent Management

Employee Training and Career Development

To enhance employee capabilities, Poongsan operates a specialized learning and development framework segmented into general training, level-specific training, job training, and special training. We conduct a three-week systematic onboarding program to ensure early integration for new and experienced hires and provide continuous job training after employees are assigned to their roles to advance their professional expertise. Furthermore, we support the strengthening of global capabilities through various self-development initiatives, including in-house language programs.

To secure future growth drivers, we operate special training programs such as the key talent (FLG) program to cultivate next-generation leaders who will drive innovation and change. By providing support for MBA and master's and doctoral degree programs, we are focusing on cultivating highly qualified professionals who can create future value for the company.



Talent Management

Labor-Management Relations

Based on Labor-Management relations that embody mutual trust and respect, Poongsan celebrated the 25th anniversary of the "Labor-Management Cooperation Declaration" in 2025, further solidifying a stable management environment. We strictly comply with labor-related laws and regulations to guarantee legitimate labor union activities, and we continuously drive improvements in employee welfare and working conditions through annual wage negotiations and biennial collective bargaining on welfare. By conducting joint Labor-Management safety and health campaigns, we are putting our strong commitment to achieving zero-accident workplaces and creating safe working environments into practice. This organizational culture of trust and harmony serves as the foundation for strengthening the win-win partnership between labor and management. In accordance with the Act on the Promotion of Workers' Participation and Cooperation, we hold quarterly Labor-Management council meetings at each business site. Through these councils, we transparently share information regarding management status and workforce operations, while maintaining open communication on various issues, including welfare. Poongsan regularly discloses the outcomes of these consultations to solidify trust between labor and management, and we plan to continue developing a win-win Labor-Management culture through open management.

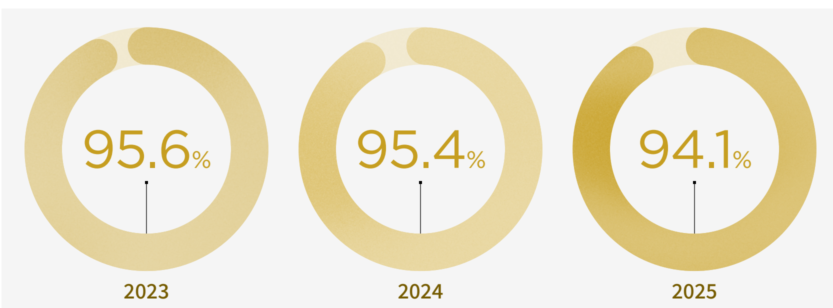
Labor-Management Council Operations

Meetings Held
- Q1 (Apr. 11, Fri.)
- Q2 (Jul. 30, Wed.)
- Q3 (Sep. 17, Wed.)
- Q4 (Dec. 16, Tue.)

Total: 4 Meetings

Meeting Agenda
- Support for employees affected by wildfires in the Gyeongsang region
- Workplace environment improvements
- Status of fund program operations
- Decisions on how to donate accumulated funds, including year-end donation contributions

Labor Union Membership Rate



Performance Evaluation and Compensation

Poongsan objectively measures the performance and capabilities of its employees to support their continued value creation. Annually, we establish performance and competency goals based on the Management by Objectives (MBO) system, following a systematic procedure that spans self-evaluation, organizational review and department head review, rating adjustment and final rating confirmation, and final feedback.

To complement the top-down MBO system, we conduct 360-degree evaluations for team members and provide them with the results. Additionally, department heads undergo upward leadership evaluations conducted by their team members.

The results of the multi-faceted and leadership evaluations are utilized as reference data for overall human resources decisions, including promotions, compensation, job transfers, and training.

Poongsan operates differentiated evaluation criteria optimized for specific job characteristics. For sales, production, and research roles, we strictly apply performance-oriented indicators. For administrative roles, we conduct multi-faceted evaluations by comprehensively reviewing individual performance, competencies, and company-wide business performance.

Individual performance is differentiated through annual performance and competency evaluations. To ensure fairness, the performance distribution table, which serves as the basis for reward compensation, is transparently disclosed to all employees, thereby fostering a fair compensation culture built on trust.

Human Rights Management

Human Rights Training

Poongsan implements various human rights training programs to raise employees' awareness of human rights and establish an organizational culture of mutual respect. The training covers essential topics such as sexual harassment prevention, disability awareness, and workplace harassment prevention. Going beyond merely meeting legal requirements, the training focuses on helping all employees practice the values of care and respect in their daily work.
Poongsan continues to enhance its human rights training content to create a workplace where all employees can work in an environment where their dignity is respected and focus on their work with confidence. Moving forward, we plan to strengthen regular monitoring of the implementation of training and effective management to continuously develop a discrimination-free work environment and a sound human rights management system.

Human Rights Training Completion Status

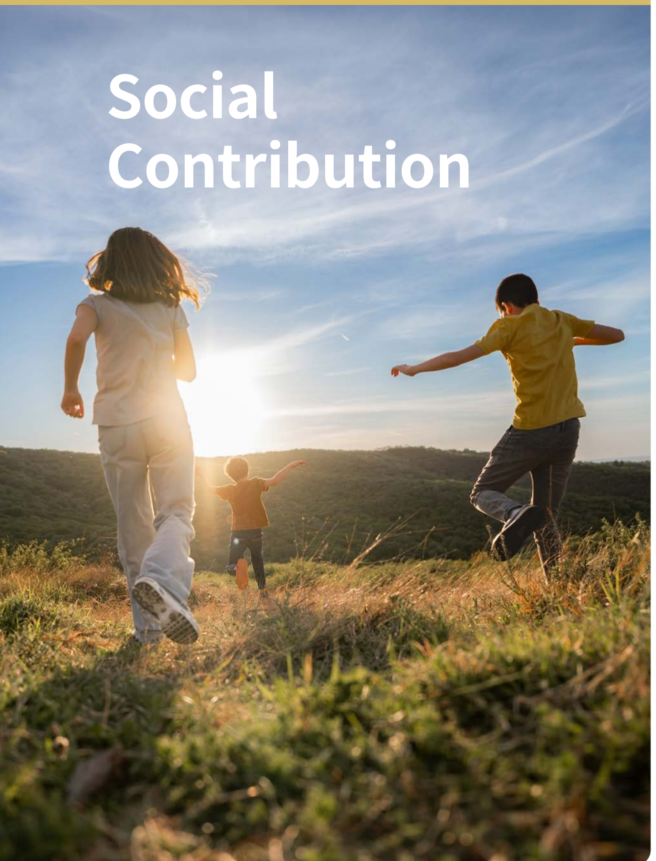
Training Program	No. of Participants
Disability Awareness Training	3,821
Sexual Harassment Prevention Training	3,821
Workplace Harassment Prevention Training	3,821

Human Rights Grievance Handling Process

Poongsan has established and implemented the Regulations on the Prevention and Handling of Sexual Harassment, Sexual Violence, and Workplace Harassment, which have been in effect since July 2019. Poongsan established grievance counseling desks at each business site and designated grievance counselors to ensure that employees can readily seek counseling and file reports of related incidents. Employees may consult or report grievances through various channels, including written submissions, telephone, email, and in-person visits. Once received, matters are reported to the department in charge without delay to initiate the grievance-handling process.
For each reported case, the HR department appoints investigators to conduct a swift and fair investigation, and if necessary, involves external experts to ensure objectivity and expertise. The investigation results are reviewed by the Sexual Harassment, Sexual Violence, and Workplace Harassment Review Committee. This committee is composed of internal members and external experts who comprehensively review the facts of the case and measures to be taken.
Necessary disciplinary and corrective measures are taken based on the deliberation results, and the outcome of the case is notified to the parties concerned in accordance with relevant procedures. Above all, we prioritize the protection of victims. We implement comprehensive follow-up safeguards, including adjustments to the work environment, strict confidentiality protocols, and protection from retaliation and other adverse treatment. Poongsan plans to continuously strengthen the effectiveness of relevant systems for the prevention of human rights violations and ensure the fair handling of grievances, while working to create a safe and respectful work environment.

S5 Social

Social Contribution



Strategy

Community Engagement

Community Relations Policy

Responsibilities toward Country and Society

1. The Company contributes to national economic development by creating jobs through sound growth based on responsible business activities and by providing high-quality products and services.
2. As a member of the local community, the Company fulfills its social role and responsibilities by actively participating in and supporting social contribution activities, including education, culture, and welfare programs.
3. The Company complies with all environmental laws and regulations, strives to prevent environmental pollution through environmentally friendly management activities, and actively participates in environmental conservation activities.
4. To fulfill its social responsibilities, the Company does not purchase or use conflict minerals—tin, tantalum, tungsten, and gold—linked to armed groups in conflict-affected areas, including the Democratic Republic of the Congo and its neighboring countries.

Social Contribution Activities

Contributing to the Nation through Business

Guided by its belief in contributing to the nation through business, Poongsan continuously carries out social contribution activities. The late Chairman Chan-woo Ryu, founder of Poongsan Group and a 12th-generation descendant of Seoae Ryu Seong-ryong, a renowned statesman of the Joseon Dynasty, devoted his life to establishing Korea's first ammunition production plant and pioneering the path toward independent national defense. Since taking office as chairman in 2000, Chairman Jin Ryu, has carried on his father's entrepreneurial spirit based on the firm management philosophy of business for national prosperity, and continued to engage in active management activities. Poongsan has enacted various activities to support the Republic of Korea Armed Forces, such as the construction, expansion, and renovation of the Seoae Hall, the gymnasium at the Korea Military Academy; support for ROKS Seoae Ryu Seong-ryong; the One Company, One Barracks sisterhood program; the hiring of service members injured in the shelling of Yeonpyeong Island; and scholarships for the Army Non-Commissioned Officer Academy. Under the principle of giving back the profits generated by its defense business to the development of military talent and the advancement of the defense industry, we continue to pursue these initiatives.

Support for Vulnerable Social Groups and Cultural Activities

Poongsan regularly supports the Pearl S. Buck Foundation Korea to help multicultural families settle successfully as members of our society. Furthermore, we conduct multifaceted support projects to broaden the base of cultural and the arts, such as supporting debut concerts at Carnegie Hall in New York so that promising young Korean artists can showcase their talents on the global stage. Through these efforts, we practice our corporate social responsibility by contributing to the protection of vulnerable groups and the enhancement of the global profile of Korean arts and culture.

UN SDGs

1 NO POVERTY, 4 QUALITY EDUCATION, 11 SUSTAINABLE CITIES AND COMMUNITIES, 17 PARTNERSHIPS FOR THE GOALS

Appendix

ESG Data

S5 Social Contribution Strategy

Community Engagement

Educational Scholarships

Scholarship Programs

Poongsan conducts systematic scholarship programs centered on the Pungsan and Hahoe areas of Andong, Gyeongbuk. Furthermore, we provide extensive scholarship support in partnership with educational institutions within the local communities where our business sites are located, such as the University of Ulsan and Handong Global University.

Byeongsan Educational Foundation

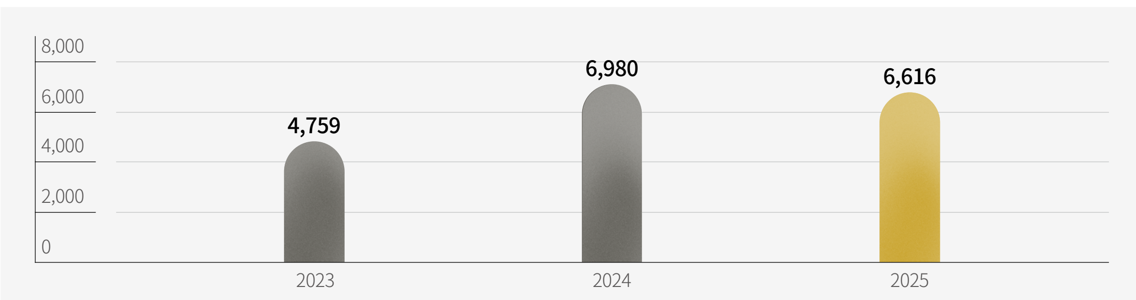
In 1990, the late Chairman Chan-woo Ryu was appointed Chairman of the Byeongsan Educational Foundation, which operates Pungsan High School, founded in 1947 in Pungsan-eup, Andong. Upon taking office, he set forth an educational philosophy focused on fostering patriotism and moral character, and nurturing capable individuals. To put this philosophy into practice, he spearheaded a major expansion of educational facilities and the strengthening of scholarship programs. By supporting distinctive educational programs such as overseas training programs, he laid the foundation for Pungsan High School to develop into a prestigious private high school that cultivates students who demonstrate both character and competence.

Hakrok Scholarship Foundation

As a business leader who contributed to national economic development, the late Chairman Chan-woo Ryu also took a deep interest in education and talent cultivation. This philosophy led to a commitment to inheriting the traditions of the esteemed scholars of the Andong region and fostering talent to lead local community development, leading to the establishment of the Hakrok Scholarship Foundation in 1993. Established through an initial endowment of 50,000 shares, valued at approximately KRW 700 million, the foundation operates with authorization from the Gyeongsangbuk-do Office of Education. The foundation uses its annual income to award scholarships for high-achieving students facing financial challenges and to fund research grants to individuals who have contributed to the advancement of education and research.

Community Support Expenditures (Based on Separate Financial Statements)

(Unit: KRW million)



Volunteer Activities and Donations

Social Contribution Activities

Social Contribution Category	Key Activities
Regional Development	River cleanup, flood relief donations, support for child-headed households, sponsorship of local sports events, support for the construction of community facilities, sponsorship of cultural events, assistance for neighbors in need, scholarship programs, and "One Company, One Village" partnerships
Medical Support	Financial support for the Korean Lupus Support Group and the Joseph Clinic's program for homeless patients
Sports Sponsorship	Korea Tennis Association, Korea Women's Tennis Association, construction of the Ulsan World Cup Stadium, Hwarang Ssireum Tournament, National Noon-nopi Soccer Tournament, and Hansol Korea Open
Volunteer Service	The "One-Day Charity Pub" fundraiser for neighbors in need, volunteer work at Jageun Maeul and Aeriwon, and support for the Society of St. Vincent de Paul
Other Contributions	Community Chest of Korea, Andong Cultural Center, Volunteer 21, the Seoae Memorial Society, earthquake recovery efforts in Türkiye, the Korea Green Foundation, Table for 500, and Haeinsa Temple of the Jogye Order of Korean Buddhism

Volunteer and Donation Activities by Business Site

Site	Key Activities
Angang Plant	· Donations through matching grant fundraising · A financial support campaign for underprivileged students in Angang-eup through graduation · Kimchi-sharing volunteer activities
Ulsan Plant	· Year-end donations to support neighbors in need · Support and volunteer services for vulnerable groups, including volunteer work at facilities for children with severe disabilities and repairing the homes of older adults living alone · Partnership with Sanghoe Village under the "One Company, One Village" program and assistance with farming activities · Participation in the "One Company, One River" campaign organized by Ulju-gun, Ulsan · Support for the Platanus joint wedding ceremony to help former inmates make a fresh start
Busan Plant	· Donations through matching grant fundraising · Provision of daily necessities to families of persons with disabilities and older adults · Year-end donations to support neighbors in need

S6 Social

Information Security

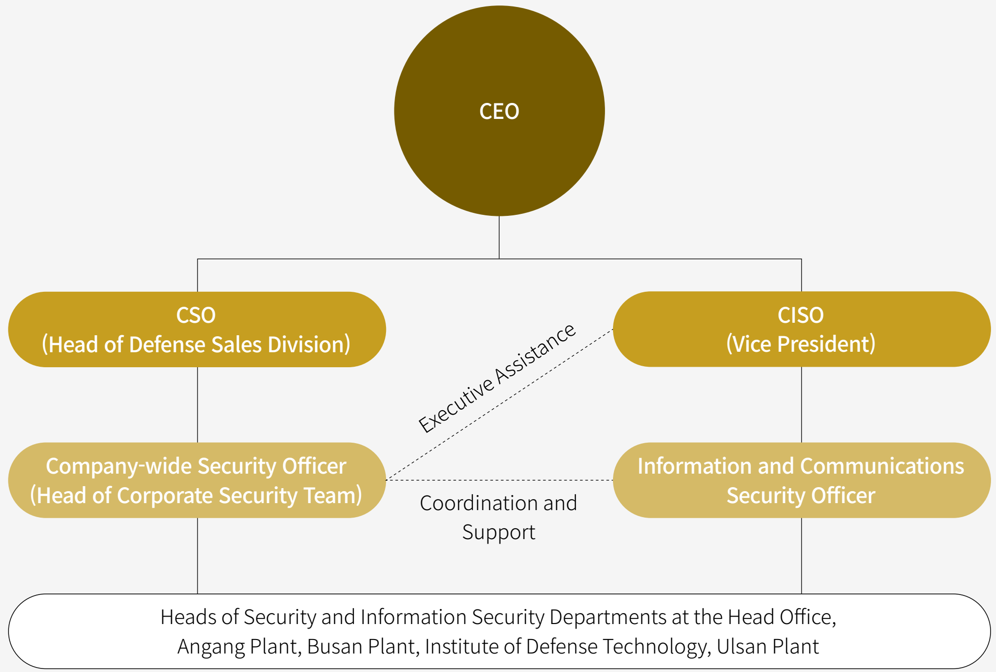
Governance

Information Security Framework

Organizational Structure

Poongsan has established a robust security governance framework centered on the Chief Security Officer (CSO), who oversees company-wide security activities, and the Chief Information Security Officer (CISO), who establishes and supervises security policies for the information and communications sector. As chair of the security bodies, including the Security Review Committee and the Technology Protection Review Committee, the CSO leads the establishment, revision, and approval of key security policies and plays a pivotal role in strengthening company-wide security capabilities.

