

# HYOSUNG

## Green Policy



Nautilus Hyosung America, Inc.

Hyosung TNS Inc.

2024

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## INTRODUCTION:

Nautilus Hyosung America Inc. and Hyosung TNS (Hyosung) is committed to protecting public health by conducting our operations and activities in an environmentally responsible and sustainable manner. Blue sky, warm sunshine, clean water, cool breezes... Our lives become healthier and richer with the benefits of nature. Hyosung is committed to protecting and preserving our precious natural environment with a sense of responsibility. Hyosung actively contributes to building a cleaner environment for all through environmental preservation activities such as reducing the CO<sub>2</sub> and wastewater generated from our production facilities. Furthermore, we also actively develop resources and recycling and energy reduction technologies, and actively engage ourselves in projects involving the use of new energy sources.

## POLICY:

Hyosung is committed to complying with all applicable laws and regulations. We recognize that reducing and, where possible, eliminating the environmental impacts of our activities is an important part of our mission as stewards of public health. We strive to be a leader in our industry in achieving environmental excellence and will work with our employees and other internal and external entities to establish and follow principles that will guide Hyosung's environmental practices. We continue to align our Environmental, Social and Governance (ESG) values with strategic business opportunities for our clients, employees and communities. Within our organization, recent transactions from green and social bonds to wholistic solutions, underscore our expanding role in supporting the global shift towards a greener economy in all of our relationships.

Hyosung is committed to leading the industry in minimizing the impact of its activities on the environment. The key points of its strategy to achieve this are:

- Minimize waste by evaluating operations and ensuring they are as efficient as possible.
- Minimize toxic emissions through the selection and use of its fleet and the source of its power requirement.
- Actively promote recycling both internally and amongst its customers and suppliers.
- Source and promote a product range to minimize the environmental impact of both production and distribution.
- Meet or exceed all the environmental legislation that relates to the Company.
- Use an accredited program to offset the greenhouse gas emissions generated by our activities.

The Hyosung guiding principles and practices to achieve resource conservation, waste reduction, and sustainability overall are summarized below:

- Comply with mandatory requirements and conduct our activities and operate our facilities within applicable environmental laws and regulations
- Conserve energy and other natural resources
- Encourage employees to use mass transit
- Reduce, reuse, and recycle to reduce waste
- Minimize the production of hazardous waste
- Adopt green procurement practices

- Ensure all employees complete the environmental awareness training
- Continue to review and minimize the impacts of our activities

## PROCEDURE

### Energy Conservation

Employees shall:

- Turn off lights when not in use and use natural light when possible.
- Turn off, not just log off, all computers, terminals, speakers and other office equipment at the end of every work day.
- Turn off your power strip at the end of every work day.
- Activate the power down features on your computer and monitor to enter into a low-power or sleep mode when not in use.
- Unplug equipment that drains energy even when not in use (e.g., cell phone chargers, fans, coffee makers, desktop printers, radios).
- Use compact fluorescent light bulbs (CFLs) or LED light bulbs in desk lamps as opposed to incandescent lights whenever possible.
- Use the stairs when possible.
- Utilize videoconferencing and conference calls as an alternative to travel when possible.
- Limit the use of space heaters.

### Reduction of Materials Consumption

Employees shall:

- Avoid using paper by distributing and storing documents electronically.
- Print and photocopy only what you need and double side your jobs when possible.
- Tell staff and colleagues that you prefer double-sided documents.
- Use the back side of old documents for faxes, scrap paper, or drafts.

### Reduce Fossil Fuel Consumption and Air Pollution

Employees shall:

- Ride mass transit or other alternative forms of transportation, whenever possible.
- Use carpools or vanpools, when possible, over single use cars.
- Telework one day a week, if possible.

### Minimize Waste and Increase Recycling

Employees shall:

- Use durable reusable beverage containers, plates, and utensils.
- Reduce the amount of toner in documents that will be printed when possible.
- Print documents in black and white or grayscale whenever possible.
- Recycle paper, paper products, plastic, binders, folders, catalogs, boxes, bottles, cans, batteries, electronics, toner and ink cartridges.
- Recycle plastic and paper products in accordance with county/city/state or country.
- Donate used furniture and electronics when able.

#### Minimize Toxics and Hazardous Waste

- Do not pour toxic or hazardous substances down the drain.
- Reduce the use of toxic chemicals and use less toxic alternatives wherever possible.
- Do not use or purchase mercury or mercury-containing equipment, unless approval has been obtained.
- Design experiments, when possible, to use less toxic or hazardous substances.
- Purchase chemicals in the smallest quantities needed to avoid over-ordering.
- Dispose of hazardous chemicals appropriately and in accordance with the NIH Disposal Guide and other legal requirements.

