

# **HD Hyundai Construction Equipment Supplier Code of Conduct**

**(ver.1.1)  
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## 1. Overview

### A. Purpose of the Code of Conduct

HD Hyundai Construction Equipment has established the Code of Conduct to reinforce compliance management and build a sustainable supply chain. The Code of Conduct requires all suppliers to thoroughly comply with the laws and regulations applicable to business management activities and have the best operating practices in the fields of ethics and fair trade, environment, labor and human rights, safety and health, and management system. HD Hyundai Construction Equipment expects our suppliers to comply with the Code of Conduct and enjoy opportunities to grow into companies more respected by society and demonstrate shared growth.

The Code of Conduct defines the requirements for labor and human rights, safety and health, environment, ethics, and management systems that suppliers must abide by, based on global standards such as the UN Guiding Principles on Business and Human Rights (UNGPs), OECD Guidelines for Multinational Enterprises, and ILO Core Conventions. If there is a discrepancy between the Code of Conduct and local laws, the more stringent standards are applied.

### B. Target of the Code of Conduct

All suppliers who enter into contracts with HD Hyundai Construction Equipment to supply products and services to the company or for other transactions must comply with the Code of Conduct. All suppliers subject to the Code of Conduct may exhort compliance with the terms presented in the Code of Conduct to the entire supply chain, including their business partners (sub-suppliers).

### D. Responsibilities and Roles of Suppliers

All suppliers of HD Hyundai Construction Equipment must implement the Code of Conduct in making management decisions and overall business operations. HD Hyundai Construction Equipment and third-party organizations entrusted by HD Hyundai Construction Equipment may inspect and conduct due diligence within legal boundaries to see if the suppliers comply with the provisions of the Code of Conduct. Based on the results of inspection and due diligence on compliance with the Code of Conduct, HD Hyundai Construction Equipment can recommend improvements for identified risks. Suppliers should conduct regular self-evaluation and establish and implement risk improvement and mitigation plans for violations identified through inspection and due diligence.

HD Hyundai Construction Equipment hopes that compliance with the Code of Conduct by our suppliers will serve to help them become companies that faithfully fulfill their social responsibilities and forge a virtuous cycle of partnership.

The Code of Conduct does not specify all the obligations of suppliers, and can be supplemented and revised through regular reviews to establish a sustainable supply chain. The Code of Conduct can be found on the HD Hyundai Construction Equipment website, and those who wish to seek more information about it can inquire to the HD Hyundai Construction Equipment department.

## 2. Ethics and Fair Trade

Suppliers must comply with HD Hyundai's "Supplier Code of Ethics."

## **A. Transparency in Management and Anti-corruption**

- ① Employees of suppliers must comply with the laws and regulations of each country in which they do business, and they must comply with the highest standards of integrity in all business relationships.
- ② Suppliers should accurately record information on labor, safety and health, environmental management, business activities, governance, and financial structure, and disclose it truthfully in accordance with local laws and regulations and general industry practices.
- ③ Employees of suppliers must not engage in bribery, extortion, embezzlement, mediation, or solicitation by taking advantage of their superior position in business, and must not expect unfair compensation by exploiting weaknesses or defects.
- ④ Employees of suppliers must practice autonomous ethical compliance by implementing procedures to monitor and crack down on unethical behaviors such as corruption, extortion, gifts, and entertainment.

## **B. Prevention of Conflicts of Interest**

- ① Suppliers must operate business with a sense of responsibility in accordance with the established business regulations.
- ② Employees of suppliers must not promise, propose, permit, or provide other means for the purpose of unfair or improper profits in terms of business. This includes acts such as causing damage to the company for the personal benefit of employees or receiving promises of personal benefits through a third party.
- ③ Employees of suppliers must comply with local laws and regulations related to fair trade, and must comply with fair advertising and competition standards.

## **C. Prevention of Unfair Trade Practices**

- ① Suppliers must comply with fair trade-related laws and standards of each country in which they operate their business.
- ② Partners must not engage in acts that may undermine fair competition through unfair transactions, such as abusing market dominance or taking advantage of gaps in buyer-seller relationships.
- ③ Suppliers must not make unfair agreements with other business operators on acts that restrict competition in terms of product or service price, supply volume, location, transaction conditions, etc.
- ④ Suppliers must not acquire information from competitors, business partners, or other organizations through unlawful means, and they must not use or disclose information obtained fraudulently by the company or a third party.

