

building a
comfortable
tomorrow

2024
SUSTAINABILITY
REPORT



About this Report

About this Report

HD Hyundai Construction Equipment is committed to embedding ESG (Environmental, Social, and Governance) management across all aspects of its operations. To communicate our financial and non-financial performance and demonstrate how these contribute to long-term corporate value, we publish this Sustainability Report for our stakeholders. This report focuses on material topics identified through a double materiality assessment and highlights HD Hyundai Construction Equipment's efforts and achievements in implementing sustainable management.

Reporting Principles

This report has been prepared in accordance with the requirements of the GRI (Global Reporting Initiative) Standards 2021, the global framework for sustainability reporting. The material topics identified through a double materiality assessment have been described with reference to the ISSB's IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information. In addition, to reflect industry-specific material topics, the SASB (Sustainability Accounting Standards Board) Industry-specific standards were applied. The report was also prepared in consideration of the disclosure recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) for climate-related information and the TNFD (Taskforce on Nature-related Financial Disclosures) for nature-related information. All financial information presented in this report has been prepared in accordance with Korean International Financial Reporting Standards (K-IFRS).

Reporting Period

This report focuses on HD Hyundai Construction Equipment's sustainability activities and performance from January 1 to December 31, 2024. To help readers identify year-over-year trends, the report includes four years of quantitative data spanning from 2021 to 2024. To ensure timely and relevant disclosure, this report includes select key achievements from the first half of 2025, up to its publication date.

Reporting Scope

HD Hyundai Construction Equipment's consolidated financial statements include the financial information of our headquarters and nine overseas subsidiaries. Our ESG management activities and performance reporting primarily cover our headquarters and business operations in Korea. Some qualitative and quantitative data also reflect information from global operations. In the cases where quantitative data from global operations is reported, each site is separately identified within the 'ESG Databook.'

Reporting History

HD Hyundai Construction Equipment has been publishing a sustainability report every year since 2020.

Independent Assurance

This report has been verified by an independent third party to ensure accuracy, faithful representation, objectivity, and reliability. The verification results can be found in the Appendix.

Disclaimer on Forecast Information

The forward-looking activities, events, and phenomena described in this report are based on plans and financial forecast as of the time of publication, and rely on various assumptions related to future business environments. Although these plans and assumptions were developed through detailed analysis of both external conditions and internal strategies, actual outcomes may vary depending on changes in the surrounding environment. Please note that this report also includes risks, uncertainties, and other factors that may cause significant differences between projected and actual results.



Cover Story

This report is guided by the core message: 'Transparency Within Strength, A Responsible Future Driven by Technology,' reflecting HD Hyundai Construction Equipment's sincere commitment to sustainable management. The cover features the HW155H, a next-generation excavator equipped with a hydrogen fuel cell that achieves zero carbon emissions. As a symbol of sustainable technology, it embodies the company's vision for a sustainable future.

Publishing Information

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INTRODUCTION

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Letter from the CEO



To our stakeholders,

Despite an increasingly uncertain global business environment, HD Hyundai Construction Equipment continues to drive technological innovation and embed ESG management across our operations, striving for sustainable growth with unwavering commitment. This progress stems from our brand philosophy of 'Comfort Intelligence,' which seamlessly integrates ESG values with technical innovation.

These achievements have been made possible thanks to the steadfast trust and dedication of our employees and stakeholders, each of whom has given their best in their respective roles. I would like to extend my deepest gratitude to all.

While we celebrate these achievements, we remain committed to further progress. We will continue to pursue sustainable growth across various domains in the future through ongoing efforts in manufacturing innovation, technology development, and supply chain establishment.

We will achieve fundamental innovation in manufacturing competitiveness.

We are driving fundamental innovation in manufacturing competitiveness by building a smart factory that integrates AI-based control technologies and automation capabilities. Completed in May 2025, the Ulsan Campus Smart Factory now serves as our global mother plant, producing competitive products that are paving the way into global markets. More than just a production facility, the Ulsan Campus will be poised to become a hub for sustainable technological innovation.

We will proactively respond to paradigm shifts through technological innovation.

We are driving innovation in electrification technologies to proactively lead the paradigm shift in the global construction equipment industry. By focusing on the development of future product lines—including electric and hydrogen-powered excavators and advanced autonomous solutions—we are securing a technological edge in a rapidly evolving market.

We will build a sustainable supply chain by strengthening ESG-centered partnerships.

Building a sustainable supply chain is one of the core priorities of our ESG management. With the active participation of our suppliers, we are achieving tangible improvements across safety, quality, and technological development, while strengthening ESG-focused supplier partnerships. Through these efforts, we have realized measurable outcomes, such as reduced accident rates, quality innovation and enhanced supply stability. In addition, by managing and executing ESG initiatives at the enterprise level, we are reinforcing trust and resilience across the entire value chain.

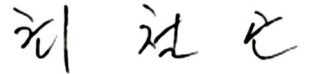
We will internalize ESG values by creating a reliable work environment for our employees.

At the heart of our ESG management are our people – the employees who drive our progress every day. We are committed to embedding ESG values into our corporate culture to create a 'workplace where our employees want to work and feel proud to belong.' By fostering a safe and reliable work environment, we aim to instill a sense of pride in our employees. Through continuous training and open communication, we are working to ensure that ESG becomes a guiding principle in their everyday behavior.

Guided by our ESG-driven philosophy balancing technology, people, and sustainability, we will create lasting value by embracing change and driving continuous innovation for all stakeholders.

Thank you.

CEO and President of
HD Hyundai Construction Equipment



Letter from the ESG Committee Chairperson



Dear valued stakeholders,

I am Yoo Myung-hee, chairperson of the ESG Committee at HD Hyundai Construction Equipment.

At HD Hyundai Construction Equipment, we have embraced ESG as a core management principle and are committed to consistently integrating these values into our business operations to build a sustainable future. As an independent director participating in this journey, I feel both a deep sense of responsibility and great pride in contributing to this meaningful process.

To ensure stable ESG governance, our company fosters close collaboration between the Board of Directors and executive management. The ESG Management Committee regularly discusses key agenda items and reports its findings to the ESG Committee. This structure plays a vital role in strategically addressing ESG issues and embedding sustainability across all aspects of corporate management.

ESG is also closely linked to our technology and business strategies. We are proactively investing in future technologies such as hydrogen, electrification, and fuel efficiency—not merely to meet regulatory standards, but to lead the market. Considering the characteristics of our industry, which is marked by a strong lock-in effect, securing technological leadership is expected to drive long-term competitiveness and sustainable value creation.

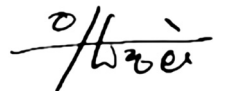
Our climate action efforts are also visible across our operations. At our Ulsan Campus, we have expanded renewable energy facilities and improved energy efficiency. Global operations are also adopting renewable energy systems to strengthen response capabilities. In terms of supply chain management, we are enhancing awareness and execution of ESG practices by expanding training, assessments, and audits for key suppliers. We have also reinforced facilities for managing conflict minerals and addressing human rights and ethical issues. These collaborative efforts with our suppliers form a critical foundation for ESG implementation in the manufacturing sector.

Moving forward, we will strengthen ESG as a core driver of our corporate strategy, advancing sustainable growth through responsible leadership and innovation.

I extend my sincere gratitude for your continued trust and guidance, and I look forward to building a more reliable and sustainable future together.

Thank you.

Chairperson of ESG Committee,
HD Hyundai Construction Equipment



Sustainability Performance

E

• 2040 RE100

- Introduced renewable energy to Brazilian manufacturing operations
- Achieved 14% of global RE100 commitment



• Launched 1.9 ton class electric excavator



• Completed construction the Ulsan Campus Smart Factory



• Disclosed carbon emissions from LCA(Life Cycle Assessment) of flagship products for the European market



S

• Supported supplier technology development and quality improvement

- Dispatched the technical executive of the quality organization
- Promoted technology exchange between suppliers



• Conducted ESG assessments of suppliers

- 187 suppliers
- Created and supported ESG shared growth fund



• Implemented KRW 37.4 billion in shares investment

- 52% increase over previous year



• 5,104 hours of employee social contribution activities

- 4.4 hours per person on average, up 55% from the previous year



G

• Achieved 48% shareholder return ratio

- Purchased and retired treasury stock worth KRW 20.6 billion
- Paid KRW 8.8 billion in cash dividends



• Introduced a system to evaluate the activities of the Board of Directors and individual directors



• Established a compensation committee and procedures for reviewing director compensation standards



KCGS

A

Sustainvest

A

MSCI

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CDP

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Company Overview

About Us

HD Hyundai Construction Equipment is a comprehensive construction machinery company that manufactures a wide range of equipment, including excavators, wheel loaders, backhoe loaders, and skid steer loaders. The company was established in 1985 as the Construction Equipment Business of Hyundai Heavy Industries and was established as an independent entity through a spin-off on April 1, 2017. With operations in the U.S., Europe, India, China, and a global dealer network, we supply high-quality products worldwide and have earned recognition for excellence in the global market. To develop the world's best construction equipment, we are focused on enhancing operator convenience and upgrading product quality across key models such as excavators and wheel loaders. At the same time, we are accelerating the development of next-generation sustainable energy solutions, including electric and hydrogen fuel cell excavators.

Overview

Company Name	HD Hyundai Construction Equipment Co., Ltd.		
Year of establishment	1985	Headquarters address	477, Bundang Suseo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea
CEO	Choi Cheol-gon	Business	Manufacturing of machinery and equipment for construction and mining
Main products	Excavators, wheel loaders, backhoe loaders, skid steer loaders, special equipment, etc.	Number of employees ¹⁾	3,970 (in terms of global operations)
Production capacity	Annual production of approximately 50,000 units of construction equipment	Website	www.hd-hyundaice.com

1) Domestic basis: 1,170

HD Hyundai Construction Equipment Sector

The construction equipment sector of HD Hyundai Group manufactures and sells a wide range of construction machinery and industrial vehicles. It is composed of HD Hyundai XiteSolution, HD Hyundai Construction Equipment, and HD Hyundai Infracore. HD Hyundai XiteSolution serves as the intermediate business holding company for the sector, overseeing the sector's procurement, R&D, and core part (component) businesses in collaboration with its subsidiaries, including HD Hyundai Construction Equipment and HD Hyundai Infracore. This structure enables strong synergy creation across the group's operations. Building on this foundation, the company will grow into a global top-tier leader representing South Korea's construction equipment industry.

🔗 ESG Report of HD Hyundai XiteSolution

🔗 HD Hyundai ESG Website

HD Hyundai Construction Equipment Sector Organization Chart



Future Strategies for Sustainable Growth

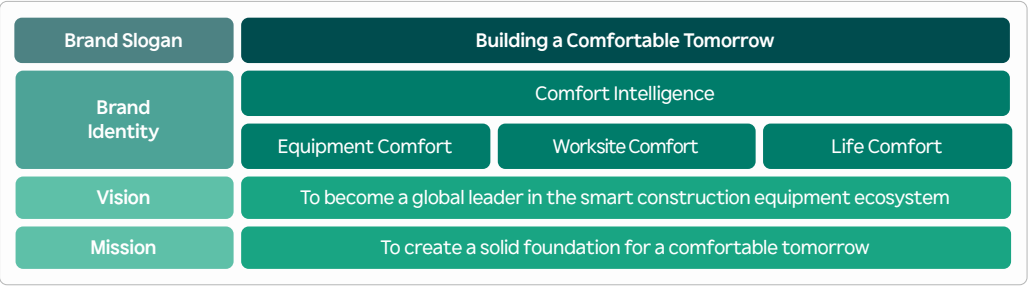
HD Hyundai Construction Equipment pursues both business stability and sustainable growth by providing products and services that meet diverse demands such as for global infrastructure development and at industrial sites, based on a well-balanced portfolio that includes construction machinery, special equipment, and components.

To respond flexibly to changes in the global market environment, we implement region-specific strategies tailored to local demand structures and industry characteristics. We distinguish between advanced and emerging markets, establishing separate approaches for each. In advanced markets, we focus on enhancing brand trust and expanding customer touch points to strengthen our position in the premium segment. In emerging markets, we are actively expanding sales through localized sales hubs and a reinforced sales network. Our market-specific strategy is further reinforced by optimizing our product portfolio-expanding regionally tailored product lineups and launching next-generation models. In addition, the modernization of our Ulsan Campus in 2025, including the automation of inspection and assembly processes, has significantly enhanced our core manufacturing competitiveness. We are also establishing high-potential overseas growth hubs to lay the foundation for global business expansion.

This strategic business operation creates synergy through the seamless integration of technology, operational efficiency, and our global network. Based on this foundation, we are achieving both financial stability and long-term sustainability. Moving forward, we will maintain our agile approach while implementing our mid- to long-term strategic vision, reinforcing our commitment as a responsible enterprise and solidifying the foundation for a sustainable future.

Brand Strategy System

HD Hyundai Construction Equipment has declared its brand slogan and identity, reflecting its mission to build a solid foundation for a comfortable future for all humanity by connecting deep human understanding with cutting-edge innovation, and reflecting its goal of becoming a global leader in the smart construction equipment ecosystem.



Product

HD Hyundai Construction Equipment manufactures and sells machinery used in a wide range of applications, from large-scale infrastructure projects such as roads and buildings to mining, agriculture, and forestry, for tasks including excavation, material transport, and crushing. To develop the world’s best construction equipment, we are focused on upgrading key products such as excavators and wheel loaders.

Excavator

Our equipment boasts reliable productivity, regardless of the environment or conditions. We strive to maximize the performance of our equipment through safe and convenient operation based on high-performance engines and durable construction.



Wheel Loader

It boasts powerful excavation performance and a wide range of functions for ultimate efficiency. With excellent maneuverability in any environment, it improves the ease of operation, thereby ensuring greater comfort for operators.



Backhoe Loader

Boasts excellent maneuverability and wide utility, and can be maneuvered with ease even in confined spaces.



Skid steer Loader/Compact Track Loader

Our equipment boasts powerful performance and a user-centered design for smooth and easy operation. Experience the ultimate in versatility and utility, regardless of the task at hand.



Special Equipment

From material handling to demolition, the excellent performance of our equipment guarantees the high productivity and efficiency needed in the field.



Attachment

Productivity and efficiency of constructional equipment can be enhanced through our comprehensive attachments designed to meet diverse worksite requirements and adapt to various working conditions.



Technology

HD Hyundai Construction Equipment is introducing technologies that incorporate ergonomic design and advanced innovations to enhance operator convenience, including automated control systems. Taking a step further, we are integrating Smart Construction Equipment (CE) into increasingly digitalized and automated work sites to strengthen connectivity between people, machines, and work sites, ultimately maximizing productivity, convenience, and safety for customers.

Productivity

 **HiMATE**

Users can monitor and manage the equipment’s location and operational status in real time, while the provided data helps them operate the equipment more efficiently.

 **HiCARE**

By utilizing our proprietary equipment solution service, users can remotely monitor equipment status and operations, respond instantly to any abnormalities, and continuously analyze performance to offer operators more efficient work guidance.

 **HiASSIST**

Our machines are equipped with posture sensing, work device location recognition, and electro-hydraulic control technologies as part of an advanced work assistance system that delivers efficient work guidance and (semi)automated functionality.

HYUNDAI
CONNECT

With our proprietary all-in-one construction equipment management app, users can control equipment remotely via smartphone, including remote engine start, air-conditioning system control, equipment maintenance log creation, service requests, and checking replacement parts inventory.

Safety

 **HiDETECT**

This system solution helps prevent safety incidents at worksites by utilizing camera-based object detection and rear detection functions.

 **REMOTE CONTROL**

The Remote Control system allows the operator to operate the equipment from outside to improve safety and work efficiency.

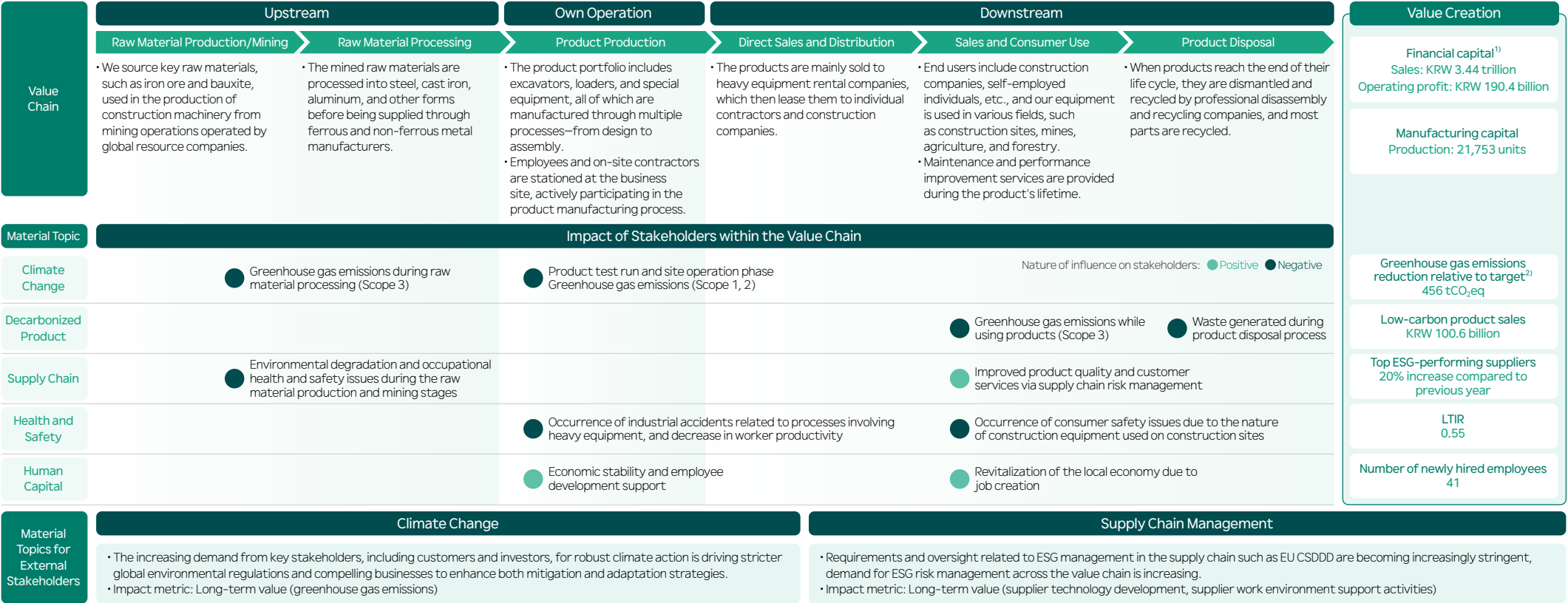
Sustainability

 **HYUNDAI**
HYDROGEN TECHNOLOGY

We are actively working on the development of battery-powered electric excavators and hydrogen fuel cell excavators as part of our commitment to the development of decarbonized product technologies.

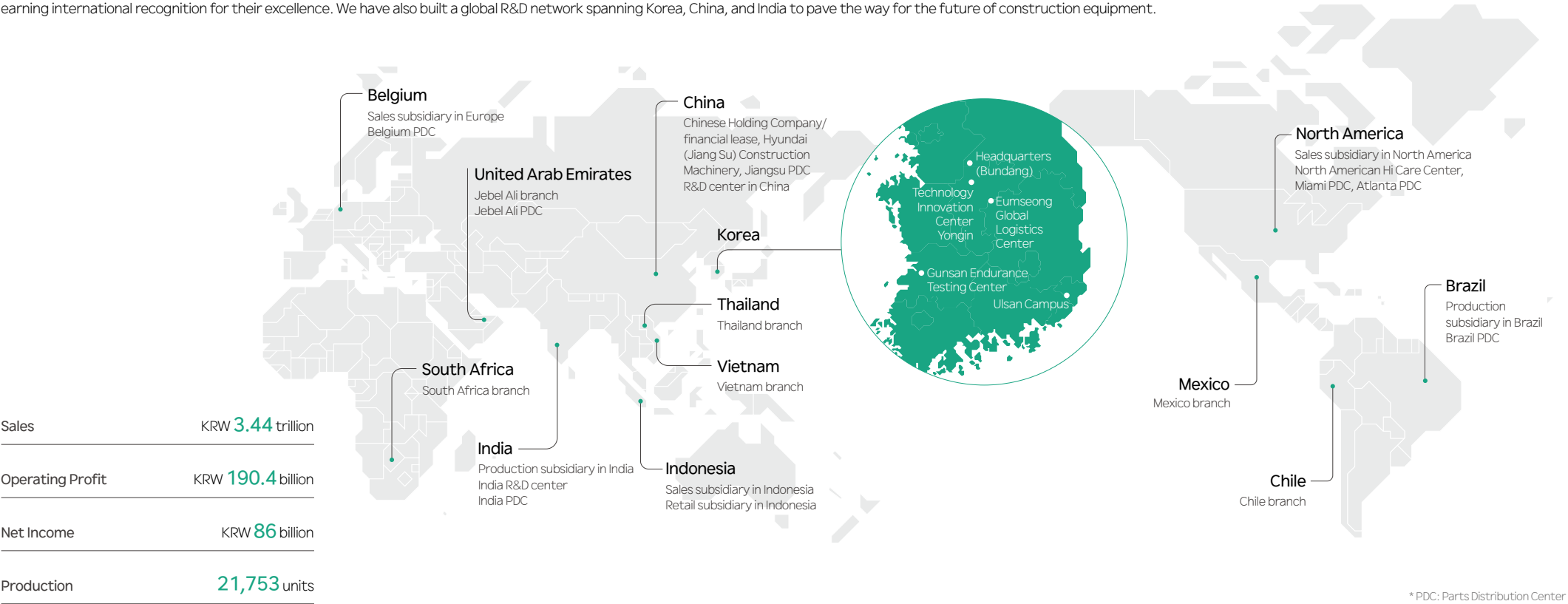
Sustainable Value Creation

HD Hyundai Construction Equipment generates economic value across our entire business operations, from raw material procurement and processing to product manufacturing, sales and distribution, customer delivery, and end-of-life treatment. Throughout every stage of the value chain, we consider sustainability by identifying the impact of various stakeholders.



Global Network

HD Hyundai Construction Equipment has established a global dealer network and set up overseas operations in the U.S., Europe, China, India, Brazil, and Indonesia to supply high-quality products, earning international recognition for their excellence. We have also built a global R&D network spanning Korea, China, and India to pave the way for the future of construction equipment.



ESG MANAGEMENT

013 | ESG Governance

014 | ESG Strategy

015 | Double Materiality Assessment

ESG Governance

ESG Committee

HD Hyundai Construction Equipment operates an ESG Committee within its Board of Directors as the highest decision-making body for ESG strategies and policies. The ESG Committee is composed of one executive director and three independent directors. In principle, meetings are held once a year in accordance with the committee’s regulations, but additional meetings are held as needed. The ESG Committee receives reports on operational plans and outcomes from the ESG Management Committee and deliberates on and approves key ESG matters based on these reports.

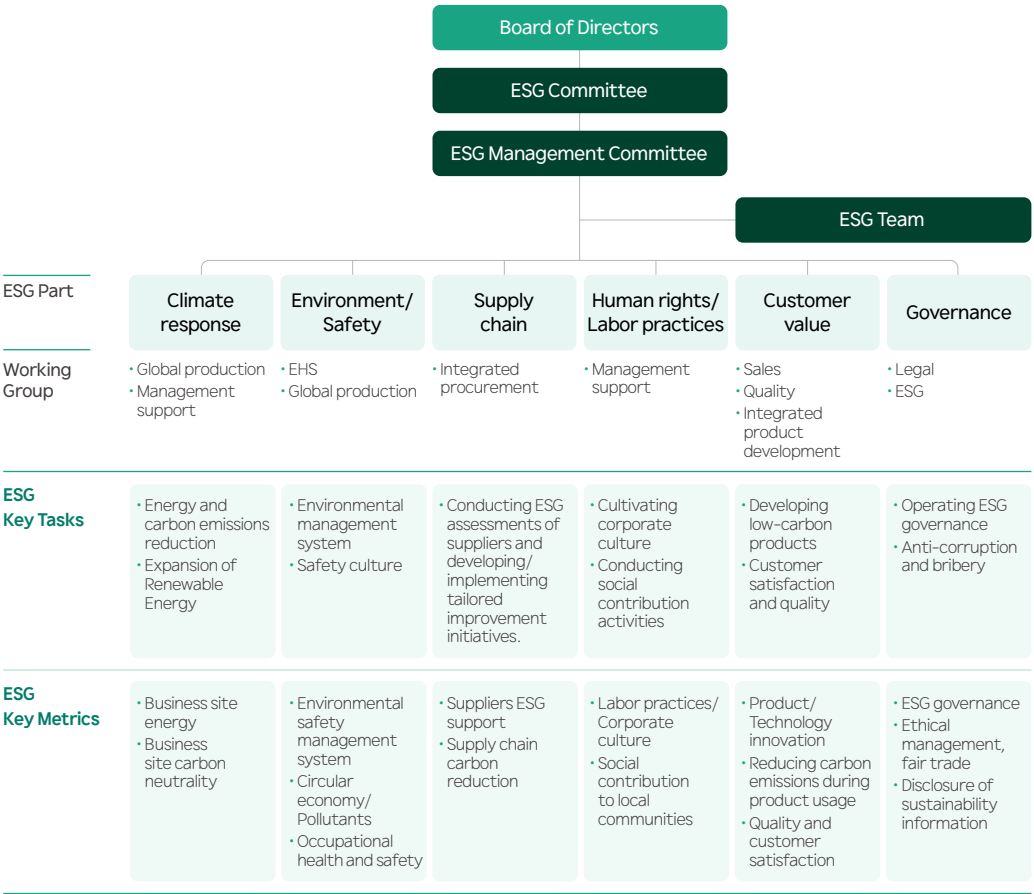
Date of Meeting	Agenda	Vote	Attendance Rate
February 21, 2024	[Report] Report on the status of internal transactions in 2023 [Report] Results of the ESG double materiality assessment	-	100%
March 28, 2024	[Submission] Appointment of the ESG Committee chairperson	Passed	100%
July 24, 2024	[Report] Report on the publication of the 2023 Integrated Report [Report] Results of the ESG Management Committee’s first-half operation [Report] Second-half operation plan of ESG management	-	100%
December 11, 2024	[Report] 2024 ESG management performance [Submission] 2025 ESG management plan [Submission] Establishment of the biodiversity protection policy [Submission] Appointment of the Chief Sustainability Officer	Passed	100%
February 17, 2025	[Report] Report on the operation status of internal transactions in 2024 [Report] Report on the results of the ESG double materiality assessment	-	100%

ESG Management Committee

The ESG Management Committee reviews ESG-related risks and opportunities, selects key annual ESG initiatives, and monitors their progress. It is composed of the CEO and directors of major businesses and departments. The ESG Management Committee is held quarterly and oversees six parts under its structure to implement and manage key ESG initiatives.

Working Group

To effectively carry out the annual ESG key initiatives established by the ESG Management Committee, each part is supported by an operational unit organized as a working group. These working groups develop and implement detailed action plans to achieve the key initiatives.



ESG Strategy

ESG Vision

A Workplace to be Proud of

Creating a great workplace where employees take pride in their work

ESG Mission

A Company that Considers the Future and the Environment

Becoming a global leader of decarbonized products and contributing to carbon neutrality

Promoting Mutual Growth and Win-Win Relationships

Building long-term relationships with our partners

A Company Respected by Society

Gaining trust from society by promoting customer satisfaction

ESG Roadmap

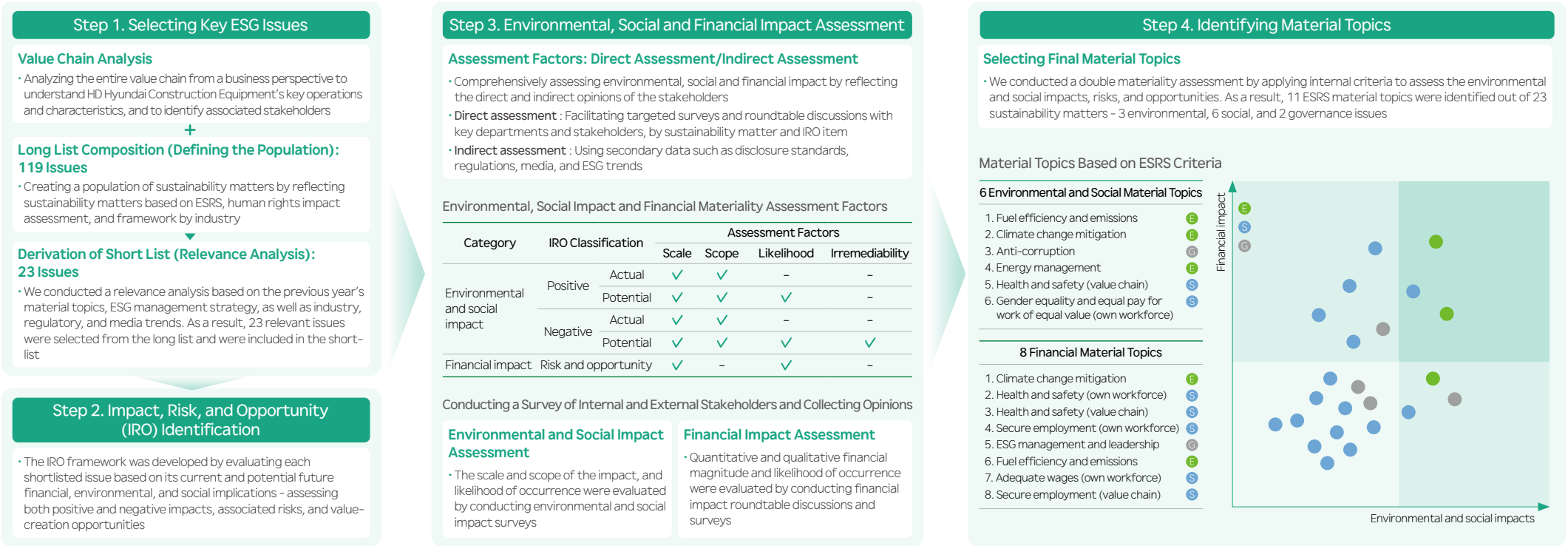
Step 1. Setting Strategic Initiatives		Step 2. Identifying Tasks for Implementation	Step 3. Establishing Metrics for Evaluation	Step 4. Monitoring and Reporting Progress
Category		Mid- to long-term Goals	Performance Metrics	2024 Key Achievements
Environmental	Response to Climate Change	Net zero across global operations by 2050	- Greenhouse gas emissions (Scope 1, 2) - Energy usage	- Advanced 2050 net zero implementation roadmap - Greenhouse gas emissions: 33,192tCO₂eq, 1.4% reduction from the target - Energy usage 572TJ, 19% reduction from the target
	Development of Low-carbon Products	Achieving global RE100 by 2040	Global RE100 implementation rate	Achieved 14% of global RE100 commitment
		Achieving 98% share of low-carbon product sales by 2040	- Carbon emissions from product use - Proportion of construction equipment using electro-hydraulic and autonomous technology	- Launched electrified products and expanded the product lineup for improved fuel efficiency - Expanded application of electro-hydraulic technology to medium and large construction equipment 24% of construction machinery features electro-hydraulic and electrification technologies
		Reducing carbon emissions from product use by 25% by 2040 (compared to 2021)	Investment in developing low-carbon clean technology	- Unveiled the hydrogen fuel cell excavator equipped with a solid hydrogen storage system - Invested KRW 8.9 billion for developing low-carbon clean technology
Social	Reduction of Hazardous Substances Emissions	Developing low-carbon clean technology	Waste generation	Waste generation: 146kg/unit, 5% reduction compared to the target
	Creation of Safe Workplace	Reducing the amount of waste by 20% by 2030 (compared to 2022)	LTIR	LTIR 0.55
	Sustainable Supply Chain	Achieving 2030 LTIR 0.2	Number of suppliers subject to ESG assessments	187 suppliers were assessed, an 87% increase over previous year
		Increasing supplier ESG assessments	Number of suppliers for smart factory MES installation	Installed MES for 8 smart factories
Governance	Enhancement of Human Rights Management	Expanding installation of smart factory MES for suppliers	- Ratio of human rights grievances remedied - Ratio of human rights impact assessments conducted	100% of human rights grievances were handled - Conducted human rights impact assessment at 100% and started the implementation of improvement tasks
	Employee Diversity	Advancing the human rights management system	Ratio of female managers	Increase of the female manager ratio
	Fair and Transparent Management	Female talent recruitment and development	ISO 37001 Anti-bribery management systems certification	Completed ISO 37001 post-audit
		Mitigating risks related to corruption and bribery, unfair competition		

Double Materiality Assessment

Double Materiality

Double Materiality Assessment Process

HD Hyundai Construction Equipment conducts an annual double materiality assessment to analyze stakeholders' key concerns, the environmental and social impacts of business operations, and how external changes may affect the company's financial performance. In 2024, we applied the European Sustainability Reporting Standards (ESRS) to develop a Long List of issues and narrowed it down through relevance analysis to create a Short List. These issues were evaluated comprehensively from environmental, social, and financial perspectives, resulting in the identification of 11 material topics, which were later reclassified into 8 material topics in terms of sustainability reporting. The evaluation results were approved by the Board of Directors and integrated into the company-wide risk management system, with third-party verification conducted to ensure reliability and objectivity.



Double Materiality Assessment Results

Based on the ESRS topic classification criteria, 11 key sustainability topics were initially identified and subsequently reclassified into 8 material topics in alignment with the sustainability reporting framework. The material topics identified in 2023 remained consistent in 2024, with the addition of new topics related to decarbonized products and human capital.

Area	Material Topics	Impacts	Risks and Opportunities	Value Chain	Business Impact	Business Strategy	Mid- to long-term Goals	2024 Achievements
E	Climate change - Climate change mitigation - Energy management	Increasing likelihood of changes in the business environment due to evolving climate-related policies and regulations	R Restrictions in business expansion due to regulatory constraints, and fines or penalties imposition in case of non-compliance with regulations O Enhancing brand value as a sustainable company by responding to climate change appropriately	Upstream, own operation, downstream	Operation risks Costs	Establishing a response system for climate change Identifying climate-related risks and opportunities and establishing response measures	Achieving net zero across global operations by 2050 Achieving RE100 across global operations by 2040	Advanced 2050 net zero implementation roadmap - Introduced renewable energy to Brazilian production site - Achieved 14% of global RE100 commitment 2024 KPI: Reduction of greenhouse gas emissions
	new Decarbonized products Fuel efficiency and emissions	Growing global demand for decarbonized products	R Weakened market competitiveness due to delayed response to environmental regulations O Securing a competitive advantage by raising market entry barriers	Downstream	Profits Costs	Expanding R&D investment in decarbonized products and diversifying the product portfolio	Achieving 98% sales share of low-carbon products by 2040	Completed development and testing for the market launch of a mini-electric excavator Opened the hydrogen fuel cell excavator 2024 KPI: Establishment of an electrification roadmap/strategy
S	Supply chain Secure employment (value chain)	Tightened regulations related to the supply chain, such as EU CSDDD	R Reputational damage resulting from ESG violations within the supply chain O Enhancing supply chain competitiveness by establishing a culture of mutual growth	Upstream	Operation risks Costs	Establishing a management system based on the Supplier Code of Conduct - Assessing and monitoring of supplier ESG - Support for supply chain capacity building and operating communication channels	Expanding ESG assessment targets to suppliers representing the top 95% of procurement spending Expanding support for smart factory MES installation	Completed ESG assessments for 187 key suppliers Successfully installed smart factory MES at 8 sites 2024 KPI: Increasing the target of ESG management support assessments within the supply chain
	Health and safety Health and safety (own workforce and value chain)	Strengthened health and safety regulations, including the Serious Accidents Punishment Act	R Loss of corporate reputation and stakeholder trust due to safety incidents O Improving productivity by creating a safe working environment	Upstream, own operation	Operation risks Costs	Implementation of proactive and reactive measures for accident prevention - Promoting and internalizing a culture of safety among employees - Supporting the establishment of occupational health and safety systems for suppliers	Achieving LTIR 0.2 by 2030	Achieved LTIR 0.55 in 2024 Conducted safety awareness diagnostics and implemented improvement measures 2024 KPI: LTIR
	new Human capital - Secure employment (own workforce) - Adequate wages (own workforce)	Advancing industrial structure and accelerating technological transformation	R Decline in corporate competitiveness due to a shortage of specialized capabilities O Gaining a competitive advantage by securing key talent	Own operation	Operation risks Costs	Recruitment and cultivation of core talent - Operating performance evaluation and reward systems - Implementing employee communication and corporate culture improvement activities	Increasing female hiring ratio	Increased proportion of female managers compared to the previous year
	Human rights management Gender equality and equal pay for work of equal value (own workforce)	Strengthening of global standards and regulations such as UNGPs	R Business restrictions due to non-compliance with global regulatory requirements O Enhancing corporate reputation through compliance with international standards	Upstream, own operation, downstream	Operation risks Costs	Conducting human rights impact assessment and implementing corresponding improvement measures - Operating a complaint handling process for stakeholders - Internalizing human rights management for employees	Expanding human rights due diligence to overseas operations starting in 2026 Establishing response strategies to meet client requirements such as the EU CSDDD	Addressed 100% of human rights-related grievances Initiated implementation of key improvement tasks identified through human rights impact assessment
G	Ethics/Compliance Management Anti-corruption	Strengthening anti-corruption and fair trade laws	R Legal sanctions resulting from violations of laws and regulations O Enhancing corporate value by fostering a transparent corporate culture	Upstream, own operation	Operation risks Costs	Establishing an anti-corruption response system - Enhancing fair trade and corporate compliance systems - Internalizing ethical culture and reinforcing employee code of conduct	Achieving 100% implementation rate of the ethics self-assessment program Expanding support for ethical and compliance management of subsidiaries and suppliers	Successfully completed the ISO 37001 post-audit Achieved 100% execution of the ethics audit and action plan
	Governance ESG management and leadership	Investors make investment decisions based on ESG management systems and performance.	R Incurring short-term initial investment costs O Preventing various risks through non-financial risk management and proactive diagnostics	Own operation	Operation risks Costs	Securing the independence, diversity, and expertise of the BOD - Implementing shareholder return policy - Executing shareholder value enhancement programs	Expanding shareholder return policy by over 30%	Established a compensation committee Executed shareholder value enhancement programs

R

 Risk

O

 Opportunities

ENVIRONMENTAL

018 | Climate Change

026 | Decarbonized Products

034 | Environmental Management

037 | Biodiversity

040 | Resource Use and Circular Economy

Climate Change

MATERIAL TOPIC

GOVERNANCE

Climate Change Organizational Structure

Climate Change Governing Body

HD Hyundai Construction Equipment has established an ESG Committee within the Board of Directors along with a supporting ESG Management Committee to effectively manage key risks and opportunities, including climate change. The ESG Committee, as the company's highest decision-making organization, reviews reports from the ESG Management Committee, monitors the progress of strategic initiatives and target-setting related to climate change, and deliberates and approves major agenda items. Chaired by the CEO, the ESG Management Committee includes directors of major business divisions and departments, and is responsible for setting the company-wide ESG strategic direction and implementing key initiatives, including response to climate change.

Climate Change Operational Function

The climate response strategy is implemented by the Climate Response part under the ESG Management Committee. This part is composed of the Production, EHS, and Business Support departments, and carries out a wide range of climate-related initiatives, including the reduction of greenhouse gas emissions and energy consumption, through close cooperation between organizations. To effectively promote company-wide greenhouse gas reduction and energy-saving efforts, a working-level coordination body called the Greenhouse Gas Management Working Group has also been established and is in operation. This group holds monthly meetings to identify and implement energy-saving initiatives, contributing to the achievement of our climate response goals.

Compensation Linked to Climate Change Response

To monitor the progress of climate response initiatives, we included 'achievement rate against greenhouse gas reduction targets' as a KPI for the CEO, relevant executives, and employees in 2024. As the evaluation results are linked to their compensation, the climate response framework is being further reinforced.

Climate Change Governance Structure



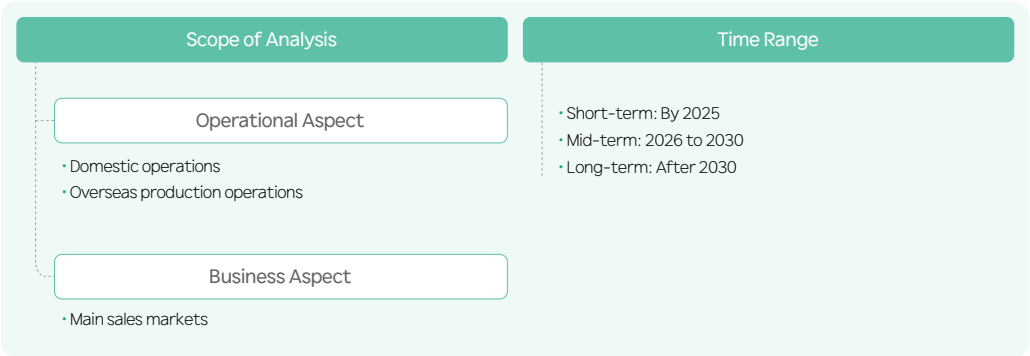
STRATEGY

Risks and Opportunities Related to Climate Change

Analysis of Risks and Opportunities Related to Climate Change

HD Hyundai Construction Equipment proactively analyzes the impact of climate change on our business, while identifying and assessing climate-related risks and opportunities based on the TCFD framework. We conduct a comprehensive analysis of risks and opportunities from both operational and business perspectives, taking into account the specific characteristics of our operations locations and market conditions in key sales regions.

Scope of Climate-related Risk and Opportunity Analysis



Climate Change Risk, Opportunity Identification and Assessment Process



Risk and Opportunity Pool Identification

We analyzed domestic and international climate-related policies, response to climate change in the same industry, and common global climate issues to create a pool of potential risks and opportunities that could potentially impact us.

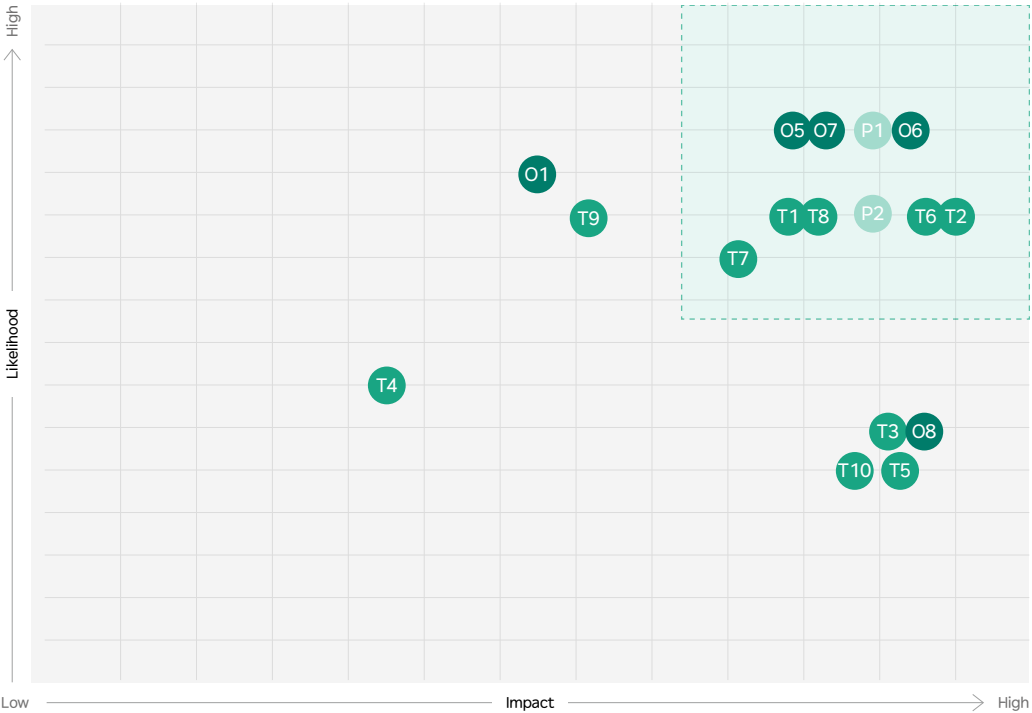
Risk and Opportunity Pool Related to Climate Change

Risk	Type	Risk and Opportunity Definition		Value Chain
Physical risk	Acute	P1	Damage to business assets and operational disruptions due to typhoons, floods, etc.	Own operations
	Chronic	P2	Damage to business assets and operational disruptions due to heat waves, droughts, etc.	
Transition risk	Technology	T1	Weakening competitiveness due to widening gap in low-carbon and alternative fuel technology compared to our competitors	Downstream
		T2	Decrease in product share due to replacement with new products having the same performance and low-carbon content (improved fuel efficiency) compared to existing products	
	Market	T3	Stagnated consumer demand for electric construction equipment depending on country-specific market conditions (incentives, infrastructure, etc.)	Upstream, own operations
		T4	Power shortage at operations due to unstable power supply	
		T5	Increasing market uncertainty due to the large potential market size of low-carbon and alternative fuel products, rapid pace of innovation, and evolving industry standards	Downstream
		T6	Increase in mid- to long-term electricity purchase costs in case of maintaining existing energy sources and delay in switching to renewable energy	
	Policy and legal	T7	Increasing uncertainty in achieving RE100 by 2040 due to domestic policy changes	Own operations
		T8	Strengthened carbon pricing system in domestic and international markets (ex. Increase in emission permit purchase cost of domestic companies subject to emission permit allocation)	
	Reputation	T9	Strengthened emissions (Scope 1, 2) reporting obligations by country	Own operations
		T10	Increase in negative reputation due to failure to achieve carbon neutrality and RE 100, and failure to meet low-carbon transition demands	
Opportunity	Market	O1	Expanding eco-friendly construction equipment market due to regulations on emissions (NOx, PM) for construction equipment	Downstream
		O2	Expanding investment, incentive, and support for the public sector and eco-friendly business in the process of transitioning to a low-carbon economy	
	Resource efficiency	O3	Improved energy efficiency in the product manufacturing process across operations	Own operations
		O4	Improved energy efficiency of buildings	
	Products and services	O5	Increased demand for construction equipment with fuel efficiency improvement technology to meet carbon reduction requirements	Downstream
		O6	Increased demand for construction equipment equipped with electrification technologies to meet carbon reduction requirements	
		O7	Rising demand for ICT-enabled construction equipment driven by the increasing number of disaster recovery sites (e.g., hurricanes, heavy rainfall)	

Major Risk and Opportunity Identification

HD Hyundai Construction Equipment identified risks and opportunities that could have a significant impact on us based on 19 factors identified from the climate change risk and opportunity pool. Through this process, we comprehensively considered the impact and likelihood of occurrence of each factor. As a result of the analysis, a total of nine key climate-related issues were identified, comprising two physical risks, four transition risks, and three opportunities.

