

# 2024 Hyosung Heavy Industries Sustainability Report

# About This Report

## Report Overview

Since its first sustainability report in 2012, Hyosung Heavy Industries has actively communicated with stakeholders and shared updates on its sustainability initiatives. From 2018 onward, the company has published annual reports to maintain transparency. The 2024 Hyosung Heavy Industries Sustainability Report marks the company's first standalone sustainability publication, aiming to transparently disclose its economic, social, and environmental activities and performance, while strengthening stakeholder engagement.

## Reporting Standards

This report has been prepared with reference to the GRI Standards (2021). It also incorporates external frameworks and indicators supported by Hyosung Heavy Industries, such as the UN Sustainable Development Goals (UN SDGs), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD). All financial information are based on consolidated figures in accordance with the Korean International Financial Reporting Standards (K-IFRS).

## Reporting Period

Quantitative data cover the period from January 1, 2024 to December 31, 2024. Where relevant, comparative data for the past three years are disclosed to help stakeholders better understand performance trends. Qualitative disclosures primarily reflect activities from January 2024 to April 2025, supplemented with key past sustainability initiatives for context.

## Reporting Scope

This report primarily covers the sustainability performance of Hyosung Heavy Industries Co., Ltd. and its major consolidated subsidiaries: HICO AMERICA Sales & Tech, INC, Nantong Hyosung Transformer Co., Ltd., HYOSUNG T&D INDIA Pvt Ltd, Hyosung HICO, Ltd., Hyosung Vina Industrial Machinery Co., Ltd., and Chinhung International. Footnotes and explanations are provided to clarify instances where data scope differs.

## Report Assurance

The report's credibility and reliability have been verified through third-party assurance by Korea Management Registrar (KMR), an independent assurance provider unrelated with Hyosung Heavy Industries. The assurance was conducted in accordance with the AA1000AS Standard. Detailed assurance results are provided in the Appendix section.



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# CEO Message



Since my appointment as CEO of Hyosung Heavy Industries in March 2024, I have pursued three core priorities to reinforce the company's long-term competitiveness: an export-oriented growth strategy, the expansion of sustainable and technology-driven R&D, and the full integration of ESG management into our operations.

As a result of these efforts, the company achieved its highest-ever performance in 2024. We also strengthened our sustainable product capabilities, notably by successfully developing Korea's first 200MW-class voltage-source High-Voltage Direct Current (HVDC) technology.

In Power & Industrial Systems Division, we are spearheading the transition to sustainable energy through innovation in power equipment and solutions. Our key products (including biodegradable insulating oil transformers, SF<sub>6</sub> free Gas Insulated Switchgear (GIS), and HVDC systems) not only address climate change, but also enhance the stability and efficiency of power transmission networks.

Our Construction Division is contributing to the creation of environmentally harmonious urban environments by expanding Green Standard for Energy and Environmental Design (G-SEED) certifications and applying eco-friendly materials and high-efficiency systems.

The year 2024 marked a significant milestone in our ESG journey. We participated for the first time in the EcoVadis sustainability assessment for global supply chains and were awarded a Silver Medal, which signifies external recognition of our ESG performance. Internally, we have taken steps to embed ESG into the core of our management philosophy. To this end, we established the "cONnect" strategic framework under the vision of "Connecting Value and Innovation for a Sustainable Future," integrating technology, industry, people, and values.

Under the ESG Management Promotion Committee, four subcommittees (Green Management, Supply Chain Management, Safety & Health, and Risk & Compliance) have been established to strengthen discussion and execution capabilities in each domain. In February 2025, the company also established the ESG Management Committee and the Compensation Committee under the Board of Directors to enhance governance and transparency.

In the environmental domain, Hyosung Heavy Industries has expanded the use of new and renewable energy by introducing rooftop solar power generation at the Changwon Plant to reduce carbon emissions, with plans to further expand this initiative in the future. In addition, we are conducting Life Cycle Assessments (LCA) of key products to scientifically evaluate and improve their sustainability.

In the social domain, placing the highest priority on the safety and lives of employees, we launched a company-wide safety bulletin board titled "Hyosung Safety 119" to strengthen safety awareness across the organization. We also declared our Human Rights Management Declaration, reaffirming our commitment to respect for human rights as a core principle of management and to fulfilling our social responsibilities.

Hyosung Heavy Industries aims to become a responsible leader in Sustainability Management by going beyond the connection of technologies and industries to link society, the environment, businesses, and the future. Through our continued ESG management, we will grow into a trusted company, a company that prepares for the future through innovation, and a company that embraces the environment and society.

Thank you.

Chief Executive Officer,  
Hyosung Heavy Industries

**Tae-Hee Woo**



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# Corporate Overview

## Company Introduction

Company Name	Hyosung Heavy Industries Co., Ltd.	
Business Sectors	Manufacturing & Construction	
Key Products by Division	Power & Industrial Systems	Transformers, Switchgears, Motors, Reducers, etc.
	Construction	Residential Complexes, Apartments, Office Buildings, etc.
Head Office	119, Mapo-daero, Mapo-gu, Seoul, Republic of Korea (Gongdeok-dong, Hyosung Building)	
Chief Executive Officer	Tae-Hee Woo	
Number of Employees	3,395 (based on Annual Report)	
Corporate Credit Rating	Corporate Bond: A (as of end of 2024, based on Korea Ratings and NICE Investors Service)	
ESG Rating (2024)	Overall Grade: B+ (based on Korea Institute of Corporate Governance and Sustainability)	
Major Consolidated Subsidiaries	Power & Industrial Systems	Nantong Hyosung Transformer Co., Ltd. Hyosung T&D India Pvt. Ltd. Hyosung HICO, Ltd. HICO America Sales & Technology Inc. Hyosung Vina Industrial Machinery Co., Ltd
	Construction	Chinhung International



## Hyosung Way, A value system that leads mankind to live a better life

### Our Value

The Hyosung Way is the value structure where all the Hyosung members around the world empower each other to make their dreams come true.

Through the practice of the Hyosung Way, Hyosung aims to become a world-class global enterprise and contribute to enhancing the quality of life for its customers.

### Our Mission

Enhancing and enriching the quality of life for humanity through our leading technology and management capabilities.

Hyosung exists so that the 'best people' can develop the 'leading technology' and the 'management capability' by offering products and services that maximize value for customers, and thus enhance the value of life for humanity.

### Core Values & Principles

#### Global Excellence



- Maximize the competitiveness with ceaseless self-improvement efforts to win in any situation
- Blaze new trails in markets around the world with a global outlook

#### Innovation



- Eliminate all inefficiencies that do not add value
- Challenge new possibilities with a positive mindset

#### Accountability



- Act like owners and take charge in actions
- Never give up until achieving the goal

#### Integrity



- Uphold transparency and fairness based on facts and principles
- Respect and cooperate with each other to make a great workplace

# Corporate Overview

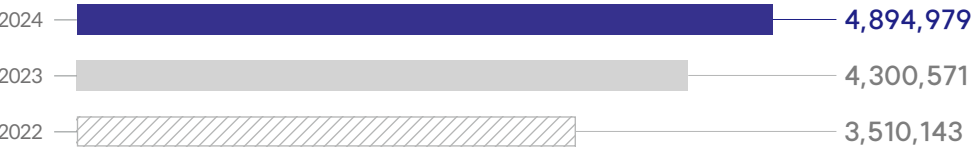
## Business Performance

### Consolidated Operating Performance

Operating Performance	2022	2023	2024
Revenue	3,510,143	4,300,571	4,894,979
Operating Profit	143,248	257,836	362,479
Net Profit	29,129	131,922	222,929

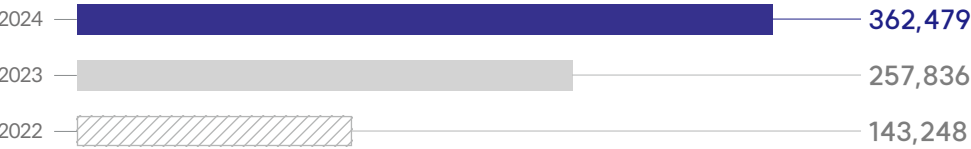
#### Revenue (Consolidated)

(Unit: KRW million)



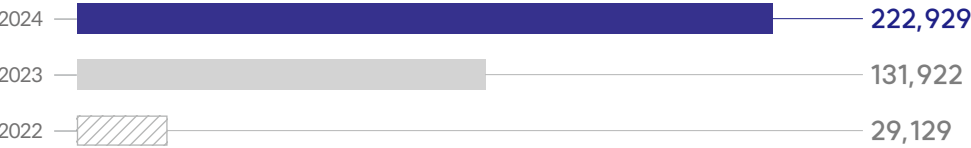
#### Operating Profit (Consolidated)

(Unit: KRW million)



#### Net Profit (Consolidated)

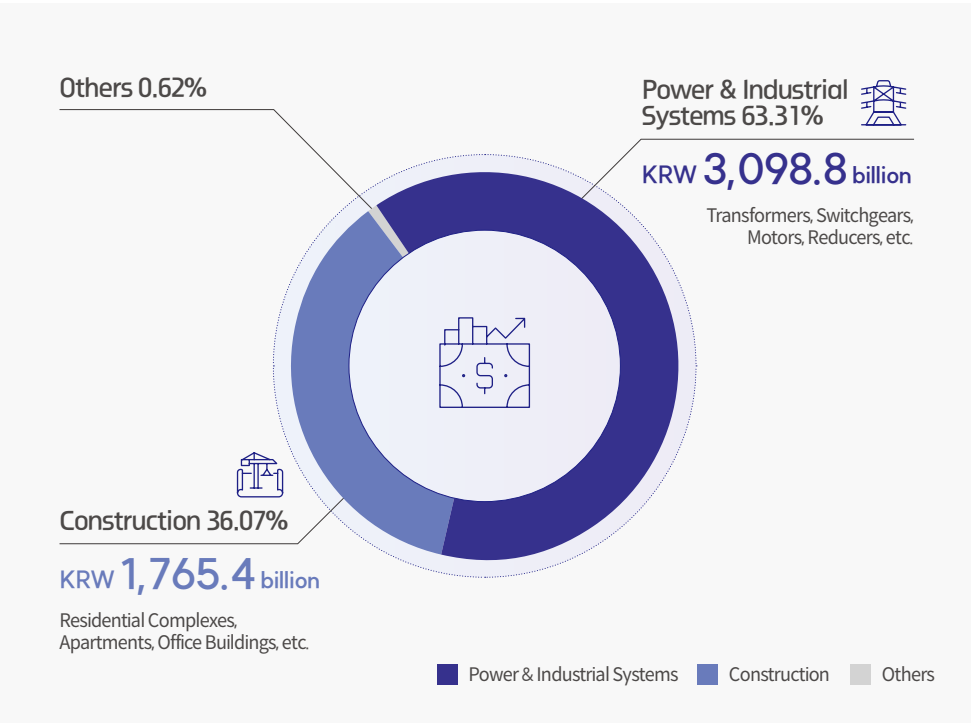
(Unit: KRW million)



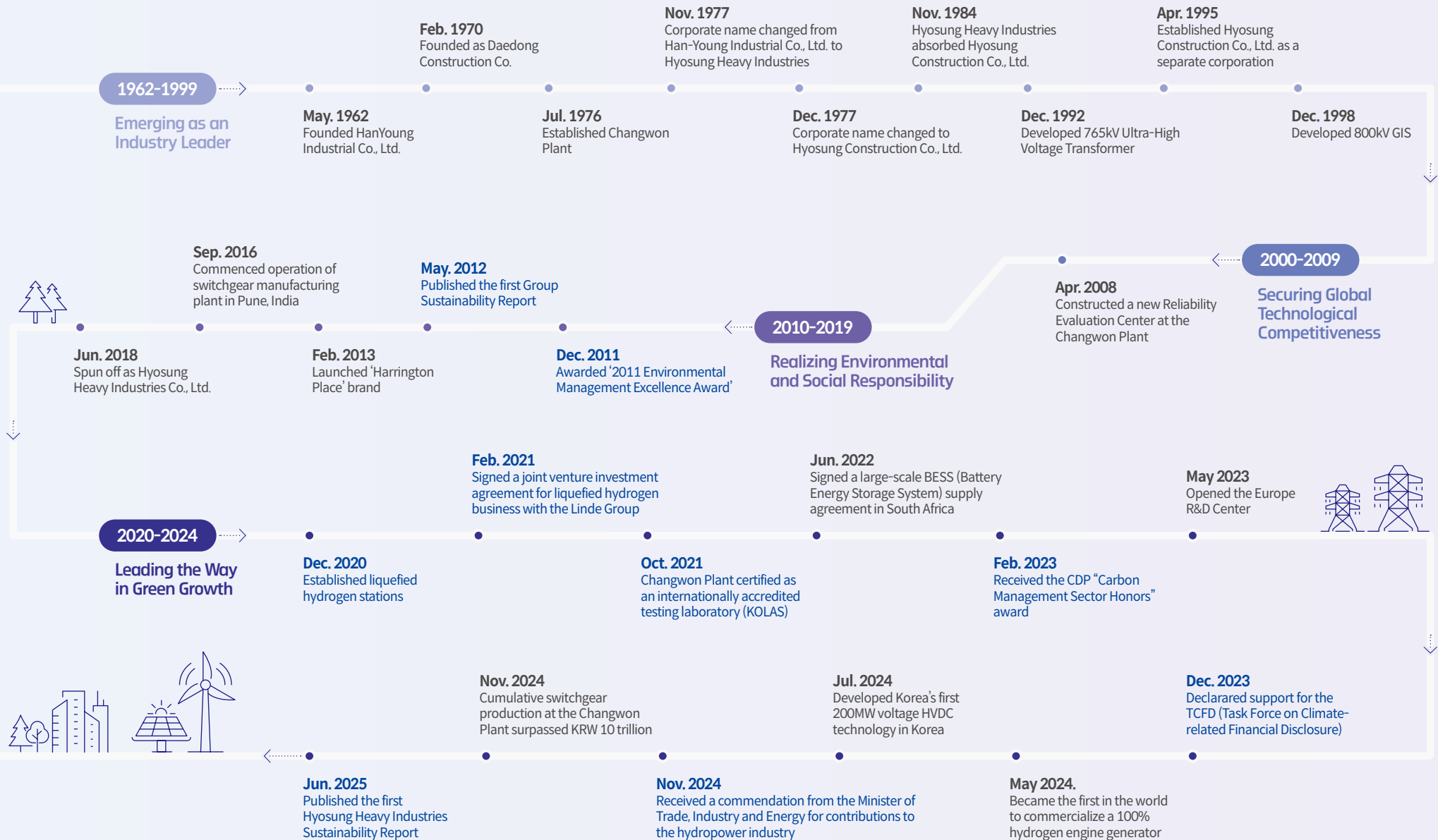
### Operating Performance by Business Segment

Category	2022	2023	2024
Power & Industrial Systems	1,988,125	2,576,345	3,098,831
Construction	1,494,765	1,696,452	1,765,459
Others	27,254	27,775	30,690

#### Revenue Breakdown by Business Segment (2024)



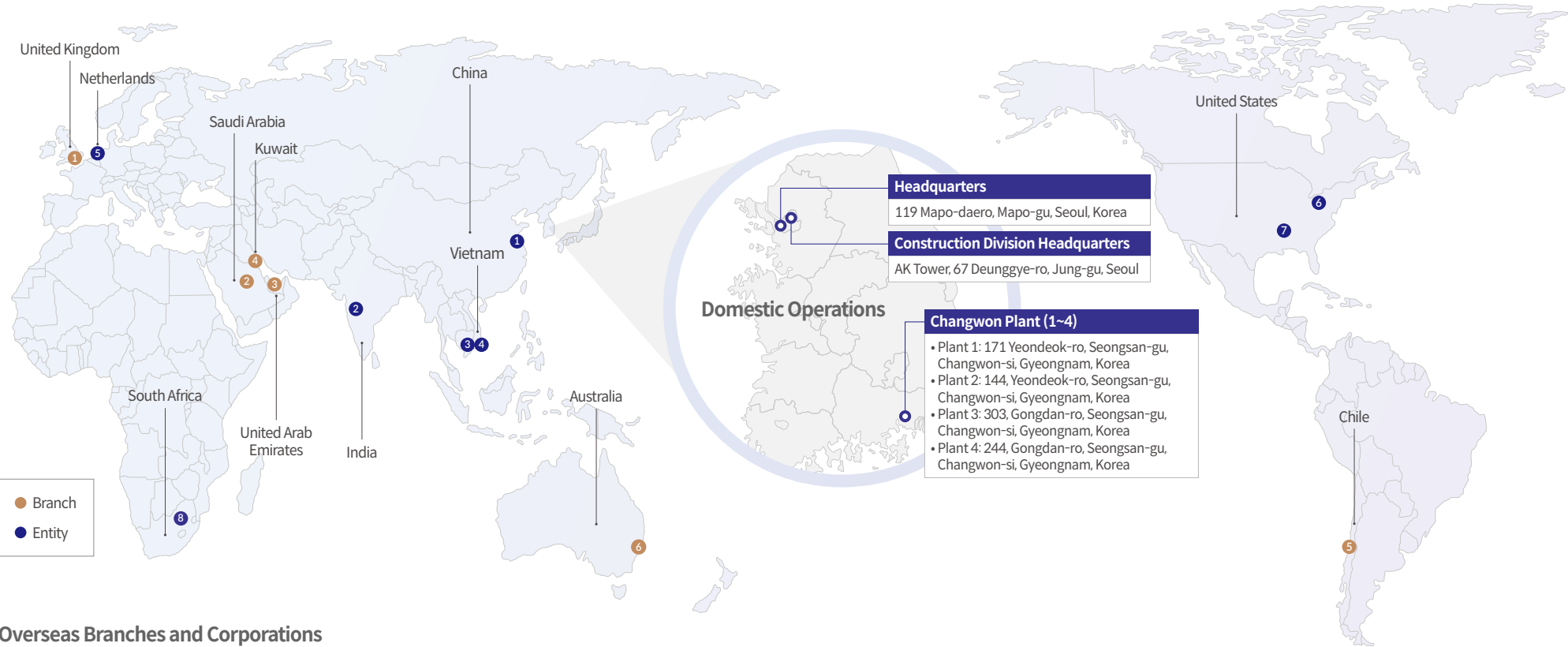
# Corporate History





# Global Network

## Global Network



### Overseas Branches and Corporations

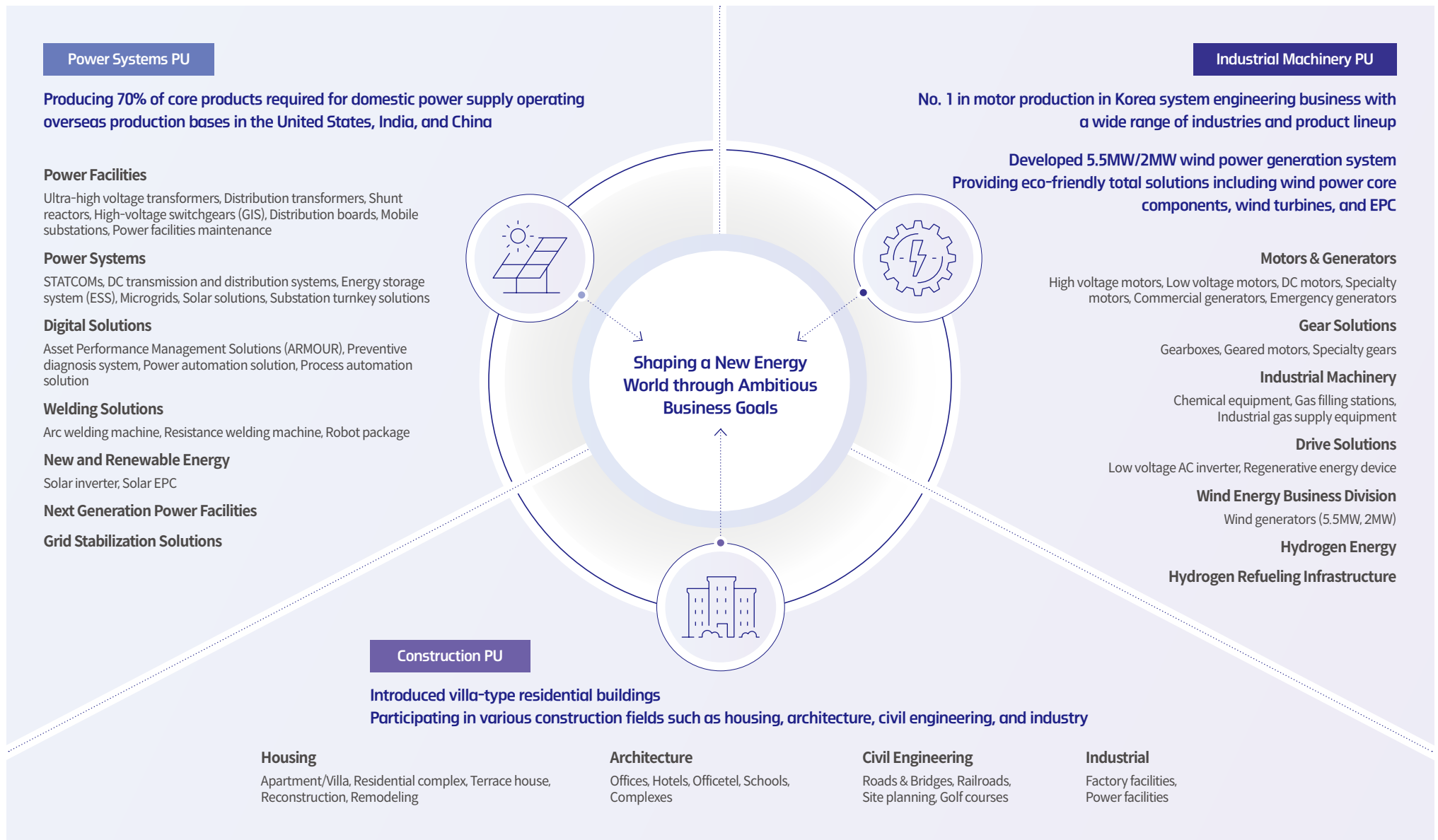
#### Branch Offices

Europe	<b>United Kingdom</b>	① Hyosung Heavy Industries Corporation UK Branch
Middle East	<b>Saudi Arabia</b>	② Hyosung Heavy Industries Corporation Saudi Arabia Office
	<b>UAE</b>	③ Hyosung Heavy Industries Corporation Abu Dhabi Office
	<b>Kuwait</b>	④ Hyosung Heavy Industries Kuwait Office
South/North America	<b>Chile</b>	⑤ Hyosung Heavy Industries Corporation Chile Office
Oceania	<b>Australia</b>	⑥ Hyosung Heavy Industries Sydney Office

#### Legal Entity

Asia	<b>China</b>	① Nantong Hyosung Transformer Co., Ltd.
	<b>India</b>	② Hyosung T&D India Pvt. Ltd.
	<b>Vietnam</b>	③ Hyosung Vina Construction Company Limited. ④ Hyosung Vina Industrial Machinery Limited.
Europe	<b>Netherlands</b>	⑤ Hyosung Heavy Industries R&D Center Netherlands
South/North America	<b>USA</b>	⑥ HICO America Sales and Technology, Inc. ⑦ Hyosung HICO, Ltd
Africa	<b>South Africa</b>	⑧ Hyosung South Africa (Proprietary) Limited

# Business Areas and Key Products



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# Sustainability Management System

## Sustainability Management Strategy Framework

### cONnect

cONnect, meaning 'connection', is more than just a technical connection, but a philosophy that connects values and innovation for a sustainable future.

#### Connect Earth



Striving for a symbiotic relationship between technology and nature

- Advancing environmental management system
- Revitalizing resource circulation and building a circular economy
- Response to climate crisis
- Strengthening management of hazardous substances
- Conservation of biodiversity and ecosystems

- Expansion of New and Renewable Energy Usage
- Waste Reduction Campaign

#### Connect People



Innovation and development for customers and society

- Community engagement
- Supply chain risk management
- Advancing human rights management system
- Development of sound labor-management relations
- Talent management and fair compensation system

- ESG Evaluation System for Suppliers
- Power Technology Education for Local Communities

#### Connect Company



Company's actions and practices for a sustainable future

- Reinforcement of ESG management
- Enhancement of board structure and governance
- Strengthening of ethical management and compliance
- Enhancement of corporate value through protection of shareholder rights
- Advancement of risk management system

- Establishment of an ESG Information Disclosure Platform
- Strengthening of the Code of Ethics

#### 1 cONnect

This heritage reflects our philosophy and vision to unite value and innovation for a sustainable future.

### cONnect

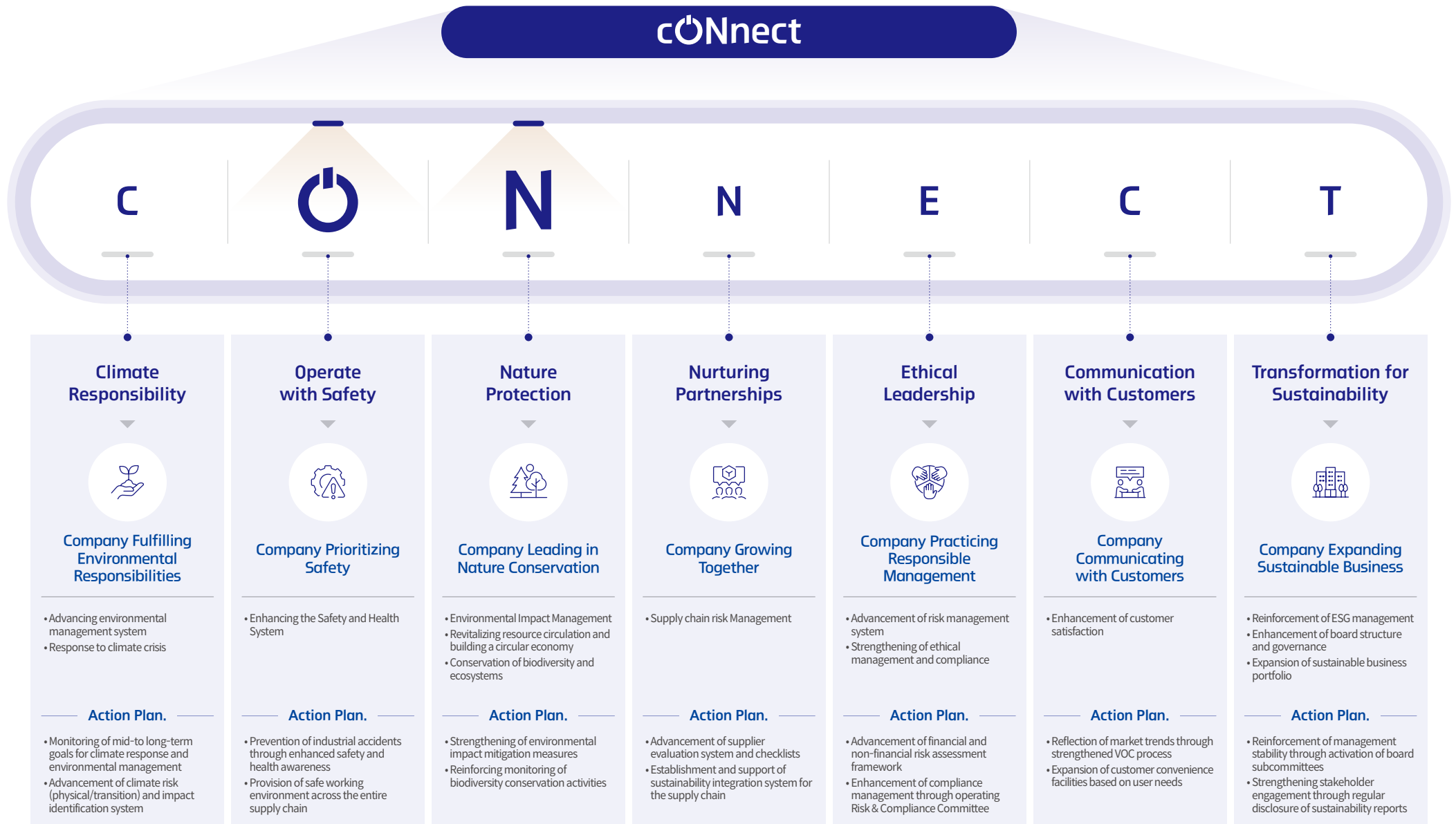
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#### 2 ON

The "ON" embodies our commitment to valuing people and technology above all else.



# Sustainability Management System



# Sustainability Management System

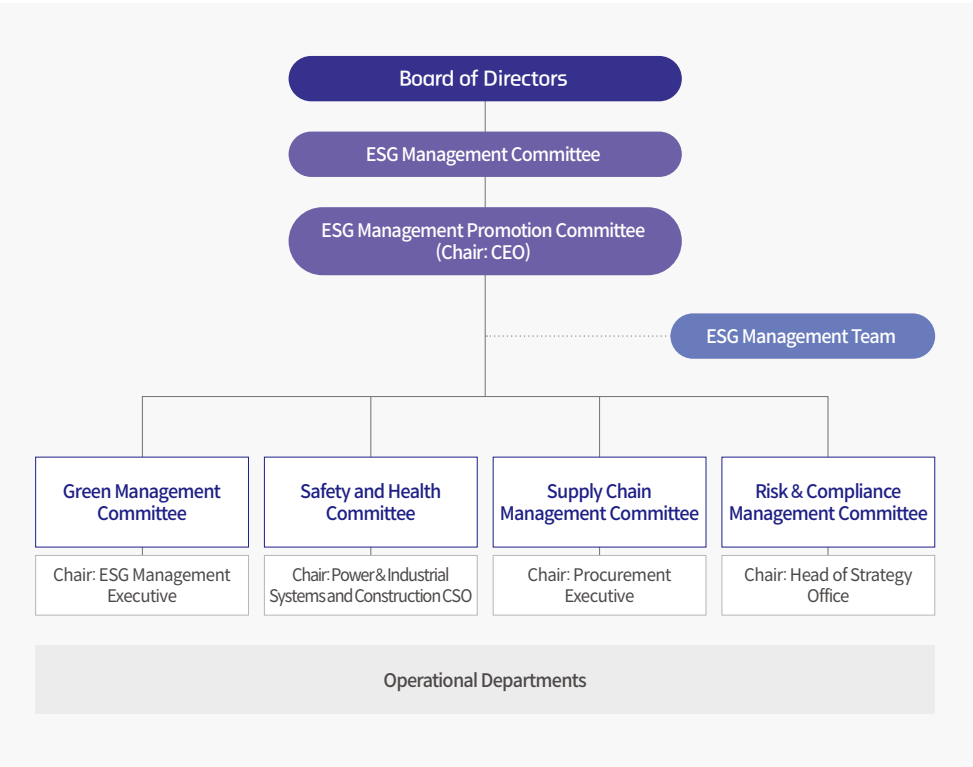
## Sustainability Management Governance Structure

To integrate sustainability into our business operations and secure long-term growth drivers, we have established an organizational structure responsible for implementing the sustainability vision and strategy, managing performance, and engaging with external stakeholders.

An ESG Management Committee has been established under the Board of Directors to reinforce decision-making across all ESG areas, while the ESG Management Promotion Committee, reporting to the CEO, oversees the management and execution of ESG-related issues.

In addition, the ESG Management Team works in close cooperation with relevant departments to implement company-wide ESG initiatives effectively.

### Sustainability Management Organization



## ESG Management Committee and ESG Management Promotion Committee

In February 2025, we established the ESG Management Committee to enable Board-level review and oversight of agendas previously handled by the ESG Management Promotion Committee under the CEO to the Board level.

The ESG Management Committee is responsible for setting and deliberating on mid- to long-term sustainability strategies and directions, as well as overseeing and supervising enterprise-wide risk management.

The existing ESG Management Promotion Committee continues to convene quarterly, and the ESG Management Committee will follow the same quarterly reporting schedule.

Additionally, four subcommittees under the ESG Management Promotion Committee are operated to define sustainability goals for each area and monitor progress.

### Status of Committees Under the ESG Management Promotion Committee

Committee Name	Chair	Frequency	Committee Management Items
Green Management Committee	ESG Management Executive	Quarterly	Monitoring the implementation status of climate crisis response strategies, etc.
Safety & Health Committee	Power & Industrial Systems and Construction CSO	Quarterly	Reviewing performance of safety and health activities and establish plans
Supply Chain Management Committee	Procurement Executive	Quarterly	Supplier evaluation, support, and risk management for sustainable supply chain operations, including strategic planning
Risk & Compliance Management Committee	Head of Corporate Strategy Office	Semi-annually	Management and planning for compliance issues and integrated risks

## ESG Management Team and Operational Departments

The ESG Management Team serves as the supporting department for the ESG Management Promotion Committee and is responsible for cross-organizational tasks related to Sustainability Management. It plays a central role in responding proactively to internal and external sustainability requirements, supporting the establishment of a Sustainability Management environment, addressing external issues, fostering collaboration with relevant departments, and monitoring internal activities.

In addition to the ESG Management Team, executives and staff members in related departments establish both quantitative and qualitative sustainability targets, which are reflected in their KPIs. Each department develops and implements action plans for its respective ESG areas and reports progress to the relevant committees.

# Double Materiality Assessment

## Double Materiality Assessment Overview

We conduct a Double Materiality Assessment in reference to the standards presented in the European Sustainability Reporting Standards (EU ESRS). This process considers both the extent to which social and environmental factors impact the company's financial position (Outside-In) and the degree to which the company's business activities affect society and the environment (Inside-Out) to identify the company's material issues and prioritize them accordingly. The social and environmental impact assessment is based on external exposure, while the financial impact assessment is measured based on the severity of actual or potential impacts as evaluated by internal stakeholders with expertise in relevant fields.

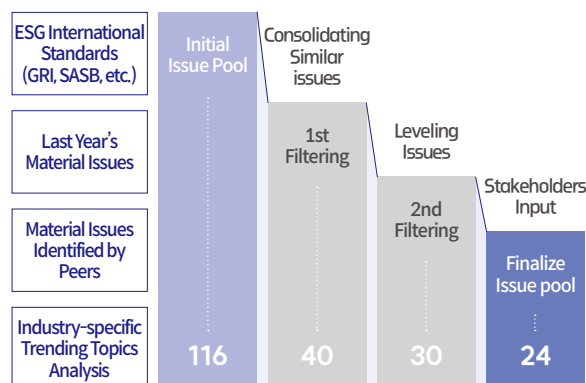
To ensure the identification of truly material issues, we have refined the issue pool development procedures and survey processes compared to previous assessments.

The material issues derived from the Double Materiality Assessment process and results are reported annually to the ESG Management Committee (and the ESG Management Promotion Committee), which serves as the company's highest decision-making body for sustainability management.

Plans and performance related to the management of these material issues are periodically reviewed and monitored within the company's sustainability management framework.

### STEP 1 Organizing Issue Pool

- Analyzed changes in society (including the status of the electric equipment manufacturing and construction industries) and sustainability-related demands from stakeholders such as investors and local communities to construct the initial issue pool
- Identified domestic and international disclosure standards and evaluation criteria to derive a total of 116 initial issues
- Consolidated and refined issues by integrating overlapping items, incorporating media analysis, and applying issue-level adjustments to finalize a total of 24 key issues



### STEP 2 Conducting Focus Group Interviews (FGI) and Surveys

- Selected key personnel (manager level or higher) from relevant departments with expertise in each material issue to conduct in-depth interviews on financial impact (25 departments in total, from February 10 to February 20)
- Established objective evaluation criteria based on ESRS (such as scale and scope of impact) to ensure the reliability of assessment results
- Collected opinions from relevant departments to further refine and detail evaluation indicators for each item

#### Indicators and Details of the Assessment

Social and Environmental Impact (Impact Materiality)				Financial Materiality			
Positive (1-5)		Negative (1-5)		Opportunity(1-5)		Risk (1-5)	
Severity	Impact Scale	Severity	Impact Scale	Severity	Impact Scale	Severity	Impact Scale
	Impact Scope		Impact Scope				
Likelihood of impact		Likelihood of impact		Likelihood of impact		Likelihood of impact	
		Irreversibility of impact					

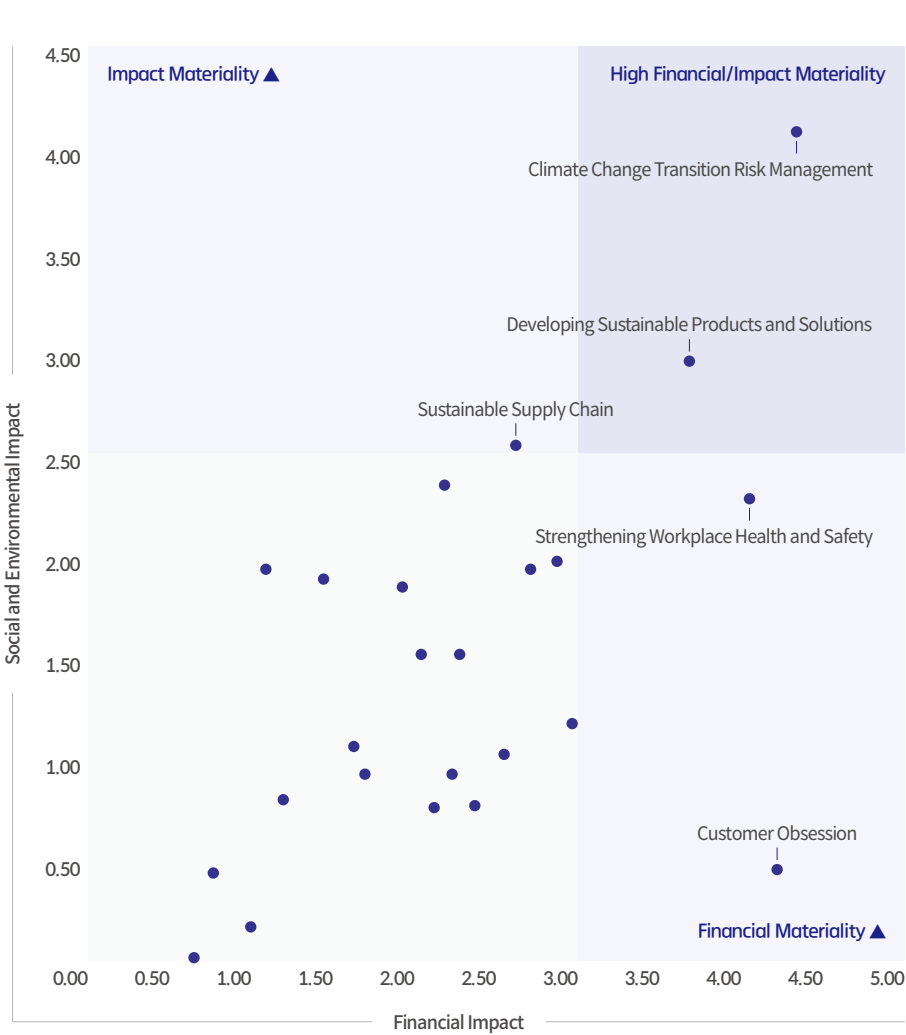
### STEP 3 Conducting Double Materiality Assessment

- Conducted a double materiality assessment to prioritize the 24 finalized issues
- Assigned separate weights to the results of internal and external environment analyses based on social, environmental, and financial impact
- Identified the top five issues from the final issue pool as material issues, designating responsible departments for ongoing monitoring and management
- Defined each material issue as a core task and developed response strategies by relevant departments

Category	Items Reflected in the Assessment
Social and Environmental Impact	<ul style="list-style-type: none"> <li>• Media case analysis and exposure</li> <li>• Analysis of and exposure to material issues in the industry</li> </ul>
Financial Impact	<ul style="list-style-type: none"> <li>• Operational departments assessed financial impact based on in-depth interviews</li> </ul>

# Double Materiality Assessment

## Double Materiality Assessment Results



			<div><div></div> Social and environmental impact</div>	<div><div></div> Financial impact</div>	
Overall Ranking	Category	Classification	Materiality		Reporting Location
1	Environment	Climate Change Transition Risk Management	<div><div></div><div></div></div>		20
2	Governance	Developing Sustainable Products and Solutions	<div><div></div><div></div></div>		27
3	Social	Strengthening Workplace Health and Safety	<div><div></div><div></div></div>		31
4	Social	Customer Obsession	<div><div></div><div></div></div>		39
5	Social	Sustainable Supply Chain	<div><div></div><div></div></div>		43
6	Environment	Climate Change Physical Risk Management	<div><div></div><div></div></div>		20
7	Governance	Strengthening Ethical Management and Compliance	<div><div></div><div></div></div>		85
8	Social	Human Resources Management and Fair Compensation System	<div><div></div><div></div></div>		64
9	Governance	Advancement of Risk Management system	<div><div></div><div></div></div>		83
10	Social	Securing Product Quality and Safety	<div><div></div><div></div></div>		70
11	Environment	Enhancing Environmental Management System	<div><div></div><div></div></div>		49
12	Governance	Enhancing Corporate Value Ensuring Shareholders' Rights and Interests	<div><div></div><div></div></div>		Annual Report and Website Disclosure
13	Environment	Revitalizing Resource Circulation and Building a Circular Economy	<div><div></div><div></div></div>		
14	Environment	Managing Environmental Impacts	<div><div></div><div></div></div>		53
15	Social	Enhancing Corporate Credibility through Information Security and Privacy	<div><div></div><div></div></div>		75
16	Governance	Enhancement of Board Structure and Governance	<div><div></div><div></div></div>		80
17	Environment	Preserving Biodiversity and Ecosystems	<div><div></div><div></div></div>		57
18	Social	Enhancing Social Responsibility Management and Contributing to Local Communities	<div><div></div><div></div></div>		68
19	Social	Establishing a Human Rights Management System	<div><div></div><div></div></div>		61
20	Social	Improving a Healthy Organizational Culture	<div><div></div><div></div></div>		66
21	Governance	Strengthening ESG Management Strategy	<div><div></div><div></div></div>		12
22	Governance	Advancing ESG Value Calculation	<div><div></div><div></div></div>		12
23	Social	Establishing Socially Sound Labor Relations	<div><div></div><div></div></div>		67
24	Governance	Systematizing ESG Decision-making System	<div><div></div><div></div></div>		12



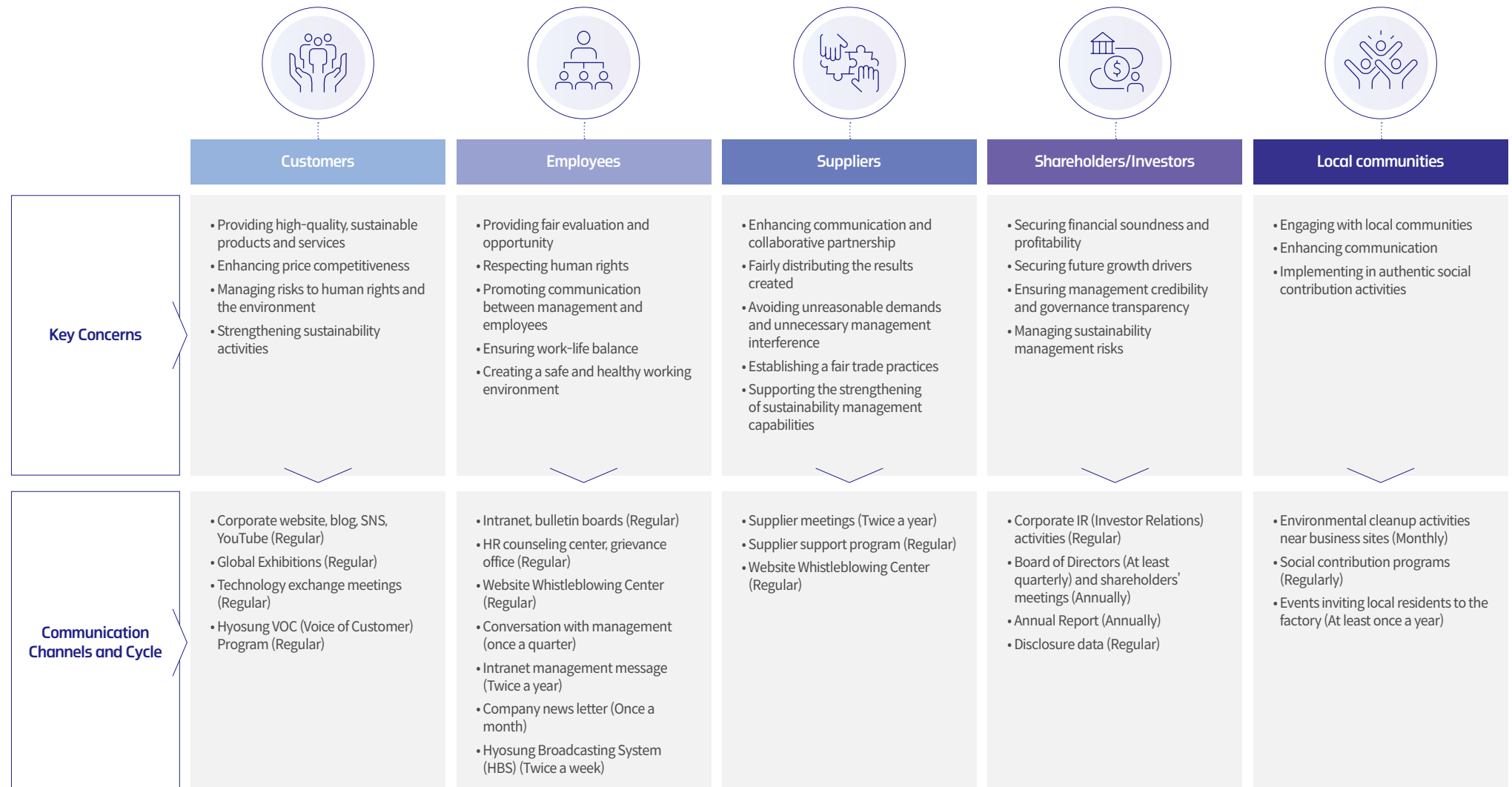
# Double Materiality Assessment

## Management Plan for the Material Topics

Area	Topic	Social & Environmental Impact	Business Relationships	Financial Impacts	Major External Stakeholders Requirements	2024 Performance	2025 Plan	GRI Related Indicator	2023 Material Issues	Remarks
Environment	Climate Change Transition Risk Management	High	Medium	Medium	<b>Customers</b> <ul style="list-style-type: none"> <li>Increasing demand for greenhouse gas emission reduction</li> <li>(Power &amp; Industrial Systems) Demand for the development of high-efficiency equipment</li> <li>(Construction) Demand for the adoption of new and renewable energy</li> <li>(Construction) Demand for the use of eco-friendly construction materials</li> </ul>	<ul style="list-style-type: none"> <li>Expanded solar power generation facilities with a capacity of approximately 964.21kW across Changwon Plants 1, 2, and 3 (2024)</li> <li>Improved energy efficiency at business sites through the replacement of outdated HVAC systems and expansion of on-site solar power systems</li> <li>Achieved annual greenhouse gas emissions reduction of approximately 750 tCO<sub>2</sub>eq/year through the increased use of eco-friendly energy (2024)</li> </ul>	<ul style="list-style-type: none"> <li>Plan to raise greenhouse gas reduction targets and establish a revised reduction roadmap (Current target: 14.5% reduction in Scope 1 and 2 emissions by 2030 compared to 2018)</li> </ul>	201 302 305	●	Response to Climate Crisis
Governance	Developing Sustainable Products and Solutions	High	High	High	<b>Customers</b> <ul style="list-style-type: none"> <li>(Power &amp; Industrial Systems) Increased demand for eco-friendly product certifications and Life Cycle Assessment (LCA)</li> <li>(Construction) Rising demand for eco-friendly products such as environmentally certified flooring</li> </ul> <b>Local Communities</b> <ul style="list-style-type: none"> <li>Positive evaluation of biotopes in construction projects</li> </ul>	<ul style="list-style-type: none"> <li>Expanded research and development of next-generation power facilities such as SF<sub>6</sub> free GIS</li> <li>Strengthened Hyosung Heavy Industries' hydrogen value chain → Expanded construction of liquefied hydrogen stations and commercialized hydrogen engine generators at Hyosung Chemical's Yongyeon Plant</li> <li>Promoted green building certifications and biotope development</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of Life Cycle Assessment (LCA) evaluation and calculation system for transformers and switchgears</li> </ul>	-	●	Developing Sustainable Products and Solutions
Social	Strengthening Workplace Health and Safety	High	High	High	<b>Customers</b> <ul style="list-style-type: none"> <li>Increased demand for disclosure of information related to industrial accidents</li> </ul> <b>Local Communities</b> <ul style="list-style-type: none"> <li>Heightened public interest in workplace safety</li> </ul>	<ul style="list-style-type: none"> <li>Renewed ISO 45001 certification</li> <li>(Power &amp; Industrial Systems) Strengthened qualified supplier process</li> <li>(Power &amp; Industrial Systems) Introduced International SOS, a global safety management service</li> <li>(Construction) Maintained zero serious accidents for three consecutive years</li> <li>(Construction) Conducted 96 field safety training sessions led by the CSO and the Head of the Safety &amp; Health Team</li> </ul>	<ul style="list-style-type: none"> <li>(Power &amp; Industrial Systems) Increase investment in safety equipment by KRW 5 billion year-over-year to prevent serious accidents and proactively manage risks</li> <li>(Power &amp; Industrial Systems) Develop company-wide safety management guidelines and promoted a unified safety culture</li> <li>(Power &amp; Industrial Systems) Build a real-time safety monitoring system</li> <li>(Construction) Achieve zero serious accidents for four consecutive years</li> <li>(Construction) Double the number of safety training sessions for high-risk subcontractors (from 2 to 4 sessions)</li> <li>(Construction) Foster a safety communication culture through safety campaigns</li> </ul>	403	●	Strengthening Workplace Health and Safety
Social	Customer Obsession	Medium	High	Medium	<b>Customers</b> <ul style="list-style-type: none"> <li>Rising expectations for corporate brand value</li> </ul> <b>Local Communities</b> <ul style="list-style-type: none"> <li>Greater emphasis on customer satisfaction driven by improved information accessibility</li> </ul>	<ul style="list-style-type: none"> <li>Improved and reinforced the VOC (Voice of Customer) incentive program</li> <li>(Power &amp; Industrial Systems) Enhanced promotional efforts, including the production of family brand videos</li> </ul>	<ul style="list-style-type: none"> <li>Hold of 12 VOC Committees by PU and achievement of KRW 379 Billion in order value target linked to VOC tasks by Power Systems PU</li> </ul>	-	●	Customer Obsession
Social	Sustainable Supply Chain	High	High	High	<b>Customers</b> <ul style="list-style-type: none"> <li>Request for disclosure of responsible raw material sourcing policies</li> <li>Demand for improved supply chain sustainability management</li> </ul> <b>Suppliers</b> <ul style="list-style-type: none"> <li>Hope for expanded cash-flow support for small-scale suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Strengthened verification of legal compliance in labor/ human rights, safety, and environmental aspects of suppliers in preparation for supply chain due diligence</li> <li>Revised procurement policy to promote sustainable supply chain practices</li> <li>Fully revised the Supplier Code of Conduct to strengthen due diligence-based supply chain risk management</li> <li>Expanded support for supplier ESG training and consulting by 67% year-over-year</li> </ul>	<ul style="list-style-type: none"> <li>Revise procurement policy to strengthen supply chain due diligence framework</li> <li>Increase financial support for sustainability training and consulting by 50% year-over-year</li> </ul>	308 414	●	Sustainable Supply Chain

# Stakeholder Engagement

## Stakeholder Communication Channels



# Material Topics

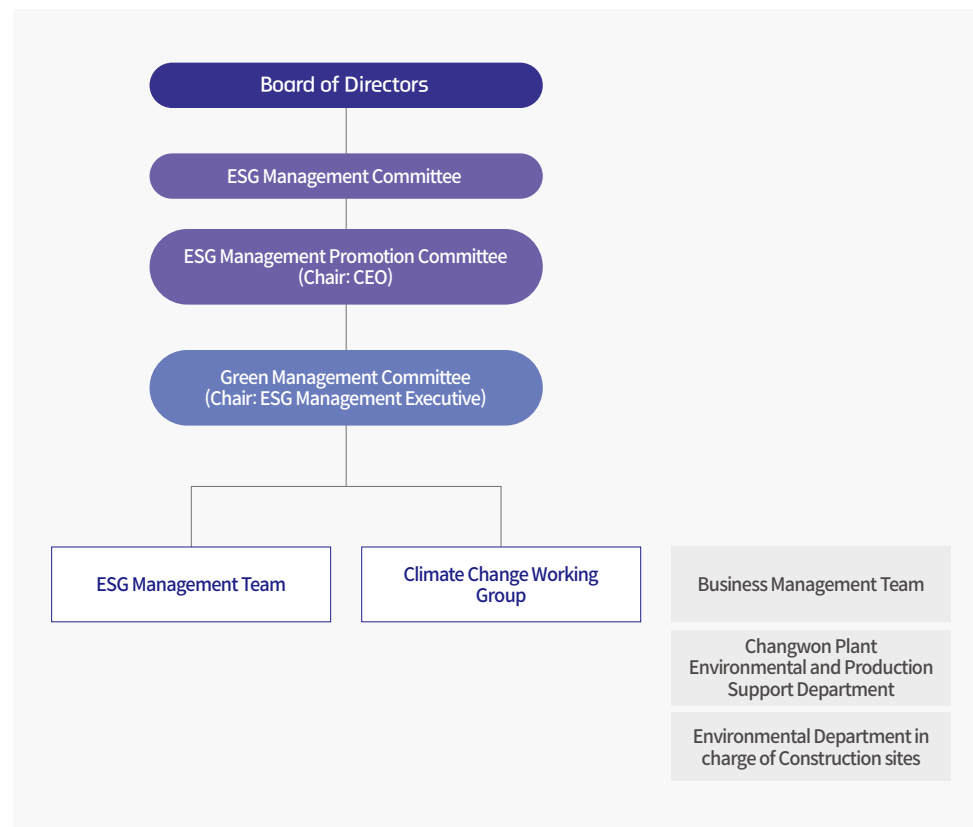
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# Response to Climate Crisis

## Governance

Through the Board of Directors, executive and management teams, and working-level councils and organizations, we promote consistency and continuity in our company-wide climate change response strategy.

