

# HD Hyundai XiteSolution 2024 ESG Report



# About this Report

## About this Report

HD Hyundai XiteSolution is the holding company of the HD Hyundai Construction Equipment Sector. Committed to embedding Environmental, Social, and Governance (ESG) principles across all aspects of our business operations, we publish a consolidated ESG report to share with stakeholders both our financial and non-financial performance as well as how these outcomes contribute to long-term corporate value. This report is our second ESG report.

## Reporting Principle

This report has been prepared in accordance with the requirements of the Global Reporting Initiative (GRI) Standards 2021 as the global framework for sustainability reporting, and the Sustainability Accounting Standards Board (SASB) industry specific standards were applied to reflect industry-specific material topics. In addition, the report was prepared in consideration of the disclosure recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) for climate change related information and the Task Force on Nature-related Financial Disclosures (TNFD) for biodiversity-related information. All financial information presented in this report has been prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS).

## Reporting Period

This report focuses on our sustainability activities and performance from January 1 to December 31, 2024. Depending on the timeliness and importance of the information, some sections include data from the first half of 2025, and quantitative performance data is based on 2023 and 2024.

## Reporting Scope

HD Hyundai XiteSolution's consolidated financial statements are prepared by including the financial information of the headquarters, domestic and overseas subsidiaries, and reporting on sustainability management and performance is primarily based on operations in Korea. However, some qualitative and quantitative data also reflect information from overseas operations. The detailed reporting scope for each quantitative data is separately specified in the 'ESG DATABOOK'

## Inquiry About This Report

This report is published in Korean and English and is disclosed on the website (www.hd-xitesolution.com) to increase information accessibility for various stakeholders. For inquiries about the report, please contact us at hdx.esg@hd.com.

## Disclaimer on Forecast Information

The forward-looking activities, events, and phenomena described in this report are based on plans and financial forecasts as of the time of publication, relying 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 the changes in the environment. Please note that this report also includes risks, uncertainties, and other factors that may cause significant differences between the projected and actual results.



## Cover Story

This report is guided by the core message 'Transparency Within Strength,' 'A Responsible Future Driven by Technology,' expressing HD Hyundai XiteSolution's sincere commitment to sustainable management. As a futuristic construction machine concept featured on the cover, 'FUTURE-X' symbolizes a technological vision for a sustainable future.

## Publishing Information

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# INTRODUCTION

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# Leadership Letter

To our esteemed stakeholders,  
Thank you for your support and interest in the HD Hyundai Construction Equipment Sector.

HD Hyundai XiteSolution serves as our intermediate business holding company and pursues “technology-driven future strategy and ESG integration” as our core management principles to achieve sustainable growth in a rapidly changing industrial environment. Based on this principle, we are leading a paradigm shift in the construction equipment industry and steadily strengthening ESG-based leadership in global markets.

Together with our affiliates HD Hyundai Construction Equipment and HD Hyundai Infracore, we will continue striving toward becoming a global top-tier company as follows:

**We will strengthen the R&D system to lead technological development in construction equipment.**

We are strengthening our R&D system which integrates technologies such as electrification, autonomous operation, and AI-based technologies to lead future construction equipment technology. We established a joint research center with CNH Industrial in North America in 2024 and entered a tripartite agreement with European companies in 2025 to demonstrate autonomous technologies, expanding global technological collaboration. Through our Technology Institute, which consolidates our technology development capabilities, we are improving R&D efficiency and building a next-generation product portfolio based on batteries and smart modules to preemptively respond to structural transitions in future industries.

**We will proactively address the climate crisis by increasing renewable energy generation and developing decarbonized products.**

Targeting RE100 by 2040 and net zero by 2050, we are actively investing in renewable energy infrastructure and external sourcing; in addition, we are promoting decarbonized product strategies across the entire supply chain based on the 'Well-to-Tank' lifecycle approach. We, mainly HD Hyundai XiteSolution, are making these efforts.

**We will reinforce ESG practices with a stronger focus on field operations.**

We are creating a practical ESG culture by increasing the use of renewable energy, supporting supplier ESG, and enhancing safety management. ESG is further embedded into our business operations through employee engagement in social contribution and the prevention of serious accidents. We will continue to strengthen the trust of our customers and stakeholders in us through transparent, data-based information disclosure and responsible management.

Through continuous technological innovation and ESG internalization, we will continue our responsible journey toward a sustainable future. We will respond ahead of change, create new value through innovation, and solidify our position as a sustainable leader in the global construction equipment industry.

We sincerely ask for the continued support and encouragement of all shareholders, customers, and stakeholders.  
Thank you.

CEO Cho Young-cheul



CEO Lee Dong-wook



# Sustainability Performance

2040 RE100



**5.1%**  
 (global RE100 implementation rate)

Low-carbon Product Sales Ratio



**25%**  
 (KRW 1.587 trillion)

Waste Recycling Rate



**92%**  
 (based on global operations)

2024 Dividends paid



**KRW 23.9 billion**  
 (consolidated, paid in 2025)

Supplier Financial Assistance



**KRW 186.1 billion**

Disclosure of Suppliers' Health and Safety Goals



**LTIR 0.2**

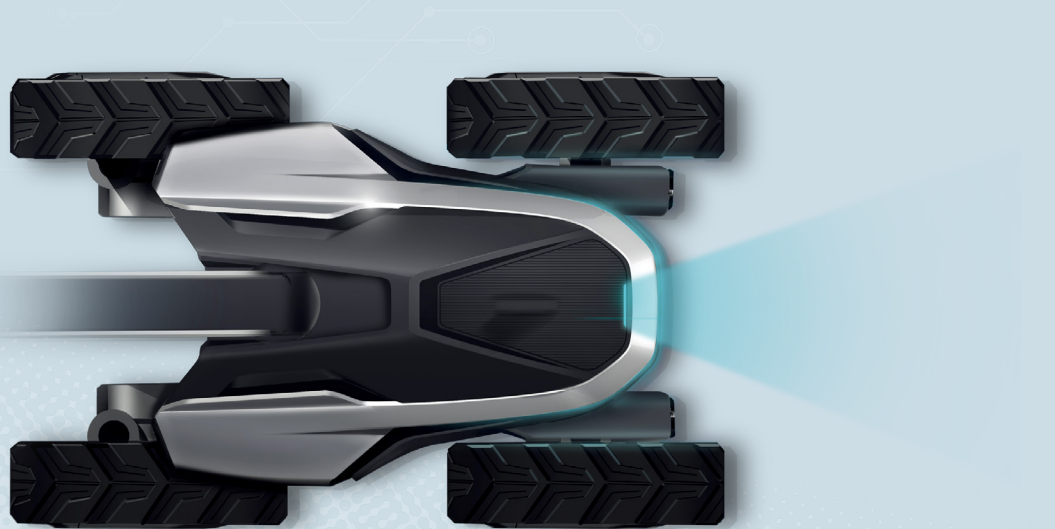
Supplier ESG Assessments



**665 suppliers**

Global RE100 Initiative

**RE 100**



Task Force on Climate-Related Financial Disclosures



**TCFD** | TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

Carbon Disclosure Project



**CDP**  
 DRIVING SUSTAINABLE ECONOMIES

Corporate Renewable Energy Initiative



**COREI**  
 기업 재생에너지 이니셔티브

Business and Biodiversity Platform



**BNBP**

# Company Overview

The HD Hyundai Construction Equipment Sector is part of the machinery and robotics division within the HD Hyundai Group, sharing the Group's mission and vision. The Sector is composed of three companies including the intermediate business holding company HD Hyundai XiteSolution and our key subsidiaries HD Hyundai Construction Equipment and HD Hyundai Infracore. Each company operates its own construction equipment business, and they aim to achieve greater efficiency and sustainable growth through corporate integration and capability sharing.

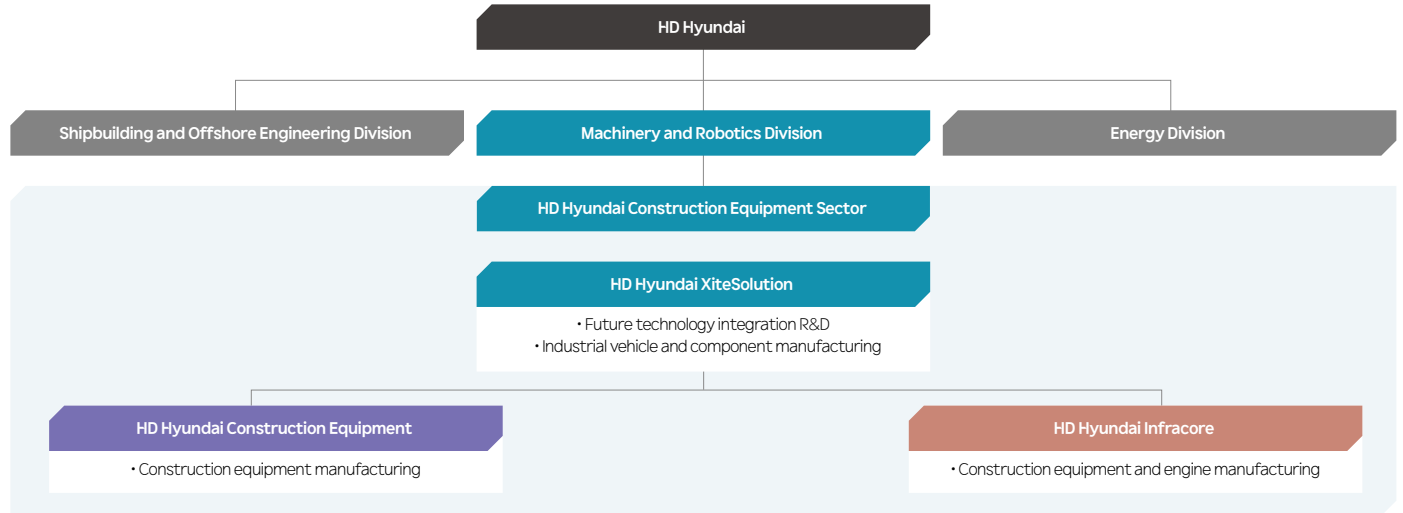
As the intermediate business holding company, HD Hyundai XiteSolution acquired stakes in component businesses and hydraulic machinery manufacturers in 2021, establishing a robust core parts supply system. In 2022, it expanded its business scope by acquiring the industrial vehicle business from HD Hyundai Construction Equipment. Based on the synergy created between subsidiaries, HD Hyundai XiteSolution provides comprehensive solutions to construction, industrial, and logistics sites and aims to leap forward as a "Global top-tier" company centered on autonomous technologies, fuel efficiency improvement, and low-carbon technologies.

HD Hyundai Construction Equipment focuses on manufacturing and selling construction equipment such as excavators and wheel loaders. The company conducts global business through domestic operations in Ulsan, Eumseong, and Gusan as well as overseas operations in India, China, and Brazil. The R&D division focuses on core component development—supported by the Technology Innovation Centers in Bundang and Yongin—and holds numerous patents, designs, and trademarks. Based on this, it focuses on the advancement of electric and hydrogen excavators, aiming for "Building a Comfortable Tomorrow" to encompass the convenience of equipment, workplace environments, and everyday life.

2024 Sustainability Report of HD Hyundai Construction Equipment [🔗](#)

HD Hyundai Infracore conducts global business with focus on construction machinery and engines manufacturing while supplying excavators, wheel loaders, and engines worldwide through production facilities in Korea and abroad. Since joining the HD Hyundai Group in 2021, it has operated as a subsidiary of HD Hyundai XiteSolution. Looking ahead, it aims to strengthen R&D capabilities and develop autonomous technologies to improve worksite safety and productivity. Guided by the principle of "Powered by Innovation," it seeks to become a sustainable future leader by going beyond providing the highest-quality products to customers.

2024 Sustainability Report of HD Hyundai Infracore [🔗](#)



Company name	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Year of establishment	2021	1985	1937
CEO	Cho Young-cheul, Lee Dong-wook	Choi Cheol-gon	Cho Young-cheul, Oh Seung-hyun
Headquarters address	477, Bundang Suseo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do	477, Bundang Suseo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do	489 Injung-ro, Dong-gu, Incheon
Businesses	Other machinery and equipment manufacturing	Manufacturing machinery and equipment for construction and mining	Production and sales of construction equipment and engines
Main products	Industrial vehicles, etc.	Excavators, Wheel Loaders, Special Equipment, etc.	Excavators, Wheel Loaders, Engines, etc.
Number of employees <sup>1)</sup>	1,591	3,970	4,405

1) Based on global operations

# Business Introduction

## Construction Equipment

We manufacture and sell equipment used for excavation, material handling, and crushing across a wide range of industries—including large-scale infrastructure projects such as roads and buildings, mining, agriculture, and forestry. We are currently offering electric excavators to meet the sustainability needs of our construction industry customers, with plans to expand the product lineup in the near future. We are also continuing our investments in the development of construction equipment powered by hydrogen fuel cells, contributing to the creation of low-carbon construction sites.



Excavator



Wheel Loader

**Product Family** Excavators, Wheel Loaders, Articulated Dump Trucks, Backhoe Loaders, Bulldozers, Special Equipment

## Smart Solutions

We offer integrated workplace improvement services that utilize digitalized, monitoring technology, autonomous devices to enhance user convenience and safety while reducing impact on the environment. We are working to continuously improve our services.

**Product Family** XiteCloud 2.0, Hi MATE, Hi CARE, Hi ASSIST, Hyundai Connect app, Hi DETECT, Remote Control

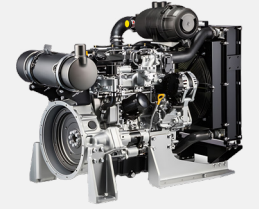


XiteCloud

## Engines

We provide customers with the necessary engines for various industries including generator, industrial, automotive, and marine engines. We have developed the e-Powerpack in response to low-carbon demand, and are increasing R&D activities in the hybrid powertrain field for commercialization.

**Product Family** Diesel and Gas Engines for Generators, Industrial Engines for Construction Equipment, Agricultural Equipment, Logistics Equipment, Power Units, and Pump Engines, Diesel Engines and Cng Engines for Vehicles, Ship Main and Auxiliary Engines



Industrial Engine

## Industrial Vehicles

The industrial vehicle business manufactures and sells forklifts, tractors, and transport vehicles needed in various industrial fields such as logistics, distribution, shipbuilding, steel, automobiles, and chemicals. To reduce carbon emissions and improve customer convenience, we provide electric and autonomous forklifts and are continuing our investments in R&D to develop hydrogen-based industrial vehicles that can operate without carbon fuel.

**Product Family** Forklifts, Skid Steer Loaders

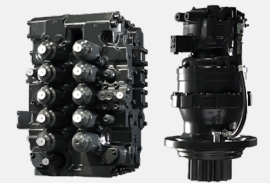


Forklift

## Components

We independently manufacture the key components used in our products, thereby securing procurement efficiency and production stability. We are also focusing on the development of electro-hydraulic functional products that can apply fuel efficiency improvement technology during the power transmission process.

**Product Family** Drive Motor, Swing Motor, Mcv (Main Control Valve), Hydraulic Cylinder, Transmission, Drive Axle



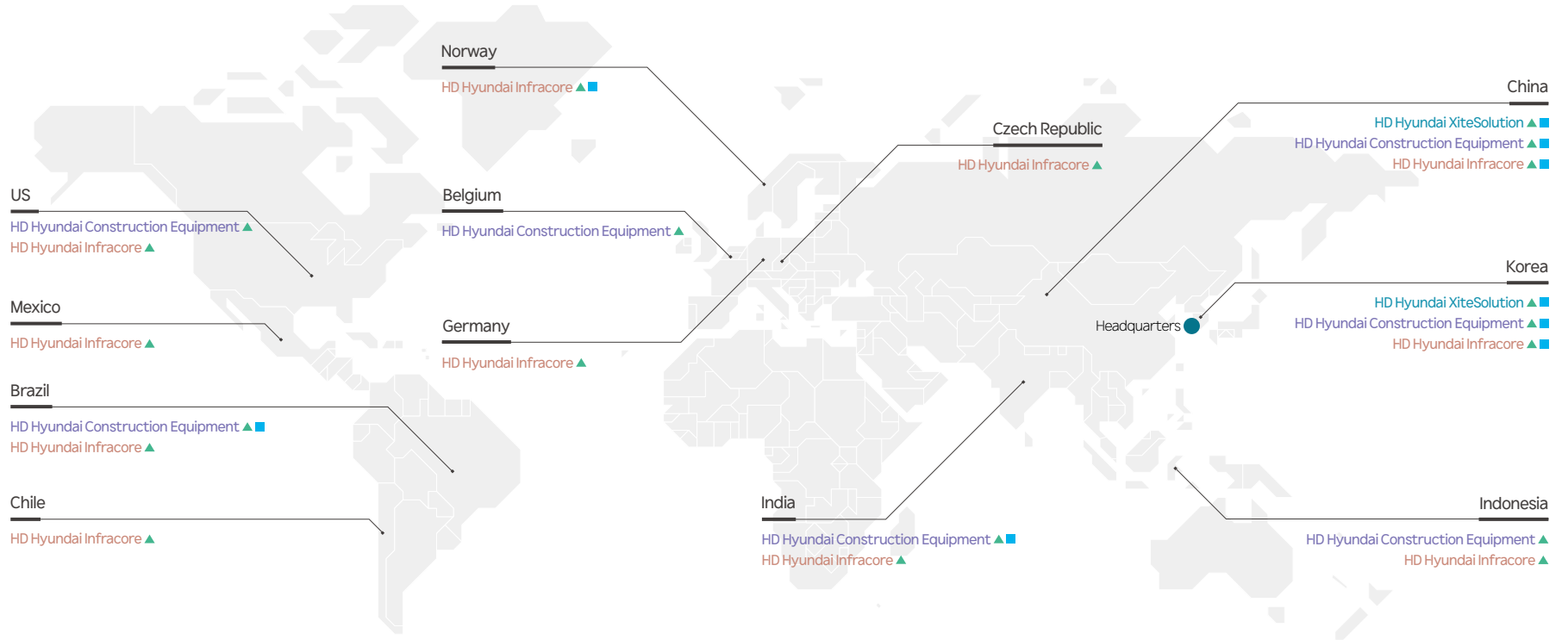
MCV and Swing Motor



# Global Network

## Global Operations Overview

- Headquarters
- Manufacturing operations
- ▲ Sales subsidiary



Sales  
**KRW 7.773 trillion**  
 (consolidated basis)

Operating profit  
**KRW 432.4 billion** (consolidated basis)

Net income  
**KRW 226.5 billion** (consolidated basis)

Construction Equipment Production Capacity	Engine Production Capacity
<b>103,000</b> units per year	<b>150,000</b> units per year

HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
■ Manufacturing operations - 2 countries	■ Manufacturing operations - 4 countries	■ Manufacturing operations - 3 countries

HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
▲ Sales subsidiary - 2 countries	▲ Sales subsidiary - 7 countries	▲ Sales subsidiary - 11 countries

# ESG MANAGEMENT

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# Sustainable Governance

## Board of Directors

The Board of Directors has comprehensive authority over the company's management, deliberating and making decisions on key managerial matters prescribed by laws and articles of incorporation or delegated by the general shareholders' meeting, and determines our fundamental operating policies and major issues related to business execution. Each of the Board of Directors' meetings of the three HD Hyundai Construction Equipment Sector companies are held every quarter, and HD Hyundai Construction Equipment and HD Hyundai Infracore, as key subsidiaries, operate independent board committees to enhance the expertise and efficiency of their decision-making processes.

### Independence, Expertise, and Diversity of the Board of Directors

- Independence**
  - Secures management transparency by having independent directors constitute the majority of committee members
  - Supervises the capabilities and independence of independent director candidates by establishing the Nomination Committee
- Expertise**
  - Executives within the Board of Directors possess professional knowledge or experience in fields such as business management, economics, law, or other related technologies
  - Conducts regular training to increase the expertise of the board members
- Diversity**
  - Places no restrictions on gender, age, religion, disability, ethnicity, nationality, or political orientation when appointing directors

### Committees within the Board of Directors



### Director Compensation Policy

Directors' performance compensation consists of management performance incentives and long-term performance incentives. Management performance incentives are paid based on comprehensive quantitative metrics such as sales, received orders, and operating profit as well as leadership and expertise. Long-term performance incentives calculated by considering overall business performance for a grace period of three years or more to maximize long-term corporate value.

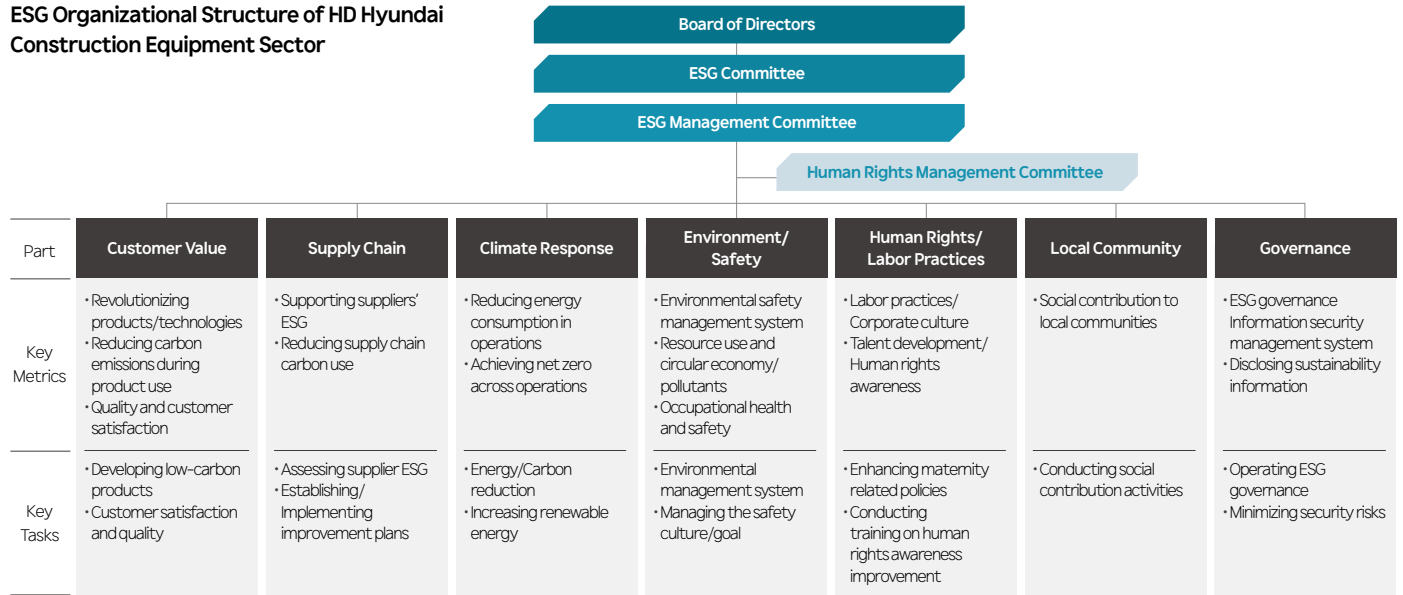
## ESG Committee

HD Hyundai Construction Equipment and HD Hyundai Infracore have established ESG Committees within their Board of Directors to manage ESG-related risks and opportunities. The ESG Committee is held three times a year, approving ESG initiatives based on the results of double materiality assessments and monitoring progress managed by the ESG Management Committee.

