

KD Navien
Sustainability Report
2025

OPTIMIZE LIVING AND ENVIRONMENT

About this Report

Report Overview

This is KD Navien's 2025 Sustainability Report. Based on its corporate philosophy of "Social Contribution Through Business," this report presents the economic, environmental, and social value created by KD Navien through its business activities, along with the Company's related efforts. KD Navien publishes a sustainability report annually to communicate with stakeholders and transparently disclose its ESG performance and activities.

Reporting Principles

This report has been prepared in accordance with the GRI (Global Reporting Initiative) Standards 2021, an international framework for sustainability reporting. It also reflects the disclosure topics and metrics set out in the SASB (Sustainability Accounting Standards Board) Electrical & Electronic Equipment Industry Standard and the recommendations of the TCFD (Task Force on Climate-related Financial Disclosures).

Reporting Period

This report covers KD Navien's economic, environmental, and social performance from January 1 to December 31, 2025. Certain performance information through March 2026 is also included, while quantitative performance data are presented for the past three years to enable year-on-year trend analysis.

Reporting Scope

The financial performance and greenhouse gas data presented in this report are based on consolidated figures. Non-financial performance data, excluding greenhouse gas data, are primarily based on KD Navien's domestic operations on a standalone basis, including the Seoul Office, R&D Center, Seotan Factory (ECO Hub), Pyeongtaek Factory, Songtan Factory, and Gasan Factory. Certain environmental and social performance data include results from major affiliates, including KD Everon, KD Polyum, KD TS, and Navien, Inc. Where the reporting scope differs, detailed information is provided separately in the main text or footnotes.

Third-Party Assurance

To enhance transparency regarding its sustainability management activities, this report has undergone third-party assurance by the Korea Management Registrar (KMR). The assurance was conducted in accordance with AA1000AS at the Moderate Level and as Type 2 assurance. Further details are provided in the Independent Assurance Statement on page 138 of this report.



Cover Story

Linear graphics based on KD Navien's brand colors were used to reinforce its visual identity. The imagery of connection and expansion expresses the Company's vision as a sustainable energy solutions provider.

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COMPANY OVERVIEW

A Message from the ESG Steering Committee Chair

To Our Stakeholders, Partners in KD Navien's Journey of Sustainable Growth,

Across industry, 2025 marked a year of deepening and far-reaching change. Shifting trade dynamics, geopolitical uncertainty, and the ongoing digital transformation were compounded by an accelerating energy transition, together redrawing the competitive landscape. Climate crises and supply chain disruptions unfolding across the globe heightened the pressures on business—yet in doing so, they reframed carbon neutrality and energy efficiency as defining sources of competitive strength. Against this backdrop, KD Navien has stayed its course: sharpening our global edge through technological innovation and advancing steadily toward a sustainable future.

Our purpose is anchored in technology that serves both people and the planet. We continue to broaden a portfolio of products and services built to raise energy efficiency while reducing carbon emissions, and we are deepening the capabilities of our smart home platform to deliver integrated living environment solutions that go beyond air quality—temperature, humidity, and cleanliness—to encompass safety. In doing so, KD Navien is emerging as a trusted partner in comfortable living and a driving force for a sustainable future.

In 2025, we applied Life Cycle Assessment (LCA) across our core product lines, analyzing environmental impact in granular detail at every stage of a product's life. The findings pointed clearly to the use phase as central to emissions reduction. Guided by this insight, we are deepening innovation centered on energy efficiency—led by high-efficiency condensing technology and heat pumps—and strengthening our management of Scope 1 and 2 emissions and, beyond them, the Scope 3 emissions that extend through product use and the wider value chain.

In 2026, to enhance the execution of our sustainability commitments, we established the ESG Committee, further strengthening our ESG governance. Serving as the focal point of our sustainability agenda, the Committee brings structure and discipline to our key ESG priorities—climate action, supply chain stewardship, eco-friendly products, and human rights and ethics—while building a decision-making framework aligned with our mid- to long-term sustainability strategy.

Looking ahead, KD Navien will advance its ESG efforts along three clear directions.

First, we will strengthen enterprise-wide execution, with the ESG Committee leading the way.

Guided by our founding philosophy of “Social Contribution Through Business” and the accountability we uphold as “Uncompromising Expert,” we are weaving ESG into the fabric of the organization. We remain committed to scaling high-efficiency energy appliances and eco-friendly innovation while solidifying the credibility and discipline of our ESG execution. In tandem, we will elevate sustainability across the value chain through sustainable supplier partnerships.

Second, we will advance socially responsible management to grow in step with our stakeholders.

As a partner in mutual prosperity, we cultivate a culture that honors human rights and diversity and are committed to a workplace free from discrimination. We will put our community engagement on a more systematic footing to build a lasting foundation for shared prosperity, and we will listen closely to the voices of our diverse stakeholders to create sustainable value together.

Third, we will lead the charge on carbon reduction and the energy transition through innovation.

KD Navien is a “Smart Pioneer”—the company that developed Asia's first condensing boiler in 1988 and has championed energy efficiency and emissions reduction ever since. Building on the use-phase emissions profile identified through LCA, we will keep bolstering the competitive position of our eco-friendly offerings, from high-efficiency condensing and heat pump technologies to air quality solutions. Recognizing that accelerating the energy transition and improving product efficiency of our products is the most direct path for carbon reduction, we will sustain the innovation that drives energy savings and brings carbon neutrality within reach.

Grounded in our philosophy of Social Contribution Through Business, KD Navien will continue to unite people and the environment through innovative technology—delivering the ultimate comfortable living environment while shaping a sustainable tomorrow. We look forward to your continued interest and support on this shared journey ahead.

Thank you.

Kim Jong-uk
Chair of the KD Navien
ESG Steering Committee



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Our Business

Company Profile

From boilers and water heaters to heating and cooling systems and ventilation solutions, KD Navien fosters a comfortable living environment through products and services that span temperature, humidity, and air quality. Since its founding in 1978, KD Navien has grown into Korea's leading boiler specialist. In 1988, we introduced Asia's first high-efficiency condensing technology, and since our first export in 1991, we have gone on to ship our products to 47 countries worldwide and to rank first in exports for 35 consecutive years—leading the nation's boiler industry. Guided by a firm belief in the environment, society, and technology, we have remained committed to advancing condensing technology that recycles heat while broadening our business into sleep mattresses, ventilation and air purifiers, and kitchen appliances, evolving into an integrated living environment solutions provider. Today, KD Navien brings greater comfort and well-being to our customers' daily lives, realizing our vision as a comfortable living environment partner. Building on technology that is both intuitive and dependable, we keep delivering living environment solutions that elevate everyday living, while contributing to better living, urban, and global environments and shaping a sustainable future for all.

Company Overview



Name of company	KyungDong Navien NAVIEN: Navigator + Energy Environment
CEO	Sohn Yeon-ho, Sohn Heung-rak, Jang Hi-cheol
Date of establishment	March 16, 1978
Head Office	95 Suworam-gil, Seotan-myeon, Pyeongtaek-si, Gyeonggi-do, Korea
Business areas	Boilers, water heaters, ventilation air purifiers, sleep mattress pads, smart home systems, etc.
Website	https://www.kdnavien.co.kr

Total assets

1.52 trillion KRW

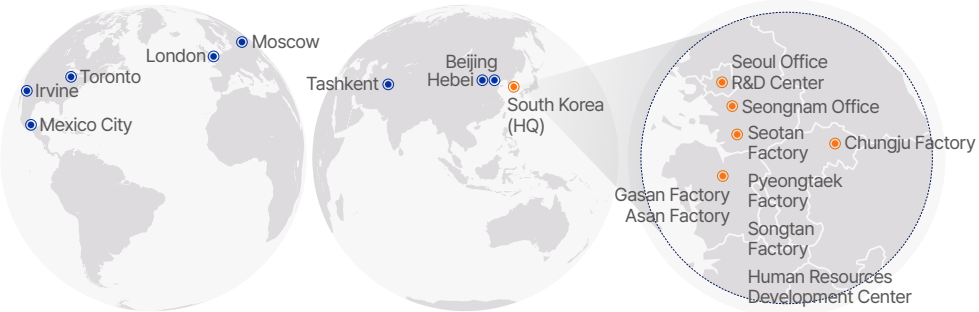
Sales

1.50 trillion KRW

Employees

1,783 persons

Global Network



Overseas Subsidiaries

Country	Subsidiary
US	Navien, Inc.
Canada	Navien Canada, Inc.
Mexico	Navien Mexico, S.A. de C.V
Russia	Navien RUS LLC
Uzbekistan	Navien UBK LLC
China	Beijing KyungDong Navien Heat Energy Equipment Co., Ltd.
	Hebei KyungDong Navien Heat Energy Equipment Co., Ltd.
UK	Navien UK Ltd

Domestic Sites

Subsidiary	Site
All	Seoul Office
	Seotan Factory (ECO Hub)
	R&D Center
KD Navien	Pyeongtaek Factory
	Songtan Factory
	Gasan Factory
KD Everon	Chungju Factory
KD Polyum	Asan Factory (ECO Campus)
KD TS	Human Resources Development Center
COMMAX	Seongnam Office

Our Business

Business Portfolio

KD Navien is evolving beyond its traditional focus on boilers and water heaters into integrated living environment solutions spanning air quality management, sleep care, and kitchen systems that shape every facet of customers' daily lives. In step with this shift, we are broadening our technology and product portfolio across the diverse areas closely tied to everyday life, and we continue to pursue technological innovation that delivers a more comfortable and convenient experience at home. Building on innovative technologies and solutions, KD Navien will continue to enrich everyday living with greater customer-centered value.



Our Business

KyungDong Living Environment Solutions Group

KyungDong, a creator of value in energy and the environment

The six living environment solutions companies of KyungDong Group are pooling their strengths to emerge as global leaders, each within its own field of expertise, through relentless technological innovation and creative thinking. In parallel, they move forward together toward a shared vision—enriching customers' daily lives with greater comfort—generating synergy along the way.





KONE

[1](#)

A holding company of the Group and an innovative leader in developing eco-friendly building and commercial materials, as well as advanced home network systems



EVERON

[2](#)

A company specialized in developing and producing core components that increase the longevity of products



POLYUM

[2](#)

A company specialized in developing and producing water piping modules and core components that determine the performance of boilers, water heaters, and sleep mattress pads



TS

[3](#)

A service company that protects customer rights by providing services for all KD products and fostering excellent engineers



C&S

[4](#)

A company that ensures customers enjoy their products in optimal condition through professional and systematic care services



COMMAX

[5](#)

A specialist in home safety and security, providing solutions for safer and more convenient living environments

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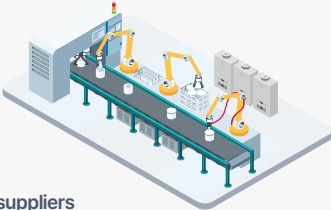
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Our Business

How We Create Value

Input	
Financial capital	
Equity capital	770.5 billion KRW
Assets	1.52 trillion KRW
Liabilities	751.7 billion KRW
Manufacturing and production	
Tangible assets	582.2 billion KRW
Production facility investments (machinery/equipment and molds) *As of the delivery date	35.3 billion KRW
R&D	
R&D personnel	398 persons
R&D expenses (including government subsidies)	42.4 billion KRW
Environmental capital	
Energy consumption	287.47TJ
Total water consumption	359,310m³
Total waste generation	1,140ton
Human capital	
Number of employees	1,783 persons
Training expenses	1 billion KRW
Social capital	
EHS investments	3.2 billion KRW
Social contribution expenses	1.7 billion KRW
ISO 14001	Certified
ISO 45001	Certified
ISO 9001	Certified



Key suppliers

- External: Supply raw materials, parts, equipment, etc.
- Internal: Offer assembly and logistics services



Disposal and close-loop recycling

- Ongoing management of waste generated in production and processes, including the reuse of raw material and the repurposing of used packaging materials



KD Navien

- R&D and product development: Continuous R&D to enhance customer convenience and the environmental performance of our products
- Smart manufacturing and production: Securing flawless quality and manufacturing competitiveness through smart manufacturing
- Logistics and distribution: Reducing energy use through eco-friendly packaging redesign and improved logistics efficiency



Key customers

- B2C: On/offline channel (experiential stores, Navien House, Sweet Dream Store, etc.) users
- B2B: Dealers, construction companies, professional distributors
- Boilers, water heaters, furnaces, ventilation cleaners, sleep mattress pads, rental services, etc.

Output	
Financial capital	
Sales	1.50 trillion KRW
Operating income	143.4 billion KRW
Net income	89.7 billion KRW
Manufacturing and production	
Production	1.5 million units
Operating rate	94%
R&D	
Patent/utility model registrations in Korea (cumulative)	1,124
Patent/utility model registrations overseas (cumulative)	775
Environmental capital	
GHG emissions	34,947tCO ₂ eq
Water reuse rate	31%
Waste recycling rate	98%
Human capital	
Female employee ratio	10.7%
Average training hours	18.7 hours
Social capital	
Serious accidents	0
Environmental law violations	0
Key social contribution initiatives	
· Sponsoring energy/environmental technology research and Hangeul preservation	
· Improving living conditions for vulnerable groups and supporting the culture and arts of local communities	

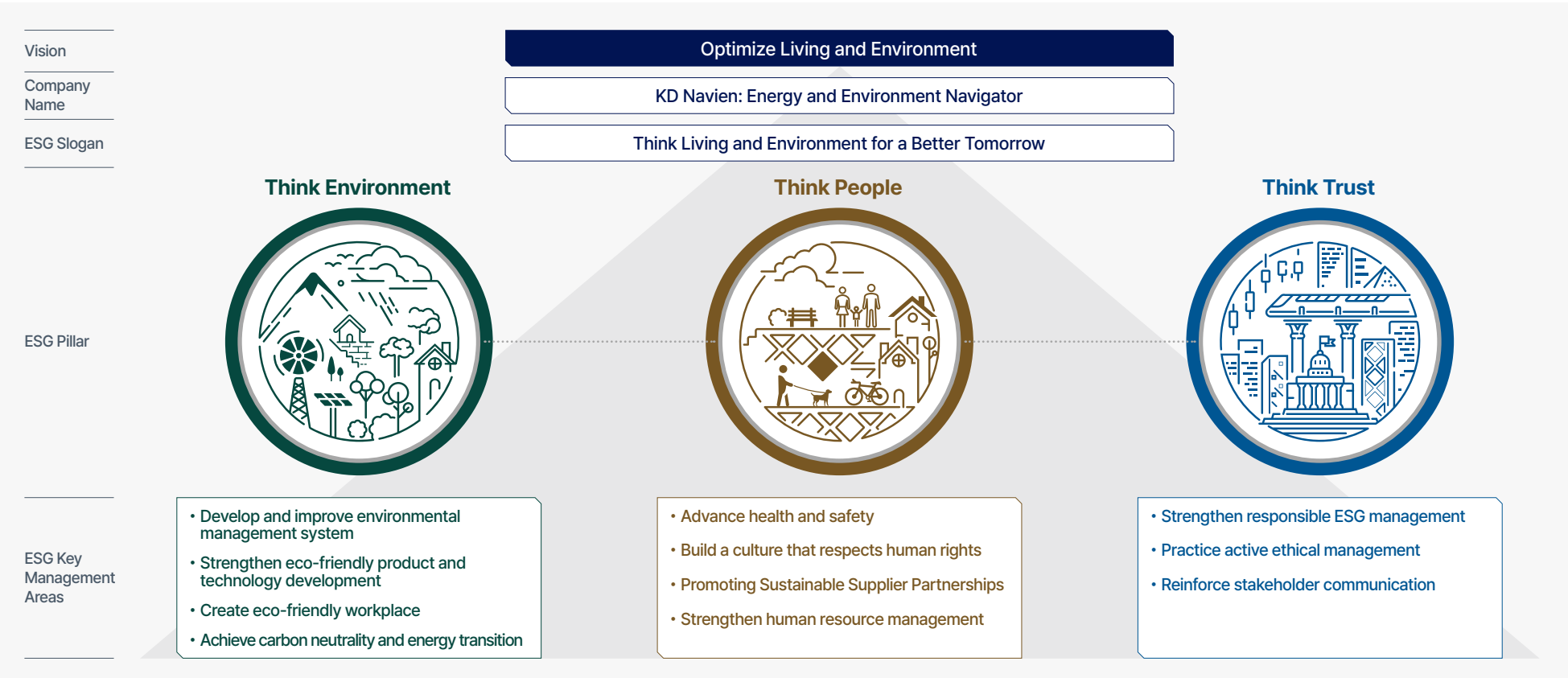
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Our Approach to ESG

ESG Strategy

KD Navien has long strived to improve quality of life based on its sincere commitment, pursuing harmony among energy, the environment, and daily living while achieving continuous growth. To advance as a “Partner for Comfortable Living Environments” and respond to rapidly changing internal and external business conditions, KD Navien has established an ESG strategic framework that reflects both its direction for sustainable value creation and its core corporate identity. Under the ESG slogan “Think Living and Environment for a Better Tomorrow,” KD Navien systematically implements its ESG strategy based on three pillars—Environment, People, and Governance—and 11 key management areas. Through this framework, the Company embeds ESG considerations throughout its business activities, progressively implements initiatives across key areas, and continues to advance its sustainability management system.

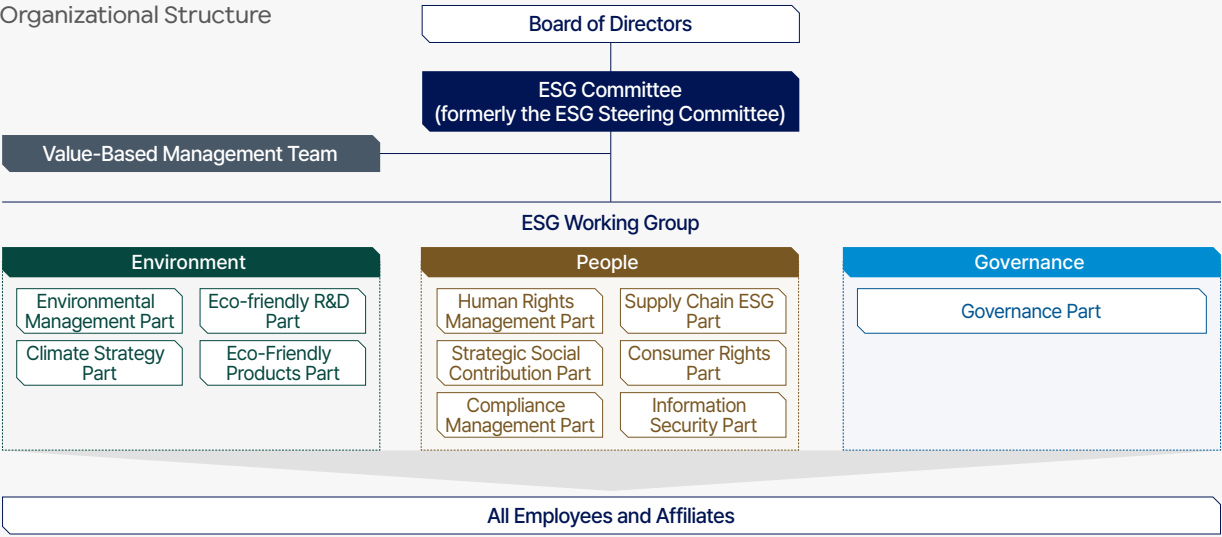


Our Approach to ESG

ESG Governance

In 2026, KD Navien established the ESG Committee under the Board of Directors to strengthen its highest-level decision-making framework for ESG management. The ESG Committee reviews and resolves major ESG issues and strategic directions, while the ESG Working Group, which includes members of management, is responsible for implementing action plans and managing performance. Through this structure, KD Navien has established a company-wide ESG management system that connects the Board of Directors with working-level organizations. Based on this framework, the Company aims to integrate response strategies for each material issue into its overall management practices and pursue sustainable growth.

Organizational Structure



ESG Governance Bodies and Roles

ESG Committee	As a committee under the Board of Directors, the ESG Committee serves as the highest decision-making body for overall ESG management. It receives reports from the ESG Working Group on major activities and risk status and reviews and resolves ESG strategies and key policies to ensure that they are reflected in management decision-making. The Committee also oversees and supervises their implementation.
ESG Working Group	The ESG Working Group comprises working-level personnel from 11 ESG parts, including environmental management, climate strategy, human rights management, supply chain ESG, and governance. Each part regularly identifies and implements improvement tasks in its respective area, shares the results, and reviews key performance and risk status. Matters requiring deliberation or reporting by the highest decision-making body are submitted to the ESG Committee for review and coordination.
Value-Based Management Team	Under the Management Planning Division, the Value-Based Management Team is responsible for establishing and operating the ESG governance system. It also performs company-wide ESG planning and management duties, including responding to ESG assessments and managing external disclosures.

Board-Centered ESG Governance

In March 2026, KD Navien established the ESG Committee under the Board of Directors, strengthening the Company's highest-level decision-making and oversight framework for ESG management. The ESG Committee reviews and resolves major issues across environmental, social, and governance areas, as well as mid- to long-term ESG strategies, policies, and implementation directions, to ensure that ESG considerations are systematically integrated into company-wide business activities. It also reviews the Company's sustainability management direction through discussions on key ESG issues, including climate action, the expansion of eco-friendly businesses, and the protection of consumer rights. The ESG Committee consists of three directors, including two Independent directors. In particular, the appointment of an Independent director as Committee Chair has strengthened the independence and transparency of ESG-related decision-making. The Committee has also expanded the Board's management and oversight role regarding key ESG risks and opportunities. In addition, KD Navien operates an ESG Working Group, establishing an integrated operating system that encompasses ESG strategy formulation, initiative implementation, and performance management. Through this framework, the Company has established a company-wide ESG management system that extends from the Board of Directors to working-level organizations and ensures that major ESG initiatives are substantively reflected in management decision-making. Going forward, KD Navien will continue to systematically manage ESG-related risks and opportunities based on its Board-centered ESG governance structure and pursue responsible management to achieve sustainable growth and enhance corporate value.

Double Materiality Assessment

Double Materiality Assessment Process

KD Navien conducts a double materiality assessment annually to comprehensively analyze both the impacts of its business activities on external stakeholders, including the environment and society (impact materiality), and the effects of external factors—such as climate change, increasingly stringent regulations, and market demands—on the Company's financial performance (financial materiality). Based on the European Sustainability Reporting Standards (ESRS), KD Navien also comprehensively reviews global ESG disclosure standards and stakeholder interests to identify material sustainability issues.

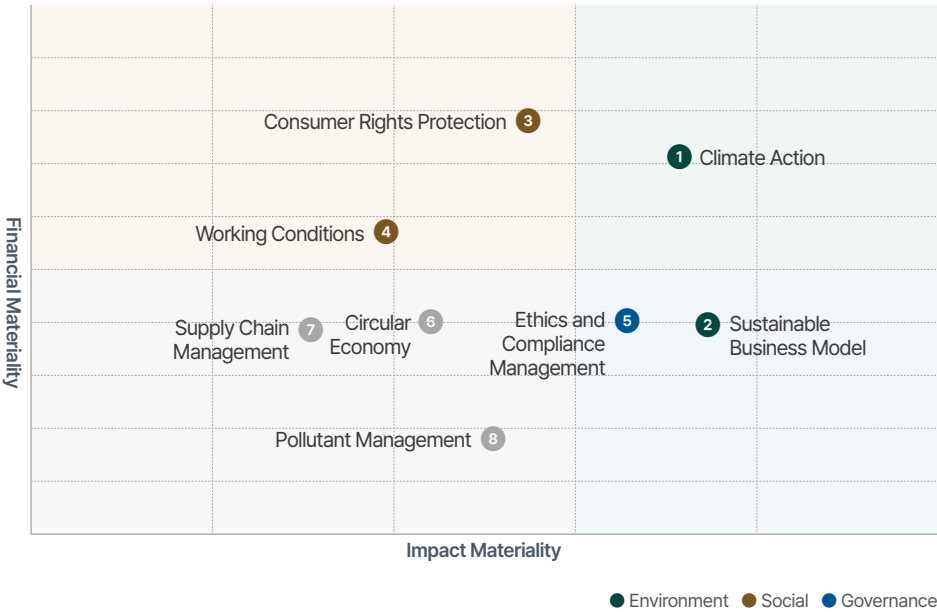


Double Materiality Assessment

Double Materiality Assessment Results

KD Navien comprehensively analyzed both the impacts of its business activities on the environment and society (Inside-Out) and the impacts of external environmental and social factors on the Company's financial performance (Outside-In). Based on this analysis, five issues that exceeded the threshold for either impact materiality or financial materiality were selected as material issues.

KD Navien Double Materiality Matrix



Issue	Material Issue		Environmental and Social Impact	Financial Impact	Page
	2024	2025			
1 Climate Action	●	●	Positive	Opportunity	19-30
2 Sustainable Business Model	●	●	Positive	Opportunity	31-40
3 Consumer Rights protection	●	●	Positive	Opportunity	83-92
4 Working Conditions	●	●	Positive	Risk	58-75
5 Ethics and Compliance Management		●	Negative	Risk	105-109

Stakeholder Roundtable

In February 2026, KD Navien held a roundtable with the heads of the ESG Working Group parts and external experts to share the results of the material issue selection process with those responsible for implementation and discuss specific action plans. The roundtable was attended by the heads of the respective parts responsible for climate strategy, green R&D, eco-friendly products, consumer rights, human rights management, supply chain ESG, quality management, strategic social contribution, information security, and governance. Participants reviewed the implementation status of each issue and identified areas requiring cross-functional coordination and improvement. KD Navien plans to report the outcomes to the ESG Committee and reflect them in concrete management actions.

While various eco-friendly initiatives, including Environmental Product Declarations (EPDs) and life cycle assessments (LCAs), are being actively pursued, measures should be explored to enhance employees' understanding of how these initiatives are connected to the Company's business strategy and corporate philosophy.

It is necessary to move beyond task-oriented implementation and strengthen awareness and capacity-building through ESG education to embed the purpose and outcomes of ESG initiatives across the organization.

Customer VOC analysis and on-site management activities are being conducted, but stronger collaboration with other functions, including sales and marketing, is needed.

A strategy is required to map the entire customer journey—including sales, installation, and service—and expand the management framework from a service function-centered approach to an integrated company-wide structure.

A management system based on the Serious Accidents Punishment Act is operating stably, and KD Navien plans to further advance its management standards through voluntary improvement.

A phased strategy is required to establish standardized quantitative indicators through centralized decision-making and gradually expand the scope of management.

Preparatory work is required to expand the scope of quantitative occupational safety and human rights data to overseas subsidiaries and on-site partner companies and establish unified company-wide standards.

Measures should also be explored to build internal capabilities that enable a transition from a compliance-focused approach to voluntary improvement.

KD Navien is proactively preparing its internal control system in response to the possibility of strengthened business group regulations.

As ethics and compliance management serves as the foundational infrastructure for ESG, continued advancement is required, together with close monitoring within the ESG strategic framework and the establishment of a mid- to long-term communication strategy.

Double Materiality Assessment

Double Materiality Assessment Results

Details of the Double Materiality Assessment Results

As a result of the 2025 double materiality assessment, five issues—Climate Action, Sustainable Business Model, Working Conditions, Consumer Rights Protection, and Ethics and Compliance Management—were identified as material issues. Among them, Climate Action and Sustainable Business Model were assessed as the highest-priority management issues with the most significant impacts. This reflects their direct relevance to KD Navien's core businesses and the growing importance of eco-friendly businesses as a key growth driver amid the global transition toward carbon neutrality. Working Conditions and Consumer Rights Protection were selected as material issues for the second consecutive year, reflecting the continued rise in social expectations regarding employee safety and human rights, as well as product and service safety. Ethics and Compliance Management was newly identified as a material issue this year, reflecting growing social interest in corporate ethics and compliance systems in response to changes in the global regulatory environment, including the expansion of ESG disclosure requirements.

Area	Issue		Environmental and Social Impact		Financial Impact	Impact Magnitude
Environ- men- tal	Climate Action	Positive / Actual	• Contributing to the decarbonization of the building sector by expanding the supply of high-efficiency condensing boilers, heat pumps, and other low-carbon heating solutions	Opportunity	• Driving sales growth for air-source heat pumps and strengthening the business portfolio in line with the expansion of policies promoting heat pump deployment	●●●●
		Positive / Actual	• Improving energy efficiency and reducing greenhouse gas emissions through the introduction of waste heat recovery equipment and the operation of energy management systems	Opportunity	• Expanding demand for integrated heating and cooling solutions and creating new product sales opportunities as extreme weather events become more frequent	
	Sustainable Business Model	Positive / Actual	• Alleviating energy poverty and creating comfortable residential environments through high-efficiency, low-carbon heating solutions and AI-based smart control technologies	Opportunity	• Driving sales growth in the U.S. market, particularly for high-efficiency heating and cooling products, following the implementation of the U.S. Inflation Reduction Act, while securing mid- to long-term growth drivers	●●●●
		Negative / Potential	• Increasing employment instability due to limited reskilling opportunities for existing installation and maintenance personnel amid the transition to new technologies	Opportunity	• Expanding access to green financing and creating additional financing opportunities based on an eco-friendly technology portfolio, in line with the expansion of the EU and Korean taxonomies	
Social	Working Conditions	Positive / Actual	• Enhancing workers' access to grievance and remedy mechanisms and improving job sustainability through the operation of grievance-handling channels and human rights training	Risk	• Increased cost burden due to legal sanctions and disruptions to site operations resulting from strengthened requirements under the Serious Accidents Punishment Act	●●●○
		Positive / Actual	• Creating a fair work environment and strengthening organizational trust through anti-discrimination training and the operation of a phased grievance-handling system	Risk	• Increasing investment requirements for employee reskilling to build internal capabilities and establish a foundation for mid- to long-term growth in response to the accelerating technological transition	
	Consumer Rights Protection	Positive / Actual	• Improving access to product information and strengthening consumer safety and consumers' right to know through online channels and customer consultation services	Opportunity	• Strengthening consumer trust and encouraging repeat purchases by providing preventive accident guidance and prompt safety information in response to increasingly stringent consumer safety standards	●●●○
		Positive / Actual	• Ensuring consumer and worker safety and preventing accidents through the detailed disclosure of product installation and usage information	Risk	• Increasing financial burdens, including recall and corrective action costs and penalties, due to strengthened product liability standards	
Governance	Ethics and Compliance Management	Negative / Potential	• Undermining fair market competition through unfair trade practices, including improper support for affiliates and abuse of bargaining position	Risk	• Increasing penalties, legal dispute costs, and operational constraints due to strengthened fair trade oversight and expanded transparency requirements for internal transactions	●●○○
		Positive / Actual	• Promoting fair market competition and enhancing fairness across the industry through fair trade risk assessments and compliance training	Opportunity	• Enhancing corporate reputation and securing stability in long-term business relationships by strengthening fair trade and ethical management standards	

Double Materiality Assessment

Double Materiality Assessment Results

Material Issue Management

KD Navien developed systematic management strategies and implementation plans for the five key issues identified through the double materiality assessment and formally reported them to the Board of Directors in February 2026. Based on the activities carried out throughout 2025 in accordance with the management approach established for each material issue, the Company continues to make improvements. Going forward, KD Navien will further advance its ESG management standards by reviewing performance and strengthening its implementation capabilities.

Material Issue	Key Impacts and Reasons for Selection	Management Approach	2025 Achievement
Climate Action	- Increased frequency of natural disasters due to accelerating climate change and growing demand for greenhouse gas emissions reductions - Acceleration of the transition toward carbon reduction technologies in the heating industry in response to increasingly stringent carbon emissions regulations - Creation of new markets and expansion of business opportunities driven by the growing energy transition trend	- Implementation of the Climate Action and carbon neutrality roadmap - Implementation of greenhouse gas emissions reduction activities	- Conducted Scope-specific greenhouse gas reduction activities, including vehicle electrification and process improvements - Obtained and maintained eco-friendly certifications, including certifications related to energy efficiency improvements and carbon footprints
Sustainable Business Model	- Market restructuring centered on high-efficiency, low-carbon products in response to the expansion of global environmental regulations and policies - Increased market demand for eco-friendly products and services driven by the spread of sustainable consumption trends - Growing financial importance of the eco-friendly technology portfolio due to increased ESG investment	- Conducted product life cycle assessments (LCAs) and obtained and maintained Environmental Product Declarations (EPDs) - Implemented four eco-friendly product strategies based on LCA results - Implemented the green R&D roadmap - Planned and carried out eco-friendly campaigns	- Completed LCAs for major water heater products and obtained EPD certification - Established the KD Navien Energy Transition Roadmap - Advanced the development of hydrogen boiler technology
Working Conditions	- Growing social interest in workplace human rights and safety, along with increasingly stringent related legal obligations - Rising employee and societal expectations for a fair and safe work environment - Changes in workforce capabilities and employment structures due to the accelerating industrial and technological transition	- Operated grievance-handling channels and conducted human rights training - Operated employee capability development programs and embedded related practices across the organization - Strengthened the management of safety-related incidents and accidents	- Piloted a human rights impact assessment - Conducted quarterly theme-based reviews - Established a smart work environment using M365 and AI tools
Consumer Rights Protection	- Growing social demand to ensure the safety and convenience of major products and services - Expansion of legal responsibilities related to consumer protection and growing importance of proactive risk management - Growing need to improve product accessibility and safety for diverse consumers, including vulnerable groups	- Strengthened the disclosure of product installation and usage safety information - Raised awareness of product accessibility - Obtained and renewed product safety certifications	- Operated a pre-inspection service in preparation for the peak season - Operated a direct communication system for elderly customers - Provided safety stickers and product usage information
Ethics and Compliance Management	- Rising social and institutional expectations regarding corporate governance transparency and ethical management - Increased reputational risks and potential financial losses arising from fair trade violations - Growing importance of securing stakeholder trust through ethical management standards	- Operated an internal monitoring system for fair trade - Conducted fair trade risk assessments and compliance training	- Monitored major amendments to fair trade laws and regulations - Provided legal reviews on matters related to fair trade regulations - Issued a weekly compliance report

Stakeholder Communication

Under its vision of becoming a “Partner for Comfortable Living Environments,” KD Navien recognizes trust-based communication with stakeholders as a core element of sustainability management. The Company closely examines the characteristics and interests of each stakeholder group, establishes tailored communication channels and engagement programs, and continuously strengthens its communication efforts so that internal and external stakeholders—including customers, employees, suppliers, and local communities—can better understand and support KD Navien’s ESG strategies and management direction.

Stakeholder Communication Channels

Category	Key Areas of Interest	Communication Activities
 Customers	- Product and service quality and safety - Innovation in eco-friendly and high-efficiency technologies - Diverse solutions for comfortable living environments - Brand trust and access to information	- Participation in global exhibitions, including AHR EXPO and Installer Show - Operation of experiential offline stores - Operation of customer complaint handling processes - Acquisition and renewal of CCM and product quality certifications
 Shareholders and Investors	- Stable financial performance and profitability - ESG performance and risk management - Transparency in corporate governance and shareholder structure	- Regular IR meetings and ad hoc conference calls - Provision of ESG information and responses to investor inquiries - Sharing of key management issues and mid- to long-term information
 Employees	- A safe and healthy work environment - Opportunities for capability development and growth - Fair treatment and respect for diversity - Sound labor-management relations	- Pilot implementation of human rights impact assessments - Establishment of a smart work environment - Operation of health management and employee welfare programs - Operation of family-friendly programs and labor-management cooperation programs
 Suppliers	- Sustainable Supplier Partnerships and Fair Trade - Capability enhancement and technical support - Supply chain ESG management - Access to effective communication channels	- Operation of supplier competitiveness enhancement programs - Expansion of supply chain ESG assessments and support - Operation of supplier VOC channels - Establishment of supply chain ESG management policies
 Local Communities	- Revitalization of the local economy and support for cultural activities - Improvement of living conditions for vulnerable groups - Protection of the local environment	- Participation in improvement and inspection projects for vulnerable gas facilities in Pyeongtaek - Support for the Pyeongtaek Cultural Foundation - Establishment and sponsorship of the Condensing Environmental Fund
 Government	- Compliance with laws and regulations - Management of air pollutant emissions - Response to anti-corruption and ethical management requirements - Timely and accurate tax payments	- Regulatory monitoring and compliance with internal policies - Compliance training - Publication of sustainability reports - Activities in response to Ministry of Environment regulations
 Academia	- Collaboration in eco-friendly technology research and development - Contribution to academic advancement	- Industry-academia technology collaboration, including hydrogen boiler development with KAIST and Inha University - Sponsorship of academic societies through the Condensing Environmental Fund
Common Channels	- Website - Sustainability Report - Business Report	

Brand & Communication

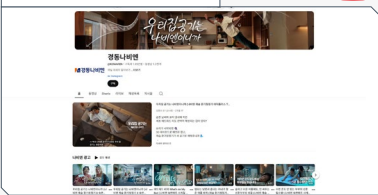
Through various channels, including the website, advertisements, and social media, KD Navien communicates its brand values and product information to customers and key stakeholders.

Brand Advertising



Enhancing brand awareness and promoting products through online and offline advertising

KD Navien YouTube

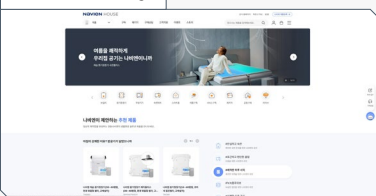


Communicating brand content through video and image content across social media channels

Customer Experience & Engagement

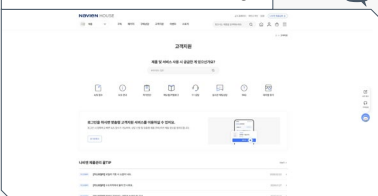
Through online and offline channels, including Navien House, Sweet Dream Store, and the Customer Service Center, KD Navien provides optimal customer experiences across all touchpoints, from product purchase to after-sales service.

Navien House



KD Navien's flagship customer communication platform connecting online and offline channels

Customer Service Center



Promptly responding to customer requests, including product inquiries and after-sales service, through 24/7, year-round operations

Corporate Relations & Transparency

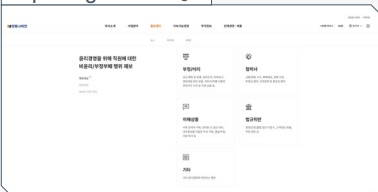
Through employee communication channels, investor relations activities, and the ethics management reporting channel, KD Navien communicates transparently with key internal and external stakeholders and builds trust-based relationships.

KD Navien Employee Communication Channel



Supporting employee communication and capability development through internal communication channels and training programs

Ethics Management Reporting Channel



An anonymous channel for reporting corruption and misconduct

■ Company Overview

■ ESG Management

■ **Focus Area**

Climate Action

Sustainable Business Model

■ ESG Performance

■ Appendix

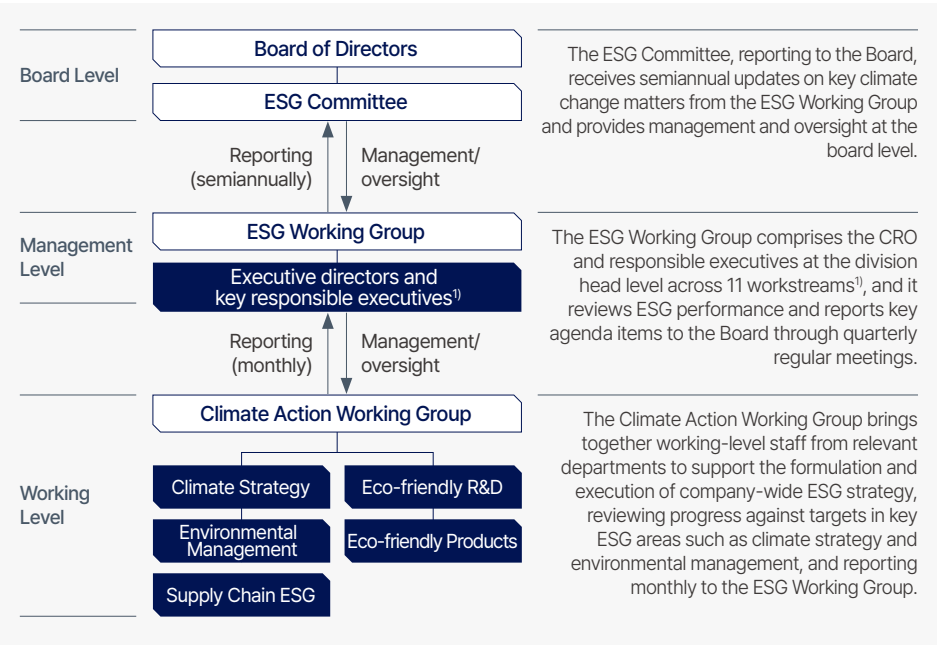
FOCUS AREA

Climate Action

Climate-related risks and opportunities are intensifying across industry, and the capacity to respond ahead of them has emerged as a core source of sustainable competitiveness. KD Navien recognizes climate change not merely as an external risk, but as a material business issue tightly bound to its strategy. Guided by the TCFD recommendations, we have built a structured climate governance and risk management process that strengthens our climate resilience.

Governance

Implementation system Governance Structure



1) Division heads and department heads overseeing 11 ESG-related workstreams, who oversee the execution of ESG strategy in their respective fields and report the results to the ESG Committee

Board of Directors Roles and Responsibilities

In March 2026, KD Navien established the ESG Committee under the Board of Directors, strengthening its framework for advancing sustainability across environmental, social, and governance dimensions. The Committee reviews our sustainability strategy and material ESG issues and makes decisions that drive long-term corporate value. We have transferred the mandate previously held by the ESG Steering Committee—setting the annual direction for climate action, tracking progress against targets, and reviewing risk management—to the ESG Committee, consolidating oversight of these matters at the Board level. The ESG Working Group continues to manage implementation on the ground.

Key Board Activities on Climate Change

Date	Agenda
Feb. 25, 2025	Report on the results of the sustainability materiality assessment • Analysis of climate-related risks, opportunities, and impacts • Overview of material issues identified by key stakeholders
Aug. 12, 2025	Report on ESG performance for H1 2025 and the identification of strategic tasks • Plans and implementation results for strategic tasks across the Environmental Management, Climate Strategy, Eco-friendly Products, and Eco-friendly R&D workstreams

Climate Action

Governance

Management Roles and Responsibilities

Effective climate action depends on the commitment and execution of management. As core members of the ESG Working Group, our executive directors and the responsible executive for the Climate Strategy workstream take a leading role in our climate response—directly reviewing climate-related assessments, risk management, and specific response measures and participating in the decisions that follow.

ESG Working Group

Drawing together executive directors and key responsible executives, the ESG Working Group sets our annual ESG priorities and charts the course for delivering them. It convenes quarterly, and more often when circumstances warrant, to exercise disciplined oversight of ESG performance—tracking climate-related activities, measuring progress against targets, and testing the strength of our risk management. Matters of consequence are escalated to the ESG Committee, where they shape decision-making at the highest level of the Board.

Climate-related Incentives

KD Navien recognizes that company-wide engagement in environmental stewardship is indispensable to delivering its climate action and transition plan. Grounded in this conviction, we have embedded specific climate metrics into the KPIs of division heads reporting to the CSO and of staff across the departments that constitute the environmental workstream of the ESG Working Group. Our incentive scheme differentiates base pay and performance-based compensation, with both tied to climate performance and the achievement of management targets.

Climate Performance Management Framework

Scope	2025 Targets and KPIs
Executive reporting directly to the CEO (Head of Management Planning Division)	• Advance the Carbon Neutrality Roadmap • Establish a GHG inventory on a consolidated basis • Conduct product LCAs • Respond to UL EPD verification and certification • Develop a Scope 3 reduction roadmap for products
Department head reporting directly to the CSO (NA Head of Safety Division)	• Tasks under the ESG environmental management workstream • Reduce GHG emissions • Reduce hazardous chemical substances, among others

Working-Level Organization Roles and Responsibilities

The Climate Action Working Group drives the execution of our climate strategy in practice. It converts the direction set by the ESG Working Group into concrete implementation plans while monitoring progress across each workstream. The Group further identifies the initiatives required to meet our climate targets and orchestrates cross-functional collaboration, strengthening our capacity to act on climate change across the board.

Climate Action Working Group

The Climate Action Working Group translates our company-wide ESG strategy, including climate change, into concrete implementation plans and holds progress under review. The Group is organized into five workstreams—Climate Strategy, Environmental Management, Eco-friendly Products, Eco-friendly R&D, and Supply Chain ESG—each drawing on working-level staff from relevant departments. The Group tracks progress toward our climate targets on an ongoing basis and reports monthly to the ESG Working Group, underpinning our ability to deliver on ESG commitments.

Climate Capacity Building Training

We invest in deepening management's understanding of sustainability and climate issues. In February 2026, in conjunction with our double materiality assessment roundtable for corporate sustainability, we commissioned an external expert institution to deliver training for the Chair of the ESG Steering Committee—now an executive director on the ESG Committee—together with the key leaders of working groups. The curriculum spanned ESG management strategy, the financial implications of climate risk, global disclosure standards, and the oversight responsibilities of the Board and its committees. Delivered ahead of the ESG Committee's establishment, the training equipped participants with the necessary capabilities and laid the foundation for the climate risk and opportunity reviews that follow.

Training Overview

Date	Participants	Topic
Feb. 11, 2026	Chair of the ESG Steering Committee ESG Working Group: Responsible executives, team leaders, and staff	Training aligned with the ESG materiality assessment roundtable • ESG management strategy and the role of leadership • Financial implications of climate risk • Global ESG disclosure standards and the oversight role of the Board and its committees

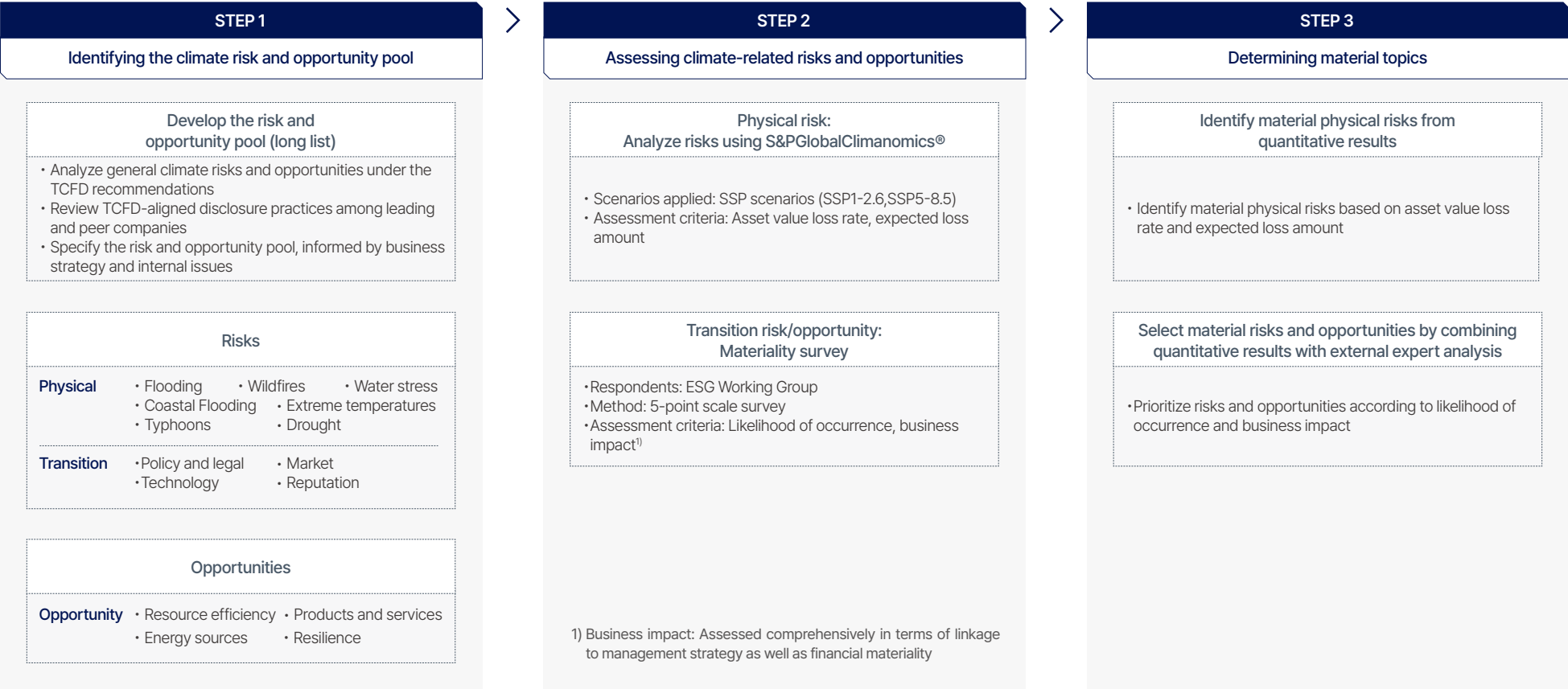
Climate Action

Strategy

Risk/Opportunity Identification and Assessment

Guided by the TCFD recommendations, KD Navien identified 22 climate-related risks and opportunities through an analysis of industry peers and leading companies, weighed against its own operating context. We assessed the financial impact of physical risks using specialized climate modelling tools and evaluated transition risks and opportunities through an internal stakeholder survey, establishing priorities on that basis. These findings now inform how we refine our strategy for building climate resilience.

Climate-related Risk and Opportunity Identification Process



Climate Action

Strategy

Physical Risk

As extreme weather events grow more frequent due to climate change, the physical risks that can impair corporate asset value are rising in step. The TCFD recommendations accordingly call on organizations to analyze the financial impact of these risks and assess their resilience across a range of climate scenarios, including one consistent with a 2°C or lower pathway. Following this guidance, KD Navien applied S&P Global Climanomics® hazard modeling across 11 major sites, quantifying asset value loss rates in ten-year intervals from 2020 through 2059 for seven climate hazards—flooding, drought, heat waves, cold waves, sea level rise, wildfire, and hurricanes—and reviewing the resulting financial exposure in full.

