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HD Hyundai Heavy Industries Deforestation Prevention Declaration

June 2024

1. Purpose

HD Hyundai Heavy Industries issues this declaration to achieve sustainable management by protecting local communities' forests while preventing deforestation throughout the business operations value chain (including procurement, operations, and distribution /sales). This declaration is aligned with the UN Strategic Plan for Global Forest Goals (UNSPF and GFGs), the UN Reducing Emissions from Deforestation and Forest Degradation Plus (UN REDD+), and the Guidelines for Applying Protected Area Management Categories by International Union for Conservation of Nature (IUCN).

2. Coverage

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

3. Management system

HHI has established a management system related to forests and makes decisions through the ESG Committee of the Board of Directors, 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 deforestation prevention through the Integrated Report, which is published annually.

4. Basic principles

HHI will endeavor to prevent deforestation throughout its business activities, including the purchase and procurement of raw materials, production and transportation of products, and disposal and collection/recycling. Additionally, HHI will endeavor to identify and expand related activities such as community forest conservation and enhancement of forest carbon uptake to maintain and protect green areas in and around business sites.

1) Guiding Principles

In line with the 2050 carbon neutrality implementation roadmap, HHI will actively review and promote activities to enhance forest carbon sequestration, including new afforestation, reforestation, and vegetation restoration. These efforts are intended to foster balanced thriving of natural ecosystems, and HHI will strive towards achieving Net Deforestation Zero in the mid- and long-term to reach the '2050 Net Zero' goal.

2) Protected areas

HHI will conduct forest protection activities in accordance with the International Union for Conservation of Nature's (IUCN) Category I to IV Protected Areas, and with comprehensive consideration of the geological characteristics of the forests, the value of the biodiversity they hold, and other ecological, scientific, and educational significance of the forests.

- 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

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