Our security management is divided into five areas: document security, personnel security, facility security, information and communications security, including personal information protection, and other security areas. Designated security officers are assigned to each area to conduct continuous monitoring and ensure systematic operations. By doing so, they can meticulously manage security risks across all business activities. Furthermore, in the event of a major security incident or when an investigation into a violation of security regulations is required, we immediately convene the Security Review Committee. Through rigorous deliberation and resolution of relevant matters, the Committee enhances the effectiveness of security policies and continuously strengthen internal control systems to prevent recurrence.



UN SDGs

Appendix

ESG Data

Information Security Strategy

Information Security Policies

Poongsan strictly complies with relevant laws and regulations, including the Unfair Competition Prevention and Trade Secret Protection Act, the Act on Promotion of Information and Communications Network Utilization and Information Protection, the Act on the Promotion of Information Security Industry, and the Personal Information Protection Act. In consideration of the unique nature of the defense industry, we have established strict internal security regulations based on the Military Secret Protection Act and the Defense Technology Security Act, and operate a systematic security management system under these regulations.

To ensure professional security management in the defense sector, we annually undergo a defense technology protection assessment conducted by the Defense Acquisition Program Administration (DAPA) and a security assessment led by the Ministry of National Defense. Through these assessments, we have its capabilities to protect major facilities and core technologies objectively assessed. To safely protect internal key assets, we have established a network separation environment that physically separates its general and defense networks. We also take full measures for personnel security, such as conducting periodic background checks before employment and periodically thereafter.

In addition, in accordance with the Act on the Promotion of Information Security Industry, Poongsan transparently discloses its investment in information security and the status of information security personnel as required, thereby enhancing external confidence in the company's information security.

Security Awareness Initiatives

In response to the increasingly sophisticated nature of cybersecurity threats, we conduct regular, systematic education and practical training sessions to strengthen employees' security awareness. We have achieved a 100% completion rate for defense industry security training and technology protection training. We are also continuously strengthening our practical information security response capabilities by conducting semiannual simulated email exercises and DDoS attack response drills.

Information Security Training

Training Program	Description	Completion Rate	Frequency
Defense Industry Security Training	Defense industry security operations directive Procedures under defense industry security regulations	100%	Semiannual
Defense Technology Protection Training	Guidelines on the protection of defense technology and case studies of technology leakage Technology handling procedures and key principles	100%	Annual

Information Security Drills

Drill	Description	Frequency
Email Security Drill	Distribution of simulated phishing emails, including personal information leakage notifications	Semiannual
DDoS Drill	Execution of simulated DDoS attacks on the company website	Semiannual

Cybersecurity Programs

Integrated Security Monitoring	Collection of logs from security solutions and real-time monitoring	DB Encryption	Personal information protection and DB encryption
DRM	Prevention of internal data leakage and document encryption	DB Access Control	DB access control and activity logging; access control and monitoring for key databases; configuration and control of DB access privileges
IPS	Detection and blocking of internal/external intrusions, malicious traffic, and webmail threats based on hacking types and patterns	UTM	Control and blocking of Internal and external intrusions; IP- and port-based filtering; public IP address mapping; and internal user access control
DLP	Detection and prevention of data leakage; control of storage media, including USB drives, external hard drives, and CDs/DVDs; and H/W and S/W management controls	APT	Detection and blocking of APT attacks via email, networks, and files, including new and previously unknown, cyberattacks
Web Firewall	Detection and blocking of attacks exploiting vulnerabilities in web application servers	NAC	Internal network access control and IP management
Antivirus / Patch Management	Strengthening PC security through antivirus software and Windows patches	Anti-Spam	Blocking spam and virus-infected emails, and monitoring web mail
SSL Decryption	Support for reliable decryption of SSL traffic	MDM	Strengthening mobile information security and controlling the use of personal mobile devices in the workplace

Information Security Risk

Information Security Risk Management

Poongsan annually establishes effective disaster recovery plans to proactively address potential information security incidents. We have upgraded our cybersecurity incident response manual to operate a systematic response process, and we continuously strengthen our ability to ensure the timely detection of and response to security threats through a 24/7 monitoring system.

To prevent security threats at their source, we formulate an information and communications security activity plan each year and periodically analyze logs from all security solutions to identify and inspect potential intrusion paths in advance. To prepare for system failures caused by natural disasters or cyberattacks, we conduct recovery drills twice a year, thereby strengthening its cyber resilience and ability to quickly restore key information systems during emergencies.

Furthermore, we perform regular vulnerability assessments on our company-wide security systems and implement immediate corrective measures for any identified issues. Upon the discovery of new vulnerabilities, Poongsan minimizes security gaps through rapid impact assessment and the application of security updates, while continuously enhancing our response capabilities to protect information assets against increasingly sophisticated cyber threats.

Privacy Violations

Description	Unit	2025	2024	2023
External Reports	Case	-	-	-
Reports from Regulatory Authorities	Case	-	-	-

Response Measures for Security Incidents

1. Disconnect the user's PC from the network.
2. Check the PC antivirus logs.
3. Request an analysis of suspicious files.
4. Check all users for virus infections via the PMS (Patch Management System).
5. Review the PC event logs and system logs.
6. Check Task Manager for abnormal processes and suspicious ports.
7. Analyze communications with malicious IP addresses and review firewall blocking rules and logs.
8. Review and change PC accounts and passwords.
9. Change or reset passwords for the business portal and key business systems.
10. Apply the latest Windows security patches.
11. Report to the incident to the relevant authorities, preserve on-site and system data, and collect and submit evidence.

Cyberattack Response

Cyberattack and Failure Handling Procedures

Receiving reports of attacks and failures → Conducting initial response → Conducting secondary response → Reporting the results of attack and failure response → Managing and documenting response results

Cyberattack Response Levels

	Category	Descriptions	Response Measures
Alert	Severe (RED)	· Nationwide unavailability of networks and information systems · Widespread security incidents or incidents involving large-scale damage · Joint national-level countermeasures required	· Maintain High (ORANGE) alert measures · Block service ports targeted by the attack covered by the alert · Advise employees to minimize PC use within the organization · Disconnect high-risk networks
Alert	High (ORANGE)	· Disruptions or outages of multiple ISP or backbone networks · Security incidents occurring across multiple organizations or an increased risk of large-scale damage · Coordinated response across multiple organizations required	· Maintain Moderate (YELLOW) alert measures · Reset blocking rules in the event of a denial-of-service attack · Back up critical data · Strengthen the monitoring of malicious IP addresses and ports and vulnerability checks · Consider disconnecting high-risk networks
Alert	Moderate (YELLOW)	· Partial network or information system disruptions · Security incidents occurring in some organizations or an increased risk of their spread to multiple organizations · Need to strengthen the security posture across national information systems	· Maintain Low (BLUE) alert measures · Strengthen monitoring of targeted systems, service ports, and scanning activities · Block anticipated infection paths for worms, viruses, and other malware
Alert	Low (BLUE)	· Increased risk of damage from worms, viruses, and other malware · Risk of overseas cyberattacks spreading domestically · Need to strengthen cyber threat detection and monitoring	· Strengthen monitoring upon disclosure of new worms, hacking techniques, or security vulnerabilities · Disable unnecessary services · Review the blocking rules of routers, switches, and intrusion detection systems · Verify contact arrangements with maintenance vendors in preparation for incidents
	Normal		· Regularly check the latest information from the National Cyber Security Center website (https://www.ncsc.go.kr/) and the information-sharing systems · Perform regular inspections of key information systems · Review servers, networks, security equipment, and security policies

Governance

G1 Governance

Governance

UN SDGs

Appendix

ESG Data

Composition of Board of Directors

Roles and Composition of the Board of Directors

Poongsan's Board of Directors serves as the highest decision-making body, exercising checks and balances while collaborating with management to enhance corporate value. The Board consists of seven members in total: three internal directors and four independent directors. Independent directors account for 57% of the Board, thereby ensuring independence from management. To facilitate rapid and efficient operations, the CEO concurrently serves as the chair of the Board, establishing a stable governance framework. To enhance expertise in decision-making and improve efficiency, the Board operates specialized committees, including the Management Committee, Audit Committee, and Independent Director Nomination Committee. The Audit Committee and Independent Director Nomination Committee are composed primarily of independent directors to support independent decision-making. Moreover, to enable independent directors to devote sufficient time to their duties, we maintain rules limiting their concurrent positions at other companies to a maximum of two, thereby upholding systematic standards for the Board's professionalism and accountable management.

Board Diversity and Expertise

Poongsan adheres to an open appointment principle that imposes no restrictions based on nationality, gender, religion, or race when appointing directors. Accordingly, we have composed the Board of individuals possessing extensive expertise in areas including management, law, accounting, and labor relations, thereby establishing a rational governance framework that represents the interests of shareholders and stakeholders. In particular, we have codified the principle that the Board shall not be composed of members of a single gender in our Articles of Incorporation. Furthermore, we have recently increased the number of female independent directors to two, further strengthening the Board's gender diversity and effective governance capabilities.

Background of BOD Appointments[1)]

Category	Name	Gender	Assessment of Professional Expertise and Diversity
Internal Directors	Ryu Jin	Male	Has played a leading role in establishing clear industrial positioning strategies through years of executive leadership at Poongsan Group
	Park Woo-dong	Male	Oversees overall management as CEO and plays a key role in formulating precise business strategies as a professional manager
	Hwang Se-young	Male	Possesses deep knowledge and insight as a professional manager through years of experience in the financial sector
Independent Directors	Jung Hyun-ok	Female	Applies her expertise and experience in labor relations to improve working conditions and prevent industrial accidents
	Yang Ihl-soo	Male	Possesses comprehensive expertise in accounting and finance as a certified public accountant
	Lee Jeon-hwan	Male	Brings expertise in taxation and accounting based on his extensive public service experience, including serving as Deputy Commissioner of the National Tax Service, and experience as an independent director at major listed companies
	Yoo Si-chun	Female	Contributes to strategic decision-making, public-value-oriented management, risk management, and enhanced social trust based on diverse experience in public institutions

1) As of March 2026

G1 Governance

Composition of Board of Directors

BOD Committees

Management Committee

The Management Committee is a committee under the Board, entrusted with deliberating and resolving specific delegated matters to enhance expertise and efficiency in Board operations. The committee handles core business issues, ranging from general management matters such as the appointment of managers to critical financial issues, including borrowings above a certain threshold and the provision of collateral for subsidiaries. Through these functions, the committee supports prompt decision-making and flexible Board operations.

Audit Committee

Composed exclusively of independent directors to ensure independence from management, the Audit Committee oversees the overall activities of directors and management and audits accounting matters to support sound decision-making. Leveraging its legal authority, including the power to appoint external auditors and the right to request the convocation of an extraordinary general meeting of shareholders, the Committee conducts rigorous assessments of the internal accounting management system to enhance the company's financial transparency

Independent Director Nomination Committee

The Independent Director Nomination Committee ensures transparency and integrity in the nomination process for independent directors and fairly recommends candidates who will represent the interests of the company and its shareholders. To this end, the committee thoroughly verifies whether candidates meet statutory requirements regarding expertise and independence of candidates; furthermore, the committee is composed of two independent directors and one internal director—ensuring a majority of independent directors—to strictly maintain the independence of its decision-making.

Board Composition and Skills Matrix (BSM)[1)]

Category		Internal Directors			Independent Directors			
		Ryu Jin	Park Woo-dong	Hwang Se-young	Yang Ihl-soo	Jung Hyun-ok	Lee Jeon-hwan	Yoo Si-chun
Basic Info	Gender	Male	Male	Male	Male	Female	Male	Female
	Year of Initial Appointment	2008	2009	2021	2022	2022	2024	2026
	Key Experience	Chairman, Poongsan Group Chairman, Federation of Korean Industries Chairman, Korea-US Economic Council	CEO & Vice Chairman, Poongsan & Poongsan Holdings Chairman, Korea Non-ferrous Metal Association	Auditor, Poongsan Holdings Center Head, Citibank Korea	Independent Director, LX International CEO, E-JUNG Accounting Corporation Partner, Samil PwC	Advisory Committee Member, Gangwon Development Research Institute Former Vice Minister, Ministry of Employment and Labor	Independent Director, S-OIL Deputy Commissioner, National Tax Service Former Commissioner, Busan Regional Tax Office	Chairperson, EBS (Korea Educational Broadcasting System)
Committees	Management Committee	■	■	■				
	Audit Committee				■	■	■	
	Independent Director Nomination Committee		■		■			■
Board Skill Matrix	Leadership	■	■					■
	CEO Experience	■	■					
	CFO Experience			■				
	Finance & Accounting			■	■		■	
	Production & R&D		■					
	Legal & Regulatory							
	Labor Affairs					■		

1) As of March 2026

G1 Governance

Board Independence

Independent Composition and Operation of the Audit Committee

In selecting our Audit Committee members, Poongsan rigorously reviews candidates against the statutory disqualification criteria under the Commercial Act, ensuring the committee is composed solely of independent directors who have no conflicts of interest with management or major shareholders. Beyond establishing structural independence by appointing only independent directors to the committee, we have established a dedicated support department to systematically assist with financial and internal accounting control system operations, ensuring that the committee can effectively perform its core supervisory functions. In particular, we have explicitly granted the committee the authority to obtain assistance from external experts at the company's expense, thereby ensuring objectivity in the performance of its duties. Through this approach, we have built a comprehensive framework from the appointment of Committee members to its ongoing operations, ensuring that oversight and checks of management operate objectively and independently.

Monitoring of Non-audit Services

To safeguard the independence of our external auditor, Poongsan periodically monitors the scope of non-audit services and maintains strict compliance oversight through annual reports presented to the Audit Committee during the first quarter. We limit non-audit service engagements with the accounting firm performing our financial statement audits and internal accounting control reviews to tax advisory and tax adjustment services that do not impair independence; furthermore, the actual execution of these services is separated and delegated to distinct specialized firms based on expertise. Through this systematic division of roles and pre-approval procedures, we maintain auditor objectivity, thereby establishing a transparent and fair environment for external audits.

Qualification Requirements for Poongsan Independent Directors	Jung Hyun-ok	Yang Ihl-soo	Lee Jeon-hwan	Yoo Si-chun
Must not be a director, executive officer, or employee engaged in the regular business of the Company, nor have served as a director, auditor, executive officer, or employee engaged in the Company's regular business within the past two years.	■	■	■	■
If the largest shareholder is an individual, must not be the largest shareholder's spouse or a lineal ascendant or descendant.	■	■	■	■
If the largest shareholder is a corporation, must not be a director, auditor, executive officer, or employee of that corporation.	■	■	■	■
Must not be the spouse or a lineal ascendant or descendant of a director, auditor, or executive officer of the Company.	■	■	■	■
Must not be a director, auditor, executive officer, or employee of the Company's parent company or subsidiary.	■	■	■	■
Must not be a director, auditor, executive officer, or employee of a corporation that has a material business relationship or other significant interest with the Company.	■	■	■	■
Must not be a director, auditor, executive officer, or employee of another company in which a director, executive officer, or employee of the Company serves as a director or executive officer.	■	■	■	■
Must not be a minor, a person under adult guardianship, or a person under limited guardianship	■	■	■	■
Must not be an undischarged person in bankruptcy.	■	■	■	■
Must not be a person for whom two years have not elapsed since the completion or waiver of the execution of a sentence of imprisonment without labor or a heavier punishment.	■	■	■	■
Must not be a person for whom two years have not elapsed since dismissal or removal from office for violating any law prescribed by Presidential Decree under Article 34 (3) of the Enforcement Decree of the Commercial Act.	■	■	■	■
Must not be the largest shareholder or any specially related person of the largest shareholder, where the largest shareholder is determined based on the total number of issued shares excluding non-voting shares, including shares held by specially related Persons as defined by Presidential Decree under Article 34 (4) of the Enforcement Decree of the Commercial Act.	■	■	■	■
Must not be a major shareholder, for their own account and regardless of whose name the shares are held, own 10% or more of the total issued shares excluding non-voting shares or exercises de facto influence over major management matters, including the appointment or dismissal of directors, executive officers, or auditors, nor be the spouse or a lineal ascendant or descendant of such a shareholder.	■	■	■	■
Must not fall under any other category prescribed by Presidential Decree under Article 34 (5) of the Enforcement Decree of the Commercial Act that makes it difficult to faithfully perform the duties of an independent director or may affect the management of the listed company.	■	■	■	■
Must be recommended by the Independent Director Nomination Committee	■	■	■	■

Board Operations

Board Training

Poongsan operates a systematic training program to strengthen the professional expertise of its independent directors and Audit Committee members, as well as to enhance management oversight. In 2025, we regularly conducted professional training on internal management issues and risk management, including the prevention of financial fraud; all participants completed the relevant courses, strengthening the competencies needed to perform their duties objectively. This training supports participants in making sound decisions based on a deep understanding of finance and general management. By leveraging this enhanced expertise to perform effective oversight and monitoring of the management team, we contribute to increased corporate transparency and the maintenance of a sound governance structure.