## ESG Management Committee

The ESG Management Committee, chaired by the CEO, is attended by executives to approve the annual ESG plan and review the status of strategy implementation on a regular basis. For the systematic implementation of ESG strategic tasks, designated parts and operational functions have been established for each ESG initiative. The operational functions develop and execute action plans and report their performance to the ESG Management Committee three times a year. In addition, the Human Rights Management Committee was established under the ESG Management Committee in 2024 to oversee all aspects of human rights governance more systematically.

### ESG Organizational Structure of HD Hyundai Construction Equipment Sector



### Increasing Shareholder Value

The HD Hyundai Construction Equipment Sector implements a dividend policy to maximize shareholder value, and our listed subsidiaries—HD Hyundai Construction Equipment and HD Hyundai Infracore—are targeting a shareholder return ratio of 30% or more. In 2024, a total of KRW 23.9 billion in cash dividends were paid.

# Double Materiality Assessment

Based on the European Sustainability Reporting Standards (ESRS), the HD Hyundai Construction Equipment Sector conducted a double materiality assessment to identify material topics from the environmental, social, and financial perspectives across three HD Hyundai Construction Equipment Sector companies. Our final material topics were derived after weighing the material topics identified for each company based on the financial (quantitative) importance of each company's assets and sales and taking into consideration HD Hyundai XiteSolution's qualitative characteristics as a holding company.

## Double Materiality Assessment of Three HD Hyundai Construction Equipment Sector Companies

### Step 1. Selecting Key ESG Issues

#### Value Chain Analysis

- Analyzing the entire value chain from raw material procurement to parts processing, finished product manufacturing, sales, and disposal from a business perspective to understand the main activities and characteristics our operations and identify related stakeholders

#### Long List Composition (defining the population)

- Creating a population (Long List) of sustainability matters by reflecting key sustainability matters based on ESRS, human rights impact assessment, and framework by industry

#### Short List Identification (relevance screening)

- Short-listing the matters closely related to our operations among the sustainability matters included in the Long List by analyzing the previous year's material topics, current ESG management strategy, and industry, regulatory, and media trends

### Step 2. Identifying Impact, Risk, and Opportunity (IRO)

#### Identifying Impacts, Risks, and Opportunities

- Defining IROs by analyzing each matter included in the short list in terms of potential current or future positive and negative impacts, risks, and opportunities across financial, environmental, and social aspects

### Step 3. Environmental, Social, and Financial Impact Assessment

#### Assessment Factors: Direct Assessment/Indirect Assessment

- Engaging stakeholders in materiality assessment according to ESRS
- Direct assessment: Surveys and roundtables with relevant departments and key stakeholders on sustainability matters and IRO items
- Indirect assessment: Utilization of secondary data such as disclosure standards, laws and regulations, media, and ESG trend analyses

### Step 4. Identifying Material Topics for Each Company

## Double Materiality Assessment of the HD Hyundai Construction Equipment Sector

### Step 5. Consolidating Material Topics

- Consolidating and deriving material topics of each of the three companies using financial metrics such as total assets and sales as weighting factors
- The same double materiality assessment method is applied for all three companies, and each company's material topics' order of significance is taken into account

### Step 6. Considering Qualitative Material Topics

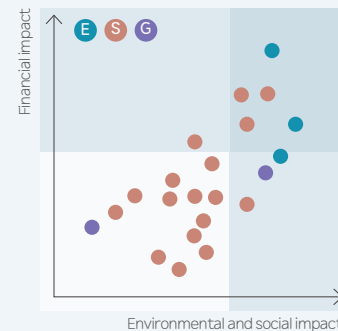
- Considering the qualitative nature of holding company HD Hyundai XiteSolution
- Added the 'governance' material topic as a result of media coverage and regulations analysis

### Step 7. Deriving HD Hyundai Construction Equipment Sector's Material Topics

- Derived 8 environmental and social material topics, 6 financial material topics as ESRS material topics
- Reclassified ESRS material topics into 8 ESG report material topics



### ESRS Material Topics Derived<sup>1)</sup>



#### 8 Environmental and Social Material Topics

- Fuel efficiency and emissions **E**
- Climate change mitigation **E**
- Energy management **E**
- Health and safety (value chain) **S**
- Gender equality and equal pay for work of equal value (own workforce) **S**
- Secure employment (own workforce) **S**
- Health and safety (own workforce) **S**
- Anti-corruption **G**

#### 6 Financial Material Topics

- Climate change mitigation **E**
- Fuel efficiency and emissions **E**
- Health and safety (own workforce) **S**
- Health and safety (value chain) **S**
- Secure employment (own workforce) **S**
- Adequate wages (own workforce) **S**

1) This diagram shows material topics according to ESRS, and it excludes the 'governance' topic that was additionally identified by considering qualitative factors.

## Results of the Double Materiality Assessment

Material topics based on ESRS were initially identified and subsequently refined to 8 material topics for ESG reporting purposes. The HD Hyundai Construction Equipment Sector identified new topics—human capital, human rights management, and ethics/compliance management—compared to the previous year.

Ⓡ Risk Ⓞ Opportunity

Area	Material Topics	Impacts	Risks and Opportunities	Value Chain	Business Impact	Strategy	Mid- to Long-term Goals	2024 Achievements
E	<b>Climate Change</b> • Climate change mitigation • Energy management	Increasing likelihood of changes in the business environment due to evolving climate-related policies and regulations	<ul style="list-style-type: none"> <li>Ⓡ Restrictions in business expansion due to regulatory constraints, fines or penalties in case of noncompliance with regulations</li> <li>Ⓞ Enhanced brand value as a sustainable company by responding appropriately to climate change</li> </ul>	Upstream, own operation, downstream	<ul style="list-style-type: none"> <li>• Operational risks</li> <li>• Costs</li> </ul>	<ul style="list-style-type: none"> <li>• Establishing a response system for climate change</li> <li>• Identifying climate-related risks and opportunities and establishing response measures</li> </ul>	<ul style="list-style-type: none"> <li>• Net zero in global operations by 2050</li> <li>• Achieving RE100 in global operations by 2040</li> </ul>	<ul style="list-style-type: none"> <li>• Refined the 2050 Net Zero roadmap</li> <li>• Completed the transition to renewable energy in Brazil operations</li> <li>• Completed the phase 1 for in-house solar power at Incheon operations</li> </ul>
	<b>Decarbonized Products</b> • Fuel efficiency and emissions	Growing global demand for decarbonized products	<ul style="list-style-type: none"> <li>Ⓡ Weaker market competitiveness due to delayed response to environmental regulations</li> <li>Ⓞ Achievement of competitive advantage by raising market entry barriers</li> </ul>	Downstream	<ul style="list-style-type: none"> <li>• Profits</li> <li>• Costs</li> </ul>	<ul style="list-style-type: none"> <li>• Expanding R&amp;D investment in decarbonized products and diversifying the product portfolio</li> </ul>	<ul style="list-style-type: none"> <li>• Achieving 92% share of low-carbon product sales by 2040</li> </ul>	<ul style="list-style-type: none"> <li>• Revealed the hydrogen fuel cell excavator</li> <li>• Increased the proportion of construction machinery using electro-hydraulic and electric power to 25%</li> </ul>
S	<b>Supply Chain</b> • Health and safety (value chain)	Stronger regulations related to the supply chain, such as EU CSDDD	<ul style="list-style-type: none"> <li>Ⓡ Reputational damage resulting from ESG violations within the supply chain</li> <li>Ⓞ Enhanced supply chain competitiveness by establishing a culture of mutual growth</li> </ul>	Upstream	<ul style="list-style-type: none"> <li>• Operational risks</li> <li>• Costs</li> </ul>	<ul style="list-style-type: none"> <li>• Establishing a management system based on the Supplier Code of Conduct</li> <li>• Supplier ESG evaluation and monitoring</li> <li>• Supporting supplier capacity building and operating communication channels</li> </ul>	<ul style="list-style-type: none"> <li>• Expanding ESG assessment targets to suppliers representing the top 98% of procurement spending</li> <li>• Expanding support for smart factory MES installation</li> </ul>	<ul style="list-style-type: none"> <li>• Completed ESG assessments for 665 key suppliers</li> <li>• Successfully installed smart factory MES at 18 sites</li> </ul>
	<b>Health and Safety</b> • Health and safety (own workforce)	Stronger health and safety regulations including the Serious Accidents Punishment Act	<ul style="list-style-type: none"> <li>Ⓡ Damage to corporate reputation and stakeholder trust due to safety accidents</li> <li>Ⓞ Improved productivity by creating a safe working environment</li> </ul>	Upstream, own operation	<ul style="list-style-type: none"> <li>• Operational risks</li> <li>• Costs</li> </ul>	<ul style="list-style-type: none"> <li>• Implementing preemptive and follow-up measures to prevent safety accidents</li> <li>• Spreading and internalizing safety culture among employees</li> <li>• Supporting the supplier establishment of health and safety system</li> </ul>	<ul style="list-style-type: none"> <li>• Achieving LTIR 0.2 by 2030</li> </ul>	<ul style="list-style-type: none"> <li>• Assessed the safety awareness level and implemented improvement tasks</li> <li>• Conducted on-site EHS cross audits</li> </ul>
	<b>Human Capital</b> <span style="color: #0070C0;">new</span> • Secure employment (own workforce) • Adequate wages (own workforce)	Development of industry structure and acceleration in technology transition	<ul style="list-style-type: none"> <li>Ⓡ Weaker corporate competitiveness due to lack of expertise</li> <li>Ⓞ Achievement of competitive advantage by securing key talents</li> </ul>	Own operation	<ul style="list-style-type: none"> <li>• Operational risks</li> <li>• Costs</li> </ul>	<ul style="list-style-type: none"> <li>• Recruiting and nurturing core talents</li> <li>• Operating performance evaluation and reward systems</li> <li>• Implementing employee communication and corporate culture improvement activities</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing the female hiring ratio</li> </ul>	<ul style="list-style-type: none"> <li>• Increased proportion of female managers compared to the previous year</li> </ul>
<b>Human Rights Management</b> <span style="color: #0070C0;">new</span> • Gender equality and equal pay for work of equal value (own workforce)	More stringent global standards and regulations such as UNGPs	<ul style="list-style-type: none"> <li>Ⓡ Business restrictions due to noncompliance with global regulatory requirements</li> <li>Ⓞ Enhanced corporate reputation through compliance with international standards</li> </ul>	Upstream, own operation, downstream	<ul style="list-style-type: none"> <li>• Operational risks</li> <li>• Costs</li> </ul>	<ul style="list-style-type: none"> <li>• Conducting human rights impact assessments and implementing improvement tasks</li> <li>• Operating a stakeholder complaint handling process</li> <li>• Implementing employee human rights management</li> </ul>	<ul style="list-style-type: none"> <li>• Expanding human rights due diligence to overseas operations starting 2026</li> <li>• Establishing response strategies to meet client requirements such as EU CSDDD</li> </ul>	<ul style="list-style-type: none"> <li>• Addressed 100% of human rights-related grievances</li> <li>• Initiated the implementation of key improvement tasks identified through human rights impact assessments</li> </ul>	
G	<b>Ethics/Compliance Management</b> <span style="color: #0070C0;">new</span> • Anti-corruption	Increased enforcement of anti-corruption and fair trade laws	<ul style="list-style-type: none"> <li>Ⓡ Legal consequences for non-compliance with statutory requirements</li> <li>Ⓞ Enhanced corporate value from establishing a transparent corporate culture</li> </ul>	Upstream, own operation	<ul style="list-style-type: none"> <li>• Operational risks</li> <li>• Costs</li> </ul>	<ul style="list-style-type: none"> <li>• Establishing an anti-corruption response system</li> <li>• Strengthening fair trade and compliance systems</li> <li>• Internalizing ethical culture and reinforcing the employees' Code of Conduct</li> </ul>	<ul style="list-style-type: none"> <li>• Achieving 100% implementation rate of the ethics self-assessment program</li> <li>• Strengthening and expanding support for ethical management/compliance management of subsidiaries and suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Completed the ISO 37001 post-audit</li> <li>• Achieved 100% execution of the ethics audit and action plan</li> </ul>
	<b>Governance</b> • ESG management and leadership	Increased investor consideration of ESG management system and performance for investment decisions	<ul style="list-style-type: none"> <li>Ⓡ Inefficient business management due to complex governance structure</li> <li>Ⓞ Enhancement of corporate trust from sound governance</li> </ul>	Own operation	<ul style="list-style-type: none"> <li>• Operational risks</li> <li>• Costs</li> </ul>	<ul style="list-style-type: none"> <li>• Securing the Board of Directors' independence, diversity, and expertise</li> <li>• Implementing the shareholder return policy</li> <li>• Executing shareholder value enhancement programs</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing the shareholder return ratio by over 30%</li> </ul>	<ul style="list-style-type: none"> <li>• Executing shareholder value enhancement programs</li> </ul>

# ENVIRONMENTAL

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# Decarbonized Products

## Governance

### Decarbonized Products Organizational Structure

#### Decarbonized Product Governing Body

The HD Hyundai Construction Equipment Sector operates a decision-making governing body involving top executives for the establishing decarbonized product and technology strategies. The Technology Strategy Committee and Product Strategy Committee meetings, which are convened annually, are attended by the CEOs and key executives of the three HD Hyundai Construction Equipment companies, who deliberate and decide on product portfolio strategies, technology roadmaps, and technology development directions to achieve net zero. The product and technology development strategies approved by these strategic committees are periodically reviewed by the Head of Technology Institute, CEOs, and key executives through the monthly NTD (New Technology Development), NPD (New Product Development), and NSD (New Solution Development) committees to manage risks and implementation status for each development phase. In addition, decarbonized product strategies and key issues are shared through the ESG Committee within the Board of Directors, with each company periodically reviewing the status of strategic initiative implementation through the ESG Management Committee chaired by the CEO.

#### Decarbonized Products Operational Functions

The operational function of each company implements specific development tasks based on the technology and product strategies approved by the Technology Strategy Committee and Product Strategy Committee for each product category. To this end, the three companies at the HD Hyundai Construction Equipment Sector have integrated their R&D organizations to utilize their respective expertise and resources jointly, concentrating their capabilities on decarbonized product development. Through such integration, each company is enhancing both development efficiency and technological competitiveness and developing sustainable products optimized for its own product portfolio using the technologies it has acquired.

#### Compensation Linked to Decarbonized Products

The key strategic goals and KPIs related to the development of clean-tech products and technologies are established annually and managed in connection with executive and employee compensation. In 2024, sales of decarbonized products, development and expansion of next-generation electric models, and advancements in battery and hydrogen engine technology were set as major employee KPIs and tied to performance compensation based on the progress of these goals.

Technology Strategy Committee/Product Strategy Committee	
Focus Area: construction equipment, engines, industrial vehicles, components	
Composition	CEOs and key executives in charge of technology and product development
Role/Agenda	<ul style="list-style-type: none"> <li>Approval of technology/product portfolio and roadmap</li> <li>Establishment and approval of decarbonized product/technology development strategy</li> </ul>
Frequency	Annually

NTD Committee	NPD Committee
Composition	Head of Technology Institute and key executives responsible for technology and product development
Role/Agenda	<ul style="list-style-type: none"> <li>Review of technology development risks</li> <li>Discussion of new technology and low-carbon technology development</li> </ul>
Frequency	Monthly

ESG Management Committee	
Composition	CEO, Chief Sustainability Officer, Head of business group/division
Role/Agenda	ESG strategic task selection and implementation/results reporting
Frequency	Three times a year

## Strategy

### Decarbonized Products Risks and Opportunities

#### Risk and Opportunity Identification and Response

We identify key risks and opportunities that may affect ESG-related issues across the full spectrum of the decarbonized products and establish and implement strategies to systematically manage the identified factors.

#### Decarbonized Products-related Risks and Opportunities

Risk/Opportunity Definition	
Impact 1   Increased Global Demand for Decarbonized Products and Services	
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	
<ul style="list-style-type: none"> <li>Increasing the proportion of investment in R&amp;D for decarbonized products</li> <li>Expanding and diversifying the sales portfolio of fuel-efficient and electrified products</li> <li>Advancing fuel efficiency and electrification technology</li> <li>Expanding the application of LCA across product lines</li> <li>Proactively responding to key environmental regulations, certifications, and standards</li> </ul>	

Strategy

## Decarbonized Products Management System

### Sustainable Taxonomy

The HD Hyundai Construction Equipment Sector has established a Sustainable Taxonomy by referring to the EU Taxonomy and the K-Taxonomy. Sustainable Taxonomy defines 'sustainable products' based on the application of clean technologies and compliance with environmental regulations. Applied throughout the entire process from planning and development to launch, it serves as a standard for developing decarbonized products and solutions as well as for managing product roadmaps.

Additionally, we have established an integrated technology strategy with focus on HD Hyundai XiteSolution, and are operating a joint development system and managing major products currently under development in accordance with the Sustainable Taxonomy.

#### Sustainable Taxonomy

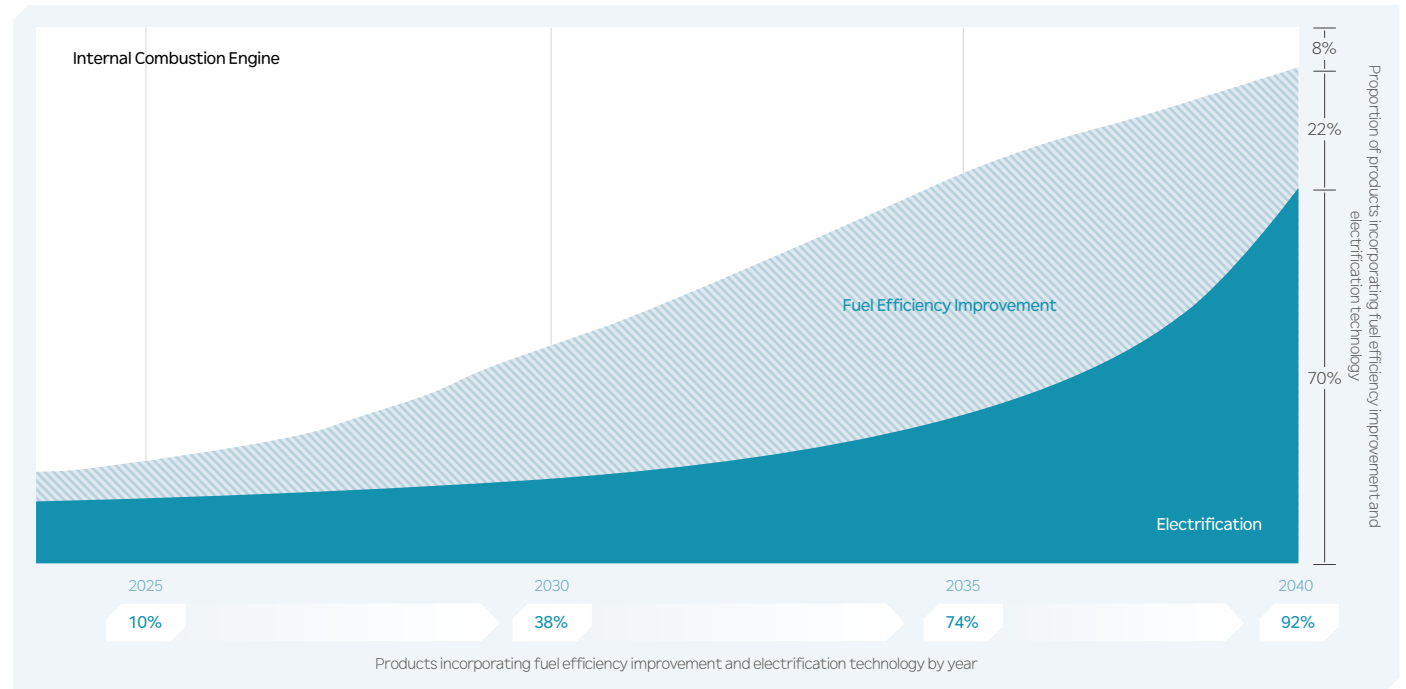
Decarbonized Products			
	Construction machinery equipped with clean-tech solutions		
	Clean Technology Power Conversion	Fuel Efficiency	Air Pollutant Reduction
Item	<ul style="list-style-type: none"> <li>• Electrification</li> <li>• Energy recuperation</li> <li>• Clean energy</li> </ul>	<ul style="list-style-type: none"> <li>• Fuel efficiency improvement</li> <li>• Fuel inefficiency prevention</li> </ul>	<ul style="list-style-type: none"> <li>• Combustion optimization</li> <li>• Improved engine aftertreatment technology</li> </ul>
Sales	• KRW 169.2 billion	• KRW 849.9 billion	• KRW 568.3 billion

Sustainable Solution	
Solution that reduces the negative environmental impact of construction sites/products	
<span style="background-color: #0070c0; color: white; padding: 2px;">Smart Construction Site Solutions</span>	
• Site Management · Fleet Management · Operation & Maintenance	

### Decarbonized Products Roadmap

As the use phase accounts for the largest share of emissions across the construction equipment value chain, reducing emissions during product use is recognized as a core priority in our climate change response strategy. Accordingly, we are targeting a 25% reduction in carbon emissions during the product use phase by 2040 compared to the 2021 levels. To achieve this goal, the three companies are transitioning their product portfolio toward equipment incorporating electrification and fuel efficiency technologies. In the short term, we will respond by focusing on excavators and wheel loaders applying fuel efficiency improvement technologies. Over the medium and long term, we will gradually expand the electrified product lineup in response to regulatory developments and market demands, aiming to achieve a sales ratio of 92% for fuel-efficient and electrified products by 2040.

#### Product Portfolio Roadmap





Strategy

## Decarbonized Products Development

### Decarbonized Products Development Process

To develop sustainable products, the HD Hyundai Construction Equipment Sector 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 customer voice (VOC), establishing carbon emission reduction goals, ensuring equipment reliability, and preparing for production and market launch.

