

# HD Hyundai Marine Solution Sustainable Sourcing Policy

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HD Hyundai Marine Solution(HD HMS) is striving to achieve our ESG vision called 'Green Solutions Toward Sustainable Future'. HD HMS intends to establish and operate sustainable supply chain policies in order to fulfill corporate social responsibility, and to establish a healthy corporate ecosystem that grows together by promoting win-win cooperation with suppliers.

In order to establish sustainable and healthy supply chain, HD HMS operates in consideration aspects of human rights management, safety & health, environment and business ethics.

Additionally, HD HMS adheres to the OECD's "Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas" and provides ESG guidance and compliance throughout the entire supply chain.

HD HMS conducts continuous evaluations and monitoring of policies and related processes to ensure compliance with relevant laws, actively address ESG issues, and strengthen our capabilities in ethical supply chain management.

## 1. Sustainable Supply Chain Operation Policy

### Human Rights Management

HD HMS aims for a society that embraces diversity of members without restrictions based on race, gender, age or religion, where all stakeholders are respected. To achieve this vision, HD HMS actively establishes and implements policies related to the protection of our members' human rights, the respect for diversity, and the prohibition of discrimination.

Furthermore, to safeguard the human rights of the entire value chain, communities and various stakeholders beyond our internal members, we implement our efforts to protect human rights throughout the supply chain, including the implementation of human rights protection policies.

## Safety & Health

HD HMS adheres to establishing the highest level of safety standards, in accordance with our core value of 'Safety for us and all'. To achieve this, we have established responsibility/self-safety management system and internalized the safety education infrastructure. Additionally, we are implementing preventive safety management through the establishment of a smart safety working environment based on DT and ICT converged safety.

To foster a pleasant and safe working environment, we are conducting strict management of hazardous chemicals. We also operate a prevention-oriented health management system to provide the best medical services to maintain and improve the health of our members. We continuously improve the working environment through various healthcare programs.

## Environment

As part of our efforts to foster an environment-friendly corporate culture and proactively address climate change, we are striving to achieve carbon neutrality by 2035. We are reinforcing the development of eco-friendly technologies, minimizing the occurrence of environmental pollutants, and conducting pollution prevention management.

## Business Ethics

HD HMS is conducting ethical management based on the values of fairness, ownership, responsibility, enthusiasm, safety, transparency and trust. We have established and complied with the "Charter of Ethics" as a standard of conduct to faithfully fulfill our corporate social responsibility and its original role. You can check the full Charter of Ethics at ([HD Hyundai Charter of Ethics](#)).

Additionally, HD HMS has a Compliance Team, a department dedicated to compliance management, which aims to raise awareness among executives and employees and ensure faithful compliance with related laws and stakeholder needs. The company also conducts regular company-wide training, checks, and reports the results to the board of directors with fair trade self-compliance managers and compliance officers.

HD HMS aims to elevate the level of our compliance management system and declare our commitment to compliance management to suppliers. Consequently, we have introduced a leniency policy that addresses transaction/bid sanctions and offers exemptions/reductions of disadvantages to suppliers that voluntarily report unethical collusion.

HD HMS conducts ethical and responsible procurement by preventing collusion among suppliers through the leniency policy. Additionally, we operate a Collusion Reporting Center for this purpose. For any other inquiries related to unfair trade with suppliers including collusion, please contact to HD Hyundai Collusion Reporting Center ([HD Hyundai HIPRO Collusion Reporting Center](#)).

## 2. Risk Management of Supply Chain Sustainability

Supplier Code of Conduct



HD HMS aims to achieve sustainable growth through continuous cooperation with our suppliers.

To achieve this, we have revised the company's social responsibility pledge into a Supplier Code of Conduct pledge, ensuring that all suppliers can agree to and comply with it.

HD HMS conducts inspections and due diligence to ensure that our suppliers adhere to these standards under a transparent and fair supply chain management policy. We also provide guidance and recommend improvements, including written or on-site inspections or surveys if necessary, to promote ongoing mutual prosperity with our suppliers.

### **Risk Assessment of Supply Chain**

HD HMS strives to establish a sustainable supply chain ecosystem by promoting shared growth through mutual respect and participation of all stakeholders and suppliers related to the supply chain. In order to fulfill the company's responsibilities to the social community, we are also committed to having a systematic way of identifying potential risks that threaten the sustainability of the supply chain.

By establishing a management system that identifies and evaluates risks from the perspective of finance, non-financial, and ESG (environmental, social, and governance) and prepares countermeasures, we objectively evaluate suppliers to identify excellent suppliers, and to stabilize the quality and delivery date of supplied products through incentives for excellent suppliers and sanctions against poor suppliers.

