

SUSTAINABILITY REPORT 2025



About this Report

Report Overview

HD Construction Equipment integrates Environmental, Social, and Governance (ESG) management across its business activities. The company publishes its Sustainability Report to share its financial and non-financial performance and its value creation process with stakeholders. This is the first Sustainability Report issued by HD Construction Equipment following the integrated launch of HD Hyundai Construction Equipment and HD Hyundai Infracore. The company will transparently disclose its progress and performance in sustainability management each year.

Reporting Principles and Standards

This report has been prepared in accordance with the GRI (Global Reporting Initiative) Standards 2021, the global reporting framework for sustainability reports. The material issues identified through the double materiality assessment reference the ISSB's IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information. The report applies the SASB (Sustainability Accounting Standards Board) industry standards to reflect industry-specific issues. It also considers the disclosure recommendations of the TCFD (Task Force on Climate-related Financial Disclosures) and the TNFD (Taskforce on Nature-related Financial Disclosures) for the disclosure of climate change and natural capital information. Financial information in this report has been prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS).

Reporting Period

This report covers the sustainability management activities and performance of HD Construction Equipment from January 1 to December 31, 2025. Certain items include information from the first half of 2026, based on the timeliness and materiality of the information. Quantitative performance covers three years of data from 2023 to 2025, allowing readers to identify year-on-year trends.

Report Access and Inquiries

This report is published in both Korean and English. The report is available on the company website (<https://www.hd-ce.com/en>) to enhance information availability and accessibility for diverse stakeholders. Inquiries regarding this report may be directed to hce.esg@hd.com.

Reporting Scope and Boundary

The financial information in this report aligns with the consolidated financial statements of HD Construction Equipment under the Korean International Financial Reporting Standards (K-IFRS). Environmental and social information covers the subsidiaries within the construction equipment division, including the domestic headquarters, domestic and overseas production corporations, and overseas sales corporations. This division comprises the manufacturing and sale of construction equipment, parts supply, and equipment services. Qualitative data has been prepared on an integrated-entity basis, following the integration of HD Hyundai Construction Equipment and HD Hyundai Infracore. Quantitative data presents the two companies in parallel, as they operated as separate entities through 2025. Any reporting scope that differs from the above, along with the detailed scope for individual quantitative data points, is indicated separately under the worksite items in the ESG DATABOOK.

2025 HD Construction Equipment Sustainability Report Reporting Scope

Company Name	Reporting Scope ¹⁾
HD Construction Equipment and its subsidiaries	98%

1) Based on FY2025 consolidated revenue

Report Assurance

This report has received third-party assurance from an independent external assurance provider to ensure the accuracy and reliability of the information. Detailed assurance results are available in the Third-Party Assurance Statement in the Appendix.

Disclaimer Regarding Forward-Looking Information

The forward-looking information in this report concerning future activities, events, and conditions is based on the plans and financial performance at the time of writing and rests on various assumptions about the future business environment. The company established these assumptions through a detailed analysis of its internal and external environment and management strategy, but actual results may differ in line with future changes in the operating environment. This forward-looking information also carries risks, uncertainties, and other factors that could cause material changes in outcomes, and readers should take this into account.

SUSTAINABILITY REPORT 2025



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Introduction

CEO Message

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ESG Committee Chair Message

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CEO Message



In 2026, HD Hyundai Construction Equipment and HD Hyundai Infracore came together to form HD Construction Equipment, Korea's leading integrated construction equipment company. For the trust and support that have accompanied this new beginning, we are deeply grateful.

Our new sustainability vision is Future Builder, Solutions for All. It rests on three strategic priorities. The first is delivering solutions for a greener world. The second is delivering human-centered solutions that elevate the value of people. The third is delivering solutions built on trust. Together, these priorities form the foundation for steady growth, even amid a rapidly shifting global business environment.

We will strengthen our environmental leadership through technological innovation.

Through our Lighthouse Factory Project, we will realize AI Transformation (AX) across the entire value chain. This goes beyond simple process automation. It will serve as the foundation for smart manufacturing that maximizes energy efficiency and leads the way toward net zero. Fuel efficiency technologies and our parts remanufacturing business will further strengthen both resource circularity and market competitiveness.

We will make Safety for All our highest priority.

Safety is a core opportunity we cannot compromise on, and it is a condition for our survival. To this end, we will establish a Safety for All framework that extends beyond our own employees to our suppliers and customers. AI- and sensor-based smart technologies will be deployed across all equipment, making every worksite safer.

Technological innovation and safety apply across our entire value chain. By supporting the growth of our suppliers, we will build a virtuous cycle of shared progress.

We will maximize corporate value to enhance shareholder value.

Protecting shareholder rights and maximizing corporate value rank among our most serious responsibilities. In response to rising social expectations, including the revision of the Commercial Act, we are acting proactively. Ethical and responsible sustainability management is enhancing our corporate value, and performance is being translated into shareholder returns. Transparent governance remains a priority.

We will create a sustainable future through One Team Synergy.

Our sustainability management continues to strengthen on the foundation of One Team, in which the organizations and functions of both former companies collaborate seamlessly. The combined strengths of both companies across the environment, safety, ethics, and social responsibility are elevating the execution and management of our sustainability efforts. On robust partnerships with all our stakeholders, including customers, suppliers, and shareholders, we will build innovation and trust. The success of Korea's construction equipment industry is our own, and with that conviction we will help shape a sustainable future for all.

As we grow as the pride of Korea's construction equipment industry, we ask for your continued interest and support on the journey ahead.

Thank you.

HD Construction Equipment
President and CEO, **Moon Jae-Young**



ESG Committee Chair Message

HD Construction Equipment began a new chapter in 2026. As the company charts its strategy for a sustainable future, I am honored to help guide that work as Chair of the ESG Committee.

The global market is being reshaped by three great transitions at once: in technology, in energy, and in the international economic order. Borderless protectionism, carbon emission reduction, and forced-labor regulations are redrawing the rules of trade. In an era of such upheaval, ESG can no longer be treated as social responsibility alone. It must become a genuine source of business competitiveness.

From day one, HD Construction Equipment built its sustainability strategy around that conviction. Compliance is the baseline, not the goal. As AI advances at remarkable speed, the company is delivering customer-centered total solutions, from electrification and autonomous operation to predictive fault diagnosis and smart safety. The ambition reaches beyond technology adoption. These solutions are meant to deepen customer partnerships, create a powerful lock-in effect, and endure as a sustainable business model.

The two former companies each brought strong, data-driven infrastructure. Bringing them together gives HD Construction Equipment a solid foundation for a sustainable business model. The work now turns to execution, putting in place the strategies that convert this foundation into real, lasting growth.

Governance has a clear role to play. It must drive these strategic results and ensure they reach stakeholders through transparent, timely communication. My commitment is to a management approach that looks forward rather than back, one rooted in openness. With seamless communication and disciplined execution, I will help HD Construction Equipment navigate this great transformation and emerge a winner in the global market. Thank you.

HD Construction Equipment
Chair of the ESG Committee, **Yoo Myung-hee**





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Be the One, Be the No. 1

Key Milestones

008

Company Overview

009

Business Overview

011

Governance

014

Shareholder Value
Enhancement

017

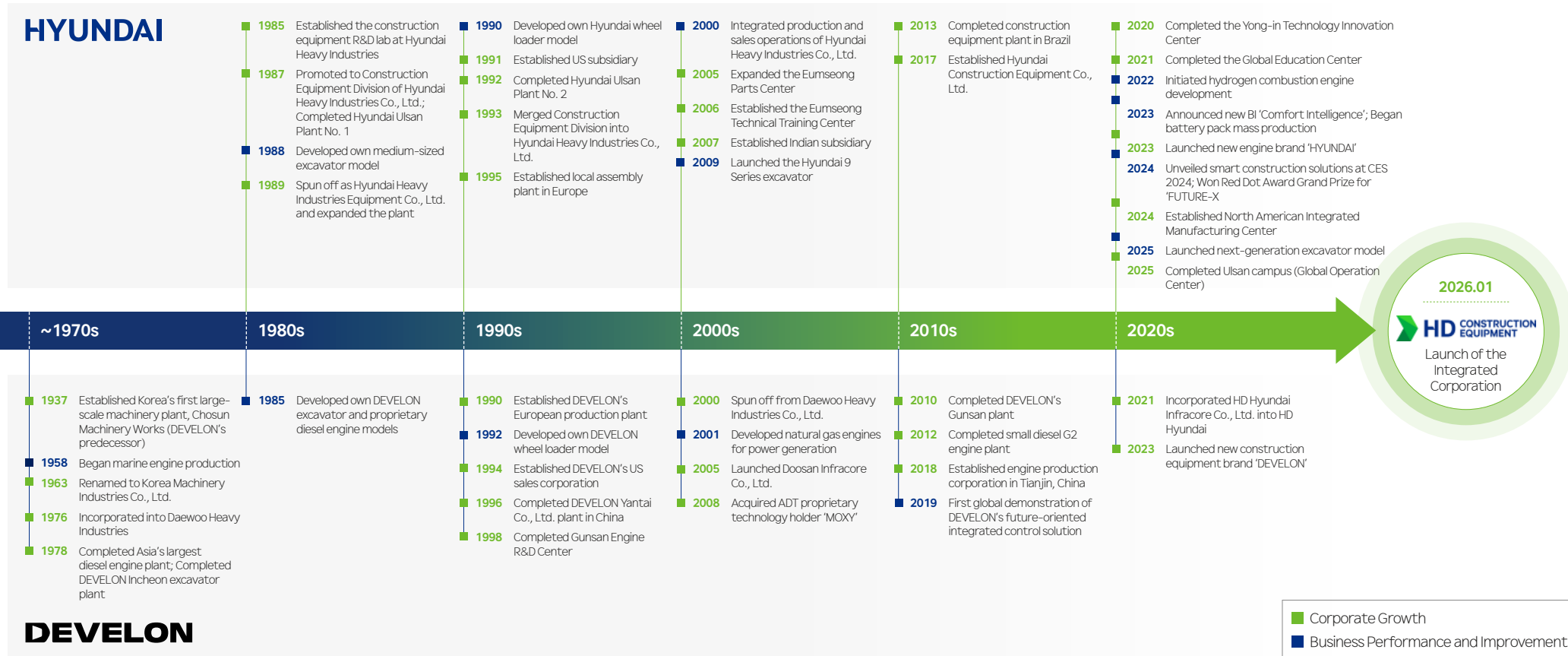
Integrated Risk
Management

019



Key Milestones

HD Construction Equipment is Korea's leading comprehensive construction equipment company, newly launched through the integration of HD Hyundai Construction Equipment and HD Hyundai Infracore—the two pillars that have led Korea's construction equipment industry. Building on decades of deep history and technological expertise, starting from their respective origins in 1985 and 1937, the Company will operate both HD Hyundai Construction Equipment's "HYUNDAI" brand and HD Hyundai Infracore's "DEVELON" brand, opening a new future for the construction equipment industry..





Company Overview

Overview

HD Construction Equipment Information

HD Construction Equipment was newly launched by consolidating the construction equipment business capabilities within the HD Hyundai Group. Through its global network in both the construction equipment and engine businesses, the Company provides product, service, and digital solutions, pursuing sustainable growth based on technological innovation and operational efficiency.

Company Name	HD Construction Equipment Co., Ltd.	Year of Establishment	1985
CEO	Moon Jae-Young	Headquarters Address	477 Bundang-suseo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do
Business Activities	Manufacturing of construction and mining machinery and equipment	Main Products	Excavators, wheel loaders, backhoe loaders, skid steer loaders, special equipment, etc.
Production Capacity	Approx. 57,400 units of construction equipment and approx. 200,000 units of engines annually	Website	https://www.hd-ce.com/en
Revenue* (KRWthousand)	8,324,343,846	Operating Profit* (KRW thousand)	457,298,229

* Revenue and operating profit are based on the integrated entity.