Climate Change Risk and Opportunity Matrix



• Impact: Sales, carbon emissions, stakeholder demands, etc.
• Likelihood: Probability of occurrence, duration after occurrence, response capacity, etc.

Analysis for Climate Scenarios

HD Hyundai Construction Equipment has developed a range of climate scenarios, from gradual mitigation to worsening climate crisis, to assess the potential impact of climate change on its business and analyze associated financial implications. These scenarios comprehensively reflect expected environmental changes over the short, medium, and long term.

Physical Risks

To evaluate climate-related physical risks—including rising temperatures, sea level changes, and extreme weather events—we implemented IPCC’s RCP and SSP scenarios. Using Jupiter Intelligence’s analytical tools, we conducted quantitative assessments of both physical risk exposure and potential financial impact across our operations.

Transition Risks and Opportunities

To evaluate transition risks associated with the transition to a low-carbon economy, we applied IEA and NGFS scenarios as well as internally developed scenarios. For assessing the financial impact of climate-related opportunities, we also applied internally developed scenarios based on IPCC scenarios.

Classification

Changes in the External Environment

Short-term

Mid-term

Long-term

- Rising greenhouse gas emissions prices
- Increasing demand for low-carbon, alternative fuel, and emission-compliant construction equipment products
- Changes in the RE100 implementation policy

- Increasing frequency of extreme climate change events
- Strengthening regulations against construction machinery emissions

Climate Scenarios

Physical Risks

IPCC Scenarios

Presented climate scenarios based on RCPs (Representative Concentration Pathways), which reflect radiative forcing levels associated with CO₂ concentrations, and SSPs (Shared Socioeconomic Pathways), which incorporate assumptions on climate adaptation and mitigation efforts

Selection Background

Adopted SSP scenarios that reflect actual national efforts to reduce greenhouse gas emissions and the degree of social and economic transformation

Classification	Key Assumptions	Average Temperature Increase (2100)
SSP 1-2.6	Assumes sustainable economic growth driven by the large-scale deployment of renewable energy and low-carbon technologies	+1.8°C
SSP 2-4.5	Assumes moderate climate action and gradual socio-economic development	+2.7°C
SSP 5-8.5	Assumes continued fossil fuel expansion and unrestrained development	+4.4°C

Transition Risks and Opportunities

IEA Scenarios

Presented three scenarios considering national climate policy directions, the feasibility of clean energy technologies, and projected trends in major energy source prices

Selection Background

Applied all three IEA scenarios to utilize energy price projections by a source published annually in the IEA’s World Energy Outlook (WEO)

Classification	Key Assumptions	Carbon Price (2050, per tCO ₂)
NZE	Assumed that fossil fuels would be fully phased out by 2030 and net zero would be achieved by 2050 (+1.4°C)	\$ 250
APS	Assumed a 40% reduction in greenhouse gas emissions by 2050 despite the implementation of greenhouse gas reduction targets by each government (+1.7°C)	\$ 200
STEPS	Assumed that current policy trends continue, but policy tools, plans, etc. are unified during climate change (+2.4°C)	\$ 89

NGFS Scenarios

Presented a total of eight detailed scenarios using three integrated assessment models and considering varying levels of emission reductions and technological advancements, by suggesting four low-carbon transition pathways based on the strength and timing of climate policies

Selection Background

Selected three distinct scenarios that clearly differentiate characteristics across low-carbon transition pathways to leverage country-specific electricity price data provided by the GCAM 6.0 model

Classification	Key Assumptions	Electricity Price (2050, per MWh)
NZE 2050	Assumed that full achievement of global net zero by 2050 (+1.4°C)	\$ 165
Delayed Transition	Assumed that current policies remain in place until 2030, followed by the introduction of strong measures to achieve net zero (+1.6°C)	\$ 160
NDC	Assumed that countries adopt their own climate policies to meet intermediate temperature goals, but implementation is slow (+2.6°C)	\$ 136

* RCP (Representative Concentration Pathways); SSP (Shared Socioeconomic Pathway); NZE (Net Zero Emission by 2050 Scenario); APS (Announced Pledges Scenario); STEPS (Stated Policies Scenario); NDC (Nationally Determined Contributions); GCAM (Global Change Analysis Model): An integrated model of NGFS that provides scenarios that reflect energy, technology, etc. in the analysis based on 32 regional data.

Financial Impact Analysis and Response Strategy Establishment

HD Hyundai Construction Equipment continuously monitors the risks and opportunities that climate change poses to our business, and evaluates their financial impact through both qualitative and quantitative assessments. Based on the results of these assessments, we are working to minimize identified climate-related risks and maximize opportunities by establishing physical risk response strategies and net zero plans for both existing and new operations. We are also making efforts to enhance resilience in order to flexibly respond to various future environmental changes.

Results of Financial Impact Assessment by Major Climate Change Risk and Opportunity Factors

High Medium Low

Classification		Business Impact	Impact by Period ¹⁾			Scenario	Financial Impact	Input Variables	Financial Impact Amount ²⁾ (units: KRW 100 million)		Response Strategy Target Period	Countermeasures	
			Short-term	Mid-term	Long-term				Min	Max			
Physical risk	Acute	Damage to business assets and operational disruptions due to typhoons, floods, etc.	○	●	●	• SSP1-2.6 • SSP2-4.5 • SSP5-8.5	Impairment charges on site-level assets and loss expenses arising from operational disruption	Operations location, asset value, asset impairment cost, operating loss (climate modeling analysis by using Jupiter Intelligence Tool)	95	98	Mid-term	• Establish a disaster early warning system to prevent the occurrence of physical risks. • Develop an emergency response plan for natural disasters to regularly monitor and manage physical risk exposure.	
	Chronic	Damage to business assets and operational disruptions due to heat waves, droughts, etc.		○	●				11	12			
Transition risk	Policy and legal	Strengthened carbon pricing system in domestic and international markets (ex. Increase in emission permit purchase cost of domestic companies subject to emission permit allocation)	○	●	●	• NZE • APS • Steps	Increased costs for regulatory compliance	Emissions allowance purchase volume, Korean Allowance Unit (KAU) price	-	-	Long-term	• Implement a roadmap for reducing Scope 1 & 2 emissions at operations • Strengthen internal capabilities to achieve RE100 by 2040 and net zero by 2050	
	Market	Increase in mid- to long-term electricity purchase costs in case of maintaining existing energy sources and delay in switching to renewable energy		○	●	• NZE 2050 • Delayed Transition • NDC	Higher operating expenses to achieve net zero and RE100	Electricity consumption, electricity unit price	24	93			
	Technology	Weakening competitiveness due to widening gap in low-carbon and alternative fuel technology compared to our competitors			●	• Internally developed scenario	Decrease in sales of electrified products	Total revenue, proportion of products applying sustainable technologies, proportion of eco-friendly patented technologies	3,772	6,257	Long-term	• Establish and implement the sales portfolio for fuel-efficient and electrified products • Increase R&D investment in decarbonized products	
		Decrease in product share due to replacement with new products having the same performance and low-carbon content (improved fuel efficiency) compared to existing products		●	●		Decrease in sales of fuel-efficient products	Revenue from advanced markets, proportion of fuel-efficient products	17,514	45,035			
Opportunity	Products and services	Increased demand for construction equipment with fuel efficiency improvement technology to meet carbon reduction requirements		●	●	• Internally developed scenario based on IPCC scenarios	Increase in sales of fuel-efficient products	Number of fuel-efficiency technology-applied products sold, unit price per fuel-efficiency technology-applied product	5,939	111,718			
		Increased demand for construction equipment equipped with electrification technologies to meet carbon reduction requirements			●		Increase in sales of electrified products	Number of electrification technology-applied products sold, unit price per electrification technology-applied product	-	69,852			
		Rising demand for ICT-enabled construction equipment driven by the increasing number of disaster recovery sites (e.g., hurricanes, heavy rainfall)			●		Increase in sales of autonomous products	Number of autonomous products sold, unit price per autonomous product	663	678			

1) Period setting criteria: Short-term (1 year), mid-term (up to 5 years), long-term (more than 5 years)
2) 'Physical risks' represent the financial impact as of 2033, while 'Transition risk' and 'Opportunity' reflect the cumulative financial impact from 2024 to 2033.

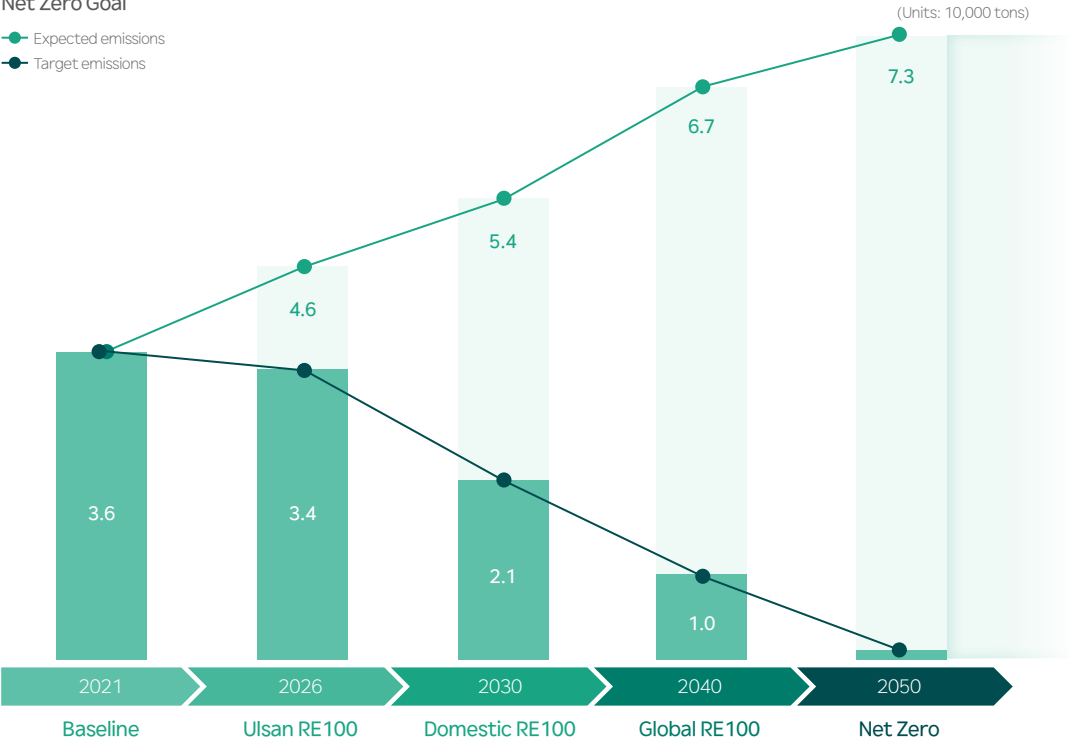
Net Zero Strategy

Net Zero Roadmap

HD Hyundai Construction Equipment has declared our commitment to achieving carbon neutrality across all domestic and global operations by 2050, aligning with the Paris Agreement and establishing a Net Zero strategy based on the Science Based Targets initiative (SBTi) 1.5°C scenario. To meet the 2050 Net Zero goal, we identified a pool of potential emission reduction measures and developed a reduction portfolio by comprehensively evaluating each option's investment cost, feasibility, and expected reduction potential. Energy efficiency through the use of renewable energy, fuel conversion, and operational efficiency improvement at operations was selected as a key reduction measure. For residual emissions that are technically difficult to abate, carbon credits will be utilized. We are committed to reducing greenhouse gas emissions from our global operations by 42% by 2030 (against a 2021 baseline) and achieving RE100 by 2040, followed by net zero across all operations by 2050. To accomplish these goals, we will enhance internal execution capacity and implement detailed, actionable roadmaps.

Net Zero Goal

- Expected emissions
- Target emissions



Carbon Neutral Implementation Strategy

Operations Energy Management		
▼23.5%	Improvement of operational efficiency and fuel conversion	Replacing outdated equipment with high efficiency one and improving operational efficiency Transition to low-carbon power sources such as electric vehicles and electric boilers
▼17.4%	Converting to diesel fuel for commissioning operations	Switching to electric construction equipment models to reduce fuel consumption when running diesel construction equipment for commissioning
Introduction of Renewable Energy		
▼25.1%	Usage of renewable energy in domestic operations	Solar power generation using the roofs of Ulsan and Eumseong campuses External renewable energy PPA
▼32.2%	Usage of renewable energy in overseas operations	On-site solar power generation and equity investment Overseas operations' transition to renewable energy by actively utilizing the infrastructure condition and energy policies of each country
Usage of Carbon Credits		
▼1.8%	Usage of carbon credits	Securing voluntary carbon market carbon offsets for residual emissions that are technically difficult to abate

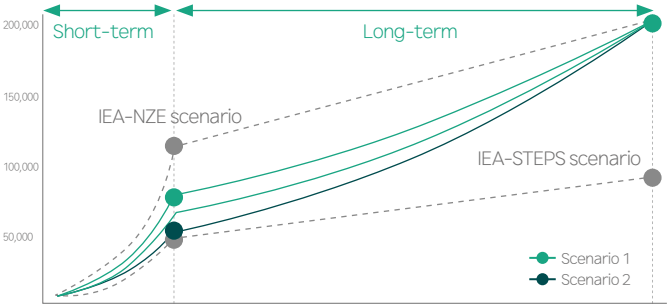
Carbon Neutral Implementation

Internal Carbon Pricing System

To accelerate the achievement of our carbon neutrality target, HD Hyundai Construction Equipment introduced an internal carbon pricing system in 2025. This internal carbon price is applied when making investment decisions related to renewable energy transition and energy/environmental initiatives. A pilot application is also planned for fuel-efficiency improvement model planning projects within the New Product Development (NPD) process.

Classifications	Contents
Purpose of use	To increase low-carbon investments, promote energy efficiency, and induce behavioral change within organizations
Scope of greenhouse gas emissions	Scope1, 2
Type	Shadow price
Price	Short-term: KRW 27,263/tCO ₂ eq, Long-term: KRW 118,553/tCO ₂ eq
Application scope	Investments related to renewable energy and energy/environment for domestic operations
Pricing method	In-house scenarios were developed by referencing IEA scenarios, incorporating key countries' NDC implementation pathways and projected domestic carbon pricing

Internal Carbon Pricing Trend Analysis Table



Site-level Greenhouse Gas Emissions Management

HD Hyundai Construction Equipment is systematically implementing a range of initiatives to manage greenhouse gas (GHG) emissions at our operations. To enhance the reliability of GHG emissions and energy consumption data, we utilize a site-level GHG and energy management system. The GHG Management Working Group, comprising both energy supply and consumption departments, has been established to oversee emissions management. The working group conducts monthly diagnostics of GHG emissions and energy usage, identifies energy-saving item finding activities, and leads employee training programs and awareness campaigns to promote efficient GHG and energy management across operations.

Energy-saving Activities and Performance at Domestic Operations in 2024

Energy-saving Activities	No.	Energy Savings (TJ)	Cost Saving Effects (KRW million)	Greenhouse Gas Reduction Effect (tCO ₂ eq)
Base load optimization	2	3.28	53	157
Operational efficiency	2	2.59	60	131
Investment in facilities	3	0.88	36	62
Total	7	6.75	149	350

K-EV100

As part of our Net Zero strategy in the transportation sector and our commitment to advancing the future mobility industry, HD Hyundai Construction Equipment joined the K-EV100 initiative in 2023, pledging to transition all company-owned vehicles to zero-emission vehicles by 2030. We plan to convert 100% of our own or leased vehicles to electric and hydrogen vehicles by 2030 and install charging infrastructure at all of our domestic operations.

In 2024, one company vehicle was converted to an electric vehicle, and we will continue to implement strategies to achieve the K-EV100 targets.

Completed the Construction of the Ulsan Campus Smart Factory

To strengthen our competitiveness in the global construction equipment market and establish an eco-friendly operations, HD Hyundai Construction Equipment launched the Ulsan Campus Modernization Project, which was completed in May 2025. We invested approximately KRW 200 billion in the project to build a top-tier global production system by maximizing the efficiency of manufacturing key construction equipment products, such as excavators and wheel loaders. Throughout the project, the highest priority was placed on maximizing process automation from the equipment installation stage and ensuring workplace safety. With the completion of the modernization project, annual production capacity is expected to increase by approximately 56%, from 9,600 units to 15,000 units. In addition, process automation and equipment replacements are expected to reduce lead time and improve energy efficiency, thereby lowering energy consumption per unit produced. Power meters were installed separately for each assembly line to enable more detailed energy data management. At the same time, energy data management systems and environmental monitoring systems were established to enable advanced analysis and forecasting of carbon emissions, ensuring rigorous energy management at the business site. Furthermore, the Ulsan Campus is building an integrated EHS (Environment, Health, and Safety) management system to minimize the risk and potential impact of environmental accidents such as pollutant leaks, and to create an eco-friendly workplace that minimizes environmental impact on the local community.

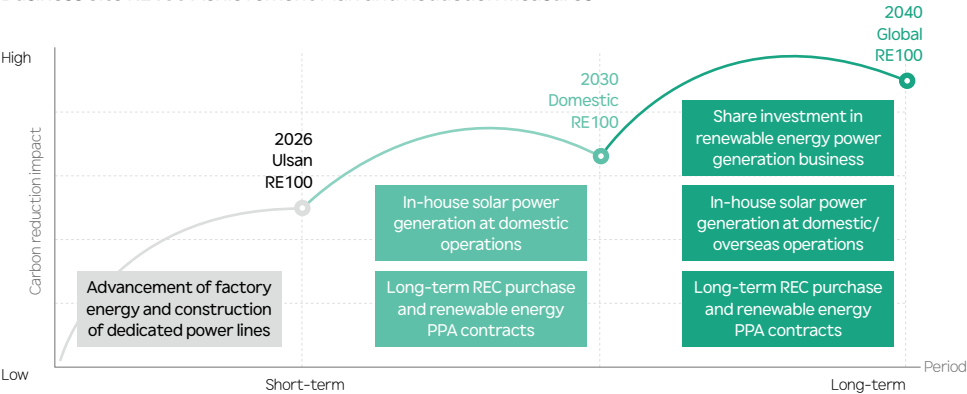


Ulsan Campus Smart Factory

Introduction of Renewable Energy

As part of our mid- to long-term sustainability strategy to address climate change, HD Hyundai Construction Equipment has established a 2040 RE100 Roadmap aimed at achieving the global RE100 initiative. In developing the roadmap, we conducted a comprehensive analysis of each operation’s energy demand characteristics, production and operational plans, economic feasibility, and technical reduction potential to ensure a strategic design. The roadmap is regularly monitored to enhance implementation capabilities and ensure progress toward the RE100 target.

Business Site RE100 Achievement Plan and Reduction Measures



Introduction of Renewable Energy by Domestic Operations

Ulsan Campus RE100

HD Hyundai Construction Equipment is prioritizing the introduction of renewable energy at our Ulsan Campus, the company’s largest global production hub. To this end, we are conducting a thorough inspection of on-site infrastructure and exploring multiple options to ensure a stable supply of renewable energy. Currently, the Ulsan Campus receives electricity through HD Hyundai Heavy Industries, and in order to implement a renewable energy Power Purchase Agreement (PPA), a dedicated power line must be established to receive power directly from KEPCO (Korea Electric Power Corporation). Accordingly, with approval from the ESG Committee in 2024, a power system impact assessment is underway to complete the dedicated power line by the end of 2025. Recognizing that direct renewable energy supply is not feasible until the line is completed, rooftop solar systems have been installed at the Eumseong business site (1.3MW) and the Ulsan Campus (2.9MW). The electricity generated from these systems will be reflected in the Ulsan Campus’s renewable energy usage performance. In addition, we are also considering installing additional solar power facilities on idle land within the site to further enhance renewable energy utilization.

Introduction of Renewable Energy in Overseas Operations

Introduction of Renewable Energy by Chinese Subsidiary

Since 2022, HD Hyundai Construction Equipment’s China subsidiary has installed 4MW solar panels across 77,000 m² of factory rooftops, generating renewable electricity equivalent to half of the company’s annual power consumption. By utilizing this self-generated solar energy, the company has achieved annual reductions of approximately 3,700 tons of air pollutant emission, 1,300 tons of particulate matter, and 1,400 tons of coal consumption.

Introduction of Renewable Energy by Indian Subsidiary

HD Hyundai Construction Equipment’s India subsidiary signed a business agreement with local solar energy solutions provider Ravindra Energy to jointly develop a 2.5MW solar power project. Based on this agreement, they install solar power facilities on a 40,000 m² idle site near the subsidiary. The India subsidiary has introduced an Energy Management System (EMS) to adjust energy consumption based on environmental factors such as weather conditions, thereby enhancing the operational efficiency of the solar power facilities. In 2024, the subsidiary reduced greenhouse gas emissions by 3,597 tons by using this solar power system.

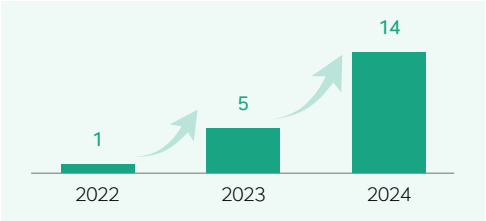
Introduction of Renewable Energy by Brazilian Subsidiary

HD Hyundai Construction Equipment’s Brazil subsidiary has signed a Power Purchase Agreement (PPA) with ENEL, a company that supplies electricity based on hydropower, to procure renewable energy. In 2024, the subsidiary purchased I-RECs (International Renewable Energy Certificates) and was certified for using a total of 5,979 MWh of renewable electricity, resulting in a reduction of 568 tons of greenhouse gas emissions.

2024 Renewable Energy Usage Performance at Overseas Operations

Classification	Renewable Energy Consumption in 2024 (MWh)	Reduction of Greenhouse Gas Emissions in 2024 (tCO ₂ e)
China subsidiary	2,437	1,527
India subsidiary	4,968	3,597
Brazil subsidiary	5,979	568

Global Operations RE100 Achievement Rate¹⁾ (Units: %)



1) RE100 achievement rate: Renewable energy power consumption / Total power consumption

Climate Change Risk Management

HD Hyundai Construction Equipment has established a company-wide risk management process to manage key climate-related risks, and operates it in an integrated way at the company level. Based on a structured procedure, identification, assessment, strategy implementation, and monitoring, we reflect it in response strategies in time and minimize its impact on business operations.

Climate Change Metrics and Targets

HD Hyundai Construction Equipment has set mid- to long-term climate targets, including achieving net zero by 2050 and RE100 by 2040, and is systematically managing key performance indicators to achieve these targets. We plan to expand the scope of its net zero roadmap to include sales operations and further enhance our management system.

1. Risk Identification

We regularly monitor global market trends and climate-related regulatory changes to identify climate-related risks and opportunities, and identify key risk and opportunity factors based on this, considering the possibility occurrence and the level of impact.

2. Risk Assessment

We identify key climate-related risks and opportunities that may affect our business operations and assess their potential financial impacts based on various climate scenarios developed by the IPCC, IEA, and NGFS.

3. Strategy Establishment and Implementation

The ESG Management Committee prioritizes key climate-related risks and opportunities based on their level of impact and establishes appropriate response strategies for each factor. Once the strategies are approved by the highest decision-making body, the ESG Committee, they are incorporated into the business strategy and implemented in detail by the relevant execution teams.

4. Monitoring and Assessment

The ESG Management Committee reviews the progress of key projects and key issues, and evaluates the achievement levels of major performance metrics such as greenhouse gas emissions and energy consumption. The evaluation results are reported to the ESG Committee and reflected in the formulation of the following year's strategic plans.

Metrics Related to Greenhouse Gas Emissions

Performance Metrics	Scope	Unit	2024		2030	2050
			Performance	Targets	Targets	Targets
Greenhouse gas emissions (Scope 1 + 2)	Global	tCO ₂ eq	33,192	33,648	20,809	0

Metrics Related to Energy Usage

Performance Metrics	Scope	Unit	2024		Achievement Rate Compared to the 2024 Target
			Performance	Targets	
Energy usage (non-renewable + renewable)	Global	TJ	572	679	116%
Renewable energy usage	Global	TJ	48	37	130%

Decarbonized Products

MATERIAL TOPIC

GOVERNANCE

Decarbonized Product Organizational Structure

Decarbonized Product Governing Body

HD Hyundai Construction Equipment has established an ESG Committee within the Board of Directors to review strategies and key issues related to decarbonized products, and to deliberate and approve plans for expanding decarbonized product development and production. In addition, the ESG Management Committee, chaired by the CEO monitors the implementation status of strategic initiatives for decarbonized products on a regular basis. Decarbonized product and technology strategies are led by the Technology Strategy Committee and the Product Strategy Committee, with participation from all three companies of the HD Hyundai Construction Equipment Sector. These committees review and approve the mid- to long-term product portfolio, technology roadmap, and the prioritization and applicability of sustainable technology development. The CEO, product development, purchasing, finance, quality, production, sales, and other organizations involved in new product development participate in the Product Strategy Committee, whereas the Technology Strategy Committee is led by the R&D division and the CEO and cross-functional organizations, such as product planning and AM/PS, participate in establishing new technology development strategies. Based on the strategies approved by these committees, monthly NTD (New Technology Development) meetings are chaired by the director of the Technology Center, and NPD (New Product Development) meetings are chaired by the CEO. These meetings review the strategic quality, schedule adherence, and carbon reduction performance of new technology and product development projects.

Decarbonized Product Governance

Technology Strategy Committee/Product Strategy Committee		ESG Management Committee	
Composition	• CEOs and key executives in charge of technology and product development of the HD Hyundai Construction Equipment Sector	Composition	CEO, Chief Sustainability Officer, Head of business group/division
Role/Agenda	• Approval of technology/product portfolio and roadmap • Approval of integrated product new technology development strategy and decarbonized product development strategy		
Frequency	• Annually		
Composition	NTD Committee • Director of Technology Institute and key executives in charge of technology and product development	Role/Agenda	ESG task selection and reporting implementation plan and results
Role/Agenda	• Review of technology development risks • Discussion of new technology and low-carbon technology development	Frequency	Quarterly
Frequency	• Monthly		

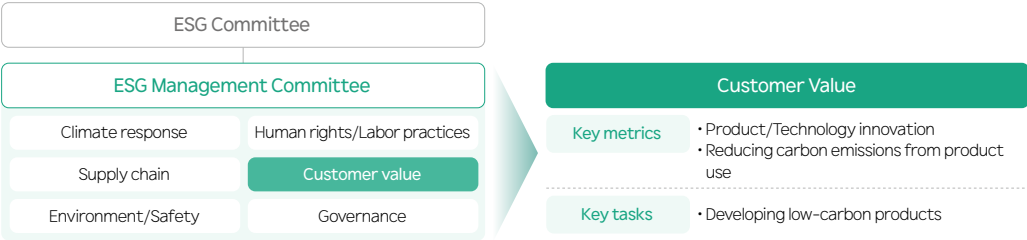
Decarbonized Product Operational Function

Under the ESG Management Committee, the Customer Value part drives various detailed initiatives, including decarbonized product development, based on the strategies established and approved by the Technology Strategy Committee and the Product Strategy Committee. The three HD Hyundai Construction Equipment Sector companies have integrated their R&D organizations to effectively leverage their respective expertise and resources, concentrating their capabilities on product development. This integration minimizes duplication of R&D activities, enhances development efficiency and technological competitiveness, and enables each company to develop decarbonized products optimized for the characteristics of their respective product lines, based on their accumulated technological foundation.

Compensation Linked to Decarbonized Products

The key performance indicators (KPIs) related to decarbonized products and technology development at HD Hyundai Construction Equipment are established and managed annually by the responsible executives and practical business teams. In 2024, key KPIs encompassing strategic initiatives and technology development outcomes were defined to further enhance the capability to execute the strategy.

Decarbonized Product Governance Structure



Decarbonized Product Risks and Opportunities

Risk and Opportunity Identification and Response

HD Hyundai Construction Equipment identifies key risks and opportunities that may affect ESG-related issues across its decarbonized products, and establishes and implements strategies to systematically manage the identified factors.

Risk/Opportunity Definition

Impact 1 Increased Global Demand for Decarbonized Products	
Risk	Opportunity
Business decline due to the shrinking market size of internal combustion engines	Market diversification due to low-carbon technology development
Impact 2 Tighter Environmental and Emissions Regulations	
Risk	Opportunity
Weakened market competitiveness due to delayed response to environmental regulations	Enhanced market leadership enabled by tightened entry thresholds

Response Strategy

- Increasing the proportion of investment in R&D of decarbonized products
- Expanding and diversifying the sales portfolio of fuel-efficient and electrified products
- Advancing fuel efficiency and electrification technology
- Expanding the application of LCA across product lines
- Proactively responding to key environmental regulations, certifications and standards

Business Case of Decarbonized Products

HD Hyundai Construction Equipment primarily manufactures and sells medium- and large-sized construction machinery. In response to tightening environmental regulations and rising demand for low-carbon technologies, we are accelerating our product transition. A delay in addressing sustainable technologies such as electrification and hydrogen could lead to a shrinking internal combustion engine market, weakening market competitiveness and reducing revenue. Conversely, by taking the lead in securing low-carbon technologies, we could diversify our revenue streams by tapping into demand driven by eco-friendly policies and by entering new markets, establish technological barriers to gain a competitive edge, and contribute to reducing the cost of achieving carbon neutrality.

Decarbonized Product Management System

Sustainable Taxonomy

HD Hyundai Construction Equipment has established its own Sustainable Taxonomy, referencing the EU Taxonomy and the Korean Taxonomy (K-Taxonomy), in order to systematically manage the development and sales of decarbonized products. Based on this Sustainable Taxonomy, we measure and manage related revenue. Our Sustainable Taxonomy defines a decarbonized product as ‘a product that uses clean technologies and meets key environmental regulations.’ We have set a mid- to long-term goal of increasing the proportion of decarbonized products to 98% of total sales by 2040 and are accelerating the shift toward a sustainability-focused product portfolio.

Sustainable Taxonomy

Decarbonized Product			
Construction machinery using clean technology			
Clean Technology Power Conversion		Fuel Efficiency	
Item	- Electrification - Energy recovery - Clean energy	Item	- Fuel efficiency improvement - Fuel inefficiency prevention
Sales	• KRW 440 million	Sales	• KRW 100.18 billion

New Development Projects Related to Sustainable Technologies in 2024

Field of Study	Development Achievements
Clean technology power conversion	Development and demonstration of hydrogen fuel cell power systems for construction equipment, application of solid hydrogen storage technologies, vibration-isolation layout design for motors and pumps in mini electric excavators, etc.
Fuel efficiency	Development of hydraulic energy recovery system, preliminary research on high-efficiency power transmission system architectures, etc.
Smart solutions	Development of remote control systems for earthwork machinery, environmental perception technology for mobile equipment, and excavator control via voice recognition, etc.

Decarbonized Product Development Process

To develop decarbonized products, HD Hyundai Construction Equipment has established a development process that integrates environmental, market, and technological factors throughout the entire product development cycle. In the early stages, we review new technology compatibility, market demand, and compliance with environmental regulations. Subsequent phases are strategically managed, including setting product and performance targets, reflecting the customer voice (VOC), establishing carbon emission reduction goals, ensuring equipment reliability, and preparing for production and market launch.

Decarbonized Product Development Process

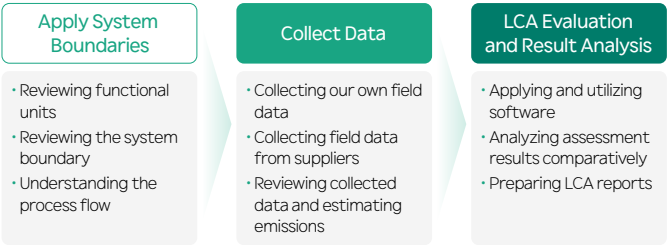


Life Cycle Assessment

To respond to increasingly stringent environmental regulations, particularly in Europe, and to manage carbon emissions across the value chain, HD Hyundai Construction Equipment is expanding product-level Life Cycle Assessments (LCA). In 2024, LCA were completed for five representative models, and we plan to conduct assessments for additional five models in 2025. These assessments were carried out based on reliable data in accordance with ISO 14040 and 14044 standards.

To enhance the accuracy and credibility of the LCA, we are developing a methodology and data management platform that calculates greenhouse gas emissions across all product manufacturing stages based on material data from the raw material phase. Additionally, we have developed a manual summarizing key issues identified during the LCA process to internalize assessment capabilities, and implement employee training programs to strengthen professional competency.

LCA Process



LCA Principles

Classification	Evaluation Principles
Base standard	ISO 14040 and ISO 14044
System boundary	From raw material extraction to product disposal (cradle to grave)
Data collection method	Field measurement data (primary data) Reliable document data (secondary data)
Impact category	Global Warming, Ozone Layer Depletion, Acidification, Eutrophication, Photochemical, Resource Depletion

LCA Results¹⁾(Global Warming)

Classification	Product	Greenhouse Gas Emissions (kgCO ₂ eq/hr)	Greenhouse Gas Emissions by Stage (%)
Excavator	HX220AL	44.4	
Excavator	HX145ALCR	33.1	
Excavator	HX140AL	34.6	
Wheel loader	HL960A	30.2	
Wheel loader	HL940A	33.0	

1) LCA performance ratio: 2.3%

Raw material extraction and manufacturing process Manufacturing stage Use stage Disposal stage

Establishing Product Category Rules (PCR)

To ensure the objectivity and credibility of LCA in the construction machinery sector, HD Hyundai Construction Equipment is developing our own Product Category Rules (PCR) and promoting revisions to the guidelines for preparing Environmental Product Declarations (EPD). As there are currently no officially recognized PCR for construction machinery, we are collaborating with the Korea Environmental Industry & Technology Institute (KEITI), relevant associations, organizations, and companies in the same industry to standardize the framework. Based on these initiatives, we aim to achieve the EPD certification.

Process of Developing Environmental Product Declaration Guideline of Construction Machinery

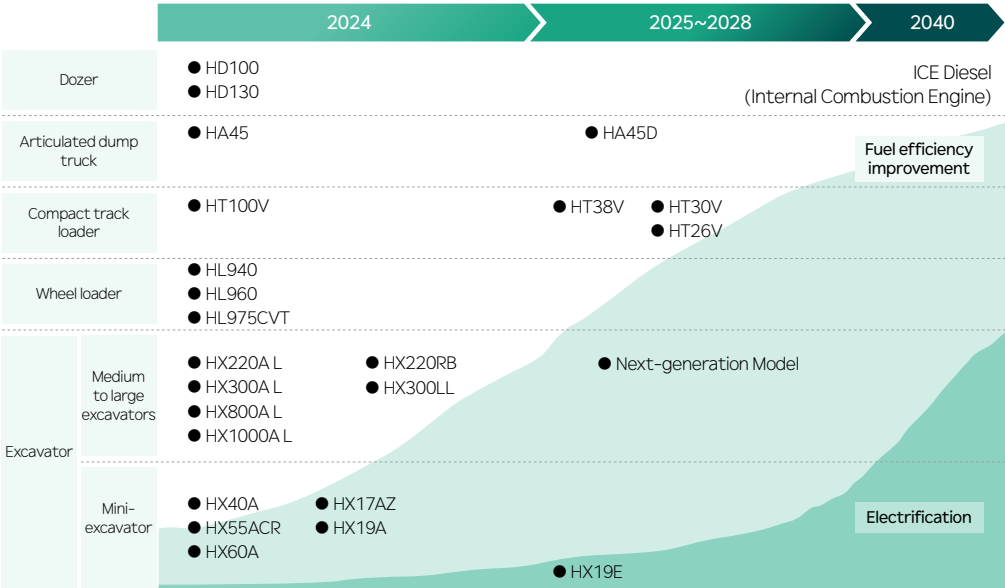


Decarbonized Product Portfolio

Carbon emissions during the product use phase account for the largest portion of HD Hyundai Construction Equipment’s value chain emissions, making emission reductions at this stage a core strategy for addressing climate change. Accordingly, we aim to reduce carbon emissions in the product use phase by 25% by 2040 compared to 2021 levels, and to increase the proportion of decarbonized products to 98% of total sales. To achieve this, we have established a sales portfolio focused on high-efficiency fuel-saving technologies, electrification, and hydrogen-based solutions. Notably, electro-hydraulic and electrification technologies have been applied to key equipment such as excavators and wheel loaders to improve both fuel efficiency and performance.

Mass production of electric excavators is set to begin in 2025, with next-generation electrified models to follow in phases. In addition, we increase annual investment in sustainable technologies by more than 10%. By investing intensively in the development of decarbonized product technologies, we are strengthening the foundation for technological transition. Through this strategic investment, we aim to build a product portfolio that meets both customer demand and environmental performance, thereby enhancing our response to climate change and reinforcing business competitiveness.

Portfolio Roadmap for Decarbonized Product Sales



Fuel Efficiency Improvement and Electrification Technology

Classification	Applied Technology	Fuel Efficiency Improvement Points
Fuel efficiency improvement (electro-hydraulic technology)	Full Electro-Hydraulic System (FEH)	• Fuel efficiency improvement technology that minimizes energy loss according to the workload, by electronically and precisely controlling hydraulic pressure.
	Virtual Bleed Off (VBO)	• A smart pump control method that supplies only the required flow rate, which decreases fuel consumption by reducing unnecessary flow loss compared to existing hydraulic systems.
Fuel efficiency improvement (power transmission technology)	Energy Recovery	• Reducing the burden on the engine and contributing to saving fuel consumption by recovering and recycling the kinetic energy generated during deceleration into electricity.
	Battery	• Reducing the operating time of the internal combustion engine and improving fuel efficiency by storing electrical energy to assist or drive the engine independently.
Electrification	Hydrogen Fuel Cell	• This high-efficiency equipment operates through the electrochemical reaction of hydrogen and oxygen, generating electricity to deliver superior fuel efficiency while maintaining environmental sustainability.

Low Carbon Technology

Fuel Efficiency Technology

To improve fuel efficiency and reduce carbon emissions, HD Hyundai Construction Equipment is developing both electrification and fuel-saving technologies tailored to the characteristics of each product family. Building on the electrification of mini-excavators, we are expanding battery-electric powertrain technologies to mid-size excavators and wheel loaders. For fuel efficiency optimization, we are applying technologies such as variable boom operating (VBO), full electro-hydraulic (FEH) systems, and electronic engine controls. These efforts are expected to improve fuel efficiency by more than 15%. Additionally, to enhance energy efficiency in electric excavators, we are developing hydraulic energy recovery systems during boom lowering and regenerative swing braking technology.

As the first in the construction equipment industry to participate in the 2025 Seoul Mobility Show, HD Hyundai Construction Equipment and our affiliates unveiled next-generation excavator models. We showcased the 40-ton next-generation excavator HX400 that has improved productivity and fuel efficiency by applying the HD Hyundai Infracore DX08 engine and FEH technology, which demonstrated our technological competitiveness in electrification and energy efficiency.



New 40-Ton Excavator (HX400)

Electrified Products

Electric Excavator

HD Hyundai Construction Equipment is accelerating our transition to electrification by expanding our electric excavator lineup from mini to mid-size models. In 2025, we launched a 1.9-ton electric mini-excavator with a cabin specification tailored for advanced markets. This model was developed to operate reliably even in harsh, cold environments. With 'Workable E-Machine' as our electrification vision, we equipped the machine with a high-capacity 40kWh battery, enabling 8 to 10 hours of continuous operation, thereby enhancing user efficiency and convenience. We plan to expand our lineup of compact electric excavators to strengthen our global market presence.

For mid-size equipment, we plan to successively launch a 14-ton electric wheeled excavator and a 22-ton electric crawler excavator. The 14-ton model is equipped with an energy regeneration system and a 335kWh battery, offering long-duration operation. Specifically, a short rear swing radius feature enables operators to work efficiently in urban environments. The 22-ton model incorporates boom energy regeneration technology to minimize energy loss and features a 500kWh battery, offering the longest operation time among equipment in its class. Additionally, we are developing an electric wheel loader and continuing to expand our portfolio of mid-size electrified equipment to strengthen competitiveness in the construction equipment market.



1.9 Ton Electric Excavator (HX19E)

Hydrogen Fuel Cell Excavator

HD Hyundai Construction Equipment began developing hydrogen fuel cell-based construction machinery in 2020 and unveiled our initial 14-ton wheeled excavator model at the 'BAUMA 2022' exhibition. Since then, we have continued to advance our technology, developing the follow-up 15-ton model, 'HW155H,' which offers improved operational performance and energy efficiency and was presented at the 2025 BAUMA exhibition.

The HW155H model is equipped with a hydrogen fuel cell system co-developed with a partner company, achieving zero carbon emissions while delivering a maximum output of 100kW and supporting up to 12 hours of continuous operation, matching the work performance of equivalent diesel-powered models. Notably, it is the world's first construction machine to incorporate solid hydrogen storage technology, which enables safer refueling at approximately one-tenth the pressure of conventional 700-bar compressed gas systems. This innovation also doubles energy density and significantly improves refueling efficiency. The storage unit additionally functions as a counterweight at the rear of the machine, contributing to design optimization.

Thanks to this high level of technological refinement and its sustainability achievements, the HW155H model has been named a finalist for the Bauma Innovation Award - Climate Protection at BAUMA 2025.

We continue to monitor demand trends for high-output work environments and green hydrogen supply conditions, while actively pursuing a phased commercialization strategy based on technology, infrastructure, and market.



Hydrogen Fuel Cell Excavator (HW155H)

Risk Management of Decarbonized Products

HD Hyundai Construction Equipment has established a company-wide risk management process to systematically manage key risks related to decarbonized products, and operates it in an integrated way at the company level. Based on a structured procedure, identification, assessment, strategy implementation, and monitoring, we reflect it in response strategies in time and minimize its impact on business operations.

Risk Management Process

1. Risk Identification

Analyzing external factors such as market trends, global regulatory changes, and competitor product launches on a regular basis to proactively identify potential risks and opportunities associated with decarbonized products and technologies.

2. Risk Assessment

Risk and opportunity factors of decarbonized products and technologies are comprehensively evaluated using LCA results, technical feasibility, and market acceptance, and are prioritized and reflected in strategic planning accordingly.

3. Strategy Establishment and Implementation

Specific response strategies—including expanding electrification, developing hydrogen technology, and adjusting the product portfolio—are established by the Technology Strategy Committee and Product Strategy Committee, then implemented by their respective operational teams.

4. Monitoring and Assessment

Major issues and risk responses arising during project implementation are reported regularly through these committees, where progress is reviewed in terms of product viability, quality, and marketability. When policies or market conditions change, strategies are re-evaluated as needed in order to determine future directions and identify areas for improvement in project execution.

Decarbonized Product Metrics and Targets

To enhance the execution capability of our decarbonized product and technology strategy, HD Hyundai Construction Equipment has increased investment in technology development and established key management indicators to support the expansion of our decarbonized product portfolio. In particular, we plan to develop decarbonized products focusing on key initiatives such as the broader application of low-carbon electro-hydraulic technology, the development of next-generation electrified models, and the advancement of hydrogen fuel cell and solid hydrogen technologies.

Performance Metrics	Unit	2024		2025	Mid- to long-term
		Targets	Performance	Targets	Targets
Increasing investment in decarbonized product and technology development ¹⁾	KRW 100 million	89	89	103	10% increase every year
Expanding LCA coverage	Cumulative units	5	5	10	Expanding to more than 5 models every year

1) Investment amount for development of low-carbon, smart construction machinery technology and sustainable materials technology

EU Taxonomy

HD Hyundai Construction Equipment systematically manages the sustainability of our core business activities based on our internally established Sustainable Taxonomy. In 2024, we applied the globally recognized EU Taxonomy to identify which of our economic activities could be classified as sustainable. The EU Taxonomy, established under Regulation (EU) 2020/852, provides a classification framework for sustainability. It evaluates whether a company's economic activity makes a substantial contribution to one or more of the six environmental objectives¹⁾, such as climate change mitigation or adaptation, without causing significant harm to other objectives, and while complying with minimum legal requirements. Following this classification framework, we calculated the share of our sales (turnover), capital expenditures (CapEx), and operating expenditures (OpEx) that correspond to sustainable economic activities. These metrics will serve as references in our future sustainable management strategies to enhance their objectivity and credibility.

