

HHI Policy on Conflict Minerals

Introduction

The issue of minerals, including tin, tantalum, tungsten, and gold, illicitly extracted from conflict and high-risk regions, such as the Democratic Republic of the Congo and neighboring areas, continues to be a matter of concern. Consequently, HD Hyundai Heavy Industries (HHI) recognizes the significance of supply chain management of addressing this challenge within our supply chain.

Conflict Minerals

Products such as ships and engines manufactured by HHI comprise various components that incorporate minerals like tin, tantalum, tungsten, and gold.

As a global corporation dedicated to envisioning a sustainable future and fulfilling our corporate responsibilities, HHI is committed to safeguarding human rights and the environment in conflict-affected areas. We achieve this through the establishment of a conflict mineral management system and active engagement with our suppliers. Following the OECD Due Diligence Guidelines, we are diligently managing the minerals used in our products and endeavoring to encourage our suppliers' participation by adhering to international guidelines for suppliers Code of Conduct.

HHI's Commitments

HHI recognizes that funds generated from the trading of minerals in conflict and high-risk areas, such as African conflict countries, can flow into armed forces in those countries or neighboring regions. This can result in the harm and suffering of their citizens and have adverse effects on society and the environment, including human rights abuses, violations, and environmental destruction.

Therefore, HHI 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.

- (1) **Tin (Sn):** Mainly used for soldering and plating, tin is now widely incorporated into most electrical and electronic products and components. It is primarily produced in several countries in Central Africa, China, and Indonesia.
- (2) **Tantalum (Ta):** Tantalum finds applications in electrical and electronic products, as well as in parts of electrical and precision alloys used in automotive and aerospace products demanding high reliability. 70-80% of the world's reserves are located in the Democratic Republic of the Congo.
- (3) **Tungsten (W):** Known for its high strength and melting point, tungsten is extensively utilized across the electronics, automotive, and aerospace industries, primarily in the form of compounds or alloys. The majority of tungsten production occurs in China, with some originating from Central Africa.
- (4) **Gold (Au):** Gold is employed in IT and semiconductor components, medical devices, contracts, and other applications.

HHI has requested our suppliers to follow the guidelines and comply with the use of conflict minerals as outlined in our Supplier Code of Conduct. This information is also available on our procurement website below.

[HIPRO HHI INTEGRATED PROCUREMENT CENTER \(hipro.hhi.co.kr\)](http://hipro.hhi.co.kr)

<https://hiproscm.hhi.co.kr/HomePage/WinWin/vndact>



HHI is conducting a conflict minerals survey among our suppliers to assess their awareness and management practices related to conflict minerals.

Additionally, we offer online ESG training, on-site assessments, and consulting services to enhance their awareness of conflict minerals and continuously strengthen their conflict minerals management capabilities. We also provide ESG guidelines to systematically support their implementation.

As part of our commitment to promoting responsible business practices, HHI conducted ESG training, including conflict minerals policies, for 35 suppliers in 2022 and extended the program to 40 suppliers in 2023.

HHI confirmed, through a survey* on the utilization of contentious minerals, that awareness among our suppliers regarding these minerals is relatively low. Consequently, we are committed to ongoing education and consulting efforts aimed at enhancing awareness of conflict minerals. This commitment is reflected in our designation of improving conflict mineral awareness and assessing the current status as a key objective within our supplier ESG support project.

Recognition of 'Conflict Minerals'	KNOWN	UNKNOWN
	136 (18.3%)	606 (81.7%)

* April 14th to April 21st, 2023, a total of 742 companies participated

Furthermore, HHI will strive to broaden our socially responsible mineral procurement policy by seeking consent from our suppliers to engage in activities that discourage the use of illegally or unethically mined conflict minerals.

HHI's Pledge

HHI remains steadfast in enhancing our internal conflict minerals management system and proactively addressing global mineral issues. We will do our best to achieve our ultimate goal that is to ensure that mineral mining does not serve as a source of funding for armed forces in conflict zones and to practice ethical mineral procurement that uphold human rights and environmental protection.