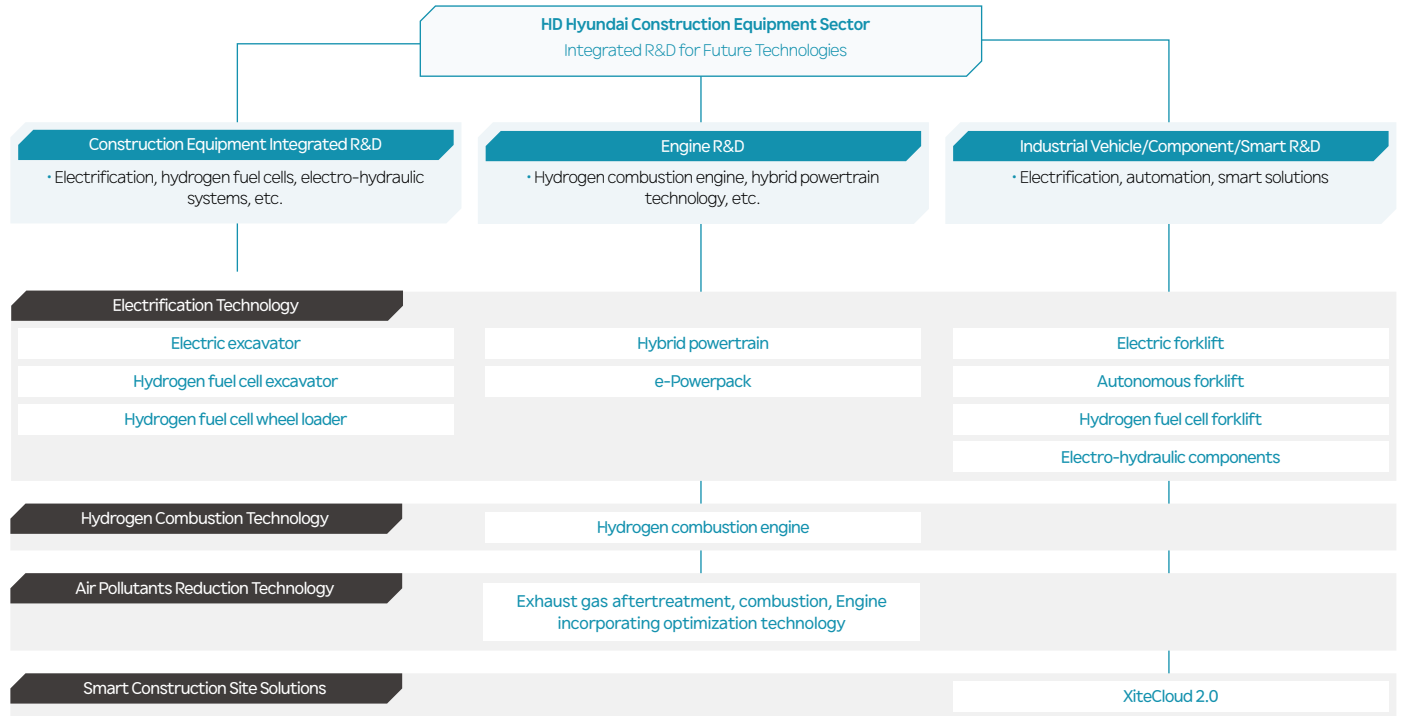
#### Decarbonized Products Development Process



### Sustainable Technology Research and Product Development

We are developing a wide range of sustainable technologies to reduce the environmental impact of construction equipment, such as electric drive systems, hydrogen-based power sources, engines equipped with emissions reduction technologies, and digitalization of construction sites. While commercializing battery- and hydrogen fuel cell-powered equipment, we are also applying fuel efficiency and emissions reduction technologies to internal combustion engine equipment, minimizing carbon and pollutant emissions during the product use phase. We are reducing carbon emissions across our product portfolio while also advancing sustainable industrial operations.

#### Sustainable Technology of the HD Hyundai Construction Equipment Sector



Strategy

Electrification Technology

To reduce carbon emissions during the product use phase, the HD Hyundai Construction Equipment Sector is developing and applying a range of electrification technologies including electric excavators, electric forklifts, autonomous forklifts, and electro-hydraulic systems. As a technology that converts the existing internal combustion engine-based powertrains into electric motor-centered drive systems, electrification is drawing attention as a key sustainable technology as it fundamentally eliminates direct emissions of carbon dioxide and air pollutants during equipment operation. Electric excavators powered by lithium-ion batteries offer quiet and low-vibration operation environments as they maximize energy efficiency by converting the kinetic energy generated during operation into electrical energy to recharge the battery using regenerative braking systems. Electric forklifts can be operated without emissions even in indoor environments, driving the green transition of logistics sites. Combining self-driving technology with electric systems, autonomous forklifts enable both automated operations and enhanced safety. In addition, transitioning from traditional mechanical to electro-hydraulic systems enables reduced power loss and higher operational precision as electro-hydraulic components such as electronically controlled valves and pumps dynamically adjust flow and pressure in real time based on operating conditions, thereby enhancing the overall efficiency of the equipment. We are gradually expanding the application of these electrification technologies from small to large-scale equipment, taking the lead in achieving net zero.

HD Hyundai XiteSolution

**Electric Forklift**

HD Hyundai XiteSolution is focusing its product portfolio on electrified models and expanding the development of high-power electric forklifts equipped with high-voltage systems and lithium batteries. In 2025, the company introduced new models in the global market including Korea's first mid-size model exceeding four tons. To support the electrification ecosystem, a high-power multi-charging system dedicated to forklifts was developed and is currently being piloted at its Ulsan plant.

**Autonomous Forklift**

HD Hyundai XiteSolution is expanding its range of electric forklifts equipped with autonomous technology. These autonomous forklifts contribute to improved safety and productivity in the workplace, and new models are being developed with the goal of mass production in 2025 following commercialization in 2019. To address worker safety and labor shortages in industrial and logistics sites, the company plans to broaden its product lineup to include solutions tailored for hazardous work conditions such as handling toxic substances, painting, and high temperatures, as well as products optimized for smart logistics.



1.9-ton Electric Excavator (HX19E)

HD Hyundai Construction Equipment

HD Hyundai Infracore

**Electric Excavator**

HD Hyundai Construction Equipment and HD Hyundai Infracore are gradually expanding their product lines with sustainable technologies that minimize energy loss and eliminate carbon emissions based on electrification technology. Having launched a 1.7-ton class electric excavator in 2023, HD Hyundai Infracore is currently developing mid- to large-sized models. HD Hyundai Construction Equipment plans to expand its lineup to starting with the launch of 1.9-ton class model in 2025.

HD Hyundai XiteSolution

HD Hyundai Construction Equipment

HD Hyundai Infracore

**Electro-hydraulic System**

The three companies at the Hyundai Construction Equipment Sector are jointly developing electrification technologies including electro-hydraulic systems to accelerate the transition to low-carbon construction equipment. The electro-hydraulic system is increasingly being adopted not only in electric equipment but also in internal combustion engine models as a fuel efficiency improvement solution. The upcoming mid-sized electric excavator is expected to feature a high-efficiency electric power system combined with advanced control technology. We are also considering the application of new control systems designed to minimize energy loss and improve operational efficiency.

HD Hyundai XiteSolution

**Electro-hydraulic Functional Components**

HD Hyundai XiteSolution operates a component production system that simultaneously considers sustainability and technological reliability based on lead-free specifications for key hydraulic components (pumps, valves, cylinders, etc.). These hydraulic components are used as key components in sustainable technologies such as electro-hydraulic systems and electric equipment.

Strategy

Electrification Technology

The HD Hyundai Construction Equipment Sector is advancing technologies to reduce carbon emissions during equipment use phase by leveraging a diverse range of sustainable power sources, including hybrid powertrains, battery packs (e-Powerpacks), and hydrogen fuel cells. Hybrid powertrains combine batteries with internal combustion engines to improve fuel efficiency, enhance charging convenience, and extend operational continuity. They operate across various voltage systems—such as 48V mild hybrid (MHEV, Mild Hybrid Electric Vehicle) and 360V plug-in hybrid (PHEV, Plug-in Hybrid Electric Vehicle)—and achieve optimal coordination among key components through an integrated Hybrid Control Unit (HCU). The battery packs incorporate high-power, high-energy density Nickel Cobalt Manganese (NCM) cells and Lithium Iron Phosphate (LFP) cells known for their thermal stability and durability. A modular design and proprietary Battery Management System (BMS) enable safe and scalable integration across various equipment types. Hydrogen fuel cells, a sustainable power source that generates electricity through the electrochemical reaction of hydrogen and oxygen, are being applied to excavators, wheel loaders, and forklifts. The adoption of solid hydrogen storage technology enhances efficiency and safety in both storage and transport. We are enhancing the environmental performance and sustainability of construction equipment through these next-generation energy technologies, thereby accelerating the transition to low-carbon construction sites.

HD Hyundai Infracore

Hybrid Powertrain

HD Hyundai Infracore is advancing hybrid powertrain technology as a solution for achieving net zero in construction equipment. In 2024, the company installed the mild hybrid powertrain on a customer's equipment and completed its demonstration. Performance verification is currently underway, while simultaneously working to expand the application to various types of equipment, including air compressors. HD Hyundai Infracore is developing engine technologies compatible with various power sources, including hydrogen internal combustion engines, as a strategic response to the practical limitations of electrified and hydrogen-powered equipment such as lack of charging infrastructure, environmental regulations, and limited operating time.

Battery Pack (e-Powerpack)

HD Hyundai Infracore is enhancing its battery pack technology in response to increasingly stringent internal combustion engine regulations, and is developing high-voltage, high-safety battery packs to ensure both efficiency and safety. In 2023, HD Hyundai Infracore launched a mini electric excavator equipped with its in-house developed battery pack and plans to expand its application to mid- to large-sized construction equipment, commercial vehicles, electric vessels, and mobile energy storage systems (ESS).

HD Hyundai Construction Equipment

HD Hyundai Infracore

Hydrogen Fuel Cell Excavators and Wheel Loaders

To expand their lineup of sustainable technology-based products, the two companies are developing equipment powered with hydrogen fuel cells. HD Hyundai Construction Equipment has become the first in the world to develop a medium-sized hydrogen fuel cell excavator featuring solid hydrogen storage technology, which maximizes safety and charging efficiency.

Meanwhile, HD Hyundai Infracore is broadening its sustainable product portfolio by developing a wheel loader equipped with a hybrid system that integrates hydrogen fuel cells and batteries in parallel.

HD Hyundai XiteSolution

Hydrogen Fuel Cell Forklift

HD Hyundai XiteSolution is developing hydrogen fuel cell-based forklifts to advance sustainable industrial vehicle technologies characterized by zero emissions, low noise, and low vibration. The company has sequentially developed prototype models in 1.8-ton, 3.5-ton, and 5-ton classes since 2020, and it is currently conducting demonstration testing under a national R&D project with commercialization targeted for 2027. In 2024, a 5-ton model was delivered to the Korea Construction Equipment Research Institute (KCERI) and successfully completed field verification. In 2025, the company plans to deliver 22 units of the 3.5-ton model through an exclusive contract to proceed with additional demonstrations. Through continuous testing, HD Hyundai XiteSolution is verifying the feasibility and market applicability of hydrogen-powered industrial vehicle technology.



3.5-ton Hydrogen Fuel Cell Forklift

Strategy

Hydrogen Combustion Technology

The HD Hyundai Construction Equipment Sector is developing hydrogen-based power technologies as next-generation solutions, focusing on hydrogen combustion engines and hydrogen generators. The hydrogen combustion engines retain the structure of conventional diesel engines while modifying only the fuel supply and ignition systems to accommodate hydrogen fuels, allowing them to maintain compatibility with the existing internal combustion engines without emitting carbon during use. By optimizing the air-fuel mixture ratio, applying high-pressure direct injection, and implementing multi-stage injection control, the technology achieves improved combustion efficiency, output stability, and fuel economy. Thermal management technologies are also being developed in parallel to ensure reliable operation even under extreme temperatures. Hydrogen combustion engine technology is being extended to generator applications, with commercialization efforts underway through demonstration projects and infrastructure development, targeting entry into the clean hydrogen power generation market.



Hydrogen Combustion Engine  
 Exhibition at 'H2MEET 2024'

HD Hyundai Infracore

Hydrogen Combustion Engine and Hydrogen Generator

HD Hyundai Infracore completed a driving test of its hydrogen combustion engine mounted on a customer's truck in 2024, and is continuing development with the goal of launching the product in 2026. In 2025, full-scale vehicle testing is scheduled for application of the engine in large buses and 30-ton excavators. Following demonstrations of the hydrogen-powered generator system, the company will expand the technology to high-power, ultra-large engines and enter the hydrogen power generation bidding market.

Air Pollutants Reduction Technology

We are advancing engine technologies to comply with emissions regulations and contribute to achieving net zero goals at the same time. By implementing cutting-edge engine technologies including exhaust aftertreatment systems, high-efficiency combustion, and electronic control systems, we are effectively reducing emissions of major air pollutants including nitrogen oxides (NOx) and particulate matter (PM). These efforts enable compliance with international emission standards such as Stage V and Tier 4.

HD Hyundai Infracore

Engine with Exhaust Gas Aftertreatment and Combustion Optimization Technology

HD Hyundai Infracore is advancing emission reduction technologies for diesel engines in response to increasingly stringent emissions regulations. As of 2025, the company has developed a new engine that meets the most rigorous emission standards in Europe and the United States. Test results have also verified that performance and safety are maintained when operating with alternative fuels such as biodiesel and Hydrotreated Vegetable Oil (HVO).

Smart Construction Site Solutions

Smart construction site solutions leverage digital technologies to enhance the operational efficiency and safety of construction equipment, while enabling integrated, data-driven management across all site processes to improve productivity, safety, and resource efficiency. By minimizing work duplication and optimizing equipment uptime, these solutions reduce construction timelines and lower fuel consumption and carbon emissions, and ultimately improve cost efficiency.

HD Hyundai XiteSolution

XiteCloud 2.0

As the flagship smart construction solution of HD Hyundai XiteSolution, XiteCloud supports the digital transformation of construction sites through drone-based surveying, equipment monitoring, and integrated dashboard. The upcoming "XiteCloud 2.0" integrates with TMS (Telematics Management System), enabling centralized management of equipment-based data and expanding site-specific automation through AI-powered analytics and 3D machine guidance. XiteCore is also being enhanced with functionality to visualize carbon emission estimates by construction process, accelerating the digital transformation of sustainable construction environment.

Risk Management

Risk Management of Decarbonized Products

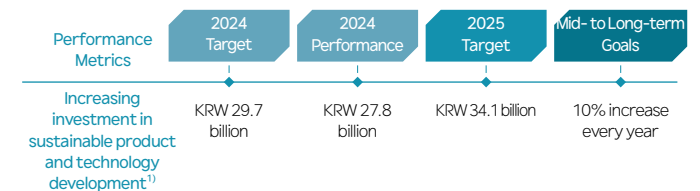
We have established a company-wide risk management process to systematically manage key risks related to clean-tech products, operating it in an integrated manner at the company level. Through a structured risk management process encompassing identification, assessment, strategy implementation, and monitoring, we ensure timely responses, integrate them into our strategies, and minimize impacts on our 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 sustainable 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—such as expanding the electrification and hydrogen technology development and adjusting the product portfolio—are established by the Technology Strategy Committee and Product Strategy Committee and implemented by their respective operational functions.
- 4. Monitoring and Assessment** The Technology Strategy Committee and Product Strategy Committee regularly receive reports on key issues and risk implementation status during the project implementation process and check the level of development goals in terms of marketability, product quality, and commercial viability. When policies or market conditions change, strategies are re-evaluated as needed to determine future directions and identify areas for improvement in project execution.

Metrics and Targets

Decarbonized Product Metrics and Targets



<sup>1)</sup> Investment amount for low-carbon and smart technology development in construction equipment

# Climate Change

## Governance

### Climate Change Organizational Structure

#### Climate Change Governing Body

The HD Hyundai Construction Equipment Sector is proactively addressing climate change by operating an ESG Committee within our Board of Directors, along with a supporting ESG Management Committee. These committees establish company-wide ESG strategic directions including climate change response at the company level, and deliberate and decide on key strategic tasks. In particular, the committees set mid- to long-term targets and manage the implementation of key initiatives such as reducing greenhouse gas emissions and improving energy efficiency, in pursuit of achieving net zero by 2050.

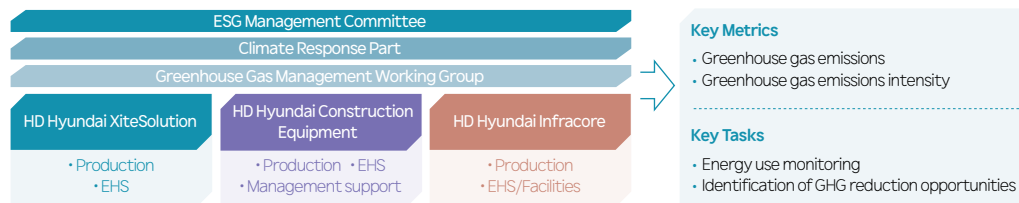
#### Climate Change Operational Function

To strengthen the execution capability of climate change strategies, the Climate Response part was established in 2025 under the ESG Management Committee. Composed of key departments including production, EHS (Environment, Health and Safety), and facility management, it actively promotes initiatives to reduce greenhouse gas emissions and improve energy efficiency. To ensure seamless collaboration, a dedicated Greenhouse Gas Management Working Group has also been established. It operates on a monthly basis and implements specific actions such as monitoring energy consumption, identifying emission-reduction initiatives, and expanding the adoption of renewable energy. In addition, the ESG Management Department—which oversees all ESG activities including climate change, such as establishing a roadmap for reducing greenhouse gas emissions—has been consolidated under HD Hyundai XiteSolution, our intermediate business holding company. Such integration reinforces consistency in climate strategy planning and execution management across our operations and enables more effective coordination and support for each company's response efforts.

#### Compensation Linked to Climate Change Response

We have incorporated the 'achievement rate against greenhouse gas emissions reduction targets' into the 2024 Key Performance Indicators (KPIs) for each company's CEO and relevant executives and employees for the effective monitoring of progress toward climate change goals. The performance evaluation results are linked to the compensation system, thereby strengthening the execution of the climate change response strategy.

#### Climate Change Governance System of the HD Hyundai Construction Equipment Sector



## Strategy

### Climate Change Risks and Opportunities

#### Analysis Scope of Risks and Opportunities Related to Climate Change

We have analyzed climate-related risks and opportunities across all domestic and overseas operations over short-, mid-, and long-term timelines. The analysis comprehensively reviewed the impact on the operation of workplaces and overall business by reflecting the geographical characteristics of each operation, the needs of stakeholders, and the outlook for changes in the external environment such as market conditions and climate policies in the main sales market.

#### Scope of Climate-Related Risk and Opportunity Analysis

Operational Aspect
<ul style="list-style-type: none"> <li>Domestic operations</li> <li>Overseas production operations</li> </ul>
Business Aspect
<ul style="list-style-type: none"> <li>Main sales markets</li> </ul>

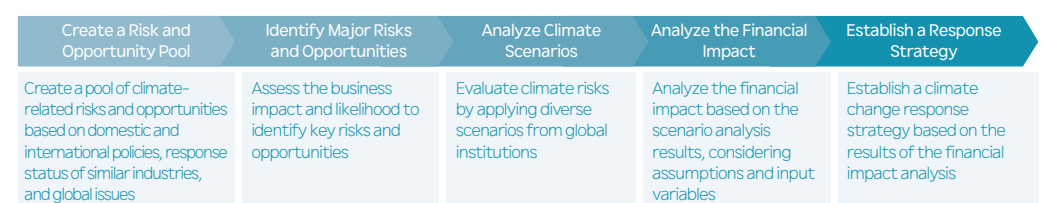
#### Analysis Timeline of Climate Change Risks and Opportunities

Time Range	External Environmental Changes
Short-term: By 2025	<ul style="list-style-type: none"> <li>Rise of carbon emission permit price</li> <li>Increase in demand for construction equipments powered by low-carbon or alternative fuels and compliant with emissions regulations</li> <li>Changes in the RE100 implementation policy</li> </ul>
Mid-term: 2026 to 2030	
Long-term: From 2031	<ul style="list-style-type: none"> <li>Increased frequency of natural disasters</li> <li>Strengthened environmental regulations for construction equipment</li> </ul>

#### Analysis of Risks and Opportunities Related to Climate Change

We analyze the impact of climate change on our business in alignment with the TCFD framework, identify and assess related risks and opportunities to enable a proactive response. A comprehensive review is conducted of climate-related policies and regulations—both domestic and international—as well as industry and market conditions, and climate response trends in peer industries. Based on this review, we identify potential risks and opportunities stemming from climate change and selects key items by assessing their likelihood and business impact. Subsequently, we analyze various situations and evaluates the impact on business both qualitatively and quantitatively by applying climate scenarios from global organizations such as IPCC, IEA, and NGFS<sup>1)</sup>. The analysis results derived through this process are used to establish climate change response strategies.

#### Climate Change Risk, Opportunity Identification and Assessment Process



1) IPCC - Intergovernmental Panel on Climate Change, IEA - International Energy Agency, NGFS - Network for Greening the Financial System

Strategy

### Climate Change Risks and Opportunity Analysis Results

The HD Hyundai Construction Equipment Sector identifies risks and opportunities posed by climate change to our business and assesses the potential financial impacts of each factor on a regular basis. Qualitative and quantitative analyses are conducted by incorporating various external elements—including climate scenarios, market trends, and regulatory changes—and the results are used to establish specific response strategies. Both physical and transition risks are minimized by developing natural disaster response systems, promoting carbon neutrality strategies in operations, and refining emissions reduction strategies during the product use stage. We also actively leverage market opportunities arising from climate change by establishing a sales portfolio centered on fuel-efficient and electrified products. Based on these efforts, we will enhance our business resilience and sustainable competitiveness amid uncertain environmental changes.

