

# HD Construction Equipment Biodiversity Protection Policy

2024. 12. 11.

---

# Table of Contents

1. Purpose

2. Scope of Application

3. Governance Structure

4. Communication and Disclosure

5. Principles for Biodiversity Protection

6. Implementation Framework

1) Biodiversity Risk Assessment

2) Metric Setting and Target Management

3) Implementation of Mitigation Measures

4) Metric-Based Monitoring

---

## 1. Purpose

HD Construction Equipment has established this Biodiversity Protection Policy with the objective of establishing a systematic framework to protect and enhance biodiversity across all aspects of its business activities, and of identifying, reviewing, and assessing biodiversity degradation and loss risks that may arise in the course of business operations, thereby conserving, restoring, and expanding biodiversity. This Policy has been developed with reference to international biodiversity-related agreements and guidelines, including the Convention on Biological Diversity (CBD), the Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES), and the International Union for Conservation of Nature (IUCN) Guidelines for Applying Protected Area Management Categories.

## 2. Scope of application

This Biodiversity Protection Policy applies to all domestic and overseas business sites, employees, and subsidiaries of HD Construction Equipment. In addition, the Company recommends that customers, suppliers, business partners, and other stakeholders also adhere to this Policy. Furthermore, while implementing biodiversity protection activities based on this Policy, the Company shall prioritize compliance with applicable local laws and regulations.

## 3. Governance Structure

### 1) Accountability

To ensure company-wide implementation of biodiversity protection initiatives, HD Construction Equipment conducts final deliberation and approval through the ESG Committee under the Board of Directors. In addition, the ESG Management Committee, which includes the Chief

---

Executive Officer (CEO) and key decision-makers, oversees and supervises major issues related to biodiversity protection plans and activities.

## 2) Implementation

HD Construction Equipment has designated a department responsible for leading biodiversity protection activities. This department conducts assessments of biodiversity loss risks, establishes strategies for biodiversity protection, and supports the implementation of biodiversity protection activities.

## 4. Communication and Disclosure

### 1) Grievance Handling System

HD Construction Equipment operates the HD Hyundai unethical conduct reporting channel to enable reporting of biodiversity-related grievances arising from business operations, as well as any violations of this Policy. Reporters are guaranteed anonymity in accordance with the "Guidelines for the Protection of Whistleblowers Reporting Unethical Conduct."

<b>Main Reporting Channel - HD Hyundai Ethical Management</b>
---------------------------------------------------------------

- |                                                                                                                                                                                                                            |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"><li>• T E L : 02-479-9112</li><li>• E - m a i l : <a href="mailto:ethics@hd.com">ethics@hd.com</a></li><li>•Homepage : <a href="http://ethics.hd.com">http://ethics.hd.com</a></li></ul> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

---

## 2) Education

HD Construction Equipment enhances awareness of biodiversity protection among employees and internal and external stakeholders through environmental management education, and ensures that biodiversity considerations are incorporated into business operations.

## 3) Information Disclosure

HD Construction Equipment discloses its biodiversity protection activities and performance through external channels that are easily accessible to internal and external stakeholders, including its integrated report and corporate website.

## 4) External cooperation

HD Construction Equipment establishes cooperative frameworks with external organizations, such as local communities and national specialized institutions, to promote biodiversity protection activities. By leveraging the biodiversity-related expertise and understanding of local ecosystems held by external organizations, the Company enhances the effectiveness of biodiversity conservation, restoration, and expansion activities.

---

## 5. Principles for Biodiversity Protection

- 1) HD Construction Equipment strives to prevent biodiversity loss (No Net Loss) and to achieve a Net Positive Impact with respect to biodiversity by 2050.
- 2) HD Construction Equipment actively participates in relevant initiatives to promote biodiversity protection.
- 3) HD Construction Equipment endeavors to protect biodiversity by taking into consideration domestic and international laws and regulations related to biodiversity and wildlife protection, as well as the IUCN Protected Area Categories (IUCN Category I–IV Protected Areas).
  - ① **Internationally Recognized Conservation Areas (e.g., IUCN Category Ia)**

Areas in which natural ecosystems recognized by the international community are established and diverse species thrive. These areas are free from human influence and may be damaged or destroyed even by minimal human intervention.
  - ② **Intact Wilderness Areas (e.g., IUCN Category Ib)**

