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[Hyundai Engineering and Construction Co., Ltd.]

Supply Chain ESG Management Policy

June 24th, 2024

1. Background and Objectives

ESG Management, comprising environmental(E), social(S), and governance(G) factors, is a management approach aimed at promoting the sustainable future growth of a company. The recent adoption of mandatory EU regulations for supply chain sustainability due diligence, encompassing human rights, governance, and environmental issues, underscores the growing demand for effective supply chain ESG management practices.

In line with the increasing demands for advanced ESG management, Hyundai Engineering and Construction Co., Ltd. ("HDEC") has established HDEC Supply Chain ESG Management Policy to fulfill corporate social responsibilities, promote mutual cooperation and sustainable growth with all contracted partner companies, and enhance supply chain sustainability. This policy has been developed with reference to various international laws and regulations, Building Responsibly Initiative, Responsible Business Alliance, fundamental conventions of the International Labor Organization, UN Global Compact 10 Principles, Global Reporting Initiative (GRI), K-ESG Guidelines, EU Corporate Sustainability Due Diligence Guidelines, and OECD Due Diligence Guidance for Responsible Business Conduct.

Through this initiative, HDEC aims to achieve environmental, social, and ethical corporate responsibilities within its supply chain, thereby advancing HDEC's objectives in sustainable management.

2. Responsibilities and Evaluation Scope of Supply Chain ESG Management

2.1. Responsibilities and Management of Supply Chain ESG Management

With the adoption of the EU Supply Chain Due Diligence Act following approval by the EU Council, it has become imperative to identify and prevent potential ESG risks in accordance with the demands of all stakeholders across the entire value chain of business operations. Therefore, HDEC has established a dedicated department to implement this policy. The relevant organization continuously monitors the supply chain management policy and processes under the board of directors. All suppliers within the supply chain are responsible for managing environmental(E), social(S), and governance(G) factors and shall consider ESG management in their business decisions and

operations. HDEC might evaluate and conduct due diligence on suppliers' risks in accordance with this policy and the 'HDEC Supplier Code of Conduct.' Based on the results, HDEC could recommend improvements for identified risks. Suppliers shall develop and implement plans to mitigate risks based on consultations regarding improvement measures.

2.2. Scope of Policy Application

This policy applies to all stakeholders throughout the company's supply chain, including but not limited to upstream and downstream suppliers, and partner companies.

2.3. Scope of Supply Chain ESG Evaluation

HDEC conducts comprehensive evaluation of environmental(E), social(S), and governance(G) compositions to build a sustainable supply chain and evaluates supply chain(supplier) ESG to improve identified risks. The HDEC supply chain ESG evaluation is divided into three compositions: environmental(E), social(S), and governance(G), and is carried out in accordance with this policy and the 'HDEC Supplier Code of Conduct.'

1) Environmental

HDEC addresses environmental matters by categorizing following sections: environmental strategy, environmental management, and environmental achievement management. The environmental strategy section includes maintaining an environmental organization, appointing an environmental manager, developing an environmental strategy, and conducting environmental education. The environmental management section covers the implementation of an environmental management system, securing environmental patents, and procuring eco-friendly materials. The environmental achievement management section involves obtaining permits for environmental pollutants and managing the emission levels of greenhouse gases and waste.

2) Social

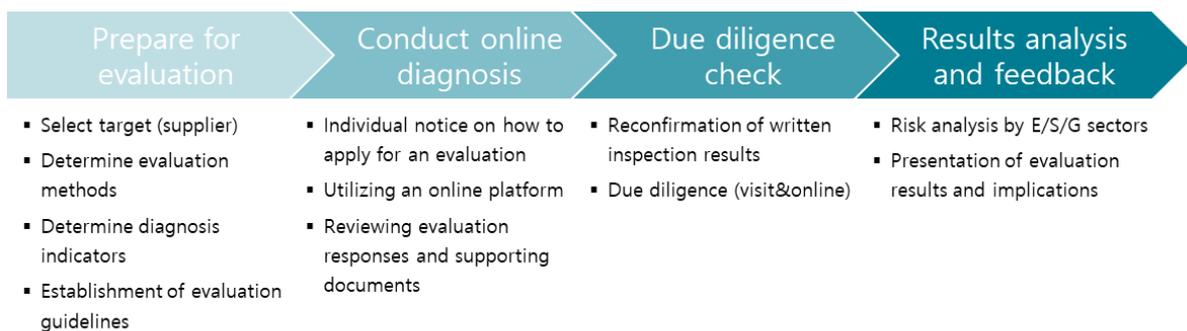
HDEC manages social matters by categorizing following sections: employment section, social section, customer section, and safety section. The employment section includes permanent employment ratio and possession of rules of employment. The social section includes employment of persons with disabilities and possession of labor-management councils. The customer section includes quality management system accreditation and possession of quality patents. The safety section includes safety and health management and its system, safety and health investment and its achievements.