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

● High ● Medium ○ Low

Risk Type	Major Risks and Opportunities	Impact by Period <sup>1)</sup>			Scenario	Financial Impact	Input Variables	Financial Impact Amount <sup>2)</sup> (Unit: KRW 100 mil.)		Response Strategy	
		Short-term	Medium-term	Long-term				Min	Max		
Physical risks	Acute	Impairment of site-level assets and interruption of operations due to typhoons, floods, etc.	○	●	●	<ul style="list-style-type: none"> <li>• SSP1-2.6</li> <li>• SSP2-4.5</li> <li>• SSP5-8.5</li> </ul>	Incurred costs associated with physical asset damage and operational disruptions across business locations	Operations location, asset value, asset impairment cost, operating loss (climate modeling analysis using the Jupiter Intelligence Tool)	376	396	<ul style="list-style-type: none"> <li>• Establish a disaster early warning system to prevent the occurrence of physical risks</li> <li>• Develop an emergency response plan for natural disasters to regularly monitor and manage physical risk exposure</li> </ul>
	Chronic	Impairment of site-level assets and interruption of operations due to heat waves, droughts, etc.		○	●					38	
Transition risk	Policy and law	Strengthened carbon pricing system in domestic and international markets (ex. Increase in emission permit purchase cost of domestic companies subject to emission permit allocation)	○	●	●	<ul style="list-style-type: none"> <li>• NZE</li> <li>• APS</li> <li>• Steps</li> </ul>	Increase in costs for regulatory compliance	Emissions allowance purchase volume, Korean Allowance Unit (KAU) price	333	1,070	<ul style="list-style-type: none"> <li>• Implement a roadmap for reducing Scope 1 &amp; 2 emissions at operations</li> <li>• Strengthen internal capabilities to achieve RE100 by 2040 and Net Zero by 2050</li> </ul>
	Market	Increase in mid- to long-term electricity purchase costs in case of maintaining the existing energy sources and delay in switching to renewable energy		○	●	<ul style="list-style-type: none"> <li>• NZE</li> <li>• Delayed Transition</li> <li>• NDC</li> </ul>	Increase in operating expenses to achieve net zero and RE100 targets	Electricity consumption, electricity unit price	41	421	
	Technology	Weakened competitiveness due to the widening gap in low-carbon and alternative fuel technology compared to our competitors			●	<ul style="list-style-type: none"> <li>• Internally developed scenario</li> </ul>	Decrease in sales of electrified products	Total revenue, proportion of products applying sustainable technologies, proportion of eco-friendly patented technologies	51,799	64,727	
		Decreased 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	29,852	119,741	
Opportunity	Products and services	Increased demand for construction equipment with fuel efficiency improvement technology (excavators, wheel loaders, etc.) for carbon reduction		●	●	<ul style="list-style-type: none"> <li>• Internally developed scenario based on IPCC scenarios</li> </ul>	Increase in sales of fuel-efficient products	Number of fuel efficiency technology-applied products sold, unit price per fuel efficiency technology-applied product	8,886	196,116	<ul style="list-style-type: none"> <li>• Establish and implement the sales portfolio for fuel-efficient and electrified products</li> <li>• Increase R&amp;D investment in electrified and automated products</li> </ul>
		Increased demand for construction equipment applying 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	8,314	209,625	
		Increased demand for ICT-enabled construction equipment driven by the increasing number of disaster recovery sites (e.g., hurricanes, heavy rainfall)			●		Increase in sales of automated products	Number of autonomous products sold, unit price per autonomous product	1,757	1,900	

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, whereas 'Transition risk' and 'Opportunity' reflect the cumulative financial impact from 2024 to 2033.

Strategy

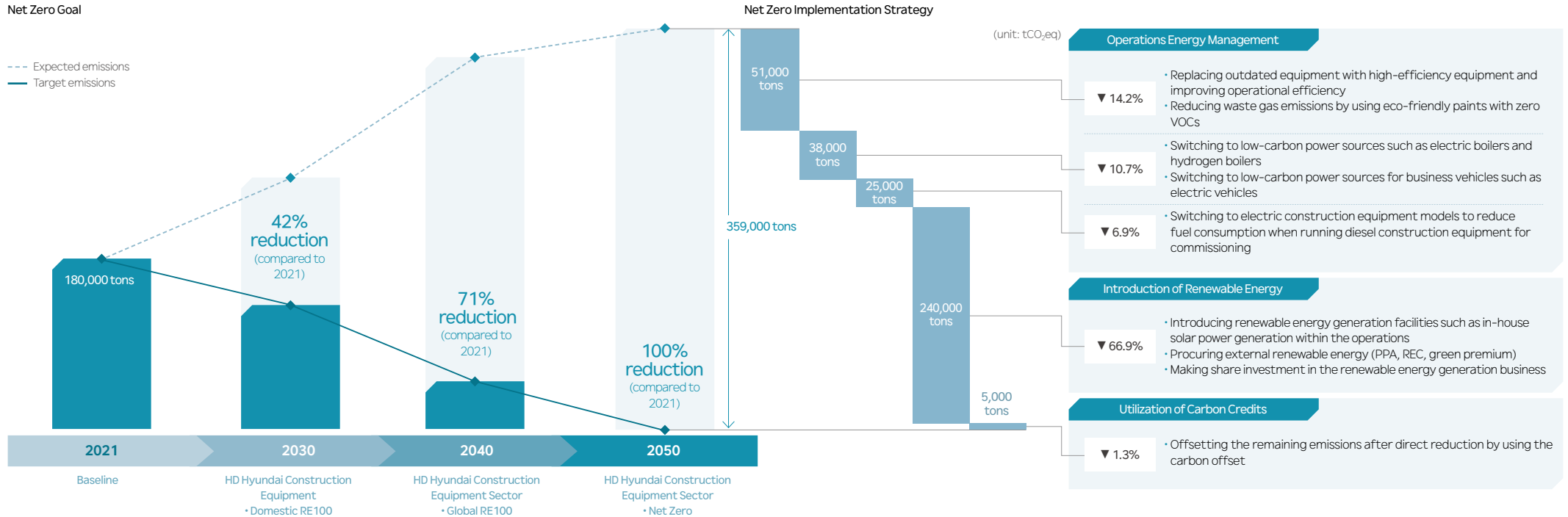
## Net Zero Strategy

### Net Zero Roadmap

We have declared our commitment to achieving net zero business operations by 2050 and have developed a net zero implementation roadmap based on the 1.5°C scenario of the Science-Based Targets Initiative (SBTi). Using our 2021 greenhouse gas emissions of approximately 180,000 tons as baseline, reduction targets have been set at 42% by 2030 and 71% by 2040, aiming to mitigate climate-related business risks and achieve sustainable growth. We conducted a Marginal Abatement Cost Curve (MACC) analysis to assess the economic feasibility and viability of various abatement measures, identifying key reduction strategies and implementation methods. We have established major net zero implementation strategies including operational efficiency improvement, fuel conversion, and introduction of renewable energy through in-house solar power generation and external renewable energy procurement, planning to set strategic priorities and implement initiatives in stages by comprehensively considering the technological constraints and market entry possibilities.

#### Net Zero Goal

--- Expected emissions  
— Target emissions



Strategy

## Carbon-Neutral Implementation

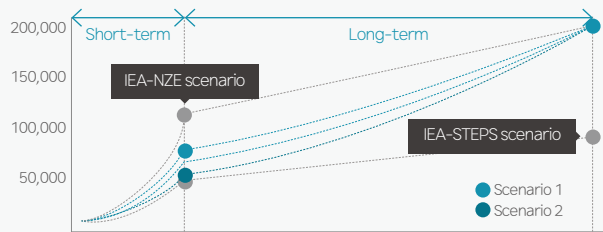
### Internal Carbon Pricing System

To accelerate the achievement of our net zero target, the HD Hyundai Construction Equipment Sector introduced an internal carbon pricing scheme 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 models and electrified models within the New Product Development (NPD) process.

#### Internal Carbon Pricing Criteria

Classification	Contents
Purpose of Use	To increase low-carbon investments, promote energy efficiency, and induce behavioral change within organizations.
Scope of Greenhouse Gas Emissions	Scope 1, 2
Type	Shadow price
Price	Short-term: KRW 27,263/tCO <sub>2</sub> eq Long-term: KRW 118,553/tCO <sub>2</sub> eq
Application Scope	Investments related to renewable energy and energy/environment for domestic operations
Pricing Method	Development of own scenarios based on the IEA scenarios, reflecting major countries' NDC achievement scenarios and domestic carbon emission prices

Analysis Table of the Internal Carbon Price Trends



### Energy Management at Operations

To achieve our 2050 Net Zero goal, we are continuously pursuing various improvement initiatives focused on reducing energy use in our operations. As part of these energy-saving efforts, energy management systems are being enhanced to analyze on-site usage, identify inefficiencies, and explore ways of optimizing facility operations. These efforts are supported by the Greenhouse Gas Management Working Group, which meets monthly to monitor energy consumption. Based on its findings, new energy-saving measures are identified and implemented through allocated budgets. In 2024, initiatives such as high-efficiency equipment replacement and process optimization under site modernization projects were carried out. The effectiveness of these initiatives is quantitatively tracked, with greenhouse gas emissions per unit produced set as a key performance indicator. This metric is reflected in employee KPIs to encourage company-wide participation in energy reduction efforts.

#### HD Hyundai XiteSolution

##### Integrated Modernization of Production Process

HD Hyundai XiteSolution is gradually implementing a project to consolidate and expand the component production operations of its Gyeongju plant and the industrial vehicle production operations of its Gunsan plant into the Ulsan Campus, targeting construction completion by the end of 2025. This project is also expected to increase overall productivity and operational efficiency through the integration and advancement of production and logistics systems, while also improving energy efficiency through streamlined processes and base load reduction.



Panoramic View of HD Hyundai XiteSolution and HD Hyundai Construction Equipment's Ulsan Campus

#### HD Hyundai Construction Equipment

##### Ulsan Campus Modernization Project

To strengthen its competitiveness in the global construction equipment market and establish an eco-friendly business site, HD Hyundai Construction Equipment launched the Ulsan Campus Modernization Project, which was completed in May 2025. With an investment of approximately KRW 200 billion, the project is expected to deliver a 56% increase in production capacity, along with reduced lead time through process automation and equipment upgrades, and improved energy efficiency.



Completion Ceremony of the Ulsan Campus Modernization Project



Strategy

Introduction of Renewable Energy

As part of our carbon reduction strategy, the HD Hyundai Construction Equipment Sector is progressively expanding the adoption of renewable energy; in 2023, we joined the global RE100 initiative and established our 2040 Global RE100 target, committing to transitioning 100% of electricity used at our global operations to renewable energy by 2040. As part of our new renewable energy adoption strategy, we are comprehensively considering Power Purchase Agreement (PPA), Renewable Energy Certificate (REC) purchases, and on-site solar power generation within business sites. Each implementation plan is applied in stages after examining its feasibility in consideration of each operation's situation and regional energy infrastructure, expanding the use of renewable energy and laying the foundation for energy transition.

HD Hyundai Construction Equipment

Introduction of Renewable Energy in Overseas Operations

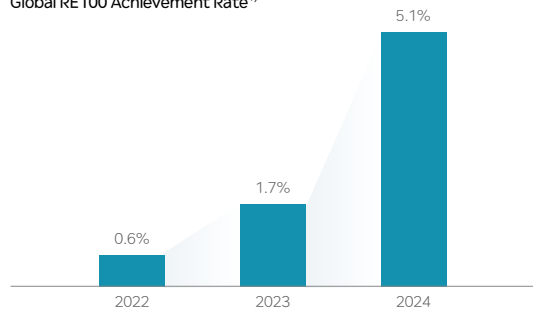
To achieve its 2040 Global RE100 target, HD Hyundai Construction Equipment is increasingly utilizing renewable energy particularly across its overseas operations. In China and India, the company is steadily increasing the proportion of solar-based renewable electricity through power purchase agreements (PPAs). In Brazil, the company signed a PPA with a supplier of hydropower-based electricity and purchased I-REC in 2024 to certify the use of renewable energy for all electricity used.

HD Hyundai Infracore

In-house Solar Power Master Plan

To achieve its 2040 Global RE100 target, HD Hyundai Infracore is implementing in phases the specific renewable energy implementation plans it has developed for each operation. As part of its renewable energy introduction strategy, the company is implementing a master plan for in-house solar power generation at its domestic operations, having completed the first phase of the project of installing in-house solar power generation facilities on the roof of its Incheon operations and on the parking lot site in April 2024.

Global RE100 Achievement Rate<sup>1)</sup>



Solar Power Generation Facility in Incheon Operations

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

Risk Management

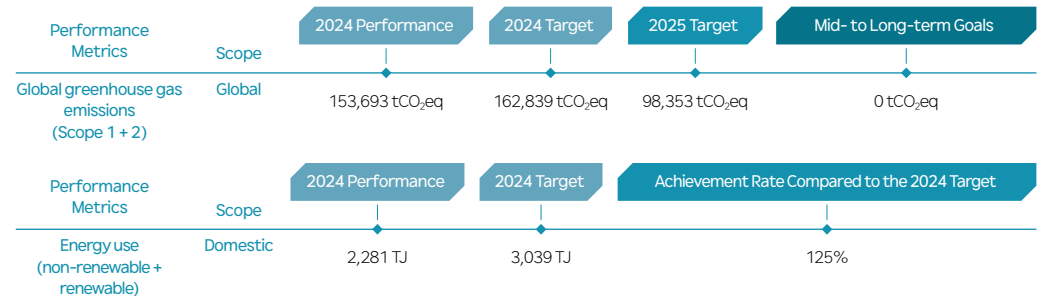
Climate Change Risk Management

We have established a company-wide risk management process to systematically manage key risks related to climate change, operating it in an integrated manner at the company level. Through a structured risk management process encompassing identification, assessment, strategy implementation, and monitoring, we ensure timely responses, integrate them into our strategies, and minimize impacts on our business operations.

- 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 of 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 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, establishes appropriate response strategies for each factor, which are then integrated into the business strategy. The established strategies are implemented in practice through the Greenhouse Gas Management Working Group.
- 4. Monitoring and Assessment** The ESG Management Committee reviews the progress of key projects and issues, and evaluates the achievement levels of major performance metrics such as greenhouse gas emissions and energy use.

Metrics and Targets

Climate Change Metrics and Targets



# Biodiversity

## Governance

### Biodiversity Organizational Structure

#### Biodiversity Governing Body

For the systematic management of biodiversity, the HD Hyundai Construction Equipment Sector deliberates on natural capital issues and makes final decisions through the ESG Committee within the Board of Directors. Additionally, the ESG Management Committee under the ESG Committee regularly reviews implementation plans and progress on improvement initiatives derived from analyses of the company's dependencies, impacts, risks, and opportunities related to natural capital.

#### Biodiversity Operational Function

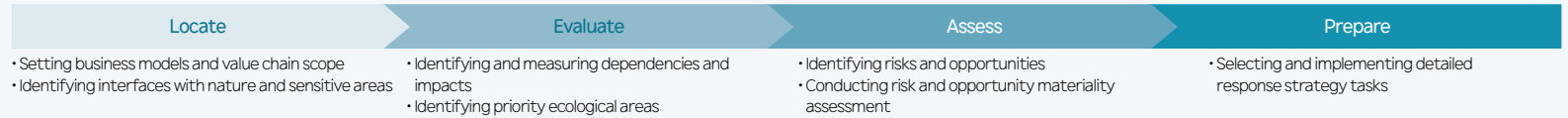
We operate a collaborative framework led by the ESG Management Department, working closely with related departments to identify and respond systematically to risks and opportunities associated with biodiversity. The ESG Management Department analyzes company-wide dependencies and impacts on biodiversity and collaborates with the relevant departments such as the EHS and Facilities Management to develop countermeasures for major risk factors. For matters concerning water resources and pollutant management, the ESG Management Department consults with departments on setting and implementing goals for reducing ecological impacts. For operations located near sensitive ecosystems, interdepartmental collaboration also supports external partnership activities aimed at ecosystem protection and restoration.

## Strategy

### Biodiversity Risks and Opportunities

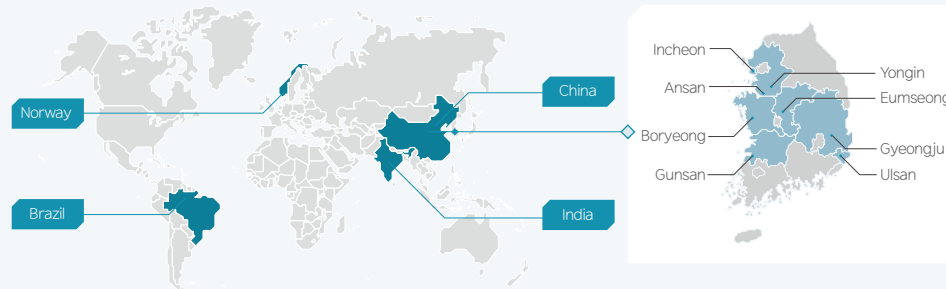
We have established a biodiversity risk and opportunity assessment methodology in line with the LEAP approach recommended by the Taskforce on Nature-related Financial Disclosures (TNFD). Using a Geographic Information System (GIS), we analyzed interactions between operations and surrounding ecosystems 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) L E A P

We analyzed the areas of ecological interface near 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 GIS data, we assessed each location in terms of vegetation distribution, the presence of protected and cultural heritage areas, and habitats of threatened species<sup>1)</sup>, thereby identifying potential impacts of business activities on nature.



Country	Threatened Species	Main Land Cover	Protected Area
Domestic	131	Forest, grassland, ocean, agricultural land	289 areas including Namhansanseong
China	113	Wetland, grassland, ocean, agricultural land	-
Norway	67	Ocean, forest	31 areas including Hustadvassdraget
India	78	Grassland, agricultural land	-
Brazil	125	Forest, grassland	7 areas including Itatiaia National Park

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)

Strategy

Evaluate (Dependency and Impact Analysis) L E A P

The HD Hyundai Construction Equipment Sector conducted an analysis of our value chain and global business operations based on key ecosystem indicators, assessing both our dependence on nature and nature's impact on our operations.

Value Chain Dependency and Impact

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 to identify dependencies and impacts on biodiversity by each industrial group.

Value Chain Dependency and Impact

Dependency Very High: ▲, High: ▲, Influence Very High: ●, High: ●

Classification	Upstream				Downstream	
	Industrial group	Steel	Building Materials	Special Chemicals	Electricity	Construction
Water availability	●	●▲	●▲	●▲	●	●▲
Soil quality	●	●	●	●▲	●	●
Air quality		●	●	●▲	●	●
Water quality			●	●	●	●
Species diversity		●	●	●	●	●
Climate	●	●	●	●▲	●	●▲

Nature Dependency and Impact of Global Operations

We conducted a GIS-based location analysis on 15 major global operations, assessing ecological 'exposure' based on surrounding vegetation distribution and evaluating 'sensitivity' by analyzing changes in ecosystem services resulting from site activities. The analysis leveraged internationally recognized data sources recommended by TNFD and applied the ENCORE Tool to jointly assess the identified dependencies and impacts, enabling a comprehensive evaluation of each operation's relationship with biodiversity. Through materiality assessments of the results, we identified priority natural capital assets and gained insight into the interlinkages between our business activities and ecosystem services.

Operations Dependencies and Impacts

Country	Water Availability	Flood	Soil Improvement	Air Purification	Water Quality	Climate	Species Diversity
Domestic	●	●	●		●	●	
China	●			●	●	●	
Norway	●	●	●		●		
India	●	●		●	●	●	
Brazil	●	●			●	●	

Assess (Risk and Opportunity Identification) L E A P

We established a risk and opportunity pool related to natural capital in alignment with TNFD guidelines, and carried out a materiality assessment to identify key items. In this process, physical risks were evaluated based on potential losses to asset value, operations, and revenue, with transition risks and opportunities assessed through a combined analysis of impact magnitude and likelihood of occurrence. For impacts of transition risks and opportunities, factors such as effects on product sales, WWF Biodiversity Risk Filter, and stakeholder expectations were considered. The likelihood of occurrence was evaluated using scenario-based probabilities from TNFD guidance and response capacity.

Results of Financial Impact Assessment by Major Biodiversity Risk and Opportunity Factors

Classification	Business Impact	Up stream	Own Operations	Down stream	Financial Impact	Level of Financial Impact <sup>1)</sup>
Physical risks	Acute P1		●		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 R1	●	●	●	Increased costs associated with managing negative reputation and revenue decline due to reputational damage	Mid
	Policy and law R2	●		●	Increased regulatory compliance costs, rising costs of supply chain audits, supplier replacement, and management	Low
	Market and finance R3			●	Decrease in sales of existing internal combustion engine products	Low
Opportunity	Resource efficiency O1		●		Reduced water and waste-related costs	Low
	Products and services O2			●	Increase in sales due to improved fuel efficiency and expanded market for electric construction equipment	Mid
	Market and finance O3			●	Increase in sales due to increased demand for socially responsible products	Mid

1) Short-term financial impact (1 year)

SPECIAL

Strategy

Prepare (Response and Disclosure) L E A P

The HD Hyundai Construction Equipment Sector implements strategic actions to manage the identified nature-related risks and opportunities. To manage natural capital, strategic activities are conducted in accordance with the principle of proactively preventing negative impacts on biodiversity and minimizing their risks.

HD Hyundai XiteSolution

Protection of Community Streams and Wetlands

To restore the national park ecosystem and preserve biodiversity, the three companies under the HD Hyundai Construction Equipment Sector signed a business agreement with the Korea National Park Service to preserve the ecosystem of Uiryong-gil in Bukhansan National Park. As Uiryong-gil is home to 13 nationally protected species such as the Eurasian eagle-owl, narrow-mouthed toad, and leopard cat, the area holds high conservation value. Under the agreement, we plan to donate KRW 100 million annually until 2027, totaling KRW 500 million, to support conservation and restoration efforts for Uiryong-gil including strengthening ecological monitoring and the enhancement of ecological corridor. In addition to financial contributions, we actively support on-site efforts such as backfilling and compacting eroded trails, conducting ecological monitoring, and reinforcing the ecological connectivity of the area.

HD Hyundai Construction Equipment

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, with which it has formed a sisterhood partnership. Through this activity, a total of 600 poplar trees were planted—300 each in 2023 and 2024—along a 2.1 km stretch of roadside near the Eumseong Global Education Center. Beginning the first half of 2025, the company plans to create tree-lined paths in areas near major business sites including Ulsan, following Eumseong.

HD Hyundai Infracore

Threatened Species Protection Activities

In celebration of the UN-designated International Day for Biological Diversity in May 2024, HD Hyundai Infracore carried out biodiversity preservation activities including support for threatened species. At the Namdong Reservoir in Incheon—a major habitat for the critically endangered black-faced spoonbill—the company conducted an environmental clean-up and removed invasive plant species to protect the population stably by blocking in advance the major factors that interfere with breeding and habitat. It plans to continue its support through donation campaigns aimed at protecting threatened species over the long term.



Ecosystem Conservation Volunteer Activities of the HD Hyundai Construction Equipment Sector

Biodiversity Protection Policy

We established a comprehensive framework across our business operations to protect and enhance biodiversity, and enacted a biodiversity protection policy to contribute to the conservation, restoration, and expansion of biodiversity. This policy outlines governance, biodiversity protection principles, and implementation systems, having received approval from the Board of Directors and management to apply to major domestic and overseas operations for officially demonstrating our commitment and leadership in biodiversity protection.

Risk Management

Biodiversity Risk Management

We have established a company-wide risk management process to systematically manage key risks related to biodiversity, operating it in an integrated manner at the company level. Through a structured risk management process encompassing identification, assessment, strategy implementation, and monitoring, we ensure timely responses, integrate them into our strategies, and minimize impacts on our business operations.

1. Risk Identification

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

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.

3. Strategy Establishment and Implementation

We have established concrete response strategies to mitigate key potential risks and seize on related opportunities, with responsible organizations working together to implement strategic activities.

4. Monitoring and Assessment

The ESG Management Committee regularly monitors the implementation and effectiveness of biodiversity strategy activities and reflects the results to the next biodiversity strategy.

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# Human Capital

## Governance

### Human Capital Organizational Structure

#### Human Capital Governing Body

The ESG Committee within the Board of Directors deliberates on policies and implementation plans related to overall human capital and approves key initiatives. In addition, the ESG Management Committee chaired by the CEO reviews and resolves matters related to labor practices and corporate culture, and monitors the implementation of strategic tasks.

