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<b>Managed by</b>	Sustainability Management Team

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**Hyundai Motor Company**  
**No Deforestation Policy**

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2022. 06. 30

## **1. Preamble**

### **A. Purpose of enactment**

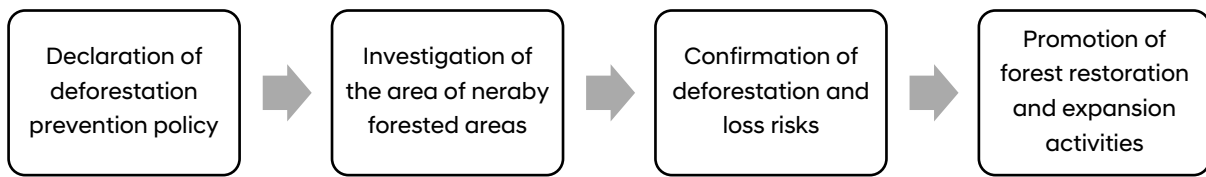
Hyundai Motor Company declares this deforestation prevention policy to prevent deforestation that may occur in the overall business operation, such as the purchase/procurement of raw materials, the operation of business sites, the distribution/sale of products, the collection/recycling of waste products, etc., and at the same time to protect forests of local communities. This deforestation prevention policy has been established by referring to the UN Strategic Plan for Forests and GFGs, UN Reducing Emission from Deforestation and Forest Degradation Plus Conservation, and IUCN Guidelines for Applying Protected Area Management Categories.

### **B. Coverage**

Hyundai Motor Company's domestic production plants, overseas production subsidiaries and other subsidiaries, etc. shall be subject to this deforestation prevention policy. In addition, Hyundai Motor Company shall recommend this deforestation prevention policy to stakeholders such as suppliers and business partners and spread/disseminate the need to prevent deforestation and protect local communities. Hyundai Motor Company shall manage deforestation risks throughout its business operation based on this deforestation prevention policy. If there are local laws/regulations related to the prohibition of deforestation, the protection of forested areas, the logging and use of wood products, Hyundai Motor Company shall comply with them as priorities.

### **C. Implementation procedure**

Following this deforestation prevention policy, Hyundai Motor Company shall operate a management system to protect the business site and its surrounding areas or nearby forest areas. Each business site shall investigate the forest area adjacent to the business site and identify risk factors for forest destruction or loss in the area, in consideration of the natural environment characteristics of each country/region where business sites are located, when required by laws and regulations, or when a stakeholder such as a local community raises a reasonable concern about forest degradation or loss. Hyundai Motor Company shall maintain/protect the green area inside and around its business sites and promote activities to restore and expand forested areas through cooperation with local communities.



## 2. Declaration

### A. Goal

Hyundai Motor Company shall do its best to prevent deforestation throughout its business operations, such as the purchase/procurement of raw materials, its business sites, the distribution/sale of products, and the collection/recycling of waste products, etc. To this end, Hyundai Motor Company shall contribute to preventing deforestation in the community, forest conservation, and improvement of forest carbon absorption through carbon offset programs including REDD+ (Reducing Emission from Deforestation and Forest Degradation Plus Conservation) activities as well as maintaining/protecting the green area inside the business site and surrounding areas.

#### ① [Future Reforestation]

Hyundai Motor Company shall actively promote afforestation and reforestation activities to help the natural ecosystem flourish.

#### ② [End All Deforestation]

Hyundai Motor Company shall complete a value chain structure that operates a business without deforestation in the mid-to-long term.

#### ③ [Carbon Offset]

Hyundai Motor Company shall offset the remaining greenhouse gas emissions through carbon offsetting activities (REDD+, etc.) by 2045.

### B. Protected area

Hyundai Motor Company defines a forest protected area, considering the landscape and

topography/geological characteristics provided by forests, composition/role/potential of biodiversity inhabiting forests, and other forests' historical/cultural/scientific/educational significance. Hyundai Motor Company intends to plan and implement forest protection-restoration-expansion activities by prioritizing the following protected areas.

① **International Conservation Area (IUCN Category Ia etc.)**

An area where a natural ecosystem recognized by the international community is established, and various species prosper. An area that has not been affected by anthropogenic factors and that can be destroyed even by the slightest human influence.