2025 Board Training Record

Training Date	Organizer	Attendees	Key Training Topics
Feb. 5, 2025	Planning Team 1	All 4 Independent Directors	Major Corporate Management Issues
May. 8, 2025	Planning Team 1	All 4 Independent Directors	Major Corporate Management Issues
Jul. 21, 2025	Planning Team 1	All 4 Independent Directors	Major Corporate Management Issues
Oct. 23, 2025	Planning Team 1	All 4 Independent Directors	Major Corporate Management Issues
Dec. 18, 2025	Korea Listed Companies Association	All 3 Audit Committee Members	Training on Disclosure of Controls over Financial Fraud

Board Operations Overview

The Board of Directors of Poongsan convenes regularly in accordance with the Articles of Incorporation and Board Regulations, and maintains a framework to hold ad hoc meetings as needed to respond to the rapidly changing business environment. To ensure transparency in decision-making, we enforce systematic restrictions on voting rights for any director with a special interest in a specific agenda item, effectively mitigating the risk of conflicts of interest. In addition, we allow directors to participate in resolutions through telecommunication systems that enable all directors to transmit and receive audio simultaneously in real time, ensuring efficient and prompt decision-making free from time and space constraints.

In 2025, the Board held a total of 8 meetings, achieving 100% attendance from all inside and independent directors, demonstrating a commitment to faithful performance of their duties and commitment to responsible management. The Board systematically addressed not only core operational matters, such as the approval of financial statements and the convocation of general meetings of shareholders, but also non-financial risk management, including the approval of occupational health and safety plans and reviews of the operational status of the internal accounting control system. In particular, the Board solidified company-wide internal controls and transparent governance by receiving regular reports on financial issues—such as the extension of guarantees for borrowings by overseas subsidiaries—as well as adherence to the compliance control standards and the results of adherence to the Integrity Pledge.

Board Evaluation and Compensation

Directors serve a term that concludes at the annual general meeting of shareholders convened for the final fiscal period ending within two years of their initial appointment. Decisions regarding the reappointment of directors are based on a comprehensive evaluation of meeting attendance, the provision of appropriate advice, and the effectiveness of their contributions to board agenda discussions. Compensation for directors is strictly managed within the total compensation limit approved by the general meeting of shareholders. Compensation for internal directors is calculated to reflect the value of their duties, while compensation for independent directors is disbursed according to Poongsan's executive compensation regulations. All independent directors receive an identical base compensation with no additional stipends or meeting-related expenses. However, to account for the heightened responsibilities and risks of their roles, a 10% premium is added to the base compensation for Audit Committee members, and a 20% premium is added for Committee Chairs. In accordance with relevant laws and regulations, Poongsan discloses the individual remuneration of any director receiving KRW 500 million or more in the company's business report.

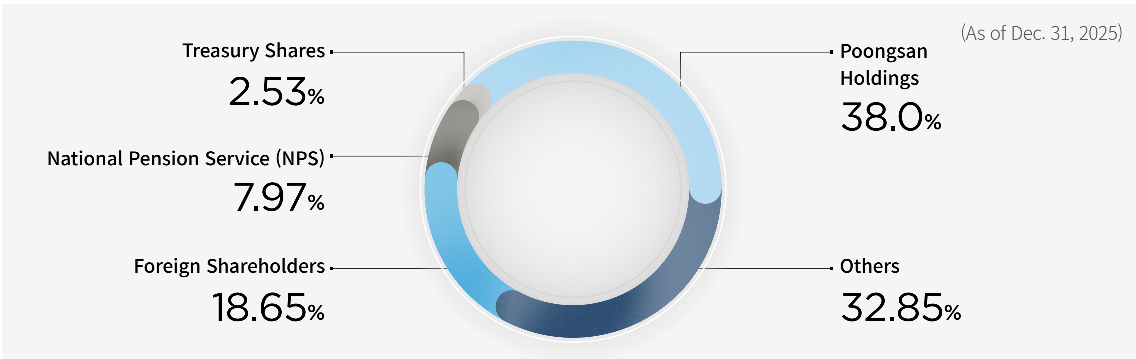
2025 Director Remuneration

Category	Number of Persons	Total Remuneration	Average Remuneration per Person
Internal Directors	3	KRW 8,853 million	KRW 2,951 million
Independent Directors Who Are Not Audit Committee Members	1	KRW 103 million	KRW 103 million
Independent Directors Who Are Audit Committee Members	3	KRW 292 million	KRW 97 million

Share Issuance Status

Shareholder Status

Listed on the KOSPI market, Poongsan had a total of 28,024,278 issued shares as of December 31, 2025, of which 27,314,278 shares were outstanding. The total number of shares authorized for issuance under the Articles of Incorporation is 60,000,000, with a par value of KRW 5,000 per share. Poongsan's shareholder composition reflects stable management control, with the largest shareholder, Poongsan Holdings, maintaining a 38.0% stake. The company also holds approximately 710,000 treasury shares, while all executives, including non-registered officers, collectively own approximately 0.2% of the company's shares. Committed to transparency in corporate management, we duly disclose relevant information via our website, the Financial Supervisory Service (FSS), and the Korea Exchange's (KRX) electronic filing system.



Shareholdings of Directors and Executives (As of Dec. 31, 2025)

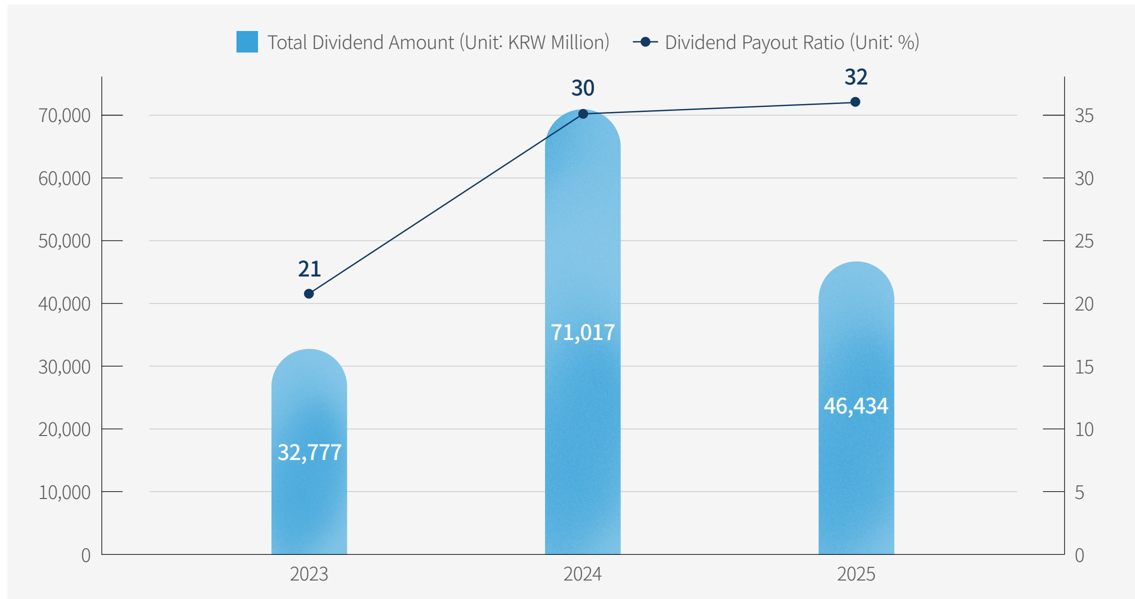
Category		Number of Shares Held (Units: Shares)	Ownership
Registered Directors		4,345	0.2%
Internal Directors	Ryu Jin	-	-
	Park Woo-dong	2,093	0.1%
	Hwang Se-young	2,252	0.1%
Independent Directors		-	-
Non-Registered Executives		1,258	0.0%

Shareholder Returns

Dividend Policy

After a comprehensive review of consolidated net income, cash flow, and investment plans, Poongsan has finalized the total dividend for the 18th fiscal period at approximately KRW 46.4 billion (KRW 1,700 per share). This represents a dividend payout ratio of 31.5%, an increase of 1.5 percentage points from the previous year, reflecting a balanced approach to shareholder returns aimed at enhancing shareholder value.

Beginning with the 17th fiscal year, we have adopted a process under which the dividend record date is set only after the dividend amount has been finalized. By creating an environment where investors can know the dividend amount in advance, we have increased dividend predictability. Going forward, we intend to continue our transparent and shareholder-friendly dividend policies.



Dividend Per Share (DPS)	2023	2024	2025
	KRW 1,200	KRW 2,600	KRW 1,700

G1 Governance

Protection of Shareholder Rights

General Meeting of Shareholders

In accordance with our Articles of Incorporation, Poongsan convenes the Annual General Meeting of Shareholders within three months after the end of each fiscal year, and maintains a framework to convene extraordinary general meetings of shareholders through Board resolutions when urgent decision-making is required. To enhance shareholder accessibility, we adhere to the principle of holding a general meeting of shareholders at our head office or in the neighboring metropolitan area of Seoul. Upon convocation, we clearly notify shareholders of the date, time, location, and purpose of the meeting. For minority shareholders holding 1% or less of the total issued shares with voting rights, we may give public notice in lieu of individual notice in accordance with its Articles of Incorporation and applicable laws and regulations.
To protect shareholder rights and provide sufficient information, we implement a proactive procedure of completing notices of convocation and public notices four weeks before each general meeting, significantly earlier than the two-week requirement under the Commercial Act. This commitment ensures that our shareholders have the time needed to thoroughly evaluate all agenda items. We further uphold the shareholders' right to information by transparently disclosing relevant information via our website and official electronic filing systems (DART, KIND).

Shareholder Communication and Investor Relations Briefings

To ensure transparent communication with shareholders and investors, Poongsan has designated personnel responsible for IR lead within the Strategic Planning Team to systematically share the company's business performance, management status, and mid-to-long-term vision. To protect shareholders' right to information and promptly provide information necessary for investment decisions, we hold regular quarterly IR briefings, thereby solidifying our trust with the market. Through such multifaceted IR activities, Poongsan actively listens to market feedback and implements shareholder-friendly management centered on communication.

English-Language Disclosures and Website Management

To enhance information accessibility for overseas investors, Poongsan provides English disclosures in parallel with Korean filings and maintains a dedicated English website, thereby strengthening our global communication channels. Through these efforts, we have established an information delivery system that meets global standards, enhancing corporate transparency and credibility. Based on open communication with diverse stakeholders, Poongsan remains dedicated to cultivating and sustaining enduring trust with the global investment community.

Electronic Voting System

Poongsan has implemented an electronic voting system to actively support the exercise of shareholder voting rights and enhance participation rates in general meetings of shareholders. Through this system, shareholders can conveniently exercise their voting rights online, without the time and location constraints of visiting the meeting venue in person. By prioritizing accessibility, we seek to reflect the views of a broad range of stakeholders, including minority shareholders, in management and enhance convenience in exercising shareholder rights, thereby contributing to transparent and robust corporate governance.

Proxy Solicitation System

Poongsan has implemented a proxy solicitation system to actively support the exercise of shareholder voting rights. We also operate an electronic proxy system, allowing shareholders to conveniently designate voting proxies online, regardless of location. In this way, we encourage participation from shareholders who may find it difficult to attend the meeting in person and enhances both the convenience and efficiency of exercising shareholder rights.

Poongsan's Commitment to Protecting Shareholder Rights

G2 Governance

Ethics and Compliance Management

UN SDGs

Appendix
ESG Data

Governance

Ethics and Compliance Management System

Organizational Structure

Poongsan has established and operates a systematic organizational structure for ethics and compliance management to institutionalize a transparent and fair corporate culture and fulfill its social responsibilities. With the Board of Directors serving as the highest decision-making body, the CEO and the Compliance Officer work closely together to strictly manage and oversee the entire process, from establishing ethical management policies to reviewing adherence to compliance control standards. Through specialized functional units such as the Audit Division, Legal & Compliance Division, and Internal Control Team, we enhance management transparency by performing continuous monitoring, providing legal advice, and carrying out risk prevention activities. By designating autonomous compliance officers for each organizational unit and strengthening employee training and consultation, we strive to ensure that ethical awareness is internalized throughout the organization. This multifaceted compliance monitoring framework serves as a key driver of Poongsan's sustainable management, preventing misconduct and enhancing credibility with both internal and external stakeholders.

Board of Directors
- Establishing, improving, operating, and supervising the ethical management system

Audit Committee
- Auditing directors' conduct of business and accounting

CEO

Compliance Officer
- Overseeing ethics and compliance management activities
- Reviewing adherence to compliance control standards and reporting to the Board

Audit Division
- Investigating violations of laws and misconduct
- Conducting day-to-day audits through a continuous monitoring system

Legal & Compliance Division
- Planning and managing ethics and compliance management activities
- Conducting compliance reviews and training
- Providing day-to-day compliance support, including contract reviews and legal advice

Internal Control Team
- Ensuring the reliability of accounting information and compliance with related laws through the operation of the internal control system

Compliance Program Manager
- Executives responsible for each organizational unit: Providing training and counseling to employees, implementing preventive measures against violations, and conducting compliance self-assessments

Ethics and Compliance Management Strategy

Ethical Management Framework

To codify the ethical values that underpin our business operations and drive meaningful changes in behavior, Poongsan operates a systematic three-tier hierarchy: the Ethical Charter, the Code of Ethics, and the Implementation Guidelines. Through our Charter of Ethics, which serves as the highest-level tier, we set out the company's fundamental direction and ethical commitments. Subsequently, our Code of Ethics clarifies the responsibilities and obligations of employees toward diverse stakeholders, including shareholders, customers, and society. Specifically, by positioning the Practice Guidelines—which provide concrete, actionable behavioral standards—at the base of the hierarchy, we ensure that ethical management is not merely a declaration, but is deeply embedded in the day-to-day duties of officers and employees and organizational culture. This integrated ethical management framework serves as a core decision-making criterion and behavioral principle, enabling Poongsan to build trust both internally and externally and achieve sustainable growth.

Ethical Management Pledge

Pursuant to Article 4 of Chapter 1 of the Implementation Guidelines for the Code of Ethics, Poongsan requires all employees to submit an Ethical Management Pledge. This serves as a regular review process to ensure that all employees clearly understand and comply with the laws and internal ethical standards applicable to the performance of their duties. The pledge includes an obligation to strictly comply with anti-corruption laws and regulations and explicitly sets forth a zero-tolerance policy that applies without exception in the event of a violation, thereby reinforcing awareness of compliance obligations. Through this annual pledge process, we continually reinforce the compliance awareness of each employee and operate a rigorous management framework to maintain an ethical and fair work environment throughout the organization.

Ethical Charter

Declaration of Ethical Management
Ethical management goals pursued by the company and its employees

Code of Ethics

Objectives for Practicing Ethical Management
Objectives for practicing ethical management to be upheld by the company and its employees

Chapter 1 Responsibilities and Obligations of Employees	Chapter 2 Ethics Conducts of the Company Toward Employees	Chapter 3 Fair Transactions and Competitions
Chapter 4 Ethical Conducts toward Customers	Chapter 5 Responsibilities and Obligations toward Shareholders	Chapter 6 Responsibilities toward Country and Society

Implementation Guidelines for the Code of Ethics

Standards of Conduct for Employees
Specific standards of conduct for employees to implement the Code of Ethics

Chapter 1 General	Chapter 2 Ethical Conducts	Chapter 3 Protection of Assets and Confidentiality
Chapter 4 Fostering a Sound Organizational Culture	Chapter 5 Sanctions and Protection of Whistleblower	

Six Principles of Poongsan's Ethical Charter

01 We perform all our duties honestly and fairly and strive to foster a sound corporate culture with pride and a sense of honor as members of Poongsan.

