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HEC Environmental Management Policy

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1.0 Overview

1.1 Purpose

Hyundai engineering enacts this environmental policy to continuously improve environmental performance through eco-friendly management and to minimize negative environmental impacts throughout its business activities and value chain.

Hyundai engineering's environmental management guidelines

1. It shall recognize the environment as key to corporate success, creates corporate values through proactive eco-friendly management, and fulfills its corporate social responsibility.
2. It shall set out implementable targets to respond to climate change and evaluate their implementation performance.
3. It shall make efforts to use resources and energy sustainably and reduce pollutants throughout the lifecycle of the development, production, sale, and discarding.
4. It shall actively support suppliers' environmental management activities and establish and implement criteria necessary for an eco-friendly supply chain policy.
5. It shall comply with domestic and international environmental laws and conventions and establish and implement necessary policies to promote environmental management.
6. It shall protect bio-diversity and draft a policy to preserve the natural environment.
7. It shall disclose its environmental management performance to corporate members and stakeholders per reasonable and objective criteria.
8. It shall consult with stakeholders on relevant outcomes in the development or implementation of environmental policies.

1.2 Scope

This environmental management policy applies to Hyundai engineering and all its affiliated companies and business units engaged in operations worldwide. All of Hyundai engineering's collaborators, contract partners, new ventures, joint ventures, and supply

chains are expected to comply with this environmental management policy, and Hyundai Engineering will provide the necessary support to enable compliance.

Hyundai engineering complies with each country's relevant environmental laws and regulations before this policy. It references this policy when local authorities' environmental laws and regulations do not cover or do not have special provisions regarding environmental management.

1) The supply chain

Hyundai engineering supports the establishment of an environmental management system by regularly assessing the sustainability of a high-risk supply chain or the supply chain that has a significant impact on each other. Furthermore, it buys more products (raw and subsidiary materials) and services certified for eco-friendliness. It builds a cooperative ecosystem to develop and produce an eco-friendly supply chain and products.

2) Production and Business sites

Hyundai engineering's sites shall establish an environmental management system based on internationally recognized standards or national guidelines, and at the same time, they shall introduce internal policies to reduce environmental impacts and pollution and engage in continuous performance-enhancing activities. In addition, they shall achieve a third party's EMS certification.

3) Distribution Network

Hyundai engineering shall reduce environmental impacts, stemming from logistics and transportation processes such as raw materials, in-process materials, and finished products. It shall boost energy efficiency, expand eco-friendly logistics and transportation networks continuously and plan internal and external cooperative activities to cut GHG, waste, wastewater, and other pollutants generated from logistics and transportation processes.

4) Products and services

Hyundai engineering shall improve environmental impacts based on lifecycle assessment results of environment impacts from the input of raw materials, to production/distribution of products, to disposal/recycling of used products. Furthermore, it shall work to develop eco-friendly products and services to transition to a low carbon/renewable energy society.

5) Waste Disposal and Recycling

Hyundai engineering shall comply with the lawful disposal of waste and expand recycling activities, and at the same time expand the resource reuse and recycling rate through discovery and collaboration with waste treatment companies. In addition, the value of the circular economy is spread through consultation with the local community so that waste can be collected/processed and recycled.

6) M&A

Hyundai engineering shall review compliance risks regarding M&A target organization's environmental and potential adverse environmental impacts. Then, it will develop countermeasures to address compliance risks and engage in activities to mitigate the environmental impacts according to the results of the environmental impact review

7) Others (New business and project investment)

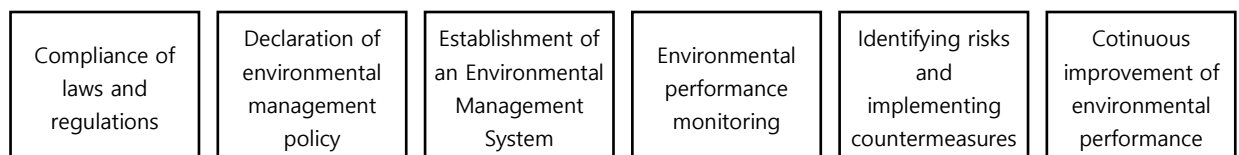
Hyundai engineering shall carries out activities to identify and improve environmental impacts and risks when it operates a new business or a project or makes an internal or external investment outside the scope above.