HD Hyundai Construction Equipment Division

The Construction Equipment Division of HD Hyundai Group comprises HD Hyundai Site Solutions, HD Construction Equipment, and their subsidiaries. The division manufactures and sells a diverse range of products, including construction equipment, engines, and industrial vehicles. HD Hyundai Site Solutions serves as the intermediate holding company for the Construction Equipment Division. It integrates the management of industrial vehicle production, procurement, research and development, and the core component business, creating synergies with the operations of HD Construction Equipment. HD Construction Equipment has been restructured with the former HD Hyundai Construction Equipment as the surviving entity, maintaining legal stability while incorporating the construction equipment and engine businesses of the former HD Hyundai Infracore. Through the merger, the company strengthens the fundamental competitiveness of the Construction Equipment Division. It aims to advance into a global top-tier company representing Korea's construction equipment industry by expanding high-potential strategic businesses and new growth businesses.

HD Hyundai Construction Equipment Division Structure



Brand System

Dual Brand Operation and Future Vision Technology Strategy

HD Construction Equipment pursues a dual-brand strategy, operating two construction equipment brands in parallel, HYUNDAI and DEVELON. Each brand maintains independent market responsiveness, drawing on its distinct identity, customer base, and product lineup. This approach enables the company to address flexibly the diverse regional and customer needs that a single brand cannot fully cover. HD Construction Equipment positions itself as a Total Solution Provider rather than a manufacturer of equipment alone. It maximizes the strengths of both brands under a single strategic direction. The company aims to achieve sustainable growth in a changing industry environment.

HYUNDAI

Building a Comfortable Tomorrow

A comfortable tomorrow for all. We lead the way in creating it.



Under the mission "Building a Strong Foundation for a Comfortable Tomorrow," HYUNDAI aims to become a global leader in the smart construction equipment ecosystem. Since the launch of Hyundai Heavy Industries' Construction Equipment Division in 1985, HYUNDAI has grown into a global premium brand that sets the STANDARD of the construction equipment market through technological innovation. The brand is leading the safety and convenience of future construction sites through the development of low-carbon emission technologies such as electric and hydrogen, as well as smart solutions.

DEVELON

Powered by Innovation

The driving force from continuous innovation creates limitless business possibilities.

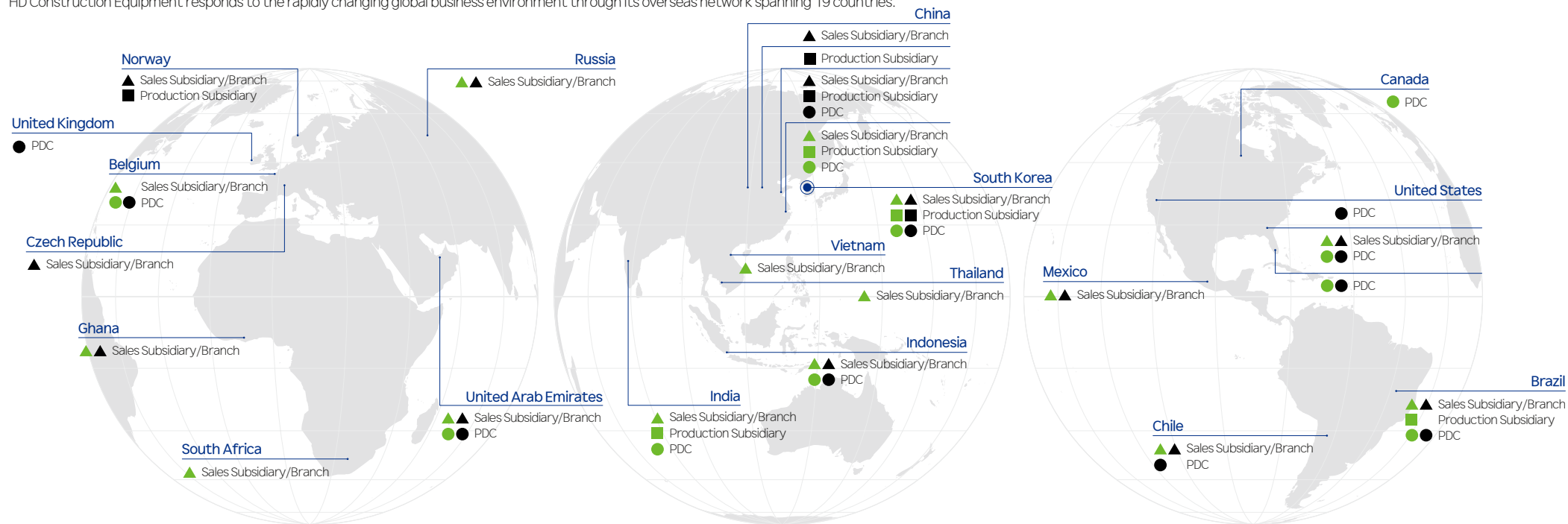


Under the identity "Powered by Innovation," DEVELON pursues distinctive expertise and experience to grow alongside customers and industries, and innovation that advances the world. Originating from Korea's first large-scale machinery plant in 1937, DEVELON leverages 88 years of accumulated core technology and market-proven quality to continue Trusted Innovation grounded in technology across the entire construction equipment and engine business, advancing toward becoming the Global Leader of the Infrastructure Solution industry.

Company Overview

Global Network

HD Construction Equipment responds to the rapidly changing global business environment through its overseas network spanning 19 countries.



Status of Subsidiaries, Branches, and PDCs (by Country)

	HYUNDAI	DEVELON
Sales Subsidiary/Branch	15	13
Production Subsidiary	4	4
PDC ⁽¹⁾	10	11

1) Parts Distribution Center





Business Overview

Business Value Chain

One Direction, Greater Competitiveness

Since its launch on January 1, 2026, HD Construction Equipment has expanded its business portfolio comprehensively, centered on the construction equipment business and extending into engines and the aftermarket. Through the synergies of its dual brands, the company aims to enhance its competitiveness across the entire value chain, covering the full product life cycle from raw material procurement through manufacturing, sales, and after-sales service.





Business Overview

Construction Equipment

The Construction Equipment business provides solutions optimized for diverse working environments, centered on key equipment such as excavators and wheel loaders. Based on our global manufacturing and sales network, we support our customers' productivity improvements at various industrial sites — including construction, mining, and infrastructure — through enhanced product competitiveness with superior operational efficiency and durability.



Excavators

We deliver stable performance and high operational efficiency across diverse working environments through a broad lineup ranging from compact to medium-large class machines

Dozers

Powered by strong propulsion and a robust vehicle structure, our dozers demonstrate reliable performance across a wide range of earthwork operations such as earthmoving, grading, and site preparation

Loaders

Leveraging a diverse product lineup including wheel loaders and backhoe loaders, our machines efficiently perform various tasks such as loading and hauling at construction and industrial sites

Articulated Dump Trucks

Applying unique technology that enhances ground traction, these trucks ensure top productivity with stable and powerful driving performance even under harsh conditions

Compact Equipment

Through compact and lightweight equipment such as mini excavators and skid loaders, we flexibly respond to confined spaces and diverse working environments.

Special Equipment

We carry out industrial and construction operations such as demolition, material handling, and site grading using a variety of specialized equipment, including high-reach demolition machines, material handlers, and motor graders

Attachments

Through buckets, breakers, grapples, and more, we support a wide range of operations such as excavation, crushing, and loading, improving on-site work efficiency

Forklifts (HD Hyundai XiteSolution)

Based on superior driving performance and durability, our forklifts support stable operations across diverse industrial sites, including shipyards, ports, construction sites, and logistics centers



Business Overview

Engines

The Engine business provides total solutions optimized for diverse industrial environments, based on premium-quality and high-specification technologies that meet increasingly stringent environmental regulations. Leveraging HD Construction Equipment's unique technological competitiveness, we continue to expand our presence in the global market.

Diesel & Gas Engines

Our diesel and gas engines comprise a wide range of industrial product lines, including power generation, vehicle, and marine applications. Through customized designs tailored to each product group's operating conditions, expected output, required emission levels, and durability requirements, we ensure both reliability and efficiency simultaneously.



Hydrogen Engines

A zero-carbon power source fueled by hydrogen, designed by taking into account the unique characteristics of hydrogen combustion. Currently applied primarily to medium-to-large equipment, with continued technology development underway.

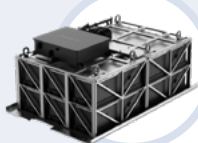


Hybrid Powertrain

A system combining an internal combustion engine with an electric motor, efficiently distributing power according to operating conditions. Through control technology optimized for construction equipment operating environments, it contributes to reducing fuel consumption and exhaust emissions.

e-Powerpack

An electrified power system composed of batteries and motors, enabling the electric drive of equipment. Through a modular electrification platform applicable to various types of equipment, it contributes to reducing noise and exhaust emissions during operation.



Aftermarket (AM) & Remanufacturing (REMAN)

The AM business provides parts supply, maintenance, and service support across the entire equipment lifecycle following the sale of equipment. Through prompt parts supply and a professional service system, we contribute to improving our customers' equipment uptime. With a diverse service portfolio – including the supply of genuine and economy parts, remanufacturing, and repair services – we support extended equipment life and reduced maintenance costs.

Genuine Parts

Genuine parts are developed and optimized for HD Construction Equipment Machinery from the design stage, contributing to maintaining original equipment performance, extending service life, and improving operational efficiency.

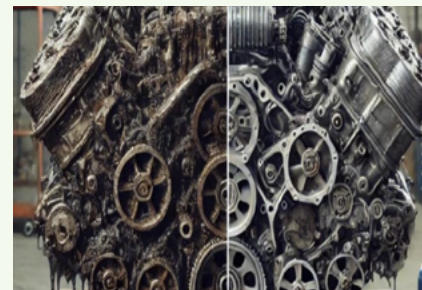
- 1 Perfect compatibility with the product
- 2 Prompt parts supply
- 3 Protection of equipment residual value

ValueMate

Value Mate is an economy parts brand for equipment beyond the warranty period, supporting reasonable maintenance and stable equipment operation.

- 1 Reasonable maintenance optimized for post-warranty equipment
- 2 Quality on par with genuine parts
- 3 Wide-ranging product lineup

REMAN(Remanufacturing)



We completely disassemble used and end-of-life engines and, through processing, replacement, assembly, and inspection, produce and supply engines with performance equivalent to brand-new units.

- 1 Restoration of used components to like-new condition based on stringent quality standards
- 2 Reasonable maintenance and repair compared to new products
- 3 Application of the same warranty as new products

Governance

Governance Principles

Corporate Governance Charter

HD Construction Equipment practices sustainability management while creating economic and social value simultaneously. To this end, the Company has established and complies with the Corporate Governance Charter, which sets forth – as core principles – a multi-layered oversight system involving shareholders, the Board of Directors, audit bodies, stakeholders, and the market. Based on independent Board operations and effective internal controls, the company maintains a sound governance structure and pursue enhanced management transparency.

[Corporate Governance Charter](#)

Board of Directors

Board Composition

The Board of Directors consists of a total of 5 members, 3 independent directors and 2 executive directors. Drawing on professional expertise across diverse fields – including finance and accounting, international business, and law – the Board deliberates on and oversees management. The Board exercises ultimate decision-making authority over key matters stipulated by laws and the Articles of Incorporation, while serving as the core governance body that supervises the execution of duties by the management.