02 We respect the dignity of each individual, provide equal opportunities for competition, and create a rewarding workplace where employees are fairly evaluated based on their capabilities and achievements.

03 We comply with applicable laws and regulations, respect ethical values in business transactions, and pursue mutual development through fair and transparent transactions.

04 We think and make decisions from the customer's perspective, recognize customer satisfaction as the foundation of our growth, and make every effort to create value for customers.

05 We seek to protect shareholders' rights and interests by generating sound profits through rational and efficient management.

06 As a member of society, we fulfill our social responsibilities, respect traditions and culture, and contribute to the development of the nation and society.

Compliance Risk Management

Compliance Control Framework

In accordance with the Commercial Act, Poongsan has appointed a Compliance Officer and has established and operates compliance control standards and procedures that employees must follow in performing their duties to ensure sound and transparent corporate management. With the Legal & Compliance Division serving as the responsible department, we operate an integrated management cycle encompassing the establishment of a compliance control environment, day-to-day compliance support and review activities, and evaluations of operational effectiveness.
The framework operates through a three-stage process: Compliance Control Environment, which established the necessary infrastructure; Compliance Control Activities, which assess and review legal risks; and Effectiveness Evaluation, which reviews the adequacy of the framework and reports the results to the Board of Directors. We safeguard the independence and authority of the Compliance Officer and operate an effective internal oversight system to prevent violations.

Compliance Control Environment

Establishment of compliance control standards
· Applicable to all business operations and employees

Development of the compliance control framework
· Organizational structure and division of duties

Appointment of a Compliance Officer
· Appointment and dismissal by the Board of Directors
· Guaranteed term of office for the Compliance Officer
· Qualifications, status, and authority of the Compliance Officer

Independence in performing the Compliance Officer's duties
· Direct reporting to the Board of Directors
· Restrictions on concurrent positions held by the Compliance Officer

Compliance Control Activities

Legal risk assessment and management
· Categorization of legal risk activities

Compliance reviews by the Compliance Officer
· Review of compliance with the compliance control standards and reporting to the Board of Directors

Compliance reviews by Compliance Program Managers
· Reporting review results to the Compliance Officer

Day-to-day compliance support
· Contract review and legal advice
· Establishment of communication channels with the Compliance Officer

Establishment of an internal reporting system and protection of whistleblowers

Procedures for addressing violations

Operation of compliance education and training programs

Establishment of an integrated information management system

Effectiveness Assessment

Evaluation of the effectiveness of the compliance control framework
· Content of the compliance control standards
· Legal risk assessment and management framework
· Compliance review and reporting framework
· Independence of the Compliance Officer in performing their duties
· Framework for sanctions against violations

Reporting evaluation results to the Board of Directors

Development of improvement measures by the Board of Directors

Recognition and rewards for officers and employees

Fair Trade Compliance Program

In 2008, Poongsan became the first company in the industry to introduce a Fair Trade Compliance Program (CP), which it continues to operate to promote voluntary compliance with fair trade laws and foster fair competition. Based on the CEO's firm commitment to compliance, we have established and implemented the CP's eight core elements across the organization, including the establishment of CP standards and procedures, use of the compliance manual, employee training, and an internal monitoring system. The Legal & Compliance Division is responsible for the program, and the Compliance Officer serves as the Compliance Program Manager, thereby maintaining an independent oversight structure. Through this framework, we perform regular reviews of subcontracting transactions and ongoing anti-collusion activities to proactively mitigate fair trade risks.

CP Enhancement Plan

1	Appointment of a Compliance Program Manager
2	Designation of the responsible department
3	Establishment of CP Operating Regulations
4	Preparation and distribution of the Fair Trade Compliance Manual
5	Fair trade training
6	Campaign to promote compliance with fair trade laws
7	Regular internal reviews of subcontracting transactions
8	Effectiveness evaluation and improvement measures

Anti-Collusion Training

Category	Key Details
Date and Time	Jun. 25, 2025 (Wed) 10:00–11:00 (Defense Sales Division) / 13:00–14:00 (Copper Products Sales Division)
Format	In-person training
Target Audience	Defense Sales Division: Domestic Sales Division, Export Division, Business Development Division Copper Products Sales Division: Rolled Products Sales Division, Extruded Products Sales Division, Coin Blank Sales Division, Materials Business Development Division
Topic Collusion	Elements constituting collusion and applicable sanctions. Practical considerations for preventing collusion
Remarks	Job-specific training (1 hour)

Compliance Risk Management

Continuous Monitoring System

Leveraging the fact that major transactions are digitized and traceable, Poongsan operates a continuous monitoring system that automatically notifies the Audit Division when anomalies are detected. The Audit Division registers compliance scenarios in the system to immediately identify anomalies and continuously maintain the effectiveness of control measures before and after audit activities. To determine the exact causes of anomalies identified through continuous monitoring and ensure the objectivity and reasonableness of system operation, we provide relevant departments with sufficient opportunity to explain the anomalies.

The continuous monitoring system operates in conjunction with the internal control system and is classified as an Entity-Level Control (ELC) activity. The scenarios used as criteria for extracting exceptions are defined by incorporating Process-Level Control (PLC) Risk Control Matrices (RCM), findings from audits of the internal accounting control system, and relevant social issues.

Continuous Monitoring System Operation Results in 2025

Category	Key Items	Number of Scenarios	Requests for Clarification 2023	2024	2025
Sales	Return price monitoring, changes to payment terms, consignment inventory verification, etc.	23	3	16	14
Purchases	Payments by bank transfer, failure to contract with the lowest-priced vendor, purchase price analysis, etc.	25	40	30	30
Inventory and Cost	Good issues for abnormal production orders, etc.	4	1	1	3
General Administration	Checks of business partner and employee bank accounts, changes in access rights, etc.	7	1	1	4
Fixed Assets	Unauthorized sale or disposal of assets, checks of long-term idle assets, etc.	6	1	-	1
General Expenses	Improper use of corporate cards, checks for duplicate expense claims, etc.	11	9	3	3
Total		76	55	51	55

Internal Accounting Control System (IACS)

Poongsan operates an internal accounting control system in accordance with the Act on External Audit of Stock Companies to enhance the credibility of the accounting information it prepares and discloses. To proactively identify and manage the risk of material misstatements in financial statements, the system has been strengthened and is operated in line with audit standards. Each year, the CEO reports on the operation of the internal accounting control system (IACS) to the Board of Directors, the Audit Committee, and the General Meeting of Shareholders. The Audit Committee independently evaluates the adequacy of the system and reports its findings to the Board. The dedicated Internal Control Team continuously reflects changes in the business environment and business processes in the system. Any deficiencies identified during design and operating effectiveness evaluations are promptly remediated through close coordination with relevant departments, thereby continuously enhancing the effectiveness of internal controls.

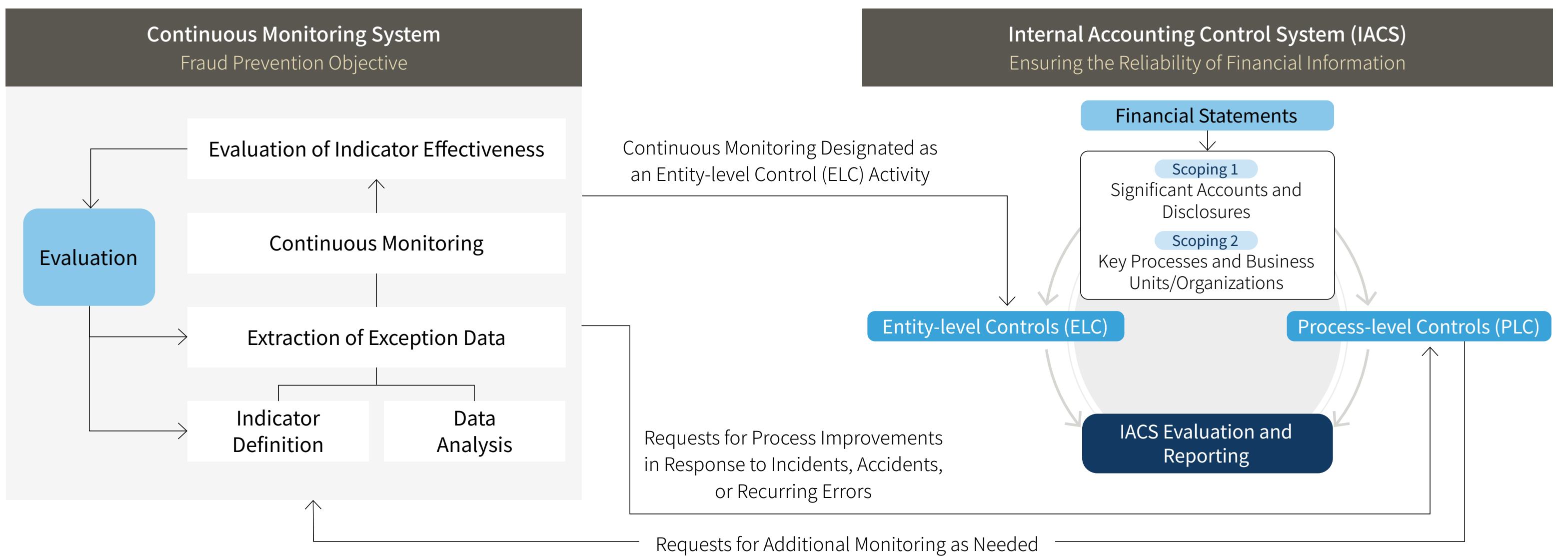
Implementing Change Management
- Checking and reflecting changes in the business environment and processes
- Walk-Through Test (WTT)
- Remediation of prior-year deficiencies and implementation of change management

Design Test
- Design evaluation by the external auditor
- Reporting the results of the design evaluation and remediating deficiencies

IACS Audit and Reporting
- Audit by the external auditor
- Reporting to the Board of Directors, the Audit Committee, and the General Meeting of Shareholders

Operation Test
- Operating effectiveness evaluation
- Operating effectiveness evaluation by the external auditor
- Formation and training of an IACS operation task force (TFT)
- Reporting the results of the operating effectiveness evaluation

Relationship Between IACS and the Continuous Monitoring System



G2 Ethics and Compliance Management Strategy

Practicing Ethics and Compliance Management

Employee Ethics and Compliance Training

Poongsan operates multifaceted training programs to cultivate a strong sense of ethics and compliance among employees. We conduct regular and ad-hoc online and offline training for all employees, including new hires, regarding the company's ethical management policies, regulatory frameworks, and specific standards of conduct. Furthermore, by implementing company-wide mandatory training each year on sexual harassment prevention, workplace bullying prevention, and disability awareness in the workplace, we strive to foster a healthy organizational culture of mutual respect and instill ethical values among employees.

We also conduct annual anti-collusion training for employees in sales roles to heighten awareness of fair trade compliance. By providing focused training on the legal elements of collusion and practical considerations to employees in the Defense Sales Division and Copper Products Sales Division, we focus on proactively mitigating legal risks that may arise in day-to-day operations.

Cyber Grievance Center and Whistleblower Protection Policy

To eradicate work-related corruption and misconduct and to foster a transparent management environment, Poongsan operates a Cyber Grievance Center through which reports may be submitted at any time on either a named or anonymous basis. The scope of reportable activities encompasses all actions that violate ethical standards, including the acceptance of money or entertainment from stakeholders, illegal or improper use of company assets, lack of transparency in the selection of business partners, falsification or false reporting of documents and data, and workplace bullying. Submitted reports are handled after the Audit Division verifies the fact and gives the relevant parties an opportunity to present their views, and the reporter is promptly notified of the investigation results. To ensure that reporters can raise concerns with confidence, Poongsan keeps their identities and the details of their reports strictly confidential and strictly prohibits retaliation against them, placing the highest priority on whistleblower protection and confidentiality.

Whistleblower Protection Policy

1
The identity of whistleblowers is kept strictly confidential, and whistleblowers will not be subject to any disadvantages resulting from reporting, making statements, or providing information.

2
Poongsan strictly prohibits any retaliation, such as unfair or unjust treatment, against whistleblowers, employees who make ethics-related inquiries, or employees who participate in internal investigations.

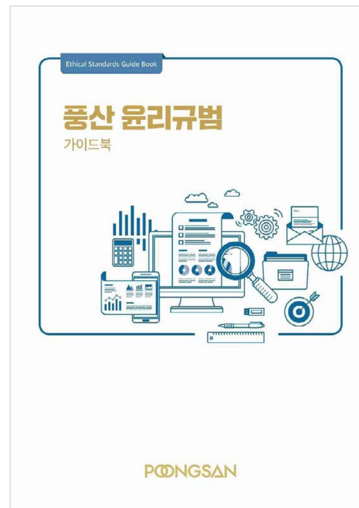
3
If a whistleblower requests protective measures or a change in position to avoid any disadvantage resulting from a report, then the company will take all reasonable measures it deems necessary.

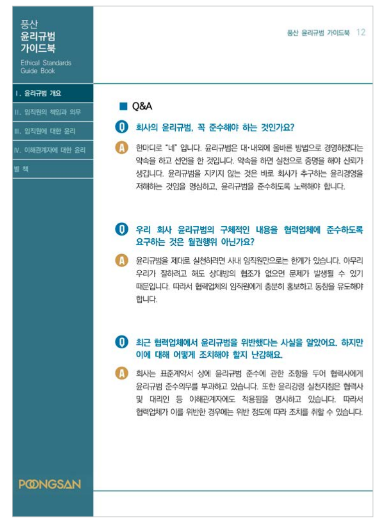
4
If an internal whistleblower reports illegal conduct or misconduct in which they were involved, then mitigating circumstances may be considered. No internal whistleblower will be subject to any adverse personnel action as a result of making a report.

Distribution of the Code of Ethics Guidebook

As part of its efforts to embed ethics and compliance management throughout the organization, Poongsan has developed a Code of Ethics Guidebook, and then made it available on its website for employees to consult at any time in the course of their work. This guidebook systematically covers its commitment to ethical management and its ethical standards framework, the basic ethical principles and responsibilities of employees in performing their duties, and practical guidance concerning various stakeholders, including shareholders, customers, and society. Notably, it also includes case-based Q&As and clear definitions of key terms to help employees apply the standards in their day-to-day work. By presenting ethical standards that may otherwise seem complex in an accessible manner, the guidebook helps raise company-wide compliance awareness and serves as a practical reference that supports sound decision-making.

Poongsan Ethics Guidebook





Practicing Ethics and Compliance Management

Gifts and Hospitality Reporting System and Compliance with the Improper Solicitation and Graft Act

In accordance with its Code of Ethics, all Poongsan employees are required to voluntarily report the receipt of money, valuables, excessive entertainment, or other favors beyond customary levels from stakeholders. They send this report to the Audit Division or other relevant departments by completing a Gifts and Hospitality Receipt Report Form, regardless of whether the items were returned. To prevent violations of the Improper Solicitation and Graft Act, we operate an Improper Solicitation and Graft Act Compliance Checklist that enables employees to review applicable legal requirements at any time. Through this checklist, they review step by step whether the matter is related to the recipient's duties, whether any statutory exception applies, and whether the recipient is directly related to the relevant duties. In particular, we explicitly prohibit the provision of any money, goods, or other benefits to public officials directly involved in duties such as licenses, permits, contract execution, or similar matters, thereby preventing legal violations in advance.

Poongsan Compliance Checklist for the Improper Solicitation and Graft Act

✓ **Duty Relevance**	☐ Is the matter related to duties under the jurisdiction of a "public official, etc." under applicable statutes or standards? ☐ Is the matter related to duties customarily or effectively performed by a "public official, etc.?" ☐ Is the matter related to duties that support or may influence a decision-maker? ☐ Is the matter related to duties closely connected to those under the jurisdiction of a "public official, etc." under applicable statutes or standards? *Money, goods, etc. may only be provided if none of the above applies, subject to a limit of KRW 1 million on a single occasion and KRW 3 million per year.
✓ **Applicability of Exemptions**	☐ Food and beverages, gifts, or congratulatory or condolence money of KRW 50,000 or less provided for social, ceremonial, or mutual-aid purposes ☐ Transportation, accommodation, and food and beverages provided uniformly at official events ☐ Souvenirs or promotional goods intended for distribution to multiple unspecified Persons *Money, goods, etc. may be provided if any of the above exemptions applies.
✓ **Direct Relationship to Duties**	☐ A "public official, etc." handling a civil petition fied by the company ☐ A "public official, etc." responsible for a disposition that may benefit or disadvantage the company ☐ A "public official, etc." responsible for an investigation, audit, supervision, inspection or enforcement, or administrative guidance concerning the company ☐ A "public official, etc." responsible for conscription, call-up, or mobilization matters related to the company ☐ A "public official, etc." responsible for entering into or performing contracts with the company *Gifts may be provided if any of the following exemptions apply.