	Sales (Turnover)	Capital Expenditures (CapEx)	Operating Expenses (OpEx)
Taxonomy Methodology	Turnover KPI The refers to the revenue generated from economic activities that are deemed environmentally sustainable according to the EU Taxonomy's criteria The denominator used for KPI calculation is defined in accordance with Article 2(5) of EU Regulation 2020/852, and turnover is based on the income reported under paragraph 82(a), Article 1 of International Accounting Standards (IAS). This refers to the revenue reported in the separate income statement, with the total revenue reported for the current fiscal year reaching KRW 1,936,149 million. The numerator was calculated based on the revenue from eligible economic activities as defined by the EU Taxonomy.	The CapEx KPI represents the proportion of capital expenditures during the fiscal year that were allocated to economic activities according to the EU Taxonomy. The denominator consists of the total acquisition costs of property, plant and equipment, intangible assets, investment property, and right-of-use assets incurred during the reporting period. Fluctuations due to changes in fair value are excluded, but increases resulting from business combinations are included. The numerator includes the following capital expenditure items. • Investments in assets directly used for eligible economic activities defined by the EU Taxonomy • Investments carried out under a CapEx plan for the future transition to eligible activities • Capital expenditures related to the purchase of products and services produced through eligible activities or to actions that make a substantial contribution to decarbonization We analyzed internal supporting documentation related to asset acquisitions to determine whether the capital expenditures in question met the eligibility criteria under the EU Taxonomy.	The OpEx KPI measures the proportion of a company's annual operating expenses allocated to eligible economic activities as defined by the EU Taxonomy. The denominator is the amount of direct expenditure related to the day-to-day use of tangible assets, including non-capitalized research and development expenses, building repair expenses, short-term lease payments, maintenance and repair expenses, and other expenses incurred during the accounting period, and the numerator includes the following operating expenses items. The numerator comprises the following operating expense items. • Operating expenses related to eligible economic activities, including training, employee wages, and direct R&D costs • Operating expenses supporting eligible activities under the CapEx Plan • Expenses for the purchase of products and services produced through eligible activities, or those related to actions that make a substantial contribution to decarbonization We classified and analyzed operating expenses based on their direct relation to R&D activities. Using our R&D project management system, we reviewed the objectives and detailed scopes of each project and classified them as eligible economic activities where applicable, under the EU Taxonomy.
Identification of Economic Activities under Taxonomy	The economic activities and sales identified as eligible turnover are as follows. (1) CCM 3.6 Manufacture of other low-carbon technologies: Electric excavator sales (2) CE 5.2 Sale of spare parts: Sales of parts other than consumables with a fixed replacement cycle To be classified as an eligible economic activity according to the EU Taxonomy, it must make a substantial contribution (SC)²⁾ to one of the six environmental objectives, do no significant harm (DNSH)³⁾ to the others, and comply with minimum safeguards (MS)⁴⁾ as outlined in the delegated regulation. Although we identified turnover associated with activities CCM 3.6 and CE 5.2 as eligible economic activities, these did not fully meet the SC, DNSH, and MS requirements set out in the delegated regulations. As a result, no turnover has been classified as eligible economic activity.	The economic activities and capital expenditures identified as eligible CapEx are as follows. (1) CCM 3.6 Manufacture of other low-carbon technologies: Acquisition of fixed assets for the manufacturing of electric excavators (2) CCM 7.3 Installation, maintenance and repair of energy-efficient equipment: Acquisition of fixed assets to improve energy saving efficiency (3) CE 4.1 Provision of IT/OT data-driven solutions: Acquisition of fixed assets for the establishment of a cloud system to support remote control, AI-based safety features, and fault diagnostics (4) CE 5.2 Sale of spare parts: Acquisition of fixed assets to enhance parts demand forecasting capabilities and improve inventory management efficiency Capital expenditures of a shared investment nature were allocated to eligible economic activities based on apportioned ratios calculated according to allocation criteria. However, CapEx classified as eligible economic activities did not fully meet the SC, DNSH, and MS requirements set out in the delegated regulations. As a result, no CapEx has been classified as an eligible economic activity.	The economic activities and sales identified as eligible OpEx are as follows. (1) CCM 3.2 Manufacture of equipment for the production and use of hydrogen: Research and development costs related to hydrogen fuel cell excavators (2) CCM 3.6 Manufacture of other low-carbon technologies: Research and development expenses related to electric excavators (3) CE 4.1 Provision of IT/OT data-driven solutions: Research and development expenses for the establishment of a cloud system to support remote control, AI-based safety features, and fault diagnostics In addition, expenditures from general development projects not directly related to specific products or technologies, as well as other costs unrelated to R&D, were proportionally allocated to eligible economic activities based on a reasonable allocation criteria. However, OpEx classified as eligible economic activities did not fully meet the SC, DNSH, and MS requirements set out in the delegated regulations. As a result, no OpEx has been classified as an eligible economic activity.

1) Six major environmental goals: Climate Change Mitigation (CCM), Climate Change Adaptation (CCA), Water and marine resources (WTR), Circular Economy (CE), Pollution prevention (PPC), Biodiversity and ecosystems (BIO).

2) SC, Substantial Contribution

3) DNSH, Do No Significant Harm

4) MS, Minimum Safeguards

EU Taxonomy KPIs

(Unit: KRW million)

Fiscal Year 2024	Year							SC Criteria						DNSH Criteria ¹⁾						MS Criteria ¹⁾
Economic Activities	Code	Turnover	Proportion of Turnover Year 2024	CapEx	Proportion of CapEx Year 2024	OpEx	Proportion of OpEx Year 2024	CCM	CCA	Water	Pollution	Circular Economy	Biodiversity	CCM	CCA	Water	Pollution	Circular Economy	Biodiversity	Minimum Safeguards
		KRW	%	KRW	%	KRW	%	Y; N; N/EL ²⁾	Y; N; N/EL ²⁾	Y; N; N/EL ²⁾	Y; N; N/EL ²⁾	Y; N; N/EL ²⁾	Y; N; N/EL ²⁾	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N
A. TAXONOMY-ELIGIBLE ACTIVITIES																				
A.1. Environmentally sustainable activities (Taxonomy-aligned)																				
Environmentally sustainable activities (Taxonomy-aligned) (A.1)		-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which enabling		-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
Of which transitional		-	0.00%	-	0.00%	-	0.00%	-	-	-	-	-	-	-	-	-	-	-	-	-
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																				
Manufacture of equipment for the production and use of hydrogen	CCM 3.2	-	0.00%	-	0.00%	640	0.60%	N	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-
Manufacture of other low carbon technologies	CCM 3.6	3,293	0.17%	339	0.21%	4,596	4.30%	N	N/EL	N/EL	N/EL	N/EL	N/EL	-	-	-	-	-	-	-
Installation, maintenance and repair of energy efficiency equipment	CCM 7.3	-	0.00%	5,242	3.21%	-	0.00%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	N	Y	Y	Y
Provision of IT/OT data-driven solutions	CE 4.1	-	0.00%	232	0.14%	592	0.55%	N/EL	N/EL	N/EL	N/EL	N	N/EL	-	-	-	-	-	-	-
Sale of spare parts	CE 5.2	214,581	11.08%	7,678	4.70%	2,998	2.81%	N/EL	N/EL	N/EL	N/EL	N	N/EL	-	-	-	-	-	-	-
Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		217,874	11.25%	13,491	8.26%	8,826	8.26%	8.49%	0%	0%	0%	19.28%	0%	-	-	-	-	-	-	-
A. Taxonomy-eligible activities (A.1+A.2)		217,874	11.25%	13,491	8.26%	8,826	8.26%	8.49%	0%	0%	0%	19.28%	0%	-	-	-	-	-	-	-
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																				
Taxonomy-non-eligible activities		1,718,275	88.75%	149,739	91.74%	98,028	91.74%	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (A+B)		1,936,149	100.00%	163,230	100.00%	106,854	100.00%	-	-	-	-	-	-	-	-	-	-	-	-	-

1) Among the economic activities identified as taxonomy-eligible, only those that meet the SC requirements were reviewed for compliance with DNSH and MS.
2) Y - Yes, Taxonomy-eligible activity that meets the substantial contribution (SC) technical screening criteria for the relevant environmental objective. The activity may not meet Do No Significant Harm (DNSH) or Minimum Safeguards (MS) requirements, which is indicated in the relevant columns; N - No, Taxonomy-eligible activity that does not meet the substantial contribution (SC) technical screening criteria for the relevant environmental objective; N/EL - Not eligible, Taxonomy-non-eligible activity for the relevant environmental objective.

Environmental Management

Environmental Management Framework

Environmental Management Dedicated Function

To implement environmental management in a systematic manner, HD Hyundai Construction Equipment has formalized the responsibilities and authority of the CEO, under which the ESG Committee within the Board of Directors reviews and approves key strategies related to environmental issues. Key issues concerning the implementation of environmental policies are determined under the CEO's leadership and reported regularly to the ESG Committee and the Board of Directors for final decision-making.

The dedicated EHS (Environment, Health & Safety) function oversees company-wide environmental management in accordance with corporate policy, including the control of greenhouse gas emissions, air and water pollutants, and hazardous chemicals, as well as compliance with relevant regulations. We operate an environmental management system in line with international standard ISO 14001. All global operations undergo annual internal and external audits to assess legal compliance and operational effectiveness, and continuous improvement activities are carried out to minimize environmental impact. To strengthen accountability and execution capability of environmental management, implementation targets are set annually by each business division, and environmental performance indicators are included in the Key Performance Indicators (KPIs) of responsible executives and staff to link environmental management performance with compensation.

Organizational Chart of the Dedicated Environmental Management Organization



Environmental Management Policy

HD Hyundai Construction Equipment recognizes the climate crisis and environmental pollution as core global challenges faced by humanity and is committed to building a sustainable future through a robust environmental management system in collaboration with diverse stakeholders. To ensure that all stakeholders, including employees, subsidiaries, and suppliers, actively participate in realizing the value of environmental protection, we have set our environmental vision as 'effective response to environmental regulations and prevention of pollution.' We have also established and consistently implemented core policies of 'Developing decarbonized products and strengthening low-carbon production activities' and 'Preventing environmental pollution and conducting continual improvement activities.'



Environmental Management Activities

Environmental Regulatory Response and Risk Management

To manage environmental risks, HD Hyundai Construction Equipment identifies environmental risks and opportunities annually and operates both a regulatory-based preventive system and an on-site response system. We constantly monitor environmental laws and regulatory trends and report our compliance status to the BOD on a quarterly basis. In addition, environmental compliance across global operations is assessed twice a year. Using the Hi-EHS system, we manage corrective and preventive actions and monitor compliance status in real time. We apply internal standards that are 70% more stringent than legal requirements in order to more rigorously control emissions of water and air pollutants. An emergency response system has been established and is maintained across business operations to prevent environmental accidents. We conduct training based on various scenarios, including oil spills, wastewater treatment facility failures, confined space accidents, and fires, and carry out joint drills with local fire departments to strengthen real-world response capabilities.

Environmental Management Risk and Opportunity Identification and Management

Classification			Risk Assessment	Strategic Direction and Detailed Implementation Tasks
ESG management	Risk	Failure to achieve externally-declared goals (greenhouse gas reduction)	High	• RE100 promotion for domestic operations, climate change response strategy and greenhouse gas emission reduction activities
	Opportunity	Preemptive response to regulations by operating the integrated management system		
Environmental, Health and Safety (EHS) management system	Risk	Inadequate EHS management system	Medium	• Development/operation of the integrated EHS management system and stabilization of CMS operation
	Opportunity	Preemptive response to regulations by operating the integrated management system		
Lack of awareness of environmental laws	Risk	Abnormal operation, abnormal disposal of pollutants	Medium	• Standardization and updating environmental facility operation procedures • Training on environmental facility law compliance management and establishment of standard implementation
	Opportunity	Raising awareness of compliance with environmental legislation		
Reducing environmental pollution emissions	Risk	Legal sanctions for non-compliance with environmental pollution emission laws	High	• Strengthened management standards of pollutant emission concentration (concentration): within 70% of air/water quality legal standards • Maintenance and improvement of outdated environmental facilities, review of facility investment, and improvement
	Opportunity	Supplementing the pollution emission management standards and vulnerable facilities		
Strengthened environmental laws and penalties	Risk	Strengthened environmental guidance enforcement and management standards	High	• Installing IoT monitoring devices at environmental facilities: Real-time monitoring by linking to EHS computer system • Self-measurement of environmental pollution and response to new laws
	Opportunity	Preparation of preemptive regulatory response management plans		
Resident environmental complaints	Risk	Occurrence of environmental complaints (fine dust, bad smell, etc.)	Medium	• Response method when a complaint occurs: Monitoring odor caused by painting or other environmental facilities and contact system establishment, public-private cooperative autonomous environmental patrols, etc.
	Opportunity	Information sharing/benchmarking of surrounding affiliates		
Supplier compliance management	Risk	Non-compliance with environmental laws/standards	Medium	• Distribution and standard documents and detailed management plans, training (air, water, chemicals, waste)
	Opportunity	Strengthening supplier compliance		

Establishment and Operation of the Environmental Management System

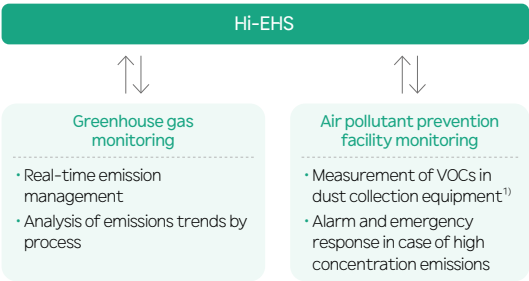
To meet ESG requirements and comprehensively manage operations environmental data, HD Hyundai Construction Equipment developed our proprietary environmental management system, Hi-EHS, which was launched company-wide in the first quarter of 2025. Hi-EHS digitalizes key indicators across environment, safety, health, and greenhouse gas categories, and visualizes them on a dashboard to enable real-time monitoring within an integrated management system. To ensure smooth operation, company-wide user training was conducted in February 2025 to enhance the understanding and usage of the system. We plan to strengthen our environmental regulatory responsiveness by leveraging the system's five-to-ten-minute interval data collection and analysis capabilities.

All domestic operations have obtained the ISO 14001 certification, and we are extending this scope to overseas operations. To assess the effectiveness of the environmental management system and legal compliance, we undergo annual audits by external certification bodies, alongside regular internal audits across all operations in accordance with ISO 14001 standards. When establishing the annual internal audit plan, we reflect the results of environmental impact and hazard risk assessments, as well as past improvement actions. We execute improvement activities according to this plan. In 2024, we conducted two cross-site inspections and management status sharing workshops among the three HD Hyundai Construction Equipment companies to enhance the effectiveness of the internal audit system.

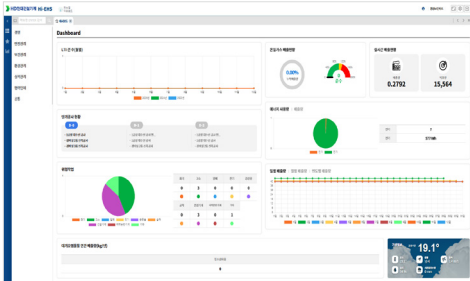
Environmental Management Targets and Performance

Performance Metrics	2024		2025	Key Implementation Measures
	Targets	Performance	Targets	
Percentage of global operations certified to ISO 14001	67%	67%	83%	- Continuous inspection and improvement of the environmental management system through regular surveillance audits and renewal audits. - Expanding the environmental management system certification to uncertified operations

Integrated EHS Management System



1) Volatile Organic Compounds (VOCs)



Hi-EHS Dashboard

Environmental Training

HD Hyundai Construction Equipment conducts regular environmental training to enhance environmental and safety awareness among site managers and field employees. We provide site-specific training on key environmental issues such as air pollutant emission facilities, as well as internal training for field personnel on ISO 14001 standards. In 2024, we increased our training programs on waste and chemical substance management to improve on-site operational capabilities.

Program Name	Main Content	Target	Training Schedule	Method	Number of
Specialized training for internal ISO implementers	• Understanding ISO 14001, ISO 45001 management system requirements, internal audits and response methods	EHS implementer by department	February 2024	Face-to-face	24
Training on environmental facility operation manual (waste/chemical substances management)	• Equipment operation manual, essential workplace guidelines, and regulatory compliance management tips • Waste disposal tips, hazardous waste management, response to hazardous chemical leaks	Related departments, managers, workers, suppliers	December 2024	Face-to-face	290
Emergency response training for wastewater treatment facilities	• Scenario for responding to emergency response incidents at the wastewater treatment facility (response to pollutant leaks and guidelines for actions in confined space)	EHS team, wastewater treatment facility manager and other related departments	September 2024	Face-to-face	9

Water Resources Management

HD Hyundai Construction Equipment has established and is operating a wastewater management system to ensure the lawful treatment of wastewater generated during production processes and to prevent water pollution. In May 2025, following the relocation of the processing operation from the Ulsan Campus to an advanced facility, we decommissioned our existing wastewater treatment facility and transferred all wastewater treatment tasks to a specialized external service provider. This change eliminates leakage risks associated with long-distance piping and enhances both treatment efficiency and environmental safety. Even after outsourcing, all relevant logs and performance data are continuously updated in the Hi-EHS system to maintain robust water quality management.

To reduce water consumption, we have implemented water-saving equipment to improve water use efficiency and introduced a circulation system using recycled water in certain painting processes. Sumps and water storage tanks have been installed at key locations in the plant to enable more thorough wastewater collection, and a customized treatment method based on pollutant levels and odor intensity is planned for future implementation. Additionally, to respond to emergencies, containment barriers and leak prevention systems are in place, while key water quality indicators, such as Total Organic Carbon (TOC) and Biochemical Oxygen Demand (BOD), are measured regularly, at least once a month. Through this water quality monitoring and response system, we are minimizing the impact on aquatic ecosystems and strengthening sustainable water resource management.

Water Resources and Water Quality Management Goals and Performance¹⁾

Performance Metrics	Unit	2024		2025	Key Implementation Measures
		Targets	Performance	Targets	
Water consumed ²⁾	ton	42,000	39,068	41,021	- Strengthening regular monitoring of water pollutants - Investment review and improvement of water-saving facilities and leak prevention facilities, etc.
TOC	mg/L	52.5	45.2	~ ³⁾	
BOD	mg/L	84	8.3		

1) Based on Ulsan Campus
2) Managing water consumption targets based on water withdrawn.
3) Water quality will not be measured due to wastewater treatment facility closure from 2025.

Air Pollution Management

HD Hyundai Construction Equipment is committed to minimizing air pollutant emissions and their potential health impacts on workers and surrounding communities through ongoing reduction efforts. Major air pollutants, including Nitrogen Oxides (NOx), Sulfur Oxides (SOx), Volatile Organic Compounds (VOCs), as well as particulate matter, are primarily generated from painting processes and heating equipment, and thus optimal prevention facilities are being built and operated. In particular, a Regenerative Thermal Oxidizer (RTO) has been installed in the parts painting process, which emits the highest volume of pollutants. The RTO decomposes VOCs into CO₂ and H₂O at high temperatures, reducing emissions to levels harmless to humans and the environment. As a high-efficiency device capable of lowering pollutant concentrations from several hundred ppm to tens of ppm, the RTO represents the company's most significant investment in air pollution control. In compliance with legal regulations, we are transitioning to water-based paints to reduce VOC emissions and we are currently developing the necessary formulations.

In 2025, existing adsorption-type prevention systems will be replaced with direct-combustion systems to reduce waste activated carbon generation. We are also conducting monthly performance reviews and improvement measures. Starting in the second half of the year, an IoT-based real-time monitoring system will be introduced to manage key air pollutants more precisely, alongside efforts to identify and analyze new pollutant sources. Specifically, IoT-based Total Hydrocarbon Compounds (THC) concentration monitoring systems will be installed in high-emission areas, such as parts painting lines, which will enable us to predict when high concentrations will occur and prevent violations of regulations in advance.

Pollutant levels are managed through periodic measurements in accordance with statutory intervals and continuous monitoring, maintaining emissions at over 70% below regulatory limits. To protect workers' health, local exhaust ventilation and dedicated dust collection systems have been installed in high-risk areas such as welding processes, helping to create a safer and more comfortable work environment.

Air Pollution Management Targets and Performance¹⁾

Performance Metrics	Unit	Facility	2024		2025	Key Implementation Measures
			Targets	Performance	Targets	
SOx	ppm	Boiler	Under 49	12.5	Within 70% of the legal standard	• Advancing air pollutant monitoring • Reviewing investment in environmental facilities, including introduction of new prevention facilities, and making improvements • Developing and applying eco-friendly paints
		Painting facility	Under 140	0.4		
NOx	ppm	Boiler	Under 42	28.1		
		Painting facility	Under 98	0.3		
Dust	mg/m ³	-	Under 21	1.5		

1) Based on Ulsan Campus

Managing Hazardous Chemicals

HD Hyundai Construction Equipment operates a comprehensive chemical substance management system across all processes to prevent chemical leaks and ensure the safe handling of hazardous substances at its operations. We monitor the full life cycle of chemicals, from receipt and use to storage and disposal, and place Material Safety Data Sheets (MSDS) on site, while providing regular training to raise employee awareness regarding chemical safety. Aiming to maintain a business site with 'zero' hazardous chemical substances, we have implemented continuous improvement measures. In 2022, sodium hydroxide, previously used as a neutralizing agent in wastewater treatment, was completely replaced with a harmless substance. When new hazardous substances emerge at operations, efforts are made to neutralize and replace them with non-hazardous alternatives. For example, in 2024, newly introduced putty-related materials used in painting were fully substituted, and in 2025, alternative thread-locking compounds have been developed and are being gradually applied in the field.

In addition to process-related improvements, harmful substances that could be included in finished products are being blocked at the material intake stage. In May 2025, the HD Hyundai Construction Equipment Sector officially launched HiSIMS (HD Hyundai Integrated Substance Information Management System), enhancing our capacity to respond to global environmental regulations and improving integrated data management. We plan to strengthen our control of hazardous substances by blocking their use from the procurement stage and reinforcing new substance registration, while continuing to build a robust regulatory response system in line with global standards.

Harmful Chemical Substance Management Targets and Performance¹⁾

Performance Metrics	2024		2025	Key Implementation Measures
	Targets	Performance	Targets	
Hazardous chemical substances included in the management target of the Chemical Substances Control Act	Maintaining a Zero Hazardous Chemicals Operation	Maintaining a Zero Hazardous Chemicals Operation	Maintaining a Zero Hazardous Chemicals Operation	• Regulatory monitoring and hazardous chemical inventory management • Development and application of alternative substances in response to newly identified hazardous chemicals

1) Based on Ulsan Campus

Biodiversity

Biodiversity Management System

Biodiversity Governing Body

The ESG Committee deliberates and makes final decisions on key issues to systematically manage natural capital. Additionally, the Committee operates a lower level ESG Management Committee, which regularly reviews implementation plans and progress on improvement initiatives derived from analyses of the company's dependencies, impacts, risks, and opportunities related to biodiversity.

Biodiversity Risk Management

Step 1
Risk Identification

We analyze the natural environment surrounding our key operations on a regular basis to monitor climate change, ecosystem degradation, and biodiversity loss, and identify potential risks and opportunities related to biodiversity.

Step 2
Risk Assessment

Based on the LEAP approach, we have developed an in-house assessment methodology to evaluate potential risks and opportunities related to biodiversity. This methodology comprehensively considers dependence, impact, and likelihood of interaction with nature, and prioritizes strategic responses accordingly.

Step 3
Strategy Establishment and Implementation

We have established concrete response strategies to mitigate key potential risks and capture opportunities, and the responsible organizations work together to implement strategic activities.

Step 4
Monitoring and Assessment

The ESG Management Committee regularly monitors the implementation and effectiveness of biodiversity strategy activities and reports the results to the ESG Committee to reflect them in the next biodiversity strategy.

Biodiversity Related Policies

In 2024, the ESG Committee established a biodiversity conservation policy as a key strategic initiative for biodiversity. Through the establishment of this policy, we have built a biodiversity protection framework and formally demonstrated our commitment and leadership in conserving biodiversity. The policy has been publicly disclosed on our corporate website to communicate our mission.

[Biodiversity Protection Policy](#)

Biodiversity Risks and Opportunities

HD Hyundai Construction Equipment has established a biodiversity risk and opportunity assessment methodology based on the LEAP approach recommended by the Taskforce on Nature-related Financial Disclosures (TNFD). Using a Geographic Information System (GIS), we analyzed interactions between operations and surrounding ecosystems based on eight core ecological indicators, identifying key risks and opportunities related to biodiversity. To enhance the objectivity and reliability of the assessment, cross-verification was conducted using IBAT Tool and WWF Biodiversity Risk Filter.

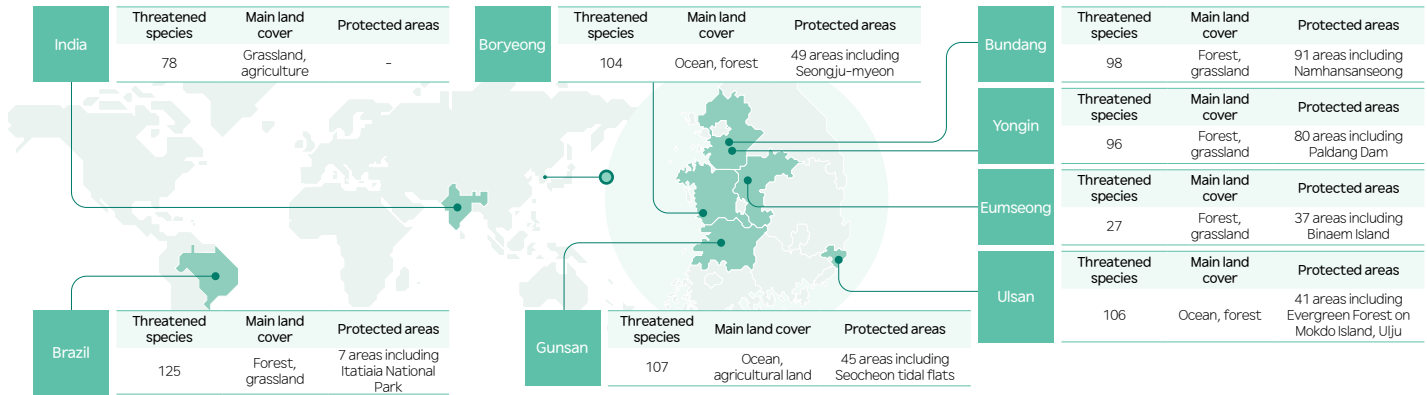
LEAP Approach



Locate (Interface with Nature)



HD Hyundai Construction Equipment analyzed the areas of ecological interface near our key operations, categorizing them as 'adjacent areas' (within a 2 km radius) and 'buffer zones' (within a 50 km radius) of each site. By leveraging Geographic Information System (GIS) data, we assessed each location in terms of vegetation distribution, the presence of protected and cultural heritage areas, and habitats of threatened species¹⁾, thereby identifying potential impacts of business activities on nature.



1) The International Union for Conservation of Nature (IUCN) Red List classifies species according to their risk of extinction in the wild, with threatened species corresponding to the categories of CR (Critically Endangered), EN (Endangered), and VU (Vulnerable)

Evaluate (Dependency and Impact Analysis) L E A P

HD Hyundai Construction Equipment conducted an analysis of our value chain and global operations based on key ecosystem indicators, assessing both our dependence on nature and nature’s impact on our business operations. Through materiality assessments of the results, we identified priority biodiversity assets and gained insight into the interlinkages between our business activities and ecosystem services.

Value Chain Dependency and Influence

We used the ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure) Tool to understand the scope of the value chain of the construction machinery industry, and identify dependencies and impacts on biodiversity by each industrial group.

Value Chain Dependency Very High High

Classification		Upstream			Downstream	
Industrial Group	Steel	Building Materials	Special Chemicals	Electricity	Construction	Mineral
Water availability						
Flood						
Soil quality						
Air quality						
Water Quality						
Species diversity						
Climate						

Value Chain Impact Very High High

Classification		Upstream			Downstream	
Industrial Group	Steel	Building Materials	Special Chemicals	Electricity	Construction	Mineral
Water availability						
Soil quality						
Air quality						
Water Quality						
Species diversity						
Climate						

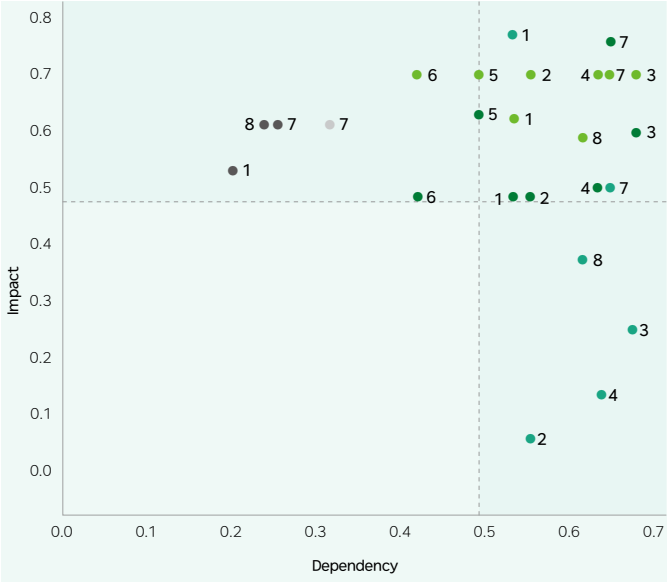
Global Operations Dependency and Impact

Using Geographic Information Systems (GIS), we assessed eight major global sites by analyzing ‘exposure’ based on key vegetation patterns near each location and evaluated ‘sensitivity’ of the level of change in ecosystem services to site activities. The analysis leveraged internationally recognized data sources recommended by the TNFD and applied the ENCORE Tool to jointly assess identified dependencies and influences, enabling a comprehensive evaluation of each site’s relationship with biodiversity.

Own Operations Dependency and Impact

Classification	Water Availability	Flood	Soil Improvement	Air Purification	Water Quality	Climate	Species Diversity
1. Ulsan							
2. Yongin							
3. Eumseong							
4. Boryeong							
5. Gunsan							
6. Bundang							
7. India							
8. Brazil							

Identification Results of Prioritized Ecosystem Management Areas by Operations



Assess (Risk and Opportunity Identification)

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HD Hyundai Construction Equipment created a pool of risks and opportunities related to nature capital by referencing the TNFD guidelines, and conducted a materiality assessment to identify key risks and opportunities. In this process, physical risks were evaluated based on potential losses to asset value, operations, and revenue, while transition risks and opportunities were assessed through a combined analysis of impact magnitude and likelihood of occurrence. For impacts of transition risks and opportunities, factors such as the impact on product sales, the WWF Biodiversity Risk Filter, and stakeholder expectations were considered. Likelihood of occurrence was evaluated using scenario-based probability from TNFD guidance and response capacity.

Results of Financial Impact Assessment by Major Biodiversity Risks and Opportunities

Classification		Business Impact	Upstream	Own Operations	Downstream	Financial Impact	Level of Financial Impact ¹⁾
Physical risks	Acute	P1 Declining biodiversity weakens ecosystem services such as pollination, soil fertility, and flood/erosion control, leading to asset loss/damages and operational disruptions.		●		Reduced asset value and operational disruptions	Mid
	Chronic	P2 Extreme weather events such as wildfires, droughts, and heavy rainfall are becoming more frequent due to climate change, leading to facility damage and production disruptions.		●			Low
Transition risk	Reputation and stakeholders	T1 Involvement in ecosystem destruction or pollution issues can damage the company's brand image and erode investor trust.	●	●	●	Increased costs associated with managing negative reputation and revenue decline due to reputational damage	Mid
	Policy and law	T2 Illegal logging, fishing, or unauthorized development within the supply chain may lead to social criticism or legal sanctions.	●		●	Increased regulatory compliance costs, rising costs for supply chain audits, supplier replacement, and management	Low
	Market and finance	T3 As consumers and investors increasingly prefer eco-friendly and decarbonized products, demand for conventional internal combustion engine products is declining, and market entry is becoming more restricted.			●	Decrease in sales of existing internal combustion engine products	Low
Opportunity	Resource efficiency	O1 Cost savings and reduced environmental impact can be achieved simultaneously through improved natural resource efficiency and waste reduction.		●		Reduced water and waste related costs	Low
	Products and services	O2 Generating revenue by developing eco-friendly products and services or responding to new market demands.			●	Increase in sales due to improved fuel efficiency and expanded electric construction equipment market	Mid
	Market and finance	O3 Establishing an eco-friendly supply chain that minimizes environmental degradation enables easier access to markets with stricter regulations or environmentally conscious customers, thereby securing a competitive advantage.			●	Increase in sales due to increased demand for socially responsible products	Mid

1) Short-term financial impact (1 year)

Prepare (Response and Disclosure)

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HD Hyundai Construction Equipment implements strategic actions to manage the identified nature-related risks and opportunities. Following the Science Based Target Network (SBTN) AR³T framework, an implementation framework for biodiversity management, we practice strategic activities by prioritizing the principle of preemptively preventing negative influences and minimizing the risk of negative influences rather than restoring or regenerating negatively affected biodiversity.

Detailed Response Strategy by AR³T Framework Approach

Related Risks and Opportunities	Approach	Detailed Response Strategy
T1 T2 O3	Avoid	• Conducting a biodiversity impact assessment and risk analysis for global production sites • Establishing and disclosing biodiversity protection policies • Including environmental impact indicators in supply chain diagnosis and conducting regular inspections based on code of conduct • Conducting advanced environmental impact assessments prior to initiating large-scale site construction, and determine whether to proceed, modify, or delay the project based on the evaluation results. • Mandatory enforcing and monitoring of the Code of Ethics provisions between operations/dealers to prevent illegal mining
		• Actively promoting the adoption of environmental facilities, such as regenerative thermal oxidizers (RTO), dust collectors, and environmentally friendly wastewater neutralization agents • Implementing life cycle assessment (LCA) for produced and sold products
T3 O1 O2	Reduce	• Carrying out new technology development projects to reduce air pollution, including water-soluble paints, diagnosis of the working oil and engine oil status of medium and large excavators for oil integrity management • Establishing operations free of hazardous chemical substances • Minimizing the emission of environmental pollutants by installing IoT devices for monitoring environmental facilities, and performing stable control
		• Conducting ecosystem conservation activities at Bukhansan Uiryeong-gil (eco-monitoring, strengthening of ecological corridor function) • Carbon neutral 'tree-lined forest path' construction project in Soyimyeon, Eumseong-gun, Chungcheongbuk-do • Environmental cleanup near Ulsan, South Korea, Shanghai, China, and Georgia, North America operations
P1 P2	Restore & Regenerate	• Planting of mangrove seedlings and monkeypod seedlings in Jakarta, Indonesia
	Transform	• Setting a target to reduce product carbon emissions by 25% by 2040 (as compared to 2021) • Developing equipment applied with technology such as BEV, FEH, and MPS and establishing a product portfolio

Resource Use and Circular Economy

Resource Use and Circular Economy Strategy

HD Hyundai Construction Equipment classifies the product life cycle into three stages and establishes and implements tailored strategies and plans for each stage. In the resource procurement stage, we develop circular materials to minimize the negative impacts of raw materials. During the production and distribution stages, we continuously invest in facilities for the reuse and recycling of waste materials to reduce industrial waste. Furthermore, we carry out remanufacturing activities in the disposal stage to restore product functionality and extend product lifespan.

Resource Use and Circular Economy Strategy							
Product Life Cycle	Resource procurement	Increasing the Use of Circular Materials					
		2024	2027	2030	Detailed response activities		
		Defining product sustainability	Transition to sustainable materials	Transition to sustainable process			
		• Understanding their recyclability status by analyzing the product material content	• Increasing the proportion of recyclable materials at the product disposal stage by 99% • Increasing the proportion of recyclable and renewable materials used in the product manufacturing stage by 75%	• Applying the material reduction technology based on lightweight materials • Applying eco-friendly low-carbon process transition technology such as 3DP convergence material technology and carbon reduction paint technology			
	Production and distribution	Reduction of Waste Generation					
		Performance Metrics	Scope	2024	2025	Detailed response activities	
				Targets	Performance		Targets
	Product disposal	Waste generation (kg/ number of produced units)	Ulsan Campus	153	146	149	• Transition to raw material packaging materials that can be reused multiple times
		Improvement of Resource Efficiency					
		Performance Metrics	Scope	Status	Mid- to long-term targets	Detailed response activities	
	Scope of remanufacturing project activities	Global	Partial remanufacturing	Expansion of remanufacturing scope	• Manufacturing own remanufactured engines and increasing sales • Promoting remanufactured parts sales activities by sales partners		

Resource Use and Circular Economy Activities

Increasing the Use of Circular Materials

HD Hyundai Construction Equipment has established a strategy to expand the use of circular materials during the resource procurement stage of the product life cycle, thereby minimizing potential negative environmental and social impacts associated with raw material production. To formulate this strategy, we identified materials likely to face regulatory constraints—such as lubricants and plastics—and have undertaken eco-friendly product development initiatives accordingly.

Development of Biodegradable Lubricants

We are promoting development efforts to convert key lubricant products used in construction equipment, such as hydraulic oils, greases, transmission gear oils, and engine oils, into biodegradable alternatives.

We design these lubricants so that they meet the performance requirements of Environmentally Acceptable Lubricants (EAL) in order to minimize their environmental impact. We have completed property and performance evaluations for all product categories and are currently conducting real-machine compatibility assessments.

Development of Regenerative Materials

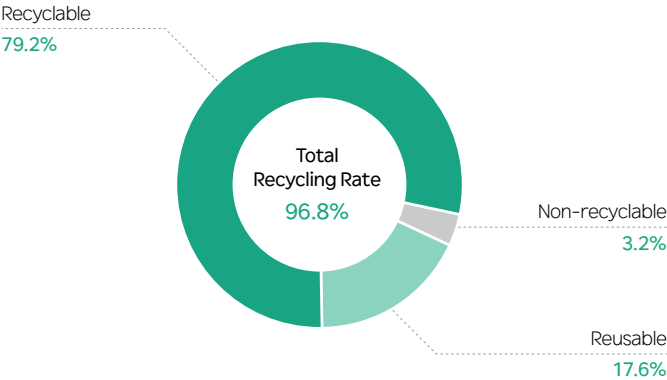
In response to tightening domestic and international regulations, such as the EU End-of-Life Vehicles Regulation (ELV), the EU Packaging and Packaging Waste Regulation (PPWR), and labeling systems for recycled plastic content, we actively develop recycled materials.

For recycled plastic interior components, our initial development goal is to achieve a 25% recycled content ratio. To this end, we are developing materials that replace conventional ABS plastics used in excavator cabin interior parts with recycled ABS. For packaging materials used in AM parts using recycled PE vinyl, we have set an initial goal of incorporating 30% recycled content in plastic packaging by applying recycled PE films. Additionally, we are reviewing ways to produce corrosion-inhibiting packaging (VCI film and VCI paper) based on recycled plastic materials.

Analysis of the Product Recycling Rate

We analyzed the recyclability of each component of our products to evaluate the potential for transitioning to circular materials. Based on the analysis results, we identified components with low recycling rates, which will be used to formulate our future strategies for converting them to circular materials.

Results of Analyzing the HX85A (Crawler Excavator) Recycling Rate



Classification	Analysis Criteria	Weight of the Analysis Target	Proportion of Total Weight
Recyclable	• Materials composed solely of metal, counter weight, etc. • Items that are a mixture of metal and non-metal but can be easily separated: Cabin assembly	6,963 kg	79.2%
Reusable	• Items listed in the remanufactured quality certification standards	1,545 kg	17.6%
Non-recyclable	• Items that are a mixture of metal and non-metal but cannot be separated • Hazardous substances items consisting solely of non-metals	283 kg	3.2%

Reduction of Waste Generation

To minimize waste generation, we have established a strategic direction focused on preventing unnecessary waste within production processes and maximizing the utilization of input resources. Wastes generated at our operations are strictly managed using both the Korean Ministry of Environment's 'Allbaro' system and our Hi-EHS platform. We record and manage the process of discharge, collection, transport, and treatment of waste generated in the production process in real time, and set annual targets and monitor the progress of implementation to quantitatively track discharge volumes, recycling rates, and landfill/incineration ratios. Recyclable items generated during the production process are sorted and outsourced to specialized recycling companies. Additionally, we have installed dedicated recycling bins near our operations to improve the separation and disposal of recyclable items such as plastics, cans, bottles, and paper within our operations. This ensures that recyclable items do not end up in landfills or incineration.

Packaging Waste Reduction Activities

HD Hyundai Construction Equipment conducts regular on-site inspections to collect data on waste generated during production processes and uses the data to drive waste reduction initiatives. As part of these efforts, we are transitioning packaging materials for raw material deliveries from conventional cardboard boxes and wooden pallets to reusable and recyclable plastic boxes and steel pallets. Since 2022, we have been continuously collaborating with suppliers to improve delivery methods, aiming to establish a circular resource system by recovering and reusing packaging materials used in deliveries. As a result, the proportion of suppliers adopting improved delivery practices increased from 84% in 2023 to 92% in 2024.

Transition from Disposable Packaging to Reusable Packaging



Improvement of Resource Efficiency

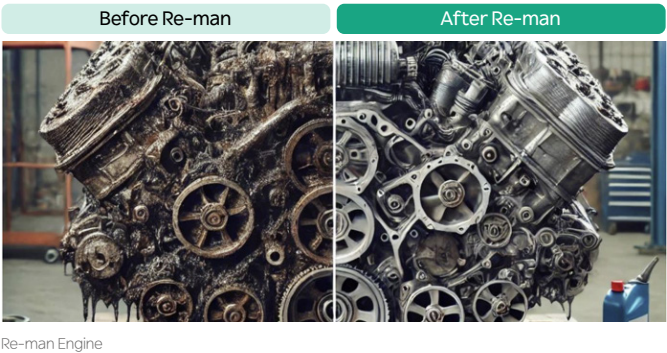
HD Hyundai Construction Equipment is expanding our remanufacturing business to increase resource efficiency of end-of-life products. The primary focus of our remanufacturing business is engines. Recovered products and components are restored to like-new Re-man engines through strict quality control processes conducted at our in-house remanufacturing center and by certified partner companies.

Indonesian Remanufacturing Business

We have signed a business agreement with Petrosea, a local remanufacturing partner in Indonesia, to expand the supply of locally remanufactured Reman parts within the Indonesian market. We plan to create synergy through our own Reman business and used equipment rebuilding business, in order to improve resource efficiency and profitability and improve local brand value.

Indian Remanufacturing and Used Equipment Business

We have the capacity to rebuild approximately 100 units of equipment annually, using our Rebuilding Center in India. In 2024, a total of 66 regeneration equipment units were sold to the Indian domestic market. Based on this success, we plan to expand our supply channels to overseas markets, including Asia, the Middle East, and Africa.



SOCIAL

043 | Human Capital

059 | Supply Chain

049 | Human Rights Management

064 | Customer Value

052 | Health and Safety

067 | Local Community

Human Capital

MATERIAL TOPIC

GOVERNANCE

Human Capital Organizational Structure

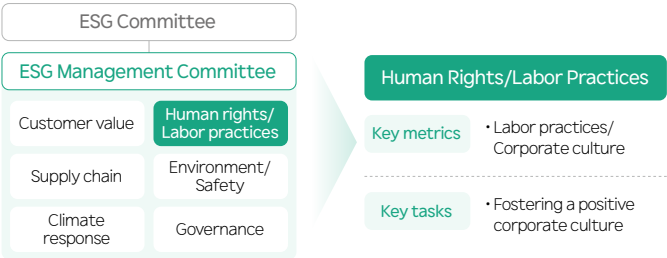
Human Capital Governing Body

The ESG Committee under the Board of Directors deliberates and makes decisions regarding strategies and key issues related to human capital, and oversees overall policy direction and decision-making matters. The ESG Management Committee receives reports on specific issues, such as labor practices and corporate culture. Furthermore, when necessary, it conducts deliberations and resolutions to determine the course of action.

Human Capital Operational Function

Under the ESG Management Committee, the Human Rights and Labor Practices part and implement specific action plans based on strategic objectives. In December 2024, the human capital dedicated function was integrated into the HD Hyundai XiteSolution HR support division, which now oversees overall human capital affairs, whereas the HD Hyundai Construction Equipment HR dedicated function carries out labor-management cooperation-related tasks.

Human Capital Governance Structure



Compensation Linked to Human Capital

HD Hyundai Construction Equipment has incorporated diversity-based recruitment, turnover rate management, and expanded job rotation opportunities as key performance metrics (KPIs) in executive evaluations, and this approach aims to strengthen organizational diversity, manage the attrition of top talent, and simultaneously enhance employees' job understanding and support career growth within the organization.

Human Capital Risks and Opportunities

Risk and Opportunity Identification and Response

HD Hyundai Construction Equipment identifies key risks and opportunities that may affect ESG-related issues across the full spectrum of human capital and establishes and implements strategies to systematically manage the identified factors.

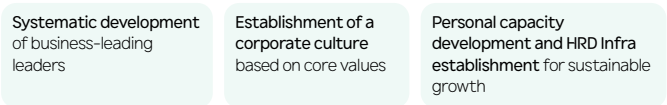
Risk/Opportunity Definition	
Impact 1 Accelerated Industrial Structure Advancement and Technological Transformation	
Risk	Opportunity
Decline in corporate competitiveness due to lack of specialized capabilities	Securing competitive advantage by securing key talent
Impact 2 Changes in Perception and Expectations of Organizations Due to Generational Change	
Risk	Opportunity
Talent drain due to a rigid corporate culture	Strengthening organizational capabilities by improving organizational commitment
Response Strategy	
- Recruiting talent and developing key personnel - Operating performance evaluation and reward systems - Facilitating employee communication programs - Promoting corporate culture improvement activities	

Talent Management

Talent Development System

HD Hyundai Construction Equipment prohibits discrimination throughout all stages of human resources management, including recruitment, evaluation, and compensation, and we explicitly reflect this principle in our Code of Ethics in order to recruit the talent based on diversity and inclusion. We conduct both regular and rolling recruitment for entry-level and experienced employees in the first and second halves of each year and operate internship programs during the winter and summer which are linked to future employment opportunities. We are also making efforts to ensure that diverse talents can be recruited through a fair process, by offering preferential opportunities to skilled competition winners and contract-based workers. New hires receive comprehensive training through HD Hyundai Group's talent development system, which enhances leadership, job expertise, global business capabilities, and cross-functional competencies. Through this structured training framework, we foster individual growth that contributes directly to the company's competitiveness and performance, while simultaneously developing future leaders and experts, and cultivating a corporate culture based on the group's vision and core values.