For systematic supply chain risk management, an organizational system for each field is formed and performed, and major issues arising during supply chain ESG risk management are reported to the ESG Committee under the board of directors through the ESG Team

and the Chief ESG Officer.

By analyzing supply chain ESG risk assessment results, we derive major supply chain ESG risks and the ESG management level of our suppliers, and we use supply chain ESG risk assessment results to set the minimum requirements that suppliers must comply with in order to participate in the bidding.

In addition, we select and award outstanding suppliers of ESG management. As for the suppliers who do not meet the requirements, we prioritize them as targets for our supplier ESG management support project (management consulting).

[Risk Assessment & Management of Supply Chain]

	Financial Risk	Supply & Demand Risk	Quality, Delivery, ESG, Innovation, etc.
Subject	*All domestic & foreign suppliers that are registered and deals with		
	Tier 1~3	Tier 1	Tier 1~3
Type	Periodic/non-periodic evaluation close inspection	Prioritize risks such as reputation, disaster, and delay in delivery by evaluating them with impact and urgency	Periodic evaluation (Yearly)
Org. in charge	Purchasing, Rating agencies	Purchasing	Purchasing, ESG, HSE, etc.

Penalty / Incentive	Suspension, etc. to poor suppliers / Financial support (Loan interest)	Preparation of countermeasures for each level  Tier 1 supplier Renewal per year	On/offline ESG training for employees and suppliers  For Grade D or lower, "Sanction Rules for Unfaithful Trading Partners"  Award
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※ Prepared in accordance with the in-house regulations [Supply Chain Risk Assessment / Management Rules]

※ Tier 1 (core manufacturing item): It refers to a key item that requires specialization among equipment procured by HD HMS for business and has a significant impact on the process in the event of a problem.

## Policy on Conflict Minerals

As a global company that envisions a sustainable future and fulfills the responsibilities, HD HMS actively participates in the ban on the use of conflict minerals.

Products such as ships and engines produced by HD HMS incorporate various parts containing minerals such as tin, tantalum, tungsten, and gold. Consequently, HD HMS has established a basic policy to thoroughly investigate the inclusion of conflict minerals based on the OECD Due Diligence Guidance to prohibit illegal mining in 10 African countries (Democratic Republic of Congo, Sudan, Rwanda, Burundi, Uganda, Congo, Zambia, Tanzania and Central Africa) in accordance with the Securities and Exchange Commission's (SEC) requirements for companies under the Dodd-Frank Regulatory Reform Act.

In addition, HD HMS continues to support our suppliers by conducting survey about conflict minerals to assess their awareness and management of conflict minerals. We conduct online ESG education, field diagnosis and consulting to strengthen suppliers' supply chain

management capabilities.

## Grievance System

HD HMS requires the operation of a grievance system to ensure greater transparency and healthiness in the rights of supply chain members.

All stakeholders in the supply chain, including members, suppliers, and customers, can inquire and report issues. We ensure the anonymity and confidentiality of the whistleblower, and does not tolerate any form of retaliation against individuals who raise concerns.

Inquiries and reports received are handled by two or more members of the committee to verify details and facts related to all complaints. We provide necessary information and assistance based on the results of the review.

For any questions about this system or any substantial or potential concerns regarding ethical/compliance issues, please report at HD Hyundai Business Ethics site ([ethics.hd.com](http://ethics.hd.com)).

## Sustainable procurement(Green Purchasing)

HD Hyundai Marine Solution strives to implement green purchasing by prioritizing products that demonstrate improved environmental performance, including Eco-Label certified products, low-carbon certified products that reduce greenhouse gas emissions, and recycled-content certified products that ensure superior quality.

This policy applies to all products purchased or developed for the purpose of sale, as well as to all components and items procured for business operations, including office supplies, consumables, and daily-use goods.

To support and manage green purchasing, the Company will establish



and continuously manage green purchasing criteria based on products that meet relevant certifications and standards, including but not limited to:

- Korea Eco-Label Certification (Ministry of Environment)
- Environmental Product Declaration (EPD)
- Low-Carbon Product Certification (Ministry of Environment)
- Energy Efficiency Rating/Label (Korea Energy Agency)
- High-Efficiency Certification (Korea Energy Agency)

This Sustainable Supply Chain Policy shall take effect as of September 25, 2024, in alignment with the Company's Compliance and Ethical Management framework, as approved by the Chief Executive Officer (CEO).