### Climate Crisis Response Promotion Organization



### Top Management - Board of Directors (ESG Management Committee) and ESG Management Promotion Committee

The Board of Directors (ESG Management Committee) holds ultimate responsibility for overseeing and managing company-wide strategies and implementation performance related to Sustainability Management, including climate change risks.

The ESG Management Promotion Committee, operating under the CEO, serves as the highest decision-making body for Hyosung Heavy Industries' Sustainability Management. It reviews and approves key agendas related to environmental management and associated business goals and strategies, and reports the outcomes to the ESG Management Committee.

### Dedicated Organization- Green Management Committee

The Green Management Committee, a council composed of key executives from the headquarters, Power & Industrial Systems Division, and Construction Division, monitors the implementation status and performance of detailed activities in the environmental domain, including climate change, as well as the outcomes of setting major indicators such as internal carbon pricing.

In addition, performance in managing the impact of business activities on accelerating climate change across the headquarters, directly reporting departments, Power & Industrial Systems Division, and Construction Division, as well as emission reductions achieved through mitigation activities, has been incorporated into KPIs.

Division of business area	Area	Key KPIs
Headquarters and Directly reporting departments	Climate change impact management of business activities	• Estimation and management of GHG emissions
Power & Industrial Systems Division	Climate change mitigation activities	• Energy usage at production facilities compared to targets • Renewable energy usage and percentage • Management of annual targets for environmental indicators (air/ water/waste/hazardous chemicals)
	Climate change impact management of business activities	• Conduct of life cycle assessment (LCA) of transformer and switchgears
Construction Division	Climate change mitigation activities	• Energy usage at construction sites compared to targets

### Working-level Organizations - ESG Management Team, Business Management Team, Environmental Team at the Changwon Plant and Construction sites

The ESG Management Team serves as the dedicated organization for climate change response, responsible for planning and implementing company-wide response strategies and managing their performance.

The Business Management Team handles the procurement and allocation of budgets based on the current status and future outlook of the company's greenhouse gas emission allowances.

The Environmental and Production Managing Departments at the Changwon Plant and Construction sites identify and implement greenhouse gas reduction measures for production facilities, processes, and construction projects.



# Response to Climate Crisis

Hyosung Heavy Industries has identified and classified physical and transition risks separately to assess the financial impact of climate-related risk factors. The expected loss levels of key assets, including manufacturing plants, were evaluated through physical risk scenario analysis using the Climate Assessment Platform (CAP).

Considering the nature of both physical and transition risks, separate timelines were established for the potential occurrence of each risk category. For physical risks, the occurrence timelines were defined as short-term (2023–2030), mid-term (2030–2050), and long-term (2050–2085). For transition risks, the timelines were set as short-term (1–3 years), mid-term (3–5 years), and long-term (5–10 years).

The significance of financial impact was categorized as low (less than KRW 500 million per year), medium (KRW 500 million to KRW 1 billion per year), and high (over KRW 1 billion per year).

Category		Occurrence of risk factor		Financial Impact of risk factor		Company's Response Strategy
		Timing	Possibility	Transition Path	Significance level	
Physical Risks	Heat Stress	Short/Medium/Long term	High	• An increase in direct and indirect operational costs is expected due to declining labor productivity, rising health & safety risks for employees, and suspending business and production activities caused by extreme heat	High	• Expanding automation facilities at business sites • Establishing integrated management systems and policies related to energy and temperature
	Maximum Temperature	Short/Medium/Long term	High	• Increased operational costs (e.g., electricity) are expected for storing products due to rising maximum temperatures • Additional cost losses are expected due to employee health risks (e.g., increased exposure to infections) and potential pandemic outbreaks	Mid-to-high	• Identifying monthly climate change factors and implementing risk mitigation activities such as adjusting logistics locations • Anticipating and responding to logistics delays caused by climate change • Implementing a flexible working hours system
	Increasing cooling demand	Short/Medium term	Mid-to-high	• Additional investment costs for cooling/heating systems are incurred to cope with heat stress and peak temperatures • Operating costs such as electricity bills would increase due to higher power consumption, along with expected additional expenses for emission trading in the jurisdiction	Mid-to-high	• Establishing low-power consumption cooling and heating systems • Considering development and facility investment in eco-friendly energy sources such as solar power
	Flooding	Medium/Long term	Medium	• Flood damage is anticipated due to river overflow and incurring additional expenditures through preliminary investments such as installing drainage systems to prevent flooding	Low-to-Medium	• Considering design and investment for drainage and flood risk during maintenance or expansion based on each site's characteristics (e.g., drainage pumps, trenches)
Transition Risks	Policy	Long term	Medium	• Increased operational cost burden is expected due to rising carbon emission trading prices under the emission trading system of jurisdictions where the company operates • The need for future response is increasing considering the global portfolio and business expansion plans, although the current emission trading system in South Korea where major business sites generating most of the annual revenue as of the first half of 2025 are located does not currently pose significant financial burden	Low	• Implementing an internal carbon pricing system • Considering the results of greenhouse gas emission regulation monitoring when making decisions related to business portfolio expansion and overseas entry
	Technology	Short/Medium/Long term	Mid-to-high	• Strengthening environmental standards and eco-friendly technology recognition requirements could disproportionately increase the burden on the portfolio of high-carbon and high-pollutant emission products	High	• Developing technologies for building a sustainable power grid (e.g., ESS, SF <sub>6</sub> free GIS, STATCOM, HVDC) • Achieving the world's first commercialization of 100% hydrogen engine generators • Producing the first SF <sub>6</sub> free 170kV GIS
	Market	Medium/Long term	Medium	• The Company recognizes that climate-related information requirements are gradually being strengthened in the pre-qualification (PQ) process for bids from major domestic and overseas clients, and therefore, the ability to respond to LCA-based environmental impact assessments (such as EPD certification) and carbon emissions calculations is likely to become a key factor in ensuring business continuity	High	• Conducting LCA for transformer and switchgears products and considering expanding the scope of target products
	Legal	Medium/Long term	Low	• The company might face potential fines and seizures in the future due to inadequate company management of environmental performance amid tightening supply chain environmental due diligence regulations in major countries such as Europe • Strengthened regulations on hazardous chemicals and pollutants (air and water) may lead to administrative sanctions or lawsuits due to non-compliance, resulting in increased response costs and reputational damage	Mid-to-High	• Clearly defining key environmental management indicators • Continuously disclosing transparent and reliable environmental information
	Reputation	Medium/Long term	Medium	• Decreased customer preference for product portfolios and resulting sales decline is anticipated due to negative stigma such as being labeled a 'company lagging in climate crisis response' • The company might face potential risks from increased societal awareness of climate crisis response, as the company uses large-scale input resources and numerous raw materials subject to source regulations, which may lead to non-compliance with major clients' supply chain sustainability policies and decreased awareness among B2B clients and customers	High	• Enhancing ESG information disclosure to stakeholders through publishing sustainability reports • Responding to external ESG evaluations and disclosing climate change response strategies • Actively disclosing greenhouse gas reduction and climate crisis response information through TCFD, CDP, etc.

# Response to Climate Crisis

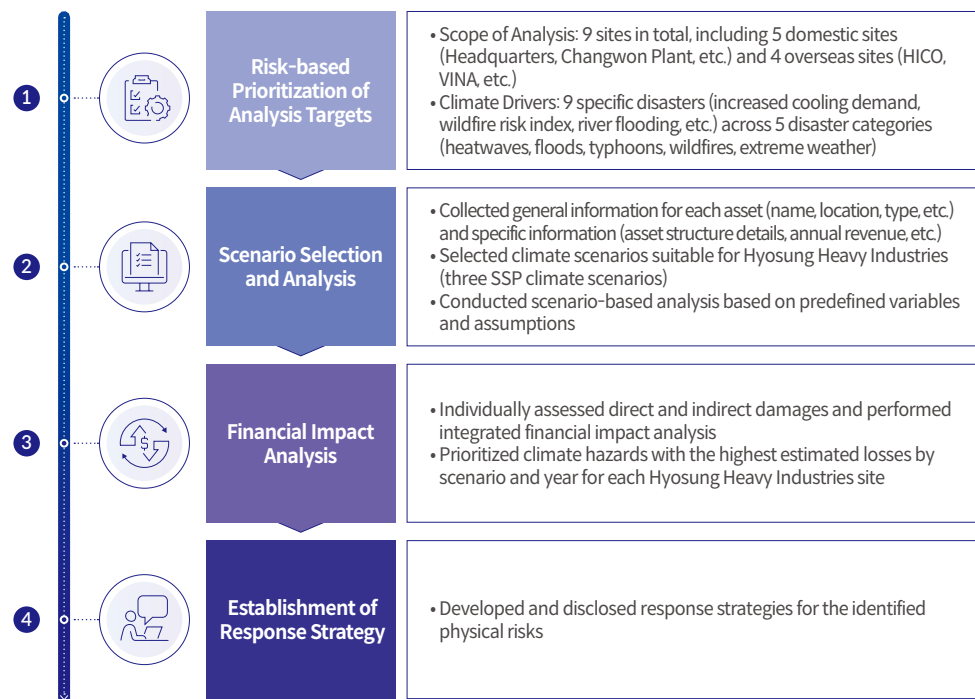
## Physical Risk Identification Process

We identified the potential financial impacts of physical disasters that could arise from climate change on our key assets.

Recognizing the necessity of establishing and implementing response strategies to minimize financial impacts through scenario analysis of climate-related disasters, we adopted and analyzed climate scenarios from the IPCC<sup>1)</sup> 6th Assessment Report to evaluate resilience.

We utilized low-carbon (SSP<sup>2)</sup>1-2.6), intermediate (SSP2-4.5), and high-carbon (SSP5-8.5) scenarios, and conducted quantitative risk assessments using CAP, a physical risk analysis tool based on climate change scenarios for asset-specific evaluations.

### Physical Risk Assessment Process



1) Intergovernmental Panel on Climate Change

2) Shared Socioeconomic Pathways, Socio-economic pathway scenarios designed to analyze climate change impacts and policy responses

### Step 1. Risk-based Prioritization of Analysis Targets

We selected the scope of physical risk analysis based on the headquarters and key production plants, which have relatively high asset value and play a critical role in management and production.

Location	Classification	Business sites
Domestic	Headquarters and Major business sites	Headquarters (Mapo), Construction Division Headquarters (Hoehyeon), Wellington CC (Icheon)
	Major production sites	Changwon Plant 1-4, Sejong Plant
Overseas		Nantong Hyosung (China/Nantong), Hyosung T&D (India/Pune), HICO (USA/Memphis), Hyosung VINA (Vietnam/Dong Nai)

### Climate Hazards and Estimated Damages

Major Disaster	Specific Disaster	Estimated Damage	
		Direct Damage	Indirect Damage
Heatwaves	Heat Stress	Annual productivity loss of employees due to increased heat stress	-
	Increased Cooling Demand	Annual increase in energy costs due to rising cooling demand	-
Flood	River Flood	Annual increase in costs required for asset restoration due to infrastructure damage	1) Annual revenue loss due to business interruptions 2) Annual increase in costs related to employee health and safety 3) Revenue loss and cost increase caused by power supply interruptions and blackouts
	Urban Flood		
	Tsunami		
Temperature	Maximum Temperature	Annual increase in costs required for asset restoration due to infrastructure damage	1) Annual revenue loss due to business interruptions 2) Annual increase in costs related to employee health and safety 3) Revenue loss and cost increase caused by power supply interruptions and blackouts
Extreme Weather Events	Typhoon		
	Wind Gust		
Wildfires	Wildfire Risk Index		

# Response to Climate Crisis

## Step 2. Scenario Selection and Analysis

### Scenario Selection

To enable a comprehensive analysis of climate crisis risks, we identified the financial impacts of physical risks based on three SSP scenarios.

Risk	Application scenarios	Key assumptions
Physical Risk	SSP1-2.6 (1.5°C equivalent)	• Sustainable development, strong climate policy
	SSP2-4.5 (2°C equivalent)	• Maintain current policies, limited mitigation
	SSP5-8.5 (4°C equivalent)	• Fossil fuel-driven growth, no climate policy

### Financial Impact Analysis by Scenario (Loss Estimation Results)

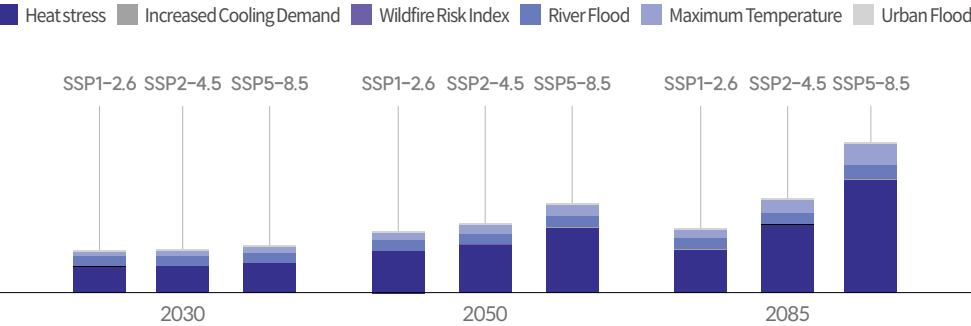
We collected information on Hyosung Heavy Industries' key assets (such as location, type, elevation, financial value, construction methods, and the scale of tangible and intangible assets) to identify potential impacts and estimate financial losses under various climate scenarios.

Across all three SSP scenarios, physical risks related to heat stress, river flooding, maximum temperatures, and increased cooling demand were identified as having the greatest impact.

Overall, for assets and physical risks, the SSP5-8.5 (4°C equivalent) scenario was found to result in the highest financial loss rate.

In particular, by 2085, the Changwon Plant (one of the company's most critical assets in terms of business relevance and asset value) is projected to incur financial losses amounting to several hundred billion KRW, reinforcing the recognition that establishing and implementing climate change response strategies is essential for Hyosung Heavy Industries' Sustainability Management.

### Financial Impacts by Scenario (Loss Estimates)



SSP1-2.6(1.5°C equivalent)	SSP2-4.5(2°C equivalent)	SSP5-8.5(4°C equivalent)
Heat Stress Increased Cooling Demand Maximum Temperature River Flood Urban Flood Tsunami Typhoon Wind Gust Wildfire Risk Index	Heat Stress Increased Cooling Demand Maximum Temperature River Flood Urban Flood Tsunami Typhoon Wind Gust Wildfire Risk Index	Heat Stress Increased Cooling Demand Maximum Temperature River Flood Urban Flood Tsunami Typhoon Wind Gust Wildfire Risk Index

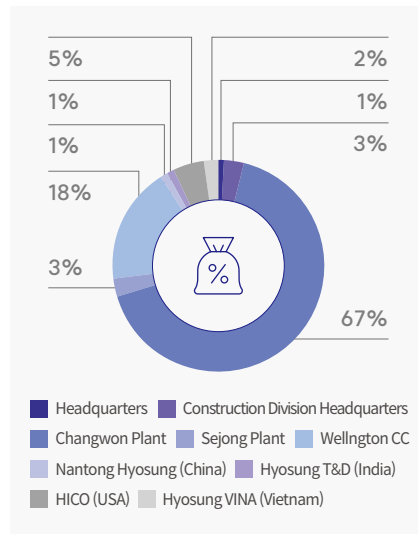
### Financial Impact Analysis Results by Scenario

Scenario classification	Analysis results	Key impacted assets
SSP1-2.6 (1.5°C equivalent)	<ul style="list-style-type: none"><li>• Lowest loss rate for financial loss estimates</li><li>• 2050: Nearly 1.5 times as much financial loss as in 2030 under the same scenario losses compared to 2030 under this scenario</li><li>• 2085: Similar to 2050 results in terms of financial losses under the same scenario</li></ul>	<ul style="list-style-type: none"><li>• Wellington CC (Icheon)</li><li>• Changwon Plant 1-4</li><li>• HICO (US/Memphis)</li></ul>
SSP2-4.5 (2°C equivalent)	<ul style="list-style-type: none"><li>• 2030: Estimated financial losses similar to SSP1-2.6 (1.5°C) scenario</li><li>• 2050: Approximately 1.5 times the financial losses as in 2030 under the same scenario</li><li>• 2085: Approximately 1.4 times the financial losses as in 2050 under the same scenario</li></ul>	
SSP5-8.5 (4°C equivalent)	<ul style="list-style-type: none"><li>• Highest possible physical damage across assets and risks</li><li>• 2030: Estimated financial losses similar to those of the SSP1-2.6 (1.5°C) and SSP2-4.5 (2°C) scenarios</li><li>• 2050: Financial losses about twice as high as in 2030 under the same scenario</li><li>• 2085: Financial losses approximately three times higher than in 2050 under the same scenario</li></ul>	

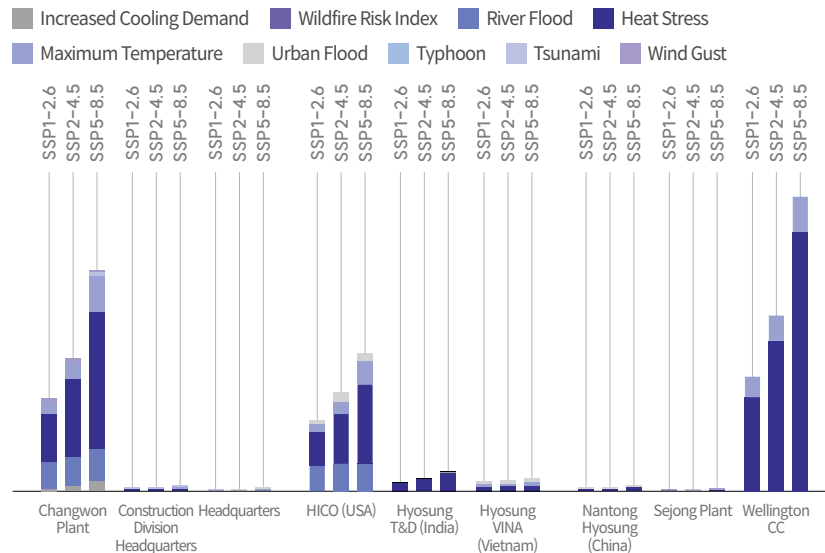
# Response to Climate Crisis

## Step 3. Financial Impact Analysis

### Asset Value Ratio



### Estimated Losses by All Assets of Hyosung Heavy Industries (2085)



1) Climate drivers identified as "very high" exposure in at least one SSP scenario

We conducted an assessment of estimated losses based on current asset values for 9 major business and production sites. All 9 sites were identified as having high levels of physical risk related to heat stress, river flooding, and extreme temperatures.

For production sites, risks associated with increased cooling demand were also identified as rising in parallel, as part of addressing heat stress and extreme temperature risks.

Among the key assets, Wellington CC (Icheon), the Changwon Plant, and HICO (USA/Memphis) were found to be the most financially impacted, in that order. Wellington CC was identified as the most vulnerable to climate change impacts due to its low-lying nature and large land area. However, when considering both the proportion of asset value and business relevance, the Changwon Plant was determined to face the most severe financial impact.

The Changwon Plant was identified as having the highest risks related to heat stress and extreme temperatures, while also facing persistent risk of river flooding under the scenarios analyzed. Additionally, historical data revealed that the plant had experienced some losses from related events in the past, leading to its designation as a short-term improvement priority, with corrective measures currently underway.

## Step 4. Establishment of Response Strategy

### Establishment of Flood Prevention Plan for Changwon Plant

We developed a physical risk management strategy for river flood at the Changwon Plant, which holds the highest asset value among major business sites. The plant was identified as being located in a low-lying area compared to its surroundings, posing risks of product and material defects as well as safety hazards due to high tide and heavy rainfall.

To strengthen the water drainage capacity of the plant's pipes (originally designed and constructed based on pre-1977 rainfall data), we established a plan in February 2025 to install a drainage pumping station to prevent flooding damage.

Following a review and assessment by government authorities to examine potential environmental impacts in the surrounding area, construction began in Mar. 2025.

# Response to Climate Crisis

## Transition Risk Identification Process

### Mid- to Long-term GHG Reduction Targets

We established an internal carbon reduction target of 14.5% by 2030 compared to the 2018 baseline year through the phased implementation of initiatives such as replacing existing equipment with high-efficiency systems and expanding the use of eco-friendly energy based on in-house solar power generation. As the current greenhouse gas reduction target has been achieved ahead of schedule, we are currently reviewing the possibility of setting a more ambitious target for further reductions.

### GHG Savings from Eco-friendly Investments and Related Activities (2024)

We have established and continuously manage annual investment plans and implementation performance for reduction activities, including improving energy efficiency by replacing existing equipment with high-efficiency systems and installing solar power generation facilities. The introduction of high-efficiency equipment not only delivers a direct greenhouse gas reduction effect but is also expected to contribute to cost savings in the medium to long term. In the case of solar power generation facilities, they help reduce dependence on external electricity sources, contributing to energy cost savings, while also being effective in reducing Scope 2 emissions through the expansion of renewable energy use.

Business Sites	Major Investment Activities	GHG Reduction
Changwon Plant	Replaced high-efficiency equipment (air conditioners, etc.)	191tCO <sub>2</sub> eq/year
	Installation of solar power generation facilities	557tCO <sub>2</sub> eq/year
	Other	2tCO <sub>2</sub> eq/year
Total		750tCO <sub>2</sub> eq/year

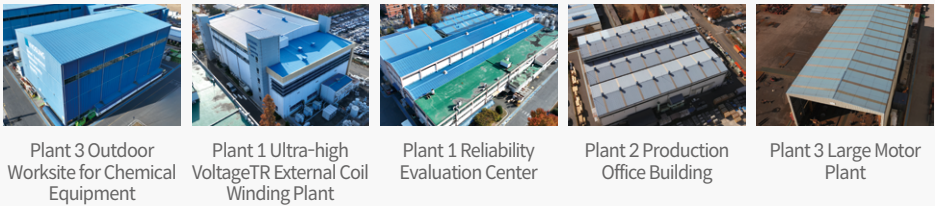
### Internal Carbon Pricing System

We have established an internal carbon price as a metric to convert the performance of activities required for energy and greenhouse gas reductions (such as equipment replacement) into a quantitative monetary value, with a review conducted annually.

### Energy Consumption and Generation

In 2024, we expanded outdoor solar power generation facilities at the Changwon Plant of the Power & Industrial Systems Division. An additional 964.21 kW of generation capacity was installed on top of the existing 182.4 kW facility, increasing the total capacity to 1,146.61 kW. The total self-generated power output for 2024 reached 337,397 kWh. At Hyosung T&D, a manufacturing site located in Pune, India, we also advanced self-generation efforts through the installation of solar power generation facilities. In 2024, a new solar generation system with a capacity of 190 kW was introduced, producing a total of 257,387.1 kWh (apparent power).

#### Changwon Plant Solar Power Generation Installation Sites



#### Hyosung T&D India Solar Power Installation Sites



# Response to Climate Crisis

## Metrics and Targets

### Greenhouse Gas Emissions

For absolute greenhouse gas emissions and reduction targets, Hyosung Heavy Industries and its major subsidiaries were set as the scope of calculation, while for emissions intensity, Hyosung Heavy Industries was designated as the calculation target.

#### Greenhouse Gas Emissions<sup>1)2)</sup>

Category		Unit	Hyosung Heavy Industries				Subsidiaries		
			2022	2023	2024 (Plan)	2024 (Performance)	2022	2023	2024
Direct GHG Emissions (Scope 1)	Stationary combustion	tCO <sub>2</sub> eq	8,637.59	7,468.00	9,546.99	8,729.58	4,916	4,188	3,804
	Mobile combustion	tCO <sub>2</sub> eq	840.35	844.00	819.31	768.29	818	1,121	968
	Process emissions <sup>3)</sup>	tCO <sub>2</sub> eq	196.00	0	0	0	0	0	0
	Waste disposal	tCO <sub>2</sub> eq	41.00	53.00	58.03	53.45	-	-	-
	Other emissions <sup>4)</sup>	tCO <sub>2</sub> eq	329.00	211.00	312.55	284.14	-	-	-
	Subtotal	tCO <sub>2</sub> eq	10,043.94	8,576.00	10,736.87	9,835.00	5,735	5,310	4,772
Indirect GHG Emissions (Scope 2)	Electricity	tCO <sub>2</sub> eq	41,796.12	39,289.00	46,631.66	42,650.91	16,307	20,212	22,565
	Steam	tCO <sub>2</sub> eq	0.00	12.00	125.36	113.97	7,819	7,223	7,246
	Subtotal	tCO <sub>2</sub> eq	41,796	39,301	46,757	42,765	24,125	27,434	29,812
Total GHG Emissions <sup>5)</sup> (Scope 1+Scope 2)		tCO <sub>2</sub> eq	51,840	47,877	57,494	52,593	29,860	32,744	34,583
Revenues (based on separate financial statements) <sup>6)</sup>		KRW 100 million	25,898	30,964	33,603	33,603	11,925	16,970	22,123
GHG Emission Intensity (Total GHG Emissions/ Revenue)	Scope 1	(tCO <sub>2</sub> eq/KRW 100 million)	0.4	0.3	0.3	0.3	0.5	0.3	0.2
	Scope 2	(tCO <sub>2</sub> eq/KRW 100 million)	1.6	1.3	1.4	1.3	2.0	1.6	1.3
	Subtotal	(tCO <sub>2</sub> eq/KRW 100 million)	2.0	1.5	1.7	1.6	2.5	1.9	1.6

1) Based on the certified emission allowances submitted under the Guidelines for Reporting and Certification of GHG Emissions Trading Scheme and the Ministry of Environment's conformity assessment for the relevant year.

2) Data for 2022-2023 have been recalculated due to corrections in subsidiary-level unit conversions, emission factor errors, and changes in emission factors (for stationary combustion, mobile combustion, and electricity).

3) No process emissions have occurred since 2023 due to the shutdown of the electric arc furnace facility at the Changwon Plant, which resulted in zero crude steel production.

4) The scope of other emissions includes emissions from the use of acetylene and CO<sub>2</sub> welding machines at the Changwon Plant.

5) Only CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O are emitted; the total GHG emissions presented above may differ from those disclosed in the business report due to rounding at the plant level.

6) Intensity figures are calculated based on separate revenue.

### Environmentally Friendly Vehicles

To address the climate crisis, we operate environmentally friendly corporate vehicles.

#### Environmentally Friendly Vehicles<sup>7)8)</sup>

Category	Sub-category	Unit	Hyosung Heavy Industries			Subsidiaries		
			2022	2023	2024	2022	2023	2024
On-road vehicles <sup>9)</sup>	Electric vehicles	Car	0	10	10	0	0	0
	Hydrogen fuel cell electric vehicles	Car	0	1	1	0	0	0
	Solar-powered vehicles	Car	0	0	0	0	0	0
Off-road vehicles <sup>10)</sup>	Electric vehicles	Car	163	165	172	32	39	40
	Hydrogen fuel cell electric vehicles	Car	0	0	0	0	0	0
	Solar-powered vehicles	Car	0	0	0	0	0	0
Total vehicle fleet		Car	332	415	395	119	113	121
Rate of environmentally friendly vehicles		%	49.10	42.41	46.33	26.89	34.51	33.06

7) Category applied in accordance with Article 2 of the Act on Promotion of Development and Distribution of Environment-Friendly Motor Vehicles (commonly referred to as the Environment-Friendly Vehicle Act).

8) Data have been updated to include previously omitted data for 2022-2023

(including electric vehicles among off-road vehicles in subsidiaries and the total vehicle fleet).

9) Includes passenger cars, vans, trucks, special-purpose vehicles, and two-wheeled vehicles (excluding electric bicycles).

10) Includes vehicles not specified under regulations, such as construction machinery, agricultural machinery, and others (e.g., forklifts, tool cars, and carts used at business sites).



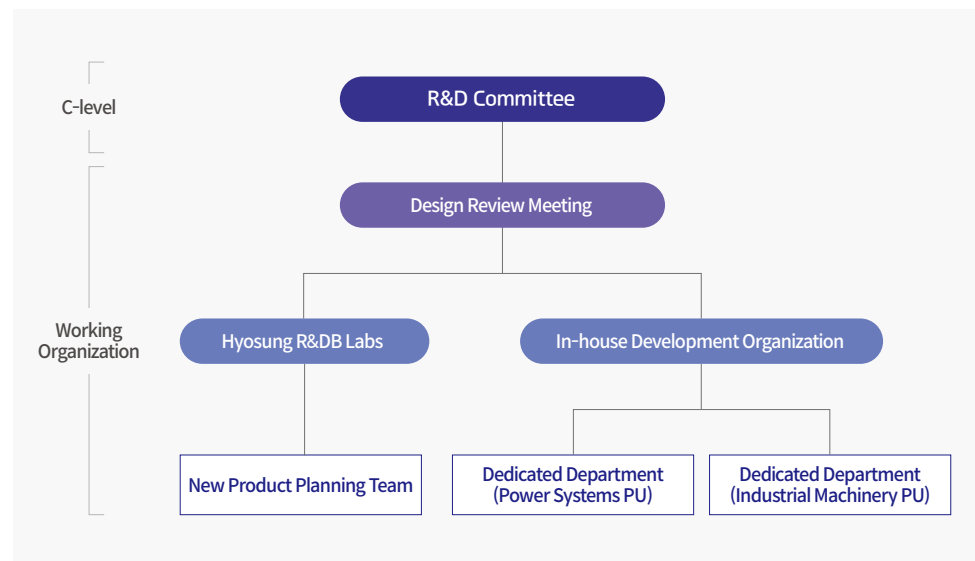
# Developing Sustainable Products and Solutions

## Governance

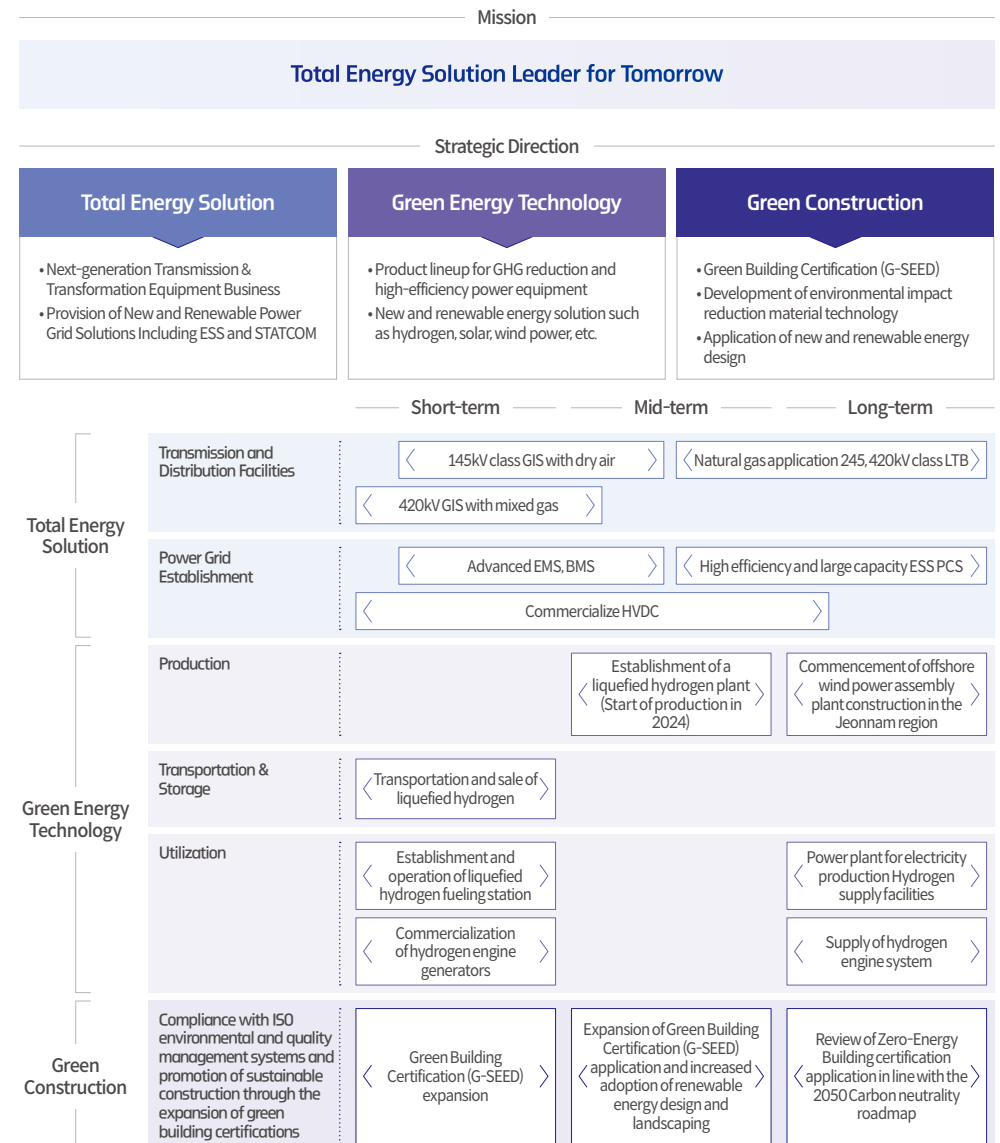
We operate a decision-making and implementation system for research and development aimed at creating products and solutions that incorporate clean technology.

Our R&D efforts are managed by two dedicated organizations: Hyosung R&DB Labs and In-house Development Organization, both of which establish annual and mid-to long-term R&D plans and strategies. Design Review meetings, chaired by the head of the Hyosung R&DB Labs and business division executives, are held to review and discuss the objectives, direction, manpower, and resources of R&D projects. Additionally, the R&D Committee, which includes senior management and the CEO, reviews the plans and performance of R&D strategies and projects.

### R&D decision-making and execution system



## Sustainable Business Strategy and 2030 Roadmap





# Developing Sustainable Products and Solutions


## Total Energy Solution

### Expansion of Supply for Biodegradable Insulating Oil Transformers

We supply biodegradable insulating oil transformers as an alternative to mineral oil traditionally used as an insulating medium in transformers.

Biodegradable insulating oil is less toxic than mineral oil, has slower soil penetration, and is biodegradable, thereby contributing to the reduction of environmental impact.


These transformers feature a flash point of around 300°C and exhibit excellent fire safety performance due to their self-extinguishing capability, ensuring stability even under fire risk conditions.

Performance Status			
1	Achievement of cumulative orders exceeding 300 ester oil/vegetable oil transformers (including 400kV ester oil transformers for the UK)		
2	Successful delivery of the first 154kV vegetable oil high-efficiency transformer to KEPCO (2023) followed by continued additional orders and deliveries	3	Plan to obtain PQ certification for biodegradable insulating oil transformers from the Saudi Electricity Authority (2025)

### SF<sub>6</sub> free Gas Insulated Switchgear (GIS)

To reduce the use of SF<sub>6</sub> gas, which has a global warming potential approximately 23,900 times higher than that of alternative insulating medium, we developed a 72.5kV Gas Insulated Switchgear (GIS) in 2023 utilizing Vacuum Interrupters (VI) and dry air.

Following the establishment of an R&D center in the Netherlands in 2023 for SF<sub>6</sub> free GIS development, we have been expanding research and development efforts in clean technologies.

Performance Status			
1	Execution of a framework agreement with UFD (Unión Fenosa Distribución) under Naturgy in Spain for 72.5kV 31.5kA GIS using VI and dry air (2025–2027)		
2	Order received for SF <sub>6</sub> free 170kV 50kA GIS for KEPCO (2024)	3	Implementation of SF <sub>6</sub> free GIS research project at Changwon Plant (approximately KRW 9,054 million) (2024)
4	Introduction of SF <sub>6</sub> free GIS testing facilities at the European R&D Center (KRW 5.33 billion) (2024)	5	Implementation of research projects related to VI and SF <sub>6</sub> free gas (total approximately KRW 10.1 million <sup>1)</sup> ) (2024)
6	Development for SF <sub>6</sub> free GIS product line-up expansion and plan to secure SF <sub>6</sub> free GIS orders in European and domestic markets (2025)		

1) Labor cost/expense not included

### Expansion into New DAIS Markets

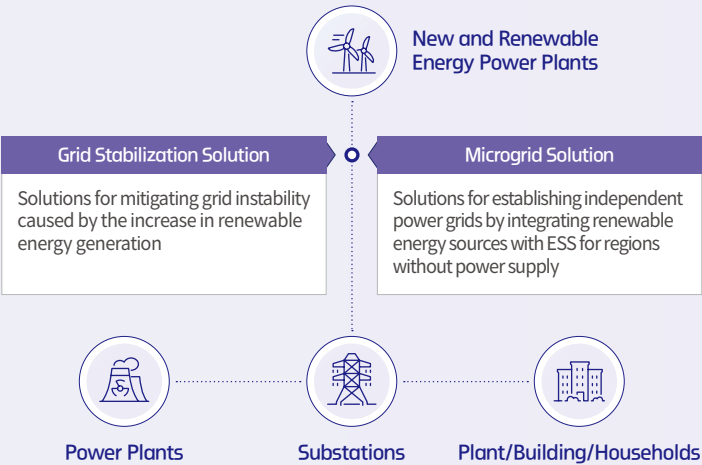
After entering the North American DAIS (Dry Air Insulated Switchgear) market in 2023, we continued to secure new orders in 2024. Additionally, we are engaging in communication and discussions with customers in other regions with DAIS demand to expand into new markets.

### New and Renewable Energy Connection Solution using ESS and STATCOM

An Energy Storage System (ESS) is a device that stores electricity during periods of low demand and supplies it when needed.

STATCOM is an essential device for controlling grid instability, maximizing transmission capacity, and maintaining the stability of power systems with renewable energy sources.

Based on our in-house grid analysis and engineering capabilities, we produce core STATCOM components such as converters and controllers and provide related solutions.



Performance Status			
1	Leading market share in the domestic STATCOM market (2024)		
2	Order for STATCOM integrated with U.S. data centers (2024)		
3	Order for large-capacity STATCOM in India (2024–2025)		
4	Plan to promote ESS orders for KEPCO grid stabilization (2025)		
5	Plan to promote additional BESS project orders in the UK (2025)		

# Developing Sustainable Products and Solutions

## Green Energy Technology

### Leadership in On- and Offshore Wind Power Generation Systems Industry

By successfully developing the nation’s first 750kW and 2MW wind power generation systems, as well as a 5MW offshore wind power generation system, we have taken a leading role in the domestic wind power generation systems industry.

#### Performance Status

- 1

Order intake of KRW 178.1 billion (2024) (Onshore wind EPC: KRW 173.2 billion, Paid services: KRW 3.9 billion, Offshore wind: KRW 1.0 billion)

### Strengthening of the Hydrogen Value Chain

As a business operator for liquefied hydrogen fueling stations for commercial vehicles, we are constructing liquefied hydrogen fueling stations as of May 2025.

#### Performance Status

- 1

Order intake of KRW 5.8 billion for one gaseous hydrogen fueling station (2024)
- 2

Order intake of KRW 21.9 billion for two liquefied hydrogen fueling stations (2024) and KRW 8.6 billion for the Pohang Hydrogen Transport Complex Base (2025)
- 3

Signing of an MOU for technology development to build urban hydrogen fueling stations and establish a hydrogen economy ecosystem (2025)

### Inverter Efficiency

When applied to motors and load equipment (such as fans and pumps), output is controlled according to load variations, resulting in energy savings.

#### Performance Status

- 1

Launch of FM3 (general-purpose) and FM5 (high-performance)(2024), and FM1 (price-competitive)(2025), securing a full inverter line-up
- 2

Plan to expand energy efficiency improvement projects by obtaining high-efficiency inverter certification from the Korea Energy Agency (from July 2025)

### EC FAN Development

This product, equipped with a permanent magnet motor, offers improved energy efficiency compared to our conventional induction motors by enhancing both coupling efficiency with fans and overall operational efficiency.

#### Performance Status

- 1

Launch of EC fan product with four standard capacities developed since 2023 (2024)
- 2

Development of a high-performance type applying Airfoil Type Fan for entry into the data center market, with plans to expand the product line-up to include models under 2.7kW (2025)

### Establishment of High-efficiency/GHG Reduction Power Facilities

#### High-efficiency Premium Motors

We manufacture high-efficiency motors that exceed the minimum energy performance standard of IE3 (Premium). Furthermore, we plan to gradually raise the minimum energy performance standard for all motor capacities to IE4 (Super Premium) starting in 2026.

#### Performance Status

- 1

Order intake of KRW 32.5 billion for Shaft Generator Motor System

#### Shaft Generator Motor System (SGM)

This rotating equipment utilizes the rotational power of the engine shaft to generate electricity required for ship propulsion. By reducing dependence on engine generators, it enhances fuel efficiency and helps lower carbon dioxide and methane emissions.

#### Performance Status

- 1

Transition to SGM system package sales from 2024, including drives and system integration, resulting in orders for 26 SGM sets for 18 ships (2024)

### Hydrogen Engine Generator

This engine generator uses hydrogen and natural gas as fuels to reduce greenhouse gas emissions. By commercializing an engine generator that fully utilizes by-product hydrogen at Hyosung Chemical’s Yongyeon Plant, we contribute to zero-carbon power generation.

#### Performance Status

- 1

Plan to develop an off-grid green hydrogen production and power generation system business model to pioneer new markets

# Developing Sustainable Products and Solutions

## Green Construction

### Reducing Environmental Impact throughout the Construction Process with Green Building Certification

We are in the process of obtaining Green Building Certification (G-SEED) to reduce negative environmental impacts across all phases, including architectural design, construction, maintenance, and management.

#### Performance Status

1	Completion of Green Building Certification for two completed buildings and plan to obtain certification for four additional buildings (2025)
2	Completion of preliminary Green Building Certification for four buildings under construction and plan to obtain certification for two additional buildings (2025)

### Creation of Biotopes within Residential Complexes for Biodiversity Conservation

A biotope is a habitat where plants, animals, and microorganisms can coexist stably, representing a physical space within a natural ecosystem where relatively similar species live. We have created terrestrial and aquatic biotopes as artificial habitats within residential complexes, establishing spaces where humans and nature can coexist in urban areas.

#### Performance Status

1	Completion of design integration for three sites (2024), with plans for design integration at two sites and construction completion at one site (2025)
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Aquatic Biotopes



Terrestrial Biotopes

## New and Renewable Energy Design

By considering the integration of renewable energy in both the interior and exterior of buildings from the planning stage, we contribute to reducing energy consumption for occupants during the building's operational phase.

#### New and Renewable Energy Design Status

Category	Content
Introduction of solar power generation facilities	Installation of solar panels on rooftops and parts of exterior walls of multi-family housing for power generation, with generated electricity utilized in common areas such as elevators

#### Total Potential New and Renewable Energy Generation from Design

1	Total solar power generation capacity of 1,043.94 kW across five sites (2024)
2	Plan total solar power generation capacity of 820.66 kW across two sites (2025)

## Developing differentiating items for Harrington Place

### Application of 'Smart Harrington' platform

Through the home IoT platform "Smart Harrington" mobile app, residents can monitor and control in-unit systems such as lighting, heating, elevator calls, and standby power shutdown. The "Smart Harrington" app also optimizes energy and resource usage based on residents' usage patterns, contributing to improved resource efficiency.