#### Commitment to Green Purchasing

Employees shall:

- Purchase copier and printer paper that contains at least 30% post-consumer recycled content.
- Purchase office supplies and furniture that contain the highest percentage of recycled and non-toxic content whenever possible.
- Purchase products that contain biobased content whenever possible.
- Purchase Energy Star office equipment.
- Use the Electronic Product Environmental Assessment Tool (EPEAT) to identify computers and monitors with environmental attributes and purchase computers and monitors with at least a bronze rating.

## TRAINING

The Company will implement a training program for its staff to raise awareness of environmental issues and enlist their support in improving the Company's performance.

## REPORTING

Hyosung Group is responsible for collecting data and reporting to the subsidiaries all of the metrics that are tracked related to energy consumption. A sample of the data that is reported is contained within this policy. Hyosung Group includes this information in the Annual Report that is distributed to investors and partners.

# Environmental Performance

## Energy Consumption

Category		Unit	Hyosung Corporation				Subsidiaries	
			2021	2022	2023		2022 <sup>2</sup>	2023
					Plan	Performance		
Direct energy consumption	Diesel	TJ	1.12	1.21	1.19	1.98	8.58	7.05
	Kerosene	TJ	0.10	0.11	0.11	0.11	0.11	0.15
	LNG	TJ	184.48	179.64	170.20	161.72	26.25	26.05
	NG	TJ	0	0	0	0	297.43	312.12
	Gasoline	TJ	4.18	4.35	4.34	3.94	134.07	149.94
	Propane	TJ	0.88	0.70	0.79	0.86	0.01	0.01
	LPG	TJ	0	0	0	0	3.46	3.83
	Subtotal	TJ	190.75	186.00	176.63	168.62	469.90	499.13
Indirect energy consumption	Electricity <sup>1</sup>	TJ	486.51	458.67	482.94	434.44	376.58	369.80
	Steam	TJ	8.87	10.05	10.05	9.66	0.02	0.42
	Subtotal	TJ	495.38	468.71	492.98	444.09	376.60	370.22
Total energy consumption		TJ	686.12	654.71	669.62	612.71	846.50	869.35
Energy intensity <sup>2</sup> (Total energy consumption/Sales)		TJ/KRW 100 million	0.07	0.09	0.13	0.11	0.02	0.02
Separate sales		KRW 100 million	10,531	7,500	5,332	5,332	36,424	36,663
Renewable energy consumption	Purchase (PPA/Green premium/REC)	TJ	0	0	0	0	0	0
	Own production	TJ	0	0	0	0	0	0
	Subtotal	TJ	0	0	0	0	0	0

1. The conversion coefficient for electricity energy consumption is 9.6 TJ/GWh for domestic use (based on the country's specific calorific value and emission coefficient for each fuel type) and 3.6 TJ/GWh for overseas use.

2. The intensity is calculated based on separate sales figures.

3. The energy consumption data for subsidiaries has been adjusted due to the addition of business sites. (Hyosung USA Inc., Hyosung THS Inc., Nautlus Hyosung America Inc., Hyosung Holdings USA, Inc., Forza Motors Korea Corp, NHCMS Co., Ltd.)

## Expected Amount of Energy Savings and Greenhouse Gas Reduction<sup>4</sup>

Business site	Energy type	Project	Introduction date	Investment (KRW million)	Expected energy savings (kWh/year)	Expected energy savings (TJ/year)	Expected greenhouse gas reduction (tCO <sub>2</sub> eq/year)
Anyang	Electric power (scope2)	Reducing electricity costs by optimizing the operating load of the aeration tank	2022.01	0	78,840	0.76	36
		Maintenance of compressed air moisture discharge devices and leak elimination activities	2022.03	8	69,292	0.67	32
		Replacement of old chilled water pump motor for the chiller	2022.04	13	51,443	0.49	24
		Replacement of old cooling water pump motor for the chiller	2022.04	10	14,525	0.14	7
		20% Improvement in Compressed Air Production Efficiency (Introduction of New Air Compressor and Modification of Piping Line)	2022.08	350	2,610,480	25.06	1,199
		Reduction of compressed air operating pressure by 0.9 kg/cm <sup>2</sup>	2022.08	105	761,244	7.31	350
		30% reduction in electricity Costs due to increased production from the introduction of high-speed tufting machines	2022.11	495	105,120	1.01	48
		Reduction in Power Loss through Integrated Operation of Transformers (from 3 to 2 transformers)	2022.12	0	131,400	1.26	60
		Reduction in Power Loss in Wires by Adjusting the Secondary Voltage Tap of the Main Transformer (from 3.2kV to 3.4kV)	2023.05	0	61,613	0.59	28

4. The expected amounts of energy savings and greenhouse gas reduction are estimated values based on the capacity and efficiency of the equipment, as well as the operating hours, before and after the project.

