

# **HD Hyundai Electric**

## **Supply Chain**

### **ESG Management**

#### **Policy**

**June 2024**

# Supply Chain ESG Management Policy

HD Hyundai Electric has established the Supplier Code of Conduct and Supply Chain ESG Risk Management Detailed Rules to build a sustainable supply chain ecosystem and promote co-growth through mutual respect and participation with all stakeholders and suppliers, and to fulfill the Company's responsibilities to the social community. To execute these initiatives, HD Hyundai Electric has formulated the Supply Chain ESG Management Policy.

The scope of the Supply Chain ESG Management Policy spans environmental, social, and governance, and this Policy applies not only to HD Hyundai Electric but also to all partners that trade and form cooperative relationships with HD Hyundai Electric, including suppliers, business partners, and joint ventures that provide products or services to HD Hyundai Electric or provide products or services used in HD Hyundai Electric products.

Through this Supply Chain ESG Management Policy, HD Hyundai Electric will develop response plans for risks that may arise in the future and strive for improvement. HD Hyundai Electric will work with its supply chain partners to create greater value in line with global standards while fulfilling environmental and social responsibilities.

## 1. Supplier Responsibilities and Management Area

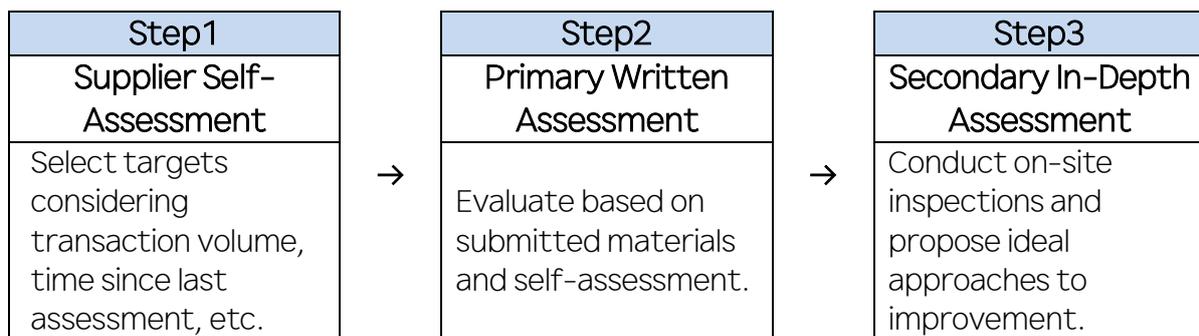
All suppliers in business relationships with HD Hyundai Electric shall comply with HD Hyundai Electric's Supply Chain ESG Management Policy in management decision-making and overall business operations. HD Hyundai Electric and third-party organizations commissioned by HD Hyundai Electric may conduct inspections and due diligence within legally permitted limits to verify whether suppliers are complying with the matters specified in the ESG Management Policy. Suppliers shall establish and execute mitigation plans regarding identified risks for which improvements are recommended.

The Company's supplier ESG management consists of four major areas—environmental, social, safety, and governance—and 39 detailed items.

Area	Detailed Items
Environmental	Environmental management, Energy management, Greenhouse gas, Environmental laws and regulations, Waste, Pollutants, Hazardous chemical substances, Resource recycling
Social	Human rights management, Labor-management consultation, Employment rules, Statutory obligations, Working hours, Employment contracts, Fair trade, Personal information, Social contribution, Rest areas
Safety	Occupational safety and health management, Safety and health organization, Worker opinions, Safety and health training, Risk assessment, Hazardous and dangerous work, Safety inspections, Personal protective equipment, Safety and health signage, Work environment measurement, Musculoskeletal disorders, Chemical safety and health management, Emergency treatment, Emergency situations, Fire safety activities, Health examinations
Governance	Ethical management, ESG management, Stakeholder whistleblowing, Stakeholder communication, Risk management

## 2. Supplier ESG Assessment System

HD Hyundai Electric conducts supplier ESG assessments to reduce supply chain risks. This allows the Company to support suppliers' sustainable management by identifying the ESG risks they face. With the growing importance of supplier ESG assessment (due diligence) in international trade, HD Hyundai Electric will continue expanding its supplier ESG assessments.



### A. Supplier Self-Assessment

ESG assessment targets for suppliers are selected based on criteria such as transaction volume and time since last assessment. Selected suppliers shall conduct a self-assessment of 39 management-related items and submit it along with supporting documents.

## **B. Primary Written Assessment**

ESG assessment is conducted based on the supporting materials and self-assessment results submitted by suppliers.

## **C. Secondary In-Depth Assessment**

Secondary in-depth assessment is carried out according to the results of the primary written assessment. The in-depth assessment consists of on-site inspections and provides both assessment findings and guidance for addressing deficiencies.

## **3. Stakeholder Communication and Remediation Procedures**

HD Hyundai Electric communicates with internal and external stakeholders regarding the supply chain ESG management system, status, and results. It also discloses supply chain ESG risk improvement and mitigation measures in the Sustainability Report or on its website. Additionally, HD Hyundai Electric operates channels for collecting stakeholder opinions, and grievances received are investigated in accordance with procedures to verify damages, which are then addressed through remediation procedures.

This Supply Chain ESG Management Policy has been approved by the CEO and shall be effective as of June 12, 2024.