HYOSUNG ADVANCED MATERIALS

Hyosung Advanced Materials Corp.
Stakeholder Engagement Principles

Sustainability Management Team
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Table of Contents

01. DIRECTION OF ENGAGEMENT ACTIVITIES

Hyosung Advanced Materials Co., Ltd. and its subsidiaries and affiliates (hereinafter referred to as the "HAMC") form and maintain a comprehensive, true, and mutually beneficial relationship with various internal and external stakeholders. HAMC divides and defines stakeholder groups into individuals and groups that can affect our business activities and impact. We consider these relationships to be obvious and valuable assets that have a significant impact on the success of the business. We strive to identify and understand the values, requirements, and interests of our stakeholders in any management plan, and do our best to ensure that the values, requirements, and interests pursued by our stakeholders are reflected in our internal decision-making and project execution processes.

02. APPLICATION SCOPE OF PRINCIPLES

The principle of stakeholder engagement in HAMC applies to all management activities of HAMC, including overseas corporations, and all executives and employees of HAMC are identified and analyzed at the company level to ensure effective communication and engagement with all stakeholders. The level and method of engagement are determined by detailed engagement implementation guidelines.

03. PURPOSE OF ADHERING TO PRINCIPLES

It is to define a standard procedure that collects opinions from stakeholders and reflects them in management decision-making by faithfully adhering to the principle of stakeholder engagement in HAMC. Through this, HAMC will be able to manage in a more efficient and customer-oriented manner, and it is expected to help achieve the management goal of creating long-term value that is mutually beneficial to the company and stakeholders. In addition, through the implementation of the principle of stakeholder engagement in HAMC, support and trust are gained from internal and external stakeholders, and transparency and efficiency of management are improved through stakeholder engagement.

HYOSUNG ADVANCED MATERIALS

04. DETAILED GUIDANCE ON STAKEHOLDER ENGAGEMENT AND RESPONSE

01) Stakeholder Identification Process

This process details Table 1 'Stakeholder Identification Process' on page 6.

(1) Stakeholders of HAMC shall be defined as any organization or individual that is influenced by the management decision-making of HAMC or that may affect the management decision-making of HAMC.

(2) Our stakeholders are classified according to their general function, size and importance, the impact and association that they receive according to our activities, and the impact and relevance of their activities on the enterprise. [Refer to the example below]

(3) Stakeholder mapping is performed on the classified stakeholders according to their priorities. The priority is to consider ① the influence on management decision-making and ② the degree of influence of management decision-making of HAMC. However, depending on the nature and content of the issues required by stakeholders, important stakeholders can be selected at each workplace and a one-time/year stakeholder map is recommended to be re-checked, but the characteristics of the relationship with each project or stakeholder are taken into account. In this process, even the parts of future generations or the environment that do not have a direct voice are considered as stakeholders.

(4) The stakeholder matrix of HAMC is used as an important management tool in providing information and communicating with stakeholders. This matrix includes stakeholders in government, customers, employees, suppliers, local community, shareholders, investors, government and related agencies, academic experts, and environmental stakeholders identified as important stakeholders for our business.

※ [Example. Stakeholders of HAMC that can be distinguished]
   ① Customer: Product Purchasing Customer, Potential Customer
   ② Employees: All employees of HAMC in domestic and overseas
   ③ Suppliers: Material suppliers, other service partners, etc.
   ④ Local Community: Local residents, social welfare institutions, NGOs, international organizations, etc.
   ⑤ Shareholder investors: individual and group investors, investment and financial institutions, analysts, etc.

HYOSUNG ADVANCED MATERIALS

⑥ Government and related agencies: government ministries, the National Assembly, local governments, local government offices, regulatory and institutional-related policies, the press of the department in charge, etc.

⑦ Academic experts: Faculty of university-related departments, research organizations, academic societies, associations, etc.

02) Stakeholder Engagement

This engagement explains the details of 'engagement of stakeholders' in Table 2 on pages 8 to 12.

(1) Necessity of communication with stakeholders

Stakeholder engagement is reflected in our business strategy and decision-making process. As we study our stakeholders, understand their motivations to engage, embrace criticism, and advance our consent goals, we strive to understand what our stakeholders' expectations are. These efforts will help our company find a balance between the conflicting needs of various stakeholders, respond appropriately to their concerns, and manage issues in an effective way.

(2) Comprehensive Direction of Communication with Stakeholders of HAMC

① Coordinate with stakeholders

We adjust the agenda and priorities by reflecting both the company's perspective and the stakeholders' perspective on various issues related to the company's management.

② Consultation with stakeholders

We derive optimal results by considering all relevant aspects and cases in the course of consultation with stakeholders.

