HS Hyosung Advanced Materials Corp.

Biodiversity Guideline

ESG Management Team

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Contents

HS HYOSUNG ADVANCED MATERIALS

01. PURPOSE

HS Hyosung Advanced Materials Corporation (hereinafter referred to as “the Company”) hereby establishes this ‘Biodiversity Guideline’ to examine and assess biodiversity-related risks of harm and loss that may arise across all business operations, including parts procurement, site operations, product distribution, and sales, while simultaneously working to conserve, restore, and enhance biodiversity in local communities.

This Guideline has been established with reference to international frameworks including the Convention on Biological Diversity (CBD), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), and the IUCN Guidelines for Applying Protected Area Management Categories.

02. DEFINITION

The Company defines biodiversity as the ecosystem diversity where these species exist, the species diversity on Earth, and the genetic variability within living organisms.

03. IMPORTANCE OF BIODIVERSITY

Biodiversity provides various ecosystem services to humanity and significantly impacts not only the sustainability of the Earth and its ecosystems but also human survival. Therefore, it is essential for the Company to establish a systematic conservation and sustainable utilization policy at the corporate level.

04. SCOPE OF APPLICATION

This Guideline applies to the Company and all its affiliated companies, business units, supply chains, distribution networks, local communities, NGOs, and business partners operating worldwide. The Company encourages its suppliers, customers, and other diverse stakeholders to comply with these biodiversity protection guidelines and strives to spread awareness of the need to prevent biodiversity harm and loss and protect biodiversity in local communities.

05. GOVERNANCE STRUCTURE

01) Responsibilities of the Board of Directors and Management

The Board of Directors independently and objectively reviews key environmental management issues and reflects them in business strategy and comprehensively considers risks and opportunities across environmental areas in major decision-making. In addition, the Board makes final deliberation and resolution on priority tasks across the eight key areas of environmental management proposed by the Sustainability Steering Committee and management meetings and systematically oversees the implementation of management strategy and execution of duties by management.

02) Committee Operations

Reports are made twice a year on a regular basis to the Sustainability Steering Committee, which is composed of top management including the CEO as chairperson, for decision-making on environmental management matters such as mid-to-long-term environmental management strategy, major capital investment plans, and environmental issues. In accordance with the delegation of authority policy, agenda items that have a significant impact on the Company's environmental management are reported by the Sustainability Steering Committee to the Board of Directors, and specific action plans are implemented upon Board approval.

The Company operates an 'Environmental Management Committee' chaired by the CSO (Chief Sustainability Officer) and composed of environmental management officers from all global sites. The Environmental Management Committee integrates and manages risks across all environmental areas, ranging from climate change response (energy and GHGs) to resource circulation, hazardous substance management, and biodiversity conservation, and oversees all company-wide environmental performance improvement activities.

03) Dedicated Organization and Cross-functional Engagement

The Company operates a dedicated organization for the practical implementation of environmental management. The dedicated organization carries out the following responsibilities: ① establishment and operation of the environmental management system; ② protection of natural capital; ③ establishment and compliance monitoring of pollutant emission management guidelines; ④ ongoing monitoring and improvement of environmental risks; and ⑤ handling of stakeholder environmental grievances and promotion of external cooperation.

In addition, dedicated environmental management specialists continuously monitor domestic and international environmental regulatory and legislative trends, and establish and implement environmental management strategies. The dedicated organization works in close engagement with relevant departments such as R&D, procurement, production, and sales to expand the portfolio of products and services that reduce environmental impacts across the life cycle of products.

06. BIODIVERSITY BASIC GUIDELINE

01) Embedding Biodiversity into Business

The Company considers biodiversity impacts in business operations and decision-making and ensures that biodiversity management is reflected across all business activities through awareness raising and expanded engagement.

(1) The Company will provide education and information to its employees and various stakeholders, including the supply chain, to enhance understanding of biodiversity issues.

(2) The Company will ensure that its employees and those of its suppliers actively engage in biodiversity education to raise awareness about sustainable resource use and strive to activate related initiatives.

02) Biodiversity Risk & Opportunity Management

The Company identifies and assesses biodiversity-related risks and opportunities that may arise in business activities and the value chain and pursues reduction of negative impacts and strengthened management.