Overview of Physical Risk Analysis

Sites Assessed (11 major sites across KD Navien and its affiliates)

Korea	Seoul	Seoul Office, R&D Center
	Pyeongtaek	Seotan Factory (ECO Hub), Pyeongtaek Factory, Songtan Factory
	Asan	Gasan Factory, Asan Factory (ECO Campus)
	Chungju	Chungju Factory (KD Everon)
US	Irvine	US sales corporation
	Toano	US sales corporation warehouse
China	Beijing	Beijing production corporation

Analysis Process

① Site selection	• Identify major sites across the value chain
② Site profiling	• Site type: Ownership structure, business purpose, asset type • Site value: Book value • Geographic characteristics: Country, latitude and longitude
③ Scope definition	• Time horizon: Ten-year intervals from 2020 through 2059 • Hazards analyzed: Seven climate hazards (flooding, coastal flooding, typhoons, wildfire, extreme temperatures, drought, water stress)
④ Results analysis	• Quantify asset value loss and loss rates by site across the seven hazards

SSP scenarios from the IPCC Sixth Assessment Report (SSP1-2.6 and SSP5-8.5 applied)

Scenario	Description	Adaptation Context	Global Temperature Rise by 2100
SSP1-2.6	Strong emissions reduction	Green, sustainable economic growth enabled by advances in renewable energy technology	+1.8°C
SSP2-4.5	Moderate emissions reduction	Intermediate progress in both climate mitigation and socioeconomic development	+2.7°C
SSP3-7.0	Emissions double current levels by end of century	Limited mitigation policy and slow technological development, leaving society vulnerable to climate change	+3.6°C
SSP5-8.5	Emissions double current levels by 2050	Rapid industrial and technological development driving high fossil fuel use and unchecked expansion	+4.4°C

Climate Action

Strategy

Climate Resilience

Based on the results of the SSP1-2.6 and SSP5-8.5 scenario analyses, asset value loss rates attributable to climate-related factors were found to remain below 3% at all business sites in the 2050s, except for Gasan Factory. Production facilities, such as Seotan Factory (ECO Hub) and Gasan Factory, showed relatively higher asset value loss rates than non-production facilities, such as the R&D Center and logistics warehouses. However, no business sites were identified as being exposed to a high overall level of risk. Among the seven climate factors analyzed, extreme temperatures and flooding were identified as the primary climate hazards. Asset value loss rates attributable to the remaining five factors—coastal flooding, typhoons, wildfires, drought, and water stress—were all found to remain below 1%. However, asset value loss rates associated with extreme temperatures are projected to continue increasing reaching a maximum of 20.93%. Accordingly, KD Navien plans to incorporate the analysis results into its business site facility management plans and review proactive response measures. In addition, based on the 2050 KD Carbon Neutrality Roadmap and eco-friendly product R&D, KD Navien will expand its analysis of transition risks and opportunities and incorporate the financial impacts of climate change into its long-term management plans and strategy formulation processes.

Business Site	Asset Value Loss Rates by Business Site and Climate Factor in the 2050s under the SSP1-2.6 Scenario							Asset Value Loss Rates by Business Site and Climate Factor in the 2050s under the SSP5-8.5 Scenario						
														
	Flooding	Coastal Flooding	Typhoon	Wildfire	Extreme temperatures	Drought	Water Stress	Flooding	Coastal Flooding	Typhoon	Wildfire	Extreme temperatures	Drought	Water Stress
Seoul Office														
R&D Center														
Seotan Factory (ECO Hub)														
Pyeongtaek Factory														
Songtan Factory														
Gasan Factory														
Asan Factory (ECO Campus)														
Chungju Factory														
U.S. Sales Subsidiary														
U.S. Logistics Warehouse														
China Production Subsidiary														

Climate Action

Strategy

Detailed Analysis by Major Hazard

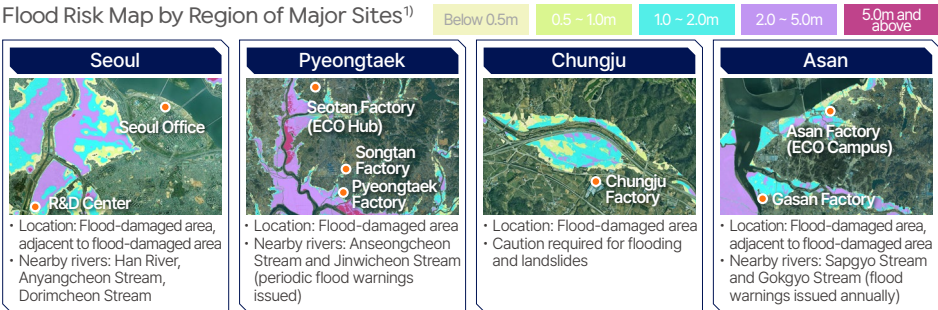
The analysis identified extreme temperatures and flooding as the hazards most likely to generate physical risk at KD Navien's major sites, with extreme temperatures accounting for the largest share of projected losses. Under the SSP5-8.5 scenario, extreme temperatures are projected to represent approximately 68% of total losses by the 2050s.

Extreme Temperatures

Time horizon	Medium-term	Likelihood	High
Magnitude of Impact	High	Scope of Impact	Global/business model
Industry Context	As climate change intensifies, extreme temperature events are increasing in both frequency and severity. Across manufacturing, heat-driven productivity losses and rising cooling energy costs have emerged as operational risks, and thermal environment management has become a central concern at sites with concentrated production facilities.		
Financial Impact	We calculated the financial impact of extreme temperatures by accounting for reduced work efficiency from heat-related illness among employees and higher energy costs from cooling system operation. Under the SSP5-8.5 scenario, asset value losses attributable to extreme temperatures are projected to rise steadily, from KRW 5.6 billion in the 2030s to KRW 8.4 billion in the 2050s. Loss rates remain below 2% at every site through the 2050s, though our Pyeongtaek, Asan, Chungju, and Beijing production sites show comparatively higher rates than other facilities.		
Response Strategy	Building on these findings, KD Navien has established company-wide guidelines for preventing heat-related illness and conducts annual training on stage-by-stage heat wave response protocols. To address extreme temperature risk, our EHS Planning Team maintains heat illness prevention guidelines, tiered heat wave response procedures, and an emergency response system, while EHS teams at each site implement measures tailored to site conditions—monitoring workplace temperatures, operating cooling systems, distributing cooling gear, and delivering heat wave response training. We also monitor temperature and humidity continuously by process and work zone, and improve working conditions in vulnerable processes where perceived temperatures run high—venting outdoor unit heat from portable air conditioners and installing partition walls between the exterior of the coating and drying process and adjacent work areas—to minimize the influence of heat sources. Alongside these measures, we provide electrolyte glucose supplements and distribute emergency kits containing cool packs, sports drinks, and cooling gels, supporting employees in preventing heat-related illness and protecting their health. We are further strengthening tailored response systems at the Pyeongtaek, Asan, Chungju, and Beijing production sites, where loss rates run comparatively higher.		

Flooding

Time horizon	Medium-term	Likelihood	High
Magnitude of Impact	High	Scope of Impact	Global/business model
Industry Context	Climate change is driving more frequent torrential rainfall, and flooding is increasingly occurring where existing drainage infrastructure cannot handle sudden downpours. Across manufacturing, site inundation has emerged as a major physical risk—halting production and damaging equipment—and companies with production sites near rivers face growing pressure to establish preemptive response systems.		
Financial Impact	We estimated flood-related financial losses based on business interruption from inundation and the cost of equipment restoration. Under the SSP5-8.5 scenario, flood-related loss rates remain low, below 1% at every site except the Gasan Factory which sits near the Gokgyo Stream. Asset value losses from flooding are nevertheless projected to progressively climb from KRW 1.7 billion in the 2030s to KRW 3.1 billion in the 2050s, underscoring the need for preemptive measures against inundation damage.		
Response Strategy	KD Navien monitors flood risk at major sites on an ongoing basis and continues to refine its crisis management manual, taking a structured approach to preventing inundation damage. We have defined specific crisis types associated with flooding—soil erosion and collapse, damage to surrounding structures from ground weakening, and inundation of manholes and low-lying areas—and built a tiered response system spanning routine management, weather alerts, and disaster recovery. At the routine management and weather alert stages, we focus on areas vulnerable to heavy rainfall, inspecting underground drainage pumps, drainage channels, and stormwater facilities and cutting power to idle equipment to minimize flooding and equipment damage. At the recovery stage, we move quickly to assess casualties and damage to key structures and production equipment, and to restore affected facilities, drawing on emergency contact networks and response protocols to sharpen the speed and effectiveness of on-site action. We are strengthening tailored preventive measures at the Seotan Factory (ECO Hub) and the Gasan Factory, where loss rates run comparatively higher—reinforcing drainage and flood barrier systems and inspecting perimeter structures and stored materials—steadily building the resilience and emergency response capability of our sites.		



Climate Action

Strategy

Transition Risks Climate-Related Transition Risks and Opportunities

Category	Type	No.	Risks and Opportunities	Key Content
Transition Risk	Policy and Legal	T1	Carbon Pricing System	Increased raw material procurement and production and operating costs due to the introduction of an internal carbon pricing system, including an internal carbon tax and potential carbon costs
	Policy and Legal	T2	Enhanced Requirements for GHG Emissions Disclosure	Increased investment and capital expenditures due to strengthened GHG emissions reporting requirements and the implementation of carbon neutrality initiatives
	Policy and Legal	T3	Introduction of Mandates and Regulations for Existing Products and Services	Restrictions on boiler sales and a decline in revenue due to increasingly stringent global regulations, including restrictions on the installation of gas boilers
	Policy and Legal	T4	Exposure to Litigation Risks	Litigation and compensation costs arising from exposure to legal risks, as well as a decline in sales resulting from customer boycotts
	Technology	T5	Emergence of Low-Carbon Alternatives to Existing Products and Services	Contraction of existing markets due to the emergence of low-carbon alternatives, such as hydrogen boilers, and impacts on sales due to intensified competition in eco-friendly boilers and water heaters
	Technology	T6	Failure of New Technology Investments	A weakened market position due to failed investments in new technologies, along with a decline in sales and increased capital expenditures caused by reduced competitiveness
	Technology	T7	Transition Costs Associated with Low-Carbon Technologies	Increased costs for eco-friendly product R&D and process improvements associated with the transition to a low-carbon society
	Market	T8	Changes in Customer Behavior	A decline in sales and deterioration in operations and cash flows due to reduced demand for gas boilers and water heaters
	Reputation	T9	Changes in Consumer Preferences	Failure to respond to changes in consumer preferences may lead to a decline in sales caused by reduced corporate competitiveness and product demand, as well as difficulties in raising capital due to declines in corporate valuation, brand value, and stock price
	Reputation	T10	Preconceived Notions About the Business Sector	Contraction of related markets and a decline in product sales due to negative social perceptions of fossil fuel-related businesses, such as gas boilers
	Reputation	T11	Increased Stakeholder Concerns or Negative Perceptions	Loss of stakeholder trust and a decline in sales due to growing concerns or negative perceptions, including those related to ESG commitments, reputational damage resulting from failure to achieve carbon neutrality, and a weakened market position
Opportunity	Resource Efficiency	O1	Utilization of High-Efficiency Production and Logistics Systems	Reduction in operating costs through the establishment of high-efficiency production and logistics systems, including smart factories
	Resource Efficiency	O2	Transition to High-Efficiency and Eco-Friendly Buildings	Increased sales of condensing boilers, water heaters, and ventilation air purifier systems during the transition to high-efficiency and eco-friendly buildings, including regulatory mandates ¹⁾
	Resource Efficiency	O3	Reduction in Water Resource Use and Consumption	Reduction in operating costs through lower water consumption and the expanded use of recycled water
	Energy Source	O4	Recycling and Reuse	Reduction in operating costs through the establishment of waste management systems and expanded recycling
	Products and Services	O5	Utilization of Low-Carbon Energy Sources	Expansion of the eco-friendly product market and increased sales of products such as heat pumps due to bans on new fossil fuel boiler installations and the establishment of renewable energy-based heating systems in major European countries, including Germany
	Products and Services	O6	Development of Low-Carbon Products and Services	Strengthened market competitiveness and increased sales through the sale of eco-friendly products, including high-efficiency ventilation air purifier systems, HVAC systems, and condensing boilers
	Products and Services	O7	Development of Climate Change Adaptation Measures	Increased sales through the development of climate change adaptation measures and enhanced resilience
	Resilience	O8	Development of Innovative New Products and Services	Financial benefits and increased sales through the development and commercialization of new products, such as hydrogen boilers and heat pumps
	Resilience	O9	Changes in Consumer Preferences	Increased demand and sales for new products and services, including HVAC systems and ventilation air purifier systems, in response to changes in consumer preferences
	Resilience	O10	Securing and Diversifying Alternative Resources	An increase in fixed asset value through relocation from low-lying coastal areas to more suitable locations in order to secure and diversify alternative resources

1) Mandatory installation of eco-friendly boilers, mandatory zero-energy buildings, etc.

Climate Action

Strategy

Impact and Response Strategies by Key Factor

A comprehensive assessment of climate-related transition risks and opportunities identified the introduction of obligations and regulations for existing products and services and changes in customer behavior as major risk factors. Conversely, the use of low-carbon energy sources and the development of low-carbon products and services were identified as the most promising business opportunities. KD Navien has established a management system to respond to changes in the policy environment and is proactively addressing various regulations and growing demand for eco-friendly products by enhancing the environmental performance of its products. In addition, the Company is expanding its investment in eco-friendly R&D to strengthen corporate competitiveness, secure market leadership, and systematically respond to changes in the business environment resulting from climate change.

[Time Horizon] Short-Term: 2025 / Mid-Term: 2030 / Long-Term: 2050

Category	Type	Issue	Factors	Financial Impact	Time Horizon	Importance		Response Strategy
						Likelihood	Impact	
Risk	Policy and Legal	Carbon Pricing System	• Application of the greenhouse gas emissions trading scheme • Introduction of an internal carbon pricing system • Strengthening of the Carbon Border Adjustment Mechanism (CBAM)	• Reduced profits due to increased production costs • Increased investment costs for greenhouse gas emissions reduction facilities	Mid-Term			Establishment of a Management System • Establish a monitoring and management system for external trends, including environmental policies • Review and advance the carbon neutrality roadmap • Transparently and proactively disclose climate-related information through CDP responses and the publication of sustainability reports • Install on-site solar power generation facilities at the U.S. subsidiary and Seotan Factory (ECO Hub)
Risk	Policy and Legal	Enhanced Requirements for GHG Emissions Disclosure	• Expansion of business sites subject to greenhouse gas emissions reporting • Increased need to report emissions in compliance with the Carbon Border Adjustment Mechanism	• Costs incurred in establishing greenhouse gas emissions management processes • Increased costs associated with greenhouse gas verification	Short-Term			
Opportunity	Resource Efficiency	Transition to High-Efficiency and Eco-Friendly Buildings	• Reduced sensitivity to changes in carbon costs through the transition to eco-friendly business sites	• Reduced operating costs through lower energy procurement costs • Reduced exposure to future increases in fossil fuel prices	Short-Term			
Risk	Policy and Legal	Introduction of Obligations and Regulations for Existing Products and Services	• Restrictions on the sale of fossil fuel-based products due to increasingly stringent global boiler-related regulations¹⁾	• Decline in revenue due to reduced demand for existing products • Decline in the value of existing assets due to policy changes	Short-Term			Enhancement of Product Environmental Performance • Review life cycle assessments for major products • Enhance the environmental performance and energy efficiency of major condensing models • Diversify the eco-friendly product portfolio and expand production capacity
Risk	Market	Changes in Customer Behavior	• Increased customer demand for enhanced product environmental performance • Declining market competitiveness of existing gas-based products	• Decline in revenue due to reduced demand for existing products	Long-Term			
Opportunity	Energy Source	Use of Low-Carbon Energy Sources	• Increased demand for eco-friendly products due to increasingly stringent global decarbonization policies²⁾	• Increased profits through higher sales of eco-friendly products	Short-Term			
Opportunity	Products and Services	Development of Climate Change Adaptation Measures	• Increased demand for products and services that support climate change adaptation, including ventilation air purifiers	• Increased sales through the launch of products and services aligned with customer interests and market trends	Short-Term			
Risk	Technology	Emergence of Low-Carbon Alternatives to Existing Products and Services	• Intensified competition in eco-friendly boilers and water heaters and contraction of existing product markets	• Decline in sales due to reduced demand for existing products • Increased R&D costs related to new technologies	Mid-Term			Eco-Friendly R&D • Establish a mid- to long-term roadmap and development process for eco-friendly products • Expand investment in the energy transition • Develop heating systems powered by decarbonized energy sources, including hydrogen boilers and electric heat pumps • Promote the adoption of eco-friendly refrigerants
Opportunity	Products and Services	Development of Innovative New Products and Services	• Development and commercialization of clean energy products, including hydrogen boilers and electric heat pumps	• Increased revenue through the launch of eco-friendly products • Strengthened corporate competitiveness through reductions in Scope 3 emissions	Mid-Term			
Opportunity	Products and Services	Development of Low-Carbon Products and Services	• Strengthened market competitiveness through the sale of low-carbon products, including hydro furnaces, condensing boilers, and water heaters	• Increased sales due to growing demand for low-carbon products • Strengthened market competitiveness through improved product environmental performance	Short-Term			

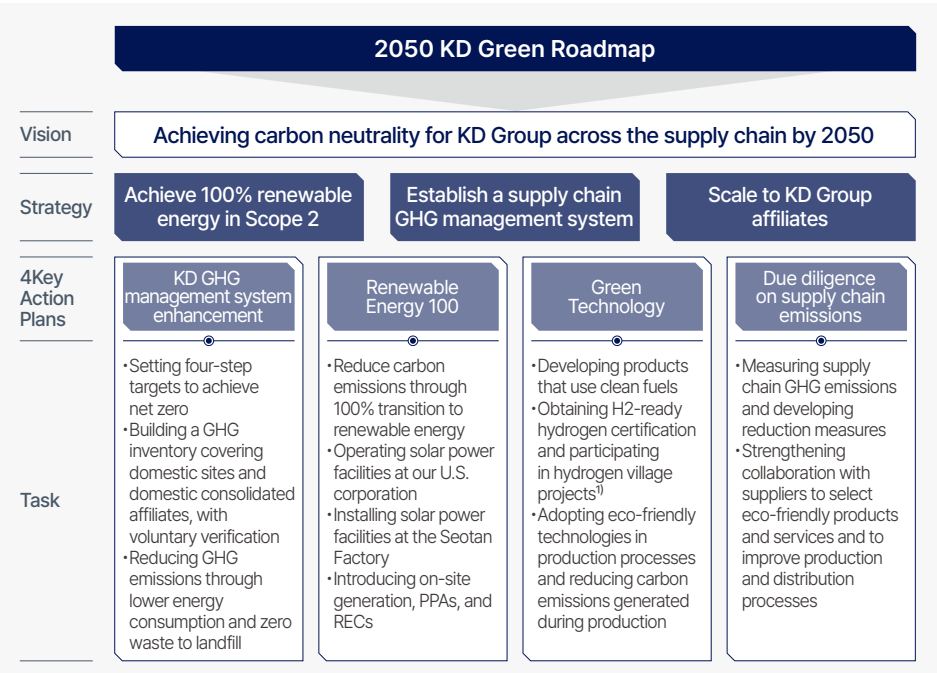
1) Restrictions on the installation of gas-fired products and stricter NOx emission standards for boilers, among others
2) Requirements for the installation of eco-friendly boilers and zero-energy buildings, as well as mandatory condensing technology for residential water heaters under the U.S. Department of Energy's minimum efficiency standards, among others

Climate Action

Strategy

Transition Risk and Opportunity 2050 KD Green Roadmap

KD Navien's sites fall outside Korea's emissions trading system and other mandatory GHG reduction and verification regimes. We nonetheless chose in 2023 to widen our emissions accounting boundary to encompass consolidated affiliates in Korea, acting on our own initiative as a company that leads in environmental stewardship. We commissioned third-party verification of our Scope 1 and 2 emissions and completed internal calculations for selected Scope 3 categories, building a comprehensive GHG inventory. In parallel, we are pursuing a range of reduction initiatives, among them LCA of our key products. To anchor our emissions management and reduction over the long term, we have set out the 2050 KD Green Roadmap—our blueprint for carbon neutrality—and will progress toward this goal in phases.



1) A pilot project operating hydrogen boilers powered entirely by hydrogen gas

Response Strategies for Key Transition Risks and Opportunities

01. Utilization of high-efficiency production and logistics systems

Time Horizon	Medium-term	Likelihood	High
Magnitude of Impact	High	Scope of Impact	Global/business model
Industry Context	As the shift to a low-carbon economy accelerates, manufacturers face mounting pressure to decarbonize their production processes. Demand for R&D investment in green equipment conversion and process improvement continues to rise, and the competitive gap is widening between companies that move ahead of this shift and those that do not.		
Financial Impact	We expect the cost of adopting eco-friendly equipment and improving processes to rise steadily as low-carbon technologies take hold. In the near term, this entails capital expenditure on equipment replacement and system deployment. Over the medium to long term, however, we anticipate lower energy costs, savings on emissions allowances through reduced GHG emissions, and improved profitability from greater operational efficiency.		

1 Energy savings through logistics automation

KD Navien is building an automated logistics system to meet rising demand for inter-building cart transport at its new factory and to support production growth over the mid- to long-term. Moving away from forklift-centered transport, we are introducing AGVs¹⁾ and conveyor systems to improve transport efficiency between processes while reducing the energy use and environmental impact of our logistics operations. Automating repetitive transport processes also eases the physical burden on workers, removes inefficiencies from transport, and establishes a more stable foundation for production. In 2025, we replaced approximately ten forklifts at the new factory, saving roughly 15,963 kWh of electricity and delivering an expected reduction of about 7.3 tCO₂eq in annual GHG emissions. Reducing forklift traffic also allowed us to optimize movement routes within our processes, improving both safety and operational efficiency in logistics transport. In 2026, we plan to deploy 14 additional AGVs to automate cart transport between the gas building and the components building at the Seotan Factory (ECO Hub), and to install two conveyors that will extend exterior cart transport between the gas building and the coating line. These measures will boost our energy savings and emissions reductions further, while strengthening a smart logistics system capable of adapting flexibly to rising production volumes.

2 Upgrading to high-efficiency lighting

KD Navien continues to pursue energy savings through lighting upgrades. In 2024, we replaced 71 fluorescent lights with LEDs at our Pyeongtaek and Asan Factories, and in 2025 we converted 424 fluorescent lights to LED at our Human Resources Development Center, delivering approximately 10 tCO₂eq in avoided GHG emissions. These conversions contribute to lower energy consumption and reduced emissions, and in 2026 we plan to continue with our equipment upgrade efforts across all sites to improve electricity efficiency within our factories.

1) AGV: Automatic Guided Vehicle

Climate Action

Strategy

Response Strategies for Key Transition Risks and Opportunities

- 3

Improving Oxynon Furnace energy efficiency

KD Navien is driving energy efficiency across its Oxynon furnace operations. In 2025, we optimized the heating zone temperature of Oxynon Furnace No. 3, used in the brazing of metal components. By determining the optimal temperature range for maintaining corrosion resistance at joints, we reduced unnecessary heat loss and heating load, cutting electricity consumption by approximately 15% against previous levels and delivering an expected reduction of about 6.6 tCO₂eq in annual GHG emissions. In 2026, we plan to reduce electricity consumption further by shutting down drying furnaces during weekend hours when the Oxynon furnaces are idle. With its effectiveness validated through a pilot, this measure is projected to deliver annual electricity savings of approximately 320,662 kWh and emissions reductions of 147 tCO₂eq per unit.
- 4

Replacing electric forklift batteries

We replaced the lead-acid batteries in three electric forklifts at our factories with lithium iron phosphate batteries. The change cut electricity consumption for forklift charging by approximately 13,288 kWh and reduced GHG emissions by about 6.1 tCO₂eq annually.
- 5

Installing inverter compressors at the new factory

We plan to install inverter compressors—which automatically adjust operating speed to match actual air demand—in Components Building 2 and the Injection Molding Building at our new factory, raising energy efficiency in the process. We aim to complete installation and commissioning in the first half of 2026, minimizing fluctuations in air supply and unloaded compressor operation, and targeting a reduction of approximately 10% in electricity consumption.

05. Utilization of low-carbon energy sources

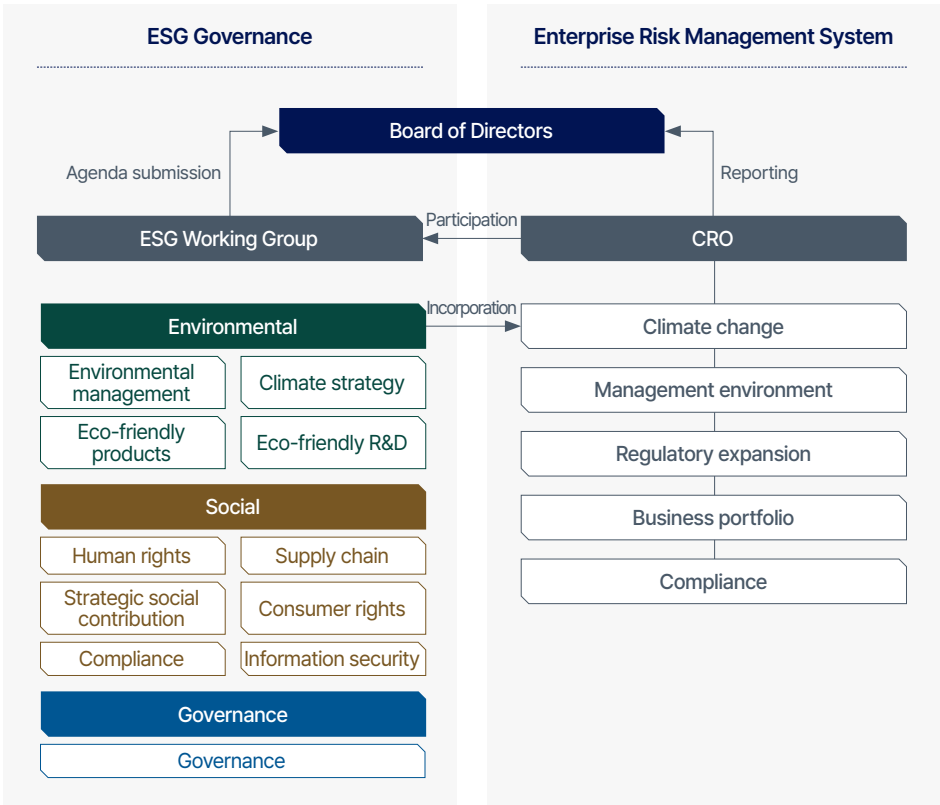
Time Horizon	Short term	Likelihood	High
Magnitude of Impact	High	Scope of Impact	Global/sites
Industry Context	As carbon neutrality policies tighten worldwide and emissions trading schemes widen in scope, manufacturers face rising carbon costs. The introduction of the Carbon Border Adjustment Mechanism (CBAM) and the broader adoption of internal carbon pricing are adding pressure on production and operating expenses, and the competitive gap is opening up between companies that move early on emissions reduction and those that do not.		
Financial Impact	With emissions trading schemes expanding and carbon prices trending upward, carbon costs are likely to grow. Sourcing our own power through solar installations reduces indirect emissions ahead of that shift, lowering our exposure to cost risk associated with tightening regulations. Our U.S. corporation sourced 0.91 TJ of renewable energy in 2025, improving energy efficiency at the site and reducing GHG emissions. At the Seotan Factory, we have completed a 4,200 kW solar installation that will enter full operation in the second half of 2026, expanding renewable energy adoption across our domestic sites and lowering energy procurement costs.		
Response Strategy	To manage carbon pricing risk and reduce GHG emissions, we are scaling our solar generation capacity in phases across our sites in Korea and abroad. At the Seotan Factory in Korea, we have built a 4,200 kW solar installation on a site of approximately 30,000 square meters, strengthening a renewable-based energy operation. Our U.S. corporation has installed solar generation on roughly 1,985 square meters of building rooftop and unused parking areas, in full operation since March 2024. We will continue to expand renewable energy facilities at sites in Korea and overseas, advancing our energy independence and our progress toward global net zero goals. 		

Climate Action

Risk Management

Integration with the Enterprise Risk Management Process

As part of building a company-wide response to climate change, KD Navien has integrated climate-related risks into its enterprise risk management framework. We identify, assess, and manage climate-related risks on an annual cycle, and the identified risks remain under the continuous monitoring of our Chief Risk Officer (CRO). Climate issues of high materiality are reported directly to the Board of Directors and the ESG Committee, where they inform management decisions.



Climate-related Risk Management Process

KD Navien operates a structured process for managing climate-related risks. The ESG Working Group identifies and assesses these risks on a regular basis, and we address them under our enterprise risk management framework.



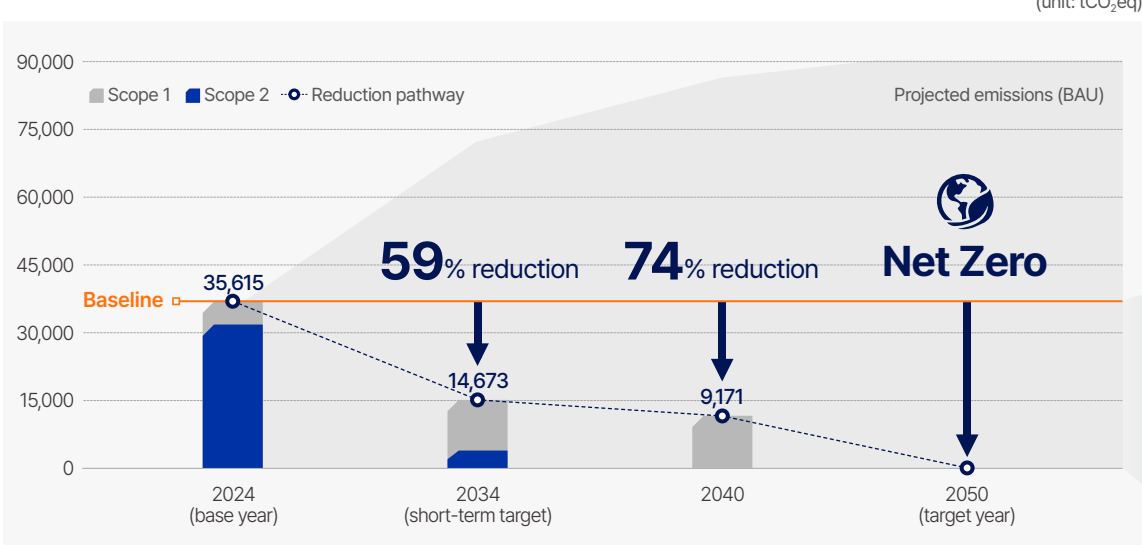
Climate Action

Metrics & Targets

Scope 1 and 2 Emissions Management

To advance our climate action, we have established a reduction roadmap for achieving carbon neutrality by 2050. We analyzed GHG emissions and energy consumption across our domestic and overseas sites and set near-term and mid- to long-term reduction targets informed by SBTi reduction scenarios. Taking 2024 as our baseline year, we calculated the reductions required against projected emissions, and we continue to identify and evaluate both direct and indirect abatement levers on the path to carbon neutrality. Given the electricity-intensive nature of our operations, we have prioritized expanding renewable energy use, while exploring process efficiency improvements and the electrification of vehicles and equipment over the medium to long term. Guided by this reduction strategy, we will continue to prepare for a phased transition to carbon neutrality.

2050 GHG Emissions Reduction Roadmap¹⁾



1) Recalculation of 2024 consolidated emissions and reassessment of greenhouse gas reduction volumes

GHG Reduction Targets

Category	Unit	Performance against 2025 Target	
		Target	Performance
Scope 1	tCO ₂ eq	5,214	4,876
Scope 2	tCO ₂ eq	30,430	30,103
Total	tCO ₂ eq	35,644	34,947 ¹⁾

1) The sum of Scope 1 and Scope 2 emissions may differ from the stated total due to truncation of decimal places.

2050 Carbon Neutrality Strategy

Renewable energy use 75%
Review PPAs weighing long-term supply security and cost-effectiveness

Green Premium and REC purchases 10% Purchase renewable energy certificates (REC)

EV transition 2% Phase out internal combustion engine vehicles in favor of EVs

On-site solar generation 3% Operate and scale solar power facilities across sites

Ongoing energy efficiency improvement 10% Improve equipment and processes across all sites, with residual emissions addressed through external reduction projects and offsets

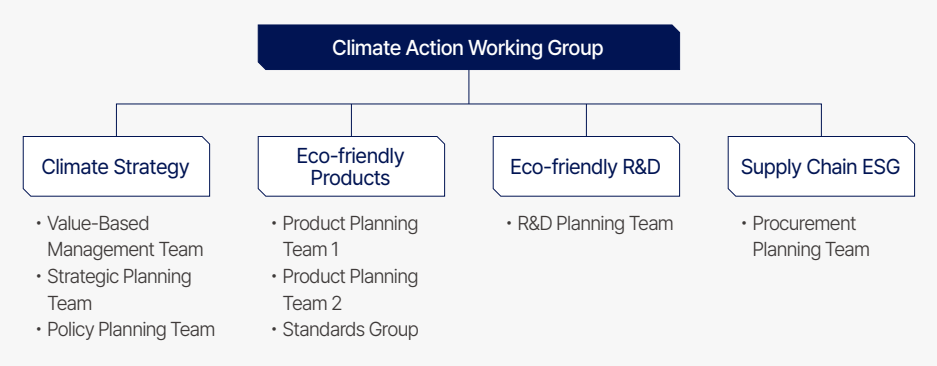
Sustainable Business Model

KD Navien's products operate in homes on a daily basis, and the energy they draw and the emissions they generate in use represent the single largest environmental impact across their life cycle. We take the view that our responsibility does not end at the factory gate but extends across a product's entire life. With this awareness in mind, we have made the reduction of use-phase emissions—achieved through high-efficiency, low-carbon product development—a core priority, and we continue to build a disciplined framework for managing our eco-friendly portfolio.

Governance

KD Navien has built an integrated management system that engages the entire organization in developing eco-friendly products and managing Scope 3 emissions. The core functions spanning a product's life cycle—product planning, R&D, design, procurement, production, and quality—work in close concert to execute our eco-friendly product strategy. We operate this framework through the Climate Action Working Group, organized into four core workstreams: Climate Strategy, Eco-friendly Products, Eco-friendly R&D, and Supply Chain ESG. Each workstream pursues product-centered emissions reduction and develops mid- to long-term roadmaps covering the energy transition and the shift toward an eco-friendly product portfolio. Each year, we identify strategic priorities for expanding our eco-friendly offerings and reducing Scope 3 emissions, while reviewing implementation results on a regular basis. These outcomes are reported to the ESG Committee, which continuously examines and refines our strategic direction and execution company-wide. Through this approach, we embed environmental considerations across the full spectrum of a product's life—from planning and development through production, use, and after-sales management—and manage Scope 3 emissions systematically.

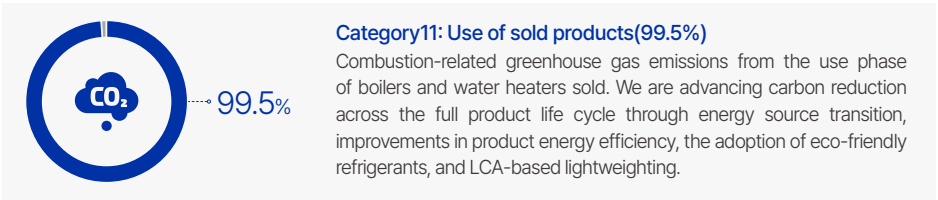
Organizational Chart



Strategy

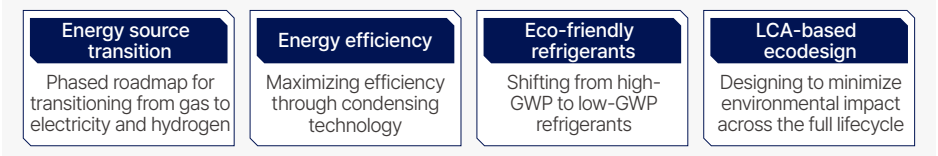
Global climate policy initiatives are phasing out fossil fuel-based energy while accelerating the shift toward low-carbon alternatives centered on electricity and hydrogen. Leading regulatory frameworks—the IEA Net Zero Scenario, U.S. Department of Energy's policies, and the EU's Environmental Product Declaration requirements—place emissions reduction in buildings and heating at the heart of their agendas. In Korea, the Ministry of Environment is advancing policy reviews to expand eco-friendly heating equipment and curb environmental impact across the product life cycle, while the Act on Promoting the Transition to a Circular Economy Society has raised expectations around recycled content in electrical and electronic products, closed-loop recycling, and environmental consideration at the design stage. Our analysis attributes more than 99% of total GHG emissions to the product-use phase (Scope 3, Category 11). These findings base our product-based approach to reducing carbon emissions through four core strategic pillars: energy source transition, energy efficiency, eco-friendly refrigerants, and LCA-based ecodesign.

GHG Inventory Breakdown¹⁾



1) KD Navien standalone basis. Scope 1 and 2 emissions represent approximately 0.04% of total emissions.

Four Core Strategic Pillars for Eco-friendly Products



Sustainable Business Model

Eco-friendly Management Framework Across the Product Life Cycle

KD Navien minimizes the environmental footprint of its products through an eco-friendly management framework built on a full life cycle perspective. We examine potential impacts at every stage—design, raw material sourcing, production, logistics, use, disposal, and after-sales service—and channel Life Cycle Assessment findings directly into product development and operations. This discipline enhances resource efficiency, lowers greenhouse gas emissions, and extends environmental value throughout the time our customers spend with our products.



Sustainable Business Model

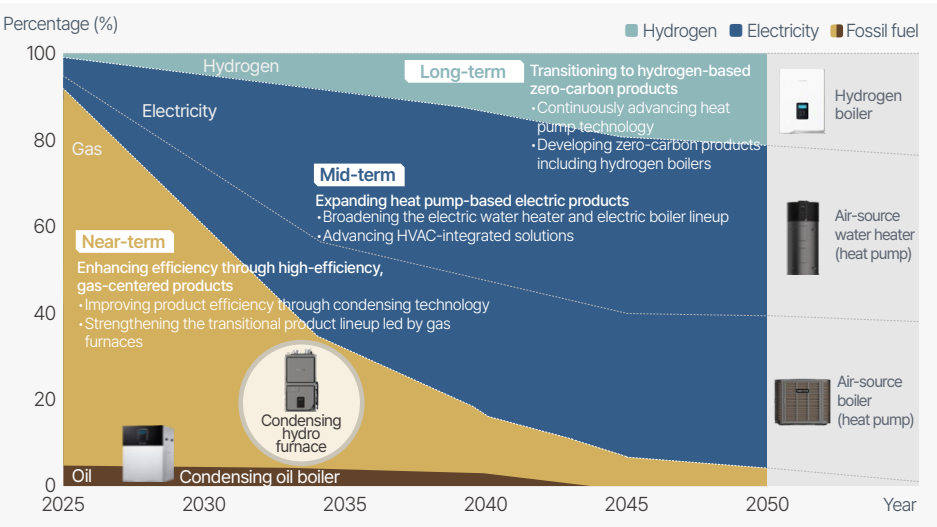
Strategy

Energy Source Transition

T5. Emergence of low-carbon alternatives to existing products and services

Time Horizon	Medium term	Likelihood	High
Magnitude of Impact	High	Scope of Impact	Global/business model
Industry Context	The boiler industry has evolved alongside changes in heating fuels, and it now faces a new inflection point in the shift to low-carbon energy sources. In Korea, mandatory installation of eco-friendly condensing boilers and related measures are reshaping the market around high-efficiency, eco-friendly products. Globally, the expansion of low-carbon alternatives such as hydrogen boilers and electric heat pumps is expected to redefine the established market for gas boilers and water heaters. KD Navien recognizes this as a potential risk to its existing product portfolio and is advancing eco-friendly technologies while developing new decarbonized products in parallel.		
Financial Impact	As the transition to low-carbon energy sources accelerates, demand for R&D investment in electricity- and hydrogen-based products is likely to grow. Our R&D expenditure stood at approximately 42.4 billion KRW in 2025, and we anticipate further investment as we develop new technologies including heat pumps and hydrogen boilers. Until these technologies reach commercialization, rising investment costs may coincide with declining revenue from existing products, which could weigh on profitability in the near term.		

KD Navien’s Product Energy Source Transition Roadmap



Response Strategy

To meet the shift toward low-carbon alternatives, KD Navien has established a phased transition roadmap moving from fossil fuel-based products to electric heat pumps and hydrogen-based products, restructuring its product portfolio accordingly. We are developing a Dual Fuel Hybrid system at our Heating Research Institute, while also formulating market-specific launch plans for heat pump products across our operating regions. In tandem, we are developing hydrogen boiler (H₂) technology and assessing its path to commercialization, reshaping our portfolio around low-carbon and zero-carbon offerings.

Expanding the Electric Product Portfolio

In response to the low-carbon energy transition, KD Navien is expanding its electric product portfolio in phases. Recognizing the practical constraints of the early years of the transition—performance limits in low-temperature conditions, installation restrictions, and the burden of electricity costs—we are pursuing a hybrid system strategy that pairs gas with electricity, helping customers move to electric systems at a measured pace. To broaden our heat pump-centered electric heating and hot water solutions, we are advancing not only product development but also installation, maintenance, and data-driven operating systems. In May 2026, we opened a Heating Electrification Center on Jeju Island, bringing product display, customer consultation, installation support, maintenance services, and operating data analysis together in a single hub. Drawing on operating data accumulated through our Jeju demonstration project, we are refining our products and services while strengthening installation infrastructure and technical training—laying a stable foundation for the adoption of electric heating and hot water solutions as the energy transition unfolds.

Developing Hydrogen Boiler Technology

To secure low-carbon heat source technology, KD Navien is advancing boiler technology that runs on hydrogen. Aiming to create a viable replacement for conventional gas boilers, we are verifying performance and safety ahead of commercialization. Our second round of R&D on the pure hydrogen boiler improved efficiency by more than 3.0% over the first, and we have secured burner technology that reduces the risk of flashback. In parallel, we are developing a hydrogen blend boiler, raising the hydrogen blending ratio in stages from 5% to 20% while verifying performance and safety at each level. Through this work, we are preparing to commercialize hydrogen-based heat source technology capable of replacing conventional gas boilers.

Sustainable Business Model

Strategy

Energy Efficiency

T3. Introduction of Mandates and Regulations for Existing Products and Services

Time Horizon	Short term	Likelihood	High
Magnitude of Impact	High	Scope of Impact	Global/business model
Industry Context	The building sector accounts for a substantial share of global energy consumption and stands as a major source of GHG emissions. Governments worldwide continue to tighten building energy efficiency regulations as a central lever for meeting carbon neutrality targets. Efficiency standards for heating and hot water equipment are rising accordingly, and demand is growing for high-efficiency products that meet them. In Korea, the gas boiler market is closely tied to new construction volumes, and the recent contraction in new construction has shifted the market toward replacement demand. Against this backdrop, compliance with energy efficiency regulations has become a decisive factor in how consumers choose replacement products, and KD Navien recognizes preemptive response to regulatory change as a top priority.		
Financial Impact	Tighter energy efficiency regulation can bear directly on our key product markets. In Korea, the mandate for Zero Energy Building (ZEB) Grade 5 design has extended from public buildings to private construction, elevating the importance of ECO2 energy performance assessment; whether a product meets these criteria can determine its applicability in the new-build market. Globally, the U.S. Department of Energy (DOE) continues to raise energy efficiency standards for residential boilers and water heaters, and we anticipate restrictions on North American sales of non-compliant products as well as higher costs for product improvement and certification associated with regulatory compliance. With residential boilers and water heaters representing approximately 83% of our total revenue, tightening energy efficiency regulations at home and abroad could weigh on KD Navien financially on both the revenue and cost sides.		

Response Strategy

KD Navien continuously monitors energy efficiency regulations in Korea and abroad and builds market-specific standards into its products from the development stage to stay ahead of the shifting regulatory landscape. We also pursue emissions reduction through efficiency gains within the same energy source: our condensing boilers reach efficiency levels of approximately 96%, cutting both energy use and emissions relative to conventional products. We hold 20 High-Efficiency Energy Equipment certifications in Korea, covering 23 models, and 7 ENERGY STAR certifications in the US, covering 18 models, meeting the efficiency standards of our key markets. Expanding the reach of our condensing products also contributes to near-term emissions reduction.

Delivering High-Efficiency Products

We continuously advance the core technologies, components, and control methods behind each product line, tailored to its characteristics, to raise energy efficiency and curb energy loss. By applying heat recovery, precision control, and electrification technologies across our boilers, water heaters, HVAC systems, and air purification products, we reduce energy consumption in the use phase and improve operating efficiency.

Product Energy Efficiency Strategy by Product Line

Boiler Improving combustion and thermal efficiency Condensing technology Recover residual heat from exhaust gas to improve thermal efficiency Wet-type heat exchanger Maximize condensation heat recovery Freeze protection operation control Minimize energy loss	Water Heater Improve hot water supply efficiency Condensing tankless water heater Minimize standby heat loss while ensuring high efficiency in hot water supply TDR precision control Precisely modulate combustion output to match demand Heat pump water heater Maximize energy efficiency through high-efficiency heat pump-based heating (tank type, UEF3.8)	HVAC Transition to high-efficiency electric HVAC Heat pump technology Deliver high heat generation relative to electricity consumed Inverter-driven compressor Optimize energy use by automatically adjusting capacity to load Gold fin coil coating Improve deforst efficiency and operating performance	Ventilation Air Purifier Optimize operation while reducing energy loss Heat recovery ventilation (HRV) Minimize heating and cooling energy during ventilation Smart control algorithm Optimize operation by coordinating air quality, humidity, and airflow Dehumidification function Reduce heating and cooling energy through optimal indoor humidity
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Sustainable Business Model

Strategy

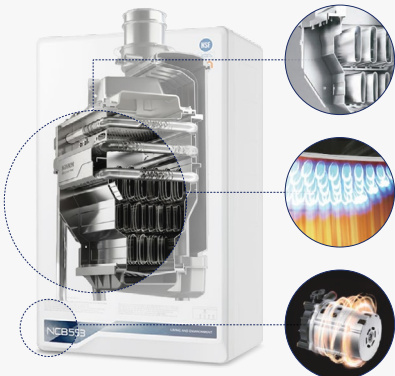
Energy Efficiency

Energy Efficiency Improvement Cases

KD Navien continuously drives design improvements to raise energy efficiency across its entire product range. Through structural optimization, higher-performing core components, and more sophisticated operating algorithms, we reduce energy consumption in the use phase while enhancing both convenience and reliability in real-world conditions.

Gas Boiler NCB500

KD Navien improved the structure and operating performance of the NCB500 gas boiler to raise its energy efficiency. We replaced the previous separated heat exchanger with an integrated design, slimming the product and reducing component count while achieving ErP¹⁾ Class A energy performance, enabling high-efficiency operation in the process. This product was equipped with a freeze protection system, minimizing unnecessary energy loss and ensuring the boiler runs reliably even in severe cold.



Heat exchanger structural optimization

- Slimmer product design and improved resource efficiency
- Transition from a separated to an integrated heat exchanger, reducing component count and simplifying the structure

1 Primary freeze protection

- Automatic circulation pump activation
- Automatic activation of the circulation pump when water temperature in the boiler piping falls to 10°C or below

Secondary freeze protection

- Automatic minimum-rate combustion
- Activation of minimum-rate combustion when piping water temperature falls to 6°C or below, or when incoming water temperature reaches 0°C

Dehumidifying Air Purifier THE650 (fixed-speed)

KD Navien advanced both the performance and energy efficiency of its THE650 fixed-speed dehumidifying air purifier. We improved heat recovery efficiency to cut energy loss and raise operating efficiency, and refined the control algorithm to enable stable dehumidification even in low-temperature conditions. We also increased dehumidification capacity and ventilation airflow, strengthening air conditioning performance and delivering more efficient indoor environment management.

Improved dehumidification capacity

- Greater efficiency in indoor humidity management
23.2L → 28.8L **+20%**

Enhanced ventilation airflow

- Improved indoor air circulation efficiency
150CMH → 200CMH **+33%**



Higher heat recovery efficiency

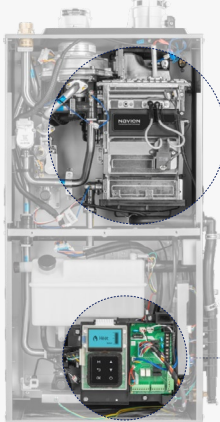
- Reduced energy loss during ventilation
Heating 15.08L → 17.88 **+18%**
Cooling 10.54L → 13.23 **+25%**

Advanced control algorithm

- Expanded dehumidification operating range / Outdoor temperature
18°C → 5°C **Enlargement**

Hydro Furnace NPF700

The KD Navien Condensing Hydro Furnace is a high-efficiency heating system that pairs condensing heat recovery with hydronic heating. Conventional furnaces vent the heat in post-combustion exhaust gas straight to the outside; our condensing heat exchanger instead captures the residual heat in that exhaust and feeds it back to the heating cycle, lowering fuel consumption and raising thermal efficiency. The hydronic approach, which uses water as the medium for heat transfer, further reduces heat loss and improves energy transfer efficiency compared with directly heating air. Together, these two technologies deliver an Annual Fuel Utilization Efficiency (AFUE) of approximately 97%. The product also modulates its firing rate automatically across a 15% to 100% range in response to real-time heating load, cutting the unnecessary energy consumption that comes with over-firing.



Condensing heat recovery and hydronic heating

- Deliver high-efficiency heating with an Annual Fuel Utilization Efficiency (AFUE) of approximately **97%**
- Combine condensing heat recovery with hydronic heating to minimize energy loss while maximizing heating efficiency

Modulating operation control

- Minimize energy waste through **automatic firing rate adjustment** in response to heating load
- Reduce unnecessary energy consumption through modulating operation across a 15%-100% range

1) ErP (Energy-related Products): Energy efficiency ratings established under the EU's Energy-related Products Directive; Grade A indicates high energy efficiency

Sustainable Business Model

Strategy

Eco-friendly Refrigerants

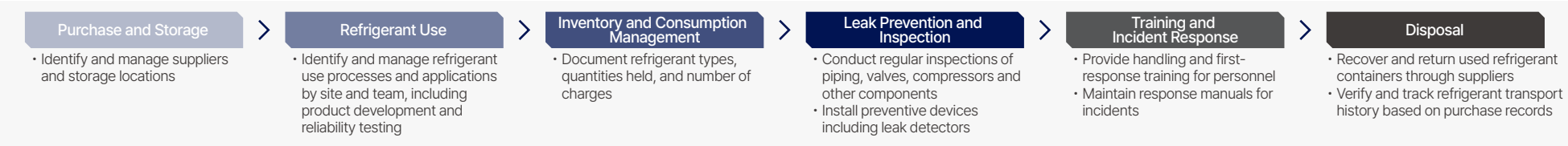
05. Utilization of low-carbon energy sources

Time Horizon	Short term	Likelihood	High
Magnitude of Impact	High	Scope of Impact	Global/business model
Industry Context	Since the Kigali Amendment to the Montreal Protocol entered into force, major economies have progressively tightened HFC refrigerant regulations, raising the bar for full life cycle management covering the purchase, use, leak prevention, and disposal of refrigerants. Refrigerant leaks are of particular concern: beyond their direct GHG emissions, their flammability and explosiveness can lead to safety incidents. Major jurisdictions are accordingly expanding regulation across both safety and environmental management, from mandatory leak inspections and stricter certification for refrigerant handlers to compulsory recovery and reclamation of used refrigerants. As KD Navien expands its HVAC portfolio, establishing full life cycle refrigerant management has emerged as a priority directly tied to product competitiveness.		
Financial Impact	The Kigali Amendment, adopted in 2016, made the phase-down of HFC refrigerants an international obligation, tightening refrigerant regulation and driving demand for HVAC products that use eco-friendly refrigerants with lower global warming potential (GWP). This prompted KD Navien to develop the technology to apply R290 ²⁾ refrigerant—which has lower GWP than conventional R32—to key HVAC products, including ATW heat pumps and HPWHs. As our lineup of low-GWP refrigerant products grows, it can improve market access by ensuring compliance with global regulations, and can also directly affect sales of eco-friendly products, which accounted for approximately 73% of our total revenue in 2025.		