Areas that preserve pristine wilderness ecosystems and are inhabited by indigenous communities maintaining traditional wilderness-based lifestyles. Only minimal impacts for educational and scientific purposes are permitted in these areas.
  - ③ **National-Level Protected Areas (e.g., IUCN Category II)**

Areas designated at the national level to permanently conserve natural ecosystem formation processes. These areas are of high importance for the protection of native flora and fauna, as well as for religious, scientific, educational, recreational, and tourism purposes.
  - ④ **Natural and Cultural Heritage Areas (e.g., IUCN Category III)**

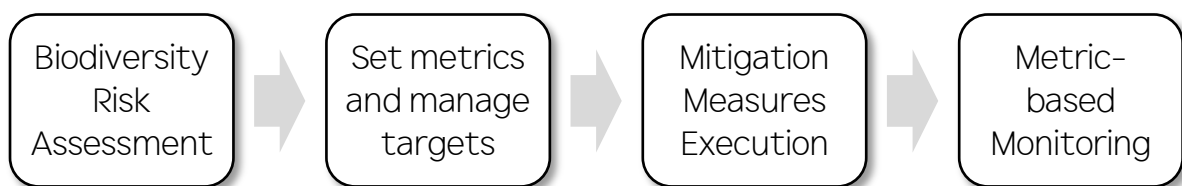
Areas consisting of natural ecosystems formed naturally or shaped by religious and cultural influences, which possess high historical and documentary value from archaeological, anthropological, historical, and geographical perspectives.
  - ⑤ **Species and Habitat Management Areas (e.g., IUCN Category IV)**

Areas designated by international, national, or local authorities for the protection of species and habitats, where active management and intervention are required to enhance biodiversity.

---

## 6. Implementation Framework

In accordance with this Biodiversity Protection Policy, HD Construction Equipment operates a framework to protect biodiversity at and around its business sites. Where laws and regulations require biodiversity-related actions in relation to business operations, or where stakeholders raise reasonable concerns regarding biodiversity degradation or loss, the Company conducts biodiversity risk assessments. When biodiversity-related risks are identified, HD Construction Equipment establishes biodiversity management metrics and targets, and builds a risk management process and a metric-based monitoring process that implement mitigation measures (conservation, restoration, and expansion). In particular, the Company conducts impact assessments on soil and water environments in adjacent communities and operates a risk monitoring system based on the assessment results.



### 1) Biodiversity risk assessment

Based on the LEAP approach of the TNFD framework, HD Construction Equipment identifies dependencies and impacts on natural capital at and around its business sites, and establishes a strategic foundation for biodiversity-related management by identifying risks and opportunities through scenario analysis.

### 2) Metric Setting and Target Management

#### ① Metric Setting

Based on the results of biodiversity risk assessments, HD

---

Construction Equipment identifies protected species and protected areas affected by business operations and establishes metrics for their management.

## ② Target Management

Targets are set by comprehensively considering risk assessment results, domestic and international regulations and trends, and stakeholder opinions, and progress toward implementation is periodically reviewed.

### Key biodiversity risk assessment and managed ecosystem indicators

- |                                                |                                                                          |
|------------------------------------------------|--------------------------------------------------------------------------|
| - Water Availability: Water Stress             | - Cultural Heritage: World Cultural Sites and Natural Heritage           |
| - Flooding: Impact of river overflow           | - Species diversity: species richness                                    |
| - Soil: Soil topsoil loss                      | - Climate: Risk of heat waves                                            |
| - Water quality: eutrophication                | - Interface with nature: Exposure to natural vegetation                  |
| - Air quality: concentration of air pollutants | - Interface with sensitive areas: Protected areas and endangered species |

## 3) Implementation of mitigation measures

Based on the established metrics and targets, HD Construction Equipment implements area-based mitigation measures (conservation, restoration, and expansion). Where necessary, the Company cooperates with stakeholders to implement measures that minimize the negative impacts of business operations.

## 4) Metric-based monitoring

HD Construction Equipment monitors the effectiveness of mitigation measures (conservation, restoration, and expansion) and reviews the appropriateness of quantitative management metrics and progress toward target achievement.