Compliance Activities Led by the Legal & Compliance Division

Under the leadership of the Compliance Officer, Poongsan continuously monitors adherence to the compliance control standards and actively carries out company-wide compliance activities. We embed compliance throughout the organization through various initiatives, such as regular compliance self-assessments, reviews of the results of Subcontracting Internal Review Committee deliberations, and tailored compliance training for employees. We regularly report the results of these key review results and details of training activities to the Board of Directors to maintain an effective internal control system. By doing so, we proactively manage legal risks and foster a culture of integrity, creating a business environment that earns the trust of all stakeholders.

2025 Compliance Activities

Activity Date (Board Report)	Key Activities
Jan. 2, 2025	Submission of Ethical Management Pledges
Jan. 21, 2025	Compliance training for new hires in 2025
Jan. 22, 2025	Lunar New Year "No Giving or Receiving Gifts" Campaign
Feb. 5, 2025	H2 2024 compliance self-assessment
Mar. 4, 2025	Training on sexual harassment prevention, disability awareness in the workplace, and workplace bullying prevention
Apr. 21, 2025	Review of Q1 Subcontracting Internal Review Committee deliberation results and follow-up actions
Jun. 25, 2025	2025 anti-collusion training
Jul. 1, 2025	H1 2025 compliance self-assessment
Jul. 18, 2025	Review of Q2 Subcontracting Internal Review Committee deliberation results and follow-up actions
Sep. 24, 2025	Chuseok "No Giving or Receiving Gifts" Campaign
Oct. 29, 2025	Review of Q3 Subcontracting Internal Review Committee deliberation results and follow-up actions
Nov. 19, 2025	Workplace bullying prevention training
Nov. 20, 2025	Training for personnel responsible for disclosure information
Ongoing	Prior review of donations

G3 Governance

Integrated Risk Management

UN SDGs

Appendix
ESG Data

Governance

Integrated Risk Management Framework

Risk Reporting and Management Structure

Poongsan has established a framework under which responsible departments manage individual risks, classifying them into "Business Risks", "Non-business Risks", and "Disasters and Crises". The Office of Executive Affairs manages strategic and investment risks; the Raw Material Procurement Division and Finance Division handle financial risks such as raw materials, foreign exchange, and funding; and the Internal Control Team ensures the reliability of financial statements by designing and operating the internal accounting control system. Meanwhile, non-business risks, including ethics and compliance risks, are managed by the Legal & Compliance Division through a self-regulatory preventive framework. For disasters and crises, the Safety & Environmental Management Division leads efforts to maintain safe workplace operations that are accident- and injury-free.

Monitoring of External Economic Risks

Tailored to the unique characteristics of the non-ferrous metal industry, Poongsan operates a system centered on the Risk Management Team that continuously analyzes and forecasts major risk factors. The Risk Management Team monitors and analyzes LME prices and exchange rates daily, sharing the findings with key operational departments through monthly meetings attended by relevant departments. Furthermore, we conduct quarterly review meetings attended by the CEO to assess risk response outcomes and obtain approval for future response plans. We also hold monthly Futures Committee meetings involving the CEO, key executives, and external experts to monitor economic trends and downstream industry outlooks, thereby strengthening our capacity to respond to business risks.

Integrated Risk Management Strategy

Risk Type		Description	Responsible Departments	Response Measures	
Financial Risks	Strategy and Investment	Management risks resulting from changes in the internal and external environment and investments	Office of Executive Affairs (Planning Team 1 and 2)	Reporting on performance against plans and analysis of external impacts	Reviewing the appropriateness of investments through the Investment deliberation processes
Financial Risks	Strategy and Investment	Management risks resulting from changes in the internal and external environment and investments	Office of Executive Affairs (Planning Team 1 and 2)	Reporting and discussing issues at monthly and weekly management meetings	
Financial Risks	Raw Materials and Foreign Exchange	Risks arising from volatility in financial markets, including exchange rates, and fluctuations in raw material prices, including LME prices	Raw Material Procurement Division (Risk Management Team)	Ongoing monitoring of raw material and foreign exchange markets	Managing risks from fluctuations in inventory values through futures trading and securing target profits against exchange rate volatility
Financial Risks	Raw Materials and Foreign Exchange	Risks arising from volatility in financial markets, including exchange rates, and fluctuations in raw material prices, including LME prices	Raw Material Procurement Division (Risk Management Team)	Hedging risks through derivatives, such as non-ferrous metal futures and currency forward contracts	Sharing daily market information with relevant departments
Financial Risks	Raw Materials and Foreign Exchange	Risks arising from volatility in financial markets, including exchange rates, and fluctuations in raw material prices, including LME prices	Raw Material Procurement Division (Risk Management Team)	Frequently monitoring and reporting on raw material and foreign exchange market trends, including LME prices	Reporting quarterly market information and forecasts to the CEO and other executives
Financial Risks	Credit	Credit risks arising from delays in collecting trade receivables	Sales Support Team	Conducting periodic customer credit evaluations and readjusting credit limits and collateral requirements	Reporting monthly on delayed receivables and collection measures
Financial Risks	Liquidity	Risk of difficulty in meeting obligations associated with financial liabilities	Finance Division (Finance Team)	Entering into agreements with primary banks for overdrafts and import credit facilities	Matching funding maturities for facility investments through retained earnings or long-term borrowings
Financial Risks	Liquidity	Risk of difficulty in meeting obligations associated with financial liabilities	Finance Division (Finance Team)	Lengthening funding maturities and strengthening credit ratings	
Financial Risks	Tax	Tax-related risks arising from overall business activities	Finance Division (Cost Analysis & Tax Team)	Fulfilling tax filing and payment obligations in accordance with the laws of Korea and other countries where Poonsan operates	Conducting international transactions at transfer prices determined in accordance with the arm's-length principle
Non-financial Risks	Environment	Risk of sanctions and reputational damage due to growing public interest in environmental protection and tightening environmental regulations	Safety & Environment Management Division	Complying with environmental laws and regulations and conducting related training	Establishing an environmental management policy
Non-financial Risks	Environment	Risks associated with responding to climate change	Safety & Environment Management Division	Managing risks associated with environmental pollution regulations	
Non-financial Risks	Safety	Safety risks that may occur at workplaces	Safety & Environment Management Division	Monitoring occupational safety and health at workplaces and operating safety accident management processes	Raising safety awareness among employees through safety drills and training
Non-financial Risks	Human Rights	Reputational damage and legal risks arising from gender-related issues, workplace bullying, and similar incidents	Legal & Compliance Division / Human Resources Team	Operating the Cyber Grievance Center	Appointing and managing grievance counselors for sexual harassment, sexual violence, and workplace bullying
Non-financial Risks	Information Security	Risks of information and technology leakage	Security Team	Conducting training and drills to prevent cyberattacks	Conduct training on defense industry technology protection
Non-financial Risks	Ethics and Compliance	Reputational damage and legal risks arising from unethical or unlawful conduct	Legal & Compliance Division / Internal Control Team	Operating the Fair Trade Compliance Program	Operating the internal accounting control system
Non-financial Risks	Ethics and Compliance	Reputational damage and legal risks arising from unethical or unlawful conduct	Legal & Compliance Division / Internal Control Team	Enhancing the ethical awareness of employees through compliance with the Implementation Guidelines for the Code of Ethics and related training	Operating the Cyber Grievance Center

Tax Risk

Tax Risk Management

Poongsan's fundamental principle of tax management is to strictly comply with the tax laws and regulations of every country where it operates, ensuring the diligent fulfillment of all tax filing and payment obligations.

Compliance with Tax Laws and Enhancement of Transparency

Poongsan proactively manages tax risks through strict compliance with tax laws and regulations. We maintain a transparent and cooperative relationship with tax authorities, enhancing our credibility as a taxpayer by diligently responding to data submission requirements and requests for clarification regarding factual matters in accordance with relevant laws. Moreover, we aim to enhance transparency and objectivity in tax administration by transparently disclosing our tax-related information.

Prevention of Tax Avoidance and Fair Tax Practices

Poongsan strictly prohibits intentional tax avoidance through structures that lack commercial substance and the use of tax havens. We do not artificially shift value created through our business operations to low-tax jurisdictions. We also conduct its operations in a manner that respects each country's taxing rights.

Transfer Pricing Management and Prevention of International Tax Risks

Poongsan has established and implemented clear tax treatment guidelines to manage potential tax risks arising from all domestic and international transactions. We maintain fair transaction prices with domestic related parties and strictly adhere to the arm's length principle, in accordance with international standards such as the OECD Guidelines, for all international transactions to prevent transfer pricing risks.

Tax Principles

Poongsan recognizes that tax compliance with tax laws and the management of tax risks are integral to sound business management. We dutifully fulfill our tax filing and payment obligations in accordance with the applicable laws and regulations of each country in which we operate. Furthermore, we also conduct transactions at transfer prices determined in accordance with the arm's-length principle.

Tax Accounting Standards

Tax returns and supporting documents, as well as decision-making materials related to tax issues, are documented and retained. We monitor changes in tax laws and new administrative rulings and court decisions, as well as review and respond in advance to potential tax risks arising from such changes. When necessary, we consider the opinions of external tax experts before making decisions on tax issues.

Tax Transparency

Poongsan transparently discloses its tax information through audit reports filed on the Financial Supervisory Service's electronic disclosure system (dart.fss.or.kr). The financial statements and notes to the financial statements in the external auditor's report provide information on the basis for calculating corporate income tax expense, deferred tax assets and liabilities, the breakdown of corporate income tax expense, and applicable tax rates. External audits ensure the transparency and objectivity of this information. In compliance with the OECD/G20 Base Erosion and Profit Shifting (BEPS) guidelines and the Adjustment of International Taxes Act, we prepare and submit a consolidated report on international transaction information covering our business operations and transaction details to the relevant tax authorities.

Regional Corporate Income Tax Status in 2025 (Unit: KRW million)

Region	Business Site	Main Products	Sales Revenue	Operating Profit	Corporate Income Tax
Korea	Poongsan	Copper and copper alloy sheets/strips, rods, coin blanks, military & sporting ammunition	3,849,107	247,154	39,952
Americas	FNS	Precision machinery components	95,648	27,440	6,011
	PMX	Copper and copper alloy sheets/strips	786,800	(2,120)	31,914
	PAC	Scrap, other raw materials, auxiliary materials, and Poongsan products	406,396	6,079	7,038
Asia	Thailand	Copper and copper alloy sheets/strips and coin blanks	327,122	6,773	1,324
	Hong Kong/ Shenzhen	Copper and copper alloy products (Slitting Center)	135,949	2,012	(62)
	Shanghai	Copper and copper alloy products (Trading Subsidiary)	167,937	825	241
	Lianyungang	Copper and copper alloy products (Slitting Center)	131,145	1,558	321
	Japan	Copper and copper alloy products (Slitting Center)	168,705	3,093	725
	Malaysia	Copper and copper alloy products (Slitting Center)	91,571	2,005	663
	Vietnam	Processing and sales of copper and copper alloy sheets/strips, and copper rods	28,280	(7)	9

Appendix

Financial Information

Separate Financial Statements Basis

Condensed Separate Statement of Financial Position

Category	Unit	2023	2024	2025
Current assets	KRW million	1,701,254	1,884,996	2,032,910
Non-current assets	KRW million	1,614,948	1,742,474	1,814,485
Total assets	KRW million	3,316,202	3,627,470	3,847,395
Current liabilities	KRW million	1,115,083	1,017,665	1,069,275
Non-current liabilities	KRW million	235,164	410,503	479,989
Total liabilities	KRW million	1,350,247	1,428,168	1,549,264
Capital stock	KRW million	140,121	140,121	140,121
Capital surplus	KRW million	494,520	494,520	494,520
Capital Adjustments and Accumulated Other Comprehensive Income	KRW million	16,330	73,992	71,264
Retained earnings	KRW million	1,314,984	1,490,669	1,592,226
Total equity	KRW million	1,965,955	2,199,302	2,298,131

Condensed Separate Statement of Comprehensive Income

Category	Unit	2023	2024	2025
Sales revenue	KRW million	3,100,555	3,502,597	3,849,107
Cost of Sales	KRW million	2,769,616	3,000,651	3,418,407
Gross profit	KRW million	330,939	501,946	430,700
SG&A (Selling, General and Administrative) Expenses	KRW million	140,629	187,790	183,546
Operating profit	KRW million	190,310	314,066	247,154
Non-operating Income (loss)	KRW million	962	3,468	(59,796)
Profit before income tax	KRW million	191,272	317,534	187,359
Income tax expense	KRW million	34,967	81,974	39,953
Net Income	KRW million	156,305	235,560	147,406
Other comprehensive income (loss) after tax	KRW million	(3,035)	30,565	22,440
Total comprehensive income	KRW million	153,270	266,125	169,846

Distribution of Economic Value

Category	Unit	2023	2024	2025	Remarks
Dividends	KRW million	32,777	71,017	46,434	Annual Dividends
Interest expenses	KRW million	22,722	19,328	18,716	Statement of Comprehensive Income → Financial Costs → Interest Expenses
Employee wages	KRW million	260,332	285,642	309,178	Notes to the Financial Statements → Breakdown of Expenses by Nature → Wages
Raw material costs	KRW million	2,229,366	2,417,544	2,766,057	Notes to the Financial Statements → Breakdown of Expenses by Nature → Consumption of Raw Materials and Purchases of Goods, etc.
Corporate tax	KRW million	34,967	81,974	39,953	Statement of Comprehensive Income → Income Tax Expense
Donations	KRW million	4,760	6,980	6,616	Statement of Comprehensive Income → Donations

Financial Information

Consolidated Financial Statements Basis

Condensed Consolidated Statement of Financial Position

Category	Unit	2023	2024	2025
Current assets	KRW million	2,239,437	2,561,697	2,763,159
Non-current assets	KRW million	1,421,191	1,534,886	1,566,031
Total assets	KRW million	3,660,628	4,096,583	4,329,190
Current liabilities	KRW million	1,352,196	1,358,506	1,450,288
Non-current liabilities	KRW million	342,478	538,775	580,770
Total liabilities	KRW million	1,694,674	1,897,281	2,031,058
Capital stock	KRW million	140,121	140,121	140,121
Capital surplus	KRW million	494,520	494,520	494,520
Capital Adjustments and Accumulated Other Comprehensive Income	KRW million	16,330	73,992	71,264
Retained earnings	KRW million	1,314,984	1,490,669	1,592,226
Total equity	KRW million	1,965,954	2,199,302	2,298,132

Condensed Consolidated Statement of Comprehensive Income

Category	Unit	2023	2024	2025
Sales revenue	KRW million	4,125,264	4,554,411	5,048,580
Cost of Sales	KRW million	3,684,408	3,938,497	4,473,813
Gross profit	KRW million	440,856	615,915	574,767
SG&A (Selling, General and Administrative) Expenses	KRW million	212,219	292,146	277,340
Operating profit	KRW million	228,636	323,769	297,427
Non-operating income (expense)	KRW million	(27,550)	(5,463)	(61,885)
Profit before income tax	KRW million	201,087	318,306	235,542
Income tax expense	KRW million	44,646	82,260	88,378
Net Income	KRW million	156,440	236,046	147,164
Other comprehensive income after tax	KRW million	(3,289)	30,079	22,682
Total comprehensive income	KRW million	153,151	266,125	169,847

Distribution of Economic Value

Category	Unit	2023	2024	2025	Remarks
Dividends	KRW million	32,777	71,017	46,434	Annual Dividends
Interest expenses	KRW million	39,193	37,445	37,296	Statement of Comprehensive Income → Finance Costs → Interest Expenses
Employee wages	KRW million	353,262	416,497	427,748	Notes to the Financial Statements → Breakdown of Expenses by Nature → Wages
Raw material costs	KRW million	2,959,046	3,151,700	3,583,768	Notes to the Financial Statements → Breakdown of Expenses by Nature → Consumption of Raw Materials and Purchases of Goods, etc.
Corporate tax	KRW million	44,646	82,260	88,378	Statement of Comprehensive Income → Income Tax Expense
Donations	KRW million	5,051	7,289	6,674	Statement of Comprehensive Income → Donations

Non-financial Information

Environmental*

Greenhouse Gas (GHG) Emissions

Category	Unit	2023	2024	2025
Total GHG emissions(①+②)[1]	tCO_2eq	223,416	239,469	245,248
① Direct GHG emissions (Scope 1)	tCO_2eq	60,254	63,314	64,358
Copper products division	tCO_2eq	31,575	32,249	32,631
Defense products division	tCO_2eq	28,262	30,653	31,304
Others	tCO_2eq	417	412	423
② Indirect GHG emissions (Scope 2)	tCO_2eq	163,165	176,157	180,892
Copper products division	tCO_2eq	111,010	117,706	120,808
Defense products division	tCO_2eq	50,265	56,605	58,144
Others	tCO_2eq	1,890	1,846	1,940
GHG Intensity[2]	tCO_2eq/ KRW billion	72.1	68.4	63.7
Copper products division	tCO_2eq/ KRW billion	67.8	64.5	57.6
Defense products division	tCO_2eq/ KRW billion	79.4	74.0	75.4

1) As figures below the decimal point are rounded down by business site, total greenhouse gas emissions may differ from the sum of emissions by type.
2) GHG Intensity = Total GHG Emissions / Sales Revenue (Unit: KRW billion)

* Environmental performance data (water use, waste, GHG, etc.) in this report is based on Poongsan's domestic business sites (Head Office, Angang Plant, Ulsan Plant, and Busan Plant).