3) Governance

HDEC addresses governance matters by categorizing following sections: management stability section, accounting transparency section, ethical management section and ESG management section. The management stability section includes records of major shareholder changes and non-performance records. The accounting transparency section includes transactions between affiliated parties. The ethical management section includes maintaining an ethical management system and ethical management education. The ESG management section includes maintaining the ESG operation department, disclosing ESG information, and the operation and composition of the board of directors.

3. Procedure for Supply Chain ESG Management Evaluation

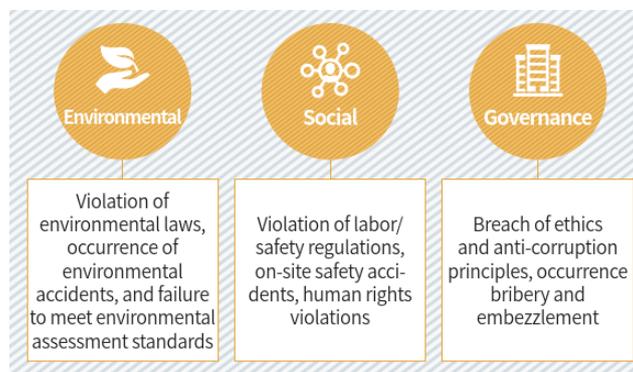
HDEC develops and implements an annual supply chain risk evaluation process to identify and mitigate risks that may arise from suppliers related to the supply chain. To validate the issues in the sections on the environmental, social, and governance, HDEC establishes evaluation strategies. HDEC identifies suppliers for evaluation targets and conducts written diagnoses based on transaction records, strategic importance, and ESG risks. HDEC manages each supplier’s ESG risk and verifies the level of risk based on the results of the written diagnoses. Due diligence is carried out by the HDEC on identified high-risk suppliers. Based on the analysis of due diligence results and its final evaluation report, HDEC sets precise improvement assignments. To lessen adverse effects, HDEC shall monitor suppliers' implementation of suitable and efficient improvement measures. Suppliers may be subject to business transaction suspension or termination, if they fail to ease negative repercussions through improvement measures and cannot achieve minimum ESG requirements within a set timeframe. HDEC communicates and shares information on policies, procedures, and practices related to due diligence through HDEC Sustainability Reports, its website, and various communication channels.



4. Supply Chain ESG Management Evaluation Indicators

4.1 Evaluation Indicators

HDEC utilizes evaluation indicators that comply with laws and regulations, international standards based on guidelines such as K-ESG guidelines of the Ministry of Trade, Industry and Energy, EU Corporate Sustainability Due Diligence Directive, and "HDEC Supplier Code of Conduct." The evaluation is divided into three categories: the environmental, social, and governance. HDEC conducts a comprehensive evaluation that takes into account both industry risks and external risks, such as suppliers' products or services.