#### Human Capital Operational Function

The HD Hyundai Construction Equipment Sector manages human capital-related operations primarily through the integrated HR dedicated function of HD Hyundai XiteSolution and the HR function of the three HD Hyundai Construction Equipment Sector companies. The integrated HR dedicated function establishes and collectively promotes strategies and policies encompassing overall human capital areas including human capital implementation tasks selected by the ESG Management Committee, talent recruitment and development, evaluation and compensation, and organizational culture. The HR function of each company handles tasks including labor-management cooperation, technical workforce management, and grievance-handling/human resources committee.

#### Compensation Linked to Human Capital

We are improving diversity within the organization and continuously securing safety and efficiency in human resource management by incorporating 'fostering talent through diversity, managing turnover rate, and expanding job rotation opportunities' into executive KPIs.

## Strategy

### Human Capital Risks and Opportunities

#### Risk and Opportunity Identification and Response

We identify key risks and opportunities that may affect ESG-related issues across the full spectrum of human capital, and establish and implement strategies for systematically managing the identified factors.

Risk/Opportunity Definition

#### Impact 1 | Accelerated Industrial Structure Advancement and Technological Transformation

##### Risk

Decline in corporate competitiveness due to lack of specialized capabilities

##### Opportunity

Securing competitive advantage by securing key talent

#### Impact 2 | Changes in Perception and Expectations of Organizations Due to Generational Change

##### Risk

Talent drain due to a rigid corporate culture

##### Opportunity

Strengthening organizational capabilities by improving the organizational commitment

Response Strategy

- Recruiting talent and developing key personnel
- Operating performance evaluation and reward system
- Facilitating employee communication programs
- Promoting corporate culture improvement activities

### Talent Management

#### Talent Recruitment

We recruit talent through various channels including regular recruitment, rolling recruitment, and internship programs linked to employment. The recruitment process is conducted fairly and transparently based on ethical standards, ensuring equal opportunity for all. In addition, candidates are screened for competencies and growth potential to secure the best-fit talent.

#### Talent Development System

We support self-directed capability development by providing personalized talent development programs based on objective assessments of employees' competencies.

#### Talent Development Program

##### Job Competency Assessment and FC System Implementation

We have established a Functional Competency (FC) development framework to evaluate the job competency levels of our employees. We design and operate training programs tailored to the competencies required for each job based on the assessment result.

**Self-directed Learning Activity Support System** Practical problem-solving capabilities are enhanced through voluntary employee-led learning groups (CELL: Community of Employee-Led Learning), with outstanding groups recognized and rewarded to promote a self-directed learning culture.

**In-house Job Training Academy** We operate an in-house job training academy where experts design and deliver specialized curricula to strengthen practical skills, while also expanding remote learning via the 'CELEB' platform and enhancing digital training in AI and data analytics to develop talent ready for future environments.

**Global Expert and Leader Nurturing** To build the practical skills needed in a global environment, we provide language training, overseas assignments, and local project opportunities to develop global leadership, while also enhancing technical and functional expertise through job-specific training programs.

### Diversity

We foster a culture that embraces and respects diversity among our employees regardless of gender, religion, disability, or nationality. We have established goals of increasing the recruitment of female talent, and are operating leadership programs for managers and systems that support work-life balance, and help in creating the environment that enable employees with acquired disabilities to perform their jobs smoothly. In 2024, the three companies under the HD Hyundai Construction Equipment Sector signed a business agreement with Miral Welfare Foundation – a specialized organization for disability welfare – to promote employment linked to people with disabilities. Through this initiative, we aim to expand employment opportunities for disabled people and contribute to the creation of sustainable jobs, strengthening the inclusive corporate culture that respects diversity.



HD Hyundai Construction Equipment Sector's Signing Ceremony for a Linked Employment Agreement for People with Disabilities

Strategy

## Evaluation and Compensation

### Evaluation System

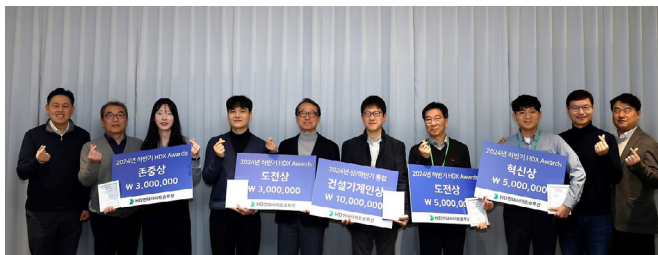
The HD Hyundai Construction Equipment Sector operates the Management by Objectives (MBO) system to ensure fair performance evaluations and to link the evaluation results to employee compensation. All executives and employees establish strategic tasks based on the company's management goals and execute their work in alignment with these objectives. The progress of each task is continuously monitored via the 'Work Management Platform,' with regular feedback provided and reflected in job performance evaluations.

#### Performance Appraisal Process



### Compensation and Reward System

We have a fair and objective compensation system. To encourage mid- to long-term performance, a performance-based annual salary system is applied for managerial-level employees including team leaders, as well as a long-term incentive program for executives and above. We are also committed to motivating employees and enhancing their performance through various reward programs such as the 'Construction Machinery Person's Award' and the 'Unsung Hero' initiative.



HDX Awards in the Second Half of 2024

## Corporate Culture

### Corporate Culture Survey

We conduct the HD Hyundai Group Value Survey every year to establish a healthy corporate culture. The questionnaire consists of questions on core value adoption, awareness of change management, job satisfaction, and organizational commitment to assess the overall organizational culture, and various improvement directions are established and implemented based on the survey results.

### Operation of the Change Agent System

We operate the Change Agent (CA) program to facilitate communication and promote transformation within the organization. CA representatives are selected from each team to lead the change initiatives, acting as intermediaries who share opinions between departments and support change activities. HD Hyundai XiteSolution's integrated HR dedicated function sets the direction and policies for change management, and CAs then communicate these plans to departments across the three companies under the HD Hyundai Construction Equipment Sector where each function serves as the actual execution entity.

### Communication Channel

We have various communication channels to establish a healthy labor-management culture between executives and employees.

- Invite Our CEO** A communication program that brings executives and employees together for open, face-to-face dialogue
- CTB<sup>1)</sup> Workshop** A team-based program designed to foster mutual understanding and collaboration between leaders and members
- CEO Meeting** A CEO-employee meeting to share the company's vision, strategies, and hold an open Q&A.
- Various Communication Channels** Online and offline grievance channels, human rights protection center, website, in-house portal, etc.

1) Connected Team Building

### Welfare System

We have various welfare programs to support employees' work-life balance, including flexible working hours, tuition support for employees' children, housing assistance, and health care benefits. We also offer a work-family balance program that helps employees harmonize their personal and professional lives by providing support for pregnancy, childbirth, and childcare. We are committed to fostering a stable work environment while enhancing employee satisfaction and engagement.

Risk Management

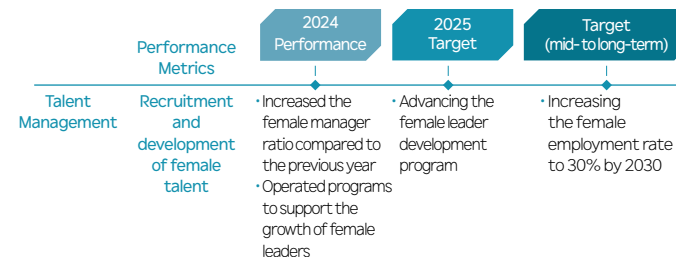
## Human Capital Risk Management

We have established a company-wide risk management process to 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 our 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 acceleration of technological transformation driven by digitalization. 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 set for establishing response strategies based on this significance analysis.
- 3. Strategy Establishment and Implementation** To mitigate major potential risks and leverage emerging opportunities, we employ strategies such as talent hiring, key personnel development, and corporate culture enhancement. These detailed strategies are implemented by the HR 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 reflects the results to the next human resource management strategy.

### Metrics and Targets

## Human Capital Metrics and Targets



# Human Rights Management

## Governance

### Human Rights Management Organizational Structure

#### Human Rights Management Governing Body

The HD Hyundai Construction Equipment Sector operates the ESG Committee within the Board of Directors, the ESG Management Committee under ESG Committee, and the Human Rights Management Committee as a dedicated function for human rights management. The Human Rights Management Committee oversees major human rights matters, including policy development, implementation planning, goal management, human rights impact assessments, and identifying improvement tasks. It reports key policies and review outcomes to the ESG Committee via the ESG Management Committee, and determines the strategic direction.

#### Human Rights Management Operational Function

We have a dedicated function in order to implement strategic tasks. HD Hyundai XiteSolution's ESG management department executes strategic tasks such as establishing human rights management policies, conducting human rights due diligence, and providing human rights training.

#### Human Rights Management Governance of the HD Hyundai Construction Equipment Sector



## Strategy

### Human Rights Management Risks and Opportunities

#### Risk and Opportunity Identification and Response

We identify key risks and opportunities that may affect ESG-related issues across the full spectrum of human rights management, and establish and implement response strategies for systematically managing the identified factors.

#### Identification of Human Rights Management Risks and 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	Enhancement of corporate reputation through compliance with international standards
Impact 2   Increased Stakeholder Demand for Human Rights Monitoring and Accountability	
Risk	Opportunity
Occurrence of social conflict with stakeholders	Secured organizational stability by improving the workplace environment
Response Strategy	
<ul style="list-style-type: none"> <li>Enacting/Revising human rights policies</li> <li>Conducting human rights impact assessments and implementing improvement tasks</li> <li>Operating a stakeholder grievance handling process</li> <li>Internalizing human rights management for employees</li> </ul>	

### Human Rights Management Policy

#### Practical Guidelines for Human Rights Management

We have established the Guiding Principles for Human Rights Management to protect and promote the human rights of stakeholders including company executives and employees. These Guiding Principles for Human Rights Management are publicly disclosed on the company website.

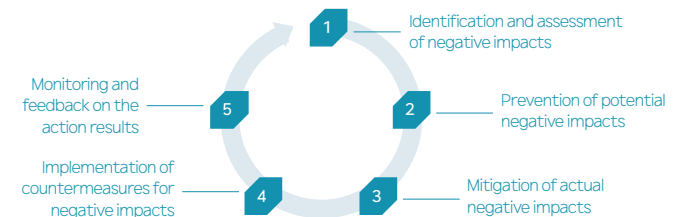
[Guiding Principles for Human Rights Management](#)

[Declaration of Human Rights Management](#)

### Human Rights Due Diligence and Human Rights Impact Assessment

#### Process of Human Rights Due Diligence

We implement a human rights due diligence process, including human rights impact assessment, 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. Actual or potential adverse human rights impacts that may arise among employees and on-site contractors are annually assessed. 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 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.





Strategy

### Human Rights Impact Assessment

As part of our human rights due diligence process, the HD Hyundai Construction Equipment Sector conducts regular human rights impact assessments. Relevant stakeholders were identified, and assessment metrics for both corporate management and business operations were developed and applied to the assessments. In the 2024 assessment, an expert panel specializing in human rights management participated in the due diligence and derived improvement tasks for each major issue based on the assessments results. Priority tasks are selected through an importance assessment, and detailed response plans are established accordingly. The responsible departments periodically check the implementation status of these tasks at each operation to ensure continuous improvement.

Improvement Tasks and Response Measures for Major Human Rights Issues Based on the Human Rights Impact Assessment Results

Key Issue Area	Key Improvement Tasks	Detailed Response Plans
Human rights respect governance	<ul style="list-style-type: none"> <li>Advancing the human rights violation relief procedures</li> <li>Establishing an education system for the internalization of human rights management</li> </ul>	<ul style="list-style-type: none"> <li>Improving the human rights violation relief procedures</li> <li>Conducting human rights training for employees</li> </ul>
Prohibition of forced and child labor	<ul style="list-style-type: none"> <li>Establishing a supplier compliance system prohibiting forced and child labor</li> </ul>	<ul style="list-style-type: none"> <li>Revising the basic contract for material transactions</li> </ul>
Non-discrimination in employment	<ul style="list-style-type: none"> <li>Enhancing policy provisions on non-discrimination in employment</li> </ul>	<ul style="list-style-type: none"> <li>Reflecting anti-discrimination provisions to human rights management practice regulations and employment rules</li> </ul>
Responsible supply chain management	<ul style="list-style-type: none"> <li>Requesting and monitoring compliance with human rights protection obligations by suppliers, subcontractors, subsidiaries, and key suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Monitoring "Labor and Human Rights" in the supplier ESG self-assessment</li> <li>Reflecting human rights protection items among on-site assessment(OSA) items</li> </ul>
Intensive management of risk factors by process	<ul style="list-style-type: none"> <li>Reinforcing the access control system for active work areas</li> </ul>	<ul style="list-style-type: none"> <li>Operating workplace safety warning devices</li> </ul>

### Human Rights Management Activities

#### Human Rights Grievance Process

We implement a grievance-handling process that allows employees, both domestic and overseas, to report human rights violations. Human rights grievances related to workplace bullying, sexual harassment, and other human rights concerns are received through various online and offline channels, and improvement measures are implemented if human rights risks are identified during the process. Confidentiality is guaranteed for all whistleblowers, and any form of retaliation is strictly prohibited.

#### Human Rights Training

We provide human rights-related training for all employees at least once a year. This includes legally mandated online courses on the prevention of sexual harassment, improvement of awareness of the disabled, and prevention of workplace bullying. In addition, awareness-raising activities on human rights are carried out through various channels such as company-wide emails, Hi-Connect (SNS channel), and Hi-ESG campaign.

Risk Management

### Risk Management of Human Rights Management

We have established a company-wide risk management process to effectively manage key risks related to human rights management. Through a structured procedure of risk identification, assessment, strategy implementation, and monitoring at each stage, we minimize potential impacts on business operations while ensuring both consistency and flexibility in strategy execution.

- 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 identified through human rights due diligence and setting priorities and establishing strategies by considering areas where key improvement tasks are identified 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 execution of human rights impact assessments to mitigate key potential risks and leverage emerging opportunities. These detailed strategies are carried out by the dedicated human rights management function.
- 4. Monitoring and Assessment**

Operating under the ESG Management Committee, the Human Rights 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 to the next human rights management strategy.

Metrics and Targets

### Human Rights Management Metrics and Targets



# Health and Safety

## Governance

### Health and Safety Organizational Structure

#### Health and Safety Governing Body

The HD Hyundai Construction Equipment Sector operates a health and safety management system to achieve our health and safety goals effectively. The annual health and safety performance plan is approved by the Board of Directors, and the Health and Safety Management Committee deliberates and makes decisions on key health and safety issues as well as the latest regulatory developments. Meanwhile, the detailed implementation plans and performance of ESG strategic tasks by part—including health and safety—are subject to monitoring by the ESG Management Committee under the ESG Committee.

#### Health and Safety Operational Function

The health and safety strategic initiatives selected by the ESG Management Committee are managed by the Environment/Safety part composed of the EHS (Environment, Health, and Safety) function. The EHS function establishes and directly implements the health and safety initiative implementation plan and regularly reports on the progress of these initiatives. In addition, it supports the operation of the Occupational Health and Safety Committee and the working group between our EHS function and contractors to enhance communication with workers.

#### Health and Safety Governance of the HD Hyundai Construction Equipment Sector



## Strategy

### Health and Safety Risks and Opportunities

#### Risk and Opportunity Identification and Response

We identify key risks and opportunities that may affect ESG-related issues across the full spectrum of health and safety, and establish and implement strategies for managing the identified factors.

Risk/Opportunity Definition	
<b>Impact 1</b>	Strengthened health and safety regulations including the Serious Accidents Punishment Act
<b>Risk</b>	Operational disruption due to the violation of laws and regulations
<b>Opportunity</b>	Improvement of productivity by creating a safe working environment
<b>Impact 2</b>	Increased social demand for industrial health and safety
<b>Risk</b>	Damage to corporate reputation and loss of stakeholder trust due to safety accidents
<b>Opportunity</b>	Securing organizational stability by improving the working environment at the workplace

#### Response Strategy

- Establishing and operating the health and safety management system
- Implementing preemptive and follow-up measures to prevent safety accidents
- Promoting and embedding a strong safety culture across our workforce
- Supporting contractors' establishment of a health and safety system

### Health and Safety Policy

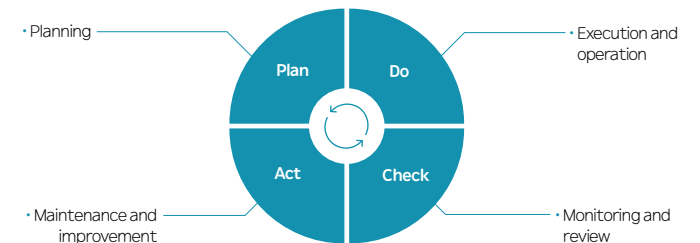
We have established health and safety policies as well as EHS guidelines to secure safety in the workplace more effectively and protect the health of our workers, and applying them to all operations. In 2025, we have initiated the development of joint guidelines aimed at advancing our health and safety policies and establishing standardized guidelines across the three HD Hyundai Construction Equipment Sector companies. These guidelines incorporate the relevant regulations and permit requirements necessary for facility investments, and we are planning to apply these guidelines to all operations and on-site contractors in our operations.

### Health and Safety System

#### Health and Safety Management System

We maintain a health and safety management system based on the Plan-Do-Check-Act (PDCA) cycle, and systematically apply the cycle to the entire process from planning to execution, inspection, and improvement to enhance the sustainability and effectiveness of our health and safety activities. The health and safety management system is operated in accordance with global standards as demonstrated by our ISO 45001 certification; as of 2024, 90% of domestic operations have acquired certification, with the expansion of the scope of certification acquisition to overseas operations. In addition, to improve operational efficiency, the EHS integrated management system was introduced. This enables real-time monitoring and analysis of safety accidents and risk factor data for use as basis for preventing accident recurrence and responding quickly.

#### PDCA cycle of the Health and Safety Management System



Strategy

### Accident Reporting Process

The accident reporting process stipulates comprehensive post-accident procedures, including reporting to upper management, root cause analysis, establishment of recurrence prevention measures, and enactment or revision of risk assessment procedures in the event of a safety accident. When an accident occurs, on-site employees immediately report the accident to the designated manager according to the reporting process to ensure prompt follow-up response. Root cause analysis is conducted within one week of the accident, and recurrence prevention measures are documented and reported. This process helps prevent the escalation of accidents and reduces the likelihood of similar accidents recurring, improving the level of safety management across the company.

### Risk Assessment Process

The HD Hyundai Construction Equipment Sector annually conducts risk assessments at each operation. The risk assessment process consists of two key phases: the identification phase where work processes are analyzed and risk factors are identified and quantified, and the response phase, where health and safety measures are implemented for all the identified risks. In addition to regular assessments, ad-hoc assessments are conducted whenever there are changes to the work environment such as the introduction or change of processes, facilities, or equipment, or introduction of new personnel. Through ad-hoc assessments, health and safety measures for the existing risk factors are reexamined with the standard working instructions revised if necessary. When an accident occurs, the validity of the risk assessment is reviewed as part of the accident reporting process and revisions are made to prevent the same accident from occurring. Risk assessments are conducted not only at the workplaces where employees work but also at the workplaces of our on-site contractors. Through this, we request our contractors to participate actively in safety management activities.

#### Risk Assessment Process

Step 1 Plan	Step 2 Do	Step 3 Check	Step 4 Act
<ul style="list-style-type: none"> <li>Establishing a risk assessment plan, training responsible personnel</li> <li>Preparing/establishing and revising guidelines for standard work procedures and risk assessment reports</li> </ul>	<ul style="list-style-type: none"> <li>Establishing/implementing standard work procedures</li> <li>Preparing assessment reports</li> </ul>	<ul style="list-style-type: none"> <li>Conducting regular and new/ad hoc (reassessment) assessments</li> <li>Checking if the assessment has been performed</li> </ul>	<ul style="list-style-type: none"> <li>Establishing/implementing improvement plans, taking corrective actions</li> <li>Evaluating effectiveness of risk mitigation activities, maintaining documentation of results etc.</li> </ul>

### Workplace Safety Management

Based on the feedback collected at the 2024 Synergy Workshop regarding the integration of the health and safety systems across the three affiliated companies, we decided to conduct annual cross-operation EHS inspections more systematically. Taking a step further beyond activities focusing on site inspections and case sharing, we are establishing detailed plans such as training expert members to establish unified assessment standards for health and safety operations beginning 2025.

In addition to cross-inspection activities, the Chief Safety Officer (CSO) conducts weekly patrols of worksites to monitor and manage risk factors. We are also strengthening the response capabilities of both employees and on-site contractors by carrying out emergency response drills to prepare for various scenarios such as natural disasters. Furthermore, to prevent everyday workplace accidents such as fires and hazardous material-related accidents, we periodically inspect the firefighting facilities and hazardous material management status and proactively improve any deviations.

**HD Hyundai XiteSolution**

**Weekly Themed Safety Inspections**

- Selecting and sharing random health and safety topics for on-site contractors
- Conducting a joint inspection of the worksite and follow-up of whether improvement measures have been taken by reporting the results of the inspection the following week

**HD Hyundai Construction Equipment**

**Integrated EHS Management System Development**

- Introducing real-time safety response functions such as accident prediction based on big data, accident prediction by time, and risk notification to workers
- Establishing a response system for the enactment and revision of EHS-related laws and regulations

**HD Hyundai Infracore**

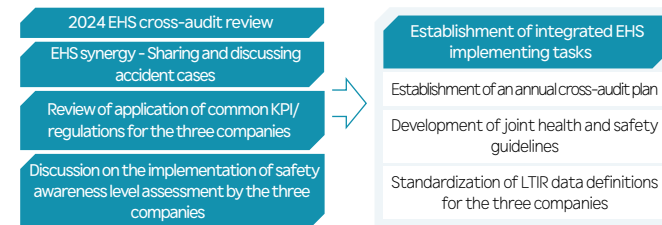
**Safety Supporter Activities**

- Conducting lectures by safety experience, skill training
- Conducting Safety Guard and Safety Supporter activities once a week, coaching on major deviations in the worksite

### Regular EHS Synergy Workshop

Since 2022, the operational functions of the three HD Hyundai Construction Equipment Sector companies have been holding annual year-end Synergy Workshops to assess the integration of their EHS operational systems. During a workshop, working-level employees in charge of the environment, safety, and fire departments visit major operations for cross-audit, share their experiences in responding to accidents, and discuss measures to respond to the Serious Disaster Punishment Act. The three companies collaborate to identify and implement joint action plans based on discussions of major health and safety issues, and the results of these activities are shared at the next regular Synergy Workshop. At the 2024 Synergy Workshop, cross-audits were conducted across the three companies, and outstanding cases of health and safety improvements in response to risk factors identified in work sites were shared. In addition, the EHS operational functions of the HD Hyundai Construction Equipment Sector companies discussed key health and safety issues and derived detailed health and safety joint initiatives such as regular implementation of cross-audits, drafting of unified health and safety guidelines for the HD Hyundai Construction Equipment Sector, and standardization of health and safety data definitions. These initiatives are implemented in connection with each company's executive and employee KPIs, with EHS personnel maintaining continuous communication and collaboration through exchanges throughout the year in addition to regular workshops.