Key Focus Areas for Talent Development



Nurturing Global Talent

HD Hyundai Construction Equipment provides structured introductory training to help both new graduates and experienced employees quickly adapt to the organization and develop their competencies. Tailored programs such as 'Orientation,' 'Introduction to New Roles,' 'Leadership Insight,' and 'Business Insight' are offered according to job levels and responsibilities, supporting step-by-step career development, and to enhance employees' ability to perform in a global environment, a wide range of foreign language learning opportunities is also provided. We also continue to foster talents with global competitiveness by operating practical training programs for our overseas expatriates to help them settle smoothly.

Talent Development Based on Competency Assessment

HD Hyundai Construction Equipment operates a joint diagnosis system for HD Hyundai Group and our own diagnosis program for HD Hyundai Construction Equipment Sector to assess the leadership and job competency levels of our employees and reflect the results in overall personnel strategies, such as education and talent placement. The assessment results are utilized across various area, including individual competency development, training program planning, and workforce operation, to help define clear career growth paths for employees and enhance the organization’s overall talent development framework.

Job Competency Assessment Program

Program	Assessment Title	Purpose	Target	Assessment Cycle
Common to HD Hyundai Group	360-degree leadership assessment	Assessing the comprehensive competency level managers holder from a leadership perspective, and enhancing capacity	All executives and managers	Annually
	Competency assessment	Assessing the extent of core value internalization and related actions, such as fostering exemplary leadership across the group	All executives, administrative and production workers (including production managers)	Annually
Internal implementation by the HD Hyundai Construction Equipment Sector	Leadership session	Assessing and developing backup competency levels for common and specific capabilities across organizational units	Executive in charge or higher position	Annually
	FC assessment ¹⁾	Cultivating talent with strong job-specific expertise by assessing the individual and organizational job competency levels and systematic development activities	All employees	Biennially

1) FC : Functional Competency

In-house Job Training Academy

The In-house Job Training Academy is a training program designed to strengthen employees’ core job competencies. It offers a self-directed learning framework, allowing individuals to choose courses aligned with their roles and skill levels. Through practical, hands-on learning, the program enhances both job expertise and role alignment. Courses are planned and delivered by internal experts, ensuring practical business relevance and technical depth. To keep up with technological advancements and industry trends, new courses are developed each year and existing content is continuously updated, delivering up-to-date, practice-oriented training that reflects the latest industrial trends. We also leverage our online learning platform, ‘CELEB’, to offer a flexible, remote learning environment that’s not constrained by time and location. We are also working to foster digital talent with strong analytical capabilities, business understanding, and data-driven decision-making skills.

Self-directed Learning Activity Support System

HD Hyundai Construction Equipment operates the CELL (Community of Employee-Led Learning) program, a self-directed learning initiative designed to empower employees to autonomously enhance their job competencies and contribute to the organization’s collective expertise. The CELL is a voluntary learning community formed by employees who share similar interests. Members collaborate and learn together based on their individual goals, strengthening practical problem-solving skills and job performance capabilities. To encourage active participation and foster a culture of learning across the organization, the company selects and rewards outstanding CELL groups based on criteria such as learning details, participation commitment, and practical application of learnings.

Support for Obtaining Professional Qualifications

HD Hyundai Construction Equipment operates an 'External Professional Certification Support Program' to help employees enhance their professional expertise and foster self-directed growth, and this program is available to employees across various fields, including administration, design, research, administration support, and production engineering. The range of supported certifications includes essential safety qualifications such as hazardous materials, industrial safety, gas handling, and fire prevention, as well as 12 major functional areas including EHS, R&D, and HR. In 2024, a total of 82 employees acquired job-related professional certifications through this program, and these efforts not only strengthened individual practical business capabilities but also contributed to building a foundation for the company’s sustainable growth.

ALPs Education Program

HD Hyundai Construction Equipment operates the Advanced Learning of Product & Process (ALPs) training program, allowing new employees to learn about products and manufacturing processes in depth, in order to enhance their understanding of our business. The ALPs program is an activity which studies the entire manufacturing process from production planning to material operation, manufacturing, shipping, and delivery, and explores key topics such as profit structure, change control, SQDC (Safety, Quality, Delivery, Cost), and global production.

Participants conduct interviews based on key questions derived from our value chain, and gain a comprehensive understanding of the overall manufacturing process through site visits and data analysis. Through this process, they enhance their problem-solving capabilities and logical thinking skills by identifying issues within the production process and developing practical solutions.



ALPs Education Program

Support for Retirement Planning

HD Hyundai Construction Equipment offers a range of educational programs to support employees aged 60 and over in preparing for retirement and designing the next stage of their lives. These programs cover practical topics, such as post-retirement financial planning, health management, re-employment, and entrepreneurship, helping employees make practical preparations for life planning, career exploration, and financial security with confidence. In 2024, a total of 29 employees completed the retirement planning support program, achieving a 97% completion rate, which demonstrates strong engagement and the effectiveness of the training.

Evaluation and Compensation System

Evaluation System

HD Hyundai Construction Equipment operates a Management by Objectives (MBO) system to ensure that employee performance is evaluated objectively and fairly, with results directly linked to compensation. In 2025, HD Hyundai Construction Equipment introduced a new 'Work Management Platform.' Under this system, managers including department directors, team leaders, and part leaders are responsible for setting business goals, while non-managerial employees register and manage their strategic tasks in alignment with those goals. Managers regularly review the progress of registered tasks and strategic initiatives, provide detailed feedback on the competencies and performance of non-managerial staff, and systematically track these evaluations, and performance is then reviewed at the end of each year in accordance with the formal evaluation process. Performance assessments are conducted twice a year (once in the first half and once in the second half), and the results are reflected across all areas of HR management, including promotions, compensation, and talent development.

Performance Appraisal Process



360-degree Leadership Assessment

To promote self-awareness and leadership development among executives, team leaders, and part leaders, we conduct an annual 360-degree leadership assessment. The results are analyzed based on objective feedback from colleagues and team members, providing each leader with specific guidance for improvement and personalized growth feedback, and through this process, we empower leaders within the organization to continuously strengthen their capabilities and practice effective leadership.

Compensation System

HD Hyundai Construction Equipment operates a fair and objective compensation system to help employees stay focused and achieve performance goals. We apply uniform compensation standards to all employees, regardless of gender, thereby ensuring pay equity across the organization. Additionally, salaries are periodically adjusted for inflation to promote financial stability. In accordance with the Labor Standards Act and the company's Rules of Employment, HD Hyundai Construction Equipment compensates employees for overtime work and provides annual paid leave and vacation entitlements to promote a stable and compliant working environment.

At the end of each year, performance bonuses are fairly distributed within the company's available financial resources, based on a comprehensive assessment of quantitative business performance, such as revenue and operating profit, and the achievement of individual and organizational targets. For managers at or above part leader level, we implement a performance-based compensation system with incentive payments differentiated based on both individual and organizational performance. For executives, a long-term incentive program is implemented, with vesting periods and grant levels tailored by position to ensure that compensation is closely tied to long-term accountability and performance.

Overtime Pay and Paid Leave Regulations

1. Ensuring appropriate wage payment by monitoring working hours to check overtime work

(Article 46, Section 5, Chapter 3, 'Payment of Wages')
2. Ensuring the employees' use of their annual paid leave

(Article 37, Section 4, Chapter 3, 'Annual Paid Leave')

Reward System

To motivate employees and embed core organizational values, HD Hyundai Construction Equipment operates a variety of reward programs. Company-wide awards are presented twice a year, in the first and second half, to honor individuals and teams who demonstrate exceptional performance. Based on the core values of the HD Hyundai Group, we select and award individuals and teams that have achieved outstanding results in the following four categories: Innovation, Challenge, Respect, and Safety. In particular, during the second half of 2024, we honored an employee who achieved the year's most exceptional performance with the 'Construction Equipment Person of the Year' award. We remain committed to fostering a sustainable corporate culture in which employees can fully realize their potential and grow together with the company.

Major Reward Systems

Reward Name	Key Contents
Construction Machinery Person's Award	• Selecting 'Award Best of Best'
HCE Award	• Awarding based on the four core value areas (innovation, challenge, respect, safety) • Tangible/intangible, financial/non-financial performance, technical achievement award
Outstanding Quality Award	• Presenting to production workers who contributed to developing the factory into a safe and comfortable workplace
Unsung Hero	• Awarding to encourage field engineers in production/quality/purchase, etc.
Hidden Hazard Detection Award	• Proactively identifying and mitigating risk factors to achieve tangible risk reduction
HDPS Awards	• Improvement results of the task selected based on quality metrics, production site needs, etc.



Company-wide Awards at the Second Half of 2024

Corporate Culture

Corporate Culture Survey

HD Hyundai Construction Equipment is conducting a Corporate Culture Assessment targeting both office and production workers, with the aim of objectively understanding internal perceptions of the current culture and identifying directions for improvement. Key assessment areas include leadership, communication, motivation, teamwork, organizational commitment, job commitment, as well as motivating and inhibiting factors, and these categories are used to evaluate the level of understanding of the company's vision and mission, alignment with work objectives and direction, teamwork, job satisfaction, as well as sources of stress.

Based on the assessment results, we have identified improvement directions from two key perspectives: enhancing operational efficiency and improving the effectiveness of HR investment. Each division sets specific goals to drive changes in work practices and is proactively working to improve corporate culture to achieve these goals.

In 2024, based on the results of the corporate culture assessment conducted in 2023, we organized a company-wide 'Workshop for Transforming Work Practices' for all office workers. During the workshop, we shared the results of the corporate culture assessment with employees and collaboratively established core goals for transforming and implementing new ways of working. This created a meaningful opportunity for employees to take the initiative in driving cultural change within the organization.

Workshop for Transforming Work Practices in 2024

	(Stage 1) Leader Workshop	(Stage 2) Team-based Workshop
Participants	Executives/Team Leaders/Part Leaders of all departments	Team members of all divisions
Key contents	- Review of the 2023 corporate culture assessment results - Establishing the 'Transforming Work Practices' target by division	- HD Hyundai values system, 2023 corporate culture assessment - Discussing 'Changing the approach to work' by team in 2024



Workshop for Transforming Work Practices in 2024

Operation of the Change Agent System

HD Hyundai Construction Equipment operates a Change Agent (CA) system to foster a healthy corporate culture through smooth communication between the organization and its members. CA serves as a medium of communication between leaders and members, playing a crucial role in cultivating a trust-based communication culture by conveying thoughts and ideas without distortion or bias. The system also supports employees in understanding and embracing the organization's evolving cultural direction, as promoted by both HD Hyundai Group and HD Hyundai Construction Equipment, helping them voluntarily adapt to necessary changes. Within each department, the CA serves as a key change leader by enhancing the execution of improvement activities. Through the annual CA Workshop, we identify ideas to improve our corporate culture and collaborate with employees from all divisions on a wide range of initiatives. These include supporting the onboarding of new employees (Caring), enhancing development efficiency, strengthening teamwork, conducting corporate culture assessments, and improving meeting and reporting practices. These efforts contribute not only to the tangible transformation of our corporate culture but also to a better overall employee experience.

CA-centric Change Management System



CA Workshop Activities in 2024

Corporate Culture Program for Production Workers

HD Hyundai Construction Equipment is implementing a variety of corporate culture programs for production workers, based on improvement areas identified through its corporate culture survey. To enhance leadership capabilities and raise awareness of the corporate culture among production staff, we operate TLC (Team Leader Leadership Course) and SLC (Staff Leadership Course) programs. These programs aim to instill a culture where change starts with individuals and extends to meaningful transformation in the field. Designed to reflect the specific roles and job characteristics of production employees, these programs contribute not only to developing on-site leadership competencies but also to elevating the overall maturity of the company's corporate culture. In 2024, 88 production supervisors completed the TLC program, while 289 non-managerial production employees participated in the SLC program, thereby creating a consensus on corporate culture.

TLC (Team Leader Leadership Course)	A program to improve leader communication and reporting skills for production supervisors
SLC (Self Leadership Course)	An corporate culture program on motivation and communication principles for non-managerial production workers



TLC Training for Production Managers

Communication Channel

HD Hyundai Construction Equipment operates various two-way communication programs. To foster active listening and promote mutual understanding between employees and management, we operate a communication platform called ‘Invite Our CEO,’ and this program creates opportunities for open dialogue, where executives and employees sit down face-to-face to freely exchange views on a wide range of topics, including corporate culture, the work environment, and areas for improvement. An annual Town Hall Meeting further supports this goal, during which the CEO shares the company’s 2024 performance and 2025 strategy with all employees and engages in real-time Q&A sessions to encourage transparent and lively communication.

We also conduct CTB (Connected Team Building) workshops to strengthen leadership within the organization and deepen mutual understanding among employees. These workshops are designed to help leaders and team members understand their own behavioral tendencies, respect each other’s differences, and collaborate more effectively. In 2024, CTB workshops were held with 150 participants across 18 teams, and 97% of attendees responded that the program helped them better understand themselves and their teams, showing a practical effect in increasing members’ self-understanding and understanding of relationships within the team.



2024 Leader Workshop

Labor-management Cooperation

HD Hyundai Construction Equipment operates various labor-management cooperation programs to enhance employee welfare and improve working conditions. We renew our collective agreements every two years and conduct annual wage negotiations to ensure continuous improvements in labor conditions, and in addition, we hold quarterly Labor-Management Council meetings to regularly discuss ways to improve employee welfare and the workplace environment. We conduct regular business performance briefings that bring management and employees together to review company operations. Additionally, we operate training programs specifically designed to promote stable and collaborative labor relations. In the quarterly Labor-Management Council meetings held in 2024, major agenda items such as adding standards for business trip transportation, confirming the labor calendar, and improving clothing were discussed, and these topics were addressed through joint discussions between labor and management, leading to actionable improvements.

Diversity

HD Hyundai Construction Equipment strictly prohibits discrimination in recruitment, performance evaluation, and compensation on the basis of childbirth, family status, ethnicity, skin color, religion or political beliefs, sexual orientation, educational background, or medical history. This principle is clearly stipulated in our Code of Ethics, and we are fully committed to its enforcement. We aim to provide employment without discrimination in all areas including gender, religion, disability, and nationality, while respecting each individual’s unique characteristics and continuously promoting diversity within our workforce. As part of our diversity targets, we aim to raise the proportion of female hires to 30% by 2030. To foster women’s leadership, we also operate the group-wide ‘EDGE Program,’ which focuses on enhancing leadership competencies among female employees. We provide a range of work-life balance initiatives to support employees through pregnancy, childbirth, and parenting. In addition, we are strengthening the support system to help employees with congenital or acquired disabilities perform their duties without difficulty, and we have implemented disability awareness improvement training for office workers and production workers on two separate sessions to build an inclusive corporate culture that respects diversity.

Welfare System

To support a healthy work-life balance for all employees, HD Hyundai Construction Equipment offers a variety of employee welfare programs, including working hour management, parental and childcare support, vacation policies, and assistance with education and housing. In 2022, we obtained the Family-Friendly Certification and have maintained this certification status as of 2025. We also fully implement statutory benefits, such as parental and family care leave, and are expanding our offerings to enhance the overall level of family-friendly support. For female employees who are pregnant or have recently given birth, we provide a ‘Happy Mom Package’ consisting of essential items and gift vouchers, and in addition, a dedicated maternity lounge has been established on the operations to offer a comfortable space during pregnancy and breastfeeding. In 2024, we strengthened our family-friendly culture by presenting gifts and a congratulatory message from the CEO to 56 employees whose children entered elementary school.

Key Employee Welfare System

Category	Type	Welfare System	
Residential life	Housing assistance	• Home loan interest support	• Dormitory support for those who work at Ulsan site
Health promotion	Health care support	• Support for serious illness/health checkups/in-house medical facilities	• Support for medical expenses for employees and their families
		• Mental health and counseling center for employees	
	Maternal protection	• Maternity leave	• Pregnancy/childbirth congratulations gift
		• Pregnancy/childbirth congratulations bonus	• Flexible working hours/work from home during pregnancy
Work-Family balance support system	Childcare support	• Parental leave	• Establishing breastfeeding facilities
		• Operating in-house daycare centers	• Reduced working hours during childcare period
		• Establishing breastfeeding facilities	
	Infertility support	• Infertility treatment leave	
Child education	Tuition support	• Support for early childhood education expenses	• Providing tuition support for high school student
		• Support for education expenses	
Working environment	Work support	• Operating commuter buses	• Uniform and workwear support for office and production workers
		• Uniform and workwear support for office and production workers	• Operating flexible work hours, selective working hours, and work from home
Leisure and vacation	Vacation support	• Providing resort facility points	• Support for family resorts and self-development-oriented vacations
		• Support for family resorts and self-development-oriented vacations	
	Support for daily life	• Providing discounts on fuel, legal advice, and employee-only welfare mall	• Other living support
Other	Language study support	• Providing discounts for books and language services	

STRATEGY

Dream Cube

HD Hyundai Construction Equipment supports participation in 'Dream Cube,' an in-house venture program of HD Hyundai Group, to strengthen the innovative capabilities of our employees.

Introducing heavy equipment with toys!
The power of in-house venture - A special challenge created by Dream Cube

Dgrr team members

Q. How did you get involved in the 'Dream Cube' program?

A. I learned about the Dream Cube recruitment through an internal announcement. As someone who has always wanted to turn creative ideas into reality, I applied without hesitation.

Q. What inspired the idea of developing a toy?

A. People usually associate heavy equipment with being big, bulky and complicated. We wanted to create something that children could easily approach, an educational toy that would also give them a more positive impression of construction machinery. In developing the product, we focused on creating a child-friendly design and maintaining safety, carefully refining every detail.

Q. What were some of the outcomes from your involvement in Dream Cube?

A. It was such a meaningful experience. With the company's support and by participating in an accelerator program, we successfully brought the product to the market. In January 2025, our toy even won 4th place in the toy category at the Nuremberg Toy Fair in Germany. During the first half of the year, we also signed distribution agreements with several domestic and international channels.

Q. Lastly, what did this experience mean to you as an employee?

A. Dream Cube was more than just developing a product. It was a deeply rewarding journey. Through this in-house venture program, I saw firsthand how corporate innovation and employee autonomy can coexist. I truly hope more opportunities like this become available, and I'd love to see more colleagues take on the challenge.



Premium Toy Brand 'Dgrr' was Exhibited at the Korea International Construction Equipment Exhibition in October 2024



RISK MANAGEMENT

Human Capital Risk Management

HD Hyundai Construction Equipment has established a company-wide risk management process to systematically manage key risks related to human capital, and operates it in an integrated way at the company level. Based on a structured procedure, identification, assessment, strategy implementation, and monitoring, we reflect it in response strategies in time and minimize its impact on business operations.

1. Risk Identification

We analyze various factors that may affect our HR management system, including rapidly evolving industrial structures, shifting generational perceptions of corporate organizations, and the acceleration of technological transformation driven by digitalization, and based on this analysis, we identify potential risks and opportunities.

2. Risk Assessment

The identified risks and opportunities are evaluated for their significance through tools such as corporate culture assessments and performance appraisals, and priorities are selected for establishing response strategies based on this significance analysis.

3. Strategy Establishment and Implementation

To mitigate major potential risks and leverage emerging opportunities, we are formulating strategies such as talent hiring, key personnel development, and corporate culture enhancement. These detailed strategies are implemented by the HR support function under the guidance of the ESG Management Committee.

4. Monitoring and Assessment

The ESG Management Committee regularly monitors the implementation and effectiveness of human resource management strategy activities and reports the results to the ESG Committee to reflect them in the next human resource management strategy.

METRICS AND TARGETS

Human Capital Metrics and Targets

Classification	Performance Metrics	2024 Performance	2025 Target	Target (mid- to long-term)
Talent Management	Recruitment and development of female talent	- Increased female manager ratio compared to the previous year - Operated programs to support the growth of female leaders	- Maintaining the upward trend in the female manager ratio - Increasing participation in programs targeting female managers	- Increasing the female employment rate to 30% by 2030 - Gradually increasing the proportion of female managers
	Improvement of employee satisfaction	Improving the way of doing work based on feedback from the corporate culture assessment conducted in the previous year	Increasing employee satisfaction compared to the previous year by improving approach to working	Gradual increase in employee satisfaction

Human Rights Management

MATERIAL TOPIC

GOVERNANCE

STRATEGY

Human Rights Management Organizational Structure

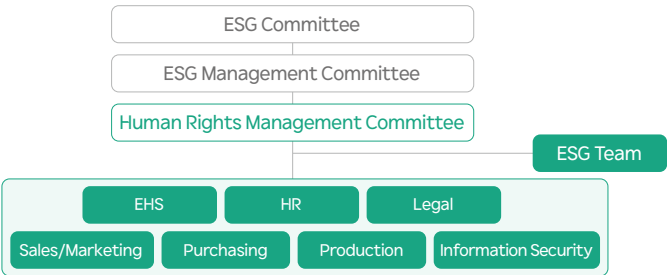
Human Rights Management Governing Body

HD Hyundai Construction Equipment operates the ESG Committee within the Board of Directors, the ESG Management Committee under the ESG Committee, and the Human Rights Management Committee, a dedicated human rights management function, to deliberate and make decisions on human rights management matters. The Human Rights Management Committee, operating under the ESG Management Committee, is responsible for establishing and revising human rights policies, setting implementation plans and targets, conducting human rights impact assessments, and identifying relevant areas for improvement. Human rights-related policies and review findings are submitted to the ESG Committee through the ESG Management Committee, and the ESG Committee determines the direction for the company's human rights management strategy.

Human Rights Management Operational Function

We operate a dedicated human rights management function to implement strategic initiatives selected by the Human Rights Management Committee. The dedicated function, which is operated as an integrated organization of the HD Hyundai Construction Equipment Sector, implements strategic initiatives such as developing human rights management policies, conducting human rights due diligence, and conducting human rights education.

Human Rights Management Governance Structure



Human Rights Management Risks and Opportunities

Risk and Opportunity Identification and Response

HD Hyundai Construction Equipment has conducted human rights due diligence, including human rights impact assessments, to identify risks and opportunities associated with human rights issues requiring improvement. We are developing and implementing response strategies to mitigate identified human rights risks and leverage potential opportunities.

Risk/Opportunity Definition	
Impact 1 Strengthened Global Standards and Regulations such as UNGPs	
Risk	Opportunity
Business restrictions in case of failure to comply with global regulatory requirements	Enhancing corporate reputation by complying with international standards
Impact 2 Increased Stakeholder Demand for Human Rights Monitoring and Accountability	
Risk	Opportunity
Occurrence of social conflict with stakeholders	Securing organizational stability by improving the working environment in operations
Response Strategy	
- Enacting/Revising human rights policies - Conducting human rights impact assessments and implementing improvement tasks - Operating a stakeholder grievance handling process - Internalizing human rights management for employees	

General Principles of Human Rights Management

Practical Guidelines for Human Rights Management

HD Hyundai Construction Equipment has established the Practical Guidelines for Human Rights Management to protect and promote the human rights of stakeholders, including company executives and employees. Our human rights management policies and procedures are publicly disclosed on the company website. [Practice Guidelines for Human Rights Management](#)

Declaration of Human Rights Management

HD Hyundai Construction Equipment has issued a CEO-endorsed 'Declaration of Human Rights Management' in alignment with international human rights standards. All employees are encouraged to uphold the declaration as a code of conduct and a guiding framework for ethical decision-making. The declaration is publicly available on the company website. [Declaration of Human Rights Management](#)

Declaration of Human Rights Management

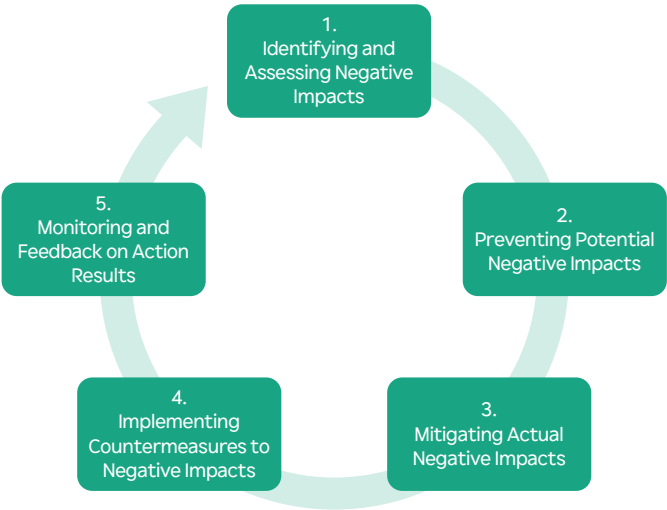
To practice human rights management, HD Hyundai Construction Equipment will respect and uphold the values of human rights, labor, the environment, anti-corruption, etc. set forth in various international human rights standards, including the Universal Declaration of Human Rights (UDHR) and The UN Guiding Principles on Business and Human Rights (UNGHR), and will actively strive to implement them.

HD Hyundai Construction Equipment will dedicate its efforts to preventing human rights violations from occurring in all business operations that directly or indirectly affect the company, form a governance system in which the Board of Directors, Chief Sustainability Officer, and related organizations are connected at all times, and introduce and implement human rights management practices with the establishment of human rights management policies, operation of the Human Rights Management Committee, execution of human rights impact assessment, and remediation for human rights violations.

Human Rights Due Diligence and Human Rights Impact Assessment

Process of Human Rights Due Diligence

HD Hyundai Construction Equipment operates a human rights due diligence process based on the EU Corporate Sustainability Due Diligence Directive (CSDDD), the UN Guiding Principles on Business & Human Rights (UNGPs), and the OECD Due Diligence Guidance for Responsible Business Conduct. We regularly assess actual or potential adverse human rights impacts that may arise among employees and on-site contractors. Based on the assessment results, we prioritize negative impacts and sequentially implement prevention, mitigation, and relief measures starting with impacts with higher priorities. We consult with stakeholders and provide sufficient information within a reasonable scope when identifying and assessing adverse impacts, setting priorities, and determining response measures during the human rights due diligence process. In addition, we conduct human rights due diligence whenever significant business changes occur, such as new business activities, entry into new markets, new product releases, or mergers and acquisitions.



Human Rights Impact Assessment

As part of its human rights due diligence process, HD Hyundai Construction Equipment conducts regular human rights impact assessments. To this end, we identify relevant stakeholders and have developed evaluation metrics spanning both corporate management and business operations. In the 2024 assessment, an expert panel specializing in human rights management participated in the On-site Assessment (OSA) and derived improvement tasks for each major issue based on the evaluation results. Following a materiality assessment of these tasks, we prioritized the most urgent issues and formulated detailed response measures. We have requested the relevant departments of two operations, Bundang GRC and Ulsan Campus, to implement improvement tasks, and we are currently monitoring the progress of their execution.

Improvement Tasks and Response Measures for Major Human Rights Issues Identified in the 2024 Human Rights Impact Assessment

Major Issue Area	Value Chain			Stakeholder	Importance	Major Improvement Tasks	Detailed Response Plans
	Upstream	Own Operations	Downstream				
Human rights respect governance	✓	✓	✓	• Reflecting all stakeholders in the value chain	●	• Advancing human rights violation relief procedures • Establishing an education system for the internalization of human rights management	• Improving human rights violation relief procedures • Advancing human rights management programs
Prohibition of forced and child labor	✓	✓	✓	• Employees • Suppliers	●	• Implementing a supplier compliance system prohibiting forced and child labor, with contract termination measures for non-compliance	• Revising the basic contract for material transactions
Non-discrimination in employment		✓		• Employees • Employees with disabilities ¹⁾	○	• Advancing the ground item of employment non-discrimination in the policy	• Reflecting anti-discrimination items in human rights management practice regulations and employment rules
Responsible supply chain management	✓	✓		• Suppliers • Small-scale suppliers ¹⁾	●	• Enhancing OSA evaluations to require and monitor compliance with human rights obligations across key suppliers, subcontractors, and operations' strategic partners	• Monitoring 'Labor and Human Rights' in supplier ESG self-evaluation • Reflecting human rights protection items among OSA purchase evaluation items
Intensive management of risk factors by process	✓	✓		• Production workers • On-site contractors ¹⁾	●	• Supplementing the entry system that restricts access to the ongoing process	• Operating a safety warning device system in the workplace
Enhancement of workers' health and safety rights	✓	✓			●	• Operating facilities to ensure the health and safety of workers during work	• Installing and operating emergency sanitation facilities

1) Vulnerable Stakeholder

STRATEGY

Human Rights Management Activities

Human Rights Grievance Process

HD Hyundai Construction Equipment operates a structured grievance handling to ensure that employees, both domestic and international, can freely report any instances of human rights violations. We receive grievance reports through a variety of online and offline channels, and when human rights risks are identified during the handling process, immediate corrective measures are taken to proactively address the issues. Once a grievance is filed, the Dedicated Grievance Handling Committee is convened to conduct interviews, verify the facts, and implement appropriate disciplinary actions or preventive measures based on the findings. Afterwards, we check the effectiveness of grievance handling through periodic monitoring. We also guarantee confidentiality to all whistleblowers and strictly prohibit any form of retaliation.

Grievance Channel

Classification	Key Contents
Employee representative organization	Wages/welfare, policies/systems, corporate culture, working hours, infrastructure, environment and safety, etc.
Intranet	Human resources/compensation/education, general affairs/welfare, administrative support, health and safety, IT systems, etc.
Hotline	Workplace bullying/sexual harassment, etc.
Offline	Various employee grievances

Human Rights Education

HD Hyundai Construction Equipment implements human rights-related training for all employees at least once a year. We employ diverse training methods including online modules and group sessions, while expanding participation to key stakeholders like supplier employees when required.

In 2024, we conducted training on <Creating a better company together> in order to create an corporate culture of mutual respect for 189 Ulsan Campus leaders and employees. We also conducted sexual harassment prevention training for 550 office workers at Bundang GRC and Yongin Campus to create a healthy corporate culture, and conducted the legally required training for 450 production workers at Ulsan Campus to improve production sites. In addition to this, we are promoting activities to raise awareness of human rights through various channels such as company-wide emails, Hi-Connect (SNS channel), and Hi-ESG campaign.

Hi-ESG Campaign



RISK MANAGEMENT

Risk Management of Human Rights Management

HD Hyundai Construction Equipment has established a company-wide risk management process to systematically manage key risks related to human rights management, and operates it in an integrated way at the company level. Based on a structured procedure, identification, assessment, strategy implementation, and monitoring, we reflect it in response strategies in time and minimize its impact on business operations.

1. Risk Identification

Analyzing global trends in human rights regulations, such as the UNGPs, the ILO Core Conventions, and the CSDDD, as well as rising stakeholder expectations regarding corporate human rights responsibility, and identifying factors that may impact our human rights management system.

2. Risk Assessment

Assessing the likelihood and severity of potential human rights risks and opportunities that are identified through the human rights due diligence process, and setting priorities and establishing strategies by considering areas where key improvement tasks are identified, by utilizing the assessment results.

3. Strategy Establishment and Implementation

Developing and implementing response strategies such as the formulation and revision of human rights policies and the execution of human rights impact assessments to mitigate key potential risks and leverage emerging opportunities. These these detailed strategies are carried out by the dedicated human rights function under the Human Rights Management Committee.

4. Monitoring and Assessment

The Human Rights Management Committee, operating under the ESG Management Committee, regularly monitors the implementation and effectiveness of human rights management strategy activities and reports the results to the ESG Committee to reflect them in the next human rights management strategy.

METRICS AND TARGETS

Human Rights Management Metrics and Targets

HD Hyundai Construction Equipment has set metrics and targets for our human rights management system, including human rights due diligence, to protect and promote the human rights of stakeholders, including employees and suppliers.

Performance Metrics	2024 Performance	2025 Target (short term)	Target After 2026 (mid- to long-term)
Advancing the human rights management system	- Establishing general principles of human rights management in compliance with global regulations - Advancing the work process for human rights management	Expanding the target of human rights due diligence to key operations	- Expanding the target of human rights due diligence to overseas operations - Developing client support measures for EU CSDDD compliance

Health and Safety

MATERIAL TOPIC

Health and Safety Organizational Structure

Health and Safety Governing Body

HD Hyundai Construction Equipment determines major health and safety-related issues through both the ESG Committee and EHS Sessions. The ESG Committee, the company’s highest governing body established within the Board of Directors, oversees the overall operations of the ESG Management Committee and approves key sustainability initiatives, including those related to health and safety. In 2024, the task of managing the effectiveness of health and safety risk mitigation measures was formally approved for implementation. The EHS Sessions and monthly EHS Meetings, chaired by the CEO, serve as supervisory organization to ensure that health and safety measures are properly implemented on-site. EHS Sessions are held semi-annually, while EHS Meetings are held monthly to review and decide on pressing health and safety issues. In addition, the ESG Management Committee under the ESG Committee develops implementation plans for approved health and safety initiatives and monitors any issues that arise in the process of implementation.

Operation of Health and Safety Governance

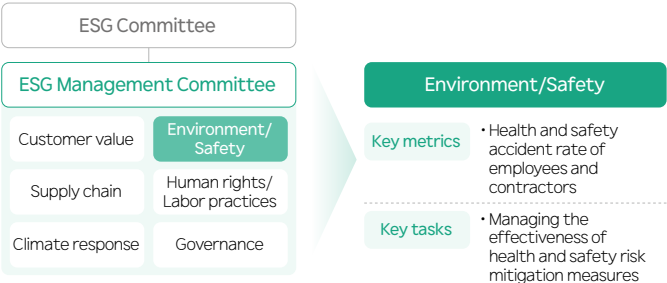
Classification	EHS Session	EHS Meeting
Period	Semi-annually	Monthly
Agenda	• Review of health and safety performance, decision-making on current health and safety issues	• Monitoring of major activities during each month
Chairing	CEO	

Health and Safety Operational Function

The health and safety operational function is structured and operated as follows.

EHS Team	An organization responsible for managing EHS regulatory trends and response measures, as well as overseeing budget management and performance, to ensure that the Lost Time Injury Rate (LTIR) remains below the target
Safety Team	An organization that manages the safety of workplaces by identifying and taking measures to address safety risks at production sites
ESG Management Committee	A committee held quarterly under the oversight of the CEO to review the progress of initiatives approved by the ESG Committee
Occupational Health and Safety Committee	A committee that is held quarterly to discuss health and safety issues. The union chairperson, Chief Safety Officer (CSO), and occupational health and safety manager participate in meetings to identify and discuss worksite improvement opportunities between workers and management

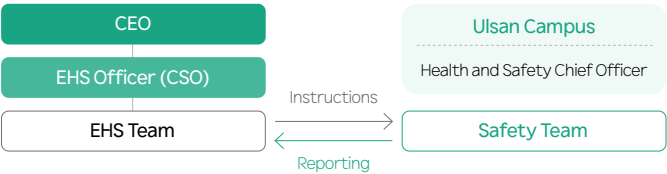
Health and Safety Governance Structure



Compensation Linked to Health and Safety

Health and safety goals and achievements are quantified and reflected in the performance compensation KPIs of executives in charge of occupational health and safety. Employees below the executive level, including part leaders and staff, are required to align their individual KPIs with departmental KPIs, thereby ensuring that company-wide goals are operated in a unified direction.

Health and Safety Management Organization



Ratio of 2024 EHS Meetings and Session Action Plans Implemented

84%

2024 Key completed agenda items	- Quarterly updates and standardization of accident information displayed on workplace bulletin boards - Inspection of the type of condition of exhaust pipe insulation in the Yongin Campus environmental chamber - Implementation of additional CPR training in the second half of the year - Activities to raise awareness of screening benefits for arteriosclerosis and arterial stenosis among employees and executives
Ongoing agenda	Validation of the necessity of forklift signalers and development of complementary measures at the Ulsan Campus

Health and Safety Risks and Opportunities

Risk and Opportunity Identification and Response

HD Hyundai Construction Equipment identifies key risks and opportunities that may affect overall health and safety and establishes and implements strategies to systematically manage the identified factors.

Risk/Opportunity Definition	
Impact 1 Stricter Enforcement of Health and Safety Laws, Including the Serious Accidents Punishment Act	
Risk	Opportunity
Operational disruptions due to violation of health and safety laws and regulations	Improved productivity as a result of safer working environment
Impact 2 Increased Social Demand for Occupational Health and Safety	
Risk	Opportunity
Damage to reputation and loss of trust due to safety incidents	Organizational stability from an improved working environment

Response Strategy	
- Establishing and operating the health and safety management system - Conducting preemptive and follow-up measures to prevent safety accidents - Promoting and embedding a strong safety culture across our workforce - Supporting our contractors health and safety system development	

Health and Safety Business Case

When a safety incident occurs, it results in direct financial losses to both employees and company assets. In the case of a serious accident, particularly one that violates stricter laws such as the Serious Accidents Punishment Act, companies may also incur indirect financial losses due to reputational damage. Conversely, fostering a safe working environment and establishing a preventive, systematic management framework can reduce accident rates and improve productivity, which can have positive financial and non-financial effects on operations, such as maintenance of human resources, organizational stability and reduced operating cost.

Health and Safety Policy

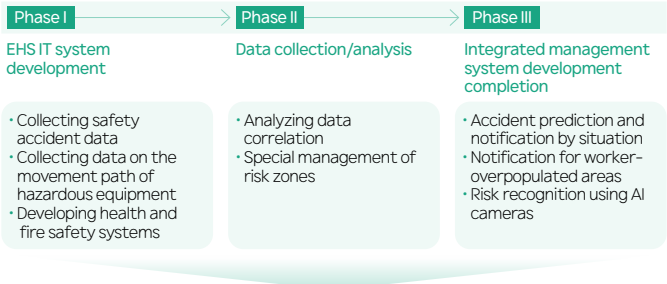
Health and Safety Management Policy

HD Hyundai Construction Equipment applies our health and safety policy to all employees and on-site contractors across global operations. We also encourage the application of this policy by our stakeholders. Our Safety, Health, and Environment (SHE) management policy, approved by the CEO, emphasizes the establishment of a 'safety culture based on core basics and principles.' This policy provides clear guidance on health and safety issues for all employees and stakeholders. As part of efforts to establish a safety culture, workers are not only required to follow corrective actions from safety inspections but also actively participate in 'Hidden Hazard Identification' activities, which encourages individuals to identify and mitigate risks on their own.

We allocate a minimum of 1.5% of annual sales to the health and safety budget as an execution principle. In 2024, we invested over KRW 37.4 billion, a 52% increase from the previous year's KRW 24.6 billion, in areas such as health and safety facility improvements, facility automation, and compliance with safety regulations.

[Safety and Health Policy](#)

Integrated EHS Management System Development (2023~)



Development of the Integrated EHS Management System	
Health and safety accident prediction using big data	- Forecasting day, time, and accident details - Giving alerts when workers are at risk
Hazardous goods warehouse/outdoor tank monitoring	- Reviewing linkage with an integrated control system that automatically detects fire - Sending water level information in real time

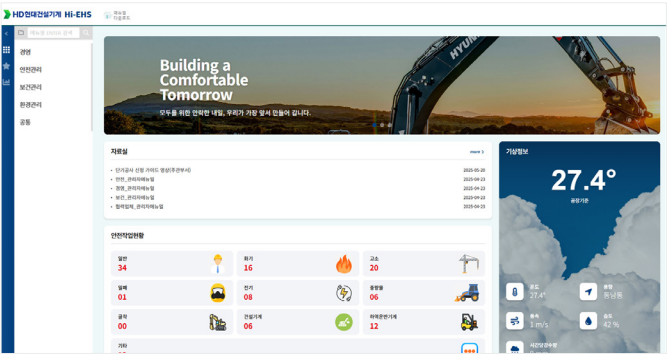
Health and Safety System

Health and Safety Management System

To effectively implement our Safety and Health Management Policy, such as preventing serious industrial accidents, enhancing safety awareness, and protecting employee health, HD Hyundai Construction Equipment has established and operates a health and safety management system. Also, we are acquiring ISO 45001 certification from third party agencies for our management system's compliance with global standards. As of the end of 2024, four out of six global operations have completed certification, recording a certification rate of 67%. In 2025, we aim to complete the ISO 45001 certification for our overseas manufacturing operations in Brazil, reaching 100% certification across all global operations.

Integrated Health and Safety Management System

In November 2023, HD Hyundai Construction Equipment initiated an upgrade project for our integrated EHS (Environment, Health, and Safety) management system. This project aims to digitalize EHS-related data and systematize operational processes, enabling more effective compliance with increasingly stringent occupational health and safety regulations. Through this development, we will respond with more flexibility to diverse ESG requirements and establish a data-driven management framework that supports the continuous improvement of EHS performance, including health and safety practices.

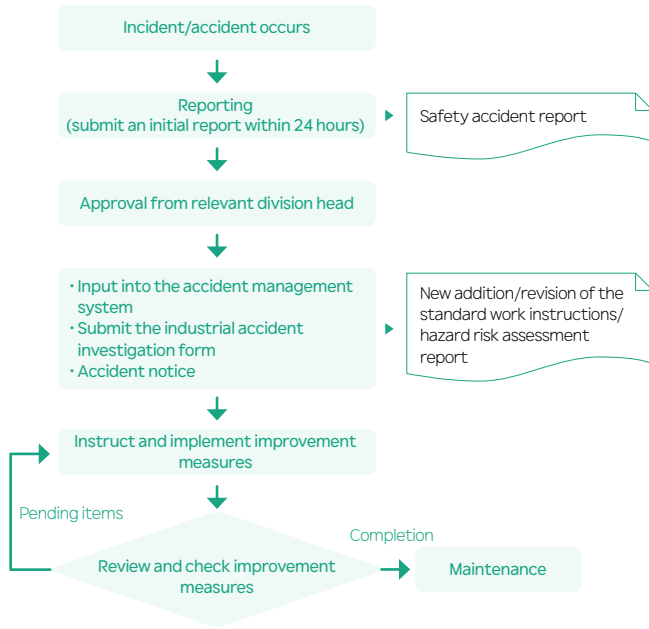


Hi-EHS Dashboard

Accident Reporting Process

HD Hyundai Construction Equipment conducts Root Cause Analysis (RCA) for all safety accidents to accurately identify underlying causes and prevent recurrence. This analysis is carried out promptly, within three days of an incident, and applies to all loss-related and near-miss events of significant severity. The analysis process engages key stakeholders—including the safety department, affected operational units, and labor unions—to conduct a multifaceted root-cause examination. We plan to standardize and systematically manage accident data, including the time, context, root causes, and countermeasures, by sharing HD Hyundai Construction Equipment accident cases and preventive actions on a monthly basis.

Accident Reporting Process



Risk Assessment Process

HD Hyundai Construction Equipment conducts semi-annual reviews to assess the fulfillment of health and safety obligations required under the Serious Accidents Punishment Act. During these reviews, we perform both on-site inspections and document-based audits to ensure compliance with relevant legal requirements. Led by the EHS team, on-site inspections are carried out across all operations. In particular, a joint safety inspection between working staff and management was conducted in the first half of 2025 at the Ulsan Campus following the completion of facility modernization, in order to ensure that common, high-level health and safety standards are applied to all processes. During the documentation review phase, we focus on verifying the document management system to comply with safety, fire prevention, and environmental regulations.

The annual risk assessment process, based on our safety and environmental management manual, evaluates the likelihood and severity of hazardous factors in work processes. It also evaluates whether associated risks are acceptable after assessing the adequacy of existing mitigation measures. Each department annually prepares standard operating procedures and hazard and risk assessment reports and assigns risk scores based on the frequency and intensity of each risk factor. Evaluation results are directly reported to the CEO while remedial actions such as inspections, equipment replacement and workflow improvement are carried out in response. If any defective work is identified during the inspection process, immediate corrective actions are taken. In addition, if the risk assessment results reveal that there is a significant hazardous risk factor or a significant environmental management issue, the process becomes subject to more rigorous oversight. Operations will be suspended and work resumption approval procedures will be applied.

Based on the results of this risk assessment, teams that have actually eliminated on-site risk factors and contributed to improving safety levels are selected as outstanding teams and are rewarded, and at the individual level, 20 employees are selected each quarter for submitting proposals through the 'Hidden Hazard Identification' activity and are also recognized for their efforts. These activities have evolved risk assessment from a periodic inspection process into a proactive, ongoing safety practice, contributing to developing on-site safety management capabilities. In connection with the Ulsan Campus modernization project, risk assessments are conducted not only on a regular basis but also as needed. For the modernization process a separate hazard risk prevention plan is managed in order to respond to risks in a more organised manner. To more closely manage risk factors for each construction process of each production line, the risk management system has been divided into the documentation stage and the completion stage, and this two-tiered approach enables us to identify and prevent new risk factors that may arise during construction.

Annual Risk Assessment Process



2024 Award for 'Hidden Hazard Identification' Activity

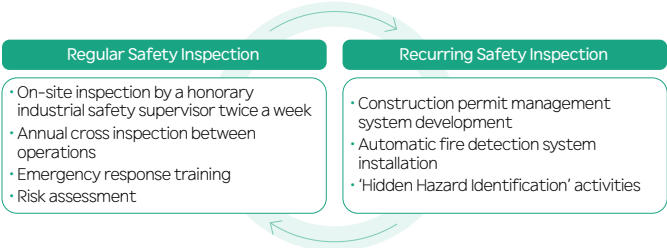
Employee Health and Safety

Workplace Safety Management

To prevent serious industrial accidents, HD Hyundai Construction Equipment operates a comprehensive workplace safety management program. Honorary industrial safety supervisors inspect the workplaces of employees and on-site contractors twice a week to supervise their compliance with safety measures. In addition, monthly joint inspections between working staff and management are held to identify departmental risks, and the findings are documented in detail. Each inspection record contains before-and-after improvement photographs and documents the corrective action completion date, with verification by the relevant department team leader. As part of fire prevention efforts, and in line with ongoing modernization construction at the Ulsan Campus, we have updated the construction permit management system for hazardous fire materials, and we have also installed a centralized and automated fire detection and control system integrating both existing and newly constructed buildings to enable real-time monitoring and response. In 2024, the three HD Hyundai Construction Equipment Sector companies implemented cross inspection activities to facilitate sharing of best practices in worksite safety management across the organization. Another round of cross inspections is planned for the second half of 2025, alongside plans to train safety inspection personnel and establish common EHS standards.