Board Composition and Skill Matrix

As of: March 31, 2026

Position	Name	Gender	Key Career	Term	Core Industry	Finance & Accounting	International Business	Leadership	M&A	ESG	Law & Public Policy
Executive director	Moon Jae-young	Male	(Current) President, HD Hyundai Construction Equipment (Former) Head of Construction Equipment Business Division, HD Hyundai Infracore (Former) Head of Sales Division, HD Hyundai Construction Equipment	2026.03 ~ 2029.03	●		●	●	●	●	
	Lee Sang-hyeok	Male	(Current) Head of Financial Support Office, HD Korea Shipbuilding & Offshore Engineering (Former) Head of Shipbuilding and Offshore Cost Management, HD Hyundai Heavy Industries	2025.03 ~ 2027.03		●	●	●	●		
Independent director	Park Gi-tae	Male	(Current) Adjunct Professor, College of Business Administration, Seoul National University (2026~) (Current) Advisory Member, International Ethics Standards Board for Accountants (IESBA) (2021~) (Current) Auditor, Daesan Foundation (2017~) (Former) Vice Chair, Samil PwC (2015~2020)	2022.03 ~ 2028.03		●			●		●
	Yoo Myeong-hee	Female	(Current) Specially Appointed Professor, Graduate School of International Studies, Korea University (2026~) (Former) Ambassador for International Economic Affairs, Ministry of Foreign Affairs (2021~2022) (Former) Minister for Trade, Ministry of Trade, Industry and Energy (2019~2021)	2022.10 ~ 2027.03			●			●	●
	Cha Gyeong-hwan	Male	(Current) Attorney, Kim & Chang (2023~present) (Current) Independent Director, BGF Retail (2025~) (Former) Managing Partner, Pyeongan Law Firm (2019~2023) (Former) Chief Prosecutor, Suwon District Prosecutors' Office (2018~2019)	2023.03 ~ 2029.03					●	●	●

Governance

Board of Directors

Board Independence

To establish an independent governance structure, HD Construction Equipment targets an independent director ratio above 50 percent, and a majority of the Board is currently composed of independent directors. The roles of CEO and Chair of the Board are separated, with the Chair elected from among the independent directors to ensure independent Board operations. All four Board committees are likewise chaired exclusively by independent directors, reinforcing transparency across the governance structure. Independent directors are nominated by the Independent Director Candidate Recommendation Committee, composed entirely of independent directors, and formally appointed at the General Meeting of Shareholders, securing independence from major shareholders and management. In line with concurrent-position restrictions under the Enforcement Decree of the Commercial Act and other applicable regulations, the company reviews each independent director’s outside directorships, executive roles, and audit positions to ensure full compliance.

Board Diversity and Expertise

The company appoints independent directors from diverse fields, including management, international business, law, and finance and accounting. The appointment process follows fair procedures that consider diversity factors such as gender, race, and nationality, and currently includes one female independent director, reflecting diversity in Board composition. To sustain the expertise of independent directors and deepen their understanding of the business, training programs hosted by external professional institutions are conducted at least once a year. In November 2025, all independent directors attended a training session covering global economic outlooks amid shifts in the business environment and emerging trends in audit committee operations. Independent Director Yoo Myeong-hee additionally received training on Board and Audit Committee considerations in preparation for sustainability disclosures.

Committees within the Board

Committee-Centered Board Operations

To enhance the expertise and efficiency of Board operations, we operate four committees within the Board, namely the Audit Committee, the Independent Director Candidate Recommendation Committee, the ESG Committee, and the Compensation Committee. Three of these committees – excluding the ESG Committee – are composed entirely of independent directors, providing a foundation for independent decision-making. Resolutions made by each committee carry the same effect as resolutions of the Board. The purpose and authority of each committee are stipulated in separate regulations and disclosed on our official website. Each director’s attendance rate at committee meetings and their voting record on agenda items are transparently disclosed through the Business Report.

Board Committee Organization Chart

Committee		Moon Jae-Young (Executive director)	Lee Sang-hyeok (Executive director)	Park Gi-tae (Independent director)	Yoo Myeong-hee (Independent director)	Cha Gyeong-hwan (Independent director)
Audit Committee	• Audits the duties of management; holds rights to access materials and information necessary for audit work	-	-	Chair	○	○
	• Reviews internal audit results and plans					
Independent Director Candidate Recommendation Committee	• Recommends independent director candidates capable of faithfully performing duties for the company and shareholders, in accordance with relevant laws and the Articles of Incorporation	-	-	○	○	Chair
ESG Committee	• Deliberates and resolves on the company's ESG strategies and plans	○	-	○	Chair	○
	• Deliberates on key matters related to the company's social responsibility					
Compensation Committee	• Ensures objectivity and transparency in the process of determining the remuneration of directors and executives	-	-	○	○	Chair

Chair

 Committee Chair ○ Member

Governance

Board Operations

Board Activities

HD Construction Equipment holds quarterly board meetings under its Articles of Incorporation and Board Operating Regulations. It convenes extraordinary meetings when major management issues arise. The Board reviews and resolves key matters in line with the Commercial Act. In 2025, it held 11 meetings with an average attendance rate of 98%. The company discloses all board activities in its business report, including agenda approvals and individual voting records.

Summary of Board Meetings and Attendance in 2025

No. of Meetings	Agenda Items Resolved	Items Reported	Attendance Rate*
11 times	29 cases	11 cases	98%

* Excluding Director Jung Young-keun, who resigned before the end of his term on March 24, 2025, from the average attendance rate calculation

Evaluation of Board Activities

The company conducts an annual self-assessment of the Board and its committees. The assessment covers 18 questions across four areas: role, structure, operation, and evaluation. All directors participate through a self-assessment format. The company also evaluates the activities of the Board and its committees and conducts individual assessments of independent directors. The 2025 assessment confirmed strong effectiveness across all areas, including diversity and independence in board composition and the adequacy of agenda review. The results are reported to the Board and disclosed on the company website. The company continues to pursue improvements, including expanding external expert support, strengthening committee training, and securing time for prior agenda review.

2025 Activity Assessment of the Board of Directors

Category		Evaluation Area	
Role of the Board	Role and responsibilities of the Board	· Faithful performance of duties	· Reflection of ethical obligations and social responsibility in decision-making
		· Physical and human capital and industry trends	
Board Structure	Board composition and independence	· Corporate value framework and review of progress toward management objectives	· Recognition of responsibility for management oversight
		· Board size	
Board Operation	Board operating procedures	· Composition of experts across diverse fields	· Authority and responsibilities between the Board and management
		· Regular training	
Board Evaluation	Board agenda items	· Regular Board meetings	· Clear criteria and procedures for appointing independent directors
		· Board meeting attendance rate	
Board Evaluation	Board evaluation and improvement	· Establishment of the Board agenda items	· Establishment of and compliance with Board operation regulations
		· Preparation of comprehensive agenda-related materials	
Board Evaluation	Board evaluation and improvement	· Implementation of reasonable agenda resolution procedures	· Reporting of Board evaluation results and discussion of improvement measures
		· Establishment of the Board evaluation process, including timing, procedures, and methods	

Improvement Direction Based on Board Activity Assessment Results

Providing support from external experts as needed

Expanding training required for Board committee duties

Providing sufficient time to review Board agenda items and related materials

Director Compensation

To enhance the transparency and adequacy of director remuneration, the company pays remuneration within the limit approved at the General Meeting of Shareholders following review by the Compensation Committee. Executive directors receive a base salary, comprising base pay and position pay, and a performance-based salary, comprising performance incentives and long-term incentives. The performance-based salary reflects both quantitative indicators, such as revenue, orders, and operating profit, and qualitative indicators, such as leadership, expertise, and accountability. Independent directors who serve on the Audit Committee receive only a fixed base salary, supporting the independent performance of their duties.

Executive Performance-Based Compensation

Executive performance-based remuneration consists of performance incentives and long-term incentives. Performance incentives reflect both financial results that underpin metrics such as ROI, including revenue, orders, and operating profit, and qualitative indicators such as leadership, expertise, and accountability. The company introduced long-term incentives to prevent management decisions driven by short-term results and to promote long-term enterprise value. The company determines the payment and final amount after a deferral period of at least three years, based on factors such as organizational performance and net income during that period.



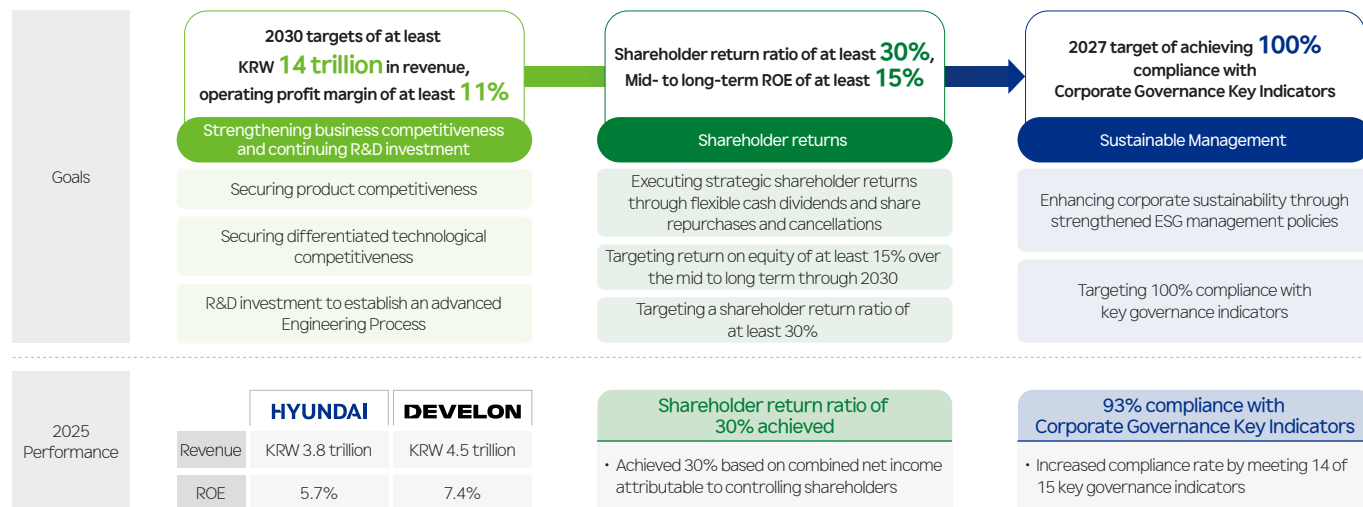
Shareholder Value Enhancement

Shareholder Value Enhancement Framework

Corporate Value Enhancement Plan

HD Construction Equipment has introduced a Value-up Program to enhance its corporate value. Through this program, the company integrates its pursuit of medium- to long-term growth, stronger business competitiveness, expanded shareholder returns, and sustainability management. The company enhances market confidence by establishing and disclosing specific corporate value enhancement targets and implementing them systematically. It also shares its strategy and performance transparently. The company will continue to improve the alignment between its intrinsic value and market value by strengthening communication with shareholders and reflecting market feedback.

Goals and Performance



Communication with Shareholders



Expanding communication channels



Providing sufficient information



Listening to and reflecting market feedback



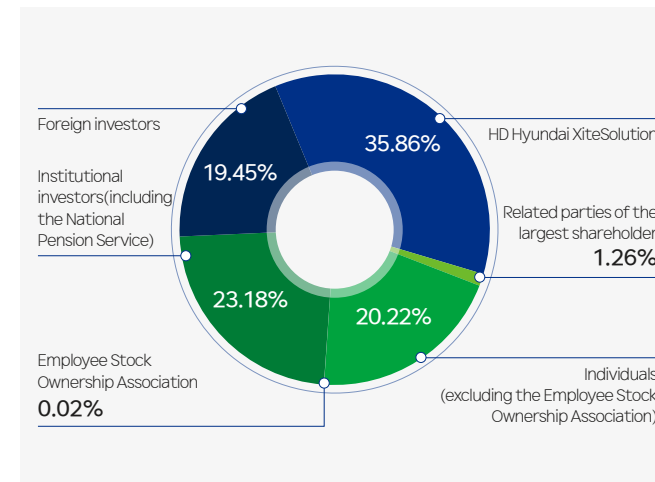
Conducting sustainability management activities

Shareholder and Capital Structure

As of the end of February 2026, HD Construction Equipment had issued 47,974,118 common shares. Common share capital stood at KRW 247,059 million. The largest shareholder is HD Hyundai XiteSolution, which holds 35.86% of total shares.