#### Agendas of the EHS Synergy Workshop in 2024



### Safety Culture Activities

We conduct quarterly training sessions for our employees in compliance with safety-related laws, and provide special training programs to on-site contractors on high-risk work practices. In addition to providing regular training, monetary rewards are given for outstanding improvement that reduced workplace risks. Moreover, to evaluate the effectiveness of safety culture initiatives, an annual safety awareness survey is carried out with the participation of employees and onsite contractors. Based on the assessment results, each company establishes its own improvement strategy tailored to the identified awareness level, and implements tasks to gradually raise the level of safety awareness.

Strategy

## Employee Health Management

The HD Hyundai Construction Equipment Sector carries out activities to prevent diseases that may occur in the work environment and operates wellness programs to support employees' health in daily life. Continuous investment is made in employees' health, including the operation of counseling centers to help maintain both physical and mental well-being.

HD Hyundai XiteSolution

- Low-carbon footstep donation campaign for employees
- 'Mind Garden' psychological counseling center at the Ulsan Campus
- BMI improvement incentive program for employees

HD Hyundai Construction Equipment

- Follow-up care program for employees after health screenings
- Smoking cessation reward program for successful participants
- 'Mind Garden' psychological counseling center at the Ulsan Campus

HD Hyundai Infracore

- Noise reduction task force for occupational disease prevention (quarterly basis)
- Health management programs such as hypertension prevention and walking challenges
- HUGIN mental health program

## Contractor Health and Safety

For the effective management of contractors' health and safety implementation capabilities, we have an assessment system for both new and existing contractors. Before signing contracts with a new supplier, we assess whether its health and safety management systems meet the legal requirements. On the other hand, on-site contractors undergo regular EHS assessments to monitor their operational safety standards and identify areas for improvement. The assessment results are linked to training and operational management of contractors, and regular health and safety training is provided to contractors in order to strengthen their health and safety implementation capabilities. Rewards are given to contractors with outstanding improvement, and a regular working group meeting is held between the contractor representatives and our EHS teams to share safety-related requirements and strengthen the foundation for collaboration.



Inauguration Ceremony for the Establishment of a Safe Workplace for Contractors

HD Hyundai XiteSolution

**On-Site Contractor Award Support System**

We carry out various support activities to improve the health and safety capabilities of our on-site contractors.

Awarding KRW 3 million for contractors achieving annual accident-free workplaces

Awarding KRW 2 million to contractors demonstrating outstanding EHS capabilities in the semiannual EHS assessment

Awarding KRW 750,000 won for the best and excellent contractors in quarterly risk assessments

Providing incentives for hiring safety managers

HD Hyundai Construction Equipment

**Supplier Support Program**

We have started a pilot program for safe workplace operations targeting suppliers. As part of this initiative, we conduct on-site visits to supplier workplaces for the joint establishment of safety inspection standards and identify and improve major accident risk factors. In addition, we provided training to suppliers to introduce the concept of collision/struck-by accidents and safety rules aimed at preventing such accidents.

HD Hyundai Infracore

**Mutually Beneficial Project for Contractor Health and Safety**

To build EHS infrastructure with our suppliers, we are operating a joint task force team composed of the Health and Safety and Procurement functions. We provide comprehensive support including the improvement of risk factors, training, and technical assistance. As part of our cooperative project, we operate a mutually beneficial working group for the health and safety council and visit supplier sites to provide practical support to individual suppliers such as post-risk assessment improvement guidance, identification and mitigation of risk factors, and explanation of safety equipment management practices.

Risk Management

## Health and Safety Risk Management

For the systematic management of major risks related to health and safety, we have established a risk management process operated in an integrated manner at the company level. We apply a structured risk management framework encompassing identification, assessment, strategy implementation, and monitoring to ensure timely responses and to minimize business impact.

1. Risk Identification

We comprehensively consider the health and safety environment to identify health and safety risks and opportunities. We regularly monitor changes in the relevant laws and regulations as well as the evolving requirements of ESG rating agencies from an external standpoint. Internally, we proactively identify potential risks and opportunities that may arise from changes in the work environment.

2. Risk Assessment

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

3. Strategy Establishment and Implementation

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

4. Monitoring and Assessment

The ESG Management Committee establishes strategies for the identified and assessed risks and checks the progress of implementation, including whether each step's goals have been achieved. The feedback from monitoring is reflected to the risk management process for the following year, thereby enhancing the integrity of the health and safety risk management system.

Metrics and Targets

## Health and Safety Metrics and Targets

In 2024, the three HD Hyundai Construction Equipment Sector companies standardized the calculation method for the LTIR (Lost Time Injury Rate) based on employee data, enhancing performance comparability and increasing the transparency of safety data. We aim to build a health and safety management system on par with leading global companies, targeting the establishment of a global best-practice framework.

# Supply Chain

## Governance

### Supply Chain Organizational Structure

#### Supply Chain Governing Body

The HD Hyundai Construction Equipment Sector approves supply chain-related initiatives through the ESG Committee within the Board of Directors. We delegate the monitoring of supply chain sustainability management strategies or initiatives, and deliberation and decision making on key supply chain sustainability issues to the ESG Management Committee.

#### Supply Chain Operational Function

The Supply Chain part under the ESG Management Committee oversees our supply chain sustainability management implementing initiatives such as supporting suppliers' ESG systems and reducing supply chain carbon emissions. HD Hyundai XiteSolution's integrated purchasing function executes these initiatives across the three HD Hyundai Construction Equipment Sector companies.

#### Compensation Linked to the Supply Chain

We have established "Strengthening supply chain sustainability management by establishing a supply chain management evaluation system" as a KPI item for the executive leadership and linked it to the compensation system. Through this, we are enhancing our execution capabilities for supply chain sustainability management and monitoring the sustainability of our suppliers.



Supply Chain Operation Philosophy of HD Hyundai Group on the HD Hyundai Website

## Strategy

### Supply Chain Risks and Opportunities

#### Risk and Opportunity Identification and Response

We identify key risks and opportunities that may affect ESG-related issues across the full spectrum of the supply chain and establish and implement strategies for systematically managing 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	Enhancement of 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 the supplier capacity and operating communication channels

### Supply Chain Management Strategy

#### Supply Chain Management Policy

We implement the supply chain sustainability management policy we have established based on globally recognized standards, including the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises, and the ILO Core Conventions. This policy applies to suppliers and subcontractors that supply products and services or have other relationships with us and clearly specifies the suppliers' responsibilities as well as ESG management areas, supplier ESG evaluation system, and communication methods.

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

#### ESG Management Policy of the Supply Chain

- Sustainable Purchasing
- Supplier's Responsibilities and Management Areas
- Supplier ESG Evaluation System
- Communication

#### Supplier Code of Conduct

We have established a Supplier Code of Conduct to ensure that our suppliers practice responsible management in key areas such as ethics and fair trade, environment, labor and human rights, health and safety, and management systems. This Code outlines specific compliance requirements for each area and includes provisions to prevent the use of conflict minerals that may be associated with human rights violations or financing of armed groups. We publicly disclose the Supplier Code of Conduct on our website to promote compliance. When signing a contract, we request suppliers 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 strengthening ethical responsibility during business transactions by requiring all suppliers to submit an ethical management pledge.

[Supplier Code of Conduct](#)

#### Green Purchasing Policy

We have established a Green Purchasing Policy which prioritizes the purchase of products with eco-label certification, low-carbon product certification, and Good Recycled Product certification. In addition, we are continuously expanding sustainable purchasing by reflecting environmental performance as an evaluation factor during bidding for suppliers and awarding extra points to green products.

Strategy

## Supply Chain Assessment

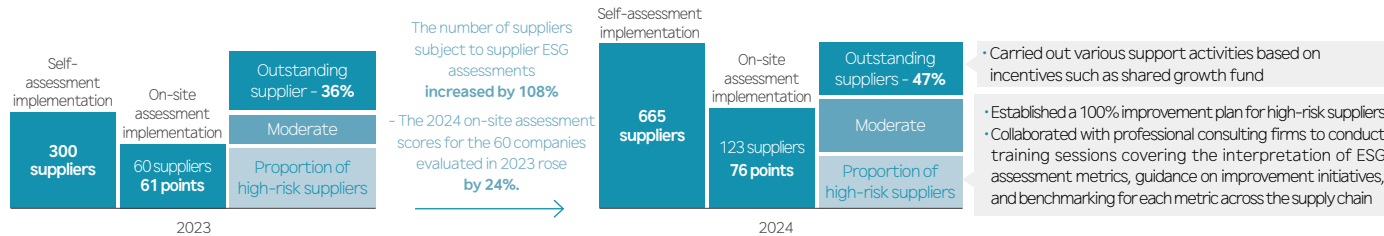
### Supplier ESG Assessment Policy

The HD Hyundai Construction Equipment Sector conducts an annual supplier ESG assessment to build a sustainable supply chain in accordance with our supply chain management policy. This assessment evaluates implementation levels across five key ESG domains—labor and human rights, health and safety, environment, ethics, and management systems—through both self-assessments and on-site evaluations.



### Supplier ESG Assessment in 2024

In 2024, we conducted a self-assessments of 665 suppliers across our supply chain, and based on the assessment scores, transaction volume, and level of dependency, 123 suppliers were selected for on-site audit. Based on the assessment results, outstanding and high-risk suppliers are identified and improvement tasks and incentives appropriate for each are supported. In particular, the ESG assessment results from the past two years demonstrate a steady improvement in ESG implementation across the supply chain. Our plan is to enhance the sustainability of the entire supply chain by gradually expanding the assessment coverage and strengthen improvement efforts in vulnerable areas, thereby enhancing the overall supply chain sustainability.



### Roadmap for Supply Chain Sustainability Management

Based on the supplier ESG assessment, we have formulated and implemented a three-year roadmap for supply chain sustainability management consisting of three areas: supplier communication and training, supplier ESG performance management, and conflict/responsible minerals management.



## Supply Chain Financial Support

To enhance supplier productivity and stability we operate practical systems such as the Manufacturing Execution System (MES), profit sharing system, and delivery pricing indexation system, and support the overall competitiveness of the supply chain through various initiatives including financial aid and funding support.

<b>Smart factory MES installation</b> - "18"	Supporting MES system installation and providing operation consulting to enhance suppliers' production management system
<b>Delivery price indexation system</b> - "353"	Reducing price risks by adjusting the delivery unit prices according to raw material price fluctuations
<b>Supplier financial support</b> - "KRW 186.1 billion"	Operating customized financial support programs tailored to the supplier's situation, such as facility investment and operating funds
<b>Supplier funding support</b> - "KRW 130.5 billion"	Providing low-interest loans and guaranteeing suppliers' financial credibility to secure funds in cooperation with financial institutions
<b>Profit sharing system proposals</b> - "30"	Providing incentives by setting joint initiatives with suppliers and quantitatively evaluating performance

### Supplier ESG workshop at China operations

To strengthen our ESG management capabilities across the global supply chain, we hosted a local briefing session for our China operations. In this briefing session, on-site training was conducted on topics such as the importance of supply chain sustainability management, emerging global regulatory trends, ESG trends, and supply chain sustainability management direction for the China operations of the three HD Hyundai Construction Equipment Sector companies. The briefing session was attended by not only purchasing working-level employees but also the management including the CEO of the local operation, which helped enhance organization-wide understanding of supply chain sustainability management practices and laid the groundwork for implementation.

Strategy

## Supply Chain Communication Activities

### Operation of the Mutually Beneficial Working Group

The HD Hyundai Construction Equipment Sector has established supplier working groups for each of our three companies, holding annual roundtable meetings to listen to suppliers' challenges and explore joint development plans in various areas such as quality, safety, and environmental management, laying a practical foundation for cooperation. In the first half of 2025, the "2025 HD Hyundai Construction Equipment Sector Supplier Association General Meeting" was held with all key suppliers of the three companies in attendance to share the business status and procurement policies and serve as a platform for communication between suppliers and key executives of each company. We plan to actively reflect the diverse opinions of our suppliers and drive sustainable growth rooted in cooperation.



2025 HD Hyundai Construction Equipment Sector Supplier Association General Meeting

### Communication Channel

We operate an anti-corruption counseling window and a shared growth hotline to promptly identify and provide practical solutions to the business challenges faced by suppliers. To strengthen communication, regular newsletters are published and shares useful information on training, policies, and support systems, including external support-linked programs and best practices in cooperation. Our plan is to diversify communication channels and expand partnership-based initiatives that offer practical assistance to ensure sustainable collaboration with suppliers.

#### Supplier Anti-corruption Consultation

- Anonymous reporting through the HD Hyundai ethics management website
- Thorough fact-checking, taking appropriate action on reported acts of corruption

#### Shared Growth Hotline

- Quick reception and handling of suppliers' grievances

Risk Management

## Supply Chain Risk Management

For the systematic management of major supply chain risks, we have established a risk management process implemented in an integrated manner at the company level. Our structured procedures consist of identification, assessment, strategy implementation, and monitoring and we reflect this process in our risk response strategies in a timely manner and minimize impacts 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 considering the actual operational conditions, regional characteristics, and outcomes of ESG assessments, and set priorities by reflecting high-risk suppliers and areas for improvement identified during the assessment process.
- 3. Strategy Establishment and Implementation** To address key risks and opportunities related to the supply chain, the ESG Management Committee establishes various response strategies including supplier assessments and monitoring and capacity-building support. These strategies are executed by the Supply Chain part as a dedicated function operating under the ESG Management Committee.
- 4. Monitoring and Assessment** We regularly monitor the status of implementation of key initiatives and risk management activities related to the supply chain through the ESG Management Committee, and reflect the monitoring results when establishing strategies for the following year.

Metrics and Targets

## Supply Chain Metrics and Targets

Performance Metrics	2024 Performance	2025 Target	Target (mid- to long-term)
Supplier ESG assessment	<ul style="list-style-type: none"> <li>• Conducting supplier ESG self-assessment and on-site audit</li> <li>• Self-assessment: 665 suppliers</li> <li>• On-site audit: 123 suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Self-assessment: All domestic suppliers with purchasing amount of KRW 100 million or more and top 60% of overseas suppliers with procurement amount of KRW 100 million or more</li> <li>• On-site assessment: Expanding suppliers for assessment based on the top 80% of the purchase amount</li> </ul>	<ul style="list-style-type: none"> <li>• On-site assessment: Expanding scope of suppliers subject to evaluation for a 95% coverage of top purchasing amounts</li> </ul>
Supplier ESG support	<ul style="list-style-type: none"> <li>• Support for smart factory MES installation activities</li> <li>• MES installation in 2024: 18 suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Installed MES for members of the Supplier Association</li> </ul>	<ul style="list-style-type: none"> <li>• Increasing support for MES installation for non-member companies</li> </ul>

# GOVERNANCE



# Ethics/Compliance Management

## Governance

### Ethics/Compliance Management Organizational Structure

#### Ethics/Compliance Management Governing Body

The ethical and compliance-related decisions of the HD Hyundai Construction Equipment Sector are made by a governing body composed of the Board of Directors and management. The ESG Committee within the Board of Directors makes decisions on major policies and tasks related to ethical and compliance management. The ESG Management Committee under the ESG Committee conducts regular monitoring by receiving updates on the status and key issues concerning ethical and compliance matters. The committee is enhancing employees' ethical and legal awareness by checking the 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 tasks determined by the ESG Management Committee, based on HD Hyundai's Charter of Ethics, ethical initiatives, and strategic tasks. The legal team serves as the operational function of the Governance part and assumes responsibility for operating compliance training, responding to on-site legal issues, and managing legal risks through continuous monitoring and inspection.

#### HD Hyundai Charter of Ethics

We pursue to be a respected and trusted company that positively contributes to its customers, shareholders and society with the HD Hyundai Core Value comprised of "Innovation to lead, Challenge without fear, Care with respect, and Safety for us and for all". To achieve this goal, we hereby establish this Charter of Ethics, which defines our standards of conduct to follow in accomplishing faithfully our original role and social responsibilities as a corporate entity and we declare that we shall comply with this Charter of Ethics.

## Strategy

### Ethics/Compliance Management Risks and Opportunities

#### Risk and Opportunity Identification and Response

We identify key risks and opportunities that may affect ESG-related issues across the full spectrum of ethical and compliance management and establish and implement strategies for systematically managing the identified factors.

#### Risk/Opportunity Definition

##### Impact 1 | Increased Stakeholder Expectations Regarding Corporate Behavior

#### Risk

Loss of corporate credibility due to unethical behavior

#### Opportunity

Realizing corporate value by creating a transparent corporate culture

##### Impact 2 | Strengthened Laws and Regulations such as Anti-corruption and Fair Trade

#### Risk

Legal sanctions for the violation of laws and regulations

#### Opportunity

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 the employees' Code of Conduct

## Ethical Management

### Ethical Management Operating System

The HD Hyundai Group is making efforts to establish exemplary ethical systems as well as a strong ethical culture based on the Charter of Ethics, the ethics management promotion direction and promotion system, and its ethical management system in a unified, integrated manner across all HD Hyundai affiliates. The ethics management function spreads and internalizes an ethical culture by promoting the activity of identifying and preventing ethics-related risks in advance through ethics management training programs, ethics management practice pledge systems, and ethics management compliance self-assessments to encourage employees' will 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 the audit results.

### Ethical Management Framework

To promote fair and transparent ethical management, we have established a total of 6 ethical management practice frameworks such as the Charter of Ethics, Code of Ethics, Business Ethics Guidelines, Code of Conduct for Business Partners, Business Ethics Action Programs, and training and public relations. Training, PR, and various implementation programs are provided based on the 6 frameworks.

#### Charter of Ethics

An implicit declaration of HD Hyundai's management philosophy based on ethical management

#### Code of Ethics

Concretization of the Charter of Ethics and ethical behavior standards by division

#### Business Ethics Guidelines

Specific standards for behavior judgment and work handling for practicing ethical management

#### Code of Conduct for Business Partners

Ethics standards for fair and transparent transactions with partners and shared growth and development

#### Business Ethics Action Program

Ethical management practice activities for establishing and developing a fair, transparent corporate culture

#### Training and Promotion

Efforts for actively practicing and spreading ethical management among employees

Strategy

### Ethical Management Practice Pledge and Conflict of Interest Reporting System

The HD Hyundai Construction Equipment Sector requires all employees to submit an Ethical Management Practice Pledge every year to make them clearly recognize and comply with ethical standards. The pledge is based on each company's Code of Ethics and anti-corruption compliance guidelines, outlining prohibitions on unfair practices, misconduct, personal rights violations, improper solicitation, and exchange of valuables. In addition, all executives and employees are required to complete and submit a Conflict of Interest Disclosure Form either annually or when a related issue arises to prevent conflicts of interest in advance.

### Ethics Audit

We conduct ethics audits across all subsidiaries—including overseas operations—to assess the effectiveness and implementation of our corporate ethics framework. These audits fall under three categories: corruption audits conducted when signs of misconduct are identified; regular audits carried out based on an annual plan and special-purpose ad-hoc audits initiated at the request of senior management. An annual audit plan is established at the beginning of each year, and the ethics audit is performed to operate a structured, transparent auditing system. Ethics audit results are reported directly to the CEO, with the corresponding action plans developed when areas for improvement are identified and their implementation continuously monitored to increase the effectiveness of ethics management.

### Self-Assessment of Ethical Management Compliance

To strengthen ethical awareness and voluntary compliance capabilities, we conduct an annual ethical management compliance self-assessment for all employees. This self-assessment is a learning-oriented program designed to help employees directly verify and understand the company's ethical standards by answering approximately 10 questions based on the Code of Ethics and Business Ethics Guidelines for ethical conduct. Written materials are distributed to employees with a lower level of understanding of the training subject to facilitate comprehension of the content, reflecting items with low response accuracy in the ethical management training to support their understanding of the relevant topics.

### Reporting Channel Operation

To prevent violations of ethical standards and relevant regulations such as receiving bribes or obtaining undue profits, we operate the HD Hyundai Ethical Management Reporting Channel on a regular basis to foster a fair, transparent corporate culture. This reporting system is accessible 24/7 online, and it also supports a wide range of channels including phone, email, fax, and post, improving accessibility and convenience for whistleblowers. In 2024, the system expanded support for multiple languages including Japanese and Dutch and promoted its use among overseas suppliers to reinforce participation in global ethical management practices.

HD Hyundai Ethical Management Reporting Channel 

### Ethical Management Training

Having embedded ethical management as a core corporate value, we conduct company-wide ethical training on a regular basis to raise employees' awareness of and commitment to ethical standards. Our training program focuses on key ethical issues such as anti-corruption and non-discrimination—delivered through practical case-based learning—and active participation and empathy of employees are fostered through interactive Q&A sessions. To improve accessibility to training programs, training programs are offered both online and offline.

### Suppliers' Ethics Management

We require newly registered partners to sign an Ethical Management Performance Pledge to raise awareness of ethical standards and encourage compliance. This obligation for partners is formalized in the Code of Conduct for Business Partners, promoting fair and transparent business practices.

## Compliance Management

### Compliance Management Operating System

Led by our Legal Affairs Team, we conduct compliance training, legal issue response, risk assessment, and ongoing monitoring to enhance compliance awareness among executives and employees and strengthen company-wide compliance management. We manage the reported violations through reporting channels and conduct legal reviews of key contracts, and enhance the effectiveness of the compliance system through the enactment and revision of the relevant regulations and ongoing employee training programs. We also collaborate with the Voluntary Fair Trade Compliance Officer and the Compliance Officer appointed in accordance with the compliance control standards to conduct periodic compliance assessments, and report the results to the Board of Directors.

### Compliance Management Policy

We implement various compliance management policies to ensure a fair and transparent trading order and to prevent violations of laws and regulations in advance.

#### Anti-Corruption Practices

##### 1. Supplier Selection and Operation

**Purpose** To improve transparency in supplier selection and operation processes  
**Main contents** Regulations on the prevention of violations of the Subcontracting Act and supplier selection/management

##### 2. Establishment and Operation of Internal Review Committee

**Purpose** To prevent violations of the Subcontracting Act  
**Main contents** Preliminary review of fairness and legality of subcontracting transactions

##### 3. Document Issuance and Retention Recommended

**Purpose** To spread and establish a desirable documentation culture  
**Main contents** Regulations on the issuance and preservation of documents related to the conclusion of subcontracts and the transaction process

##### 4. Desirable Contract Conclusion for Mutually Beneficial Cooperation

**Purpose** To prevent abuse of superior bargaining power over SMEs that could undermine the principle of freedom of contract  
**Main contents** Contract infrastructure, self-determination, and faithful execution

Strategy

**Anti-corruption Management System**

The HD Hyundai Construction Equipment Sector proactively identifies and assesses corruption risks across departments, implementing control measures and preventive actions to mitigate such risks; to manage these efforts effectively, the anti-bribery management system was established and operates based on ISO 37001. In 2024, ISO 37001 follow-up audits were completed and corrective actions were taken on the areas for improvement identified during the audits, ensuring a continuously effective system.

