

Environmental Management Policy

Policy No.: KDS-A-1700

1. Purpose

This Policy aims to minimize environmental impact and establish an environmentally responsible management framework, thereby meeting legal requirements and stakeholder expectations. It further seeks to drive continuous improvement in environmental performance to proactively address internal and external evaluations and enhance corporate value.

2. Scope of Application

This Policy governs all business sites, departments, products, and services of the Company, and encompasses the management of environmental impacts across the entire product lifecycle — from raw material production through product use and disposal. It applies to the efficient use of key environmental resources including waste, water, and energy, and extends to the management of the supply chain and external suppliers.

3. Fundamental Principles

a. Establishment of Environmental Management Framework

- 1) To seek continuous improvement in environmental performance, the Company shall establish

a company-wide environmental management framework, setting mid-to-long-term environmental management goals and annual action plans while clearly defining roles and responsibilities.

- 2) The Company shall transparently disclose the progress made towards environmental targets, take corrective actions such as identifying improvement tasks and revising procedures based on performance review results, and promptly update goals and plans in alignment with evolving internal and external requirements.

b. Greenhouse Gas and Energy

- 1) The Company shall develop a carbon neutrality roadmap to manage and reduce greenhouse gas emissions, and pursue continuous enhancement in energy efficiency to progress towards carbon neutrality through a phased manner.
- 2) The Company shall establish mid-to-long-term reduction targets, with the goal of reducing its greenhouse gas emissions by 59% by 2034 and achieving net zero emissions by 2050 against the 2024 base year.
- 3) The Company shall accelerate its energy transition through the installation of on-site renewable energy generation systems, the procurement of renewable energy certificates and other such measures. The Company shall take a phased approach to converting its entire energy consumption to renewable energy, thereby establishing a solid foundation for achieving its carbon neutrality targets.

c. Risk Assessment and Mitigation Measures

The Company shall analyze asset value loss rates across short-term, mid-term, and long-term horizons based on seven key climate factors, and establish risk mitigation strategies informed by identified risks and their associated financial impacts.

d. Compliance with Environmental Laws and Agreements

- 1) The Company shall continuously monitor and comply with all applicable environmental laws and regulations, and proactively respond to domestic and international environmental issues.

- 2) The Company shall identify and comply with agreements and customer requirements applicable to its business operations, and establish relevant standards and procedures for implementation at all levels of the organization.

e. Eco-Friendly Products

- 1) Through the development of high-efficiency, eco-friendly energy products, the Company shall improve energy consumption efficiency and contribute to the mitigation of greenhouse gas emissions.
- 2) The Company shall assess and analyze the environmental impact across each stage of the full product lifecycle — from raw material extraction, processing, assembly, and transportation, through use and disposal — and formulate strategies to minimize such impact.
- 3) The Company shall deliver lightweighting gains for key components and pursue material improvement and lifecycle extension, thereby maximizing resource efficiency and contributing to greenhouse gas emission reductions.

f. Environmental Resources

1) Raw Materials

The Company shall manage the unit consumption of raw materials and preserve natural resources through the use of recycled materials.

2) Waste.

The Company shall establish waste reduction targets and sustain reduction efforts to minimize waste generated during the production process. By maximizing the reuse and recycling of waste from the production progress or end-of-life products, the Company shall establish a resource circularity framework and achieve sustainable operations grounded in a circular economy.

3) Water

The Company shall aggregate and analyze its monthly consumption of municipal water, groundwater, and recycled water, and strengthen monitoring to ensure efficient water management. To enhance water use efficiency, the Company shall regularly review its water

recycling processes and establish management targets, continuously increasing its water recycling rate.