Energy Use

Category	Unit	2023	2024	2025
Total energy consumption(①+②)	TJ	4,600	4,946	5,057
① Direct energy consumption	TJ	1,171	1,230	1,249
Copper products division	TJ	615	628	635
Defense products division	TJ	548	595	606
Others	TJ	8	8	8
② Indirect energy consumption	TJ	3,432	3,719	3,811
Electricity	TJ	3,350	3,622	3,707
Copper products division	TJ	2,261	2,402	2,453
Defense products division	TJ	1,050	1,183	1,215
Others	TJ	38	37	39
Steam	TJ	82	97	104
Copper products division	TJ	80	95	102
Others	TJ	2	2	2
Energy consumption intensity[1]	TJ/KRW billion	1.48	1.41	1.31
Direct energy consumption intensity	TJ/KRW billion	0.38	0.35	0.32
Copper products division	TJ/KRW billion	0.29	0.27	0.24
Defense products division	TJ/KRW billion	0.55	0.50	0.51
Indirect energy consumption intensity	TJ/KRW billion	1.11	1.06	0.99
Copper products division	TJ/KRW billion	1.11	1.08	0.96
Defense products division	TJ/KRW billion	1.06	1.00	1.02
Renewable energy consumption[2]	TJ	-	-	0.22
Copper products division	TJ	-	-	0.22
Defense products division	TJ	-	-	-

1) Energy Intensity = Energy Consumption / Sales Revenue (Unit: KRW billion)
2) Renewable energy consumption has been tracked beginning with 2025 data, following the completion of the solar power facility at the Ulsan Plant of the Copper Products Division (in November 2024).

Non-financial Information

Environmental

Air Pollutants

Category	Unit	2023	2024	2025
Total air pollutant emissions	Ton	32.26	30.09	34.95
Dust	Ton	7.97	5.04	5.40
Copper products division	Ton	7.06	4.75	5.06
Defense products division	Ton	0.91	0.29	0.34
Sulfur Oxides (SOx)	Ton	1.45	3.59	6.08
Copper products division	Ton	1.44	3.58	6.08
Defense products division	Ton	0.01	0.01	-
Nitrogen Oxides (NOx)	Ton	22.84	21.46	23.49
Copper products division	Ton	11.06	12.86	15.52
Defense products division	Ton	11.78	8.59	7.97
Air pollutant emissions intensity	Ton/ KRW billion	0.008	0.006	0.009
Copper products division	Ton/ KRW billion	0.009	0.009	0.010
Defense products division	Ton/ KRW billion	0.006	0.004	0.007

Water Pollutants

Category	Unit	2023	2024	2025
Total water pollutant emissions	Ton	170.97	154.36	181.34
Biological oxygen demand (BOD)	Ton	48.82	46.85	51.30
Copper products division	Ton	42.66	41.20	45.66
Defense products division	Ton	6.16	5.65	5.65
Total organic carbon (TOC)	Ton	74.31	63.44	83.55
Copper products division	Ton	47.07	38.83	59.21
Defense products division	Ton	27.24	24.61	24.33
Suspended solids (SS)	Ton	24.68	16.79	18.56
Copper products division	Ton	12.24	5.61	5.81
Defense products division	Ton	12.44	11.17	12.75
Total nitrogen (TN)	Ton	20.10	24.66	25.44
Copper products division	Ton	3.35	3.45	3.59
Defense products division	Ton	16.75	21.21	21.85
Total phosphorus (TP)	Ton	3.06	2.63	2.48
Copper products division	Ton	0.04	0.03	0.04
Defense products division	Ton	3.02	2.60	2.44

Non-financial Information

Environmental

Water Usage*

Category	Unit	2023	2024	2025
① Water withdrawal	1,000 tons	6,477	7,325	7,311
Ulsan Plant	1,000 tons	2,081	2,107	2,044
Municipal water	1,000 tons	-	-	-
Surface water	1,000 tons	-	-	-
Groundwater	1,000 tons	-	-	-
Industrial water	1,000 tons	2,081	2,107	2,044
Angang Plant	1,000 tons	4,003	4,695	4,609
Municipal water	1,000 tons	-	64	52
Surface water	1,000 tons	4,003	4,631	4,557
Groundwater	1,000 tons	-	-	-
Industrial water	1,000 tons	-	-	-
Busan Plant	1,000 tons	371	498	633
Municipal water	1,000 tons	26	25	19
Surface water	1,000 tons	-	-	-
Groundwater	1,000 tons	345	473	614
Industrial water	1,000 tons	-	-	-
Head Office[1]	1,000 tons	22	25	24

* Some water usage data for 2023 and 2024 were corrected due to data entry errors.
1) Since water withdrawal sources cannot be categorized for the Head Office, only the aggregate water withdrawal volume is reported.

Category	Unit	2023	2024	2025
② Wastewater discharge	1,000 tons	5,254	5,954	5,985
Ulsan Plant	1,000 tons	1,572	1,580	1,775
Angang Plant	1,000 tons	3,383	4,018	3,949
Busan Plant	1,000 tons	299	356	261
Head Office	1,000 tons	-	-	-
Water consumption (①-②)	1,000 tons	1,223	1,371	1,326
Ulsan Plant	1,000 tons	509	527	270
Angang Plant	1,000 tons	620	677	660
Busan Plant	1,000 tons	72	142	372
Head Office	1,000 tons	22	25	24
Water use intensity	1,000 tons/ KRW billion	0.39	0.39	0.34
Ulsan Plant	1,000 tons	1,572	1,580	2,423
Angang Plant	1,000 tons	3,383	4,018	3,949
Busan Plant	1,000 tons	299	356	261
Head Office	1,000 tons	-	-	-
Water reuse	1,000 tons	110	77	94
Ulsan Plant	1,000 tons	110	77	94
Angang Plant	1,000 tons	-	-	-
Busan Plant	1,000 tons	-	-	-
Head Office	1,000 tons	-	-	-
Water reuse rate[1]	%	9.0	5.6	7.1

1) Water Reuse Rate = Water Reuse / Water Consumption

Non-financial Information

Environmental

Waste Management*

Category			Unit	2023	2024	2025
Ulsan Plant	General Waste	Landfill	Ton	-	-	-
		Incineration	Ton	180	193	237
		Others[1]	Ton	1544	868	0
		Recycling[2]	Ton	9,604	9,695	13,526
	Designated Waste	Landfill	Ton	16	6	5
		Incineration	Ton	146	157	183
		Others[1]	Ton	107	47	11
		Recycling	Ton	2,458	2,515	2,450
	Subtotal		Ton	14,055	13,481	16,412
Angang Plant	General Waste	Landfill	Ton	2,684	2,873	2,666
		Incineration	Ton	80	72	49
		Others[1]	Ton	-	-	-
		Recycling	Ton	15,453	14,983	17,930
	Designated Waste	Landfill	Ton	32	33	49
		Incineration	Ton	535	577	683
		Others[1]	Ton	1,890	2,260	1,810
		Recycling	Ton	913	836	1,311
	Construction Waste	Landfill	Ton	-	-	-
		Incineration	Ton	-	-	-
		Others[1]	Ton	819	4,967	4,807
		Recycling	Ton	-	-	-
	Subtotal		Ton	22,406	26,601	29,305

Category			Unit	2023	2024	2025
Busan Plant	General Waste	Landfill	Ton	160	199	125
		Incineration	Ton	-	-	-
		Others[1]	Ton	-	-	-
		Recycling	Ton	189	224	361
	Designated Waste	Landfill	Ton	63	5	7
		Incineration	Ton	14	23	26
		Others[1]	Ton	-	-	-
		Recycling	Ton	16	31	28
	Construction Waste	Landfill	Ton	-	-	-
		Incineration	Ton	-	-	-
		Others[1]	Ton	45	54	151
		Recycling	Ton	-	-	-
	Subtotal		Ton	487	536	698
Head Office	General Waste	Landfill	Ton	-	-	-
		Incineration	Ton	73	22	-
		Others[1]	Ton	-	-	-
		Recycling	Ton	14	24	61
	Subtotal		Ton	87	46	61
Total waste generated			Ton	37,034	40,664	46,476
Total waste recycled			Ton	28,634	28,306	35,667
Recycling rate			%	77.3	69.6	76.7

* Some waste management data for 2023 and 2024 have been corrected due to data entry errors.
1) Waste treated using methods other than landfill or incineration, such as neutralization
2) Includes the amount of waste concrete among general waste that was fully recycled into recycled aggregate

Non-financial Information

Environmental

By-Product Generation

Category	Unit	2023	2024	2025
Slag	Ton	1,402	1,031	4,511
Ulsan Plant	Ton	1,402	1,031	4,511
Angang Plant	Ton	-	-	-
Busan Plant	Ton	-	-	-
Dust	Ton	325	412	333.3
Ulsan Plant	Ton	325	411	333
Angang Plant	Ton	-	1	0.3
Busan Plant	Ton	-	-	-
Waste refractories	Ton	1,159	979	826
Ulsan Plant	Ton	1,122	931	788
Angang Plant	Ton	37	48	38
Busan Plant	Ton	-	-	-
Sludge	Ton	6,897	6,906	6,760
Ulsan Plant	Ton	4,182	4,031	4,016
Angang Plant	Ton	2,573	2,699	2,524
Busan Plant	Ton	142	176	220

Hazardous Chemical Use and Emissions

Category	Unit	2023	2024	2025
Hazardous chemical use	Ton	6,017	6,051	6,659
Copper products division	Ton	2,866	2,775	3,056
Defense products division	Ton	3,151	3,276	3,603
Chemical emissions	Ton	30.236	31.981	34.798
Copper products division	Ton	0.034	0.053	0.318
Defense products division	Ton	30.202	31.928	34.480

Status of Environmental Management System (ISO 14001) Certification

Category	Unit	2023	2024	2025
Sites subject to certification	Sites	3	3	3
Sites certified	Sites	3	3	3

Non-financial Information

Environmental

Eco-friendly Product Purchases and Sales

Category	Unit	2023	2024	2025
Eco-friendly product sales[1]	KRW million	1,047	925	905
Copper products division	KRW million	1,047	925	905
Defense products division	KRW million	-	-	-
Ratio of eco-friendly product sales[2]	%	0.034	0.026	0.024
Total purchases[3]	KRW 10 million	55,310	66,710	75,810
Purchases of eco-certified products[4]	KRW 10 million	1.89	1.53	2.46

1) Sales of eco-friendly products from the Copper Products Division, including antibacterial copper and lead-free brass
2) Ratio of eco-friendly product sales (%) = Eco-friendly product sales / Total sales
3) Total purchases of general materials and MRO (Maintenance, Repair, and Operations) items, excluding raw materials and large-scale facility investments
4) Purchases of eco-friendly products in accordance with the Green Purchasing Guidelines

Use of Recycled Materials

Category	Unit	2023	2024	2025
Consumption of key raw materials[1]	1,000 tons	318	317	324
Consumption of recycled raw materials	1,000 tons	203	215	223
Ratio of recycled raw materials[2]	%	64	68	69

1) Includes electrolytic copper and 15 other materials used by the Copper Products Division, as well as copper, iron, lead, and aluminum used by the Defense Products Division
2) (Total Recycled Raw Materials Input) / (Total Raw Materials Input) * 100

Environmental Investment

Category	Unit	2023	2024	2025
Total environmental investment	KRW 100 million	124	177	165
Environmental operating expenses	KRW 100 million	87	93	104
Environmental capital expenditures	KRW 100 million	37	84	61

Environmental Compliance Violations[1]

Category	Unit	2023	2024	2025
Number of Environmental Compliance Violations	Cases	-	-	-
Amount of Environmental fines	KRW million	-	-	-

1) Cases resulting in fines or more severe penalties

Non-financial Information

Social

Employee Status

Category		Unit	2023	2024	2025
Total number of employees		Persons	3,476	3,698	3,757
Gender	Male	Persons	3,282	3,497	3,556
	Female	Persons	194	201	201
Job category	General research	Persons	802	826	835
	Technical	Persons	2,664	2,862	2,912
	Others	Persons	10	10	10
Local hires	Male	Persons	3,282	3,497	3,556
	Female	Persons	194	201	201
Employment type	Regular	Persons	2,738	2,726	2,756
	Male	Persons	2,557	2,536	2,564
	Female	Persons	181	190	192
	Contract	Persons	738	972	1,001
	Male	Persons	725	961	992
	Female	Persons	13	11	9
Diversity	Employees with disabilities	Persons	61	58	55
	Foreign nationals	Persons	3	4	4
	National merit recipients	Persons	152	143	140
Age group	30 and under	Persons	468	600	591
	31–40	Persons	962	1,082	1,187
	41–50	Persons	544	537	549
	51–54	Persons	268	256	247
	55 and above	Persons	1,234	1,223	1183

Category		Unit	2023	2024	2025
New hires		Persons	386	582	407
Gender	Male	Persons	378	567	396
	Female	Persons	8	15	11
Age group	30 and under	Persons	182	340	171
	31–40	Persons	37	107	95
	41–50	Persons	4	3	2
	51–54	Persons	1	-	1
	55 and above	Persons	162	132	138
External workers		Persons	570	629	572
Total number of employee departures		Persons	326	349	359
Voluntary turnover rate		%	1.81	2.87	2.29
Voluntary departures		Persons	63	106	86
Involuntary departures		Persons	263	243	273
Managerial level and above	Male	Persons	5	17	20
	Female	Persons	2	1	2
Executive Level (Director and above)	Male	Persons	2	2	3
	Female	Persons	-	-	-
Sales positions (Revenue-generating departments)	Male	Persons	2	6	5
	Female	Persons	-	-	-
STEM-related	Male	Persons	50	295	300
	Female	Persons	1	9	6

1) Voluntary turnover rate: (Number of voluntary departures in the reporting year / Total number of employees in the reporting year) x 100

Average Years of Service

Category	Unit	2023	2024	2025
Average years of service	Year	16.2	14.5	13.4

Non-financial Information

Social

Employee Training Status

Category			Unit	2023	2024	2025
Total number of employees trained			Persons	3,476	3,698	3,757
Total training hours			Hours	171,936	157,529	155,788
Total training investment			KRW million	1,687	1,843	1,856
Average training hours per employee			Hours	49.5	42.6	41.5
Average training cost per employee			KRW 10,000	48.5	49.8	49.4
Average training hours per employee	Gender	Male	Hours	50	41	39
		Female	Hours	45	64	82
	Age group	30 and under	Hours	53	21	38
		31–40	Hours	55	50	50
		41–50	Hours	48	64	58
		51–54	Hours	46	46	59
		55 and above	Hours	46	36	23
	Job level	Senior manager	Hours	61	63	55
		Middle manager	Hours	64	104	106
		Non-managerial	Hours	49	41	40

Category		Unit	2023	2024	2025
Human rights training	Training hours	Hours	10,710	11,307	11,463
	Number of employees trained	Persons	3,570	3,769	3,821
	Completion rate	%	100	100	100
Occupational safety and health training	Training hours	Hours	103,618	113,803	101,194
	Number of employees trained	Persons	13,111	12,687	13,448
	Completion rate	%	100	100	100

Non-financial Information

Social

Employee Performance Evaluation

Category		Unit	2023	2024	2025
By performance evaluation method	MBO evaluation	Persons	749	731	748
	Multi-rater evaluation	Persons	629	613	626
	Relative evaluation	Persons	2,728	2,762	2,755
By job level	Senior managers	Persons	41	40	42
	Middle managers	Persons	94	92	101
	Non-managerial employees	Persons	3,341	3,280	3,614

