

CONFLICT MINERALS REPORT 2023

HDKSOE Policy on Conflict Minerals

Introduction

The ongoing issue of illegal mining of minerals like tin, tantalum, tungsten, gold, and cobalt in conflict zones, including ten African countries (Democratic Republic of the Congo and its neighboring countries), has been recognized by HD Korea Shipbuilding & Offshore Engineering ("HDKSOE") and its shipbuilding subsidiaries. We also acknowledge the continuing requirement for businesses to "buy responsibly" in this regard.

Tin, tantalum, tungsten, gold, and cobalt are among the minerals found in various components of ships and engines built by HDKSOE and its shipbuilding companies. Establishing responsible mineral management systems and encouraging our suppliers to join us, HDKSOE and its shipbuilding subsidiaries are constantly working to protect the environment and human rights in conflict zones. As a global company, we aspire to a sustainable future and are committed to doing our part.

Our work is revealed in this report.

(Duration of Activity : from 1st Jan, 2023 to 31st Dec, 2023)

Responsible Mineral Sourcing Policy

Policy

HDKSOE, along with its shipbuilding subsidiaries, is dedicated to upholding its global corporate responsibility for a sustainable future. This includes actively engaging in responsible mineral sourcing and actively opposing the use of conflict minerals.

Creating a conscientious supply chain management framework and including our suppliers in it is among the most crucial measures we can take to safeguard the environment and human rights.

Our commitment to protecting and defending human rights is demonstrated by our enforcement of our "Supplier Code of Conduct" and our Code of Conduct.

Violations of human rights and environmental degradation, including the use of child labor, are serious issues for HDKSOE and its shipbuilding subsidiaries. We are dedicated to eliminating these issues and safeguarding the rights and safety of mine workers.

In addition to adhering to all applicable rules and regulations as well as the demands of other international organizations, HDKSOE and its shipbuilding subsidiaries will also consistently enhance their management system. We continue to manage conflict minerals and cobalt responsibly, and we require our suppliers to comply through the "Supplier Code of Conduct."

Responsible Mineral Sourcing Policy

We base this on the OECD Guidance (OECD Due Diligence Guide on Responsible Supply Chains of Conflict Minerals), the EU's Conflict Minerals Regulation, and the US Securities and Exchange Commission's (SEC) requirements for companies under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

We put forth great effort to mitigate the adverse impacts of extraction of minerals, including violations of human rights and destruction of the environment.

Responsible Mineral Sourcing Policy

Conflict and Responsible Minerals

Minerals that originate from nations experiencing violence, like the Democratic Republic of the Congo or its bordering countries, include tin, tantalum, tungsten, and gold. The Democratic Republic of the Congo and its nine neighbors—Sudan, Rwanda, Brundi, Uganda, Congo, Zambia, Angola, Tanzania, and Central Africa—are the target nations.

HDKSOE and its shipbuilding subsidiaries are aware that the mining and distribution of minerals in conflict zones, including 10 African countries (Democratic Republic of Congo and its neighboring countries), are causing human rights violations and environmental degradation, and that the funds generated from conflict minerals are funneled to armed groups in these countries, which not only kill their own people, but also cause human rights problems such as human rights violations of local people and exploitation of labor in the mineral extraction process.

We prohibit the use of 3TG conflict minerals (tin, tantalum, tungsten, and gold) that are unethically mined in these conflict areas. We have also established a basic policy to thoroughly investigate the inclusion of conflict minerals in our products and operate a supplier management process to provide customers with products that have been produced and distributed legally and ethically.

Responsible Mineral Sourcing Policy

HDKSOE and its shipbuilding subsidiaries are committed to managing their supply chains to include not only conflict minerals, but also minerals whose extraction raises concerns about human rights abuses or environmental degradation. To this end, we will continue to monitor newly controversial minerals and consider additional countermeasures.

Responsible Mineral Sourcing Policy

Resolution of HDKSOE

In addition to making sure that mineral purchases are sustainable, socially conscious, and uphold human rights and environmental protection, HDKSOE and its shipbuilding subsidiaries have a commitment to actively addressing global mineral issues. We also aim to prevent mineral extraction from serving as a funding source for armed groups operating in conflict zones.

Target Minerals

Minerals like tin, tantalum, tungsten, gold, and cobalt are found in various components of ships and engines manufactured by HDKSOE and its shipbuilding subsidiaries. We continue to advise and oversee our suppliers on the use of these minerals and cobalt, which are mined illegally or unethically in ten African countries that are designated as conflict zones (Democratic Republic of Congo, Sudan, Rwanda, Brundi, Uganda, Congo, Zambia, Angola, Tanzania, and Central Africa).