③ Cooperation with stakeholders

We want to form partnerships with individuals and groups, stakeholders who can share and develop their visions with us. We strive to find a balance between the needs and interests of stakeholders, and our business interests, which can sometimes conflict in making important management decisions or acting.

④ Encourage innovative partnerships

We operate optimized and innovative programs to build continuous partnerships with meaningful and differentiated stakeholders.

⑤ Open communication

We value open, genuine, and continuous communication and exchange of views with stakeholders.

⑥ Confirmation of our obligations

We aim to produce substantial and solid results not only on given opportunities but also on challenging issues, and we make dedicated and continuous efforts to achieve common consensus.

(3) Key stakeholders communication channels and response

Check the details of Table 2 'stakeholder engagement'. Communication and response activities (response and inspection activities) of HAMC shall give information on purpose, scope, goals, responsibility, procedures, etc., and appropriately utilize means such as social networks, various media, and mail to encourage stakeholders to engage. In particular, we will establish and operate practical communication channels and carry out response activities, and each responsible person will carefully and accurately analyze, establish, and share measures to check stakeholder responses and the effectiveness of responses (KPI setting, etc.).

03) Compliance with working conditions

It provides participants with information in advance and afterwards to increase faith and reliability in the performance of stakeholder engagement.

(1) Information provided to participants should include specific information on issues currently considered important.

(2) Information provided to participants should specifically present management and response methods for current issues of HAMC.

HYOSUNG ADVANCED MATERIALS

Table 1. Stakeholder Identification Process

Step	Stakeholder Identification Process / Process Flow	Purpose and Key contenets	Process input	output	Monitoring management	period	In charge	responsibility
1. Definition	Is it influenced by the management decision-making of Hyosung Advanced Materials? NO / YES — Does it affect the management decision-making of Hyosung Advanced Materials? NO / YES — ※ A, B, C, D may be common to each other, depending on the characteristics of the organization or individual. — Organization or individual A / Organization or individual B / Organization or individual C / Organization or individual D	1. Stakeholders of Hyosung Advanced Materials shall be defined as any organization or individual that is influenced by the management decision-making of Hyosung Advanced Materials or that may affect the		identified Needs / defined stakeholder	stakeholder Channel management	(recomendation) Once a year	a sales team; Technical Sales Team; a production team; Communication Team; Security Team; Environmental Safety Team; Management team; Sustainability Management Team; HR team, etc; All relevant departments	Team managers and executives (each row)
2. Classification	Identify stakeholders by function, size, importance, activity, impact, relevance, risk, etc. [Example. Stakeholders of Hyosung Advanced Materials that can be distinguished] 1) Customer: Product Purchasing Customer, Potential Customer 2) Employees: All employees of Hyosung Advanced Materials in domestic and overseas 3) Suppliers: Material suppliers, other service partners, etc 4) Local Community: Local residents, social welfare institutions, NGOs, international organizations, etc 5) Shareholder investors: individual and group investors, investment and financial institutions, analysts, etc 6) Government and related agencies: government ministries, the National Assembly, local governments, local government offices, regulatory and institutional-related policies, the press of the department in charge, etc 7) Academic experts: Faculty of university-related departments, research organizations, academic societies, associations, etc 8) Environment: Natural environment including animals and plants, environmental organizations, future generations, etc	2. A, B, C, D are classified according to function, size, importance, activity, impact, relevance, risk, etc.	defined stakeholder	classified stakeholder			All relevant departments	Team managers and executives
3. Mapping	Mapping the classified stakeholders by the priority. However, depending on the nature and content of the issues required by stakeholders, important stakeholders can be selected at each workplace and a one-time/year stakeholder map is recommended to be re-checked, but the characteristics of the relationship with each project or stakeholder are taken into account.	3. Stakeholder mapping is performed on the classified stakeholders	classified stakeholder	identified stakeholder	stakeholder Channel management	(recomendation) Once a year	All relevant departments	Team managers and executives

05. BASIC PRINCIPLES OF COMMUNICATION

01) Stakeholder engagement parties must comply with the following basic principles:

(1) Allow all participants to fully present their opinions

(2) All participants should be given a fair opportunity

(3) If agreed between the participants, any anonymous requirements should be respected.

(4) Separate records shall be recorded for matters that have been agreed upon by all participants.

(5) The main purpose of stakeholder analysis and participation procedures is to prevent deterioration of stakeholder relations. Therefore, HAMC will comply with the basic principles defined in this principle under any circumstances.

02) The engagement parties shall not act in accordance with the following matters.