Employee Salaries

Category		Unit	2023	2024	2025
Average salary of employees		KRW million	90	91	94
Gender	Male	KRW million	91	91	94
	Female	KRW million	86	90	91
Ratio of female-to-male compensation*		%	95	99	97
Ratio of salary to minimum wage[1]	Male	Times	2.35	2.61	2.65
	Female	Times	2.35	2.61	2.65

* The 2023 and 2024 data for the ratio of female-to-male compensation were corrected due to data entry errors.
1) Annual salary of new recruits hired through open recruitment / (12 × 209 × Statutory minimum hourly wage)

Employee Retirement Pensions

Category	Unit	2023	2024	2025
Defined Contribution (DC) plan assets	KRW million	73,005	68,724	58,201
Number Of DC plan participants	Persons	667	542	416
Defined Benefit (DB) plan assets	KRW million	227,175	251,735	279,422
Number of DB plan participants	Persons	1,958	1,963	2,266

Labor Union Membership Status

Category	Unit	2023	2024	2025
Union membership rate	%	95.6	95.4	94.1

Non-financial Information

Social

Parental Leave Usage Status[1)]

Category		Unit	2023	2024	2025
Employees eligible for parental leave	Total	Persons	796	823	869
	Male	Persons	741	768	819
	Female	Persons	55	55	50
Employees who used parental leave	Total	Persons	37	35	71
	Male	Persons	34	31	65
	Female	Persons	3	4	6
Employees who returned from parental leave	Total	Persons	37	40	50
	Male	Persons	31	35	46
	Female	Persons	6	5	4
Employees who worked for 12 months or more after returning	Total	Persons	32	37	39
	Male	Persons	23	31	34
	Female	Persons	9	6	5
Return-to-work rate		%	97	100	98
Retention rate		%	97	100	98
Employees working reduced hours		Persons	1	2	-

1) Based on the Annual Report

Industrial Accidents

Category		Unit	2023	2024	2025
Number of industrial accidents	In-house	Persons	4	11	8
	Suppliers	Persons	-	2	1
	Total	Persons	4	13	9
Number of fatalities	In-house	Persons	-	-	-
	Suppliers	Persons	-	-	-
	Total	Persons	-	-	-
Lost Time Injury Frequency Rate (LTIFR)[1)]	In-house	Per 1 million working hours	0.51	1.31	1.18
	Suppliers	Per 1 million working hours	-	1.68	0.83
Industrial accident rate[2)]	In-house	%	0.12	0.36	0.21
	Suppliers	%	-	0.33	0.16

1) Lost Time Injury Frequency Rate (LTIFR) = (Total Number of Lost Time Injuries / Total Hours Worked) × 1,000,000
2) Industrial Accident Rate = (Number of Injured Workers / Number of Regular Employees) × 100

Non-financial Information

Social

Shared Growth with Suppliers

Category	Unit	2023	2024	2025
Total number of suppliers	Companies	1,431	1,569	1,606
Number of key suppliers[1]	Companies	200	200	200
Total purchase amount from suppliers	KRW 100 million	5,903	5,660	6,203
Purchase amount from key suppliers[1]	KRW 100 million	2,472	2,628	2,717
Purchase amount of major raw materials	KRW 100 million	17,076	19,605	22,726
Shared Growth Fund support	KRW 100 million	50	84	91
Contribution to Win-Win Cooperation Foundation[2]	KRW 100 million	-	0.4	1

1) Based on suppliers included in the perception survey conducted by the Korea Commission for Corporate Partnership
2) Implemented from 2024

Contractor ESG Assessment

Category	Unit	2023	2024	2025
Number of suppliers assessed	Companies	194	227	224
Number of suppliers assessed for ESG	Companies	171	157	178
Number of suppliers provided with ESG consulting[1]	Companies	-	16	23

1) Implemented from 2024

Social Contribution Performance

Category	Unit	2023	2024	2025
Social contribution investment amount	KRW million	4,759	6,980	6,616
Employee participation amount in social contribution[1]	KRW million	9.6	9.3	9.0

1) Matching grant donations from Head Office employees

Customer Satisfaction

Category	Unit	2023	2024	2025
Customer satisfaction score[1]	Points	88.1	86.4	86.4

1) Based on a 100-point scale

Information Security

Category		Unit	2023	2024	2025
Ratio of information security investment		%	27.8	33.4	33.2
Number of personal data protection violations	Externally reported	Cases	-	-	-
	Reported to regulatory authorities	Cases	-	-	-
	Total	Cases	-	-	-

Non-financial Information

Governance

Board of Directors Operations

Category		Unit	2023	2024	2025
Number of regular board meetings held		Sessions	5	5	6
Number of extraordinary board meetings held		Sessions	2	2	2
Total number of board meetings held		Sessions	7	7	8
Agenda items discussed		Items	22	26	39
Number of board committee meetings held	Independent Director Nomination Committee	Sessions	-	2	-
	Audit Committee	Sessions	4	5	5
Attendance rate of independent directors	Independent Director Nomination Committee	%	-	100	-
	Audit Committee	%	100	100	100
Accounting or finance experts		Persons	1	2	2

Board Compensation

Category		Unit	2023	2024	2025
Internal directors	Number of Persons	Persons	3	3	3
	Total amount paid	KRW million	6,748	7,683	8,853
Independent directors	Number of Persons	Persons	4	4	4
	Total amount paid	KRW million	341.5	378.5	394.0
Employee compensation	Median	KRW million	79.7	86.1	87.2
	Average	KRW million	90.5	91.2	93.7
CEO	Compensation	KRW million	1,259	1,470	1,507
Highest compensation	Amount received	KRW million	5,065	5,727	6,852

External Audit

Category	Unit	2023	2024	2025
Audit fees paid to external auditors	KRW 100 million	7.0	5.6	7.9
Ratio of non-audit fees to audit fees paid to external auditors	%	27.1	86.3	23.6

Shareholding Structure

Category	Unit	2023	2024	2025
Controlling shareholders and relatives	%	38	38	38
Registered executives	%	0.01	0.02	0.02
Affiliates	%	-	-	-

Major Association Membership Fees Paid

Category	Unit	2023	2024	2025
Federation of Korean Industries (FKI)	KRW 100 million	3.1	5.3	5.3
Korea Enterprises Federation (KEF)	KRW 100 million	0.5	0.5	0.5
Korea Chamber of Commerce and Industry (KCCI)	KRW 100 million	2.3	2.2	2.3

Non-financial Information

Governance

Anti-Corruption and Fair Competition Practices

Category	Unit	2023	2024	2025
Antitrust fines	KRW 100 million	-	-	-
Cases of corruption and bribery	Cases	-	-	-

Law and Regulations Compliance[1)]

Category	Unit	2023	2024	2025
Fines for non-compliance with laws and regulations	KRW 100 million	0.02	-	-
Cases of non-compliance with laws and regulations	Cases	1	-	-

1) Cases involving fines or higher penalties

Fair Trade Training

Category	Unit	2023	2024	2025
Average general training hours per employee	Hours	-	-	-
Average specialized training hours per employee	Hours	1	1	1

Violations of Internal Regulations and Actions Taken

Category	Unit	2023	2024	2025
Safety	Cases	3	10	13
Discrimination and harassment	Cases	3	2	1
Code of conduct and employment regulations	Cases	1	6	2
Security	Cases	2	1	-
Quality	Cases	2	6	-
Verbal and physical abuse	Cases	2	3	-
Corruption and theft	Cases	1	-	1

R&D Investment

Category	Unit	2023	2024	2025
Investment cost	KRW million	26,587	29,494	32,768
Investment-to-sales ratio	%	< 1%	< 1%	< 1%

GRI Index

Topic	Index	Indicator	Reporting Page(s)
GRI 2: General Disclosure			
The Organization and Its Reporting Practices	2-1	Organizational details	6
	2-2	Entities included in the organization's sustainability reporting	2
	2-3	Reporting period, frequency, and contact point	2
	2-4	Restatement of information	96, 97
	2-5	External assurance	116
Activities and Workers	2-6	Activities, value chain, and other business relationships	10
	2-7	Employees	100
	2-8	Workers who are not employees	100
Governance	2-9	Governance structure	76
	2-10	Nomination and selection of the highest governance body	78
	2-11	Chair of the highest governance body	76
	2-12	Role of the highest governance body in overseeing the management of impacts	77
	2-13	Delegation of responsibility for managing impacts	77
	2-14	Role of the highest governance body in sustainability reporting	17
	2-15	Conflicts of interest	76
	2-16	Communication of critical concerns	15, 40
	2-17	Collective knowledge of the highest governance body	77
	2-18	Evaluation of the performance of the highest governance body	79
	2-19	Remuneration policies	79
	2-20	Process to Determine Remuneration	79
	2-21	Annual total compensation ratio	105

Topic	Index	Indicator	Reporting Page(s)
GRI 2: General Disclosure			
Strategy, Policies and Practices	2-22	Statement on sustainable development strategy	5
	2-23	Policy commitments	47
	2-24	Embedding policy commitments	48
	2-25	Processes to remediate negative impacts	51
	2-26	Mechanisms for seeking advice and raising concerns	69
	2-27	Compliance with laws and regulations	106
	2-28	Membership associations	113
Stakeholder Engagement	2-29	Approach to stakeholder engagement	15
	2-30	Collective bargaining agreements	102
GRI 3: Material Topics			
Disclosures on Material Topics	3-1	Process to determine material topics	16
	3-2	List of material topics	17
	3-3	Management of material topics	18
GRI 101: Biodiversity			
Biodiversity	101-1	Policies to halt and reverse biodiversity loss	32~37
	101-2	Management of biodiversity impacts	32~37
	101-3	Access and benefit-sharing	N/A
	101-4	Identification of biodiversity impacts	32~37
	101-5	Locations with biodiversity impacts	32~37
	101-6	Direct drivers of biodiversity loss	N/A
	101-7	Changes to the state of biodiversity	N/A
	101-8	Ecosystem services	N/A

GRI Index

Topic	Index	Indicator	Reporting Page(s)
GRI 200: Economic Performance			
Economic Performance	201-1	Direct economic value generated and distributed	93
	201-2	Financial implications and other risks and opportunities due to climate change	42
	201-3	Defined benefit plan obligations and other retirement plans	102
Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	102
Indirect Economic Impacts	203-1	Infrastructure investments and services supported	43
	203-2	Significant indirect economic impacts	43
Procurement Practices	204-1	Proportion of spending on local contractors	N/A
Anti-Corruption	205-1	Operations assessed for risks related to corruption	N/A
	205-2	Communication and training about anti-corruption policies and procedures	N/A
	205-3	Confirmed incidents of corruption and actions taken	106
Anti-Competitive Behavior	206-1	Legal actions for anti-competitive behavior and anti-trust and monopoly practices	106
Tax	207-1	Approach to Tax	90
	207-2	Tax governance, control, and risk management	90
	207-3	Stakeholder engagement and management of concerns related to tax	90
	207-4	Country-by-country reporting	90

Topic	Index	Indicator	Reporting Page(s)
GRI 300: Environment Performance			
Materials	301-1	Materials used by weight or volume	N/A
	301-2	Recycled input materials used	99
	301-3	Reclaimed products and their packaging materials	N/A
Energy	302-1	Energy consumption within the organization	94
	302-2	Energy consumption outside of the organization	N/A
	302-3	Energy intensity	94
	302-4	Reduction of energy consumption	44
	302-5	Reductions in energy requirements of products and services	N/A
Water and Effluents	303-1	Interactions with water as a shared resource	28
	303-2	Management of water discharge-related impacts	95
	303-3	Water withdrawal	96
	303-4	Water discharge	96
	303-5	Water consumption	96
Emissions	305-1	Direct (Scope 1) GHG emissions	94
	305-2	Energy indirect (Scope 2) GHG emissions	94
	305-3	Other indirect (Scope 3) GHG emissions	N/A
	305-4	GHG emissions intensity	94
	305-5	Reduction of GHG emissions	43
	305-6	Emissions of ozone-depleting substances (ODS)	N/A
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	95
Waste	306-1	Waste generation and significant waste-related impacts	30
	306-2	Management of significant waste-related impacts	30
	306-3	Waste generated	97
	306-4	Waste diverted from disposal	97
	306-5	Waste directed to disposal	97
Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	N/A
	308-2	Negative environmental impacts in the supply chain and actions taken	N/A

GRI Index

Topic	Index	Indicator	Reporting Page(s)
GRI 400: Social Performance			
Employment	401-1	New employee hires and employee turnover	100
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	66
	401-3	Parental leave	103
Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	N/A
Occupational Health and Safety	403-1	Occupational health and safety management system	48
	403-2	Hazard identification, risk assessment, and incident investigation	51
	403-3	Occupational health services	48
	403-4	Worker participation, consultation, and communication on occupational health and safety	51
	403-5	Worker training on occupational health and safety	49
	403-6	Promotion of worker health	50
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	52
	403-8	Workers covered by an occupational health and safety management system	48
	403-9	Work-related injuries	103
	403-10	Work-related ill health	N/A
Training and Education	404-1	Average hours of training per year per employee	101
	404-2	Programs for upgrading employee skills and transition assistance programs	67
	404-3	Percentage of employees receiving regular performance and career development reviews	102
Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	100
	405-2	Ratio of basic salary and remuneration of women to men	102

Topic	Index	Indicator	Reporting Page(s)
GRI 400: Social Performance			
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	N/A
Freedom of Association and Collective Bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	102
Child Labor	408-1	Operations and suppliers at significant risk for incidents of child labor	N/A
Forced or Compulsory Labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	N/A
Security Practices	410-1	Security personnel trained in human rights policies or procedures	N/A
Rights of Indigenous Peoples	411-1	Incidents of violations involving rights of indigenous peoples	N/A
Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	70
	413-2	Operations with significant actual and potential negative impacts on local communities	N/A
Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	104
	414-2	Negative social impacts in the supply chain and actions taken	104
Public Policy	415-1	Political contributions	N/A
Customer Health and Safety	416-1	Assessment of the health and safety impacts of product and service categories	N/A
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	N/A
Marketing and Labeling	417-1	Requirements for product and service information and labeling	N/A
	417-2	Incidents of non-compliance concerning product and service information and labeling	N/A
	417-3	Incidents of non-compliance concerning marketing communications	N/A
Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	74

SASB Index

[Metals & Mining]

Topic	Code	Unit	Accounting Metric	Reporting Page
GHG Emissions	EM-MM-110a.1	CO_2-e(t), %	(1) Gross global Scope 1 emissions (2) Percentage covered under emissions-limiting regulations	94
	EM-MM-110a.2		Discussion of long- and short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	39
Air Quality	EM-MM-120a.1	Ton	(1) Carbon monoxide (CO) emissions (2) NOx emissions (excluding N_2O) (3) SOx emissions (4) Particulate matter (PM10) emissions (5) Mercury (Hg) emissions (6) Lead (Pb) emissions (7) Volatile organic compounds (VOCs) emissions	95
Energy Management	EM-MM-130a.1	GJ, %	(1) Total energy consumed (2) Percentage grid electricity (3) Percentage renewable	94
Water Management	EM-MM-140a.1	m^3, %	(1) Total water withdrawn (2) Total water consumed (3) Percentage of water withdrawn in regions with High or Extremely High Baseline Water Stress (4) Percentage of water consumed in regions with High or Extremely High Baseline Water Stress	96
	EM-MM-140a.2	Count	Number of incidents of non-compliance associated with water quality permits, standards and regulations	N/A
Waste & Hazardous Materials Management	EM-MM-150a.4	Ton	Total weight of non-mineral waste generated	N/A
	EM-MM-150a.5	Ton	Total weight of tailings produced	N/A
	EM-MM-150a.6	Ton	Total weight of waste rock generated	N/A
	EM-MM-150a.7	Ton	Total weight of hazardous waste generated	97
	EM-MM-150a.8	Ton	Total weight of hazardous waste recycled	97
	EM-MM-150a.9	Count	Number of significant incidents associated with hazardous materials and waste management	N/A
	EM-MM-150a.10	Count, %	(1) Number of underground storage tanks (USTs) (2) Number of UST releases requiring cleanup (3) Percentage in jurisdictions with UST financial assurance funds	N/A
Biodiversity Impact	EM-MM-160a.1		Description of environmental management policies and practices for active sites	32~37
	EM-MM-160a.2	%	(1) Percentage of mine sites where acid rock drainage is: (1) predicted to occur, (2) Actively mitigated	N/A
	EM-MM-160a.3	%	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or an endangered species habitat	N/A

SASB Index

[Metals & Mining]