② **Primordial Integrity Area (IUCN Category Ib etc.)**

An area that maintains the natural ecosystem of the pristine wilderness and is inhabited by an indigenous community with a pristine and wild lifestyle and allows only minimal impact for educational/scientific purposes.

③ **National Protected Area (IUCN Category II etc.)**

An area designated at the national level to permanently preserve the natural ecosystem formation process. An area of high importance for protecting native flora and fauna, religious, scientific, educational, recreation/tourism, etc.

④ **National and Cultural Relics Area (IUCN Category III etc.)**

An area with high historical value from the viewpoint of archaeology/anthropology/history/geography as a natural ecosystem formed naturally or through faith and culture.

⑤ **Species/Habitat Management Area (IUCN Category IV etc.)**

An area designated by an international, national, or local organization to protect species and habitats and requires active management/intervention to promote biodiversity.

### **C. Inspection procedure**

Hyundai Motor Company shall establish a procedure to monitor 1) the current status of deforestation and 2) the possibility of potential deforestation risk to achieve the 'goal' of this deforestation prevention policy, focusing on areas near business sites and protected areas. Hyundai Motor Company shall prepare a response system that can take appropriate measures to protect or restore forest areas when deforestation is confirmed or the risk of deforestation is recognized. In addition, Hyundai Motor Company shall monitor whether forest area protection or restoration measures are being implemented as planned.

- ① Hyundai Motor Company regularly surveys the green area within its business sites and strives to maintain/expand the green area.
- ② Hyundai Motor Company shall recommend that suppliers monitor and mitigate deforestation risks during business operation as part of the 'Supplier Code of Conduct.'
- ③ Hyundai Motor Company shall monitor the risk of deforestation occurring at the sourcing process of raw materials to procure materials sustainable in the mid-to-long term and review a restoration plan for the place of origin where deforestation has occurred.
- ④ Hyundai Motor Company shall manage issues raised by stakeholders (local residents, etc.) who engage in economic activities or live in forested areas affected by business operations.

## 3. Management

### A. Governance

#### ① Responsibility

Hyundai Motor Company shall manage/supervise deforestation risk through the management committee, etc., where the highest decision-makers or major decision-makers participate. The primary role of the management body shall include deforestation risk review, deliberation on deforestation risk response plan, and other matters deemed necessary for forest protection-restoration-expansion, etc. Hyundai Motor Company's Board of Directors or sub-committees (Sustainability Management Committee, etc.) shall review/deliberate on the response to laws and regulations on deforestation that have a significant impact on business operation, deforestation monitoring and prevention planning, and related investment decision-making, etc.

#### ② Implementation

Hyundai Motor Company shall have an organization that implements deforestation prevention policies at its headquarters and business sites to perform related tasks. The primary role of the deforestation prevention organization shall include the operation of deforestation risk monitoring

procedures, the implementation of forest protection-restoration-extension activities, receiving and handling forest-related grievances, education and dissemination to prevent deforestation, and cooperation with external stakeholders and partner organizations, etc.

## **B. Grievance and Handling**

### **① Filing a grievance**

Hyundai Motor shall operate a channel through which employees and other organizations (individuals) can report grievances related to deforestation that arise in the course of business operation.

#### **Reporting channels**

- **Name of department: Sustainability Management Team**
- **E-mail: ESG@hyundai.com**
- **Phone: +82 2-3464-4773, Fax: +82 2-3464-3477**
- **Mail: Sustainability Management Team, Hyundai Motor Company Headquarter / 12, Heolleung-ro, Seocho-gu, Seoul, Republic of Korea**

### **② Grievance handling**

Hyundai Motor Company shall prepare countermeasures for reported cases of deforestation in consideration of court precedents, regulations of the competent authority, and past internal handling practices. If the reported case is highly likely to violate laws/regulations, exert influence on local residents' property rights, etc., or spread to corporate reputation/reputation risks, the highest decision-making body, such as the Management Committee, discusses countermeasures.

## **C. Education and diffusion**

### **① Education**

Hyundai Motor Company shall improve the awareness of the need for forest protection-restoration-expansion through environmental management education for its employees. Hyundai Motor Company shall enhance the understanding of the importance and necessity of

forest and encourage its employees to consider forest protection in its business processes. The Company shall also encourage its employees to report any deforestation-related issues when found.