## **D. Prevention of Counterfeit Parts**

- ① Suppliers must not produce or use unapproved raw materials and parts, and must not use or sell counterfeit raw materials and parts.
- ② Suppliers should periodically check whether counterfeit raw materials and parts are used or produced in the workplace. If such facts are confirmed, they must immediately notify the government or the customers thereof.
- ③ Suppliers should ensure that raw materials and parts produced are being used and distributed in accordance with business purposes or contract conditions.

## **E. Compliance with Export Restrictions**

- ① Suppliers must comply with national laws and international regulations related to export restrictions.

- ② Suppliers must not do business with countries, regions, or individuals subject to export restrictions or economic sanctions.
- ③ Suppliers must check that they comply with laws and regulations related to export restrictions and economic sanctions. If necessary, they must cooperate with HD Hyundai Construction Equipment's efforts to get at their track record.

#### **F. Information Security**

- ① Suppliers must not leak trade secrets or information requiring security effort of customers and business partners without permission. In addition, they must not collect or use the information acquired while performing their duties without prior permission and approval.
- ② Suppliers must not infringe or illegally use intellectual properties such as patents, software, designs, and trademarks owned by customers and business partners. While taking appropriate measures to protect technical data, information and intellectual properties acquired in the course of their business operation, they must periodically check to see if their intellectual property rights are being infringed. Moreover, the transfer of technology and know-how must be done in a manner that protects relevant rights.
- ③ Suppliers must collect and use personal information so that they do not violate the purpose of collection and use of personal information and the period of retention and use. And, if they make any changes to the above, they must obtain prior consent. Furthermore, suppliers must take systematic measures to protect the personal information of all stakeholders related to corporate management, and they must establish and manage overall procedures in accordance with local laws and regulations regarding the handling and utilization of personal information.

#### **G. Responsible Raw Material Management**

- ① Suppliers must establish a process to verify the origins and smelters of all minerals and raw materials, including conflict minerals<sup>1</sup> and responsible minerals such as tin, tungsten, tantalum, and gold, included in the product.
- ② Suppliers must check<sup>2</sup> whether social and environmental issues such as serious human rights violations, ethics violations, and negative environmental impacts have occurred or occur at the origins and smelters of minerals and raw materials in accordance with the relevant process.
- ③ If suppliers mainly deal with minerals and raw materials, they must conduct their own investigation or acquire external certification to confirm that the mining and processing of the minerals and raw materials are not related to human rights violations, ethical violations, and negative environmental impacts.
- ④ If suppliers have a reasonable suspicion that the raw materials they use are illegal, have a negative impact on the environment, or are procured through unethical methods, an appropriate policy must be established to prevent their use.
- ⑤ Suppliers must not use raw materials and minerals (tin, tantalum, tungsten, gold, etc.) of specific origin within our supply chain in accordance with the 'OECD Guidelines on the Responsible Supply Chain of Minerals from Conflict and High-Risk Areas' under any circumstances.
- ⑥ Suppliers must provide relevant evidence, such as a certificate of origin, upon request from HD Hyundai Construction Equipment.

#### **H. Ethical Channel**

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<sup>1</sup> They are four major minerals produced at conflict zones in Africa (10 countries, including DR Congo), causing social problems such as human rights abuses and child labor in the mining process, or using funds from mineral exports to aggravate civil war and conflicts.

<sup>2</sup> Through the Enforcement Decree of the US Securities and Exchange Commission in 2012, listed companies are required to disclose whether they use conflict minerals in their products. In 2015, the European Parliament required importers, and etc. to report the origins and issue inspection results of minerals to the competent authorities of each country.

① If you have any questions about ethical management, you may contact the channels below.

