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| Sustainable Supply Chain Management Policy | Department | Revision No. | Last Updated |
| | Purchasing Team | 0 | 2024.12.12 |

Date. 2024.12.12

Hyosung TNC Sustainable Supply Chain Management Policy

HYOSUNG TNC

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1. Sustainable Supply Chain Management Objective

This policy applies to all suppliers and partners providing products and services to Hyosung TNC Co., Ltd. (hereinafter referred to as the “Company”), its affiliates, and subsidiaries. These suppliers are also required to comply with or adopt policies of a similar standard.

The Company is committed to realizing its vision of "Innovation for a Better Tomorrow" by going beyond excellence in technology and quality management to focus on sustainable technologies and products. This commitment is aimed at enhancing sustainable management.

In accordance with the EU Corporate Sustainability Due Diligence Directive (CSDDD), the Company has established this "Sustainable Supply Chain Management Policy," incorporating internationally recognized standards such as those set by the International Labour Organization (ILO) and the OECD Guidelines.

Aligned with the "Sustainable Purchasing Policy," the Company is dedicated to expanding the procurement of environmentally certified products and building a sustainable supply chain that fulfills its social responsibilities. Through a systematic supply chain risk management system, the Company aims to promote mutual growth with its partners, identify competitive long-term partners, fulfill environmental and social responsibilities, and enhance the sustainability of the entire supply chain, thereby strengthening its global competitiveness.

2. Scope of Supply Chain Management

The Company manages direct trading suppliers involved in the supply of raw materials, auxiliary materials, packaging, and other goods within its supply chain. Through the operation of the Company's Supply Chain Management Committee, the Company manages not only the supply chains of its headquarters but also those of overseas business sites. This includes identifying, assessing, mitigating, and monitoring potential or actual ESG risks across the entire supply chain related to direct trading activities with both domestic and international suppliers.

Additionally, the Company encourages indirect trading suppliers, whose activities may pose potential or actual ESG risks based on the country or industry they belong to, to comply with this policy.

3. Principles of Supply Chain Management

3.1. The Company requires suppliers to comply with the “Supplier Code of Conduct” and the “Fair Trade Compliance Manual” as stipulated in the standard supplier agreement, in accordance with the

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ESG compliance provisions.

3.2. The Company takes preventive measures to avoid any occurrence of ESG risks, including human rights, environmental, and ethical issues, in its transactions with suppliers. In compliance with the "Supply Chain Due Diligence Guidelines," the Company proactively identifies potential negative impacts in the supply chain and takes corrective actions to address these issues.

3.3. The Company supports the enhancement of suppliers' ESG capabilities to build a sustainable supply chain system, thereby increasing the overall sustainability of the supply chain.

4. Supply Chain Management Implementation

4.1. Expansion of Transactions with Environmentally Friendly Suppliers

In accordance with the "Sustainable Purchasing Policy," the Company will gradually increase the proportion of transactions with suppliers of environmentally friendly raw materials, considering comprehensive costs such as environmental impact and quality.

4.2. Compliance with Supplier Code of Conduct

1) The Company requires all suppliers in the supply chain to comply with the applicable laws and regulations in their business operations and meet the fundamental elements of ESG management through the "Supplier Code of Conduct."

2) The "Supplier Code of Conduct" is structured into five areas: ethics, environment, labor and human rights, safety and health, and management systems.

3) When initiating transactions with new suppliers, the Company confirms their agreement to the "Supplier Code of Conduct" and systematically manages suppliers within the supply chain by registering data on environmentally friendly raw materials purchases through the internal purchasing system.

4.3. Supply Chain ESG Risk Assessment

The Company conducts supply chain due diligence in accordance with the "Supply Chain Due Diligence Guidelines" to assess and improve ESG risks.

1) The Company performs an annual ESG risk assessment for all suppliers directly engaged in

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the supply of materials such as raw materials, auxiliaries, and packaging, related to business operations.

- 2) The Company's supply chain due diligence process consists of four stages: risk identification by country and industry, selection of key suppliers for focused management, and both written and on-site inspections.
- 3) Written assessments are conducted using the "Supply Chain ESG Risk Assessment Criteria." For suppliers identified as "high-risk" during the written assessment, on-site inspections will be conducted.
- 4) The Company requests suppliers to submit improvement plans for any identified actual or potential ESG risks and continuously monitors the progress of these improvements.
- 5) If ESG risks persist despite improvement efforts, the Company may suspend its business relationship with the supplier. Suppliers who show improvements in ESG risks will be recognized and awarded as "Excellent Partners."
- 6) The Company communicates the results of the due diligence process transparently and responsibly to both internal and external stakeholders.

▪ **Supply Chain Due Diligence Process**

- ① Planning (Review of due diligence cycle and target suppliers)
- ② First-stage risk identification (by country and industry) and selection of key suppliers
- ③ Written due diligence (using the "Supply Chain ESG Risk Assessment Criteria")
- ④ On-site due diligence (focused on "high-risk" key suppliers)
- ⑤ Improvement and monitoring (agreement on improvements and implementation)
- ⑥ Disclosure of information (publishing in the Sustainability Report)

4.4. Enhancement of Supply Chain ESG Capabilities

- 1) The Company fosters partnerships with suppliers based on mutual trust to strengthen sustainability across the supply chain.
- 2) The Company provides ESG training and customized consulting on environmental, human rights, and ethical management to key suppliers within the supply chain to enhance their ESG capabilities.

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3) The Company supports technological investments to improve the quality and productivity of suppliers, as well as promotes human rights improvements through the enhancement of working conditions.

4) In line with the "Green Purchasing Policy," the Company expands the procurement of environmentally friendly materials, thereby building a circular system within the supply chain and enhancing competitiveness.

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[Appendix] Hyosung TNC Sustainable Supply Chain Management Declaration

HYOSUNG TNC

Sustainable Supply Chain Management Declaration

Hyosung TNC Co., Ltd. is committed to building a sustainable supply chain by proactively identifying and systematically managing ESG risks within the supply chain, and striving to foster a culture of fair and transparent business practices. We have established the following specific goals and will implement them in our operations.

Compliance with Supplier Code of Conduct
By 2030, the company will ensure all suppliers comply with the "Supplier Code of Conduct," fostering a fair, ethical, and transparent supply chain.

Operation of a Multifaceted Supplier Evaluation System
In accordance with our "Supply Chain Management Policy," the company will conduct due diligence, assess ESG risks, and implement plans to enhance sustainability and mitigate risks.

Enhancement of ESG training and consulting program
The company is committed to operating annual ESG training programs and offering consulting services to support suppliers in their efforts to mitigate risks.

Support for Greenhouse Gas Reduction in the Supply Chain
The company will offer consulting and energy-saving equipment to reduce greenhouse gas emissions, fostering a more sustainable and responsible supply chain.

Establishing responsible partnerships
The company will annually choose and support outstanding partners, strengthening sustainable relationships based on trust and mutual growth.

Based on these goals, Hyosung TNC will lead sustainable management, strengthen the sustainability of our global supply chain, and work towards a better future. Through these efforts, we commit to driving positive change and contributing to a more sustainable world for future generations.

December 16, 2024
CEO Chi-hyung Kim 

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