### **② Information disclosure**

Hyundai Motor Company shall disclose forest protection-restoration-expansion activity and performance information through its website, sustainability report, or a separate channel. The Company shall disclose relevant information through channels easy to access and clearly understandable by stakeholders, including executives and employees.

### **③ External cooperation**

Hyundai Motor Company shall establish a cooperative system with external expert agencies and non-profit organizations to promote forest protection-restoration-expansion activities. Hyundai Motor Company promotes the effectiveness of forest protection-restoration-expansion activities based on the expertise in the forestry field possessed by external organizations and an understanding of the specificity of the local forest area.

## **D. Performance management**

### **① Performance goal setting**

Hyundai Motor Company shall set and manage mid-to-long-term performance improvement goals regarding afforestation and reforestation for the prosperity of natural ecosystems, the completion of business operation structure without deforestation, and the offsetting of residual greenhouse gas emissions through forest carbon offset activities (REDD+, etc.) in developing countries. Hyundai Motor Company shall set performance improvement goals by comprehensively considering domestic and foreign laws and regulations, industrial forest protection-restoration-expansion trends, and deforestation risks identified in the value chain.

### **② Implementation status check**

Hyundai Motor Company shall check the implementation status of the mid-to-long-term forest

protection-restoration-expansion goal. The Company shall comprehensively consider the effectiveness of the activities pursued to achieve the goal and difficulties in implementing the goal and the implementation rate against the target. If necessary, Hyundai Motor Company shall adjust its mid-to-long-term performance improvement goals based on the inspection results.

### ③ Management performance evaluation

Hyundai Motor Company shall reflect mid-to-long-term forest protection-restore-expansion goals and implementation status in management key performance indicators (KPIs) and manage them.

## 4. Activities & Performances

### A. The IONIQ Forest

#### ① Activities

- Hyundai Motor Company promotes afforestation and reforestation activities to prosper natural ecosystems and create a pleasant environment for mankind.
- Hyundai Motor Company has planted species that reduce fine dust in cooperation with the SUDOKWON Landfill Site Management Corporation and Tree Planet since 2016.
- Hyundai Motor Company carried out activities to preserve native species of Sinsido National Recreation Forest and afforestation activities since 2021.

#### ② Performance goal

- By 2023, Hyundai Motor Company aims at planting total 40,000 trees.

(The IONIQ Forest project has been promoted since 2016.)

#### ③ Implementation status

- Hyundai Motor Company has planted total 23,250 trees from 2016 to 2020. (58.1% of the target achieved)
- Hyundai Motor Company has planted total 31,150 trees by June 2022. (77.9% of the target achieved)



## B. Green areas of major business sites

- Hyundai Motor Company creates and keeps track of the green areas (areas created for blocking or alleviating pollution such as soot, noise, vibration, and odors, or for an eco-friendly and pleasant production environment) around Hyundai Motor's business sites.
- Hyundai Motor Company carries out projects to preserve the ecosystem and protect biodiversity of the green area if there is a natural ecosystem within the green area of the business site.

Business site name	Business site area (ha)	Building area (ha)	Green area (ha)	*Green area ratio (%)
Ulsan Plant	489	253	52	22%
Asan Plant	157	43	58	51%
Jeonju Plant	127	48	12	15%

\* Green area ratio (%) = Green area / (Business site area – Building area)

## C. Protected areas near business sites

- Hyundai Motor Company keeps track of the forest protection areas (national parks, provincial parks, county parks, natural recreation forests, etc.) and forest area around the Hyundai Motor's business sites.
- In principle, the business operation shall not have a negative environmental impact on the forest protection area, and if necessary, Hyundai Motor Company carries out activities to protect, restore, and expand the forest and natural landscape in the area.

Business site name	Nearby protected areas (national parks etc.)		area (ha)
Ulsan Plant	Provincial park	(Gajisan) Sangbuk-myeon, Ulju-gun, Ulsan	3,019
	County park	(Sinbulsan) Sangbuk-myeon, Ulju-gun, Ulsan	1,158

Asan Plant	Natural recreation forest	(Younginsan) Asalli, Yeongin-myeon, Asan-si, Chungcheongnam-do	124
Jeonju Plant	Provincial park	(Moaksan) Jungin-dong, Wansan-gu, Jeonju-si, Jeollabuk-do	629

## 5. Addendum

① This no deforestation policy shall be enacted and enforced as of 2022. 06. 30.