To strengthen emergency response capabilities, we conducted rescue and fire suppression training at the Ulsan Campus in 2024, assuming a fire and explosion situation at a wastewater treatment facility, and we also conducted additional training on fire extinguishers and fire hydrants use, as well as CPR, in preparation for leakage incidents and confined space emergencies. In particular, 140 employees received training on the use of asphyxiation fire blankets and wet-type breathing masks to improve their initial response capabilities in the event of a battery fire, thereby strengthening the accident response capabilities of employees.

Cycle Structure of Regular/Recurring Safety Inspections



Key Accident Prevention Management Items by Month in 2024

Month	Key Accident Prevention Management Item
1	General occupational health and safety laws, insurance, etc.
2	Managing Material Safety Data Sheet (MSDS), prevention of caught-in accidents
3	Conducting risk assessment, employee health check-up
4	Understanding causes and establishing countermeasures for human errors, preventing accidents caused by hitting or colliding
5	Preventing suffocation accidents in confined spaces, safety in handling heavy objects
6	Ensuring safety in hand tool work and preventing accidents involving cranes, forklifts and premises transport vehicles
7	Preventing electric shock accidents, first aid in case of accidents
8	Preventing and managing stress and health disorders, managing personal protective gears
9	Managing traffic safety and protection devices
10	Preventing noise-induced hearing loss, falls, and tripping accidents
11	Preventing fire and musculoskeletal diseases
12	Preventing cerebrovascular disease

Employee Health Management

To prevent occupational diseases, HD Hyundai Construction Equipment conducted noise exposure assessments first and second halves of 2024, and these assessments covered employees working in the machining and assembly processes, as well as contractors workers engaged in the pre-treatment and painting processes. Following an analysis of noise measurement results, HD Hyundai Construction Equipment found erroneous noise data entries in multiple processes due to duplicate inclusion of the pre-treatment process in the data scope, and as a corrective measure, we plan to adjust the dataset in the first half of 2025 to more accurately assess whether legal noise exposure limits are being exceeded.

As part of our health management efforts, for employees categorized as requiring followup observation, with identified medical findings, or belonging to the highest risk group for cerebrocardiovascular diseases as a result of 2024 health checkups for employees at the Ulsan Campus, a post-management program was implemented. These employees in question received five sessions of education over the year covering the types, causes, and preventive measures related to strokes. In addition, we operate a smoking clinic, and employees who successfully quit smoking during 2024 were awarded incentives for their achievement. Starting in 2025, we plan to expand our health promotion activities by introducing programs such as obesity management.

Mental health support programs are also set in place. A dedicated psychological counseling room called 'Mind Garden' has been established at the Ulsan Campus, offering weekly in-person sessions with professional counselors every Tuesday. At the Bundang GRC, employees can access psychological services not only in person, but also via phone, chat, and video counseling, creating an environment where employees can more conveniently access the services and reach psychological stability.

Employee Health Management Activities

Smoking Cessation Encouragement Activities

- On-site smoking cessation clinic
- Provided incentives to employees who successfully quit smoking, achieving a smoking cessation success rate of 48%
- 2025 operation plan: smoking cessation clinic will be continued in cooperation with Ulsan Dong-gu public health center

CPR Training

- Operating on-site CPR training
- Implemented a total of 24 sessions, practiced action plans and CPR in case of emergency, and provided AED use training
- 2025 operation plan: Scheduled to be held twice a month

Employee Safety Culture

Safety Events

In 2024, HD Hyundai Construction Equipment operated a health and safety recognition program, awarding individual employees and teams on a quarterly basis for proactively identifying and mitigating risks through the 'Hidden Hazard Identification' activity. Teams that demonstrated improvement in safety performance based on risk assessment results from the first and second halves of the year were also awarded. Additionally, we designated a monthly 'Safety Inspection Day' to select key management topics for disaster prevention and require employees to complete related mandatory health and safety training. These trainings cover practical, site-specific topics such as causes and countermeasures for collision and struck-by accidents, Material Safety Data Sheet (MSDS) information, seasonal health and safety considerations, and we also provide education on risk assessment procedures and regulatory compliance, enhancing employees' response capabilities.

Employee Safety Training

HD Hyundai Construction Equipment structures our employee safety education based on mandatory statutory training as the core framework. In addition to in-person sessions, including those held on monthly 'Safety Inspection Days', we also upload public online video content to ensure accessibility for all stakeholders. By the end of 2024, we reached our target of 500 subscribers, and the uploaded content has recorded a cumulative view count exceeding 100,000 as of April 2025, contributing to a heightened level of safety awareness both within and beyond the organization.

[HETA YouTube - Official Page](#)

Statutory Health and Safety Education for Employees in 2024

Type	Target	Contents
Regular health and safety training	Production worker (quarterly) office worker (quarterly)	Occupational Safety and Health Act and general management, and matters related to the accident prevention, etc.
	Manager (annual)	
Upon hiring	Production worker, office worker	Occupational Safety and Health Act and pre-work inspection items, etc.
Upon job rotation	Production worker	Hazards of machine equipment and work sequence and movement path related issues, etc.
Special health and safety training	Production worker	Matters concerning hazards from forklifts and cranes, etc.

Number of employees who acquired safety qualifications¹⁾ in 2024

A total of 44 persons

1) Safety qualification: Qualification related to occupational health and safety, hazardous materials, fire-fighting



HETA Online Safety Education Content

Safety Awareness Level Assessment

In 2024, HD Hyundai Construction Equipment conducted our first safety awareness assessment. This assessment was conducted over a period of approximately one week in the form of an online questionnaire and was conducted on employees and on-site contractors. A total of 1,332 individuals were selected as assessment participants, of whom 836 completed the survey, resulting in a participation rate of 62.8%. The average score was 58.1, and the respondents' current safety awareness level was classified as being at the 'dependent stage.' To foster long-term safety awareness, we established a roadmap with the ultimate goal of realizing a 'safety-first' culture, progressing through phases of voluntary participation in safety activities and the internalization of a strong safety mindset. To achieve this, improvement initiatives were established around four key strategies: capacity building, work process innovation, activity enhancement, and on-site risk reduction. We plan to sequentially implement them by assigning priorities.

Roadmap for Improving Safety Awareness



Contractor Health and Safety

Assessment of Contractor Health and Safety Competency

We require our on-site contractors to actively participate in creating a safe workplace. Our standard contractor agreement incorporates comprehensive occupational health and safety provisions as part of its contractual terms. In accordance with the standard construction subcontract agreement, if a serious accident occurs due to intentional or negligent actions by the contractor, this constitutes as grounds for contract cancellation or termination. After the contract is signed, we conduct monthly joint inspections between working staff and management with contractor workers to check whether statutory obligations are being fulfilled. Starting in 2025, we plan to reward contractors that have had no accidents for a full year, those with outstanding results in quarterly risk assessments, and those that perform well in safety evaluations, and through this incentive system, we aim to enhance the safety management capabilities of our contractors and improve overall industrial accident prevention efforts.

Suppliers participating in the
2024 Safety Workplace Creation Program

A total of 6 suppliers

Safety Management Agreement under the Standard Supply Agreement

Annex to the Master Construction Subcontract
(Revised in January 2025)
Article 18 (Safety Management)

(1) The contractor shall select a qualified safety manager, notify the contractor, and take all measures to prevent accidents by complying with the contractor's safety management rules or standards...

(7) To prevent safety accidents during the performance of contractor work, the contractor shall faithfully undergo a safety inspection and assessment by the HD Hyundai Construction Equipment's safety department within three months of signing the basic contract.

Support Activity for Contractor Health and Safety

As the scope of application of the Serious Accident Punishment Act was expanded to include small businesses with less than 50 employees from 2024, we have introduced a pilot program to support suppliers in establishing safe work sites. To help our contractors build safer workplaces, we conducted on-site visits and collaborated with them to develop tailored safety inspection standards. We also identified and addressed potential risks of serious accidents, and in addition to internal site supervisors, we provided training for both in-house and suppliers on the concept of 'collision/struck-by' accidents and introduced key safety rules to prevent such incidents. The EHS team plans to gradually expand these support activities to other contractors and strengthen our commitment to safety management and addressing fundamental safety issues across all operations.



Test Operation Site for Establishing a Safety Workplace for Contractors

Assessment of Contractors Health and Safety Capabilities

Type	Contractors Subject to Assessment	Frequency	Assessment Content	Penalties
On-site contractors safety evaluation	• Registered contractors or contractors that work on-site on a daily basis	Semi-annually	• The following assessment factors are scored and evaluated according to internal criteria - Safety accident occurrence - Autonomous health and safety: Compliance with local health and safety laws, deducting points for noncompliance and safety training and inspection systems evaluation - On-site safety performance: Safety facility installation status, status of compliance with standard work procedures, etc.	• Non-compliant contractors are requested to participate in self-improvement workshops and targets are set for improvement • Evaluations are used as references for overall contractors performance assessment
3 Gate Process	• Outsourced contractors that provide services in case of production or logistics facility investment or major repairs and maintenance	Ad-hoc	• Gate 1 (Pre-Review Stage) - Review of project specification, permissions and approvals during specification briefing sessions, verification of pre-review checklists and determination of Gate Process applicable processes • Gate 2 (Construction preparation stage) - Review and revision of construction drawings, checking of whether specifications and permit requests are approved • Gate 3 (Construction progress stage) - Checks for compliance with specifications, permission and approval, issues with related departments through risk assessment/standard procedures review and review of construction methods/schedules	• Non-compliance with Gate 1 or Gate 2 approval requirements lead to work suspension non-complying work procedures must be fully suspended and the problematic area should be restored to prior conditions before commencement • Upon occurrence of a new issue, the issue must be resolved before the construction is recommended

RISK MANAGEMENT

Health and Safety Risk Management

HD Hyundai Construction Equipment has established a company-wide risk management process to systematically manage key risks related to health and safety, and operates it in an integrated way at the company level. Based on a structured procedure, identification, assessment, strategy implementation, and monitoring, we reflect it in response strategies in time and minimize its impact on business operations.

1. Risk Identification

We regularly monitor changes in external business environments, including updates to relevant regulations such as the Occupational Safety and Health Act and the Serious Accidents Punishment Act, as well as changes in the requirements of ESG evaluation organizations, and internally, we proactively identify potential risks and opportunities that may arise from the introduction of new processes, modifications to equipment, or new business relationships with contractors.

2. Risk Assessment

Identified health and safety risks are evaluated comprehensively for criticality in consideration of potential legal consequences, stakeholder concern levels, and the overall scale of impact on business operations, and the results are reflected in establishing health and safety strategies.

3. Strategy Establishment and Implementation

For items identified as high-priority through the risk assessment process, corresponding health and safety strategies are developed and implemented accordingly. At the beginning of each year, the ESG Management Committee finalizes the annual implementation plan for the health and safety strategy, and throughout the year, the EHS operational function carries out activities to put the strategy into action.

4. Monitoring and Assessment

The ESG Management Committee reviews the strategies developed for identified and assessed risks, the implementation status, and the achievement of targets at both interim and final stages. These findings are then reported to the ESG Committee within the Board of Directors. The feedback from the report results is reflected in the next year's risk management process, thereby enhancing the integrity of the health and safety risk management system.

METRICS AND TARGETS

Health and Safety Metrics and Targets

Performance is managed by reporting LTIR (including on-site contractors) to the CEO when holding an EHS Session. In 2024, we achieved a LTIR (including on-site contractors) of 0.48, and to reach the global level of 0.2 by 2030, we plan to gradually strengthen the health and safety competencies of all employees and on-site contractors.

2025 Safety, Health and Environment Goals

Achieving LTIR 0.4 or lower

- Strengthening preemptive measures through risk assessment
- Safety prioritization for Ulsan Campus modernization

Driving employee health promotion through preventative health management

- Strengthening a professional training/work environment improvement activities to prevent musculoskeletal disorders
- Activating the operation of health promotion/prevention management programs

Achieving RE100 for domestic operations

- Conducting greenhouse gas emission reduction activities in accordance with climate change response strategies
- Expanding and strengthening management of greenhouse gas inventory across all operations

HD현대건설기계 주식회사
대표이사 사장 최철곤

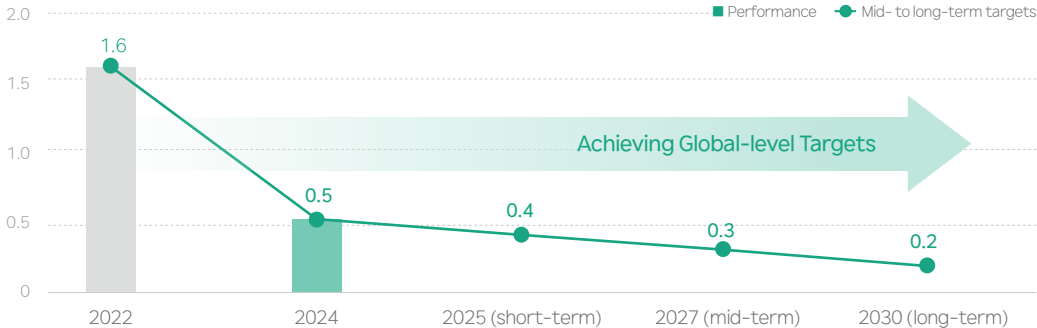
Mid- to long-term Targets of Contractors

(Units: 200,000 hours)

Classification	2025 (short-term)	2027 (mid-term)	2030 (long-term)
LTIR	0.4	0.3	0.2

Roadmap to Achieve LTIR (including in-house) 0.2 by 2030

(Units: 200,000 hours)



Supply Chain

MATERIAL TOPIC

GOVERNANCE

STRATEGY

Supply Chain Organizational Structure

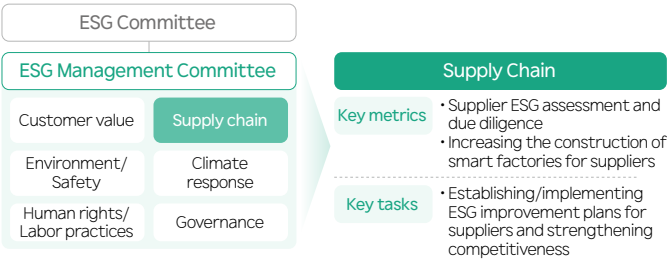
Supply Chain Governing Body

At HD Hyundai Construction Equipment, the ESG Committee within the Board of Directors primarily oversees supplier ESG risks and makes key decisions. The ESG Management Committee under the ESG Committee is responsible for developing supplier ESG strategies, assessing risks, implementing improvement measures, and is strengthening the management system through regular reporting, monitoring, and resolution on major issues.

Supply Chain Operational Function

The Supply Chain part develops and implements specific action plans based on the strategic tasks defined by the ESG Management Committee. The dedicated supply chain management function oversees a wide range of activities, including ESG assessments of suppliers, operation of supplier support programs, and management of supply chain communication channels, in order to build a sustainable supply chain and execute ESG tasks.

Supply Chain Governance Structure



Compensation Linked to the Supply Chain

HD Hyundai Construction Equipment has established executive KPIs to build sustainable governance over our supply chain. The number of suppliers subject to ESG assessment is set as management KPIs and is linked to the compensation system, which allows for stronger monitoring of suppliers' ESG capabilities.

Supply Chain Risks and Opportunities

Risk and Opportunity Identification and Response

HD Hyundai Construction Equipment identifies key risks and opportunities that may affect ESG-related issues across the supply chain and establishes and implements strategies to systematically manage the identified factors.

Risk/Opportunity Definition	
Impact 1	Expanding ESG Management within the Supply Chain and Strengthened Accountability
Risk	Opportunity
Damage to corporate reputation due to violation of ESG-related regulations in the supply chain	Strengthening supply chain competitiveness by establishing a culture of mutual growth
Impact 2	Strengthened Supply Chain-related Regulations under the EU Corporate Sustainability Due Diligence Directive
Risk	Opportunity
Limited supply sources and increased uncertainty in raw material procurement due to tightened supply chain management standards	Ensuring long-term stability by improving supply chain reliability

Response Strategy	
- Establishing a management system based on the Supplier Code of Conduct - Supplier ESG evaluation and monitoring - Support for strengthening supplier capacity and operating communication channels	

Supply Chain Business Case

Due to the nature of the manufacturing industry, where components are sourced from numerous suppliers and are assembled, we recognize that ESG risks in the supply chain can have a direct impact on management stability and corporate credibility. If human rights or environmental issues arise, or if there is non-compliance with ESG regulations, it may result in reputational damage, loss of customers, and uncertainty in raw material procurement, ultimately leading to financial losses. Conversely, we can enhance procurement stability, diversify sourcing channels, reduce risk, and strengthen the long-term sustainability and profitability of our supply chain, if we reinforce ESG-based supply chain management standards and successfully establish a mutual growth framework with suppliers.

Supply Chain Management Strategy

Supply Chain Management Policy

HD Hyundai Construction Equipment has established and operates a supplier ESG policy that meets global standards. This policy is based on internationally recognized frameworks, including the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises, and the ILO Core Conventions. It encompasses key elements of the Supplier Code of Conduct, such as ethics, environment, labor and human rights, health and safety, and management systems. The Supplier ESG Policy applies to all suppliers conducting business with HD Hyundai Construction Equipment, including their subcontractors, and is used as a standard for systematically managing ESG risks throughout the entire process of procuring products and services.

[ESG Management Policy of the Supply Chain](#)

ESG Management Policy of the Supply Chain

Sustainable purchasing	Selecting suppliers that meet ESG management standards, including ethical standards
Supplier's responsibilities and management areas	Requirement for implementing HD Hyundai Construction Equipment's Supplier Code of Conduct and ESG management policy
Supplier ESG evaluation system	Conducting ESG assessments of suppliers to reduce suppliers' risks
Communication	Continuous communicating with internal and external stakeholders regarding supplier ESG

Supplier Code of Conduct

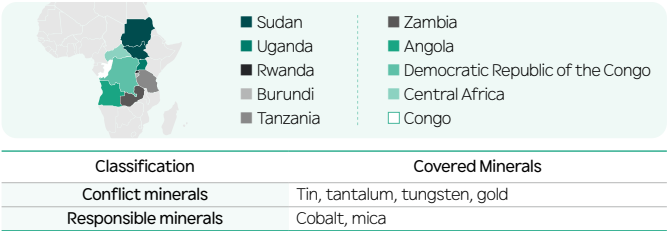
The Supplier Code of Conduct applies to all suppliers and requires compliance with laws and regulations relevant to business operations. It defines standards across key areas including ethics and fair trade, environment, labor and human rights, health and safety, and management systems. To promote compliance, the Supplier Code of Conduct is publicly disclosed on our website. At the time of contract signing, suppliers are required to make a pledge to commit to the code's provisions using mandatory attachments such as the 'Corporate Social Responsibility Commitment Agreement.' We are also promoting the establishment of an ethical and sustainable supply chain by requiring suppliers to submit an 'Ethical Management Pledge.'

[Supplier Code of Conduct](#)

Conflict Minerals

HD Hyundai Construction Equipment has clearly defined a management policy regarding conflict minerals and responsible sourcing within our Supplier Code of Conduct to prevent their use across the supply chain. We require our suppliers to source materials for components and products from responsible sources outside of conflict-affected regions, and to verify this, we request the submission of relevant supporting documentation. In addition, we have established and operate the 'Guidelines for conflict minerals and responsible minerals supply risk management' to systematically manage risks related to conflict minerals and responsible minerals, and we are strengthening the responsible procurement system throughout the supply chain.

Conflict Affected High-Risk Areas



Green Purchasing Policy

HD Hyundai Construction Equipment operates our Green Purchasing Policy as a strategic initiative to realize environmentally friendly management. The policy prioritizes the purchase of eco-certified materials for product manufacturing. We actively procure materials that meet sustainability standards, such as eco-label certification, low-carbon certification, and Good Recycled Product certification, and are gradually converting existing auxiliary materials to eco-friendly products. In addition to quality and cost, environmental value is incorporated into evaluation criteria. Under our supplier selection process, additional points are awarded to suppliers providing eco-friendly products, thereby encouraging green purchasing across the company to build a sustainable supply chain and carry out environmental responsibility.

Green Purchasing Policy

Green purchasing¹⁾ amount KRW 16 million

1) Green procurement: Purchase of products that have received eco-label certification, low-carbon product certification, and Good Recycled Product certification.

Roadmap for Supplier ESG Management

Based on the 2023 supplier ESG evaluation project, HD Hyundai Construction Equipment has established a supplier ESG management roadmap to be implemented in stages until 2026 through communication and education with suppliers, ESG performance management, and conflict and responsible minerals management. In 2024, we fully conducted ESG self-assessments for 187 suppliers designated for self-evaluation, achieving our target for the year, and in 2025, we plan to expand the evaluation scope to include key suppliers accounting for 95% of our total procurement value, thereby progressively applying ESG assessments across our supply chain.

Roadmap of the Supply Chain Management Process

Item	Short-term (by 2024)	Mid-term (by 2025)	Long-term (by 2026)
Supplier communication and training	Establishing a yearly ESG education system	Conducting ESG training by quarter	Benchmarking and developing support programs
Supplier ESG performance management	Calculating the ratio of suppliers subject to ESG assessment	Creating a supply chain management dashboard	Conducting evaluation for a 95% coverage of top purchasing amounts
Conflict/responsible minerals management	Preparing a conflict-free and responsible mineral commitment pledge	Signing a conflict-free and responsible mineral commitment pledge	Assessing the present condition of conflict/responsible minerals

Strengthening Supplier ESG Management Capabilities

To enhance awareness of supplier ESG management across global operations, HD Hyundai Construction Equipment hosted an explanatory session for our China operations, which provides key topics such as the importance of supplier ESG management, global and local regulatory trends, ESG trends, and strategic response approaches. The event was attended not only by local procurement staff, but also by executives, including the CEO of the subsidiary, which helped ensure that the significance of supplier ESG management was shared across the organization and strengthened leadership commitment to implementation.

Domestically, we also held training sessions for employees in our procurement department to deepen their understanding of supplier ESG management. The training focused on ESG management trends and key issues, strategies for strengthening the ESG evaluation framework, initiatives for 2024, and updates to performance metrics, thereby enhancing employee's ESG implementation capabilities and establishing a solid foundation for project execution.



Supplier ESG Briefing Session for the China Subsidiary

Supply Chain Assessment

HD Hyundai Construction Equipment performs On-site Assessments (OSA) for new suppliers, a supplier ESG evaluation to assess the level of supplier ESG management implemented, and a comprehensive evaluation that examines key items such as quality, delivery, price, safety/environment, and financial status. OSA is conducted when registering new suppliers to assess whether they meet a certain level of requirements, and if any risk factors related to health and safety, fire protection, or environmental issues are identified during the on-site assessment, we carry out a pre-inspection and give support for improvement efforts. We also conduct regular comprehensive evaluations and supplier ESG evaluations, and provide incentives or penalties based on evaluation results in order to develop our supplier management system.

Supplier Incentive and Penalty System

Classification	Key Contents
Incentive	• Priority consideration given as candidate for facility investment programs according to evaluation grades • Priority consideration given as candidate for financial support programs according to evaluation grades • Award of recognition
Penalty	• Bid quotations are banned for suppliers with lowest performance grading • Termination of transactions with suppliers when lowest grades are given 4 times consecutively



2024 Outstanding Supplier Recognition Awarding

Supplier ESG Assessment Policy

To assess the level of ESG management implementation across our supply chain, HD Hyundai Construction Equipment has established our own assessment system by referring to various standards such as the Labor Standards Act, the Occupational Safety and Health Act, and the Responsible Business Alliance (RBA) standard. We have identified five core focus areas, labor and human rights, health and safety, environment, ethics, and management systems, and selected a total of 82 evaluation metrics for each area. We conducted self-assessments and on-site audits of our suppliers, taking into account risks by country, industry, and product, according to the following procedures.

Supplier ESG Assessment Process



Supplier ESG Assessment in 2024

In 2024, HD Hyundai Construction Equipment conducted a supplier ESG assessment through a combination of self-assessment and on-site audit, including online survey responses and submission of supporting documents.

In 2024, we conducted an evaluation of 187 suppliers that were subject to self-assessment, and selected 33 suppliers of them as on-site evaluation targets by comprehensive consideration of evaluation scores, transaction volume, and dependence on us. The on-site audit was conducted in a way that the actual implementation level of each ESG item was inspected through document review and on-site inspection, and third-party external assessment and due diligence experts participated to ensure objectivity and fairness of the evaluation.

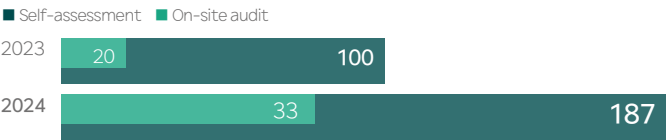
Key areas for improvement identified through the evaluation included: establishing policies to prevent child labor, documenting accident reporting processes, establishing a management system for energy and greenhouse gas data, establishing policies and due diligence processes for responsible procurement of raw materials, and strengthening internal discussion framework for non-financial performance. Improvement plans were established, and corrective measures were taken for all 23 suppliers categorized as high-risk, and we provided support in order for suppliers to implement these plans.

For suppliers requiring improvement support, we offer the HDPS program, which is a part of our efforts to enhance supply chain capacity and quality competitiveness while providing comprehensive support for improvement and legal compliance education. For outstanding suppliers, we encourage them to strengthen their ESG capabilities by providing various incentives such as ESG funds.

As a result, over the past two years, the proportion of top-rated suppliers has increased by 11%, with average scores rising across all ESG categories, showing that the level of ESG implementation throughout the supply chain has improved. We plan to gradually expand the scope of ESG evaluations and strengthen improvement activities for vulnerable areas based on the evaluation results to reinforce the overall sustainability of our supply network.

Performance of Supplier ESG Assessment

(Units: Number of suppliers)



Supply Chain Support Activities

Support for Developing Smart Factory MES

HD Hyundai Construction Equipment has secured funding in collaboration with the Ministry of SMEs and Startups' Smart Factory for Mutual Growth between Large Companies and SMEs project to support our suppliers in digitalizing their manufacturing sites and improving productivity by installing smart factory MES (Manufacturing Execution Systems). In 2024, MES systems were installed at eight suppliers. Originally focused on suppliers certified as Leading Suppliers (LS), the scope of support was expanded to include 90 member companies of the Hyundai Construction Friendship Association. Starting in 2026, we plan to further extend support to non-members of Hyundai Construction Equipment Supplier Association as well, promoting a step-by-step digital transformation across the entire supply chain.



Smart Factory for Mutual Growth between Large Companies and SMEs Project Signing Ceremony

Delivery Price Indexation System

The Delivery Price Indexation System is designed to adjust transaction amounts by reflecting fluctuations in raw material prices once they exceed a certain threshold, and this system helps ease the financial burden on suppliers caused by price volatility and promotes a fair and transparent trading environment. In 2024, we were awarded with a commendation from the chairperson of the Korea Fair Trade Commission for our active role in expanding the application of the system to subcontracting arrangements and promoting its adoption and settlement across the supply chain. We plan to gradually expand the scope of application of the system to establish a fair trade culture and create a stable management environment for our suppliers.

Profit Sharing System

HD Hyundai Construction Equipment operates a profit-sharing program that promotes mutual growth by enabling large corporations and their suppliers to jointly pursue innovation projects and share the resulting achievements. Through this program, we create ideas with our suppliers, define shared goals, and execute collaborative projects, and the outcomes are then equitably shared, supporting our suppliers' growth and enhancing their competitiveness. In 2024 alone, we received 19 idea proposals from our suppliers, reflecting their voluntary and enthusiastic participation, and this program continues to foster a culture of joint growth with our suppliers. In the mid- to long-term, we plan to expand the scope of the profit sharing system to all suppliers, including subcontractors, to enhance competitiveness across the supply chain and build a more sustainable collaborative model.

Supply Chain Financial Support

We provide financial support to suppliers facing financial challenges and operate a structured support system to ensure tailored assistance based on each supplier's specific situation and needs.

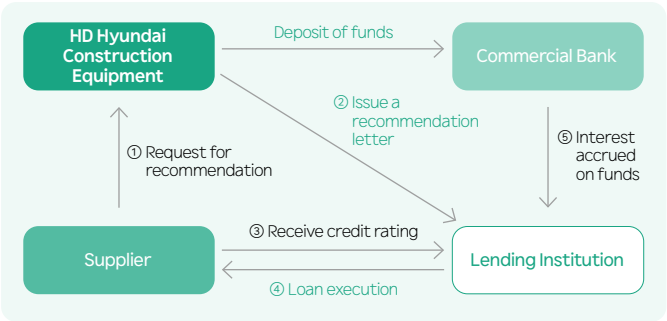
Supplier Financial Support Program (Unit: KRW 100 million)

Support Contents	Support Performance
Low-interest operating loans based on deposits held in the shared growth fund	347
Support for investment in supplier facilities	59
Deferred deduction for supplier facility support from supplier billing amounts	43
Support for SCRM facility investment funding	29
Early vendor payment prior to holidays (based on the interest amount)	1
Technology assurance shared growth cooperation, MES installation support, on-site contractors welfare support, etc.	16

Supply Chain Financial Support

To alleviate the financial burden on SME suppliers, HD Hyundai Construction Equipment has established a shared growth fund totalling KRW 32 billion in partnership with financial institutions. We help suppliers increase their liquidity by supporting loan interest repayment. In addition, the three HD Hyundai Construction Equipment Sector companies are providing low-interest financial loans by separately establishing and operating an ESG shared growth fund amounting to KRW 20 billion to support suppliers participating in ESG management. Participating financial institutions are providing ESG consulting and on-site due diligence through external expert organizations free of charge in order to support suppliers in developing their ESG management.

Fund Operation Method



Supply Chain Communication Activities

Hyundai Construction Equipment Supplier Association

The Hyundai Construction Equipment Supplier Association was established to enhance communication and foster mutual cooperation between HD Hyundai Construction Equipment and our suppliers, and a dedicated council office has been set up at the Ulsan Campus to facilitate ongoing engagement and regular dialogue. We also promote close relationships with overseas operations through meetings and invitation-based events, focusing on practical communication around key topics, such as quality management metrics. In 2024, we held the first 'Next Generation Management Workshop' for the next generation of executives of our suppliers, providing an opportunity to exchange insights on business operations and share expectations and proposals.

Communication Channel

HD Hyundai Construction Equipment operates a 'Corruption and Bribery Consultation System for Suppliers' system to promote fair trade practices and safeguard the rights and interests of our suppliers. Through this system, suppliers can anonymously report any unfair practices or instances of corruption or irregularities that occur during business transactions via the HD Hyundai ethics management website. We also manage a 'Shared Growth Hotline' to ensure supplier grievances are handled promptly and systematically, and in addition, we actively strengthen communication with suppliers through regular meetings, best-practice sharing, and the publication of newsletters.

Supplier Quality Improvement

To foster mutual growth and build a sustainable supply chain, HD Hyundai Construction Equipment has actively supported our suppliers through continuous communication and collaboration. In the 'Delivery Time and Capability Improvement Agreement Ceremony,' we and our suppliers set shared objectives for improving on-time delivery and operational capabilities, alongside technical and managerial support plans, and at the 'Quality Policy Briefing,' 84 suppliers gathered to review initial implementation progress and discuss responses to policy changes. The procurement and related departments jointly formed a 'Supply Chain Improvement Task Force,' which carried out on-site visits to suppliers, providing field-oriented, customized support such as process optimization and operational stabilization to strengthen supplier competitiveness. In particular, we have set key tasks for each of the 5 parts under the leadership of Hyundai Construction Equipment Supplier Association, a supplier consultative group, and dispatched executives and senior experts to supplier sites to deliver practical training and facilitate technical exchanges, resulting in the identification of 166 actionable improvement tasks. Through these efforts, we have laid the foundation for a sustainable partnership based on mutual trust, and we will continue to communicate with and support suppliers to create a supply chain ecosystem for mutual growth.



Supplier Workshop



Briefing Session on "Zero Detect Promotion" for Suppliers

Supply Chain Risk Management

HD Hyundai Construction Equipment has established a company-wide risk management process to systematically manage key risks related to supply chain, and operates it in an integrated way at the company level. Based on a structured procedure, identification, assessment, strategy implementation, and monitoring, we reflect it in response strategies in time and minimize its impact on business operations.

1. Risk Identification

We identify potential risks and opportunities by periodically monitoring external environmental changes that impact the supply chain, such as trends in the raw materials market, delays in delivery from suppliers, and enactment/revision of related laws and regulations.

2. Risk Assessment

We evaluate key risks and opportunities across our supply chain by taking into account actual operational conditions, regional characteristics, and the outcomes of ESG assessments, and set priorities by comprehensively considering high-risk suppliers and areas for improvement identified during the evaluation process.

3. Strategy Establishment and Implementation

The ESG Management Committee establishes various response strategies, including supply chain assessments and monitoring and capacity building support to address key risks and opportunities related to the supply chain. These strategies are executed by the Supply Chain Part, a dedicated implementation organization operating under the ESG Management Committee.

4. Monitoring and Assessment

The ESG Management Committee regularly reviews the outcome of strategy implementation and reports the results to the ESG Committee. These findings are then reflected in the development of the following year's annual strategy and risk management planning.

Supply Chain Metrics and Targets

Classification	Performance Metrics	2024	2025	Mid- to long-term
		Performance	Targets	Targets
Supplier ESG assessment	Conducting supplier ESG self-assessment and on-site audit	• Self-assessment: 187 suppliers • On-site audit: 33 suppliers	• Self-assessment: Top 60% of domestic suppliers and overseas suppliers with purchase amount of KRW 100 million or more • On-site assessment: We are expanding our supplier assessment program to include vendors comprising the top 80% of our procurement spend	• On-site assessment: We are expanding our supplier assessment program to include suppliers comprising the top 95% of our procurement spend
Supplier ESG support	Support for smart factory MES installation activities	• MES installation in 2024: 8 suppliers	• Installed MES for the members of Hyundai Construction Equipment Supplier Association	• Increasing support for MES installation for non-member companies

Customer Value

Quality Control

Quality Management Operating System

HD Hyundai Construction Equipment holds company-wide quality meetings led by the CEO to systematically manage quality-related issues and risks. These meetings are conducted weekly and involve discussions and reports on key quality metrics (IQ, WQ, WC), major quality issues, and plans for improvement, and executives and managers from cross-functional departments – including quality, purchasing, production, service, and sales – collaborate systematically to address quality issues. This interdepartmental approach enhances both the effectiveness and responsiveness of our quality management system. In particular, we consider IQ to be the most critical quality metric, and a ‘DIQ (Daily IQ)’ meeting is held every day to improve IQ. Through this, we monitor cases of initial failures on a daily basis and implement quick adjustment measures, and in addition, when launching a new model, we are working to stabilize the quality early on by strengthening initial flow management activities.

Quality Metric	Definition
IQ(Initial Quality)	Number of defects occurring within the first 200 hours
WQ(Warranty Quality)	Number of defects occurring during the warranty period
WC(Warranty Cost)	Failure costs due to defects occurring

Operation of the Quality Assurance Center

To strengthen quality competitiveness, the HD Hyundai Construction Equipment has established and is operating a quality assurance center within its Ulsan Campus, comprising three measurement rooms and one evaluation hall. The center conducts various testing and evaluation activities, including materials analysis, precision measurement, component evaluation, and electrical system testing, and with the newly established in-house capability for component material and damage analysis—previously outsourced—we have dramatically enhanced both the efficiency and precision of our quality improvement processes. In 2024, the center’s capabilities were further reinforced through initiatives such as field defective product analysis, material composition analysis, the introduction of battery charge/discharge testing equipment, and the enhancement of durability evaluation for electrical components. In addition, key components supplied by suppliers are regularly inspected and analyzed to promote supplier quality assurance activities. In addition, we are strengthening our prevention-oriented quality management system by improving facility operation rates, automating and advancing defective product management, and training specialized personnel.

Real-time Monitoring of the Global Quality Status

HD Hyundai Construction Equipment places the highest value on customer satisfaction, making the handling of on-site customer failures and the improvement of field-level satisfaction our top priorities. To support this customer-centric quality management approach, we operate the Global Quality Management System (QGMS), a unified system jointly utilized by our global subsidiaries. QGMS is an integrated quality management system that can register and manage failure cases occurring in each regional field in real time, so that local service personnel can record failure-related information in detail and manage related quality data. These registered cases are reviewed daily by regional personnel in charge, who conduct ongoing quality analyses and implement improvements based on the data. In particular, failures that occur repeatedly in the same part number, cause significant costs, or critically impact customer operations are selectively registered as Quality Improvement Requests (QIRs), which are then systematically managed to ensure that actual improvements are carried out.

Quality Management System

To realize market and customer-oriented quality management, we operate our Quality Management System in a structured manner and have obtained the ISO 9001 certification, an international standard that ensures the effectiveness and reliability of our system. A total of six operations maintain ISO 9001 certification, and the system is continuously enhanced through annual audits.

Field Survey

To gain a more accurate understanding of the quality as experienced by customers and identify practical improvements, HD Hyundai Construction Equipment actively conducts field surveys by visiting customers and subsidiaries to gather the Voice of Customers (VOCs). Key activities include listening to on-site quality issues and VOC feedback, checking compliance with dealer and customer requests, and sharing quality improvement items and progress with key clients and dealers. In 2024, a total of 9 field surveys were conducted across Korea, North America, Europe, and direct export regions. Among the 137 VOCs collected during these surveys, 100 have been resolved, while improvement work is underway for the remaining 37 VOCs.

Preventive Quality Activity Strategy

To enhance preventive quality and reduce quality-related costs, we have structured our quality management process into three key phases, development, mass production, and the market, and have established and implemented strategies for each stage.

Item	Responsible Party	Activity Name	Key Contents
Development quality	Advanced quality team	Validation of new joint development model	• Joint evaluation of development equipment: Pilot fleet test, etc.
	Parts quality team/supplier	Parts validation	• Common parts PPAP (Production Part Approval Process) management • Support for establishing the PPAP process
Mass production quality	Parts quality team/supplier	Parts production	• Hold point management • Module-specific management
	Preliminary quality team	Process audit	• Process standardization and compliance inspection
Market quality	Quality assurance team	Innovating the finished equipment inspection process	• Assignment of specialized inspectors for each inspection stage • Improvement of validation capabilities of the paint inspection
		Early sensing management	• Collection of remote data using Hi MATE • Early sensing and implementing quick adjustment

HDPS (HD Hyundai Production System)

To strengthen manufacturing competitiveness, HD Hyundai Construction Equipment has introduced the HDPS system to secure competitiveness in production, quality, and cost. Based on 6 core principles and 19 modules, HDPS promotes optimized production flows, standardized processes, and automation, with a focus on enhancing quality consistency and production stability. To ensure horizontal deployment of HDPS, we plan to strengthen our global competitiveness by distributing standard operating documents to global factories and registering manufacturing operation standards in the GMS portal.

Failure Cost Management

We are comprehensively analyzing the causes of costs arising from non-compliance with market demands and our own standards, and implementing improvement activities based on these insights to elevate our quality levels and continually reduce quality failure costs. In 2024, we achieved approximately a 4.5% reduction in quality failure costs. For 2025, we have set a target to reduce these costs by an additional 10% year-on-year by carrying out proactive quality management activities.

Enhancing Customer Satisfaction - Smart Technology

Hi MATE & Hi CARE

HD Hyundai Construction Equipment operates Hi MATE, a remote equipment management system, and Hi CARE, a proactive smart maintenance service, to maximize customer convenience and equipment operation efficiency. Hi MATE utilizes GPS and communication technology to collect and analyze key data, such as equipment location, operating hours, fuel consumption, and replacement timing for consumables, in real time, allowing customers to easily monitor and manage equipment status through their smartphones or PCs. When preventive maintenance is due or diagnostic trouble codes are triggered, alerts are automatically sent to the customer, helping improve equipment utilization and operational efficiency.

Building on the Hi MATE system, Hi CARE is an advanced remote maintenance and inspection solution that analyzes service history, fault codes, and component replacement cycles to provide customers with proactive after-sales service. Customers can report failures easily via an app or call center. Service technicians, equipped with pre-analyzed data (such as engine fault codes), can prepare necessary parts and tools in advance, thereby completing maintenance in a single visit and shortening the warranty service response time. Diagnostic Trouble Code (DTC) monitoring activities and remote Engine Condition Diagnostics (ECD) enable an immediate response when problems occur, enhancing both the speed and quality of the entire repair process.

See-through Bucket

HD Hyundai Construction Equipment has commercialized the ‘See-Through Bucket’ technology, which combines camera synthesis technology and AI technology. See-through Bucket technology uses cameras mounted on the upper and lower sections of a wheel loader to capture the obstructed front view hidden by the bucket, displaying it in real time on the operator’s cabin monitor. Additionally, the system combines AI-based object recognition and steering angle sensing technology to selectively detect only humans within the bucket’s movement path, visualizing their presence on the monitor using the bounding box and warning symbols, so the operator can respond immediately. This technology prevents accidents at work sites by filming safety hazard areas, such as blind spots and projecting images using a curved-display method, thereby increasing work efficiency through enhanced visibility.

Remote Control

HD Hyundai Construction Equipment is developing remote control technologies to enable customers to work safely and efficiently in high-risk or hard-to-access environments. Utilizing Wi-Fi/5G communication technologies along with cameras, sensors, and communication modules integrated into the equipment, remote control technology enables operators to monitor real-time site conditions and control machinery remotely via a remote station or portable console without having to board the equipment.

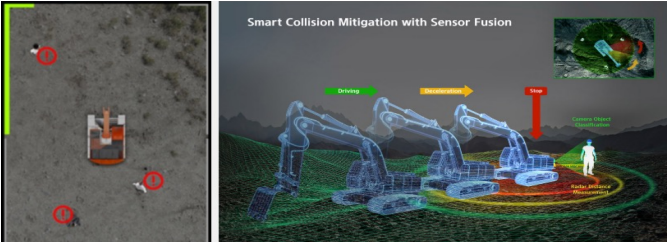
The capabilities of this remote control technology have been showcased at various exhibitions and demonstrated to leading construction companies. In December 2024, we invited major construction companies to Boryeong PG and provided a demonstration of controlling unmanned construction equipment from a remote control station, showcasing the technological prowess to successfully achieve mutual collaboration and precision work between excavators, wheel loaders, and ADTs, and in addition, at the BAUMA exhibition held in Munich, Germany in April 2025, we demonstrated the technology of remotely operating a wheel loader at our Belgium subsidiary, proving that equipment can be controlled seamlessly over long distances if network connectivity is established. We are currently applying this remote control technology to wheel loaders based on remote station infrastructure, which will be commercialized in North America by 2026.



Demonstration of Remote Control Technology

Smart Around View Monitoring

At CONEX KOREA 2024, HD Hyundai Construction Equipment unveiled our Smart Around View Monitoring (SAVM) technology. SAVM leverages multiple omnidirectional cameras mounted on equipment to deliver a full 360-degree around view and detect objects around the equipment. By integrating AI technology, the system can detect human presence even when there is no dynamic movement, and once detected, a bounding box is displayed on the monitor accompanied by an audible alert, enabling the operator to respond immediately. This function also works in conjunction with radar sensors to support the implementation of the Advanced Detection System.



Smart Around View Monitoring

Advanced Detection System (ADS)

HD Hyundai Construction Equipment is developing ADS (Advanced Detection System) technology to further enhance safety at work sites. The technology combines camera and radar sensors. AI analyzes images captured by the cameras to identify objects, while the radar precisely measures the distance to detected objects. By filtering out irrelevant items such as materials or cargo, the system is designed to selectively detect only workers within the equipment’s range, so that alarms can only be triggered in actual dangerous situations. ADS technology is expected to be initially installed in excavators starting in the second half of 2025. Due to the nature of construction sites, where there are various obstacles, it is expected that this system will enable highly accurate object classification, making it a reliable safety technology. Additionally, building on our ADS platform, we are developing Active Stop technology – an automated safety solution that detects surrounding objects and proactively slows or stops equipment movement to prevent collisions.

Enhancing Customer Satisfaction - Service Activities

AI Call Center

To improve customer response efficiency and enhance service quality, HD Hyundai Construction Equipment officially launched and began operating our AI Call Center in 2024. The center leverages technologies such as Speech-to-Text (STT), Natural Language Understanding (NLU), Text-to-Speech (TTS), and generative AI to provide real-time responses to customer inquiries regarding equipment faults, service reservations, and technical support. In particular, we have established 'HD-GPT', an AI response model optimized for us, enabling fast and accurate answers based on a specialized knowledge base in the construction machinery industry. The AI call center maintains a 24-hour response system for inquiries received through the 'Hyundai Connect' app or the call center. In addition, the system has steadily improved its accuracy and responsiveness by continuously learning from customer voice and inquiry data, and we quickly apply enhancements to our products using insights from VOC analysis.

Customer Response Metrics Management

We regard customer satisfaction as a core value in our sustainable management strategy, and Mean Time to Repair (MTTR) has been designated as a key service quality metric to provide global-level services. The MTTR matrix measures the time elapsed from equipment failure to full operational recovery, which is used to evaluate the speed and accuracy of response to customer requests. By managing the MTTR metric, we continuously analyze bottlenecks in the entire response process, including service personnel allocation, parts preparation, and movement, and pursue continuous improvement through collaboration with suppliers.

HD KMS Platform

To strengthen technical support for customers, HD Hyundai Construction Equipment has implemented the HD Knowledge Management System (KMS) and is driving digital transformation to improve information sharing among global suppliers and speed of customer response. The HD KMS consolidates information dispersed across multiple systems, stores issues into a centralized database, and supports rapid issue resolution, and in 2025, we plan to build an AI-based real-time response system by linking to the field-oriented Service App.

