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HD Hyundai Heavy Industries Environmental Management Policy

February 2025

1. Purpose

This Environmental Management Policy aims to fulfill our social responsibility as a sustainable company with internal and external stakeholders by efficiently managing resources and energy and minimizing the environmental impact of our business activities with the vision of a 'Beyond Blue Forward to Green'.

2. Coverage

The HD Hyundai Heavy Industries (hereinafter referred to as 'HHI') Environmental Management Policy applies to all members engaged in business activities at HHI. Furthermore, we encourage our subsidiaries, suppliers, customers and business partners to comply with this policy.

3. Governance (driving organization/driving system)

The ESG Committee under the Board of Directors (BoD) of HHI receives reports on environmental management implementation plans and performance, and reviews and approves major environmental management issues, including the formulation of environmental management strategies. The CEO oversees the company-wide environmental management system, manages response measures for major risk and environmental management performance, and reports key issues to the BoD and ESG Committee, the highest decision-making body, for decision-making. The dedicated environmental management organization is responsible for planning environmental policies and systems, operating the environmental management system, managing domestic and international environmental regulations and environmental information, and managing environment-related permits and licenses and environmental facilities.

4. Implementation of the Environmental Management Policy

HHI complies with domestic and international environmental laws /regulations, establishes an environmental management system to prevent environmental pollution and implement environmental management, and conducts environmental compliance assessments to prevent risks and implement tasks. We also minimize environmental impacts across business activities such as production, operations, and logistics, and endeavor for continuous improvement by monitoring performance in each area.

1) Environmental Management System

HHI has established and operates an environmental management system in accordance with the international standard Environmental Management System (ISO14001). We identify the environmental impact factors of our business activities and conduct environmental impact assessments to determine significant environmental impact factors. For the identified significant environmental impact factors, we develop improvement plans, implement them, and conduct monitoring accordingly. In addition, we select management indicators for each environmental category to reduce environmental impacts and improve environmental performance, and establish qualitative /quantitative, short-, medium-, and long-term environmental goals and manage them periodically.

2) Production activities and business facilities

HHI efficiently uses resources, including energy, raw materials, and water use, and continues to reduce environmental pollution by improving processes and investing in pollutant reduction facilities.

- Greenhouse gases and energy

HHI operates a GHG and energy management system to efficiently manage energy usage and GHG emissions by each business site. We endeavor to overcome the climate crisis by implementing 2050 carbon neutrality strategy, including energy efficiency, fuel switching, and the introduction of renewable energy.

- Environmental pollutants, such as air and water pollutants

HHI installs optimal prevention facilities to reduce environmental pollutants including air and water pollutants, and sets internal standards that exceed legal requirements to ensure proper operation and management. We improve production processes to reduce the generation of environmental pollutants and expand the use of raw materials with low environmental impact.

- Raw materials

HHI optimizes design and streamlines production processes to efficiently utilize raw materials. Additionally, we establish and operate management systems to prevent unnecessary use of these resources.

- water

HHI endeavors to reduce water usage by establishing a sustainable management system to use water resources efficiently.

- Waste

HHI uses raw materials efficiently to reduce waste generation during production activities. When waste is generated, we increase recycling rates through sorting and

separation, and manage waste disposal using appropriate methods based on characterization analysis.

- Chemicals

HHI has established a chemical management system and assesses the hazards of each chemical product prior to use to determine whether to introduce them. In addition, we endeavor to reduce the amount of used hazardous chemicals. When handling hazardous chemicals, we manage to prevent chemical accidents by establishing proper handling facilities and conducting regular inspections.

3) Product development

Including the processes of productions, HHI continues its efforts to develop smart ships, including the development of low- and zero-carbon fuel ships and autonomous navigation solutions, to reduce environmental impacts throughout the life cycle of products. Additionally, we endeavor to design and produce products with consideration for recyclability and sustainability to minimize the environmental impact of used products.

4) Supply chain

HHI evaluates and supports the level of environmental management in the supply chain to build a sustainable supply chain. We provide consulting support to suppliers and partners for environmental management to enhance the environmental management system across the value chain and foster win-win cooperation with while fulfilling social responsibility.

5) Due diligence, acquisitions, and mergers

HHI conducts due diligence to ensure compliance with environmental policies in the event of mergers and acquisitions, identifying potential risks of non-compliance with environmental regulations and standards of environmental management systems, and takes proactive measures to address them.

6) Enhancing environmental information disclosure and communication

HHI transparently discloses environmental information and recognizes the environmental impact of its business operations on local communities, and endeavors to strengthen communication with stakeholders such as customers, local governments, and public-private partnerships to raise their awareness.

7) Environmental Education

HHI regularly conducts environmental education and training, including marine pollution control and emergency response drills, and environmental regulations education, for employees and suppliers to prevent environmental accidents and raise awareness of environmental management.

HD Hyundai Heavy Industries
President and CEO Jin Yul Noh

J. Y. Noh