1) GWP (Global Warming Potential): An index of a given greenhouse gas's relative contribution to global warming, measured against carbon dioxide (CO₂) as a baseline of 1

2) R290: A propane-based natural refrigerant with a low GWP of around 3, offering reduced greenhouse gas impact compared with conventional refrigerants

Refrigerant Full Life Cycle Management



Response Strategy

KD Navien has charted a roadmap for the transition to low-GWP refrigerants and ensures rigorous management over the full cycle—procurement, storage, use, and disposal. By pairing inventory and consumption controls with leak prevention and scheduled inspections, we mitigate the environmental and safety risks inherent in refrigerant use. On the product front, we are developing the technology to apply R290 across key HVAC products, including ATW heat pumps and HPWHs, positioning ourselves ahead of tightening global refrigerant regulation. We are targeting completion of the detailed engineering by 2027 and are concurrently establishing the design standards and operating protocols needed to secure safety.

Refrigerant Application by Product

Category	Cooling Only/ Heat Pump	Heat Pump Water Heater	Outdoor Unit	Indoor Unit
Product line	 NAZ Series	 HPWH	 Condensing air conditioner	 1WAY cassette
Refrigerant applied	R454B R32	R134A	R32	R32
GWP ¹⁾	466 675	1,300	675	675

Full Life Cycle Refrigerant Management

KD Navien is advancing full life cycle management for refrigerants, spanning purchase, use, inspection, and disposal. We have set management standards for each stage and apply them systematically across all our sites.

Sustainable Business Model

Strategy

LCA-based Ecodesign

06. Development of Low-Carbon Products and Services

Time Horizon	Short term	Likelihood	High
Magnitude of Impact	High	Scope of Impact	Global/business model
Industry Context	As global ecodesign regulations tighten, systematically managing environmental impact across a product's full life—from material selection at the early design stage through production, use, and disposal—has emerged as a key challenge. The EU's ESPR, in particular, sets life-cycle-wide environmental performance requirements around product longevity, greater use of recycled materials, and supply chain transparency. This raises the imperative to expand eco-friendly and recycled materials, to refine design for longer product life, and to build a full life cycle management system that accounts for end-of-life recovery and recycling. In response, KD Navien sees a clear need to embed LCA-based ecodesign throughout product development and to manage environmental impact systematically from raw materials to disposal.		
Financial impact	Product environmental regulations are tightening across major markets—as the EU's ESPR takes effect and the U.S. Department of Energy (DOE) raises its energy efficiency standards. Companies that meet these requirements early can enhance their market access, while government subsidies and tax incentives for high-efficiency, eco-friendly products are driving demand in this category. With overseas sales accounting for approximately 70% of KD Navien's total revenue, embedding LCA-based ecodesign throughout product development can directly affect both regulatory compliance and revenue growth in the North American and European markets.		

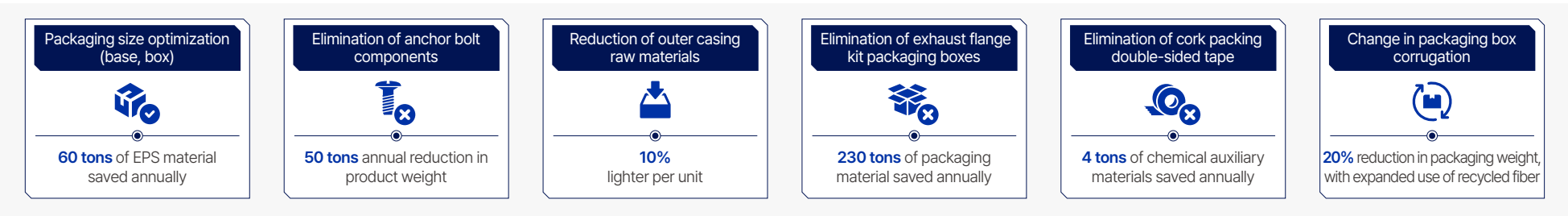
Response Strategy

KD Navien embeds LCA-based ecodesign throughout product development, reducing environmental footprint through lightweighting, eco-friendly materials, and extended product life. We are cutting material consumption by optimizing packaging dimensions, eliminating unnecessary auxiliary materials, and lightweighting product components, while broadening the use of eco-friendly raw and subsidiary materials—including a shift to recycled fiber—to reduce impact across the supply chain. We are also developing IoT sensor-based failure prediction technology for our boilers, extending product life and preventing premature disposal, as part of our broader efforts to improve our environmental performance across the full life cycle.

Extending Product Life

KD Navien is advancing boiler failure prediction technology to prolong product life and forestall premature replacement, thereby curbing resource consumption and environmental impact. Drawing on IoT sensor data from our boilers, we examined the correlation between declining thermal efficiency and the onset of failure, and engineered a solution that identifies early warning indicators before a fault occurs—securing a patent filing in 2025. The result is a service platform that alerts customers to irregularities at the outset and directs them to timely inspection. With commercial launch planned for 2026, this capability will extend product longevity and improve environmental performance across the full life cycle.

Key Achievements in Product and Packaging Lightweighting in 2025¹⁾



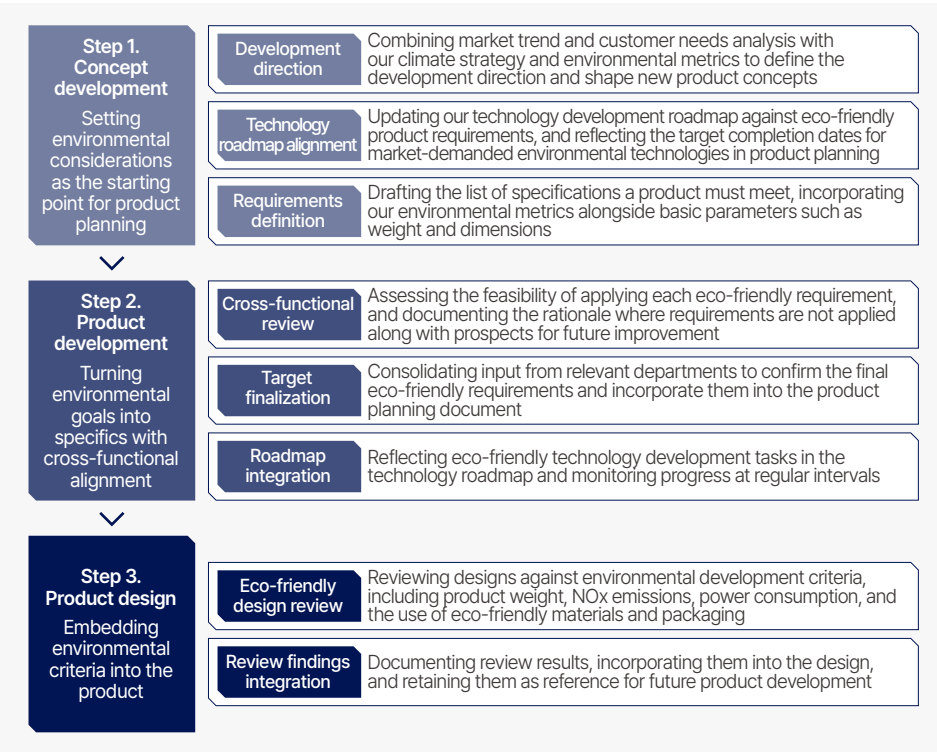
1) Estimated from production and sales volumes and loading standards for each product

Sustainable Business Model

Risk Management

Eco-friendly Product Development Process

In 2025, KD Navien established a new eco-friendly product development process, embedding environmental review at every stage from initial planning through to design sign-off. At the concept stage, we define environmental requirements shaped by market trends, our climate strategy, and customer needs, then carry them consistently into design through cross-functional review. We track progress and implementation at each gate on a regular basis, refining how we operate this process over time. This framework underpins sustainable product development that advances energy efficiency and curtails pollutant emissions.



Regulatory Response and Policy Engagement

KD Navien keeps close watch on regulatory changes affecting the environmental performance of its products—from packaging and hazardous substances to refrigerants and air quality—and builds these requirements into product development and design well before they take effect. In North America, we meet U.S. and Canadian environmental requirements in full. In Korea, we sit alongside government agencies and academic societies in refining assessment criteria and setting standards, advancing the regulatory framework beyond mere compliance.

Regulatory Response in North America

Category	Regulation	Jurisdiction	Our Response
Greenhouse gas	Electrification policy	US	• Engagement with California environmental regulators (CARB, AQMD) and proposal of technology alternatives
Packaging and plastics	Extended Producer Responsibility (EPR)	Multiple US states	• Analysis and reporting of packaging materials • Transition to recyclable design
	Federal Plastics Registry (FPR)	Canada	• Analysis and reporting of plastic types • Transition to reduced-material design
Hazardous substances	PFAS ¹⁾ regulations	US, Canada	• Analysis and reporting of PFAS compounds • Preparation for transition to reduced-content design
Refrigerants	HFC refrigerant rules	US	• Transition to refrigerants with GWP of 700 or below • Annual compliance reporting to the EPA
Air quality	Air quality standards	California	• Expanded supply of Ultra Low-NOx products

1) PFAS (Per- and Polyfluoroalkyl Substances): A class of fluorinated chemicals that do not break down naturally and may affect the environment and human health

Policy Engagement and Standard Setting in Korea

Category	Description
Improving the ECO2 building energy demand assessment criteria	Raised with the relevant authorities the issue of primary energy demand being overstated for integrated piping systems under the expanding Zero Energy Building (ZEB) mandate, and proposed revisions to the assessment criteria
Establishing a water supply standard for condensing air conditioners	Participated in standard-setting activities through the Korean Institute of Architectural Sustainable Environment and Building Systems to develop criteria for calculating water supply volumes in apartment buildings equipped with condensing air conditioners

Sustainable Business Model

Risk Management

Product LCA Background and Purpose

As pressure for climate action mounts and customers and investors look more closely at the environmental credentials of products, KD Navien has turned to Life Cycle Assessment (LCA) to map the environmental impact of its products across their full life cycle and to embed those findings into design and development. The results guide our efforts to reduce impact in the use phase, and we intend to widen LCA coverage across further product lines in phases, advancing our framework for managing product-level environmental impact.

LCA Methodology

In preparing our life cycle assessments and UL EPD certification, we reviewed the applicable Product Category Rules (PCR). Drawing on the PCR for residential boilers,¹⁾ we defined the functional unit, system boundary, and other parameters to set our LCA criteria. We then assessed our key water heater products across seven environmental impact categories, carbon footprint among them.

1) KEITI (Korea Environmental Industry and Technology Institute), Residential Boiler PCR 007

LCA Environmental Impact Categories



Resource footprint



Carbon footprint



Ozone depletion



Acidification



Eutrophication



Photochemical smog



Water footprint

LCA Results

Across our key water heater products, the use phase proved the dominant contributor in six of the seven categories assessed, water footprint alone excepted. The driver is fuel combustion during operation, which establishes use-phase energy consumption as the decisive factor in our products' environmental profile. These findings have led us to designate the use phase as a priority for management: we are lowering carbon emissions by raising thermal efficiency and thereby reducing fuel consumption, while advancing low-NOx technology to curb air pollutant emissions. Looking ahead, we will continue to manage environmental impact across the full product life cycle and to minimize it through eco-friendly product development.

Expanding EPD Certification in Korea and Abroad

To manage product environmental impact on a quantitative basis and strengthen external credibility, KD Navien is bringing more of its products under LCA-based certification in Korea and globally. In North America, we completed LCA of key water heater products for the market and secured UL-verified Environmental Product Declarations (EPD). In Korea, we have obtained EPD certification for our gas boiler and gas water heater lines. This work strengthens how we manage environmental impact across the full product life cycle, and we will continue to widen LCA coverage across further product lines.

Products Certified with EPD Based on LCA

Item				
	NPE-240A-NG	NHW700-160SU	NHW700-180SU	
Type	Condensing	Non-condensing	Non-condensing	
NOx	Low-NOx	Low-NOx	Low-NOx	

Carbon Footprint Distribution by Life Cycle Stage

Product/Stage	Unit	Pre-Manufacturing	Manufacturing	Use	Disposal
NPE240A-NG	%	0.47	0.05	99.46	0.02
NHW700-160SU	%	0.44	0.05	99.49	0.02
NHW700-180SU	%	0.50	0.04	99.44	0.02

Products Certified under Korea's Environmental Product Declaration (Carbon)

Item				
	Gas boiler	Gas boiler	Gas boiler	
Product line	Gas boiler	Gas boiler	Gas boiler	
Model	NCB300	NCB700	NCB790	

Sustainable Business Model

Risk Management

Green Procurement

To minimize environmental burden and use resources efficiently, KD Navien has established a green procurement policy and applies the principle of giving preference to green products where quality and terms are comparable. Our sourcing decisions weigh green certification status, recyclability, and environmental impact together, and we are expanding purchases of eco-friendly office supplies and products of improved environmental performance. In collaboration with suppliers, we continue to identify eco-friendly materials and products, and factor green procurement criteria into purchasing decisions, embedding green procurement into everyday purchasing practice.

KD Navien Green Procurement Policy

- 1. Fulfill corporate social responsibility and comply with laws to conserve the environment through green procurement activities.
- 2. Continuously secure a pool of suppliers and strive to build organic relationships with them to ensure stable green procurement activities.
- 3. Except in unavoidable circumstances, prioritize purchasing green products when quality and conditions are equivalent to establish a green procurement culture.
- 4. Continue efforts to discover eco-friendly products to expand green procurement.

Green Procurement Process



2025 Overview of Green Procurement

Category	Unit	2025 Performance
Green product purchases ¹⁾	KRW million	85.7
Total purchases	KRW million	863,743
Green procurement ratio	%	0.01

Targets and Metrics

Eco-friendly Product Revenue and KPIs

KD Navien maintains internal criteria for classifying eco-friendly products—including condensing boilers and condensing water heaters—benchmarked to third-party certification standards.²⁾ This approach bases our strategy to expand the range of eco-friendly products, delivering business and environmental results in tandem. Eco-friendly products accounted for approximately 73% of our revenue in 2025, holding above 60% for the third consecutive year. Going forward, we will draw on LCA-based data to quantify our Scope 3 emissions reduction performance and continue to refine our KPI framework.

Eco-friendly Product Revenue

Category	Unit	2023	2024	2025
Eco-friendly product revenue	KRW million	794,908	996,961	1,090,071
Share of total revenue	%	66	74	73

Eco-friendly Certification

Sustained technological innovation enables KD Navien to raise the energy efficiency of its products and widen the use of environmentally sound materials. We hold a substantial number of stringent eco-label and high-efficiency certifications across the markets we serve, each offering independent validation of our products' excellence. By securing and rigorously maintaining these credentials at home and abroad, we sharpen our competitive position in global markets and reinforce our standing as an environmentally responsible manufacturer.

Eco-friendly Certifications Obtained in 2025³⁾

Certification	 Korea Eco-Label	 Environmental Product Declaration	 Green Technology Certification	 High-Efficiency Energy Equipment	 ENERGY STAR
Country	Korea	Korea	Korea	Korea	US, Canada
Certifications (models registered)	12 (40 models)	6 (20 models)	1 (4 models)	20 (23 models)	7 (18 models)
Product line	Gas boiler	Gas boiler	Ventilation air purifier	Gas vacuum hot water boiler, commercial boiler	Gas boiler, gas water heater

1) Based on the combined production and purchase costs of printed materials using FSC-certified paper and soy-based ink
2) Class 1 certification under Korea's Air Management Area Act for the domestic market; ENERGY STAR certification for North America (United States and Canada), among others
3) In 2026, obtained three eco-friendly certifications in the United Kingdom (MSC, KeyMark, ErP efficiency rating)

■ Company Overview

■ ESG Management

■ Focus Area

■ **ESG Performance**

Environmental
Environmental Management
Biodiversity

Social
Safety and Health Management
Talent Management
Human Rights Management
Supply Chain Management
Customer-Centric Management
Community Engagement
Information Security

Governance
Board of Directors
Protection of Shareholder Rights
Ethics & Compliance Program
Integrated Risk Management

■ Appendix

ESG PERFORMANCE

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Company Overview

ESG Management

Focus Area

ESG Performance

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Social
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Appendix

ENVIRONMENTAL

The diagram illustrates three key areas of environmental management, each represented by a colored box with a specific icon and a list of goals:

- Waste** (Dark Green Box):
 - Icon: Recycling symbol.
 - Goals:
 - Pursue zero waste to landfill
 - Expand recycling and reduce packaging materials
- Water Resources** (Teal Box):
 - Icon: Water drop with circular arrows.
 - Goals:
 - Establish a recycled water circulation system
 - Strengthen monitoring of water use and reduce wastewater generation
- Pollutants** (Light Green Box):
 - Icon: Prohibited sign over a cloud.
 - Goals:
 - Conduct reduction activities by area covering air pollutants, water pollutants, and hazardous chemicals
 - Operate the Chemical Substance Management System (CMS) and comply with global environmental regulations

Environmental Management

Risk Management

Guidelines and Policies

Environmental Management Policy

Under its vision of becoming a “Partner for Comfortable Living Environments,” KD Navien aims to create healthy and comfortable residential environments for customers and a sustainable global environment for future generations. To this end, the Company recognizes the environment as a core element of its management activities and has established an environmental management policy based on eight key principles to practice ESG management throughout the entire product lifecycle. Through its environmental management policy, KD Navien has also specified environmental impact management standards for all business sites, departments, products, and services, and systematically improves environmental performance across the entire process, from raw material production to product use and disposal. KD Navien promotes company-wide environmental management by designating the establishment of a global environmental management system, climate change response, operation of voluntary management systems exceeding legal standards, development of eco-friendly products, sustainable operation of business sites, support for suppliers’ environmental management, biodiversity conservation, and transparent disclosure of environmental information as its key initiatives.

[Environmental Management Policy](#) [Environmental Management Guidelines](#)

Environmental Compliance

Under its goal of “Zero Environmental Law Violations,” KD Navien continuously monitors the enactment and amendment of environmental laws and regulations related to air quality, water quality, waste, and chemical substances to proactively respond to environmental risks. Compliance with environmental laws and regulations at all business sites is regularly reviewed through EHS audits conducted twice a year. KD Navien has also established crisis management systems for air quality, Wastewater, and chemical substances, along with scenario-specific response manuals, to strengthen its environmental management capabilities.

2025 Environmental Compliance Status

EHS Audits Conducted in 2025

Twice a year

Environmental Law Violations in 2025

0 cases

Implementation Activities

Environmental Training

KD Navien provides various environmental training programs to ensure that employees clearly recognize the importance of environmental protection and effectively integrate environmental values into their daily work. In 2025, customized advanced environmental training was provided primarily to members of the Environmental Management Part. Through the systematic completion of statutory mandatory training, the Company improved the efficiency and performance of environmental management at its business sites. In addition, executive ESG strategy and leadership training was conducted for executives and team leaders to spread the practical value and importance of sustainability management throughout the organization.

2025 Environmental Management Training Implementation Status

Category	Target	Training Method	Key Content	Number of Participants
Environmental Practical Competency Enhancement Training	Members of departments affiliated with the Environmental Management Part	One-day lecture by invited experts	Training on resource circulation and biodiversity	23
Statutory Mandatory Training for Environmental Technicians	Personnel responsible for environmental affairs	Online and offline learning hosted by the Korea Environmental Preservation Association	Statutory training on water quality, air quality, waste, noise and vibration, etc.	4

Participation in Global Initiatives

KD Navien is expanding its participation in global initiatives to fulfill its international environmental and social responsibilities. Since 2023, the Company has transparently disclosed its climate change strategies and greenhouse gas emissions through the CDP and enhanced the transparency of climate-related disclosures in accordance with the TCFD recommendations. In 2025, KD Navien expanded its scope of participation to biodiversity by joining the TNFD Forum and participating in the Business N Biodiversity Platform (BNBP), thereby contributing to global discussions on biodiversity conservation. Going forward, KD Navien plans to strengthen its response capabilities regarding major environmental issues, including climate change, the circular economy, and biodiversity, and to continuously expand the application of global guidelines.



Environmental Management

Water Resources

Implementation Direction

KD Navien recognizes the efficient use and stable management of water resources as a key priority, as water is used in production processes and product trial operations. To improve water-use efficiency, the Company regularly reviews the use of recycled water and systematically monitors municipal water consumption by major application area. Taking into comprehensive consideration the water-use characteristics of each process, the limitations of existing water reuse facilities, and the potential for technical improvements, KD Navien is upgrading facilities and optimizing operations to expand the use of recycled water.

Key Implementation Directions

Strategic Direction	Detailed Strategic Tasks
Improvement of Recycled Water Cooling System Efficiency	• Introduce a recirculating cooling system for recycled water and improve the temperature of supplied water
Pollution Level Management	• Maintain all 28 parameters below municipal water quality standards • Improve the filtration efficiency of recycled water treatment
Ensuring the Reliability of Supplied Water	• Conduct regular analyses of 28 parameters, including Pb (lead)

Water Resource Management Targets and Performance

Category	Management Indicator	2025 Performance Against Target		Management Targets	
		Target	Performance	2026	2028
Water Reuse	Water Reuse Rate	At least 35%	31%	At least 36%	At least 38%

Risk Management

Guidelines

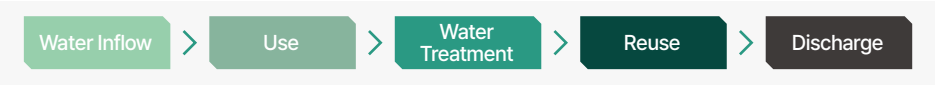
Water Resource Management Policy

KD Navien aims to minimize its dependence on external water sources in managing the water resources required for business site operations and to establish a water-neutral system through rainwater utilization and its own wastewater treatment system. The Company compiles and analyzes municipal water, groundwater, and recycled water consumption each month and has established specific targets for the recycled water usage rate. Monthly performance is also regularly reported to management and reflected in Company policies to enable continuous improvement.

Management Process

KD Navien has established and operates a water resource management process covering the entire cycle, from water use at its business sites to recycling and wastewater treatment. In 2025, the Company selected water quality testing parameters to manage potential risks associated with water quality and conducts monthly comparative analyses of municipal water, groundwater, and recycled water. Water samples collected at the same time are analyzed internally by the WTS Team, and the results are shared with the EHS Team, Quality Management Team, Production Team, and Reliability Research Team to enable integrated monitoring of key water quality indicators. The test results are also compared and reviewed against drinking water quality standards and municipal water quality standards to prevent water quality issues in advance and serve as baseline data for expanding the use of recycled water.

Daily Water Usage Monitoring by Stage



Daily Wastewater Monitoring by Stage



Environmental Management

Water Resources

Implementation Activities

Expansion of Water Reuse

KD Navien's Seotan Factory (ECO Hub) is reducing water consumption and establishing a resource-circulating production environment by converting supplied water to reused water. The Company replaced the supplied water used by wet cleaning vehicles with reused water and converted chemical-mixing water and filter backwash water used in the wastewater treatment process to reused water, thereby transforming the water treatment center into the first Water Re-use facility at the Seotan Factory (ECO Hub). Furthermore, by utilizing treated sewage effluent in cleaning facilities within the treatment process, KD Navien is advancing the establishment of a "water-neutral" business site.

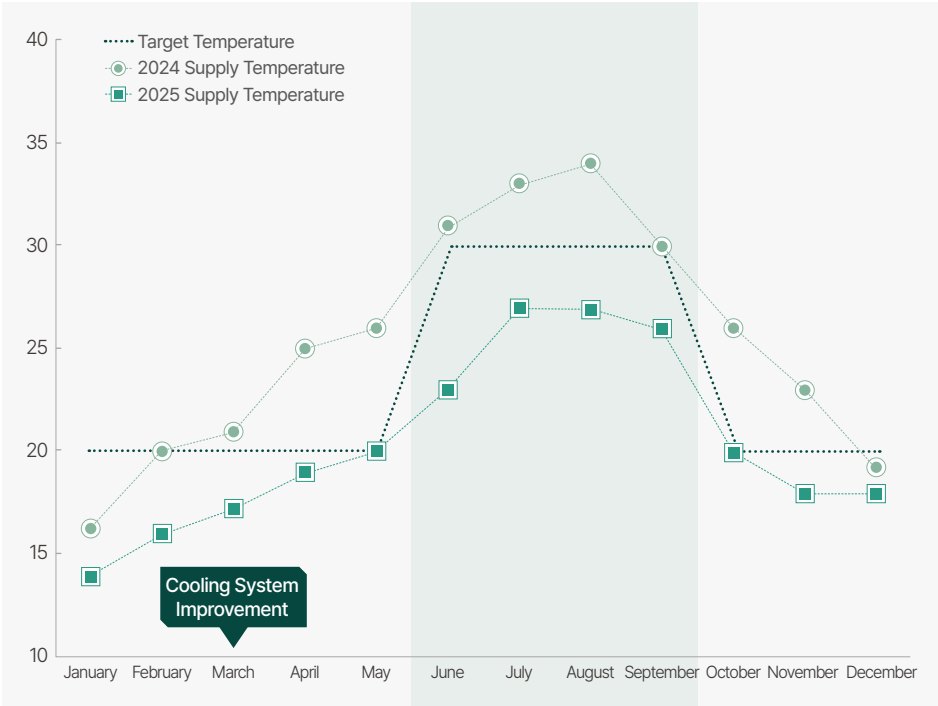
Water Quality Management

The ECO Hub has strengthened its water quality management standards to ensure the reliability of reused water used in product durability testing. Based on product risk analysis, the Company selected 27 testing parameters that may cause corrosion or odor and conducts monthly water quality analyses together with municipal water and groundwater. Through these measures, KD Navien has secured the reliability of test water quality under conditions equivalent to those at product installation sites. Furthermore, to expand the use of process water based on the reliability of reused water quality, the Company is reviewing the application of reused water to pretreatment water for the painting process and product cleaning water, which will be newly introduced in 2026.

Supply Water Temperature Management

As the supply temperature of reused water used in product durability testing directly affects test conditions, KD Navien established supply water temperature standards and improved its cooling system. Through improvements to the reused water cooling system at the ECO Hub, the Company lowered the average water temperature by 5°C compared with 2024 and achieved an annual average temperature of 21°C in 2025, with an average of 26°C during the summer season from June to September. These improvements minimized the amount of municipal water mixed in to regulate the temperature of test water, enhancing both water resource management and productivity.

Monthly Supply Temperature of Reused Water (2024–2025)



Environmental Management

Water Resources

Implementation Activities

Reduction of Wastewater Discharge

KD Navien continuously implements improvement activities at each business site to reduce wastewater generation and ensure stable water quality management. In 2025, the introduction of a new HPWH process at the Seotan Factory (ECO Hub) added an additional wastewater-generating process, resulting in an approximately 1% year-on-year increase in total wastewater discharge. However, the Pyeongtaek and Songtan business sites reduced their combined wastewater discharge by approximately 12% compared with the previous year through voluntary environmental improvement activities, including optimizing water use in the painting and degreasing processes. In addition, KD Navien is establishing an eco-friendly smart production base by monitoring all major wastewater discharge facilities in real time. The Company also minimizes wastewater generation by optimizing water input volumes by production process and continuously carries out activities to reduce water pollutants.

2025 Wastewater Discharge Reduction Performance (Pyeongtaek and Songtan)

Pyeongtaek Business Site	Songtan Business Site	Total (Pyeongtaek and Songtan)
9% reduction	38% reduction	12% reduction

Wastewater Treatment Management

KD Navien applies treatment methods appropriate to the characteristics of the wastewater generated and manages it through either in-house treatment or outsourced treatment, thereby minimizing the environmental impact of wastewater discharge. In 2025, the Company focused on minimizing chemical input volumes to improve wastewater treatment efficiency. As a result, chemical usage decreased by approximately 12%, with a 25% reduction in intensity—while the amount of wastewater treatment sludge generated declined by 20.5%. These improvements generated approximately KRW 10 million in savings from reduced chemical expenses and waste treatment costs. Going forward, KD Navien plans to continuously enhance its management standards by improving treatment process efficiency and optimizing facility operations.

Wastewater Treatment Efficiency Improvement Performance

Item	2024	2025	Change
Chemical Usage (ton/year)	63.12	55.60	12% decrease
Wastewater Treatment Sludge Consigned for Disposal (ton/year)	67.47	53.67	20% decrease

Environmental Management

Waste

Implementation System

In accordance with its Environmental Management Policy, KD Navien systematically manages waste generated across all business activities and strives to minimize environmental impacts by expanding resource circulation. To this end, the Company has established company-wide waste management guidelines that define management standards for the entire process, from waste generation to storage and treatment, and continues to pursue improvement activities in compliance with applicable laws and regulations. Waste management at each business site is operated primarily by the EHS Team, with designated personnel at each site to ensure clear on-site accountability. Under the company-wide environmental management framework, waste-related performance is monitored regularly, and prompt corrective and preventive measures are implemented where improvements are required.

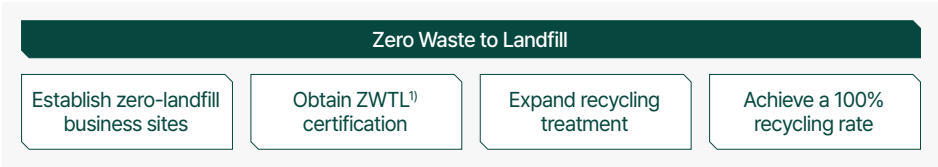
Waste Management System

Category	Details
Management Standards	• Establishment of waste management guidelines
Management Scope	• All KD Navien business sites
Waste Scope	• General waste • Designated waste, including waste oil, waste cutting oil, and waste organic solvents
Treatment Method	• Outsourced treatment by specialized service providers, including recycling, landfill, and incineration • Registration of the “Waste Management Ledger” and “Waste Treatment Request” in the EHS System

Implementation Direction

With the goal of achieving zero waste to landfill, KD Navien has been promoting the establishment of zero-landfill business sites since 2022, centered on the Seotan Factory (ECO Hub), its main production base. Going forward, the Company plans to expand these activities to all domestic business sites, improve its recycling rate, and obtain Zero Waste to Landfill (ZWTL) certification.

Implementation Strategy



1) ZWTL: Zero Waste to Landfill

Waste Management Targets and Performance

Category	2025 Performance Against Target		Management Targets		
	Target	Performance	2026	2027	2028
Recycled Waste Ratio	At least 96%	95%	At least 98%	At least 98%	At least 98%
Waste Generation Intensity	0.098 or less	0.09	0.09 or less	0.09 or less	0.09 or less

Environmental Management

Waste

Risk Management Guidelines

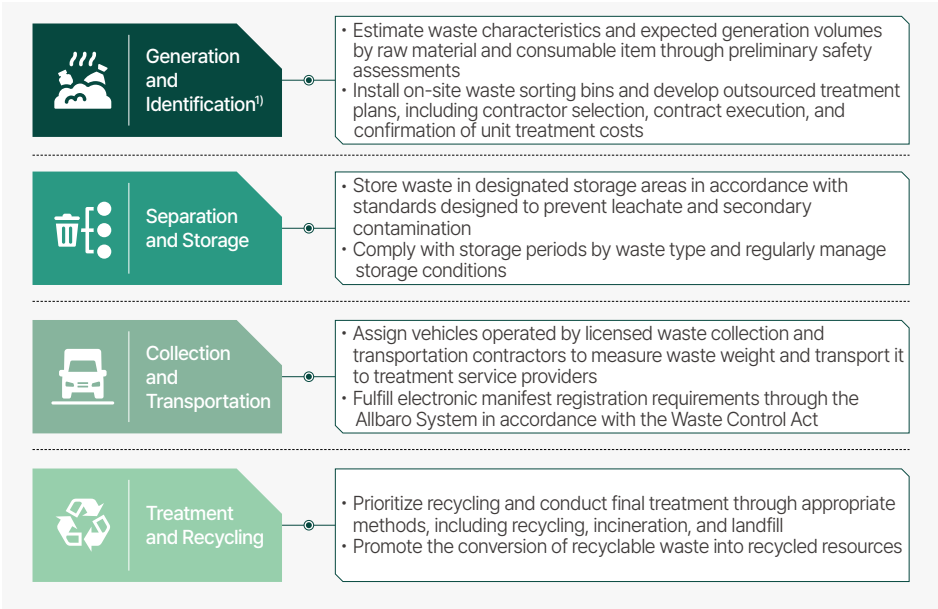
Waste Management Policy

KD Navien complies with relevant systems, including the Extended Producer Responsibility (EPR) system, the Waste Charge System, and the Environmental Guarantee System. Through these systems, the Company improves resource efficiency throughout the entire process—from production, sales, and consumption to disposal and recycling—and faithfully fulfills its recycling obligations and responsibilities. KD Navien also continues to advance its waste management system with the ultimate goal of recycling all waste, while reducing waste generation and improving the recycling rate.

Management Process

KD Navien identifies the causes of waste generated through its business site operations and manages the entire process—from generation to final treatment—through the following four-stage process.

Detailed Activities by Waste Treatment Stage



1) Event-related waste, including items used for pilot tests, is separately submitted and processed through the “Waste Treatment Request” function in the EHS System.

Environmental Management

Waste

Implementation Activities

KD Navien has identified reducing waste generation and expanding recycling as key priorities and continues to implement waste reduction activities, including packaging material reduction and quality improvement, as well as initiatives to convert waste into recyclable resources. As a result, total waste generation in 2025 decreased by approximately 4% compared to 2024, while the waste recycling rate was 95%.

Waste Generation and Recycling Over the Past Five Years (2021–2025)



Category	2021	2022	2023	2024	2025
Total waste generation (tons)	950.18	897	973	1,191	1,140
Waste recycled (tons)	835.09	844	937	1,164	1,115
Waste recycling rate (%)	82%	94%	96%	98%	95%

Waste Reduction

Reduction of Stretch Film Packaging

KD Navien is improving its product packaging processes to conserve resources and reduce waste generation. In particular, the packaging specifications for processed and coated products were redesigned to reduce the thickness of stretch film by approximately 15%, from 20 μm to 17 μm, and the number of wrapping cycles was reduced from ten to nine, thereby lowering resource consumption. Through these activities, KD Navien achieved 148% of its annual target based on cumulative performance in 2025.

Achievement Against Annual Target 148%

Packaging Simplification

KD Navien is simplifying packaging and reducing the labor required to remove packaging by eliminating vinyl packaging for materials and increasing the loading quantity per package. The number of applications is managed monthly and gradually expanded, and KD Navien achieved 100% of its annual application target in 2025.

Achievement of Packaging Simplification Target 100%

Expanding Recycling

Recycling Waste Pallets

KD Navien recovers and recycles waste pallets generated during production and transportation to reduce waste generation and increase reuse rates. In particular, beginning in 2025, all pallets generated when domestic raw materials are received have been collected and recycled. For imported products, KD Navien plans to expand its recycling coverage from 2026 by engaging an external pallet collection company. Through these efforts, pallets previously treated as waste synthetic resin are being incorporated into a resource circulation system, contributing to reduced waste treatment costs and improved resource utilization efficiency.

Recycling Castable Production Waste

At the Seotan Factory (ECO Hub) and Pyeongtaek Factory, castable waste that was previously packaged in small sacks and sent to landfills is now stored in ton bags, enabling it to be handled by recycling companies. Through this initiative, approximately 13 tons of waste per year is being diverted from landfill to recycling.

Improving the Treatment Method for Waste Expanded Polystyrene (EPS)

KD Navien has transitioned the treatment method for waste expanded polystyrene (EPS) from conventional crushing and pulverization to recycling it as a raw material for manufacturing. This change is expected to enable the recycling of approximately 24.3 tons of EPS annually and supports the transition from a waste treatment-oriented approach to a resource circulation-oriented approach. KD Navien also operates a dedicated waste storage area to ensure the stable management of outsourced waste treatment volumes.

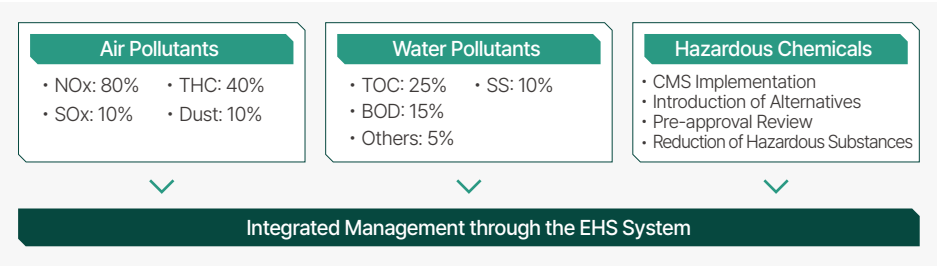
Environmental Management

Pollutants

Implementation System

KD Navien has established its own environmental management standards and complies with applicable domestic regulations to systematically manage environmental impacts. In particular, the Company applies internal management standards for air and water pollutants that are more stringent than legally permitted emission limits. To manage hazardous chemicals, KD Navien operates a pre-approval process through its Chemical Management System (CMS) to restrict the introduction of products containing hazardous chemicals while actively promoting the adoption of safer alternatives and initiatives to reduce hazardous substances. In addition, the Company systematically manages environmental performance indicators, including water consumption and waste, through its company-wide EHS System. By managing key environmental data, such as regulatory compliance status and environmental inspection results, on a system-based platform, KD Navien continuously monitors the environmental management status of each business site.

Environmental Management System



Chemical Management System

KD Navien has established and operates a Chemical Management System (CMS) to comply with legal requirements and prevent chemical-related risks across its business sites. All chemicals handled at each business site are registered and managed through the CMS. Newly introduced chemicals are subject to a pre-review and approval process before use. To minimize discrepancies between chemicals actually used and the registered management list, the Company conducts periodic cross-checks. Verified improvement items are immediately reflected in the system, enabling continuous enhancement of its chemical management practices.

Implementation Direction

KD Navien has established management indicators for air pollutants, water pollutants, and hazardous chemicals to minimize the environmental and community impacts of pollutants generated at its business sites, and is implementing systematic reduction activities. Beyond compliance with legal requirements, the Company has established its own internal management targets and continues to pursue various reduction measures, including improving pollution control facility efficiency, optimizing manufacturing processes, and replacing hazardous substances with safer alternatives. As a result, in 2025, KD Navien achieved reductions across all targeted air and water pollutant categories, including NOx, dust, TOC, and SS.

Pollutant Management Targets and Performance

Category	Management Indicator	2025 Target	2025 Performance
Air Pollutants	NOx	3.05ton	40% reduction
	Dust	0.12ton	36% reduction
Water Pollutants	TOC	0.91ton	46% reduction
	SS	0.129ton	44% reduction
Hazardous Chemicals	Number of hazardous substance mitigation measures	3 or more	3 (including MDI ³⁾ and MEK ⁴⁾)

1) Chemical Management System
2) Total Phosphorus (T-P) / Total Nitrogen (T-N) / N-H (Mineral oil) / N-H (Animal & vegetable oils and Fats)
3) Methylene diphenyl diisocyanate (MDI)
4) Methyl Ethyl Ketone (MEK)

Environmental Management

Pollutants

Risk Management

Product Hazardous Substance Management

KD Navien complies with global environmental regulations from the product development stage to minimize the potential impacts of hazardous substances contained in products on customer health and the environment. Through the Green Product System (GPS), the Company receives relevant documentation from suppliers to verify whether supplied components contain hazardous substances and approves them only after confirming compliance with applicable standards. If substances exceeding the prescribed limits are identified during the review process, alternative substances are identified and applied to enable the continued production of environmentally friendly products. In addition, KD Navien continuously monitors changes in environmental regulations in each country. During mass production, samples of components and finished products are tested to verify compliance with applicable standards. Through these efforts, the Company responds to country-specific regulatory requirements while maintaining the environmental friendliness of its products.

Supplier Hazardous Substance Management

KD Navien periodically tests and verifies whether components supplied by its business partners comply with applicable environmental regulations during both the development and mass production stages. When improvements are required, the Company carries out supplier engagement activities to support business partners in maintaining the environmental friendliness of supplied components.

Environmental Regulatory Management

RoHS	TSCA
• Cd: 80 mg/kg • Pb, Hg, ChromeVI: 800 mg/kg • PBBs, PBDEs: 800 mg/kg • DEHP/BBP/DBP/DIBP: 800 mg/kg	• PIP (3:1) • PCTP (Pentachlorothiophenol) • 2,4,6 TTBP (Tri-Tert-Butylphenol) • HCBd (Hexachlorobutadiene) • decaBDE &TCE (Trichloroethylene)
REACH	Proposition 65
• Management of SVHC (Substances of Very High Concern) • Management of SVHC Candidate List Substances	• Proposition 65 Substance list

Implementation Activities

Air Pollutants

KD Navien continuously carries out management activities to ensure the efficient operation of air pollution control facilities. In 2025, the Company replaced the filter media of the AC Tower (activated carbon adsorption facility) as part of its regular maintenance program to maintain system performance. In addition, steam cleaning was conducted to prevent increases in differential pressure inside the equipment. These activities removed internal scale generated during operation, minimizing reductions in equipment efficiency caused by lower exhaust flow rates and increased differential pressure.

Water Pollutants

To manage wastewater generated from production activities, KD Navien applies internal standards that are more stringent than the legal effluent limits prescribed under the Water Environment Conservation Act. The Company continuously manages wastewater treatment facilities to ensure stable operation and maintains a response system capable of promptly addressing abnormal situations. In 2025, the inspection checklist for wastewater treatment facilities was revised to improve inspection effectiveness and prevent accidents. Quarterly operational inspections are conducted for pumps that are essential to wastewater treatment, while spare parts are kept in stock to enable immediate replacement when necessary. In addition, measuring instruments that have reached or exceeded their service life are reviewed for replacement. Replacement is being carried out sequentially beginning in 2025, with completion planned by 2026.

Hazardous Chemicals

KD Navien conducts pre-use safety assessments for all chemicals and comprehensively reviews their hazardous characteristics and applicable regulatory requirements before use. Material Safety Data Sheets (MSDSs) and warning labels for chemicals registered in the Chemical Management System (CMS) can be immediately printed and reviewed on-site, allowing employees to promptly identify hazard information during handling. The Company also conducts periodic Theme inspections of chemical management to review on-site handling practices. When unregistered chemicals are identified, they are immediately reviewed and appropriate management measures are established. Following the revision of the Chemicals Control Act in 2025, KD Navien reviewed all regulated substances currently in use, verified regulated substances and their concentrations, and updated the CMS accordingly. For products containing hazardous substances, the Company conducted comprehensive inspections and established reduction plans, which will be implemented in phases.

Hazardous Substance Reduction Activities

Chemical	Improvement Measure	Implementation	Completion
Methanol	Introduced alternative substance	2022.12	2024.10
Zinc Oxide			2024.06
Aluminum Chloride	Discontinued use	2024.01	2024.10
Refractory Ceramic Fiber	Introduced alternative substance	2024.01	2024.12
MDI ¹⁾	Introduction under review	2025.01	2025.03
MEK ²⁾	Introduced alternative substance	2025.03	2025.04
Dicyclohexylamine	Introduced alternative substance	2025.07	2025.08

1) Methylene diphenyl diisocyanate

2) Methyl Ethyl Ketone

- Environmental
- Environmental Management
- Biodiversity
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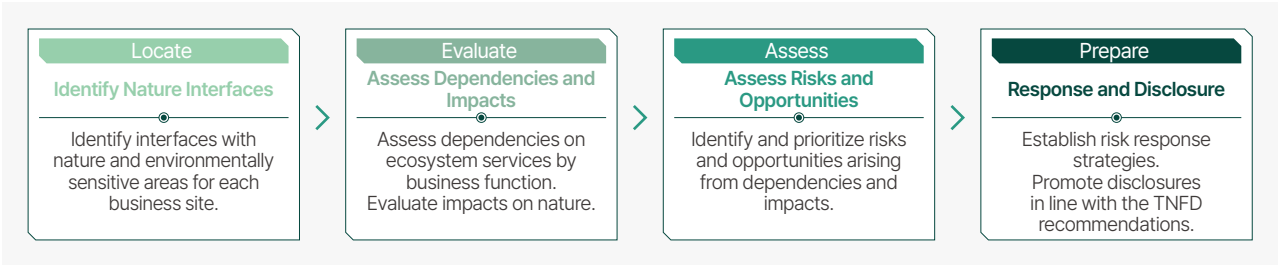
Biodiversity

Implementation System

KD Navien recognizes its dependencies on and impacts on natural capital throughout its business activities and is establishing a foundation to identify and manage related risks. As domestic and global interest in natural capital and biodiversity continues to grow, the Company is reviewing potential impacts across its operations and exploring approaches for systematically managing them. Accordingly, KD Navien is conducting a baseline assessment to identify and evaluate biodiversity-related risks with reference to the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). The Company also participates in global biodiversity initiatives through the Business N Biodiversity Platform (BNBP). Going forward, KD Navien will gradually establish its biodiversity management framework and expand related disclosures while continuously reviewing management approaches that reflect the characteristics of its business operations.

Risk Management

KD Navien has applied the TNFD LEAP approach to systematically identify its dependencies on and impacts on natural capital and biodiversity and, based on this assessment, has identified and analyzed biodiversity-related risks at its major business sites. The results of this assessment are reflected in environmental impact reduction activities across the Company's operations, and KD Navien will continue to strengthen its management practices for the conservation of natural capital.



Locate

KD Navien assessed all domestic and overseas business sites, including offices, R&D, manufacturing, production, and logistics facilities, by reviewing nearby protected areas (e.g., national parks and ecological and landscape conservation areas), Key Biodiversity Areas (KBAs), habitats of endangered species, water-related risks, and ecosystem integrity. Based on the assessment results, six business sites identified as having high levels of interaction with nature and ecological sensitivity were selected for detailed analysis.

Business Sites Selected for Analysis

Company	Business Site	Site Type
KD Navien	Seoul Office	Office
	Seotan Factory (ECO Hub)	Manufacturing/ Production Facility
	Gasan Factory	Manufacturing/ Production Facility
Navien, Inc	U.S. Subsidiary	Office
Navien Mexico, S.A. de C.V	Mexico Subsidiary	Office
Navien UK Ltd	UK Subsidiary	Office



Biodiversity

Risk Management

Evaluate

To understand the interactions between its business activities and natural capital, KD Navien used the ENCORE tool to assess the levels of dependencies and impacts associated with each operational activity. Dependencies refer to the extent to which a company relies on natural capital and ecosystem services to conduct its operations, while impacts refer to the positive and negative changes that a company's business activities have on natural capital. Based on the International Standard Industrial Classification (ISIC), the Company categorized its operations into Office Administration and Support, Fabricated Metal Products and Parts Manufacturing, and Other Machinery and Equipment Manufacturing, and assessed the extent to which each activity depends on ecosystem services and affects nature. The assessment found that no business activities exhibited Very High or High levels of dependencies or impacts. The highest level identified across all activities was Medium.

Assessment Results

Category		Activity		
		Office Administration and Support	Fabricated Metal Products and Parts Manufacturing	Other Machinery and Equipment Manufacturing
Depen- dencies	Water supply	Very Low	Medium	Medium
	Global climate regulation	Very Low	Very Low	Very Low
	Rainfall pattern regulation	Very Low	-	Very Low
	Local (micro and meso) climate regulation	Low	Low	Low
	Air filtration	-	Very Low	Very Low
	Soil and sediment retention	Very Low	Low	Low
	Solid Waste Remediation	-	Low	Low
	Water Purification	-	Medium	Medium
	Water Flow Regulation	Very Low	Medium	Medium
	Flood Mitigation	Very Low	Medium	Medium
	Storm Mitigation	Very Low	Medium	Medium
	Noise Attenuation	-	Very Low	Very Low
	Other Regulating and Maintenance Service – Dilution by Atmosphere and Ecosystems	-	-	Low
	Other Regulating and Maintenance Service – Mediation of Sensory Impacts (Other than Noise)	-	Very Low	Very Low
	Disturbances (e.g. noise, light)	Very Low	Medium	Medium
Impacts	Emissions of GHG	Very Low	Low	Low
	Emissions of non-GHG air pollutants	Very Low	Low	Medium
	Generation and release of solid waste	Very Low	Low	Low
	Area of land use	Medium	Low	Low
	Emissions of toxic pollutants to water and soil	Very Low	Medium	Medium
	Volume of water use	Low	Medium	Medium

Office Administration and Support

Because office administration and support activities do not involve direct manufacturing operations, most dependency and impact indicators were assessed as Very Low, indicating that their overall impact on natural capital is limited. However, Area of Land Use was assessed as Medium, indicating that continuous monitoring is required to ensure that the operation of office buildings and supporting facilities does not lead to habitat loss or reduced ecosystem integrity.

Fabricated Metal Products and Parts Manufacturing

Due to the nature of metal processing operations, such as cutting, welding, and coating, the Fabricated Metal Products and Parts Manufacturing segment showed relatively higher levels of dependencies on and impacts to water resources and ecosystem services because of process water use and pollutant emissions. From a dependency perspective, Water Supply, Water Purification, Water Flow Regulation, Flood Mitigation, and Storm Mitigation were assessed as Medium, indicating reliance on water-related ecosystem services throughout production processes. From an impact perspective, Emissions of Toxic Pollutants to Water and Soil, Volume of Water Use, and Disturbances (e.g. noise, light) were also assessed as Medium, reflecting the environmental impacts associated with wastewater discharge and water use during manufacturing activities.

Other Machinery and Equipment Manufacturing

The Other Machinery and Equipment Manufacturing segment, which includes boiler and water heater assembly and Navien Mate manufacturing processes, demonstrated dependency and impact levels similar to those of the fabricated metal products segment. From a dependency perspective, Water Supply, Freshwater Supply, Maintenance of Water Cycle, Flood Protection, and Storm Protection were assessed as Medium, indicating reliance on water-related ecosystem services. From an impact perspective, Discharge of Toxic Pollutants to Water and Soil, Water Consumption, and Ecosystem Disturbance were identified as Medium. In addition, Non-Greenhouse Gas Emissions were assessed as Medium due to process characteristics such as combustion testing, indicating that additional management of air emissions is required.

Biodiversity

Risk Management

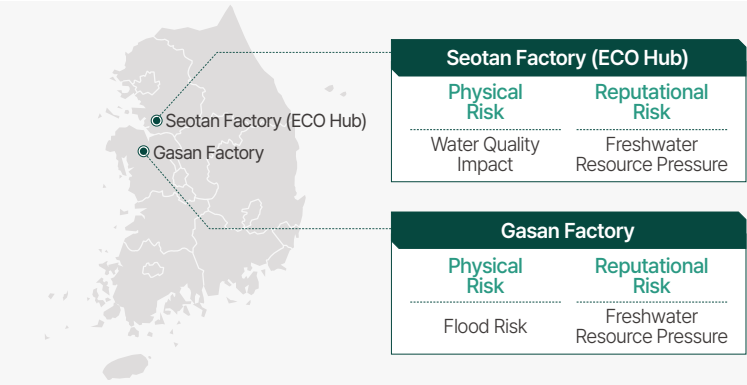
Assess

Based on the key dependencies and impacts identified during the Evaluate phase, KD Navien used the WWF Biodiversity Risk Filter (BRF) to assess physical risks and reputational/transition risks at each business site. In particular, as water-related dependencies were identified as key issues, the Company additionally utilized the WWF Water Risk Filter (WRF) to evaluate water-related risk levels for each business site.