#### Performance Status

1	Application of the Smart Harrington platform at nine sites (2024)
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# Strengthening Workplace Health and Safety

## Governance

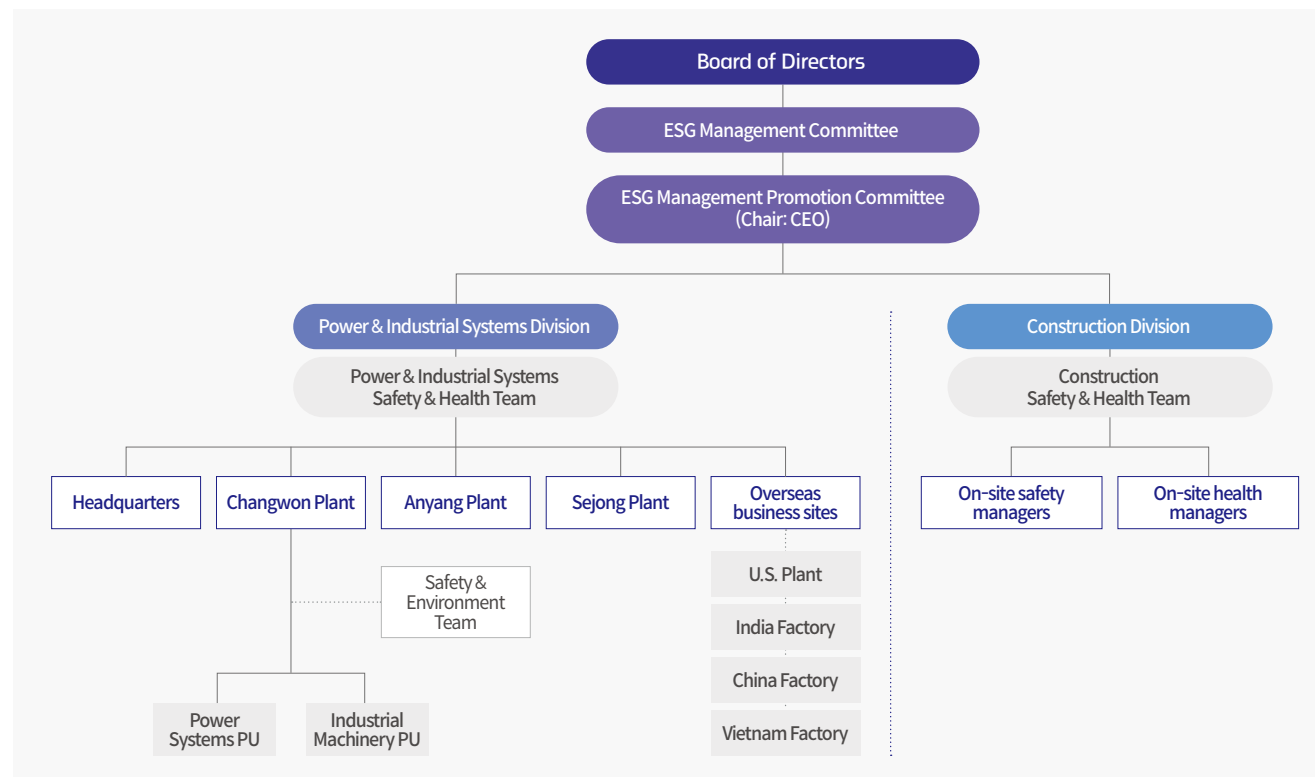
### Health and Safety Management System

In response to the enforcement of the Serious Accidents Punishment Act, we established health and safety management systems tailored to the specific characteristics of the Power & Industrial Systems and Construction divisions, and we operate site-specific implementation plans accordingly. Each business site has appointed legally qualified health and safety officers and managers, while providing both practical and specialized training aligned with job characteristics to strengthen on-site execution capabilities.

Under the leadership of the Chief Safety Officer (CSO), we operate company-wide health and safety governance, with annual plans and performance reported and managed through quarterly Safety and Health Committee and the Board of Directors.

Additionally, safety-related KPIs are assigned to executives and managers at the team leader level and above, reinforcing accountability and execution at the management level and implementation a company-wide culture of responsibility for safety.

### Health and Safety Management Organization



### Current Status of Health and Safety Reporting System

Category	Roles
CEO	<ul style="list-style-type: none"> <li>Approval of compliance results for safety and health obligations under the Serious Accidents Punishment Act</li> <li>Final decision-making on management policies, mid- to long-term goals, and overall safety and health management</li> </ul>
CSO	<ul style="list-style-type: none"> <li>Inspection of compliance with health and safety obligations under the Serious Accidents Punishment Act</li> <li>Establishing and auditing management policies, mid- to long-term goals, and overall health and safety management</li> </ul>
General Manager of Safety and Health (In case of emergency, Head of On-site Emergency Response)	<ul style="list-style-type: none"> <li>Approving of site-specific goals and provision of support for their achievement</li> <li>Assisting with practical matters such as workplace risk assessments</li> </ul>
Workplace Safety and Environment Organization	<ul style="list-style-type: none"> <li>Establishing workplace health and safety goals and objectives</li> <li>Planning and executing workplace Health and Safety budgets</li> </ul>

### Health and Safety Council Operation Status

Category	Items	Frequency
Common Division	Safety and Health Committee	Quarterly
Power & Industrial systems Division	Health and Safety Workshop	Quarterly
	CSO-organized supplier meeting	Semiannually
	Health and Safety council for suppliers/ construction companies	Semiannually
Construction Division	Labor-Management Consultation Meeting	Every 2 months (per site)
	Meeting with CEOs of suppliers	Annually

### Health and Safety Executive KPIs

Category	Items
Executive	<ul style="list-style-type: none"> <li>Number of safety Incidents</li> <li>Number of safety and health regulation violations</li> </ul>
Team leader	<ul style="list-style-type: none"> <li>Safety inspections</li> <li>Safety training</li> <li>Risk assessment</li> <li>Accident investigation and response</li> <li>Safety incidents/regulation violations</li> </ul>

# Strengthening Workplace Health and Safety

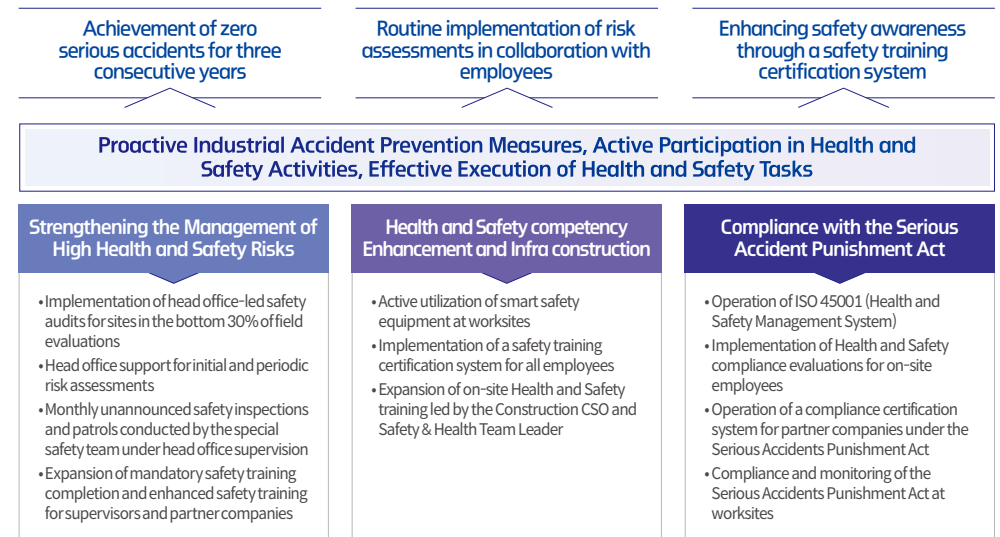
## Strategy

### Health and Safety Vision and Strategy

#### Health and Safety Vision of the Power & Industrial Systems Division



#### Health and Safety Vision of the Construction Division



### Health and Safety Certification

To prevent industrial accidents and ensure systematic health and safety management, we obtain and maintain both international and domestic certifications. The head office and manufacturing plants (Changwon Plant and Anyang Plant) have renewed and are maintaining ISO 45001 certification, valid from May 2024 to April 2027. The Construction Division completed its surveillance audit in 2024 and is scheduled for a renewal audit in 2025.



Health and Safety Certification Status

# Strengthening Workplace Health and Safety

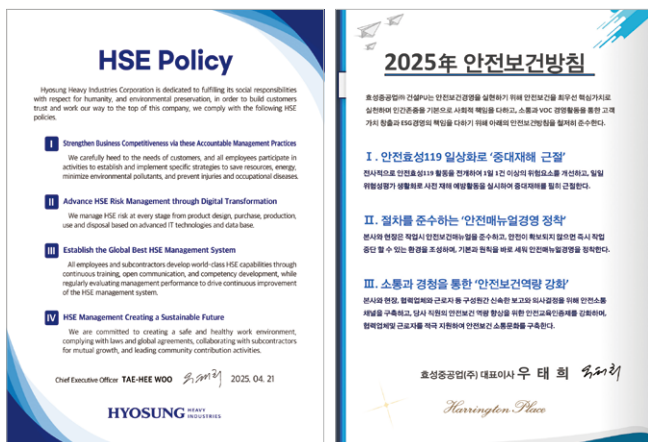
## Risk Management

### Safety and Health Management Policies and Regulations

In 2025, we established separate health and safety policies tailored to the specific characteristics and risks of each business within the Power & Industrial Systems Division and Construction Division and are currently enhancing our health and safety management system.

To ensure systematic operation of the management system, we have developed a total of 57 detailed manuals, including 16 for common processes, 28 for safety, and 13 for health, thereby standardizing operating guidelines and procedures across divisions.

Additionally, we revised the risk assessment manual to reflect regulatory changes, process modifications, and incident history (for the Power & Industrial Systems Division in 2024 and the Construction Division in 2023) and are reinforcing a prevention-focused management system through regular risk reassessments.



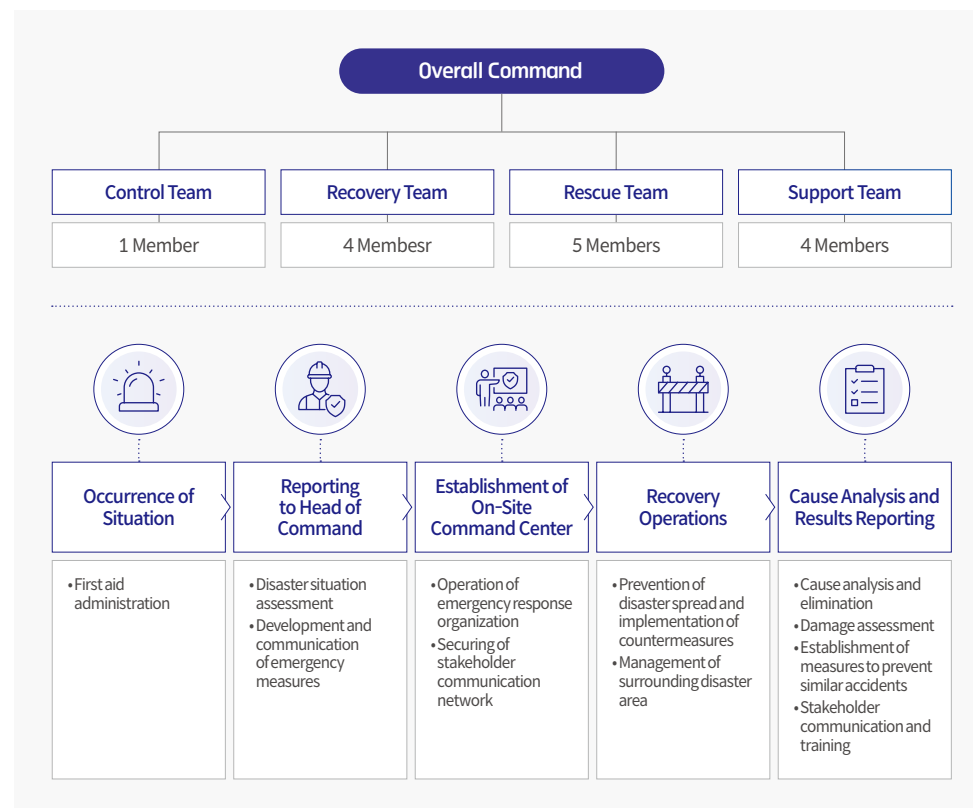
Health and Safety Policy of the Power & Industrial Systems and Construction Division

### Emergency Response Process

We have formalized an accident investigation and reporting management manual that outlines procedures for investigating, reporting, and conducting follow-up management of incidents occurring during direct or indirect production activities to prevent the recurrence of similar accidents.

To ensure prompt response and minimize damage in the event of an emergency, we operate a dedicated emergency mobilization organizational structure. Under the overall command of the emergency response leader, control, recovery, rescue, and support teams are established with clearly defined roles and responsibilities.

### Decision-making System and Process for Emergency Response





# Strengthening Workplace Health and Safety

## Safety and Health Inspection Activities

### Health and Safety Inspection of the Power & Industrial Systems Division

Under the leadership of the CEO and CSO, monthly on-site safety inspections are conducted to identify and improve potential hazards. Operational departments have established a routine inspection system to enhance a safe working environment.

When hazardous working conditions are identified, work is immediately suspended, preventive measures are implemented, and operations resume only after approval.

In 2024, a total of 144 hazards were identified and addressed through inspections led by senior management.

### Status of Safety and Health Inspections by Division of Department

Category	Name	Main Inspection Items	Frequency	Action Rate
Led by management level	Safety and Health Management (General) Manager and CSO Inspection	<ul style="list-style-type: none"><li>Identify potential hazards in high-risk workplaces (7 teams)</li><li>Conduct safety communication for on-site improvements</li><li>Monitor accident prevention measures and conduct on-site checks</li></ul>	Weekly	100%
Led by operational departments	Safety inspection by supervisors before work	<ul style="list-style-type: none"><li>Perform routine safety inspections before work as specified in the Industrial Safety and Health Act</li><li>1) Safety and health inspection of machinery, equipment, and facilities</li><li>2) Inspection of workers' work clothes, protective equipment, and machine guards</li></ul>	Daily	100%
	Departmental autonomous safety inspections	<ul style="list-style-type: none"><li>Confirmation of major improvement actions from autonomous safety inspections and inspection of key themes and safety and environmental issues</li><li>- Executive in charge: Inspection of high-risk (serious risk) improvement measures</li><li>- Team leader: Inspection of on-site issues and improvement measures</li><li>- Safety Officer: Safety inspection by inspection theme</li></ul>	- Executive: Bi-monthly - Team Leader: Weekly - Safety Officer: 3 times Weekly	100%
Led by Safety and Environment Team	Unscheduled safety patrol	<ul style="list-style-type: none"><li>Identify and improve accident risks and legal violations</li></ul>	Daily	100%
	Joint Labor-Management Safety Inspection (including joint inspection with partner companies)	<ul style="list-style-type: none"><li>Identify and improve workplace hazards through joint labor-management safety inspections</li><li>Communicate with workers to improve the workplace</li></ul>	Quarterly	100%
	Themed Safety Inspection	<ul style="list-style-type: none"><li>Conduct safety inspections by theme for serious accident risk factors and hazardous equipment (containers)</li><li>Derive fundamental improvement plans through observation of high-risk process worker behavior</li></ul>	As needed	100%
	Construction companies	<ul style="list-style-type: none"><li>Check pre-safety measures and implementation status for high-risk work (falling, dropping, entrapment, electric shock)</li></ul>	Upon occurrence	100%
Led by external agency	Safety consulting	<ul style="list-style-type: none"><li>Improve risk factors, work standards, and safety signs through safety behavior observation analysis and consulting for high-risk work (20 selected tasks)</li></ul>	Semiannually	100%

### Health and Safety Inspection of the Construction Division

Under the leadership of the CEO and CSO, monthly on-site health and safety inspections are conducted. The CEO provides directives for improvements based on regularly reported site-related Health and Safety issues and plans for managing and executing activities for upcoming high-risk work.

A total of 262 unannounced safety inspections were conducted by the head office (compared to 244 in 2023), along with 58 high-risk site patrol inspections. Additionally, seven initial risk assessments for new sites and 22 regular risk assessments were completed.

## Health and Safety Compliance Inspection and Regulatory Monitoring

To review and improve workplace health and safety systems and identify issues during task execution, mandatory compliance inspections are conducted twice a year. In the event of a serious accident, we assess whether there is any violation of the Serious Accidents Punishment Act and identify the incident overview to prevent occurrences and recurrences.

Accident causes are categorized into technology/equipment, work processes, and management/training, and countermeasures are established for each category based on the incident overview and root cause analysis.

### Health and Safety Regulatory Monitoring and Response Status (2024)

Category	Cause	Response
Technical/Equipment Factors	Insufficient facilities for prior detection and prevention of forklift collisions	Completed 4 additional measures, including installation of speed limiters in forklifts
Work-related factors	Inadequate management measures for pedestrian walkway segregation	Completed 5 additional measures, including additional pedestrian passage divisions throughout the entire factory
Management/Educational factors	Lack of clarity in managing external forklift access and safe work procedures	Completed 5 additional measures, including reflection of safety clauses in subcontracting agreements



# Strengthening Workplace Health and Safety

## Workplace Risk Assessment

In the Power & Industrial Systems Division, health and safety risk assessments are conducted to proactively identify hazardous and risk factors associated with all activities that may occur during business processes and to prevent industrial accidents. These assessments are classified into regular and non-regular assessments based on their implementation cycle. From March to August 2024, a five-month process was carried out, including preparatory work, assessment execution, establishment of improvement measures, and validity review. Any risk factors identified through the assessment are addressed immediately with corrective actions, and progress is monitored monthly. Follow-up management of improvement actions is performed through health and safety meetings led by team leaders and plant managers.

In the Construction Division, risk assessments are conducted biweekly on an ongoing basis, with technical support provided by the head office during the evaluation process. For the Power & Industrial Systems Division, hazardous and risk factors identified through the assessment are reassessed after implementing improvement measures. This allows comparison of residual risk levels and quantitative confirmation of the effectiveness of mitigation measures in reducing negative impacts.

### Risk Assessment Cycle

Category	Frequency and Implementation Conditions	
Regular Risk Assessment	1 time/1 year	
Irregular Risk Assessment	(1) When new processes or work procedures are introduced or modified (2) When new equipment is introduced or expanded (Even if the equipment already exists, an assessment must be conducted if there is a possibility of additional risk exposure)	(3) When processes or activities are subject to changes in laws or regulations (4) When there are changes in important products or raw materials used in production (5) When workplace accidents or near-miss incidents occur within the company

### Power & Industrial Systems Division (Changwon Plant) Regular Risk Assessment Results

Category	Contents	
Assessment Period	March~August 2024	
Assessment Organizer	General Manager of Health and Safety Management (Changwon Plant Manager) and Safety & Environment Team	
Pre-assessment training	• Conducted training on risk assessment practice course organized by CSO (Total 59 participants completed) • Training Effectiveness Progress 1) Overall satisfaction: 4.60 2) Pre- and post-training self-assessment: 2.70 points (before) → 4.30 points (after)	• Main contents of the training 1) Basic concepts of risk assessment 2) Risk assessment at construction sites and installation sites 3) Learning how to create a risk assessment (identification of risk factors and risk assessment methods) 4) Practice writing risk assessment
Risk Assessment Results	835 improvement tasks identified, 804 completed, and 33 carried over to 2025 <sup>1)</sup> (as of Dec. 24)	

1) Including 2 improvement tasks carried over to 2023

### Risk Assessment Results of the Construction Division

Category	Period	Number of risk factors identified				
Conducted risk assessments	Biweekly	Q1	Q2	Q3	Q4	Total
		762	861	973	699	3,295

### Effectiveness Results of Health and Safety Mitigation Measures in the Power & Industrial Systems Division<sup>2)</sup>

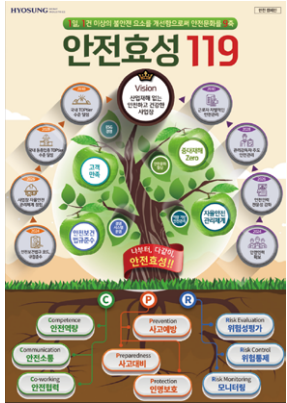
Category	Before Improvement	After improvement
Power Systems PU	3.3	1.6
Industrial Machinery PU	3.1	2.4
Management Headquarters	3.0	2.0
Average	3.2	1.9

2) Scoring of items with risk level grade C or higher on a scale from A (5 points) to E (1 point) and calculation of pre- and post-improvement averages (maximum score: 5 points)

## Health and Safety Training

In the Power & Industrial Systems Division, health and safety training is conducted not only to meet legal safety requirements but also through a structured program tailored to job ranks and specific tasks. Regular employee safety training is delivered via the newly introduced company-wide safety bulletin platform, “Safety Hyosung 119.”

In the Construction Division, health and safety training for hazardous and high-risk work is conducted quarterly in compliance with statutory obligations. For designated safety training certification participants, a completion rate of 93% was achieved. Additionally, semiannual safety training sessions for partner companies were conducted. In 2024, a total of 50 training sessions were held for 1,166 participants from 22 suppliers involved in structural, civil, and finishing work at various sites.



### Health and Safety Training Performance of the Power & Industrial Systems Division

Category	Target Personnel	Content	Number of participants (Training hours)
Statutory safety and health training	New employees, job change, workers (clerical/skilled), supervisors, hazardous and dangerous workers	Implementation of statutory Health and Safety training by target personnel classification	2,655 (57,802 hours)
Outside specialized instructors Collective safety education	All employees who work with hazardous and dangerous machinery and equipment	Safety rules for hazardous and dangerous work and worker safety awareness	1,040 <sup>3)</sup>
Safety education videos	Visitors, new employees, and contractors at Changwon Plant	Production and delivery of safety training videos for three courses developed at the Changwon Plant site	-
Specialized training organized by CSO	Safety experts	Execution of six professional development courses, including safety leadership and risk assessment	347 (246 hours)

3) Including suppliers

### Health and Safety Training Performance of the Construction Division

Quarter	Content	Number of participants
Q1	Special safety training for hazardous and dangerous work	4,974
Q2		10,832
Q3		4,045
Q4		5,978

# Strengthening Workplace Health and Safety

## Emergency Evacuation Drill at Changwon Plant

Due to the occurrence of multiple fire accidents resulting in casualties caused by failure to evacuate within the golden time of five minutes, emergency evacuation drills were conducted from October 8 to 11, 2024, to minimize human casualties.

### Emergency Evacuation Drills at Changwon Plant

Category	Target Personnel	Training Date
Changwon Plant 1	All employees (including internal partners)	Oct. 8, 2024
Changwon Plant 3		Oct. 10, 2024
Changwon Plant 2		Oct. 11, 2024
Changwon Plant 4		

## Implementation of Morning Commute Safety Campaign

To raise Health and Safety awareness among employees at the Changwon Plant, a “Morning Commute Safety Campaign” was conducted on March 24, 2024, to foster a shared sense of safety starting from the commute to work. During employees’ commuting hours, safety-related music was played at the main gate of Plant 1, the side gate, and the main gate of Plant 3, providing an opportunity to reinforce Health and Safety consciousness. Additionally, business cards containing QR codes with information on near-miss incidents and potential hazards were produced and distributed to share critical safety information.



Safety Campaign Activities on the Way to Work

## Safety Talk System

To promote the sharing of practical safety knowledge among all employees, the “Safety Talk” initiative was launched on March 5, 2024. Under this program, a brief safety discussion is conducted prior to the start of internal business meetings. The meeting organizer uses materials from the company’s internal bulletin board, “Safety Hyosung 119”, to lead the discussion, leveraging resources on various topics such as seasonal considerations and environmental factors to provide safety-related knowledge and awareness.

## Emergency Preparedness Drills in the Construction Division

Emergency preparedness drills were conducted to establish manuals and review measures in preparation for serious accidents. Various emergency scenarios, including fire, collapse, falls, and electric shocks, were developed based on site-specific conditions and incorporated into the drills.

### Emergency Preparedness Drills for the Construction Division

Category	Number of sites	Participants (Hyosung Heavy Industries & Construction personnel/suppliers)
Q1	18	955 (287/668)
Q2	20	1,049 (286/763)
Q3	20	1,258 (297/961)
Q4	21	1,727 (307/1,420)



Construction Division Emergency Preparedness Drill

### Health and Safety Campaign for the Construction Division

Category	Date/Cycle	Content
Award for Excellence in Health and Safety Evaluation	Quarterly	• Provision of coffee and snack trucks to sites recognized as best performers in Health and Safety evaluations and those showing significant improvement compared to the previous quarter
Heat Illness Prevention Campaign	Jul. 2024	• Distribution of support supplies at sites to prevent heat-related illnesses during extreme heat periods
Safety Day Event	Dec. 2024	• Implementation of joint Health and Safety inspections and recognition activities for outstanding partner companies • Participation of 21 sites (3,310 personnel)
‘ZERO’ Serious Accidents Resolution Ceremony	Mar. 2025	• Organization of a resolution ceremony to achieve zero serious accidents for the fourth consecutive year



Construction Division ‘ZERO’ Serious Accidents Resolution Ceremony



Quarterly Award for Excellence in Health and Safety Evaluation

# Strengthening Workplace Health and Safety

## Enrollment in Comprehensive Overseas Safety Management Service

To ensure the safety of employees working at 14 overseas subsidiaries worldwide, we have introduced a comprehensive overseas safety management service. Previously, only insurance coverage for compensation was in place, which limited access to local medical services and appropriate initial responses during emergencies.

By adopting this service, which offers 24/7 emergency response throughout the year, we aim to minimize damage through the provision of proactive global safety and security information and prompt response measures.

### Status of Comprehensive Overseas Safety Management Service Utilization

Period	Total number of inquiries	Number of services utilized	Remarks
Apr. 2024 ~ Feb. 2025	85	16	Detailed Service Usage - 9 Medical Cases - 7 Security Cases

## Promoting Employee Health

### Implementation of Employee Health Checkups

We provide health checkups for all employees and enroll them in group accident insurance to ensure a safe and healthy work environment. Additionally, special health examinations are offered to employees exposed to hazardous factors. As of 2024, the health checkup participation rate reached 99.6%, with non-participants excluded due to industrial accidents or leave of absence.

### Occupational Health Consultations and Employee Wellness Promotion

We provided occupational health consultations and prescribed medication to employees identified as high-risk within the group of those with suspected diabetes. These activities were carried out in three sessions on March 10, 17, and 20, 2024, to ensure continuous health management for the employees concerned.

## Health and Safety Competency Evaluation of Suppliers (Power & Industrial Systems Division)

We conduct semiannual qualified supplier evaluations for partner companies to identify outstanding firms and foster sustainable partnerships. Additionally, project-specific contractor evaluations are conducted, and penalties will be imposed on non-compliant companies in accordance with regulations starting in 2025.

### Power & Industrial Systems Division Qualified Supplier Evaluation Results

Qualified suppliers assessment category		Evaluation targets	Evaluation result	
			Qualified	Non-Qualified
First half	Contractors	79	79	-
	Construction contractors	55	53	2 companies (subject to 3 month bidding restriction)
Second half	Contractors	76	76	-
	Construction contractors	62	62	-

## Health and Safety Competency Evaluation of Suppliers (Construction Division)

We are implementing comprehensive capability assessments to regularly evaluate the Health and Safety management level of suppliers. All new suppliers are required to submit Health and Safety evaluation results from a certified credit rating agency as part of the registration process.

For suppliers engaged in construction projects, semiannual Health and Safety management evaluations are conducted. Outstanding suppliers are granted incentives such as bid guarantees, while underperforming partners face penalties, including bidding restrictions.

## Regular Health and Safety Meetings with Suppliers' Representatives

As part of industrial accident prevention measures, we hold monthly meetings with suppliers' representatives to discuss Health and Safety matters, including work process coordination and evacuation procedures in the event of an accident. These meetings aim to bridge Health and Safety gaps between primary and subcontractors and contribute to preventing workplace accidents.

### Performance of Regular Health and Safety Meetings with Suppliers' Representatives in 2024

Category	Number of regular meetings held	Feedback collection and improvement
Target	12	27
Performance	12	27
Implementation rate	100%	100%

# Strengthening Workplace Health and Safety

## Metrics and Targets

### Major Performance of Safety & Health in Power & Industrial Systems Division in 2024

Category	Goal and Task Names	Indicator	Unit	Performance	
Health & Safety Vision	<b>"A safe and healthy workplace free from industrial accidents"</b>				
	① Industrial Accident Rate		%	0.99	
	② Lost Time Injury Rate (LTIR)		-	1.58	
	③ Number of safety accidents	Serious accidents (including fatalities)	No. of Accidental Industrial Injuries	0	
		Serious injury accidents (hospitalization of 1 month or more)		0	
		Minor injury accidents (hospitalization less than 1 month)		16	
④ Process accidents (fire, explosion, etc.)		Incidents		0	
Major Implementation Tasks	C	① Competence (Safety Competence) • Enhancing expertise through specialized safety training	Number of trainees	Employees	284
		• Expanding the number of safety-related certifications to foster safety professionals	Number of safety certifications obtained	No.	2
		② Communication (Safety Communication) • Strengthening safety communication based on internalization of safety and health meetings	Improvements based on workers' feedback	No.	145
		③ Co-working (Safety Cooperation) • Actively responding to requests for safety services at internal and external sites	On-site consulting with safety organizations	Times	34
	P	① Prevention (Accident Prevention) • Preemptive elimination of risk factors through safety inspections (daily, special, joint labor-management inspections, etc.)	Improvement of unsafe conditions	No.	3,679
		② Preparedness • Investment in facilities to eradicate five high-risk hazards (falls, collisions, drops, electric shocks, and suffocation)	Safety investments, repair and maintenance	No.	14
		③ Protection • Training first aid personnel for emergency response in the event of an emergency	Number of certified first aid training completers	No.	128
		R	① Risk Evaluation - Always on the lookout for hazards to eliminate on-site risks	Potential risk improvements	No.
	② Risk Control • Strongly enforce the process of stopping work (use)		Number of suspension of operation (usage)	No.	78
	③ Risk Monitoring • Exclusion of companies that fail to comply with work permit procedures and safety measures		Number of companies expelled	EA	1
	• Dissemination of major risks, including accident cases and work stoppages		Rate of safety issue dissemination and confirmation of improvement	%	88

### Major Performance of Safety & Health in Construction Division in 2024

Category	Indicator	Unit	Plan	Results	Implementation Rate
Head-quarters	Fatality Rate 'O'	%	0	0	100%
	Underreporting and Concealment of Occupational Injuries 'O'	Cases	0	0	100%
	On-site safety training conducted under the leadership of the Construction CSO and Head of the Construction Safety and Health Team	No.	90	91	101%
	Operation of ISO 45001 and successful completion of surveillance audit	No.	1	1	100%
	Initial and periodic risk assessment Headquarters support	No.	20	22	110%
	Establishing and disseminating risk assessment guidelines	No.	1	1	100%
	Unannounced inspection of risk assessment implementation level	No.	24	29	121%
	Completion rate of safety training certification program	%	90	93	103%
	Completion of Special Safety Training	Person	-	20,855	-
	Worker medical examinations	Person	-	4,678	-
Sites (24 sites)	Workplace environment measurement	No.	-	46	-
	Risk assessment	No.	-	3,295	-
	Safety Consulting	No.	-	174	-
	Worker Feedback Collection	No.	-	157	-
	Recognizing outstanding workers	No.	-	293	-
	Joint Labor-Management Safety Inspection	No.	-	208	-

### Mid-to Long-term Goals for Safety and Health Management

Division	Category	2025	2026	2027	Remarks
Power & Industrial Systems	Safety Culture Score <sup>1)</sup>	3.0	3.5	4.0	Base year: 2024 (Score: 2.7) Final Target: 2030 (Score: 6.0)
Construction	Fatality rate	0	0	0	-

1) Score that evaluates the maturity level of an organization's safety culture based on DNV's International Safety Rating System (ISRS)  
(The highest achievable safety culture score in the manufacturing industry is 6.0)

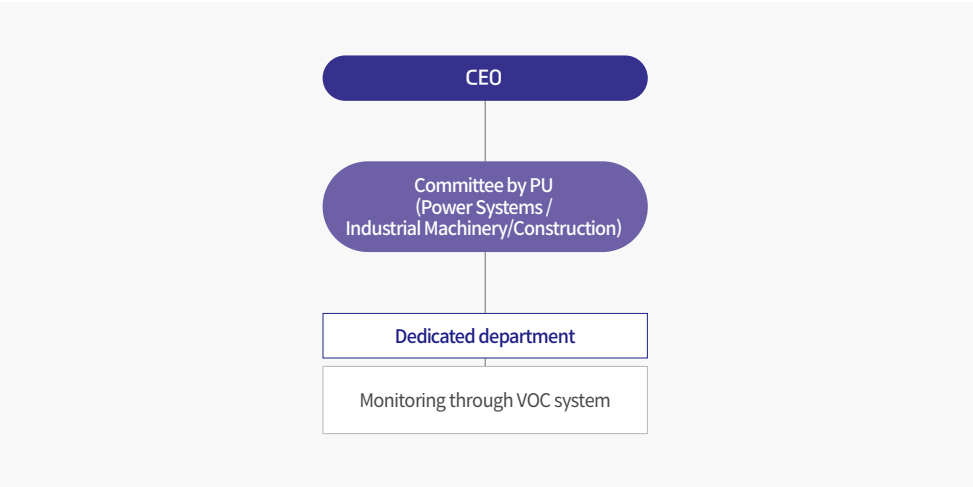
# Customer Obsession

## Governance

### Customer Obsession Management Organization System

To practice Customer Obsession, we operate a systematic decision-making and execution system based on Voice of Customer (VOC) data. Teams conduct frequent monitoring through the VOC system, and important VOC cases are shared during monthly PU-specific committees led by the PU heads.

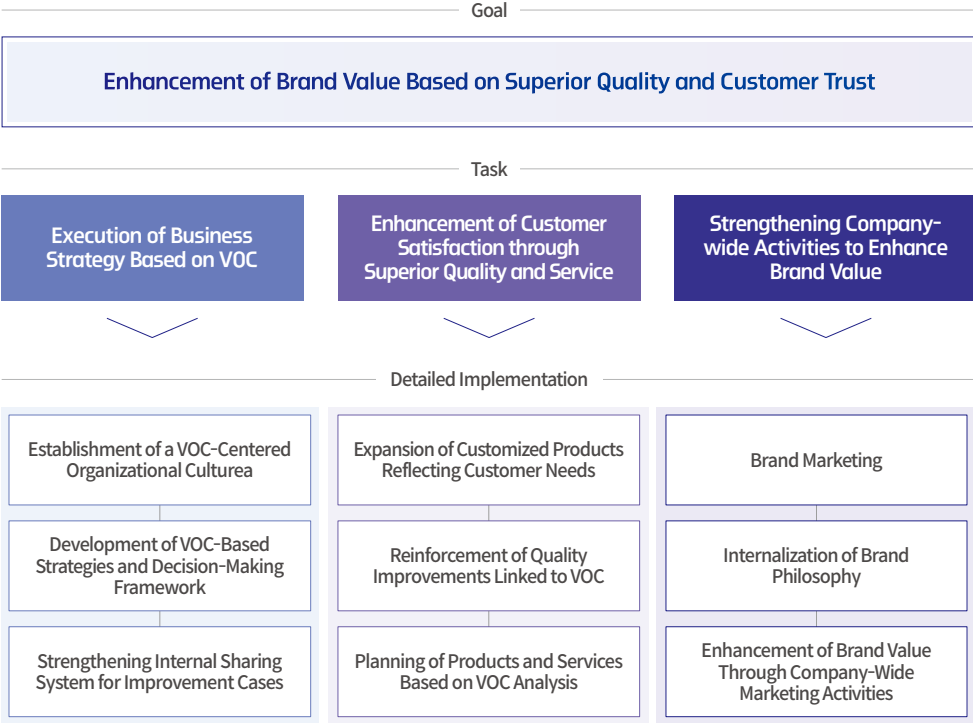
Organizational Structure for Customer Obsession



## Strategy

### Customer Obsession Strategy

With the goal of enhancing brand value based on superior quality and customer trust, we have established a VOC-driven strategy to implement Customer Obsession. Focusing on three key initiatives (business operations based on VOC, quality and service improvement, and brand value enhancement), we develop and execute action plans for each initiative to drive company-wide implementation.



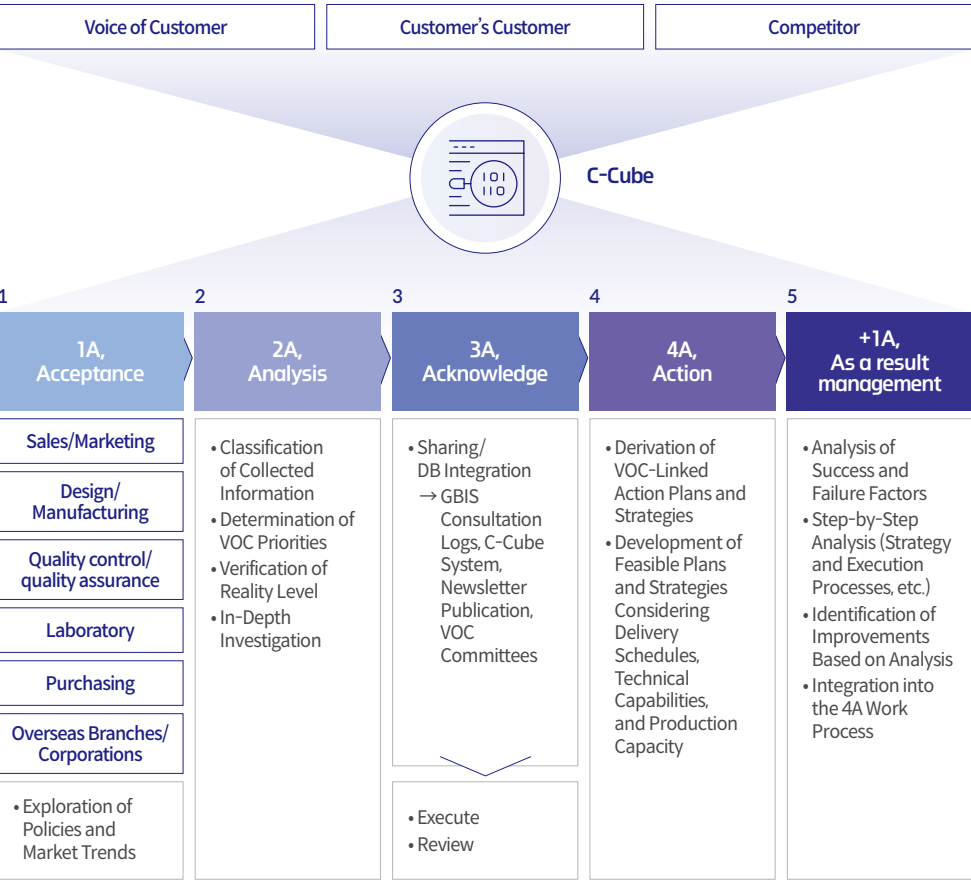


# Customer Obsession

## Risk Management

### VOC Monitoring and Execution Framework

To proactively respond to customer needs, we established a monitoring process based on the “4A+1A” framework, covering VOC collection, strategy development, execution, and improvement. VOC information is gathered by considering equipment operating environments and changes in technology trends, enabling the identification of necessary response actions. Additionally, we integrated systems such as GBIS consultation logs and the C-Cube system into a company-wide, shareable database and advanced the VOC execution framework.

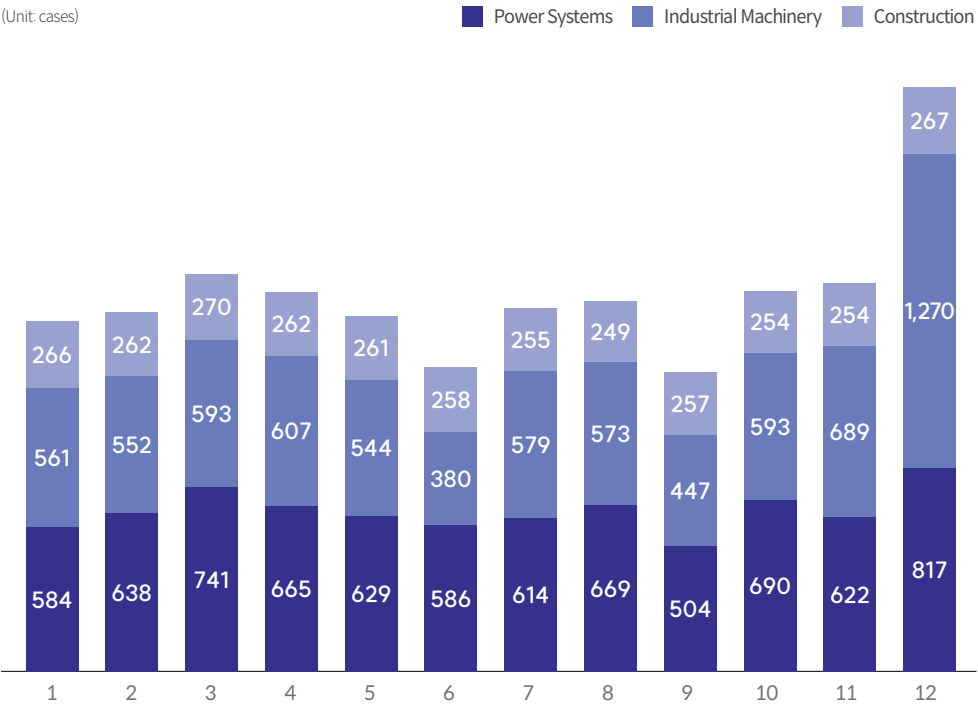


### VOC Monitoring Results

The Power & Industrial Systems Division uses the C-CUBE system to systematically manage consultation logs by classifying VOC from the Power Systems and Industrial Machinery PUs according to division and type. The Construction PU monitors VOC on a monthly basis by categorizing them by division, type, and grade, while also incorporating external factors such as site safety inspection results, material prices, and market trends. All data is registered and reported through the GBIS system. In 2024, an average of approximately 1,522 VOC cases were registered per month. Within the Power & Industrial Systems Division, a significant proportion of VOC was related to power facilities and gear solutions, while the Construction PU recorded a high number of VOC related to construction activities and bidding/contract processes.

### Monthly VOC Registration Status in 2024

(Unit: cases)



# Customer Obsession

## Customer Obsession Activities

### Examples of VOC Assetization

We share activity performance and status on a monthly basis and provide training to achieve upcoming goals while implementing improvement measures for key VOC issues discussed.

In the Power Systems PU of the Power & Industrial Systems Division, issues such as failure rates and costs associated with AIS<sup>1)</sup> systems were identified, leading to the proposal of GIS<sup>2)</sup> solutions to ensure economic efficiency and quality reliability.

In the Construction PU, efforts were made to address residents' concerns regarding floor noise by developing interlayer sound insulation materials.

		GIS Suggested Solutions		
		Customer	Status	VOC Improvements
Power & Industrial Systems Division	Power Systems PU	Chile Power Markets	<ul style="list-style-type: none"> <li>Use of AIS-type transmission and substation facilities with low initial investment → Burden of securing large land areas, increased maintenance costs due to frequent upkeep, and higher failure rates compared to GIS</li> <li>Growing demand from power producers for reliability and stability due to the expansion of renewable energy</li> </ul>	<ul style="list-style-type: none"> <li>Provision of solutions to convert AIS substations to GIS substations from the initial design stage</li> <li>Successful order intake for two AIS-to-GIS substation conversion projects in 2024</li> </ul>
	Industrial Machinery PU	FAN Manufacturing Client	<ul style="list-style-type: none"> <li>Increased social awareness of safety → Rising demand for smoke ventilation motors capable of operating at high temperatures to discharge smoke in the event of a fire in building underground parking areas</li> <li>Lower performance compared to competitors</li> </ul>	<ul style="list-style-type: none"> <li>Development and launch of improved smoke ventilation motors capable of operating at high temperatures (300°C for 3 hours)</li> </ul>
		Development of Smoke Reduction Motors		
		Customer	Status	VOC Improvements
Construction PU		Residents of apartments and other collective housing	<ul style="list-style-type: none"> <li>Identification of resident needs for interlayer noise prevention</li> </ul>	<ul style="list-style-type: none"> <li>Signing of a technology development agreement with a specialized soundproofing material company for the development of interlayer sound insulation materials for multi-family housing (Nov. 2024)</li> <li>Completion of proprietary interlayer sound insulation material development for multi-family housing (Mar. 2025) and ongoing performance certification</li> </ul>
		Improving VOCs for Residents by Preventing Noise between Floors		
		Customer	Status	VOC Improvements

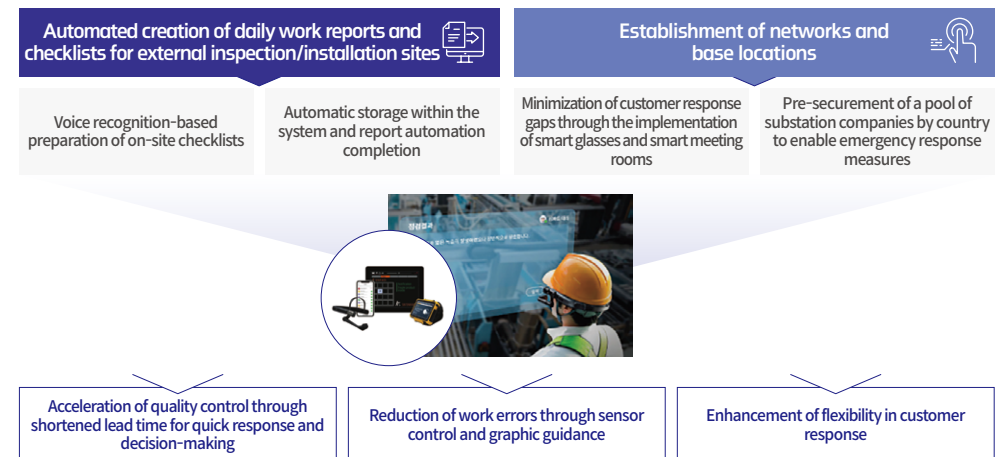
1) AIS: Air Insulated Switchgear 2) GIS: Gas Insulated Switchgear

### Expansion of Services to Meet Customer Needs

#### Enhancement of On-Site Response System Using Smart Glasses

The Power Systems PU introduced a total of 12 smart glasses, with six units deployed at domestic sites and six at overseas branches, to enable immediate response to on-site quality issues and incidents. These smart glasses facilitate real-time video sharing and two-way communication between on-site teams and relevant departments. Additionally, we systematically accumulate on-site work data for customers in Europe and Norway to enhance the customer response system in these regions.

#### Introduction of Smart Glasses



### Strengthening Business Competitiveness Through Enhanced Customer Satisfaction

We continuously manage customer requests and VOC (Voice of Customer) and reflect them directly and indirectly in business activities to improve customer satisfaction and strengthen overall business competitiveness.

#### VOC Reflection Key Cases and Achievements

Years	Category	Status	VOC Improvements and Achievements
2023	Securing a Large-Scale Transmission Network Construction Project in Australia	<ul style="list-style-type: none"> <li>Concerns over supply chain, shipping, and geopolitical risks during the COVID-19 pandemic</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of a long-term partnership and contract signing with the client by offering competitive pricing</li> </ul>
2024	Acquisition of Phase Shifting Transformer (PST) Technology and Track Record	<ul style="list-style-type: none"> <li>Growing demand for control devices due to increased variability in power generation and transmission facilities</li> </ul>	<ul style="list-style-type: none"> <li>Ensuring operational stability and efficiency compared to other power flow control equipment</li> <li>Delivery of 330kV PST to the Australian market (2023)</li> <li>Ongoing discussions on PST introduction in Europe, including North America and the Middle East</li> </ul>



# Customer Obsession

## Development of Differentiated Features for Harrington Place

When developing materials, interior finishes, and building exteriors, we incorporate customer feedback and the latest trends. To provide a differentiated customer experience, we operate community facilities such as Smart Harrington (a home IoT platform) and pet care zones.

### Smart Harrington

Smart home devices in Harrington Place can be monitored and controlled through a mobile app. The system supports scheduling functions by time and day for in-unit features such as lighting, heating, elevator calls, and standby power shutdown.

### Pet care zone/Unmanned Laundry Room

In response to customer VOC and the growing number of households raising pets, we introduced pet care zones in select residential complexes. Additionally, unmanned laundry rooms accessible without time restrictions were installed to enhance convenience for residents.

### Sky Community

To meet the growing demand for exclusive resident spaces and align with the trend of upgrading community facilities, we operate a sky lounge on the upper floors of the apartment buildings.

### Media Room

Media room is provided, enabling various cultural activities such as video production, as well as watching movies and listening to music.

### Indoor Smart Farm

Indoor smart farm is provided, allowing residents to engage in hands-on activities such as growing plants indoors.



