

Environmental Management Policy

Effective Date

Last Revised

Rev No.

2023.02.07

2025.10.31

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1. Purpose

The purpose of this document is to establish an environmental management policy that enables Hyosung Heavy Industries (hereinafter referred to as the 'Company') to become an environmentally friendly enterprise contributing to a better quality of life for humanity. Through the development of a structured environmental management system, the Company aims to promote sustainable environmental conservation within its business operations and across its value chain, improve environmental performance indicators, and minimize negative environmental impacts.

2. Definition of Terms

- 2.1 The term 'Environment' refers to all elements surrounding living organisms, including humans, that directly or indirectly impact their ability to live.
- 2.2 The term 'Environmental Management' refers to activities aimed at minimizing the negative environmental impacts from the Company's proprietary products, production, and service activities, while also promoting environmental sustainability and supporting the Company's sustainable development.
- 2.3 The term 'Employees' refers to all individuals employed by the Company, including both regular and non-regular staff.
- 2.4 The term 'stakeholders' refers to all corporations or individuals that, in connection with the Company's management activities, maintain a direct or indirect relationship with the Company, including business partners, customers, and local residents.

3. Scope of Application

- 3.1 This Policy applies to all employees within the Company's financial consolidation scope, which includes the Company's headquarters, domestic and overseas production and sales corporations and branches, and subsidiaries.
- 3.2 Even when interacting with business partners, agencies, and outsourcing partners, employees shall encourage compliance with this Environmental Management Policy.
- 3.3 However, if the recommended actions in this Policy conflict with the laws of the relevant country, the laws of the country in question shall take precedence.

4. General Principles

4.1 Greenhouse Gas Emissions and Energy Consumption

The Company is dedicated to enhancing energy efficiency across all stages of the product lifecycle, including product development, raw material procurement, production, logistics, usage, and disposal, and to expanding the use of renewable energy where practicable. In alignment with the Company's greenhouse gas reduction policy, specific measures for reducing emissions will be developed and implemented at the facilities. Emission targets and performance will be regularly monitored and aggregated, with the results disclosed to external stakeholders.

4.2 Raw Materials

The Company is committed to minimizing waste and ensuring the efficient use of raw materials by preventing the illegal degradation of natural resources and soil, as well as avoiding environmental pollution during the production of all raw materials and supplies used in the manufacturing process.

4.3 Water Quality

The Company establishes stringent internal standards to ensure that wastewater discharge concentrations are within 50% of legal limits. It regularly inspects and upgrades water facilities to ensure the efficient and timely use of high-quality water during operations and strives to increase water reuse rates. Real-time monitoring is conducted on water usage, reuse, wastewater discharge volumes, and the concentration of water pollutants. Additionally, the Company applies advanced prevention technologies to minimize pollutant emissions and wastewater volumes.

4.4 Air Quality

To minimize air pollutants, the Company establishes stringent internal emission limits set at 50% of the legal discharge standards. It conducts pre-installation environmental assessments for production process equipment and applies advanced preventive technologies.

4.5 Chemicals

Prior to using chemicals, the Company conducts hazard assessments to prevent exposure to harmful substances and avert chemical incidents affecting both employees and local communities. It ensures that safety measures are installed and maintained at locations handling hazardous materials within the facilities and performs regular inspections to prevent spills and other accidents. Additionally, the Company develops emergency response plans and establishes a response framework, including coordination with relevant departments and external agencies. Regular training is provided to employees, and ongoing management of hazardous substances is maintained to prevent environmental incidents and ensure a rapid response to minimize environmental impact in the event of an incident.

4.6 Waste Management

The Company is dedicated to minimizing waste generation throughout all business operations and has established stringent management standards for the storage, handling, transportation, and disposal of waste to ensure its efficient processing. It applies to tailored management protocols for various types of waste, ensuring proper storage and transfer. Furthermore, the Company rigorously oversees waste management contractors to guarantee that waste treatment adheres to all legal and regulatory standards.

4.7 Environmental Impact of Product Use and End-of-Life

The Company is committed to enhancing energy efficiency and reducing greenhouse gas emissions throughout the entire lifecycle of its products, including development, procurement,

logistics, usage, and disposal, to ensure the delivery of environmentally friendly products.

4.8 Sustainable Consumption

The Company evaluates the environmental friendliness of its products throughout the entire spectrum of business activities, from raw material extraction to disposal. The Company is committed to achieving practical sustainable consumption through promotion of products that reduce the use of hazardous chemicals, minimized waste, and lower resource consumption.

5. Management System

The Responsible Department shall report quarterly performance and annual targets for each policy to the Green Management Committee. Significant issues identified through the materiality assessment shall be reported to the ESG Management Promotion Committee under the CEO for final reporting and approval. The ESG Management Committee under the Board of Directors serves as the highest decision-making body, approving major agenda items and overseeing strategies, goals, and performance.

Responsible Department	Interim Reporting	Final Reporting and Deliberation	Ultimate Decision-Making Body
Each policy-specific department	Green Management Committee	ESG Management Promotion Committee	ESG Management Committee

5.1 Greenhouse Gas Emissions and Energy Consumption

The Business Management Team is responsible for providing detailed reports on greenhouse gas emissions performance, projected emissions, and progress towards achieving reduction targets.

5.2 Raw Materials

The purchasing department is responsible for reporting on raw materials procurement performance. Additionally, it reviews issues arising during manufacturing and input processes.

5.3 Water Quality/Air Quality/Chemicals/Waste Management

The Environmental Safety Team is responsible for reporting on the performance and achievement status related to water quality, air pollutants, hazardous chemicals, and waste management.