WWF Biodiversity Risk Filter Assessment Results

Category			Business Site					
			Seoul Office	Seotan Factory (ECO Hub)	Gasan Factory	U.S. Subsidiary	Mexico Subsidiary	UK Subsidiary
Physical Risks	Enabling Services	• Water Availability	Low	Medium	Medium	Medium	Medium	Low
	Regulating & Supporting Services - Enabling	• Water Condition, Air Condition	High	High	High	High	High	Medium
	Regulating Services - Mitigating	• Landslides, Wildfire Hazard, Disease • Extreme Heat, Tropical Cyclones, Flooding	High	High	High	Medium	High	Medium
Reputational Risks	Pressures on Biodiversity	• Land, Freshwater and Sea Use Change • Forest Canopy Loss, Pollution	Medium	High	Medium	Medium	Low	Low
	Environmental Factors	• Key Conservation and Managed Areas (Protected Areas, KBAs, Wetlands, etc.) • Ecosystem Condition (intact), Range Rarity	Low	Low	Low	Low	Low	Low
	Socioeconomic Factors	• Resource Scarcity, Labor/Human Rights, Financial Inequality	Low	Low	Low	Low	Medium	Low

Manufacturing and Production Facility Water Risk Assessment Results



KD Navien assessed location-specific biodiversity risks at its priority business sites using the WWF Biodiversity Risk Filter (BRF). The assessment confirmed that no business site was exposed to Very High levels of risk. However, Enabling Services, such as ecosystem maintenance functions, and Mitigating Services, including natural hazard mitigation, showed relatively higher risk levels than other categories under the physical risk assessment. To further evaluate key dependency and impact items, the Company also conducted an additional assessment of water-related risks. The results showed that Seotan Factory (ECO Hub) demonstrated relatively higher risk levels than other business sites in terms of water quality pressure and water consumption. It was also the only site assessed as High for biodiversity pressure, indicating that greater attention is required in managing water resources and pollutant emissions during manufacturing operations. Based on these assessment results, KD Navien will continue to monitor its management practices with a focus on improving water-use efficiency and reducing pollutant emissions. The Company also plans to gradually review and implement improvement measures to minimize the negative impacts of its operations on ecosystems.

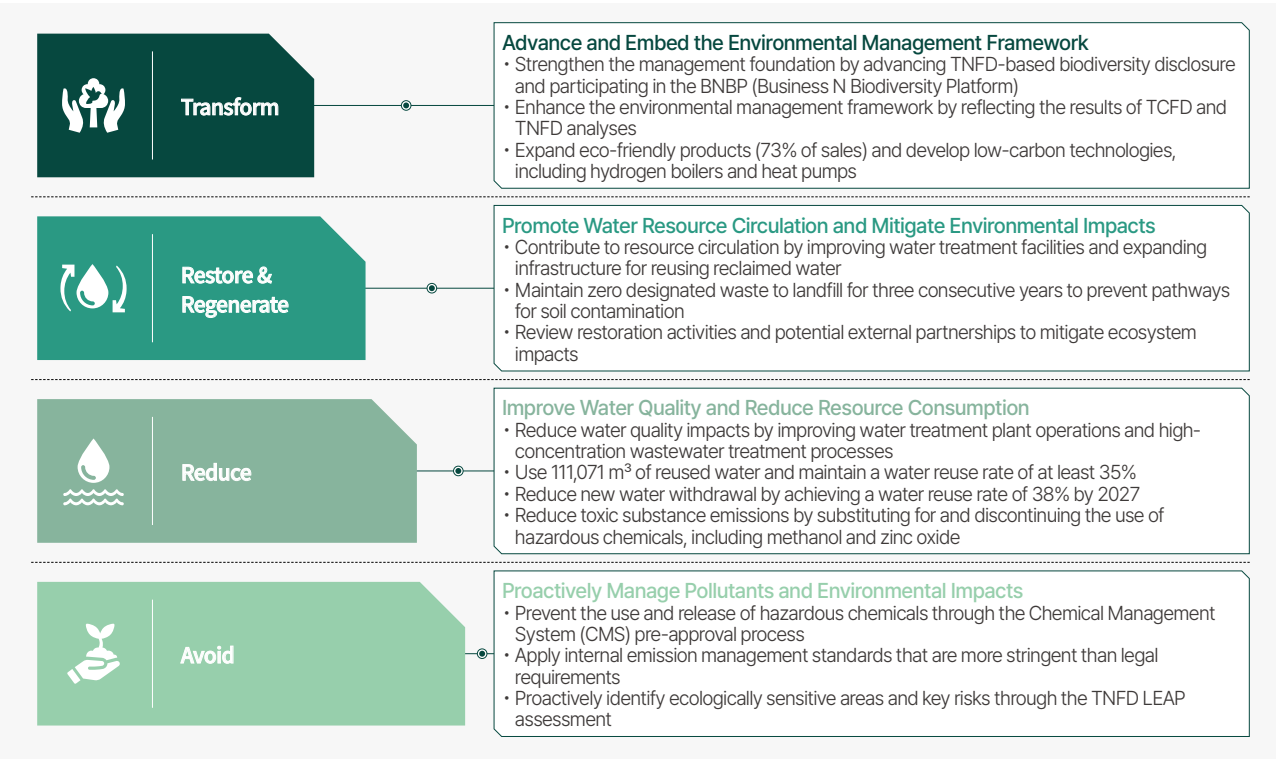
Biodiversity

Risk Management

Prepare

Based on the results of its biodiversity risk assessment, KD Navien is reviewing its approach to managing natural capital and biodiversity risks with reference to the AR3T framework—Avoid, Reduce, Restore & Regenerate, and Transform—proposed by the Science Based Targets Network (SBTN). In particular, the Company is developing specific management measures focused on Avoiding potential adverse impacts and Reducing unavoidable impacts to minimize its negative impacts on biodiversity. Going forward, KD Navien plans to gradually expand its management approach to include Restore & Regenerate and Transform.

Biodiversity Management Approach Based on AR3T



Strengthening Biodiversity Training and Response Capabilities

KD Navien provided biodiversity training to members of the ESG Environmental Management Part and environmental personnel at each business site to enhance their understanding of biodiversity and strengthen their response capabilities. Through workshops, participants also identified potential biodiversity issues that may arise during business site operations and discussed response measures for key business areas, including facility operations, environmental impact mitigation, and supplier management. Through these activities, KD Navien raised internal awareness of biodiversity risks and established a shared understanding of how to respond to such risks at the operational level, while building internal consensus on advancing its environmental risk management framework and adopting site-specific response measures.

Biodiversity Training Attendance

Training Program	Training Hours	Target Participants	Attendees	Attendance Rate (%)
Biodiversity Training	2 hours	26	23	88



Biodiversity Training Workshop

Company Overview

ESG Management

Focus Area

ESG Performance

Environmental
Environmental Management
Biodiversity

Social
Safety and Health Management
Talent Management
Human Rights Management
Supply Chain Management
Customer-Centric Management
Community Engagement
Information Security

Governance
Board of Directors
Protection of Shareholder Rights
Ethics & Compliance Program
Integrated Risk Management

Appendix

SOCIAL

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Talent Management	066
Human Rights Management	073
Supply Chain Management	076
Customer-Centric Management	083
Community Engagement	093
Information Security	097

Safety and Health Management

Implementation System

To ensure the systematic operation of its safety and health management system, KD Navien has established a dedicated EHS Planning Team reporting directly to the Chief Safety Officer (CSO). Under the leadership of the CSO, the Company is strengthening its safety and health management system and continuously advancing related policies.

Organization

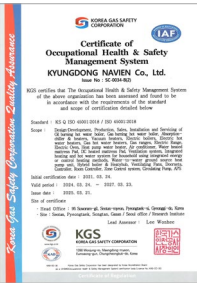


Safety and Health Management System

To establish a world-class safety management system, KD Navien has implemented an ISO 45001-certified Occupational Health and Safety Management System. Through annual internal audits and external certification audits conducted by accredited certification bodies, the Company continuously monitors and improves its occupational health and safety performance.

ISO 45001-Certified
Business Sites¹⁾

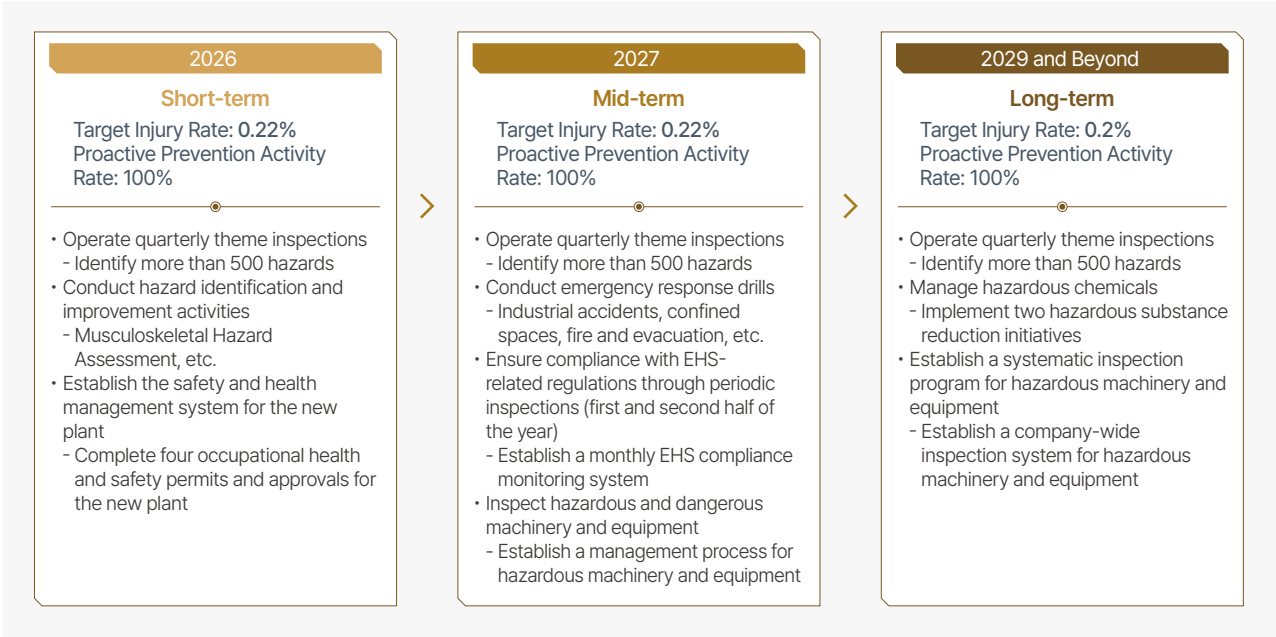
100%



Implementation Direction

KD Navien has established the achievement of Zero Accidents as its highest safety priority and is strengthening voluntary risk prevention activities, enhancing the safety capabilities of business partners, and identifying and improving workplace hazards. To achieve the target injury rate²⁾ of 0.6% and a proactive prevention activity rate³⁾ of 100%, KD Navien has established phased initiatives and detailed action plans based on quantitative and qualitative indicators, and plans to systematically analyze and manage performance on an annual basis. In addition, when performance falls short of targets, KD Navien will analyze root causes and establish and implement corrective actions to continuously improve the effectiveness of its safety management system.

Mid- to Long-term Roadmap for Safety and Health Management



1) Based on domestic production sites, offices, and research centers.
2) (Number of recordable injuries ÷ average monthly number of employees) × 100
3) (Number of corrective actions completed ÷ number of identified hazards) × 100

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Safety and Health Management

Risk Management

Policy

Based on its Safety and Health Management Policy, KD Navien systematically identifies key risks across its business sites and establishes and implements response activities according to the level of risk. The Company sets priorities for risk management in alignment with its mid- and long-term objectives and continuously monitors the effectiveness of improvement activities.

Safety and Health Management Policy [↗](#)

KD Navien strives to minimize safety and health hazards and risks arising from all activities and products associated with its business operations and declares the following principles to ensure that safety and health remain the highest priority at all business sites.

1. Safety as the Highest Priority	Regard safety and health management as a non-negotiable top priority in all business activities.
2. Compliance with Safety and Health Requirements	Comply with all applicable safety and health laws, regulations, and management system requirements.
3. Continuous Improvement	Provide proactive support in terms of personnel, budgets, and investment to improve and innovate safety and health.
4. Social Responsibility	As a global company committed to ESG management, fulfill its social responsibilities.
5. Win-Win Partnership	Strengthen the safety and health management framework through win-win partnerships with business partners.

Key Risks	Key Activities
- Caught-in Hazards Involving Machinery and Equipment - Occupational Illnesses - Job Stress - Fires, Explosions, and Other Emergencies	- Inspection of Machinery Safeguards - Work Environment Improvements - Health Promotion Programs - Emergency Response Training

Accident Prevention

KD Navien has established a multi-layered accident prevention system covering hazard identification, workplace safety management, periodic inspections, and facility and environmental management. Through this system, the Company proactively identifies and manages potential hazards at its business sites before accidents occur.

Periodic Inspections

Quarterly Theme Inspections

KD Navien operates quarterly theme inspections to proactively manage major workplace hazards and prevent recurring and cumulative risks. Each quarter, high-risk areas with greater accident potential are selected as inspection themes for focused inspections and improvement activities, contributing to the prevention of serious accidents and the enhancement of workplace safety. For each inspection, the scope and target areas are clearly defined. Potential hazards identified during on-site inspections are immediately addressed through corrective actions, thereby strengthening the effectiveness of risk management.

2025 Quarterly Theme Inspection Status

Q1	Q2	Q3	Q4																								
Machinery and Equipment	Risk Assessment	Chemical Handling Management	Fire Safety																								
Inspection Target: 680 units of machinery and equipment	Unit Operations: 432 / Worker Feedback: 363 cases	Inspection Target: 682 chemicals	Fire-prone Areas, Portable Heaters																								
• Status of machine guarding • Adequacy of safety devices such as emergency stop switches and light curtains	• Status of task-specific hazard management • Implementation of corrective actions	• Container management • Attachment of warning labels • Availability of safety information	• Management of electrical and heat sources • Fire prevention measures for combustible materials in evacuation routes																								
<table><tr><th>Findings</th><th>Corrective Actions</th><th>Completion Rate (%)</th></tr><tr><td>29</td><td>29</td><td>100</td></tr></table>	Findings	Corrective Actions	Completion Rate (%)	29	29	100	<table><tr><th>Findings</th><th>Corrective Actions</th><th>Completion Rate (%)</th></tr><tr><td>89</td><td>89</td><td>100</td></tr></table>	Findings	Corrective Actions	Completion Rate (%)	89	89	100	<table><tr><th>Findings</th><th>Corrective Actions</th><th>Completion Rate (%)</th></tr><tr><td>17</td><td>17</td><td>100</td></tr></table>	Findings	Corrective Actions	Completion Rate (%)	17	17	100	<table><tr><th>Findings</th><th>Corrective Actions</th><th>Completion Rate (%)</th></tr><tr><td>34</td><td>34</td><td>100</td></tr></table>	Findings	Corrective Actions	Completion Rate (%)	34	34	100
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Safety and Health Management

Risk Management

Summer Theme Inspections

KD Navien conducts summer theme inspections to proactively address weather-related disasters, such as heavy rainfall and typhoons, as well as heat-related illnesses and hygiene vulnerabilities caused by high-temperature conditions. The Company designates storm and flood preparedness, heat-related illness prevention, and hygiene management as key inspection areas and inspects major vulnerable areas at its business sites. Identified issues are immediately addressed through corrective actions and shared across sites to prevent the recurrence of similar hazards. In particular, KD Navien comprehensively inspects flood risks caused by heavy rainfall, work safety in high-temperature environments, and hygiene management levels to strengthen its response to seasonal risks. Through these activities, KD Navien maintains the stable operation of its business sites even under summer weather conditions. Going forward, the Company plans to further advance its proactive safety management system by reflecting climate change and seasonal characteristics.

Key Inspection Items in 2025

Category	Item	Inspection Details
Weather-related Disasters	Heavy Rainfall	Building rooftop drainage channels, building drainage systems, and whether trench drains are blocked
	Typhoons	Whether outdoor facilities and stored materials are properly secured
	Lightning	Whether surge protective devices (SPDs) are functioning properly ¹⁾
Heat-related Illnesses	Temperature and Humidity	Measurement of indoor temperature and humidity for each work process, including the operating status of cooling equipment
Hygiene Management	Food Poisoning	Management of cafeteria cooking equipment and frozen food expiration dates, and disinfection management of water purifiers and cold and hot water dispensers

1) SPD (Surge Protective Device): A device that protects electronic equipment from surges in electrical energy caused by lightning.



Secure Outdoor Structures



Inspect the Operating Status of SPDs

Hazard Identification and Assessment

Regular Risk Assessments

KD Navien systematically conducts regular risk assessments to proactively identify potential hazards at its business sites and prevent occupational accidents. The Company analyzes harmful and hazardous factors associated with work processes and individual tasks and links improvement activities to the assessed risk levels, thereby continuously enhancing workplace safety. Regular risk assessments were conducted for major processes, including pellet and gas-related operations. To improve assessment effectiveness, the Company subdivided the relevant departments, processes, and individual tasks. During the assessment process, employees directly participated by proposing hazards identified in the course of their work and reviewing the risk levels together with supervisors. This approach enabled the Company to identify practical, site-specific hazards. The assessment identified a total of 580 hazards, of which 89 were classified as high-risk factors with a risk score of 100 or higher. Corrective actions were completed for all identified high-risk factors. In addition, 636 employee proposals related to risks in departments, processes, and individual tasks were fully reflected in the risk assessments, ensuring that actual working conditions and workplace hazards were accurately incorporated into the assessment results. Risk assessment results and the status of corrective actions are systematically managed through the internal EHS System. KD Navien continuously reviews whether corrective actions have been implemented to prevent the recurrence of identical or similar hazards. Through these efforts, the Company is advancing risk assessment practices across its business sites and strengthening its prevention-oriented safety management framework.

Key Results of Regular Risk Assessments in 2025

Hazards Identified	High-risk Factors Corrected	Employee Proposals Reflected
580 cases	100%	636 cases (100%)

Pre-Safety Assessment

KD Navien operates a pre-safety assessment system to eliminate harmful and hazardous factors that may arise during the introduction of new facilities and production lines or during process changes. Starting from the design and introduction stages, the Company conducts advance reviews of risks associated with electrical systems, machinery, fire prevention, and other relevant areas. Facilities may be placed into operation and work may commence only after the required safety measures have been implemented. The requesting department and the EHS Team jointly participate in the assessment process to review identified hazards, conduct on-site verification, establish improvement plans, and systematically manage implementation results. Through this system, KD Navien identifies potential hazards at an early stage and minimizes legal and regulatory risks.

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Safety and Health Management

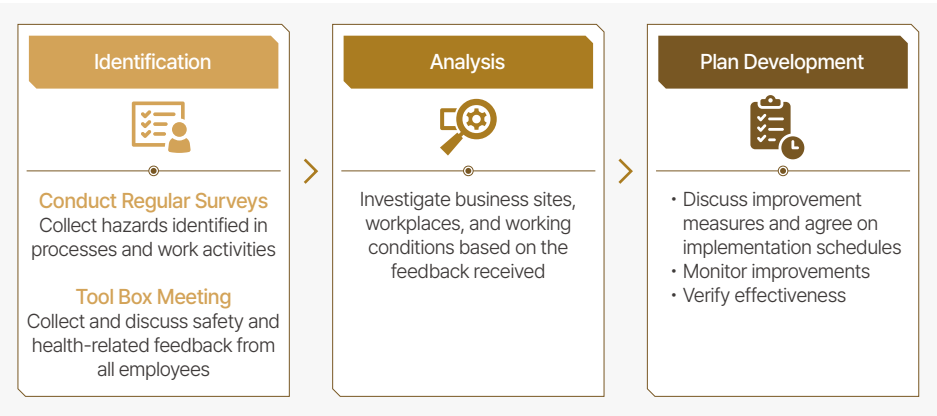
Risk Management

Work Safety Management

Listening to Safety and Health Feedback

KD Navien systematically collects feedback from the field through regular surveys to identify workplace hazards at an early stage and implement effective improvement activities through active communication with employees. In addition, KD Navien operates Tool Box Meetings for all workers, including those from partner companies, to continuously gather safety and health-related feedback. For matters classified as high risk, the Company immediately establishes and implements measures to improve the work environment.

Feedback Collection and Handling Process



Hazardous and High-risk Work Permit System

KD Navien operates its own Hazardous and High-risk Work Permit System to prevent serious accidents and enhance the safety of high-risk work. Under this system, hazards are identified and assessed before work begins, and work is authorized only after confirming that the required safety measures have been implemented. Through this approach, the Company strengthens prevention-oriented on-site safety management. KD Navien has standardized eight types of work, including work at heights, confined space work, and hot work, which involve a high level of accident risk, and has established permit criteria for each type of work. For work at heights, prior authorization is mandatory for work conducted above a specified height. Confined space work and hot work are authorized only after essential safety measures have been confirmed, including conducting a pre-work risk assessment, wearing personal protective equipment, and assigning a safety observer. During the work permit process, workers and supervisors jointly review the work details, hazards, and safety measures. Permit requirements are documented and managed to minimize risks that may arise during work.

Number of Accidents Related to Hazardous and High-risk Work¹⁾

0 cases

1) Number of industrial accidents among 1,049 hazardous and high-risk work permits issued in 2025.

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Safety and Health Management

Risk Management

Safety Management for Equipment Relocation Projects

KD Navien operated a site-specific safety management system to prevent accidents that could occur during the large-scale equipment relocation project. Considering the high-risk nature of the equipment relocation work at the Seotan Factory (ECO Hub), the Company adopted a prevention-oriented management approach by identifying potential hazards before work commenced and establishing detailed safety management plans for each task. The Company analyzed hazards by process and clearly established management standards and control measures for high-risk work. Prior to the start of construction, all participating workers received safety education covering job-specific safety procedures and emergency response procedures. During the construction period, Tool Box Meetings (TBMs) were conducted every day before work to review daily work activities and associated hazards, continuously reinforcing workers' safety awareness. In addition, EHS personnel remained on-site and checked the implementation of safety management measures throughout the entire process before, during, and after work. When hazardous situations arose, work was immediately stopped and corrective actions were taken. As a result, despite the large-scale project involving approximately 5,100 personnel and 34 partner companies during the relocation period, the equipment relocation project was completed successfully without any occupational accidents.



Equipment Relocation Project Site Safety Management

Forklift Safety Inspections

KD Navien conducts regular inspections of forklifts to prevent collisions, overturning, fires, and other accidents that may occur during logistics and loading operations at its business sites. The Company checks forklifts in advance for structural defects and the condition of key safety devices and proactively manages risks associated with overheating and fire during the summer season. Inspections cover forklifts in operation across all business sites and focus on structural integrity, the condition of safety devices, and operating and working environments. The Company comprehensively inspects frame and major component damage, the operating status of warning devices, battery and hydraulic systems, and cooling systems. In 2025, 51 deficiencies were identified and all corrective actions were completed. Through these activities, KD Navien has prevented forklift-related accidents and fires while enhancing the overall safety of logistics and material handling operations.

Key Results of Forklift Safety Inspections in 2025

Deficiencies Identified and Corrected
51 cases (100%)

Forklift-related Occupational Accidents
0 cases

Gas Leak Prevention Management

KD Navien has established and operates a gas leak prevention management system to prevent gas leak accidents that may occur during the operation of LNG and LPG facilities and to ensure a rapid response in emergency situations. The Company's facilities are configured so that gas sensors are linked with shut-off valves, enabling the automatic isolation of gas supplies whenever a leak is detected. In addition, sectional shut-off valves and a main shut-off system have been installed to minimize the potential spread of accidents. The Company has also strengthened its emergency response system by installing additional LPG dual isolation valves and electrical shut-off systems, allowing both gas supply and electrical equipment to be simultaneously isolated in the event of a gas leak.



Gas Detection System Status Board

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Safety and Health Management

Risk Management

Fire Prevention and Management

Fire Prevention Guide Compliance Inspections

To prevent fire risks associated with increased electricity consumption and the expanded use of portable heating and cooling equipment during the summer season, KD Navien conducts Fire Prevention Guide compliance inspections. The inspections focus on areas with high electricity usage and verify compliance with electrical installation standards, compliance with allowable current ratings, and the suitability of electrical equipment. In addition, the Company comprehensively inspects the condition of aged or improperly used outlets and multi-tap power strips, the accumulation of combustible materials around portable heating and cooling equipment, and the condition of electrical wiring. For any nonconformities identified during the inspections, corrective actions such as isolation, replacement, and disposal are immediately taken. As a result, 4,521 nonconformities were identified and all corrective actions were completed. No fire incidents related to electrical or electric heating equipment occurred during the inspection period.

Laboratory Fire Prevention Standard Compliance Inspections

KD Navien conducts Laboratory Fire Prevention Standard compliance inspections to proactively eliminate fire hazards associated with electrical and heating equipment, as well as combustible materials, in laboratories where research and testing activities are carried out. The inspections comprehensively assess electrical wiring conditions, the accessibility and placement of fire suppression equipment, and the storage and organization of combustible materials from three perspectives: fire occurrence factors, initial fire suppression, and fire spread factors. As a result, 56 nonconformities were identified and all corrective actions were completed. Laboratories were operated safely throughout the inspection period without any fire incidents.



Lithium Battery Fire Extinguisher and Fire Blanket

Outdoor Unit Fire Prevention Inspections

To prevent overheating and fire hazards associated with increased cooling demand caused by abnormal heat waves, KD Navien conducts outdoor unit fire prevention inspections. The Company proactively identifies and eliminates potential fire hazards before the peak summer season to ensure the stable operation of cooling equipment. Inspections focus on outdoor units of cooling systems installed at business sites and cover installation conditions, surrounding environmental management, power supply and load conditions, and heat generation status. The operating condition of motors and control units, signs of abnormal heat generation, and external abnormalities are checked. Thermal imaging equipment is also used to detect abnormal temperatures. In addition, combustible materials around outdoor units, separation distances, and filter contamination are comprehensively inspected to reduce the risk of fire and overheating. As a result, 32 nonconformities related to outdoor units were identified, and all corrective actions—including the removal of combustible materials, filter cleaning, and improvements to heat dissipation—were completed.



Outdoor Unit Fire Prevention Inspection

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Safety and Health Management

Risk Management

Accident Response

KD Navien systematically manages the entire accident response process—from accident reporting to root cause analysis, implementation of corrective actions, and prevention of recurrence—through its company-wide EHS System. The Company strives to protect lives promptly and prevent the recurrence of similar accidents by strengthening employees' initial response capabilities.

Incident Management

KD Navien operates an incident management system based on its company-wide EHS System to ensure a prompt and systematic response when an incident occurs and to prevent the spread and recurrence of damage. The Company has standardized the entire process—from incident occurrence and root cause analysis to implementation of corrective actions and results management—and tracks and manages each case on an end-to-end basis. Incident management records can be reviewed and analyzed at any time and are continuously utilized in preventive activities to avoid similar incidents.

Incident Management Process

Stage	Key Activities	
1	Incident Reporting	The EHS Team receives the incident report and conducts an on-site investigation.
2	Root Cause Analysis	Comprehensive review of the work environment, work methods, and facility conditions, and identification of the root causes of the incident.
3	Corrective Action Planning	Establishment of corrective measures and management of implementation by department.
4	Results Management	Registration of corrective action results in the EHS System, reporting of results, and final verification.
5	Recurrence Prevention	Continuous review and analysis of incident history and application of findings to prevent similar incidents.

BLS Provider Training

KD Navien provides BLS Provider training as a key initiative to strengthen employees' initial response capabilities in emergencies, protect lives, and prevent serious occupational accidents. The program combines theoretical instruction on cardiopulmonary resuscitation (CPR) and the use of automated external defibrillators (AEDs) with repetitive hands-on practice covering the full emergency response process, including requesting assistance, chest compressions, opening the airway, providing rescue breaths, and using an AED. Through this training, employees, including supervisors, completed specialized first-aid training, establishing a response framework to secure the golden time and minimize casualties in the event of an emergency at a business site.



BLS Provider Training

Emergency Evacuation Drills with Employee Participation

KD Navien conducted emergency evacuation drills involving all employees to ensure rapid and orderly evacuation in the event of an emergency, including chemical leaks, at its business sites. The drills were based on realistic accident scenarios, including ignition incidents, fires and smoke spread, and gas leaks. They were designed as hands-on programs in which employees directly performed the entire evacuation process, including recognizing emergency alarms, securing evacuation routes, wearing protective equipment, and moving to designated assembly points. The drills reflected the characteristics and risk factors of each site, enabling employees to familiarize themselves with the appropriate actions to take in an emergency. Improvements identified during the drills will be reflected in future emergency response manuals and the safety management system. Through these drills, KD Navien enhanced employees' awareness of emergency response and on-site response capabilities while establishing a response framework that enables prompt protection of lives and minimizes initial confusion in the event of an actual accident.

Establishing a Heat-related Illness Prevention and Response System

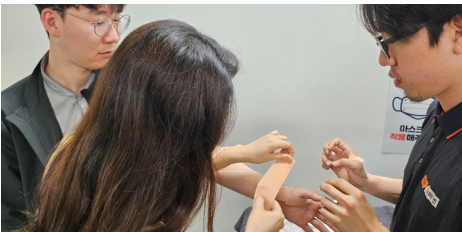
KD Navien has established and operates an integrated heat-related illness response system that links improvements to the work environment, protective measures for employees, and on-site response processes to protect employees' health from the risk of heat-related illnesses caused by summer heat waves. The Company continuously monitors temperature and humidity based on the characteristics of working environments and heat wave response criteria at each business site. In high-temperature work areas, mobile air conditioners, ventilation equipment, and large cooling fans are installed to reduce perceived temperatures. In addition, protective measures for employees include the continuous provision of cold beverages and ice water, personal cooling items, and improvements to rest areas. KD Navien also continuously shares heat-related illness symptoms and preventive guidelines through Tool Box Meetings (TBMs) to enable immediate on-site response when abnormal symptoms are identified.

Safety and Health Management

Implementation Activities

Employee Safety and Health Management Employee Health Promotion Program

KD Navien operates customized health promotion programs tailored to employees' work environments and job characteristics to enhance their physical and mental well-being. To enable employees to proactively manage their own health, the Company provides customized education and programs, including occupational disease prevention, health management capability enhancement, first aid training, and healthy lifestyle improvement initiatives. In addition, KD Navien encourages voluntary employee participation through participatory programs and supports the integration of health management activities into its everyday safety culture.



Employee Health Promotion Program

Musculoskeletal Hazard Assessment and Improvement Activities

KD Navien conducts musculoskeletal hazard assessments to prevent musculoskeletal disorders and create a healthier working environment. Based on the assessment results, the Company classifies musculoskeletal workload by risk level and implements improvement activities focusing on high-risk operations. Engineering improvements—including improvements to work methods, adjustment of workbench heights, and the introduction of assistive equipment—are applied according to priority, thereby enhancing the practicality and effectiveness of workplace improvements.

Hazardous Chemical Risk Reduction Activities

KD Navien systematically carries out hazardous chemical risk reduction activities to prevent accidents caused by leaks and dispersion of hazardous chemicals and to minimize impacts on worker health and the environment. In 2025, the Company conducted preliminary risk assessments for newly introduced chemicals and strengthened management standards by reassessing the hazard levels of chemicals already in use. In addition, the Company supplemented enclosure and local exhaust ventilation systems in processes handling hazardous chemicals and clarified handling procedures and storage standards to minimize potential worker exposure.

Supplier Safety and Health Management

Based on its Safety and Health Management Policy, KD Navien provides institutional and technical support to strengthen the safety and health management capabilities of its suppliers. The Company helps suppliers establish autonomous safety and health management systems through a safety and health framework based on sustainable supplier partnerships, thereby improving safety performance throughout the supply chain and fostering mutual benefit.

Supplier Safety and Health Management Activities

Activity	Details
Supplier Qualification Assessment	• Evaluates suppliers' safety and health management capabilities through initial assessments at the supplier selection stage and annual reassessments after the initial contract.
Hazardous Work Permit and Workplace Safety Inspections	• Conducts daily safety and health patrol inspections of hazardous and high-risk work involving on-site partner companies or construction contractors to identify and improve hazards on an ongoing basis.
Operation of Safety Committee Meetings	• Holds monthly communication meetings with all on-site contractors to collect and discuss safety and health-related feedback.
Quarterly Joint Safety Inspections and Assessments	• Forms joint inspection teams with contractors to conduct quarterly safety inspections aimed at standardizing safety and health management systems.
Support for Establishing Safety and Health Management Systems	• Supports suppliers in establishing safety and health management systems to strengthen their capabilities for proactive hazard identification and management.
Multilingual Fire Safety Education and Awareness Activities	• Provides multilingual fire extinguisher and fire hydrant usage guides for foreign workers and continuously displays multilingual fire safety guidance materials on workplace TV monitors while distributing them to contractors.



Multilingual Fire Safety Guidance Materials

Talent Management

Implementation Direction

Human Resource Management

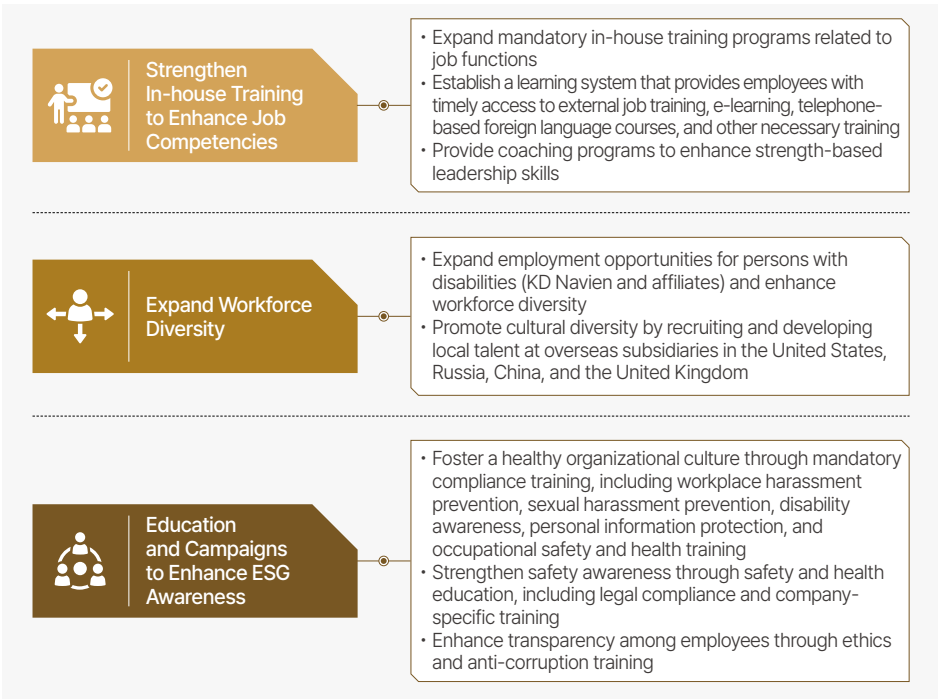
KD Navien operates its human resource management system based on trust to support the growth of its employees and create sustainable business performance. By balancing accountability and autonomy, the Company links its performance-oriented HR system with talent development, creating a virtuous cycle in which individual growth contributes to the Company's success. KD Navien also strives to strengthen organizational competitiveness by fostering an environment where employees can maximize their capabilities and realize their full potential.



Talent Philosophy



Goals



- Environmental
- Environmental Management
- Biodiversity
- Social
- Safety and Health Management
- Talent Management
- Human Rights Management
- Supply Chain Management
- Customer-Centric Management
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- Information Security
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- Protection of Shareholder Rights
- Ethics & Compliance Program
- Integrated Risk Management

Talent Management

Risk Management

Employee Communication Labor-Management Council

Composition and Operation

In accordance with the Act on the Promotion of Employee Participation and Cooperation, KD Navien has established and operates a Labor-Management Council. To ensure balanced decision-making between labor and management, the council consists of ten members, with five representatives from labor and five from management. The council meets regularly once every quarter to exchange views on key HR and labor issues and serves as an official communication channel for reaching reasonable agreements.

Key Agenda Items and Outcomes

Category	Key Discussion
Wages	Gathering views from labor and management on wage and compensation systems
Employee Welfare	Discussion on the advancement of employee welfare programs and support systems
Health Promotion	Support measures for promoting employee health
Working Environment	Gathering and exchanging feedback on the working environment and employee amenities

Transparent Information Sharing and Trust-based Labor-Management Relations

Key matters discussed and resolved through the Labor-Management Council are transparently shared with all employees through internal groupware and company-wide communication channels. Through these efforts, KD Navien enhances transparency in the decision-making process and helps employees fully understand changes to company systems and policies. Going forward, the Company will continue to strengthen trust-based labor-management relations through open communication and pursue sustainable management practices.

Grievance Reporting and Handling

KD Navien operates a system that enables employees to report and address grievances at any time through on-site visits and an internal online grievance handling system. To ensure that employees can freely express their views regardless of department or position, grievances and feedback are collected directly through regular on-site rounds by Labor-Management Council members as well as through online channels. Grievances received are handled in consultation with the relevant departments according to the nature of the issue, including labor relations, safety, and operations. The results are continuously managed and reviewed to ensure that they lead to effective improvements. Reported grievances and feedback cover a wide range of issues, including working conditions and labor relations, occupational safety and working environments, workplace operations and employee amenities, and facility space and welfare programs. Each case is used as a reference for improving the working environment and operating company systems. Through the regular operation of the Labor-Management Council and its on-site grievance handling system, KD Navien strengthens trust between labor and management, proactively prevents potential conflicts, and contributes to stable labor-management relations based on mutual respect and a sustainable business environment.

Category	Number of Meetings	Cases Handled
Labor-Management Council / Labor-Management Meetings	6	3 (Wage increase, school admission support for employees' children, and incentive payments)
On-site Grievance Handling	8	41
Total	14	44

Labor-Management Harmony Activities

KD Navien conducts regular consultations through the Labor-Management Council and promotes various labor-management harmony activities to strengthen trust among employees and foster a collaborative labor-management culture.

Activity	Key Details
Seotan Factory (ECO Hub) Basic Principles Campaign	- Promote a culture of compliance with basic standards across production and office areas - Encourage voluntary practices such as energy conservation, 5S, and maintaining clean desks
In-house Sports Events	Jointly organized by labor and management twice a year for all employees and employees of partner companies (2025 events: Cheoksa competition and dart-throwing competition)
Company Anniversary Event	Held an event celebrating the Company's 47th anniversary (Approximately 1,100 participants, with awards presented to outstanding employees and a company sports event)
Labor-Management Harmony Workshop	- Discuss HR, labor relations, and employee welfare issues and share updates on the business environment - Build mutual understanding between labor and management



47th Anniversary Celebration Labor-Management Harmony Workshop

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Integrated Risk Management

Talent Management

Implementation Activities

Talent Recruitment

KD Navien operates regular open recruitment and rolling recruitment programs to secure outstanding talent aligned with its talent philosophy. Throughout the recruitment process, the Company does not discriminate against applicants on the basis of gender, age, religion, social status, place of origin, educational background, disability, marital status, pregnancy, or any other grounds, and ensures equal opportunities for all applicants. The recruitment process consists of document screening, a first-round interview focused on job competencies, and a second-round interview focused on personal qualities. Applicants who have difficulty attending in-person interviews are provided with video interview opportunities to enhance accessibility and convenience. In addition, KD Navien continues to diversify its recruitment channels to secure professionals from a wide range of fields.

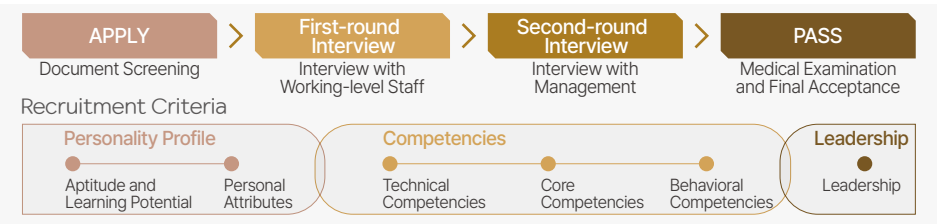
Open and Rolling Recruitment

KD Navien conducts regular open recruitment every year while flexibly filling workforce needs in each department through rolling recruitment.

Ongoing Recruitment

To secure outstanding talent at an early stage, the Company operates an ongoing candidate database and gives priority consideration to registered applicants when recruitment needs arise.

Recruitment Process



Expanding Employment Opportunities for Persons with Disabilities

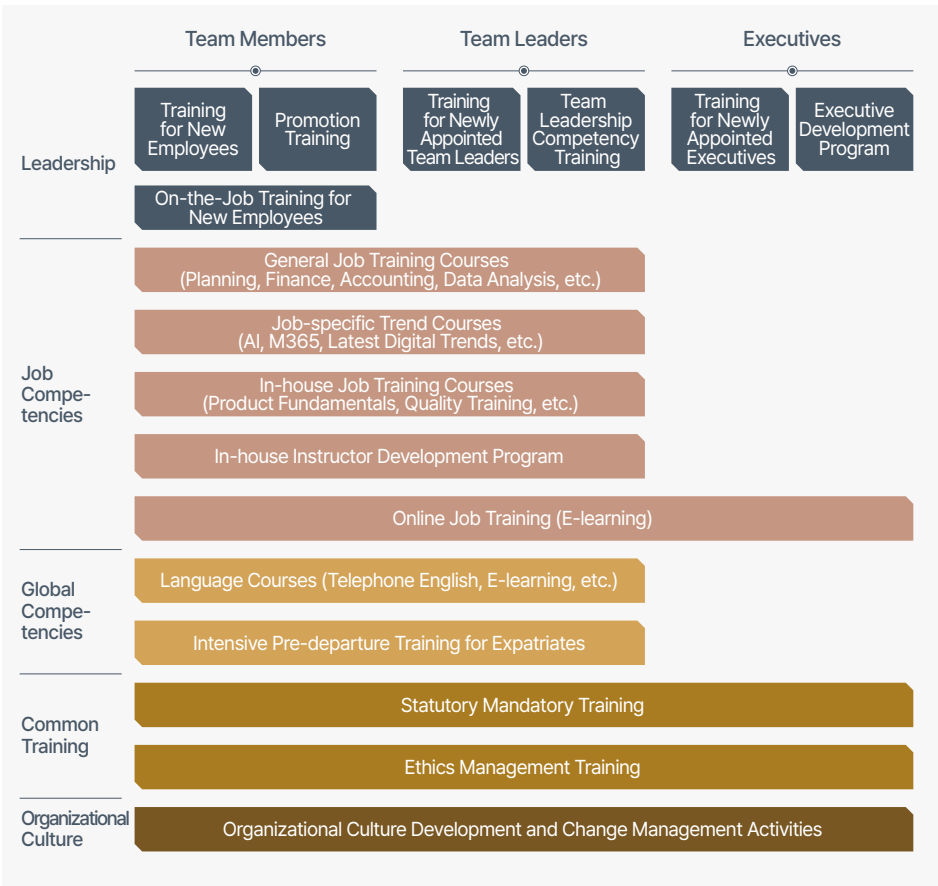
KD Navien continues to expand employment opportunities for persons with disabilities with the goal of creating an inclusive workplace where employees with and without disabilities can grow together. The Company is strengthening the employment foundation for persons with disabilities through various initiatives, including establishing collaborative relationships with the Korea Employment Agency for Persons with Disabilities and the Pyeongtaek City Sports Association for the Disabled and operating the KD Disabled Sports Team. KD Navien also plans to gradually expand these efforts across its affiliates, beyond KD Navien itself, to provide more persons with disabilities with opportunities to demonstrate their capabilities.

Talent Development

Training System

KD Navien fosters talent capable of leading change and innovation through practice-oriented training programs based on a self-directed learning environment.

Training Framework



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Talent Management

Implementation Activities

Core Value Internalization Activities

KD Navien provides customized core value internalization training by employee level to ensure that the core values and ways of working newly established in 2024 lead to tangible behavioral changes across the organization. To enhance the effectiveness of core value internalization, the Company has structured the training into programs for team leaders, team members, and team-based practice activities, and developed differentiated curricula based on the roles and required competencies of each group. The training for team leaders aims to strengthen their leadership capabilities to lead behavioral change among employees by taking the initiative in practicing the core values. The training for team members focuses on helping them internalize the value system and strengthen their capabilities to put these values into practice proactively in their daily work. Following the training, team-based practice activities are conducted using the Value System Internalization Toolkit, enabling the training to lead to tangible changes in the workplace.

2025 Core Value Internalization Training Programs

Category	Participants	Key Content
Team Leader Training	Team Leaders	• Understanding KD's value system • Developing approaches to building team culture • Guidelines for communicating and practicing the value system
Team Member Training	All Team Members	• Understanding KD's value system • KD Value Cube exercises • Exploring approaches to practicing the value system
Value System Internalization Activities (Team Practice Activities)	All Team Members	• Establishing team-level action plans for change • Developing ground rules for meetings, collaboration, and reporting



Team Practice Activities

Employee Training Satisfaction Survey

KD Navien provides core training programs by employee level for employees across the Company and measures and manages the satisfaction and achievement levels of training participants across the overall training experience, including the course, instructors, and program operation. The evaluation results are directly reflected in qualitative improvements to the training programs, enabling KD Navien to continuously create an optimal learning environment for strengthening employee capabilities.

2025 Employee Training Satisfaction Survey Results

Evaluation Item	Course	Instructor	Operation
Evaluation Result	4.6 out of 5	4.6 out of 5	4.6 out of 5

Talent Management

Implementation Activities

Healthy Organizational Culture

Junior Board Activities

Since 2024, KD Navien has operated a Junior Board composed primarily of newly hired employees to promote internal communication and foster a flexible corporate culture. The Junior Board consists of representatives selected from each department and holds regular monthly meetings to plan and operate various programs aimed at creating tangible changes in workplace culture. In 2025, the second-term Junior Board planned and operated programs to reinforce KD's core values and ways of working through organizational culture activities and help embed them naturally in employees' daily lives.

Reverse Mentoring

The Reverse Mentoring program was introduced to enhance intergenerational understanding and promote a culture of communication and collaboration across the organization. Unlike traditional mentoring programs, junior employees serve as mentors to senior employees, sharing insights on the latest technologies, trends, and cultural developments. Through these interactions, the program helps bridge generational gaps and provides opportunities for mutual learning.



Reverse Mentoring Poster and Activity Photos

Work Style Assessment

The Work Style Assessment is a participatory campaign that enables employees to identify the KD Work Way that best reflects their own work style through a simple assessment. The campaign was designed to enhance employees' understanding of KD Navien's core values while encouraging mutual respect and collaboration by helping employees better understand the work preferences and characteristics of their colleagues.



Work Style Assessment

KD Core Values Photo Contest

The KD Core Values Photo Contest was held for all employees under the theme of KD's core values. By encouraging employees to participate directly, the contest enhanced their understanding of and engagement with KD Navien's core values while providing an opportunity to naturally embed the value system across the organization.



KD Core Values Photo Contest

Core Values Email Signature Campaign

The Core Values Email Signature Campaign encouraged employees to select the value they most identify with or aspire to uphold from KD Navien's 11 ways of working and incorporate it into their email signatures. By naturally sharing the core values through everyday workplace communication, employees were able to revisit KD Navien's value system and build broader organizational understanding and engagement.



Core Values Email Signature Campaign Poster



Talent Management

Implementation Activities

Employee-participatory Social Contribution Activity: “Sharing Love Flea Market”

Since 2024, the Junior Board has operated the “Sharing Love Flea Market” to promote communication among employees and foster a culture of sharing. In 2025, the event was held at the Guro R&D Center, with approximately 380 donated items collected. All proceeds from the event and remaining items were donated to Beautiful Store, contributing to resource circulation and community sharing. Going forward, KD Navien plans to expand the flea market to additional business sites and continuously increase opportunities for more employees to participate in social contribution activities.



Sharing Love Flea Market

Year-end Coal Briquette Volunteer Activity

In 2025, the Junior Board carried out a Year-end Coal Briquette Volunteer Activity as part of its social contribution initiatives. As a company specializing in heating solutions, KD Navien launched the program to provide practical support to vulnerable households that rely on coal briquettes for heating and to contribute to improving community welfare. Through the Seoul Briquette Bank, the Company donated a total of 1,600 coal briquettes. The initiative provided an opportunity to put corporate social responsibility into practice and strengthen the value of mutual growth with local communities.



Photos from the Year-end Coal Briquette Volunteer Activity

Establishing a Smart Work Environment

Company-wide M365 Training

Following the introduction of Microsoft 365, KD Navien developed and operated a company-wide training program to strengthen employees' digital work capabilities and enable the efficient use of collaboration tools. The training was designed to help employees effectively utilize newly adopted tools and perform their work in a collaborative environment. The curriculum focused on building a common understanding of key Microsoft 365 functions and establishing the basic capabilities needed to work within the M365 environment. Following the introductory training, the Company also provided advanced training for all users and training for executives, thereby enhancing practical application capabilities and strengthening the digital capabilities of leaders responsible for organizational decision-making and communication. Through these initiatives, KD Navien is fostering a culture of smart work and laying the foundation for accelerating its transition to an AI-enabled workplace by improving organizational productivity based on Microsoft 365.

Second AI Champion Program

KD Navien operated the second AI Champion Program, centered on employees from departments with high utilization of Microsoft 365, to promote the practical adoption of AI and enhance digital work efficiency. Through offline workshops and a company-wide survey on M365 utilization, the Company identified employees' practical application needs. Based on the findings, the Company produced and shared M365 Tips & Tricks video content, consisting of three Outlook episodes and six Teams episodes. The content is centrally managed together with manuals and FAQs through a dedicated SharePoint bulletin board, creating a digital workplace information hub that employees can access at any time.



M365 Tips & Tricks Video Content Poster

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Talent Management

Implementation Activities

Employee Welfare

KD Navien operates a wide range of employee welfare programs to enhance employees’ quality of life, improve job satisfaction, and increase work engagement. To foster a flexible working environment, the Company has introduced a quarter-day leave system, allowing employees to use leave on an hourly basis, helping employees manage their work schedules more autonomously. In addition, KD Navien operates family-friendly welfare programs that promote work-life balance and has expanded the scope of benefits to employees’ family members, thereby fostering a family-oriented organizational culture.

Family-friendly



- Maternity and parental leave
- Family care leave and leave of absence
- Financial support for family events (leave and condolence/ congratulatory allowances)
- Employee health examinations
- Tuition assistance and childcare support
- Infant and Toddler Childcare Support
- In-house employee loan program

Daily Life



- Holiday and birthday gift points
- In-house welfare facilities (Health management center, fitness center, women's lounge, physical therapy room)¹⁾
- On-site cafés at business sites
- Employee discounts on Company products

Leisure



- Paid summer vacation (five days every summer)
- Condominium membership benefits
- Support for employee clubs
- Commuter shuttle bus service¹⁾

1) Available only at selected business sites.