Unmanned Laundry Room



Pet Care Zone



Sky Community



Media Room



Indoor Smart Farm

## Metrics and Targets

### Customer Obsession Targets

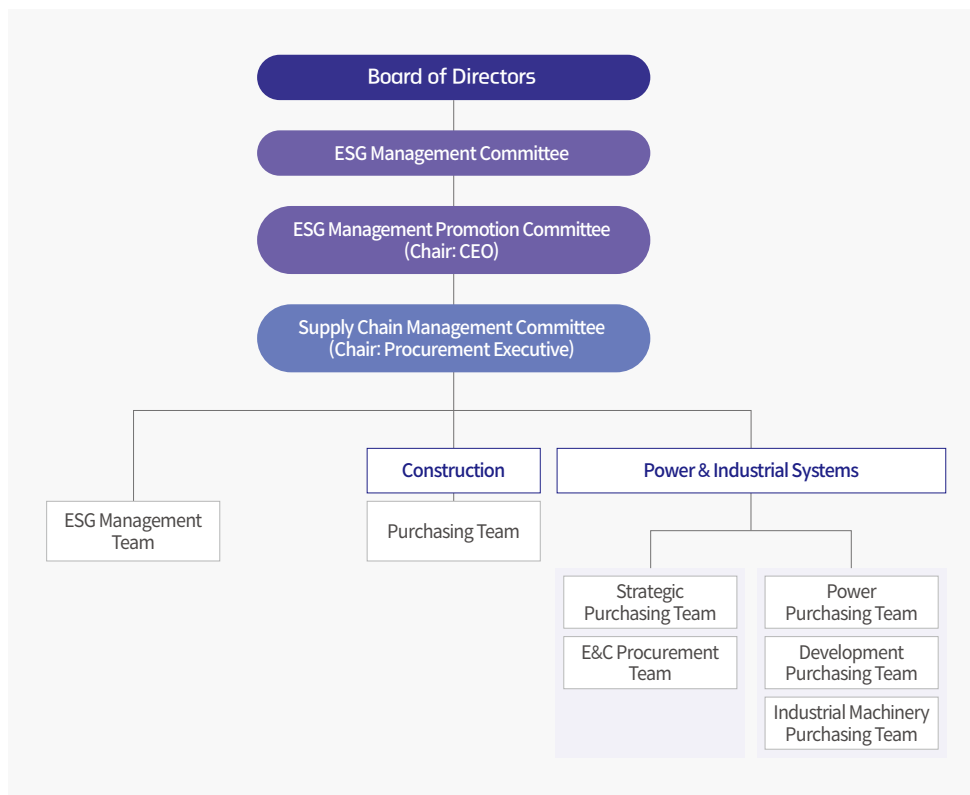
Category	Metric	Unit	Performance and Target		
			2024 Target	2024 Performance	2025 Target
Power & Industrial Systems Division	Power Systems PU	Number of VOC committees held	Number	12	12
		VOC Assignment Alignment Target Order Value	KRW 100 million	3,090	8,554
	Industrial Machinery PU	Number of C-Cube meetings held	Number	12	12
Construction PU	Number of VOC activity inspection meetings held		Number	12	12
	Number of GIBS registrations		Number	2,900	3,115

# Sustainable Supply Chain

## Sustainable Supply Chain Management System

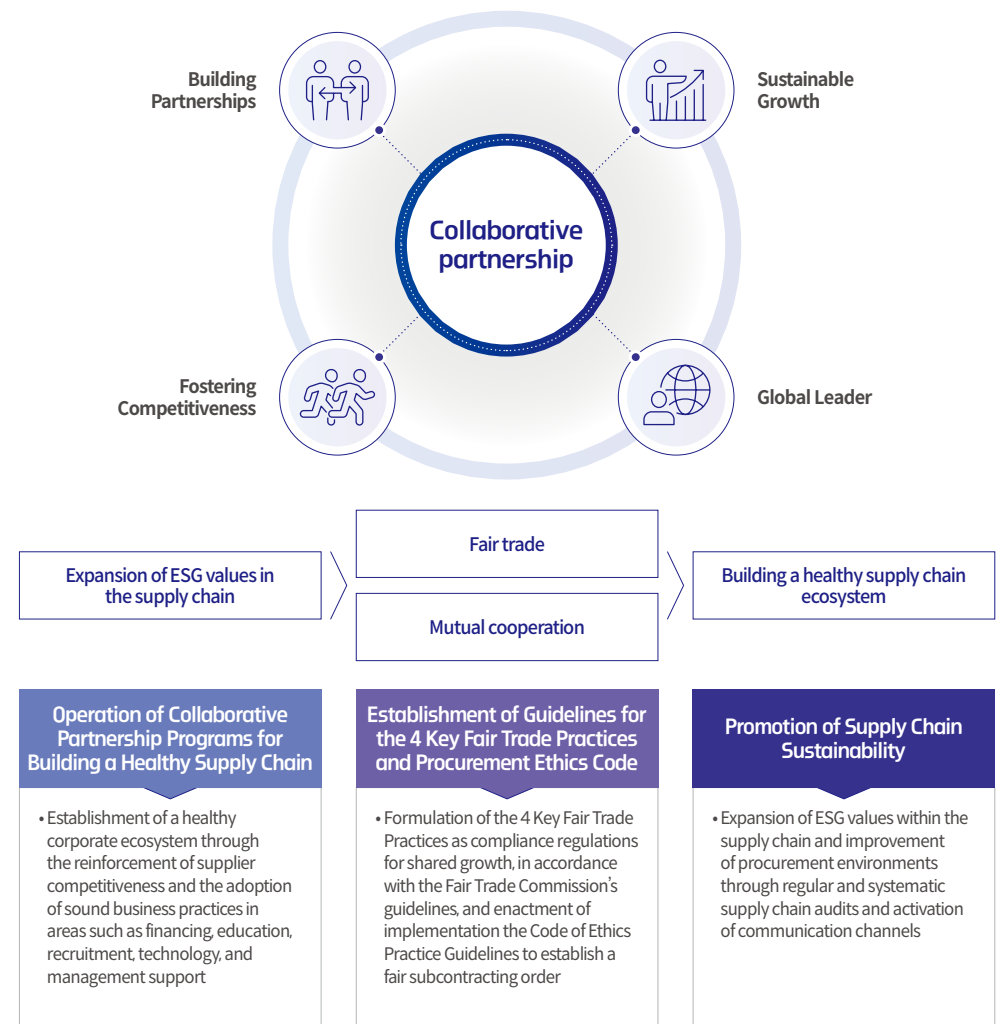
To ensure the smooth implementation of sustainable procurement, a supplier management organizational structure has been established under the leadership of purchasing departments at each business site. These departments are responsible for identifying and managing risks within the supply chain and report key matters to the Supply Chain Management Committee, which operates under the CEO. Additionally, supply chain-related issues are subject to an internal materiality assessment process, and the results are reported to the ESG Management Committee, the highest decision-making body for sustainability management, for review and decision-making at the board level.

Supply Chain ESG Management System Organization Chart



## Sustainable Supply Chain Management Strategy

To secure a driving force for sustainable growth, we are promoting a virtuous cycle strategy of shared growth aimed at strengthening the competitiveness of suppliers.



# Sustainable Supply Chain

## Sustainable Supply Chain ESG Guidelines

To establish a system that enables mutual cooperation across the entire supply chain, we enacted the Sustainable Procurement Policy and disclosed it on our website, with the latest revision made on July 5, 2024. To ensure that all suppliers fulfill their social responsibilities and achieve shared growth, we formulated and published the Supplier Code of Conduct, which was last revised on September 13, 2024.

Based on the recommendations of the Fair Trade Commission, we incorporated the 4 Key Fair Trade Practices (contract execution, supplier selection and operation, establishment and operation of internal review committees, and issuance and retention of written documents) into company regulations and disclosed them on our website.

Additionally, to promote compliance and foster a culture of fair trade, we established implementation the Code of Ethics Practice Guidelines for purchasing departments and disclosed them on our website. To protect the rights and technologies of suppliers, we also published on our website guidelines regarding the prohibition of retaliation and the technology escrow system.

## Execution of Supplier Code of Conduct Compliance Pledge

To ensure compliance with the Hyosung Heavy Industries Supplier Code of Conduct and facilitate cooperation within an objective and reasonable scope for due diligence in response to the EU Corporate Sustainability Due Diligence Directive (CSDDD), relevant provisions are included in all contracts signed with suppliers. Furthermore, the scope of parties required to submit compliance pledges has been expanded to include overseas suppliers as of August 2024.

## Request for Suppliers' Compliance with Sustainability Requirements

To strengthen the management of sustainability-related risks among suppliers, we provided guidance on compliance requirements, establishing a foundation for raising ESG awareness. For external suppliers, compliance guidelines related to safety management were communicated in December 2024, contributing to the development of a mature safety culture. Additionally, to eradicate forced labor and human trafficking and raise awareness about the prohibition of conflict and responsible minerals, information on global regulatory trends and response measures was shared in December 2024 with suppliers that had transaction records, including 1,186 domestic and 376 overseas companies. Furthermore, to manage human rights risks such as forced labor and child labor, a comprehensive review was conducted covering 1,532 suppliers in the Power & Industrial Systems Division and 723 suppliers in the Construction Division. The results confirmed that there were zero cases of transactions involving products manufactured in regions vulnerable to human rights violations as of 2024.



Safety Management Compliance Poster

# Sustainable Supply Chain

## Supply Chain Management Process

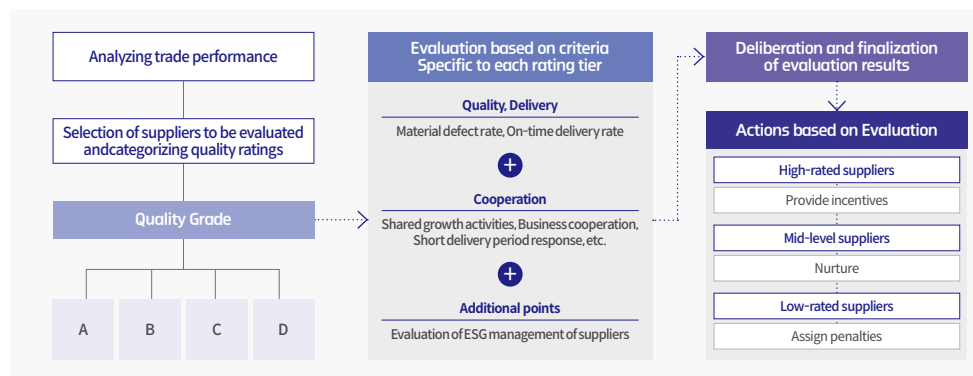
In October 2024, we revised the registration review checklist and the new supplier registration manual for the Power & Industrial Systems Division to verify the presence of forced labor and the use of conflict minerals during the onboarding process for new suppliers.

Regular supplier evaluations are conducted to enhance supply chain sustainability, granting additional points for ESG management performance in addition to traditional criteria such as quality, cost, and delivery. These evaluations are performed twice a year for the Power & Industrial Systems Division and once a year for the Construction Division.

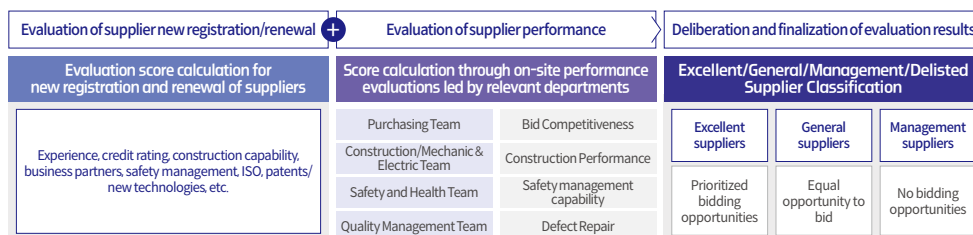
For new supplier registration assessments in the Power & Industrial Systems Division, a comprehensive review is conducted, covering not only management aspects such as operations, Health and Safety, and production but also sustainability factors including environment, safety, human rights, and labor practices. On-site audits are carried out for suppliers classified within quality grades A to C.

High-rated suppliers in the Power & Industrial Systems Division receive incentives such as designation as Fair Trade Agreement partners and access to collaborative partnership programs, whereas low-rated suppliers face penalties, including reduced order volumes, suspension of transactions, and exclusion from Fair Trade Agreement renewal eligibility. Similarly, the Construction Division applies incentives for bidding opportunities and penalties based on supplier evaluation results.

### Power & Industrial Systems Division Supplier Evaluation Process



### Construction Division Supplier Evaluation Process



## Operation of Supply Chain ESG Self-Assessment

To build a sustainable supply chain and raise awareness of sustainability management among suppliers, ESG self-assessments are conducted twice a year for the Power & Industrial Systems Division and once a year for the Construction Division. Customized ESG self-assessment checklists have been developed and implemented for each division to reflect the characteristics of their respective industries. In February 2025, new survey items related to forced labor, conflict minerals, and information security were added to the Power & Industrial Systems Division's ESG self-assessment checklist to enhance the comprehensiveness of the evaluation. For suppliers identified through the self-assessment as non-compliant with environmental requirements, submission of improvement plans and countermeasures is requested, and follow-up monitoring is conducted to verify implementation starting in 2025.

### ESG Self-Diagnosis in 2024

Category	Total number of suppliers	Number of suppliers subject to ESG self-diagnosis	Number of suppliers conducting ESG self-diagnosis
Power & Industrial Systems Division	1,578	Half 1: 563 Half 2: 523	Half 1: 343 Half 2: 369
Construction Division	2,557	2,557	1,382

### ESG Self-Assessment Indicators by Sector

Power & Industrial Systems Division		Construction Division	
Environment	General Environmental Overview	Environment	General Environmental Overview
	Pollutant Management		Climate Change Response
	Climate Change Response	Social	Working Conditions
Social	Working Conditions		Work Environment
	Work Environment		Forced Labor
	Information Security (New in February 2025)	Governance	Fair Trade and Contract Management
Governance	Forced Labor and Conflict Minerals (New in February 2025)		Management and Disclosure
	Fair Trade and Contract Management		Ethical Management
	Management and Disclosure		
	Ethical Management		

# Sustainable Supply Chain

## Supply Chain Collaborate Partnership Programs

We operate various collaborative partnership programs within the supply chain to enhance suppliers' quality, delivery, price competitiveness, and sustainability management capabilities. These programs include sustainability training and consulting support, energy-saving consulting and equipment assistance, safety, quality, and productivity improvement initiatives, as well as support for better working conditions, all aimed at strengthening suppliers' ESG capabilities.

Through the establishment of fair trade practices and active collaborative partnership initiatives, we achieved an "Excellent" rating in the 2024 winwin growth evaluation of Korea Commission for Corporate Partnership(KCCP).

### Performance of Supply Chain Collaborative Partnership Activities in 2024

Theme	Program Name	Details	Performance in 2024	Amount Supported (KRW million)
Climate Crisis Response	Energy saving consulting and facility support	Diagnose suppliers' workplaces to discover ways to reduce energy consumption and support necessary facilities	Conduct on-site diagnosis and consulting for 2 companies and support energy savings through the introduction of air compressors	80
Supply Chain ESG Management Support	Support for ESG management training and consulting	Conduct online and offline training and consulting to improve suppliers' sustainability management capabilities	Provide sustainability management training and consulting to 8 companies	45
Safety & Work Environment	Support for compliance certification with the Serious Accidents Punishment Act (SAPA)	Conduct risk assessment and consulting for suppliers in collaboration with law firms, and granted certification to those who completed improvements	Support 44 companies in obtaining SCC certification	354
	Support for Safety Supplies	Provide safety diagnosis and training for suppliers and safety-related supplies	Provide safety supplies to 24 companies, including items to prevent pinching and falls	
	Support for Improving Working Conditions	Supply to prevent heat illness and improve working conditions for suppliers' workers	Provide ventilation fans, break room supplies, portable dust collectors, and cleaning equipment, and other items to 23 companies	
Quality Improvement	Support for quality improvement	Provide quality-related facilities such as quality inspection and testing equipment to suppliers	Provide quality improvement facilities to 13 companies, including AR appearance inspection equipment and eco-friendly drying facilities	440
Other support	Support for award for excellent suppliers	Award rewards to outstanding suppliers to encourage their performance and strengthen sustainable mutual cooperation	Award 7 companies at the supplier meeting in the second half of the year	177
	Support for PC renewal for suppliers	To improve suppliers' office environment and smooth operation of PC equipment, clean idle PCs in-house and provided them with new PC supplies	Provide PCs, monitors, keyboards, etc. to 66 companies	
	Management Advisory Support	Provide self-management team and consulting reports through an online platform to improve financial structure and support strategic management decision-making	Provide management team consulting reports to 176 companies	
	Support for eligible industries	Support booth fees for exhibitions and skill competitions and sponsor welders to expand sales and raise awareness of the industry	Support 2 booths and sponsor 10 welders for the National Welding Skills Competition	
	Performance Sharing System	Select and carry out performance-sharing projects jointly with partner companies, and distribute incentives based on the results of the project execution	Sign performance sharing contracts and provide incentives to 25 companies	
	Rice support to thank excellent suppliers	Gifts of rice to excellent suppliers as a sign of gratitude to build trust and promote sustainable partnerships	Provide gratitude rice to 250 excellent suppliers	

\* The above table was prepared based on the Collaborative Partnership Deliberation, and support for safety equipment and improvement of working conditions is currently in progress and scheduled for completion within 2025.

# Sustainable Supply Chain

## Implementation of Subcontract Payment Adjustment System

To enhance supply chain stability, we implemented a price linkage contract system for delivery payments. This system supports suppliers in adapting to the highly volatile raw material market and ensures stable business operations by adjusting delivery payments in proportion to price fluctuations when the prices of key raw materials exceed a specified threshold. As of 2024, a total of 58 price-linked delivery contracts were signed for key raw materials such as steel and copper.

## Fair Trade Agreement Signing and Support for Outstanding Suppliers

Based on the results of supplier evaluations, we enter into Fair Trade Agreements with outstanding suppliers. The agreement includes provisions such as compliance with Fair Trade Act, cash payment of transaction amounts, and participation in mutual cooperation support programs. Suppliers are also required to sign a pledge to comply with the Supplier Code of Conduct. We provide benefits such as payments made three times a month and cash payment within 10 days after invoice issuance, contributing to improved cash flow for our suppliers.

### 2024 Support Status for Outstanding Suppliers of Hyosung Heavy Industries

Category	Number of suppliers with fair trade agreements	Pledge to comply with the Supplier Code of Conduct	Amount of cash payments	Estimated Interest Reduction
Performance	602 companies	602 companies (100%)	1,004,038 KRW million	6,296 KRW million

## Holding of Supplier Roundtable Meetings

To foster active communication and incorporate feedback from suppliers, we held supplier roundtable meetings twice in 2024 (May and December). These meetings served not only as a platform for dialogue but also as an opportunity to strengthen partnerships through activities such as tree planting and awards ceremonies for outstanding suppliers.



Meetings with suppliers in the first half of the year

Meetings with suppliers in the second half of the year

### Results of Suppliers Meeting Activities in 2024

Category	Date	Location	Participating Suppliers	Activities
First half-year supplier meeting	May 10, 2024	Sangam-dong Sunset Park	19 companies	<ul style="list-style-type: none"> <li>Conduct planting activities in Noeul Park</li> <li>Listen and communicate with suppliers</li> </ul>
Second half-year Supplier meeting	December 5, 2024	Sevit Island Complex Cultural Space	44 companies	<ul style="list-style-type: none"> <li>Award for outstanding suppliers</li> <li>Listen and communicate with suppliers</li> </ul>

## Communication Channels with Suppliers

We operate a reporting channel on our website to receive suppliers' grievances and complaints, thereby ensuring regulatory compliance and establishing sound transaction practices through the "[Whistleblowing Center](#)". Through Voice of Supplier (VOS) activities, we maintain communication with suppliers, and any reported issues are managed by assigning a dedicated representative and monitoring the resolution status using the CRM system. Additionally, we operate the "Hyosung Sinmungo" system within the e-procurement system, allowing suppliers to voice concerns from their perspective.

To protect whistleblowers, procurement personnel are restricted from accessing details related to submitted reports.

### Operation Status of Communication Channels within the E-Procurement System

Category	Number of reports	Response and action rates
Grievance inquiries	117 cases*	100%

\* Including simple inquiries such as system access issues

## Sustainable Supply Chain Metrics and Targets

To ensure a sustainable supply chain, we are in the process of establishing annual implementation plans and targets. These plans and targets are integrated into executive KPIs to promote shared growth with suppliers and strengthen accountability for sustainable supply chain management.

Based on supply chain due diligence, we systematically identify and manage risks while planning to provide ESG assessments, training, and consulting support to enhance suppliers' sustainability management capabilities.

### 2025 ESG Targets for a Sustainable Supply Chain

Category	2024 Performance	2025 Plan
Advancement of Supply Chain Evaluation System	Operation of Supply Chain ESG Self-Assessment Framework	<ul style="list-style-type: none"> <li>Addition of Items on Forced Labor and Conflict Minerals</li> <li>Addition of Information Security Domain</li> <li>Expansion of Improvement Plans and Monitoring for Suppliers Violating Environmental Regulations</li> </ul>
Provision of Sustainability Training and Consulting Support	8 companies	30 companies

# Connect Earth

Environmental Management	49
Environmental Impact Management	53
Biodiversity Conservation	57



# Environmental Management

## Direction for Promoting Environmental Management

8 mid- to long-term goals (KPIs) for environmental areas have been established and approved by the Green Management Committee.

### Environmental Management Promotion Vision



### Mid- to Long-Term Goals for Reducing Environmental Impact

Category	Environmental Impact Reduction Targets (KPIs)
Greenhouse gas emission reduction	<ul style="list-style-type: none"> <li>14.5% reduction in absolute emissions by 2030 compared to 2018 levels</li> <li>40% reduction in emission intensity by 2030 compared to 2018 levels</li> </ul>
Raw materials and chemical substances	<ul style="list-style-type: none"> <li>50.9% reduction in hazardous chemical usage by 2030 compared to 2021 levels</li> </ul>
Water quality	<ul style="list-style-type: none"> <li>33.7% reduction in wastewater discharge by 2030 compared to 2022 levels</li> </ul>
Air quality	<ul style="list-style-type: none"> <li>40.8% reduction in dust emissions by 2030 compared to 2022 levels</li> <li>40.2% reduction in THC (Total Hydrocarbons) emissions by 2030 compared to 2022 levels</li> </ul>
Waste	<ul style="list-style-type: none"> <li>2.7% reduction in waste emissions by 2030 compared to 2022 levels</li> </ul>
Environmental impact of products and processes	<ul style="list-style-type: none"> <li>Completion and disclosure of life cycle assessments for all major product groups by 2030</li> </ul>

## Environmental Management Policy

We established an environmental management policy in 2023 and subsequently updated it in 2024 to strengthen our commitment to sustainable practices. The policy has been publicly disclosed to ensure transparency and accountability.

Environmental Management Policy	Effective Date	Last Revised	Rev. No.
	2023.02.10	2024.11.08	3

- Purpose**

The purpose of this document is to establish and implement a comprehensive environmental management system at Hyosung Heavy Industries (hereinafter referred to as the 'Company') to address and mitigate environmental impacts. This policy aims to ensure that the Company operates in an environmentally responsible manner, contributes to environmental protection, and enhances human well-being through sustainable practices, thereby becoming an environmentally friendly enterprise.
- Definition of Terms**
  - The term 'Environment' refers to all elements surrounding living organisms, including humans, that directly or indirectly impact their ability to live.
  - 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.
  - The term 'Employees' refers to all individuals employed by the Company, including both regular and non-regular staff.
  - The term 'Stakeholders' refers to all entities or individuals with a direct or indirect relationship to the Company's management activities. This includes business partners, customers, local communities, and any other relevant parties who are impacted by or have an interest in the Company's operations.
- Scope of Application**
  - 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.
  - Even when interacting with business partners, agencies, and outsourcing partners, employees shall encourage compliance with this Environmental Management Policy.
  - 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.
- General Principles**
  - Greenhouse Gas Emissions and Energy Consumption**

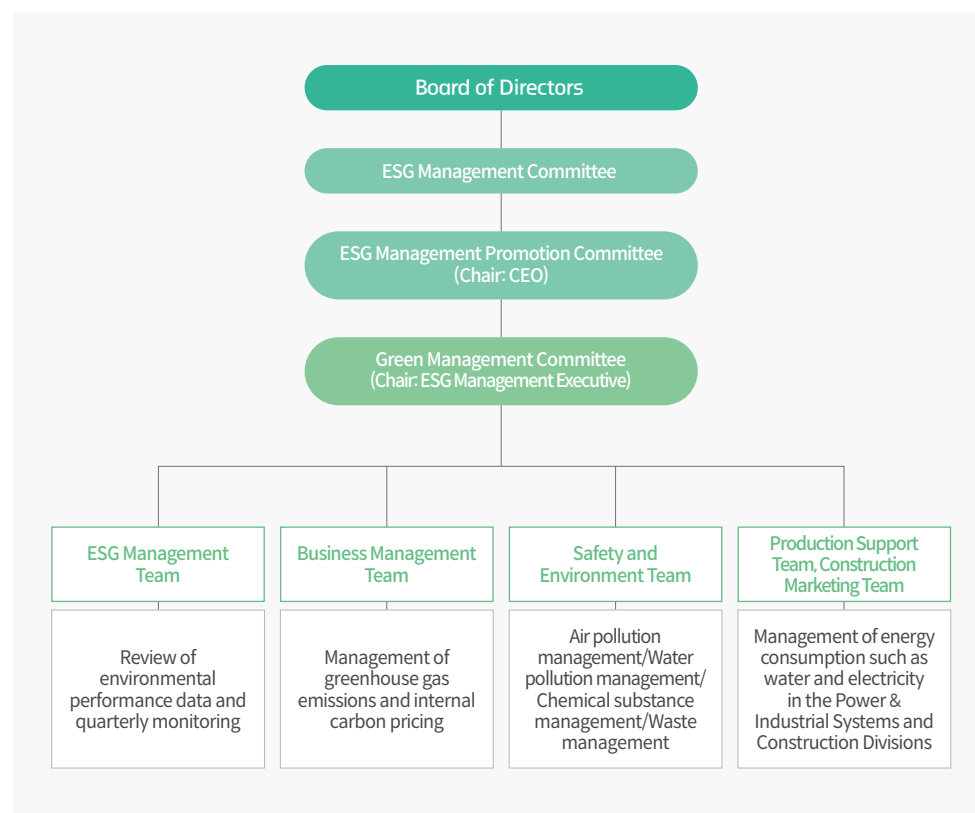
The Company is dedicated to enhancing energy efficiency across all stages of the product lifecycle, including product development, raw material procurement, production, logistics, usage, and disposal, and to expanding the use of renewable energy where practicable. In alignment with the Company's greenhouse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

# Environmental Management

## Environmental Management Promotion System

The ESG Management Promotion Committee, under the Board of Directors (the ESG Management Committee), is entrusted with the final decision-making responsibility for establishing environmental management plans and directions aligned with mid- to long-term business strategies. In addition, the Green Management Committee oversees and manages the specific performance of operational departments within each business division. Through these governance structures, we ensure that the advancement of the company-wide environmental management system maintains consistency over time.

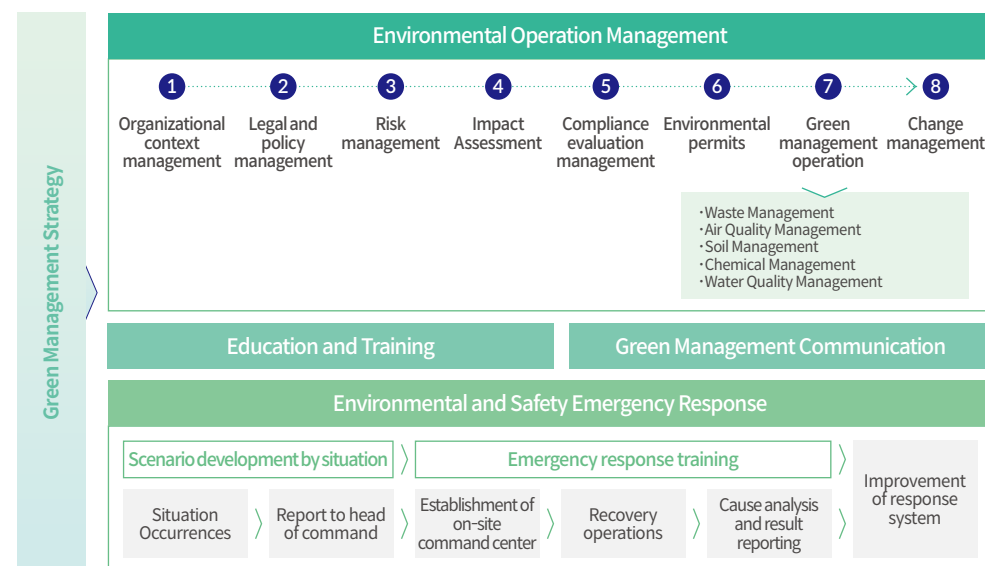
### Decision-Making Structure for Promoting Environmental Management



## Environmental Management System

We operate an environmental management system based on ISO 14001. ISO 14001 certification has been obtained for major domestic business sites, select overseas locations, and one of our key subsidiaries, Chinhung International.

### Environmental Management System



### Status of ISO 14001 Certification for Business Sites and Major Subsidiaries in 2024

(As of May 2024)

Category	Certification validity period	
Domestic	Headquarters (Mapo)	Apr. 30, 2024~Apr. 30, 2027
	Changwon Plant 1, 2, 3, 4	Apr. 30, 2024~Apr. 30, 2027
	Anyang Plant	Apr. 30, 2024~Apr. 30, 2027
	Construction Division Headquarters (Hoehyeon)	Jul. 6, 2023~Jul. 5, 2026
	Subsidiary (Chinhung International)	May. 6, 2022~May. 5, 2025
Overseas	Hyosung T&D (India)	Oct. 19, 2024~Oct. 18, 2027
	Nantong Hyosung (China)	Mar. 20, 2024~Mar. 30, 2026

# Environmental Management

## Environmental Impact Assessment

We conduct a comprehensive environmental impact assessment of the Changwon Plant at least once a year. Additionally, environmental impact assessments are carried out as needed whenever potential impacts are anticipated, such as in cases of environmental incidents, the introduction or modification of new processes, or the replacement of raw materials.

Through relevant departments, we identify environmental impacts and their causes across major areas such as air pollution, water pollution, and waste generation. Based on the likelihood of occurrence and the severity of potential impacts, improvement plans are established and implemented.

For issues that can be addressed immediately, prompt action is taken. For matters requiring investment in human or material resources (such as equipment upgrades or raw material substitutions) separate improvement plans are developed and executed in phases to minimize environmental impact.

Category	Contents
Preparation of material balance information	<ul style="list-style-type: none"> <li>• Work Activity Guidelines, Task Allocation Chart</li> <li>• Material Safety Data Sheets (MSDS), Hazardous/Dangerous Substances, Energy Usage (Gas, Electricity, Water, etc.)</li> <li>• Other basic data required for environmental impact assessment, etc.</li> </ul>
Compilation of material balance information	<ul style="list-style-type: none"> <li>• Compilation of the data on raw materials, energy, chemicals, resources, and outputs for each unit process</li> <li>• Identify direct and indirect substances that affect the environment such as air/water/soil pollutants emitted from unit processes</li> </ul>
Identification and derivation of environmental aspects	<ul style="list-style-type: none"> <li>• Types and amounts of energy and hazardous chemicals input and usage</li> <li>• Types and amount of waste and environmental pollutants generated</li> <li>• Other environmental information</li> </ul>
Identification and evaluation of environmental impacts	<ul style="list-style-type: none"> <li>• Identification and grading of environmental impacts generated by unit processes</li> </ul>
Establishment of improvement plans	<ul style="list-style-type: none"> <li>• Establishment of short-term and long-term improvement plans for cases graded C or higher (grades A to C) (short-term: within one year; long-term: more than one year)</li> </ul>
Submission after consistency review and internal approval	<ul style="list-style-type: none"> <li>• Review of consistency to identify deficiencies (management department + safety and environment team) and internal approval</li> </ul>

## Environmental Compliance Management

We went beyond proactive compliance with environmental laws and regulations by internalizing environmental management practices that exceeded legal requirements in key areas such as air, water, waste, and chemicals.

Category	Related Acts	Compliance Strategies
Air	Clean Air Conservation Act	<ul style="list-style-type: none"> <li>• Air pollutant emission control through the implementation of internal emission allowance standards</li> <li>• Maintenance of facilities through planned inspections and management of air pollution control equipment such as differential pressure gauges and internal filters of dust collectors</li> <li>• Regular evaluation and continuous discovery of new measurement agencies to eliminate the risk of non-compliance with self-measurement by measurement agencies</li> <li>• IoT-based monitoring devices were installed on air emission sources and pollution control facilities, and internal emission standards were established that are 40~60% stricter than legal requirements to ensure compliance, with filter media replaced accordingly</li> </ul>
Water quality	Water Environment Conservation Act	<ul style="list-style-type: none"> <li>• Periodic measurement of pollutants to confirm the appropriateness of existing report items (monthly measurement of major parameters such as TOC, T-N, and T-P, and semi-annual measurement of all other water pollutants)</li> </ul>
Waste	Wastes Control Act	<ul style="list-style-type: none"> <li>• Implemented a real-name reporting system for waste oil and waste paint to promote emission reductions</li> <li>• Analysis hazardous substances in designated wastes (once every 2 years)</li> <li>• Compliance with the Waste Management Act through the establishment of a classification system for non-discharge facility-based wastes</li> </ul>
Chemicals	Chemical Control Act, Act on the Registration and Evaluation of Chemicals (K-REACH)	<ul style="list-style-type: none"> <li>• Ensured compliance with laws and regulations and systematically managed data for all chemicals through the in-house chemical management system, submitting results to the Ministry of Environment</li> <li>• Prevented the use of materials containing hazardous chemicals through prior environmental safety reviews</li> <li>• Conducted inspections at Plants 1 and 3 on hazardous chemical installations (small-volume handling facilities and storage facilities) to comply with standards for handling toxic substances such as nitric acid, hydrofluoric acid, ammonium bifluoride, and sodium hydroxide</li> <li>• Managed registration of imported chemicals by exempting substances fully exported, such as insulating oil, and registering the remaining imported chemicals based on import quantities</li> </ul>
Other		<ul style="list-style-type: none"> <li>• Designated as self-inspection Offices center for air, water, and waste at all plants for on-site management</li> <li>• Participation in the Environmental Information Disclosure System</li> <li>• Managing regular odor/noise measurements to identify and manage environmental impacts at nearby workplaces and residences</li> <li>• Groundwater/soil quality management through self-inspection of soil in areas of soil contamination concern other than legal inspections</li> </ul>

# Environmental Management

## Environmental Management Practices

### Environmental Management Investment

In 2024, we invested a total of KRW 1,932 million at the Changwon Plant for activities such as replacing high-efficiency equipment and installing solar power generation systems, representing 318% of the 2023 investment level of KRW 462.2 million.

(Unit: KRW million)

Location Category	PU	Investment activities	2024 Input costs
Changwon Plant	Power Systems	Replacement of high-efficiency equipment (air conditioners, etc.)	525
	Industrial Machinery	Compressed air system improvements	142
	Common	Installation of solar power generation facilities	1,259
		Introduced electric two-wheeled vehicles for transportation	6
Total			1,932

### Developing activities to internalize environmental management

#### Power & Industrial Systems Division

We independently conduct training programs to foster a shared commitment among all employees to actively participate in company-wide environmental management. To enhance the practical capabilities of new employees in environmental management, we provide an optional online training course. For departments related to production, processes, and technology at business sites implementing energy-saving and greenhouse gas reduction initiatives, we operate training programs focused on case studies of effective reduction measures. In 2024, we conducted company-wide environmental management training under the theme “Response to Climate Crisis and Carbon Neutrality.” A total of 1,778 employees, accounting for 80.3% of the target group (excluding field employees), completed the training. To raise eco-friendly awareness among local communities and stakeholders in areas where our major business sites are located, we host environmental contests and continuously implement environmental management campaigns. Acknowledging our responsibility for protecting ecosystems and the environment near our facilities, we have institutionalized regular environmental cleanup activities since 2023. In recognition of our employees’ active environmental management efforts at the Changwon Plant, we received the Excellence Award for Environmental Conservation Activities from Changwon City in 2024 for contributions to improving the local ecosystem. Looking ahead, in 2025, we plan to expand our environmental management campaigns by participating in public-private-academic cooperative initiatives for biodiversity conservation organized by Changwon City.

#### Construction Division

In 2024, we conducted the “Clean-Up Day 2024” campaign across a total of 27 sites to maintain cleanliness both inside and outside the facilities, thereby eliminating odors and environmental hazards.



Clean-Up Day Activities in 2024

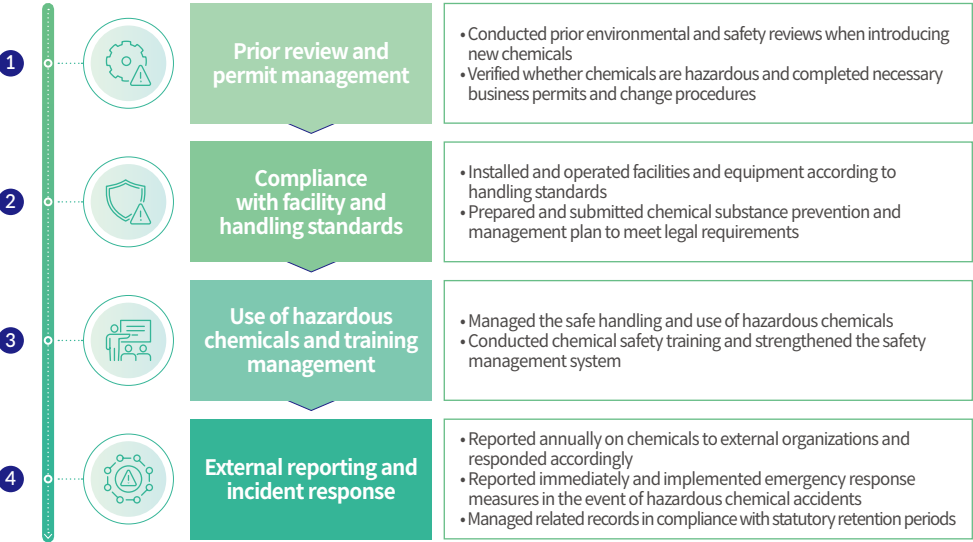
# Environmental Impact Management

## Hazardous Chemicals

### Management of Hazardous Chemicals

We have established a hazardous chemical substances management manual in accordance with relevant regulations, such as the Chemical Substances Control Act and the Enforcement Decree of the Act on the Safety Control of Hazardous Substances, and operate systematic handling procedures. Emissions and reduction performance of chemical substances are managed through our integrated management system, while compliance with chemical regulations and usage indices are designated as site-level KPIs (Key Performance Indicators) and monitored regularly. At the company-wide level, we promote initiatives to reduce the use of hazardous chemical substances. Through prior environmental and safety reviews, we block the use of materials containing hazardous chemical substances and conduct annual activities to replace both existing and newly designated hazardous chemical substances with non-hazardous alternatives.

### Hazardous Chemicals Management Process



### Performance of substitution of non-hazardous chemicals in 2024

At the Changwon Plant, we identified 15 substances, including hexamethylene diisocyanate (CAS Number 822-06-0), as hazardous chemical substances due to their new designation as toxic substances or changes in toxicity content standards among chemicals previously used in existing processes. For 625 materials containing hazardous chemical substances, we restricted procurement through Hyosung Heavy Industries' Chemical Substances Management System (ECMS) and, in consultation with design, manufacturing, and procurement departments, promoted the transition to non-hazardous alternatives, successfully completing the full replacement.

### Hazardous Chemical Safety Training

We conduct training in accordance with the legally mandated cycle to strengthen capabilities for the safe handling and management of hazardous chemical substances and to prevent accidents and ensure regulatory compliance, thereby protecting human life and the environment at our sites.

Category	Cycle	Unit	2022	2023	2024
Training for Appointed Hazardous Chemical Managers	Biennially	Person	4	1	4
Training of direct handlers of hazardous chemicals	Biennially	Person	5	3	4
Training for workers at workplaces handling hazardous chemicals (employees)	Annually	Person	498	637	720
Training for workers at workplaces handling hazardous chemicals (suppliers)	Annually	Person	309	330	382

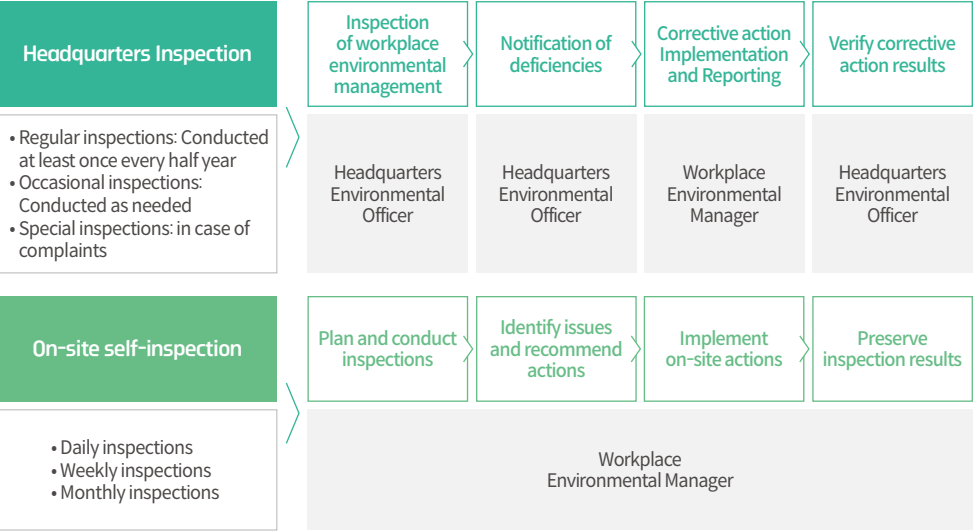
# Environmental Impact Management

## Pollutants

### Pollutant Management Inspection

We conduct regular inspections to systematically manage pollutant emissions at our sites and operate based on the Environmental Management Manual and the Environmental Management Casebook. The Environmental Management Manual covers key environmental issues for each site area, including air and dust control, water quality management, and waste treatment and management at construction sites. It also includes detailed implementation plans and environmental inspection standards to enhance execution. The Environmental Management Casebook provides structured documentation of dispute cases and solutions by pollutant category, as well as methods for pollutant treatment, enabling prompt and efficient responses to environmental issues when they arise.

#### Pollutant Management Inspection Process



### Air Pollutant Management

We establish annual air pollutant emission targets and systematically manage performance in accordance with our internal emission standards for air pollutants. By setting internal emission standards that exceed legal requirements, we proactively promote the reduction of air pollutants and minimize emissions through a variety of management and improvement initiatives.

#### Air Pollutant Management Activities

Classification	Highlights
Process Improvement	<ul style="list-style-type: none"><li>Outsourcing of casting plant (2024)</li><li>Outsourcing of switchgears fabrication/painting process</li><li>Outsourcing of ultra-high voltage radiator manufacturing process</li></ul>
Raw material improvement	<ul style="list-style-type: none"><li>Changwon Plant 3: Replaced low-voltage small/medium-sized impregnation varnish (containing styrene) with eco-friendly varnish.</li></ul>
Installation of pollution control facilities and Improvement of facilities	<ul style="list-style-type: none"><li>Installed Regenerative Thermal Oxidizer (RTO) by direct combustion at Changwon plant 1 and 3</li><li>Established Internet of Things (IoT) based monitoring system at Changwon Plant 2, 4</li><li>Selection and installation of optimal pollution control facilities when introducing new processes</li><li>Regular inspection and maintenance of air pollution control equipment, including differential pressure gauges and dust collector filters</li></ul>
External Communication	<ul style="list-style-type: none"><li>Selected as an excellent workplace for the voluntary agreement to reduce Particulate Matter (PM) in 2024 → Awarded by the Governor of Gyeongnam Province</li><li>Participated in the voluntary agreement to reduce Particulate Matter (PM) in Phase 3 for Changwon plant 3 (2025)</li></ul>
Strengthening self-measurement and evaluation	<ul style="list-style-type: none"><li>Eliminated self-measurement risks through regular evaluation of measurement agencies and continuous discovery of new measurement agencies</li></ul>



# Environmental Impact Management

## Water Pollutant Management

We apply internal water quality management standards that exceed legal requirements in accordance with wastewater treatment regulations to strictly control the discharge of water pollutants. We carry out a variety of management activities, including regular monitoring of all discharge parameters for water pollutants and reducing wastewater generation through process improvements.

### Water Pollutant Management Activities

Category	Main Contents
Water quality management of discharged water	• Regular measurement and management of all water pollutants in discharged water
Reducing wastewater discharge	• Integration of low-pressure die casting and melting furnace facilities at Changwon Plant 3 • Eliminated wastewater discharge process of low-pressure compact impregnation drying furnace

## Soil Pollutant Management

We continuously monitor soil conditions to maintain a state free from soil contaminants and to prevent potential environmental risks in advance. In addition to legally required inspections, we conduct internal inspections in areas where soil contamination is a concern to proactively manage soil conditions.

## Waste

### Waste Management

We implement various waste management and improvement initiatives to reduce waste generation and promote resource circulation.

### Status of Waste and Resource Circulation Management Activities

Category	Main Contents
Emission Reduction Activities	• Introduced a real-name system for waste oil and waste paint emissions • Compliance with relevant laws and regulations through the establishment of a classification system for non-discharge facility-based wastes
Promoting resource circulation	• Conversion to recycling through sorting and pressing of thinner and waste paint cans • Changed the disposal method of waste synthetic resin (incineration → recycling)
Establishment of facilities and systems	• Changwon Plant 1 and 2 to plan to build a new resource recycling center (2025) • Establishment of self-treatment process for construction waste
Performance Management and Verification	• Exceeded the targets of the resource circulation performance management system • Conducted analysis of hazardous substances in designated waste (once every 2 years)
Strengthening employee awareness and practices	• Raised recycling awareness through periodic in-house waste disposal education • Operated 'Site Clean-Up Day' to collect waste near the site • Identified departments that utilize stock paint and promoting pallet reuse

### Waste Disposal<sup>1)</sup>

Category		Unit	Hyosung Heavy Industries				Subsidiaries		
			2022	2023	2024 (Plan)	2024 (Performance)	2022	2023	2024
Total Waste Generated		Ton	86,963	138,594	77,746	73,657	46,848	39,595	69,308
Waste Recycled		Ton	7,850	11,556	42,727	40,607	10,821	6,962	10,876
Waste Recycling Rate		%	9.0	8.3	55.0	55.1	23.1	17.6	15.7
General Waste									
Self-treatment	Reuse	Ton	0	0	0	0	0	155	234
	Recycling	Ton	4,120	7,231	6,217	6,011	2,873	4,528	5,029
	Incineration	Ton	0	207	98	98	0	41	51
	Landfill	Ton	301	489	550	352	0	239	1,207
Others		Ton	0	0	0	0	0	0	1,268
Subtotal		Ton	4,422	7,927	6,866	6,462	2,873	4,963	7,790
Designated Waste									
Self-treatment	Reuse	Ton	0	0	0	0	0	0	0
	Recycling	Ton	297	263	510	402	64	227	44
	Incineration	Ton	215	196	350	218	0	107	148
	Landfill	Ton	1	11	20	3	0	0	0
Others		Ton	0	16	0	0	53	24	501
Subtotal		Ton	513	486	880	623	117	358	693
Construction Waste									
Self-treatment	Reuse	Ton	0	0	0	0	0	0	0
	Recycling	Ton	3,433	4,062	36,000	34,194	7,885	2,052	5,568
	Incineration	Ton	0	0	0	0	0	0	0
	Landfill	Ton	78,596	126,119	34,000	32,379	30,858	0	22,723
Others		Ton	0	0	0	0	5,114	32,222	32,534
Subtotal		Ton	82,029	130,181	70,000	66,573	43,857	34,275	60,826

1) Data have been corrected due to data aggregation errors, including a unit conversion error in 2023 and misclassification of outsourced construction waste treatment data.



# Environmental Impact Management

## Water Resources

### Monitoring Water Risk

We assess the level of water resource risk at our business sites and regularly monitor water stress levels at major sites and subsidiaries using the World Resources Institute (WRI) Aqueduct tool to ensure supply stability. Based on this analysis, domestic sites in Seoul and Gyeonggi and overseas sites in China and India are classified as “Medium to High” water stress areas (20–40%) under the BAU scenario for both 2025 and 2030, indicating the need for continuous water risk monitoring and response.

Depending on the results of water risk monitoring, we plan to engage and collaborate with relevant authorities when necessary.

### Water Stress Analysis (Using WRI Aqueduct Tool)

Category		Water Stress <sup>3)</sup>	
		2025	2030(based on BAU <sup>4)</sup> )
Headquarters (Mapo), Construction Division Headquarters (Hoehyeon), Wellington CC (Icheon)	Seoul/Gyeonggi <sup>1)</sup>	Medium-High	Medium-High
Changwon Plant 1~4	Changwon <sup>2)</sup>	Low	Low
Nantong Hyosung	Nantong, China <sup>2)</sup>	Medium-High	Medium-High
Hyosung Vina	Dong Nai, Vietnam <sup>2)</sup>	Low-Medium	Low-Medium
HICO	Memphis, United States <sup>2)</sup>	Low	Low
Hyosung T&D	Pune, India <sup>2)</sup>	Extremely High	Extremely High

1) Offices: Headquarters (Mapo), Construction Division Headquarters (Hoehyeon), Wellington CC (Icheon)

2) Plants: Changwon Plants 1~4, Nantong Hyosung, Hyosung VINA, HICO (U.S.), Hyosung T&D

3) Water Stress: Ratio of total demand to available surface and groundwater supply (Low <10%, Low-Medium 10–20%, Medium-High 20–40%, High 40–80%, Extremely High >80%)

4) BAU (Business As Usual): A scenario assuming conditions remain unchanged without any special measures

### Water and Wastewater Use

#### Water Management

Category	Detailed Category	Unit	Hyosung Heavy Industries				Subsidiaries		
			2022	2023	2024 (Plan)	2024 (Performance)	2022	2023	2024
Water consumption by withdrawal source	Municipal water	Ton	100,415	120,367	161,407	156,047	172,650	230,637	242,322
	Groundwater <sup>5)</sup>	Ton	243,078	217,595	236,331	236,331	36,844	19,578	11,205
	Industrial Water	Ton	406,955	374,671	385,583	385,583	21,316	35,894	37,087
	Sewage Reuse Water	Ton	0	0	0	0	0	0	0
	River water	Ton	0	0	0	0	0	0	0
Total water Consumption		Ton	750,448	712,633	783,321	777,961	230,810	286,109	290,614
Water Consumption Intensity <sup>6)</sup> (Total Water Consumption/Revenue)		Ton/KRW 100 million	29.0	23.0	23.3	23.2	19.4	16.9	13.1
Water Recycled		Ton	0	0	0	0	0	0	0
Water Recycling Rate		%	0	0	0	0	0	0	0

5) Data have been corrected due to a data aggregation error resulting from the omission of groundwater data. 6) Intensity figures are calculated based on separate revenue.