1.3 Implementation plan

Hyundai engineering's environmental management shall

- 1) Comply with environment-related laws and regulations
- 2) Declare policies to implement the environmental management
- 3) Establish an Environmental Management System and introduce management guidelines
- 4) Monitor environmental performance
- 5) Discover risks and implement measures to address them
- 6) Engage in continuous improvement for better environmental performance

The organization in charge of environment management shall capture new or revised regulations and changes in social and corporate environment to refine corresponding implementation measures



2.0 Basic Principles

Hyundai engineering is committed to natural environment conservation, green energy transition, developing clean tech products & services, activating circularity, and operational eco-efficiency. Hyundai engineering defines the following basic principles for each environmental element to facilitate environmental management.

2.1 Raw and subsidiary materials

Hyundai engineering shall develop a policy to minimize unnecessary waste of natural resources by efficiently using raw and subsidiary materials used to produce products and services. In addition, it shall monitor whether raw and subsidiary materials are produced by illegally damaging natural resources or causing environmental pollution.

1) Efficient use of raw and subsidiary materials

Hyundai engineering shall continuously improve the production process for products and services to optimize raw and subsidiary materials input. And it shall control raw and subsidiary materials according to the production plan, comprehensively considering business strategy, production schedule, and inventory management.

2) Re-use of production waste

Hyundai engineering shall transfer and sell metal waste, such as iron and aluminum, the byproduct of raw and subsidiary materials, and other debris, such as scrap timber and scrap paper and their byproducts to reusable other industries or external facilities.

3) Inspection of raw and subsidiary materials production site

Hyundai engineering shall encourage the use of raw and subsidiary materials produced in an eco-friendly way or certified for eco-friendliness.

4) Biodiversity protection

Hyundai engineering shall establish and implement policies for biodiversity protection throughout the business.

5) Prevention of deforestation

Hyundai engineering shall recognize the problems of deforestation that may occur throughout the project and prepare and implement a deforestation prevention policy that can minimize the negative impact in the project process.

2.2 Energy

Hyundai engineering shall lead energy transition across an entire value chain, including engineering and construction based on eco-friendly energy, investing in renewable energy generation facilities, expanding eco-friendly products, and utilizing hydrogen. Furthermore, it will deploy energy-saving activities daily, such as discovering and implementing energy efficiency tasks and staging energy-saving campaigns. Each affiliate Hyundai engineering shall develop and enforce energy management policies to save energy and use renewable energy more.

1) Energy conservation

It shall run activities for energy conservation, such as replacing outdated low energy-efficient facilities, using high efficient energy facilities, developing and implementing eco-friendly technologies for minimum energy consumption, and launching energy campaigns.

2) Introduction of renewable energy

It shall draft measures to develop and expand eco-friendly energy technologies, including clean hydrogen, considering appropriate renewable energy solutions suitable for the conditions of a business site, such as installing facilities to generate renewable energy, buying a renewable energy certificate, and signing a power supply contract with power producers.

3) Operation of an Energy Management System

It shall establish a system to monitor energy and GHG and review a measure to boost energy management efficiency based on the data analysis in the system.

2.3 Water

Hyundai engineering shall recognize the need for sustainable conservation of water resources and seek ways to reduce water consumption and recycle water. In addition, it promotes activities to identify and improve water depletion and contamination risks.

1) Water recycling

It shall strives to improve the sustainability of water resources by preparing and implementing measures to reuse and recycle workplace water.

2) Water storage

It shall install and operate rainwater catchment and drainage to store and manage rainwater and to store water in a reservoir on a business site.