Hyundai Connect App

In October 2023, HD Hyundai Construction Equipment launched the Hyundai Connect app, a dedicated mobile platform for domestic customers aimed at enhancing equipment operation efficiency and service accessibility, and the app integrates our remote equipment management system, Hi MATE, and our service request and consultation platform, Hi Service, into a single streamlined solution. The Hyundai Connect app has significantly improved customer convenience as a one-stop integrated service that provides various functions, including equipment registration, service requests, maintenance and work management, parts purchasing, and customer support, significantly improving overall convenience. In particular, the app supports customers to efficiently manage the equipment status through the operation status notification function such as equipment utilization, productivity metrics, and parts replacement cycles, and it also offers features for maintenance history tracking and work log recording, helping customers manage their equipment more efficiently.

Appointment of Honorary Directors and On-site Inspection

In April 2024, HD Hyundai Construction Equipment hosted an honorary director appointment ceremony for 82 outstanding domestic customers at the Ulsan Campus in April 2024. The honorary director program is a customer-focused initiative that acknowledges customers who have made significant contributions in various areas such as equipment purchase history, customer loyalty, and collaboration in product improvement, while offering expressions of gratitude along with exclusive benefits. Honorary directors receive free on-site inspection services twice a year, along with supplies, special discounts on equipment purchases for the directors and their acquaintances, and invitations to cultural and sports events.

The on-site inspection service utilizes a specially equipped 'Construction equipment diagnostic vehicle,' which is specially designed for the purpose of precise diagnosis and maintenance of equipment and deployed semi-annually (summer and winter). This vehicle is equipped with advanced sensors and high-precision instruments, enabling accurate analysis of the equipment status. Each on-site inspection includes basic checks, detailed diagnostics, and supplies inventory checks, accompanied by consumable management training, on-site safety education, and VOC collection, thereby increasing customer satisfaction in various ways.



2024 Honorary Director Appointment Ceremony

Measuring and Managing Customer Satisfaction

To enhance customer satisfaction, HD Hyundai Construction Equipment conducts messenger-based satisfaction surveys at the completion of major services such as delivery inspection, regular inspection, and breakdown repair. Customers receive a survey link via messenger, allowing them to rate their experience based on question sets tailored to each service type. Satisfaction for each category is recorded using a five-point scale. An open-ended response feature is also provided to collect a broad range of customer feedback.

Survey responses are consolidated by the call center via an IT system and analyzed through our integrated data platform, 'Hi Dokebi'. The analysis results are used to calculate the average customer satisfaction score, which is then compared with the target score for ongoing monitoring and management. In cases where abnormally low satisfaction ratings are detected, the call center directly contacts the customer in question to identify specific issues or grievances and implements corrective actions. Furthermore, we conduct quarterly analysis of open-ended feedback to identify recurring issues, which are then shared with responsible departments to develop targeted corrective actions and prevent future recurrence.

Warranty Service Solutions

Since September 2024, HD Hyundai Construction Equipment has significantly enhanced the capabilities of our Integrated Service Centers in Korea to provide customers with faster and more convenient warranty service solutions. Previously, customers had to contact their individual equipment dealerships to request services, but with the advancement of the integrated service center function and the introduction of a short-distance warranty service technician dispatch system, users can report equipment issues easily via the Hyundai Connect app or call center, and receive service from the nearest service hub regardless of where the equipment was purchased. In addition, service requests are now systematically managed from initial fault reporting to final repair completion through a call center-based integrated IT system, contributing to quick problem solving and increased customer satisfaction.

Additionally, we launched the Warranty Service Supplier Program by selecting 31 outstanding construction equipment service companies across the country. This program ensures consistent service quality for all equipment, whether under warranty or post-warranty, maintaining the same high standard of support throughout the product lifecycle. Participating suppliers enter into formal agreements with headquarters, complete specialized training on products, and are then deployed to customer sites. This program is designed to deliver a reliable and premium service that customers can trust.

Local Community

Social Contribution System

Social Contribution Governance

HD Hyundai Construction Equipment systematically manages community-related risks, social contribution plans, and performance in a structured manner, primarily through the ESG Committee under the Board of Directors. Major strategic plans related to social contribution are deliberated and approved by the ESG Management Committee, and the discussed agenda items are reported to the ESG Committee and linked to the strategic direction at the Board of Directors' level. Since June 2024, the operations support team within the HR support division has been exclusively responsible for local community engagement activities and is making efforts to achieve goals related to local community participation and development.

Social Contribution Strategy

Under HD Hyundai Group's vision of 'A Better World, A Brighter Future,' HD Hyundai Construction Equipment has defined three core focus areas in order to implement social contribution efforts: Mutual growth with the local community, support for the underprivileged, and ecosystem protection. In addition to the integrated social contribution initiatives of the three HD Hyundai Construction Equipment Sector companies, we actively pursue our own social contribution activities, and we also encourage voluntary participation by employees by sharing the reviews and expected results of the employees who participated in the activities.

2025 Social Contribution Initiatives

Slogan

'Local Communities Together Tomorrow'

Vision	Mission
Building a Comfortable Tomorrow	- Strengthen activities to secure potential customers and foster human resources for the construction machinery business - Pursue programs that demonstrate respect for the country and local communities - Strengthen social contribution programs linked to the business areas and ESG to bolster our image
Building a bright and warm world for a comfortable tomorrow	

Social Contribution Vision of HD Hyundai

Vision	'A Better World, a Brighter Future'		
Direction	Inclusive HD Hyundai HD Hyundai aims to improve the life quality and human rights of the disadvantaged so that all community members are equally respected regardless of their backgrounds.	Sustainable HD Hyundai HD Hyundai pursues sustainable development by understanding its social, economic, and environmental impacts and fulfilling its responsibilities.	Innovative and active HD Hyundai HD Hyundai explores and actively practices innovative ideas to address various and complicated social issues.
Key Area	Mutual growth with the local community Creating a foundation for a happy life where businesses and local communities grow together by inheriting the founding philosophy	Support and care for the self-reliance of the underprivileged Creating a foundation for economic independence and improving the quality of life by offering diverse educational opportunities and improving living conditions	Ecosystem protection Contributing to the sustainable development of the local community and safeguarding the health and safety of future generations through environmental conservation and improvement activities

Social Contribution Activities

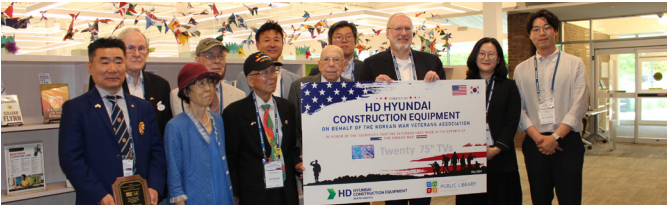
Mutual Growth with Local Communities

Home Remodeling Project for National Patriots

Since 2021, HD Hyundai Construction Equipment has signed a business agreement the Ministry of Patriots and Veterans Affairs to implement an annual social contribution project called the 'Housing Remodeling Project for National Patriots,' and this initiative seeks to enhance living conditions in aging and deteriorated homes as a way to honor military veterans and their families. In 2024, we supported the remodeling of homes for four veteran households, providing furniture, home appliances, and replacing wallpaper and flooring to improve their outdated living environments. In recognition of our contributions to the welfare of national patriots, we received a commendation from the Minister of Patriots and Veterans Affairs in 2024, and we plan to actively pursue projects to ensure that national patriots who have dedicated themselves to the country can live more comfortable and respected lives.

Events for Korea War Veterans and Families

HD Hyundai Construction Equipment held a memorial event for Korean War veterans at the Norcross Branch of the Gwinnett County Public Library in Georgia, U.S. The event was organized to express gratitude to American veterans who served in the Korean War as part of the United Nations forces, and to contribute to the promotion of the ROK-US friendship, and 17 veterans were presented with plaques of appreciation along with gift cards or TVs. Additionally, we donated 20 75-inch televisions to the library in the name of both the veterans and HD Hyundai Construction Equipment, each accompanied by a nameplate, creating a meaningful opportunity for community members to reflect on the meaning of their services.



Korean War U.S. Veterans Memorial Event

Support for Disaster-Affected Areas

HD Hyundai Construction Equipment is actively participating in postwar recovery support for Ukraine, as part of our commitment to global cooperation and mutual growth. In April 2024, Dmytro Ponomarenko, Ukrainian Ambassador to Korea, visited the HD Hyundai Global Training Center in Eumseong to discuss ways to supply construction equipment and train operating personnel for war recovery efforts. Beyond equipment support, we presented a cooperative plan that can contribute to long-term reconstruction and industrial development by sharing the importance of customized training curriculum and technology transfer to train local technicians. The ambassador's team experienced our specialized training capabilities firsthand through activities such as excavator simulator sessions, maintenance workshop tours, and observing the national team training at the World Skills Olympics. We continued to provide humanitarian support by visiting the site in Ukraine last year as a member of the 'Ukraine Reconstruction Cooperation Delegation,' building partnerships with local governments, and donating excavators and forklifts. Moving forward, we will continue to pursue sustainable mutual growth with both local and global communities through various activities for the recovery and coexistence of a global society.



Ukrainian Ambassador to Korea Visited the Eumseong Global Education Center

Natural Disaster Relief Support

HD Hyundai Construction Equipment actively participates in disaster relief efforts using our construction machinery to support recovery from floods, wildfires, typhoons, and other natural disasters. In 2025, we provided excavators to assist with the restoration of roads and buildings in the Gyeongbuk and Gyeongnam regions that were damaged by large-scale forest fires, helping residents who had lost their homes return to their everyday lives. Additionally, we contributed to stabilizing the lives of displaced residents by delivering lunch boxes to those suffering from supply shortages and dispatching relief personnel, composed of employee volunteers to the affected areas.

Caring for the Underprivileged

Sponsoring HD Hyundai 1% Sharing Foundation

Since 2020, HD Hyundai Construction Equipment has participated in the HD Hyundai 1% Sharing Foundation. The 1% Salary Sharing Activity is an activity in which employees voluntarily donate 1% of their salaries through the foundation. Of the total collected funds, 50% is allocated to causes designated by donors and used to support various social contribution activities, including social welfare institutions, low-income households, vulnerable groups, and support for people with disabilities. The remaining 50% is used by the foundation to support areas of need. We encourage voluntary participation from employees and donated a total of KRW 150 million in 2024 through 1% salary sharing, which was used to fund activities such as the Love Kimchi Sharing Event, rice donations, youth support programs, and holiday contributions. We expect to fulfill our corporate social responsibility and deliver a message of hope to society by conducting various social contribution activities for the underprivileged in our local communities.

Coal Sharing Event for the Elderly Living Alone

Since 2015, HD Hyundai Construction Equipment has been carrying out various sharing activities, including a coal sharing service, every year. As part of our commitment to improving energy welfare in local communities, we donated 6,250 coal briquettes to Soimyeon, Eumseong-gun, Chungcheongbuk-do in November 2024 and conducted a coal delivery volunteer activity with employee participation. About 30 employees, including newly hired staff, joined the initiative, embodying the spirit of sharing. Through our partnership with the Chungbuk Community Chest of Korea, we distributed donated coal to 20 energy-vulnerable households in the region. We remain committed to empathetically addressing the real-life challenges faced by underprivileged groups in the community, continuing our efforts to deliver meaningful and sustainable support.

Youth Culture and Arts Exchange Agreement

In May 2024, HD Hyundai Construction Equipment and the Hyundai Arts Center signed a 'Cultural and Artistic Exchange MOU for Fostering Future Talent' with the Dong-gu Youth Culture Center and the Nammok Youth Culture Center in Ulsan. Through this agreement, we have promoted various cooperative activities, including participation in customized cultural and artistic programs for youth, the development of creative experiential activities, and the establishment of networks to revitalize cultural engagement. We support local talent development and cultural exchange by providing artistic growth opportunities for underserved youth in Ulsan who lack access to cultural experiences.

Training Program for Construction Machinery Maintenance Technicians

HD Hyundai Construction Equipment suppliers with the HD Hyundai 1% Sharing Foundation to deliver construction equipment maintenance training programs for at-risk youth, including those transitioning to independence, single-parent households, and multicultural youths. As part of the Ministry of Employment and Labor's Consortium for HRD Ability Magnified Program, approximately two months of practical training was provided, focusing on construction equipment maintenance and operation, welding, as well as basic job skills in order to cultivate the customized talents required in industrial sites. In the first half of 2024, a total of 6 trainees participated in the 4th course, and during the training period, participants receive meals, accommodation, and training allowances, as well as additional welfare support from the 1% Sharing Foundation, including up to KRW 500,000 monthly in self-development grants for up to three years and long-term employment incentives. Upon completion, the program facilitates employment through suppliers, supporting workforce entry for the youths. Since its opening in 2021, the HD Hyundai Global Training Center in Eumseong has been recognized for three consecutive years as a top training institution, and has resulted in employment for all graduates so far. We will continue to provide practical and sustainable training programs to foster job creation for underprivileged youths.



Training Course Induction Ceremony for New Technicians in the First Half of 2024

Sister Village Voluntary Service

Since forming a sisterhood relationship with Yangdong Village in Ulsan in 2020, HD Hyundai Construction Equipment has been carrying out regular volunteer activities every year, and in June 2024, about 40 employees participated in onion harvesting and village environmental cleanup activities. We support farmers facing seasonal labor shortages during critical periods like planting and harvest, addressing challenges faced by the aging agricultural workforce.

Ecosystem Protection

Ecosystem Protection of Uiryeong-gil, Bukhansan

In 2023, HD Hyundai Construction Equipment signed a business agreement with the Korea National Park Service to preserve the ecosystem of Uiryeong-gil in Bukhansan National Park, and under this agreement, we plan to donate KRW 100 million per year for 5 years, totalling in KRW 500 million by 2027. The Uiryeong-gil is home to 13 nationally protected species, including the tawny owl, narrow-mouthed toad, and leopard cat, making it an area of high conservation value, and although Uiryeong-gil had been closed to the public for over 40 years, portions have recently been opened, requiring more proactive management and protection. To this end, the company actively supports the conservation and restoration of the Uiryeong Trail through not only financial contributions but also physical restoration of eroded paths, compaction work, ecological monitoring, and enhancement of ecological corridors. Furthermore, starting in the second half of 2025, we plan to expand the scope of our activities to include not only Bukhansan National Park but also Gyeongju National Park, Eumseong Woraksan Mountain National Park, and other areas, and these efforts will focus on environmental cleanup and cultural heritage protection.

Creating a Carbon-neutral Tree-lined Road

Since 2023, HD Hyundai Construction Equipment has been promoting the creation of the 'HD Hyundai Construction Equipment tree-lined forest road' in collaboration with the local community of Soi-myeon, Eumseong-gun, Chungcheongbuk-do, and we have formed a sisterhood relationship with this village. Through this initiative, we planted 600 poplar trees along a 2.1km roadside near the Eumseong Global Education Center, with equal distributions of 300 trees planted in both 2023 and 2024. Beginning in the first half of 2025, we plan to create tree-lined paths in areas near major operations, including Ulsan, following Eumseong.



Tree-lined Road Maintenance Activity at Soyimyeon, Eumseong-gun

Local Community Environmental Cleanup

In celebration of '2024 Global Volunteer Day,' HD Hyundai Construction Equipment carried out environmental cleanup activities in communities surrounding our global operations. Across eight countries - including Korea, China, India, the United States, and Indonesia - nearly 1,300 employees participated in ecosystem preservation efforts by conducting environmental cleanups near operations, coastal areas, forests, and waterways. At the Ulsan Campus in Korea, employees collected and removed marine debris and hazardous materials along the coastal area. In China, employees cleaned up litter along Shanghai's Huangpu River and near Xitai Lake in Sangju. In India, around 200 employees participated in riverbank cleanup efforts near Pune. Continuing from 2024, during Global Volunteer Day 2025, employees in India distributed eco-friendly reusable shopping bags at a local traditional market near the operations to raise awareness of the importance of recycling plastic materials and to promote a campaign to reduce the use of single-use plastic so that local residents can easily practice it. Employees in North America participated in activities to remove harmful weeds and create a safe space in a city park in Lilburn, Georgia, near the operations. We plan to continue our annual Global Volunteer Day initiatives, consistently striving to minimize the environmental impact of our global operations on local communities.



Environmental Cleanup Activity Near West Taihu Lake in Changzhou, China

Monkey Pod Tree Conservation Activities

On May 22, 2024, to mark Global Volunteer Day, HD Hyundai Construction Equipment Indonesia carried out a tree-planting volunteer activity at the Urban Farming Sukabumi Selatan site, which utilizes idle land in downtown Jakarta. About 40 employees participated in this activity, planting and donating 100 monkey pod (Samanea saman) trees, which are widely used for urban greening, net zero projects, and the creation of habitats for biodiversity. The monkey pod tree, listed on the IUCN Red List, can absorb approximately 25-45 kg of CO₂ per year, about 2 to 4 times more than pine or ginkgo trees. In particular, with its large canopy and rapid growth, monkey pod trees provide various environmental benefits, such as regulating the urban microclimate, promoting biodiversity, and reducing fine dust. Once matured, the planted trees are expected to absorb over 4.5 tons of CO₂ annually, roughly equivalent to offsetting the yearly emissions of two compact cars. Through this activity, we are contributing to the Jakarta community's response to climate change, environmental protection practices, expansion of green space in the city, and improvement of air quality, and we plan to continue pursuing sustainable management practices in collaboration with global communities.



Monkey Pod Tree Planting Activity in Indonesia

GOVERNANCE

071 | Ethics/Compliance Management

075 | Governance

079 | Integrated Risk Management

Ethics/Compliance Management

MATERIAL TOPIC

GOVERNANCE

STRATEGY

Ethics/Compliance Management Organizational Structure

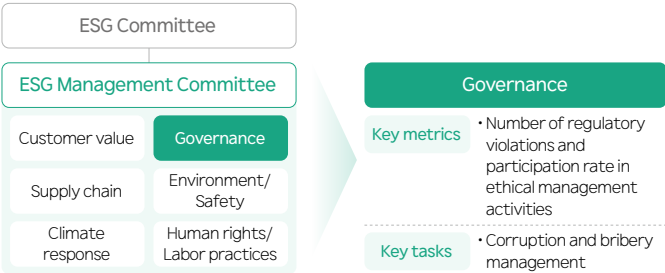
Ethics/Compliance Management Governing Body

HD Hyundai Construction Equipment operates an ESG Committee within the Board of Directors to deliberate and make decisions on major policies and tasks related to ethical and compliance management. Meanwhile, the ESG Management Committee under the ESG Committee regularly receives reports on the status of tasks and major issues related to ethical management and compliance management, managing and monitoring the current situation and issues. In addition, the committee is enhancing the ethical and legal awareness of employees by checking the status of implementation of major projects and various activities related to ethics/compliance management.

Ethics/Compliance Management Operational Function

The Governance part under the ESG Management Committee establishes and carries out implementation plans for strategic initiatives determined by the ESG Management Committee, based on HD Hyundai's Charter of Ethics, ethical management principles, and implementation plans. The legal team serves as the execution body for ethics and compliance management within the Governance part and is responsible for operating compliance education, responding to on-site legal issues, and managing legal risks through continuous monitoring and inspection.

Ethics/Compliance Management Governance Structure



Ethics/Compliance Management Risks and Opportunities

Risk and Opportunity Identification and Response

HD Hyundai Construction Equipment identifies key risks and opportunities that may affect ESG-related issues across the full spectrum of ethical and compliance management and establishes and implements strategies to systematically manage the identified factors.

Risk/Opportunity Definition	
Impact 1 Increased Stakeholder Expectations about Corporate Behavior	
Risk	Opportunity
Loss of corporate credibility due to unethical behavior	Realizing corporate value by creating a transparent corporate culture
Impact 2 Strengthened Laws and Regulations such as Anti-corruption and Fair Trade	
Risk	Opportunity
Legal sanctions for the violation of laws and regulations	Securing management stability by spreading a culture of compliance

Response Strategy
• Establishing an anti-corruption response system • Strengthening fair trade and compliance systems • Internalizing ethical culture and strengthening employee Code of Conduct

Ethical Management

Ethical Management Framework

HD Hyundai Construction Equipment has established six ethical management promotion framework, including a Charter of Ethics and Code of Ethics, and building on this framework, we implement comprehensive ethics programs including company-wide training and awareness campaigns to actively promote ethical business practices.

Charter of Ethics	Code of Conduct
HD Hyundai's management philosophies based on business ethics	Specific ethical standards developed based on the Charter Ethics
Code of Conduct for Business Partners	Business Ethics Action Program
Ethical standards for shared growth with partners through transparency and fairness in business	Detailed procedures and regulations to develop fair and transparent corporate culture
Business Ethics Guidelines	Training and Promotion
Detailed job guidelines for the implementation of business ethics in the workplace	Various training and promotions to motivate employees to actively participate in the ethics management and diffusion of ethical corporate culture

Ethical Management Operating System

HD Hyundai Group is implementing a comprehensive ethical management system across all affiliates, unified under our Charter of Ethics and supported by clear governance structures. This integrated approach establishes robust ethical standards while cultivating a company-wide culture of integrity. The ethics management division spreads and internalizes an ethical culture by promoting the activity of identifying and preventing ethics-related risks in advance through ethics management education programs, ethical management practice pledge system, and ethics management compliance self-assessments, in order to encourage employees to practice ethics and improve the actual level of ethics management. In addition, we conduct ethics audits to evaluate the appropriateness of ethical management operations, and increase the effectiveness of ethical management by establishing and managing implementation plans for improvement measures based on audit results.

Ethics Audit

HD Hyundai Construction Equipment conducts ethics audits on the company and all subsidiaries (including overseas branches) that exercise actual management rights in order to identify risks of unethical behavior in advance, prevent and improve such behaviors, and deal with the unethical behaviors that occur. Ethics audits are divided into ‘corruption audits’ conducted when signs of misconduct are detected, ‘regular audits’ performed on a scheduled basis, and ‘ad hoc audits’ conducted at the request of management, and we strive to ensure that ethics audits are conducted in a planned and transparent manner by establishing an annual audit plan at the beginning of each year and reporting it to management. The results and key issues identified during audits are reported to the CEO. Specific improvement plans are established for identified deficiencies, which are then implemented and monitored. Through these measures, we strengthen ethics management at the management level and enhance our overall organizational capacity to manage risks.

Ethical Management Practice Pledge and Conflict of Interest Reporting System

Each year, all employees are required to complete and submit an Ethical Management Practice Pledge, reinforcing the importance of ethics and compliance in all business activities. The Pledge is based on our Code of Ethics and the Guidelines for Compliance with Anti-Corruption Laws, and it reflects each employee’s commitment to upholding ethical standards. Through this pledge, employees declare their determination to eliminate all forms of unethical behavior, including unfair trade practices, corruption, misconduct, abuse of power, and improper solicitation or acceptance of gifts. In addition, all employees are required to submit a Conflict of Interest Declaration form whenever a potential conflict arises. Submitting the Conflict of Interest Declaration form was introduced to prevent the risk of conflicts of interest in personal relationships and the possibility of violations in business transactions that may arise during the course of performing one’s duties. Employees establish a basis for ethical judgment by assessing potential conflicts of interest on their own and submitting the declaration forms, and improve transparency throughout the organization based on the reported content. By implementing this declaration system and the Ethical Management Practice Pledge in parallel, we are strengthening the ethical awareness among employees and fostering a transparent and trustworthy corporate culture.

Ethical Management Training

To enhance employees’ ethical awareness and embed ethical management as a core corporate value, we conduct an annual ethics training for all employees, both online and offline. The training content is based on major cases of unethical conduct, helping employees develop the ability to apply ethical principles in real work situations, which naturally spreads ethical awareness through sharing experiences and opinions among employees.

Self-Assessment of Ethical Management Compliance

To strengthen employees’ capacity for voluntary ethical practices, we conduct an annual self-assessment on compliance with ethical management for all employees. The assessment consists of approximately 10 questions based on the Code of Ethics and related guidelines for practicing professional ethics published on the company’s ethics website, and is designed to enable employees to check and understand the contents of the Code of Ethics on their own. For employees with a low rate of correct responses, written training materials are distributed to enhance their understanding of the Code of Ethics and related guidelines, and additionally, questions with low accuracy rates are incorporated into ethics training programs to help employees’ clearer understanding of the related topics.

Suppliers’ Ethics Management

HD Hyundai Construction Equipment requires newly registered suppliers to sign an Ethical Management Practice Pledge to raise awareness of ethical standards and encourage compliance. We have also formalized the obligation for suppliers to adhere to its Supplier Code of Ethics, promoting fair and transparent business practices. Through our training platform, we support suppliers in voluntarily completing ethics education programs and, upon request, provide in-person training sessions to further strengthen ethical awareness.

Report Channel Operation

HD Hyundai Construction Equipment operates the ‘HD Hyundai Ethics Reporting System’ to foster a fair and transparent corporate culture, and this system allows anyone to report violations of ethical standards and relevant laws, such as the acceptance of bribes or entertainment, obtaining undue profits by using one’s position or job, or abuse of authority, at any time. The reporting system is available online 24/7 and, in 2024, expanded its language support beyond Korean, English, and Chinese to include Japanese, Dutch, and others, thereby enhancing accessibility so that employees and stakeholders of corporations around the world can report more freely and conveniently. We also promote the system to overseas suppliers to raise awareness of ethical management and encourage broader participation. Reports can be submitted through various channels, including phone, fax, email, and postal mail, making the system more accessible and user-friendly in order to encourage active engagement.

HD Hyundai Ethics Management Reporting Channel

2024 Unethical Behavior Reporting and Handling Status

Number of Reports	General Grievances	Ethics Management Violations	Other	Handling Rate
16 cases	10 cases	5 cases	1 case	100%

Procedure for Reporting Ethical Violations

Report intake	Reporting via the website, phone, email, etc.
Review of report details	Submitting all reported cases and deciding investigation after checking the details of the report
Fact-checking and in-depth investigation	Conducting an investigation as needed following a fact-checking process
Completing the investigation and notifying the results	Notifying the whistleblower of the facts and results of the action
Implementation of improvement measures	Deciding actions based on the results of the investigation by establishing improvement countermeasures for each report and

Compliance Management

Compliance Management Operating System

To enhance employees' compliance awareness and ensure full adherence to relevant laws and stakeholder requirements, HD Hyundai Construction Equipment's legal team is performing compliance work. The legal team is responsible for establishing and revising internal regulations and guidelines, conducting compliance risk assessments, and providing training for employees, thereby operating the company-wide compliance management system, and in addition, it manages the history of consulting on past legal violation cases and provides ongoing consulting on legal issues arising from corporate activities. The legal team also collaborates with the Fair Trade Compliance Officer, appointed under the Voluntary Fair Trade Compliance Program, and the Compliance Officer, designated under internal compliance control standards, to conduct regular company-wide compliance education and on-site inspections, and the results are reported to the Board of Directors. In 2024, the status of the voluntary fair trade compliance program and the compliance training implementation plan were reported for the first and second half of the year, respectively.

Anti-corruption Management System

HD Hyundai Construction Equipment has established an anti-bribery management system to manage risks by proactively identifying and assessing corruption risks by department, and implementing control measures and preventive actions to reduce corruption risks. The company underwent a detailed audit covering seven areas, including organizational context, operations, and improvement, and successfully obtained the ISO 37001 certification. In 2024, an improvement plan was established and implemented by reflecting the non-conformities and improvement recommendations identified in the surveillance audit. As part of our improvement activities, we have made corruption risk identification and anti-corruption management goals public throughout the company to ensure easy access for all stakeholders.

[Guideline for Anti-corruption Law Compliance](#)

Compliance Assessment

HD Hyundai Construction Equipment utilizes the HD Hyundai Compliance Risk Assessment to proactively identify and control potential legal and ethical risks throughout corporate management, thereby effectively mitigating related threats. Each relevant department completes the assessment to evaluate its inherent risk levels in five key areas: fair trade, subcontracting, illegal dispatch, anti-corruption, and economic sanctions. For items identified as medium risk or higher, appropriate control measures are established and applied, and the results are reflected to re-evaluate the remaining risks and establish and implement specific management plans. The legal team regularly reviews the implementation status of these risk management plans and provides additional compliance training and tailored consulting to employees in departments where the residual risk is assessed as medium or higher.

Compliance Training

To enhance employees' compliance awareness and embed a culture of compliance throughout the company, we conduct a company-wide compliance training. In April 2024, we held an online compliance training session, which was attended by 793 employees across 72 teams.

Compliance Program (CP)

To implement compliance management, we implement the eight core elements of the Voluntary Fair Trade Compliance Program (CP) recommended by the Korea Fair Trade Commission. Through this, we have established a voluntary fair trade compliance system and are actively working to prevent legal risks that may arise during business operations. In particular, in 2024, we revised and published the Voluntary Fair Trade Compliance Handbook for major sectors, such as subcontracting, unfair collusion, concentration of economic power, abuse of market dominance, and corruption and bribery practices, twice in January and September, reflecting recent legal amendments such as the introduction of the subcontract payment linkage system and the latest rulings by the Fair Trade Commission.

[Compliance Program Guideline](#)

Eight Fair Trade & Voluntary Compliance Activities

Classification	Main Activities
1. Preparing and implementing CP standards and procedures	- Establishing the operation procedure for Voluntary Fair Trade Compliance Program - Establishing basic procedures and standards for employees to comply with competition laws - Defining division of works for the compliance officer in the organizational structure, the operation details of the voluntary compliance program
2. CEO's commitment and support for voluntary compliance	- Posting Declaration of Practicing Ethical and Compliance Management (January 2024) - Posting Declaration of Practicing Voluntary Fair Trade Compliance (August 2024)
3. Appointing the Compliance Officer responsible for the operation of CP	- Appointing purchasing executives as managers for the voluntary compliance program - Reappointing the 'person in charge of compliance support' in each department who will support the work of the compliance support personnel (January 2024)
4. Producing and utilizing the voluntary compliance handbook	- Distributing the revised version of Voluntary Fair Trade Compliance Handbook (subcontracting section) (January 2024) - Revising and distributing Voluntary Fair Trade Compliance Manual (September 2024)
5. Implementing voluntary compliance training continuously and systematically	- Voluntary compliance program training - Conducting regular training for all employees at least once a year and mandatory compliance training for new employees - Establishing and reporting on annual training plans including target department, training topic, schedule, etc. - Specialized training for each department - Conducting subcontracting operation practical training for Ulsan Campus production technology team leaders and position holders (November 2024) - Conducting compliance training on the Act on the Fair Transactions in Subcontracting and Monopoly Regulation and Fair Trade Act for all employees in the purchasing department (December 2024) - Legal advice on fair trade - Providing legal advice to prevent legal risks related to fair trade, such as the Monopoly Regulation and Fair Trade Act and the Subcontracting Act - Providing lectures given by an outside expert on fair trade 2024 Fair Trade Commission work plans and execution trends (February 2024) - Subcontracting Act, Monopoly Regulation and Fair Trade Act, and compliance management (September 2024)
6. Establishing an internal monitoring system	- Reporting through various channels such as the ethics management website, email, phone, and fax. - Early recognition of the risks of law violations - Checking the voluntary compliance status of employees, etc. - Inspecting the operation status of on-site contractors at Ulsan Campus (April 2024) - Reviewing the history of technical data requests issued by the purchasing department and the associated linked payment delivery contracts (July 2024)
7. Sanctions against employees who violate fair trade laws	Regulations on imposing sanctions proportionate to the severity of competition law violations identified through compliance audits
8. Effectiveness evaluation and improvement measures	Reporting to the Board of Directors on the results of checking the voluntary fair trade compliance operation status twice a year

RISK MANAGEMENT

Compliance Risk Management

HD Hyundai Construction Equipment has established a company-wide risk management process to systematically manage key risks related to compliance management, and operates it in an integrated way at the company level. Based on a structured procedure, identification, assessment, strategy implementation, and monitoring, we reflect it in response strategies in time and minimize its impact on business operations.

1. Risk Identification

To identify potential compliance risks by comprehensively assessing strengthened domestic and international regulations, evolving legal requirements, and increasing stakeholder expectations. Identified risk factors are managed according to priority and used as basic data for establishing effective response strategies.

2. Risk Assessment

To identify key risks and opportunities related to compliance management, we conduct regular assessments of major legal risks tailored to our business characteristics—such as compliance assessments and corruption risk evaluations—while also reviewing the likelihood of legal violations and internal regulation breaches across business areas.

3. Strategy Establishment and Implementation

To address key risks and leverage opportunities related to compliance management, the ESG Management Committee establishes major strategic initiatives such as the development of anti-corruption response systems and the operation of the voluntary fair trade compliance program. The specific activities of the established strategic initiatives are implemented by the implementation organization under the ESG Management Committee.

4. Monitoring and Assessment

Through the ESG Management Committee, we conduct regular reviews on the progress of key tasks, using indicators such as the number of compliance breaches and the effectiveness of corrective actions taken to prevent recurrence. These monitoring results are reported to the ESG Committee and reflected in the next annual strategy formulation.

METRICS AND TARGETS

Ethics/Compliance Management Metrics and Targets

To uphold ethical and compliance management, HD Hyundai Construction Equipment continuously monitors key metrics—including ethics training, compliance audits, and regulatory violations—sets targets for each, and actively works toward achieving them.

Ethical Management

Performance Metrics	2024		2025	
	Targets	Performance	Targets	Mid- to long-term Targets
Self-assessment completion rate for ethical management compliance	97%	97.2%	98%	100%
Execution rate of ethics audits and related action plans	100%	100%	100%	100%

Compliance Management

Performance Metrics	2024		2025	
	Targets	Performance	Targets	Mid- to long-term Targets
Advancement of anti-corruption management	Maintaining ISO 37001	Completed ISO 37001 surveillance audit	Maintaining ISO 37001	• Strengthening compliance management of subsidiaries • Expanding support for compliance management of suppliers

Governance

MATERIAL TOPIC

Governance Principles

Corporate Governance Charter

HD Hyundai Construction Equipment seeks to achieve sustainable growth by increasing shareholder value and creating economic and social value together. To this end, we are committed to transparent management through the independent and efficient operation of the Board of Directors and a robust audit system, recognizing that establishing a sound governance structure is a critical priority. Accordingly, we have established the Corporate Governance Charter and are consistently implementing the governance principles based on oversight by shareholders, the Board of Directors, audit bodies, stakeholders, and the market. We will continue to strengthen the transparency and accountability of our governance structure and solidify our position as a trusted enterprise.

[Corporate Governance Charter](#)

Board of Directors

Composition of the Board of Directors

HD Hyundai Construction Equipment's Board of Directors consists of five directors, including two executive directors and three independent directors. The Board of Directors recommends executive directors from among the executive management, while independent directors are nominated by the Independent Director Candidate Recommendation Committee in accordance with Article 55 of the Articles of Incorporation. Candidates must have professional expertise or experience in fields such as management, economics, law, or related technologies, or enjoy strong social standing, while meeting all qualifications required by the Commercial Act and other applicable regulations. The Board of Directors holds comprehensive authority over company management and makes decisions on matters prescribed by law or the Articles of Incorporation, matters delegated by the general meeting of shareholders, and important matters concerning the basic operating policies and execution of business of the company.

Independence of the Board of Directors

To establish an independent governance structure, HD Hyundai Construction Equipment aims to maintain a Board of Directors in which more than 50% of members are independent directors, and has appointed a majority of our board members accordingly. To prevent and mitigate conflicts of interest among board members, we appointed an independent director as chairperson of the Board of Directors at the annual general meeting held on March 28, 2024, and by separating the CEO and the chairperson of the Board of Directors, we have reinforced its independent governance structure. In addition, all board committees are chaired by independent directors to further strengthen independence and transparency. Directors are appointed through transparent and independent procedures. Executive directors are nominated by the Board of Directors and appointed at the general shareholders' meeting, while independent directors are selected through a screening process by the Independent Director Candidate Recommendation Committee and then appointed at the general meeting. In addition, we strictly comply with the Enforcement Decree of the Commercial Act by ensuring that independent directors do not concurrently hold more than two positions as directors, executive officers, or auditors at other companies, thereby safeguarding their independence.

Board of Directors Diversity and Expertise

We do not discriminate or impose restrictions based on gender, race, religion, ethnicity, nationality, or cultural background when appointing directors, and instead, we ensure a fair selection process and form the Board of Directors with experts from diverse fields such as industry, law, management, and accounting. In addition, we operate regular training programs for independent directors to enhance the Board's expertise and understanding of the business. In October 2024, we conducted training sessions for independent directors, including 'the role of the audit committee and recent trends in financial authorities that should be noted', the 'latest trends in AI Transformation and understanding AI companies', and the 'U.S. presidential election and the direction of the global economy in the following month.'

Composition of the Board of Directors and Board Skill Matrix

As of March 31, 2025

Position	Name	Gender	Major Experience	Appointment Date	Term	Management	Finance	Technology	Industry	Law	Policy	Accounting
Executive director	Choi Cheol-gon	Male	(Current) CEO of HD Hyundai Construction Equipment (Former) Managing director of Doosan Infracore Heavy BG (Former) Managing director, Asia Operations Headquarters, Volvo Construction Equipment Group	March 2024	March 2026	●		●	●		●	
	Lee Sang-hyeok	Male	(Current) Cost and accounting division director, HD Korea Shipbuilding & Offshore Engineering (Former) Cost accounting executive, HD Hyundai Heavy Industries Shipbuilding & Offshore	March 2025	March 2027	●	●		●			●
Independent director	Park Gi-tae	Male	(Current) Advisory member of the International Ethics Standards Board for Accountants (IESBA) (Former) Vice president of Samil PricewaterhouseCoopers	March 2025	March 2028	●	●					●
	Yoo Myeong-hee	Female	(Current) Visiting professor, Graduate School of International Studies, Seoul National University (Former) Ambassador for Economic Affairs and Trade, Ministry of Foreign Affairs (Former) Director general, Trade Negotiation Headquarters, Ministry of Trade, Industry and Energy	March 2024	March 2027				●		●	
	Cha Gyeong-hwan	Male	(Current) Representative attorney, Kim & Chang Law Firm (Former) Representative attorney, Pyeong An Law Firm (Former) Chief prosecutor, Suwon District Prosecutors' Office (Former) Head of Planning and Coordination Department, Supreme Prosecutors' Office	March 2023	March 2026					●	●	

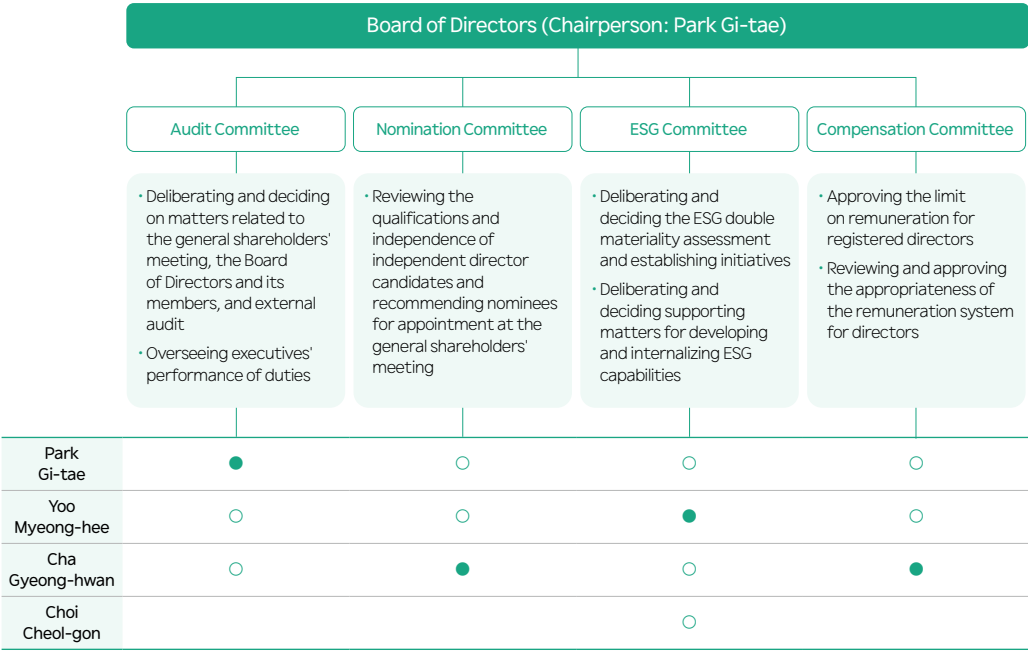
Committees within the Board of Directors

Committee-centered Board of Directors Operation

To enhance the professionalism and efficiency of corporate management, HD Hyundai Construction Equipment has established Board of Directors’ committees that make key decisions, and matters resolved by these committees have the same effect as a resolution of the Board of Directors. Each committee operates under clearly defined regulations outlining its purpose, scope, authority, and composition, and each committee's regulations are published on our website. Additionally, we disclose directors’ attendance rates and voting records on agenda items for each committee through our business report.

Organization Chart of the Committees within the Board of Directors

As of March 31, 2025



Director Compensation

The remuneration limit for directors is reviewed by the Compensation Committee and approved at the general shareholders' meeting. The company pays remuneration within the approved limit. Executive directors receive basic compensation and performance-based compensation within the compensation limit, and for independent directors who serve as Audit Committee members, the fixed base pay is provided without performance-based incentives in order to maintain their independence. The basic remuneration of executive directors is determined by comprehensively reflecting the position, title, nature of delegated work, contribution to the company, and the company's payment ability based on the executive compensation payment standards. Performance-based incentives are calculated based on the group's incentive compensation standards, which incorporate both quantitative metrics, such as revenue, orders received, operating profit, and net income, and qualitative metrics, including leadership and expertise.

Executive Compensation

Executive performance-based compensation consists of a management performance incentive and a long-term performance incentive. Management performance incentives are paid at the beginning of the following year, taking into account the company's revenue, order intake, and operating profit for the relevant fiscal year, as well as leadership and professional capabilities demonstrated in achieving management objectives. The long-term performance incentive, which was newly established in late 2023 to prevent executives from making decisions limited to short-term performance and to maximize long-term corporate value, is calculated and paid after a deferral period of more than three years, during which comprehensive evaluations of organizational performance and net income are conducted.

Shareholders

Corporate Value Enhancement Plan

HD Hyundai Construction Equipment has implemented a Value-up Program aimed at enhancing corporate value, and the program is designed to pursue mid- to long-term growth, improve profitability, increase shareholder returns, and promote sustainable management at the same time. We plan to build market trust in our corporate policies and achieve substantial improvements in corporate value by establishing specific Value-up goals and executing them systematically.

Setting Value-up Goals

Expanding the Competitive Advantage Base for Growth

Aiming to achieve sales exceeding **KRW 6 trillion** and an operating profit margin of **over 10%** by 2029.

- Market and product innovation
- Optimizing global operations
- Building a new growth hub in India

Active Shareholder Return Policy

Targeting a shareholder return ratio of **30% or higher**

- 30% or higher shareholder return ratio
- Changing the dividend settlement date
- Establishing a sustainable shareholder return policy
- Aiming for a mid- to long-term ROE of 12% or higher

Strengthening Sustainable Management

Strengthening corporate sustainability

- Achieving 90% or more of the key financial metrics
- Improving corporate sustainability through strengthening ESG management policies

HD Hyundai Construction Equipment shares the progress of our corporate value enhancement efforts in a timely manner through various channels to meet market expectations. We are committed to building market trust by transparently disclosing our strategies and achievements for enhancing corporate value, with the ultimate goal of aligning intrinsic value with market value over the mid- to long-term.

Communication with Shareholders

Expanding Communication Channels

- Regular C-Level investor response (at least twice a year)
- Regular domestic and overseas NDR

Incorporating Market Feedback and Making Improvements

- Incorporating to investor feedback
- Reflecting and implementing improvements in the annual corporate value enhancement plan disclosure

Providing Faithful Data

- Providing IR data in Korean and English
- Posting IR data on the website

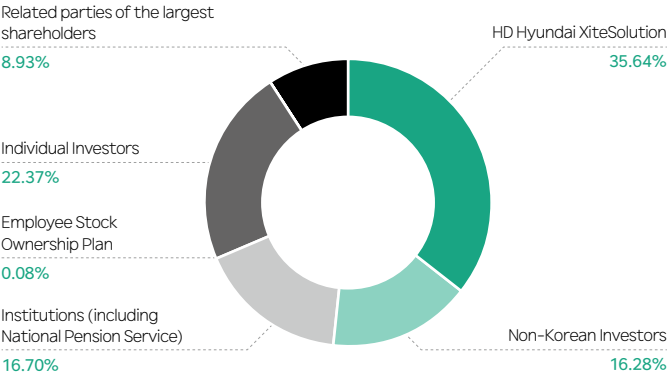
ESG

- Strengthening communication with ESG-related stakeholders
- Active information disclosure through sustainability reports

Shareholders and Capital Composition

According to the Articles of Incorporation of HD Hyundai Construction Equipment, the total number of authorized shares is 160,000,000. As of the end of 2024, the total number of issued shares is 18,305,586. All issued shares are common shares, and each share carries equal voting rights according to the number of shares. The largest shareholder of HD Hyundai Construction Equipment is HD Hyundai XiteSolution, which holds 35.64% of the total issued shares.

Shareholder Composition



Shareholders with 5% or More Ownership

Shareholder Name	Number of Shares Owned	Share Ratio
HD Hyundai XiteSolution	6,524,628 shares	35.64%
National Pension Service ¹⁾	1,758,071 shares	9.60%

1) No golden shares granted

Protection of Shareholder Rights

HD Hyundai Construction Equipment has launched the 'Online Dividend Inquiry Service' to safeguard personal information by preventing delivery errors, and reduce environmental impact by eliminating paper notifications. Shareholders can conveniently check their dividend details through a simple online registration and verification process.

Shareholders are entitled to freely exercise their voting rights by attending the general meeting, and to protect these rights, we operate systems such as electronic voting, electronic proxy solicitation, and shareholder proposal rights. In addition, to encourage greater shareholder participation, we take part in the 'Voluntary Shareholder Meeting Dispersion Program,' which adjusts meeting schedules to avoid dates when many companies typically hold shareholder meetings. To ensure shareholders have sufficient time to review the meeting agenda, we disclose the notice of convocation four weeks prior to the general meeting, and in the event of amendments to the Articles of Incorporation, we protect shareholder rights through special resolutions in accordance with the Commercial Act.