Conflict Minerals (3TG : Tin, Tantalum, Tungsten and Gold)

(1) Tin (Sn, element symbol)

- Utilized in the majority of electrical and electronic devices and components, utilized for soldering and plating
- Primarily manufactured in China, Indonesia, and a few Central African nations

(2) Tantalum (Ta, elemental symbol)

- Utilized in precision alloys and electrical components which require to be highly reliable in extreme environments

(3) Tungsten (W, elemental symbol)

- Because of its high strength and melting point, this material is used mostly as an alloy or compound in the electronics, automotive, and aerospace industries.

(4) Gold (Au, elemental symbol)

- Used in semiconductors, medical equipment, electrical and electronic items, contracting, etc.

Target Minerals

※ Cobalt (Co, elemental symbol)

- Mostly utilized in lithium-ion batteries for electric cars, cell phones, etc., cobalt (elemental symbol Co)
- International attention has been drawn to human rights breaches in small-scale mining, despite the fact that it is not one of the four major conflict minerals.
- Because of the widespread focus, it has become recognized as one of the primary responsible minerals.

Major Activities

Establishing Policies

The "Supplier Code of Conduct" of HDKSOE and its shipbuilding subsidiaries addresses responsible supply chain management and can be found on the HIPRO procurement website as follow;

HIPRO Procurement Website: [HIPRO\(Click\)](#)



illegally/unethically mined minerals and engage in responsible mineral sourcing, and continue to work towards the wider implementation of socially responsible mineral sourcing policies.

A conflict minerals report is published by us to reveal the outcomes of actions carried out in compliance with the conflict minerals management policy and procedures. We have also developed a conflict minerals management policy based on international guidelines, including those of the US, EU, and OECD, and posted it on our websites.

Major Activities

Increasing Suppliers' Awareness

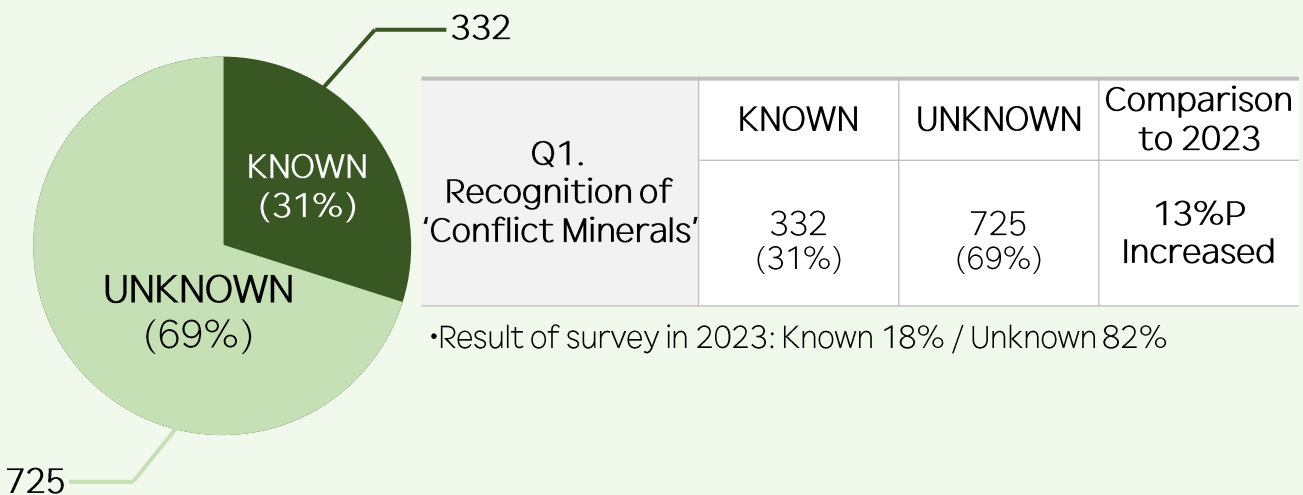
The responsible supply chain management section of the "Supplier Code of Conduct" is one way that HDKSOE and its shipbuilding subsidiaries encourage their suppliers to participate in the ban on the use of conflict and responsible minerals. We have also developed and promoted our own policies and given continuous guidance and training to our suppliers on these issues.