Category		Unit	2024 Performance by Business Site				
			Gongdeok Headquarters	Hoehyeon AK Building	Changwon Plant	Construction site	Wellington CC
Water consumption by withdrawal source	Municipal water	Ton	8,066	5,899	0	107,208	34,874
	Groundwater	Ton	0	3,914	0	0	232,417
	Industrial water	Ton	0	0	385,583	0	0
	Sewage Reuse water	Ton	0	0	0	0	0
	River water	Ton	0	0	0	0	0

### Treatment of Water and Effluents<sup>7)</sup>

Category		Unit	Hyosung Heavy Industries				Subsidiaries		
			2022	2023	2024 (Plan)	2024 (Performance)	2022	2023	2024
Wastewater Discharge by Final Discharge Site	Wastewater treatment	Ton	7,774	5,195	6,400	5,453	119,172	106,428	108,696
	Marine Discharge	Ton	0	0	0	0	0	0	0
	Outsourced treatment	Ton	149	257	170	142	34,090	45,759	122,687
Total Wastewater Discharge		Ton	7,923	5,452	6,570	5,595	153,262	152,187	231,383
Biological Oxygen Demand (BOD)		Ton	0.02	0	0	0		7.74	3.73
Chemical Oxygen Demand (COD)		Ton	0.50	0	0	0		33.18	8.05
Total Organic Carbon (TOC)		Ton	0.29	0.02	0.25	0.25		0	0
Suspended Solids (SS)		Ton	0.13	0.04	0.03	0.03		3.70	4.81
Total Nitrogen (T-N)		Ton	0.07	0.01	0.01	0.01		3.01	4.09
Total Phosphorus (T-P)		Ton	0.01	0.02	0	0		0.24	0.19

7) Data have been corrected due to data aggregation errors related to the classification of wastewater discharge by final outfall and inaccuracies in outsourced treatment data.

# Biodiversity Conservation

## Biodiversity Management System

The ESG Management Promotion Committee serves as the highest decision-making body for the biodiversity management system, reviewing key agenda items and making decisions. The Green Management Committee oversees biodiversity-related training and activities and reports major biodiversity risks and opportunities associated with business operations to the ESG Management Promotion Committee. The ESG Management Team is responsible for implementing biodiversity initiatives, including the development and execution of biodiversity conservation activity plans. The Safety and Environment Team is in charge of biodiversity activities at the Changwon Plant, focusing on the implementation of related conservation efforts and monitoring activities.

### Governance Structure for Biodiversity Management

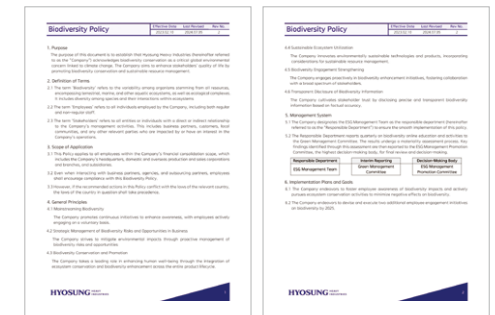


## Biodiversity Policy

We established a biodiversity policy on February 10, 2023, and revised it on July 5, 2024, to minimize the negative impacts of business and human activities on biodiversity and to promote biodiversity conservation and the sustainable use of resources.

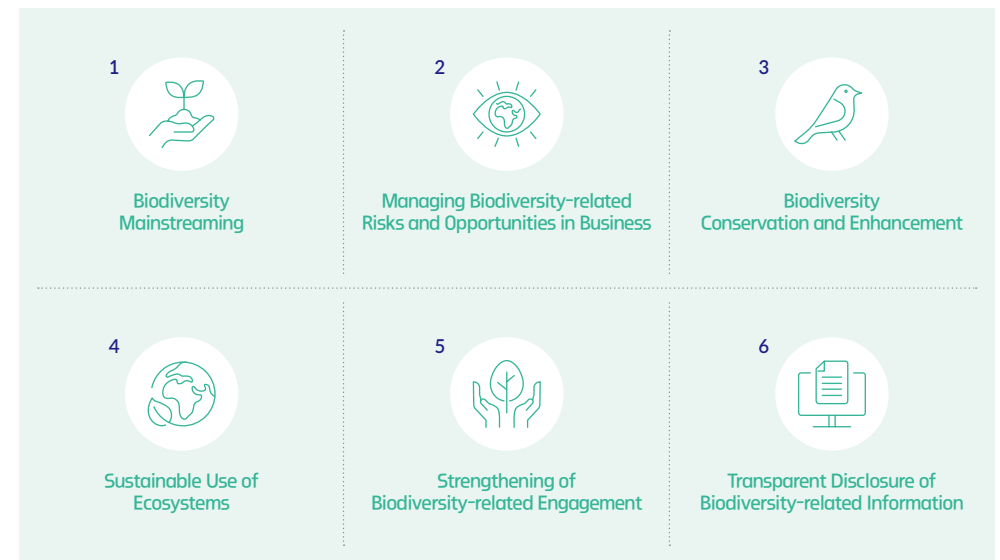
This policy applies to all employees at headquarters, domestic and overseas production and sales corporations and branches, and corporations. It also specifies that employees should encourage stakeholders related to Hyosung Heavy Industries' business activities to comply with this policy.

We have defined six general principles, including biodiversity mainstreaming and the management of biodiversity-related risks and opportunities associated with our business, and we systematically implement activities based on these principles.



Biodiversity Policy

### 6 Biodiversity Principles



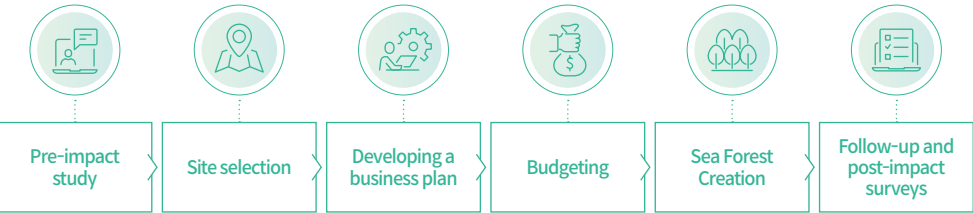
# Biodiversity Conservation

## Biodiversity Conservation Activities

### 2024 Southern Sea Forest Creation Project

Category	Contents
Background	<ul style="list-style-type: none"> <li>• Securing the foundation for realizing carbon neutrality by 2050 by expanding blue carbon in seagrass Forest to respond to climate change</li> <li>• Securing marine biodiversity and verifying the effectiveness of sea forests by utilizing innovative technologies from the 4th industrial revolution</li> <li>• Promoting restoration efforts in response to reduced marine biodiversity and shrinking habitats of valuable seaweeds caused by the spread of sea desertification due to climate change</li> </ul>
Destination	Donggori, Shinji-myeon, Wando-gun, Jeollanam-do (1.59㎢ seaweed-seagrass complex)
Period	Implementation of sea forest creation project May. 30, 2024~Dec. 31, 2024

#### Project Implementation Process



#### Activities and Performance in 2024

Category	Activities	Outcomes
Improvement of sea desertification	<ul style="list-style-type: none"> <li>• Removing biofouling organisms from intertidal rocks in the village fishery using hoes and other tools</li> <li>• Removing biofouling organisms from intertidal rocks and artificial structures using underwater high-pressure jetting</li> </ul>	<ul style="list-style-type: none"> <li>• Completion of substrate improvement work for 2 hectares of the intertidal zone and 3 hectares of the subtidal zone</li> </ul>
Application of spore dispersal technique	<ul style="list-style-type: none"> <li>• Installing algae nursery ropes as submersible rows on artificial structures and natural rock formations</li> <li>• Drying spore-releasing algae and installing them in simulated bags</li> <li>• Shipboard and in-water spraying of high concentrations of inoculum from mature individuals of algae</li> </ul>	<ul style="list-style-type: none"> <li>• Installation of 8,500 meters of low longline systems for 7 types of seaweed, including Ecklonia cava</li> <li>• Installation of 2,000 artificial seed pouches for 3 types of seaweed, including Ecklonia cava</li> <li>• Spraying of 8,400 kg of spore solution for 8 types of seaweed, including Ecklonia cava</li> </ul>
Seagrass transplantation	<ul style="list-style-type: none"> <li>• Transplanting approximately 50 cm of seagrass (3 individual plants) underwater using seagrass seedling tray (nursery container) and loess</li> </ul>	<ul style="list-style-type: none"> <li>• Harvesting and transplantation of 40,000 seagrass marina shoots in the Donggo-ri waters, Wando-gun</li> </ul>

#### Southern Sea Forest Creation Project



#### Species Occurrence in the Target Marine Area (As of 2024)

Biota		Benthic animal habitat density	
Category	Number of species	Category	Percentage
Aquatic	5 species	Sea urchins	2 animals/m <sup>2</sup>
Algae	5 species	Polychaetes	0.2 animals/m <sup>2</sup>
Benthic animals	5 species		

#### Area Distribution by Existing Vegetation Type (As of 2024)

Vegetation type	Survey Area	
	Area	Percentage
Bedrock	0.248㎢	21%
Sandy soil	0.933㎢	79%
Total	1.181㎢	100%

#### Performance in 2024 and Future Monitoring Plan

Period	Activity Plan
2024	Analysis results of the ecological environment before and three years after the creation of seagrass forests, conducted through the collaborating organization Korea Fisheries Resources Agency, confirmed the effectiveness of the activity with increases of 2.5 times in benthic organisms, 1.5 times in species occurrence, and 1.2 times in species diversity index
2025~2027	Monitoring and reinforcement of transplanted species establishment
2028 to	Handover of finalized sea forest management to local governments

# Biodiversity Conservation

## Winter Migratory Bird Feeding and Release Support Project

Since November 2023, we have been carrying out biodiversity conservation activities for winter migratory birds at the Hwapocheon Wetland Ecological Park in Gimhae, Gyeongsangnam-do. We identified an issue where eagles and other winter migratory birds, which contribute to preventing the spread of infectious diseases and maintaining ecosystem balance by consuming animal carcasses in nature, faced a decline in population due to starvation and exhaustion caused by insufficient food supply. To address this issue, we launched a support initiative in November 2023 to provide domestic agricultural and livestock products as food for winter migratory birds visiting the Hwapocheon Wetland. In celebration of World Wetlands Day on February 2, 2024, we held an event to release three eagles that had been rescued and treated after being found in a state of starvation. These eagles were named “Hyosung Number 1,” “Hyosung Number 2,” and “Hyosung Number 3,” and moving forward, we plan to assign names to other vultures that recover through treatment and are ready for release.



Eagle release ceremony in 2024

## Winter Bird Population Status in 2024

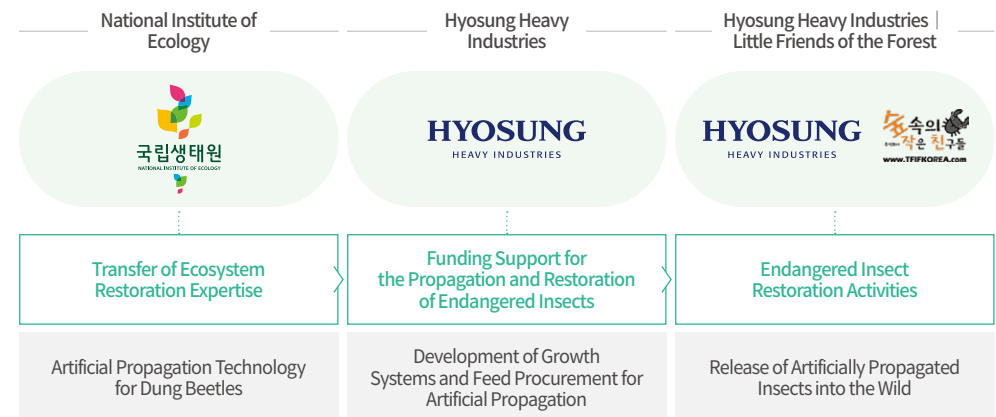
(Unit: birds)

Category	Bird name	Year			Natural monument	Endangered species
		2022-2023	2023-2024	2024-2025		
Total		8,161	8,876	8,901	-	-
1	Eagle	300	406	600	○	○
2	Tuskegee	170	103	82	○	○
3	Greater Canada Geese	5,000	5,035	5,700		
4	Mallard	1,000	1,050	800		
5	White-cheeked Black Duck	1,100	1,000	900		
6	Yellow-billed Spoonbill	15	27	19	○	○
7	Freshwater Cormorant	35	91	89		
8	Horseshoe Crab	4	4	2		
9	Coot	19	105	30		
10	Large-billed Crow	400	400	420		
11	Rook	100	352	170		
12	Bull-headed Shrike	10	8	10		
13	Kestrel	6	6	3	○	
14	Stork	2	-	-	○	○
15	Red-crowned Crane	-	1	-	○	○
16	White-naped Crane	-	286	74	○	○
17	Pine Needles	-	2	-		○

## Endangered Insect Restoration Initiatives

Category	Content
Activities	Conservation activities to promote and restore endangered insects such as Korean jewel beetle, dung beetle, and vulturefry
Collaborating organizations	National Institute of Ecology, Little Friends of the Forest
Implementation Period	Apr. 2025~ 2027

## Process for Restoring Endangered Insects



Endangered insect restoration business agreement ceremony

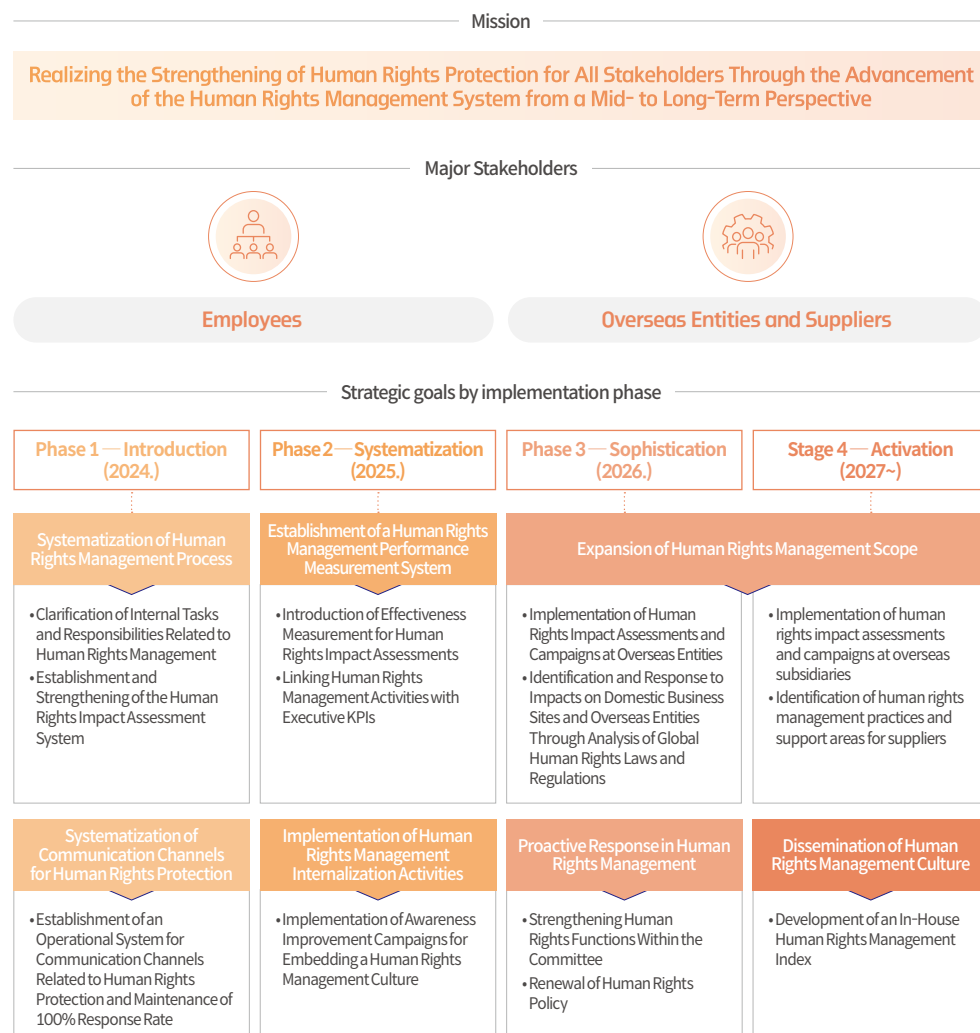
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# Human Rights Management

## Direction of Human Rights Management

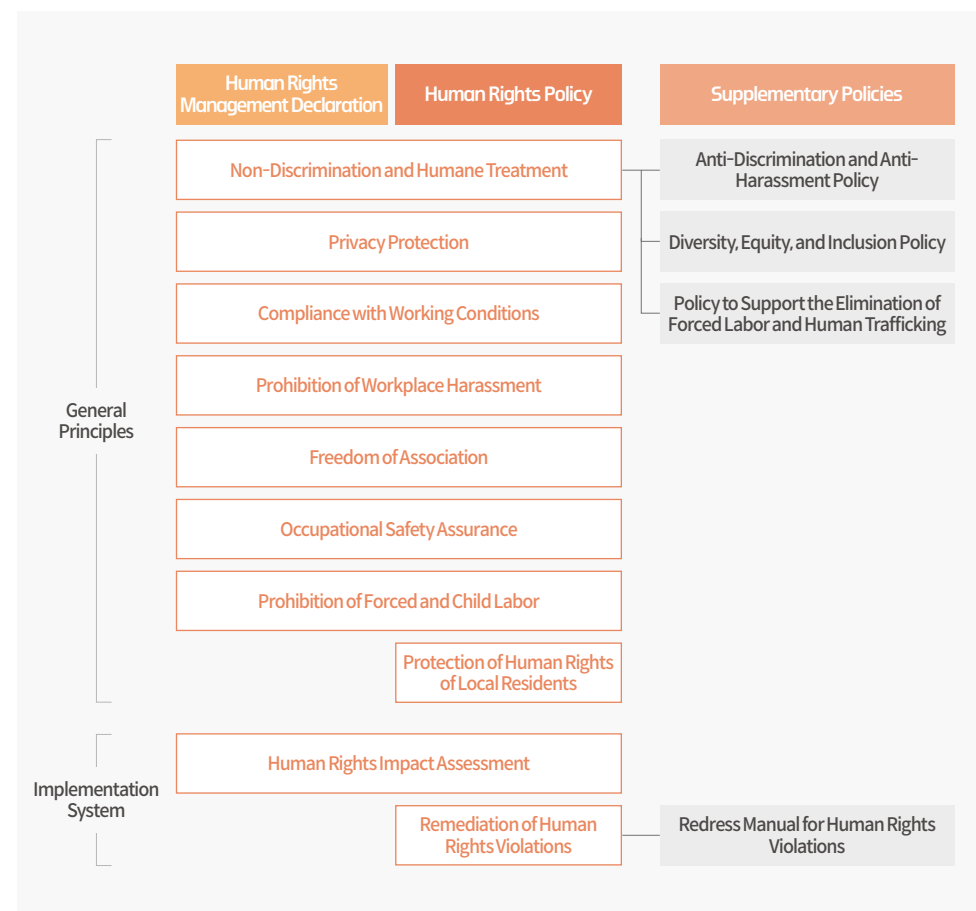
We have established mid- to long-term goals to continuously advance our human rights management system, based on our management philosophy of being a global company that operates on the world stage with respect for humanity.



## Human Rights Management Policies

We obtained approval from the CEO for the Human Rights Management Declaration in January 2025. In addition, we operate a separate policy as an appendix to the Human Rights Policy, which explicitly addresses the promotion of diversity and inclusion, support for the eradication of forced labor and human trafficking, and the prohibition of discrimination and harassment.

### Key provisions by policy



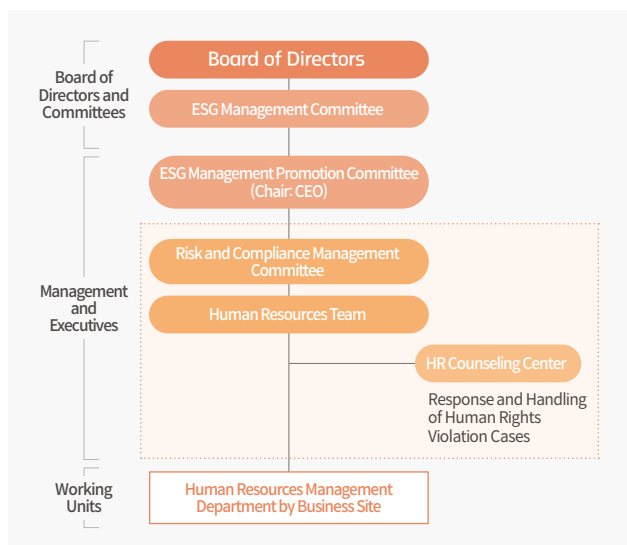


# Human Rights Management

## Human Rights Management Decision-Making System

Through the Human Rights Management Declaration, we formalized our human rights management framework under the CEO, the highest decision-making authority, to ensure the operation and advancement of the human rights management system and to address related activities and risk factors. The ESG Management Committee reviews the company-wide strategic direction for human rights management and the response status for significant risks (effective from 2025). The ESG Management Promotion Committee receives reports on key annual human rights management activities discussed by the Risk and Compliance Management Committee and makes decisions on performance and areas requiring improvement. The Risk and Compliance Management Committee reviews critical internal issues related to human rights, such as the results of human rights impact assessments and improvement plans. As the primary department responsible for human rights management, the HR Team carries out activities to identify and address risks, including human rights awareness training, grievance handling, and human rights impact assessments.

### Human Rights Management Decision-Making Structure



## Internalizing Respect for Human Rights

We provide training programs to embed awareness of respecting human rights among employees throughout all aspects of work, including practical processes.

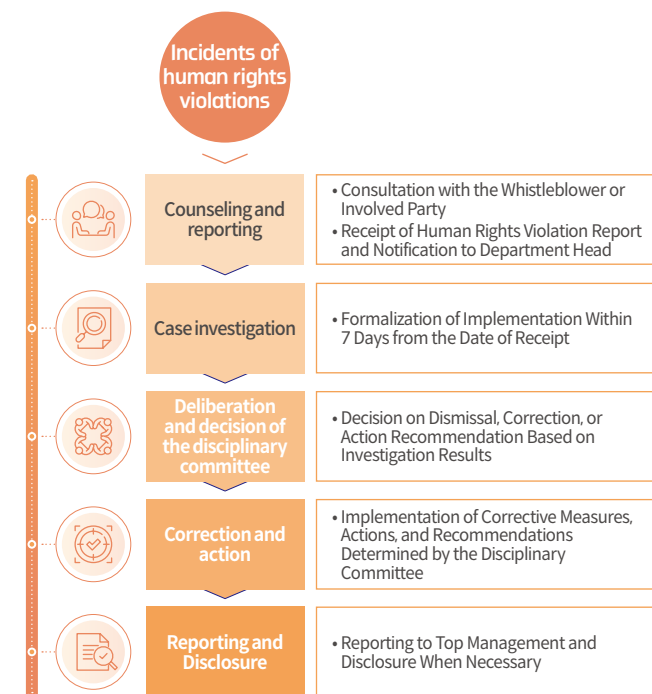
Category	Training Content	Completed (Unit: person)
In-house Human Rights Management Training	• Child labor and forced labor around us	1,598
Mandatory human rights awareness training	Prevention of sexual harassment in the workplace	2,089
	Workplace Harassment Prevention	2,095
	Disability Awareness	2,123

## Operation of Grievance Mechanism for Addressing Human Rights Risks

We have established detailed principles in the Redress Manual for Human Rights Violations, a supplementary policy under our Human Rights Policy, to investigate human rights violation cases and protect the parties involved. The HR Counseling Center has formalized principles to protect the confidentiality of consultations and prohibit retaliation, such as dismissal or unfavorable treatment, to safeguard whistleblowers and those involved in human rights violation cases.

The Disciplinary Committee determines the level of disciplinary action based on the severity or seriousness of the case identified during the investigation process. In addition, external stakeholders can report human rights-related issues through the whistleblowing center on our website.

### Investigation Process for Human Rights Violation Cases and Annual Reporting and Handling Performance



Classification	Unit	Annual Performance	
		2023	2024
Cases of human rights violations received	Cases	2	8
Cases of human rights violations handled	Cases	2	8

\* Started aggregating data from 2023



# Human Rights Management

## Human Rights Impact Assessment

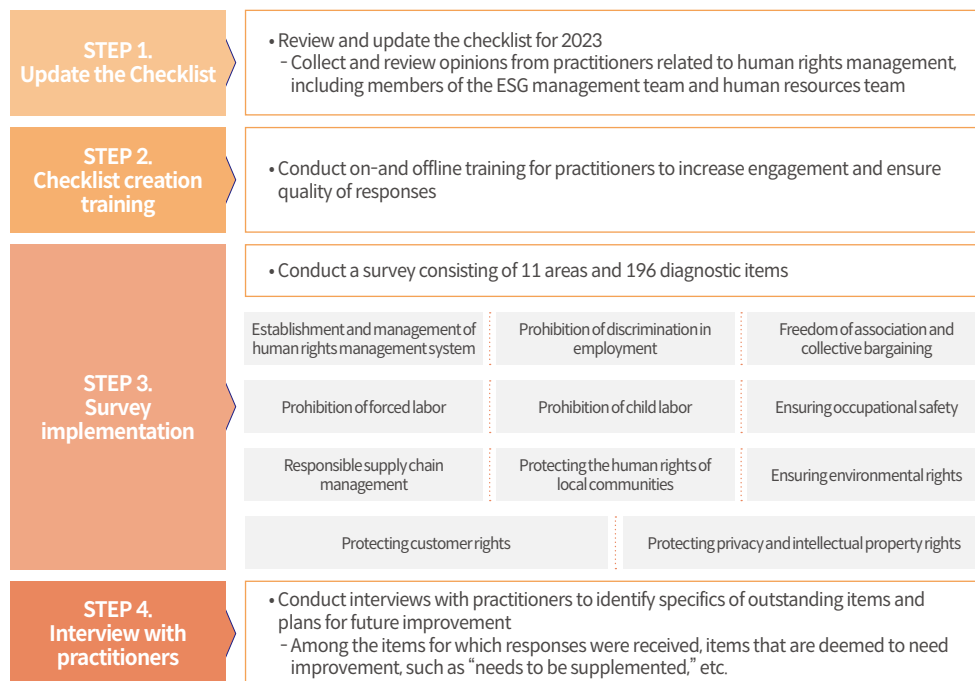
We have formalized principles within our Human Rights Management Policy to identify risks and areas for improvement and implement corrective actions through annual human rights impact assessments.

In the 2023 human rights impact assessment, we completed facility improvements to ensure mobility rights for employees with disabilities and reorganized the collective bargaining manual to enhance operational consistency (actions completed in 2024).

The 2024 human rights impact assessment was conducted by an external professional organization, covering employees at Hyosung Heavy Industries headquarters and domestic business sites. The number of diagnostic items increased from 173 to 196, with improvements made to the specificity of questions (July 2024).

The assessment was carried out with reference to the due diligence frameworks outlined in the UN Guiding Principles on Business and Human Rights (2011) and the OECD Due Diligence Guidance for Responsible Business Conduct (2023 Revised Edition). The evaluation scope included employees (with separate consideration for foreign workers), supply chain partners, customers, and local community residents.

### 2024 Human Rights Impact Assessment Process and System



## Human Rights Impact Assessment Results

Based on the results of the 2024 human rights impact assessment, we identified 19 items requiring improvement out of 196 diagnostic items, including 11 items needing supplementation and 8 items not yet implemented. The related stakeholders include employees, customers, and local community residents.

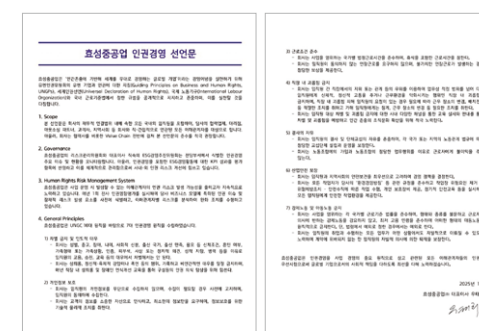
Through this assessment, we derived areas for improvement and incorporated them into our human rights management advancement plan, taking into account the urgency and importance of each item. The results of the human rights impact assessment and the identified improvement measures are reported and monitored through the Risk and Compliance Management Committee and the ESG Management Promotion Committee.

### Development and implementation of improvement plans based on human rights impact assessment

Short-term improvement items		
1	Disclose top management's declaration of support for respecting human rights throughout the company	<ul style="list-style-type: none"> <li>Newly organized a Human Rights Management Declaration based on the existing human rights management policy, approved by the CEO, and disclosed to the public (2025 Jan)</li> </ul>
2	Clarify the human rights management system reflecting the business characteristics of each business division	<ul style="list-style-type: none"> <li>Clarify the responsibility and authority for human rights management-related tasks by jointly assigning them to the management departments of each business site</li> <li>Clarify targets for human rights management-related activities and improve processes for handling related issues</li> </ul>
3	Conduct Monitoring the implementation status and effectiveness of human rights remedies and mitigation measures	<ul style="list-style-type: none"> <li>Conduct Systematization of the HR Consultation Center's human rights violation case reception desk under the HR team to improve data management and track monitoring by action</li> </ul>
Mid-to-long-term improvement items		
1	Stepwise expansion of the scope of human rights management	<ul style="list-style-type: none"> <li>Include a plan for the gradual inclusion of suppliers and employees of overseas business sites in the human rights impact assessment in the mid-to-long-term human rights management system upgrade roadmap</li> </ul>



2023 Human Rights Impact Assessment Mitigation Measure: Facility improvements to ensure the right to mobility for persons with disabilities, completed in 2024



2024 Human Rights Impact Assessment Mitigation Measure: Declaration of commitment to respect human rights by top management, completed in 2025

# Human Resource Management and Fair Compensation

## Employee Recruitment

To realize Hyosung Group's mission of "Leading a better life for humanity through the best technology and management capabilities," we have established four core values—Global Excellence, Innovation, Accountability, and Integrity—as the foundation of our talent philosophy.

We provide employment opportunities through various recruitment methods, including regular and ad-hoc hiring. To promote diversity among our workforce, we offer equal opportunities to all applicants regardless of educational background, age, gender, race, or religion, and conduct prior training for interviewers to ensure fairness.

In addition, to secure outstanding talent in the Changwon region, where our major business sites are located, we collaborate with Changwon National University to host job fairs and implement local recruitment initiatives.



## New Employee Onboarding Program

We operate an internal onboarding program to help new employees quickly adapt to the organization and demonstrate their capabilities.

### Onboarding Program for New Employees by Position Level

Target	Training programs	
New Employees	OJT	<ul style="list-style-type: none"> <li>1:1 job OJT (3 months): Based on the learning plan of the 1:1 matched leader, learn about the job, team, and business unit twice a week, and conduct emotional management to adapt to the organization</li> <li>Job Review (2 months): Establishment of individual work processes, manuals, and improvement plans based on the review of personal or team tasks</li> </ul>
Business Basics and Accounting Basics Training		<ul style="list-style-type: none"> <li>Business basics course: Learn how to manage time and priorities for efficient work management, and learn the basics of writing documents and oral reporting principles for effective communication.</li> <li>Accounting basics course: Management simulation games to help you understand corporate management and theoretical lectures on accounting subjects to help you understand financial statements</li> </ul>
Networking sessions		<ul style="list-style-type: none"> <li>Quarterly recruitment to help fill the gap between new employees with different start dates and increase familiarity to help them integrate into the organization</li> </ul>
Second-year training		<ul style="list-style-type: none"> <li>Psychological tests, self-care methods, etc. to enhance self-understanding and design a personal growth vision based on which to re-explore the meaning of work and strengthen work motivation</li> </ul>
Career Employees		<ul style="list-style-type: none"> <li>Quarterly introduction to the company's core values, history, organizational structure, and internal systems</li> </ul>
Recruited executives		<ul style="list-style-type: none"> <li>Semi-annual social events to help form employees network and understand the company's history, organizational structure, and management philosophy</li> </ul>

## Employee Competency Development

We have established a talent development strategy across four key areas ("Dissemination of Management Philosophy," "Enhancement of Job Competencies," "Leadership Development," and "Global Competency Building") and implement derivative training programs accordingly.

### Management Philosophy Dissemination Program

We operate programs to embed Hyosung's core values, known as the "Hyosung Way," and the "Work Attitude" established based on these values across all employees.



Major Training Programs	Training Details	Target
New employee training	• Training on the company's history, organizational structure, core values, and management philosophy to facilitate the integration of new employees into the organization	New employees
Promotee Training	• Provide training to enhance role awareness and practical competencies to support employees in adapting to new roles and responsibilities	Promotee
Communication Training	• Enhance communication skills in the areas of empathy/listening, recognition/appreciation, clear instructions/reporting, and refusal/alternatives, to foster a culture where individuals feel comfortable voicing opinions and being heard	All employees

# Human Resource Management and Fair Compensation

## Professional Development Programs

We provide training programs tailored to each job category, role, business unit, and department to achieve value-based management and demonstrate excellence in global market competition.

Major Training	Training Details	Target
VOC Training	<ul style="list-style-type: none"> <li>Basic course: How to systematically collect market/customer/competitor information</li> <li>Advanced course: Case-based training on market/customer/competitor analysis, product value (VIU) discovery, and strategy formulation</li> </ul>	Sales Positions
DT Training	<ul style="list-style-type: none"> <li>How to utilize business automation tools, how to utilize generative AI, etc.</li> </ul>	All employees
Accounting Training	<ul style="list-style-type: none"> <li>Basic course: Cash flow-centered business management</li> <li>Advanced course: Workshops by business division using in-house instructors</li> </ul>	All employees
Research Training	<ul style="list-style-type: none"> <li>Training to cultivate management mindset, enhance research topic exploration, and improve performance-based research project execution and evaluation capabilities</li> </ul>	Research positions
Health and Safety Education	<ul style="list-style-type: none"> <li>Training to improve basic knowledge of safety and safety leadership capabilities</li> </ul>	Safety and Health Positions
Negotiation skills Training	<ul style="list-style-type: none"> <li>Training to understand the concepts and principles of negotiation</li> </ul>	Sales and Purchasing Positions
Job Competency Training	<ul style="list-style-type: none"> <li>Operate engineering and design schools in the transformer/switchgear/electrical sector</li> </ul>	Design, sales, quality, performance/service, purchasing positions

## Leader Development Programs

We conduct tier-specific training programs aimed at developing future business leaders, strengthening organizational management capabilities, and improving organizational culture.

Major Training	Training Details	Target
Top Talent training	<ul style="list-style-type: none"> <li>Provide in-depth diagnosis of competency level and training to improve management capabilities for top performers</li> <li>Training customized to individual needs based on developmental interviews</li> </ul>	Top Talent
Promoted Executive Training	<ul style="list-style-type: none"> <li>Provide trainings for developing leadership and strengthening management</li> </ul>	Promoted Executives
GMC Education	<ul style="list-style-type: none"> <li>A course of study consisting of five subjects - business strategy, financial accounting, marketing, production management, and human resource organization - and individual performance tasks</li> </ul>	Executive Candidates
New Team Leader Training	<ul style="list-style-type: none"> <li>Consists of performance, people, and organizational management training to develop essential qualities as a leader</li> </ul>	Newly appointed Team Leaders
Insight Forum	<ul style="list-style-type: none"> <li>Bringing in external experts to enhance strategic thinking, market understanding, and leadership capabilities</li> </ul>	Executives/ Team Leaders

## Global Competency Enhancement Programs

We provide customized training programs tailored to the needs of locally hired employees, who make up a key part of our overseas subsidiaries.

Major Training	Training Details	Target
Local Employee Training	<ul style="list-style-type: none"> <li>Support for self-paced learning through a global online learning platform</li> </ul>	Expatriates and Local Employees in Key Overseas Entities

## Online Self-development Support Program

We provide opportunities for employees to relieve work-related stress and improve mental well-being by offering various cultural experience programs and meditation sessions through online platforms such as YouTube.

In addition, we offer on-demand audio content services that enable employees to access a variety of lectures and media anytime and anywhere using digital devices.

# Human Resource Management and Fair Compensation

## Performance Evaluation and Compensation

We ensure objectivity and fairness in performance evaluations by utilizing an evaluation system based on the behavioral standards and goals outlined in the “Work Attitude.”

The evaluation of behavioral standards is conducted once a year according to 15 detailed criteria, incorporating multi-rater feedback from team members and providing evaluation reports that include deductions and areas for improvement.

Performance evaluations assess progress against objectives aligned with the organization’s vision and direction, while differentiated rewards based on individual performance are provided to motivate continuous improvement.



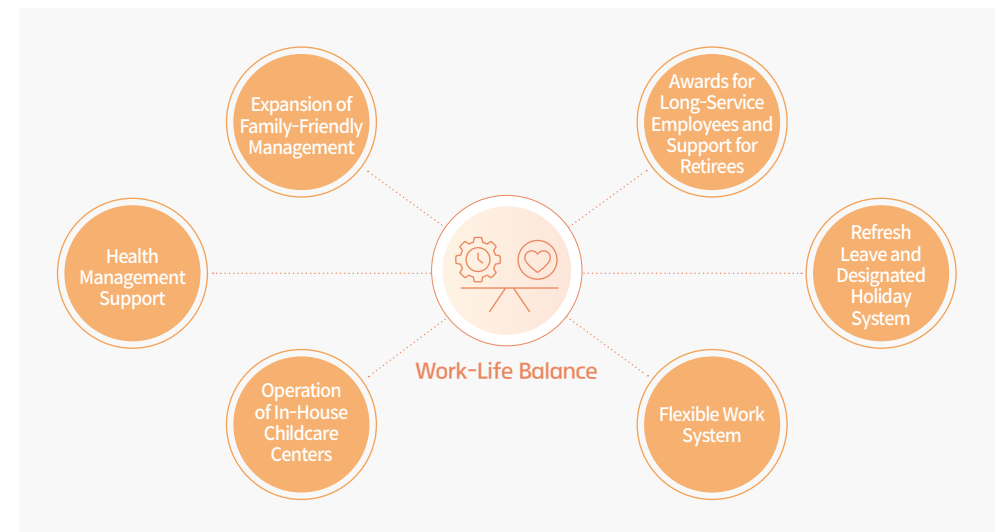
## Presentation of the “Proud Hyosung Employee” Award

We recognize high-performing employees across the entire Hyosung Group through quarterly and annual awards in areas such as marketing, technology, research, and support, granting both monetary rewards and personnel benefits.

In 2023, a PM from the Sydney branch of Hyosung Heavy Industries received an award for contributing to securing a long-term supply contract for ultra-high voltage transformers in Australia.

## Welfare Benefits

We implement family-friendly welfare policies to create a “workplace where people want to work,” ensuring work-life balance and enhancing employee satisfaction.



### Refresh Leave and Designated Holiday System

We operate a Refresh Leave system that allows employees in job categories likely to face challenges in using leave due to the operational schedule of manufacturing sites to take five consecutive days of annual leave. In addition, under the Designated Holiday System, we grant additional holidays by designating specific days and encouraging employees to use annual leave to create extended breaks, even on days without statutory holidays. This initiative contributes to ensuring sufficient leisure time for employees (continued in 2024).

### Implementation of Flexible Work Arrangements

We operate a work system that complies with statutory working hours while improving work productivity. By allocating working hours appropriately based on individual workloads and allowing employees to make their own choices, we ensure flexible and efficient work hour management.

# Human Resource Management and Fair Compensation

## Family-friendly policies

Category	Policy Details
Maternity Protection Program	<ul style="list-style-type: none"><li>• Provided 90-120 days of leave before and after childbirth and leave for prenatal checkups</li><li>• Reduced working hours during pregnancy</li><li>• Time off and medical expenses in case of miscarriage or stillbirth</li><li>• Reduced working hours and infant leave available after childbirth</li><li>• Guaranteed lactation time and lactation rooms</li><li>• Maternity leave for spouses and family care leave when family members are sick</li><li>• Restrictions on night and holiday work for pregnant women</li></ul>
Operate in-house daycare centers	<ul style="list-style-type: none"><li>• Operate daycare centers at Mapo and Changwon plants</li><li>• Provide quality services through professional contracted teachers and conduct regular inspections to detect environmental hazards to ensure the optimal childcare environment for employees' children.</li></ul>
Supporting Children's Education	<ul style="list-style-type: none"><li>• Provide full support for entrance fees and tuition for children enrolled in or attending regular high schools and four-year colleges/universities in Korea</li><li>• Provide subsidies for foreign high schools and universities</li></ul>
Support for leisure activities	<ul style="list-style-type: none"><li>• Provide reimbursement for employee club activities</li><li>• Provide Condo assistance for employees and their immediate families</li></ul>

## Mental Health Management

We provide psychological counseling services in collaboration with external professional organizations, offering programs for managing mental well-being as well as analyzing employees' stress levels and emotional state. In 2023, 114 employees used this counseling service, and in 2024, a total of 102 employees participated.

## Rewarding Long-Term Employees and Supporting Retirees

We recognize employees with 10, 15, 20, and 30 years of service through an award program that acknowledges their dedication. In 2024, a total of 132 employees were honored, including 94 office employees and 38 union members from the Changwon Plant.

In addition, we provide career planning education for employees aged 50 and above to help them prepare in advance for their second phase of life after retirement. This program includes customized support across areas such as interpersonal relationships and networking, health, finance, housing, and leisure, based on individual competency assessments.

## Strengthening Labor-Management Cooperation and Improving Organizational Culture

### Town Hall Meetings

We hold town hall meetings twice a year to enhance communication among employees. At the town hall meeting held in September 2024, employees, including the CEO, participated to transparently share the company's business performance and future direction, as well as to discuss mutual concerns, which will be considered for future management activities.

### Two-way communication system within the organization

We operate a communicator system by business unit and department to educate employees on the importance of communication and related roles, while sharing workplace updates across the company. In addition, we implement the "Enhancing Work Synergy" program, which provides training for team leaders on developing junior employees and coaching techniques, and for team members on communication methods to bridge generational gaps and apply these skills in their work processes.

### Communication channels

We operate anonymous bulletin boards such as "Tongtong Board" and a nickname-based board called "Wagle Wagle" on our internal intranet, enabling employees to share work-related information, site news, and exchange opinions. Suggestions and proposals posted on the Tongtong Board receive feedback from the company. We also communicate key company news and various updates, including social contribution activities, through the "My FRIEND HYOSUNG" blog, "HBS" in-house broadcasting, and our company newsletter. Furthermore, we introduce information about our products and sustainability initiatives via YouTube, Instagram, Facebook, and KakaoTalk channels.

### Operation of labor-management council

We have formalized the guarantee of employees' rights to assembly and association within our Human Rights Policy and operate an in-house labor union. Labor-Management Councils are held quarterly at each business site. Among the council members, grievance committee representatives are appointed to promptly review grievances reported during regular meetings and manage them company-wide.

Timing of Meetings	Major Consultation Agenda
Q1 2024	<ul style="list-style-type: none"><li>• Improve the quality of worker meals and conduct monitoring of food distribution companies</li><li>• Hire new employees</li></ul>
Q2 2024	<ul style="list-style-type: none"><li>• Install of Heating and Cooling Systems in the High-Voltage Switchgear Test Lab</li><li>• Improve on-site worker break rooms</li></ul>
Q4 2024	<ul style="list-style-type: none"><li>• Request an increase of vacation allowance</li><li>• Install air conditioners in the factory</li></ul>

# Community Engagement

## System for Promoting Social Contribution Activities

We embody the commitment of Hyosung Group Chairman Cho Hyun-joon—“As business leaders, we devote ourselves to management and investment to contribute to economic revitalization and fulfill our social responsibility by providing practical support to our neighbors”—through strategic social contribution activities tailored to the characteristics of each affiliate.

### Direction of Social Contribution Activities

#### Slogan

**We will stand with you through sharing**

#### Vision

**A company that empowers beneficiaries to pioneer their future through education and sharing**

#### Themes



Aiding vulnerable groups domestically and internationally



Sponsoring cultural and artistic endeavors



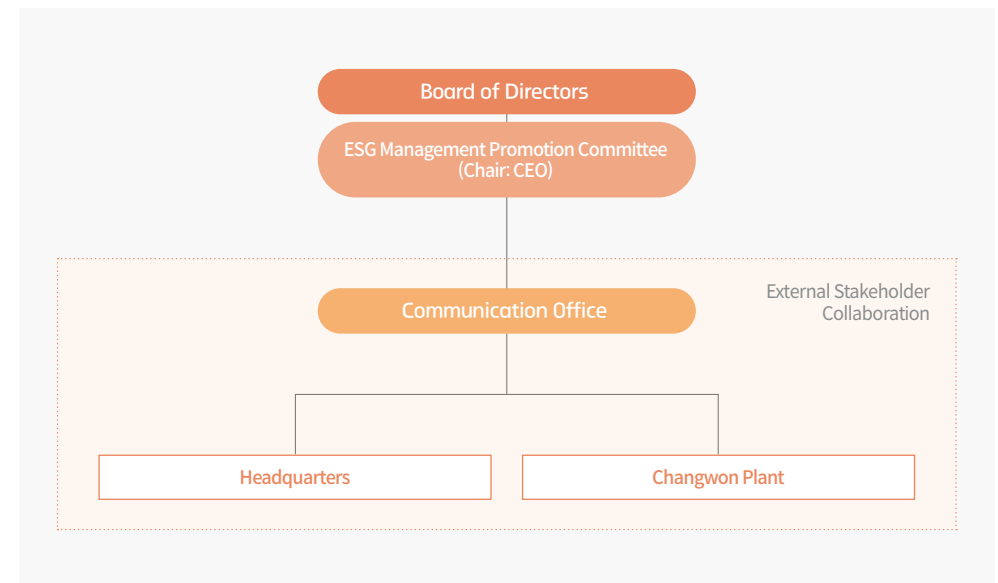
Providing assistance to patriots and veterans

## Key Decision-making Systems for Social Contribution Activities

We have established a decision-making structure that spans from the Board of Directors and the CEO to the departments in charge at major business sites, ensuring that social contribution activities generate sustainable social value rather than being one-time initiatives.

The CEO reviews the validity and appropriateness of mid- to long-term strategies for social contribution projects. The ESG Management Promotion Committee monitors performance and results based on the execution of these strategies and annual activities.

The Communication Office, as the primary department responsible for social contribution activities, develops mid- to long-term strategies and oversees company-wide program planning, operation, and management. Social contribution departments at headquarters and the Changwon Plant gather needs from external stakeholders and local communities and design and implement specific project initiatives accordingly.





# Community Engagement

## Major Activities

### Support Programs for the Vulnerable

We provide donations and sponsorships to local communities in Mapo-gu, Seoul, Changwon City, and Vietnam, where Hyosung Heavy Industries operates.

Program	Description
Rice donation in Mapo-gu	Distributed rice to vulnerable groups in Mapo-gu, where Hyosung Heavy Industries' headquarters is located
Overseas Child Sponsorship Project	Supported children in Kon Tum Province, Vietnam, through collaboration with Plan Korea, a specialized NGO
Vietnam Kindergarten Construction Support	Funded the construction of two kindergarten buildings in Nam Tra My District, Quang Nam Province
Goodwill Store Donation	Donated employees' items to the Goodwill Store in Eunpyeong to create jobs for people with disabilities and vulnerable groups
Hyosung Volunteer Corps Activities	Conducted monthly volunteer activities at Seoul Bethany Children's Center, which accommodates children with disabilities
Employee Blood Donation	245 employees donated blood, and blood donation certificates were delivered to the Korean Association for Children with Leukemia and Cancer
One Company, One Village Elderly Tour	Organized spring and autumn trips for seniors from Shinchang and Jidu villages in Changwon, under sisterhood agreements
Support for Jeongmun School Activities	Provided assistance and financial support for external experiential learning programs at Seoul Jeongmun School (8 events in 2024)
Family Trips for Children with Disabilities	Supported 3-day trips for low-income youth, children with disabilities, and their families, paired with employee families
Employment Activation for Career-interrupted Women	Delivered KRW 70 million to Jongno Women Resources Development Center to fund vocational training and job support for middle-aged women who experienced career interruptions due to childbirth or caregiving

### Culture and Arts Sponsorship Program

We supported the production of two barrier-free films that include audio descriptions and subtitles conveying dialogue, music, and sound effects for individuals with disabilities who experience difficulties enjoying films and media content. To increase participants' sense of engagement, employee voices were utilized in the audio descriptions of the films. At the opening ceremony of the 14th Seoul Barrier-Free Film Festival, we delivered KRW 20 million in funding to support barrier-free film production. In collaboration with the Changwon Office of Education, we sponsor books and bookshelves for two schools each year and organize literary reading tours for 100 elementary school students in Changwon City. We also contribute to cultural heritage preservation by conducting palace grounds cleanup activities, which took place once in 2024 and are held one to two times annually.