Family-friendly Certification

KD Navien operates comprehensive work-family balance support programs that enable employees to successfully balance their careers and family responsibilities throughout the stages of marriage, childbirth, and child-rearing. The Company has received the Family-friendly Certification administered by the Ministry of Gender Equality and Family in recognition of its comprehensive support systems, including support for childbirth, childcare, and children's education, support for employees and their dependents, and the promotion of a family-friendly workplace culture. Based on this achievement, KD Navien continues to enhance its maternity protection policies and foster an organizational culture in which all employees can successfully balance work and family life.



Employee Performance Management

KD Navien creates an environment where employees can proactively generate performance through a clear goal-setting framework that links corporate objectives with individual goals. Regardless of gender or individual characteristics, the Company consistently applies performance-based evaluation and reward systems and provides customized feedback through a fair evaluation process to help employees identify their strengths and improve their performance. Employees who contribute to competency development and business performance are provided with differentiated reward opportunities, fostering the growth of both individuals and the organization.

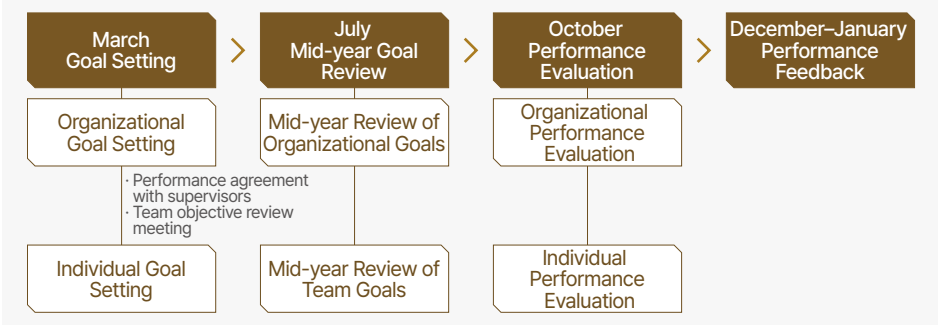
Performance Evaluation Principles

KD Navien operates a fair and transparent performance evaluation system to support employees in achieving performance goals and strengthening their capabilities. By aligning corporate objectives with individual goals, the Company helps employees clearly understand their roles and expected performance levels while continuously advancing its performance-oriented evaluation system.

360-degree Feedback

KD Navien operates a 360-degree Feedback program that enables employees to objectively recognize their competencies through evaluations from multiple perspectives while also supporting evaluators in strengthening their assessment capabilities. Through mutual feedback between evaluators and employees who work closely together, the program contributes to building a constructive feedback culture and fostering collaboration across the organization.

Performance Management Process



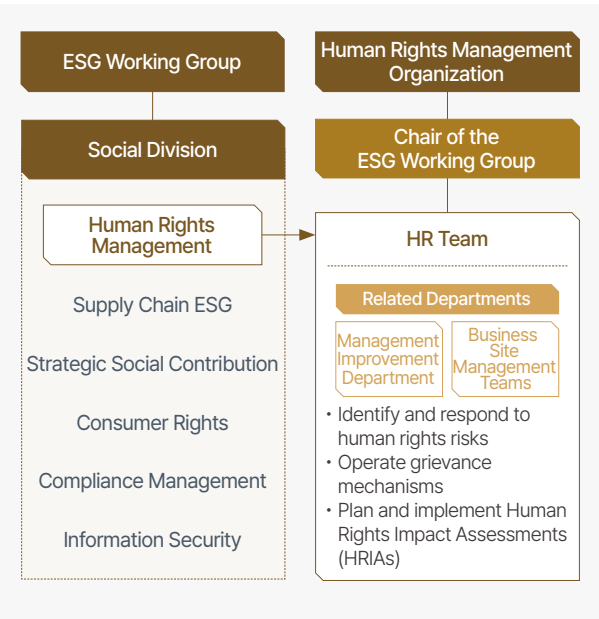
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Human Rights Management

Implementation System

KD Navien operates a Human Rights Management Working Group under the supervision of the ESG Working Group to establish and implement human rights management initiatives. The implementation status of key initiatives established each year is reviewed through biannual meetings and performance reports, and the results are reported to management. The Human Rights Management Working Group is led by the HR Team and operates through a collaborative structure involving the Management Improvement Department and representatives from each business site. The Working Group oversees all human rights management activities, including identifying and responding to human rights risks, operating grievance mechanisms, and planning and implementing Human Rights Impact Assessments (HRIAs).

Organization



Implementation Direction

KD Navien has established a mid- to long-term roadmap for systematic human rights risk management and the implementation of human rights management practices, carrying out initiatives in accordance with phased objectives.



Risk Management

Policy

Human Rights Policy

Based on its management philosophy of "Social Contribution Through Business," KD Navien has established and operates a Human Rights Policy to respect stakeholders' human rights and prevent and manage human rights violations throughout its business activities. The Policy supports internationally recognized human rights standards, including the UN Guiding Principles on Business and Human Rights (UNGPs), the Universal Declaration of Human Rights, ILO Conventions, and the OECD Guidelines for Multinational Enterprises, and applies to all employees of KD Navien, its affiliates, and overseas subsidiaries. Affiliates and overseas subsidiaries establish and operate detailed policies reflecting applicable local laws and business characteristics based on this Policy. In 2026, KD Navien revised its Human Rights Policy to clarify its scope of application and human rights risk management governance, and formally documented grievance handling and human rights due diligence processes in the Policy.

[Human Rights Policy](#)

Human Rights Risk Management Process

KD Navien operates a human rights risk management process to minimize potential human rights risks that may arise throughout its business operations.



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Human Rights Management

Risk Management

Human Rights Impact Assessment

In accordance with its mid- to long-term human rights management plan, KD Navien conducted a pilot Human Rights Impact Assessment in the second half of 2025. The Company designed the assessment questions based on its Human Rights Policy and the Human Rights Management Guidelines and Checklist issued by the National Human Rights Commission of Korea. A self-assessment and employee survey were conducted among selected employees to establish an operational foundation for expanding the assessment across the Company. Through the assessment, KD Navien reviewed the overall status of its human rights management system and identified key human rights risks and areas requiring improvement.

Human Rights Impact Assessment Overview

Category	Details
Format	• Self-assessment and employee survey
Scope	• Employees at KD Navien's Seoul Office (Electronic survey conducted among employees with access to groupware) • Departments related to the assessment areas
Assessment Areas	• Human rights management system, Prevention of workplace harassment, Non-discrimination, Responsible supply chain management, Humane treatment, Prohibition of forced labor, Child labor and young workers, Occupational safety assurance, Protection of the human rights of local communities and consumers

Risk Identification Results

The assessment identified relatively higher risk levels in the areas of establishing a human rights management system and responsible supply chain management. KD Navien plans to prioritize improvement initiatives in these areas and further strengthen its human rights management framework.

Key Human Rights Issues Identified



Establishment of a Human Rights Management System



Prohibition of Forced Labor



Responsible Supply Chain Management

Future Plans for the Human Rights Impact Assessment

Through the pilot Human Rights Impact Assessment conducted in the second half of 2025, KD Navien identified areas requiring improvement across the assessment process, including the appropriateness of the assessment categories, respondents' understanding of the response methods, and the interpretation criteria for individual questions. The Company also identified key tasks and implications for conducting a full-scale assessment, including the need to derive human rights issues that reflect the characteristics of each business site. In the second half of 2026, KD Navien plans to expand the Human Rights Impact Assessment to employees at all business sites, enabling the Company to identify key human rights risks across the organization more systematically. Going forward, the Company will gradually expand the scope of the assessment to include a broader range of stakeholders, including suppliers, to establish a more comprehensive and effective human rights management system. For identified human rights risks, KD Navien will develop improvement initiatives based on their level of priority and continuously monitor implementation progress, thereby further advancing its human rights management framework.

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Human Rights Management

Risk Management

Grievance Handling

Grievance Handling Channels

KD Navien collects feedback related to the protection of human rights, working conditions, and the working environment from stakeholders, including employees and suppliers, through various channels such as the internet, intranet, and Labor-Management Council grievance-handling bodies. Employees and stakeholders who experience human rights violations or identify risks to the human rights of others may submit reports through designated channels. Upon receiving a report, the relevant department immediately reviews specific remedial measures. When necessary, the Company develops appropriate remedies through consultations involving relevant departments, including Legal Affairs, and key decision-makers. The identity of the whistleblower and the details of each report are kept strictly confidential. KD Navien also implements follow-up measures to protect whistleblowers from retaliation or other disadvantages arising from their reports.

Channel	Business Site	Responsible Department
Cyber Reporting Center	Company-wide	Management Improvement Department
	Seoul / Branch Offices	HR Team
Workplace Harassment Reporting	R&D Center	R&D Management Team
	Seotan Factory (ECO Hub) / Pyeongtaek Factory / Songtan Factory / Gasan Factory	Operations Support Team
Workplace Sexual Harassment Reporting	Seoul / Branch Offices	Designated personnel at each business site and the HR Team
	R&D Center	
Labor-Management Council (Grievance Handling Committee)	Seotan Factory (ECO Hub) / Pyeongtaek Factory / Songtan Factory / Gasan Factory	Operations Support Team
	Seotan Factory (ECO Hub) / Pyeongtaek Factory / Songtan Factory / Gasan Factory	

Grievances Received and Handled¹⁾

KD Navien receives and handles grievances through official channels such as the Cyber Reporting Center, as well as informal channels including direct contact with designated personnel. In 2025, a total of 11 grievances were received, transferred to the relevant departments, and fully resolved.

Category	Unit	2023	2024	2025
Number of Grievances Received	Cases	13	14	11
Number of Grievances Handled	Cases	13	14	11
Resolution Rate	%	100	100	100

1) Includes performance data from affiliates.

Human Rights Training

KD Navien regularly provides human rights management training to all employees to internalize a culture of respect for human rights and raise awareness of human rights issues. The Company operates key training programs, including sexual harassment prevention, disability awareness improvement, workplace harassment prevention, information security, and ethics management. In 2025, 100% of employees completed human rights management training.

Human Rights Management Training in 2025

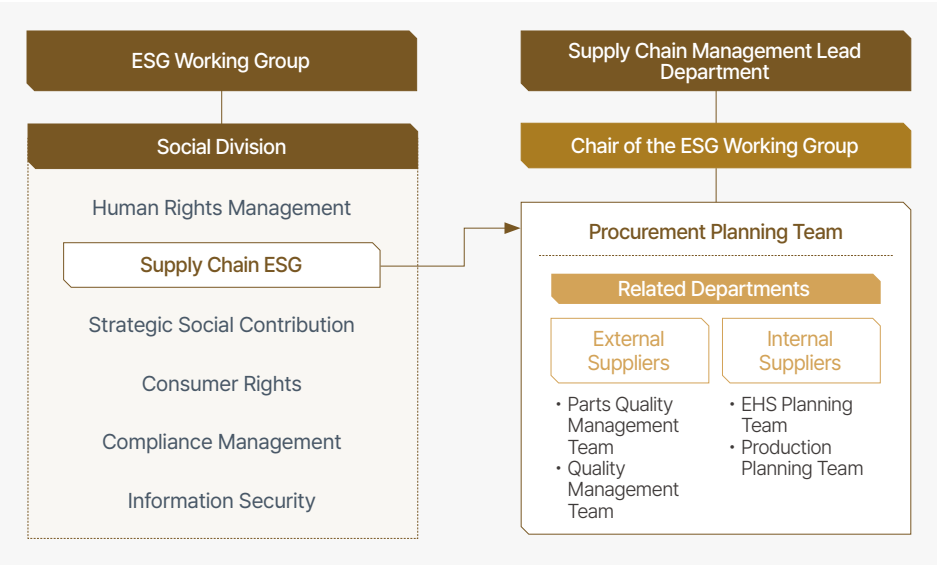
Category	Training Content	Participants
Sexual Harassment Prevention Training	Guidelines on the prohibition of sexual harassment	All Employees
Disability Awareness Training	Prohibition of discrimination against persons with disabilities and improvement of awareness	
Workplace Harassment Prevention Training	Prevention of and response to workplace harassment	
Information Security Training	Personal information protection guidelines	
Ethics Management Training	Ethics reporting and grievance handling	

Supply Chain Management

Implementation System

KD Navien has designated the Procurement Planning Team as the department responsible for supply chain management to systematically manage supply chain ESG risks and strengthen suppliers' sustainability capabilities. The Supply Chain ESG Part under the ESG Working Group operates a supplier ESG capability assessment system led by the Procurement Planning Team, regularly monitors the sustainability performance of internal and external suppliers, and establishes and implements improvement action roadmaps.

Organization



- Establishing the Supply Chain Management System**
- Oversee all supply chain management activities, including purchasing, procurement, manufacturing, transportation, and inventory management
 - Establish and revise supply chain-related policies
 - Oversee supplier and partner company assessments across the supply chain, monitor performance, and plan incentive programs
 - Review participation in supply chain-related external certifications and the Win-Win Growth Index

Implementation Direction

To further strengthen its supply chain ESG risk management system and build a sustainable partnership with suppliers, KD Navien has established future strategic directions focused on enhancing its evaluation framework and improving supplier capabilities.

Direction for Advancing the Supply Chain ESG Management System

Strategic tasks	2025 Key Activities	Detailed Action Plans
Advancement of the Supply Chain Management System	• Establish a Supply Chain ESG Management Policy - Build a Supply Chain ESG Risk Management Framework • Enhance procurement evaluation criteria - Strengthen the objectivity and consistency of supplier capability assessments	• Reinforce provisions on the prohibition of child labor in the Code of Conduct - Strengthen the human rights risk prevention framework based on international standards • Establish a Green Procurement Policy - Build a sustainable procurement system by expanding environmentally friendly sourcing
Supply Chain Risk Assessment	• Conduct Supply Chain ESG assessments for the top 75% of suppliers based on the previous year's purchasing performance - Assign ESG ratings based on document reviews and on-site assessments • Introduce incentive programs for outstanding suppliers - Provide additional points in comprehensive supplier evaluations to suppliers that achieve ESG Grade A	• Establish a supplier rating system (Excellent / Maintain / Improve / Suspend) - Strengthen the systematic and strategic management of suppliers • Link incentive programs to supplier ratings - Enhance the effectiveness and execution of supplier management through evaluation-based management
Supporting Supplier Capability Enhancement	• Provide ESG action kits to lower-rated suppliers, share best practices, and provide specialized training - Support improvements in suppliers' ESG capabilities and their progress toward higher evaluation ratings	• Provide phased ESG consulting and professional training tailored to each supplier's level of maturity - Strengthen customized supplier capabilities and advance suppliers' ESG management standards

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Supply Chain Management

Risk Management

Policy

KD Navien has established and operates the Supply Chain ESG Management Policy and the Supplier Code of Conduct to enhance sustainability across its entire supply chain, including suppliers. While strengthening socially responsible management with eco-friendly industrial innovation and the advancement of human rights management as its two key pillars, the Company proactively identifies and manages ESG risks across the supply chain, thereby building a sustainable supply chain ecosystem that grows together with its suppliers.

Supply Chain ESG Management Policy

To systematically manage ESG risks throughout its supply chain, KD Navien established the Supply Chain ESG Management Policy in 2025 with the approval of top management. The Policy was developed in accordance with internationally recognized standards, including the UN Guiding Principles on Business and Human Rights (UNGPs), the ILO Core Conventions, and the OECD Guidelines for Multinational Enterprises, and covers a management framework for identifying, preventing, and correcting potential risks across the environmental (E), social (S), and governance (G) dimensions. The due diligence framework consists of a step-by-step process that includes document reviews, on-site assessments, and verification of corrective actions based on the Supplier Code of Conduct, ensuring that risks are effectively identified and translated into meaningful improvements. For high-risk suppliers, KD Navien also provides education and practical guidance to strengthen ESG capabilities and promote sustainable partnerships. Going forward, the Company will continue to advance its Supply Chain ESG management framework to further enhance sustainability and accountability throughout the supply chain.

[Supply Chain ESG Management Policy](#)

Supplier Code of Conduct

To build a resilient supply chain ecosystem and proactively manage ESG risks, KD Navien has established and operates the Supplier Code of Conduct with the approval of top management. The Code clearly sets out the standards that suppliers are expected to comply with in areas including environmental protection, human rights and labor, occupational safety and health, business ethics and compliance, and information security, supporting the sustainable development of the supply chain. By having its business partners sign a pledge, KD Navien clarifies mutual partnership for building a responsible supply chain. The Code applies without exception to all supply chain stakeholders that have direct or indirect business relationships with KD Navien. The Company continuously monitors changes in domestic laws, international standards, stakeholder expectations, and the business environment, and regularly reviews and updates the Code of Conduct. In 2026, KD Navien plans to strengthen its responsible supply chain management framework by revising the Code to align its prohibition of child labor with international standards, thereby further preventing human rights risks.

[Supplier Code of Conduct](#)

Supplier Communication Channels and Activities

KD Navien continuously strengthens communication with suppliers through various communication channels. Supplier feedback and grievances are handled through a systematic process in which the relevant department reviews each issue, establishes an improvement plan, and provides feedback on the results, ensuring that supplier concerns are effectively resolved.

Responsible Department	Communication Channel	Activities	Key Results
Management Improvement Department	Cyber Reporting Center	Receive reports of subcontracting violations and unfair trade practices	0 cases received
EHS Planning Team	Safety and Health Committee	Receive VOC related to workplace safety and health improvements and grievances from employees and supplier workers	100% resolved (6 cases)
Procurement Planning Team	SRM System	Receive supplier VOC related to procurement systems and other procurement-related matters	0 cases received
Sales Management Team	Partner Portal VOC	Resolve grievances related to agency operations and sales activities through collaboration with the relevant departments, including root cause analysis and corrective actions	98% resolution rate (59 cases)

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Risk Management

Supplier Selection

KD Navien systematically manages the status of its domestic and overseas suppliers and continuously expands its pool of qualified suppliers with strong procurement and quality capabilities through regular recruitment announcements and an open transaction proposal system based on Supplier Relationship Management (SRM). In 2024, the Company further strengthened its foundation for identifying new domestic and overseas suppliers by introducing a global supplier sourcing system. Through these initiatives, KD Navien enhances procurement stability while providing suppliers with opportunities to establish new business relationships and expand their sales channels.

KD Navien’s Supply Chain in 2025



Supplier Registration through Recruitment Announcements

Category	Registered Suppliers	Details	
2023	7 companies	Trading suppliers registered: 1	Potential suppliers registered: 6
2024	3 companies	Trading suppliers registered: 0	Potential suppliers registered: 3
2025	4 companies	Trading suppliers registered: 0	Potential suppliers registered: 4

New Supplier Selection Process



1) Suppliers that fail the assessment are excluded from registration.

New Trading Supplier Assessment

KD Navien selects new trading suppliers through transparent and fair procedures. The process begins with an application for registration through the SRM System. Only suppliers that pass both the document review and on-site assessment are registered as new suppliers, after which official business transactions commence through the execution of electronic contracts. The document review examines basic requirements, including industry suitability and financial stability. The on-site assessment comprehensively evaluates suppliers’ capabilities in quality management, procurement, purchasing, and business management.

ESG Assessment

KD Navien annually conducts ESG assessments of suppliers with the highest purchasing volumes to identify and manage supply chain ESG risks at an early stage and build a sustainable supply chain ecosystem. Through document reviews and on-site due diligence, the Company comprehensively evaluates suppliers’ ESG management systems and implementation status and manages the results through a rating system. Suppliers receiving outstanding ratings are awarded additional points in regular assessments. Suppliers with insufficient ratings are provided with follow-up support, including training based on leading companies’ best practices, to enhance ESG capabilities throughout the supply chain.

Regular Assessment of Trading Suppliers

KD Navien regularly assesses its trading suppliers to review their practical operational capabilities and continuously enhance transaction stability and quality competitiveness. The assessment consists primarily of operational status assessments, performance assessments, and qualitative assessments. Additional points awarded to suppliers with outstanding ESG ratings are reflected in the procurement assessment results, which are then combined with quality assessment scores to determine the final supplier rating. Beginning in 2026, KD Navien plans to classify suppliers as Key Suppliers, General Suppliers, or Suppliers Subject to Rationalization based on their final assessment ratings. Through differentiated management strategies tailored to each supplier rating, the Company plans to systematically advance supplier relationships. For outstanding suppliers, the Company will expand collaboration and establish a stable basis for transactions, while suppliers subject to improvement will be supported through continuous management programs, thereby strengthening competitiveness and sustainability throughout the supply chain.

- Environmental
- Environmental Management
- Biodiversity
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- Information Security
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- Board of Directors
- Protection of Shareholder Rights
- Ethics & Compliance Program
- Integrated Risk Management

Supply Chain Management

Risk Management

Supplier ESG Assessment

KD Navien conducts annual ESG assessments of suppliers to effectively manage ESG risks across the supply chain and enhance suppliers' sustainability management capabilities. To ensure the objectivity and effectiveness of the assessments, the Company operates a systematic assessment system in cooperation with an external professional assessment agency. Through this system, KD Navien also responds directly and indirectly to global supply chain regulations, including Canada's human rights legislation and the EU Corporate Sustainability Due Diligence Directive (CSDDD).

Assessment System

KD Navien has established and operates a comprehensive assessment system consisting of the three areas of Environment (E), Social (S), and Governance (G) to systematically assess suppliers' ESG capabilities. Customized assessment indicators reflecting each supplier's industry characteristics and company size are applied to enhance the objectivity and effectiveness of the assessment. Final results are classified and managed according to seven ratings ranging from A+ to D. Differentiated follow-up measures are implemented according to each rating. For suppliers rated C or below, on-site assessments are conducted to provide guidance on improving weaknesses identified during the document evaluation and to collect feedback on challenges encountered in the field. In addition, KD Navien provides lower-rated suppliers with best practices from leading companies and ESG action kits to help ensure that improvement activities are linked to actual business and operational activities. Beginning in 2026, the Company plans to introduce an incentive system under which suppliers participating in ESG assessments and those receiving outstanding ratings will be awarded additional points in regular supplier assessments. KD Navien will also gradually expand customized capability-building support in connection with external professional consulting programs, enabling suppliers to grow into key partners in a sustainable supply chain.

ESG Assessment Indicators

E-Environment

- Environmental Management System
- Energy and Greenhouse Gases
- Resource Circulation and Hazardous Substances
- Water Resources and Pollutants

S-Social

- Labor and Human Rights
- Occupational Health and Safety System
- Occupational Health and Safety Management
- External Stakeholders

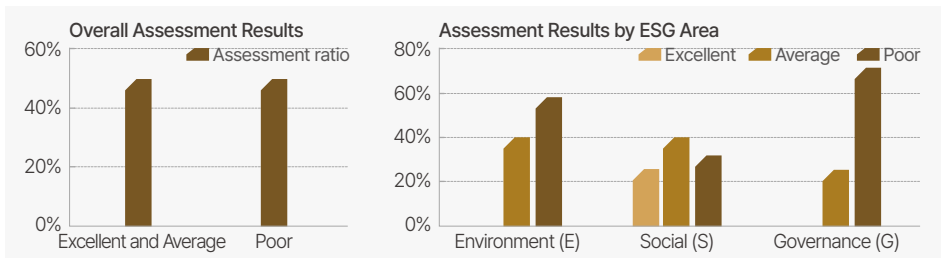
G-Governance

- Ethics and Transparent Management

Assessment Results

In 2025, KD Navien conducted standardized Supply Chain ESG assessments of 43 suppliers with the highest purchasing volumes. Additional on-site assessments were conducted for ten suppliers classified as high risk. Suppliers selected for on-site assessments received on-site evaluations, ESG action kits, and training on the implementation of corrective actions. As a result, nine of the ten suppliers showed improvements in their ESG scores, while five suppliers achieved higher overall ESG ratings. An analysis of the final ESG rating distribution, incorporating both the standardized assessments and on-site assessments, showed that suppliers rated Average and Poor each accounted for 49%. This indicated the need to systematically enhance ESG management standards across the supply chain. By ESG area, the Social (S) area showed a relatively balanced distribution of ratings, whereas Governance (G) was identified as the weakest area. Accordingly, KD Navien plans to prioritize structural improvements based on policies and management systems.

2025 Supplier ESG Assessment Results



Supply Chain ESG Assessment Process

1. Selection of Suppliers for Assessment

Suppliers with the highest purchasing volumes in the previous year
Suppliers of key materials

2. Finalization of Assessment Indicators

Conducted jointly with an external assessment agency

3. ESG Training for Suppliers

Provide training on ESG fundamentals and the assessment process

4. Document Evaluation

Conduct ESG assessments and derive ratings based on documents submitted by suppliers

5. Selection of Suppliers for On-site Assessment

Suppliers with insufficient document evaluation ratings
Suppliers consenting to on-site assessments

6. On-site Assessment

Conduct site visits and on-site evaluations

7. Final Results

Confirm final ratings
Provide consulting support to lower-rated suppliers

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Supply Chain Management

Risk Management

ESG Assessment Results by Area

KD Navien closely reviewed the key areas for improvement identified among suppliers through on-site assessments and provided multifaceted support to enable suppliers to implement practical corrective actions. Specifically, the Company provided assessment reports containing peer-group average scores and improvement recommendations by indicator, enabling suppliers to objectively understand their ESG performance. KD Navien also shared leading companies’ best practices and provided immediately actionable ESG action kits to support the effective implementation of improvement activities at supplier sites. The key areas for improvement identified through the on-site assessments are as follows.

Key Improvement Tasks Based on Assessment Results

ESG	Subcategory	Areas Requiring Improvement	Improvement Tasks
E	Environmental Management System	A company-wide environmental management framework and clear definitions of responsibilities and roles were insufficient, and many suppliers showed a low level of documentation for related policies and manuals.	- Establish an environmental management policy and targets - Define environmental management responsibilities and roles (R&R) - Develop and operate an environmental management manual
	Energy and Greenhouse Gases	Some suppliers had insufficient systems for periodically measuring and monitoring energy consumption and greenhouse gas emissions.	- Establish management standards for energy consumption and greenhouse gas emissions - Establish regular monitoring and management procedures for relevant data
	Resource Circulation and Hazardous Substances	Certain standards for hazardous substance management, waste treatment, and resource circulation had been established, but evidence management and operational consistency were insufficient.	- Establish procedures for hazardous substance and waste management - Strengthen compliance checks and evidence management for applicable regulations
	Water Resources and Pollutants	Certain standards related to water use and pollutant discharge were recognized, but record management systems and systematic operation were insufficient.	- Establish water resource and pollutant management standards - Establish inspection and record management processes
S	Labor and Human Rights	Certain policies for protecting employees and socially vulnerable groups had been established, but formal policies and systematic training frameworks were insufficient.	- Establish human rights protection policies and guidelines - Define standards for preventing discrimination and workplace harassment - Conduct human rights-related training and awareness-raising activities
	Occupational Health and Safety System	Suppliers recognized the importance of occupational health and safety management, but many lacked standardized manuals and systematic management criteria.	- Develop an occupational health and safety management manual - Establish accountability and a management framework for occupational health and safety
	Occupational Health and Safety Management	Industrial accident prevention activities and accident history management were in some cases carried out only as a formality, or regular inspection systems were insufficient.	- Establish a system for managing and analyzing industrial accident records - Strengthen accident prevention activities and regular inspections
	External Stakeholders	Standards related to fair trade and engagement with external stakeholders were in place, but internal management systems and training levels were generally insufficient.	- Clarify fair trade and supplier transaction standards - Establish stakeholder response procedures and conduct related training
G	Ethics and Transparent Management	Awareness of ethics and anti-corruption management was present, but institutional foundations such as formal codes of ethics, internal control systems, and reporting channels were insufficient.	- Establish and declare a corporate ethics charter and code of ethics - Develop ethics and anti-corruption policies - Conduct ethics training for employees and stakeholders

Support for Strengthening Supply Chain ESG Capabilities

Based on the 2025 ESG assessment results, KD Navien actively supported suppliers whose ratings declined due to deficiencies in policy- and system-based areas, such as environmental management policies, codes of ethics, and human rights policies. The Company provided customized training through on-site assessments, identified improvement tasks, and supplied immediately actionable ESG action kits to strengthen suppliers’ ESG response capabilities. Approximately 70% of suppliers that participated in ESG assessments for two consecutive years showed an improvement in their ratings, confirming that continuous training and repeated participation in assessments lead to tangible improvements in ESG performance. Based on these results, beginning in 2026, KD Navien plans to introduce an incentive system that awards additional points in regular supplier assessments to suppliers participating in ESG assessments and those receiving outstanding ratings. Through this initiative, the Company aims to encourage voluntary participation and improve overall ESG ratings across its supplier base. Furthermore, as rating improvements were confirmed among more than half of the suppliers subject to on-site assessments, KD Navien plans to gradually expand the number of suppliers covered by on-site assessments. The Company will also expand the scale of its ESG consulting partner network to strengthen in-depth reviews of suppliers’ environmental and occupational health and safety management systems.

Supply Chain Management

Implementation Activities

Sustainable Supplier Partnership Initiatives

Supplier Support

KD Navien recognizes that mutual growth with suppliers is essential to securing sustainable competitiveness. To create an environment where suppliers can grow together with the Company, KD Navien operates various support programs, including financial assistance, capability-building initiatives, and training.

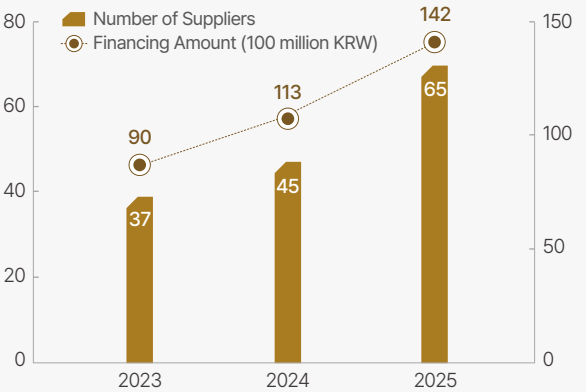
Supplier Support Activities in 2025

Category	Activity	Details
Financial Support	Accounts Receivable Financing Program	• Reduced suppliers' financing costs by providing accounts receivable financing • Provided credit totaling 14.2 billion KRW to 65 suppliers
	Improved Payment Terms	• Cash payment of trade receivables upon supplier request • Paid a total of 93.7 billion KRW in cash to suppliers
	Paid Material Supply Program	• Operated an advance payment program for raw materials with significant price fluctuations to stabilize raw material procurement • Provided paid material supply support to 39 suppliers
Competitiveness Enhancement	Supplier ESG Assessment and Assessment Report Support	• ESG fundamentals training and document-based assessments for major suppliers (including KD Navien affiliates) • On-site assessments and support for issuing assessment reports • Supported ESG assessments for a total of 43 suppliers, including on-site assessments for 10 suppliers
	Quality Improvement Support Program	• Technical support for quality improvement, supplier quality guidance, and system enhancement • Supported supplier quality improvement activities, including the selection of 145 improvement tasks across 20 suppliers and collaborative improvement efforts • Supported supplier process monitoring activities
	Inspection Infrastructure Support	• Support for inspection equipment and production infrastructure • Provided inspection equipment to prevent accidents involving PL safety parts (a total of five units for four suppliers)
Training Support	Basic Training on Environmental Regulations	• Training for new suppliers on environmental regulations and the GPS (hazardous substance management) system • Provided training to 33 suppliers
	Preventive Quality Support	• Quality assurance through integration with inspection equipment (EES) and SPC systems • Supported enhanced SPC management through ESG data integration
	Supplier Quality Training	• Training on return defect management and quality incident case studies • Conducted five supplier briefing sessions on key components for new products
Training & Supplier Council	Industrial Accident Prevention and Capability Building	• Monthly supplier council meetings • Held council meetings for on-site partner companies 1. Shared information on 2025 regulatory revisions and relevant policies of the Ministry of Employment and Labor 2. Conducted joint inspections with partner companies 3. Collected VOC from partner companies
Other Support	Holiday Gift Program	• Holiday gifts provided to suppliers during Lunar New Year and Chuseok • Provided holiday gifts to 20 suppliers

Financial Support to Enhance Suppliers' Financial Stability

KD Navien continues to expand its accounts receivable financing program to reduce suppliers' financial burdens and support stable business operations. The number of suppliers receiving financing increased from 37 in 2023 to 65 in 2025, while the total financing amount increased from 9.0 billion KRW to 14.2 billion KRW over the same period. Going forward, KD Navien will continue to enhance its financial support system to strengthen suppliers' financial stability and build a foundation for sustainable growth across the supply chain.

Three-Year Trend of Accounts Receivable Financing Support



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Supply Chain Management

Implementation Activities

Dealer Support and Activities

KD Navien operates a multi-layered support system encompassing sales growth, training, welfare benefits, and legal protection to help dealers—the direct point of contact for delivering products and services to customers—maintain stable business operations and competitiveness.

Dealer Support Activities in 2025

Category		Activity	Details
Sales Growth Support	Promotion and Sales Support	• Support for offline promotional and sales activities	• Support worth 820 million KRW for apartment complex advertising and the production of promotional materials and catalogs
		• Support for promotional activities, including online live broadcasts and display advertising	• Support worth 360 million KRW for advertising expenses and the operation of live broadcasts
	Online-Offline Win-Win Model	• Promote mutual growth between dealers and headquarters through the Online Partner Program	• Selected as a Dealer Companion Company by the Korea Fair Trade Commission in 2025
	Outstanding Dealer Awards	• Provide awards to top-performing dealers and dealers with outstanding participation in Company policies	• Approximately 100 million KRW provided in prize money and awards
	New Dealer Support	• Operate a support program to help newly established dealers achieve early business stability	• Provide quarterly business stabilization support funds to 28 newly established dealers from 2024 to 2025 • Provide store display stands and display products
	Interior Support	• Support interior costs for new store openings, dealer relocations, and store renovations	• Provide support worth 110 million KRW, including signboard production and interior renovations
Training Support	Logistics Support	• Provide free delivery for ordered products and merchandise when applicable requirements are met	• Provide free logistics support worth 3.16 billion KRW
	Policy Guidance	• Provide guidance on headquarters policies and business directions, as well as new product training	• Conduct regional hub-based training sessions
	Product and Technical Training	• Provide practical training, sales training, policy training, and other programs	• Provide year-round support, including installation training for new products such as kitchen appliances, training on new subscription policies, and training for next-generation dealer owners
Welfare Benefits	Provision of Materials and Resources	• Provide materials required for dealer operations	• Provide customer service guides, customer management tools, and learning handbooks
	Holiday Gift Support	• Provide gift sets to dealer employees during the Lunar New Year and Chuseok holidays	• Provide gift sets worth 68 million KRW
	Operational Supplies Support	• Support the production of work uniforms, diaries, and calendars	• Provide support worth 130 million KRW
	Congratulations and Condolences Support	• Provide support for dealers' family events	• Provide 24 million KRW in congratulatory and condolence allowances, wreaths, and funeral supplies* *The funeral supplies support program was newly introduced in 2025
Dealer Protection		• Use the standard dealer agreement prescribed by the Korea Fair Trade Commission	• Selected as a Dealer Companion Company by the Korea Fair Trade Commission in 2025
		• Guarantee dealers' right to request contract renewal	• Guarantee the right to request contract renewal for three years following the initial store opening

Selected as a Dealer Companion Company for Two Consecutive Years

KD Navien was selected as a Dealer Companion Company by the Korea Fair Trade Commission for the second consecutive year, expanding its trust-based win-win partnership framework with dealers across the supply chain. Through the Online Partner Program, customer inquiries received through online channels are connected with dealers responsible for the relevant regions, thereby expanding dealers' practical business opportunities throughout the consultation, sales, and installation processes. Currently, approximately 280 dealers participate in the program and have completed more than 10,000 product installations on a cumulative basis. In addition, KD Navien supports dealers' sustainable growth through regular feedback based on customer satisfaction, training designed to strengthen online competitiveness, and the Next Leader Management Practices Training program for next-generation dealer owners. KD Navien will continue to strengthen its win-win partnership framework so that dealers can grow alongside the Company as key partners in the supply chain ecosystem, beyond their role as sales channels.



Customer-Centric Management

Service

Implementation System

KD Navien places customers at the center of its management and practices the protection of consumer rights as a core value. To this end, the Company has established a dedicated organizational structure centered on the Consumer Centered Management (CCM) Division and the Customer Service Management (CSM) Division, both of which report directly to the CEO. Through a systematic structure encompassing policy development, implementation at operational sites, and reporting, KD Navien continues to strengthen customer trust.



Implementation Direction

Under its brand philosophy of “Partner for Comfortable Living Environments,” KD Navien continues to evolve through digital customer service innovation so that customers can experience more convenient and optimized services. The Company has established the realization of a hyper-personalized customer experience as its future vision and will continue to strengthen its customer-centered service infrastructure.

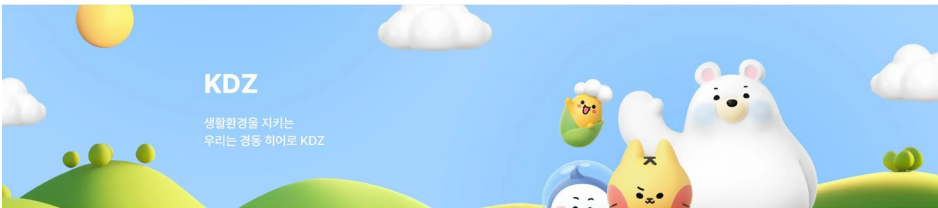
Management Goals



1) AI Contact Center

Content-based Customer Communication

KD Navien communicates with customers in a more approachable manner by utilizing its brand characters, KDZ (KyungDongDestroys Z-Villain), which embody the mission of serving as a Navigator for Energy and the Environment. The four characters—NAVI, WOONGDI, EBOT, and DANCINGCON—are heroes who eliminate various everyday harmful substances known as Z-Villains and provide pleasant living environments. Through these characters, KD Navien communicates its core value of integrated air quality management in an entertaining and approachable manner. By using a variety of content formats, including character comics, digital goods, and KakaoTalk emoticons, the Company is expanding engagement with a broad range of customers, including Millennials and Generation Z, while conveying its brand image as a Partner for Comfortable Living Environments in a friendly and accessible way.



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Customer-Centric Management

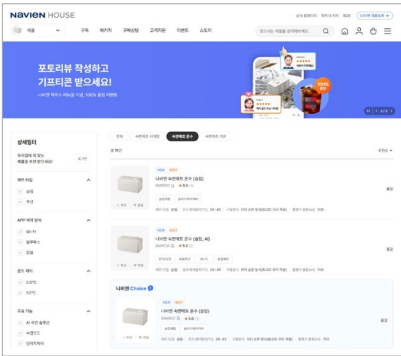
Service

Operating Integrated Customer Touchpoints Centered on the Customer Experience

KD Navien has established an integrated online and offline service system to provide customers with a consistent and optimized experience throughout their daily lives, beginning from the moment they first encounter the brand and continuing through product use. KD Navien's flagship platform, Navien House, is an integrated living environment solutions platform that seamlessly connects online and offline channels. Online, the platform provides a one-stop service encompassing personalized product recommendations based on customer spatial information, purchase and installation consultations, subscription applications, and A/S requests. At experience stores located at major locations nationwide, customers can explore products in spaces designed to replicate real-life residential environments and receive professional consultations. Following the launch of a subscription service for ventilation air purifiers in 2023, KD Navien expanded its in-house subscription offerings to boilers, sleep mattress pads, and kitchen appliances in 2025. During the subscription period, customers are supported in maintaining products in optimal condition through complimentary A/S and regular on-site care services provided by Navien Partners. In addition, the Company operates its AI chatbot, Ebot, around the clock to respond to customer needs at the right moment, from information searches and self-diagnosis to connection with consultation services. Through these efforts, KD Navien is creating a virtuous cycle in which a satisfactory customer experience builds trust and that trust leads to new customer choices.

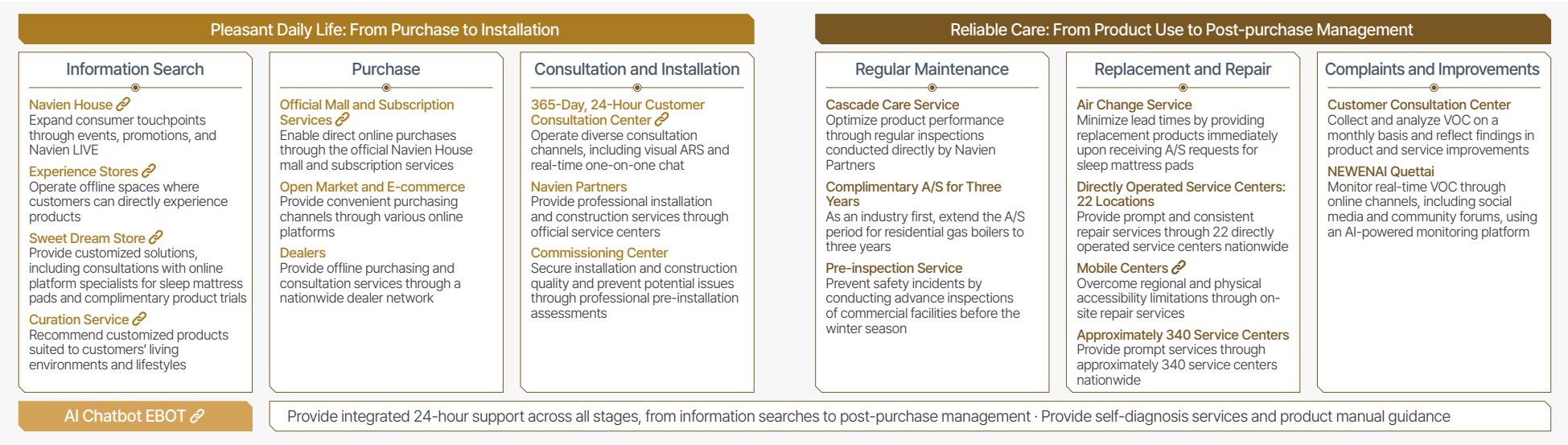
Operation of the Official Navien House

Navien House is an online living environment solutions platform designed to enable customers to conveniently experience KD Navien's various products and services in one place. Through a full platform renewal in 2026, KD Navien introduced personalized product recommendations based on customer spatial information and package recommendations linked to different living environment categories. The Company also established a one-stop service framework covering subscription applications, A/S requests, and self-diagnosis. Through the platform, customers can more intuitively select products and services optimized for their living environments and complete the entire post-purchase management process within a single platform.



Navien House Online Platform Screen

Customer Touchpoints by Customer Journey Stage



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Customer-Centric Management

Service

Risk Management

Policy

Customer Satisfaction Management Policy

KD Navien practices customer-centered management based on its Customer Satisfaction Management Policy, approved by top management, and its Customer Charter. All employees actively participate in practicing customer-centered management and achieving related objectives. The Company provides customers with products of the highest quality and advances technologies and innovation as a “Optimize Living and Environment,” while practicing customer satisfaction management so that all customers can enjoy a “happy living temperature.”

[Customer-Centric Management Policy](#)

External Certifications

KD Navien prioritizes the protection and promotion of consumer rights and became the first company in its industry to obtain Consumer Centered Management (CCM) certification in 2011. Based on its CCM operating system, the Company operates detailed manuals across the organization and continuously strengthens its consumer rights protection activities by collecting and analyzing VOC through various channels and actively incorporating consumer requests for improvement. As a result of these efforts, KD Navien achieved CCM certification for the seventh consecutive time in 2023 and was inducted into the CCM Hall of Fame. In 2025, the Company obtained its eighth certification, continuing to maintain an industry-leading consumer-centered management system. KD Navien also holds Service Quality Excellence (SQ) Certification, receiving external recognition for its continuous efforts to protect consumer rights and improve service quality.



CCM Excellence Award and Certificate Presentation Ceremony

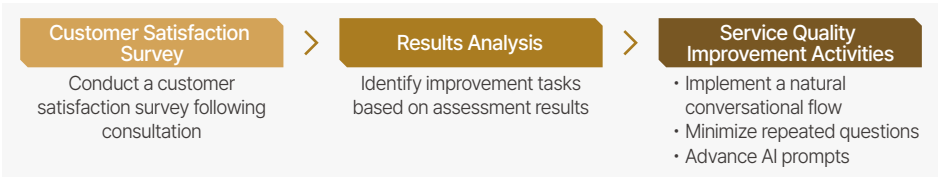


CCM Certificate

Customer Satisfaction Surveys

KD Navien systematically conducts customer satisfaction surveys in Korea and overseas to improve the quality of its customer service. In Korea, the Company is advancing the quality of its AI-powered consultation services based on survey results by implementing a more natural conversational flow, minimizing repeated questions, and improving AI prompts. At overseas subsidiaries, KD Navien also seeks to effectively collect customer feedback using methods tailored to the characteristics of each region. In particular, the Company plans to improve customer accessibility and response rates by transitioning to web-link surveys provided through dedicated channels.

Customer Satisfaction Survey and Service Improvement Process in Korea and Overseas



Three-Year Customer Satisfaction Survey Scores (Customer Service Representatives)

Year	2023	2024	2025
Score	88	87	84

NEWENAI Quettai Platform

KD Navien operates an online VOC monitoring system by introducing the digital-based NEWENAI Quettai Platform to respond swiftly to diverse customer feedback. Using web crawling technology, Quettai systematically collects and analyzes online customer opinions that are not submitted directly to the Customer Service Center. The platform monitors a broad range of customer responses in real time across news sites, online cafés, blogs, communities, social media, and websites operated by institutions, organizations, and government agencies. The collected data is used to quickly identify customer expectations and complaints. In particular, the platform serves a watchdog role by detecting and responding to negative issues in real time, thereby minimizing customer inconvenience.

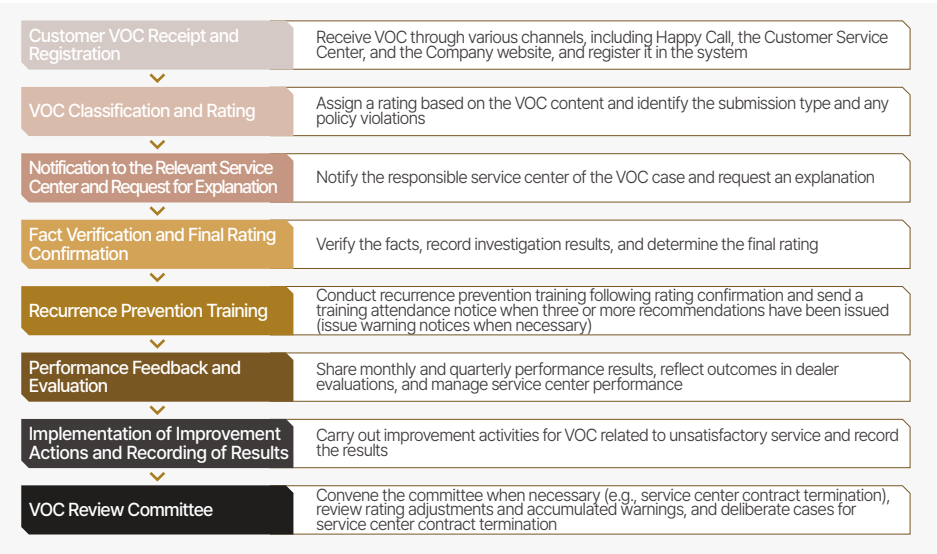
Customer-Centric Management

Service

Strengthening Customer Communication

KD Navien recognizes Voice of Customer (VOC) as critical information for advancing product and service quality. Customer feedback received through various channels—including Happy Call, the Customer Service Center, and the Company website—is systematically managed through an eight-step VOC handling process. The results of customer feedback analysis are reported to all executives on a monthly basis, while online customer opinions are also collected and analyzed in real time through the NEWENAI Quettai Platform. Based on these insights, KD Navien has introduced a preventive inspection service to distribute peak-season service demand and reduce customer waiting times.

Integrated VOC Management Process



Key VOC Management Indicators

Category	Key Management Indicators
Directly Operated Service Centers	SLA (processing within one day, appointment confirmation rate, appointment compliance rate, repeat failure rate), number of A/S cases processed, service productivity, VOC status
Call Center	Inbound calls, answered calls, consultation rate/productivity (CPH compared with the previous year), outsourcing fees, and changes in inbound call volume
Technical Consultation Center	Call operation status, improvement-related VOC cases, external complaint status

Service Quality Improvement Based on the Voice of the Customer

Preventive Inspection Service for the Peak Season

KD Navien has continuously improved customer waiting times and service quality issues arising from concentrated service demand during the winter peak season. To address these challenges, the Company introduced a proactive preventive inspection service during the off-season. By visiting major public facilities and commercial sites before the peak season to identify and eliminate potential failure factors in advance, KD Navien simultaneously enhances consumer safety, improves installation quality, and reduces customer maintenance costs.

Key Results of Preventive Inspections in 2025 Customer satisfaction **95%** or higher



Strengthening Consumer Safety

Proactively identify and correct improper installations and aging components to eliminate potential accident risks

Responsible Service

Strengthen post-sales lifecycle management by applying complimentary parts replacement standards to reduce customer costs

Data-driven Quality Improvement

Improve installation standards and evaluation criteria through quantitative analysis of improper installation types

VOC Receipt and Resolution Status¹⁾

Category	Unit	2023	2024	2025
VOC Received	Cases	2,068	2,112	2,358
VOC Resolved	Cases	2,068	2,112	2,358
Resolution Rate	%	100	100	100

1) Aggregate data based on complaint-related VOC among VOC management categories (complaints, suggestions, and compliments).

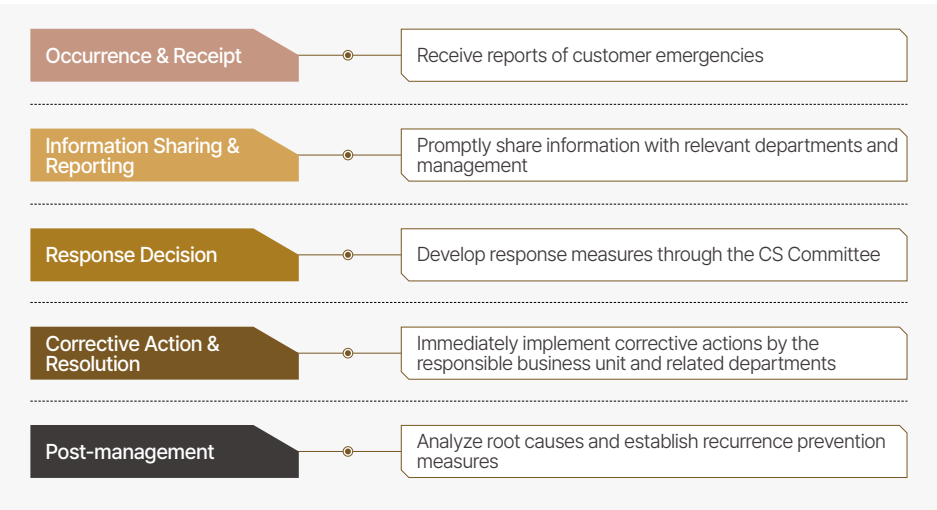
Customer-Centric Management

Service

Customer Damage Response Procedure

To ensure prompt and fair responses to customer damages, KD Navien has established emergency response regulations in advance and operates a systematic customer damage response procedure. When an emergency occurs, the Customer Support Team immediately receives the case and convenes the CS Committee, chaired by the Chief Customer Officer (CCO), to establish response measures and enable prompt decision-making through reporting to the Chief Executive Officer. Following resolution, the Company analyzes the root cause, develops recurrence prevention measures, collaborates with relevant departments to implement corrective actions, and verifies their effectiveness to prevent similar incidents from recurring.