(1) The Company will strictly comply with biodiversity-related laws and compliance requirements.

(2) The Company will comprehensively predict, analyze, and assess the environmental impacts when expanding its business, increasing production, or launching new projects, in order to prevent or minimize elements and factors that may threaten biodiversity.

(3) The Company will conduct environmental impact assessments at all sites considering the characteristics of each country and region and periodically monitor the impacts of business activities on ecosystems.

(4) The Company will regularly assess performance in product development, production, and service differentiation in accordance with its biodiversity guidelines.

03) Biodiversity Conservation and Promotion

The Company considers impacts on ecosystems and biodiversity across all business activities and the life cycle of its products and pursues measures that contribute to their conservation and enhancement.

(1) The Company will identify endangered species, endemic species, and habitats near all sites and engage in biodiversity conservation and enhancement activities in collaboration with relevant organizations, including local communities, public institutions, and academic circles.

(2) The Company will minimize biodiversity degradation caused by its business operations near important biodiversity habitats and offset unavoidable losses through conservation and restoration efforts to achieve No Net Loss. Through this, the Company will realize Zero Impact by minimizing negative environmental impacts in the mid-to-long term and achieve Net Positive Impact by 2050.

(3) The Company will strengthen ecosystem monitoring, including the removal and management of invasive alien species near its sites, as part of its climate change risk and opportunity management.

04) Sustainable Use of Resources

The Company considers the impacts of natural resource use and business activities on ecosystems and pursues sustainable resource use and efforts to reduce environmental impacts.

(1) The Company will expand the use of sustainable resources during the product design and raw material selection stages.

(2) The Company will reduce waste and increase reuse during the product manufacturing stage and strive to minimize the extraction and use of new resources.

(3) The Company will contribute to a circular economy and resource conservation by offering products that extend their lifespan for customers.

(4) The Company will pursue sustainable product development from the design stage to reduce resource consumption and enhance the sustainability of natural capital through waste generation suppression.

(5) The Company will develop products that have minimal environmental impact at the end of their life cycle when discarded.

05) Strengthening Stakeholder Engagement

The Company will participate in biodiversity-related initiatives and collaborative activities and expand cooperation with diverse stakeholders.

(1) The Company will participate in global initiatives for biodiversity conservation and enhancement and the sustainable use of resources.

06) Information Disclosure and Communication

The Company will transparently disclose key biodiversity-related information and management status based on facts and enhance trust with stakeholders.

(1) The Company will establish an indicator system to demonstrate the efforts and outcomes related to compliance with its biodiversity guidelines and regularly assess each indicator.

(2) The Company will disclose not only evaluation results but also various information such as biodiversity-related business risks, ensuring accuracy and transparency.

07. IMPLEMENTATION

01) Awareness Raising

The Company regularly provides diverse biodiversity education programs to all stakeholders, including employees and suppliers, to enhance awareness of the need for biodiversity conservation, restoration, and expansion. The Company improves awareness of the importance and necessity of biodiversity, and strengthens professional capabilities to ensure biodiversity is considered in the course of work.

02) Engagement

The Company establishes a collaborative framework with external organizations and stakeholders, including industry groups, local communities, and specialized institutions, to promote biodiversity conservation, restoration, and expansion activities.

08. PERFORMANCE MANAGEMENT

01) Setting Performance Targets

All employees shall set and manage performance improvement targets related to preventing biodiversity harm and loss from business operations, prohibiting business operations in biodiversity protected areas, and expanding investments and activities for biodiversity protection. Performance improvement targets shall be set by comprehensively taking into account domestic and international laws and regulations, industry trends in biodiversity management, and biodiversity risks identified in the value chain.

02) Monitoring Implementation Status

The Company shall monitor the implementation status of biodiversity targets. The Company shall comprehensively review not only the implementation rate against targets, but also the effectiveness of activities undertaken to achieve the targets and challenges encountered in the implementation process. Where necessary, performance improvement targets shall be adjusted based on the results of such reviews.

03) Performance Evaluation

The environmental management performance of employees shall be strictly evaluated twice a year in accordance with HR and compensation regulations. Environmental performance indicators (KPIs) and implementation results shall be objectively measured, and for items falling short of targets, improvement tasks shall be executed through root cause analysis and corrective actions.