

## 1. Purpose

The purpose of this document is to ensure that all partner companies engaged with Hyosung Heavy Industries (hereinafter referred to as the “Company”), based on the Company's Green Management Vision, fulfill their social responsibilities, thereby enabling both the Company and its partner companies to gain the trust of the public

## 2. Definition of Terms

- 2.1 The term "supply chain" refers to the entire scope of activities involved, from the purchase of raw materials to procurement, manufacturing, transportation, and distribution, encompassing the full lifecycle of the final product or service until it reaches the customer.
- 2.2 The term "green procurement" refers to the practice of managing the supply chain by considering the environmental impact of products during the procurement of raw materials needed for a company's products, production, and service activities, with the goal of promoting sustainable development.
- 2.3 The term “employees” refers to all company executives and employees (including temporary workers).
- 2.4 The term “stakeholders” refers to all corporations or individuals who are directly or indirectly associated with the Company, such as business partners, customers, and local residents, and who have an interest in the management activities of the Company.

## 3. Scope of Application

- 3.1 This Policy applies to all employees and business partners within the Company’s financial consolidation scope, which includes the Company’s headquarters, domestic and overseas production and sales corporations and branches, and subsidiaries.
- 3.2 Employees should also encourage adherence to this procurement policy throughout the entire supply chain, including business partners, subcontractors, and other entities engaged with the company. In cases of regulatory violations or identified risks, employees should recommend corrective actions.
- 3.3 However, if the recommended actions in this Policy conflict with the laws of the relevant country, the laws of the country in question shall take precedence.

## 4. Sustainable Procurement Philosophy

The Company builds a sustainable supply chain management system based on principles and standards of responsible corporate behavior to fulfill its social responsibility, and seeks mutual benefit and joint development through collaborative cooperation with partners.

- 4.1 The Company maintains an attitude of mutual trust and respect with its business partners (hereinafter “partners”) in pursuit of mutually beneficial growth.
- 4.2 The Company maintains productive relationships by identifying and cultivating exceptional partners.

4.3 When selecting a partner and initiating and continuing a transaction, Hyosung Heavy Industries evaluates whether it complies with the Company's human rights and environmental and social values.

4.4 The Company provides various development and growth support activities to achieve sustainable transactions with its partners, thereby laying the groundwork for mutually beneficial growth.

4.4 The Company actively supports companies in the supply chain for sustainability management and evaluates partners based on their sustainability management activities.

## 5. Sustainable Procurement Principles

### 5.1 Ethical Management

The Company pledges to establish a culture of honest and open trade by complying with laws and to participate actively in ethical management.

- ① The Company does not offer or provide, either directly or indirectly, any form of bribes, favors, gifts, or conveniences in relation to bidding, contract execution, or any other business processes, nor does it respond to unfair demands.
- ② The Company ensures that transactions with partners are conducted fairly through mutual respect and equal relationships, and the Company does not engage in unfair transactions that take advantage of its superior position by adequately discussing transaction conditions and procedures.
- ③ The Company provides partners with equal opportunities in areas such as bidding and contracting, and the Company conducts business by signing contracts on an equal footing.
- ④ The Company protects the physical and intellectual property rights of partners and does not exploit or infringe upon them to gain unfair advantages.

### 5.2 Human Rights and Labor

The Company shall strive to respect human rights and advance the rights of all employees across the entire supply chain in accordance with internationally recognized human rights norms and principles, such as the Universal Declaration of Human Rights adopted by the United Nations General Assembly, the ten principles of the United Nations Global Compact, the core conventions presented by the International Labor Organization, and the OECD Guidelines for Multinational Enterprises.

- ① The Company shall ensure that there is no unfair discrimination or disadvantage through fair procedures when dealing with businesses run by socially disadvantaged and minority groups (such as people with disabilities, women entrepreneurs, race, sexual minorities, etc.).
- ② The Company shall select partners that fulfill social responsibilities, such as complying with International Labour Organization (ILO) labor standards, ensuring fair working conditions, protecting diversity, safeguarding human rights, and practicing ethical management.
- ③ The Company shall ensure that business partners adhere to the fair labor standards act of each country in which it operates and shall not compel workers to perform forced labor (such as slavery or human trafficking) against their will or derive any business profit from such.

- ④ The Company shall specify in its Partner Code of Conduct that its partners must not engage in human trafficking, child labor, or forced labor, and if a violation is discovered through evaluation and due diligence, the Company shall actively consider severing ties with such a partner.

## 5.3 Safety and Health

The Company complies with domestic and international regulations and standards related to industrial safety and health, and creates a comfortable working environment to ensure the health and safety of all employees in the production of products and delivery of services.

- ① The Company prioritizes the safety and health of its employees and communities and encourages the entire supply chain to comply with this safety and health policy.
- ② The Company selects partners that consider the safety of not only employees but also stakeholders, including consumers.
- ③ The Company encourages partners to identify and control risk factors in all facilities within each workplace and to strive for continuous improvement of the occupational safety and health management system.

## 5.4 Environment

Through sustainable procurement (hereafter referred to as “green procurement”), which contributes to resource conservation and reducing environmental impact, the Company shall fulfill its responsibilities to its customers and society.

- ① To conserve resources, the Company refrains from making unnecessary purchases so that there are as little remaining quantities as possible.
- ② In addition to quality and price, the Company shall evaluate the eco-friendliness of products and strive continually to identify and give preference to eco-friendly products, such as those with low use of hazardous materials, reduced waste, and reduced resource consumption.
- ③ The Company selects partners who have the capability and commitment to prevent negative environmental impacts, including addressing climate change and mitigating pollution of water, soil, and air, as well as protecting biodiversity.
- ④ For the expansion of green procurement, the Company shall inform its business partners of the Company’s Green Procurement Policy and encourage activities that improve the eco-friendliness of products delivered.
- ⑤ The Company supports programs to enhance the environmental management capabilities of partners that directly or indirectly impact the Company’s environmental management, and establishes and operates systems for managing an eco-friendly supply chain.

## 6. Sustainable Procurement management system

6.1 The Company designates the Purchasing Department as the responsible department (hereinafter referred to as the 'Responsible Department') to oversee the smooth implementation of sustainable procurement.

6.2 The Responsible Department identifies and manages supply chain risks, reports significant issues

to the Supply Chain Management Committee, and, after conducting a materiality assessment of the identified key issues, reports the findings to the ESG Management Promotion Committee, which is the top decision-making body, for final review and decision-making.

Responsible Department	Interim Reporting	Decision-Making Body
Purchasing Department	Supply Chain Management Committee	ESG Management Promotion Committee

## 7. Implementation Plans and Goals

- 7.1 Company employees should encourage partner companies to comply with the 「Partner Code of Conduct」 and, in case of violations, recommend improvements. If there is no willingness to make improvements, consideration should be given to discontinuing business with the partner company.
- 7.2 The Responsible Department conducts regular training for procurement personnel on fulfilling social and environmental responsibilities.
- 7.3 The Company incorporates evaluation criteria such as human rights, labor, safety and health, and environmental considerations from the new registration stage of partners to determine their eligibility for sustainable supply chain management. Additionally, the Company conducts evaluations of partners twice a year to encourage effective risk management and continuous improvement.
- 7.4 The Company aims for 50% of its major partners to perform social and environmental impact assessments by 2025.