3) Contaminated water management

It shall install water pollution reduction facilities such as sedimentation ponds in the workplace, direct discharge of polluted water from the workplace is prevented and water is discharged within legal standards, and periodic component inspection is carried out.

2.4 GHG

Hyundai engineering actively responds to climate change, prepares practical measures to reduce greenhouse gases for carbon neutrality, promotes the transition to a renewable energy system in stages, and manages greenhouse gases including carbon absorption and offsetting activities in consideration of the current state of the business and promote carbon-neutral activities

1) Reduction of business sites

It shall achieve carbon neutrality through gradual reduction of the proportion of existing fossil fuels and conversion to new and renewable energy. In addition, we will improve the efficiency of greenhouse gas management through continuous improvement of the greenhouse gas emission calculation and monitoring system.

2) The supply chain reduction

It shall develop guidelines for carbon neutrality of the supply chain, induce practices of carbon neutrality, and work on reduction, taking into account the characteristics of the supply chain. In particular, it shall implement projects with raw and subsidiary materials suppliers to expand renewable and eco-friendly to reduce the supply chain.

3) Reduction of products and services

It shall expand infrastructure and spread eco-friendly products and services for eco-friendly products. Through this, emissions/greenhouse gas from the use of products and services are reduced.

2.5 Waste

Hyundai engineering establishes and implements waste management and recycling policies to reduce waste generated from building demolition to completion and ensure efficient waste disposal.

1) Tracking waste disposal

It shall follow procedures defined under the relevant laws and regulations to track the proper disposal of waste generated from business sites.

2) Improving waste recycling

It shall determine the optimal treatment method according to the type and amount of waste generated in the course of business operation and actively discover waste recycling companies. Through this, the ratio of waste to be landfilled/incinerated is minimized, and the recycling rate of waste is improved.

3) Waste recycling

It shall create an upcycling ecosystem that creates value by discovering wastes with a high rate of landfill/incineration during production process and by reinventing them into new products and services.

2.6 Pollutants

Hyundai engineering shall reduce emissions of air pollutants and water pollutants, minimize negative impacts on the natural environment, and do its best to protect the health and safety of customers and employees. Hyundai Engineering shall establish and apply criteria to manage the generation and emission of pollutants based on the respective nation's environmental laws and regulations.

1) Air pollutants

It shall monitor the emission level of air pollutants such as NO_x, SO_x, fine dust (PM₁₀), and ultrafine dust (PM_{2.5}), and take necessary measures to comply with and reduce the legal standard concentration of air pollutants.

2) Water pollutants

It shall monitor the emission level of water pollutants produced from each process, including SS, TOC, and BOD, and install and operate necessary facilities to control the level below the legal limit.

3) Soil pollutants

It shall monitor soil contamination caused by soil pollutants, such as cadmium, fluorine, and TPH, and implement necessary measures such as periodic inspection and facility and process improvement to prevent soil contamination.

2.7 Hazardous Materials

Hyundai engineering shall identify the status of (harmful) chemicals used during the business process or contained in the product and provide the necessary information to stakeholders. Also, it shall establish and implement policies for hazardous materials management, including reducing the use of hazardous materials and managing the risk.

2.8 The local community

Hyundai engineering shall recognize that the company and its employees are local community members and develop measures to manage the environmental issues reasonably considering their impacts on the local community. Hyundai engineering shall prepare procedures necessary to disclose its environmental information to the local community, reflect opinions from the local community, and continuously engage in communication with the stakeholders.

2.9 Biodiversity protection

Hyundai engineering shall establish and implement policies for biodiversity protection throughout the business.

[attachment 1]

2.10 Prevention of deforestation

Hyundai engineering shall recognize the problems of deforestation that may occur throughout the project and prepare and implement a deforestation prevention policy that can minimize the negative impact in the project process.