Topic	Code	Unit	Accounting Metric		Reporting Page
Security, Human Rights & Rights of Indigenous Peoples	EM-MM-210a.1	%	Percentage of (1) proved and (2) probable reserves in or near areas of conflict		N/A
	EM-MM-210a.2	%	Percentage of (1) proved and (2) probable reserves in or near indigenous land		N/A
	EM-MM-210a.3		Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict		N/A
Community Relations	EM-MM-210b.1		Discussion of process to manage risks and opportunities associated with community rights and interests		26
	EM-MM-210b.2	Count, Days	Number and duration of non-technical delays		N/A
Labor Relations	EM-MM-310a.1	%	Percentage of active workforce covered under collective bargaining agreements, broken down by U.S. and foreign employees		102
	EM-MM-310a.2	Count, Days	Number and duration of strikes and lockouts		N/A
Workforce Health and Safety	EM-MM-320a.1	Ratio	(1) MSHA all-incidence rate:	(a) Full-time employees (b) Contract employees	103
			(2) Fatality rate:	(a) Full-time employees (b) Contract employees	103
			(3) Near Miss Frequency Rate (NMFR):	(a) Full-time employees (b) Contract employees	N/A
			(4) Average hours of health, safety, and emergency response training for:	(a) Full-time employees (b) Contract employees	101
Business Ethics and Transparency	EM-MM-510a.1		Description of the management systems for prevention of corruption and bribery throughout the value chain		N/A
	EM-MM-510a.2	Metric tons (t) saleable	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index		N/A
Tailings Storage Facilities Management	EM-MM-540a.1	Various	Tailings storage facility inventory table		N/A
	EM-MM-540a.2		Summary of tailings management systems and governance structure used to monitor and maintain the stability of tailings storage facilities		N/A
	EM-MM-540a.3		Approach to development of Emergency Preparedness and Response Plans (EPRPs) for tailings storage facilities		N/A
Activity Metrics					
Activity Metrics	EM-MM-000.A	Metric tons (t) saleable	Production of (1) metal ores and (2) finished metal products		N/A
	EM-MM-000.B	Count, %	Total number of employees, percentage contractors		100

Awards and Certifications

2025 Key Awards and Achievements

Category	Award	Date Awarded	Awarding Organization
Copper Products Division	Selected as an Outstanding Workplace in the Occupational Safety and Health Win-Win Cooperation Program	Feb. 2025	Korea Occupational Safety and Health Agency (KOSHA)
Copper Products Division	Grand Prize (KOSHA President's Award) at the Best Practices Competition for Honorary Occupational Safety Inspectors	Jul. 2025	Ministry of Employment and Labor
Defense Products Division	Selected as an Outstanding Company in Quality Management	Jun. 2025	Busan Metropolitan City

2025 Key Certification Status

[Environmental Management Certifications]

Category	2023	2024	2025
ISO 14001	Maintained	Maintained	Maintained
Green Company (Ulsan Plant)	Maintained	Maintained	Maintained


[Occupational Safety and Health Management Certification]

Category	2023	2024	2025
ISO 45001	Maintained	Maintained	Maintained

[Information Security Management Certification]

Category	2023	2024	2025
ISO 27001 (Angang Plant)	Maintained	Maintained	Maintained

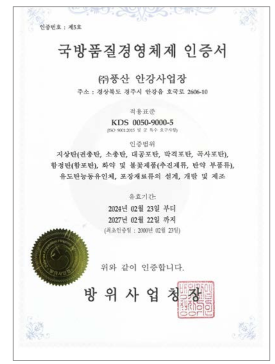
[Quality Management Certifications]

Category	2023	2024	2025
ISO 9001	Maintained	Maintained	Maintained
AS9100 (Angang Plant)	Maintained	Maintained	Maintained
IATF 16949 (Ulsan Plant)	Maintained	Maintained	Maintained
Defense Quality Management System (Angang Plant/Busan Plant)	Maintained	Maintained	Maintained


경영시스템인증서
(주)풍산 울산사업장
KSA
한국표준협회장


MANAGEMENT SYSTEM CERTIFICATE
Poongsan Corporation, Angang Plant


경영 시스템 인증서
(주) 풍산 안강사업장
ISO 14001:2015


국방품질경영체제 인증서
(주)풍산 안강사업장
KDS 0050-9000-5
방 위 사 업 청 장

Association Memberships

Federation of Korean Industries (FKI)	Pyeongtaek Chamber of Commerce and Industry	Seodaemun Police Station Security Advisory Council
Korea Forum for Progress	Korea Association of Defense Industry Studies	Korea Emissions Market Association
Korea Copper Industry Cooperative	Seoul Regional Defense Industry Security Council	The Korea America Friendship Society
Korea Personnel Improvement Association	Korea AEO Association	The Seoul Forum for International Affairs
Korea International Trade Association	Seoul Western Crime Victims Support Center	FKI International Management Institute
Korea Defense Industry Association	Military Operations Research Society of Korea	Korea Listed Companies Association
Korea Emergency Planning Association	Korea-Japan Economic Association	Korea Industrial Technology Association
Korea Automobile & Mobility Association	Institute for Global Economics	Busan Chamber of Commerce and Industry
Korea Electrical Engineers Association	The Korea Society	Korea Testing Laboratory
Korea-America Association	Korea Association for Chief Financial Officers	The Korean Institute for Military Science and Technology
Korea Mecenat Association	Daegu Chamber of Commerce and Industry	Korea Industrial Safety Association
Korea Non-ferrous Metal Association	The Korea Association of Military Studies	Korea Construction Engineers Association
Korea Enterprises Federation (KEF)	Guns and Explosives Safety Technology Association	Korea Defense Industry Protection Association

UN SDGs-aligned Activities

Goals		Reporting Topics	Reporting Page(s)
1 NO POVERTY	End poverty in all its forms everywhere	Social Contribution	70
2 ZERO HUNGER	End hunger, achieve food security and improved nutrition, and promote sustainable agriculture	Environmental Management / Climate Change Response	21, 38
3 GOOD HEALTH AND WELL-BEING	Ensure healthy lives and promote well-being for all at all ages	Safety and Health	47
4 QUALITY EDUCATION	Ensure inclusive and equitable quality education, and promote lifelong learning opportunities for all	Human Resources / Social Contribution	64, 70
5 GENDER EQUALITY	Achieve gender equality and empower all women and girls	Human Resources / Governance	64, 76
6 CLEAN WATER AND SANITATION	Ensure availability and sustainable management of water and sanitation for all	Environmental Management	21
7 AFFORDABLE AND CLEAN ENERGY	Ensure access to affordable, reliable, sustainable and modern energy for all	Environmental Management / Climate Change Response	21, 38
8 DECENT WORK AND ECONOMIC GROWTH	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	Safety and Health / Supply Chain Management / Shared Growth / Human Resources / Governance / Compliance / Integrated Risk Management	47, 55, 60, 64, 76, 82, 88
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Information Security	72
10 REDUCED INEQUALITIES	Reduce inequality within and among countries	Shared Growth / Human Resources	60, 64
11 SUSTAINABLE CITIES AND COMMUNITIES	Make cities and human settlements inclusive, safe, resilient and sustainable	Social Contribution	70
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Ensure sustainable consumption and production patterns	Environmental Management / Climate Change Response / Safety and Health / Supply Chain Management / Compliance	21, 38, 47, 82
13 CLIMATE ACTION	Take urgent action to combat climate change and its impacts	Climate Change Response	38
14 LIFE BELOW WATER	Conserve and sustainably use the oceans, seas, and marine resources for sustainable development	Environmental Management	21
15 LIFE ON LAND	Protect, restore, and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss	Environmental Management	21
16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all, and build effective, accountable and inclusive institutions at all levels	Supply Chain Management / Human Resources / Information Security / Governance / Compliance / Integrated Risk Management	55, 64, 72, 76, 82, 88
17 PARTNERSHIPS FOR THE GOALS	Strengthen the means of implementation, and revitalize the Global Partnership for Sustainable Development	Shared Growth / Social Contribution	60, 70

GHG Emission Verification Opinion

MPC-23-047 POONGSAN Corporation.

Verification Scope

Korean Standards Association has conducted verification for GHG emissions based on GHG report provided by POONGSAN CORPORATION which includes Scope1 and Scope2 emissions.

Verification Standards and Guidelines

To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

- Guidance for reporting and verification of GHG emissions trading scheme (No. 2025-64 provided by Ministry of Environment, Republic of Korea)
- Verification Guidelines for the Operation of the Greenhouse Gas Emission Trading System (No. 2025-165 provided by Ministry of Environment, Republic of Korea)
- For matters not specified in other guidelines, refer to KS I ISO 14064-1: 2018 and KS I ISO 14064-3: 2019

Level of Assurance

POONGSAN CORPORATION's GHG emissions satisfy Reasonable Assurance(less than 5.0% of total emissions).

Verification Conclusion

As a result of verification activities, verification team has found no significant errors, omissions, and misstatements. Therefore, Korean Standards Association confirms that following emissions data are adequately quantified.

2025 GHG Emissions(Scope1, Scope2)

(Unit : tCO_2eq)

Year	Scope 1	Scope 2	Total
2025	64,358.316	180,892.226	245,248

※ Note : Decimal place is not considered when calculating the emission of each workplace.

June 12, 2026

Dongmin Moon

KOREAN STANDARDS ASSOCIATION

Independent Assurance Statement

To readers of 2025 Poongsan Sustainability Report

Introduction

Korea Management Registrar (KMR) was engaged to conduct an independent assurance of 2025 Poongsan Sustainability Report for the year ending December 31, 2025. The preparation, information and internal control of the report are the sole responsibility of Poongsan's management. KMR's responsibility is to comply with the agreed engagement and express an opinion to Poongsan's management.

Subject Matter

The reporting boundaries included the performance and activities of sustainability-related organizations as described in Poongsan's report:
- 2025 Poongsan Sustainability Report

Reference Standard

- GRI Standards 2021 : 2023 (GRI)

Assurance criteria

KMR applied the quality management system in accordance with ISO 17029 and KMR EDV 01, and carried out the verification in accordance with the assurance criteria of AA1000AS v3 and KMR's proprietary SRV1000. Under AA1000AS v3, we assessed the adherence to the four principles presented in AA1000AP:2018—Inclusivity, Materiality, Responsiveness, and Impact—and evaluated the reliability and quality of the data and information using these criteria. Under SRV1000, we conducted a multidimensional review aimed at zero data errors, applying expert judgment to determine the materiality criteria.
- ISO 17029 : 2019, ISO 14065 : 2020, AA1000AS v3 : 2020 (AccountAbility), AA1000AP : 2018 (AccountAbility), SRV 1000 : 2022 (KMR), KMR EDV 01 : 2024 (KMR)
- Levels of assurance/materiality: AA1000AS v3 – Type 2/moderate

Scope of assurance

The information subject to verification in the sustainability report is as follows.
- GRI Standards 2021 reporting principles
- Universal Standards
  - GRI 2 General Disclosures 2021
  - GRI 3 Material Topics 2021
- Topic Specific Standards
  - GRI 101: Biodiversity,
  - GRI 201: Economic Performance(201-1, 201-2, 201-3), GRI 202: Market Presence(202-1), GRI 203: Indirect Economic Impacts, GRI 204: Procurement Practices, GRI 205: Anti-corruption, GRI 206: Anti-competitive Behavior, GRI 207: Tax,
  - GRI 301: Materials, GRI 302: Energy, GRI 303: Water and Effluents, GRI 305: Emissions, GRI 306: Waste, GRI 308: Supplier Environmental Assessment,
  - GRI 401: Employment, GRI 402: Labor/Management Relations, GRI 403: Occupational Health and Safety, GRI 404: Training and Education, GRI 405: Diversity and Equal Opportunity, GRI 406: Non-discrimination, GRI 407: Freedom of Association and Collective Bargaining, GRI 408: Child Labor, GRI 409: Forced or Compulsory Labor, GRI 410: Security Practices, GRI 411: Rights of Indigenous Peoples, GRI 413: Local Communities, GRI 414: Supplier Social Assessment, GRI 415: Public Policy, GRI 416: Customer Health and Safety, GRI 417: Marketing and Labeling, GRI 418: Customer Privacy

As for the reporting boundary, information external to the organization was excluded from the scope of assurance.

KMR's Approach

Our Assurance Team undertook the following activities for the agreed scope of assurance using the standard outlined above:
- Evaluating the appropriateness of the reference standard used as a basis for preparing sustainability information and the reliability of the materiality assessment process and its findings;
- Conducting inquiries to understand the data management and control environment, processes, and information systems (the effectiveness of controls was not tested);
- Evaluating the appropriateness and consistency of the methodology for estimation (note that the underlying data was not tested and KMR has not made any estimates);
- Visiting the headquarters, determining visit sites based on the site's contribution to sustainability and the possibility of unexpected changes since the previous period and sampling data, and carrying out due diligence on a limited number of source records at the sites visited;
- Interviewing people in charge of preparing the report;
- Considering whether the presentation and disclosures of sustainability information are accurate and clearly defined;
- Identifying errors through comparison and check against underlying information, recalculation, analyses, and backtracking; and
- Evaluating the reliability and balance of information based on independent external sources, public databases, and press releases.

Independent Assurance Statement

Limitations and Recommendations

The absence of generally accepted reporting frameworks or well-established practices on which to draw to evaluate and measure non-financial information allows for different measures and measuring techniques, which can affect comparability between entities. Therefore, our assurance team relied on professional judgment. In a limited assurance engagement, the scope of the risk assessment procedures and the subsequent procedures performed in response to the assessed risks are limited than in a reasonable assurance engagement. Our assurance team conducted our work to a limited extent through inquiries, analysis, and limited sampling based on the assumption that the data and information provided by Poongsan are complete and sufficient. To overcome these limitations, we confirmed the quality and reliability of the information by referring to independent external sources and public databases, such as DART and the National GHGs Management System (NGMS).

Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with Poongsan on the revision of the Report. We reviewed the Report's final version in order to make sure that our recommendations for improvement and revision have been reflected. We found that the report was prepared in accordance with the criteria presented by Poongsan, and nothing comes to our attention to suggest that the evidence obtained regarding its content is insufficient to provide a basis for our opinion. Our opinion on the principles is as follows:

Inclusivity

Poongsan has developed and maintained different stakeholder communication channels at all levels to announce and fulfill its responsibilities to the stakeholders. Nothing comes to our attention to suggest that there is a key stakeholder group left out in the process. The organization makes efforts to properly reflect opinions and expectations into its strategies.

Materiality

Poongsan has a unique materiality assessment process to decide the impact of issues identified on its sustainability performance. We have not found any material topics left out in the process.

Responsiveness

Poongsan prioritized material issues to provide a comprehensive, balanced report of performance, responses, and future plans regarding them. We did not find anything to suggest that data and information disclosed in the Report do not give a fair representation of Poongsan's actions.

Impact

Poongsan identifies and monitors the direct and indirect impacts of material topics found through the materiality assessment, and quantifies such impacts as much as possible.

Independent Assurance Statement

Reliability of Specific Sustainability Performance Information

In addition to the adherence to AA1000AP (2018) principles, we have assessed the reliability of sustainability performance data, including economic, environmental, and social performance data. We interviewed the in-charge persons and reviewed information on a sampling basis and supporting documents as well as external sources and public databases to confirm that the disclosed data is reliable. Any intentional error or misstatement is not noted from the data and information disclosed in the Report.

KMR's Competence, Independence, and Quality Control

Korea Management Registrar (KMR) is a verification body for the Republic of Korea Emissions Trading Scheme (K-ETS), accredited to ISO/IEC 17029:2019 (Conformity Assessment - General principles and requirements for validation and verification bodies), ISO 14067, the additional accreditation criteria ISO 14065, and ISO/IEC 17021:2015 (Requirements for bodies providing audit and certification of management systems). Additionally, KMR maintains a comprehensive quality control system that includes documented policies and procedures of the KMR EDV 01:2024 (ESG Disclosure Assurance System) based on ISO/IEC 17029 requirements and compliant with IAASB ISQM1:2022 (International Standard on Quality Management 1 by the International Auditing and Assurance Standards Board). Furthermore, KMR adheres to the ethical requirements of integrity, objectivity, professional competence and due care, confidentiality, and professional behavior in accordance with the IESBA Code:2023 (International Code of Ethics for Professional Accountants). Our assurance team consists of sustainability experts. Other than providing an independent assurance, KMR has no other contract with Poongsan and did not provide any services to Poongsan that could compromise the independence of our work.

Limitations of Use

This assurance statement is made solely for the management of Poongsan for the purpose of enhancing an understanding of the organization's sustainability performance and activities. We assume no liability or responsibility for its use by third parties other than the management of Poongsan. As this assurance statement may be subject to revision after the assurance date below, we recommend verifying whether this is the latest version.

June 13, 2026

CEO E. J Hwang

AA1000
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KMR SRV1000 Sustainability Committee Assurance

POONGSAN