Share Ownership Distribution

(As of February 2026)



Shareholders Holding 5% or More

Shareholder	Shares Held	Ownership
HD Hyundai XiteSolution	17,201,415	35.86%
National Pension Service	6,172,284	12.87%

Shareholder Value Enhancement

Shareholder Value Enhancement Activities

Protection of Shareholder Rights and Interests

HD Construction Equipment supports the exercise of shareholder rights and reinforces shareholder trust through shareholder-friendly practices. In 2025, the company changed its dividend record date to fall after the dividend declaration, strengthening shareholder predictability and protection. The company also operates voting rights protection mechanisms, such as the electronic voting system. It participates in the voluntary dispersion program for general meetings to avoid peak meeting dates, thereby expanding shareholder participation.

Shareholder-Friendly Programs

Protection of shareholder rights

Institutional foundation for protecting shareholder rights

- Operating an online dividend inquiry service to protect personal information and reduce environmental impact
- Applying special resolution requirements at the General Meeting of Shareholders for changes to the Articles of Incorporation
- Providing advance notice four weeks before the General Meeting of Shareholders

Shareholder participation and exercise of rights

Expanded shareholder participation and greater convenience in exercising voting rights

- Supporting electronic voting, electronic proxy solicitation, and guaranteeing shareholder proposal rights
- Participating in the General Meeting of Shareholders voluntary dispersion program

Shareholder-friendly policy

Stronger shareholder orientation

- Introducing a record-date setting method after dividend resolutions
- Advancing a shareholder return policy targeting a total shareholder return ratio of at least 30%, based on separate financial statements and per-share net income, and flexibly operating cash dividends, share repurchases, and share cancellations

Communication with Shareholders

To facilitate communication with shareholders and investors, the company diligently fulfills its regular and ad hoc disclosure obligations. It shares its management performance and key issues through diverse Investor Relations (IR) activities. The company enhances information accessibility by transparently disclosing non-financial information, including the Sustainability Report and the Corporate Governance Report, alongside its financial information. Following the merger of the two companies, the CEO participated directly in an investor briefing in January 2026. The company continues to expand its communication channels to strengthen trust with shareholders and stakeholders.

Shareholder Communication Status

Expanding communication channels	- Regular investor meetings with C-level executives at least twice a year - Regular domestic and overseas non-deal roadshows - New Year meeting with the CEO
Listening to and reflecting market feedback	- Collecting investor feedback - Reflecting and implementing improvement items in the annual corporate value enhancement plan disclosure
Sufficient Information Provision	- Providing investor relations materials in Korean and English - Posting investor relations materials on the corporate website
Sustainability management	- Strengthening stakeholder communication on sustainability management - Proactive disclosure of information through the Sustainability Report

Expansion of Shareholder Returns

As a principle, the company allocates at least 30% of net income on a separate financial statement basis to shareholder returns, within the limit of distributable income. The company also pursues shareholder value enhancement by combining dividends with share buybacks and cancellations. In 2025, the company cancelled a total of 947,973 treasury shares, comprising 643,797 shares already held and 304,176 shares acquired through the share buyback and cancellation program. For 2026, the dividend for the 2025 fiscal year, the company is pursuing share buybacks, cancellations, and cash dividends of KRW 87.3 billion, equivalent to approximately 30% of the combined net income attributable to controlling shareholders after the merger. The company will continue to pursue shareholder returns within the limit of distributable income, taking into comprehensive account its earnings, investment plans, and financial structure. It plans to maintain a stable shareholder return policy following the integration.

Dividend Status

Category	Unit	2023	2024	2025
Net income (separate)	KRW million	108,876	61,285	51,071
Earnings per share	KRW	5,981	3,470	2,943
Total cash dividends	KRW million	12,742	8,815	26,339
Cash dividend payout ratio	%	12	14	52
Cash dividend per share	KRW	700	500	550
Dividend yield	%	1.4	0.8	0.5

Integrated Risk Management

Risk Management

Management Framework

Governance

HD Construction Equipment has established and operates a risk management governance framework to proactively identify and systematically address potential risks across its business. The ESG Management Committee, which convenes quarterly, leads company-wide risk management activities, including identifying potential risks and developing appropriate management approaches. The committee classifies risks into financial risks, non-financial risks, and emerging risks, proactively identifying mid- to long-term risks that may affect sustainable management and establishing strategic approaches to address them. In addition, the personnel responsible for each business monitor the range of risks that may arise across operations, including financial, non-financial, and emerging risks.

Risk Management Process

The company operates an integrated risk management framework linked to its double materiality assessment. Through a six-step process, the company establishes response strategies for key risks and carries out response activities, thereby strengthening the foundation for sustainable growth. The company communicates risk-related information transparently with stakeholders through its quarterly business reports and annual Sustainability Report.



Management Activities

Financial Risk

HD Construction Equipment systematically manages financial risks by defining monitoring areas and response activities for each risk type, including market, credit, liquidity, and capital risks. This approach supports stable financial soundness amid an uncertain business environment.

Risk Type	Monitoring Target	Details	Risk Response Activities
Market	Foreign exchange	- Forecast transactions - Recognized assets and liabilities - Net investments in foreign operations	- Reducing profit and loss volatility by hedging net exposure - Managing the risk under the Foreign Exchange Risk Management Policy through the Foreign Exchange Risk Management Committee
	Interest rate	Floating-rate deposits and borrowings	- Minimizing external borrowings through the use of retained funds - Improving the borrowing structure and reducing high-interest borrowings - Regular monitoring of interest rate trends
Credit Liquidity Capital	Contracts	- Transaction and investment contracts - Derivatives, deposits with financial institutions, and cash and cash equivalents	- Managing credit risk through credit policy operations - Assessing the risk of expected default receivables and reflecting the assessment in the consolidated statement of financial position
	Financial liabilities and capital	- Failure to meet payment obligations for financial liabilities - Inability to secure operating funds	- Establishing quarterly and annual cash flow plans - Forecasting cash flows from operating, investing, and financing activities - Securing required liquidity in advance
	Capital	Maintaining an optimal capital structure	Managing the capital structure based on the debt-to-equity ratio

Non-Financial Risk

HD Construction Equipment uses its Double Materiality assessment as a key reference metric to systematically identify non-financial risks across areas including the environment, products, safety, employees, and ethics. The company establishes and manages response activities for each risk type.

Risk Type	Details	Risk Response Activities
Environmental	- Climate change - Biodiversity - Environmental pollution and accidents	- Strengthening carbon emissions reduction and expanding R&D for low-carbon products - Conducting environmental protection and biodiversity conservation - Reducing environmental impact and operating an accident prevention system
Product	Product safety and quality	Securing product safety and strengthening quality management activities
Disaster	Natural disasters and social disasters	Establishing and training for crisis response systems
Safety	Workplace fires and safety incidents	Assessing safety risks at worksites and suppliers and implementing corrective actions
Employees	Talent recruitment and retention	Operating fair performance management and systematic talent development programs
Ethics and Compliance	Legal compliance and fair trade	Establishing ethics and compliance rules and implementing compliance activities

Integrated Risk Management

Management Activities

Management Activities

Emerging Risks

HD Construction Equipment proactively identifies emerging risks that may have a material impact on its business from a long-term perspective. The company establishes and implements management measures to minimize their potential impact.

Classification	IT Security Risks Due to the Introduction of Autonomous Technologies	Safety Risks Arising from the Decline in Skilled Workforce
Type	Technology	Society
Overview	The expansion and adoption of autonomous and automated technologies in construction equipment involve security risks. If operating systems are exposed to security threats, equipment malfunction and disruption to on-site operations may occur. These risks may undermine customer trust and result in economic losses. Unauthorized access and illegal manipulation may also increase the risk of safety incidents. HD Construction Equipment is therefore strengthening its security framework in parallel with technology adoption. This approach enhances the company's overall management capability.	Population decline driven by low birth rates and population aging is directly affecting the construction equipment industry. Construction sites are facing increasing difficulty in securing labor as younger workers avoid site-based roles and the pool of skilled workers declines rapidly. This challenge is being further intensified by growing demand for safety management personnel following the strengthening of safety-related laws, including the Occupational health and safety Act and the Serious Accidents Punishment Act. These workforce structural changes are expected to affect productivity and safety management systems across the construction industry over the long term.
Business impact	- Operational and process disruptions and economic losses from control system paralysis caused by malware or ransomware infections in equipment operating software and IoT platforms - Equipment malfunction or hijacking from operational network hacking and safety incidents caused by unauthorized manipulation - Revenue decline from personal data or core technology leakage and brand reputation damage following security incidents	- Constraints on user-centered design in equipment improvements and new product development due to reduced field experience-based feedback, and slower progress in improving operability and safety - Increased accident risk from equipment operation by less-skilled workers and limited site adaptability, and greater demand for construction equipment equipped with safety technologies - Increased demand for construction equipment using advanced technologies, including automation, autonomous driving, and remote control, to address workforce shortages
Counter measures	- Establishing information security policies and scenario-based response systems to enable rapid response to security incidents - Blocking abnormal traffic in real time through intrusion detection and prevention systems, and encrypting communications between autonomous equipment and control systems - Advancing security capabilities through continued investment in IT security infrastructure and regular status inspections - Preventing vulnerabilities through regular security patches and updates for operating systems and equipment control programs	- Managing on-site safety risks through smart safety technologies under HI DETECT, including AI-based Smart Around View Monitoring (SAVM), transparent bucket, and active stop functions - Improving equipment operating efficiency and productivity through smart equipment maintenance services, including HI MATE and HI CARE - Minimizing surveying work, reducing operating time, and preventing safety incidents through smart guidance and smart control technologies

Risk Management through the Internal Accounting Control System

HD Construction Equipment oversees whether its Internal Accounting Control System is operated systematically and effectively in accordance with internal accounting control regulations and guidelines. The system reflects applicable laws and regulations, including the Act on External Audit of Stock Companies and related enforcement decrees. The CEO reviews the adequacy and effectiveness of each department's work related to risk management, including internal controls. The company also evaluates the operating status of its Internal Accounting Control System in accordance with Appendix 6, "Standards for Evaluation and Reporting of the Internal Accounting Control System," of the Enforcement Rules of the Regulations on External Audit and Accounting. The results are transparently reported each year to the Audit Committee, the Board of Directors, and the General Meeting of Shareholders. Improvement items identified during operation are promptly reflected through consultation with the external auditor, the dedicated function, and relevant control owners. The company enhances the reliability and transparency of its accounting management system through objective verification by an independent external auditor. The dedicated Internal Accounting Control function is organized as a support function for the Audit Committee. The Audit Committee secures independence and objectivity by exercising its consent right over the appointment and dismissal of the head of the dedicated function.