- TEL: 02-479-9112
- E-mail: [ethics@hhi.co.kr](mailto:ethics@hhi.co.kr)
- Address: (13553) Ethical Management Team, 20F, HD Hyundai Group Global R&D Center, 477, Bundang Suseo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do
- Website: <http://ethics.hdhyundai.co.kr/Html/Consulting/ConsultingEdit.aspx>

### 3. Environment

#### A. Establishment of Environmental Management System

- ① Suppliers must comply with environmental laws and regulations of each country in which they operate their business, and must acquire and maintain all environmental licenses and permits required for business operations. They must comply with the operational and reporting requirements necessary for the licensing process.
- ② Suppliers must operate an environmental management system<sup>3</sup> consisting of organization, plans, procedures, and performance inspections to mitigate the environmental impact of business operations.

#### B. Management of Energy Use and Greenhouse Gas Emissions

- ① Suppliers must establish a system for measuring energy consumption and direct/indirect greenhouse gas emissions company-wide and at each worksite.
- ② Suppliers must continuously seek cost-effective methods to minimize energy consumption and greenhouse gas emissions while increasing energy efficiency.

#### C. Water Resource Management

- ① Suppliers must establish a system for measuring water resource usage and wastewater discharge.
- ② Suppliers must work hard to reduce water resource usage and increase the amount of recycling. In addition, they must manage discharged water pollutants according to legal standards or higher internal standards.

#### D. Air Pollutant Management

- ① Suppliers must establish an air pollutant emission measurement system.
- ② Suppliers must minimize air pollutant emissions via appropriate methods. In addition, they must manage air pollutants emitted according to legal standards or higher internal standards.

#### E. Waste Management

- ① Suppliers must establish a system for measuring waste emissions.
- ② Suppliers must minimize the discharge of landfill or incinerated waste via appropriate methods. Moreover, they must expand waste reuse and recycling and recover discarded raw materials and parts, etc.
- ③ Suppliers must minimize materials that have an environmental impact when landfilling or incinerating wastes by taking into account the entire life cycle of the products they produce.

#### G. Chemicals Management

- ① Suppliers must ensure that chemicals handled in their business operations are safely managed during transport, storage, use, and disposal. Also, they must mark or disclose information that can identify the hazards and harms of the chemicals they handle, and must comply with local laws prohibiting or regulating the use or handling of certain substances.
- ② Suppliers should check whether raw materials and parts that are procured, produced, sold, and distributed contain<sup>4</sup> substances harmful to the human body or the environment.

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<sup>3</sup> ISO14001 standards, and etc. (ISO14001 standards are international standards for environmental management systems (EMS) established by the International Organization for Standardization (ISO) to induce continuous environmental performance and improvement throughout the course of corporate activities. It can be certified by a third party organization if the environmental management is performed in accordance with the applicable standards.)

<sup>4</sup> Matters concerning EU Restriction of Hazardous Substances in Electrical and Electronic Equipment (RoHS) (2006), etc.



## **H. Pollution Control and Reduction of Resource Use**

- ① Suppliers must reduce pollutants such as wastewater and wastes and increase the efficiency of resource and water use by utilizing methods such as efficiency of production and maintenance processes and facilities, raw material substitution, and recycling and reuse of raw materials.

## **I. Responses to Environmental Regulations for Products**

- ① Suppliers must comply with local laws and regulations regarding prohibitions of or restrictions on the use of certain substances, including recycling and disposal labeling related to products.

## 4. Labor and Human Rights

### A. Anti-discrimination (Recognition of Diversity)

- ① Suppliers must not discriminate against employees in terms of employment, promotion, compensation, training, etc. for reason of race, color, age, gender, sexual orientation, ethnicity, disability, medical condition, pregnancy, religion, political affiliation, union membership, national origin, or marital status. Meanwhile, suppliers may not require health check-ups that may be used as grounds for discrimination against employees or job seekers, except in exceptional cases for local laws or workplace safety.
- ② Suppliers must not discriminate against employees in the payment of wages and operation of welfare programs.
- ③ Suppliers must not demand conditions that are not necessary for job performance when recruiting or hiring employees.

### B. Provision of Wages and Welfare Benefits

- ① In compliance with the laws and systems of each country in which they operate, suppliers must pay wages on a fixed date. Wages and deductions must be described on pay stubs in a language that employees can understand.
- ② Suppliers must provide a pleasant working environment for their employees and work hard to offer employee benefits to improve the quality of life.
- ③ Suppliers must conduct compulsory education as stipulated by the laws and systems of each country in which they operate their business. Besides, efforts should be made to develop the careers of employees and strengthen their competencies.

