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HD Hyundai Heavy Industries Biodiversity Conservation Declaration

June 2024

1. Purpose

Hyundai Heavy Industries (hereinafter referred to as 'HHI') issues this declaration to achieve sustainable management by identifying, monitoring, and evaluating associated risks, such as minimizing biodiversity degradation and loss that may arise throughout the business operations value chain (including procurement, operations, and logistics). This declaration is aligned with the International Union for Conservation of Nature's Guidelines for the Application of Protected Area Categories (IUCN), the Convention on Biological Diversity (CBD), and the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES).

2. Coverage

This Declaration applies to HHI's headquarters and other operational sites. We encourage all stakeholders engaged in business activities at HHI, including suppliers, vendors, and partners, to comply with this Declaration. HHI will endeavor to spread and disseminate information on the prevention of biodiversity degradation and loss, as well as the importance of preserving local biodiversity.

3. Management System

HHI has established a biodiversity management system and makes decisions through its ESG Committee, the highest decision-making body, particularly when major risks are identified. HHI will communicate with stakeholders by transparently disclosing our activities and performance related to biodiversity conservation through the Integrated Report, which is published annually.

4. Basic principles

HHI will endeavor to protect biodiversity and minimize and mitigate risks throughout its business activities, including the procurement of raw materials, production and transportation of products, disposal and recycling, and underwater exploration (underwater noise) in biodiversity protected areas. Additionally, we will refrain from operating in areas of significant biodiversity importance, prevent adverse impacts on biodiversity at our facilities and in adjacent areas, and diligently undertake activities to conserve and restore biodiversity within local communities.

1) Guiding Principles

HHI will aim for No Net Loss (NNL¹) of biodiversity by preventing and minimizing the degradation and loss of biodiversity at its workplaces and nearby areas. By 2050, we will endeavor to achieve Net Positive Impact (NPI²) on biodiversity in the community by implementing investments and activities to conserve and restore biodiversity in the med- to long-term. Furthermore, we will implement gradual efforts to prevent biodiversity and ecosystem service losses in accordance with the Mitigation Hierarchy³.

- 1) No Net Loss (NNL): Completing a value chain structure that operates businesses without harming biodiversity or causing loss
- 2) Net Positive Impact (NPI): Biodiversity recovery through investments and activities to conserve, restore, or expand biodiversity.
- 3) Mitigation Hierarchy: Apply mitigation in phases - avoidance, impact minimization, rehabilitation/restoration, offset (compensate for residual negative impacts), and compensation (compensate for biodiversity loss)

2) Protected areas

HHI will conduct conservation activities in areas of high biodiversity significance, taking into consideration IUCN

Category I ~ IV Protected Areas, as well as domestic and international biodiversity laws and regulations pertaining to species in critical need of protection.

- ① Strict nature reserve (such as IUCN Category Ia): Areas with unique or representative ecological, geological, and physical features and species that could be destroyed by even the slightest anthropogenic impact.
- ② Wilderness areas (such as IUCN Category Ib): Areas with intact natural characteristics and influences, protected to preserve their natural state without permanent or significant human habitation.
- ③ National parks (such as IUCN Category II): Areas in a natural or near-natural state that protect large-scale ecosystem processes and are holding significant spiritual, scientific, educational, recreational, and other values.
- ④ Natural monument or feature (IUCN Category III, etc.): Areas that are protected and managed for the conservation of special natural monuments, natural ecosystems that are either naturally formed or shaped by culture and have high value from the perspective of archaeology, anthropology, geography, and similar fields..
- ⑤ Habitat/species management areas (such as IUCN Category IV): Areas designated for the protection of specific species and habitats that require active management to promote biodiversity.

HD Hyundai Heavy Industries
President and CEO **Jin Yul Noh**

J. Y. Noh