03

Sustainability Management

Sustainability Strategy Framework

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Sustainability Highlights

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Sustainability Management
Governance

024

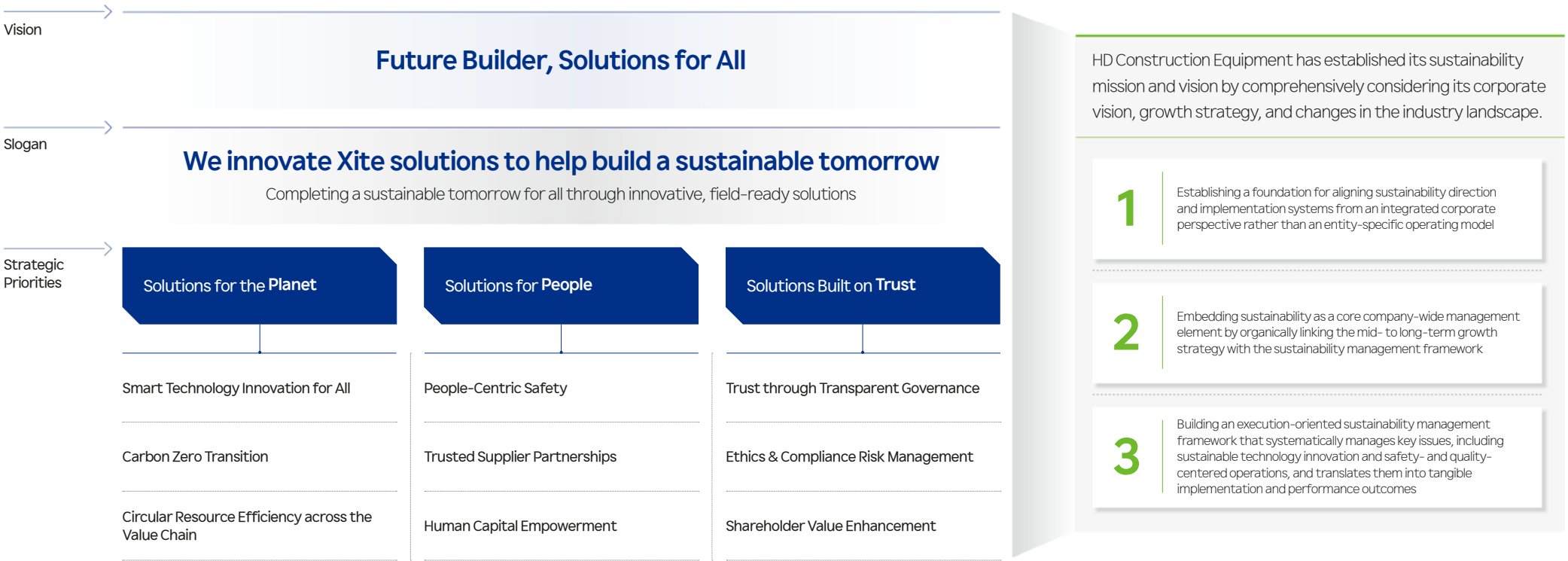
Double Materiality Assessment

025

Sustainability Strategy Framework

Mission and Vision

HD Construction Equipment has established its vision, “Future Builder, Solutions for All,” and is building a structured sustainability management framework based on this vision. To sharpen its identity and competitive edge and build a stronger foundation for sustainable growth, the company has set three strategic pillars under this vision. These are “Solutions for the Planet,” “Solutions for People,” and “Solutions Built on Trust.” Guided by these pillars, HD Construction Equipment pursues sustainability that creates both environmental and social value, with the goal of becoming a globally competitive integrated solutions provider.





Sustainability Highlights



KCGS

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Sustainvest

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MSCI

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CDP

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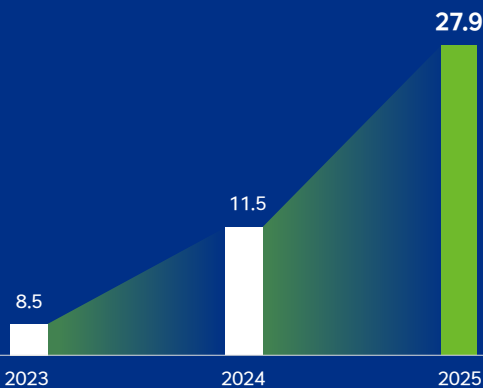
S&P Global CSA

68

DJSI APAC Index

Expanding global renewable energy
adoption

(Unit: MW, based on installed capacity)



Strategy • Carbon Zero Transition

22L hydrogen combustion engine **1st Firing**

- Started up the world's largest 22L hydrogen engine
- Entered the demonstration phase for a large carbon-free hydrogen engine

Strategy • Smart Technology Innovation for All

ZWTL (Zero Waste to Landfill)

Platinum grade obtained

- Achieved a 99.9% recycling rate at Incheon campus

Strategy • Circular Resource Efficiency across the Value Chain

Supplier safety inspection improvement rate **95%**

- Conducted on-site inspections across 11 themes at 15 suppliers, identified and remediated 887 risk factors
- Operated regular fire-prevention inspections at 10 companies

Strategy • People-Centric Safety
• Trusted Supplier Partnerships

Shareholder return ratio **40%**¹⁾

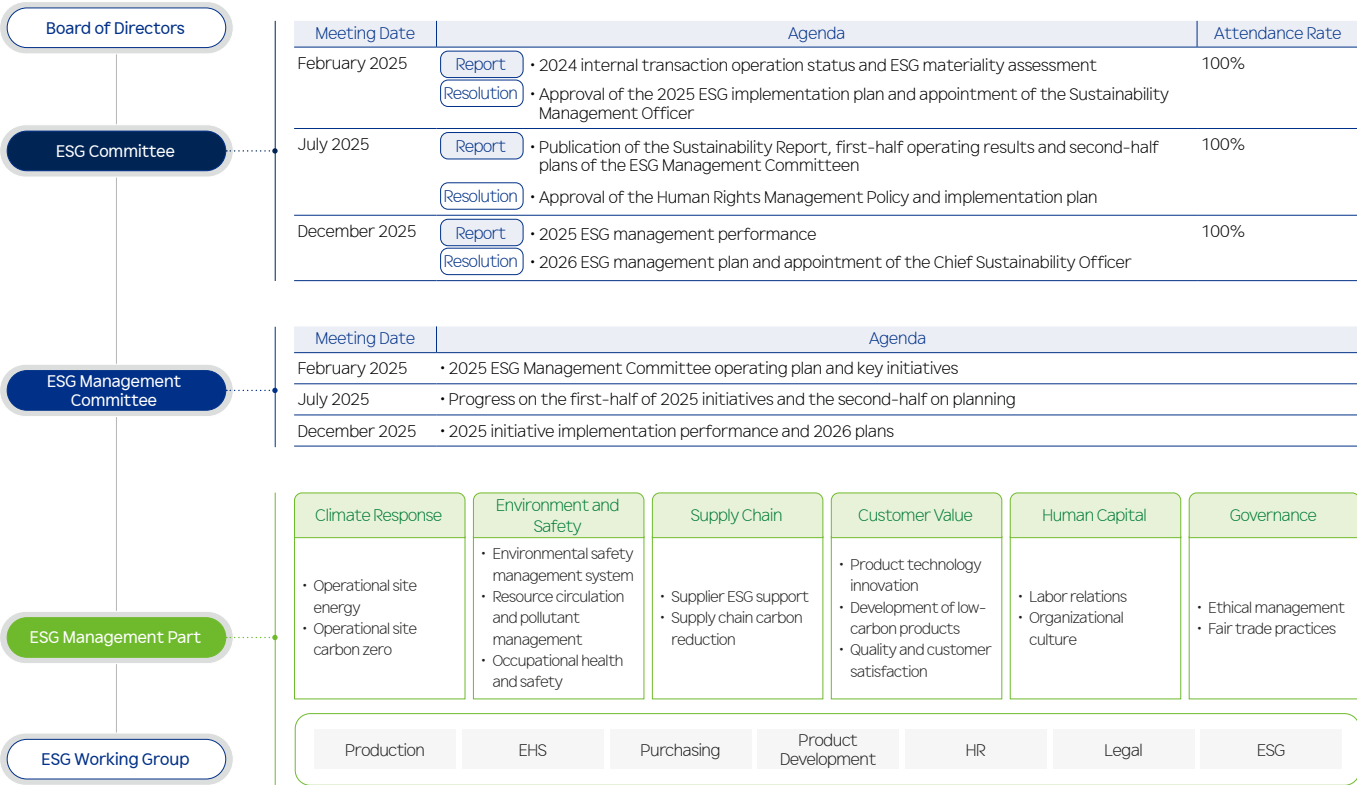
- Retired 947,973 treasury shares and paid KRW 87.3 billion in dividends (FY2025)
- Established and disclosed a mid- to long-term shareholder return policy

Strategy • Shareholder Value Enhancement

1) Combined figure for HD Hyundai Construction Equipment and HD Hyundai Infracore

Sustainability Management Governance

HD Construction Equipment operates a governance structure in which the ESG Committee under the Board of Directors oversees sustainability strategies and policies. The CEO-chaired ESG Management Committee discusses and manages material issues and strategic initiatives. Six parts and the ESG Working Group develop and implement action plans. This structure supports systematic sustainability management across the company.



ESG Committee

The ESG Committee serves as the highest decision-making body for sustainability management strategies and policies. It consists of one executive director and three independent directors. The Committee reviews key matters related to the sustainability management strategy and monitors implementation progress. In this capacity, it oversees the company’s sustainability and social responsibility efforts. The Committee convened three times in 2025, and all members unanimously approved the key agenda items.

ESG Management Committee

The ESG Management Committee is chaired by the CEO and includes key executives. It convenes three times a year and discusses core issues across six areas, namely climate response, environment and safety, supply chain, customer value, human capital, and governance. The Committee comprehensively reviews risks and opportunities associated with key issues identified through the double materiality assessment and selects strategic initiatives. It also reviews the establishment of ESG KPIs. The Committee periodically monitors performance against the established KPIs and oversees progress under the sustainability management framework.

ESG Management Part

The ESG Management Committee is divided into six parts to strengthen the expertise and execution of the sustainability management strategy and enhance management effectiveness. Each part establishes strategic initiatives and key operating measures for its respective area. Based on these measures, the part supports the systematic implementation of sustainability initiatives.

ESG Working Group

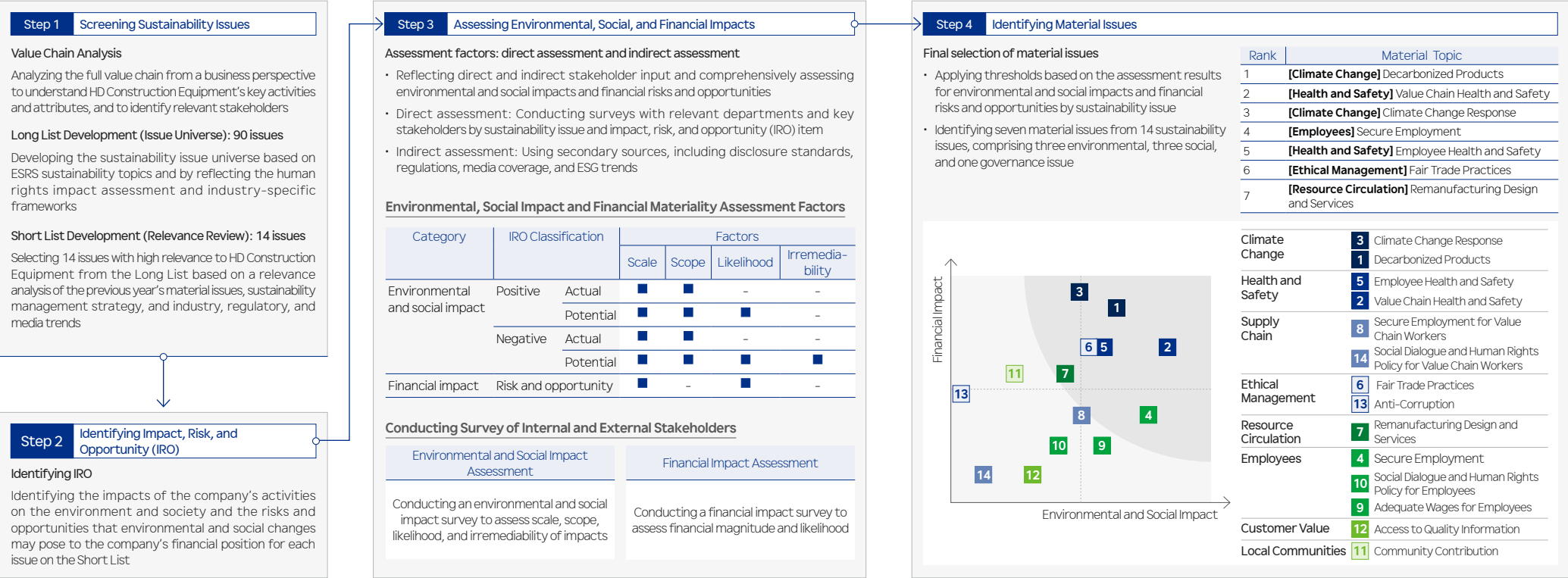
The ESG Working Group consists of working-level functions. It specifies the strategic initiatives and key operating measures identified by the ESG Management Committee and develops and implements practical action plans.