### Patriotic and Veterans Program

We formed a sisterhood partnership with Section 9 of the Seoul National Cemetery and conducted two environmental cleanup activities as part of the “One Company, One Grave Site” initiative. Through the “Love for Our Country Housing Support” program, we raised KRW 100 million at the group level, including KRW 27.62 million contributed by Hyosung Heavy Industries, to improve the residential environments of 14 veteran households facing financial difficulties and to support housing for over 100 tenants in rental homes. In 2024, we also supported the construction of new homes for six veteran families in Türkiye as part of this initiative.



### Eco-friendly Social Contribution Activities

We implemented the “One Company, One River” initiative in collaboration with Changwon City Hall, engaging 97 employees from the Changwon Plant in river cleanup activities.

To commemorate World Water Day, we carried out environmental preservation activities near Namcheon River. We also supported the distribution of solar power generation equipment to residents of Gunbuk-myeon, Haman County, Gyeongsangnam-do, as part of our eco-friendly product purchase and sponsorship initiatives.

In addition, through the “No Plastic on the Han River!” campaign, we contributed to local environmental preservation by removing invasive plant species and conducting cleanup activities near the Han River Park, while also operating an eco-friendly booth to raise awareness and promote climate crisis response.



One Company, One River



Cleanup activities at Namcheon River on World Water Day



No Plastic Han River!

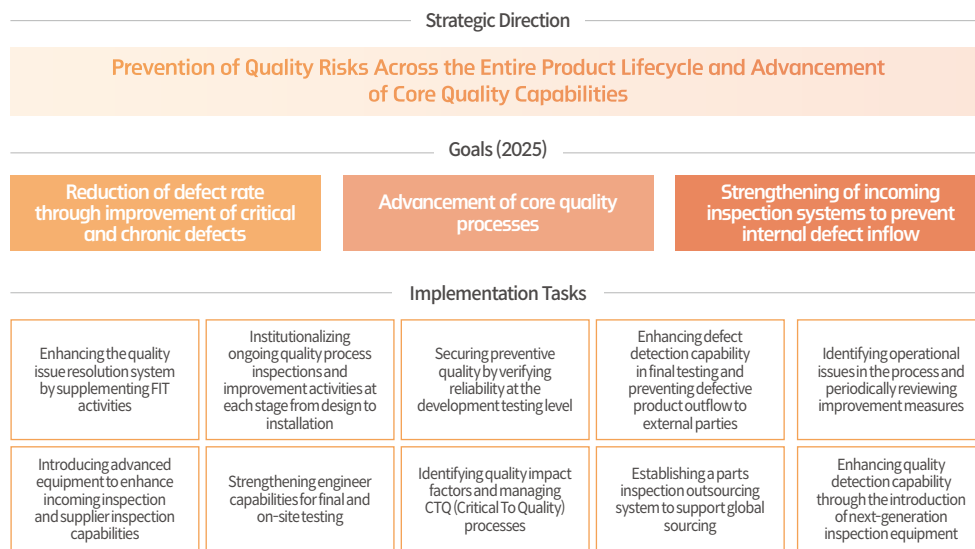


# Ensuring Product Quality and Safety

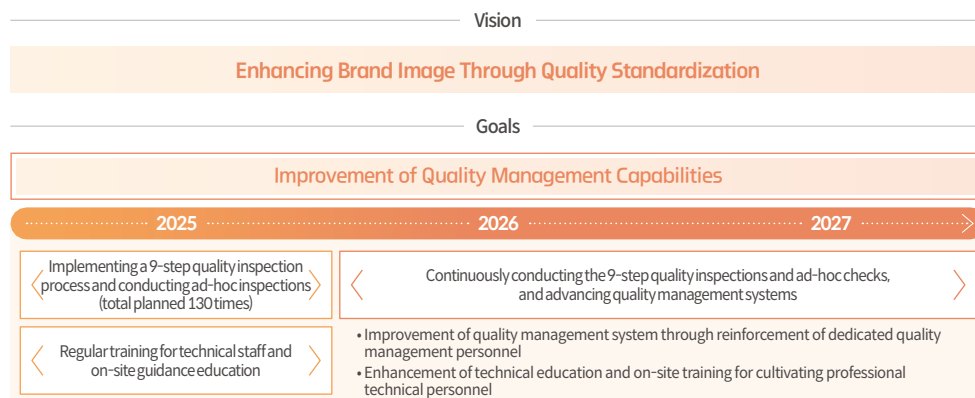
## Direction for Securing Product Quality and Safety

We have established a vision and mid- to long-term objectives to ensure product quality and safety, aiming to enhance reliability by preventing quality and safety risks throughout the entire product lifecycle.

### Strategic Direction and Goals of the Power & Industrial Systems Division



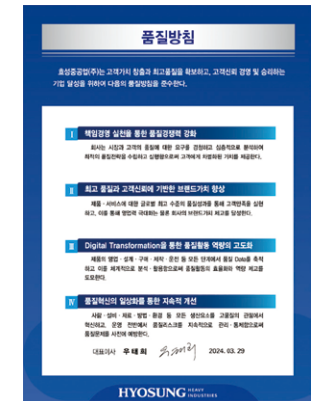
### Vision and Goals of the Construction Division



## Quality Management Policy

We have established a quality management policy based on our company-wide quality management system to continuously promote customer satisfaction and strengthen quality competitiveness. To achieve this, we have set four key principles: practicing responsible management, advancing digital-based quality systems, and driving quality innovation across all processes, and we are implementing them in a systematic manner.

- 1 Strengthen quality competitiveness through responsible management practices
- 2 Enhance brand value based on the highest quality and customer trust
- 3 Advance quality activity capabilities through digital transformation
- 4 Achieve continuous improvement through the normalization of quality innovation



## Product Quality and Safety Strategy

We have established a product quality and safety strategy aimed at securing global competitiveness, enhancing customer trust, and achieving sustainable quality management. This strategy is built on three pillars: strengthening quality control, ensuring product safety, and enhancing training and capabilities. It focuses on preventing risks throughout the entire process and building a system that delivers high-quality products through data-driven continuous activities.

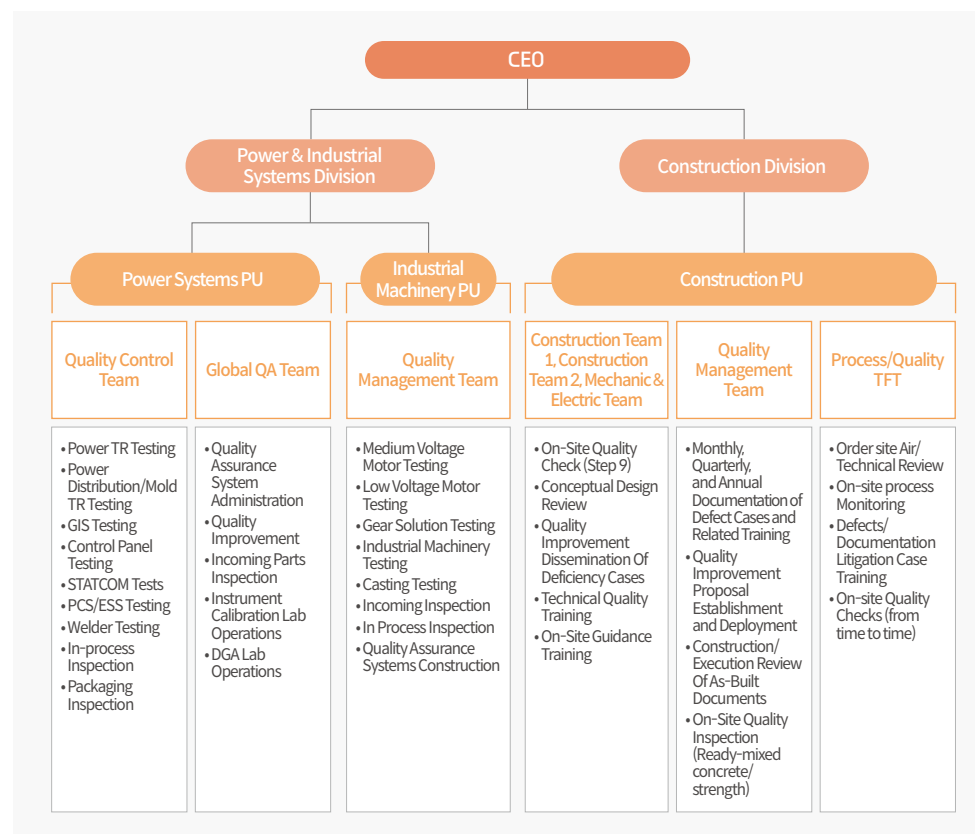
Strategic Areas	Key Strategies	Detailed Contents
Strengthening quality management	Maintaining and expanding ISO certification	Operating systems based on international quality standards such as ISO 9001 and ISO 17025
	Operating KOLAS-accredited testing laboratories	Operating international-level testing of high-voltage transformers, GIS, and STATCOM laboratories
	Data-based quality management	Collecting and analyzing quality data to predict and resolve quality issues in advance
Ensuring product safety	Testing based on international safety standards	Verification of product performance and safety according to IEC, IEEE, KS standards
	Risk assessment and management throughout the entire process	Risk factor identification and prevention-oriented management in all stages from design to logistics
	Test and inspection data history management	Systematic recording of test and inspection results and prevention of recurrence based on MES and QMS
Training and capacity building	Developing quality and safety professionals	Developing internal quality professionals through systematic training and education
	Strengthening supplier quality cooperation	Operating a collaborative system to improve quality levels throughout the supply chain

# Ensuring Product Quality and Safety

## Product Quality and Safety Management System

We operate a full-cycle quality management system through product-specific testing and process inspections led by the Quality Management Department of the Power Systems PU, Industrial Machinery PU, and Construction PU. The Global QA Team provides technical support to ensure quality reliability by managing the quality assurance system, conducting component incoming inspections, and calibrating measuring instruments. We also enhance defect detection capabilities and prevent defective products from being released by introducing advanced inspection equipment and strengthening engineers' competencies, thereby ensuring product safety.

### Organization Chart

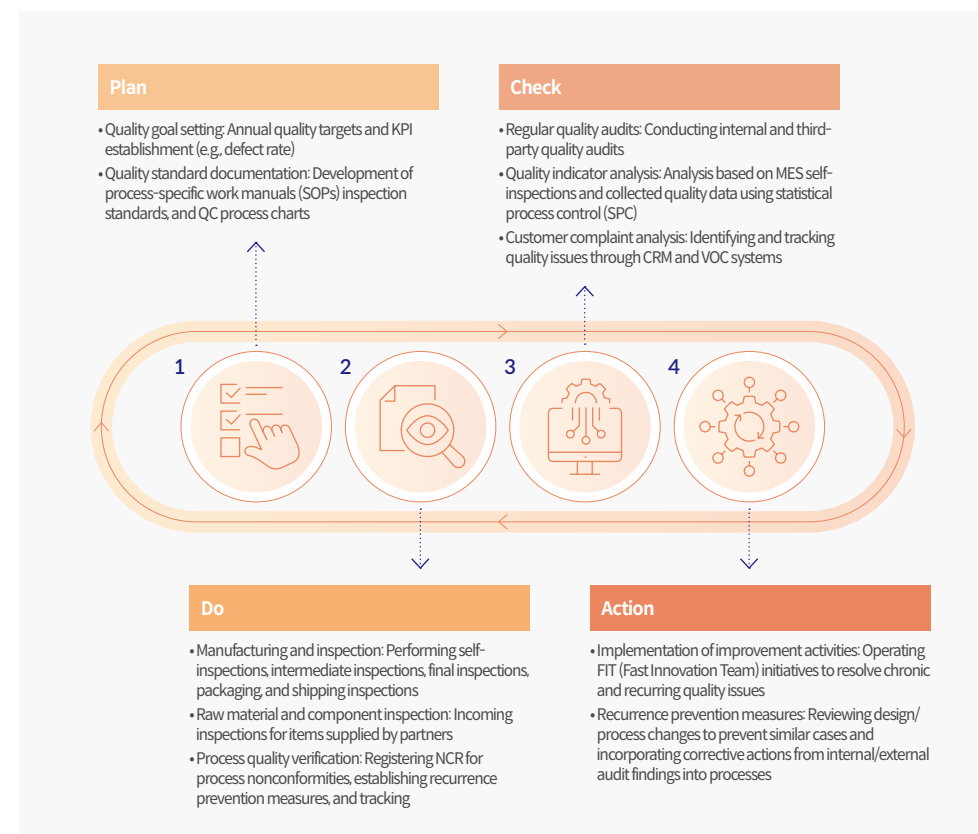


## Product Quality and Safety Management

### Quality Management Process

We have established and operate a quality management process based on the PDCA (Plan-Do-Check-Act) principle in accordance with the ISO 9001 Quality Management System requirements.

To systematically manage the entire process—including quality target setting, manufacturing and inspection, performance analysis, and improvement activities—we apply an execution framework grounded in the PDCA cycle.

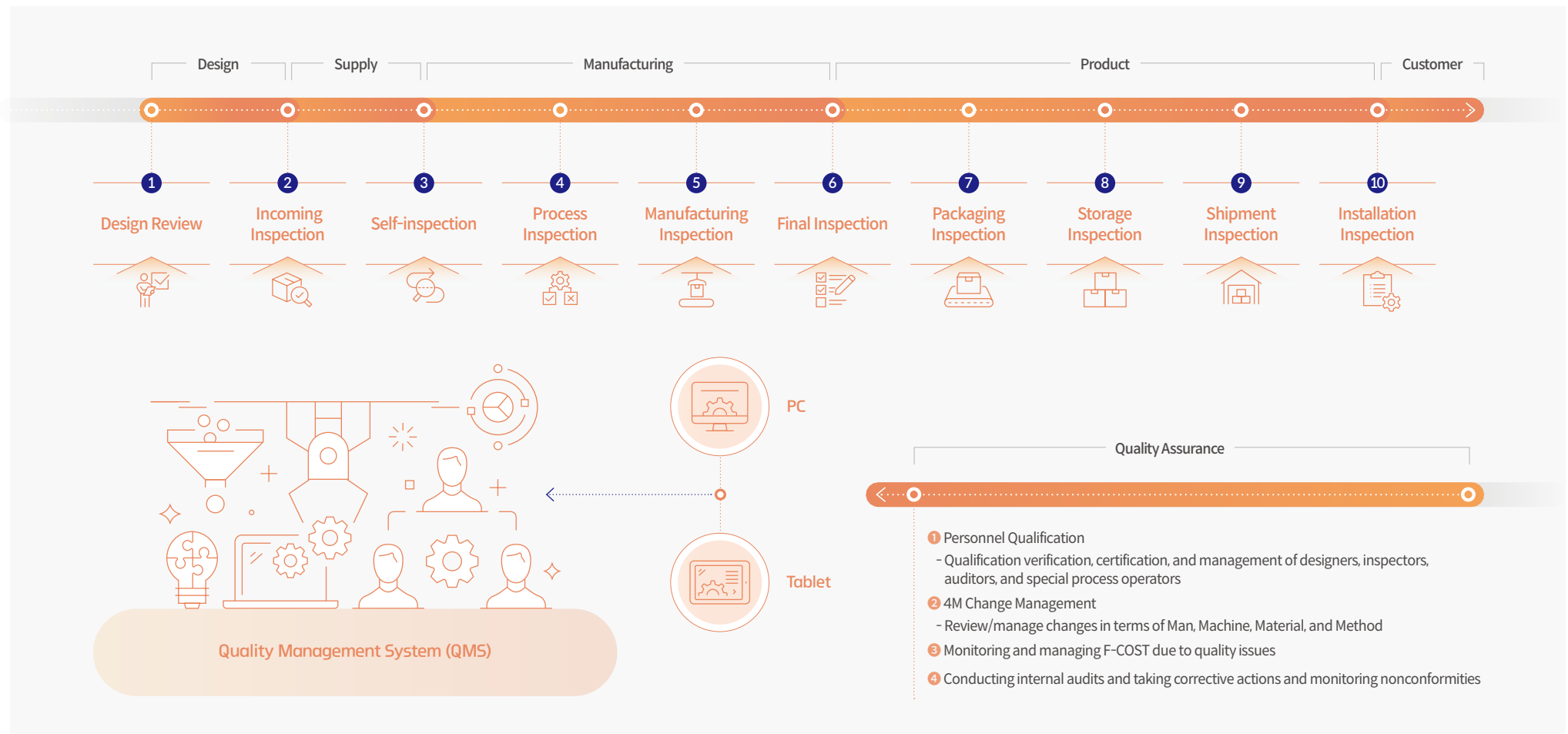


# Ensuring Product Quality and Safety

## Managing Product Quality and Safety

### Quality Management System (QMS)

We operate a Quality Management System (QMS) to centrally manage quality data across all processes and proactively prevent quality risks. Based on this QMS, we systematically implement 10 stages of quality management activities, from product design to installation, enhancing consistency and continuity in managing all quality-related records.



# Ensuring Product Quality and Safety

## Quality Inspection and Testing Process

We conduct quality inspection and testing procedures through inspectors categorized into three qualification levels based on experience, training, and grades.

We ensure that operators in each process conduct self-inspections, and that all inspections—from incoming materials to in-process, final, and packaging—are sequentially conducted by qualified inspectors.

We register inspection results in the IT system by product identification number and manages the entire process through computerized systems.

## Nonconformity Management Process

We issue a nonconformance report (NCR) through the QMS and shares it with relevant departments immediately when quality control personnel identify nonconforming products.

We ensure that the design or manufacturing departments establish corrective and preventive measures based on cause analysis and promptly implement the measures.

We close the NCR after the quality management department reviews and confirms the appropriateness of the action results, and shares all progress and outcomes company-wide through the QMS to prevent process delays.

## Special Process Management

We classify welding, brazing, painting, and crimping processes during manufacturing as special processes, as the quality of results is difficult to verify solely through post-process inspections.

We ensure that operators assigned to these processes complete training and verification procedures in accordance with qualification standards specific to each process before performing their tasks.

We evaluate the results of such operations based on separate quality standards established by the Quality Control (QC) team and applies the same standards to suppliers to implement integrated management of contractor qualifications and quality levels.

## New Supplier Registration Process

We conduct a preliminary assessment through prior information research and a review of the supplier’s current status during the registration of new suppliers.

The quality, manufacturing, and procurement departments carry out supply chain due diligence and internal evaluations for suppliers, and based on the results, receive and review Corrective Action Plans (CAP); registration proceeds only for suppliers that demonstrate improvement.

We register approved suppliers on the Authorized Vendor List (AVL), and the registered supplier information is shared with relevant departments via the internal IT system for integrated management.

Even after registration, we continuously inspect and manage suppliers’ quality and operational standards through regular audits.

## Quality Innovation Program

We introduced an AR-based vision inspection system as part of the smart factory transition to enhance the quality of appearance inspection and promote automation.

We improve accuracy and efficiency through visualization-based inspection utilizing 3D design data, and enhances inspection precision by digitalizing repetitive processes and focusing inspection resources on core quality items.

Inspection results are digitized in the system and managed in an integrated manner, linked to the company-wide quality management framework for production history tracking, quality feedback, and customer response.

## AR-based Vision Inspection Effect

Products	Part name	Inspection Time		
		Before (min)	After (min)	Reduction (%)
Ultra-high voltage Transformers	Tanks	180	6	97
	Tank Cover	60	6	90
	conservator	120	3	98
Distribution Transformers	Tanks	120	6	95
	Tank Cover	60	6	90
	conservator	90	3	97
AR-based Vision Inspection		105	5	95

# Ensuring Product Quality and Safety

## Internalizing Quality Management

The Power & Industrial Systems Division carries out initiatives to strengthen human capabilities related to quality in order to prevent the root causes of quality issues proactively and enhance on-site problem-solving capabilities.

We have advanced our training and communication framework around three key areas: education on quality improvement techniques, defect case training, and strengthening campaigns to raise quality awareness.

Furthermore, we have expanded the scope of training to include all employees and suppliers by operating an internal certification system, establishing a repetitive learning structure, developing practice-oriented training materials, and sharing case studies focused on quality-related risks.


### Quality Internalization Activities in the Power & Industrial Systems Division

Training on quality improvement techniques

- Operating repeated RCA training and an internal certification system
  - Regular training courses are offered, and internal certification is granted through competency assessments based on practical assignments.

Course	Target	Contents
Basic	Pro	Basic performance ability
Professional	PM, PL	Possessing coaching capability

- The scope of mandatory certification requirements was expanded to include major domestic suppliers.
- Selecting the "Worst-100 defective issues" and providing repeated training
- Operating a FIT problem-solving course
- Operating an ISO 9001 self-training course, which serves as the foundation for all industrial quality requirements




Training on defect cases

- Improvement of defect case training method/concept


Category	Contents	
Past	Training Material	Recurrence Prevention Plan
	Contents	Defect Details
Current	Training Material	Standard Training Material (Prepared by QA)
	Contents	Defect Details with Lessons Learned and Key Takeaways

- Preparation of standard training materials
  - Distribution (including overseas sites)
  - Implementation of training by class and department
- Future improvement plan
  - Operation of training programs incorporating cases of defects, non-compliance with standards, and quality risks
  - Assessment of training effectiveness



Enhancing promotion of quality awareness

- Broadcasting of defect case announcements via internal audio system
  - Utilization of different cases by day (twice per day)
- Operation of quality-dedicated bulletin board on Groupware (WING)
  - "Board name: Q-ROOM"
  - Continuous weekly updates of cases
- Operation of Worst-100 defect cause training materials
  - Compilation of a casebook covering the top 100 defect causes
  - Resolution of priority defect causes through repetitive training



### Quality Training Performance in the Construction Division in 2024

Category	Target	Training Date	Participants	Completers	Completion rate (%)
1st	Architectural	Jun. 14, 2024	24	24	100
	Mechanical and Electrical	Jun. 21, 2024	52	52	100
2nd	Architectural	Nov. 22, 2024 (1st) Nov. 27, 2024 (2nd)	43	39	90.7
	Mechanical and Electrical	Nov. 29, 2024	57	57	100

# Information Security and Privacy

## Information Security Promotion Strategy

Goal

### Ensuring Compliance and Enhancing Corporate Competitiveness through Establishment of an Information Security System

#### Assessment of management system based on information security management system requirements

- Organizational context/stakeholder analysis
- Gap analysis against ISO 27001 requirements
- Information security risk assessment, legal compliance review, and policy development

#### Technical vulnerability assessment within ISO certification scope

- Inventory of information assets subject to certification
- Technical vulnerability assessment of infrastructure
- Penetration testing of applications
- Development and implementation of improvement measures for vulnerabilities

#### Acquisition of ISO certification and maintenance of information security system

- Operation of information security system through policy and organizational alignment
- Preparation of Statement of Applicability (SOA)
- Assessment and enhancement of information security operation level
- Expansion of certification to Changwon Plant and overseas subsidiaries

### Establishing a Foundation for Embedding Information Security into Organizational Culture through Internal Execution Capability

## Information Security Promotion Direction and Goals

2024

2025

2026

- Acquisition of ISO 27001 certification centered on headquarters
- Formation of the information security organization and activation of communication channels through operation of the Information Security Committee
- Strengthening internal capabilities through establishment of the information security management system

- Internalization of the information security management system tailored to the characteristics of the business
- Preparation for expansion of ISO 27001 certification scope (entire Changwon Plant)
- Establishment of security monitoring systems for overseas subsidiaries
- Establishment of a monitoring system for standardized operations and company-wide security inspection activities

- Establishment of a governance-based internal control system linked to company growth and management objectives
- Expansion of ISO 27001 certification scope application (Changwon Plant and overseas subsidiaries)

## Information Security Regulations and Personal Information Processing Policy

We issued an Information Security Declaration in March 2024 to define company-wide direction and objectives. In addition, we formulated Information Security Regulations in March 2024, which outline the fundamental principles of business operations and compliance requirements for employees to safeguard information assets from security threats. These regulations were subsequently revised twice, in September 2024 and April 2025.

To systematize management processes, we established a comprehensive policy framework covering organizational structure, assessments, personnel management, and situation-specific security management, consisting of one regulation and 14 standards. Furthermore, to strengthen the detailed rules on administrative and technical protection measures for personal information, we introduced the Personal Information Protection Operating Standard and an Internal Management Plan.

To enhance accessibility for employees, the Information Security Regulations and the Personal Information Processing Policy are published on the company's internal website.

### 정보보안 선언문

정보통신 기술의 발달에 따라 새롭게 파생되고 있는 각종 정보보안에 대한 위협들은 안정적인 사업 활동과 정보 자산에 심각한 영향을 미칠 수 있게 되었으며, 정보자산을 보호하기 위한 제반 활동은 안정된 비즈니스를 유지하기 위한 필수 불가결한 요소가 되었습니다.

이에 효성중공업(주) 중공업PG (이하 '회사')의 전 임직원은 정보보안의 중요성을 깊이 인식하여 내부 및 외부로부터의 해킹, 정보유출 등 수많은 정보보안 위협으로부터 중요 정보자산을 보호하기 위한 토대를 마련하기 위해 다음과 같이 정보보안 규정을 수립하고 실행합니다.

- 하나. 우리는 정보보안 규정 및 관련 기준을 철저히 준수한다.
- 하나. 우리는 정보보안의 중요성을 인식하고 그에 대한 책임을 다한다.
- 하나. 우리는 불법적인 접근과 유출로부터 중요 정보자산을 보호한다.
- 하나. 우리는 지속적인 정보보안 및 점검활동을 통하여 정보보안 의식을 제고한다.
- 하나. 우리는 정보보안 관련 법적 요구사항을 준수하고 사회적 책임을 다한다.

회사는 이러한 정보보안 규정의 준수를 위해 필요한 노력과 자원을 투자할 것입니다. 또한, 정보보안은 특정 조직에서만 수행될 수 없으며, 모든 임직원들의 자발적인 참여와 책임이 필요합니다. 모든 임직원들은 정보보안의 중요성을 인식하고, 지속적인 관심을 기울임으로써 선보된 방침을 이해하고 준수하는 데 최선을 다해야 할 것입니다.

2025년 4월

효성중공업 주식회사



Information Security Statement



# Information Security and Privacy

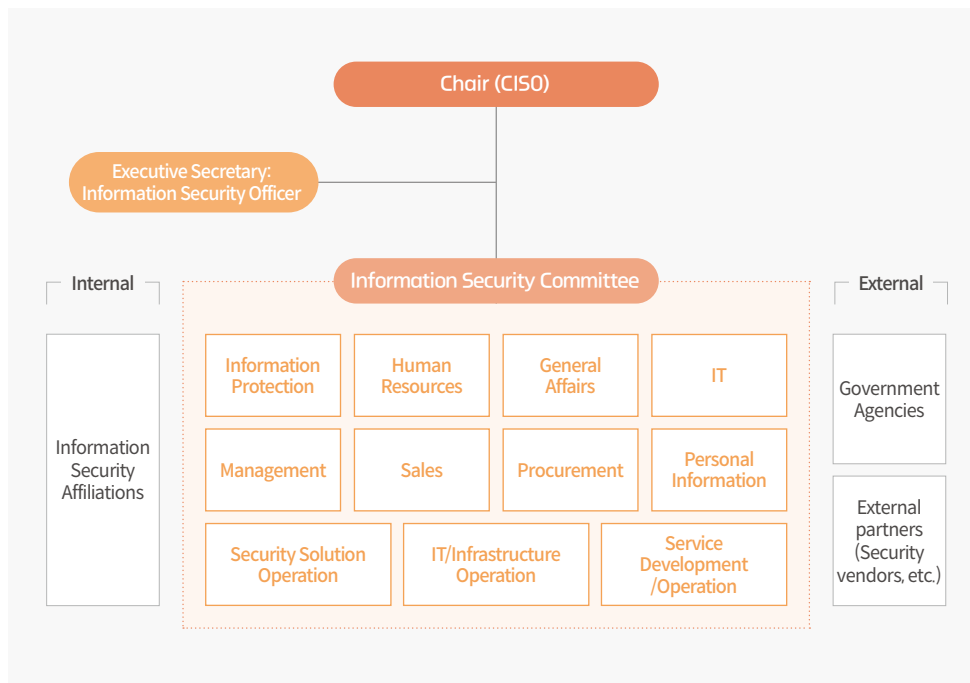
## Information Security Organization

The Information Security Committee, under the Chief Information Security Officer (CISO), operates to share major information security issues and trends and to review key information security regulations.

The committee holds meetings twice a year (February and November) to deliberate on information security operational performance and plans.

To enhance organizational efficiency, the security solution and infrastructure operation teams have been integrated to and expanded within the organizational structure.

### Information Security Organization Structure



## Information Security Committee Activities

Category	Date	Main Points
1st Information Security Committee	February 28, 2024	Deliberation/resolution on 'Information Security Management System' built according to the specific characteristics of Hyosung Heavy Industries (4 items)
2nd Information Security Committee	September 9, 2024	Deliberation/resolution on the need to change the information security management system (4 items)
3rd Information Security Committee	March 26, 2025	Deliberation/resolution on the 2024 information security performance, the 2025 work plan, and the need to change the information security management system (4 items)

## Acquisition and Management of Information Security Certification

We obtained ISO/IEC 27001 certification, the international standard for Information Security Management Systems (ISMS), on May 24, 2024, to systematize our information security management system and enhance our security level. Certification has been completed for our headquarters and the Changwon Plant, and we plan to expand the scope to include overseas subsidiaries in the future through internal process refinement.



ISO/IEC 27001 Certificate



# Information Security and Privacy

## Information Security Risk Assessment

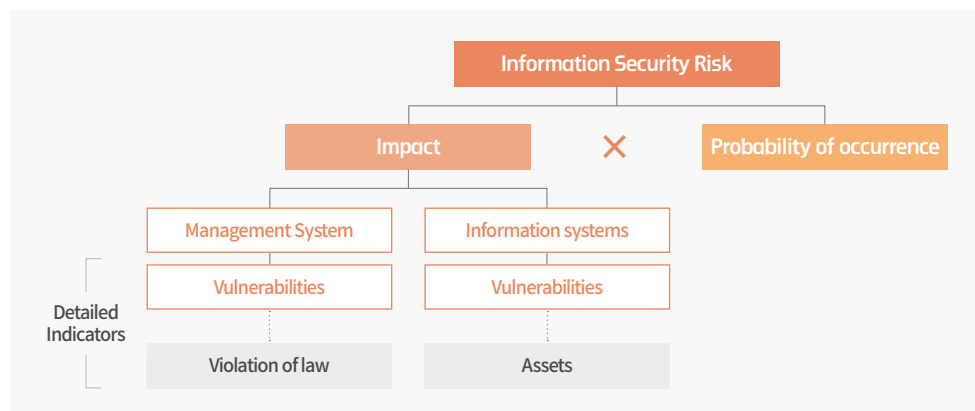
We conducted risk assessments to identify information security risk factors and vulnerabilities and evaluate their potential impact, in order to ensure the implementation of appropriate security controls and the establishment of an effective information security management system. These assessments were carried out in three phases: February 2024, September 2024, and March 2025.

To enhance the risk assessment process and improve reliability, we defined specific risk indicators and standardized evaluation checklists. Risk assessments were performed on 183 assets, including information assets at Hyosung Heavy Industries headquarters and the Changwon Plant, as well as components of the information security management system. Action plans have been developed and implemented for 90.7% of identified vulnerabilities. For low-risk items without specific action plans, separate security measures have been established to ensure proper management.

### Information Security Risk Assessment Process



### Information Security Risk Assessment Indicators

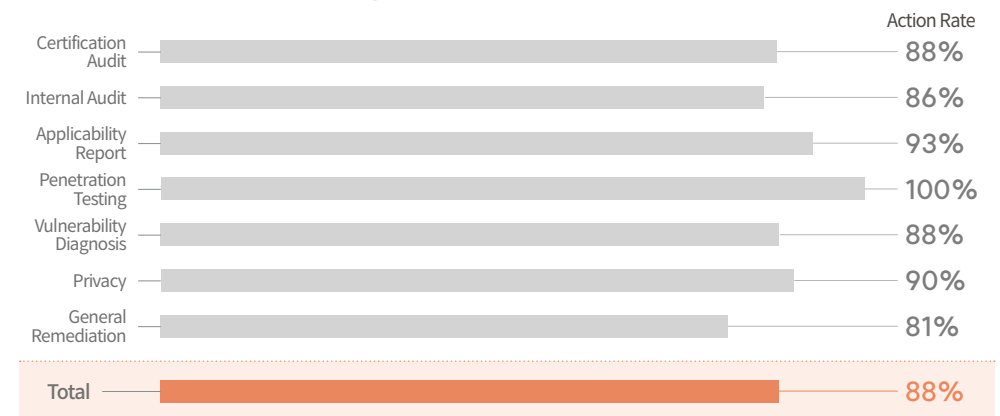


## Information Security Internalization Activities

In addition to the issues identified through risk assessments, we identify areas requiring improvement across various issue categories, including findings from the establishment of the information security management system, risk assessment-related issues, observations from internal audits, official findings and verbal feedback from certification audits. We then carry out internalization activities for each identified item.

### Status of Internalization Activities by Issue Area

\* As of February 2025



## Simulated Phishing Email Training

In response to the increasing inflow of malicious emails through various channels and the growing number of attack cases, we conducted simulated phishing email training twice a year for all employees to raise awareness. These exercises were completed in April 2024, October 2024, and April 2025.

To further enhance employees' understanding of malicious email trends and response measures, we developed and distributed a malicious email response guide in 2024.



Malicious Email Response Guide

# Information Security and Privacy

## Information Security Education

To enhance information security awareness among all employees, we included training on “Cases of Industrial Technology Leakage and Penalty Trends” into ESG management education, conducted in August 2024. Additionally, to strengthen understanding of personal information protection, we conducted the “Employee LAW Roadmap Training” on personal data protection in September 2024.

### Status of Information Security Training

No.	Training Name	Date	Attendees (Unit: person)	Attendance Rate (Unit: %)
1	Trends in Industrial Technology Breaches and Penalties (Information Security Training)	Aug. 1, 2024~ Aug. 31, 2024	1,676	81.5
2	Workplace LAW Roadmap (Privacy Training)	Sept. 1, 2024~ Sept. 30, 2024	1,876	90.0



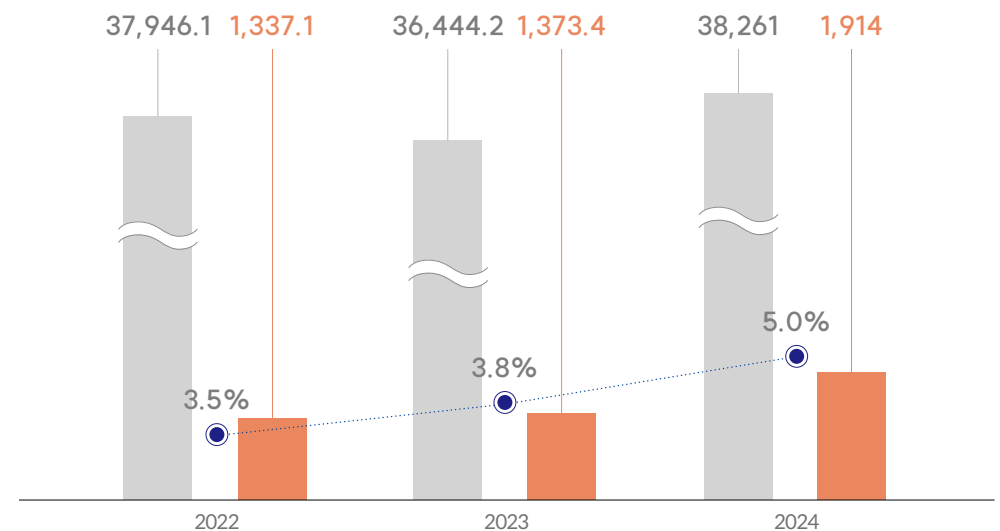
## Information Security Investment

We are strengthening and advancing the information security system through increased investment in information protection.

### 3-Year Information Security Investment Status

(Unit: KRW million)

■ Investment in Information Technology (A) ■ Investment in Information Security (B) ● Information Security Investment Ratio (B/A)



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# Board Structure and Governance

## Principles of Corporate Governance

Enhancement of transparency through board composition centered on outside directors	Improvement of efficiency through board operations centered on committees	Strengthening of board expertise through appointment of outside directors with diverse backgrounds
<ul style="list-style-type: none"> <li>Maintenance of a majority of outside directors on the Board and securing transparency and soundness through the appointment of verified outside directors</li> </ul>	<ul style="list-style-type: none"> <li>Operation of the Audit Committee and Outside Director Candidate Recommendation Committee established in accordance with relevant laws, as well as the Management Committee for flexible response to the global business environment and enhancing decision-making efficiency</li> <li>Operation of the ESG Management Committee for strategic and systematic management of the ESG division and review of internal transactions, and the Compensation Committee for determining directors' remuneration limits and compensation policies</li> </ul>	<ul style="list-style-type: none"> <li>Enhancement of Board expertise through the appointment of outside directors with diverse backgrounds and expertise</li> <li>Provision of various training programs to secure the expertise of outside directors</li> </ul>

## Corporate Governance Charter

We announced our Corporate Governance Charter in August 2021 to establish a sound and transparent corporate governance structure, secure the trust of all stakeholders, and advance as a global company. This charter is designed to ensure fair and transparent responsible management under the oversight of an independent board of directors.

The Corporate Governance Charter includes provisions regarding shareholders' rights, the roles and responsibilities of the board of directors, audit bodies, stakeholders, and disclosures.

## Establishment of Corporate Governance Operating Guidelines

We disclose the Corporate Governance Best Practices Code to establish principles and standards that enhance corporate transparency and efficiency while aligning with international governance practices and considering the unique characteristics of our business environment.

In addition to the Articles of Incorporation and board operation regulations, we have established operational guidelines for each board committee to ensure efficient committee operations, and these are publicly available on our website.

The committee operating regulations are regularly established for newly formed committees and are revised as needed to reflect changes in the internal management environment.

## Board Composition

(as of March 25, 2025)

Category	First Name	Gender	Age	Job Title	First Date Appointed	Specialty	Major Career Highlights
Inside Director	Tae-hee Woo	M	62	<ul style="list-style-type: none"> <li>CEO</li> <li>Chairman of the Board of Directors</li> <li>Representative member of the Management Committee</li> <li>Outside Director Candidate Recommendation Committee member</li> <li>ESG Management Committee Member</li> <li>Compensation Committee Member</li> </ul>	March 2024	General Manager	<ul style="list-style-type: none"> <li>Executive Vice Chairman of the Korea Chamber of Commerce &amp; Industry</li> <li>2nd Vice Ministry of Trade, Industry and Energy</li> </ul>
	Hyun-joon Cho	M	57	<ul style="list-style-type: none"> <li>Chairman of Hyosung Group</li> <li>Chairman of Hyosung Corporation</li> </ul>	March 2025	Corporate Management	<ul style="list-style-type: none"> <li>Head of Information &amp; Communication PG, Hyosung Corporation</li> <li>Head of Strategy Division, Hyosung Corporation</li> <li>President of Hyosung Corporation, Head of Textile PG</li> </ul>
	Yokota Takeshi	M	67	<ul style="list-style-type: none"> <li>Management Committee Member</li> </ul>	March 2019 (2 consecutive terms)	Head of Management, Power & Industrial Systems Division	<ul style="list-style-type: none"> <li>President of Toshiba Europe</li> </ul>
	Nam-yong Park	M	57	<ul style="list-style-type: none"> <li>Management Committee Member</li> </ul>	March 2024	Head of Construction Division Management	<ul style="list-style-type: none"> <li>Head of Construction Division, Hyosung Heavy Industries</li> </ul>
	Seong-geun Lee	M	68	<ul style="list-style-type: none"> <li>Representative member of Compensation Committee</li> <li>ESG Management Committee Member</li> <li>Outside Director Candidate Recommendation Committee Member</li> <li>Audit Committee Member</li> </ul>	March 2024	Engineering	<ul style="list-style-type: none"> <li>CEO of Daewoo Shipbuilding &amp; Marine Engineering</li> </ul>
Outside Director	Jong-bae Park	M	61	<ul style="list-style-type: none"> <li>Representative member of the Outside Director Candidate Recommendation Committee</li> </ul>	March 2024	Electrical and Electronics Engineering	<ul style="list-style-type: none"> <li>Professor of Electrical and Electronic Engineering, Konkuk University</li> </ul>
	Eun-hang Lee	M	59	<ul style="list-style-type: none"> <li>Audit Committee Representative Member</li> <li>Representative member of ESG Management Committee</li> <li>Compensation Committee Member</li> </ul>	March 2024	Tax/Accounting (Tax Accountant)	<ul style="list-style-type: none"> <li>Deputy Commissioner of the National Tax Service</li> </ul>
	Yeo-seon Yun	F	58	<ul style="list-style-type: none"> <li>ESG Management Committee Member</li> </ul>	March 2022 (1 consecutive term)	Management & Marketing	<ul style="list-style-type: none"> <li>Dean of KAIST College of Business</li> </ul>
	Yoon-soo Choi	M	58	<ul style="list-style-type: none"> <li>Audit Committee Member</li> <li>ESG Management Committee Member</li> </ul>	March 2023 (1 consecutive term)	Legal (Attorney)	<ul style="list-style-type: none"> <li>2nd Deputy Director of the National Intelligence Service</li> </ul>

# Board Structure and Governance

## Board Independence

In accordance with Article 24 of the Articles of Incorporation, the Board of Directors is composed of up to 16 directors, with more than half being outside directors to maintain independence from management and controlling shareholders. As of March 2025, outside directors account for 55.6% of the board.

To ensure independence in the appointment of outside directors, we operate the Outside Director Candidate Recommendation Committee. This committee is composed of a majority of outside directors, with an outside director serving as the chairperson.

Additionally, to enhance fairness and independence in the nomination and appointment process, we notify shareholders of matters such as director appointments in writing or through electronic documents approximately three weeks prior to the General Meeting of Shareholders.

## Board Diversity and Expertise

In accordance with relevant laws and regulations, we appointed five outside directors with expertise in finance and accounting, law, technology, and management to ensure professionalism and accountability in overall management, auditing, and risk management.

Outside directors may seek support from employees or external experts when necessary to perform their duties effectively, as stipulated in our Corporate Governance Charter and the Best Practice Code of Corporate Governance.

To enhance understanding of the company's business operations and ensure expertise, we provide annual training for all outside directors.

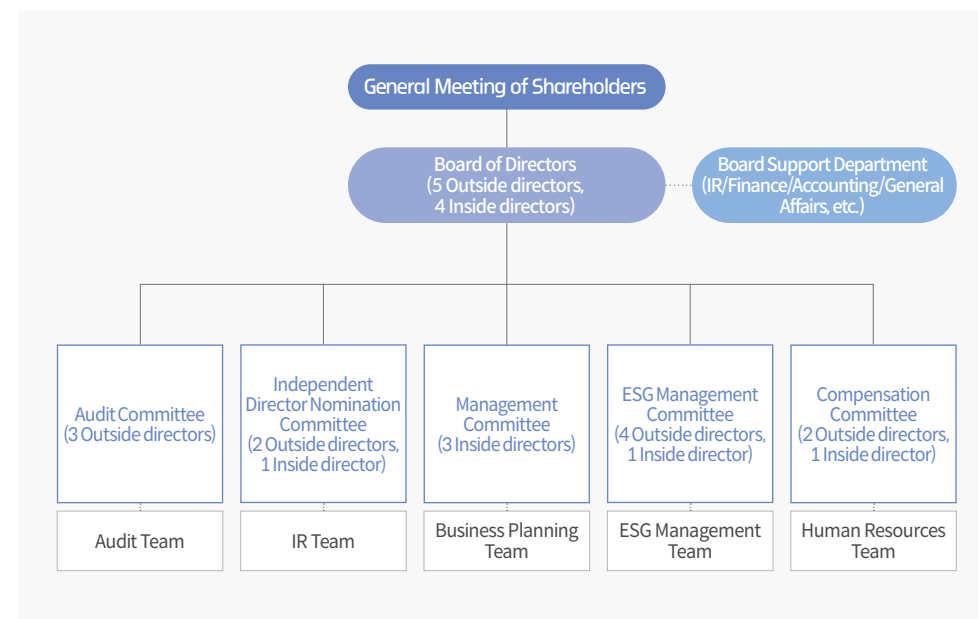
### Status of Outside Director Training

Date	Outside Directors in Attendance	Major Training Contents
Sept. 27, 2024	All outside directors	Business site training, including a visit to the Changwon Plant
Sept. 15, 2023		Business site training, including a site visit to the Namyangju Donong new construction project
Sept. 30, 2022		Business site training, including a visit to the Gimpo Combined Heat and Power Plant

## Board-Centered Corporate Governance

The Board of Directors serves as the highest permanent decision-making body, deliberating matters prescribed by laws or the Articles of Incorporation, matters delegated by the General Meeting of Shareholders, and key policies and significant issues related to company management and business execution, while supervising the transparent execution of directors' duties. To ensure efficient decision-making, the Board of Directors consists of four inside directors and five outside directors as of March 2025. In accordance with the Articles of Incorporation, five committees operate under the Board of Directors. To facilitate smooth board operations and maintain strong coordination with subcommittees, support departments have been established for each board committee.

### Organization Chart of the Board of Directors and Committees



# Board Structure and Governance

## Audit Committee

In accordance with Article 415-2 of the Commercial Act and the Articles of Incorporation, we have established an internal audit body that independently performs regular and ad-hoc audits of operations and accounting. To ensure the independence of the committee, it is composed entirely of outside directors (three members in total). A financial accounting expert serves as the chairperson, while the other members—outside directors with expertise in engineering and law—contribute to comprehensive internal control and oversight from multiple perspectives.

The chairperson of the Audit Committee is elected through a resolution of the committee, as stipulated in the Audit Committee Regulations.

## Outside Director Candidate Recommendation Committee

To recommend candidates for outside directors to be appointed at the General Meeting of Shareholders, we review and nominate candidates in advance based on expertise, transparency, and independence. To ensure a transparent and fair appointment process, the committee is chaired by an outside directors and consists of a majority of outside directors, accounting for 66.7% of the members as of March 2025.

## Management Committee

To enhance the efficiency of the Board of Directors operations, certain matters related to corporate management are delegated to the Management Committee.

The committee deliberates matters concerning the establishment and amendment of basic management policies. The deliberated matters and results are reported at the quarterly financial closing meetings of the Board of Directors.

## ESG Management Committee

The committee was newly established in February 2025 to ensure strategic and systematic oversight of ESG matters and review internal transactions.

It performs roles such as providing advice and reviewing key ESG issues and strategies, including matters requiring deliberation related to fair trade and ethical management.

## Compensation Committee

The committee was newly established in February 2025 to formulate and review a fair compensation system for executives.

It deliberates and resolves matters related to executive compensation and reward structures.

## Board of Directors Activities

To ensure smooth execution of management activities, we hold regular the Board of Directors meetings on a quarterly basis and convene ad-hoc meetings as necessary.

Financial and non-financial risk agendas presented by the Management Committee and the ESG Management Promotion Committee under the Board of Directors are reviewed during the quarterly regular board meetings, where key risks and corresponding response measures are discussed.

Performance of Board of Directors Activities

Number of meetings	Reported	Passed
6	16	13

Board attendance

Board Attendance Rate	Inside Director Attendance Rate	Outside Director Attendance Rate
100%	100%	100%

## Appointment of Directors

When appointing inside directors, we create a candidate pool from among non-registered executives and select the most suitable individual based on expertise, vision, and leadership. The selected candidate is then submitted to the General Meeting of Shareholders as a director nominee through a resolution of recommendation by the Board of Directors.

For the appointment of outside directors, we evaluate candidates from a broad pool established across various fields, taking into account not only the negative eligibility requirements stipulated under relevant laws such as Article 382(3) and Article 542-8(2) of the Commercial Act, but also active qualification criteria including expertise, diligence, independence, social reputation, and integrity. The final nominees are submitted to the General Meeting of Shareholders after a recommendation and resolution by the Outside Director Candidate Recommendation Committee.

## Board Evaluation and Compensation System

In accordance with Article 388 of the Commercial Act, Article 26 of the Articles of Incorporation, and Article 10 of the Board of Directors Regulations, the total compensation for both inside and outside directors is determined through a review by the Board of Directors and approval at the General Meeting of Shareholders. We have formalized a compensation framework for executives at an appropriate level and disclose the standards in the Annual Report and corporate governance report.

For inside directors, compensation is determined based on a comprehensive review of quantitative indicators such as revenue and operating profit, as well as non-quantitative indicators such as contributions to global management and other company initiatives, in accordance with the Executive Compensation Regulations.