\*Greenhouse gas emissions and energy usage include all business sites of Hyosung Corporation. Other environmental data has been aggregated for the headquarters, Anyang plant, Suseo office, and Transworld, which have sales revenue.

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

Category		Unit	Hyosung Corporation				Subsidiaries	
			2021	2022	2023		2022 <sup>6</sup>	2023
					Plan	Performance		
Direct GHG emissions (Scope 1)	Stationary combustion	tCO <sub>2</sub> eq	9,409	9,152	8,679	8,256	16,851	17,645
	Mobile combustion		357	377	375	401	9,900	10,865
	Waste disposal		0	0	0	13	0	0
	Other emissions		0	0	0	0	0.3	0.4
	Subtotal		9,766	9,529	9,055	8,670	26,751	28,510
Indirect GHG emissions (Scope 2)	Electricity	tCO <sub>2</sub> eq	23,282	21,950	23,111	20,790	28,673	28,518
	Steam		319	374	374	346	1	15
	Subtotal		23,601	22,324	23,485	21,136	28,674	28,533
Total GHG emissions <sup>7</sup> (Scope 1&2)		tCO <sub>2</sub> eq	33,367	31,853	32,540	29,807	55,426	57,042
GHG emissions intensity <sup>8</sup>	Scope1	tCO <sub>2</sub> eq/ KRW 100 million	0.9	1.3	1.7	1.6	0.7	0.8
	Scope2		2.2	3.0	4.4	4.0	0.8	0.8
	Subtotal		3.2	4.2	6.1	5.6	1.5	1.6
Separate sales		KRW 100 million	10,531	7,500	5,332	5,332	36,424	36,663

5. This has been prepared based on the emission reporting and certification guidelines of the Emissions Trading Scheme and the Ministry of Environment's conformity assessment for the submission of emission allowances for the current year.

6. The greenhouse gas emissions of subsidiaries have been changed due to the addition of business sites (Hyosung USA Inc., Hyosung TNS Inc., Nautilus Hyosung America Inc., Hyosung Holdings USA, Inc., Forza Motors Korea Corp, and NH OMS Co., Ltd.).

7. Only CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O are being emitted as greenhouse gases, and the total greenhouse gas emissions above may differ from the emissions reported in the business report due to rounding off decimals by business site.

8. The intensity is calculated based on separate sales figures.

## Air Pollutant Emissions<sup>9</sup>

Category	Sub-category	Unit	Hyosung Corporation			Subsidiaries	
			2021	2022	2023	2022	2023
General air pollutants	Nitrogen Oxides (NOx)	kg	1,116	3,183	4,545	0	0
	Sulfur Oxides (SOx)	kg	0	0	0	0	0
	Total Hydrocarbons (THC)	kg	915	485	412	3,743	3,233
	Total Suspended Particles (TSP) <sup>10</sup>	kg	330	39	331	465	241
	Zinc and its compounds	kg	0	0	0	2.2	0
Hazardous Air Pollutants (HAPs)	Hydrogen Chloride (HCl), etc.	kg	0.61	0.35	9.32	5.92	5.25
Volatile Organic Compounds (VOCs)	Ethylbenzene, Formaldehyde	kg	0	0	0	4.52	5.21
Ozone-Depleting Substances (ODS) <sup>11</sup>	CFC(R-11)	kg	0	0	0	0	0
	HCFC(R-123)	kg	0	0	0	0	0
	HCFC(R-22)	kg	0	0	0	0	0

9. Hyosung Corporation and its subsidiaries do not emit Persistent Organic Pollutants (POPs). Volatile Organic Compounds (VOCs) are also classified as Hazardous Air Pollutants (HAPs) and are included redundantly.

10. We have corrected the figures for Hyosung Corporation's dust emissions in 2021 and its subsidiaries' dust emissions in 2022 due to errors found in previous sustainability reports.

11. In the case of Ozone-Depleting Substances (ODS), the purchase amount has been considered as the emission amount and recorded accordingly.

## INCIDENT REPORTING

Report any conduct that you believe to be a violation of this policy to Hyosung's legal or human resources department. Reports may also be made through the Hyosung Ethics hotline.

To report a concern:

Call: USA and Canada: (844) 990-0002

Email: [reports@lighthouse-services.com](mailto:reports@lighthouse-services.com) – must include Company name with report

Fax: (215) 689-3885

Employees who fail to report actual or suspected misconduct may be deemed in violation of this policy and may be subject to appropriate action by the company.

## DISCIPLINARY ACTIONS

Hyosung will not tolerate retaliation against an employee for reporting a concern in good faith or for cooperating with a compliance investigation, even when no evidence is found to substantiate the report.

Any violation of this policy may be grounds for disciplinary action, up to and including termination. Hyosung and its subsidiaries have the exclusive right to interpret this policy regarding their respective employees.