Due Diligence on suppliers and Risk Identification

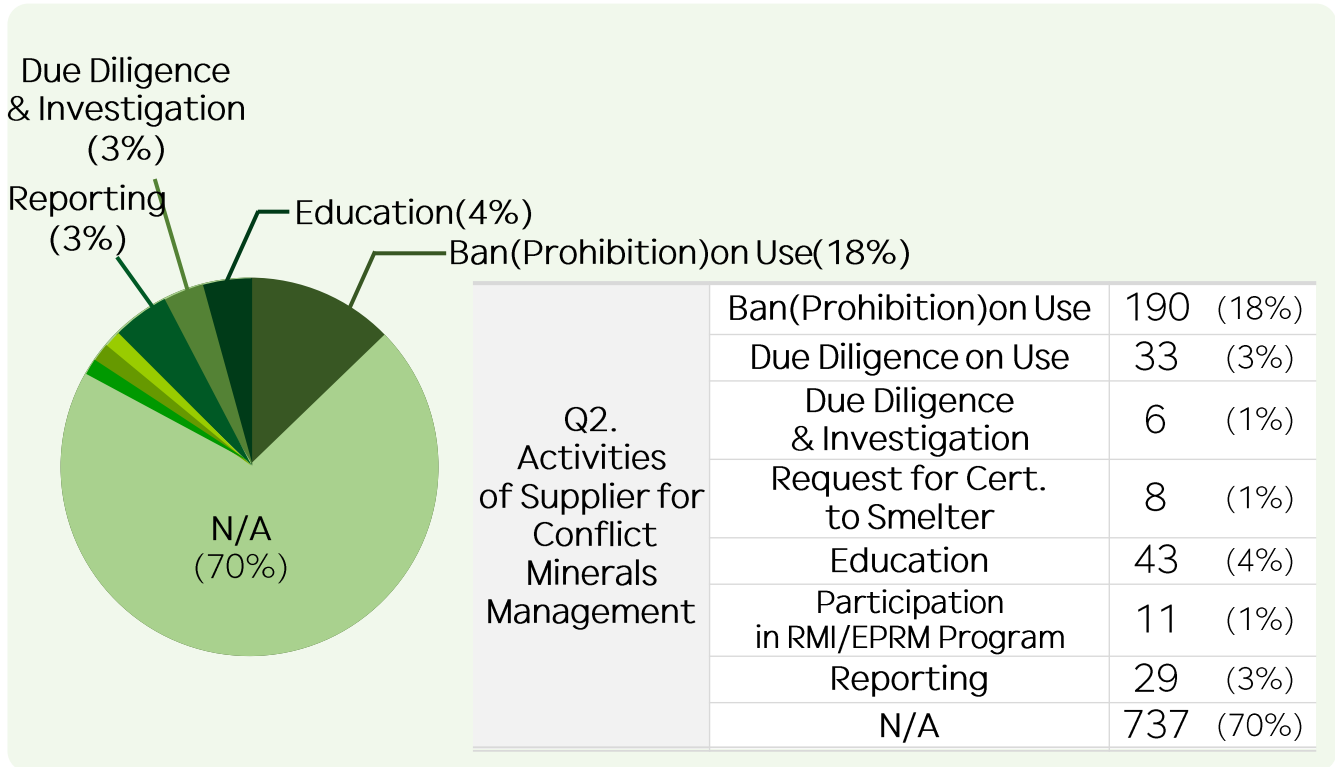
The utilization of tin, tantalum, tungsten, gold, and cobalt was surveyed. In comparison to the previous year, 2023, the first tier suppliers' study revealed a slight improvement in conflict mineral awareness.

[Survey: Supplier's awareness of Conflict Minerals]

- From 1st Apr, 2024 to 17th Apr, 2024
- Number of participating suppliers : 1,057



Major Activities



In addition to keeping an eye on suppliers' conflict minerals management practices, HDKSOE and its shipbuilding subsidiaries are working to improve their own procedures. One of our main suppliers, POSCO, in particular, is a member of the Responsible Minerals Initiative (RMI), which promotes smelters in its supply chain to get third-party certification when registering new suppliers or entering into contracts. In the case of minerals originating from Conflict Affected and High Risk Areas (CAHRA), 100% of its raw materials are produced by smelters certified by the RMI Association.

Major Activities

In the future, we will continue to designate conflict mineral awareness and status checks as one of our ESG support initiatives for our suppliers, and provide training and consulting to improve conflict mineral awareness.

Furthermore, we will ask our suppliers to commit to engaging in activities that do not involve the use of conflict minerals that have been illegally or unethically mined in order to facilitate the expansion and implementation of socially responsible mineral purchasing policies.

Major Activities

Our Pledge

We remain 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.