# Board Structure and Governance

## Risk Management Framework and Organization

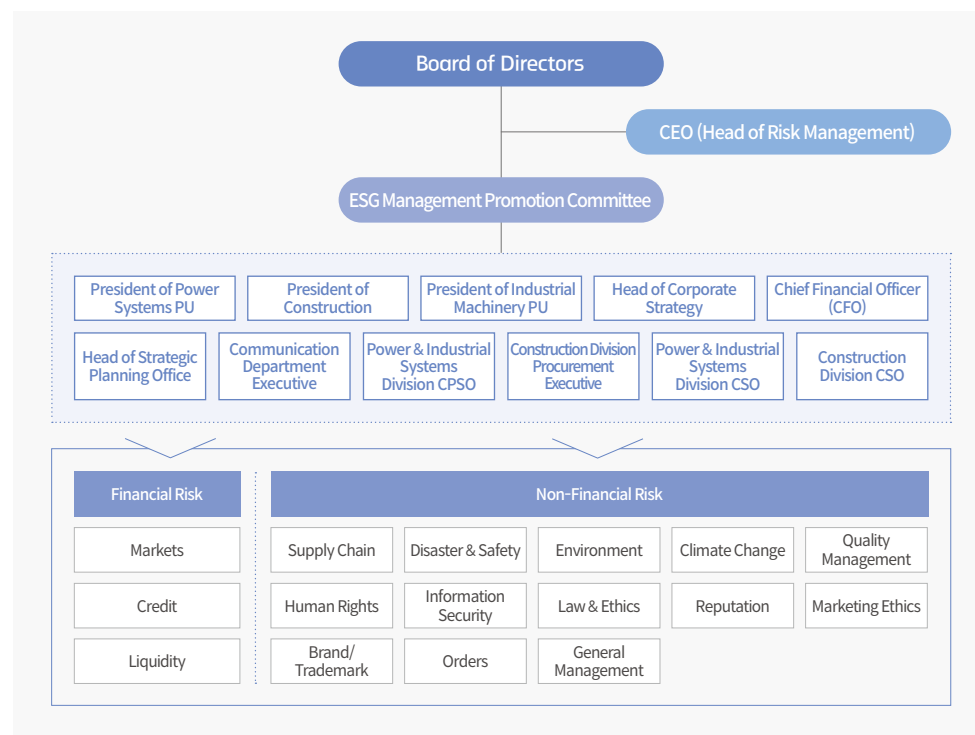
To strengthen company-wide risk management capabilities, we have revised related process regulations since 2021. We have established a preventive system that enables proactive responses by defining key risks based on their potential impact and likelihood of occurrence.

Risk agendas are managed and major risks and response measures are discussed by the Management Committee and the ESG Management Promotion Committee under the Board of Directors.

The Risk and Compliance Management Committee, which reports to the CEO, designates the CEO as the chairperson and Chief Risk Officer. The committee is composed of executives with expertise in various fields to ensure comprehensive review and discussion of risks.

We update our risk management status annually to monitor progress on response measures and achievement of objectives for key risks.

### Risk Management System Organization Chart and Risk Types



## Key Board Reports on Integrated Risks

Meeting	Date	Agenda contents	Classification of related risks
1st	Jan. 31, 2024	Approval of the safety and health plan for 2024	Disaster and safety risks
		Report on the results of compliance support activities	Legal and ethical risks
		Report on the operation status of the internal accounting management system	Market Risk
2nd	Feb. 23, 2024	Report on the operation and evaluation of the internal control accounting systems (Separate and Consolidated)	Market risk
3rd	Jul. 26 2024	Report on the Mid- to Long-Term Plan for Advancing Safety Culture	Disaster and safety risk
		Report on the operation and evaluation of the internal accounting management system for the first half of 2024	Market Risk

## Key Reports and Agenda of the ESG Management Promotion Committee

Meeting	Date	Agenda Contents	Classification of related risks
1st	Apr. 3, 2024	Selecting material sustainability issues (Materiality assessment)	Climate change risk, etc.
		Mid- to long-term goals for safety and health management and mid- to long-term roadmap for human rights management	Disaster and safety risks
		ESG requirements of major global customers of Hyosung Heavy Industries	Reputational Risk
2nd	Jul. 5, 2024	GHG emissions and sales results in 2023	Climate change risk
3rd	Oct. 10, 2024	Estimated GHG emissions in 2024	Climate Change Risk
		2024 Human Rights Impact Assessment Results and Improvement Plan	Human Rights Risk
4th	Jan. 14, 2025	Strengthening compliance management through the operation of the Risk & Compliance Management Committee	Legal and Ethical Risk
		Direction of Hyosung Heavy Industries' ESG Campaign	Integrated Risk
		Environmental performance in 2024 and plans for 2025	Climate change risk and
		Improvement plan for supply chain risk management in 2025	Supply Chain Risk
		Major safety and health achievements of the Heavy Industries Division in 2024 and plans for 2025	Disaster and Safety Risk
		Major safety and health reports in the Construction Division	Disaster and Safety Risk



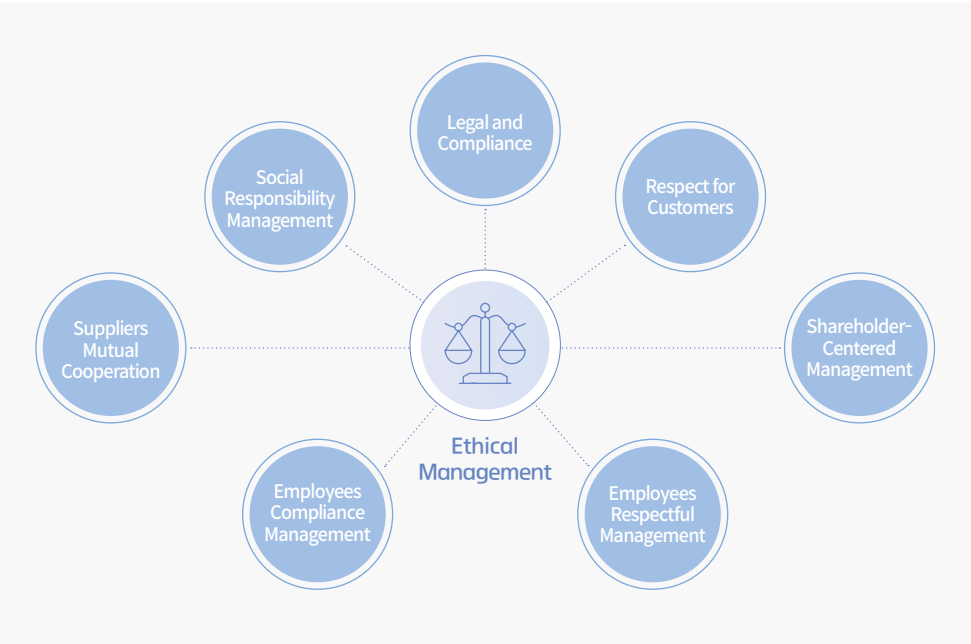
# Board Structure and Governance

## Integrated Risk Management and Response Status

Classification			Risk content	Management activities
Financial	Market		Market risk associated with financial variables like stock price, interest rate, and exchange rate fluctuations	<ul style="list-style-type: none"> <li>• Risk measurement, analysis, and hedging through finance &amp; trade finance specialists</li> <li>• Operation of internal accounting control system</li> <li>• By matching deposit and expenditure currencies, minimization of the occurrence of exchange positions and systematic management of exchange risks by specifying the measurement cycling, hedging period, and hedge ratio in the Exchange Risk Management Policy</li> </ul>
	Credit		Risk that a client or counterparty will not fulfill their contractual obligations	<ul style="list-style-type: none"> <li>• Compliance with the internal receivables management regulations to establish and manage credit limits for trade receivable counterparties</li> <li>• Managing recovery measures such as credit checks and collateral for investments and loans</li> </ul>
	Liquidity		Risk of sustaining a financial loss due to an unforeseen decline in liquidity	<ul style="list-style-type: none"> <li>• Forecasting of cash flow on a periodic basis to maintain an appropriate level of deposit stock</li> <li>• Entering agreements with financial institutions regarding the transfer of emergency fund</li> </ul>
Non-financial	Business Continuity	Supply chain	Risk of product delivery delays resulting from insufficient raw material supply and production continuity	<ul style="list-style-type: none"> <li>• Establishment of and training on an emergency response system for each supply continuity scenario (e.g. discontinued supply of raw and subsidiary materials, emergencies in customer supply)</li> <li>• Regular evaluation and quality and environmental audits of raw and subsidiary material suppliers in accordance with ISO 9001 and ISO 14001</li> <li>• Consulting for enhancing the ESG management competence of suppliers and regular evaluations</li> <li>• Consulting and facility support for suppliers to improve energy efficiency</li> </ul>
		Disaster and Safety	Risks associated with natural disasters such as earthquakes and fires, or workplace safety incidents	<ul style="list-style-type: none"> <li>• Operation of a company-wide safety risk management organization (Safety and Health Team operated under the leadership of the CSO and direct control of the CEO to inspect health, safety and disaster system management for all business sites including the headquarters)</li> <li>• Establishment of a disaster and safety accident emergency response organization, as well as the preparation of manuals and recovery procedures for each scenario</li> <li>• Regular public-private training based on accident scenarios, such as factory fires and explosions</li> <li>• Implementation of annual training on accident cases and the handling of hazardous materials for all plant employees</li> <li>• Conducting routine plant safety patrol inspections through an organization responsible for factory environmental safety</li> </ul>
		Environment	Risk of legal sanctions and fines if environmental regulations, such as GHG and hazardous substance emissions, are disregarded improperly	<ul style="list-style-type: none"> <li>• Operation of an environmental risk management organization</li> <li>• Re-certification and self-verification activities for ISO 14001</li> <li>• Conducting routine plant patrol inspections through an organization responsible for factory environmental safety</li> <li>• Periodic diagnosis and prevention of potential risks through environmental impact assessments</li> <li>• Regular response drills for every environmental accident scenario, including chemical spills and sewer overflows</li> </ul>
	Management	Climate Change	Regulatory risks, physical risks, and business transition risks related to emissions	<ul style="list-style-type: none"> <li>• Operation of a climate change risk management organization</li> <li>• Establishment of reduction goals and performance management</li> <li>• Monitoring GHG emissions at business sites and calculating product carbon emissions through the carbon asset management system</li> <li>• Business promotion and investment-related decision-making reflecting climate change risks and opportunities using internal carbon pricing</li> <li>• Monitoring amendments to applicable laws and regulations</li> </ul>
		Quality Management	Risk due to changes to 4M (Man, Machine, Material, Method), risks impacting continuous supply or delivery, and risk of occurrence or leakage of nonconforming products	<ul style="list-style-type: none"> <li>• Feasibility assessment (change management and impact of 4M changes)</li> <li>• Management based on nonconformant product processing methods</li> <li>• Quality level monitoring</li> <li>• Establishment of quality management risk emergency scenarios and training</li> </ul>
		Human Rights	Human rights violation risk, human resource management risk	<ul style="list-style-type: none"> <li>• Implementation and advancement of periodic human rights impact assessments</li> <li>• Periodic implementation of human rights training, discrimination prohibition training, etc.</li> <li>• Formulation and dissemination of human rights policies and guidelines</li> <li>• Operation of a reporting system</li> </ul>
		Security	Risk of data leakage due to cyber terrorism or data leakage	<ul style="list-style-type: none"> <li>• Operation of a dedicated security organization</li> <li>• Comprehensive monitoring of the entire process of creating, modifying, and transporting documents, including the implementation of security solution multifunction devices, the use of dedicated USB ports, and control of cameras, including mobile devices</li> <li>• Ten rules for information security, monthly training on internal security guides, and separate IT security training at least once a month</li> <li>• Establishment of security standards and regulations</li> <li>• Enterprise-level knowledge management through ECM</li> </ul>
		Law and Ethics	Risk of concluding unfavorable contracts and lawsuits, engaging in unfair trade, corruption, etc.	<ul style="list-style-type: none"> <li>• Prevention of legal risks by adhering to the company's contract screening policy and utilizing standard contracts, and raising awareness by disseminating litigation case studies</li> <li>• Improvement of comprehension through on-the-job training in foreign exchange, patent law, contract management, etc</li> <li>• Anti-corruption and ethical management training, including instruction on the Improper Solicitation and Graft Act, Fair Transactions in Subcontracting Act, and Monopoly Regulation and Fair Trade Act, among others</li> <li>• Update on the Compliance Program Handbook</li> <li>• Raising awareness by requiring all new recruits to sign an ethical management pledge</li> <li>• Operation of reporting channels</li> </ul>
		Reputation	Risk of damaged corporate image from misinformation or negative communication	<ul style="list-style-type: none"> <li>• Training on PR risk response for new recruits, newly promoted, and newly appointed team leaders</li> <li>• Raising PR managers' awareness through training on behavior principles, behavior processes, and case studies</li> <li>• Brand promotion and communication with stakeholders via multiple channels</li> </ul>
		Marketing Ethics	Risk of false, exaggerated, or reduced information in advertising or marketing, or transmission of information that disregards those who are limited in understanding information	<ul style="list-style-type: none"> <li>• Establishment and implementation of the "operating principles on ethical marketing"</li> <li>• Encouraging not only Hyosung but also external advertising and marketing companies to adhere to the operating principles</li> </ul>
		Brand/ Trademark	Risk of brand or trademark infringement or value loss	<ul style="list-style-type: none"> <li>• Development of and adherence to additional guidelines to safeguard and enhance brand and trademark values</li> </ul>
		Orders	Risk of malicious orders as a result of payment terms, contract clauses, ambiguous specifications, unsecured delivery, civil complaints, local country conditions, etc.	<ul style="list-style-type: none"> <li>• Operation of the Bid Approval Committee (BAC) for order deliberation</li> </ul>
		General Management	Operational risks caused by personnel or system errors	<ul style="list-style-type: none"> <li>• Integrated management of all management activities based on enterprise resource planning (ERP)</li> <li>• Systematic management of the voice of the customer and customer satisfaction improvement through C-Cube system establishment</li> <li>• Establishment and operation of disaster and crisis response processes (virtualization of meetings, expansion of flexible work system and IT support, and establishment of response processes)</li> </ul>

# Ethical Management and Compliance

## Vision for Ethical Management



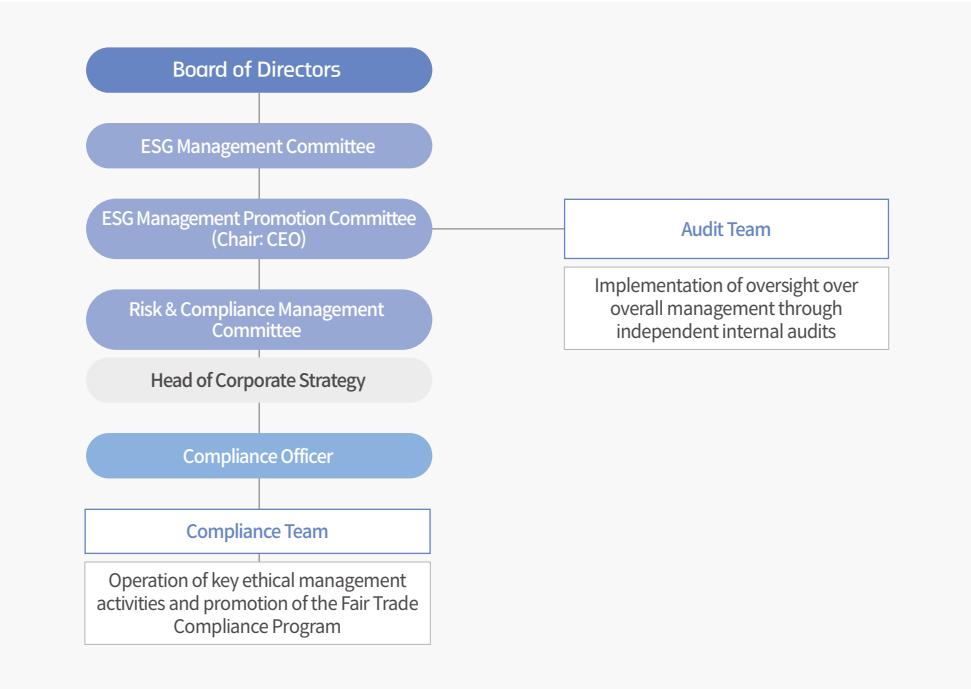
## Mid- to Long-term Goals for Ethical Management

Category	2025	2026	2027	2030
Completion rate of company-wide ethics training covering conflicts of interest, fraud prevention, and anti-money laundering	65%	70%	75%	100%

## Ethical Management Organizational Structure

To promote transparent business practices grounded in integrity, we have established an ethical management structure led by the Compliance Team in collaboration with the Audit Team and the ESG Management Team. The CEO has demonstrated a strong commitment to ethical management both internally and externally by participating in the “Ethical Management CEO Pledge” hosted by the Ethical Management & ESG Forum since 2020. We have appointed an executive responsible for compliance oversight, who is in charge of anti-corruption initiatives, and codified this role in the Code of Ethics Practice Guidelines. The compliance officer reports key activities and results to the Board of Directors at least once a year, serving as the foundation for an ethical management framework led by top management.

### Ethical Management Organizational Structure



# Ethical Management and Compliance

## Code of Ethics and Code of Ethics Practice Guidelines

To demonstrate the company's commitment to ethical management, we established the Code of Ethics and the Code of Ethics Practice Guidelines.

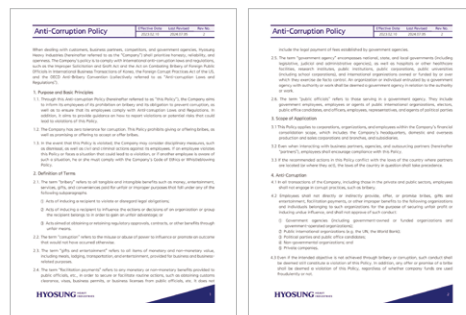
The implementation guidelines disclose detailed instructions, organizational structures, and processes for the seven key areas outlined in the Ethical Management Vision.

### Anti-Corruption Policy

To strengthen compliance with relevant laws and prevent employee corruption, we established an Anti-Corruption Policy in 2023 and disclosed it on our official website.

This policy applies to all employees within the financial consolidation scope, including headquarters, domestic and overseas subsidiaries, and branches.

The policy comprehensively outlines anti-corruption measures, including six general principles—such as prohibition of corruption and restrictions on gifts and entertainment—as well as reporting and management systems, implementation plans, and objectives.



### Fair Trade Compliance Program

To establish clear standards for fair trade, we adopted the Fair Trade Compliance Program (CP), originally introduced by Hyosung Corporation in 2006, and have continued its implementation since inheriting it during the 2018 spin-off.

We publish and update annually the Fair Trade Compliance Manual, which provides employees with access to the program's operational guidelines.

To ensure independent and transparent management of fair trade practices, we have appointed a compliance officer as the Compliance Program Administrator and established a work execution framework centered on the Compliance Team.

Through internal monitoring systems, ongoing oversight of all transactions, and employee ethics training, we aim to prevent losses caused by legal violations and foster a culture of fair trade.

## Strengthening Internal Monitoring Processes and Post-Management

We conduct audits across overall management areas, from on-site operations to technical and quality domains, including investigations of reports and operational reviews.

Regular audits are carried out in accordance with internal audit regulations, while special audits are conducted when specific issues or critical matters arise.

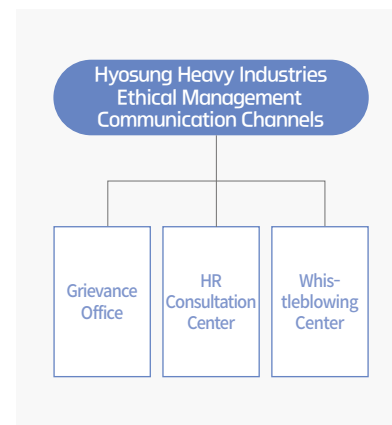
Audit results are reported to the CEO, and individuals subject to audits are required to implement corrective actions immediately for any identified findings.

Depending on the severity of the detected issues, measures such as warnings, disciplinary actions, or compensation are enforced, and periodic follow-up reviews are conducted to prevent recurrence.

To protect whistleblowers and audited personnel from secondary harm during internal audits, we maintain the independence of the audit organization and ensure anonymity throughout all audit activities.

## Ethical Management Communication Channel

We operate various communication channels, including email, mail, and in-person consultations, to allow employees to report unethical behavior or raise grievances. To ensure fair and systematic handling of reports, we have established the “reporting process,” which includes reporting methods, processing procedures, and principles for whistleblower protection. For matters requiring ethical judgment, employees can seek advice through the HR Counseling Center, while grievances such as job-related stress are addressed through the grievance handling office. To protect employee identities, we also operate an online anonymous reporting system. Additionally, to enable external stakeholders to report unethical practices within the supply chain—such as bribery, solicitation, or unfair trade—we have created a dedicated “Whistleblowing Center” on our website.



### Reported Corruption Acts in 2024

Category	Number of reports	Number of measures taken	Measures taken	Ratio of measures taken
Corruption Acts	2	2	3 Disciplinary actions	100%

# Ethical Management and Compliance

## Spreading Awareness of Ethical Management

To strengthen ethical awareness among all employees, we require new hires to familiarize themselves with the Code of Ethics and its practice guidelines upon joining, as well as to submit a pledge to practice ethical management and a declaration prohibiting solicitation and the exchange of gifts.

To foster interest and participation in ethical management, we produce promotional videos and magazine-style content and regularly distribute them through the company's groupware system.

Ethical management training is conducted annually on a regular basis, with mandatory sessions for new employees and those receiving promotions to reinforce awareness of ethical standards.

For sales departments, training focuses on case studies related to trade secret protection, prohibition of bribery, and fair trade to internalize compliance standards in daily operations.

In addition to company-wide ethical management training, we provide specialized programs on unfair trade and unfair competition for departments with high interaction with suppliers. In 2024, for example, the Compliance Team conducted subcontracting law training for the Procurement Team in April, and in August, the Korea Foundation for Cooperation of Large & Small Business, Rural Affairs provided training on the subcontract payment linkage system.

### Performance of Compliance Training for Employees in 2024

Periodicity	Training Contents	Target	Method	Remarks
Annual	Anti-corruption (Ethics Management) Training	All employees	Online Video	1 hour
Annual	Fair Trade Act Training	All employees	Online Video	1 hour
SPOT	Training on the Code of Ethics and Guidelines of Practice	New and experienced employees	Live Online	1 hour
SPOT	Training on the Code of Ethics and Guidelines of Practice	New executives	Live In-person	0.5 hours
SPOT	Subcontracting Law Training (headquarters, external instructor)	All employees	Live Online & In-person	3 hours
SPOT	Subcontracting Law Training (Changwon Plant, external instructor)	All employees	Live Online & In-person	3 hours

## Strengthening Ethical Management Capabilities in the Supply Chain

When entering into contracts with suppliers, we require them to sign the "Supplier Code of Conduct," which includes compliance with anti-corruption and other ethical management standards.

To enhance awareness of ethical management and strengthen implementation capabilities, we provide ESG management consulting support to our suppliers.

We also support ethical management training for supplier employees by providing educational materials and training venues.

### 2024 Ethical Management Training Activity Materials



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# ESG Data Book

## Economic Performance

### Consolidated Statement of Financial Position

Category	Unit	2022	2023	2024
<b>Assets</b>				
Current assets	KRW Million	2,221,500	2,351,430	3,036,423
Non-current assets	KRW Million	2,471,971	2,409,871	3,182,390
Total assets	KRW Million	4,693,471	4,761,301	6,218,813
<b>Liabilities</b>				
Current liabilities	KRW Million	2,504,911	2,811,485	3,092,775
Non-current liabilities	KRW Million	1,085,349	725,656	1,070,419
Total liabilities	KRW Million	3,590,260	3,537,141	4,163,194
<b>Capital</b>				
Total capital	KRW Million	1,103,211	1,224,160	2,055,619

### Consolidated Statement of Comprehensive Income

Category	Unit	2022	2023	2024
Revenue (Sales)	KRW Million	3,510,144	4,300,572	4,894,980
Cost of sales	KRW Million	3,075,122	3,663,029	4,103,207
Gross profit	KRW Million	435,022	637,543	791,772
Selling, general and administrative expenses	KRW Million	253,025	336,710	384,791
Research and development expenses	KRW Million	38,748	42,996	44,502
Operating income	KRW Million	143,249	257,837	362,479
Other income	KRW Million	16,089	18,806	18,020
Other expenses	KRW Million	23,424	9,490	116,670
Finance income	KRW Million	395,239	202,141	528,284
Finance costs	KRW Million	469,564	296,768	566,862
Income from associates	KRW Million	(1,747)	(2,862)	(1,617)
Net income before income taxes	KRW Million	59,842	169,664	223,634
Income tax expense	KRW Million	30,712	37,742	705
Net income	KRW Million	29,130	131,922	222,929
Other comprehensive income	KRW Million	33,042	(10,974)	629,196
Total comprehensive income	KRW Million	62,172	120,948	852,125

### Corporate Income Tax by Country<sup>1)</sup>

Category	Unit	2022	2023	2024
<b>Republic of Korea</b>				
Revenue	KRW Million	3,241,315	3,879,996	4,111,760
Profit before tax	KRW Million	115,815	146,744	88,392
Income taxes	KRW Million	33,023	34,434	(4,544)
Tax rate	%	24.2	23.1	23.1
Effective tax rate	%	28.5	23.5	N/A
<b>China</b>				
Revenue	KRW Million	162,823	200,084	216,859
Profit before tax	KRW Million	5,569	19,254	37,051
Income taxes	KRW Million	-	-	489
Tax rate	%	25.0	25.0	25.0
Effective tax rate	%	-	-	1.3
<b>India</b>				
Revenue	KRW Million	61,136	133,688	276,198
Profit before tax	KRW Million	(5,203)	5,349	40,761
Income taxes	KRW Million	-	-	6,833
Tax rate	%	25.2	25.2	25.2
Effective tax rate	%	-	-	16.8
<b>Vietnam</b>				
Revenue	KRW Million	50,660	60,801	66,575
Profit before tax	KRW Million	2,592	2,663	1,857
Income taxes	KRW Million	483	620	342
Tax rate	%	20.0	20.0	20.0
Effective tax rate	%	18.6	23.3	18.4
<b>United States</b>				
Revenue	KRW Million	311,420	547,047	929,398
Profit before tax	KRW Million	(47,611)	6,790	85,251
Income taxes	KRW Million	3,314	4,116	8,959
Tax rate	%	21.0	21.0	21.0
Effective tax rate	%	N/A	60.6	10.5
<b>South Africa</b>				
Sales	KRW Million	1,066	1,227	1,784
Profit before tax	KRW Million	32	226	180
Income taxes	KRW Million	32	11	88
Tax rate	%	28.0	28.0	27.0
Effective tax rate	%	101.4	4.8	49.1

1) Differences may exist between the figures in the consolidated financial statements and those presented here due to intercompany transactions and unrealized gains or losses among consolidated entities. In cases where a pre-tax loss has been incurred and the effective tax rate cannot be calculated, "N/A" is indicated.



# ESG Data Book

## Environmental Performance

### Energy Consumption

Category	Sub-category	Unit	Hyosung Heavy Industries				Subsidiaries <sup>3)</sup>		
			2022	2023	2024 (Plan)	2024 (Performance)	2022	2023	2024
Direct energy consumption	Diesel	TJ	9.32	9.40	10.23	9.40	9.84	11.55	11.78
	Kerosene		33.93	21.09	25.89	23.54	36.99	22.29	8.63
	LNG		97.10	105.11	142.23	129.70	0.12	0.90	1.77
	NG		0	0	0	0	26.83	36.17	49.97
	Gasoline		2.66	2.91	2.87	2.83	2.08	4.06	5.70
	Propane		7.19	6.44	5.83	5.81	0.05	0	0
	Anthracite		2.83	0	0	0	0	0	0.02
	Other solid fuels		10.33	4.38	2.00	1.82	13.82	9.55	5.70
	LPG		0.68	0.62	0.53	0.50	1.02	1.55	3.57
	Subtotal		164.03	149.95	189.57	173.60	90.75	86.07	87.14
Indirect energy consumption	Electricity <sup>1)</sup>	TJ	873.39	821.00	974.43	891.25	188.17	229.34	266.0
	Steam		-	0.33	3.18	2.89	71.08	65.66	65.87
	Heat from waste incineration		53.06	45.54	36.09	32.81	-	-	-
	Subtotal		926.45	866.87	1,013.70	926.95	259.25	295.00	331.87
Total energy consumption		TJ	1,090.48	1,016.82	1,203.27	1,100.55	349.99	381.07	419.02
Energy intensity <sup>2)</sup> (Total energy consumption/ revenue)	TJ/KRW 100 million	TJ/KRW 100 million	0.04	0.03	0.04	0.03	0.03	0.02	0.02
Renewable energy consumption	Purchased (PPA/REC/Green Premium)	TJ	0	0	0	0	0	0	0
	Purchased (Heat from waste incineration)	TJ	53.06	45.54	36.09	32.81	0	0	0
	Self-produced (solar energy)	TJ	0	0.06	3.24	3.24	0	0	0.93
	Subtotal	TJ	53.06	45.60	39.33	36.05	0	0	0.93

1) For electricity consumption, a conversion factor of 9.6 TJ/GWh is applied for domestic operations based on the national default calorific values and emission factors by fuel type, while 3.6 TJ/GWh is applied for overseas operations.

2) Intensity figures are calculated based on separate revenue.

3) Data for 2022–2023 have been recalculated due to unit conversion errors for subsidiaries and adjustments to total calorific values (for diesel, natural gas, gasoline, and LPG).

### GHG Emissions<sup>4)5)</sup>

Category		Unit	Hyosung Heavy Industries				Subsidiaries		
			2022	2023	2024 (Plan)	2024 (Performance)	2022	2023	2024
Direct GHG emissions (Scope 1)	Stationary combustion	tCO <sub>2</sub> eq	8,637.59	7,468.00	9,546.99	8,729.58	4,916	4,188	3,804
	Mobile combustion	tCO <sub>2</sub> eq	840.35	844.00	819.31	768.29	818	1,121	968
	Process emissions <sup>6)</sup>	tCO <sub>2</sub> eq	196.00	0	0	0	0	0	0
	Waste disposal	tCO <sub>2</sub> eq	41.00	53.00	58.03	53.45	-	-	-
	Other emissions <sup>7)</sup>	tCO <sub>2</sub> eq	329.00	211.00	312.55	284.14	-	-	-
	Subtotal	tCO <sub>2</sub> eq	10,043.94	8,576.00	10,736.87	9,835.00	5,735	5,310	4,772
Indirect GHG emissions (Scope 2)	Electricity	tCO <sub>2</sub> eq	41,796.12	39,289.00	46,631.66	42,650.91	16,307	20,212	22,565
	Steam	tCO <sub>2</sub> eq	0.00	12.00	125.36	113.97	7,819	7,223	7,246
	Subtotal	tCO <sub>2</sub> eq	41,796	39,301	46,757	42,765	24,125	27,434	29,812
Total GHG emissions <sup>8)</sup> (Scope 1&2)		tCO <sub>2</sub> eq	51,840	47,877	57,494	52,593	29,860	32,744	34,583
Revenues <sup>9)</sup> (based on separate financial statements)		KRW 100 million	25,898	30,964	33,603	33,603	11,925	16,970	22,123
GHG emissions intensity (Total GHG emissions/ revenue)	Scope 1	(tCO <sub>2</sub> eq/KRW 100 million)	0.4	0.3	0.3	0.3	0.5	0.3	0.2
	Scope 2	(tCO <sub>2</sub> eq/KRW 100 million)	1.6	1.3	1.4	1.3	2.0	1.6	1.3
	Subtotal	(tCO <sub>2</sub> eq/KRW 100 million)	2.0	1.5	1.7	1.6	2.5	1.9	1.6

4) Based on the certified emission allowances submitted under the Guidelines for Reporting and Certification of GHG Emissions Trading Scheme and the Ministry of Environment's conformity assessment for the relevant year.

5) Data for 2022–2023 have been recalculated due to corrections in subsidiary-level unit conversions, emission factor errors, and changes in emission factors (for stationary combustion, mobile combustion, and electricity).

6) No process emissions have occurred since 2023 due to the shutdown of the electric arc furnace facility at the Changwon Plant, which resulted in zero crude steel production.

7) The scope of other emissions includes emissions from the use of acetylene and CO<sub>2</sub> welding machines at the Changwon Plant.

8) Only CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O are emitted; the total GHG emissions presented above may differ from those disclosed in the business report due to rounding at the plant level.

9) Intensity figures are calculated based on separate revenue.

### Estimated Energy Savings and GHG Reductions

Business Site	Investment Name	Investment Amount (KRW Million)	Energy Savings (MWh/year)	GHG Reduction (tCO <sub>2</sub> e/q/year)
Hyosung T&D (India)	Installed solar power generation facilities	12	257,387	189
Changwon Plant	Installation of solar power generation facilities	1,259	1,213	557
Changwon Plant	Equipment replacement (air conditioners, etc.)	667	416	191
Changwon Plant	Other	6	-	2

# ESG Data Book

## Water Management

Category		Unit	Hyosung Heavy Industries				Subsidiaries		
			2022	2023	2024 (Plan)	2024 (Performance)	2022	2023	2024
Water consumption by withdrawal source	Municipal water	Ton	100,415	120,367	161,407	156,047	172,650	230,637	242,322
	Groundwater <sup>1)</sup>	Ton	243,078	217,595	236,331	236,331	36,844	19,578	11,205
	Industrial water	Ton	406,955	374,671	385,583	385,583	21,316	35,894	37,087
	Sewage reuse water	Ton	0	0	0	0	0	0	0
	River water	Ton	0	0	0	0	0	0	0
Total water consumption		Ton	750,448	712,633	783,321	777,961	230,810	286,109	290,614
Water consumption intensity <sup>2)</sup> (Total water consumption/Revenue)		Ton/KRW 100 million	29.0	23.0	23.3	23.2	19.4	16.9	13.1
Water recycled		Ton	0	0	0	0	0	0	0
Water recycling rate		%	0	0	0	0	0	0	0

1) Data have been corrected due to a data aggregation error resulting from the omission of groundwater data.

2) Intensity figures are calculated based on separate revenue.

Category		Unit	2024 Performance by Business Site				
			Gongdeok Headquarters	Hoehyeon AK Building	Changwon Plant	Construction site	Wellington CC
Water consumption by withdrawal source	Municipal water	Ton	8,066	5,899	0	107,208	34,874
	Groundwater	Ton	0	3,914	0	0	232,417
	Industrial water	Ton	0	0	385,583	0	0
	Sewage reuse water	Ton	0	0	0	0	0
	River water	Ton	0	0	0	0	0

## Treatment of Water and Effluents<sup>3)</sup>

Category	Detailed categorization	Unit	Hyosung Heavy Industries				Subsidiaries		
			2022	2023	2024 (Plan)	2024 (Performance)	2022	2023	2024
Wastewater discharge by final discharge site	Wastewater treatment	Ton	7,774	5,195	6,400	5,453	119,172	106,428	108,696
	Marine discharge	Ton	0	0	0	0	0	0	0
	Outsourced treatment	Ton	149	257	170	142	34,090	45,759	122,687
Total wastewater discharge		Ton	7,923	5,452	6,570	5,595	153,262	152,187	231,383
Biological Oxygen Demand (BOD)		Ton	0.02	0	0	0		7.74	3.73
Chemical Oxygen Demand (COD)		Ton	0.50	0	0	0		33.18	8.05
Total Organic Carbon (TOC)		Ton	0.29	0.02	0.25	0.25		0	0
Suspended Solids (SS)		Ton	0.13	0.04	0.03	0.03		3.70	4.81
Total Nitrogen (T-N)		Ton	0.07	0.01	0.01	0.01		3.01	4.09
Total Phosphorus (T-P)		Ton	0.01	0.02	0	0		0.24	0.19

3) Data have been corrected due to data aggregation errors related to the classification of wastewater discharge by final outfall and inaccuracies in outsourced treatment data.

## Waste Disposal<sup>4)</sup>

Category		Unit	Hyosung Heavy Industries				Subsidiaries		
			2022	2023	2024 (Plan)	2024 (Performance)	2022	2023	2024
Total waste generated		Ton	86,963	138,594	77,746	73,657	46,848	39,595	69,308
Waste recycled		Ton	7,850	11,556	42,727	40,607	10,821	6,962	10,876
Waste recycling ratio		%	9.0	8.3	55.0	55.1	23.1	17.6	15.7
General Waste									
Self-treatment	Reuse	Ton	0	0	0	0	0	155	234
	Recycling	Ton	4,120	7,231	6,217	6,011	2,873	4,528	5,029
	Incineration	Ton	0	207	98	98	0	41	51
	Landfill	Ton	301	489	550	352	0	239	1,207
	Others	Ton	0	0	0	0	0	0	1,268
Subtotal		Ton	4,422	7,927	6,866	6,462	2,873	4,963	7,790
Designated Waste									
Self-treatment	Reuse	Ton	0	0	0	0	0	0	0
	Recycling	Ton	297	263	510	402	64	227	44
	Incineration	Ton	215	196	350	218	0	107	148
	Landfill	Ton	1	11	20	3	0	0	0
	Others	Ton	0	16	0	0	53	24	501
Subtotal		Ton	513	486	880	623	117	358	693
Construction Waste									
Self-treatment	Reuse	Ton	0	0	0	0	0	0	0
	Recycling	Ton	3,433	4,062	36,000	34,194	7,885	2,052	5,568
	Incineration	Ton	0	0	0	0	0	0	0
	Landfill	Ton	78,596	126,119	34,000	32,379	30,858	0	22,723
	Others	Ton	0	0	0	0	5,114	32,222	32,534
Subtotal		Ton	82,029 <sup>5)</sup>	130,181	70,000	66,573	43,857	34,275	60,826

4) Data have been corrected due to data aggregation errors, including a unit conversion error in 2023 and misclassification of outsourced construction waste treatment data.

5) Data have been corrected due to a data summation error in the 2022 construction waste total.

# ESG Data Book

## Chemical Substances Management<sup>1)</sup>

Category	Unit	Hyosung Heavy Industries				Subsidiaries		
		2022	2023	2024 (Plan)	2024 (Performance)	2022	2023	2024
Hazardous chemicals consumption	Ton	9.31	20.91	14.09	5.77	138.40	208.12	270.08
Hazardous chemicals consumption intensity <sup>2)</sup>	Ton/KRW 100 million	0.0004	0.0007	0.0004	0.0002	0.01	0.01	0.01
Chemical substance emissions	Ton	29.22	18.99	14.53	13.84	4.70	7.13	26.49

1) Data have been corrected due to data aggregation errors caused by incorrect subsidiary data entries for 2022–2023.

2) Intensity figures are calculated based on separate revenue.

## Air Pollutant Emissions<sup>3)</sup>

Category	Sub-category	Unit	Hyosung Heavy Industries				Subsidiaries		
			2022	2023	2024 (Plan)	2024 (Performance)	2022	2023	2024
General air pollutants	Nitrogen oxides (NOx) <sup>4)</sup>	Ton	0.99	2.55	2.50	2.29	-	4.37	2.93
	Sulfur oxides (SOx)	Ton	0	0.02	0.45	0.45	-	0.05	0.04
	Total Hydrocarbons (THC)	Ton	41.99	26.09	23.00	19.65	-	0.13	0.03
	Particulate Matter (PM)	Ton	4.19	2.46	4.00	3.63	-	6.93	3.66
	Volatile Organic Compounds (VOCs)	Ton	-	0.17	0.23	0.23	-	-	-
	Hazardous Air Pollutants (HAPs)	Ton	-	0.18	0.27	0.27	-	-	-
	Persistent Organic Pollutants (POPs)	Ton	-	0	0	0	-	-	-
Ozone Depleting Substances (ODS)	HFC (R410A)	kg	160	0	180	180	-	-	-
	HCFC (R-22)	kg	1,100	1,250	2,160	2,160	-	-	-

3) Data for 2023 have been recalculated due to unit conversion errors involving Hyosung Heavy Industries' emissions of volatile organic compounds and hazardous air pollutants, as well as nitrogen oxides, sulfur oxides, and particulate matter from subsidiaries. Data for specific categories (volatile organic compounds, hazardous air pollutants, and persistent organic pollutants) in 2023 were not disclosed due to errors in subsidiary-level information.

4) Nitrogen oxide (NOx) emissions increased in 2023 due to changes in the combustion process following the installation of RTOs at Changwon Plants 1 and 3, but decreased in 2024 as operations stabilized.

## Raw Material Consumption and Renewable Material Consumption<sup>5)</sup>

Category	Unit	Hyosung Heavy Industries		
		2022	2023	2024
Total consumption <sup>6)</sup>	Ton	-	66,625	111,764
Renewable raw materials <sup>7)</sup> consumption	Ton	-	-	-
Non-renewable raw materials <sup>8)</sup> consumption	Ton	-	66,625	111,764

5) Subsidiaries do not disclose this information due to insufficient data, and Hyosung Heavy Industries did not disclose the relevant data for 2022 due to data errors.

6) Total consumption includes major materials such as copper products, electrical steel sheets, reinforcing bars, and steel frames.

7) Refers to materials that can be replenished quickly through ecological cycles or agricultural processes (e.g., for fibers, raw materials sourced from bamboo or hemp, or bio-based chips).

8) Refers to raw materials derived from resources that cannot regenerate within a short period, such as coal, gas, metals, minerals, and petroleum.

## Recovered<sup>9)</sup> Products and Packaging Materials

Category	Unit	Hyosung Heavy Industries			Subsidiaries		
		2022	2023	2024	2022	2023	2024
Total amount of product recovered	KRW Million	0	0	0	0	0	0
Total amount of packaging recovered	KRW Million	0	0	0	0	0	0
Rate of product and packaging recovered	%	0	0	0	0	0	0

9) Refers to the collection, reuse, or recycling of products and their packaging materials after use.

# ESG Data Book

## Environmental Impact Assessment Implementation Ratio

Category	Unit	Hyosung Heavy Industries			Subsidiaries		
		2022	2023	2024	2022	2023	2024
Rate of all operating sites with environmental risk assessment conducted	%	100	100	100	83	83	83

## Environmental Certifications

Category		Business sites	
Environmental management certification	ISO 14001	Hyosung Heavy Industries	Mapo Gongdeok Building (Headquarters), Hoehyeon AK Tower, Changwon Plant 1, 2, 3, 4, Anyang Plant
		Subsidiaries	Chinlung International, Hyosung T&D (India/Pune), Nantong (China)
Eco-friendly certifications	Green Building Certification (G-SEED)	Hyosung Heavy Industries	Hoehyeon AK Tower

## Sales and Purchases of Eco-friendly Products and Services

Category		Unit	Hyosung Heavy Industries			Subsidiaries		
			2022	2023	2024	2022	2023	2024
Sales of eco-friendly products and services <sup>1)2)3)</sup>		KRW 100 million	8,566	10,115	11,931	557	697	979
Purchase of eco-friendly products and services <sup>3)</sup>	Eco-labeled Materials	KRW 100 million	239	96	138	77	113	132
	High efficiency energy certified equipment	KRW 100 million	-	-	-	6	-	47
	Energy-saving and environmental impact-reducing materials	KRW 100 million	9	34	62	4	1	15
	Subtotal	KRW 100 million	247	130	200	87	114	194

1) Hyosung Heavy Industries's 2022 and 2023 data has been revised to include wind power business and green building sales.

2) Data for 2023 have been corrected due to data errors in the subsidiaries' eco-friendly product sales performance.

3) Definition of Eco-friendly Products and Services [Definition]

① Products and services belonging to the K-Taxonomy green economic activity classification system or ② products and services certified by the government and third parties to reduce environmental impact.

[List of purchasing eco-friendly products and services by sector]

① Power & Industrial Systems Division: Biodegradable insulation oil (USDA Certified Biobased Product, etc.)

② Construction Division: Eco-labeled materials such as ready-mixed concrete, insulation materials, waterproofing sheets, etc.

③ Subsidiaries: Sheet metal welding fume dust removal equipment (CCAEP1 certified), eco-labeled materials, etc.

## Environmentally Friendly Vehicles<sup>4)5)</sup>

Category	Sub-category	Unit	Hyosung Heavy Industries			Subsidiaries		
			2022	2023	2024	2022	2023	2024
On-road vehicles <sup>6)</sup>	Electric vehicles	Car	0	10	10	0	0	0
	Hydrogen fuel cell electric vehicles	Car	0	1	1	0	0	0
	Solar-powered vehicles	Car	0	0	0	0	0	0
Off-road vehicles <sup>7)</sup>	Electric vehicles	Car	163	165	172	32	39	40
	Hydrogen fuel cell electric vehicles	Car	0	0	0	0	0	0
	Solar-powered vehicles	Car	0	0	0	0	0	0
Total vehicle fleet		Car	332	415	395	119	113	121
Rate of environmentally friendly vehicles		%	49.10	42.41	46.33	26.89	34.51	33.06

4) Category applied in accordance with Article 2 of the Act on Promotion of Development and Distribution of Environment-Friendly Motor Vehicles (commonly referred to as the Environment-Friendly Vehicle Act).

5) Data have been updated to include previously omitted data for 2022–2023 (including electric vehicles among off-road vehicles in subsidiaries and the total vehicle fleet).

6) Includes passenger cars, vans, trucks, special-purpose vehicles, and two-wheeled vehicles (excluding electric bicycles).

7) Includes vehicles not specified under regulations, such as construction machinery, agricultural machinery, and others (e.g., forklifts, tool cars, and carts used at business sites).

# ESG Data Book

## Social Performance

### Employees

Category			Unit	Hyosung Heavy Industries			Subsidiaries		
				2022	2023	2024	2022	2023	2024
Total number of employees			Person	3,192	3,291	3,403	2,058	2,419	2,714
Gender	Permanent	Male	Person	2,689	2,767	2,840	1,423	1,688	1,846
		Female	Person	219	228	232	242	280	317
		Subtotal	Person	2,908	2,995	3,072	1,665	1,968	2,163
	Temporary	Male	Person	129	125	164	361	409	531
		Female	Person	155	171	167	32	42	20
		Subtotal	Person	284	296	331	393	451	551
Age	Permanent	Under 30	Person	180	275	305	418	499	604
		30-50	Person	2,040	2,014	2,037	974	1,180	1,233
		51 and above	Person	688	706	730	273	289	326
	Temporary	Under 30	Person	121	124	130	179	226	364
		30-50	Person	111	102	115	135	154	130
		51 and above	Person	52	70	86	79	71	57
Employee category	Employee category based on permanent employees	Office	Person	2,251	2,368	2,474	786	950	1,104
		Technical	Person	657	627	598	882	1,023	1,059
	Permanent	Executive <sup>1)</sup>	Person	61	62	67	25	22	27
		Manager level or higher <sup>2)</sup>	Person	1,435	1,381	1,429	335	352	464
		Non-manager level <sup>3)</sup>	Person	1,412	1,552	1,576	1,305	1,594	1,672
	Temporary	Executive	Person	0	0	0	1	1	52
		Manager level or higher	Person	19	15	21	54	36	32
		Non-manager level	Person	265	281	310	338	414	467
Workers who are not employees <sup>4)</sup>	Gender	Male	Person	962	1,077	1,081	1,408	2,711	1,496
		Female	Person	294	330	302	45	190	97
		Subtotal	Person	1,256	1,407	1,383	1,453	2,901	1,593

1) Employees in positions, including Team Leaders, Department Heads, Supervisors, and higher-level roles.

2) Employees in positions including PM (Project Manager) and higher-level roles.

3) Employees in positions including Pro (Professional) and lower-level roles.

4) Classified as non-affiliated workers in the annual report, including subcontracted and dispatched personnel working at our business sites.

### Employee Diversity

Category		Sub-category	Unit	Hyosung Heavy Industries			Subsidiaries		
				2022	2023	2024	2022	2023	2024
Gender diversity in the Board of Directors	Male	Person		7	7	7	24	25	25
	Female	Person		1	1	1	0	0	0
	Subtotal	Person		8	8	8	24	25	25
Age diversity in the Board of Directors	Under 30	Person		0	0	0	0	0	0
	30-50	Person		0	0	0	5	1	0
	51 and above	Person		8	8	8	19	24	25
Employee diversity	Employees with disability	Person		96	90	79	36	45	53
	Veteran	Person		67	58	65	6	13	54
	Foreigner	Person		19	17	11	33	35	12
	Subtotal	Person		182	165	155	75	93	119
Fostering female talent	Percentage of female employees	%		11.7	12.1	11.7	13.3	13.3	12.4
	Number of female employees at the manager level or higher	Person		103	105	112	23	29	39
	Number of male employees at the manager level or higher	Person		1,351	1,291	1,338	366	359	457
	Percentage of female employees at the manager level or higher	%		7.1	7.5	7.7	5.9	7.5	7.9

### Employee Diversity Performance and Targets

Category		Unit	Performance				Target	
			2022	2023	2024 (Target)	2024	2025	2026
Employee diversity	Employees with disability	Person	96	90	100	79	96	100
	Female	Person	374	399	430	399	440	440

# ESG Data Book

## Percentage of Local Employees in Senior Management

Category	Detailed Category	Unit	Hyosung Heavy Industries			Subsidiaries		
			2022	2023	2024	2022	2023	2024
Senior management	Total number of senior management employees	Person	208	201	203	139	142	157
	Number of local senior management employees	Person	202	199	202	117	121	131
	Percentage of senior management from the local community	%	97.1	99.0	99.5	84.2	85.2	83.4

## New Employee Hires

Category		Unit	Hyosung Heavy Industries			Subsidiaries		
			2022	2023	2024	2022	2023	2024
New hires	New hires	Person	374	442	462	261	287	172
	Experienced new hires	Person	140	149	103	442	426	451
	Transferees from affiliated companies	Person	28	17	29	1	4	0
	Subtotal	Person	542	608	594	704	717	623
Number of new hires by gender	Male	Person	398	475	472	605	619	546
	Female	Person	144	133	122	99	98	77
	Subtotal	Person	542	608	594	704	717	623
New hire rate by gender	male	%	73.4	78.1	79.5	85.9	86.3	87.6
	Female	%	26.6	21.9	20.5	14.1	13.7	12.4
Number of new hires by age	Under 30	Person	213	312	308	315	319	271
	30-50	Person	232	225	200	314	314	277
	51 and above	Person	97	71	86	75	84	75
New hire rate by age	Under 30	%	39.3	51.3	51.9	91.0	92.2	78.3
	30-50	%	42.8	37.0	33.7	90.8	90.8	80.1
	51 and above	%	17.9	11.7	14.5	21.7	24.3	21.7

## Employee Turnover<sup>1)</sup>

Category	Sub-category	Unit	Hyosung Heavy Industries			Subsidiaries		
			2022	2023	2024	2022	2023	2024
Number of employee turnovers	Voluntary turnover	Person	161	128	85	408	344	349
	Transfer to affiliated company	Person	17	13	21	2	3	0
	Involuntary turnover <sup>2)</sup>	Person	91	89	80	81	93	141
	Subtotal	Person	269	230	186	491	440	490
Employee turnover rate	Voluntary turnover rate	%	5.0	3.9	2.5	19.8	14.2	12.9
	Total turnover rate	%	8.4	7.0	5.5	23.9	18.2	18.1
Number of employee turnovers by gender	Male	Person	241	208	168	430	370	424
	Female	Person	28	22	18	61	70	66
	Subtotal	Person	269	230	186	491	440	490
Turnover rate by gender	Male	%	7.6	6.3	4.9	20.9	15.3	15.6
	Female	%	0.9	0.7	0.5	3.0	2.9	2.4
Number of employee turnovers by age	Under 30	Person	22	35	22	211	174	150
	30-50	Person	142	112	78	224	192	231
	51 and above	Person	105	83	86	56	74	109
	Subtotal	Person	269	230	186	491	440	490
Turnover rate by age	Under 30	%	0.7	1.1	0.6	10.3	7.2	5.5
	30-50	%	4.4	3.4	2.3	10.9	7.9	8.5
	51 and above	%	3.3	2.5	2.5	2.7	3.1	4.0

1) The data for 2022 and 2023 has been revised to reflect the inclusion of executives in the scope of employee turnover.