Double Materiality Assessment

Double Materiality

Process

HD Construction Equipment conducts a double materiality assessment to analyze stakeholder interests, the environmental and social impacts of its business activities, and the financial effects of external changes on the company. In 2025, the company applied an assessment approach aligned with the European Sustainability Reporting Standards (ESRS). The company conducted a comprehensive assessment from the perspectives of environmental and social impact, financial risks, and financial opportunities, and identified seven final material sustainability topics. Following Board approval, the assessment results were incorporated into the company-wide risk management framework and secured reliability through third-party verification.





Double Materiality Assessment

Double Materiality

Results(Impact)

The company identified material environmental and social impacts on external stakeholders arising from its business activities in relation to material topics.

■ ■ ■ High ■ ■ □ Medium ■ □ □ Low

Area	Material Topic	Driver	Environmental and Social Impact	Affected Value Chain			Affected Stakeholders	Assessment Metrics	Level
				Upstream	Own operations	Down-stream			
E	Climate Change Decarbonized Products	• Production, sale, and use of construction equipment and engines	Negative / Actual • Social and environmental impacts from greenhouse gas emissions during the use phase of construction equipment and engines, including accelerated climate change	-	-	●	Government, customers, shareholders and investors, local communities	Greenhouse gas emissions during the product use phase	■ ■ ■
	Climate Change Climate Change Response	• Energy-intensive structure driven by fossil fuel consumption in production and business operations	Negative / Actual • Social and environmental impacts from greenhouse gas emissions generated at business sites, including accelerated climate change	-	●	-	Government, customers, employees, suppliers, shareholders and investors, local communities	Greenhouse gas emissions from business site operations	■ ■ □
	Resource Use and Circular Economy Remanufacturing Design and Services	• Product reuse, remanufacturing, and recycling in line with the expansion of the circular economy	Positive / Actual • Improved resource efficiency through product design and service offerings that consider recycled materials	-	-	●	Customers, suppliers, shareholders and investors	Sales of recyclable-design products and lifecycle-improvement services	■ ■ □
S	Health and Safety Value Chain Health and Safety	• Continued high-risk work environments involving heavy load handling and machinery operation	Negative / Actual • Occupational injuries and diseases among value chain workers due to insufficient management	●	-	-	Government and suppliers	Incidence of occupational accidents within the value chain	■ ■ ■
	Health and Safety Employee Health and Safety	• Potential handling of equipment and heavy loads and worker shortages in heavy equipment and engine manufacturing processes	Negative / Potential • Adverse impacts on workers' lives and health and employee safety in the event of occupational accidents	-	●	-	Government, employees, shareholders and investors	Injury rate from business site operations	■ ■ ■
	Employees Secure Employment for Employees	• Growing social demand for stable working conditions and employment arrangements, including regular employment contracts	Positive / Potential • Improved quality of life for workers and stronger employment stability through a stable employment environment	-	●	-	Government, suppliers, local communities	Development of women leaders and support for employee recruitment, retention, and training	■ ■ ■
G	Ethical Management Fair Trade Practices	• Operating supplier support programs based on supplier partnerships, including the Price Indexation System for Delivery Payments and the shared growth fund	Positive / Actual • Reducing suppliers' financial burden and contributing to a culture of fair trade	●	-	-	Suppliers, shareholders and investors	Compliance with supplier payment deadlines and incidents of fair trade violations	■ ■ ■



Double Materiality Assessment

Double Materiality

Results(Risk & Opportunity)

The company identified key risk and opportunity impacts that changes in the external environment may have on its financial position in relation to material topics.

■ ■ ■ High ■ ■ □ Medium ■ □ □ Low

Area	Material Topic	Driver	Risk and Opportunity		Level
E	Climate Change Decarbonized Products	• Growing demand to reduce carbon emissions from product use, including construction equipment	Opportunity	• Revenue growth from entry into new business areas centered on low-carbon and electrification technologies	■ ■ ■
	Climate Change Climate Change Response	• Higher emissions allowance prices driven by tighter domestic and international greenhouse gas regulations and lower free allocation	Risk	• Higher compliance costs for greenhouse gas reduction regulations, including emissions allowances	■ ■ ■
	Resource Use and Circular Economy Remanufacturing Design and Services	• Stronger circular economy and resource efficiency regulations and increasing demand for high-quality remanufactured products	Opportunity	• Revenue growth in the remanufacturing business driven by customer demand for resource circulation and economic value	■ ■ □
S	Health and Safety Value Chain Health and Safety	• Broader expectations for value chain health and safety management and continued high-risk work environments at suppliers	Risk	• Higher costs from emergency and small-volume alternative raw material procurement due to production disruptions at suppliers caused by insufficient supplier safety management	■ ■ ■
	Health and Safety Employee Health and Safety	• Growing social expectations for accountability in serious accidents and immediate investigation and corrective action in the event of an incident	Risk	• Losses from operational disruption and compensation costs in the event of a serious accident	■ ■ ■
	Employees Secure Employment for Employees	• Intensifying competition in the labor market and accelerating competition to secure high-quality talent	Risk	• Workforce attrition, new hiring costs, and training costs due to insufficient programs for securing and retaining high-quality talent	■ ■ □
G	Ethical Management Fair Trade Practices	• Building and maintaining close business relationships with a diverse range of domestic and overseas suppliers	Opportunity	• Improved purchasing terms and stabilized cost structure through stronger trust and stability across the supply chain, supporting medium- to long-term profitability	■ ■ ■



Double Materiality Assessment

Double Materiality

Management Approach

HD Construction Equipment establishes a strategic framework to address material impacts, risks, and opportunities identified through the double materiality assessment. The company advances sustainability management by linking targets and implementation strategies to key performance indicators (KPIs). Based on the assessment results, three priorities are embedded into the framework. These cover the transition to a low-carbon and circular economy, a people-centric safe work environment and shared growth, and fair trade grounded in trust and ethics. The company integrates these priorities into its mid- to long-term strategy and implements them in a coordinated manner.

Area	Material Topic	Definition	Management Activities	Sustainability Strategy Framework Mapping	Targets and KPIs	Reporting Page
E	Climate Change Decarbonized Products	Reducing greenhouse gas and other air pollutant emissions during the product use phase through improved fuel efficiency and expanded electrified products	- Developing low-carbon and smart technologies and expanding decarbonized Product offerings - Expanding product life cycle assessment (LCA)	Smart Technology Innovation for All	- Target: Maintaining the ratio of environment-related R&D at 50% or higher - Relevant KPIs: Securing core technologies, including electrified construction equipment and low-carbon engines	30-33, 39-43
	Climate Change Climate Change Response	Reducing greenhouse gas emissions from product manufacturing and business operations and reducing emissions across facility and product improvement and operation stages	- Improving energy efficiency through Smart Factory and FEMS-based systems - Expanding renewable energy procurement	Carbon Zero Transition	- Target: Achieving net zero across global operations by 2050 - Relevant KPIs¹⁾: Meeting greenhouse gas reduction targets and expanding	30-38
	Resource Circulation Remanufacturing Design and Services	Extending product life and improving resource efficiency through enhanced equipment durability, parts reuse, remanufacturing, and expanded maintenance services	- Developing a platform for assessing and managing sustainable materials - Developing a full line-up of biodegradable lubricants	Circular Resource Efficiency across the Value Chain	- Target: Continuing to increase the share of remanufactured and reused parts and completing the development of a full line-up of biodegradable lubricants - Relevant KPIs: Expanding the biodegradable lubricant line-up and developing a sustainable materials assessment platform	50-53
S	Health and Safety Value Chain health and safety	Improving safety standards across the industrial ecosystem through supply chain-wide health and safety risk management and stronger supplier capabilities	- Assessing supplier health and safety capabilities through joint supplier inspections - Operating a consultative body for technical support to on-site suppliers	People-Centric Safety	- Target: Achieving an LTIR of 0.2 by 2030 - Relevant KPIs: Supporting stronger supplier health and safety capabilities, identifying high-risk suppliers on an ongoing basis, and implementing measures to prevent accident recurrence	66-73, 81-82
	Health and Safety Employee health and safety	Preventing occupational accidents and protecting employees' physical and mental safety by establishing a safety-centered organizational culture	- Advancing HI-EHS, the integrated EHS management system - Operating site-specific safety management programs and risk assessments			
	Employees Secure Employment for Employees	Securing and retaining skilled talent and strengthening long-term competitiveness through continuous capability development and stable employment	- Operating systematic talent development programs by growth stage - Enhancing employee satisfaction through stronger engagement and an inclusive work environment	Human Capital Empowerment	- Target: Improving employee satisfaction and increasing the share of women managers - Relevant KPIs: Retaining key talent and providing employment opportunities for local talent	55-60
G	Ethical Management Fair Trade Practices	Securing transparency in supplier transactions and establishing a fair trade system linked to senior executive KPIs	- Providing specialized training for high-risk departments, including the Subcontracting Act and fair trade - Updating the Fair Trade Compliance Handbook and implementing the Fair Trade Compliance Program	Trusted Supplier Partnership, Ethics & Compliance Risk Management	- Target: Achieving a 100% self-assessment completion rate for ethics management compliance and advancing anti-corruption management - Relevant KPIs: Embedding ethics and compliance management and preventing unfair trade practices	89-93

1) KPIs Linked to the CEO and Responsible Executives



04

Solutions for the Planet

Climate Change

030

Environmental Management

044

Biodiversity

046

Resource Use and Circular Economy

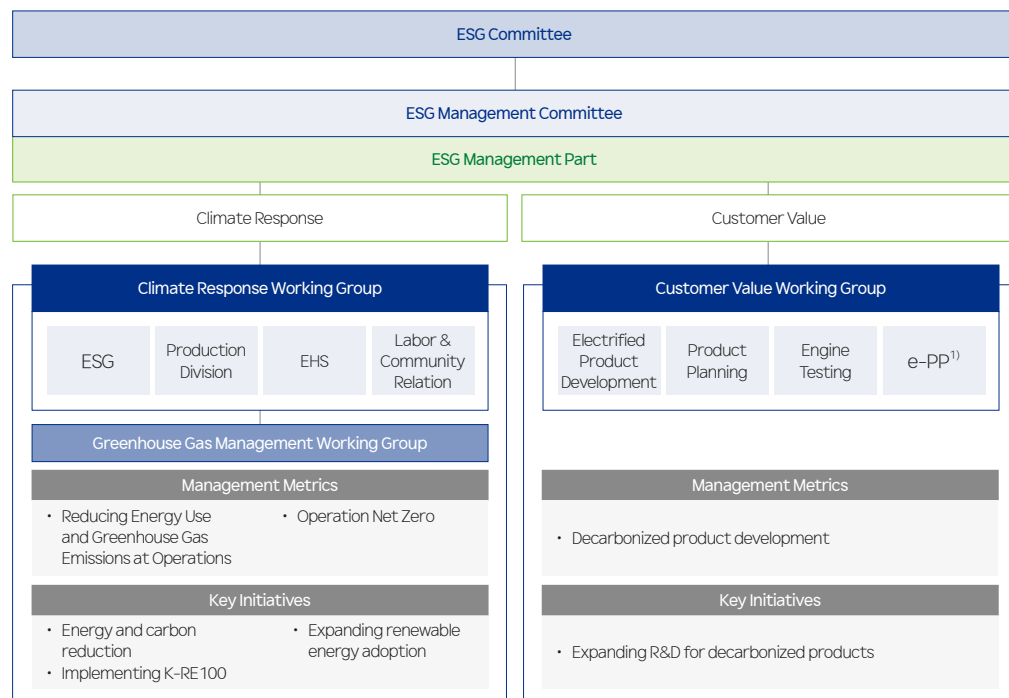
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Climate Change

Organizational Structure

The ESG Committee of HD Construction Equipment reviews and approves response strategies to manage environmental and social impacts, and financial risks and opportunities related to climate change. Climate-related strategic initiatives are implemented through the Climate Response and Customer Value Part under the ESG Management Committee. Through coordinated collaboration across relevant functions, the company manages climate risks and implements response activities across several fronts, including reducing energy consumption at business operations, reducing greenhouse gas emissions across the value chain, and applying low-carbon technologies.