Communication with Shareholders

HD Hyundai Construction Equipment discloses the results of our general meetings with shareholders on the same day as the meetings take place, and we faithfully fulfill our obligations for regular disclosures, timely disclosures, and fair disclosures in accordance with applicable laws and regulations governing listed companies. To meet the expectations of a wide range of stakeholders, including shareholders, we actively engage in various investor relations (IR) activities, which include participation in domestic and international IR conferences hosted by securities firms, hosting Corporate Days, and conducting Non-Deal Roadshows (NDR) for both domestic and global institutional investors and analysts. In addition to financial disclosures such as annual and quarterly results and capital investment plans, we also transparently publish non-financial information, including sustainability reports and corporate governance reports.

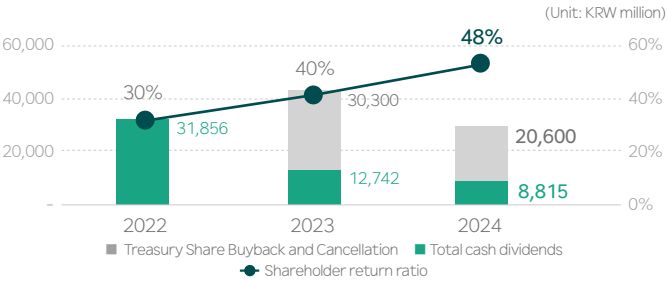
Increasing Shareholder Returns

In March 2024, HD Hyundai Construction Equipment established and announced a 'Mid- to long-term Shareholder Value Enhancement Policy,' and under this policy, we plan to return 30% or more of the net income based on the separate financial statements through dividends or treasury share repurchases and cancellations over the next three fiscal years (2024-2026). The dividend amount is determined by comprehensively considering the company's profit level, future investment plans, and financial structure within the range of distributable profits. We have paid dividends every year since 2021. In 2024, we declared a dividend of KRW 500 per share for 2024 performance resulting in a total cash dividend payout of approximately KRW 8.8 billion. In August 2024, we repurchased and cancelled treasury shares worth approximately KRW 30.3 billion, and in 2025, we announced a plan to repurchase and cancel an additional KRW 20.6 billion worth of treasury shares. We will continue to actively pursue shareholder return policies to enhance shareholder value.

Shareholder Return Status

Classification	Unit	2022	2023	2024
Net income (separate)	KRW million	107,159	108,876	61,285
Dividend per share	Won	1,750	700	500
Total cash dividends	KRW million	31,856	12,742	8,815
Amount of treasury shares purchased and canceled	KRW million	-	30,300	20,600
Shareholder return ratio ¹⁾	%	30	40	48
Completion rate against target	%	-	-	160

1) Shareholder return ratio (%) = (dividends + treasury share buyback/cancellation) / current net income x 100



Integrated Risk Management

Risk Management

Risk Management Governance

HD Hyundai Construction Equipment has established and operates a risk management governance structure designed to proactively identify and address potential risks across all areas of our business operations, and we strive to minimize risk and foster a stable management environment through various consultative bodies.

ESG Management Committee

The ESG Management Committee convenes quarterly to identify potential ESG-related risks, develop improvement tasks, and monitor the implementation status. The Committee also plays a key role in transforming risk factors into opportunities and linking them to the creation of sustainable corporate value.

Management strategy meeting

The Business Strategy Meeting is held on a monthly basis and is attended by executives from headquarters as well as representatives from overseas operations. The meeting reviews the implementation status of mid- to long-term strategies and key initiatives, and discusses response measures to major domestic and global risks, including financial and non-financial risks.

Value-up Steering Committee

Key executives and teams responsible for internal and external communications participate in the committee, and based on market evaluations of our company and communications with stakeholders, the committee identifies potential risks and discusses ways to increase corporate value through responses to these risks.

Risk Management Activities

Risk Response Strategies

To strengthen risk management, the ESG team classifies potential sources of risk into dealers, general customers, and internal employees, and has established structured communication strategies across short-, mid-, and long-term stages. To proactively address ESG-related issues, such as human rights protection and environmental conservation, we manage risks based on double materiality assessment. We also ensure transparency by regularly distributing Communication Letters via our website and dealer portal.

In order to practice ethical management, We also request to include a Code of Ethics clause in contracts signed between subsidiaries and dealers without exceptions, and conduct continuous monitoring and response based on this clause. Contracts with customers also include provisions prohibiting the illegal use of equipment to preemptively mitigate potential risks, and in particular, for sales representatives of our Brazilian dealership suppliers, we conduct comprehensive training on ethical practices and the prevention of illegal equipment use to minimize the likelihood of potential risks.

Financial Risks

Type of Risk	Monitoring Target	Details	Risk Response Activities
Market	Foreign exchange	- Forward/futures foreign exchange transactions - Recognized assets and liabilities - Net investment for overseas operations	- Reducing profit and loss volatility by implementing a hedge against net exposure - Establishing policies for risk management by establishing foreign exchange risk management regulations (operating the foreign exchange risk management committee)
	Interest rate	Variable interest deposits and loans	- Minimizing external borrowing by utilizing retained earnings - Improving short-term and long-term loan structure and reducing high-interest debts - Monitoring the trend of interest regularly
Credit	Contract	- Transaction and investment agreements - Derivatives, financial institution deposits, and cash and cash equivalents	- Managing credit risk by implementing credit policies - Assessing the risk of bonds expected to default and reflecting in consolidated financial statements
Liquidity	Financial liabilities and operating capitals	- Failure to pay financial debt - Unable to secure operating funds	- Establishing quarterly and annual cash flow plans - Forecasting cash flow from sales, investment, and financing activities - Securing the required liquidity in advance
Capital	Capital stock	Maintaining optimal capital structure	Managing capital structure based on debt ratio

Non-financial Risks

Type of Risk	Details	Risk Response Activities
Environment	- Climate change - Biodiversity - Environmental pollutant emissions and environmental accidents	- Operating a system to minimize environmental impacts from operations and prevent environmental accidents - Improving resource usage efficiency
Disaster	Natural disaster, social disaster	Operating an integrated control center
Safety	On-site fires and occupational accidents	Operating a monitoring system to prevent safety accidents (including in-house and external suppliers)
Product	Product quality	- Promoting activities to enhance product quality - Activities to secure product safety
Ethics/Compliance	- Compliance with laws and regulations - Fair trade	- Establishing a Code of Ethics - Compliance activities

Potential Risks

HD Hyundai Construction Equipment proactively identifies potential risks that could significantly impact our business over the long term and implement response measures to minimize the impact.

Classification	IT Security Risks Due to the Introduction of Autonomous Technologies	Safety Risks Arising from the Decline in Skilled Workforce
Type	Technology	Society
Overview	The adoption of autonomous construction equipment technologies enhances productivity and efficiency but also introduces new IT security risks. If the operating systems of such autonomous equipment are exposed to security threats, it may lead to malfunction or shutdown of the equipment, causing disruptions to on-site construction work, which can result in financial loss for customers and damage our corporate credibility. Moreover, unauthorized access to these operating systems and illegal manipulation of the equipment may pose serious safety risks. Therefore, along with the introduction of autonomous technologies, it is essential to establish a correspondingly strong security system and continuously manage security.	The decline in population due to low birth rates and an aging society is having a significant impact on the country, society, and businesses as a whole. The construction equipment industry faces growing challenges in securing adequate worksite labor, as younger generations increasingly avoid field work and the pool of skilled workers shrinks due to aging. In addition, rising demand for safety management personnel, driven by regulations such as the Occupational Safety and Health Act and the Serious Accidents Punishment Act, is further intensifying labor shortages, and such changes in the workforce structure are expected to have a long-term impact on the productivity and safety management system of the entire construction industry.
Business impact	IT security risks caused by the introduction of autonomous technologies may have the following impacts: • The possibility of financial losses due to work stoppages and production disruptions, if the equipment operating software or IoT platform becomes infected with malware or ransomware • Possibility of safety accidents due to malicious manipulation, equipment theft, or operation by unauthorized operator, if the operational network of autonomous equipment is hacked • Decline in sales due to the leakage of users' personal information, the exposure of core proprietary technologies, and reputational damage to the brand, if a security breach occurs	Safety risks caused by a decline in the skilled workforce may have the following impacts. • As the number of skilled workers declines, on-site experience-based feedback is also diminishing, creating limitations in user-centered design during equipment improvement and new product development, which may ultimately constrain the pace of enhancements in equipment operability and safety • The increasing use of construction equipment by less-experienced workers raises the risk of accidents due to improper handling and inadequate field adaptation, and as a result, demand for construction machinery equipped with advanced safety features is growing • To compensate for labor shortages at construction sites, demand is also rising for construction equipment incorporating advanced technologies such as automation, autonomous driving, and remote control
Countermeasures	To effectively respond to IT security risks associated with the adoption of autonomous technologies, HD Hyundai Construction Equipment is implementing the following measures: • Operating an information security management system and establishing security policies, along with a scenario-based response framework to ensure rapid action in the event of a security incident • Utilizing intrusion detection and prevention systems to monitor and block abnormal traffic in real time and encrypting communication between unmanned equipment and control systems to prevent security breaches • Making continuous investments in security-related software, equipment, and systems, and conducting regular inspections to enhance overall security posture • Applying regular security patches and updates for key infrastructure such as operating systems and equipment control programs to address and mitigate potential vulnerabilities	In response to safety risks arising from the decline in skilled labor and evolving market demands, HD Hyundai Construction Equipment is undertaking the following measures. • Responding to safety risks using smart safety technology (HI DETECT), such as SAVM (Surrounding Awareness View Monitoring), which detects objects around the equipment and displays the surrounding environment; See-Through Bucket, which identifies people in the bucket's forward view; and Active Stop, which halts the equipment based on object proximity • Increasing equipment operation efficiency and productivity through equipment maintenance support services that incorporate smart technologies such as the Hyundai Connect App, Hi MATE & Hi CARE • Improving operational efficiency and preventing safety incidents at job sites by minimizing unnecessary surveying tasks and reducing work time through the application of smart guidance and smart control technologies

Internal Accounting Management System

To enhance the transparency of financial reporting and provide reliable information to external stakeholders, HD Hyundai Construction Equipment has introduced the HD Hyundai Internal Control Assessment System (HICAS). Through this system, we have established and are operating an internal accounting management system for both our headquarters and major overseas subsidiaries. This system fully reflects the relevant laws and enforcement decrees concerning external audits and is managed effectively and consistently by a dedicated team with expertise in internal control. The function dedicated to internal accounting management is organized as a support organization to the Audit Committee, and the Audit Committee secures independence and objectivity by exercising consent rights over the appointment and dismissal of the team leader. The Audit Committee evaluates the system's implementation in accordance with the best practice guidelines for internal accounting system assessments and reporting, and the CEO transparently reports the results to the Audit Committee, the Board of Directors, and the general shareholders' meeting every year. Any improvement items identified during operation are promptly reflected through consultation with external auditors, dedicated departments, and relevant controllers, and in addition, the reliability and transparency of the accounting management system are continuously enhanced through objective verification by independent external auditors.

Information Security

Information Security Management System

In December 2022, the HD Hyundai Construction Equipment Sector established a dedicated information security team and integrated the security operations of our three affiliated companies to enhance information security and minimize business risks. Through this unified operational framework, we have ensured consistency in our security tasks while also strengthening efficiency and synergy by enabling prompt and coordinated responses to the needs of each company. To implement company-wide security management policies and investment plans, we have appointed a Chief Information Security Officer (CISO) with strategic responsibility for all aspects of information security operations and governance. In addition, the ESG Management Committee, which convenes quarterly, reviews overarching issues related to information security management and deliberates on improvement measures and investment plans for security infrastructure.

Information Security Policy

We operate an information security policy to proactively identify, prevent, and respond to various internal and external security threats. The information protection policy consists of 11 detailed guidelines, including security regulations and personnel security guidelines, and clearly defines the standards and procedures for security management and maintains a consistent level of information protection across the company. We also flexibly respond to evolving security risks by revising the policy as needed through regularly monitoring changes in the external environment and emerging security trends and conducting impact analysis.

Detailed Guidelines for Information Security Policy

1. Security regulations
2. Personnel security guidelines
3. Trade secret protection guidelines
4. Security management guidelines for information assets and IT equipment
5. Information systems security guidelines
6. Facility security guidelines
7. Security audit guidelines
8. Security incident response guidelines
9. Cloud security guidelines
10. Security guidelines for national core technologies
11. Encryption security guidelines

Information Security Activities

Information Security Status Inspection

To assess and enhance company-wide information security standards, we regularly conduct both internal and external security assessments. Externally, we actively participate in legal and institutional inspections conducted by national authorities, including cybersecurity inspections to safeguard national core technologies and those required for location data service providers. These assessments cover the full spectrum of information protection, ranging from administrative protection measures and technical controls to physical security. For each identified recommendation, specific improvement plans are established and implemented, and the results of the implementation are reported to the relevant organizations after going through follow-up management procedures. Internally, we conduct annual information security inspections across all HD Hyundai Group affiliates. The information security status inspection is conducted based on a checklist consisting of four major areas: administrative security, IT security, personal data protection, and physical security, and 185 detailed items. The results of the inspection are shared by the group security team with each group affiliates' information security manager, enabling each company to develop and implement improvement plans targeting vulnerable areas, and through this process, we continue to strengthen our overall information security posture.

Internalization of Information Security

To enhance employees' awareness of information security and strengthen incident prevention capabilities, we conduct regular security training and operate practice-based simulation programs. Through mandatory company-wide annual training on information security and legally required personal data protection, we systematically deliver practical content such as security policies, email and PC security, and trade secret protection, emphasizing the importance of cybersecurity. Training completion rates are closely monitored to ensure full participation across all employees. To further enhance cyber threat response capacities, we conduct quarterly exercises, including phishing email simulations, document security drills, ethical hacking exercises, and cyberattack prevention training. We also offer specialized remedial training programs for employees requiring further instruction based on initial training outcomes to prevent workplace accidents. In the event of a security breach, all employees are required to promptly report the incident in accordance with predefined response protocols, and the information security department will take timely action based on a response system for each type of incident, thereby safely protecting the organization's information assets.

ISO 27001 Information Security Management System

In 2022, HD Hyundai Construction Equipment obtained the ISO 27001 certification, the international standard for information security management systems, covering our Ulsan, Yongin, Bundang GRC, and European operations. This achievement marked the establishment of a globally recognized information security framework, which the company has successfully maintained through regular surveillance audits. In addition, we have enhanced our internal inspection system by aligning it with the full set of ISO 27001 evaluation criteria. We actively implement improvement recommendations identified through external audits, thereby further strengthening our information security framework in line with global standards.

Investment in Information Security

HD Hyundai Construction Equipment continues to invest in information security to protect our core information assets from a wide range of internal and external threats. In 2024, we strengthened the overall security of our Ulsan and Yongin operations by implementing security systems for Operational Technology (OT) environments, such as terminals and industrial PCs.

Information Security Manager Designation System

To strengthen the organization's overall security posture, we designate two persons in charge of security for each department to serve as dedicated points of contact and to conduct voluntary security inspections. These self-assessments are carried out monthly and cover approximately 30 items related to administrative security, physical security, and personal data protection. The results of these assessments are reported to the CISO, and corrective actions are taken for identified vulnerabilities to minimize security risks and strengthen the information security capabilities of each department.

Mid- to Long-term Information Security Roadmap

In June 2024, based on the results of internal and external information security assessments and analysis of recent security incidents, we clearly set a vision for information security and goals for each area, and established a strategy to achieve each goal based on this, thereby establishing a mid- to long-term information security roadmap covering the next three years. HD Hyundai Construction Equipment will continue to improve security vulnerabilities, identify security risks in advance, and advance security levels through execution of its established implementation strategy.

ESG DATABOOK

ESG Databook

The scope of ESG data reporting in this report is categorized as ‘Korea’ or ‘Global’ that includes Korea and major overseas operations. For environmental performance metrics measured at the operations level, the ‘Korea’ scope includes the Bundang GRC, Ulsan, Yongin, Boryeong, Eumseong, and Gunsan operations, while the ‘Global’ scope additionally covers manufacturing operations in Jiangsu (China), Brazil, and India. Some metrics also include data from the holding company and sales subsidiaries. In 2024, the data was standardized in accordance with HD Hyundai Group’s ESG metric standard, and the global reporting scope was expanded to include sales subsidiaries.

Economic Data

Financial Information

Metrics	Unit	Scope	2021	2022	2023	2024
Total assets	KRW million	Consolidated	3,559,566	3,448,587	3,296,953	3,324,625
Total liabilities	KRW million	Consolidated	2,011,758	1,781,300	1,525,880	1,530,795
Total equity	KRW million	Consolidated	1,547,808	1,667,287	1,771,073	1,793,830
Sales	KRW million	Consolidated	3,284,340	3,515,612	3,824,967	3,438,062
Operating profit	KRW million	Consolidated	160,709	170,610	257,228	190,422
Net income	KRW million	Consolidated	126,434	99,406	127,451	85,967
Total assets	KRW million	Separate	2,353,816	2,418,818	2,343,772	2,200,903
Total liabilities	KRW million	Separate	1,171,790	1,108,403	965,716	852,086
Total equity	KRW million	Separate	1,182,026	1,310,416	1,378,056	1,348,816
Sales	KRW million	Separate	2,143,145	2,571,209	2,574,570	1,936,149
Operating profit	KRW million	Separate	67,065	145,071	214,771	69,650
Net income	KRW million	Separate	111,285	107,159	108,876	61,285

Research and Development

Metrics	Unit	Scope	2021	2022	2023	2024
R&D personnel	Person	Korea	295	258	220	246
R&D expenses	KRW million	Korea	67,229	59,269	79,506	91,326
R&D expenses to sales ratio	Percentage (%)	Korea	3	2	3	5

Intellectual Property Rights

Metrics	Unit	Scope	2021	2022	2023	2024
Number of applications	Case	Global	276	219	221	388
Number of registrations	Case	Global	209	161	162	171

Retirement Pension System

Metrics	Unit	Scope	2021	2022	2023	2024
Number of DB plan employees ¹⁾	Person	Korea	-	1,180	1,164	1,039
DB operating amount ¹⁾	KRW million	Korea	72,314	81,062	78,247	73,993
Number of DC plan employees	Person	Korea	-	28	41	34
DC plan deposit amount	KRW million	Korea	2,214	2,286	2,511	2,923

1) 2023 data was corrected due to an error

Employee Stock Ownership

Metrics	Unit	Scope	2021	2022	2023	2024
Percentage of employees owning treasury share (ESOP, ESPP) ^{1) 2)}	Percentage (%)	Korea	-	-	-	1

1) Based on the number of employees joining the share ownership association. The employee share ownership association is open to all employees (including contract workers)

2) Data was newly compiled from 2024 going forward

Human Capital Return on Investment

Metrics	Unit	Scope	2021	2022	2023	2024
Human capital return on investment ¹⁾	Multiple	Global	-	-	-	1.7

1) Data was newly compiled from 2024 going forward

Environmental Data

Environmental Investment

Metrics	Unit	Scope	2021	2022	2023	2024
Environmental investment and operating costs ¹⁾	KRW 100 mil.	Global	14	19	56	41
Decarbonized technology development cost	KRW 100 mil.	Korea	55	52	64	85
Decarbonized (electrification, fuel efficiency)	KRW 100 mil.	Korea	13	16	8	18
Smart (autonomous)	KRW 100 mil.	Korea	23	25	52	61
Fuel efficiency (performance, reduction of air pollutants)	KRW 100 mil.	Korea	19	11	4	6

1) Change in the reporting scope due to expansion of the compilation scope (Korea before 2023, global in 2024)

Environmental Management

Metrics	Unit	Scope	2021	2022	2023	2024
Decarbonized product sales ¹⁾	KRW 100 mil.	Korea	774	1,550	1,258	1,006
Decarbonized product sales ratio ²⁾	Percentage (%)	Korea	3.6	6.0	4.9	5.2
Green purchasing amount	KRW million	Korea	-	19	15	16
Green purchasing ratio ³⁾	Percentage (%)	Korea	-	0.0932	0.0010	0.0014
Percentage of Zero Emission vehicles owned	Percentage (%)	Korea	0	0	2	4
Number of ISO 14001 certified operations ⁴⁾	No.	Global	3	3	4	4
Percentage of ISO 14001 certified operations ⁵⁾	Percentage (%)	Global	50	60	67	67
Remanufactured product sales ⁶⁾	KRW 100 mil.	Global	0	0	6	32
Non-regenerated raw materials						
Steel usage	ton	Korea	5,721	6,164	3,576	2,278
Steel usage intensity	ton/KRW million	Korea	0.003	0.002	0.001	0.001
Regenerated raw materials						
Sand usage	ton	Korea	0	0	0	0
Sand usage intensity	ton/KRW million	Korea	0	0	0	0

1) Criteria for calculation: HD Hyundai Construction Equipment’s Sustainable Taxonomy p.27

2) 2021 to 2023 data was corrected due to a change in metric definition

3) 2023 data was corrected due to a change in metric definition

4) Major Korea operations and overseas manufacturing operations

5) 2023 data was corrected due to a change in metric definition

6) Change in the reporting scope due to expansion of the compilation scope (Korea before 2023, global in 2024)

Pollutant Management¹⁾

Metrics	Unit	Scope	2021	2022	2023	2024
Water pollutants						
BOD ²⁾	ton	Global	-	-	-	1.60
TOC(COD) ^{2) 3)}	ton	Global	-	-	-	5.09
SS ²⁾	ton	Global	-	-	-	2.08
BOD	ton	Korea	0.07	0.18	0.02	0.03
TOC	ton	Korea	0.45	0.27	0.27	0.18
SS	ton	Korea	0.02	0.02	0.01	0.01
Air pollutants ⁴⁾						
Nitrogen Oxides (NOx) ⁵⁾	ton	Global	-	-	-	0.45
Sulfur Oxides (SOx) ⁵⁾	ton	Global	-	-	-	0.45
Volatile Organic Compounds (VOCs) ⁵⁾	ton	Global	-	-	-	10.13
Dust ⁵⁾	ton	Global	-	-	-	2.29
Nitrogen Oxides (NOx)	ton	Korea	0.32	0.26	0.19	0.30
Sulfur Oxides (SOx)	ton	Korea	0.18	0.00	0.28	0.45
Volatile Organic Compounds (VOCs)	ton	Korea	22.74	16.39	18.70	9.97
Dust	ton	Korea	1.37	1.41	0.92	1.16

1) The global scope of pollutant management is applicable to Korea and overseas manufacturing operations

2) Global data was newly compiled from 2024 going forward

3) Korea operations are compiled by TOC

4) For the Ulsan Campus in Korea

5) Global data was newly compiled, adding China to the scope from 2024 going forward

Greenhouse Gases¹⁾

Metrics	Unit	Scope	2021	2022	2023	2024
Scope 1&2 emissions ²⁾	tCO ₂ eq	Global	40,791	35,613	33,178	33,192
Scope 1 emissions ²⁾	tCO ₂ eq	Global	18,009	16,055	14,154	14,744
Scope 2 emissions (location-based) ²⁾	tCO ₂ eq	Global	22,782	19,558	19,024	18,448
Scope 1&2 emissions	tCO ₂ eq	Korea	15,086	15,938	19,385	19,577
Scope 1&2 emissions intensity	tCO ₂ eq/KRW million	Korea	0.007	0.006	0.008	0.010
Scope 1 emissions	tCO ₂ eq	Korea	8,681	9,547	9,036	7,684
Scope 1 emissions intensity	tCO ₂ eq/KRW million	Korea	0.004	0.004	0.004	0.004
Scope 2 emissions (location-based)	tCO ₂ eq	Korea	6,405	6,391	10,349	11,893
Scope 2 emissions intensity	tCO ₂ eq/KRW million	Korea	0.003	0.003	0.004	0.006
Scope 3 emissions ³⁾	tCO ₂ eq	Korea	1,065,173	996,400	8,107,120	8,818,952
① Purchased goods and services	tCO ₂ eq	Korea	632	675	27,968	106,941
② Capital goods	tCO ₂ eq	Korea	-	-	53	202
③ Fuel and energy related activities	tCO ₂ eq	Korea	9,661	6,948	1,674	2,133
④ Upstream transportation and distribution	tCO ₂ eq	Korea	-	15,190	81,524	96,018
⑤ Waste generated in operations	tCO ₂ eq	Korea	145	154	988	844
⑥ Business travel	tCO ₂ eq	Korea	112	427	1,531	1,929
⑦ Employee commuting	tCO ₂ eq	Korea	197	192	56	55
⑨ Downstream transportation and distribution	tCO ₂ eq	Korea	-	-	15,148	98,046
⑩ Use of sold products	tCO ₂ eq	Korea	1,054,426	972,814	7,976,188	8,510,763
⑫ End of life treatment of sold products	tCO ₂ eq	Korea	-	-	1,990	2,021
⑬ Investments	tCO ₂ eq	Korea	-	-	0.47	0.43

1) Calculated by applying the guidelines on reporting and certification of emissions under the greenhouse gas emissions trading system

2) Change in the reporting scope due to expansion of the compilation scope (Korea and overseas manufacturing operations before 2023, sales subsidiaries are added to global in 2024)

3) Internal calculation criteria by scope 3 emissions category

① Purchased goods and services: Based on the energy usage of the supplier that accounts for the top 50% of the purchase amount

② Capital goods: Based on the history of office supply purchases

③ Fuel and energy related activities: Based on energy used in Korea operations

④ Upstream transportation and distribution: Based on sea/land transportation of products (company costs)

⑤ Waste generated in operations: Based on waste disposal performance of Korea operations

⑥ Business travel: Based on the airfare and hotel accommodation during the business trip

⑦ Employee commuting: Based on commuter bus operation by Korea operations

⑨ Downstream transportation and distribution: Based on sea/land transportation of products (external costs)

⑩ Use of sold products: Based on the emissions from the use of the sold product until disposal (emissions for the current year were calculated based on sales volume until 2022)

⑫ End of life treatment of sold products: Based on emissions resulting from the disposal of sold products (Korea)

⑬ Investment: Based on energy usage of related companies

Energy

Metrics	Unit	Scope	2021	2022	2023	2024
Energy usage ¹⁾²⁾	TJ	Global	-	499	456	572
Direct energy usage	TJ	Global	-	187	165	175
Indirect energy usage	TJ	Global	-	309	279	348
Renewable energy usage	TJ	Global	-	3	13	48
Energy savings ³⁾	TJ	Global	-	-	-	10
Amount of energy cost savings ³⁾	KRW million	Global	-	-	-	202
Energy usage ¹⁾	TJ	Korea	332	356	317	338
Direct energy usage	TJ	Korea	116	121	101	89
Indirect energy usage	TJ	Korea	217	235	217	249
Renewable energy usage	TJ	Korea	-	0	0	0.14
Energy usage intensity	TJ/KRW million	Korea	0.0002	0.0001	0.0001	0.0002
Energy savings ⁴⁾	TJ	Korea	0	1	55	7
Amount of energy cost savings ⁴⁾	KRW million	Korea	0	18	1,272	149

1) Calculated by applying the guidelines on reporting and certification of emissions under the greenhouse gas emissions trading system

2) Change in the reporting scope due to expansion of the compilation scope (Korea and overseas manufacturing operations before 2023, sales subsidiaries are added to global in 2024)

3) Global data was newly compiled, adding China and India to the scope from 2024 going forward

4) 2021, 2022 data was corrected due to a change in metric definition

Water Resources Management^{1) 2)}

Metrics	Unit	Scope	2021	2022	2023	2024
Water withdrawal						
Water withdrawn ^{3) 4)}	ton	Global	-	-	115,015	227,173
Water withdrawn from third-party supply (municipal water + industrial water)	ton	Global	-	-	115,015	211,096
Groundwater withdrawn	ton	Global	-	-	0	16,077
Water withdrawn ⁴⁾	ton	Korea	88,037	90,395	73,943	59,959
Water withdrawn from third-party supply (municipal water + industrial water)	ton	Korea	88,037	90,395	73,943	59,959
Water withdrawn intensity ⁴⁾	ton/KRW million	Korea	0.041	0.035	0.029	0.031
Water withdrawn from third-party supply (municipal water + industrial water)	ton	Ulsan	75,796	72,423	56,553	39,068
Water withdrawn from third-party supply (municipal water + industrial water)	ton	Eumseong	6,500	8,595	8,026	6,033
Water withdrawn from third-party supply (municipal water + industrial water)	ton	Yongin	5,741	9,377	9,364	14,858
Water discharge						
Water discharged ^{3) 4)}	ton	Global	-	-	3,957	38,122
Wastewater discharged ^{3) 4)}	ton	Global	-	-	3,957	38,122
Water discharged ⁴⁾	ton	Korea	3,726	3,094	3,957	4,052
Wastewater discharged ⁴⁾	ton	Korea	3,726	3,094	3,957	4,052
Water consumption						
Water consumed ^{3) 4)}	ton	Global	-	-	111,058	189,051
Water consumed from third-party supply (municipal water + industrial water)	ton	Global	-	-	111,058	177,787
Groundwater consumed	ton	Global	-	-	0	11,264
Water consumed ⁴⁾	ton	Korea	84,311	87,301	69,986	55,907
Water consumed from third-party supply (municipal water + industrial water)	ton	Korea	84,311	87,301	69,986	55,907
Water consumption intensity ⁴⁾	ton/KRW million	Korea	0.039	0.034	0.027	0.029
Water consumed from third-party supply (municipal water+ industrial water)	ton	Ulsan	72,070	69,329	52,596	35,016
Water consumed from third-party supply (municipal water + industrial water)	ton	Eumseong	6,500	8,595	8,026	6,033
Water consumed from third-party supply (municipal water + industrial water)	ton	Yongin	5,741	9,377	9,364	14,858
Water reuse						
Water reused and recycled ^{3) 4)}	ton	Global	-	-	2,187	16,005
Water reused and recycled ⁴⁾	ton	Korea	1,806	1,806	1,806	1,806

Biodiversity

Metrics	Unit	Scope	Critically Endangered (CR)	Endangered (EN)	Vulnerable (VU)	Total
Threatened species in the IUCN Red List that are identified near the operations	No.	Global	68	282	391	741
	No.	Bundang	5	39	54	98
	No.	Ulsan	8	42	56	106
	No.	Eumseong	0	9	18	27
	No.	Gunsan	8	44	55	107
	No.	Boryeong	8	42	54	104
	No.	Yongin	5	39	52	96
	No.	Brazil	22	40	63	125
	No.	India	12	27	39	78

1) The global scope of water resources management is applicable to Korea and overseas manufacturing operations

2) Water resources were compiled for each third-party supply water (municipal water + industrial water), rainwater, groundwater, seawater, and recycled water, and items with a numerical value of '0' by type were excluded from the report

3) Change in the reporting scope due to expansion of the compilation scope (Korea and India before 2023, global in 2024)

4) Change in reporting scope due to expansion of the compilation scope (Eumseong operations added)

Waste Management¹⁾

Metrics	Unit	Scope	2021	2022	2023	2024
Waste generation						
Waste generated ²⁾	ton	Global	-	-	-	19,624
Non-hazardous waste	ton	Global	-	-	-	18,866
Hazardous waste	ton	Global	-	-	-	758
Waste generated ³⁾	ton	Korea	2,561	3,007	3,135	2,115
Non-hazardous waste	ton	Korea	2,315	2,597	2,784	1,793
Hazardous waste	ton	Korea	246	411	351	322
Waste disposal						
Waste disposed ²⁾	ton	Global	-	-	-	19,624
Waste landfilled	ton	Global	-	-	-	252
Waste incinerated	ton	Global	-	-	-	749
Waste incinerated with energy recovery	ton	Global	-	-	-	315
Waste incinerated without energy recovery	ton	Global	-	-	-	434
Waste recycled ²⁾	ton	Global	-	-	-	18,623
Waste recycling rate ²⁾	Percentage (%)	Global	-	-	-	95
Non-hazardous waste disposed ²⁾	ton	Global	-	-	-	18,866
Non-hazardous waste landfilled	ton	Global	-	-	-	113
Non-hazardous waste incinerated	ton	Global	-	-	-	518
Non-hazardous waste incinerated with energy recovery	ton	Global	-	-	-	195
Non-hazardous waste incinerated without energy recovery	ton	Global	-	-	-	323
Non-hazardous waste recycled ²⁾	ton	Global	-	-	-	18,236
Hazardous waste disposed ²⁾	ton	Global	-	-	-	758
Hazardous waste landfilled	ton	Global	-	-	-	140
Hazardous waste incinerated	ton	Global	-	-	-	231
Hazardous waste incinerated with energy recovery	ton	Global	-	-	-	120
Hazardous waste incinerated without energy recovery	ton	Global	-	-	-	111
Hazardous waste recycled ²⁾	ton	Global	-	-	-	387

Metrics	Unit	Scope	2021	2022	2023	2024
Waste disposed ³⁾	ton	Korea	2,561	3,007	3,135	2,115
Waste landfilled	ton	Korea	34	146	139	150
Waste incinerated	ton	Korea	705	701	726	386
Waste incinerated with energy recovery	ton	Korea	0	0	0	0
Waste incinerated without energy recovery	ton	Korea	705	701	726	386
Waste recycled ³⁾	ton	Korea	1,821	2,161	2,270	1,579
Waste recycling rate ³⁾	Percentage (%)	Korea	71	72	72	75
Non-hazardous waste disposed ³⁾	ton	Korea	2,315	2,597	2,784	1,793
Non-hazardous waste landfilled	ton	Korea	32	29	38	10
Non-hazardous waste incinerated	ton	Korea	602	602	638	323
Non-hazardous waste incinerated with energy recovery	ton	Korea	0	0	0	0
Non-hazardous waste incinerated without energy recovery	ton	Korea	602	602	638	323
Non-hazardous waste recycled ³⁾	ton	Korea	1,681	1,966	2,108	1,460
Hazardous waste disposed ³⁾	ton	Korea	246	411	351	322
Hazardous waste landfilled	ton	Korea	2	117	101	140
Hazardous waste incinerated	ton	Korea	103	99	88	63
Hazardous waste incinerated with energy recovery	ton	Korea	0	0	0	0
Hazardous waste incinerated without energy recovery	ton	Korea	103	99	88	63
Hazardous waste recycled ³⁾	ton	Korea	140	195	162	119

1) The global scope of waste management is applicable to Korea and overseas manufacturing operations
2) Global data was newly compiled from 2024 going forward
3) Change in reporting scope due to expansion of the compilation scope (Eumseong operations added)

Social Data

Employee Diversity

Metrics	Unit	Scope	2021	2022	2023	2024
Number of employees ¹⁾	Person	Global	4,007	3,980	3,940	3,970
Number of employees ²⁾	Person	Korea	1,505	1,357	1,316	1,170
By employment type ¹⁾						
Permanent employees	Person	Global	3,275	3,088	3,062	3,124
Temporary employees ³⁾	Person	Global	732	892	877	846
Employees by job category ^{1) 4)}						
Office workers	Person	Global	850	749	742	2,026
Production workers	Person	Global	532	608	574	1,944
Employees by gender ^{5) 6)}						
Male	Person	Global	1,390	1,265	1,186	3,330
Female	Person	Global	129	108	130	397
Employees by age ^{5) 6)}						
Under 30	Person	Global	213	199	228	926
Between 30 and 50	Person	Global	866	789	726	2,283
Over 50	Person	Global	441	385	362	518
Employees by nationality ⁷⁾						
Percentage of Korean national employees	Percentage (%)	Global	-	-	-	32
Percentage of Chinese national employees	Percentage (%)	Global	-	-	-	17
Percentage of Indian national employees	Percentage (%)	Global	-	-	-	32
Percentage of Brazilian national employees	Percentage (%)	Global	-	-	-	13
Percentage of Belgian national employees	Percentage (%)	Global	-	-	-	3
Percentage of Korean national managers	Percentage (%)	Global	-	-	-	51
Percentage of Chinese national managers	Percentage (%)	Global	-	-	-	22
Percentage of Indian national managers	Percentage (%)	Global	-	-	-	17
Percentage of Brazilian national managers	Percentage (%)	Global	-	-	-	6
Percentage of Belgian national managers	Percentage (%)	Global	-	-	-	4

Metrics	Unit	Scope	2021	2022	2023	2024
Female employee						
Female manager ratio ⁸⁾	Percentage (%)	Korea	2	2	2	2
Female senior manager ratio	Percentage (%)	Korea	0	0	0	0
Female mid-level manager ratio	Percentage (%)	Korea	3	2	2	2
Female junior manager ratio	Percentage (%)	Korea	2	2	2	2
Female manager ratio in revenue-generating departments	Percentage (%)	Korea	1	1	1	2
Female employee ratio in STEM departments	Percentage (%)	Korea	5	5	7	6
Number of employees with disabilities ⁵⁾	Person	Global	30	28	17	17

1) Includes Korea operations, major global overseas operations, small corporations, and branch office employees

2) Data decrease compared to the previous year due to organizational integration within the HD Hyundai Construction Equipment Sector in 2024

3) Temporary employees are working in technical tasks such as administrative assistance and machine line assembly

4) Change in the reporting scope due to expansion of the compilation scope (Korea operations employees before 2023, global operation employees were newly added for 2024)

5) Change in the reporting scope due to expansion of the compilation scope (Korea operations employees before 2023, major global operation employees were newly added for 2024)

6) Different from [Number of employees] due to exclusion of U.S. subsidiary, small corporations, and branch office employees

7) Data was newly compiled from 2024 going forward

8) 2021 to 2023 data was corrected due to a change in metric definition

Recruitment and Continuous Service

Metrics	Unit	Scope	2021	2022	2023	2024
Number of new hires ¹⁾	Person	Global	-	-	-	273
New hire rate ¹⁾	Percentage (%)	Global	-	-	-	9
Number of new hires	Person	Korea	104	79	119	41
Gender - Male	Person	Korea	84	70	97	36
Gender - Female	Person	Korea	20	9	22	5
By age - Under 30	Person	Korea	54	47	76	25
By age - Between 30 and 50	Person	Korea	50	32	43	16
By age - Over 50	Person	Korea	0	0	0	0
New hire rate	Percentage (%)	Korea	7	6	9	4
Internal hire rate	Percentage (%)	Korea	-	-	54	13
Average cost of employment	KRW million	Korea	1	1	2	5
Total turnover rate ²⁾	Percentage (%)	Korea	-	-	14.53	5.12
Voluntary turnover rate ^{3) 4) 5)}	Percentage (%)	Global	-	-	-	5.06
By age - Under 30 ^{4) 5)}	Percentage (%)	Global	10.29	28.38	19.31	12.04
By age - Between 30 and 50 ^{4) 5)}	Percentage (%)	Global	2.53	2.73	3.27	4.24
By age - Over 50 ^{4) 5)}	Percentage (%)	Global	0.28	1.14	0.97	1.27
Gender - Male ²⁾	Percentage (%)	Korea	-	-	4.74	1.83
Gender - Female ²⁾	Percentage (%)	Korea	-	-	4.65	2.94
Average number of years in service	Year	Korea	3.5	4.2	4.9	5.6
Average years of service - male	Year	Korea	3.6	4.3	5.1	5.8
Average years of service - female	Year	Korea	2.3	3.1	3.2	3.6

1) New compilation of global data from 2024, excluding the U.S.
2) 2023 and 2024 data was newly compiled from 2024 going forward
3) New global data compilation from 2024 - excluding the U.S. and Belgium
4) 2022 to 2023 data was corrected due to a change in metric definition
5) Change in the reporting scope due to expansion of the compilation scope (Korea before 2023, U.S. and Belgium were excluded from global in 2024)

Evaluation and Compensation

Metrics	Unit	Scope	2021	2022	2023	2024
Percentage of employees who received performance evaluations	Percentage (%)	Korea	92	95	91	92
By job category - Office workers	Percentage (%)	Korea	90	98	93	96
By job category - Production workers	Percentage (%)	Korea	95	91	89	86
Gender - Male	Percentage (%)	Korea	92	95	93	92
Gender - Female	Percentage (%)	Korea	89	93	78	94
Percentage of employees who received performance incentives linked to performance evaluations ¹⁾	Percentage (%)	Korea	-	-	39	50
Average employee salary	KRW million	Korea	78	89	96	96
Gender - Male	KRW million	Korea	81	91	100	99
Gender - Female	KRW million	Korea	49	59	60	68
Average salary ratio of female managers to male managers - base salary ²⁾	Percentage (%)	Korea	-	-	100.7	100.9
Average compensation ratio of female managers to male managers - base salary and other incentives ²⁾	Percentage (%)	Korea	-	-	99.2	100.9
HL2 average salary ratio of female section chiefs to male - base salary ²⁾	Percentage (%)	Korea	-	-	99.1	97.9
HL2 average compensation ratio of female section chiefs to male - base salary and other incentives ²⁾	Percentage (%)	Korea	-	-	97.9	96.4

1) For office workers
2) 2023 and 2024 data was newly compiled from 2024 going forward

Labor-management Relations

Metrics	Unit	Scope	2021	2022	2023	2024
Union membership rate ¹⁾	Percentage (%)	Global	78	77	79	94
Collective agreement application rate ²⁾	Percentage (%)	Korea	-	-	100	100

1) Change in the reporting scope due to expansion of the compilation scope (Korea before 2023, U.S. and Belgium were excluded from global in 2024)
2) 2023 and 2024 data was newly compiled from 2024 going forward

Talent Development

Metrics	Unit	Scope	2021	2022	2023	2024
Number of trainees	Person	Korea	1,259	1,373	1,130	1,170
Training hours ¹⁾	Hour	Global	-	-	27,997	92,102
Average training hours ¹⁾	Hour	Global	13	13	25	25
By job category - Office workers ¹⁾	Hour	Global	-	-	25	22
By job category - Production workers ¹⁾	Hour	Global	-	-	24	27
Training costs ¹⁾	KRW million	Global	-	-	924	1,499
Average training costs ¹⁾	KRW million	Global	0.20	0.73	0.82	0.40

1) Change in the reporting scope due to expansion of the compilation scope (Korea before 2023, U.S. was excluded from global in 2024)

Parental Leave

Metrics	Unit	Scope	2021	2022	2023	2024
Number of employees using parental leave - Male ¹⁾	Person	Korea	6	10	8	11
Number of employees using parental leave - Female ²⁾	Person	Korea	1	2	4	6
Parental leave usage rate - Male ³⁾	Percentage (%)	Korea	-	5	2	3
Parental leave usage rate - Female ³⁾	Percentage (%)	Korea	-	50	100	100
Parental leave return rate - Male ³⁾	Percentage (%)	Korea	-	100	100	100
Parental leave return rate - Female ³⁾	Percentage (%)	Korea	-	100	100	100
Employees with more than 12 months of service after returning from parental leave - Male ³⁾	Person	Korea	6	7	9	8
Employees with more than 12 months of service after returning from parental leave - Female ³⁾	Person	Korea	6	4	2	3
Percentage of employees with more than 12 months of service after returning from parental leave - Male ¹⁾	Percentage (%)	Korea	-	70	90	100
Percentage of employees with more than 12 months of service after returning from parental leave - Female ¹⁾	Percentage (%)	Korea	-	67	100	75

- 1) 2022 and 2023 data was corrected due to an error
2) 2022 data was corrected due to an error
3) 2022 to 2024 data was newly compiled from 2024 going forward

Employee Engagement

Metrics	Unit	Scope	2021	2022	2023	2024
Percentage of employee engagement survey participation	Percentage (%)	Korea	-	-	80	76
Employee engagement or satisfaction ¹⁾	Percentage (%)	Korea	-	-	-	59

1) New data compilation for 2024

Occupational Health and Safety

Metrics	Unit	Scope	2021	2022	2023	2024
Industrial accident rate	Percentage (%)	Korea	0.19	0.95	0.44	0.51
LTIR - Employee ¹⁾²⁾	200,000 hours	Global	-	-	0.38	0.43
LTIR - Employee	200,000 hours	Korea	1.46	2.01	0.61	0.55
LTIR - Contractor	200,000 hours	Korea	0.23	0.00	0.23	0.00
TRIR ³⁾⁴⁾	200,000 hours	Global	2.66	2.40	1.72	1.43
OIFR ⁵⁾	200,000 hours	Korea	0.18	0.67	0.37	0.12
Employee fatalities	Person	Global	0	0	0	0
Fatality rate - Employee	200,000 hours	Global	0	0	0	0
Contractor fatalities	Person	Global	0	0	0	0
Fatality rate - Contractor	200,000 hours	Global	0	0	0	0

- 1) The global scope of LTIR - Employee is applicable to Korea and overseas manufacturing operations
2) Change in the reporting scope due to expansion of the compilation scope (Korea and India 2023, global in 2024)
3) Change in the reporting scope due to expansion of the compilation scope (Korea and India before 2023, U.S. was excluded from global in 2024)
4) 2021 to 2023 data was corrected due to an error
5) 2021 to 2023 data was corrected due to a change in metric definition

Health and Safety Management

Metrics	Unit	Scope	2021	2022	2023	2024
Number of participants in safety training for contractors	Person	Korea	299	270	270	101
Number of ISO 45001 certified operations ¹⁾²⁾	No.	Global	4	2	4	4
Percentage of ISO 45001 certified operations ¹⁾²⁾³⁾	Percentage (%)	Global	57	40	67	67
Percentage of health and safety grievance resolution	Percentage (%)	Korea	100	83	78	75

- 1) Personnel working at certified operations are included in the scope of internal/external audit completion
2) Major Korea operations and overseas manufacturing operations
3) 2023 data was corrected due to a change in metric definition