**Compliance Assessment**

We identify and manage key legal and ethical risks such as fair trade, subcontracting, illegal dispatch, anti-bribery, and economic sanctions based on the HD Hyundai Compliance Risk Assessment. Each department independently assesses risks according to their own work, establishes control measures for the items identified as medium or higher risk, and then reevaluates the remaining risks to establish specific management plans. The legal team regularly reviews the implementation status of these risk management plans and provides additional training and tailored consulting to employees in departments where the risk level is assessed as medium or higher. The evaluation results are used as reference material for employee training, work process inspection, and regular monitoring.

**Compliance Program**

To enhance employees' compliance awareness and manage legal risk effectively, we have established compliance control standards that are applied across all business activities. We also implement the eight key elements of the Compliance Program (CP) recommended by the Korea Fair Trade Commission and proactively address fair trade-related risks through regular training and consulting.

**Eight Key Elements of the Compliance Program**

1	Preparing and implementing CP standards and procedures	5	Implementing voluntary compliance training continuously and systematically
2	CEO's commitment to and support for voluntary compliance	6	Establishing an internal monitoring system
3	Appointing the Compliance Officer responsible for the of CP	7	Sanctions against employees who violate fair trade laws
4	Producing and utilizing the voluntary compliance handbook	8	Effectiveness evaluation and improvement measures

**Compliance Training**

To enhance employees' compliance awareness and embed a culture of compliance throughout the company, we conduct company-wide compliance training. In addition, based on the results of the compliance risk assessment, we conducted self-assessments using a self-checklist as well as customized training reflecting the characteristics of each job and department for departments exposed to medium or higher levels of risk.

Risk Management

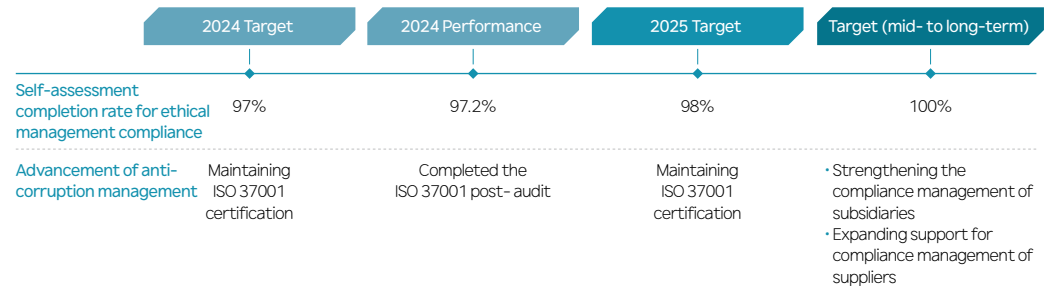
**Ethics/Compliance Risk Management**

We have established a company-wide risk management process to effectively manage key risks related to ethics and compliance management. Through a structured procedure of risk identification, assessment, strategy implementation, and monitoring at each stage, we minimize potential impacts on business operations while ensuring both consistency and flexibility in strategy execution.

- 1. Risk Identification** We identify potential risks in terms of compliance management by comprehensively considering the strengthened domestic and international regulations, changes in legal requirements, and rising stakeholder expectations. The identified risk factors are managed according to priority and used as basic data for establishing effective response strategies.
- 2. Risk Assessment** We conduct regular assessments of major legal risks related to our business characteristics—including compliance evaluations and corruption risk assessments—in order to identify key risks and opportunities related to compliance management. The likelihood of legal violations and noncompliance with internal regulations across different business areas is also examined.
- 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 operation of the Compliance Program. The specific activities of the established strategic tasks are implemented by the operational function under the ESG Management Committee.
- 4. Monitoring and Assessment** The ESG Management Committee checks the progress of strategic tasks regularly, utilizing metrics such as the number of compliance management violations and results of measures to prevent recurrence. These monitoring results are reflected in the formulation of the next annual strategy.

Metrics and Targets

**Ethics/Compliance Management Metrics and Targets**



# ESG DATABOOK

# ESG DATABOOK

The scope of ESG data reporting in this report is categorized as 'Korea' or 'Global,' which includes Korea and major overseas operations. For HD Hyundai XiteSolution, the 'Global' scope includes both our Korea operations and our subsidiary in Changzhou (China). In 2024, the data was standardized in accordance with the 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	2023		2024	
			HD Hyundai XiteSolution	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Total assets	KRW million	Consolidated	9,126,301	9,008,223	3,324,625	4,287,198
Total liabilities	KRW million	Consolidated	4,987,910	4,789,561	1,530,795	2,439,973
Total equity	KRW million	Consolidated	4,138,391	4,218,661	1,793,830	1,847,225
Sales	KRW million	Consolidated	8,748,217	7,773,069	3,438,062	4,114,190
Operating profit	KRW million	Consolidated	724,210	432,427	190,422	184,162
Net income	KRW million	Consolidated	364,384	226,467	85,967	108,416
Sales	KRW million	Separate	1,012,648	1,040,353	1,936,149	3,405,693
Donation amount <sup>1)</sup>	KRW 100 mil.	Global	105	129	61	30
Percentage of donation amount to sales <sup>1)</sup>	%	Global	0.12	0.17	0.18	0.07

1) Change in reporting scope due to expansion of compilation scope

### Research and Development

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
R&D personnel	Person	Korea	1,150	1,177	272	246	659
R&D expenses	KRW million	Korea	288,703	326,809	33,891	91,326	201,593
R&D expenses to sales ratio	%	Korea	4	5	3	5	6

## Governance Data

### Ethics/Compliance Management

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of operations conducting ethics audits <sup>1)</sup>	No.	Global	10	12	2	4	6
Percentage of operations conducting ethics audits <sup>1)</sup>	%	Global	29	30	29	40	26
Number of employees who completed ethics training <sup>2)</sup>	Person	Global	-	5,136	1,107	1,653	2,376
Percentage of employees who completed ethics training <sup>2)</sup>	%	Global	-	68	77	59	72
Number of employees who submitted the ethical management practice pledge <sup>2)</sup>	Person	Global	-	5,405	1,024	2,060	2,321
Percentage of employees who submitted the ethical management practice pledge <sup>2)</sup>	%	Global	-	99	99	100	99
Number of suppliers that submitted the ethical management practice pledge <sup>2)</sup>	No.	Korea	-	944	326	274	344
Percentage of suppliers that submitted the ethical management practice pledge <sup>2)</sup>	%	Korea	-	92	80	98	100
Number of ethical management violations <sup>1)</sup>	Case	Korea	13	24	4	13	7
Number of operations assessed as having corruption risks <sup>2)</sup>	No.	Global	-	6	2	2	2
Percentage of operations assessed as having corruption risks <sup>2)</sup>	%	Global	-	33	40	33	29
Number of compliance training participants	Person	Korea	3,292	3,748	731	882	2,135
Number of compliance training times	Case	Korea	21	13	5	2	6
Number of legal consultations on compliance	Case	Korea	205	215	37	126	52
Number of environmental law violations <sup>3)4)</sup>	Case	Global	0	0	0	0	0
Number of other law violations <sup>4)5)</sup>	Case	Global	7	1	0	1	0
Number of fair trade law violations	Case	Global	1	0	0	0	0
Number of Anti-Bribery Act violations	Case	Global	0	0	0	0	0
Number of other law violations	Case	Global	6	1	0	1	0
Fine for violating environmental regulations <sup>3)4)</sup>	KRW million	Global	0	0	0	0	0
Fine for violating other regulations <sup>4)5)</sup>	KRW million	Global	19	8	0	8	0

1) Disclosure of 2023 and 2024 data newly initiated from 2024 onward

2) 2024 data was newly compiled from 2024 onward

3) Monetary sanctions of USD 10,000 or more

4) Change in reporting scope due to expansion of compilation scope (2023: Korea; 2024: Global with manufacturing subsidiaries newly added)

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

## Environmental Data

### Environmental Investment

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Environmental investment and operating costs <sup>1)</sup>	KRW 100 mil.	Global	366	264	4	41	219
Decarbonized technology development cost <sup>2)</sup>	KRW 100 mil.	Korea	369	358	75	85	198

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

2) Decrease in data compared to the previous year due to change in metric definition in 2024

### Environmental Management

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Decarbonized product sales	KRW 100 mil.	Korea	16,155	15,873	1,635	1,006	13,232
Decarbonized product sales ratio	%	Korea	21	25	16	5	39
Number of ISO 14001-certified operations <sup>1)</sup>	No.	Global	13	15	4	4	7
Percentage of ISO 14001-certified operations <sup>2)</sup>	%	Global	76	88	100	67	100
<b>Non-regenerated raw materials</b>							
Steel usage <sup>3)</sup>	ton	Korea	52,886	26,590	3,100	2,278	21,212
Steel usage intensity <sup>3)</sup>	ton/KRW mil.	Korea	0.007	0.004	0.003	0.001	0.006

1) Major Korea operations and overseas manufacturing operations

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

3) Disclosure of 2023 and 2024 data newly initiated from 2024 onward

### Pollutant Management<sup>1)</sup>

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
<b>Water pollutants</b>							
BOD <sup>2)</sup>	ton	Global	-	3.28	0.00	1.60	1.68
TOC(COD) <sup>2) 3)</sup>	ton	Global	-	8.13	0.86	5.09	2.18
SS <sup>2)</sup>	ton	Global	-	3.72	0.05	2.08	1.59
BOD <sup>4)</sup>	ton	Korea	0.81	1.29	0.00	0.03	1.26
TOC <sup>4)</sup>	ton	Korea	1.25	1.12	0.00	0.18	0.94
SS <sup>4)</sup>	ton	Korea	0.32	0.51	0.00	0.01	0.50
<b>Air pollutants</b>							
Nitrogen Oxides (NOx) <sup>2)</sup>	ton	Global	-	18.75	7.87	0.45	10.44
Sulfur Oxides (SOx) <sup>2)</sup>	ton	Global	-	1.30	0.00	0.45	0.85
Volatile Organic Compounds (VOCs) <sup>2)</sup>	ton	Global	-	79.30	3.94	10.13	65.23
Dust <sup>2)</sup>	ton	Global	-	15.94	0.81	2.29	12.84
Nitrogen Oxides (NOx)	ton	Korea	13.36	18.37	7.63	0.30	10.44
Sulfur Oxides (SOx)	ton	Korea	1.60	1.30	0.00	0.45	0.85
Volatile Organic Compounds (VOCs)	ton	Korea	37.46	73.46	0.65	9.97	62.83
Dust	ton	Korea	18.93	12.37	0.68	1.16	10.52

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

2) Global data was newly compiled from 2024 onward

3) Korea operations are compiled by TOC

4) Disclosure of 2023 and 2024 data newly initiated from 2024 onward

## Greenhouse Gases<sup>1)</sup>

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Scope 1&2 emissions <sup>2)</sup>	tCO <sub>2</sub> eq	Global	152,321	153,693	19,173	33,192	101,328
Scope 1 emissions <sup>2)</sup>	tCO <sub>2</sub> eq	Global	45,860	43,071	3,067	14,744	25,260
Scope 2 emissions <sup>2)</sup>	tCO <sub>2</sub> eq	Global	106,461	110,624	16,106	18,448	76,070
Scope 1&2 emissions	tCO <sub>2</sub> eq	Korea	120,638	116,692	9,442	19,577	87,672
Scope 1&2 emissions intensity	tCO <sub>2</sub> eq/ KRW million	Korea	0.015	0.018	0.009	0.010	0.026
Scope 1 emissions	tCO <sub>2</sub> eq	Korea	35,853	32,234	1,479	7,684	23,071
Scope 1 emissions intensity	tCO <sub>2</sub> eq/ KRW million	Korea	0.005	0.005	0.001	0.004	0.007
Scope 2 emissions	tCO <sub>2</sub> eq	Korea	84,785	84,459	7,963	11,893	64,603
Scope 2 emissions intensity	tCO <sub>2</sub> eq/ KRW million	Korea	0.011	0.013	0.008	0.006	0.019
Scope 3 emissions <sup>3)</sup>	tCO <sub>2</sub> eq	Korea	16,310,596	15,804,213	1,127,131	8,818,952	5,858,130
① Purchased goods and services	tCO <sub>2</sub> eq	Korea	93,357	267,084	41,789	106,941	118,354
② Capital goods	tCO <sub>2</sub> eq	Korea	804	710	105	202	403
③ Fuel and energy related activities	tCO <sub>2</sub> eq	Korea	12,588	14,743	1,319	2,133	11,291
④ Upstream transportation and distribution	tCO <sub>2</sub> eq	Korea	247,889	291,306	48,946	96,018	146,343
⑤ Waste generated in operations	tCO <sub>2</sub> eq	Korea	2,420	2,599	526	844	1,229
⑥ Business travel	tCO <sub>2</sub> eq	Korea	3,397	4,722	1,045	1,929	1,747
⑦ Employee commuting	tCO <sub>2</sub> eq	Korea	1,204	4,966	291	55	4,620
⑧ Downstream transportation and distribution	tCO <sub>2</sub> eq	Korea	19,877	128,789	24,438	98,046	6,304
⑨ Use of sold products	tCO <sub>2</sub> eq	Korea	15,924,135	15,084,470	1,008,282	8,510,763	5,565,425
⑩ End of life treatment of sold products	tCO <sub>2</sub> eq	Korea	4,914	4,819	390	2,021	2,408
⑪ Investments	tCO <sub>2</sub> eq	Korea	11.47	6.43	0.00	0.43	6.00

- 1) Calculated by applying the guidelines on reporting and certification of emissions under the greenhouse gas emissions trading system  
 2) Change in reporting scope due to expansion of 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 energy use of the supplier that accounts for the top 50% of purchase amount
  - ② Capital goods: Based on the history of office supply purchase
  - ③ Fuel and energy related activities: Based on the energy used in Korea operations
  - ④ Upstream transportation and distribution: Based on the sea/land transportation of products (company costs)
  - ⑤ Waste generated in operations: Based on the 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
  - ⑧ Downstream transportation and distribution: Based on the sea/land transportation of products (external costs)
  - ⑨ 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)
  - ⑩ End of life treatment of sold products: Based on emissions resulting from the disposal of sold products (Korea)
  - ⑪ Investments: Based on the energy usage of related companies

## Energy

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Energy usage <sup>1)2)3)</sup>	TJ	Global	2,661	2,787	341	572	1,874
Direct energy usage	TJ	Global	668	613	49	175	389
Indirect energy usage <sup>4)</sup>	TJ	Global	1,959	2,065	292	348	1,425
Renewable energy usage <sup>4)</sup>	TJ	Global	34.23	109.14	0.25	48.33	60.57
Energy savings <sup>5)</sup>	TJ	Global	-	42	2	10	30
Amount of energy cost savings <sup>5)</sup>	KRW million	Global	-	928	73	202	654
Energy usage <sup>1)4)6)</sup>	TJ	Korea	2,300	2,281	190	338	1,753
Direct Energy usage	TJ	Korea	517	462	23	89	350
Indirect Energy usage	TJ	Korea	1,772	1,767	167	249	1,351
Renewable Energy usage <sup>7)</sup>	TJ	Korea	10.75	52.22	0.25	0.14	51.83
Intensity of energy usage	TJ/KRW million	Korea	0.0003	0.0004	0.0002	0.0002	0.0005
Energy savings <sup>8)</sup>	TJ	Korea	63	38	2	7	29
Amount of energy cost savings <sup>8)</sup>	KRW million	Korea	1,419	875	73	149	654

- 1) Calculated by applying the guidelines on reporting and certification of emissions under the greenhouse gas emissions trading system  
 2) Change in reporting scope due to expansion of compilation scope (Korea and overseas manufacturing operations before 2023, sales subsidiaries added to global in 2024)  
 3) The 2023 data was corrected due to a change in metric definition and an error  
 4) The 2023 data was corrected due to a change in metric definition  
 5) Global data was newly compiled from 2024 onward (Brazil operations was excluded)  
 6) Energy use is the total physical energy use of non-renewable energy and renewable energy, and energy use in the Assurance Statement is calculated according to the greenhouse gas calculation standard excluding renewable energy use  
 7) The 2023 data was corrected due to an error  
 8) Disclosure of 2023 and 2024 data newly initiated from 2024 onward

**Water Resources Management<sup>1)2)</sup>**

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
<b>Water withdrawal</b>							
Water withdrawn <sup>3)</sup>	ton	Global	778,113	848,953	65,661	227,173	556,119
Water withdrawn from third-party supply (municipal water + industrial water)	ton	Global	772,209	825,812	65,661	211,096	549,055
Rainwater withdrawn	ton	Global	361	183	0	0	183
Groundwater withdrawn	ton	Global	5,543	22,958	0	16,077	6,881
Water withdrawn <sup>4)</sup>	ton	Korea	647,711	579,924	26,690	59,959	493,275
Water withdrawn from third-party supply (municipal water + industrial water)	ton	Korea	641,807	572,860	26,690	59,959	486,211
Rainwater withdrawn	ton	Korea	361	183	0	0	183
Groundwater withdrawn	ton	Korea	5,543	6,881	0	0	6,881
Water withdrawn intensity	ton/KRW million	Korea	0.083	0.091	0.026	0.031	0.145
<b>Water discharge</b>							
Water discharged <sup>3)</sup>	ton	Global	105,509	141,132	11,057	38,122	91,954
Wastewater discharged <sup>3)</sup>	ton	Global	105,509	141,132	11,057	38,122	91,954
Water discharged <sup>4)</sup>	ton	Korea	66,881	66,887	2,105	4,052	60,730
Wastewater discharged <sup>4)</sup>	ton	Korea	66,881	66,887	2,105	4,052	60,730
<b>Water consumption</b>							
Water consumed <sup>3)</sup>	ton	Global	672,604	707,821	54,604	189,051	464,166
Water consumed from third-party supply (municipal water + industrial water)	ton	Global	597,153	664,908	30,019	177,787	457,101
Rainwater consumed	ton	Global	361	183	0	0	183
Groundwater consumed	ton	Global	5,543	18,145	0	11,264	6,881
Water consumed <sup>4)</sup>	ton	Korea	580,830	513,037	24,585	55,907	432,545
Water consumed from third-party supply (municipal water + industrial water)	ton	Korea	574,926	505,973	24,585	55,907	425,481
Rainwater consumed	ton	Korea	361	183	0	0	183
Groundwater consumed	ton	Korea	5,543	6,881	0	0	6,881
Water consumed intensity	ton/KRW million	Korea	0.074	0.080	0.024	0.029	0.127

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
<b>Water reuse</b>							
Water reused and recycled <sup>3)</sup>	ton	Global	67,616	77,879	0	16,005	61,874
Water reused and recycled <sup>5)</sup>	ton	Korea	67,235	63,680	0	1,806	61,874

- 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 numerical value of '0' by type were excluded from the report
- 3) 2023 and 2024 data was newly compiled from 2024 going forward(China(Jiangsu) and Brazil operations were excluded from global in 2023, global in 2024)
- 4) Change in reporting scope due to expansion of compilation scope(Eumseong operations added)
- 5) 2023 and 2024 data was newly compiled from 2024 going forward

**Biodiversity**

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Threatened species in the IUCN Red List that are identified near the operations <sup>1)2)</sup>	No.	Global	-	1,347	487	741	739

- 1) Disclosure of 2024 data newly initiated from 2024 onward
- 2) Duplicate counts of threatened species identified in the same region across different operations were excluded



**Waste Management<sup>1)</sup>**

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
<b>Waste generation</b>							
Waste generated <sup>2)</sup>	ton	Global	-	48,203	1,660	19,624	26,920
Non-hazardous waste	ton	Global	-	44,614	1,311	18,866	24,437
Hazardous waste	ton	Global	-	3,590	350	758	2,482
Waste generated <sup>3)</sup>	ton	Korea	27,910	26,248	1,097	2,115	23,036
Non-hazardous waste	ton	Korea	25,218	23,856	982	1,793	21,081
Hazardous waste	ton	Korea	2,692	2,392	116	322	1,955
<b>Waste disposal</b>							
Waste disposed <sup>2)</sup>	ton	Global	-	48,203	1,660	19,624	26,920
Waste landfilled	ton	Global	-	840	0	252	588
Waste incinerated	ton	Global	-	3,196	663	749	1,785
Waste Incinerated with energy recovery	ton	Global	-	2,100	0	315	1,785
Waste Incinerated without energy recovery	ton	Global	-	1,096	663	434	0
Waste recycled	ton	Global	-	44,167	997	18,623	24,547
Waste recycling rate	%	Global	-	92	60	95	91
Non-hazardous waste disposed <sup>2)</sup>	ton	Global	-	44,614	1,311	18,866	24,437
Non-hazardous waste landfilled	ton	Global	-	611	0	113	499
Non-hazardous waste incinerated	ton	Global	-	1,975	427	518	1,031
Non-hazardous waste Incinerated with energy recovery	ton	Global	-	1,226	0	195	1,031
Non-hazardous waste Incinerated without energy recovery	ton	Global	-	750	427	323	0
Non-hazardous waste recycled	ton	Global	-	42,028	884	18,236	22,908
Hazardous waste disposed <sup>2)</sup>	ton	Global	-	3,590	350	758	2,482
Hazardous waste landfilled	ton	Global	-	229	0	140	89
Hazardous waste incinerated	ton	Global	-	1,221	236	231	754
Hazardous waste Incinerated with energy recovery	ton	Global	-	874	0	120	754
Hazardous waste Incinerated without energy recovery	ton	Global	-	347	236	111	0
Hazardous waste recycled	ton	Global	-	2,140	114	387	1,639

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Waste disposed <sup>2)</sup>	ton	Korea	27,910	26,248	1,097	2,115	23,036
Waste landfilled	ton	Korea	187	172	0	150	23
Waste incinerated	ton	Korea	1,419	1,262	414	386	462
Waste Incinerated with energy recovery	ton	Korea	0	462	0	0	462
Waste Incinerated without energy recovery	ton	Korea	1,419	800	414	386	0
Waste recycled	ton	Korea	26,303	24,814	683	1,579	22,552
Waste recycling rate	%	Korea	94	95	62	75	98
Non-hazardous waste disposed <sup>3)</sup>	ton	Korea	25,218	23,856	982	1,793	21,081
Non-hazardous waste landfilled	ton	Korea	86	31	0	10	20
Non-hazardous waste incinerated	ton	Korea	932	829	386	323	121
Non-hazardous waste Incinerated with energy recovery	ton	Korea	0	121	0	0	121
Non-hazardous waste Incinerated without energy recovery	ton	Korea	932	709	386	323	0
Non-hazardous waste recycled	ton	Korea	24,200	22,996	596	1,460	20,940
Hazardous waste disposed <sup>3)</sup>	ton	Korea	2,692	2,392	116	322	1,955
Hazardous waste landfilled	ton	Korea	102	142	0	140	2
Hazardous waste incinerated	ton	Korea	487	433	28	63	341
Hazardous waste Incinerated with energy recovery	ton	Korea	0	341	0	0	341
Hazardous waste Incinerated without energy recovery	ton	Korea	487	91	28	63	0
Hazardous waste recycled	ton	Korea	2,103	1,818	88	119	1,612