[attachment 2]

3.0 Implementation System

3.1 Governance

1) Responsibility (Board Committees/Management Roles)

Hyundai Engineering ensures the management and oversight of environmental management risks and performance improvement activities through management bodies such as executive meetings involving top decision-makers or key decision-making authorities. The key role of these management bodies includes deliberating and revising environmental management policies, reviewing environmental management risks, monitoring the progress of environmental management initiatives, discussing response measures for environmental management risks, and addressing other matters deemed necessary for the dissemination and promotion of environmental management. Within the Hyundai Engineering Board of Directors, the Transparency Management Committee provides regular supervision through reporting on various non-financial management issues, including the environment, ESG, and other significant management concerns. For decision-making related to long-term environmental management strategies, major equipment investment plans, or other environmental management matters requiring approval, specific measures are implemented following the necessary approval procedures.

2) The role of a dedicated organization

Hyundai engineering shall form an organization dedicated to implementing environmental management and have it handle the tasks. The primary role of the organization is to draft and enforce policies for the establishment and operation of an Environmental Management System, the management and execution of policies to manage pollutant emissions generated from business operations, identification and reduction of environmental risks, the spread of environmental management, receipt and handling of environmental grievances and other external cooperation activities. Furthermore, the organization shall expand eco-friendly products and services by cooperating with engineering, R&D, purchasing, production, and sales functions.

3.2 Training and dissemination

1) Environmental training

Hyundai engineering conducts environmental education to enhance the awareness of employees and stakeholders, both internal and external, about environmental management policies and environmental impacts. Through this initiative, we encourage employees and stakeholders to adopt eco-friendly ways of thinking during their work processes.

2) External cooperation

Hyundai engineering shall build a cooperative system with specialized external organizations to enforce environmental management efficiently and make environmental management performance more efficient. It will strengthen its EMS built on external partners' expertise and experiences in establishing an EMS.

3.3 Communication

1) Government agencies

It shall confirm the government's policy direction to respond preemptively. In addition, it shall adequately understand and comply with the respective nation's environmental laws and regulations.

2) Shareholders and investors

It shall generate environmental management performance meeting the requirements of the shareholders and investors, building trust among them, and increasing the investment for a higher corporate value.

3) The supply chain

It shall share its know-how and experiences in implementing environmental management with the supply chain and run a communication channel to consult with the supply chain to create environmental values.

4) Customer

It shall provide environmental information about products and services to customers, capture their opinions gathered through a customer contact channel, and reflect them in the development process for eco-friendly products and services.

5) The local community

It shall gather views from the local community and public-private consultative council to alleviate environmental impacts of business operations to identify and resolve grievances raised from the local community.

6) Employees and executives

It shall share an environmental management policy with employees and executives and raise their awareness of environmental management. When implementing environmental management, their views to improve environmental performance shall be considered.

3.4 Performance management

1) Setting performance targets

Hyundai engineering shall set up mid-to-long-term performance targets for environmental factors that impact business operations severely. These targets shall be determined by taking into account emissions and usage data outlook (Business As Usual) and external economic conditions, the government's policy direction, and internal business strategies.

2) Examining the implementation status

Hyundai engineering shall check the implementation status of mid-to-long-term performance enhancement targets regularly. It shall comprehensively check the progress rate against the target, efficiency of activities implemented to achieve the targets, and challenges in the target achievement process. If necessary, mid-to-long-term targets will be adjusted based on the check results.

3) Performance Assessment of the senior management

Hyundai engineering comprehensively considers environmental performance improvement, major domestic and overseas ESG evaluation results, and internal ESG improvement tasks, and reflects it in the senior management performance evaluation indicators (KPIs) and manages them.

4.0 Supplementary Provision

- 1) This environmental management policy shall be enacted as of 2022. 08. 31.
- 2) This environmental management policy is written in Korean and English, and if there is any discrepancy between the Korean and English versions, the Korean version shall prevail.

5.0 Attachments

- [Attachment 1] Biodiversity Protection Policy
[Attachment 2] Deforestation Prevention Policy