### C. Working Time Management

- ① Suppliers must comply with the legal working hours of each country in which they operate their business, and manage working hours including breaks.
- ② Suppliers must provide fair compensation in case of overtime work, and all overtime work must be done voluntarily with the consent of the employees.
- ③ Suppliers must guarantee their employees at least one holiday per week.

### D. Humane Treatment

- ① Suppliers must respect the privacy of their employees and refrain from ordering them to perform unnecessary tasks outside of working hours.
- ② Suppliers must notify employees in advance when collecting personal information and seek voluntary consent from them.
- ③ Suppliers must not engage in harsh or inhumane treatment of their employees, such as sexual harassment, sexual abuse, corporal punishment, mental or physical coercion, abusive language, or unreasonable restrictions at work, and must not threaten to mete out such a treatment.
- ④ Suppliers must prohibit workplace harassment, which is an act that causes physical or mental pain to other employees or disrupts the working environment by taking advantage of their superiority in position or relationship among employees beyond the scope appropriate for work. For those employees who have been the victims of workplace bullying, suppliers must take appropriate measures, such as redeployment or change of workplace upon request. While they must take necessary measures against the perpetrators, such as disciplinary action or change of workplace.

- ⑤ Suppliers should prepare regulations and procedures that guarantee humane treatment of employees and fully explain them to employees.

#### **E. Guarantee of Freedom of Association**

- ① Suppliers must guarantee employees the right to organize and join an employee council or labor union based on local laws, the right to freely associate with other employees for collective bargaining and peaceful assembly, and the right to not participate in such activities.
- ② Suppliers must not engage in discrimination, retaliation, threats, or harassment in relation to the labor union, and must allow employees and their representatives to freely share their opinions on working conditions and management policies with the management.
- ③ Suppliers must consult with the representatives of employees on collective bargaining issues in an honest manner.
- ④ Suppliers must allow individual employees to freely propose negotiations in the absence of their representatives.

#### **F. Prohibition of Child Labor**

- ① Suppliers are prohibited from any form of child labor in principle, and must verify the age of employees and job applicants through legal documents such as identification cards and birth certificates.
- ② Suppliers must comply with the ILO Convention Concerning Minimum Age for Admission to Employment C138, and must not employ people below the minimum age for employment according to local laws.
- ③ If they hire young people, suppliers must not put them in high-risk work in terms of safety and health (including extended/night work). Also, suppliers must take measures to ensure those young people's educational opportunities are not limited due to labor.
- ④ Suppliers must not receive products and services from business partners involved in child labor or violating relevant laws. If above facts are confirmed, they must take appropriate actions.
- ⑤ When they operate a trainee program, suppliers must take separate management measures to separate it from general employees, and must comply with local laws and regulations.

#### **G. Prohibition of Forced Labor**

- ① Suppliers must put their employees into work in accordance with the Labor Standards Act of each country in which they operate. Also, suppliers must prohibit any form of forced labor or compulsory labor against the will of employees.
- ② Suppliers shall not require employees to submit identification cards, passports, visas, etc. that may restrict their personal activities. In addition, suppliers must not engage in acts of physical/mental restraint, such as assault, intimidation, or confinement, for the purpose of forced labor.
- ③ Suppliers must not receive products and services from business partners involved in physical/mental restraint or forced labor due to debt. When they have confirmed the above fact, the supplier must take action.
- ④ Suppliers must not make employees cover any fees incurred when hiring.

## 5. Safety and Health

### A. Establishment of Safety and Health Management System

- ① Suppliers must comply with safety and health-related laws and regulations of each country in which they operate, and must acquire and maintain all safety and health-related licenses and permits necessary for business operations.
- ② Suppliers must operate a safety and health management system<sup>5</sup> consisting of organization, plan, procedure, and result inspection to prevent safety and health compromising accidents caused by business operations.
- ③ Suppliers must provide safety and health training programs for employees in a language that employees can understand. Safety and health training must be conducted prior to job assignment and on a regular basis, and safety and health-related information must be posted in a visible spot in the workplace.