The ESG Committee reviews and approves mid- to long-term strategic directions and key targets related to climate change response. It assesses the adequacy of core climate strategies, including the net zero roadmap and greenhouse gas reduction targets. It also reviews the direction of climate risk management and the company's approach to climate disclosure.

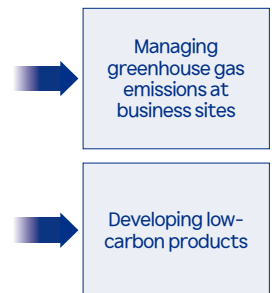
The ESG Management Committee reviews implementation plans for climate change response initiatives based on the strategic direction approved by the ESG Committee. It monitors progress, reviews key agenda items from the Climate Response and Customer Value Part, coordinates cross-functional initiatives, and reports significant issues and results to the ESG Committee.

The Climate Response Part sets mid- to long-term targets and implementation directions to reduce energy consumption and greenhouse gas emissions at business operations. The Customer Value Part defines business directions for product-level climate response, including low-carbon materials and technology development. Both Part monitor progress by area and report to the ESG Management Committee.

The ESG Working Group directly implements detailed operational initiatives to achieve the targets set by each part. The Climate Response Working Group advances greenhouse gas reduction activities at business operations, including expanding renewable energy adoption and improving energy efficiency. The Customer Value Working Group advances product-level carbon reduction activities, including developing low-carbon materials and technologies and conducting R&D for low-carbon products. Each working group reports the results of key implementation initiatives to the relevant part.

Working Group Detailed Activities

Part	Organization	Key Roles
Climate Response	ESG	• Developing and managing the net zero roadmap
	Production Division	• Reducing energy consumption and greenhouse gas emissions
	EHS	• Expanding renewable energy adoption
	Labor & Community Relation	• Implementing the K-RE100 action plan
Customer Value	Electrified Product Development	• Developing carbon-reducing construction equipment
	Product Planning	• Expanding low-carbon, electronic, and hydraulic products
	Engine Testing	• Developing future power hydrogen engines and hybrids
	e-Powerpack	• Developing future power battery packs



1) PP : Powerpack

Climate Change

Risk and Opportunity

Analysis Overview

In the global construction equipment industry, climate change is emerging as a key variable shaping core competitiveness. Key drivers include tightening carbon regulations, rising demand for low-emission equipment, and sustainability-driven shifts in customer purchasing decisions. HD Hyundai Construction Equipment systematically identifies climate-related risks and opportunities and assesses their business impact. This process extends to developing response strategies that reflect site-specific regional conditions and key market dynamics.

Scope of Climate Change Risk and Opportunity Analysis

Analysis Scope	Period	
Operation	Short-term	2025 to 2026
• Domestic business operations • Overseas manufacturing operations	Mid-term	2027 to 2031
	Long-term	2032 and beyond
Business		
• Key sales markets		

Climate Risk and Opportunity Assessment Process



STEP 1 Developing a List of Risk and Opportunity Factors

The company conducts a macro-environmental analysis to define potential climate-related risks and opportunities that may affect its business. This involves a close review of domestic and international policy trends, peer response levels, and shared global issues to compile a comprehensive list of risk and opportunity factors.

List of Climate Change Risk and Opportunity Factors

Category	Type	Definition of Risk and Opportunity		Value Chain
Physical Risk	Acute	P1	• Damage to business site assets and operational disruption caused by increased exposure to extreme weather events	Own operations
	Chronic	P2	• Damage to business site assets and operational disruption from prolonged exposure to heatwaves and droughts	
Transition Risk	Technology	T1	• Weaker competitiveness due to a widening gap with competitors in low-carbon and alternative fuel technologies	Downstream
		T2	• Lower market share for internal combustion engine products due to the expansion of low-carbon products with comparable performance, including electrified products	
		T3	• Stagnant consumer demand for electrified construction equipment depending on the market environment by country, including incentives and infrastructure	
	Market	T4	• Power shortages and production disruption at business sites caused by unstable electricity supply in emerging markets	Upstream, Own operations
		T5	• Rising market uncertainty regarding the size, innovation pace, and industry standards of low-carbon and alternative fuel products	Downstream
		T6	• Higher mid- to long-term electricity purchase costs due to delays in maintaining the existing energy mix and transitioning to renewable energy	
	Policy and legal	T7	• Increased uncertainty in achieving RE100 by 2040 due to changes in domestic policy	Own operations
		T8	• Stronger domestic and international carbon pricing, including higher costs for purchasing emissions allowances from domestic entities subject to allocation	
	Reputation	T9	• Stronger national reporting requirements for greenhouse gas emissions, including Scope 1 and Scope 2	
		T10	• Increased reputational risk from unmet low-carbon transition demands, including carbon neutrality and RE100 shortfalls and greenwashing	
Opportunity	Market	O1	• Market expansion driven by stronger emissions standards under construction equipment exhaust gas regulations	Downstream
		O2	• Expanded supply chain, investment, incentives, and support policies related to carbon reduction during the national transition to a low-carbon economy	
	Resource efficiency	O3	• Improved energy efficiency in product manufacturing processes	Own operations
		O4	• Improved energy efficiency at non-production facilities at business sites	
	Products and services	O5	• Increased demand for fuel-efficient construction equipment driven by carbon reduction requirements	Downstream
		O6	• Increased demand for electrified technology-applied construction equipment, following requirements for carbon reduction	
		O7	• Increased demand for ICT-enabled autonomous construction equipment due to more disaster and recovery sites	

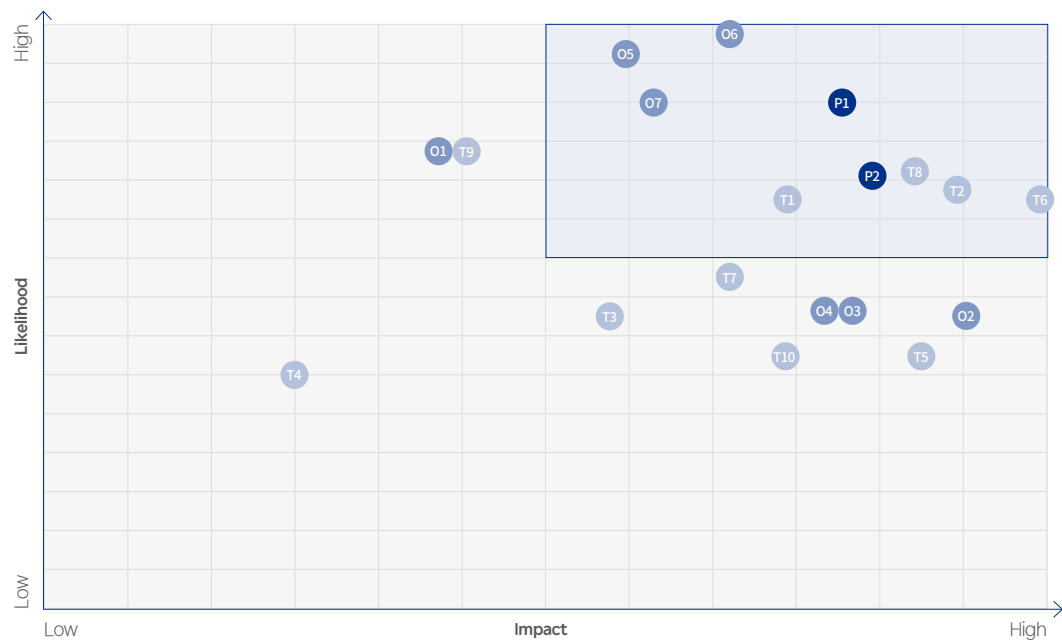
Climate Change

Risk and Opportunity

STEP 2 – Identification of Key Risks and Opportunities

HD Construction Equipment reviewed 19 potential climate-related risk and opportunity factors and selected 9 core factors based on a comprehensive assessment of impact magnitude and likelihood of occurrence. These include 2 physical risks, 4 transition risks, and 3 opportunities.

Risk and Opportunity Matrix

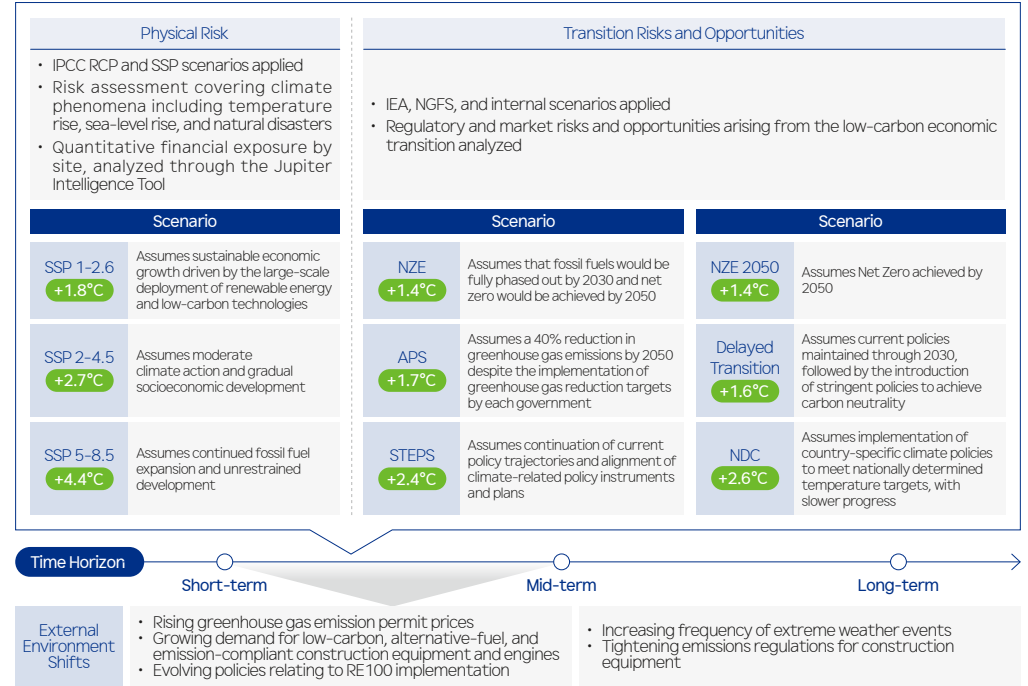


*Impact: revenue, carbon emissions, and stakeholder requirements
Likelihood: probability of occurrence, duration following occurrence, and response capacity

STEP 3 – Climate Scenario Analysis

The company identifies business impacts and potential financial implications arising from climate change across multiple scenarios. Physical risks and transition risks and opportunities are analyzed to reflect short, medium and long-term shifts in the external environment.

Climate Scenarios



* RCP (Representative Concentration Pathways); SSP (Shared Socioeconomic Pathway); NZE (Net Zero Emissions by 2050 Scenario); APS (Announced Pledges Scenario); STEPS (Stated Policies Scenario); NDC (Nationally Determined Contributions); GCAM (Global Change Analysis Model): scenarios developed through the NGFS integrated assessment model, incorporating energy and technology analysis across 32 regional datasets.

Climate Change

Risk and Opportunity

STEP 4 & 5 – Financial Impact Analysis and Response Strategy Development



HD Construction Equipment analyzes the risks and opportunities that climate change presents to its business and evaluates the associated financial implications on both a qualitative and quantitative basis. Drawing on these assessment results, the company develops physical risk response strategies and site-level Net Zero strategies across all operations to strengthen its overall resilience.