2) Includes cases such as resignation upon recommendation, dismissal, death, etc.



# ESG Data Book

## Employee Salaries and Compensation

Category	Sub-category	Unit	Hyosung Heavy Industries			Subsidiaries		
			2022	2023	2024	2022	2023	2024
Average total compensation for new hires	Male	KRW Million	65	51	62	56	59	45
	Female	KRW Million	34	35	34	42	39	39
	Total	KRW Million	56	50	54	53	56	44
Average annual local statutory minimum wage		KRW Million	27	28	29	13	13	13
Ratio of entry-level wage to local legal minimum wage	Male	%	244.3	183.2	214.0	425.2	444.1	345.7
	Female	%	128.7	123.6	119.6	317.3	288.7	297.1
Average total compensation by employee category	Male executives	KRW Million	191	205	197	183	172	165
	Male at manager level (or higher)	KRW Million	90	99	107	96	98	91
	Male at non-manager level	KRW Million	59	60	73	50	55	50
	Female executives	KRW Million	185	193	170	52	58	57
	Female at manager level (or higher)	KRW Million	72	83	92	43	47	80
	Female at non-manager level	KRW Million	31	33	37	37	41	44
Ratio of the basic salary and remuneration of female to male	Executives	%	96.8	94.4	86.2	28.2	33.6	34.7
	Manager level or higher	%	79.7	83.6	85.8	45.4	48.5	87.2
	Non-manager level	%	53.4	54.8	50.4	74.8	74.9	88.1
Average total remuneration of all employees		KRW Million	74	78	86	158	101	214
Highest-paid individual	Total remuneration	KRW Million	380	419	426	297	293	280
	Year-on-year growth rate of total remuneration	%	101.1	110.2	101.6	43.9	82.2	103.3
Employees (excluding the highest-paid individual)	Average total remuneration	KRW Million	73.6	77.8	86.1	59.3	64.2	61.3
	Median annual total remuneration	KRW Million	75.3	80.8	91.1	57.5	63.9	62.4
	Year-on-year growth rate of median total remuneration	%	110.8	107.4	112.7	65.9	106.3	107.8
Ratio of the annual total remuneration for the highest-paid individual to the median annual total remuneration for all employees (excluding the highest-paid individual)		Times	5.1	5.2	4.7	5.2	4.6	4.5

## Maternity and Parental Leave

Category	Sub-category	Unit	Hyosung Heavy Industries			Subsidiaries		
			2022	2023	2024	2022	2023	2024
Maternity leave (Male)	Number of employees on maternity leave	Person	58	51	40	26	21	34
	Return-to-Work rate after maternity leave	%	100	100	100	100	96.2	100
Maternity leave (Female)	Number of employees on parental leave	Person	14	11	16	5	3	7
	Return-to-Work rate after maternity leave	%	93	91	100	100	100	75
Parental Leave (Male)	Number of employees entitled to parental leave	Person	587	619	597	231	321	377
	Number of employees on parental leave	Person	56	43	24	17	8	11
	Number of employees returning to work after parental leave <sup>1)</sup>	Person	48	51	24	17	8	15
	Number of employees retained for at least 12 months after parental leave	Person	56	48	51	11	11	10
	Return-to-Work rate after parental leave	%	92.3	93.8	85.7	100	100	100
	Retention rate 12 months after returning from parental leave	%	94.9	100	100	100	64.7	125
Parental leave (Female)	Number of employees entitled to parental leave	Person	22	38	33	61	97	98
	Number of employees on parental leave	Person	15	10	14	10	2	8
	Number of employees returning to work after parental leave <sup>1)</sup>	Person	17	12	8	11	2	8
	Number of employees retained for at least 12 months after parental leave	Person	12	17	10	8	7	2
	Return-to-Work rate after parental leave	%	94.4	76.9	80	100	100	100
	Retention rate 12 months after returning from parental leave	%	85.7	100	76.9	100	63.6	100

1) The 2023 data has been revised due to a data aggregation error.

## Minimum Notice Period for Operational Changes<sup>2)</sup>

Category	Unit	Hyosung Heavy Industries			Subsidiaries		
		2022	2023	2024	2022	2023	2024
Minimum notice period	Days	30	30	30	21	21	21

2) In cases where legal standards such as dismissal notice periods apply, prior notification is provided in accordance with the required timeframe.

# ESG Data Book

## Labor Unions

Category	Unit	Hyosung Heavy Industries			Subsidiaries		
		2022	2023	2024	2022	2023	2024
Number of employees covered by collective bargaining agreements <sup>1)</sup>	Person	660	600	575	1,127	1,191	1,187
Percentage of total employees covered by collective bargaining agreements	%	20.7	18.2	16.9	54.8	49.2	43.7
Number of union workers	Person	628	584	565	1,005	1,042	1,088
Unionization rate	%	95.2	97.3	98.3	89.2	87.5	91.7

1) The collective bargaining agreements at Hyosung Heavy Industries apply to Grade 5 production workers.

## Retirement Pension

Category	Unit	Hyosung Heavy Industries			Subsidiaries		
		2022	2023	2024	2022	2023	2024
Total amount of retirement pension assets under management (DB+DC) <sup>2)</sup>	KRW Million	196,931	203,552	224,741	8,127	14,409	18,160
Assets under management for Defined Benefit (DB) pension <sup>2)</sup>	KRW Million	191,819	197,871	219,722	8,057	8,957	10,281
Assets under management for Defined Contribution (DC) pension <sup>2)</sup>	KRW Million	5,112	5,681	5,019	70	5,452	7,879
Total number of enrolled participants	Person	3,279	3,249	3,330	843	1,158	1,176
Number of participants in Defined Benefit (DB) pension	Person	2,486	2,565	2,646	707	1,002	1,007
Number of participants in Defined Contribution (DC) pension	Person	793	684	684	136	156	169

2) The 2022 and 2023 data has been revised due to a data aggregation error.

## Status of Human Rights Violations Affecting Local Communities

Category	Unit	Hyosung Heavy Industries			Subsidiaries		
		2022	2023	2024	2022	2023	2024
Number of incidents of rights violations affecting local communities	Cases	0	0	0	0	0	0

## Employee Training<sup>3)4)</sup>

Category	Unit	Hyosung Heavy Industries			Subsidiaries		
		2022	2023	2024	2022	2023	2024
Number of training participants (cumulative) <sup>5)</sup>	Person	111,480	103,893	107,348	12,002	11,797	13,071
Total training expenses	KRW Million	1,878	2,521	2,894	132	133	153
Total training hours	Hour	177,385	188,562	229,444	33,715	39,755	39,748
Average training hours per employee (total training hours / number of employees)	Hour	56	59	67	14	17	14
Average training expenses per employee (total training expense / number of employees)	KRW	588,239	789,980	850,447	63,204	48,944	50,275
Total training hours by gender	Male	146,132	167,929	203,555	28,273	33,959	33,379
	Female	31,254	20,634	25,890	5,442	5,795	6,369
Average training hours per employee by gender	Male	57	55	68	16	17	15
	Female	48	46	65	16	13	12
Total training hours by employee category	Executive	579	437	2,127	251	179	156
	Manager level or higher	83,970	79,756	98,931	5,767	4,926	4,833
	Non-manager level	92,837	108,370	128,386	27,696	34,650	34,759
Average training hours per employee by employee category	Executive	15	9	32	9	6	6
	Manager level or higher	47	55	68	26	24	25
	Non-manager level	59	45	68	13	14	14
Total number of participants in environmental training	Person	1,773	1,822	1,926	1,425	1,107	1,269
Total number of participants in ethics & anti-corruption training	Person	2,601	1,893	1,837	1,057	1,027	1,317
Total number of participants in fair trade training	Person	1,327	1,888	1,842	454	18	23
Total number of participants in safety and health training	Person	46,548	43,282	42,675	2,078	1,802	1,930
Total number of human rights trainings (sexual harassment prevention/disability awareness/anti-discrimination, etc.)	Person	7,923	1,820	6,307	929	1,099	1,193
Percentage of security personnel trained on human rights policies and procedures	%	0	0	0	4.0	3.3	4.2
Total number of participants in information security training	Person	1,661	1,923	1,840	921	787	1,006
Total number of participants in sustainability training	Person	3,335	1,791	1,695	563	836	595
Total number of participants in retiree training	Person	12	0	23	70	64	68
Total number of participants in career or skill-related training	Person	707	851	1,120	219	214	96
Percentage of total workforce at all levels who received career or skills-related training	%	22	26	33	11	9	4

3) The number of participants reflects the cumulative total per training program and includes both permanent and temporary employees.

4) The total number of participants, training expenses, and training hours include programs such as new employee training, general and professional job training, leadership training, globalization programs, and sustainability training.

5) The 2022 data has been revised due to a data aggregation error in certain subsidiaries.

# ESG Data Book

## Number of Human Rights-Related Grievances Received

Category	Unit	Status	
		2023 <sup>1)</sup>	2024
Number of human rights-related grievances received	Cases	2	8
Number of human rights-related grievances resolved	Cases	2	8
Resolution rate of human rights-related grievances	%	100	100

1) The 2023 data has been revised due to a reporting error in the 2023 Sustainability Report. As data collection began in 2023, no data is disclosed for 2022.

## Implementation of Regular Performance Evaluation<sup>2)</sup>

Category		Unit	Hyosung Heavy Industries			Subsidiaries		
			2022	2023	2024	2022	2023	2024
Number of employees subject to performance evaluation		Person	2,908	2,995	3,072	1,665	1,968	2,163
Percentage of employees subject to performance evaluation		%	91.1	91.0	90.3	80.9	81.4	79.7
Percentage of employees receiving performance and career development reviews, by gender	Male	%	95.4	95.7	94.5	79.8	80.5	77.7
	Female	%	58.6	57.1	58.2	88.3	87.0	94.1
Percentage of employees receiving performance and career development reviews, by employee category	Executive	%	100	100	100	96.2	95.7	34.2
	Manager level or higher	%	98.7	98.9	98.6	86.1	90.7	93.5
	Non-manager level	%	84.2	84.7	83.6	79.4	79.4	78.2

2) Employees subject to performance evaluation include regular employees (Levels 1, 2, and 3), and the count also includes: ① Employees who worked for less than six months during the evaluation period; ② Level 1 new hires who joined on or after January 1, 2024; ③ employees on leave, including maternity leave, during the evaluation period.

## Social Contribution Status

Category	Unit	Hyosung Heavy Industries			Subsidiaries		
		2022	2023	2024	2022	2023	2024
Social contribution investment	KRW Million	612	887	765	24	74	87
Number of social contribution programs	Program	33	42	34	5	8	18
Number of participants among employees	Person	1,298	1,626	1,344	66	62	52
Total volunteer hours	Hour	437	647	1,607	176	179	112
Amount of social value generated <sup>3)</sup>	KRW Million	-	2,759	2,132	-	75	4

3) The social value amount for Hyosung Heavy Industries has been aggregated since 2023.

## Supplier Status

Category	Unit	Hyosung Heavy Industries			Subsidiaries		
		2022	2023	2024	2022	2023	2024
Number of suppliers	No.	3,585	4,065	4,135	1,422	1,703	1,791
Total purchase from suppliers	KRW Million	2,119,258	2,297,355	2,273,502	897,291	1,350,956	1,652,527
Total purchase from local suppliers <sup>4)5)</sup>	KRW Million	1,689,904	1,891,479	1,844,795	723,408	1,053,004	1,201,251
Proportion of purchase from local suppliers	%	79.74	82.33	81.14	80.62	77.95	72.69
Number of suppliers signing the Supplier Code of Conduct	No.	645	616	602	-	-	-
Rate of targeted suppliers signing the Supplier Code of Conduct	%	100%	100%	100%	0%	0%	0%
Number of suppliers with ESG clauses in contracts	No.	1,271	1,659	1,851	788	1,130	993
Rate of targeted suppliers with ESG clauses in contracts	%	35	41	45	55	66	55
Number of suppliers subject to on-site CSR assessment	No.	26	66	65	3	13	6
Rate of targeted suppliers subject to on-site CSR assessment	%	1	2	2	0	1	0

4) Data for 2022 and 2023 have been corrected to reflect previously unreported local purchase amounts for the Construction Division in the 2023 Sustainability Report.

5) Corrections have been made due to data aggregation errors for subsidiaries in the 2023 Sustainability Report.

# ESG Data Book

## Environmental Impact Assessment of the Supply Chain

Category	Unit	Hyosung Heavy Industries			Subsidiaries		
		2022	2023	2024	2022	2023	2024
Number of new suppliers	No.	279	508	524	178	210	183
Number of new suppliers with environmental impact assessments	No.	26	265	318	3	13	6
Rate of new suppliers with environmental impact assessments	%	9.3	52.2	60.7	1.7	6.2	3.3
Number of prioritized suppliers	No.	574	664	676	430	506	540
Number of suppliers with environmental impact assessments	No.	428	2,236	2,081	98	122	128
Number of suppliers having practical or/and potential negative environmental impact	No.	7	35	30	0	0	0
Number of suppliers that agreed improvement based on the results of environmental impact assessment <sup>1)</sup>	No.	7	21	8	0	19	10
Rate of suppliers that agreed improvement based on the results of environmental impact assessment	%	1.6	0.9	0.4	0	15.6	7.8
Number of suppliers whose contracts were terminated based on the results of environmental impact assessment	No.	0	0	0	0	0	0
Rate of suppliers whose contracts were terminated based on the results of environmental impact assessment	%	0	0	0	0	0	0

1) Data for 2023 has been corrected due to an aggregation error.

## Social Impact Assessment of the Supply Chain

Category	Unit	Hyosung Heavy Industries			Subsidiaries		
		2022	2023	2024	2022	2023	2024
Number of new suppliers	No.	279	508	524	178	210	183
Number of new suppliers with social impact assessments	No.	26	265	318	3	13	6
Rate of new suppliers with social impact assessments	%	9.3	52.2	60.7	1.7	6.2	3.3
Number of prioritized suppliers	No.	574	664	676	430	506	540
Number of suppliers with social impact assessments	No.	428	2,236	2,081	98	122	128
Number of suppliers having practical or/and potential negative social impact	No.	7	34	29	0	0	0
Number of suppliers that agreed improvement based on the results of social impact assessment <sup>2)</sup>	No.	7	21	8	0	19	10
Rate of suppliers that agreed improvement based on the results of social impact assessment	%	1.6	0.9	0.4	0	15.6	7.8
Number of suppliers whose contracts were terminated based on the results of social impact assessment	No.	0	0	0	0	0	0
Rate of suppliers whose contracts were terminated based on the results of social impact assessment	%	0	0	0	0	0	0

2) Data for 2023 has been corrected due to an aggregation error.

## Business partners' Dissatisfaction / Safety and Health related Grievance Mechanism

Category	Sub-category	Unit	Hyosung Heavy Industries			Subsidiaries		
			2022	2023	2024	2022	2023	2024
Complaints/ Grievances from Suppliers	Number of cases received	No.	0	0	0	0	0	0
	Number of cases processed	No.	0	0	0	0	0	0
	Resolution rate	%	0	0	0	0	0	0
Safety and health grievances of suppliers' workers	Number of cases received	No.	429	540	478	0	0	0
	Number of cases processed	No.	418	532	477	0	0	0
	Resolution rate	%	97	99	100	0	0	0

## Occupational Health and Safety Management

Category	Unit	Hyosung Heavy Industries			Subsidiaries		
		2022	2023	2024	2022	2023	2024
Number of employees + workers who are not employees	Person	4,448	4,698	4,786	3,511	5,320	4,307
Number of employees and workers working at business sites where the company's health and safety management system are operational	Person	4,448	4,698	4,786	3,511	5,320	4,307
	%	100	100	100	100	100	100
Number of employees and workers working within the systems that undergo regular/irregular audits (or monitoring) of the company's health and safety management system	Person	4,448	4,698	4,786	3,511	5,320	4,307
	%	100	100	100	100	100	100
Number of employees and workers working at business sites subject to customer audits or audits for external certification	Person	4,448	4,698	4,786	2,951	4,535	3,664
	Person	100	100	100	84.1	85.2	85.1

## Safety/Quality/Information Security Certification

Category	Locations		
Health and safety	ISO 45001	Hyosung Heavy Industries	Headquarters (Mapo), Hoehyeon AK Tower, Changwon plants 1, 2, 3, 4, Anyang plant
		Subsidiaries	Chinhung International, Pune plant in India, Nantong plant in China
Quality	ISO 9001	Hyosung Heavy Industries	Headquarters (Mapo), Hoehyeon AK Tower, Changwon plants 1, 2, 3, 4
		Subsidiaries	Memphis plant in the USA, Vina industrial machinery plant in Vietnam, Pune plant in India, Nantong plant in China, South Africa corporation, Chinhung International
	ISO 3834/KOLAS/KEPIC-EN	Hyosung Heavy Industries	Changwon Plants 1, 2, 3, 4
	ISO 17025	Subsidiaries	Nantong plant in China
Information Security	ISO 27001	Hyosung Heavy Industries	Headquarters (Mapo), Changwon Plants 1, 3, 4
		Subsidiaries	Pittsburgh, USA

# ESG Data Book

## Occupational Injuries and Ill-health

Category	Detailed categorization	Unit	Hyosung Heavy Industries			Subsidiaries		
			2022	2023	2024	2022	2023	2024
Employees	Number of work-related injuries and ill health	Person	17	15	22	4	6	6
	Rate of work-related injuries and ill health <sup>1)</sup>	%	0.53	0.46	0.65	0.19	0.25	0.22
	Number of fatalities as a result of work-related injuries	Person	0	1	0	0	0	0
	Work-related fatality rate per ten thousand employees <sup>3)</sup>	Fatality rate	0	3.04	0	0	0	0
	Total work hours	Hours	6,664,896	6,871,608	7,105,464	4,297,104	5,050,872	5,666,832
	Number of Lost Time Injuries (LTI) requiring more than 3 days of recovery	Cases	13	11	22	4	6	6
	Lost Time Injury Frequency Rate (LTIFR) <sup>2)</sup>	Cases/Million Hours	1.95	1.60	3.10	0.93	1.19	1.06
	Days lost from work	Days	1,842	8,587	1,325	165	200	573
	Lost Time Injury Severity Rate (LTISR)	Days/Million Hours	276	1,250	186	38	40	101
Workers who are not employees	Number of work-related injuries and ill health	Person	55	59	51	17	18	24
	Rate of work-related injuries and ill health	%	4.38	4.19	3.69	1.17	0.62	1.51
	Number of fatalities as a result of work-related injuries	Person	0.07	0.07	0	0	0	0
	Work-related fatality rate per ten thousand employees <sup>3)</sup>	Fatality rate	0.56	0.50	0	0	0	0
	Total work hours	Hours	2,622,528	2,937,816	2,887,704	3,033,864	6,057,288	8,838,504
	Number of Lost Time Injuries (LTI) Requiring More Than 3 Days of Recovery	Cases	54	59	51	17	18	24
	Lost Time Injury Frequency Rate (LTIFR)	Cases/Million Hours	20.59	20.08	17.66	5.60	2.97	2.72

1) Total Number of individuals affected by work related injuries and ill health ÷ Total Number of workers × 100

2) Number of work-related injuries and ill health ÷ Total work hours × 1,000,000

3) Number of work-related fatalities ÷ Total number of workers × 10,000

## Products and Services with Labeling and Safety Assessment

Category	Unit	Hyosung Heavy Industries			Subsidiaries		
		2022	2023	2024	2022	2023	2024
Percentage of key products and services with information labeling <sup>4)</sup> procedures and related assessments	%	100	100	100	100	100	100
Percentage of key products and services assessed for health and safety impacts	%	100	100	100	100	100	100

4) Product and service information and labeling: "Information" and "labeling" are used interchangeably to describe the characteristics of a product or service.

## Consumer Information Protection Status

Category	Detailed categorization	Unit	Hyosung Heavy Industries			Subsidiaries		
			2022	2023	2024	2022	2023	2024
Customer privacy violations	Complaints filed by external parties and substantiated within the organization	Cases	0	0	0	0	0	0
	Complaints from regulators	Cases	0	0	0	0	0	0
Confirmed customer data breaches, thefts, and losses		Cases	0	0	0	0	0	0

# ESG Data Book

## Governance Performance

### Compliance with Ethics and Laws

Category		Unit	Hyosung Heavy Industries			Subsidiaries		
			2022	2023	2024	2022	2023	2024
Employee discrimination	Total number of discrimination incidents	Cases	0	0	0	2	0	0
	Reviewed discrimination incidents	Cases	0	0	0	2	0	0
Corruption	Number of reported incidents of corruption	Cases	1	0	2	0	0	0
	Number of confirmed cases of corruption that resulted in disciplinary action	Person	0	0	3	0	0	0
Unfair trade	Number of cases of non-compliance related to unfair trade practices <sup>1)2)</sup>	Cases	0	0	1	0	0	1
	Fines for unfair trade practices <sup>2)</sup>	KRW Million	0	0	11,237	0	0	0
Non-compliance with laws and regulations	Cases where fines were imposed	Cases	8	10	1	0	0	0
	Cases where non-monetary sanctions were imposed	Cases	0	0	0	0	0	0
	Number of employees with records of investment-related investigations, customer complaints, lawsuits, or legal sanctions	Person	0	0	0	0	0	0
	Number of cases of non-compliance with legal or voluntary regulations concerning product and service information and labeling	Cases	0	0	0	0	0	0
	Number of cases of non-compliance with legal or voluntary regulations concerning the safety and health impacts of products and services	Cases	0	0	0	0	0	0
	Number of cases of non-compliance with legal or voluntary regulations on marketing communications	Cases	0	0	0	0	0	0
	Total amount of fines <sup>2)</sup>	KRW Million	8	25	11,237	0	0	0
	Fines imposed for non-compliance with financial regulations, including insider trading, monopolistic practices, and anti-competitive behavior.	KRW Million	0	0	0	0	0	0
	Fines for non-compliance with environmental laws and regulations	KRW Million	8	5	0	0	0	0
Anti-corruption	Number of Board Members (Governance Body) notified and trained on anti-corruption policies and procedures	Person	0	0	0	0	0	0
	Percentage of Board Members (Governance Body) notified and trained on anti-corruption policies and procedures	%	0	0	0	0	0	0
	Number of employees notified and trained on anti-corruption policies and procedures	Person	2,601	1,893	1,837	1,057	1,027	950
	Percentage of employees notified and trained on anti-corruption policies and procedures	%	81.5	57.5	54.0	51.4	42.5	35.0
	Number of business sites assessed for risks related to corruption	No.	2	0	2	1	0	0
	Percentage of business sites assessed for risks related to corruption	%	0	0	0	0	0	0
	Percentage of all operating sites subject to human rights reviews or human rights impact assessments	%	100	100	100	0	0	0
	Percentage of all operating sites with certified anti-bribery management systems (ISO 37001 Certified)	%	0	0	0	0	0	0

1) The number of non-compliance cases related to unfair trade practices includes those under ongoing legal proceedings, and the total amount of fines comprises penalties, administrative fines, and surcharges.

2) An administrative lawsuit is underway to challenge the corrective order and the imposition of an administrative fine (KRW 11,237 million) issued by the Korea Fair Trade Commission in relation to the bid-rigging case for the 170kV GIS project.



# GRI Content Index

Statement of use	Hyosung Heavy Industries Co., Ltd. has disclosed statements and data related to its sustainability performance for the period from January 1, 2024, to December 31, 2024, in this Sustainability Report in accordance with the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI Sector Standard(s)	As of June 2025, the time of publication of Hyosung Heavy Industries Co., Ltd.'s Sustainability Report, no applicable GRI Sector Standards are available.

## GRI 2: General Disclosures

No.	Category	Disclosure Location	Remarks
2-1	Organizational details	6-10	
2-2	Entities included in the organization's sustainability reporting	2	
2-3	Reporting period, frequency and contact point	2	
2-4	Restatements of information	89-101	
2-5	External assurance	109	
2-6	Activities, value chain and other business relationships	6-10	
2-7	Employees	94	
2-8	Workers who are not employees	94	
2-9	Governance structure and composition	80, Homepage (Board Composition)	
2-10	Nomination and selection of the highest governance body	82, Homepage (Board Composition)	
2-11	Chair of the highest governance body	80, Homepage (Board Composition)	
2-12	Role of the highest governance body in overseeing the management of impacts	14, 81-82	
2-13	Delegation of responsibility for managing impacts	14, 81-82	
2-14	Role of the highest governance body in sustainability reporting	14	
2-15	Conflicts of interest	Homepage (Board of Directors Operating Regulations, Corporate Governance Charter)	

No.	Category	Disclosure Location	Remarks
2-16	Communication of critical concerns	20, 27, 31, 39, 43	
2-17	Collective knowledge of the highest governance body	81	
2-18	Evaluation of the performance of the highest governance body	82	
2-19	Remuneration policies	Annual Report 360-361	
2-20	Process to determine remuneration	Homepage (Corporate Governance Charter, 11)	
2-21	Annual total compensation ratio	96	
2-22	Statement on sustainable development strategy	4	
2-23	Policy commitments	Homepage (ESG Policy)	
2-24	Embedding policy commitments	Homepage (ESG Policy)	
2-25	Processes to remediate negative impacts	Homepage (ESG Policy)	
2-26	Mechanisms for seeking advice and raising concerns	86, Homepage (ESG Policy)	
2-27	Compliance with laws and regulations	101	
2-28	Membership associations	107	
2-29	Approach to stakeholder engagement	18	
2-30	Collective bargaining agreements	97	

# GRI Content Index

## GRI 3: Material Topics

No.	Category	Disclosure Location	Remarks
3-1	Process to determine material topics	15	
3-2	List of material topics	17	

## Climate Change Transition Risk Management

No.	Category	Disclosure Location	Remarks
3-3	Management of material topics	17	
201-2	Financial implications and other risks and opportunities due to climate change	21-24	
302-1	Energy consumption within the organization	90	
302-2	Energy consumption outside of the organization	90	
302-3	Energy intensity	90	
302-4	Reduction of energy consumption	90	
302-5	Reductions in energy requirements of products and services	90	
305-1	Direct (Scope 1) GHG emissions	90	
305-2	Energy indirect (Scope 2) GHG emissions	90	
305-4	GHG emissions intensity	90	
305-5	Reduction of GHG emissions	90	
Company-Specific Management Indicator	Operation of Environment-Friendly Vehicles	26, 93	

## Developing Sustainable Products and Solutions

No.	Category	Disclosure Location	Remarks
3-3	Management of material topics	17	
Company-Specific Management Indicator	Current year sales performance by product and service	28-30	

## Strengthening Workplace Health and Safety

No.	Category	Disclosure Location	Remarks
3-3	Management of material topics	17	
403-1	Occupational health and safety management system	32	
403-2	Hazard identification, risk assessment, and incident investigation	35	
403-3	Occupational health services	37	
403-4	Worker participation, consultation, and communication on occupational health and safety	36-37	
403-5	Worker training on occupational health and safety	36	
403-6	Promotion of worker health	37	
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	37	
403-8	Workers covered by an occupational health and safety management system	99	
403-9	Work-related injuries	100	
403-10	Work-related ill health	100	
Company-Specific Management Indicator	Status of safety culture scores	38	
Company-Specific Management Indicator	Fatality rate per 10,000 employees	38	

## Customer Obsession

No.	Category	Disclosure Location	Remarks
3-3	Management of material topics	17	
Company-Specific Management Indicator	Frequency of VOC Committee and Review Meetings	42	
Company-Specific Management Indicator	Number of VOC Channel Registrations	42	
Company-Specific Management Indicator	Target Order Amount for Products and Services Linked to VOC	42	

## Sustainable Supply Chain

No.	Category	Disclosure Location	Remarks
3-3	Management of material topics	17	
308-1	New suppliers that were screened using environmental criteria	99	
308-2	Negative environmental impacts in the supply chain and actions taken	45, 99	
414-2	Negative social impacts in the supply chain and actions taken	99	
Company-Specific Management Indicator	Advancement stage of supply chain assessment system	99	
Company-Specific Management Indicator	Support for sustainability education and consulting	99	

# GRI Content Index

## GRI 201: Economic Performance

No.	Category	Disclosure Location	Remarks
201-1	Direct economic value generated and distributed	89	
201-3	Defined benefit plan obligations and other retirement plans	97	

## GRI 203: Indirect Economic Impacts

No.	Category	Disclosure Location	Remarks
201-1	Infrastructure investments and services supported	98	
201-3	Significant indirect economic impacts	98	

## GRI 205: Anti-Corruption

No.	Category	Disclosure Location	Remarks
205-2	Communication and training about anti-corruption policies and procedures	87	

## GRI 206: Anti-Competitive Behavior

No.	Category	Disclosure Location	Remarks
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	101	

## GRI 207: Tax

No.	Category	Disclosure Location	Remarks
207-1	Approach to tax	89	
207-2	Tax governance, control, and risk management	N/A	

## GRI 303: Water and Effluents

No.	Category	Disclosure Location	Remarks
303-1	Interactions with water as a shared resource	56	
303-2	Management of water discharge-related impacts	56	
303-3	Water withdrawal	56, 91	
303-4	Water discharge	56, 91	
303-5	Water consumption	56, 91	

## GRI 304: Biodiversity

No.	Category	Disclosure Location	Remarks
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	56-59	
304-2	Significant impacts of activities, products and services on biodiversity	57-59	
304-3	Habitats protected or restored	59	
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	59	

## GRI 305: Emissions

No.	Category	Disclosure Location	Remarks
305-5	Reduction of GHG emissions	25	
305-6	Emissions of ozone-depleting substances (ODS)	92	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	92	

## GRI 306: Waste

No.	Category	Disclosure Location	Remarks
306-1	Waste generation and significant waste-related impacts	91	
306-2	Management of significant waste-related impacts	91	
306-3	Waste generated	91	
306-4	Waste diverted from disposal	91	
306-5	Waste directed to disposal	91	

# GRI Content Index

## GRI 401: Employment

No.	Category	Disclosure Location	Remarks
401-1	New employee hires and employee turnover	95	
401-3	Parental Leave	95	

## GRI 404: Training and Education

No.	Category	Disclosure Location	Remarks
404-1	Average hours of training per year per employee	97	
404-2	Programs for upgrading employee skills and transition assistance programs	65	
404-3	Percentage of employees receiving regular performance and career development reviews	98	

## GRI 405 : Diversity and Equal Opportunity

No.	Category	Disclosure Location	Remarks
405-1	Diversity of governance bodies and employees	94	
405-2	Ratio of basic salary and remuneration of women to men		Annual Report 359-360

## GRI 416 : Customer Health and Safety

No.	Category	Disclosure Location	Remarks
416-1	Assessment of the health and safety impacts of product and service categories	70-74	
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	101	

## GRI 417 : Marketing and Labeling

No.	Category	Disclosure Location	Remarks
417-1	Requirements for product and service information and labeling	101	
417-2	Incidents of non-compliance concerning product and service information and labeling	101	
417-3	Incidents of non-compliance concerning marketing communications	101	

## GRI 418 : Customer Privacy

No.	Category	Disclosure Location	Remarks
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	100	

# SASB Index

## Electrical & Electronic Equipment

### Sustainability Disclosure Topics & Metrics

Code	Metric	Disclosure Location
<b>Energy Management</b>		
RT-EE-130a.1	(1) Total energy consumed, (2) percentage grid electricity and (3) percentage renewable	90
<b>Hazardous Waste Management</b>		
RT-EE-150a.1	(1) Amount of hazardous waste generated, (2) percentage recycled	91-92
RT-EE-150a.2	(1) Number and aggregate quantity of reportable spills, (2) quantity recovered	Insufficient Information
<b>Product Safety</b>		
RT-EE-250a.1	(1) Number of recalls issued, (2) total units recalled	N/A
RT-EE-250a.2	Total amount of monetary losses as a result of legal proceedings associated with product safety	101
<b>Product Lifecycle Management</b>		
RT-EE-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	N/A
RT-EE-410a.2	Percentage of eligible products, by revenue, certified to an energy efficiency certification	93
RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency-related products	93
<b>Materials Sourcing</b>		
RT-EE-440a.1	Description of the management of risks associated with the use of critical materials	92
<b>Business Ethics</b>		
RT-EE-510a.1	Description of policies and practices for prevention of: (1) corruption and bribery and (2) anti-competitive behaviour	Homepage (Ethical Management)
RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	101
RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	101

### Activity Metrics

CODE	METRIC	Disclosure Location
RT-EE-000.A	Number of units produced by product category	N/A
RT-EE-000.B	Number of employees	94

## Engineering & Construction Services

### Sustainability Disclosure Topics & Metrics

Code	Metric	Disclosure Location
<b>Environmental Impacts of Project Development</b>		
IF-EN-160a.1	Number of incidents of non-compliance with environmental permits, standards and regulations	101
IF-EN-160a.2	Discussion of processes to assess and manage environmental risks associated with project design, siting and construction	30
<b>Structural Integrity &amp; Safety</b>		
IF-EN-250a.1	Amount of defect- and safety-related rework costs	N/A
IF-EN-250a.2	Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents	101
<b>Workforce Health &amp; Safety</b>		
IF-EN-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	100
<b>Lifecycle Impacts of Buildings &amp; Infrastructure</b>		
IF-EN-410a.1	Number of (1) commissioned projects certified to a third-party multi-attribute sustainability standard and (2) active projects seeking such certification	30
IF-EN-410a.2	Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design	30
<b>Climate Impacts of Business Mix</b>		
IF-EN-410b.1	Amount of backlog for (1) hydrocarbon-related projects and (2) renewable energy projects	N/A
IF-EN-410b.2	Amount of backlog cancellations associated with hydrocarbon-related projects	N/A
IF-EN-410b.3	Amount of backlog for non-energy projects associated with climate change mitigation	N/A
<b>Business Ethics</b>		
IF-EN-510a.1	(1) Number of active projects and (2) backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	Not Relevant
IF-EN-510a.2	Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anti-competitive practices	101
IF-EN-510a.3	Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behaviour in the project bidding processes	Homepage (Ethical Management)

### Activity Metrics

CODE	METRIC	Disclosure Location
RT-EE-000.A	Number of active projects	N/A
RT-EE-000.B	Number of commissioned projects	N/A
RT-EE-000.C	Total backlog	N/A

# UN SDGs

Goals		Hyosung Heavy Industries Key Activities
	1. End poverty in all its forms everywhere	1.3 Implement country-appropriate social protection systems and measures for all, including social safety nets, and achieve substantive coverage for the poor and vulnerable by 2030
	3. Ensure healthy lives and promote well-being for all at all ages	3.9 Significantly reduce the number of deaths and diseases caused by hazardous chemicals, air pollution, water pollution, and soil pollution by 2030
	4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	4.3 Ensure equal access to affordable, quality technical, vocational and higher education, including universities, for all women and men by 2030 4.7 By 2030, ensure that all learners acquire the knowledge and skills necessary to promote sustainable development through education on sustainable development and sustainable livelihoods, human rights, gender equality, promotion of a culture of peace and non-violence, global citizenship, cultural diversity and the contribution of culture to sustainable development
	5. Achieve gender equality and empower all women and girls	5.1 End all forms of discrimination against all women and girls everywhere 5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in the political, economic and public sectors
	6. Ensure availability and sustainable management of water and sanitation for all	6.3 By 2030, halve the proportion of untreated sewage and significantly expand recycling and safe reuse globally by reducing pollution, eliminating dumping of hazardous chemicals and minimizing emissions 6.4 Ensure sustainable withdrawal and supply of fresh water by 2030 to increase water use efficiency in all sectors, address water scarcity and significantly reduce the number of people suffering from water scarcity
	7. Ensure access to affordable, reliable, sustainable and modern energy for all	7.1 Ensure universal access to affordable, reliable, sustainable and modern energy services by 2030 7.2 Significantly increase the share of renewable energy by 2030
	13. Take urgent action to combat climate change and its impacts	13.1 Strengthen adaptive capacity and resilience to climate-related hazards and natural disasters 13.2 Integrate climate change actions into national policies, strategies and plans 13.3 Educate, raise awareness, and improve population and institutional capacity for climate change mitigation, adaptation, impact reduction, and early warning
	14. Conserve and sustainably use the oceans, seas and marine resources for sustainable development	14.2 Sustainably manage marine and coastal ecosystems by 2020 by strengthening resilience and restoration activities and implementing protective measures 14.b Provide small-scale and artisanal fishers with access to marine resources and markets
	15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, halt and reverse land degradation and halt biodiversity loss	15.4 Ensure the conservation of forest ecosystems, including biodiversity, to enhance the carrying capacity of forest ecosystems to provide essential benefits for sustainable development by 2030 15.5 Take urgent and major action to reduce the degradation of natural habitats and halt the loss of biodiversity, and protect endangered species and prevent their extinction by 2020 15.7 Call for immediate action to end poaching and trafficking of protected species and counter the supply and demand for illegal wildlife products 15.a Mobilize financial resources for the protection and sustainable use of biodiversity and ecosystems
	16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	16.2 End the abuse, exploitation and trafficking of children and all forms of violence and torture against them 16.3 Promote the rule of law at the national and international levels, and ensure equal access to justice for all

- Support programs and donor activities for vulnerable populations

- Promote management of pollutants and chemicals by setting own emission standards that exceed legal standards

- Implementing competency enhancement programs by job category/job function/business unit/department to realize value management
- Conduct periodic training to internalize sustainability management, including environment, human rights, safety and health, etc.

- Provide funding for vocational training and employment support for middle-aged and older women whose careers were interrupted by childbirth, family care, etc.
- Ensure equal opportunities for leadership through board diversity

- Promote management of pollutants and chemicals by setting own emission standards that exceed legal standards
- Proactively identifying the level of water risk at its operations and regularly assessing the level of water stress at its sites

- Ensure access to sustainable energy services by adopting green technologies in our electricity product portfolio and construction processes
- Promote access to cleaner fuels and technologies through the development of sustainable products and services
- Promote energy savings through solar installations and equipment replacement

- Progress in estimating physical risks and economic impacts of climate change, 2024
- Develop an action plan to respond to 'river flooding' identified during the physical risk identification process

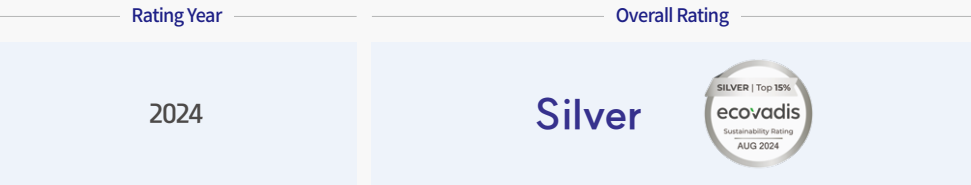
- Increase marine biodiversity and enhance access to fishery resources by expanding blue carbon through the 2024 Southern Sea Forest Creation Project to protect marine ecosystems

- Contribute to biodiversity conservation through winter migratory bird feeding and release support projects, as well as initiatives for the restoration of endangered insects

- Establish and disclose principles on the prohibition of child and forced labor in human rights policy
- Reorganize the existing Risk Management Committee into a Risk & Compliance Management Committee to realize ethics and compliance management, and expand the scope of management's review to reinforce commitment to compliance management

# ESG Ratings and Evaluations

## EcoVadis



## CDP

Evaluation Year	Overall rating
2024	B
2023	A-
2022	A-

## MSCI

Evaluation Year	Overall rating
2024	BB
2023	B
2022	B

## Korea ESG Standards Institute ESG Assessment

Evaluation Year	Integrated rating	Environmental	Social	Governance
2024	B+	A	A+	B
2023	A	A	A+	B+
2022	A	A	A+	B+

## SUSTINVEST

Evaluation Year	Overall rating
2024	BB
2023	BB
2022	B

# Membership in External Organizations

## Association Membership in Relation to Sustainable Management

Hyosung Heavy Industries	
TCFD	Changwon Industrial Complex Plant Managers' Association
CDP	Korea Hydropower Industry Association
Korea Hydrogen Industry Association	Korea Smart Grid Association
Construction Safety Practitioners Association	Korea Atomic Industrial Forum
Construction Safety Executives Association	Korea Nuclear Society
Construction Safety Association	Korea Wind Energy Industry Association
Seoul Bar Association	Korea Offshore Grid Association
Hydrogen Convergence Alliance	Korea Fair Competition Federation
Energy Alliance	

# Awards and Recognitions

Award Details	Award Date	Award Recipient (organization name)	Notes	Related Links
Korea Consumer Awards – Best Brand of the Year	Nov. 5, 2024	Korea Consumer Association	Korea Consumer Awards presented to companies and brands that have contributed to improving consumers' quality of life	<a href="#">LINK</a>
Minister of Trade, Industry and Energy Award	Nov. 20, 2024	Ministry of Trade, Industry and Energy	Recognized at the "Hydropower Day" ceremony for the successful domestic development of the first hydropower generator in Korea	<a href="#">LINK</a> <a href="#">LINK</a>



# GHG Assurance Statement

## Independent Verification Opinion

### Introduction

DNV Business Assurance Korea Ltd. (“DNV”) was commissioned by Hyosung Heavy Industries Corporation (here after “Company” or “Hyosung Heavy Industries”) to perform third party verification for the Company’s Greenhouse Gas Statement. The Company is responsible for the preparation of the GHG statement on the basis set out within the guidelines on the operation of GHG emissions trading scheme (ETS) (Notification No. 2025-28), Korea Ministry of Environment) based on ‘ISO 14064-1:2018’. The Company has full responsibility of the GHG statement. According to terms of contract, DNV expressly disclaims any liability or responsibility for any decisions, based upon the verification opinion.

### Objective and Scope of Verification

The objective of the verification is to present an independent verification opinion on the company’s GHG statement, and the scope of verification is as follows;

- Organizational Boundary: Hyosung Heavy Industries Corporation’s domestic business sites in Korea
- Reporting Boundary: Scope 1 (Direct emissions), Scope 2 (Indirect emissions) (fugitive emissions from refrigerant are excluded)
- Reporting Period: 2024.01.01 ~ 2024.12.31

### Verification Approach

The verification has been conducted in accordance with the verification principles and tasks outlined in the guidelines on the operation of GHG ETS (Notification No. 2024-169, Korea Ministry of Environment) based on ‘ISO 14064-3:2019’. DNV planned and concluded our work so as to obtain all the information and explanations deemed necessary to provide us with sufficient evidence to provide a verification opinion with 5% materiality level. As part of the verification process, we have reviewed as follows;

- Adequacy of GHG data control, collection and emission calculation applied in GHG inventory report and report process
- The GHG inventory is based on measurements and has inherent limitations that may arise from the process of calculating, estimating, and finalizing the reported data.

This Assurance Opinion is valid as of the date of the issuance. Please note that this Assurance Opinion would be revised if any material discrepancy which may impact the Greenhouse Gas Emissions of the Company is subsequently brought to our attention.

### Conclusions

Based on the verification conducted, the information related to the GHG statement has been properly calculated and reported.

### DNV represents “unmodified” opinion on Greenhouse Gas Emissions

(Unit: ton CO<sub>2</sub>eq)

Yr 2024	Direct emissions (Scope 1)	Indirect emissions (Scope 2)	Total emissions
Hyosung Heavy Industries	9,835	42,765	52,593

※ There is a difference between each emissions sum and total emissions as total emissions are sum up with each rounded business sites’ emissions according to the related regulation.



2025. 6. 19  
Seoul, Republic of Korea  
**Lee, Jang Sup**  
Country Representative  
DNV Business Assurance Korea Ltd.

# Independent Assurance Statement

## To readers of Hyosung Heavy Industries Sustainability Report 2024

### Introduction

Korea Management Registrar (KMR) was commissioned by Hyosung Heavy Industries to conduct an independent assurance of its Sustainability Report 2024 (the “Report”). The data and its presentation in the Report is the sole responsibility of the management of Hyosung Heavy Industries. KMR’s responsibility is to perform an assurance engagement as agreed upon in our agreement with Hyosung Heavy Industries and issue an assurance statement.

### Scope and Standards

Hyosung Heavy Industries described its sustainability performance and activities in the Report. Our Assurance Team carried out an assurance engagement in accordance with the AA1000AS v3 and KMR’s assurance standard SRV1000. We are providing a Type 2, moderate level assurance. We evaluated the adherence to the AA1000AP (2018) principles of inclusivity, materiality, responsiveness and impact, and the reliability of the information and data provided using the Global Reporting Initiative (GRI) Index provided below. The opinion expressed in the Assurance Statement has been formed at the materiality of the professional judgment of our Assurance Team.

Confirmation that the Report was prepared in accordance with the GRI standards 2021 included in the scope of the assurance. We have reviewed the topic-specific disclosures of standards which were identified in the materiality assessment process.

- GRI Sustainability Reporting Standards
- Universal standards
- Topic specific standards
  - Economic Performance: GRI 201-1~201-3
  - Energy: GRI 302-1~302-5
  - Emissions: GRI 305-1, 305-2, 305-4, 305-5
  - Supplier Environmental Assessment: GRI 308-1~308-2
  - Occupational Health and Safety: GRI 403-1~403-10
  - Supplier Social Assessment: GRI 414-2

As for the reporting boundary, the engagement excludes the data and information of Hyosung Heavy Industries’ partners, suppliers and any third parties.

### KMR’s Approach

To perform an assurance engagement within an agreed scope of assessment using the standards outlined above, our Assurance Team undertook the following activities as part of the engagement:

- Reviewed the overall Report;
- Reviewed materiality assessment methodology and the assessment report;
- Evaluated sustainability strategies, performance data management system, and processes;
- Interviewed people in charge of preparing the Report;
- Reviewed the reliability of the Report’s performance data and conducted data sampling;
- Assessed the reliability of information using independent external sources such as Financial Supervisory Service’s DART and public databases.

### Limitations and Recommendations

KMR’s assurance engagement is based on the assumption that the data and information provided by Hyosung Heavy Industries to us as part of our review are provided in good faith. Limited depth of evidence gathering including inquiry and analytical procedures and limited sampling at lower levels in the organization were applied. To address this, we referred to independent external sources such as DART and National Greenhouse Gas Management System (NGMS) and public databases to challenge the quality and reliability of the information provided.

# Independent Assurance Statement

## Conclusion and Opinion

Based on the document reviews and interviews, we had several discussions with Hyosung Heavy Industries 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. Based on the work performed, it is our opinion that the Report applied the GRI Standards 2021. Nothing comes to our attention to suggest that the Report was not prepared in accordance with the AA1000AP (2018) principles.

## Inclusivity

Hyosung Heavy Industries 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

Hyosung Heavy Industries 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

Hyosung Heavy Industries 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 Hyosung Heavy Industries' actions.

## Impact

Hyosung Heavy Industries 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 economic, environmental, and social performance data related to sustainability performance. 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.

## Competence and Independence

KMR maintains a comprehensive system of quality control including documented policies and procedures in accordance with ISO/IEC 17021:2015 - Requirements for bodies providing audit and certification of management systems. This engagement was carried out by an independent team of sustainability assurance professionals. KMR has no other contract with Hyosung Heavy Industries and did not provide any services to Hyosung Heavy Industries that could compromise the independence of our work.



SRV1000  
Sustainability Committee Assurance



AA1000  
Licensed Report  
000-129/V3-5ILSR

June 2025  
Seoul, Korea

CEO E. J. Hwang

**HYOSUNG** HEAVY  
INDUSTRIES