

HS Hyosung Advanced Materials Corp.

Anti-deforestation Policy



Sustainability Management Team

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01. PURPOSE

The purpose of this document is to establish and implement this Policy as well as other necessary matters so that HS Hyosung Advanced Materials Corporation and its subsidiaries and affiliates (hereinafter referred to as “the Company”), as a company that improves the quality of life and value of human life, can contribute to protecting forests and preventing deforestation that may occur during its business operations.

This Policy respects the directives and activities of global standards, including the Global Forest Goals and Targets of the United Nations (UN) Strategic Plan for Forests, and was developed by referencing the UN’s Reducing Emissions from Deforestation and Forest Degradation Plus Conservation (REDD+) and the Guidelines for Applying Protected Area Management Categories (International Union for Conservation of Nature; IUCN).

02. SCOPE OF APPLICATION

This Policy applies to all corporations within the Company’s financial consolidation scope, which includes the Company’s headquarters, domestic and overseas production and sales corporations and branches, and subsidiaries. In addition, the company encourages its suppliers, customers, and other stakeholders to comply with this policy and actively promotes the importance of forest conservation. Based on this Policy, the Company shall manage deforestation risks that arise during business operations; however, in the event of a conflict with local laws regarding the anti-deforestation, protection of forest areas, logging, and utilization of wood products, the local laws shall take precedence.

03. POLICY

01) Zero net deforestation

The Company shall take the lead in minimizing deforestation at all business sites around the world and pursue zero net deforestation by 2050, with a commitment to compensation through reforestation, based on continuous compliance with its environmental policies.

02) Actively meeting stakeholder requirements

While actively meeting stakeholder requirements, the Company shall maintain and protect its business sites and the surrounding green spaces so as to contribute to preventing forest conversion and devastation, preserving forests, and increasing carbon storage in forests.

(1) Future reforestation

The Company shall promote afforestation and reforestation so that the natural ecosystem can flourish.

(2) End all deforestation

From the mid- to long-term perspective, the Company shall seek a value chain structure that allows us to conduct business without deforestation.

(3) Carbon offset

Through carbon offset activities such as forest creation and forest biomass energy use, the Company shall seek to eliminate residual emissions.

04. ACTION PLAN

In cases where a business site is in or near the area; the supply chain, including business partners and origin, is located in the area; or the negative impact of business operations on the area is evident, the Company shall plan and implement forest protection, restoration, and expansion activities.

01) The Company shall have an organization responsible for implementing the Anti-Deforestation Policy and performing related duties.

02) The primary functions of the anti-deforestation organization shall include: the operation of deforestation risk inspection procedures; the implementation of forest protection, restoration, and expansion activities; the receipt and processing of forest-related grievances; the implementation and dissemination of anti-deforestation-related education; and cooperation with external stakeholders and partner organizations.

03) To define protected areas, the Company shall take into account domestic and international laws and regulations as well as the IUCN protected area categories (Category I through IV) as follows:

(1) Strict nature reserve (i.e. Category Ia)

Areas where a natural ecosystem recognized by the international community has been established and where numerous species flourish, which have not been affected by human activity and can be destroyed by even the slightest of human intervention

(2) Wilderness Area (i.e. Category Ib)

Areas that maintain the appearance of a primitive wild natural ecosystem and are inhabited by an aboriginal community with a primitive wild lifestyle, where all human disturbance except scientific study, environmental monitoring, and education is prohibited

(3) National Park (i.e. Category II)

Areas designated by the government to preserve in perpetuity the formation of the natural ecosystem, which has great significance in spiritual, scientific, educational, recreational, and visitor opportunities, along with the protection of native animals and plants

(4) Natural Monument or Feature (i.e. Category III)

Areas of high historical significance from the perspectives of archaeology, anthropology, history, and geography, as a natural ecosystem formed according to spirituality or culture

(5) Habitat/Species Management Area (i.e. Category IV)

Areas intended for the management of internationally, nationally, and regionally significant animal and plant habitats, requiring management for ecosystem conservation and species protection

05. POLICY MANAGEMENT

01) The Company shall manage and supervise deforestation risks through top management and the Sustainability Steering Committee. Its primary responsibility is to examine deforestation risks, deliberate countermeasures against deforestation risks, and any other issues deemed essential for forest protection, restoration, and expansion activities. In addition, it shall examine and deliberate responses to deforestation-related laws and regulations that have a substantial impact on business operations.

02) Operation of reporting channels

(1) Grievance filing

The Company shall maintain channels through which employees and other

groups (individuals) can report deforestation-related grievances that may arise during business operations.

(2) Grievance handling

In response to deforestation-related reports, the Company shall prepare countermeasures by analyzing judicial precedents, regulations of competent authorities, and past internal handling practices.

03) Training and information disclosure

(1) Training

The Company shall improve employees' understanding of forest protection, restoration, and expansion through environmental management training. The Company shall educate the public on the significance and necessity of forests and incorporate forest protection into its business practices. Additionally, the Company shall encourage an organization (individual) to file a report whenever a deforestation-related issue is discovered.

(2) Information disclosure

The Company shall disclose forest protection, restoration, and expansion activities and performance data on its website, in its sustainability reports, or through a separate channel; relevant information shall be disclosed through channels that are easily accessible and clearly understandable by stakeholders, including employees.