5.4 Environmental Impact of Product Use and End-of-Life

The ESG Management Team is responsible for reporting on the progress and performance of the Life Cycle Assessment (LCA) for the company's products, including comparing greenhouse gas emissions before and after product use, and reporting on related targets.

5.5 Sustainable Consumption

The Planning and Management Team is responsible for reporting on customer demands for eco-

friendly products, performance metrics related to these products, and recycling rates, all aimed at ensuring sustainable consumption.

6. Implementation Plans and Goals

6.1 Greenhouse Gas Emissions and Energy Consumption

- ① The Company undertakes greenhouse gas and energy reduction initiatives by employing high-efficiency facilities and promoting renewable energy generation. These efforts contribute to meeting national greenhouse gas reduction targets and advancing global carbon mitigation efforts in response to the climate crisis.
- ② The Company aims to reduce its Scope 1 and 2 greenhouse gas emissions by 14.5%, from 74,230 tCO₂eq in 2018 to 63,466 tCO₂eq by 2030. (The 'Scope 1+2' value is based on the verification report)
- ③ The Company targets a 40% reduction in emission intensity, decreasing from 0.035 tCO₂eq per million KRW in 2018 to 0.021 tCO₂eq per million KRW by 2030.

Category	2018 (Base Year)	2030 (Target Year)	Reduction Target
Scope1 (tCO ₂ eq)	13,188	11,275	14.5% reduction by 2030
Scope2 (tCO ₂ eq)	61,048	52,196	
Scope1+2 (tCO ₂ eq)	74,230	63,466	
Emission Intensity (tCO ₂ eq/million KRW)	0.035	0.021	40% reduction by 2030

6.2 Raw Materials and Chemicals

- ① The Company seeks to mitigate adverse environmental impacts through process optimization to enhance raw material efficiency and by substituting hazardous chemicals with less harmful alternatives.
- ② The Company is committed to achieving a 34% reduction in the usage of hazardous chemicals, targeting a decrease from 9,141 tons in 2022 to 6 tons by 2030.

6.3 Water Quality

- ① The Company is committed to minimizing wastewater discharge through strategic upgrades, including the replacement of filtration units at the wastewater treatment plant and improvements to mitigate wastewater leakage in recirculation tanks. Furthermore, the company performs monthly water quality analyses and continuously monitors pollutant concentration levels to effectively reduce water pollution.
- ② The Company is committed to achieving a 33.7% reduction in wastewater discharge, targeting a decrease from 7,923 tons in 2022 to 5,250 tons by 2030.

6.4 Air Quality

- ① The Company is committed to advancing global environmental sustainability through the implementation of cutting-edge air pollution control technologies. This includes installing

high-efficiency particulate matter collectors, replacing filter media, enhancing activated carbon systems with high-performance materials, and retrofitting suboptimal dust collection units. These measures are aimed at significantly reducing atmospheric emissions of particulate matter and total hydrocarbons (THC), thereby contributing to broader environmental protection objectives.

- ② The Company is dedicated to realizing a 40.8% reduction in particulate matter emissions, with a strategic objective of decreasing emissions from 4.19 tons in 2022 to 2.48 tons by 2030.
- ③ The Company is dedicated to achieving a 40.2% reduction in total hydrocarbons (THC) emissions, with a strategic goal of reducing emissions from 41.99 tons in 2022 to 25.10 tons by 2030.

Category	2022 (Base Year)	2030 (Target Year)	Reduction Target
Particulate Matter (tons)	4.19	2.48	40.8% reduction by 2030
Total Hydrocarbons (THC) (tons)	41.99	25.10	40.2% reduction by 2030

6.5 Waste Management

- ① The Company is dedicated to advancing waste minimization and enhancing recycling rates through initiatives designed to elevate employee awareness of waste management practices. These measures include reducing the generation of plastic waste, facilitating the resource recovery of waste materials, and thereby mitigating resource pollution and contributing to ecosystem preservation.
- ② The Company(Changwon Plant) is committed to achieving a 13.9% reduction in waste emissions by 2030, with a strategic objective of decreasing waste output from 4,935 tons in 2022 to 4,250 tons by the target year.

6.6 Environmental Impact of Product Use and End-of-Life

- ① The Company is focused on improving the energy efficiency of its products to reduce emissions during the use phase, as evaluated through Life Cycle Assessment(LCA).
- ② The Company is focused on enhancing the recycling rate of end-of-life products to reduce waste emissions during the disposal phase, as evaluated through Life Cycle Assessment (LCA).
- ③ The Company is dedicated to advancing product development that facilitates the extension of consumer usage lifespans, thereby supporting the principles of the circular economy and promoting resource efficiency.
- ④ The Company is committed to mitigating negative impacts on the environment and consumers by developing eco-friendly products and green technologies, with a focus on establishing a sustainable production system.
- ⑤ The Company aims to conduct Life Cycle Assessments (LCA) for all its core products(100%)—transformers, switchgears, and motors—by 2030, ensuring comprehensive evaluation. Through these assessments, it seeks to standardize and ensure the universal applicability of diverse specifications, including varying capacities and voltages.

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6.7 Sustainable Consumption

- ① The Company endeavors to promote responsible consumption by implementing measures for environmental pollution reduction and energy conservation across the entire spectrum of operations, from sourcing raw materials essential for business activities to product development, production, distribution, usage, and disposal. This commitment aims to deliver differentiated value to consumers.
- ② The Company aims to achieve transparency in environmental information by 2030, providing comprehensive Life Cycle Assessment (LCA) results for 100% of its key products to consumers.