4) Hazardous Chemical Substances

The Company shall establish a framework governing employee training and chemical incident prevention and response to prevent risks posed by hazardous chemical substances. To reduce hazardous substance levels, the Company shall maintain an inventory of regulated substances and hazardous chemicals, and continuously pursue reduction efforts such as the introduction of safer substitutes and reformulation of chemical compositions.

g. Supply Chain Sustainability

- 1) In accordance with the [KDS-B-1600] Supply Chain ESG Management Policy and the [KDS-B-4601] Supplier ESG Code of Conduct, the Company shall assess its supply chain for environmental management performance and risks, provide corrective support where improvement is needed, and monitor progress on improvements made.
- 2) The Company shall advance the [KDS-B-4600] Green Procurement Guidelines — the procurement standard for products and services with eco-friendly certification — expand green procurement, and foster a sustainable collaborative ecosystem across the supply chain.

h. Biodiversity

The Company shall recognize and minimize the impact of its production activities on ecosystems and natural capital. The Company shall identify protected areas and endangered species in the vicinity of its business sites and take measures to enhance their conservation.

4. Environmental Management Principles

Attachment 1. The KD Navien Environmental Management Principles serve as the overarching guidelines for establishing an environmentally responsible management framework and addressing environmental impact in a proactive and voluntary manner as a leader in environmental stewardship. These Principles shall underpin the establishment of the Company's Environmental Management Policy, which shall be disclosed and embedded throughout its business operations.

5. Implementation Strategy and Framework

a. Governance

1) Organizational Chart



2) Responsibilities

The Board of Directors shall exercise ultimate oversight over environmental management matters and make direct decisions on progress toward goals and risk management frameworks, playing a leading role in environmental management. The Steering Committee, composed of executive directors and key responsible executives, shall approve annual initiatives and detailed action plans, and systematically review activity performance through quarterly meetings.

3) Operations

KD Navien shall establish a Working Group for environmental management tasked to develop specific action plans for the company-wide environmental management strategy and to monitor implementation progress. The Working Group shall be organized into teams responsible for climate change, environmental management, eco-friendly products, eco-friendly R&D, and supply chain to continuously monitor progress against each goal and regularly report to the Steering Committee through monthly reports.

4) Collaboration

To advance environmental management goals, relevant departments shall establish annual department-level management targets and coordinate executive processes in close collaboration with respective Working Group teams. Management targets shall be defined as initiatives aimed at minimizing environmental impact, and joint projects shall be undertaken for key initiatives including supply chain management, energy reduction, and eco-friendly product development.

b. Communication

KD Navien shall encourage stakeholder engagement on environmental issues and actively seek their opinions and feedback. By advancing environmental management that reflects the diverse needs of stakeholders, the Company shall strengthen trust and work towards a sustainable future.

c. Training

1) KD Navien shall develop and implement systematic training plans to raise awareness and foster internalization of environmental management among employees, thereby disseminating the practical value and importance of sustainable management.

2) The Company shall provide in-depth environmental training tailored to the characteristics of each business site and conduct regular statutory training for environmental technicians to enhance regulatory compliance and practical competencies.

d. Operation of Environmental Management System (ISO 14001)

KD Navien shall evaluate the conformity and effectiveness of its environmental management system through internal audits and external audits by a certification body on an annual basis. In the event of nonconformities, root cause analysis and corrective actions shall be carried out to stay ahead of evolving regulatory requirements.

6. Performance Evaluation

a. Performance Management

- 1) KD Navien shall establish specific and measurable targets aligned with its vision and strategy. To implement the Fundamental Principles set out in Section 3 of this Policy, the Company shall develop phased action plans and a performance management framework to advance sustainable management goals.
- 2) Departments responsible for each Working Group team as defined in Section 6.a.3) of this Policy shall develop specific annual action plans to identify strategic climate action initiatives. Key initiatives for each team shall be continuously monitored through monthly written reports and semi-annual settlement and performance reports.

b. Performance Assessment

- 1) KD Navien shall regularly measure and review environmental performance to track progress against established targets and identify directions for improvement. The Company shall advance sustainable management in such areas as the product lifecycle and key supply chains.
- 2) Performance results shall be transparently communicated through internal reporting and external disclosure to strengthen stakeholder trust.
- 3) KD Navien shall explicitly incorporate climate change-related indicators into the KPIs of managers in departments under the direct oversight of the CSO and of employees in select environment-related departments, and shall provide differentiated incentives tied to climate action performance and KPI attainment levels.

7. Addendum

This Policy shall take effect from January 7, 2026.

Established: January 7, 2026