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

## Social Data

### Employee Diversity

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of employees <sup>1)</sup>	Person	Global	9,685	9,966	1,591	3,970	4,405
Number of employees	Person	Korea	4,951	4,997	1,327	1,170	2,500
<b>By employment type<sup>1)2)3)</sup></b>							
Permanent employees	Person	Global	4,550	8,795	1,517	3,124	4,154
Temporary employees	Person	Global	401	1,171	74	846	251
<b>Employees by job category<sup>1)2)3)</sup></b>							
Office workers	Person	Global	3,036	5,820	1,430	2,026	2,364
Production workers	Person	Global	1,915	4,146	161	1,944	2,041
<b>Employees by gender<sup>4)5)</sup></b>							
Male	Person	Global	4,458	8,238	1,310	3,330	3,598
Female	Person	Global	493	1,118	274	397	447
<b>Employees by age<sup>4)5)</sup></b>							
Under 30	Person	Global	788	1,671	262	926	483
Between 30 and 50	Person	Global	3,117	6,183	1,085	2,283	2,815
Over 50	Person	Global	1,122	1,502	237	518	747
<b>Employees by nationality<sup>6)</sup></b>							
Percentage of Korean national employees	%	Global	-	51	84	32	58
Percentage of Chinese national employees	%	Global	-	22	16	17	30
Percentage of Indian national employees	%	Global	-	13	0	32	0
Percentage of Brazilian national employees	%	Global	-	5	0	13	0
Percentage of Belgian national employees	%	Global	-	1	0	3	0
Percentage of Korean national managers	%	Global	-	66	94	51	65
Percentage of Chinese national managers	%	Global	-	19	6	22	23
Percentage of Indian national managers	%	Global	-	5	0	17	0
Percentage of Brazilian national managers	%	Global	-	2	0	6	0
Percentage of Belgian national managers	%	Global	-	2	0	4	0

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
<b>Female employees<sup>2)</sup></b>							
Female manager ratio	%	Korea	2.15	2.24	3.85	2.05	1.27
Female senior manager ratio	%	Korea	0.00	0.00	0.00	0.00	0.00
Female mid-level manager ratio	%	Korea	3.23	2.65	3.85	2.27	2.16
Female junior manager ratio	%	Korea	1.56	2.26	5.41	2.08	0.52
Female manager ratio in revenue-generating departments	%	Korea	2.21	3.24	3.85	1.64	5.48
Female employee ratio in STEM departments	%	Korea	8.32	9.05	11.68	6.10	8.32
Number of employees with disabilities <sup>4)</sup>	Person	Global	59	83	5	17	61

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

2) Disclosure of 2023 and 2024 data newly initiated from 2024 onward

3) Change in reporting scope due to expansion of compilation scope (2023: Korea-based employees only; 2024: Global employees additionally included) (2023: Korea-based employees only; 2024: Major overseas operations additionally included)

5) Difference from [Number of employees] due to the exclusion of employees from the Atlanta (U.S.) and Czech subsidiaries, as well as small subsidiaries and branch offices

6) Disclosure of 2024 data newly initiated from 2024 onward

### Recruitment and Continuous Service

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of new hires <sup>1)</sup>	Person	Global	434	517	107	273	137
New hire rate <sup>1)2)</sup>	%	Global	10	6	7	9	3
Total turnover rate <sup>2)</sup>	%	Korea	7	5	3	5	5
Voluntary turnover rate <sup>3)4)</sup>	%	Global	4	4	8	5	4
Average number of years in service <sup>2)</sup>	Year	Korea	9.6	8.8	1.6	5.6	14.1
Average number of years in service - Male <sup>2)</sup>	Year	Korea	10.1	9.3	1.7	5.8	14.5
Average number of years in service - Female <sup>2)</sup>	Year	Korea	4.8	4.6	1.3	3.6	9.0

1) Change in reporting scope due to expansion of compilation scope (2023: Korea only; 2024: Global, excluding the Atlanta (U.S.) operation)

2) 2023 and 2024 data was newly compiled from 2024 going forward

3) Change in reporting scope due to expansion of compilation scope (2023: Korea only; 2024: Global, excluding the Atlanta (U.S.) and Belgium operations)

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

## Evaluation and Compensation

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Percentage of employees who received performance evaluations	%	Korea	96	95	90	92	99
By job category - Office workers <sup>1)</sup>	%	Korea	-	95	90	96	99
By job category - Production workers <sup>1)</sup>	%	Korea	-	95	-	86	100
Gender - Male	%	Korea	96	96	92	92	100
Gender - Female	%	Korea	88	90	82	94	97
Average employee salary <sup>2)</sup>	KRW million	Korea	94	101	103	96	102
Gender - Male <sup>2)</sup>	KRW million	Korea	96	104	109	99	104
Gender - Female <sup>2)</sup>	KRW million	Korea	69	74	73	68	78

1) 2024 data was newly compiled from 2024 going forward

2) Disclosure of 2023 and 2024 data newly initiated from 2024 onward

## Talent Development

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of trainees <sup>1)</sup>	Person	Korea	4,765	4,997	1,327	1,170	2,500
Training hours <sup>2)</sup>	Hour	Global	141,661	253,958	62,548	92,102	99,308
Average training hours	Hour	Korea	30	42	44	52	35
By job category - Office workers <sup>3)</sup>	Hour	Korea	35	43	44	35	45
By job category - Production workers <sup>3)</sup>	Hour	Korea	19	40	0	72	26
Training costs <sup>2)3)</sup>	KRW million	Global	2,873	3,323	597	1,499	1,227
Average training costs <sup>2)3)</sup>	KRW million	Global	0.60	0.54	0.49	0.40	0.29

1) The 2023 data was corrected due to an error

2) Change in reporting scope due to expansion of compilation scope (2023: Korea only; 2024: Global, excluding the Atlanta (U.S.) and Czech subsidiaries)

3) Disclosure of 2023 and 2024 data newly initiated from 2024 onward

## Employee Engagement

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Percentage of employee engagement survey participation <sup>1)</sup>	%	Korea	-	56	37	76	65
Employee engagement or satisfaction <sup>1)</sup>	%	Korea	-	63	62	59	66

1) 2024 data was newly compiled from 2024 going forward

## Labor-management Relations

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution <sup>2)</sup>	HD Hyundai Construction Equipment	HD Hyundai Infracore
Union membership rate <sup>1)</sup>	%	Global	-	95	100	94	95
Collective agreement application rate <sup>1)</sup>	%	Korea	-	100	-	100	100

1) Disclosure of 2024 data newly initiated from 2024 onward

2) No labor union established at the Korea operation

## Parental Leave

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of employees using parental leave - Male <sup>1)2)</sup>	Person	Korea	40	53	6	11	36
Number of employees using parental leave - Female <sup>2)</sup>	Person	Korea	24	20	5	6	9
Parental leave return rate - Male <sup>3)</sup>	%	Korea	100	96	100	100	94
Parental leave return rate - Female <sup>3)</sup>	%	Korea	89	95	86	100	100
Percentage of employees with more than 12 months of service after returning from parental leave - Male <sup>3)</sup>	Person	Korea	49	48	2	8	38
Percentage of employees with more than 12 months of service after returning from parental leave - Female <sup>3)</sup>	Person	Korea	15	15	2	3	10

1) The 2023 data was corrected due to an error

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

3) Disclosure of 2023 and 2024 data newly initiated from 2024 onward

## Retirement Pension System

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of DB plan employees <sup>1)</sup>	Person	Korea	4,150	4,185	1,165	1,039	1,981
DB operating amount <sup>1)</sup>	KRW million	Korea	273,599	279,437	47,011	73,993	158,433
Number of DC plan employees	Person	Korea	564	505	36	34	435
DC plan deposit amount	KRW million	Korea	7,357	8,434	2,133	2,923	3,378

1) The 2023 data was corrected due to an error

## Occupational Health and Safety

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Industrial accident rate	%	Korea	0.13	0.42	0.00	0.51	0.52
LTIR <sup>1)2)</sup>	200,000 hours	Global	0.46	0.43	0.38	0.43	0.46
LTIR	200,000 hours	Korea	0.58	0.45	0.19	0.55	0.50
LTIR - Contractor	200,000 hours	Korea	0.18	0.33	0.18	0.00	0.62
TRIR <sup>3)4)</sup>	200,000 hours	Global	1.15	1.18	0.30	1.58	1.09
OIFR <sup>4)</sup>	200,000 hours	Korea	0.22	0.33	0.00	0.12	0.15
Employee fatalities	Person	Global	0.00	0.00	0.00	0.00	0.00
Fatality rate	200,000 hours	Global	0.00	0.00	0.00	0.00	0.00
Employee fatalities - Contractor <sup>4)</sup>	Person	Global	0.00	0.00	0.00	0.00	0.00
Fatality rate - Contractor <sup>4)</sup>	200,000 hours	Global	0.00	0.00	0.00	0.00	0.00

- 1) The global scope of LTIR - Employee is applicable to Korea and overseas manufacturing operations
- 2) Change in reporting scope due to expansion of compilation scope (2023: Global, excluding Jiangsu (China) and Brazil subsidiaries; 2024: Global)
- 3) Change in reporting scope due to expansion of compilation scope (2023: Korea and overseas manufacturing subsidiaries, excluding Jiangsu (China) and Brazil subsidiaries; 2024: Global, excluding the Atlanta (U.S.) and Czech subsidiaries)
- 4) Disclosure of 2023 and 2024 data newly initiated from 2024 onward

## Health and Safety Management

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of ISO 45001 certified operations <sup>1)2)</sup>	No.	Global	12	14	3	4	7
Percentage of ISO 45001 certified operations <sup>1)2)3)</sup>	%	Global	67	82	75	67	100
Percentage of health and safety grievance resolution <sup>4)</sup>	%	Korea	-	83	88	75	86

- 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) The 2023 data was corrected due to a change in metric definition
- 4) Disclosure of 2023 and 2024 data newly initiated from 2024 onward

## Human Rights Management

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Participation rate in human rights/sexual harassment prevention training <sup>1)</sup>	%	Korea	98	97	100	97	97
Number of received human rights grievances <sup>2)3)</sup>	Case	Global	9	8	0	2	6
Percentage of human rights grievance handling <sup>3)</sup>	%	Global	100	100	-	100	100
<b>Human rights impact assessments</b>							
Percentage of conducting - Employee	%	Korea	100	100	100	100	100
Percentage of risk identification - Employee	%	Korea	100	100	100	100	100
Percentage of mitigation measures implemented after identifying the risk - Employee	%	Korea	100	100	100	100	100
Percentage of conducting - Contractor <sup>1)</sup>	%	Korea	16	36	34	33	40
Percentage of risk identification - Contractor <sup>1)</sup>	%	Korea	100	100	100	100	100
Percentage of mitigation measures implemented after identifying the risk - Contractor <sup>1)</sup>	%	Korea	100	100	100	100	100

- 1) 2023 and 2024 data was newly compiled from 2024 going forward
- 2) The 2023 data was corrected due to an error
- 3) Change in reporting scope due to expansion of compilation scope (2023: Korea only; 2024: Global, excluding the Atlanta (U.S.) subsidiary)

## Community Engagement

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of employees participating in social contribution activities <sup>1)</sup>	Person	Korea	-	1,955	578	449	928
Number of times participating in social contribution activities	Time	Korea	3,433	3,982	1,225	787	1,970
Hours spent participating in social contribution activities	Hour	Korea	15,228	18,007	3,528	5,104	9,375
Number of 1% Salary Sharing participants <sup>2)</sup>	Person	Korea	1,738	1,578	155	215	1,208
1% Salary Sharing fundraising amount <sup>2)</sup>	KRW million	Korea	819	794	112	153	528

- 1) 2024 data was newly compiled from 2024 going forward
- 2) Disclosure of 2023 and 2024 data newly initiated from 2024 onward

### Customer Value

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of ISO 9001 certified operations <sup>1)</sup>	No.	Global	19	19	5	6	8
Cases of violating laws related to hazardous substances in products	Case	Korea	0	0	0	0	0
Cases of violating laws related to product information labeling	Case	Korea	0	0	0	0	0
Customer satisfaction survey ratio <sup>2)</sup>	%	Korea	-	8	6	14	8
Customer satisfaction survey results <sup>2)</sup>	Point	Korea	-	93	94	85	95

1) The 2023 data was corrected due to an error

2) Disclosure of 2024 data newly initiated from 2024 onward

### Supply Chain Management

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of suppliers <sup>1)</sup>	No.	Global	-	3,065	563	960	1,542
Number of suppliers <sup>2)</sup>	No.	Korea	1,825	1,838	518	571	749
Number of significant suppliers <sup>3)</sup>	No.	Korea	416	173	36	57	80
Percentage of significant suppliers <sup>3)</sup>	%	Korea	23	9	7	10	11
Percentage of purchase amount from significant suppliers out of the total purchase amount <sup>3)</sup>	%	Korea	49	40	34	41	41
Percentage of new suppliers that have undergone ESG audits <sup>1)</sup>	%	Korea	-	15	44	13	10
Number of suppliers receiving ESG improvement support <sup>3)</sup>	No.	Korea	368	745	207	200	338
Number of suppliers supported by the capability building program <sup>3)</sup>	No.	Korea	238	516	177	25	314
Amount of capability building program support <sup>3)</sup>	KRW 100 mil.	Korea	120	687	29	113	545
Number of ESG training courses for suppliers <sup>3)</sup>	No.	Korea	13	10	3	4	3
Number of people who completed ESG training for suppliers <sup>3)</sup>	Person	Korea	1,633	1,282	205	457	620

1) Global data was newly compiled from 2024 going forward

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

3) Disclosure of 2023 and 2024 data newly initiated from 2024 onward

### Supply Chain Assessment

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of ESG self-assessment suppliers	No.	Korea	300	665	177	187	301
Percentage of achieving ESG self-assessment targets <sup>1)</sup>	%	Korea	100	100	100	100	100
<b>Number of suppliers with discovered positive/negative impacts</b>							
Number of outstanding suppliers <sup>1)</sup>	No.	Korea	109	315	59	91	165
Percentage of outstanding suppliers <sup>2)</sup>	%	Korea	36	47	33	49	55
Number of high-risk suppliers <sup>1)</sup>	No.	Korea	31	79	33	23	23
Percentage of high-risk suppliers <sup>2)</sup>	%	Korea	10	12	19	12	8
Number of high-risk suppliers who agreed to develop improvement plans <sup>1)</sup>	No.	Korea	31	79	33	23	23
Percentage of high-risk suppliers who agreed to develop improvement plans <sup>2)</sup>	%	Korea	100	100	100	100	100
Number of high-risk suppliers whose contracts have ended <sup>1)</sup>	No.	Korea	2	6	4	0	2
Percentage of high-risk suppliers whose contracts have ended <sup>1)</sup>	%	Korea	6	8	12	0	9

1) Disclosure of 2023 and 2024 data newly initiated from 2024 onward

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

### Information Security

Metrics	Unit	Scope	2023		2024		
			Total	Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of customer privacy violations <sup>1)</sup>	Case	Global	0	0	0	0	0
Number of information security breach incidents <sup>1)</sup>	Case	Global	0	0	0	0	0
Number of customers and employees affected by information security breach <sup>1)</sup>	Case	Global	0	0	0	0	0

1) Change in reporting scope due to expansion of compilation scope (2023: Korea, 2024: Global)

# APPENDIX

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# GRI Content Index

The HD Hyundai Construction Equipment Sector made a report in accordance with the GRI Standards' reporting principles for the reporting period (January 1 to December 31, 2024).

Disclosure No.	Disclosure title	Page
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	2-14 Role of the highest governance body in sustainability reporting	11
	2-16 Communication of critical concerns	11
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	2-19 Remuneration policies	11
	2-21 Annual total compensation ratio	Confidential
<b>GRI 2: General Disclosures 2021</b>		
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<b>Material Topic - Climate change</b>		
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# SASB Index

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

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	401-3	Parental leave	51
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	404-2	Programs for upgrading employee skills and transition assistance programs	30
	404-3	Percentage of employees receiving regular performance and career development reviews	51
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	405-2	Ratio of basic salary and remuneration of women to men	51
<b>Material Topic - Supply chain</b>			
Material topic	3-3	Management of material topics	37-39
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		2-9	Sales-weighted fuel efficiency for stationary generators	-
Fuel Economy and Emissions in Use-phase	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	-
Remanufacturing design and service	Quantitative	RT-IG-440B.1	Revenue from remanufactured products and remanufacturing services	-
			Number of units produced by product category	-
Activity Metric	Quantitative	RT-IG-000.A	(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	50



## TCFD Index

The HD Hyundai Construction Equipment Sector 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 risk management system.

Disclosure No.	Disclosure title	Page
Governance	a) Describe the board's oversight of climate-related risks and opportunities.	21
	b) Describe management's role in assessing and managing climate-related risks and opportunities.	21
Strategy	a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term.	21
	b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	22
	c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	22
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

We assessed the actual and potential financial impacts of nature capital on our business operations in alignment with the guidelines of the Task force on Nature-related Financial Disclosures (TNFD), and 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	26
	B Describe management's role in assessing and managing nature-related dependencies, impacts, risks, and opportunities	26
	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	27
	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	26, 27
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	26, 27
	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)	26, 27, 28
	B Describe the organization's processes for managing nature-related dependencies, impacts, risks and opportunities	28
	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	-

# Verification Opinion on Greenhouse Gas Emissions

The HD Hyundai Construction Equipment Sector undergoes third-party verification by an external expert organization to ensure the reliability of greenhouse gas emissions data from all business sites in Korea. This report includes the verification statement for HD Hyundai XiteSolution, while the verification statements for HD Hyundai Construction Equipment and HD Hyundai Infracore can be found in each company's sustainability report.

[2024 Sustainability Report of HD Hyundai Infracore](#)

[2024 Sustainability Report of HD Hyundai Construction Equipment](#)

## HD Hyundai XiteSolution Co., Ltd.

### Scope

Direct GHG emissions (Scope 1) and indirect emissions (Scope 2) of domestic business sites in 2024

### Data Verified

Annual direct (Scope 1) and indirect (Scope 2) GHG emissions in 2024

Unit: tCO<sub>2</sub>-e/yr

Business sites	Direct emissions (Scope1)	Indirect emissions (Scope2)	Emissions in 2024
Ulsan	988.271	3,809.555	4,797
Gyeongju	369.822	2,822.420	3,192
Gunsan	43.684	193.063	236
Bundang	77.296	1,138.368	1,215
<b>Total</b>	<b>1,479.073</b>	<b>7,963.406</b>	<b>9,440</b>

※ The total emissions can differ to a cut-off decimal point.

## GHG Criteria & Protocols used for Verification

The verification was carried out at the request of HD Hyundai XiteSolution using:

- ISO 14064-1:2018 & ISO 14064-3:2019
- 2006 IPCC Guidelines
- Guideline for Reporting and Certification of Emissions in the Greenhouse Gas Emissions Trading Scheme
- BSI GHGEV Manual

## Verification Opinion

BSI Group Korea's verification opinions on the result of carrying out verification in accordance with the GHG criteria and protocols mentioned above are as follows.

- Verification of Scope 1 & 2 greenhouse gas emissions for domestic business sites of HD Hyundai XiteSolution was performed with a limited assurance level, and the quality of the data conforms to important international principles for greenhouse gas verification.
- No material misstatement during the verification process for emissions was found, and no evidence could be found that the activity data and relevant evidence were not properly managed.
- Therefore, the BSI Group Korea Verification Team provides a verification opinion that is "appropriate".

For and on behalf of BSI:  
Issue: 20/05/2025



Managing Director Korea, **Seong Hwan Lim**



# Verification Opinion on Scope 3 Emissions

## Scope

Scope 3 GHG emissions of HD Hyundai Xitesolution, HD Hyundai Construction Equipment, and HD Hyundai Infracore's in the calendar year of 2024.

- Complying with the suggestion of WRI/WBCSD GHG Protocol, the sources and the quantity of GHG emissions are calculated by applying operational control approach.
- Scope 3 emissions related to purchased goods and services, capital goods, fuel- and energy- related activities (not included in Scopes 1 or 2), upstream transportation & distribution, waste generated in operations, business travel, employee commuting, downstream transportation & distribution, use of sold products, end-of-life treatment of sold products.

## Data Verified

Scope 3 GHG emissions of HD Hyundai Xitesolution, HD Hyundai Construction Equipment, and HD Hyundai Infracore for the year 2024 are as follows.

Unit : ton CO<sub>2</sub>-e/yr

Category	HD Hyundai XiteSolution Co.,Ltd.	HD Hyundai Construction Equipment Co.,Ltd.	HD Hyundai Infracore Co.,Ltd.
Category 1 Purchased goods & services	41,789	106,941	118,354
Category 2 Capital goods	105	202	403
Category 3 Fuel- and energy- related activities (not included in Scopes 1 or 2)	1,319	2,133	11,291
Category 4 Upstream transportation & distribution	48,946	96,018	146,343
Category 5 Waste generated in operations	526	844	1,229
Category 6 Business travel	1,045	1,929	1,747
Category 7 Employee commuting	291	55	4,620
Category 9 Downstream transportation & distribution	24,438	98,046	6,304
Category 11 Use of sold products	1,008,282	8,510,763	5,565,425
Category 12 End-of-life treatment of sold products	390	2,021	2,408
Category 15 Investments	0	0.4	6
<b>TOTAL</b>	<b>1,127,131</b>	<b>8,818,952</b>	<b>5,858,130</b>

※ Scope 3 GHG Emissions were accounted according to GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard of WRI/WBCSD, and assumptions are described in the verification report.

## GHG Criteria & Protocols used for Verification

This verification was performed at the request of HD Hyundai Xitesolution, HD Hyundai Construction Equipment, and HD Hyundai Infracore applying the following criteria and guidelines:

- ISO14064-1:2018 and ISO14064-3:2019
- WBCSD/WRI GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard
- 2006 IPCC Guidelines
- BSI GHGEV Manual

The standard confidentiality principle of BSI Group Korea was applied to all verification activities.

## Verification Opinion

As a result of the verification in accordance with the protocols and the best practice listed above, it is the opinion of BSI that:

- The verification was conducted with activity data and evidence provided by HD Hyundai Xitesolution, HD Hyundai Construction Equipment, and HD Hyundai Infracore based on a limited level of assurance.
- No material misstatement during the verification process for emissions was found and no evidence could be found that the activity data and relevant evidence were not properly managed. Therefore, the BSI Group Korea Verification Team provides a verification opinion that is "appropriate".

For and on behalf of BSI:  
Issue: 09/06/2025



Managing Director Korea, Seong Hwan Lim