Customer Damage Response Process



Supporting Consumer Accessibility

Operating an AICC-based Customer Consultation Service

To enhance consultation quality and improve customer accessibility, KD Navien became the first company in the industry to introduce the generative AI-based chat consultation service “EBOT” in November 2024 and established an AI Contact Center (AICC) system. By expanding its AI consultation system from chatbots to callbots, KD Navien continues to broaden customer self-service functions continuously broadens customer self-service functions, including error code guidance and self-diagnosis. It also serves as a business support tool for customer service representatives and field engineers, improving both response speed and on-site service quality.



KD Navien AI Chatbot “EBOT” Image

Customized Accessibility Support for Older Adults and Persons with Disabilities

KD Navien operates customized accessibility support programs for customers—including older adults and persons with disabilities—who may experience difficulties using its services. To improve convenience for senior customers, the Company provides a dedicated consultation channel that connects them directly with customer service representatives. In addition, customers who have difficulty using the call center can receive priority service request support through KD Navien dealers.

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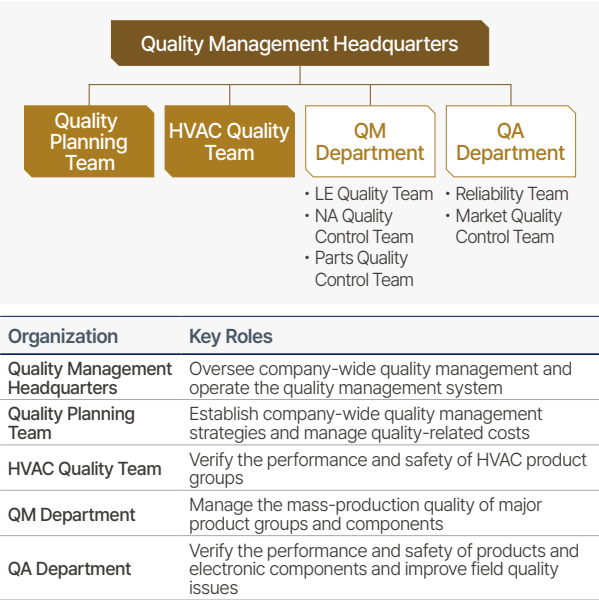
Customer-Centric Management

Products

Implementation System

KD Navien operates an integrated quality management system encompassing design, mass production, and field operations under the leadership of the Quality Management Headquarters. The Quality Planning Team oversees company-wide quality management strategies, while the QM Department manages the mass-production quality of major product groups and components. The QA Department is responsible for verifying the performance and safety of products and electronic components and improving field quality issues. Through this framework, KD Navien proactively prevents quality risks throughout all stages, from product development to customer delivery, and establishes a virtuous cycle in which identified issues are incorporated into design improvements.

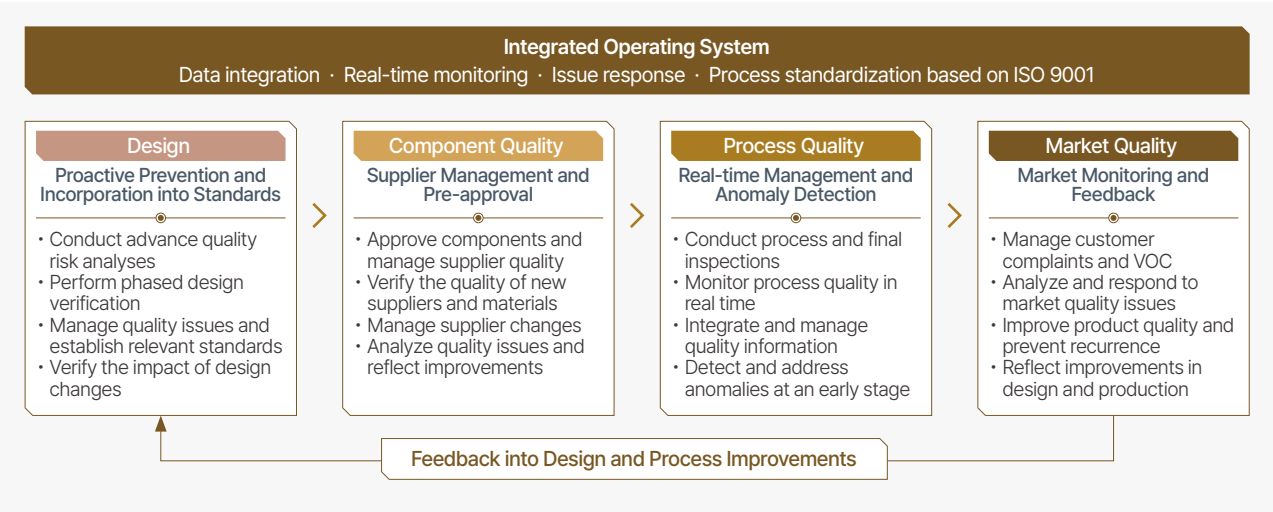
Organizational Structure



Quality Management System

KD Navien systematically manages quality based on a quality management system that encompasses the entire product lifecycle, from product planning and design to components, production processes, and the field. The system organically links design quality assurance, supplier and component quality management, process quality stabilization, and field quality feedback to maintain consistent quality levels even in mass-production environments and enable continuous improvement. During the product development stage, KD Navien proactively identifies potential quality issues through design verification and Failure Mode and Effects Analysis (FMEA)¹⁾. The results are reflected in component selection and process design, thereby minimizing the possibility of quality issues occurring. During the production stage, process management standards and quality data are integrated and managed through the Global Quality Management System (G-QMS)²⁾, enabling prompt monitoring and response when abnormalities occur. Quality information collected from the field is analyzed to identify root causes and reflected in design and process improvements. This integrated quality management framework operates based on ISO 9001 certification and enables the standardized management of quality data, real-time monitoring, systematic issue response, and management of improvement history.

Quality Management Process



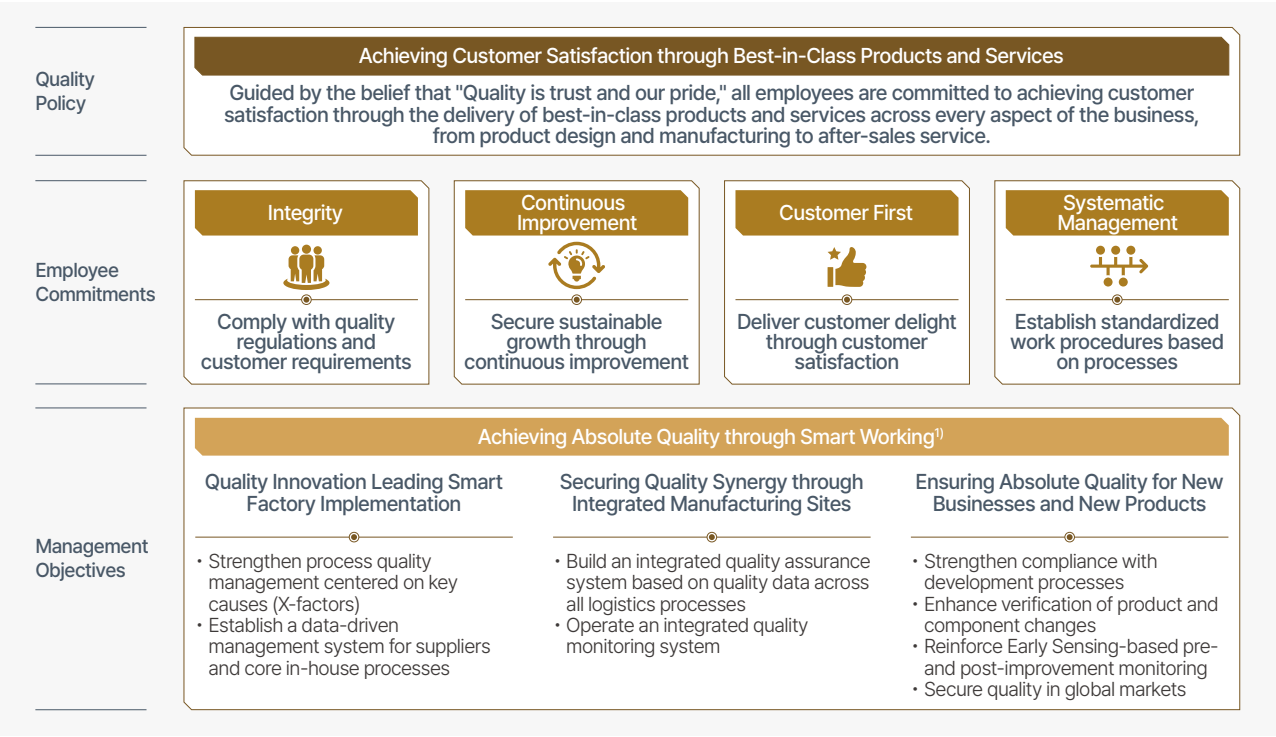
1) Failure Mode and Effects Analysis
2) Global Quality Management System

Customer-Centric Management

Products

Implementation Direction

KD Navien pursues customer satisfaction through the delivery of best-in-class products and services as the core objective of its quality management. Under the four guiding principles of integrity, continuous improvement, customer-first, and systematic management, all employees are committed to implementing quality management across the organization. Since declaring the slogan "Together with QMS, the Beginning of Quality Innovation" in 2019, KD Navien has continuously enhanced its company-wide Quality Management System (QMS) by conducting site-level QMS implementation audits and maintaining process management across its business operations.



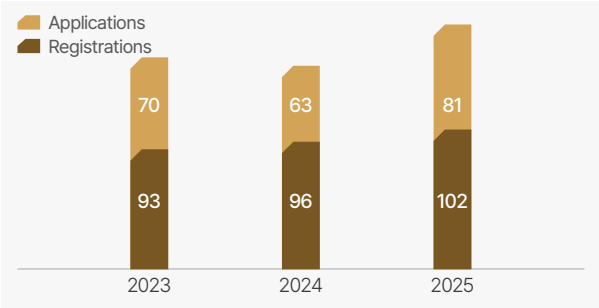
1) Smart Working: Improving the Way We Work

Risk Management

Intellectual Property Rights

KD Navien continuously files and registers intellectual property rights in Korea and overseas as part of its quality-centered management. The Company has more than 1,900 cumulative patent and utility model registrations in Korea and overseas and recorded more than 180 domestic patent applications and registrations in 2025. In 2026, KD Navien plans to continue driving technological innovation while maintaining a patent filing target comparable to the previous year's level.

Patent Applications and Registrations



Burner and Combustion Control Technologies

KD Navien has secured proprietary patented technologies in burner and combustion control to ensure customer safety and product reliability. Products incorporating these technologies improve ignition stability and reduce abnormal combustion. The related technologies have been successfully registered as patents in major domestic and international markets.

- Environmental
- Environmental Management
Biodiversity
- Social
- Safety and Health Management
Talent Management
Human Rights Management
Supply Chain Management
Customer-Centric Management
Community Engagement
Information Security
- Governance
- Board of Directors
Protection of Shareholder Rights
Ethics & Compliance Program
Integrated Risk Management

Customer-Centric Management

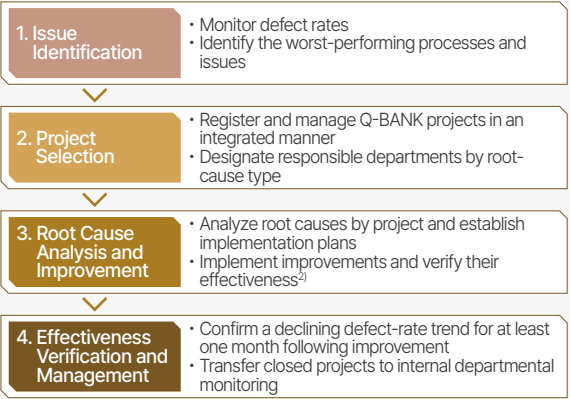
Products

Quality Management

Q-BANK

KD Navien has established and operates the Q-BANK system to proactively address the root causes of quality issues. Based on defect-rate monitoring, the Company selects improvement projects focusing on the worst-performing processes and key issues, and assigns responsible departments according to the type of root cause for systematic management. New projects are identified through quarterly Q-BANK launch meetings and reported to the CEO. Major projects are managed through weekly Q-BANK meetings attended by company-wide executives. Improvement projects are closed upon final approval by the CEO after confirming a decline in defect rates for at least one month. The results of improvement activities are reflected in the company-wide quality management system and decision-making processes.

Q-BANK Process



2025 Q-BANK Project Completion Rate¹⁾

82%

Daily Quality Review

KD Navien conducts daily quality reviews to quickly identify and address quality issues arising in components, production processes, and the market. Defects identified during manufacturing are aggregated on a daily basis, and relevant departments across the Company—including production, quality, manufacturing engineering, and the R&D Center—participate in daily review meetings to discuss root causes and improvement measures. Major issues are managed at the department-head level or above, while weekly progress reviews are conducted under the supervision of the Head of the Quality Management Headquarters. Through a tail-tag management approach, the Company clearly identifies the causes of each issue and links them to continuous improvement activities. Core issues are connected to Q-BANK for focused improvement, thereby promoting the fundamental resolution of quality issues.

Daily Quality Review Process

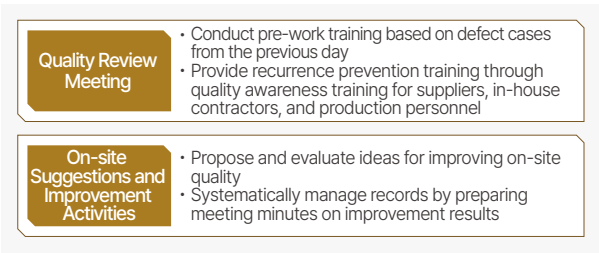
Stage	Process
1	On-site Quality Review (Production Staff)
2	Process-specific ³⁾ / Daily Quality Review ⁴⁾ (Management Staff)
3	Issue Rating Assignment
4	Tail-tag Registration (Project Management Number)
5	Implementation of Improvement Activities
6	Effectiveness Review and Closure of Tail Tags

Daily Quality Review Performance¹⁾

Category	Responsible Entity	Completion Rate(%)
Process Improvement	KD Navien	91.4
External Component Management	-	92.6
Market Improvement	-	80.5
Affiliate Component Management	KyungDong Polyum KyungDong Everon	95.4 91.8

Site-focused Quality Improvement Activities

KD Navien carries out site-focused quality improvement activities to promptly resolve quality issues identified in the field and prevent their recurrence.



Quality Contribution-based Reward System

KD Navien operates a quality contribution-based reward system to encourage employees' voluntary participation in quality improvement activities. Awards are presented in four areas:

- Outstanding Quality Improvement Award
- Defect Detection Award
- Three-Major Innovation Award
- Quality Review Meeting Award

Participation in the early identification of field issues and improvement activities is encouraged throughout the Company, including the Quality Management Headquarters, the R&D Center, manufacturing engineering, production, and on-site partner companies.

2025 Quality Management
Headquarters Awards

323 awards

* Company-wide awards covering the Quality Management Headquarters, R&D Center, manufacturing engineering, production, and on-site partner companies

- 1) As of December 31, 2025
- 2) Review of the target defect rate
- 3) Process-specific quality review attended by all relevant technical departments, including quality and manufacturing engineering
- 4) Daily review of issue status by quality department personnel

- Environmental
- Environmental Management
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- Ethics & Compliance Program
- Integrated Risk Management

Customer-Centric Management

Products

Product Safety

KD Navien has expanded its quality management system from a quality-centered approach to the Product Safety Quality Management System (PS QMS) centered on consumer safety, with the goal of developing safe products and minimizing safety risks throughout product operation. During new product development, potential accident hazards are identified and reviewed through risk assessments, while strengthened verification procedures help ensure customer safety.

Safety and Health Impact Assessment

KD Navien analyzes past quality issues and accident cases and incorporates the findings into the product development process to proactively identify and mitigate potential safety and health risks. The Company also applies systematic risk assessment methodologies, including Failure Mode and Effects Analysis (FMEA), to analyze potential hazards at both the component and product levels and establish preventive measures accordingly. At each development stage, improvement results for key risks and the implementation of design changes are reviewed. In addition, major issues identified during the initial mass production stage are verified before production conditions are finalized, ensuring a comprehensive management system for product safety.

Safety and Health Impact Assessment Process

1. Design and Development

Identify potential hazards by reviewing historical quality issues and accident cases
Conduct component risk assessments and establish mitigation measures

2. Product / Component / Production Line Review

Design and develop manufacturing processes based on safety and productivity
Verify the effectiveness of development processes
Confirm the application of management measures before mass production

3. Reliability Verification and Design Feedback

Verify product quality and safety through harsh-condition testing
Reflect design improvements based on quality issues
Secure final product quality before market launch

4. Mass Production

Proceed with full-scale production after completing verification

5. Service / Field

Continuously monitor issues occurring after mass production in the field
Analyze root causes and implement improvement activities

6. VOC and Issue Analysis

Collect and systematically analyze customer complaints and claim data
Establish corrective actions based on analysis results and deploy them to similar products

Chemical Substances

KD Navien uses only chemical agents that have passed safety evaluations for ventilation air purifier dust filter cleaning services. Detailed information on the chemicals used is disclosed through the product information pages on the Company's website.

Product Labeling

KD Navien requires product labeling throughout the product development process to transparently disclose information necessary for the safe use of its products, including the country of origin, operating conditions, safety certification numbers, power consumption, and capacity, thereby ensuring customers' right to know. To prevent safety accidents during the installation and servicing of medium- and large-sized boilers, the Company also provides four types of safety stickers covering precautions such as flue pipe disconnection and gas leak warnings. Furthermore, through product certification, KD Navien systematically manages and discloses information on substances with environmental impacts generated during the manufacturing process, providing customers with the information they need to use products safely throughout installation and operation.



Safety Stickers

Installation and Usage Information

To prevent serious accidents such as fire, electric shock, gas leakage, and water leakage that may occur during product installation and operation, KD Navien provides detailed safety information by classifying precautions and required actions according to their level of risk. The Company is also improving installation manuals to enhance readability and practical usability so that customers can install and use products more safely and conveniently. Improvements include a modular structure centered on drawings, the application of illustrations and pictograms to major procedures, and concise text centered on numerical information so that anyone can easily understand the instructions.

! 위험

이 표시를 무시하고 잘못 사용하면 '사망', '중상' 또는 '화재'의 높은 위험성이 있습니다.

! 경고

이 표시를 무시하고 잘못 사용하면 '사망', '중상' 또는 '화재'의 위험성이 있습니다.

! 주의

이 표시를 무시하고 잘못 사용하면 '인적 상해', 또는 '물적 손해'가 발생할 수 있습니다.

Hazard Classification of Safety Precautions

- Environmental
- Environmental Management
- Biodiversity
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Customer-Centric Management

Products

Smart Manufacturing

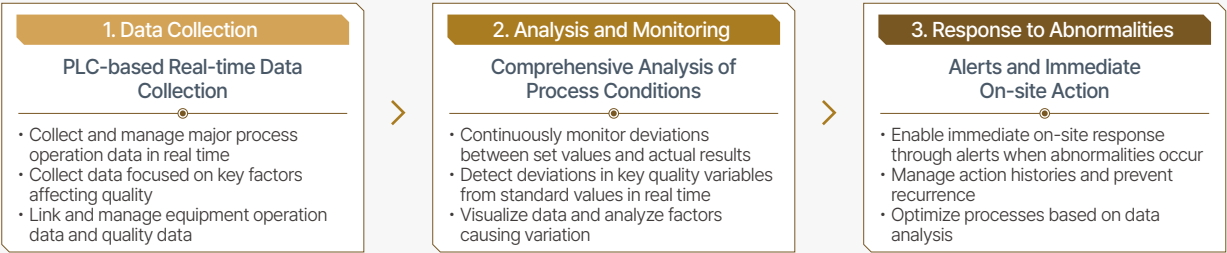
KD Navien is establishing a smart manufacturing system centered on the Seotan Factory (ECO Hub). The Company enhances production efficiency and quality reliability through AGV (Automated Guided Vehicle)-based automation of material transport and the operation of independently developed automated inspection equipment. It has also established a flexible production system capable of switching product mixes in response to production plans. In addition, KD Navien monitors and analyzes manufacturing data collected from each process in real time to eliminate waste factors and ensure uniform and consistent product quality based on equipment data. Going forward, the Company plans to advance the facility into a smart factory incorporating IoT, big data, and AI technologies and develop it into a global manufacturing hub with an annual production capacity of 4.39 million units.



Overview of the Production Line at Seotan Factory (ECO Hub)

Data-driven Quality Management

KD Navien is advancing its process quality management system based on digital technologies. The Company collects and manages key process data affecting quality in real time through PLCs (Programmable Logic Controllers) and continuously monitors deviations between actual results and process-specific set values to detect signs of abnormalities at an early stage. Through quality status dashboards and the SPC (Statistical Process Control) system, KD Navien visualizes process quality data and comprehensively analyzes process conditions by linking equipment operation data with quality data. The Company also determines in real time whether key quality variables deviate from standard values, enabling immediate on-site action. When abnormalities occur, an alert system enables prompt on-site response. Based on the results of data analysis, KD Navien continuously manages factors causing quality variation and optimizes its processes. In connection with the construction of the new factory, the Company plans to create an integrated monitoring environment that enables key quality and equipment data for each process to be viewed intuitively both on-site and in the office. It will also develop an integrated quality management system that links alerts with corresponding action processes when abnormalities occur. Furthermore, KD Navien plans to gradually expand the application of automated measurement and inspection technologies to proactively detect quality abnormalities and further advance its data-driven quality management system.



Implementation Activities

Ranked No. 1 in Six Categories in the 2025 Korean Standard Quality Excellence Index (KS-QEI)

In 2025, KD Navien ranked No. 1 in six categories of the Korean Standard Quality Excellence Index (KS-QEI), jointly developed by the Korean Standards Association and the Korean Society for Quality Management, receiving recognition for outstanding quality from consumers and experts. Following its No. 1 rankings in the condensing gas boiler, hot water mat, carbon mat, ventilation air purifier, and gas range categories, KD Navien was newly ranked No. 1 in the electric oven category this year. In particular, its condensing gas boiler ranked No. 1 for the 16th consecutive year, demonstrating the Company's unrivaled quality competitiveness.



Navien Condensing ON AI

Training

KD Navien provides quality training for company-wide management employees to raise awareness of the importance of quality and improve their understanding of the Quality Management System. In 2025, the Company conducted process training across all areas forming the foundation of manufacturing, including development, production, production engineering, and procurement.

2025 Quality Training Performance

Employees Completing Training	Training Course	Number of Sessions
147	Basic Quality Training	4

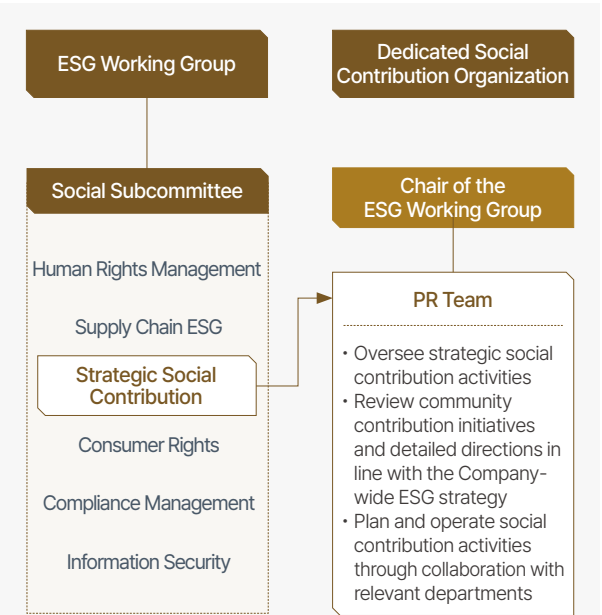
- Environmental
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Community Engagement

Implementation System

KD Navien operates a dedicated social contribution organization to systematically oversee the Company's community engagement policy and create meaningful change in local communities. The dedicated organization establishes mid- to long-term goals and directions, develops annual implementation plans based on them, and regularly reports to the ESG Committee. The PR Team reviews community contribution initiatives and detailed directions aligned with the Company-wide ESG strategy. It also works closely with implementing departments across the Company that plan and operate social contribution programs, thereby carrying out strategic social contribution activities that continuously create social value.

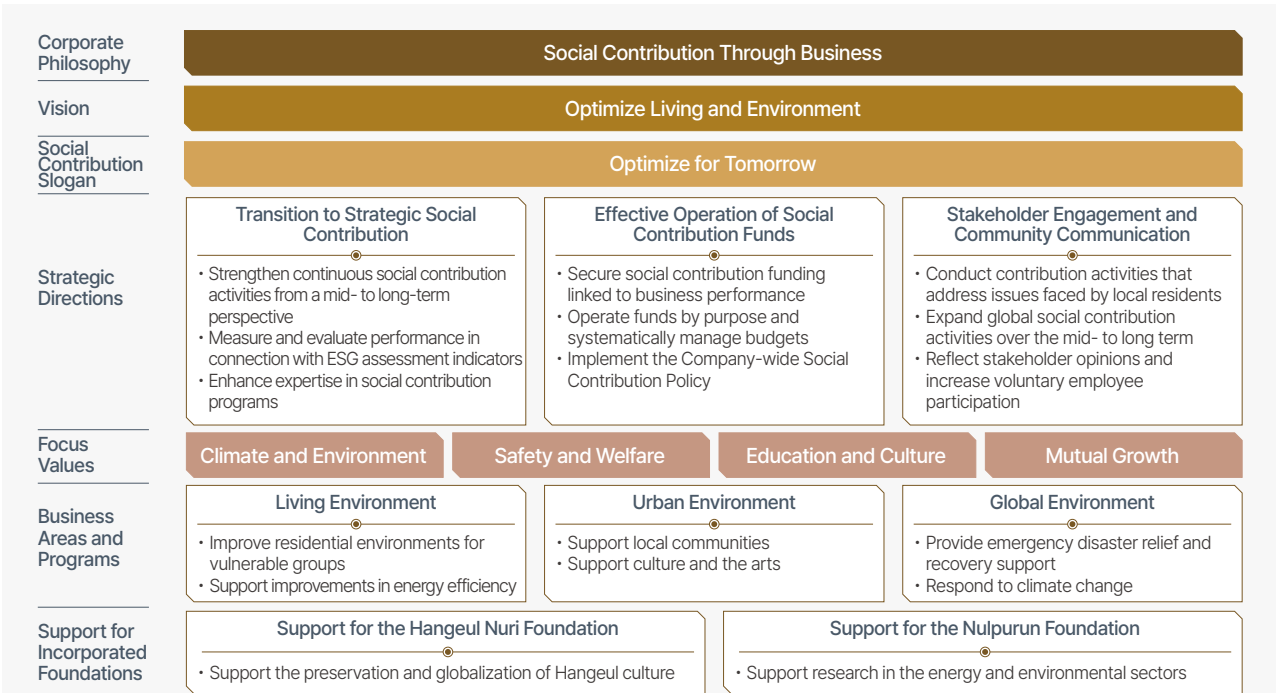
Organizational Structure



Implementation Direction

Based on its corporate philosophy of "Social Contribution Through Business," KD Navien has newly established a company-wide social contribution framework and is actively transitioning toward strategic social contribution to faithfully fulfill its social responsibilities. In the second half of 2025, the Company established a social contribution strategy framework and specified mid- to long-term management goals and implementation tasks for community engagement. In 2026, it enacted and implemented its Social Contribution Guidelines and Policy to ensure consistency in donation execution and establish an internal operating foundation for systematic activity management. Based on this framework, KD Navien reorganized its existing activities into three focus areas—Living Environment, Urban Environment, and Global Environment—in line with the direction of its social contribution slogan, "Optimize for Tomorrow." Going forward, the Company will continue to strengthen its social contribution activities by leveraging its proprietary technologies, services, and resources to bring meaningful change to beneficiaries' lives and maximize the creation of social value.

KD Navien Social Contribution Strategy



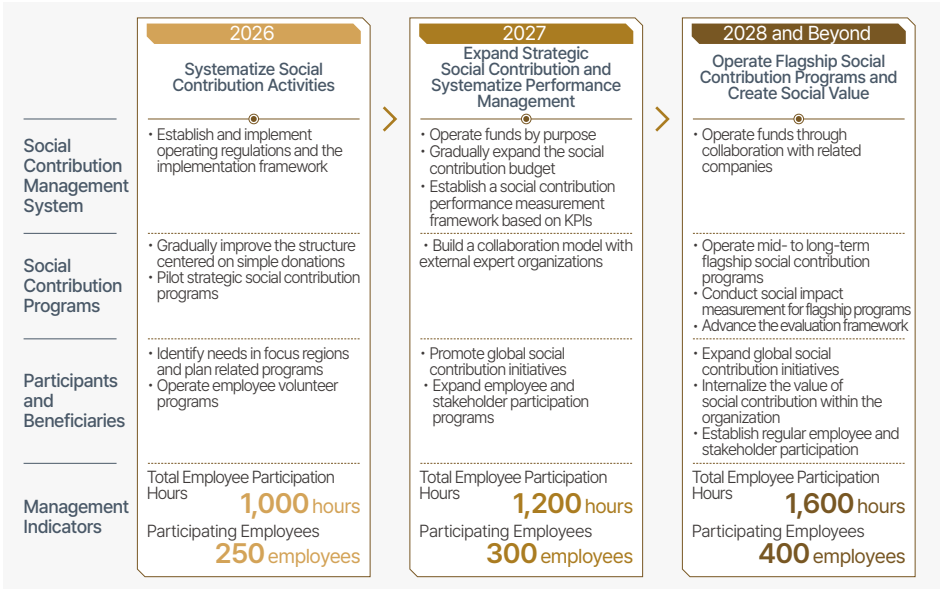
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Community Engagement

Implementation Direction

Goals

KD Navien has newly established annual goals and corresponding action plans to achieve its social contribution vision. The Company continuously reflects the issues and social challenges facing local communities in its social contribution strategy, while monitoring the implementation status and performance of its social contribution activities each year and carrying out related action plans.



Risk Management

Guidelines

Social Contribution Guidelines

Based on its corporate philosophy of “Social Contribution Through Business,” KD Navien has established Social Contribution Guidelines and fulfills its responsibilities as a corporate citizen. The Guidelines are based on the principle of contributing to better living environments for local communities and stakeholders by leveraging the Company’s technologies, services, and resources. Under the slogan “Optimize for Tomorrow,” KD Navien continuously carries out social contribution activities across the Living Environment, Urban Environment, and Global Environment areas.

[Social Contribution Guidelines](#)

Implementation Activities

Living Environment

Improving Residential Environments for Vulnerable Groups

KD Navien recognizes that residential environments are directly connected to personal safety, health, and quality of life and continuously carries out activities to improve the living conditions of socially vulnerable groups. In 2025, the Company supported Habitat for Humanity Korea’s housing improvement projects, provided heating cost support to child welfare facilities, and supported the replacement of aging boilers, thereby improving living environments in local communities. KD Navien is also expanding its beneficiaries through partnerships with Habitat for Humanity organizations in Korea and overseas and with local communities, contributing to the creation of safer and warmer living environments. Through its support for Habitat for Humanity Korea’s housing improvement projects, the Company contributed to improving heating conditions for vulnerable groups and generating approximately 8 million KRW in benefits for beneficiaries.

Donation Performance

Category	Unit	2023	2024	2025
Donations	KRW million	1,449	1,342	1,740

Key Social Contribution Activities in 2025¹⁾

Category	Key Activities	Details
Domestic	Support for Vulnerable Households	- Supported boilers for Habitat for Humanity Korea’s housing improvement projects - Collaborated with Kyungdong City Gas on the “Creating a Warm World for Children” initiative, providing heating environment improvements for vulnerable groups and welfare facilities in the Ulsan region
	Support for Improvements to Community and Energy-related Heating Environments	- Supported the cost of replacing aging boilers for low-income households - Signed an eco-friendly boiler donation agreement for energy-vulnerable households in Seoul and provided boilers - Supported boilers for gas improvement and inspection projects serving vulnerable groups in Pyeongtaek
Overseas (United States)	Support for Socially Vulnerable Groups (Children, Vulnerable Families, and Older Adults)	Supported children with cancer, provided supplies to family counseling centers, and supported older adult communities in the Los Angeles area
	Support for Vulnerable Households	Supported Habitat for Humanity activities in eastern Canada and California

1) The activities listed are based on the Company’s key social contribution activities in 2025. The aggregation criteria and scope may differ from the donation amounts disclosed in the Business Report.

- Environmental
- Environmental Management
- Biodiversity
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Community Engagement

Implementation Activities

Urban Environment

Support for Culture and the Arts

KD Navien recognizes that culture and people form the foundation of a sustainable urban environment and contributes to the sustainable growth of local communities by supporting culture and the arts, as well as research and education for future generations. Through these activities, the Company aims to improve the quality of life of urban residents and help create a healthy, people-centered urban living environment.

Support for the Pyeongtaek City Cultural Foundation

Since 2022, KD Navien has supported the Pyeongtaek City Cultural Foundation to contribute to the cultural development of Pyeongtaek, where the Seotan Factory (ECO Hub) is located. In 2025, the Company sponsored the 2025 Pyeongtaek Chamber Music Festival to support cultural and artistic activities for Pyeongtaek residents. KD Navien will continue supporting the cultural development of Pyeongtaek.

Support for the K-Music Philharmonic Orchestra

KD Navien continues to support regular performances by the K-Music Philharmonic Orchestra, which raises funds for underserved groups with limited access to culture and the arts, including persons with disabilities, youth heads of household, and older adults without family support, and delivers hope and inspiration. This non-profit organization, composed of instrumental music majors, performs Korean classical music, compositions by Korean composers, and the Korean national anthem, thereby putting the value of sharing into practice through culture and the arts.



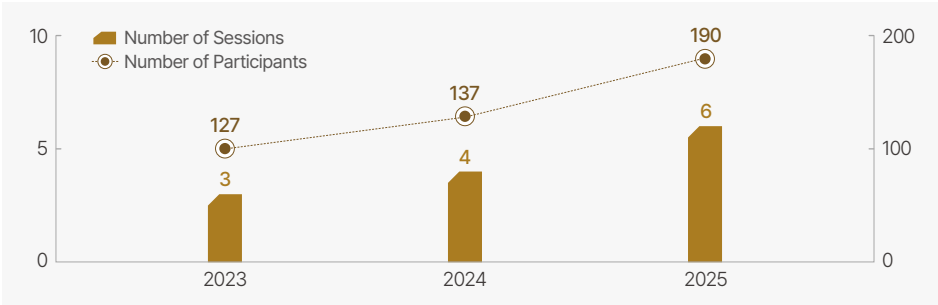
2025 Pyeongtaek Chamber Music Festival

Support for Local Communities

Korean Red Cross MOU Blood Donation Campaign

KD Navien signed a "Life Sharing" agreement with the Korean Red Cross and practices respect for life through blood donation participation. In 2025, 190 employees participated in blood donation activities over six sessions, sharing the spirit of giving. In 2026, the Company plans to expand blood donation activities to all business sites so that more employees can contribute to solidarity with local communities.

Participation in the Korean Red Cross MOU Blood Donation Campaign (2023–2025)



Key Social Contribution Activities in 2025

Category	Key Activities	Details
Overseas (United States)	Support for Educational Institutions to Foster Next-generation Technical Talent	Donated boilers and HVAC equipment to local universities and vocational training institutions, Supported local communities
Overseas (Uzbekistan)	Support for K-Culture Exchange Activities	Sponsored the Ambassador's Cup Junior Taekwondo Competition
		Sponsored local community cultural events, including the Goryeo Cultural Association's Chuseok event

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Community Engagement

Implementation Activities

Global Environment

Emergency Disaster Relief

KD Navien carries out emergency relief activities in response to disasters caused by climate change and other factors, supporting the recovery of affected areas and helping residents return to their daily lives. In 2025, the Company focused its domestic relief efforts on areas affected by the wildfires in Uiseong, Gyeongsangbuk-do, approximately 250 million KRW in benefits for affected residents and contributing to the stabilization of their livelihoods and the recovery of local communities. In the United States, KD Navien provided prompt recovery support to areas affected by large-scale natural disasters. Going forward, KD Navien will continue contributing to a sustainable future through activities addressing climate change and global environmental challenges.

Key Social Contribution Activities in 2025

Category	Key Activities	Details
Domestic	Support for Residents Affected by the Uiseong Wildfires in Gyeongsangbuk-do	Provided relief supplies to temporary shelters in Andong, Yeongyang, Sancheong, and Uiseong, and supported on-site recovery activities
Overseas (United States)	Disaster Relief Donations	Donated to the Texas flood recovery fund
		Donated to the North Carolina hurricane recovery fund

Support for Incorporated Foundations

Support for the Nulpurun Foundation

Through the incorporated Nulpurun Foundation, KD Navien promotes social interest and participation in the energy sector and supports various practical initiatives aimed at resolving environmental issues. The Nulpurun Foundation is a non-profit corporation under the Ministry of Environment established in April 2000 through a contribution by KD Navien CEO Sohn Yeon-ho. Guided by the ethical principle of “sustainability,” the Foundation promotes technological innovation for harmonious coexistence between people and nature. In particular, by supporting the activities of academic societies and related organizations in the energy and environmental fields, the Foundation contributes to building a foundation for the transition to a sustainable society.

Support for the Hangeul Nuri Foundation

Through the incorporated Hangeul Nuri Foundation, KD Navien promotes the value and excellence of Hangeul both in Korea and abroad and contributes to the development and wider dissemination of Hangeul culture. Established through a personal asset contribution by CEO Sohn Yeon-ho, the Hangeul Nuri Foundation conducts independent research centered on the Hangeul Nuri Research Institute and actively supports scholars and Hangeul research organizations. Through these activities, the Foundation continues to work toward establishing Hangeul as a universally shared writing system around the world.

Hosting Hangeul Festa 2025 – Hangeul Festa 2025 Poster

Through the incorporated Hangeul Nuri Foundation, KD Navien hosts Hangeul Festa, an event that explores ways to represent the languages of the world in Hangeul and promotes the broad application and value of the Korean writing system. In 2025, the Foundation applied the “Nuri Hangeul” notation system, developed by its research institute based on Hunminjeongeum’s principles of letter formation, to enable the sounds of various languages around the world to be represented as they are spoken. Hangeul Festa 2025 received 252 entries in 44 languages from 43 countries and drew an enthusiastic response from participants around the world.



Hosting Hangeul Festa 2025 Poster

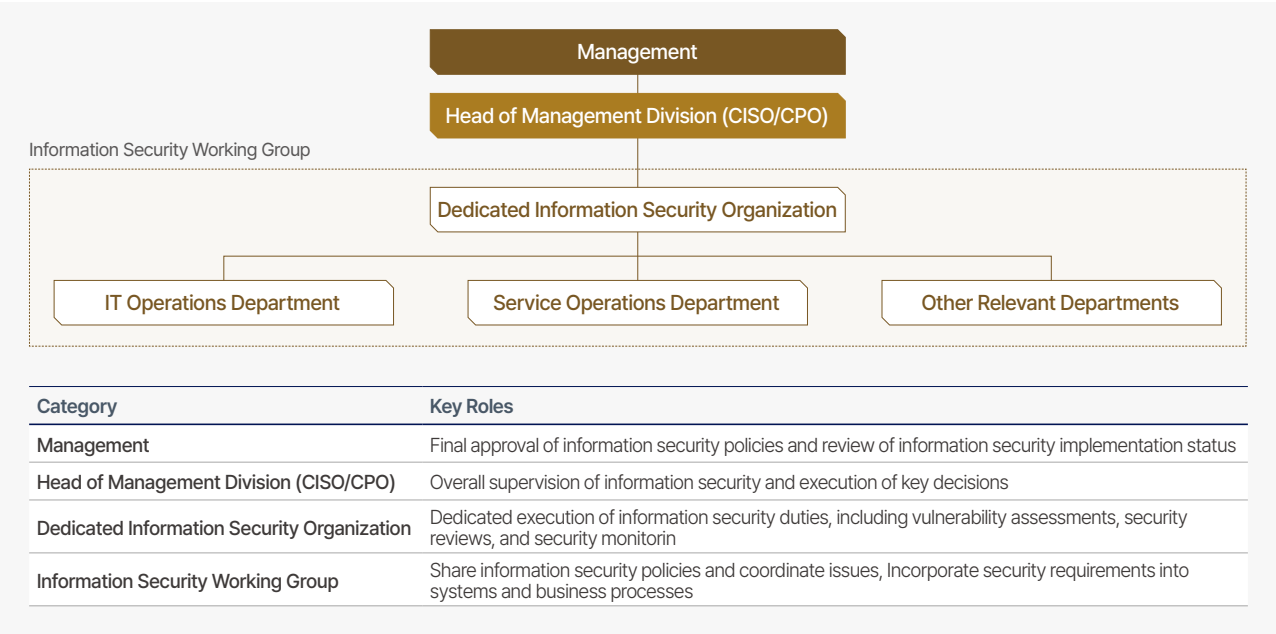
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Information Security

Implementation System

In accordance with relevant laws and regulations, including the Act on Promotion of Information and Communications Network Utilization and Information Protection and the Personal Information Protection Act, KD Navien has appointed the Head of the Management Division as the Chief Information Security Officer (CISO) and Chief Privacy Officer (CPO) and operates an information security and personal information protection management system. Information security policies are established with the approval of top management, while operating status and key issues are reported to management on a regular and ad hoc basis. The Chief Information Security Officer (CISO) oversees major information security matters and systematically manages the operation of detailed guidelines and the results of inspections and implementation through a CISO-centered reporting framework. The dedicated information security organization under the CISO performs key duties, including establishing and implementing information security policies, conducting vulnerability assessments, reviewing the security of new systems and services, performing penetration tests, and carrying out security monitoring. KD Navien also operates an Information Security Working Group consisting of the dedicated organization and relevant departments, including IT operations and service operations. Through this working group, the Company shares information security issues and incorporates security requirements throughout its systems and business processes.

Organizational Structure



Risk Management

Policy

KD Navien establishes information security and personal information protection policies with the approval of top management and systematically protects key assets, including business strategies, core technologies, research information, and personal information. These policies are operated together with detailed rules and manuals, centered on overarching regulations such as the Information Security Management Regulations and the Internal Personal Information Management Plan. To maintain the currency and effectiveness of the policies, KD Navien conducts regular annual revisions reflecting amendments to laws and regulations, changes in the internal and external environment, and evolving security threat levels, while also conducting ad hoc reviews when necessary. The Company shares its policies with all employees and provides regular training to continuously strengthen information security awareness and culture.

Policy Structure

Category	Regulation	Rules
Information Security	Information Security Management Regulations	• Personnel Security Rules • Physical Security Rules • Risk Management Rules • Information System Security Rules • Information Security Incident Response Rules • User Account and Password Rules • Document and Media Security Rules • PC Security Rules • Development Security Rules • IT Disaster Recovery Rules • Encryption Rules • Cloud Service Security Rules
Personal Information Protection	Internal Personal Information Management Plan	• Personal Information Processing Policy Management Rules • Personal Information Breach Response Rules • Personal Information Processing Outsourcing and Provision Management Rules • Video Information Processing Device Operation and Management Rules

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- Integrated Risk Management

Information Security

Risk Management

Certification

To respond to increasing cybersecurity threats and personal information protection requirements, KD Navien obtained ISO 27001 Information Security Management System certification and ISO 27701 Privacy Information Management System certification in 2024. Based on these certifications, the Company operates an integrated information security and personal information protection management system. Through annual certification renewal audits, the personal information protection measures applied across KD Navien's customer-facing services—including its official online shopping mall 'Navien House' and the 'Navien Smart' application—are objectively verified to remain compliant with international standards.

Information Security Certificates



ISO 27001
International Information
Security Certification



ISO 27701
International Privacy Information
Protection Certification

Information Security Risk Identification and Management

To systematically manage information security risks, KD Navien identifies and evaluates managerial and technical risk factors in stages based on the current status and identification of its information assets. Risk assessments are conducted annually based on the control requirements of ISO/IEC 27001 and ISO/IEC 27701. The Company analyzes risk levels by comprehensively considering the importance and vulnerability of information assets, as well as the level of existing security controls. Prior to certification audits, KD Navien also conducts self-assessments and internal preliminary inspections and, where necessary, incorporates the results of external inspections to identify potential risk factors in advance. Based on the results of risk assessments, the Company establishes treatment measures for each risk level. For items requiring improvement, KD Navien collaborates with relevant departments to develop protective measures and implements them in phases according to action plans. The results of these actions are incorporated into the management system through verification and monitoring. KD Navien also establishes follow-up improvement plans for recommendations and nonconformities identified during certification audits and continuously reviews implementation status.

Risk Assessment Process



Personal Information Protection

KD Navien recognizes the protection of customer information as a core component of information security risk management and continuously strengthens safeguards for personal information and other key data. The Company applies encryption measures to major personal information collected through the operation of its official online shopping mall and call center, including customer telephone numbers and payment information, thereby minimizing the risk of data leakage. KD Navien is also implementing database encryption in stages for major systems and data storage areas. Through these measures, the Company prevents information leakage and misuse throughout the entire personal information processing lifecycle and continues to enhance the level of data protection.

- Environmental
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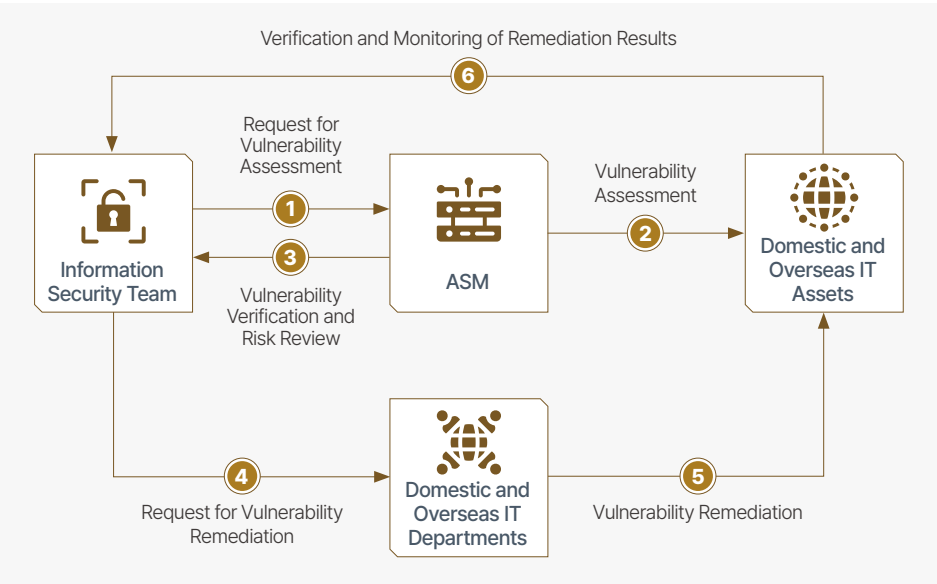
Information Security

Implementation Activities

ASM Solution

Since 2024, KD Navien has operated an Attack Surface Management (ASM) solution to strengthen proactive security management of externally exposed information assets. The ASM solution is used to identify internet-facing assets—such as servers, services, and applications—that may be exposed to external attacks from an attacker's perspective and to continuously monitor potential security vulnerabilities. Through the ASM solution, KD Navien continuously monitors domestic and overseas IT assets to identify security vulnerabilities. Detected vulnerabilities are internally reviewed, classified by risk level, and managed according to priority. For high-risk vulnerabilities, the Company collaborates with relevant departments to inspect and remediate factors that could be exploited in external attacks and continuously manages the results through the ASM solution. Through this systematic management process, KD Navien has established a continuous security management system for externally exposed assets and is strengthening its overall information security capabilities by linking ASM operations with penetration testing and regular security inspections.

ASM Solution Operating Process



Security Operations

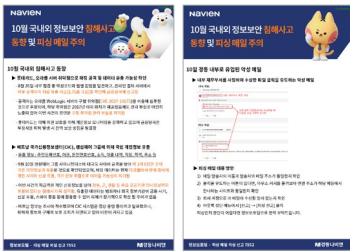
Taking into account the characteristics of its R&D environment, where core technologies and research information are concentrated, KD Navien operates security controls and a management system to prevent the leakage of technical information. To strengthen R&D security, the Company has introduced a Virtual Desktop Infrastructure (VDI) solution and operates product design networks as closed networks separated from business networks, minimizing the possibility of external access to R&D systems. KD Navien has also applied a Mobile Device Management (MDM) solution to employee mobile devices to protect research information and operates a system to prevent the unauthorized copying and leakage of drawings and research materials. In addition, physical security measures, including the use of camera-blocking stickers for external visitors, are implemented to prevent the external exposure of research information. These security controls are operated in accordance with management standards and procedures reflecting the operational characteristics of the R&D organization and are continuously enhanced to protect core technologies.

Generative AI Security

To prevent information security and personal information breaches arising from the growing use of AI within the Company, KD Navien has separately established and operates Generative AI Security Guidelines. The Guidelines clearly specify requirements employees must follow when using generative AI. As a general principle, employees are required to use generative AI services approved by the Company. When the use of an external generative AI service is necessary, it is managed through an exception approval process. KD Navien also prevents information leakage during the use of generative AI and strengthens the protection of information assets by monitoring usage status and managing file upload and usage histories.

Security Awareness Enhancement

KD Navien regularly shares practical security information—including trends in major domestic and international security incidents and guidance on phishing emails—through company-wide bulletin boards to enhance employees' security awareness. In addition, the Company annually reviews approximately 300 service outlets entrusted with customer information to assess the implementation status of personal information protection measures and whether related training has been conducted. For identified deficiencies, KD Navien conducts follow-up management and provides guidance. The Company also provides information security training to resident contractors at the Customer Service Center, thereby strengthening both personal information protection during customer interactions and on-site security management.



Guidance on Domestic and International Information Security Incidents and Phishing Email Precautions

■ Company Overview

■ ESG Management

■ Focus Area

■ ESG Performance

Environmental
Environmental Management
Biodiversity

Social
Safety and Health Management
Talent Management
Human Rights Management
Supply Chain Management
Customer-Centric Management
Community Engagement
Information Security

Governance
Board of Directors
Protection of Shareholder Rights
Ethics & Compliance Program
Integrated Risk Management

■ Appendix

GOVERNANCE

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Board of Directors

Board Composition

KD Navien's Board of Directors is the Company's highest decision-making body. It provides management with strategic direction and oversees business execution to protect the rights and interests of shareholders and stakeholders and support the Company's sustainable growth. To enhance the transparency of its governance operations, KD Navien discloses governance-related internal regulations—including the Board of Directors Operating Regulations and the regulations governing committees under the Board—as well as related activities on its website. As of March 2026, the Board consists of nine directors: six executive directors and three independent directors. Drawing on expertise across diverse fields, including management, production, and marketing, the Board makes balanced decisions and practices Board-centered management.