### B. Safety Management for Machinery, Apparatuses, and Facilities

- ① Suppliers must regularly inspect and evaluate the safety of harmful or dangerous machinery, apparatuses, and facilities within the workplace.
- ② Suppliers must remove physical hazards in advance and take preventive measures through appropriate design, engineering and administrative control, preventive maintenance, and safe work procedures.
- ③ Suppliers must install and manage safety devices, barriers, and emergency devices to prevent safety accidents that might be caused by the use of harmful or dangerous machinery, tools, and facilities in the workplace.
- ④ Suppliers must manage their employees so that they are not exposed to potential safety hazards (chemical substances, electricity and other energy sources, fire, vehicles, risk of falling, etc.).
- ⑤ Suppliers must provide personal protection equipment to protect each employee. Personal protective equipment must be easy and convenient for employees to use, and must be maintained and managed so that it can perform its function.

### C. Emergency Response

- ① Suppliers must establish plans to respond to emergency situations such as natural disasters, mass infections, fires, and safety accidents. Furthermore, suppliers must prepare a manual consisting of reports, responses, and follow-up measures in the event of an emergency.
- ② In order to prepare for emergencies, suppliers must build emergency response capabilities by conducting regular education and training in accordance with the laws of each country in which they operate and their own plans and manuals.
- ③ Suppliers must prepare escape routes, guide lights, fire detectors/alarms, and firefighting facilities in preparation for emergencies, and must check whether they are working properly on a regular basis.

### D. Accident Management

- ① Suppliers must hold procedures and systems to prevent, manage, track, and report occupational accidents or diseases. The system must include provisions to facilitate employee return by encouraging employees

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<sup>5</sup> ISO45001, KOSHA18001 standards, etc. (It is a system that can gradually improve the safety and health system by establishing, implementing, inspecting, and evaluating safety and health principles based on the employer's autonomous policy. For international standards, there is ISO45001 established by the International Organization for Standardization (ISO). For Korean standards, there is KOSHA18001 developed by the Occupational Safety and Health Agency.)

to report irregularities, classifying and recording occupational accidents and illnesses, providing necessary treatment, and correcting root causes.

- ② Suppliers must take necessary measures such as immediately stopping work and evacuating employees in the event of an industrial accident or serious disease.
- ③ In the event of an industrial accident or serious disease, suppliers must investigate the cause and come up with improvement plans.

#### **E. Safety Assessment**

- ① Suppliers must conduct safety risk assessments of the workplace on a regular basis to check whether employees are exposed to accident risks and harmful factors. Suppliers must inform their employees of the assessment results, and in accordance with the results, they must make improvements through technical and administrative measures. If hazards are not sufficiently controlled, suppliers must provide appropriate personal protective equipment to employees.
- ② Suppliers must provide employees with information on accident risks and harmful factors in the workplace based on the safety risk assessment results. Such information must be written in a language that employees can understand and must be placed in an easily accessible place.
- ③ Suppliers must not hire pregnant women, minors, etc. for high-risk work in terms of safety and health. Therefore, suppliers should create a working environment so that the disabled, immigrants, and other socially vulnerable employees do not experience difficulties in their work.

#### **F. Health Management**

- ① Suppliers may provide rest areas, restrooms, cafeterias, etc. to employees, and if they provide such facilities, suppliers should keep them clean.
- ② Suppliers may provide dormitories for their employees, and if dormitories are provided, appropriate emergency exits, safety signs, lighting, air conditioning/heating, firefighting facilities, ventilation, personal lockers or spaces, and reasonable access rights must be provided. In addition, dormitories must have appropriate access control devices for outsiders.
- ③ Suppliers must regularly conduct general health check-ups or special health check-ups for their employees in accordance with the health check-up laws of each country in which they operate their business. According to the health check-up result, if necessary, suppliers must implement measures such as changing the working space of employees, changing duties, and reducing working hours.

## 6. Management System

### A. Establishment of Management System

- ① Suppliers must establish a management system to comply with the Code of Conduct, laws and regulations related to business promotion, and customer requirements. Moreover, their representatives must regularly review the management system operation status, including the implementation of continuous improvement.
- ② Suppliers must disseminate the Code of Conduct or the will to fulfill their conformable social responsibilities both internally and externally.
- ③ Suppliers must share the Code of Conduct or their will to fulfill their conformable social responsibilities within the company through the senior management's New Year's message, internal guidelines, internal bulletin board, etc. Suppliers are encouraged to disclose them externally by utilizing their websites, business reports, promotional materials, etc.