(1) Mistrust

(2) Threats, threatening

(3) Unnecessary competition between participating parties based on private interests

(4) Poor participation

Table 2. Stakeholders Engagement

Stakeholders	Key Issues	Key Communication Channels	Period	Department	Communication and response of HAMC
Customers	1. Product Quality 2. Product stability 3. Research feedback on products and services 4. R&D	1. VOC Channel 2. Exhibition 3. Technical exchange meeting 4. Academic conference 5. Survey	1. Always 2. Irregular 3. Once a quarter 4. Irregular 5. Irregular	Products/Technologies Sales team, Quality Assurance Team, a laboratory, etc. the relevant departments	1. Enhance momentum through gathering customer opinions on key innovation challenges 2. Improve product quality by gathering customer feedback 3. Customized VOC Management
Employees	1. Implementation of recruitment, training and compensation system 2. Promoting benefits 3. Strengthening health and safety	1. Labor-Management Council 2. Intranet 3. HR Counseling Center 4. Complaint Processing Room	1. Once a quarter 2. Always 3. Always 4. Always 5. 4 times a year	HR team, Compliance support team, General Affairs team, etc. the relevant departments	1. Create management performance by promoting vision sharing and collaboration 2. Strengthen on-site communication on management issues 3. Implementation of a win-win labor-management culture 3. Improve the culture of joint labor-management enterprises

HYOSUNG ADVANCED MATERIALS

		5. Safety inspection consultative body 6. Management Meeting 7. In-house bulletin board 8. In-house Broadcasting 9. Employee satisfaction survey	6. Once a quarter 7. Always 8. Always 9. Once a year		4. Create a family-friendly corporate culture
Suppliers	1. Shared growth and win-win development 2. Fair trade 3. Establishment of health and safety	1. Symbiotic Cooperation Program (Regular safety meeting, integrated safety inspection, safety training, regular inspection, Interviews with suppliers, etc.)	1. Regular program 2. Irregular 3. Irregular 4. Irregular	Purchasing team,, Communications team, Sustainability management Team, Environmental Safety Team, Compliance support team, etc.	1. Establishing a win-win development relationship by resolving difficulties of suppliers 2. Improvement of elements of unfair trade 3. Collect opinions such as revision of contract regulations

HYOSUNG ADVANCED MATERIALS

		2. Meeting of suppliers 3.Competency-building training of suppliers 4. ESG Support Training for suppliers		the relevant departments	
Local Communities	1. Contribution to society 2. Community Development and Engagement 3. Disclosure of environmental information	1. Local Residents' Council 2. Community bill 3. Meeting of local government offices and NGOs 4. Volunteer Platform 5. Business report 6. Sustainability Management Report	1. Irregular 2. Once a year 3. Irregular 4. Irregular 5. Once a year 6. Once a year	Communication team,, Sustainability management team, Management Planning Team, HR team, Environmental Safety Team, etc. The relevance departments	1. Promoting co-prosperity with local communities 2. Implementation of a regional issue resolution model 3. Recruitment of local talent and job expansion

HYOSUNG ADVANCED MATERIALS

Shareholders and Investors	1. Management strategy for sales and profit growth 2. Participation in strategic decision-making processes related to the business 3. Expansion and participation in discussions ranging from governance to environmental management and social responsibility management	1. Board of Directors 2. Investment briefing session 3. general Meeting of Shareholders 4. Business report 5. Annual Report 6. IR/Public Notice 7. Homepage 8. Sustainability Management Report	1. 4 times a year 2. Irregular 3. Twice a year 4. Once a year 5. Once a year 6. Irregular 7. Always 8. Once a year	General Affairs Team, Funds team, Accounting team, Management team, Management Planning Team, etc. the relevant departments	1.Strengthening promotion activities from the perspective of environment, society, and governance, such as responding to the climate crisis 2. Providing preemptive information that reflects investor requirements 3. Practical and potential risk management
Government and related-agencies	1. Compliance with laws and regulations 2. Active participation in government policies 3. Disclosure of information	1. Press Release 2. Meeting 3. Homepage 4. Forum 5. Public hearings	1. Irregular 2. Irregular 3. Always 4. Irregular 5. Irregular	Compliance support team, Communication Team the relevant departments	1. Leading implementation of government policies; the chemical and automobile industries Improve understanding 2. Improve management transparency

HYOSUNG ADVANCED MATERIALS

	4. Increase operational efficiency				
Academic experts	1. Technology Development 2.Industry-Academic Cooperation	1. Joint technical research and development with universities/research centers 2. Jeonbuk Center for Creative Economy	1. Irregular 2. Irregular	a laboratory, etc. the relevant departments	1. Promotion of business-linked activities that can coexist

HYOSUNG ADVANCED MATERIALS