Board Expertise

KD Navien's Board consists of directors with experience across diverse professional fields, enabling the Board to respond effectively to key management issues and make balanced decisions. Drawing on expertise in areas such as management, accounting, and corporate finance, the Board makes strategic decisions and oversees key matters across the Company, including business strategy, financial performance, and ESG risks. KD Navien also maintains a Board Skills Matrix (BSM) and transparently discloses each director's areas of expertise and capabilities to shareholders and stakeholders.

KD Navien Board Composition

(As of March 31, 2026)

Position	Name	Gender	Date of Appointment	Key Career	Business Relevance	Board Skills Matrix									
						Leader-ship	CEO Experience	Manage-ment	ESG	Accounting/Corporate Finance	Digital/IT	Industry	R&D	Supply Chain/Procurement	Global Business
Representative Director (Chairperson)	Sohn Yeon-ho	Male	Reappointed in March 2026	Current · Chairperson and CEO, KD Navien	Overall Management	●	●	●	●			●	●	●	●
Representative Director	Sohn Heung-rak	Male	Reappointed in March 2026	Current · Vice Chairperson and CEO, KD Navien Former · President, KD Navien · Vice President, KD Navien · Executive Director, KD Navien	Sales and Marketing, Production and Quality	●	●	●				●		●	●
	Jang Hi-cheol	Male	Newly Appointed in March 2025	Current · Vice President and CEO, KD Navien Former · Vice President, KD Navien · Executive Director, KD Navien · Head of Nanjing Production Subsidiary in China, LG Electronics	CSO, Production and Quality	●	●	●			●	●		●	●
Executive Director	Kim Jong-uk	Male	Reappointed in March 2026	Current · Vice President, KD Navien Former · Vice President and CEO, KD Navien · Vice President, KD Navien	NE Business	●	●	●	●		●	●	●	●	●
	Kim Yong-bum	Male	Reappointed in March 2026	Current · Vice President, KD Navien Former · Senior Managing Director, KD Navien	Sales and Marketing	●	●	●				●	●		●
	Park Seong-keun	Male	Reappointed in March 2026	Current · Vice President, KD Navien Former · Executive Director, KD Navien	Management	●	●	●	●	●		●			
Independent Director	Oh Sun-young	Male	Reappointed in March 2026	Current · Independent Director, KD Navien · Full-Time Auditor, COSMAX BTI Former · Visiting Professor, Seoul National University Business School · Executive Director, Samil PwC	Overall Management	●		●		●					
	Lee Myung-hak	Male	Newly Appointed in March 2026	Current · Independent Director, KD Navien · Professor Emeritus, Sungkyunkwan University Former · Director, Institute for the Translation of Korean Classics · Dean, College of Education and Graduate School of Education, Sungkyunkwan University	Overall Management	●		●	●						
	Hong Kwang-soo	Male	Newly Appointed in March 2026	Current · Independent Director, KD Navien · Expert Advisor, AI and SCM New Business Team, DS-eTrade Former · President and Head of the Camera and Battery Business Division, PowerLogics · Executive Director for Supplier Management Support, Samsung Electronics Win-Win Cooperation Center	Overall Management	●	●	●	●		●	●		●	●

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Board of Directors

Board Composition

Appointment of Directors

KD Navien strives to ensure the expertise and independence of director candidates and to sufficiently reflect the views of shareholders and stakeholders in the director appointment process. The Board of Directors fairly recommends candidates after thoroughly reviewing their career histories, areas of expertise, and business-related knowledge, and directors are ultimately appointed at the General Meeting of Shareholders. As part of this process, the Company reviews transactions between each candidate and KD Navien over the past three years. For independent director candidates, KD Navien additionally verifies their independence by reviewing qualification confirmation documents and rigorously assesses whether they meet the eligibility requirements prescribed by the Commercial Act and other applicable laws and regulations. The names, recommending parties, relationships with the largest shareholder, and key career histories of appointed directors are transparently disclosed to external stakeholders.

Director Appointment Process



Board Independence

KD Navien maintains a balanced Board that is not disproportionately influenced by any specific stakeholder or occupational group, enabling it to independently and faithfully perform its oversight function. The Company has established internal regulations, including its Articles of Incorporation and Board of Directors Operating Regulations, to promote checks and balances among the Board, management, and independent directors. The basis for appointing a lead independent director is clearly stipulated in the Board of Directors Operating Regulations to ensure that the Board can independently oversee management. Directors with a special interest in a Board resolution are restricted from exercising their voting rights. Matters involving conflicts of interest that fall under Article 397-2 of the Commercial Act, concerning the prohibition on the appropriation of corporate opportunities and assets, or Article 398, concerning transactions between directors and the Company, must be approved by at least two-thirds of all directors in accordance with the Articles of Incorporation. Through these measures, KD Navien strictly manages conflicts of interest. In addition, pursuant to Article 34, Paragraph 5, Subparagraph 3 of the Enforcement Decree of the Commercial Act, KD Navien ensures that independent directors do not concurrently serve as directors, executive officers, or auditors at two or more companies other than KD Navien, thereby preventing excessive concurrent appointments from interfering with the performance of their duties. Going forward, KD Navien will continue to recognize Board independence as a key foundation for sustainable growth and further strengthen transparent and accountable governance.

Board Training

KD Navien provides training programs to strengthen the expertise of independent directors and enhance their understanding of the Company, thereby supporting them in faithfully fulfilling their duties as Board members.

Independent Director Training

Training Date	Key Training Content
2025.11.05	2026 Global Economic Outlook

Committees Under the Board of Directors

KD Navien has established and operates the Management Committee as a committee under the Board of Directors to enhance the efficiency and timeliness of decision-making on major management matters. The Management Committee consists of five executive directors with professional management expertise and industry experience. It thoroughly reviews and resolves major management matters delegated by the Board, including financial matters and other significant issues. Matters resolved by the Management Committee are reported to each director in accordance with Article 14 of the Management Committee Operating Regulations and Article 393-2, Paragraph 4 of the Commercial Act. Any director who receives such a report may request that a Board meeting be convened when necessary. The Board may reconsider matters resolved by the Management Committee, thereby ensuring checks and balances. In addition, to strengthen Board-level oversight of ESG management, KD Navien established the ESG Committee in March 2026. Going forward, the Company plans to continuously advance its Board-level ESG governance by setting ESG strategic directions, reviewing major risks, and monitoring sustainability management performance.

Management Committee Composition

(As of December 31, 2025)

Chairperson	Members	Number of Meetings Held	Attendance Rate	Key Resolutions
Sohn Yeon-ho, Representative Director	Sohn Heung-rak, Representative Director Jang Hi-cheol, Representative Director Kim Yong-bum, Executive Director Park Seong-keun, Executive Director	19	100%	• Appointment, position assignments, and remuneration of executives • Determination of executive retirement benefits and incentive payments • Matters related to finance and capital raising • Financial transactions and payment guarantees involving overseas subsidiaries • Acquisition of major assets, etc.

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Board of Directors

Board Operations

Board Activities

KD Navien holds regular Board meetings on a quarterly basis and convenes extraordinary Board meetings as necessary to support efficient decision-making and stable Board operations. Meeting schedules and key agenda items are provided to directors and the auditor at least seven days prior to each meeting, allowing sufficient time for review.¹⁾ As a general rule, directors attend Board meetings in person. In unavoidable circumstances, all directors may participate in resolutions remotely through real-time audio communication.²⁾ In accordance with Article 15 of the Board of Directors Operating Regulations, minutes are prepared to record the meeting agenda, proceedings, resolutions, dissenting opinions, and the reasons for such dissent. The minutes are systematically retained after being signed or sealed by the attending directors and auditor. Key information is disclosed on the Company's website on a quarterly basis. In 2025, KD Navien held seven Board meetings, during which 14 reporting agenda items—including the results of the sustainability management materiality assessment—and 19 major resolution items—including Board and director self-assessments and the establishment of new corporations—were reviewed and resolved.

[Board of Directors Operating Regulations](#)

Board Operations

Year	Meetings Held (NO.)	Items Deliberated / Reported (NO.)	Average Attendance Rate (%)
2023	6	15/13	100
2024	6	19/13	93
2025	7	19/14	100

Board Performance Evaluation

KD Navien conducts annual self-assessments of the Board and individual directors to evaluate the appropriateness of Board operations and the extent to which the Board fulfills its roles and responsibilities. The evaluation comprehensively covers overall Board activities—including the Board's roles and responsibilities, structure, operations, and engagement—as well as individual directors' fulfillment of their responsibilities, expertise, and contributions. Through this process, KD Navien evaluates the Board's performance from multiple perspectives. The evaluation results are reported to the Board and used as reference materials when reviewing future operating directions and areas for improvement.

2025 Board Evaluation Results (On a 5-Point Scale)

Category	Evaluation Component	Score
Board Assessment	Roles and Responsibilities of the Board	4.9
	Board Structure	4.3
	Board Operation	4.3
	Reflection of Evaluation Results	4.5
Director Self-Assessment	Engagement	4.8
	Experience and Knowledge	4.4
	Contribution to Board Operations	4.1
	Strengthening Board Accountability	4.8

Director Remuneration

KD Navien determines director remuneration by comprehensively considering the responsibilities and roles of directors in performing their duties, as well as the Company's management performance. Total remuneration is managed within the limit approved at the General Meeting of Shareholders. Annual salaries for executive directors are determined based on their contributions to the Company. Performance bonuses are paid based on a comprehensive assessment of company-wide performance and organizational and individual performance evaluation results. Independent directors receive fixed remuneration in accordance with internal standards that take into account the independence of their duties and level of responsibility.

Director Remuneration

Year	Category	Number of Directors	Total Remuneration (KRW million)	Average Remuneration per Director (KRW million)
2023	Executive Directors	4	1,109	277
	Independent Directors	3	126	42
2024 ³⁾	Executive Directors	5	1,469	294
	Independent Directors	4	126	32
2025	Executive Directors	6	2,197	366
	Independent Directors	3	126	42

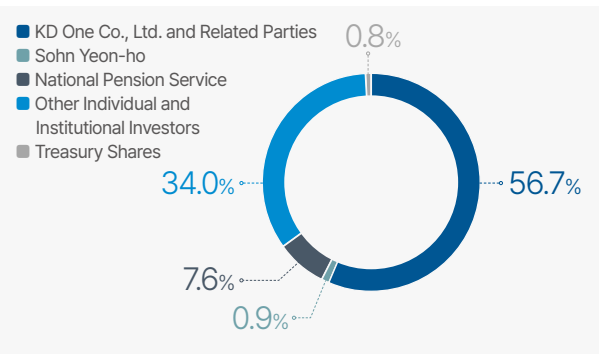
1) Convening procedures may be omitted with the consent of all directors and the auditor.
2) The relevant director is deemed to have attended the Board meeting in person
3) Includes one independent director who retired in 2024.

Protection of Shareholder Rights

Composition of Shares and Shareholders

In accordance with its Articles of Incorporation, KD Navien is authorized to issue a total of 30,000,000 shares, with a par value of 1,000 KRW per share. As of December 31, 2025, the total number of issued shares was 14,568,592. Excluding 115,660 treasury shares, the number of outstanding common shares was 14,452,932. As of the same date, the shareholders holding 5% or more of the Company's shares were KD One Co., Ltd. and the National Pension Service.

Shareholder Composition (As of December 31, 2025)



Category	Number of Shares Owned (shares)	Shareholding Ratio (%)
KD One Co., Ltd.	8,263,287	56.7
Sohn Yeon-ho	129,262	0.9
National Pension Service (NPS)	1,100,545	7.6
Other Individual and Institutional Investors	4,959,838	34.0
Treasury Shares	115,660	0.8
Total Issued Shares	14,568,592	100

Protection of Shareholders' Rights

KD Navien maintains a dividend policy that balances investment for future growth with shareholder returns, with "stability" and "predictability" established as its key dividend principles. The Company has avoided sharp fluctuations in dividends per share in response to changes in earnings and has consistently maintained dividends at the previous year's level or gradually increased them. KD Navien has continuously increased dividends per share over the past ten years and has paid year-end dividends for 32 consecutive years. From the 44th through the 48th fiscal years and from the 50th through the 51st fiscal years, the Company increased dividends per share by 50 KRW compared with the preceding fiscal year. In the 49th, 52nd, and 53rd fiscal years, dividends per share increased dividends per share by 100 KRW compared with the preceding fiscal year. Going forward, KD Navien will continue to implement its dividend policy by comprehensively considering its financial position, cash flows, investment plans, and business environment, with the aim of achieving sustainable corporate growth and enhancing shareholder value.

Dividend Details

Category	Type of Shares	2023		2024		2025	
		51st Fiscal Year	52nd Fiscal Year	52nd Fiscal Year	53rd Fiscal Year	53rd Fiscal Year	53rd Fiscal Year
Cash Dividend per Share (Won)	Common Shares	550	650	650	750	750	750
	Preferred Shares	0	0	0	0	0	0
Dividend Yield (%)	Common Shares	1.19	0.75	0.75	1.34	1.34	1.34
	Preferred Shares	0	0	0	0	0	0

Key Investor Communication Channels in 2025

Investor Inquiries

- Responses provided by telephone and in person
- Operated year-round

Regular Stakeholder Meetings

Held four times a year with key internal and external stakeholders

Shareholders' Meeting Resolution Plan

To enhance tangible shareholder value by strengthening shareholders' rights, KD Navien has operated an electronic voting system and solicited proxies for ten consecutive years through the 2026 General Meeting of Shareholders. Information on proxy solicitation and electronic voting is transparently disclosed to shareholders through notices of General Meetings of Shareholders and proxy solicitation reference materials filed through the Financial Supervisory Service's electronic disclosure system.

General Meeting of Shareholders

KD Navien holds an Annual General Meeting of Shareholders to transparently provide shareholders with key management information and support informed decision-making. To enable shareholders to exercise their voting rights based on sufficient information, the Company provides advance notice of key matters—including the date, venue, and agenda—through its website and the electronic disclosure system four weeks before each Annual General Meeting of Shareholders. KD Navien also enhances the convenience of shareholder participation by operating an electronic voting system and soliciting proxies. Key management information is provided in a timely manner through the Company's website and electronic disclosure system, thereby improving shareholders' access to information.

Notice and Meeting Dates for the Annual General Meetings of Shareholders over the Past Three Years

Year	Notice Date	Meeting Date
2024	February 28, 2024	March 20, 2024
2025	February 25, 2025	March 26, 2025
2026	February 25, 2026	March 26, 2026

Shareholder Communication

KD Navien continuously communicates with major investors to understand and respond to their needs. Investor inquiries are addressed year-round by telephone and through in-person meetings, while regular communication sessions are held quarterly with key internal and external stakeholders.

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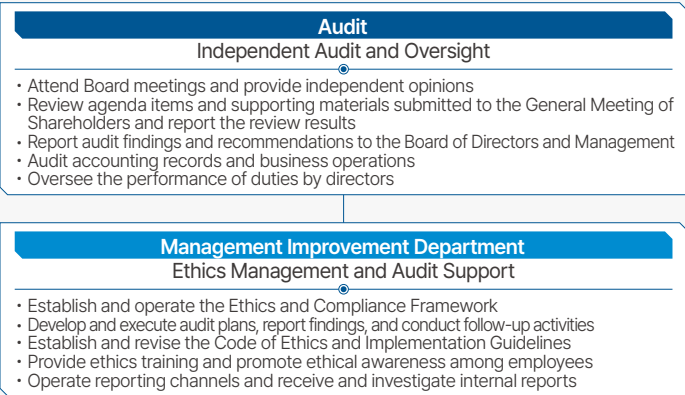
Ethics & Compliance Program

Ethics and Compliance Governance Structure

Dedicated Ethics Organization

KD Navien operates an independent Management Improvement Department that oversees ethics, compliance, and internal audit functions to reinforce management transparency and responsible governance. Through this organization, the Company continuously reviews the adequacy of its internal control and audit systems, as well as the legality and appropriateness of its business operations. As an independent organization under the Auditor, the Management Improvement Department conducts internal audits, risk management activities, and reviews ethical business practices across the Company's major management activities. Through these activities, it identifies management risks in advance and, when violations are identified, develops improvement measures and requests the relevant departments to implement corrective actions and measures to prevent recurrence. The Company also conducts regular and ad hoc audits to review key business processes and compliance with internal regulations. Audit findings are reported to the Auditor and Management and used to support continuous management improvement. Led by the Management Improvement Department, KD Navien promotes fair business practices, prevents misconduct, and fosters a strong culture of ethics and compliance throughout the organization. Going forward, the Company will further enhance the expertise and independence of its audit function, strengthen internal control systems, and reinforce the foundation for sustainable management.

Organizational Structure



Code of Ethics Framework

KD Navien has established a Code of Ethics that serves as the foundation for ethical and responsible management, clearly setting forth the principles and standards of conduct that all employees must uphold. The Code of Ethics was established in 2004 with the approval of top management. The Company also operates the Code of Ethics Implementation Guidelines to support employees in making sound decisions. The Guidelines establish detailed standards of conduct for employees and support the consistent implementation of ethical management by enhancing ethical awareness and reinforcing trust among customers and other stakeholders.

Code of Ethics

KD Navien established its Code of Ethics as the foundation for ethical business conduct and responsible engagement with stakeholders. The Code sets out standards for value judgments and principles of conduct that must be observed in relationships with customers, society, suppliers, employees, shareholders, and other stakeholders. All employees are required to comply with the Code, and stakeholders, including suppliers, are encouraged to adhere to its principles, fostering a culture of integrity and ethical business conduct.

[KD Code of Ethics](#)

Code of Ethics Implementation Guidelines

The Code of Ethics Implementation Guidelines establish clear standards for ethical decision-making and conduct, helping employees respond appropriately to ethical situations encountered in the workplace and strengthening ethical awareness. The Guidelines include specific standards designed to prevent unethical conduct, including fraud and corruption, bribery, conflicts of interest, unfair trade practices such as antitrust violations and collusion, and money laundering.

[Implementation Guidelines](#)

Anti-Bribery and Anti-Corruption Policy

KD Navien implements an Anti-Bribery and Anti-Corruption Policy to prevent corruption and bribery, mitigate related risks, and reinforce its commitment to ethical management. The Policy applies to employees and suppliers and sets forth the standards and principles required for complying with applicable laws, regulations, and ethical requirements. All employees are required to comply with applicable laws and regulations when performing their duties. In addition, overseas subsidiaries adhere to anti-corruption laws and regulations in their respective countries, promoting fair and transparent business practices.

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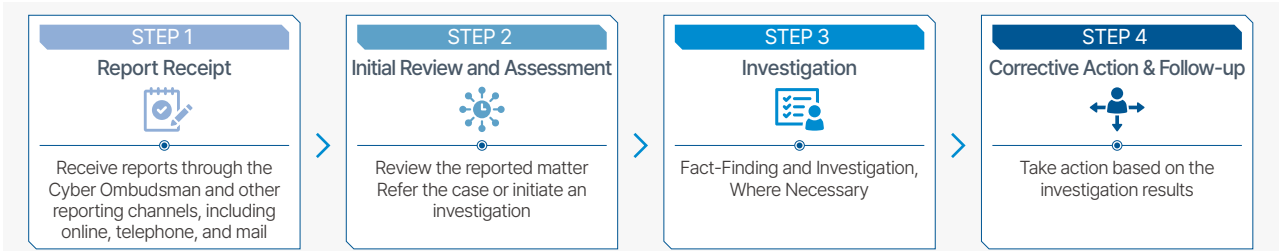
Monitoring of Ethics Risks

In accordance with its annual audit plan, KD Navien's Management Improvement Department conducts regular and ad hoc audits of key business areas to evaluate internal control effectiveness and identify ethics and compliance risks throughout the Company's operations. Based on audit findings, the Department prepares improvement recommendations and continuously monitors the implementation of corrective and follow-up actions by the relevant departments. When employees are found to have violated ethical regulations, KD Navien investigates the facts and implements appropriate measures in accordance with applicable procedures and regulations. The Company also identifies and proactively manages potential risks arising from changes in the business environment. Through these activities, KD Navien systematically manages ethics and compliance risks and strengthens management transparency and accountability.

Whistleblowing Channel Operations

KD Navien provides multiple reporting channels, including its Cyber Ombudsman, online, telephone, and mail channels, through which employees, suppliers, and other stakeholders can freely report ethics and compliance concerns. Reports are reviewed for potential violations of the Code of Ethics, internal policies, and applicable laws and regulations regulations, including employee misconduct and bribery, unfair practices involving suppliers, conflicts of interest, regulatory violations, and conduct that undermines the Company's ethical culture. Taking into account nature and significance of each report, KD Navien follows appropriate procedures, including referral to relevant departments or investigations, and manages each case through to resolution to ensure appropriate corrective actions are implemented.

Whistleblowing Report Handling Process



Reporting Channel Activity

In 2025, KD Navien conducted a total of five audits and investigations, comprising three regular and ad hoc audits and two investigations into reported ethics violations. The Company strengthened its ethics and compliance framework by improving relevant business processes and implementing corrective measures in accordance with internal regulations. A total of 24 reports were received through the reporting channels. Customer complaints and after-sales service requests were referred to the responsible departments for prompt resolution and improvements in customer service quality, while the Management Improvement Department monitored the handling results and conducted follow-up management. In 2026, KD Navien will continue to develop and implement its annual audit plan and conduct special, regular, and ad hoc audits. The Company will also maintain stable and secure reporting channels and systematically manage reported cases. Through these efforts, KD Navien will proactively identify and address potential risks related to ethical management and internal controls, further strengthening its governance and compliance framework.

Whistleblower Protection Principles

KD Navien protects the identities of whistleblowers and the confidentiality of reported information in accordance with its Whistleblower Protection Principles, ensuring that reports can be made without fear of retaliation or disadvantage. The Company strictly prohibits retaliation, discrimination, adverse personnel actions, and any other unfavorable treatment resulting from whistleblowing. If a whistleblower experiences retaliation or any form of disadvantage as a result of making a report, KD Navien promptly investigates the matter and implements appropriate corrective and protective measures in accordance with established procedures. KD Navien also takes appropriate corrective and disciplinary actions in accordance with internal regulations against any conduct that violates its Whistleblower Protection Principles.

[Whistleblower Protection Principles](#)

Reporting Channels

- Matters Subject to Reporting**
 - Employee misconduct and corruption
 - Unfair practices involving suppliers
 - Conflicts of interest, including stakeholder transactions, concurrent employment, and lending or borrowing activities among employees
 - Other conduct that violates the Code of Ethics or the Company's ethical standards
- Reporting Methods**
 - Online: Cyber Reporting Center
 - Mail: Management Improvement Department, 9F, C.C.M.M Building, 101 Yeoui Gongwon-ro, Yeongdeungpo-gu, Seoul
 - Telephone: +82-2-3489-2444, +82-2-6444-7186

Ethics & Compliance Program

Ethics and Compliance Activities

Ethics Training

KD Navien conducts regular ethics training to strengthen organizational integrity and enhance employees' ethical awareness. Ethics training is incorporated into the orientation program for new employees, enabling them to understand and internalize the Company's ethical standards from the outset of their employment. The Company also provides online ethics training to all employees to continuously enhance their understanding of the Code of Ethics and their ability to apply it in practice.

2025 Ethics Training Results

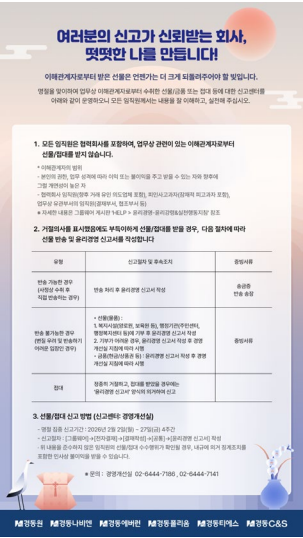
Category	Enrolled (employees)	Completed (employees)	Completion Rate (%)
New Employee Orientation Training	75	75	100
Mandatory Training for All Employees ¹⁾	1,718	1,718	100

1) The number of employees subject to mandatory training reflects the total number of full-time employees as of June 2025, when the training was conducted, excluding independent directors.

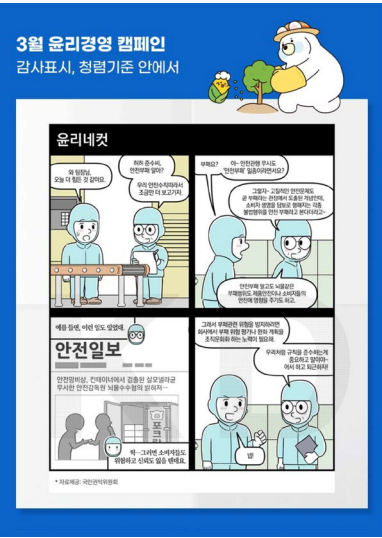


Ethics Awareness Campaigns and Content

KD Navien conducts ethics awareness campaigns and provides related content to strengthen employees' ethical awareness and foster a culture of ethics and integrity throughout the organization. The Company shares major cases involving violations of the Code of Ethics on a monthly basis through its internal portal to raise employees' ethical awareness and promote compliance. Campaign content is presented in a webtoon format to help employees easily access and understand ethics and compliance topics. Before and after major holidays, KD Navien also conducts ethics awareness campaigns that provide guidance on ethical standards prohibiting the acceptance of gifts, monetary benefits, and entertainment. In addition, the Company shares various ethics and compliance resources through a dedicated bulletin board to enhance employees' awareness and understanding of ethical standards. Internal indicators, including the number of bulletin board views, are used to monitor employee participation and responses and serve as baseline data for campaign operations.



Holiday Ethics Campaign



March Ethics Awareness Campaign: "Practicing ESG in the Workplace"

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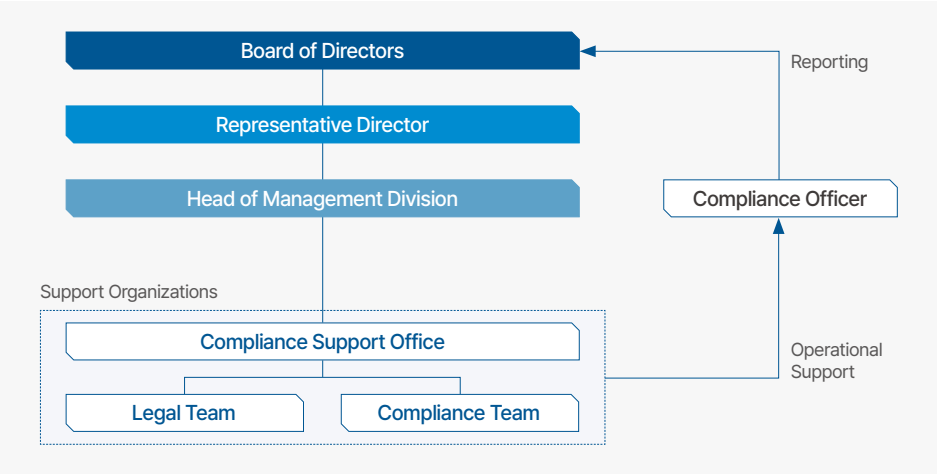
Ethics & Compliance Program

Compliance Management System

Dedicated Organization

KD Navien operates a compliance officer system in accordance with Article 542-13 of the Commercial Act, which stipulates matters concerning compliance control standards and compliance officers. The Compliance Officer oversees overall compliance activities, including the prevention and mitigation of legal risks, the provision of compliance education and training, and the review and evaluation of compliance activities. Through these efforts, the Company monitors compliance across its business operations and assesses whether employees are fulfilling their compliance obligations. When conduct involving legal risks is identified, KD Navien takes immediate corrective action and reports the results directly to the Board of Directors, enabling management to recognize and respond to relevant matters in a timely manner. The Compliance Support Office, Legal Team, and Compliance Team support the activities of the Compliance Officer. Through this structure, KD Navien promotes a company-wide culture of compliance and focuses on proactively preventing legal risks.

Organizational Structure



Compliance Regulations

Fair Trade Principles

KD Navien places the highest priority on compliance with fair trade laws and regulations and strives to establish fair and transparent business practices across all business activities. To this end, the Company has established and operates its Compliance Control Standards and systematically manages fair trade risks.

Internal Control Policy

KD Navien has established and operates an internal accounting control system to ensure the reliability of financial information and prevent misconduct. Following the 2021 amendment to the Act on External Audit of Stock Companies, etc., the Company adopted the new model standards and established a dedicated organization to ensure operational independence. Based on this framework, KD Navien objectively evaluates the effectiveness of the system's design and operation. The Company has also established performance assessment criteria for the internal accounting control system and links them to employees' work objectives, thereby creating a sustainable virtuous cycle for internal control. For each fiscal year, the Representative Director and the Internal Accounting Control Manager review the design and operating status of the system and report the results to the Auditor, the Board of Directors, and the General Meeting of Shareholders. In addition, the Company verifies the operational appropriateness of the internal accounting control system through an independent external auditor and maintains a transparent accounting management framework based on the results.

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Ethics & Compliance Program

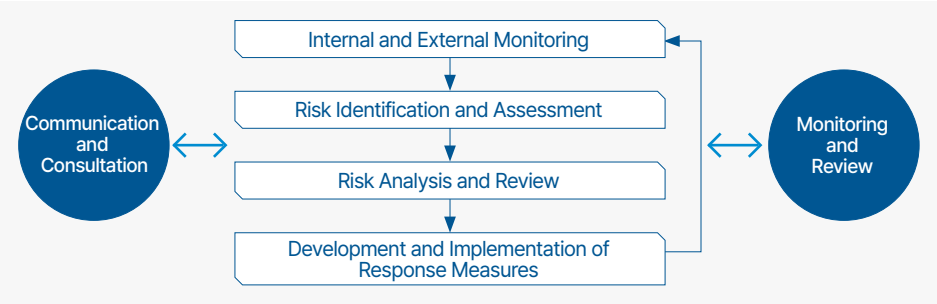
Fair Trade

Fair Trade Risk Management

KD Navien identifies compliance issues by transaction area and continuously reviews the response status of the relevant departments. The Company also monitors government policies and regulatory developments to identify major compliance issues, assess its current operations, and identify necessary areas for improvement. In particular, to enhance transparency in transactions among affiliates, KD Navien has operated the Internal Transaction Review Committee since 2023 and strengthened its operating framework in 2025. The Committee comprises external experts, including a tax accountant and an attorney, as well as representatives from relevant internal departments, including Management Planning, Finance, and Legal Affairs. It meets regularly twice a year to review major changes in transactions. When significant transactions arise, the Committee also conducts ad hoc reviews and, where necessary, performs additional assessments, such as interviews with the relevant departments, to verify the appropriateness of the transactions. The review results are reported to the Board of Directors and used to support informed decision-making on related transactions. Going forward, KD Navien will continue to identify and analyze key risk factors arising from changes in the internal and external business environment and respond proactively to minimize their impact on overall business operations.

Risk Assessment Process

KD Navien operates a systematic risk assessment process by continuously monitoring major internal and external developments, identifying and assessing relevant risk factors, analyzing and reviewing them, and developing appropriate response measures. Throughout this process, the Company enhances the effectiveness of its risk responses through communication and consultation with relevant departments and stakeholders.



Fair Trade Management Activities

KD Navien regularly reviews the enactment and amendment of major fair trade laws and regulations relevant to its business and continuously monitors changes in government policies. In 2025, the Company analyzed and reported on the key provisions and potential impacts of amendments to the Commercial Act and the Trade Union and Labor Relations Adjustment Act. It also provided review opinions on various fair trade-related matters involving the Monopoly Regulation and Fair Trade Act, the Subcontracting Act, the Fair Agency Transactions Act, and the Act on Fair Labeling and Advertising. In addition, KD Navien shared company-wide review opinions on matters related to the Personal Information Protection Act, the Civil Act, the Debtor Rehabilitation and Bankruptcy Act, the Copyright Act, and the Act on Fair Labeling and Advertising. The Company also regularly publishes the Compliance Weekly Report, which summarizes key fair trade issues and overseas trends, to enhance employees' awareness of fair trade and strengthen their practical response capabilities. It also published a separate overseas compliance report on matters related to exports to the United States and China. In 2026, based on its analysis of the domestic and international compliance environment, KD Navien plans to strengthen company-wide guidance and monitoring of key issues and continue identifying and managing areas for improvement related to fair trade laws.

Compliance Training

KD Navien establishes and implements differentiated compliance training programs tailored to employees' job functions to prevent legal risks and strengthen their practical capabilities. In 2025, in addition to statutory training, the Company conducted two in-house compliance training sessions, thereby enhancing employees' awareness of compliance requirements.

2025 Compliance Training

Training Date	Content	Target Participants	Number of Participants
2025.12	Practical Guidance on Corporate Rehabilitation Proceedings	Departments involved in special site management	19
2025.12	Internal Response Process for Civil Mediation Procedures		19

- Environmental
- Environmental Management
Biodiversity
- Social
- Safety and Health Management
Talent Management
Human Rights Management
Supply Chain Management
Customer-Centric Management
Community Engagement
Information Security
- Governance
- Board of Directors
Protection of Shareholder Rights
Ethics & Compliance Program
Integrated Risk Management

Integrated Risk Management

Risk Management System

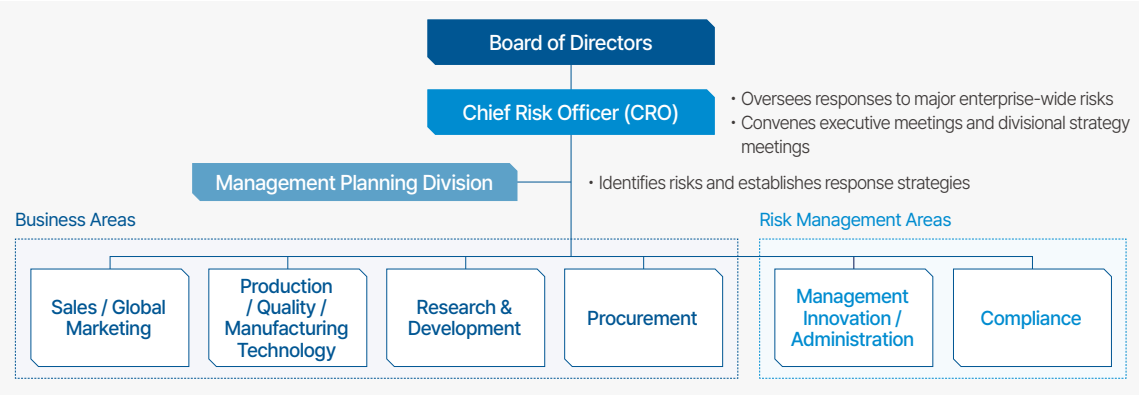
Dedicated Organization

KD Navien strengthens its Enterprise Risk Management (ERM) Framework by continuously monitoring rapidly changing internal and external business environments and establishing strategies aligned with its business direction. The Company systematically identifies and analyzes key risks, including global low-growth trends, increased volatility in foreign exchange markets, supply chain risks, AI-related risks, energy security risks, global tariff conflicts, and heightened geopolitical risks, enabling it to proactively respond to an increasingly uncertain business environment. The Head of Management Planning serves as the Chief Risk Officer (CRO) and oversees the Company's enterprise-wide risk management system. Functional Planning Teams within each division conduct risk monitoring activities tailored to their respective business characteristics, while division heads and department heads manage risks within their areas of responsibility. The CRO oversees company-wide risk response activities. To strengthen its responsiveness to changes in the internal and external business environment, the Company holds Executive Strategy Meetings twice a month. In addition, it operates various consultative bodies, including divisional strategy meetings, Executive Committee meetings, and weekly executive meetings, to proactively review environmental and climate-related regulations, as well as financial and non-financial risks. Issues requiring cross-functional responses are addressed collaboratively through coordination among the relevant departments.

Key Roles and Responsibilities

Category	Roles and Responsibilities
Board of Directors	Reviews major risks, oversees risk management and establishes related policies
Chief Risk Officer (CRO)	- Oversees enterprise-wide risk management activities - Supports the Board of Directors and reports key risk management matters
Major Committees and Functional Planning Teams	- Identify, assess, prevent, monitor, and respond to risks - Manage the effective implementation of risk management plans

Risk Management Governance



Risk Management Process

KD Navien systematically analyzes identified risks based on its enterprise-wide risk management framework, prioritizes them according to their significance, and establishes appropriate response strategies. Through close collaboration among relevant departments, the Company strengthens its execution capabilities while continuously implementing company-wide risk mitigation and improvement activities. In 2025, the Company focused on enhancing its management system to respond effectively to rapidly changing business environments. Major risks and response strategies are shared company-wide through management briefings, thereby strengthening organizational awareness and enterprise-wide risk response capabilities.



- Environmental
- Environmental Management
- Biodiversity
- Social
- Safety and Health Management
- Talent Management
- Human Rights Management
- Supply Chain Management
- Customer-Centric Management
- Community Engagement
- Information Security
- Governance
- Board of Directors
- Protection of Shareholder Rights
- Ethics & Compliance Program
- Integrated Risk Management

Integrated Risk Management

Risk Management Activities

Key Risks

KD Navien identifies and manages eight key risks across financial and non-financial areas to ensure stable business operations. For each risk, the Company establishes specific response measures and continuously monitors their implementation to strengthen enterprise-wide risk response capabilities.

Category	Risk	Response Measures
Integrated	Strategy & Operations	• Operate executive consultative bodies on a weekly and monthly basis to facilitate enterprise-wide responses to changes in the economic, social, and environmental landscape, as well as to financial and non-financial risks. • Continuously monitor major global issues, establish company-wide response strategies, and share them across the organization to strengthen execution capabilities and organizational alignment.
	Foreign Exchange	• Establish a foreign exchange risk management system by aligning foreign currency funding schedules. • Continuously monitor exchange rate forecasts for major trading currencies, including the USD, EUR, and CNY.
Financial	Interest Rates & Liquidity	• Closely monitor interest rate outlooks. • Adjust the balance between fixed- and floating-rate borrowings in response to interest rate fluctuations. • Establish mid- to long-term financing plans and monitor cash inflows and outflows.
	Taxation & Tariffs	• Maintain a tax risk management system by complying with tax regulations and faithfully fulfilling tax filing and payment obligations. • Expand the scope of reviews by external experts on transfer pricing policies and advance pricing agreements (APAs) in response to changes in global tax regulations. • Build a systematic tariff management system through continuous monitoring of global trade policies and support from external consultants.
Non-financial	Environment & Climate Change	• Apply and manage stringent internal standards to comply with environmental regulations related to air and water pollutants. • Establish a voluntary greenhouse gas management system and review the use of renewable energy, including solar power generation.
	Occupational Health & Safety	• Establish the Company's highest decision-making body for occupational safety and health (CSO) and strengthen the safety management system. • Prioritize facilities with high fire risks and establish cooperative response systems with local fire departments.
	Quality	• Strengthen product defect prevention across the Company through the operation of the Product Safety & Quality Management System. • Provide user manuals to customers to minimize product-related issues during use.
	Regulatory Compliance & Information Security	• Publish the Compliance Weekly Report and establish a continuous monitoring system for regulatory developments. • Strengthen information security by operating security management systems and conducting cybersecurity training and awareness programs.

Emerging Risks

Supply Chain Risk Management

As geopolitical uncertainties continue to intensify due to escalating U.S.–China trade tensions and prolonged regional conflicts, global supply chain risks are having an increasing impact on overall business operations. Instability in raw material procurement and increased energy price volatility directly affect manufacturing costs, while stricter trade regulations in major economies pose substantial risks to the Company's export-oriented business structure. In addition, heightened foreign exchange volatility has increased uncertainty in the Company's earnings structure due to its significant exposure to overseas sales. To proactively respond to these challenges, KD Navien is diversifying procurement channels for key raw materials and components while strengthening its foreign exchange risk management system. Furthermore, in response to evolving global supply chain regulations, including the EU Corporate Sustainability Due Diligence requirements, the Company is strengthening its supplier codes of conduct and ESG evaluation systems to enhance sustainability across the supply chain.

Demand and Market Risk

The prolonged slowdown in Korea's construction market and the decline in housing transactions resulting from higher interest rates have continued to reduce demand for new boilers. As the market rapidly shifts from new installations to replacement demand, intensified competition and weakened consumer sentiment have further increased uncertainty in the domestic business environment. To strengthen its competitiveness in the replacement market, KD Navien is expanding its premium product lineup featuring advanced AI-based control functions and enhanced ease of use. In addition, the Company is moving beyond a product sales-oriented business model by introducing subscription-based services to establish a stable recurring revenue structure and expand customer touchpoints, enabling it to respond more flexibly to market changes.

AI, Technology and Cybersecurity Risk

The rapid expansion of AI technologies and the acceleration of digital transformation have made technology-related risks a key management challenge across the Company's operations. As global competitors continue to advance AI-enabled products and services, maintaining technological competitiveness has become increasingly critical. At the same time, the expansion of IoT-enabled smart products and subscription service platforms has increased the volume of customer data, thereby heightening cybersecurity and personal data protection risks. To address these challenges, KD Navien continues to strengthen its technological competitiveness by enhancing AI-based control functions and expanding its home network capabilities through the acquisition of COMMAX. In addition, the Company reinforces its data security framework by maintaining ISO 27001 and ISO 27701 certifications and operating a dedicated information security organization.

- Company Overview
- ESG Management
- Focus Area
- ESG Performance

■ Appendix

- ESG Data
- GRI Index
- SASB Index
- TCFD Index
- KSSB Index
- UN SDGs
- Certifications
- Association Memberships
- GHG Verification Statement
- Independent Assurance Statement

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ESG Data

Financial Performance

Financial Highlights

Particulars	Unit	2023	2024	2025
Total assets	Million KRW	1,060,558	1,358,870	1,522,167
Total liabilities	Million KRW	475,963	663,453	751,672
Total equity	Million KRW	584,595	695,417	770,495
Sales revenue	Million KRW	1,204,313	1,353,879	1,502,240
Cost of sales	Million KRW	690,334	743,320	863,743
Gross profit	Million KRW	513,979	610,559	638,497
Selling, general, and administrative expenses	Million KRW	408,068	477,983	495,120
Operating profit	Million KRW	105,911	132,576	143,377
Net income	Million KRW	83,149	124,341	89,699
Earnings per Share	KRW	5,753	8,603	6,206

Economic Value Distributed

Particulars		Unit	2023	2024	2025
Employee	Subtotal	Million KRW	94,771	106,760	115,086
	Salary	Total salary	Million KRW	85,183	95,145
		Ratio to legal minimum wage	%	154	153
	Female	Total salary	Million KRW	9,589	11,615
		Ratio to legal minimum wage	%	154	153
	Employee Benefits	Million KRW	26,736	31,853	34,564
Education and Training Expenses		Million KRW	1,248	1,224	1,098
Shareholders	Dividends	Million KRW	7,226	7,949	9,394
Government	Income tax	Million KRW	30,141	33,436	60,070
Local communities	Donations	Million KRW	1,449	1,343	1,740

ESG Data

Environmental Performance

Greenhouse Gas

Particulars		Unit	2023	2024	2025						
					KD Navien	KD Everon	KD Polyum	KD TS	Other ²⁾	Total	
Emissions	Scope 1+2 Emissions ¹⁾	tCO ₂ eq	37,629	35,615	14,023	13,777	3,163	1,518	2,466	34,947	
	Scope 1	Subtotal	tCO ₂ eq	5,329	5,214	2,939	282	5	1,068	580	4,876
	Scope 2	Subtotal	tCO ₂ eq	32,300	30,430	11,092	13,497	3,159	461	1,891	30,103
Intensity	Subtotal	tCO ₂ eq/100 million KRW	3.125	2.631	1.110	6.223	3.256	5.705	-	2.326	
	Scope 1	tCO ₂ eq/100 million KRW	0.443	0.385	0.233	0.127	0.006	4.016	-	0.325	
	Scope 2	tCO ₂ eq/100 million KRW	2.682	2.248	0.878	6.096	3.253	1.736	-	2.004	

1) Scope 1+2 emissions may differ from the sum of individual emission types due to truncation of decimal places when totaled
2) Combined emissions from KD C&S, Time Engineering Asia, and overseas subsidiaries

Scope 3 Emissions¹⁾

Particulars		Unit	2023	2024 ²⁾	2025	
Scope 3	Subtotal	tCO ₂ eq	36,756,005	44,676,050	39,259,530	
	1. Purchased goods and services	tCO ₂ eq	235,616	383,539	127,395	
	2. Capital goods	tCO ₂ eq	13,796	17,663	19,217	
	4. Upstream transportation and distribution ⁴⁾	tCO ₂ eq	21,414	18,672	8,832	
	5. business sites generated waste	tCO ₂ eq	80	98	65	
	By category	6. Business Travel ³⁾	tCO ₂ eq	-	-	209
	7. Employee Commuting ³⁾	tCO ₂ eq	-	-	728	
	9. Downstream transportation and distribution ⁴⁾	tCO ₂ eq	2,929	2,338	-	
	11. Use of sold products	tCO ₂ eq	36,482,169	42,247,391	39,087,728	
	12. End-of-life treatment of sold products	tCO ₂ eq	N/A	2,006,350	15,356	

1) KD Navien separate basis
2) Increased capital investment and material purchases due to the expansion of the new plant in 2024
3) Emissions for the category were calculated for the first time in 2025
4) Not calculated separately from 2025, as upstream and downstream logistics emissions are combined to reflect the nature of the business

ESG Data

Environmental Performance

Eco-friendly Business

Particulars		Unit	2023	2024	2025
Eco-friendly products and services	Sales from eco-friendly products and services	Million KRW	794,908	996,961	1,090,071
	Sales ratio	%	66	74	73

Energy¹⁾

Particulars		Unit	2023	2024	2025
Consumption	Total energy consumption ¹⁾	TJ	263.59	285.62	287.47
	Gasoline	TJ	2.87	2.67	2.76
	Diesel	TJ	1.61	2.09	1.73
	Direct Kerosene	TJ	1.37	1.67	0.70
	LNG	TJ	56.83	59.71	48.85
	LPG	TJ	1.55	2.86	1.64
	Indirect Purchased electricity	TJ	199.37	216.62	231.79
Intensity ²⁾		TJ/100 million KRW	0.026 ³⁾	0.023	0.023
Reduction		TJ	2.42	(22.54)	(2.15)

1) On a separate basis for KD Navien
2) Total energy consumption on a consolidated basis in 2025: 707,120 TJ
3) Figures have been restated due to a reporting error

Renewable energy

Particulars		Unit	2023	2024	2025
Renewable energy consumption ¹⁾		TJ	-	0.50	0.91

1) Aggregation and disclosure of renewable energy use from 2024 onward due to solar power installations by the U.S. subsidiary in 2023

Air Pollutants

Particulars		Unit	2023	2024	2025
Nitrogen Oxides (NOx)	Emissions	Ton	2.65	3.05	1.82
	Concentration	ppm	9.8	8.9	14.5
Sulfur Oxides (SOx)	Emissions	Ton	0.45	0	0
	Concentration	ppm	4.2	0	0
Particulate Matter (PM)	Emissions	Ton	0.48	0.12	0.08
	Concentration	ppm	1.6	0.5	0.4

Water Pollutants

Particulars		Unit	2023	2024	2025
Total Organic Carbon (TOC)	Emissions	Ton	0.53	0.91	0.49
	Concentration	mg/L	5.19	119.65	3.39
Biochemical Oxygen Demand (BOD)	Emissions	Ton	0.32	0.92	0.32
	Concentration	mg/L	5.08	186.87	2.98
Suspended Solids (SS)	Emissions	Ton	0.13	0.13	0.07
	Concentration	mg/L	3.25	6.58	1.31

Chemicals

Particulars		Unit	2023	2024	2025
Hazardous chemicals consumption		Ton	0.02	4.74	32
Chemical discharge		Ton	0.002	8.5	5.4

ESG Data

Environmental Performance

Water Usage

Particulars		Unit	2023	2024	2025
Total	Total water use	m³	540,001	532,495	359,310
	Total water withdrawal	m³	308,891	345,229	248,239
	Groundwater	m³	100,331	98,734	85,607
	External organization	m³	208,560	246,495	162,632
	Reuse	m³	231,110	187,266	111,071
	Reuse rate	%	43	35	31
	Total discharge ¹⁾	m³	109,601	89,910	90,611
	Total consumption	m³	199,290	255,319	157,629
	Water consumption intensity ²⁾	m³/100 million KRW	54	43	28.44
Seotan Factory (ECO Hub)	Total water withdrawal	m³	176,875	188,250	149,724
	Groundwater	m³	77,208	73,270	60,532
	External organization	m³	99,667	114,980	89,192
	Reuse	m³	231,110	187,266	111,071
	Total discharge	m³	98,366	79,053	81,247
	Total consumption	m³	78,509	109,197	68,477
Pyeongtaek Factory	Total water withdrawal	m³	18,576	18,288	20,748
	Groundwater	m³	18,576	18,288	20,748
	External organization	m³	0	0	0
	Total discharge	m³	9,365	8,981	8,636
	Total consumption	m³	9,211	9,307	12,834

Particulars		Unit	2023	2024	2025
Songtan Factory	Total water withdrawal	m³	6,415	9,907	7,084
	Groundwater	m³	4,061	7,176	4,327
	External organization	m³	2,354	2,731	2,757
	Total discharge	m³	1,870	1,876	728
	Total consumption	m³	4,545	8,031	6,356
Gasan Factory	Total water withdrawal	m³	6,153	11,681	7,875
	Groundwater	m³	486	0	0
	External organization	m³	5,667	11,681	7,875
	Total discharge	m³	0	0	0
	Total consumption	m³	6,153	11,681	7,875
R&D Center	Total water withdrawal	m³	100,872	117,103	62,808
	Groundwater	m³	0	0	0
	External organization	m³	100,872	117,103	62,808
	Total discharge	m³	0	0	0
	Total consumption	m³	100,872	117,103	62,808

1) Based on freshwater (same for all facilities)
2) Based on separate sales

ESG Data

Environmental Performance

Waste

Particulars			Unit	2023	2024	2025	
Generated	Subtotal		Ton	973	1,191	1,140	
	Designated waste		Ton	31	32	66	
	General waste		Ton	942	1,159	1,074	
Disposed	Subtotal		Ton	973	1,191	1,140	
	Designated waste	Internal	Ton	0	0	0	
			Landfill	Ton	0	0	0
		External	Incineration	Ton	26	27	25
			Processed for reuse	Ton	0	0	0
			Recycled	Ton	4	5	10
			Etc.	Ton	-	-	31
	General waste	Internal	Ton	0 ¹⁾	0	0	
			Landfill	Ton	10	0	0
		External	Incineration	Ton	0	0	0
			Processed for reuse	Ton	159	277	302
			Recycled	Ton	774	882	773
Waste Recycled		Ton	937	1,164	1,085		
Recycling Rate		%	96	98	95		
Intensity	Waste generation intensity		%	0.098	0.096	0.090	

1) Figures have been restated due to a reporting error

Biodiversity

Major Business Sites	Number of Species by IUCN Red List Category ¹⁾					Total
	CR	EN	VU	NT	LC	
Seoul Office	8	35	56	48	822	969
Seotan Factory (ECO Hub)	7	34	54	47	784	926
Gasan factory	7	35	51	49	765	907
Navien, Inc.	15	26	52	48	1134	1,275
Navien Mexico, S.A. de C.V	6	27	29	34	1,072	1,168
Navien UK Ltd	7	12	78	66	929	1,092