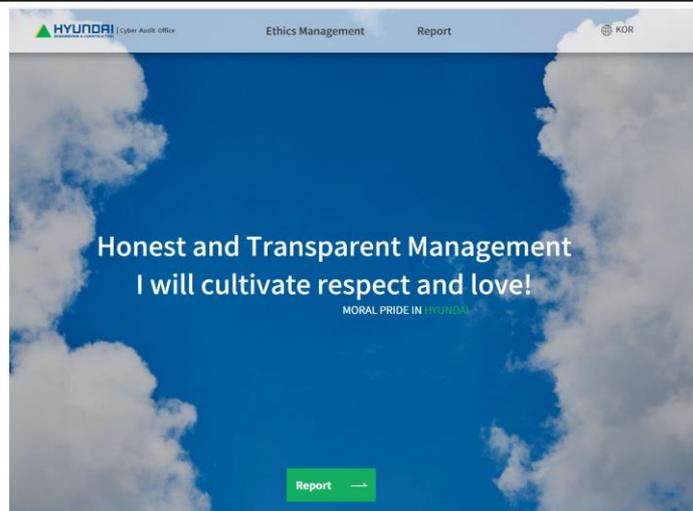
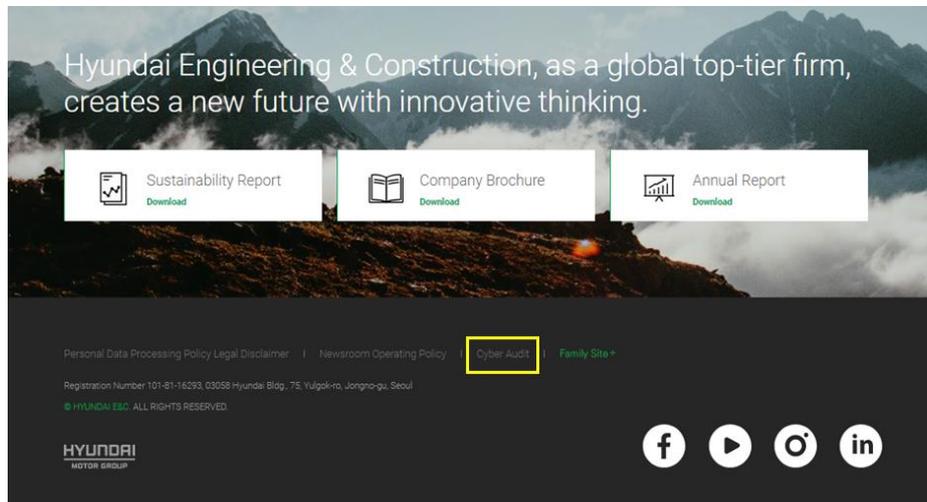
5. Supply Chain ESG Management Encouragement Policies

HDEC consistently encourages and supports the ESG management of suppliers to enhance sustainable supply chain competitiveness, as well as all suppliers within the supply chain operating their businesses in safe and fair conditions. HDEC reflects the findings of ESG management diagnosis of suppliers during yearly renewal evaluations and incorporates the Supplier Code of Conduct into basic transaction contracts with new suppliers to encourage their engagement in ESG management.

6. Grievance Handling System

HDEC maintains a grievance handling system to allow stakeholders in the supply chain to report issues when their rights and benefits are infringed or there is a risk of negative consequences as a result of this policy or laws and regulations of ESG, including but not limited to ethics, environmental, labor and human rights, and safety and health. Stakeholders could report torts or ESG related issues via communication channels, including the Cyber Auditing Group and the H-Dudrim website

(<https://www.hdec.kr>). HDEC guarantees the confidentiality of the personal information of whistleblowers and protects their safety, and ensures that no unreasonable measures are taken against whistleblowers in accordance with the whistleblower protection regulations.



7. Related Policies

HDEC has established a separate "Supplier Code of Conduct" to pursue the expansion of value chains across all business categories through sustainable supply chain establishment. Furthermore, HDEC encourages suppliers to strictly comply with laws and regulations applicable to management activities while ensuring best practices in ethics, environmental, labor, human rights, safety, and health. In addition, HDEC has established policies related to ESG management including "Human Rights Charter," "Ethics Charter and Code of Conduct," "Environmental Management Policy," "Biodiversity Protection Policy," "Deforestation Prevention Policy," "Anti-corruption Policy," and "Diversity & Inclusion Policy," and announces them through its website to maintain sustainable supply chain systems.

8. Appendix

This Supply Chain ESG Management policy shall enter into force on June 30th, 2024.