Supply Chain Management

Metrics	Unit	Scope	2021	2022	2023	2024
Number of suppliers ¹⁾	No.	Global	-	-	-	960
Number of suppliers ²⁾	No.	Korea	372	380	555	571
Number of significant suppliers	No.	Korea	65	76	55	57
Percentage of significant suppliers ²⁾	Percentage (%)	Korea	17	20	10	10
Percentage of purchase amount from significant suppliers out of total purchase amount ²⁾	Percentage (%)	Korea	-	-	41	41
Percentage of new suppliers that have undergone ESG audits	Percentage (%)	Korea	-	0	17	13
Number of suppliers receiving ESG improvement support	No.	Korea	-	6	142	200
Number of suppliers supported by capability building program ³⁾	No.	Korea	-	6	142	25
Amount of capability building program support ³⁾	KRW 100 mil.	Korea	-	11	63	113
Number of ESG training courses for suppliers	No.	Korea	27	18	8	4
Number of people who completed ESG training for suppliers	Person	Korea	656	560	938	457
Number of grievances received from suppliers	Case	Korea	-	123	114	48
Percentage of supplier grievance handling	Percentage (%)	Korea	-	88	58	19
Number of technology development support cases	Case	Korea	8	9	6	8
Number of technical protection support cases ⁴⁾	Case	Korea	-	-	0	0

1) Global data was newly compiled from 2024 going forward
2) 2023 data was corrected due to a change in metric definition
3) Changes in metric definition in 2024
4) 2023 and 2024 data was newly compiled from 2024 going forward

Supply Chain Assessment

Metrics	Unit	Scope	2021	2022	2023	2024
Number of ESG self-assessment suppliers	No.	Korea	-	163	100	187
Percentage of achieving ESG self-assessment targets ¹⁾	Percentage (%)	Korea	-	-	100	100
Number of suppliers with discovered positive/negative impacts						
Number of outstanding suppliers ²⁾	No.	Korea	-	3	29	91
Percentage of outstanding suppliers ²⁾	Percentage (%)	Korea	-	2	29	49
Number of high-risk suppliers ²⁾	No.	Korea	-	8	14	23
Percentage of high-risk suppliers ²⁾	Percentage (%)	Korea	-	5	14	12
Number of high-risk suppliers who agreed to develop improvement plans ²⁾	No.	Korea	-	0	14	23
Percentage of high-risk suppliers who agreed to develop improvement plans	Percentage (%)	Korea	-	0	100	100
Number of high-risk suppliers whose contracts have ended	No.	Korea	-	0	0	0
Percentage of high-risk suppliers whose contracts have ended	Percentage (%)	Korea	-	0	0	0

1) 2023 and 2024 data was newly compiled from 2024 going forward
2) 2023 data was corrected due to a change in metric definition

Human Rights Management

Metrics	Unit	Scope	2021	2022	2023	2024
Participation rate in human rights/sexual harassment prevention training	Percentage (%)	Korea	100	91	94	97
Number of received human rights grievances ¹⁾	Case	Global	0	2	3	2
Percentage of human rights grievance handling ¹⁾	Percentage (%)	Global	100	100	100	100
Percentage of conducting human rights impact assessments - Employee	Percentage (%)	Korea	-	-	100	100
Percentage of risk identification based on human rights impact assessment - Employee	Percentage (%)	Korea	-	-	100	100
Percentage of mitigation measures implemented after identifying the human rights impact assessment risk - Employee	Percentage (%)	Korea	-	-	100	100
Percentage of conducting human rights impact assessments - Contractor	Percentage (%)	Korea	-	-	18	33
Percentage of risk identification based on human rights impact assessment - Contractor	Percentage (%)	Korea	-	-	100	100
Percentage of mitigation measures implemented after identifying the human rights impact assessment risk - Contractor ²⁾	Percentage (%)	Korea	-	-	100	100

1) Change in the reporting scope due to expansion of the compilation scope (Korea before 2023, U.S. was excluded from global in 2024)
2) 2023 and 2024 data was newly compiled from 2024 going forward

Quality Management

Metrics	Unit	Scope	2021	2022	2023	2024
Number of ISO 9001 certified operations	No.	Global	4	4	6	6
Cases of violating laws related to hazardous substances in products	Case	Korea	0	0	0	0
Cases of violating laws related to product information labeling	Case	Korea	0	0	0	0

Customer Satisfaction

Metrics	Unit	Scope	2021	2022	2023	2024
Customer satisfaction survey ratio ¹⁾	Percentage (%)	Korea	17	13	10	14
Customer satisfaction survey results ¹⁾	Point	Korea	89	88	92	85

1) 2021 to 2023 data was corrected due to a change in metric definition

Community Engagement

Metrics	Unit	Scope	2021	2022	2023	2024
Number of employees participating in social contribution activities ¹⁾	Person	Korea	-	-	-	449
Number of times participating in social contribution activities	Time	Korea	462	547	532	787
Hours spent participating in social contribution activities	Hour	Korea	3,101	2,730	3,714	5,104
Donation amount ²⁾	KRW 100 mil.	Global	27	29	55	61
Percentage of donation amount to sales ²⁾	Percentage (%)	Global	0.13	0.11	0.21	0.18
Number of 1% Salary Sharing participants	Person	Korea	363	287	236	215
Proportion of 1% Salary Sharing participation	Percentage (%)	Korea	24	22	18	18
1% Salary Sharing fundraising amount ¹⁾	KRW million	Korea	-	-	-	153

1) Data was newly compiled from 2024 going forward

2) Change in reporting scope due to expansion of the compilation scope

Information Security

Metrics	Unit	Scope	2021	2022	2023	2024
Number of customer privacy violations ¹⁾	Case	Global	0	0	0	0
Number of information security breach incidents ¹⁾	Case	Global	0	0	0	0
Number of customers and employees affected by information security breach ¹⁾	Case	Global	0	0	0	0
Information security investment ratio	Percentage (%)	Korea	5.28	3.00	1.34	0.96

1) Change in the reporting scope due to expansion of the compilation scope (Korea before 2023, global in 2024)

Social Value¹⁾

Metrics	Unit	Scope	2021	2022	2023	2024
By value category - Customer value	KRW million	Korea	-	115,579	96,451	110,801
By value category - People value	KRW million	Korea	-	86,111	100,677	85,389
By value category - Societal value	KRW million	Korea	-	(12,032)	(2,946)	(7,564)
By value category - Financial value	KRW million	Korea	-	190,909	227,970	213,416
By stakeholder - Customers	KRW million	Korea	-	114,940	95,979	109,873
By stakeholder - Suppliers	KRW million	Korea	-	32,839	42,652	12,285
By stakeholder - Employees	KRW million	Korea	-	181,777	191,378	200,098
By stakeholder - Global environment	KRW million	Korea	-	(12,309)	(1,297)	(219)
By stakeholder - Government/Local community	KRW million	Korea	-	315	34,882	28,170
By stakeholder - Investors	KRW million	Korea	-	63,005	58,558	51,835

1) Based on EY long-term value measurement

Governance Data

Board of Directors

Metrics	Unit	Scope	2021	2022	2023	2024
Board of Directors attendance rate	Percentage (%)	Korea	98	97	100	100
Female director ratio	Percentage (%)	Korea	20	20	20	20
Average tenure of directors	Year	Korea	2.8	1.0	1.6	1.6
CEO average compensation	KRW million	Korea	2,197	743	995	843
CEO - Employee compensation ratio	Multiple	Korea	28.2	8.4	10.3	8.8

Executive’s Share Ownership Ratio

Metrics	Unit	Scope	2021	2022	2023	2024
Ratio of CEO equity holdings to compensation	Percentage (%)	Korea	-	-	26	35
Ratio of equity holdings to compensation for registered executives excluding the CEO ¹⁾	Percentage (%)	Korea	-	-	0	0

1) New data compilation for 2023 and 2024

Ethical Management

Metrics	Unit	Scope	2021	2022	2023	2024
Number of operations conducting ethics audits	No.	Global	4	4	4	4
Percentage of operations conducting ethics audits	Percentage (%)	Global	40	40	40	40
Number of employees who completed ethics training ¹⁾	Person	Global	-	-	782	1,653
Percentage of ethics training completion - Registered executives	Percentage (%)	Global	-	-	100	100
Percentage of ethics training completion - Employees	Percentage (%)	Global	-	-	58	59
Number of employees who submitted the ethical management practice pledge ^{2) 3) 4)}	Person	Global	1,166	0	942	2,060
Percentage of employees who submitted the ethical management practice pledge ^{2) 3) 4)}	Percentage (%)	Global	99.8	0.0	99.3	99.8
Number of suppliers who submitted the ethical management practice pledge	No.	Korea	324	258	219	274
Percentage of suppliers who submitted the ethical management pledge	Percentage (%)	Korea	92.0	95.0	92.0	98.2
Number of ethical management violations ^{5) 6)}	Case	Korea	9	24	5	13

1) Change in the reporting scope due to expansion of the compilation scope (Korea operations employees and overseas expatriates before 2023, global operation employees were newly added for 2024)

2) Change in the reporting scope due to expansion of the compilation scope (Korea before 2023, U.S. was excluded from global in 2024)

3) 2023 data was corrected due to an error

4) The Ethical Management Practice Pledge was not collected in 2022 due to the computerization of the pledge submission

5) Includes all of corruption/bribery, discrimination/harassment, conflicts of interest, money laundering/insider trading

6) 2021 to 2023 data was corrected due to a change in metric definition

Compliance Management

Metrics	Unit	Scope	2021	2022	2023	2024
Number of operations assessed as having corruption risks ¹⁾	No.	Global	-	-	-	2
Percentage of operations assessed as having corruption risks ¹⁾	Percentage (%)	Global	-	-	-	33
Number of compliance training participants	Person	Korea	1,313	1,255	848	882
Number of compliance training times	Case	Korea	2	2	2	2
Number of compliance legal consultations	Case	Korea	92	82	85	126
Number of environmental law violations ^{2) 3)}	Case	Global	0	0	0	0
Number of other law violations ³⁾	Case	Global	2	2	1	1
Number of fair trade law violations	Case	Global	2	1	0	0
Number of Anti-Bribery Act violations	Case	Global	0	0	0	0
Number of other law violations ⁴⁾	Case	Global	0	1	1	1
Fine for violating environmental regulations ^{2) 3)}	KRW million	Global	0	0	0	0
Fine for violating other regulations ^{3) 4)}	KRW million	Global	0	0.2	8.0	8.0

1) New data compilation for 2024

2) Monetary sanctions of USD 10,000 or more

3) Change in the reporting scope due to expansion of the compilation scope (Korea for 2023, manufacturing operations are added to global in 2024)

4) 2022 to 2023 data was corrected due to a change in metric definition

APPENDIX

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Stakeholder Engagement

HD Hyundai Construction Equipment manages key stakeholder groups by distinguishing them from other groups, including executives, employees, shareholders and investors, suppliers, customers, local communities, and industrial communities. We continuously monitor communication channels with each stakeholder group and identify relevant issues to reflect them in our management decision-making. We plan to further diversify communication channels and enhance information disclosure to ensure transparent management and effective engagement with our stakeholders.

Stakeholder Communication Channel

Classification	Communication Channel		Lead Organization	Communication Cycle	Related Issues
Employees	• HD Hyundai Construction Equipment News • Management briefing • Labor-management council • Employee satisfaction survey	• In-house reporter group • Grievances handling channel	HR	As needed, quarterly	• Strengthening talent recruitment and development • Supporting employee capacity development • Creating a healthy corporate culture and strengthening communication • Expanding support for work-life balance • Respect for human rights and promotion of diversity • Building a mutual prosperity labor-management relationship
Shareholders and investors	• General shareholders' meeting • Management information disclosure • Investment information website • Conference participation	• IR meeting • Investor meeting • Technology seminar	Finance and accounting	As needed, quarterly	• Improving transparency in management information disclosure • Strengthening the shareholder return policy and improving profitability • Enhancing business opportunity and risk management and response • Sharing industry vision and strategy
Suppliers	• Global education center • Supplier council • Supplier training	• Technical support for suppliers • Creating a shared growth fund	Purchase	As needed	• Establishing a mutual prosperity cooperation system • Strengthening the foundation for shared growth • Strengthening supplier ESG risk management • Strengthening the sustainability capabilities of our suppliers
Customers	• Field survey • VOC • Call center • Joint workshop • Customer management system	• Digital showroom • Blog • KakaoTalk channel • SNS channel	Sales, quality	As needed	• Promoting customer communication • Improving product quality • Providing customized services to customers • Strengthening technological innovation and R&D capabilities • Strengthening customer information protection
Local community	• Social contribution to local communities • Sisterhood • 1% Salary Sharing		Management support	As needed	• Increasing social contribution and strengthening communication with local communities • Increasing contribution to the local economy • Establishing and internalizing the environmental management system • Strengthening environmental impact reduction and pollution prevention management
Government	• Press release • Press conference	• Regular meeting • Operations visit (tour)	Communication	As needed	• Complying with laws and regulations and practicing ethical management • Strengthening capacity to respond to regulatory changes • Expanding public-private partnerships

Association Membership

HD Hyundai Construction Equipment actively participates in key industry associations to practice responsible management and contribute to industrial development.

Association membership	Korea Construction Equipment Manufacturers Association ¹⁾	Ulsan Plant Manager Council	Ulsan Environmental Engineers Association
	UN Global Compact Network Korea	Ulsan Yangsan Enterprises Association	Ulsan Chamber of Commerce and Industry
	Korea Enterprises Federation	Fire Safety Council of Ulsan East Fire Station	Eumseong Chamber of Commerce & Industry
	Korea Listed Companies Association	Korea Industrial Safety Association	Seongnam Chamber of Commerce & Industry
	Korea Electrical Engineers Association	Ulsan Yecheon Safety Council	Korea International Trade Association

1) Our CEO is currently serving as vice president of the association

Below is a summary of HD Hyundai Construction Equipment’s financial contributions to Korea industry-related organizations and associations.

(Unit: KRW million)

Classification	2021	2022	2023	2024
Expenditure by contribution type				
Lobbying and interest groups	0	0	0	0
Political contributions ¹⁾	0	0	0	0
Associations and tax-exempt organizations	2,663	2,135	5,410	5,272
Hyundai School ²⁾	-	-	1,071	1,503
Korea Foundation for Cooperation of Large & Small Business, Rural Affairs ²⁾	-	-	923	1,480
HD Hyundai 1% Sharing Foundation ²⁾	-	-	762	1,308
Community Chest of Korea ²⁾	-	-	477	517
Modern Foreign School ²⁾	-	-	274	464

1) We strictly comply with Article 31 (Restrictions on Contributions) of the Political Funds Act, which prohibits corporate and organizational political donations. We do not provide political funds, campaign donations, or lobbying contributions to any political party, political organization, or activities intended to influence public policy. Furthermore, we do not join or cooperate with any associations that do not comply with the Paris Agreement. In 2024, there were no climate-related lobbying activities conducted by our affiliated associations.

2) The amounts represent expenditures to the top five affiliated institutions and associations, based on total spending to associations and tax-exempt organizations.

Initiatives

HD Hyundai Construction Equipment is engaged in major Korea and international initiatives, pursuing sustainable growth while continuously fulfilling its corporate social responsibilities.

Initiative

RE100



UN Global Compact



CoREi



BNBP



TCFD



CDP



K-EV100



GRI Standards 2021 Index

Statement of use	HD Hyundai Construction Equipment reported in accordance with the GRI Standards’ reporting principles for the reporting period (January 1, 2024 to December 31, 2024).
GRI 1 used	GRI 1: Foundation 2021
Applicable GRI sector criteria(s)	As of June 2025, when HD Hyundai Construction Equipment publishes its ESG report, there is no applicable GRI Sector Standards available.

Disclosure No.	Disclosure title		Page
GRI 2: General Disclosures 2021			
The organization and its reporting practices	2-1	Organizational details	8,10
	2-2	Entities included in the organization's sustainability reporting	2
	2-3	Reporting period, frequency and contact point	2
	2-4	Restatements of information	83-93
	2-5	External assurance	103-106
Activities and workers	2-6	Activities, value chain and other business relationships	8-10
	2-7	Employees	8, 88
	2-8	Workers who are not employees	88
Governance	2-9	Governance structure and composition	13, 18, 26, 43, 49, 52, 59, 71, 75-76
	2-10	Nomination and selection of the highest governance body	76
	2-11	Chair of the highest governance body	76
	2-12	Role of the highest governance body in overseeing the management of impacts	13
	2-13	Delegation of responsibility for managing impacts	13
	2-14	Role of the highest governance body in sustainability reporting	13
	2-15	Conflicts of interest	76
	2-16	Communication of critical concerns	13, 76
	2-17	Collective knowledge of the highest governance body (expertise)	75
	2-18	Evaluation of the performance of the highest governance body	76
	2-19	Remuneration policies	77
	2-20	Process to determine remuneration	77
	2-21	Annual total compensation ratio	Confidential

Disclosure No.	Disclosure title		Page
GRI 2: General Disclosures 2021			
Strategy, policies and practices	2-22	Statement on sustainable development strategy	5-6
	2-23	Policy commitments	34, 37, 49, 53, 59, 71-72, 81
	2-24	Embedding policy commitments	34, 37, 49, 53, 59, 71-72, 81
	2-25	Processes to remediate negative impacts	51, 72
	2-26	Mechanisms for seeking advice and raising concerns	47, 72
	2-27	Compliance with laws and regulations	93
	2-28	Membership associations	96
Stakeholder engagement	2-29	Approach to stakeholder engagement	95
	2-30	Collective bargaining agreements	89
GRI 3: Material Topics 2021			
Material topics	3-1	Guidance to determine material topics	15
	3-2	List of material topics	16
Material topic - Climate change			
Material topic	3-3	Management of material topics	18-25
Economic performance	201-2	Financial implications and other risks and opportunities due to climate change	19-21
Energy	302-1	Energy consumption within the organization	85
	302-3	Energy intensity	85
	302-4	Reduction of energy consumption	23, 85
Emissions	305-1	Direct (Scope 1) GHG emissions	85
	305-2	Energy indirect (Scope 2) GHG emissions	85
	305-3	Other indirect (Scope 3) GHG emissions	85
	305-4	GHG emissions intensity	85
	305-5	Reduction of GHG emissions	23

Disclosure No.		Disclosure title	Page
Material topic - Health and Safety			
Material topic	3-3	Management of material topics	52-58
Occupational health and safety	403-1	Occupational health and safety management system	53
	403-2	Hazard identification, risk assessment, and incident investigation	54
	403-3	Occupational health services	55
	403-4	Worker participation, consultation, and communication on occupational health and safety	53
	403-5	Worker training on occupational health and safety	56
	403-6	Promotion of worker health	55
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	53
	403-8	Workers covered by an occupational health and safety management system	90
	403-9	Work-related injuries	90
	403-10	Work-related ill health	90
Material topic - Human capital			
Material topic	3-3	Management of material topics	43-48
Employment	401-1	New employee hires and employee turnover	89
	401-3	Parental leave	90
Training and education	404-1	Average hours of training per year per employee	90
	404-2	Programs for upgrading employee skills and transition assistance programs	44
	404-3	Percentage of employees receiving regular performance and career development reviews	89
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	88
	405-2	Ratio of basic salary and remuneration of women to men	89
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	72, 93
Freedom of association and collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	47
Material topic - Supply chain			
Material topic	3-3	Management of material topics	59-63
Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	91
	308-2	Negative environmental impacts in the supply chain and actions taken	61
Supplier social assessment	414-1	New suppliers that were screened using social criteria	91
	414-2	Negative social impacts in the supply chain and actions taken	91

Disclosure No.		Disclosure title	Page
Material topic - Ethical management			
Material topic	3-3	Management of material topics	71-74
Anti-corruption	205-1	Operations assessed for risks related to corruption	93
	205-2	Communication and training about anti-corruption policies and procedures	93
	205-3	Confirmed incidents of corruption and actions taken	72, 93
Anti-competitive behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	93
General Topic			
Economic performance	201-3	Defined benefit plan obligations and other retirement plans	83
Materials	301-1	Materials used by weight or volume	84
Water and effluents	303-2	Management of water discharge-related impacts	35, 86
	303-3	Water withdrawal	86
	303-4	Water discharge	86
	303-5	Water consumption	86
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	86
Emissions	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	84
Waste	306-2	Management of significant waste-related impacts	40-41
	306-3	Waste generated	87
	306-4	Waste diverted from disposal	87
	306-5	Waste directed to disposal	87
Local communities	413-1	Operations with local community engagement, impact assessments, and development programs	67-69
	413-2	Operations with significant actual and potential negative impacts on local communities.	There are no operations with significant negative impacts on the community as identified through stakeholder channels and materiality assessments.
Public policy	415-1	Political contributions	96
Customer health and safety	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	92
Marketing and labeling	417-2	Incidents of non-compliance concerning product and service information and labeling	92
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	92

ESRS Index

HD Hyundai Construction Equipment discloses key information on the environment, society, and governance in accordance with the ESRS (European Sustainability Reporting Standards), thereby strengthening transparent communication with stakeholders.

Disclosure No.	Disclosure title	Page
ESRS 2. General Disclosures		
ESRS 2 BP-1	General basis for preparation of sustainability statements	2
ESRS 2 BP-2	Disclosures in relation to specific circumstances	Not applicable
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	13, 18, 26, 43, 49, 52, 59, 71, 75, 76
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	13, 15, 16
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	18, 26, 34, 43, 52, 59
ESRS 2 GOV-4	Statement on due diligence	13, 15
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting	-
ESRS 2 SBM-1	Strategy, business model and value chain	8, 9, 10
ESRS 2 SBM-2	Interests and views of stakeholders	95
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	10, 16
ESRS 2 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	15, 16, 79
ESRS 2 IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	99, 100
ESRS E1. Climate change		
ESRS E1-1	Transition plan for climate change mitigation	22
ESRS E1-2	Policies related to climate change mitigation and adaptation	34
ESRS E1-3	Actions and resources in relation to climate change policies	21,22
ESRS E1-4	Targets related to climate change mitigation and adaptation	22,25
ESRS E1-5	Energy consumption and mix	25
ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	25
ESRS E1-7	GHG removals and GHG mitigation projects financed through carbon credits	22
ESRS E1-8	Internal carbon pricing	23
ESRS E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	21

Disclosure No.	Disclosure title	Page
ESRS E3. Water and Marine Resources		
ESRS E3-1	Policies related to water and marine resources	34
ESRS E3-2	Actions and resources related to water and marine resources	35
ESRS E3-3	Targets related to water and marine resources	34, 35
ESRS E3-4	Water consumption	35, 86
ESRS E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	-
ESRS E4. Biodiversity and Ecosystems		
ESRS E4-1	Transition plan and consideration of biodiversity and ecosystems in strategy and business model	-
ESRS E4-2	Policies related to biodiversity and ecosystems	37
ESRS E4-3	Actions and resources related to biodiversity and ecosystems	39
ESRS E4-4	Targets related to biodiversity and ecosystems	-
ESRS E4-5	Impact metrics related to biodiversity and ecosystems change	69
ESRS E4-6	Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities	39
ESRS E5. Resource Use and Circular Economy		
ESRS E5-1	Policies related to resource use and circular economy	34
ESRS E5-2	Actions and resources related to resource use and circular economy	40
ESRS E5-3	Targets related to resource use and circular economy	40
ESRS E5-4	Resource inflows	84
ESRS E5-5	Resource outflows	87
ESRS E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	-

Disclosure No.	Disclosure title	Page
ESRS S1. Own Workforce		
ESRS S1-1	Policies related to own workforce	49, 53
ESRS S1-2	Processes for engaging with own workers and workers' representatives about impacts	46, 47, 52
ESRS S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	51
ESRS S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	50, 54
ESRS S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	48, 51, 58
ESRS S1-6	Characteristics of the undertaking's employees	88
ESRS S1-7	Characteristics of non-employees in the undertaking's own workforce	88
ESRS S1-8	Collective bargaining coverage and social dialogue	89
ESRS S1-9	Diversity metrics	89, 90
ESRS S1-10	Adequate wages	-
ESRS S1-11	Social protection	47
ESRS S1-12	Persons with disabilities	88
ESRS S1-13	Training and skills development metrics	89, 90
ESRS S1-14	Health and safety metrics	90
ESRS S1-15	Work-life balance metrics	-
ESRS S1-16	Remuneration metrics (pay gap and total remuneration)	93
ESRS S1-17	Incidents, complaints and severe human rights impacts	90, 91, 93
ESRS S2. Workers in the Value Chain		
ESRS S2-1	Policies related to value chain workers	59
ESRS S2-2	Processes for engaging with value chain workers about impacts	63
ESRS S2-3	Processes to remediate negative impacts and channels for value chain workers to raise concerns	63
ESRS S2-4	Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action	61, 63
ESRS S2-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	58, 63

Disclosure No.	Disclosure title	Page
ESRS G1. Business Conduct		
ESRS G1-1	Business conduct policies and corporate culture	71
ESRS G1-2	Management of relationships with suppliers	61, 73
ESRS G1-3	Prevention and detection of corruption and bribery	72, 73
ESRS G1-4	Incidents of corruption or bribery	93
ESRS G1-5	Political influence and lobbying activities	93
ESRS G1-6	Payment practices	-

TCFD Index

HD Hyundai Construction Equipment has identified both actual and potential financial impacts of climate change in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and has established appropriate response strategies and a risk management system.

Disclosure No.	Disclosure title	Page
Governance	a) Describe the board’s oversight of climate-related risks and opportunities.	18
	b) Describe management’s role in assessing and managing climate-related risks and opportunities.	18
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	18, 19
	b) Describe the impact of climate-related risks and opportunities on the organization’s businesses, strategy, and financial planning.	19
	c) Describe the resilience of the organization’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	20,21
Risk management	a) Describe the organization’s processes for identifying and assessing climate-related risks.	25
	b) Describe the organization’s processes for managing climate-related risks.	25
	c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization’s overall risk management.	25
Metrics and targets	a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	25
	b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks.	25
	c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets.	25

TNFD Index

HD Hyundai Construction Equipment has assessed the actual and potential financial impacts of natural capital on our business operations in alignment with the guidelines of the Taskforce on Nature-related Financial Disclosures (TNFD), and has developed a strategic direction and risk management system.

Disclosure No.	Disclosure title	Page
Governance	A Describe the board’s oversight of nature-related dependencies, impacts, risks and opportunities	37
	B Describe management’s role in assessing and managing nature-related dependencies, impacts, risks, and opportunities	37
	C Describe the organization’s human rights policies and engagement activities, and oversight by the board and management, with respect to Indigenous Peoples, Local Communities, affected and other stakeholders, in the organization’s assessment of, and response to, nature-related dependencies, impacts, risks and opportunities	-
Strategy	A Describe the nature-related dependencies, impacts, risks and opportunities the organization has identified over the short, medium and long term	38, 39
	B Describe the effect nature-related dependencies, impacts, risks and opportunities have had on the organization’s business model, value chain, strategy and financial planning, as well as any transition plans or analysis in place	-
	C Describe the resilience of the organization’s strategy to nature-related risks and opportunities, taking into consideration different scenarios	-
	D Disclose the locations of assets and/or activities in the organization’s direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations	37, 38
Risk and impact management	A-(i) Describe the organization’s processes for identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities in its direct operation	37, 38, 39
	A-(ii) Describe the organization’s processes for identifying, assessing and prioritizing nature-related dependencies, impacts, risks and opportunities in its upstream and downstream value chain(s)	37
	B Describe the organization’s processes for managing nature-related dependencies, impacts, risks and opportunities	37
	C Describe how processes for identifying, assessing, prioritizing and monitoring nature-related risks are integrated into and inform the organization’s overall risk management processes	-
Metrics and targets	A Disclose the metrics used by the organization to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process	-
	B Disclose the metrics used by the organization to assess and manage dependencies and impacts on nature	-
	C Describe the targets and goals used by the organization to manage nature-related dependencies, impacts, risks and opportunities and its performance against these	-

SASB Index

The SASB index is prepared in accordance with the Industrial Machinery & Goods industry standard for the Resource Transformation (RT-IG) sector.

Topic	Type	Code	Metric name	Page
Energy management	Quantitative	RT-IG-130A.1	(1) Total energy consumed (GJ)	85
			(2) Percentage grid electricity and	85
			(3) Percentage renewable	85
Workforce Health and Safety	Quantitative	RT-IG-320A.1	(1) Total recordable incident rate (TRIR)	90
			(2) Fatality rate	90
			(3) Near Miss Frequency Rate (NMFR)	-
Fuel Economy and Emissions in Use-phase	Quantitative	RT-IG-410A.1	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	-
	Quantitative	RT-IG-410A.2	Sales-weighted fuel efficiency for non-road equipment	-
	Quantitative	RT-IG-410A.3	Sales-weighted fuel efficiency for stationary generators	-
	Quantitative	RT-IG-410A.4	(a) Sales-weighted emissions of NOx and PM for marine diesel engines	-
			(b) Sales-weighted emissions of NOx and PM for locomotive diesel engines	-
			(c) Sales-weighted emissions of NOx and PM for on-road medium- and heavy-duty engines	-
			(d) Sales-weighted emissions of NOx and PM for other non-road diesel engines	-
Materials Sourcing	Discussion and Analysis	RT-IG-440A.1	Description of the management of risks associated with the use of critical materials	60
Remanufacturing design and service	Quantitative	RT-IG-440B.1	Revenue from remanufactured products and remanufacturing services	84
Activity Metric	Quantitative	RT-IG-000.A	Number of units produced by product category	10
			(1) Vehicle, and agricultural and construction equipment	
			(2) Engine and power generation equipment	
			(3) Parts and components	
	Quantitative	RT-IG-000.B	Number of employees	88

UNGC

HD Hyundai Construction Equipment joined the UNGC, a global corporate citizenship initiative that presents 10 principles in the areas of human rights, labor, environment, and anti-corruption, in December 2021. We support the 10 principles of the UNGC and make efforts to fulfill our responsibilities as a global corporate citizen.

Human rights	1. Businesses should support and respect the protection of internationally proclaimed human rights; and 2. make sure that they are not complicit in human rights abuses.
Labor	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining; 4. the elimination of all forms of forced and compulsory labor; 5. the effective abolition of child labor; and 6. the elimination of discrimination in respect of employment and occupation.
Environment	7. Businesses should support a precautionary approach to environmental challenges; 8. undertake initiatives to promote greater environmental responsibility; and 9. encourage the development and diffusion of environmentally friendly technologies.
Anti-corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.



Independent Assurance Opinion Statement

To: The Stakeholders of HD HYUNDAI CONSTRUCTION EQUIPMENT

Overview

The British Standards Institution (hereinafter referred to as the ‘Assurer’) was requested to verify the HD Hyundai Construction Equipment’s 2024 Sustainability Report (hereinafter referred to as the ‘Report’). The Assurer is independent to HD Hyundai Construction Equipment and has no major operational financial interest other than the assurance of the Report. This assurance opinion statement is intended to provide information related to the assurance of the HD Hyundai Construction Equipment’s report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any other purpose. This assurance opinion statement is prepared based on the information presented by the HD Hyundai Construction Equipment. The verification does not extend beyond such information and is solely based on it. In performing such verification, the Assurer has assumed that all such information is complete and accurate.

HD Hyundai Construction Equipment is responsible for managing the relevant information contained within the scope of assurance, operating the relevant internal control procedures, and for all information and claims contained in the Report. Any queries that may arise by virtue of this independent assurance opinion statement or matters relating to it should be addressed to HD Hyundai Construction Equipment only.

The Assurer is responsible for providing HD Hyundai Construction Equipment’s management team with an independent assurance opinion containing professional opinions derived by applying the assurance methodology to the scope specified, and to provide the information to all stakeholders of HD Hyundai Construction Equipment. The Assurer will not, in providing this independent assurance opinion statement, accept or assume responsibility (legal or otherwise) or accept liability for or in connection with any other purpose for which it may be used, or to any person or party by whom the independent assurance opinion statement may be read.

Scope

The scope of engagement agreed upon with HD Hyundai Construction Equipment includes the following:

- Report contents during the period from January 1st to December 31st 2024 included in the Report, some data of 2025 are included.
- Major assertion included in the Report, such as sustainability management policies and strategies, goals, projects, and performance, and the Report contents related to material issues determined as a result of materiality assessment.
- Appropriateness and consistency of processes and systems for data collection, analysis and review.
- Confirmation of the Report’s compliance with the AA1000 Accountability Four Principles and, where applicable, the reliability of the sustainability performance information contained within the Report, based on the type of sustainability assurance performed in accordance with AA1000 AS v3.

The following contents were not included in the scope of assurance.

- Financial information in Appendix.
- Index items related to other international standards and initiatives other than the GRI.
- Other related additional information such as the website, business annual report.

Assurance Level and Type

The assurance level and type are as follows;

- Moderate level based on AA1000 AS and Type 2 (confirmation to the four principles as described in the AA1000 Accountability Principle 2018 and quality and reliability of specific performance information published in the report.)

Description and Sources of Disclosures Covered

Based on the scope and methodology of assurance applied, the Assurer reviewed the following disclosures based on the sampling of information and data provided by HD Hyundai Construction Equipment.

[Universal Standards]

2-1 to 2-5 (The organization and its reporting practices), 2-6 to 2-8 (Activities and workers), 2-9 to 2-21 (Governance), 2-22 to 2-28 (Strategy, policies and practices), 2-29 to 2-30 (Stakeholder engagement), 3-1 to 3-3 (Material Topics Disclosures)

[Topic Standards]

201-2&3, 205-1~3, 206-1, 301-1, 302-1,3&4, 303-3~5, 304-4, 305-1~5&7, 306-2~5, 308-1&2, 401-1&3, 403-1~10, 404-1~3, 405-1&2, 406-1, 407-1, 413-1&2, 414-1&2, 415-1, 416-1, 417-2, 418-1

Methodology As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities; • Validation of the materiality assessment and internal analytical process for determining assurance priorities, and a top-level review of issues that may be raised by external stakeholders in the context of sustainability. • Discussion with managers and representatives on stakeholder engagement. • Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments. • Review of the system for sustainability management strategy process and implementation. • Review of the materiality issue analysis process and prioritization and verifying the results. • Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures. • An assessment of HD Hyundai Construction Equipment’s reporting and management processes against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 Accountability Principles Standard (2018). • Visit of the Headquarters of HD Hyundai Construction Equipment to confirm the data collection processes, record management practices.	Opinion Statement The assurance was conducted by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. The Assurer planned and performed the verification and collected sufficient evidence to explain HD Hyundai Construction Equipment’s approach to the AA1000 Assurance Standard and to provide confidence in its self-declaration of compliance with the GRI Standards. On the basis of our methodology and the activities described above, it is our opinion that the information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.
Limitations and Approach Used to Mitigate Limitations The Assurer performed limited verification for a limited period based on the data provided by HD Hyundai Construction Equipment. It implies that the Assurer is therefore subject to limitations relating to inherent risks that may exist without the identification of material errors. The Assurer does not provide assurance on possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.	Conclusions The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards). A detailed review against the AA1000 Accountability Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards is set out as below.
Competency and Independence British Standards Institution (BSI) is a leading global standards and assessment body founded in 1901. BSI is an independent professional institution that specializes in quality, health, safety, social and environmental management with over 120 years history in providing independent assurance services globally. No member of the assurance team has a business relationship with HD Hyundai Construction Equipment. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group’s assurance standard methodology.	Inclusivity: Stakeholder Engagement and Opinion HD Hyundai Construction Equipment has identified customers, employees, partners, shareholders/investors, and local communities as key stakeholders. The company has established and operates various communication channels and engagement cycles tailored to each stakeholder group. Through its stakeholder engagement process, HD Hyundai Construction Equipment collects expectations and diverse opinions from core stakeholder groups, incorporates the resulting key issues into sustainability-related decision-making, and transparently discloses this process in its sustainability report.
	Materiality: Identification and Reporting of Material Sustainability Topics HD Hyundai Construction Equipment has established a double materiality assessment process to develop sustainability strategies and identify key reporting issues. This assessment follows the European Sustainability Reporting Standards (ESRS), incorporating disclosure indicators, human rights impact assessments, and industry-specific frameworks to create a long list of sustainability issues. Based on an analysis of previous year’s material issues, ESG management strategies, KPIs, industry trends, and media research, the company identified a pool of 23 key issues. Through Impact Materiality Assessment (evaluating environmental and social impacts) and Financial Materiality Assessment (assessing financial implications), 11 core material issues were selected and disclosed in the sustainability report.

Responsiveness: Responding to Material Sustainability Topics and Related Impacts

HD Hyundai Construction Equipment has identified the impact, risks, and opportunities of its key material issues determined through the double materiality assessment results. Based on this evaluation, the company has established business impact assessments, strategic approaches, and mid-to-long-term goals for each material issue. The performance metrics and objectives related to these issues are systematically reported in its sustainability report.

Impact: Impact of an Organization’s Activities and Material Sustainability Topics on the Organization and Stakeholders

HD Hyundai Construction Equipment has established a process to identify and evaluate the impact on organizations and stakeholders related to key material issues. The results of the analysis of impact, risk, and opportunity factors for key material issues are used in decision-making to establish response strategies for each issue, and the process is disclosed through reports.

Findings and Conclusions Concerning the Reliability and Quality of Specified Performance Information

Among the GRI Topic Standards, an assurance Type 2 was conducted against the following disclosures based on the information and data provided by HD Hyundai Construction Equipment. In order to verify the reliability and accuracy of the data and information, internal control procedures related to data processing, and management were verified through interviews with the responsible department, and accuracy was verified through sampling. Errors and intentional distortions in sustainability performance information included in the Report were not found through assurance processes. The HD Hyundai Construction Equipment manages the sustainability performance information through reliable internal control procedures and can track the process of deriving the source of the performance. Errors and unclear expressions found during the assurance process were corrected and the Assurer confirmed the final version of the Report prior to its final publication.

[Type 2 Disclosures]
302-1&3, 303-3~5, 305-1, 2, 3, 4&7, 306-3~5, 308-1, 403-1, 8, 9&10

Recommendations and Opportunity for Improvement

The Assurer provides the following observations to the extent that they do not affect the assurance opinion;

- Corporate governance is a key factor that determines a company’s sustainability and responsible management from an ESG perspective. To strengthen governance capabilities, it is essential to understand ESG trends and changes in global regulations, while improving decision-making abilities regarding industry-specific ESG risks and opportunities. This requires systematic strategy development and implementation to enhance governance decision-making processes and strengthen expertise in relevant fields.

• Through double materiality assessment, HD Hyundai Construction Equipment identified climate change response as a significant issue and reported on various improvement activities including strengthening climate change response governance systems, establishing response strategies through climate change risk and opportunity analysis, carbon reduction roadmap and carbon neutrality implementation performance, and renewable energy adoption. The company’s responsiveness to climate change can be enhanced by systematically managing the metrics and performance of project outcomes related to mid to long-term implementation strategies, establishing internal monitoring systems, and reporting on these measures.

GRI-reporting

HD Hyundai Construction Equipment has self-declared compliance with GRI Standards. Based on the data and information provided by HD Hyundai Construction Equipment, the Assurer confirmed that the Report is prepared in accordance with the GRI Standards, and confirmed there are no errors in the disclosures related to the Universal Standards and Topic Standards Indicators. No sector standard is applied.

Issue Date: 12/06/2025

For and on behalf of British Standards Institution (BSI):

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Verification Opinion on Greenhouse Gas Emissions

HD Hyundai Construction Equipment Co., Ltd.

Introduction

DNV Business Assurance Korea Co., Ltd. (hereinafter referred to as 'DNV') conducted a third-party verification of the greenhouse gas statement of HD Hyundai Construction Equipment Co., Ltd. (hereinafter referred to as 'the Company'). The Company is responsible for preparing the Greenhouse Gas Emissions Statement based on the verification standard, 'WRI/WBCSD GHG Protocol: A Corporate Accounting and Reporting Standard' and 'IPCC Guidelines: 2006' and has full responsibility for the content of the Greenhouse Gas Emissions Statement. DNV assumes no liability towards any third party other than the client under the terms and conditions of the verification agreement in relation to this verification review.

Purpose and Scope of Verification

The purpose of this verification is to provide an independent assessment of the Company's greenhouse gas emissions statement. The verification scope includes:

- Organizational boundary: Ulsan Campus operations of HD Hyundai Construction Equipment Co., Ltd.
- Operational boundary: Scope 1 (direct emissions), Scope 2 (indirect emissions)
- Reporting period: January 1, 2024 to December 31, 2024

Verification Method

This verification was conducted with a limited level of assurance in accordance with the verification principles and requirements of ISO 14064-3:2019. DNV has established a verification plan to obtain sufficient information and data necessary to form an assurance conclusion on the Company's greenhouse gas statement, and the verification conclusion has been made by applying the 5% materiality assessment criterion. As part of the verification process, the following aspects were verified:

- The appropriateness of greenhouse gas data management, data collection, emissions calculation, and reporting procedures
- The greenhouse gas inventory was compiled based on measured values and is subject to inherent limitations arising from estimation, calculation, and final determination of reported data.

Conclusion

Based on our verification of the Company's greenhouse gas emissions statement in accordance with the aforementioned verification standards, no material misstatements or inappropriate estimations were found.

- We therefore issue an 'appropriate' opinion on the greenhouse gas emissions statement.

(Unit: tCO₂eq)

Operations	Direct emissions (Scope 1)	Indirect emissions (Scope 2)	Total emissions
Ulsan	6,537.9	6,632.3	13,170

※ The above greenhouse gas emissions are rounded to report as integers, resulting in differences less than e ± 1 tCO₂eq which may occur.



CEO Jangseop Lee

DNV Business Assurance Korea Co., Ltd.



Verification Opinion on Greenhouse Gas Emissions

HD Hyundai Construction Equipment Co., Ltd.

Verification Scope:

- Direct GHG emissions (Scope 1) and indirect GHG emissions (Scope 2) from domestic operations in 2024

Verification Data:

- The annual GHG emissions corresponding to direct GHG emissions (Scope 1) and indirect emissions (Scope 2) in 2024 are as follows:

(Unit: tCO₂eq)

Operations	Direct emissions (Scope 1)	Indirect emissions (Scope 2)	Total emissions in 2024
Yongin	150.723	3,158.984	3,309
Eumseong	262.397	1,388.264	1,650
Gunsan	41.533	56.044	97
Boryeong	576.937	-	576
Bundang	114.828	657.658	772
Total	1,146.418	5,260.950	6,404

※ Decimal places are truncated.

Greenhouse Gas-related Standards and Guidelines used for Verification:

At the request of HD Hyundai Construction Equipment, the GHG emissions statement was verified using the following criteria and guidelines.

- ISO 14064-1:2018 & ISO 14064-3:2019
- 2006 IPCC Guidelines
- Guidelines on reporting and certification of emissions under the greenhouse gas emissions trading system
- BSI GHG emissions verification manual

Verification Opinion:

Based on the verification conducted in accordance with the relevant greenhouse gas emissions standards and guidelines, BSI Group Korea provides the following verification opinion

- Scope 1 and 2 greenhouse gas emissions from HD Hyundai Construction Equipment’s domestic operations were verified at a limited level of assurance. The quality of the reported data is found to comply with key international principles for GHG emissions verification.
- No material discrepancies were identified in the calculation of GHG emissions during the verification process, and there was no evidence to suggest that relevant documentation and supporting data were improperly managed.
- Accordingly, the BSI Group Korea verification team issues an ‘appropriate’ verification opinion.



Verification Opinion on Scope 3 Emissions

HD Hyundai Construction Equipment Co., Ltd.

Verification Scope

- Scope 3 greenhouse gas emissions of HD Hyundai Construction Equipment Co., Ltd. in 2024.
- Emission sources were systematically identified and greenhouse gas emissions were calculated for the reporting operations using the operational control approach, in full compliance with the WRI/WBCSD GHG Protocol methodology.
 - To calculate Scope 3 emissions, greenhouse gas emissions were estimated from the following categories: purchased goods and services, capital goods, fuel- and energy-related activities not included in Scope 1 or 2, upstream transportation and logistics, waste generated in operations, business travel, employee commuting, downstream transportation and logistics, use of sold products, disposal of products sold, and investments.

Verification Data

Scope 3 greenhouse gas emissions of HD Hyundai Construction Equipment Co., Ltd. in 2024 are as follows.

(Unit: tCO₂e)

Category		Scope 3 emissions
Category 1	Purchased products and services	106,941
Category 2	Capital goods	202
Category 3	Activities related to fuel & energy, which are not included in the scope 1 or 2.	2,133
Category 4	Upstream transportation and logistics	96,018
Category 5	Waste generated during operation	844
Category 6	Business travel	1,929
Category 7	Employee commuting	55
Category 9	Downstream transportation and logistics	98,046
Category 11	Use of sold products	8,510,763
Category 12	Disposal of sold products	2,021
Category 15	Investments	0.4
Total		8,818,952

※ Scope 3 emissions were calculated in accordance with the WRI/WBCSD GHG Protocol Corporate Value Chain (Scope 3) Standard. Details on the calculation, including limitations and assumptions, are provided in the verification report.

Greenhouse Gas-related Standards and Guidelines used for Verification

- At the request of HD Hyundai Construction Equipment Co., Ltd., the GHG emissions statement was verified using the following criteria and guidelines.
- ISO14064-1:2018 & ISO 14064-3:2019
 - WBCSD/WRI GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard
 - 2006 IPCC Guidelines
 - BSI GHG emissions verification manual
- BSI Group Korea's standard confidentiality principles apply to all activities related to verification.

Verification Opinion

- Based on the verification conducted in accordance with the relevant greenhouse gas emissions guidelines, BSI provides the following verification opinion
- This verification was conducted with a limited level of assurance based on the activity data and supporting evidence provided by HD Hyundai Construction Equipment Co., Ltd.
 - No material discrepancies were identified in the calculation of GHG emissions during the verification process, and there was no evidence to suggest that relevant documentation and supporting data were improperly managed. Accordingly, the BSI Group Korea verification team issues an 'appropriate' verification opinion.

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For and on behalf of BSI:
Issue : 09/06/2025
Managing Director Korea, **SeongHwan Lim**



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