1) IUCN Red List categories: CR (Critically Endangered), EN (Endangered), VU (Vulnerable), NT (Near Threatened), and LC (Least Concern)

ESG Data

Social Performance

Employee Status¹⁾

Particulars				Unit	2023	2024	2025		
Total number of employees				Persons	1,646	1,787	1,783		
Registered Executives ²⁾	Subtotal			Persons	8	9	10		
	By gender		Male	Persons	8	9	10		
			Female	Persons	0	0	0		
	By age		Under 30 years old	Persons	0	0	0		
			30 to under 50 years old	Persons	1	1	1		
			50 Years old and above	Persons	7	8	9		
Employees	Subtotal			Persons	1,638	1,778	1,773		
	By employment type	Full-time	By gender	Male	Persons	1,247	1,304	1,320	
				Female	Persons	173	184	190	
			By country	Republic of Korea	Persons	1,419	1,488	1,510	
				China	Persons	1	0	0	
			By age	Under 30 years old	Persons	271	257	222	
				30 to under 50 years old	Persons	979	1,041	1,093	
		50 Years old and above		Persons	170	190	195		
		Part-time (fixed-term)	By gender	Male	Persons	196	254	235	
				Female	Persons	22	36	28	
			By country	Republic of Korea	Persons	218	290	263	
			By Position	Team Leader level and above ³⁾	By gender	Male	Persons	145	152
	Female					Persons	6	7	8
	By age	Under 30 years old			Persons	0	0	0	
		30 to under 50 years old			Persons	79	86	94	
	Staff ⁴⁾	By gender		Male	Persons	1,298	1,406	1,396	
				Female	Persons	189	213	210	
		By age		Under 30 years old	Persons	369	376	324	
				30 to under 50 years old	Persons	997	1,092	1,128	
		50 Years old and above	Persons	121	151	154			

Particulars				Unit	2023	2024	2025	
Employees	By job ⁵⁾	Planning & Support	By gender	Male	Persons	169	135	152
				Female	Persons	45	44	50
		By age	Under 30 years old	Persons	51	36	31	
			30 to under 50 years old	Persons	132	123	140	
			50 Years old and above	Persons	31	20	31	
		Sales, Marketing, and Service	By gender	Male	Persons	225	281	255
				Female	Persons	59	69	73
			By age	Under 30 years old	Persons	44	48	39
				30 to under 50 years old	Persons	210	256	256
				50 Years old and above	Persons	30	46	33
			Production and Quality	By gender	Male	Persons	710	780
		Female			Persons	55	64	48
		By age		Under 30 years old	Persons	199	224	198
				30 to under 50 years old	Persons	466	512	514
				50 Years old and above	Persons	100	108	111
		R&D	By gender	Male	Persons	339	345	357
				Female	Persons	36	38	41
			By age	Under 30 years old	Persons	75	64	54
				30 to under 50 years old	Persons	268	285	309
				50 Years old and above	Persons	32	34	35

1) Number of employees as of the end of the current year
2) Includes one full-time auditor
3) Team leader level and above, excluding registered executives
4) Excludes team leader level and above
5) Excluding the KD Disabled Sports Team

ESG Data

Social Performance

Diversity

Particulars		Unit	2023	2024	2025
Persons with Disabilities ¹⁾	Number of employees with disabilities	Persons	30	47	46
	Employment rate of persons with disabilities	%	1.88	2.64	2.59
National Veterans	Number of national veteran employees	Persons	10	10	10
	Employment rate of national veterans	%	0.61	0.56	0.56
Female	Number of female employees ²⁾	Persons	173	184	190
	Percentage of female employees ²⁾	%	10.6	10.3	10.7
	Number of female managers	Persons	6	7	8
	Number of female executives ³⁾	Persons	2	2	2
	Female non-registered executives ratio	%	8	6	6

1) Based on the 'Korea Employment Agency for Persons with Disabilities (KEAD)' performance report
2) Based on employees with indefinite-term contracts
3) Includes female registered and non-registered executives

Recruitment

Particulars		Unit	2023	2024	2025	
New hires ¹⁾	Total number of new hires		Persons	192	175	105
	New hire rate		%	14	2	7
	By gender	Male	Persons	152	146	89
		Female	Persons	40	29	16
	By age	Under 30 years old	Persons	91	81	32
		30 to under 50 years old	Persons	97	80	66
		50 Years old and above	Persons	4	14	7
	By country	Republic of Korea	Persons	191	175	105
		China	Persons	1	0	0

1) Based on employees with no fixed term of employment

Retention¹⁾

Particulars			Unit	2023	2024	2025
Average years of service	Subtotal		Years	6.9	6.9	7.3
	By gender	Male	Years	7.1	7.1	7.5
		Female	Years	5.4	5.3	5.9

1) Based on employees with no fixed term of employment

Turnover

Particulars		Unit	2023	2024	2025	
Number of turnovers	Total number of turnovers		Persons	141	132	125
	By gender	Male	Persons	119	118	113
		Female	Persons	22	14	12
	By age	Under 30 years old	Persons	34	37	23
		30 to under 50 years old	Persons	97	85	74
		50 Years old and above	Persons	10	10	28
	By country	Republic of Korea	Persons	141	132	125
Turnover rate	Total turnover rate		%	8.61	7.42	7.05
	Voluntary turnover rate		%	8.12	6.92	5.81

ESG Data

Social Performance

Parental Leave

Particulars		Unit	2023	2024	2025
Employees taking parental leave ¹⁾	Subtotal	Persons	22	24	52
	Male	Persons	19	19	39
	Female	Persons	3	5	13
Employees who returned from parental leave	Subtotal	Persons	23	18	27
	Male	Persons	18	14	18
	Female	Persons	5	4	9
Employees with over one year of service since returning from parental leave	Subtotal	Persons	8	11	14
	Male	Persons	3	6	10
	Female	Persons	5	5	4
Return rate from parental leave	Subtotal	%	85	95	75
	Male	%	90	93	69
	Female	%	71	100	90
Percentage of employees with over one year of service since returning from parental leave	Subtotal	%	57	48	52
	Male	%	33	33	56
	Female	%	100	100	44

1) Based on start time of use of parental leave

Equal Opportunity

Particulars		Unit	2023	2024	2025
Female salary ratio	Compared to male ¹⁾	G1	%	100	100
		G2	%	98	99
		G3	%	98	98
		G4	%	112	107
Average salary per person	By gender	Male	Million KRW	60	62
		Female	Million KRW	50	53

1) Ratio based on full-time G job group; positions are structured in order from G1 to G4

Non-discrimination

Particulars		Unit	2023	2024	2025
Discrimination Cases ¹⁾	Number of discrimination cases	Cases	0	0	0
	Under investigation	Cases	0	0	0
Discrimination case management status	Action plan established	Cases	0	0	0
	Action completed	Cases	0	0	0

1) Number of reports related to human rights issues

Labor-Management Relations

Particulars	Unit	2023	2024	2025
Labor-management council meetings held	Times	9	5	6

Health and Safety Management System¹⁾

Particulars	Unit	2023	2024	2025
Percentage of business sites with health and safety certification	%	100	100	100
Percentage of workers covered by health and safety certification	%	100	100	100

1) Based on all employees and non-affiliated workers

ESG Data

Social Performance

Occupational Accidents

Particulars		Unit	2023	2024	2025
Employees	Number of occupational accidents	Cases	1	1	4
	Occupational accident rate ¹⁾	%	0.06	0.06	0.66
	Lost time injury (LTI)	Cases	1	1	4
	Lost time incident rate (LTIR) ²⁾	-	0.06	0.06	0.22
	Recordable incidents (RI)	Cases	1	1	4
	Total recordable incident rate (TRIR) ³⁾	-	0.06	0.06	0.22
	Fatality (FAT)	Cases	0	0	0
	Fatality rate ⁴⁾	-	0	0	0
	Total working hours	Hours	3,298,398	3,615,928	3,676,946
	Recordable incidents (RI)	Cases	0	1	0
Non-Affiliated workers	Total recordable incident rate (TRIR) ³⁾	-	0	0.23	0
	Work-related severe injury	Cases	0	0	2
	Work-related severe injury rate	-	0	0	0.297
	Fatality (FAT)	Cases	0	0	0
	Fatality rate ⁴⁾	-	0	0	0
	Total working hours	Hours	1,421,653	868,504	1,346,755

1) Occupational Accident Rate = (Number of occupational Accidents / Total Number of employees) x 100
2) LTIR = (Number of Lost Time Injuries / Total Working Hours) X 200,000
3) TRIR = (Number of Recordable Incidents / Total Working Hours) x 200,000
4) Fatality Rate = (Total number of work-related fatalities/ Total Working Hours) x 200,000

Occupational Diseases

Particulars		Unit	2023	2024	2025
Employees	Number of deaths caused by occupational disease	Cases	0	0	0
	Number of occupational diseases	Cases	1	0	0
Non-Affiliated workers	Number of deaths caused by occupational disease	Cases	0	0	0
	Number of occupational diseases	Cases	0	0	0

ESG Data

Social Performance

Employee Training and Performance Evaluation

Particulars				Unit	2023	2024	2025
Training status ¹⁾	Total number of employees completed training			Persons	1,532	1,732	1,638
	Training completion rate			%	94.0	97.0	91.9
	Total training hours			Hours	31,340	31,645	30,632
	Average training hours per employee			Hours/Person	19.13	17.80	18.70
	Average training hours per person	By gender	Male	Hours/Person	18.17	17.04	17.78
			Female	Hours/Person	26.23	23.14	24.95
		By position level	Manager	Hours/Person	14.53	19.34	18.39
			Staff	Hours/Person	19.60	17.65	21.75
Training Investment ¹⁾	Total training costs			Million KRW	1,248	1,224	1,098
	Average training costs per employee			Million KRW/ Person	0.76	0.69	0.62
Regular performance evaluation ²⁾	Percentage of Employees Receiving Regular Performance Evaluations	Subtotal		%	90	92	94
		By gender	Male	%	91	93	94
			Female	%	81	89	92
		By position level	Manager	%	79	78	75
			Staff	%	91	94	96

1) Training performance for all employees (including non-registered executives), aggregated based on total in-house and external company-wide training hours
2) Based on full-time personnel

Marketing and Labeling

Particulars		Unit	2023	2024	2025
Violations of labeling and advertising related laws/regulations	Penalties	Cases	0	0	0
	Warnings	Cases	0	0	0
	Violation of internal regulations	Cases	0	0	0

Product Health and Safety Impact

Particulars		Unit	2023	2024	2025
Health and safety impact assessment for major products	Percentage of major product groups subject to health and safety impact assessments	%	100	100	100
Violations of health and safety laws/regulations	Penalties	Cases	0	0	0
	Warnings	Cases	0	0	0
	Violation of internal regulations	Cases	0	0	0
Recalls ¹⁾	Total number of recalls	Cases	0	0	0

1) Domestic standard (excluding voluntary recovery actions)

ESG Data

Governance Performance

Board of Directors and Board Committees

Particulars				Unit	2023	2024	2025	
Board of directors	Meetings held			Times	6	6	7	
	Composition	Subtotal			Persons	7	8	9
		Executive director	Number of executive directors		Persons	4	5	6
		Independent director	Number of independent directors		Persons	3	3	3
			Independent director ratio		%	42.9	37.5	33.3
		Female director	Number of female directors		Persons	0	0	0
			Female director ratio		%	0	0	0
	Attendance rate	Subtotal			%	100	93	100
		Executive director			%	100	96	100
		Independent director			%	100	89	100
	Agenda ¹⁾	Number of agenda items			Cases	15	19	19
		Ratio of agenda items with amendments/supplements/opposition opinions			%	0	0	0
Board committee	Management committee	Subtotal			Persons	4	5	5
		Number of executive directors			Persons	4	5	5
		Number of independent directors			Persons	0	0	0
		Meetings held			Times	11	18	19
		Number of agenda items			Cases	14	21	23

1) Based on agenda items excluding reports

Auditor

Particulars			Unit	2023	2024	2025
Audit	Subtotal		Persons	1	1	1
	Full-Time Auditor		Persons	1	1	1
	Non-Full-Time Auditor		Persons	0	0	0
	Long-term service		Persons	0	0	0
	Audit Training Completion Rate		%	100	100	100

Independent Director Expertise

Particulars			Unit	2023	2024	2025
Industry expertise	Number of independent directors with industry expertise		Persons	2	2	2
	Percentage of independent directors with industry expertise		%	67	67	67

Compliance

Particulars			Unit	2023	2024	2025
Violations of laws/regulations ¹⁾	Monetary sanctions		Cases	0	0	0
	Non-monetary sanctions ²⁾		Cases	0	0	0
Total payment	Amount incurred during current period ³⁾		Million KRW	0	0	0
	Amount incurred during previous period ⁴⁾		Million KRW	0	0	0

1) Based on violations of laws under the jurisdiction of the Fair Trade Commission
2) Number of non-monetary sanctions such as warnings or higher imposed during the reporting period related to anti-competitive acts (excluding cases combined with monetary sanctions)
3) Payment amounts related to anti-competitive conduct cases that occurred and were resolved during the current reporting period
4) Payment amounts related to anti-competitive conduct cases that occurred during a previous reporting period and were resolved during the current reporting period

ESG Data

Governance Performance

Ethics and Fair Trade

Particulars			Unit	2023	2024	2025	
Ethics	Ethics training	Number of executives who completed ethics education	Persons	5	6 ⁵⁾	7	
		Percentage of executives who completed ethics education	%	62.5	66.7	70.0	
		Number of employees who completed ethics education	Persons	1,451	1,704	1,711	
		Percentage of employees who completed ethics training ¹⁾	%	100	100	100	
	Code of Ethics Violations	Violation of code of ethics	Cases	4	4	5	
		Employees Subject to Ethics Violations	Persons	5	8	7	
Anti-corruption	Anti-corruption training	Number of executives who completed anti-corruption training	Persons	5	5	7	
		Percentage of executives who completed anti-corruption training	%	62.5	55.6	70.0	
		Number of employees who completed anti-corruption training	Persons	1,451	1,704	1,711	
		Percentage of employees who completed anti-corruption training ¹⁾	%	100	100	100	
	Integrity agreement/ Supplier code of conduct pledge	Number of signed suppliers ²⁾	Companies	306	321	348	
		Percentage of signed suppliers	%	98	96	98	
	Corruption cases	Corruption cases	Cases	2	2	3	
		Disciplinary actions taken	Discipline	Cases	2	7	0
			Dismissals	Cases	1	1	5
		Partner contract terminations due to corruption cases	Cases	0	0	0	
		Corruption-related legal measures	Cases	0	1	1	
Anti-competitive behavior ⁽³⁾⁽⁴⁾	Concluded legal cases	Cases	1	0	0		

1) Figures have been restated due to a change in the internal calculation methodology for the completion rate
2) Based on domestic suppliers who have submitted the Integrity Cooperation Agreement and the Code of Conduct pledge
3) Based on completion of administrative sanctions and appeal procedures (administrative litigation) by administrative agencies due to major legal violations under the jurisdiction of the Fair Trade Commission (Monopoly Regulation and Fair Trade Act, Fair Transactions in Subcontracting Act, Fair Agency Transactions Act, Act on Fair Labeling and Advertising, etc.)
4) Legal cases arising from non-compliance by other companies are excluded

Government Subsidies

Particulars	Unit	2023	2024	2025
R&D grants	Million KRW	334	79	159

Retirement Pension¹⁾

Particulars	Unit	2023	2024	2025
Present value of defined benefit obligation	Million KRW	52,224	59,705	70,111
Fair value of plan assets	Million KRW	60,104	64,721	75,912

1) On a separate basis

Procurement Practices

Particulars	Unit	2023	2024	2025
Proportion of spending on local suppliers	%	63	62	70

GRI Index

Category	Contents
Usage Statement	KD Navien has reported its non-financial performance for the period from January 1, 2025 to December 31, 2025 in accordance with the GRI Standards.
Use of GRI 1	GRI 1: Foundation 2021
GRI Sector Standards	N/A

GRI Standards	Indicator	Contents	Page	Remarks
General Disclosures				
GRI 2: General Disclosures 2021	2-1	Organization details	6	
	2-2	Entities included in the organization's sustainability management report	2	
	2-3	Reporting period, frequency, and contact information	2	
	2-4	Restatement of information	113-124	
	2-5	External assurance	134-139	
	2-6	Activities, supply chain, and other business relationships	6, 8	
	2-7	Employees	118	
	2-8	Employees who are not employees	-	Refer to page 267 of the Annual Report
	2-9	Governance structure and composition	101-102, 123	
	2-10	Nomination and selection of the highest governance body	102	
	2-11	Chair of the highest governance body	101	
	2-12	Role of the highest governance body in overseeing the management of impacts	12	
	2-13	Delegation of responsibility for managing impacts	12	
	2-14	Role of the highest governance body in sustainability reporting	12, 103	
	2-15	Conflicts of interest	102	
	2-16	Communication of critical concerns	103	
	2-17	Collective knowledge of the highest governance body	101, 103	
	2-18	Evaluation of the performance of the highest governance body	103	
	2-19	Remuneration policies	103	

GRI Standards	Indicator	Contents	Page	Remarks
General Disclosures				
GRI 2: General Disclosures 2021	2-20	Process to determine remuneration	103	
	2-21	Annual total compensation ratio	-	Information withheld due to confidentiality constraints
	2-22	Statement on sustainable development strategy	5	
	2-23	Policy commitments	44, 59, 73, 77, 85, 94, 105, 108	
	2-24	Embedding policy commitments	44, 59, 73, 77, 85, 94, 105, 108	
	2-25	Processes to remediate negative impacts	75, 84, 90	
	2-26	Mechanisms for seeking advice and raising concerns	17, 77, 106	
	2-27	Compliance with laws and regulations	123	
	2-28	Membership associations	133	
	2-29	Approach to stakeholder engagement	17	
	2-30	Collective bargaining agreements	67	

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GRI Index

GRI Standards	Indicator	Contents	Page	Remarks
Material topics				
GRI 3: Material Topics 2021	3-1	Process to determine material topics	13	
	3-2	List of material topics	14	
Climate Change				
GRI 3: Material Topics 2021	3-3	Management of material topics	16, 19-30	
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	21-29	
	305-1	Direct (Scope 1) GHG emissions	30, 114, 135	
	305-2	Indirect (Scope 2) GHG emissions	30, 114, 135	
	305-3	Other indirect (Scope 3) GHG emissions	30, 114, 135	
	305-4	GHG emissions intensity	114, 135	
GRI 305: Emissions 2016	305-5	Reduction of GHG emissions	27-28, 30, 114, 135	
	305-6	Emissions of ozone-depleting substances (ODS)	-	No emissions; Not applicable
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	115	
Sustainable Business Model				
GRI 3: Material Topics 2021	3-3	Management of material topics	16, 31-40	

GRI Standards	Indicator	Contents	Page	Remarks
Material topics				
Work Environment				
GRI 3: Material Topics 2021	3-3	Management of material topics	16, 58-72	
	401-1	New employee hires and employee turnover	119	
GRI 401: Employment 2016	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	72	
	401-3	Parental leave	120	
GRI 402: Labor/ Management Relations 2016	402-1	Minimum notice periods regarding operational changes	-	Not Applicable
	403-1	Occupational health and safety management system	58	
	403-2	Hazard identification, risk assessment, incident investigation	59-62	
	403-3	Occupational health services	59-64	
	403-4	Worker participation, consultation, and communication on occupational health and safety	61	
GRI 403: Occupational Health and Safety 2018	403-5	Worker training on occupational health and safety	64	
	403-6	Promotion of worker health	65	
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	59-64	
	403-8	Workers covered by an occupational health and safety management system	58, 120	
	403-9	Work-related injuries	121	
	403-10	Work-related ill health	121	
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	122	
	404-2	Programs for upgrading employee skills and transition assistance	68	
	404-3	Percentage of employees receiving regular performance and career development reviews	122	
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	101, 118	
	405-2	Ratio of basic salary and remuneration of women to men	120	
GRI 406: Nondiscrimination 2016	406-1	Incidents of discrimination and corrective actions taken	120	

GRI Index

GRI Standards	Indicator	Contents	Page	Remarks
Material topics				
Consumer Rights Protection				
GRI 3: Material Topics 2021	3-3	Management of material topics	16, 83-92	
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	91, 122	
	416-2	Incidents of non-compliance concerning the health and safety impacts on products and services	122	
GRI 417: Marketing and Labeling 2016	417-1	Requirements for product and service information and labeling	91	
	417-2	Incidents of non-compliance concerning product and service information and labeling	122	
	417-3	Incidents of non-compliance concerning marketing communications	85	
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	Not Applicable
Business Ethics and Compliance				
GRI 3: Material Topics 2021	3-3	Management of material topics	16, 105-109	
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	106, 109	
	205-2	Communication and training about anti-corruption policies and procedures	106-107, 124	
	205-3	Confirmed incidents of corruption and actions taken	124	
GRI 206: Anticompetitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	124	
Non-material topics				
GRI 101: Biodiversity 2024	101-1	Policies to halt and reverse biodiversity loss	53-56	
	101-2	Management of biodiversity impacts	53-56	
	101-4	Identification of biodiversity impacts	53-56	
	101-5	Locations with biodiversity impacts	53-56	
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	113	
	201-3	Defined benefit plan obligations and other retirement plans	124	
	201-4	Financial assistance received from government	124	

GRI Standards	Indicator	Contents	Page	Remarks
Non-material topics				
GRI 202: Market Presence 2016	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	113	
	202-2	Proportion of senior management hired from the local community	-	Not Applicable
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	93-96	
	203-2	Significant indirect economic impacts	9, 72, 93-96	
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	124	
GRI 207: Tax 2019	207-1	Approach to tax	110-111	
	207-2	Tax governance, control, and risk management	111	
	207-3	Stakeholder engagement and management of concerns related to tax	17	
	207-4	Country-by-country reporting	113	
GRI 302: Energy 2016	302-1	Energy consumption within the organization	115	
	302-2	Energy consumption outside of the organization	-	Information currently unavailable or incomplete
	302-3	Energy intensity	115	
	302-4	Reduction of energy consumption	115	
GRI 303: Water and Effluents 2018	303-1	Interactions with water as a shared resource	45-47	
	303-2	Management of water discharge-related impacts	45-47	
	303-3	Water withdrawal	116	
	303-4	Water discharge	116	
	303-5	Water consumption	116	
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	48-49	
	306-2	Management of significant waste-related impacts	48-49	
	306-3	Waste generated	117	
	306-4	Waste diverted from disposal	48, 117	
	306-5	Waste directed to disposal	117	
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	-	Not Applicable
	308-2	Negative environmental impacts in the supply chain and actions taken	52	
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	78-80	
	414-2	Significant negative social impacts in the supply chain and actions taken	-	Not Applicable

SASB Index

Resource Transformation (Electrical & Electronic Equipment)

Sustainability Disclosure Topics & Accounting Metrics

TOPIC	Code	METRIC	Unit	2023	2024	2025	Remarks
Energy Management	RT-EE-130a.1	Total energy consumed	TJ	263.59	286.13	287.47	
		Percentage grid electricity	%	100	100	100	
		Percentage renewable	%	0	0.2	0.3	Solar panel facility installation in 2023
Hazardous Waste Management	RT-EE-150a.1	Amount of hazardous waste generated	Metric tons (t)	30.71	31.51	66.12	
		Percentage recycled	%	14	14	62	
	RT-EE-150a.2	Number of reportable spills	Cases	0	0	0	No reported spills
		Total amount of hazardous spills	kg	0	0	0	
		Recovered amount of hazardous spills	kg	0	0	0	
Product Safety	RT-EE-250a.1	Number of recalls issued	Cases	0	0	0	Domestic standard (excluding voluntary recalls)
		Total units recalled	Units	0	0	0	Domestic standard (excluding voluntary recalls)
	RT-EE-250a.2	Total amount of monetary losses as a result of legal proceedings associated with product safety	Million KRW	0	0	0	Based on Annual Report
Product Lifecycle Management	RT-EE-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	%	-	-	-	Not applicable
	RT-EE-410a.2	Percentage of eligible products, by revenue, certified to an energy efficiency certification	Million KRW	611,972	818,975	882,446	Internally defined eco-friendly sales criteria applied to the U.S. and Canada
	RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	Million KRW	-	-	-	
Materials Sourcing	RT-EE-440a.1	Description of the management of risks associated with the use of critical materials	N/A	-	-	-	Not applicable
Business Ethics	RT-EE-510a.1	(1) Description of policies and practices to prevent corruption and bribery	N/A	-	-	-	
		(2) Description of policies and practices to prevent anti-competitive behavior	N/A	-	-	-	
	RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	Million KRW	0	0	0	Based on Annual Report
	RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	Million KRW	0	0	0	Excludes internal costs incurred before incidents/litigation, fees paid to appraisers/agents, and costs for implementation after resolutions/judgments

Activity Metrics

Category	Disclosure Item	Unit	2023	2024	2025	Remarks
RT-EE-000.A	Number of units produced by product category	Units	1,338,814	1,538,905	1,533,031	
RT-EE-000.B	Number of employees	Persons	1,646	1,787	1,783	Including Registered Executives

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TCFD Index

Category	Recommended disclosures	Page
Governance	Describe the board’s oversight of climate-related risks and opportunities.	19
	Describe management’s role in assessing and managing climate-related risks and opportunities.	20
Strategy	Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	21-26
	Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	21-26
	Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	22-25
Risk Management	Describe the organization’s processes for identifying and assessing climate-related risks.	29
	Describe the organization’s processes for managing climate-related risks.	29
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	29
Metrics and Targets	Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	30
	Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	30
	Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	30

KSSB Index

(KSSB 1) General Requirements

Category		Report Page(s)
Governance	Governance Body or Individual Responsible for Oversight of Sustainability-related Risks and Opportunities	12, 101
	Management's Role in the Governance Processes, Controls and Procedures	12
Strategy	Sustainability-related Risks and Opportunities	13
	Current and Anticipated Effects on the Entity's Prospects	15
	Strategy and Decision-making	16
	Current and Anticipated Financial Effects on Financial Position, Financial Performance and Cash Flows	9, 24, 27, 28, 33, 34, 36, 37
	Resilience of the Entity's Strategy and Business Model	13-16, 23
Risk Management	Processes and Related Policies for Identifying, Assessing, Prioritising and Monitoring Sustainability-related Risks	13,111
	Processes for Identifying, Assessing, Prioritising and Monitoring Sustainability-related Opportunities	13, 21
	Integration into the Entity's Overall Risk Profile and Risk Management Process	29, 111
Metrics and Targets	Targets Set by the Entity and Performance against Those Targets in Relation to Sustainability-related Risks and Opportunities	16, 30, 40, 58, 66, 73, 83

(KSSB 2) Climate-related Disclosures

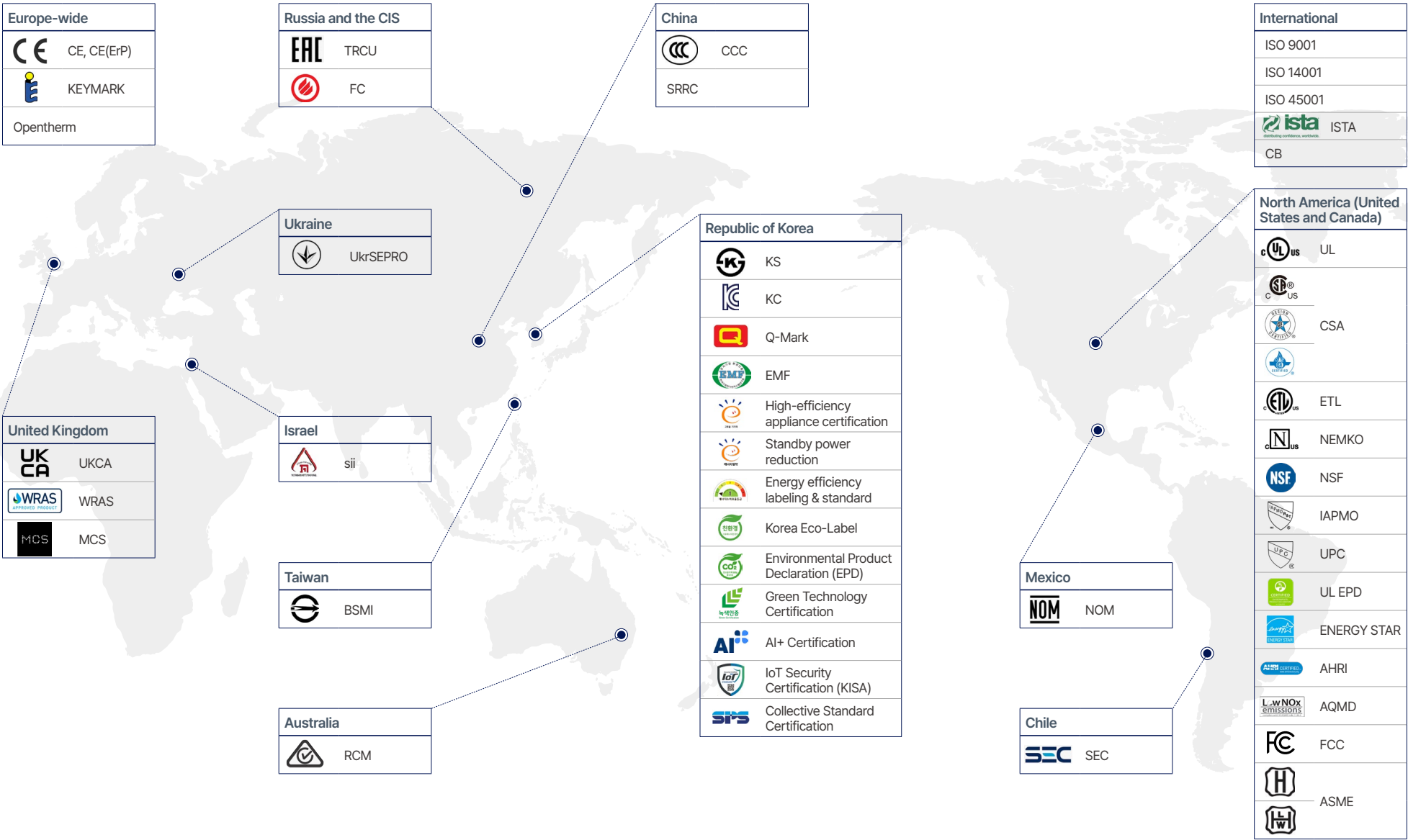
Category		Report Page(s)
Governance	Governance Body Responsible for Oversight of Climate-Related Risks and Opportunities	19
	Role of Management in Climate-Related Governance and Supervision	20
Strategy	Climate-related Risks and Opportunities That Could Reasonably Be Expected to Affect the Entity's Prospects	21
	Effects of Climate-related Risks and Opportunities on the Entity's Business Model and Value Chain	22
	Strategy and Decision-making	26–28
	Current and Anticipated Financial Effects of Climate-related Risks and Opportunities	22–26
	Climate Resilience Assessment	23–24
Risk Management	Processes and Related Policies for Identifying, Assessing, Prioritising and Monitoring Climate-related Risks	29
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Metrics and Targets	Climate-Related Industry-based Metrics	
	• Greenhouse Gas Emissions	30, 114
	• Amount and Percentage of Assets or Business Activities Vulnerable to Climate-related Transition Risks	25–28
	• Amount and Percentage of Assets or Business Activities Vulnerable to Climate-related Physical Risks	22–24
	• Amount and Percentage of Assets or Business Activities Aligned with Climate-related Opportunities	25–28
	• Internal Carbon Prices	-
	• Remuneration Linked to Climate-related Considerations	20
	• Climate-related Targets	30

UN SDGs

Goal	KD Navien 2025 Key Activities		Report Page(s)
 No Poverty	• Provision of Eco-friendly Condensing Boilers to Vulnerable Households (Improvement of Heating Conditions)		94
 Quality Education	• Tiered core training for all employees and effectiveness evaluation (course satisfaction: 4.6/5.0) • Digital trend training, including AI and Microsoft 365, and establishment of a smart work environment		68-69
 Clean Water and Sanitation	• Water reuse through the Seotan Factory (ECO Hub)'s water management process (111,071 m³ reused) • Year-on-year reduction in water pollutant discharge concentrations (TOC, BOD, and SS)		45-47
 Affordable and Clean Energy	• Installation of a 4,200 kW solar power generation system at the Seotan Factory (ECO Hub) • Use of 0.91 TJ of renewable energy generated by solar power facilities at the U.S. subsidiary • Development of hydrogen boiler technology and expansion of the electric heat pump product lineup		28, 33
 Decent Work and Economic Growth	• Expansion of employment opportunities for persons with disabilities through cooperation with the Korea Employment Agency for Persons with Disabilities and the Pyeongtaek City Sports Association for the Disabled, and operation of the KD Disabled Sports Team • Receipt and resolution of grievances raised by employees and supplier personnel through grievance-handling channels • Expansion of accounts receivable financing support for 65 suppliers to 14.2 billion KRW		68, 75, 81
 Sustainable Cities and Communities	• Expansion of an environmentally friendly product lineup that supports the transition away from fossil fuels through the development of hydrogen boiler and electric heat pump technologies • Financial support for the replacement and installation of eco-friendly condensing boilers for vulnerable households • Establishment and implementation of three priority areas for social contribution: living environments, urban environments, and the global environment		33, 94-96
 Responsible Consumption and Production	• Continued implementation of initiatives to reduce the hazards associated with hazardous chemicals, including methanol, zinc oxide, and aluminum chloride • Maintenance of a 95% waste recycling rate and improvement of waste treatment methods • Establishment of a supply chain ESG management policy and ongoing development of a green purchasing policy		48-52
 Climate Action	• Management of Scope 1, 2, and 3 greenhouse gas emissions and implementation of emission reduction initiatives • Completion of life cycle assessments (LCAs) and acquisition of Environmental Product Declarations (EPDs) for key products • Establishment of a product energy transition roadmap and disclosure in accordance with the TCFD recommendations		19-40
 Peace, Justice and Strong Institutions	• Operation of ethics reporting channels and provision of ethics management and human rights training for new hires and all employees (100% completion rate)		105-107

Certifications

As of June 30, 2026



- ESG Data
- GRI Index
- SASB Index
- TCFD Index
- KSSB Index
- UN SDGs
- Certifications
- Association Memberships
- GHG Verification Statement
- Independent Assurance Statement

Association Memberships

Association Name	Membership Purpose
Telecommunications Technology Association	Participation in standardization committee activities, access to committee materials, and monitoring of technology standard trends
ASHRAE	Acquisition of journals to monitor the latest technological trends in heating, refrigeration, and air-conditioning
Connectivity Standards Alliance	Incorporation of the Zigbee global standard (Matter) and maintenance of CSA membership eligibility
Korea Consumer-centered Enterprise Association	Fostering constructive relationships between consumers and businesses
The Korean Society of Mechanical Engineers	Monitoring technology trends in mechanical engineering and maintaining collaboration with external technical institutions
The Society of Air-Conditioning and Refrigerating Engineers of Korea	Sharing information on participation in seminars and the organization of academic conferences, lectures, and training sessions
Korean Association of Occupational Health Nurses	Developing occupational health manager competencies and identifying areas for improvement
Fair Competition Federation	Collecting updates and information from the Fair Trade Commission and submitting opinions on proposed amendments to laws and administrative regulations
Korea Advertisers Association	Strengthening advertising and public relations capabilities through industry research and trend information, and facilitating information exchange among advertisers through networking
Korea Association of Machinery Industry	Supporting member companies' R&D activities and fostering the machinery industry service sector
Korea Management Association	Monitoring HRD-related trends
Korea Industrial Technology Association	Maintaining certification of the R&D Center (HEATING, TAC, and SH)
Korea Listed Companies Association	Obtaining information on relevant laws and regulatory amendments and responding effectively to policy changes
Korea Listed Companies Auditors Association	Enhancing professional expertise in audit functions and facilitating information exchange among members
Korea Mechanical Engineering Association	Monitoring technology trends, promoting the company's technological capabilities through lectures, and supporting research projects
Korea Association of AI Smart Home	Promoting and advancing the home network business and pursuing smart home-related projects
Korea Energy Appliances Industry Association	Promoting the common interests and development of energy equipment manufacturers
Korean Society for Indoor Environment	Gathering information related to indoor air quality and other relevant matters
Korea Information & Communication Contractors Association	Maintaining eligibility to participate in public-sector project bidding and providing technical support for information and communications construction projects
Korea Intellectual Property Association	Strengthening IP competitiveness and sharing information and expertise on IP management and responses to patent disputes
Korean Standards Association	Obtaining information on KS and international standards, including ISO standards, and managing the completion of mandatory KS training
Korea Association of Ventilation Industry Companies	Collecting information on the prevention of indoor air pollution through ventilation and on air purification
Korea Products Safety Association	Obtaining product safety technology information and addressing challenges related to product safety certification
Korean Institute of Architectural Sustainable Environment and Building Systems	Contributing to the advancement of the architectural environment and building systems sectors and establishing relevant collective standards for building systems
Korea Heat Pump Alliance	Participating in initiatives aimed at promoting the domestic heat pump industry and supporting cooperation with government policies
Korea Refrigeration and Air-conditioning Industry Association	Joining as a member company to collect and exchange information related to the HVAC business

GHG Verification Statement

Kyungdong Navien Co., Ltd.

95, Suworam-gil, Seotan-myeon, Pyeongtaek-si, Gyeonggi-do

1. Verification Goal

The goals of greenhouse gas (GHG) emission verification (hereinafter referred to as 'verification') conducted by the Korean Standards Association are as follows.

- Confirming the conformity with standards and procedures of GHG emission and GHG emissions calculated within the scope of verification
- Checking the validity of declarations related to the organization's GHG emissions or removals
- Confirming the effective implementation of the organization's management of GHG emissions or removals
- Confirming the conformity of processes for implementing, managing and improving the organization's GHG emissions or removals estimates

2. Verification Scope

Korean Standards Association conducted limited assurance verification of Kyungdong Navien Co., Ltd. and its group companies's Scope1 and Scope2 GHG statement.

- Reporting Target : Domestic and Overseas sites under Financial Control
 - Domestic : Kyungdong Navien, Kyungdong Everon, Kyungdong Polyum, Kyungdong TS, Time Kiyeon Asia Kyungdong C&S
 - Overseas : Navien, Inc., Navien Canada, Inc., Navien Mexico S.A. DE C.V., Navien Russia LLC, Beijing Kyungdong Navien Heat Energy Equipment Co., Ltd., Navien UK Ltd
- Boundary : Scope1(Direct emissions), Scope2(Indirect emissions)
 - Scope1 : Stationary combustion, Mobile combustion
 - Scope2 : Externally purchased power
- Year : January 1, 2025 to December 31, 2025

3. Verification Criteria and Guidelines

Korean Standards Association conducted verification according to the procedures stipulated in ISO 14064-3 : 2019.

- Calculation criteria
 - KS I ISO 14064-1 : 2018
 - Verification Guidelines for the Operation of the Greenhouse Gas Emissions Trading System (Ministry of Environment Notice No. 2025-64)
 - 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines
 - WRI (World Resources Institute) Greenhouse Gas Protocol

4. Level of assurance verification and Responsibility

Korea Standards Association provides verification at limited level of assurance to strengthen GHG management for your company's GHG emissions.

- On-site inspection : Visits to each site of Kyungdong Navien Co., Ltd. and its affiliates
- Method of confirmation
 - Interview with greenhouse gas emissions manager and field staff
 - Review of the management system and data used to calculate greenhouse gas emissions during the reporting period
 - Tracking review of internal documents and basic data

Kyungdong Navien Co., Ltd. and its group companies should provide fair data on information and evidence related to GHG emissions, and the KSA is limited to guaranteeing GHG emissions.

5. Verification Limit

GHG emissions can be affected by factors such as data limits and uncertainties in the scope of verification, and inherent limitations may exist accordingly.

6. Verification Conclusion

Korean Standards Association confirmed that the GHG emissions calculated by Kyungdong Navien Co., Ltd. and its group companies meet the level of assurance and the materiality threshold (less than 10%) in accordance with the verification criteria. No evidence was found to suggest that the GHG data and information were unfairly presented. Kyungdong Navien Co., Ltd. and its group companies has taken appropriately corrective actions on the major findings identified by the verification team. Based on the verification results, including the absence of material errors of omissions, the data and processes are considered to meet the verification and guidelines. Therefore, a 'Unmodified opinion' is issued.

- ESG Data
- GRI Index
- SASB Index
- TCFD Index
- KSSB Index
- UN SDGs
- Certifications
- Association Memberships
- GHG Verification Statement
- Independent Assurance Statement

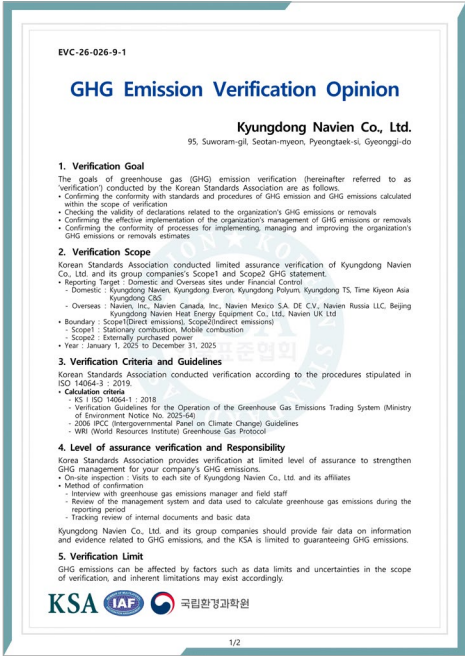
GHG Verification Statement

Appendix. GHG Emissions and Energy Consumption in 2025

Division	Location-Based(tCO ₂ -eq)			Market-Based(tCO ₂ -eq)			Energy Consumption (GJ)
	Scope1	Scope2	Subtotal	Scope1	Scope2	Subtotal	
Kyungdong Navien	2,939.237	11,092.432	14,023	2,939.237	11,092.432	14,023	287,469
Kyungdong Everon	282.526	13,497.431	13,777	282.526	13,497.431	13,777	303,585
Kyungdong Polyum	5.779	3,159.850	3,163	5.779	3,159.850	3,163	66,117
Kyungdong TS	1,068.490	461.865	1,518	1,068.490	461.865	1,518	26,047
Time Kiyeon Asia	0	112.756	112	0	112.756	112	2,356
Kyungdong C&S	24.074	0.103	22	24.074	0.103	22	346
Navien, Inc.	212.063	858.279	1,070	212.063	858.279	1,070	11,490
NAVIEN CANADA, INC.	22.275	7.370	29	22.275	7.370	29	507
NAVIEN MEXICO S.A. DE C.V.	17.709	5.322	23	17.709	5.322	23	297
NAVIEN RUS LLC	14.802	68.746	83	14.802	68.746	83	998
Beijing Kyungdong Navien Heat Energy Equipment Co., Ltd.	109.980	800.731	910	109.980	800.731	910	5,049
NAVIEN UBK LLC	45.728	19.603	65	45.728	19.603	65	788
NAVIEN UK LTD	133.781	18.970	152	133.781	18.970	152	2,071
Total	4,876.444	30,103.458	34,947	4,876.444	30,103.458	34,947	707,120

* Note 1 : The overseas Corporation Hebei Kyungdong Navien Heat Energy Equipment Co., Ltd. (Hebei, China) was excluded from the calculation.

* Note 2 : The final GHG emissions was cut below the decimal point and expressed in integer units.



6. Verification Conclusion							
Korean Standards Association confirmed that the GHG emissions calculated by Kyungdong Navien Co., Ltd. and its group companies meet the level of assurance and the materiality threshold (less than 10%) in accordance with the verification criteria. No evidence was found to suggest that the GHG data and information were unfairly presented.							
Kyungdong Navien Co., Ltd. and its group companies have taken appropriately corrective actions on the major findings identified by the verification team. Based on the verification results, including the absence of material errors of emissions, the data and processes are considered to meet the verification and guidelines. Therefore, a 'Unmodified opinion' is issued.							
● Appendix. GHG Emissions and Energy Consumption in 2025							
Division	Location-Based(tCO ₂ -eq)			Market-Based(tCO ₂ -eq)			Energy Consumption (GJ)
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Kyungdong Polyum	5.779	3,159.850	3,163	5.779	3,159.850	3,163	66,117
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Total	4,876.444	30,103.458	34,947	4,876.444	30,103.458	34,947	707,120

GHG Verification Statement

Kyungdong Navien Co., Ltd.
95, Suworam-gil, Seotan-myeon, Pyeongtaek-si, Gyeonggi-do

1. Verification Goal

The goals of greenhouse gas (GHG) emission verification (hereinafter referred to as 'verification') conducted by the Korean Standards Association are as follows.

- Confirming the conformity with standards and procedures of GHG emission and GHG emissions calculated within the scope of verification
- Checking the validity of declarations related to the organization's GHG emissions or removals
- Confirming the effective implementation of the organization's management of GHG emissions or removals
- Confirming the conformity of processes for implementing, managing and improving the organization's GHG emissions or removals estimates

2. Verification Scope

Korea Standards Association conducted a limited assurance verification of Kyungdong Navien Co., Ltd.'s Scope3 GHG statement.

- Reporting Target : Domestic Sites under Financial Control(All domestic sites excluding headquarters)
- Boundary : Scope3(Other Indirect emissions)
 - Category 1. Purchased goods and services
 - Category 2. Capital goods
 - Category 4. Upstream transportation and distribution
 - Category 5. Waste generated in operations
 - Category 6. Business travel
 - Category 7. Employee commuting
 - Category 11. Use of sold products
 - Category 12. End-of-life treatment of sold product
- Year : January 1, 2025 to December 31, 2025

3. Verification Criteria and Guidelines

Korean Standards Association conducted verification according to the procedures stipulated in ISO 14064-3 : 2019.

- Calculation criteria
 - KS I ISO 14064-1:2018
 - WRI (World Resources Institute) Greenhouse Gas Protocol
 - Corporate Value Chain (Scope 3) Accounting and Reporting Standard (WRI)

4. Level of assurance verification and Responsibility

Korea Standards Association provides verification at limited level of assurance to strengthen GHG management for your company's GHG emissions.

- On-site inspection : Visit to Kyungdong Navien Co., Ltd. Yeouido (Machinery Building)
- Method of confirmation
 - Interview with greenhouse gas emissions manager and field staff
 - Review of the management system and data used to calculate greenhouse gas emissions during the reporting period
 - Tracking review of internal documents and basic data

Kyungdong Navien Co., Ltd. should provide fair data on information and evidence related to GHG emissions, and the KSA is limited to guaranteeing GHG emissions.

5. Verification Limit

GHG emissions can be affected by factors such as data limits and uncertainties in the scope of verification, and inherent limitations may exist accordingly.

GHG Verification Statement

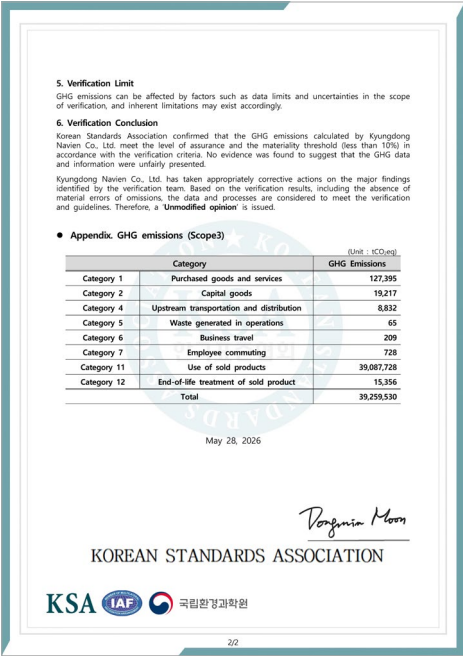
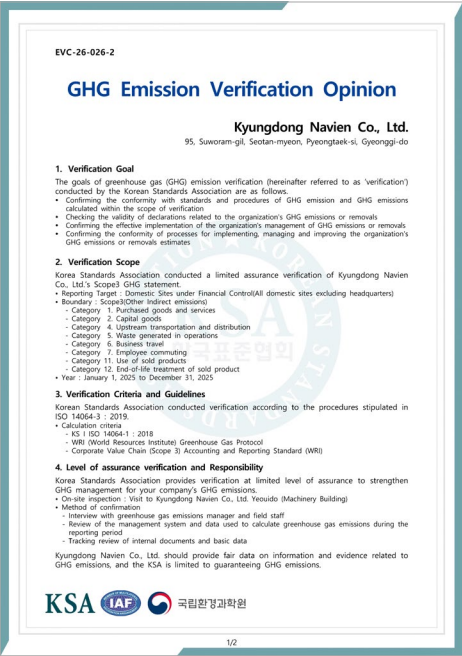
6. Verification Conclusion

Korean Standards Association confirmed that the GHG emissions calculated by Kyungdong Navien Co., Ltd. meet the level of assurance and the materiality threshold (less than 10%) in accordance with the verification criteria. No evidence was found to suggest that the GHG data and information were unfairly presented. Kyungdong Navien Co., Ltd. has taken appropriately corrective actions on the major findings identified by the verification team. Based on the verification results, including the absence of material errors of omissions, the data and processes are considered to meet the verification and guidelines. Therefore, a 'Unmodified opinion' is issued.

Appendix. GHG emissions (Scope3)

(Unit : tCO₂eq)

Category	GHG Emissions
Category 1	Purchased goods and services127,395
Category 2	Capital goods19,217
Category 4	Upstream transportation and distribution8,832
Category 5	Waste generated in operations65
Category 6	Business travel209
Category 7	Employee commuting728
Category 11	Use of sold products39,087,728
Category 12	End-of-life treatment of sold product15,356
Total	39,259,530



Independent Assurance Statement

To readers of KD Navien Sustainability Report 2025

Introduction

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

Subject Matter

The reporting boundaries included the performance and activities of sustainability-related organizations as described in Kyungdong Navien's report:

- KD Navien Sustainability Report 2025

Reference Standard

- GRI Standards 2021

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, limited/ not set

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(101-1, 101-2, 101-4, 101-5),
 - GRI 201: Economic Performance, GRI 202: Market Presence, GRI 203: Indirect Economic Impacts, GRI 204: Procurement Practices, GRI 205: Anti-corruption, GRI 206: Anti-competitive Behavior, GRI 207: Tax,
 - GRI 302: Energy(302-1, 302-2, 302-3, 302-4), 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 414: Supplier Social Assessment, 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 Kyungdong Navien 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 Kyungdong Navien 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 Kyungdong Navien, 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

Kyungdong Navien 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

Kyungdong Navien 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

Kyungdong Navien 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 Kyungdong Navien’s actions.

Impact

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

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 Kyungdong Navien and did not provide any services to Kyungdong Navien that could compromise the independence of our work.

Limitations of Use

This assurance statement is made solely for the management of Kyungdong Navien 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 Kyungdong Navien. As this assurance statement may be subject to revision after the assurance date below, we recommend verifying whether this is the latest version.

June 22, 2026



CEO E. J. Hwang



