

Environmental Management Policy

June 05, 2023



Table of Contents

1. Purpose

2. Scope of Application

3. Implementing Organization

4. Implementing Environmental Management Policy

1) Environmental Management System

2) Product Environment

3) Manufacturing Environment

4) Management Environment

5) Chemical Substance Management Policy

1. Purpose

HD Hyundai Construction Equipment aims to create a happy and sustainable world for various stakeholders, such as customers, business partners, shareholders, and society at large based on a sustainable environmental management system, given that climate crisis is a common priority for humanity.

2. Scope of Application

The Environmental Management Policy of HD Hyundai Construction Equipment applies to all employees, subsidiaries/affiliates, and contractors conducting business activities on behalf of HD Hyundai Construction Equipment. In addition, customers and business partners are expected to comply with its environmental policy.

3. Implementing Organization

The company conducts final deliberation, resolution, and decision-making through the Environmental, Social and Corporate Governance (ESG) Committee, reporting to the Board of Directors, to implement environmental management companywide. The CEO makes decisions on major issues for implementing environmental policies, and reports key issues to the Board of Directors, which is the highest decision-making body, and ESG Committee in support of decision-making.

4. Implementing Environmental Management Policy

HD Hyundai Construction Equipment officially supports international environmental declarations, standards, and specifications, minimizes environmental impacts originating from enterprise activities, and systematically manages the overall process, including status checks and performance management, by establishing a system for environmental fields based on internal policies. In addition, it has adopted and implements its environmental management policy to pursue social value creation by prioritizing environmental management.

1) Environmental Management system

- ① HD Hyundai Construction Equipment systematically establishes and regularly evaluates the entire process from setting environmental management goals to planning, execution, and improvement so as to minimize the impact of manufacturing activities and business facilities on the environment.
- ② All workplaces of HD Hyundai Construction Equipment maintain compliance with environmental laws and regulations as a basis, and adopt an environmental management system in line with ISO 14001 (The internationally recognized standard for environmental management systems) and internal standards for compliance.

2) Product environment

- ① HD Hyundai Construction Equipment actively strives to build an eco-friendly and sustainable product portfolio to tackle global climate change and environmental pollution crisis.
- ② Through the expansion of human resources and investments in the development of eco-friendly and smart technologies, HD Hyundai Construction Equipment has introduced products designed to minimize the negative environmental impacts. These include innovations such as improved fuel efficiency, conversion of power sources (electrification, hydrogen fuel), and decarbonization.

3) Manufacturing Environment

- ① HD Hyundai Construction Equipment has defined environmental management as a core task throughout its manufacturing activities and business facilities, and actively protects the global environment by reducing greenhouse gases (GHGs) and minimizing pollutants.

· Greenhouse gases/energy

In response to climate change, it is faithfully committed to improving energy efficiency and expanding renewable energy throughout the entire process from product development, procurement, manufacturing, logistics, usage, and disposal to reduce greenhouse gases emissions.

In addition, ongoing improvement activities are constantly pursued with achieving RE100 in mind at domestic workplaces by

2030¹⁾ and carbon neutrality at all such workplaces by 2050 by monitoring regular emission target performance, growing investments in energy saving in production processes, and expanding renewable energy rollout.

- 1) The carbon neutrality scenario was changed due to the advancement of the climate change response strategy in 2024.

· Waste

The company has established and operates management standards for storage, transportation, and processing to minimize waste generated in the course of business and efficiently process generated waste, while conducting regular internal and external verifications. In addition, generated waste is regarded as a priority for recycling, and waste exempted from recycling is legally discharged through outsourcing to a specialized company. Outsourced recycling companies are enlisted as much as possible to minimize incineration and landfill in a steadfast effort to minimize environmental pollution caused by waste generated at workplaces.

· Water resource/wastewater

HD Hyundai Construction Equipment strives to use water resources efficiently by optimizing water usage and expanding water reuse. The company is committed to minimizing wastewater generation through discharge facility management, with efforts to fundamentally reduce pollutants, and lawfully treating wastewater generated from its workplaces through an onsite wastewater treatment plant and an external consignment treatment company.

4) Management Environment

① HD Hyundai Construction Equipment has ramped up corporate-level efforts to minimize negative impacts on the environment based on its environmental management goals. In addition, the company makes concerted efforts to enhance communication by transparently disclosing environmental management details and performance to various stakeholders, such as customers and investors, according to global standards.

· Sustainable marketing

It continues to contribute to the sale of eco-friendly products through brand strategies related to eco-friendly construction equipment products and relevant marketing and sales activities.

· Enhanced communication

The company has transparently disclosed its eco-friendly management activities through integrated reports and ESG evaluations by external agencies, to be accurately tuned into the needs of various stakeholders with seamless communication.

· Eco-friendly supply chain & distribution

In establishing an eco-friendly and sustainable supply chain, it has adopted and declared the ESG management policy for its supply chain, defined the ESG compliance requirements of all contractors according to their internal code of conduct, and distributed green purchasing guidelines, leading to the creation of a sustainable growth engine geared to customer satisfaction and social

responsibility through eco-friendly parts procurement and product manufacturing.

· Eco-friendly workplace

With its Ulsan Campus (Production facilities) modernization project, the company aims to secure a foundation for eco-friendly management by creating a pleasant and safe workplace, while increasing production efficiency and minimizing pollutant emissions.

5) Chemical Substance Management Policy

- ① HD Hyundai Construction Equipment operates a system to prevent chemical substance leaks and manage hazardous chemicals at the workplace, as well as active monitoring of the entire process from storage of chemicals to their usage and disposal.
- ② It has enhanced the chemical substance safety awareness of all employees by mandating the adoption of and regular training on Material Safety Data Sheets (MSDS) on workplaces.
- ③ In 2022, it earned a 'ZERO' rating of hazardous chemicals at workplaces by replacing sodium hydroxide (toxic substance), a wastewater treatment neutralizer, with a non-toxic substitute, and maintained its efforts to create a workplace free of hazardous chemicals through monitoring.

Cheol-gon Choi, CEO of HD Hyundai Construction Equipment

최진곤

Environmental Management Policy

