

HD Hyundai Electric

Biodiversity & No Deforestation

Policy

August 2024

Biodiversity Conservation and No Deforestation

HD Hyundai Electric is committed to achieving the UN Sustainable Development Goals (SDGs) and recognizes the importance of biodiversity and forest conservation in response to climate change. Accordingly, HD Hyundai Electric prohibits activities that cause biodiversity loss and deforestation, and all employees and relevant stakeholders will be committed to achieving these objectives.

The Company integrates related risks into its enterprise-wide risk management system, and when major risks related to biodiversity and forests are identified, decisions are made through the ESG Committee, the Company's top decision-making body.

HD Hyundai Electric incorporates and implements provisions to conserve biodiversity and minimize deforestation in its environmental management policies and principles. The Company will transparently disclose its activities and performance in this area through its annually published Sustainability Report and engage with stakeholders.

This Biodiversity Conservation and No Deforestation Policy has been approved by the CEO and shall be effective as of August 9, 2024.

Biodiversity Conservation Policy

HD Hyundai Electric deeply recognizes the importance of biodiversity conservation for sustainable development. To minimize damage to biodiversity and environmental impact throughout its business operations, it will undertake the following activities:

1. The Company will minimize activities in areas protected for biodiversity conservation across all business operations and prohibit exploration activities to mitigate biodiversity risks. It will continuously assess and monitor the importance of biodiversity and the impacts and risks associated with its business operations. Furthermore, it will strive to apply this policy throughout its value chain, including its business sites, supply chain, and partner companies.
2. The Company will prioritize conserving protected areas and their surrounding ecosystems throughout business operations to minimize negative impact on biodiversity. In the event it inflicts damage, it will work to restore the affected ecosystem and implement preventive and corrective measures in accordance with the Mitigation Hierarchy¹ approach. Additionally, the Company will make every effort to achieve No Net Loss (NNL)² of biodiversity when conducting business activities in ecologically important habitats, and will work toward achieving a Net Positive Impact (NPI)³ on biodiversity by 2050.
3. The Company will operate its business in compliance with national and local legal requirements at business sites subject to international biodiversity conventions (World Heritage areas, IUCN Category I-IV protected areas).

¹ Mitigation Hierarchy: A sequential approach to mitigating environmental impacts, applied in the following order: avoidance, impact minimization, rehabilitation/restoration, offsetting (measures to address residual negative impacts), and compensation (measures to compensate for biodiversity loss).

² No Net Loss (NNL): Conducting business activities across the value chain without causing loss of biodiversity.

³ Net Positive Impact (NPI): Improving the overall state of biodiversity compared to before a business activity through management and improvement efforts.

No Deforestation Policy

HD Hyundai Electric has established a deforestation prevention policy in alignment with the national decarbonization regulations. Accordingly, it will actively implement the following activities for comprehensive risk prevention and damage minimization:

1. The Company will minimize deforestation in its manufacturing processes and monitor for any signs of deforestation. At business sites where such risks are identified, it will establish and enforce relevant rules to this end. It will also apply the same policy throughout its value chain, including its business sites, supply chain, and partner companies, striving to minimize deforestation.
2. The Company aims to reach its No Deforestation Target⁴ in 2050 and will commit itself to achieving the goal by linking it with the Company's 2050 Net Zero Target.

⁴ No Deforestation Target: Achieving zero net deforestation by offsetting forest loss through reforestation efforts.