### B. Responses to Laws and External Requirements

- ① Suppliers must understand the latest laws and regulations related to business promotion and customer requirements, and establish and operate a process to reflect them in management activities.

### C. Appointment of Person in Charge

- ① Suppliers must appoint a working-level employee in charge of social responsibility activities.
- ② Suppliers must appoint a manager who supervises the establishment of social responsibility activity plans and implementation status.
- ③ Suppliers must have working-level staff and managers conduct periodic inspection and evaluation of social responsibility activity performance goals and action plans.

### D. Risk Assessment

- ① Suppliers must identify risks in ethics, environment, labor/human rights, and safety/health that may arise in the course of their business operation.
- ② If suppliers find a significant risk, they must prepare and implement measures to mitigate the risk.

### E. Training and Communication

- ① Suppliers must educate their employees on the matters presented in the Code of Conduct and the laws and systems related to the Code of Conduct to encourage their compliance with the law.
- ② Suppliers must share the implementation plans and achievements on the matters presented in the Code of Conduct with their employees, sub-suppliers, and customers.

### F. Information Management

- ① Suppliers must accurately record and manage current status and risk-related information in ethics, environment, labor/human rights, and safety/health.
- ② In cases where the relevant laws or industry groups operating business or important clients with business contracts request the disclosure of relevant information, suppliers shall demonstrate transparency in disclosing such information unless prohibited by law.

### G. Operation of Grievance Settlement System

- ① Suppliers must operate a grievance settlement system through which employees can report it when they confirm or become aware of violations of laws and regulations in ethics, environment, labor/human rights,

and safety/health, or when their individual rights and interests are violated.

- ② Suppliers must create a process to collect employees' opinions on the standards and conditions to which the Code of Conduct applies and promote improvement. Furthermore, suppliers must protect employees from unreasonable measures such as dismissal, threats, retaliation, and ridicule for reporting, etc., and must thoroughly protect the reporter's rights.

#### **H. Management of Business Partners (Sub-suppliers)**

- ① Suppliers must encourage contracted business partners (sub-suppliers) to manage ethics, environment, labor/human rights, and safety/health factors in planning, designing, selling, and manufacturing products or services.
- ② If it is confirmed that a business partner (sub-supplier) is has violated laws and regulations in ethics, environment, labor/human rights, and safety/health, or is aware of related risks, the supplier must ask or induce the business partner (sub-supplier) to make improvements.

#### **I. Compliance with Norms**

- ① In the event of a written inspection or on-site visit conducted by HD Hyundai Construction Equipment or a third party designated by HD Hyundai Construction Equipment regarding compliance with the Code of Conduct, suppliers must provide them with information on compliance with the Code of Conduct and level of compliance.
- ② Suppliers must prepare and manage<sup>6</sup> appropriate documents that can prove compliance with the Code of Conduct. Besides, the document must be prepared based on truth and facts about their business operations.
- ③ Suppliers should establish and implement plans to improve defects or violations identified through written inspections or on-site visits on compliance with the Code of Conduct in a timely manner.

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<sup>6</sup> Appropriate documents refer to the data related to the requirements of this Code of Conduct or that can be used as the basis for answers for each indicator when evaluating the level of implementation. Those documents include; 'Safety and Health Management Regulations of Workplaces prepared in accordance with Article 225 of the Occupational Safety and Health Act (Preparation of Safety and Health Management Regulations),' 'Records of occupational accidents and disease outbreaks prepared in accordance with Article 10 of the Occupational Safety and Health Act (publication of the number of occupational accidents, etc.),' 'Employment Rules prepared pursuant to Article 93 of the Labor Standards Act (Report of Preparation of Employment Rules),' 'Matters concerning the amount of wages, etc. prepared pursuant to Article 48 (Wage ledger) of the Labor Standards Act,' the consent to comply with the ethics charter, emergency manual, working hours log, and work environment assessment results, etc.

## 7. Revision History

(ver.1.0) First publication in June 2022

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