Financial Impact Assessment Results by Key Climate Risk and Opportunity Factor

Category		Business Impact	Impact by Time Horizon ¹⁾			Scenario	Financial Impact	Input Variables	Financial Effect ²⁾ (KRW 100M)		Response Strategy Target Period	Countermeasures
			Short-term	Mid-term	Long-term				Min	Max		
Physical Risk	Acute	Asset damage and operational disruption at operations from typhoons, floods, and similar events	●	●	●	• SSP1-2.6 • SSP2-4.5 • SSP5-8.5	Asset recovery costs and operational loss arising from site-level damage	• Site location, asset value, asset damage costs, and operational loss (Jupiter Intelligence Tool climate modelling analysis)	321	337	Mid-term	• Conducting regular monitoring of physical risks through contingency planning • Preventing risks through the establishment of an early warning system
	Chronic	Asset damage and operational disruption at operations from heatwaves, droughts, and similar events		●	●				35	42		
Transition Risk	Policy and Legal	Strengthening of carbon pricing schemes in domestic and international markets	●	●	●	• NZE • APS • STEPS	Increased costs associated with greenhouse gas emissions due to rising emission permit prices	• Permit purchase volume and annual Korea Allowance Unit (KAU) price	387	1,247	Long-term	• Implementation of Scope 1 and 2 emissions reduction roadmap across operations • 2040 RE100 and 2050 Internal capacity building to achieve RE100 by 2040 and carbon neutrality by 2050
	Market	Higher mid- to long-term electricity purchasing costs from maintaining existing energy sources and delaying the transition to renewable energy		●	●	• NZE2050 • Delayed Transition • NDC	Increased operating costs to achieve carbon neutrality and RE100	• Electricity consumption volume and unit electricity tariff	47	461		
	Technology	Weakened competitiveness from a widening low-carbon and alternative-fuel powertrain technology gap versus competitors			●	• Internal scenario	Revenue decline in electrified products	• Total revenue, share of sustainable-technology products, share of carbon-reduction patents	9,411	28,450		
		Declining market share as products are replaced by equivalent-performance, low-carbon alternatives (improved fuel efficiency)		●	●		Revenue decline in fuel-efficient products	• Advanced market revenue, proportion of fuel-efficient products	34,180	149,835		
Opportunity	Products and Services	Growing demand for fuel-efficient construction equipment and engines to meet carbon reduction requirements		●	●	• Internal scenario	Revenue growth in fuel-efficient products	• Units sold with fuel efficiency technology applied, unit selling price of fuel-efficient products	17,172	260,228	Long-term	• Development and execution of fuel-efficient and electrified product sales portfolio • Increased R&D allocation for electrified and autonomous/automated products
		Growing demand for electrified construction equipment and engines to meet carbon reduction requirements			●		Revenue growth in electrified products	• Units sold with electrification technology applied, unit selling price of electrified products	14,579	282,109		
		Growing demand for ICT (autonomous) construction equipment from more disaster (hurricane, torrential rain, etc.) recovery sites			●		Revenue growth in autonomous products	• Units sold of autonomous products, unit selling price	1,765	1,821		

1) Time horizon definitions: Short-term (2025–2026), Mid-term (2027–2031), Long-term (2032 onwards)
2) For physical risks, financial impact figures reflect projected exposure as of 2034. For transition risks and opportunities, figures represent cumulative financial impact from 2025 to 2034. All figures are assessed and disclosed on a consolidated HD Construction Equipment basis.



Climate Change

Operation-Level Net Zero Implementation

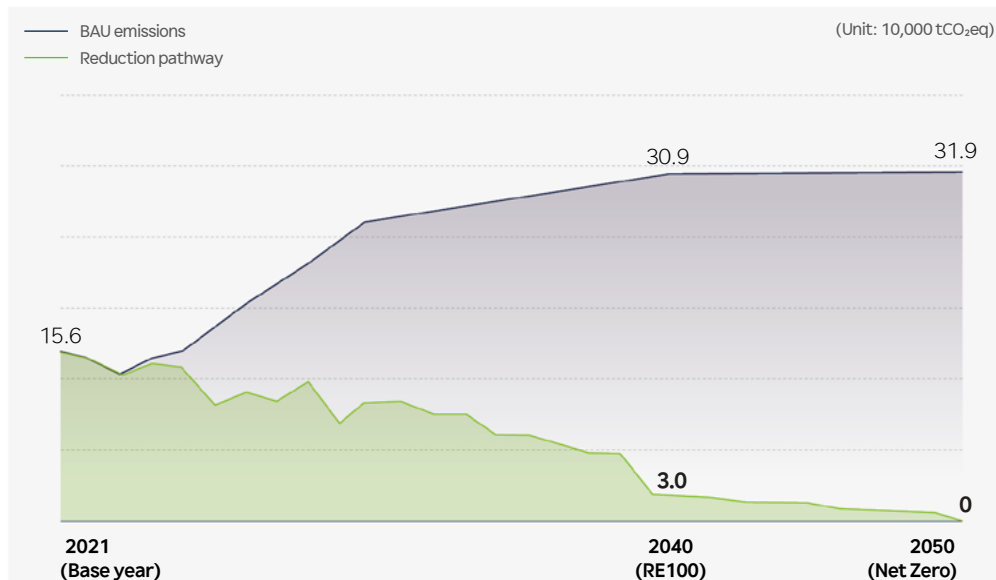
Operations

Product

Net Zero Roadmap

HD Construction Equipment is committed to a responsible response to climate change and a sustainable future, targeting RE100 by 2040 and Net Zero by 2050. The company established its mid- to long-term Net Zero strategy by referencing the 1.5°C scenario of the Science Based Targets initiative (SBTi), based on Business-As-Usual (BAU) emissions that reflect business growth projections. The company plans to reduce Scope 1 and 2 greenhouse gas emissions from its global operations by 42% by 2030 against the 2021 baseline, achieve global RE100 by 2040, and reach Net Zero by 2050.

Net Zero Targets



Net Zero Implementation Strategy



1) GO : Guarantee of Origin

Climate Change

Operation-Level Net Zero Implementation

Operations

Product

Operation Energy Management

Operational Efficiency Improvement and Fuel Transition

HD Construction Equipment invests in replacing aging facilities and improving efficiency to reduce greenhouse gas emissions. The company operates a plant energy management system to track energy use across its sites and raise efficiency. The system already in place at the Incheon and Gunsan campuses is being extended to the Ulsan campus this year. By the end of 2026, the company plans to establish an integrated system that connects all production sites.

The Greenhouse Gas Management Working Group, reviews monthly emissions and energy use. The group manages energy intensity per unit of production, analyze factors behind increases and decreases, and identify reduction initiatives. In addition, it leads energy-saving activities to raise employees' awareness of energy conservation, thereby driving improvements in operational efficiency across our worksites.

For mobile combustion, the company joined the K-EV100 initiative in 2021 and is working to convert 100 percent of its owned and leased business vehicles to zero-emission models by 2030. When disposing of or replacing vehicles, the company is progressively transitioning to electric and hydrogen vehicle. This year, the company expanded its charging infrastructure, installing two electric vehicle charging stations at the Ulsan plant parking tower. The company is also reviewing a phased transition of its LNG-fueled drying facilities to electricity-based equipment. It manages these fuel-switching efforts systematically, monitoring their effect through trends in energy use and greenhouse gas emissions.

Key Energy Savings Achieved at Domestic Operations

Type	Activity	Reduction Volume		Energy Savings (KRW million)
		Energy (TJ)	GHG (tCO ₂ eq)	
Operational efficiency	Process optimization and operational improvement	22.02	1,215.80	525.94
	Power efficiency management	0.42	20.32	8.86
Equipment investment	Equipment installation and improvement	1.29	61.74	26.83
	Installation, Replacement, and Efficiency Upgrades	3.41	163.06	72.22
	Energy source transition	21.43	1108.25	404.21

Commissioning diesel fuel transition

HD Construction Equipment treats greenhouse gas emissions from the product trial phase as a key focus area. The company reduces diesel use during trials by shifting its diesel construction equipment to electric power. It monitors fuel use across each trial process through its management system. By expanding the use of electric equipment, the company is steadily scaling back trials that still rely on fossil fuels. This reduces direct emissions during the trial phase. It also builds the technical and operational foundation for the shift to low-carbon construction equipment.

High-Emission Facility Management

HD Construction Equipment defines facilities with high greenhouse gas emissions as high-emission facilities and focuses its management on this equipment. The company diagnoses emissions and energy use at each site on a regular basis to identify high-emission equipment. It then replaces aging facilities to lower emissions intensity in stages. After each replacement, the company monitors energy use and other indicators to verify the improvement. Each site pursues efficiency upgrades and replacement investments, focusing on equipment that accounts for a large share of energy use, such as electric furnaces, compressed air, and HVAC systems. In 2025, the company invested more than KRW 700 million to improve air-line efficiency, replace motors and lighting with high-efficiency models, and optimize process controls. The payback period for these key initiatives ranges from about 1.0 to 6.4 years. Many recover their cost within one to three years, delivering both lower energy use and greater operational efficiency.

Energy Savings Case Studies

FEMS¹⁾-Based Process Improvement Activities

The FEMS monitors electricity, LNG, and water use in real time, with daily, monthly, and annual data supporting integrated operations management. Equipment runtime and consumption analysis informs energy reduction measures such as peak power management and intensity improvement.



FEMS Dashboard

Improve-ment Case

Power Consumption Monitoring and Transformer Replacement at Incheon Campus

- Real-time electricity consumption monitoring via the Incheon campus FEMS identified high no-load losses in aging transformers
- Transformers replaced with standardized high-efficiency units to improve energy efficiency

Transformer replacement	
Before	After
464MWh	254MWh
45% Improvement	

1) FEMS: Facility Energy Management System

Climate Change

Operation-Level Net Zero Implementation

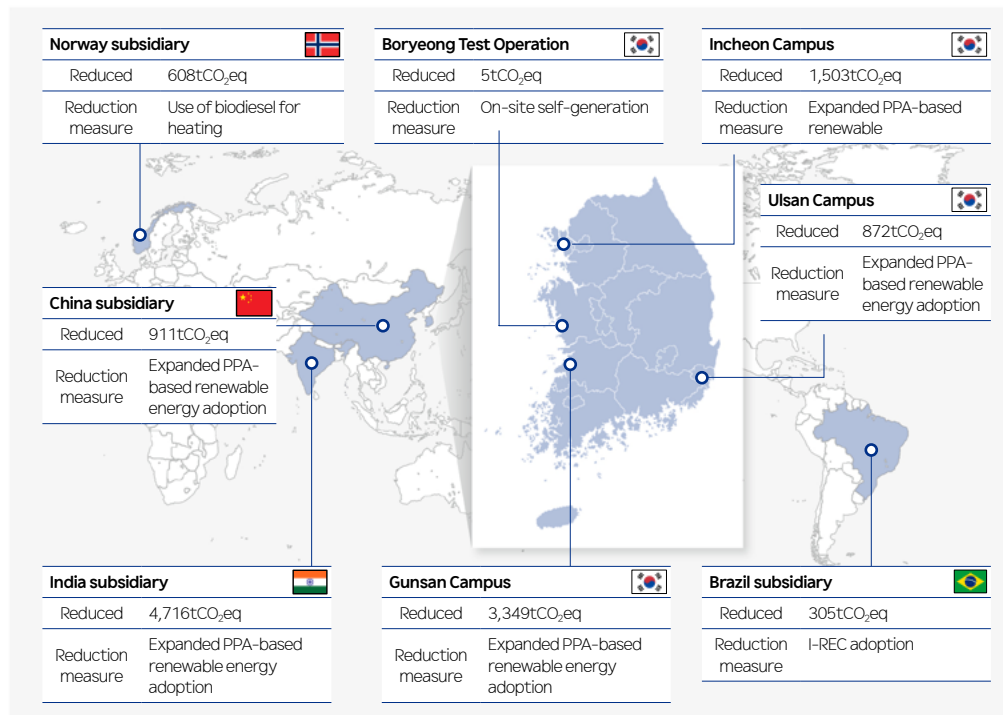
Operations

Product

Renewable Energy Adoption

HD Construction Equipment is advancing renewable energy procurement across its global operations to achieve RE100 by 2040, with strategies tailored to each operation's environment. The company combines Power Purchase Agreements (PPAs), on-site solar generation, renewable energy certificates (I-RECs and RECs), and equity investment to ensure stable electricity supply, manage cost volatility, and reduce greenhouse gas emissions.

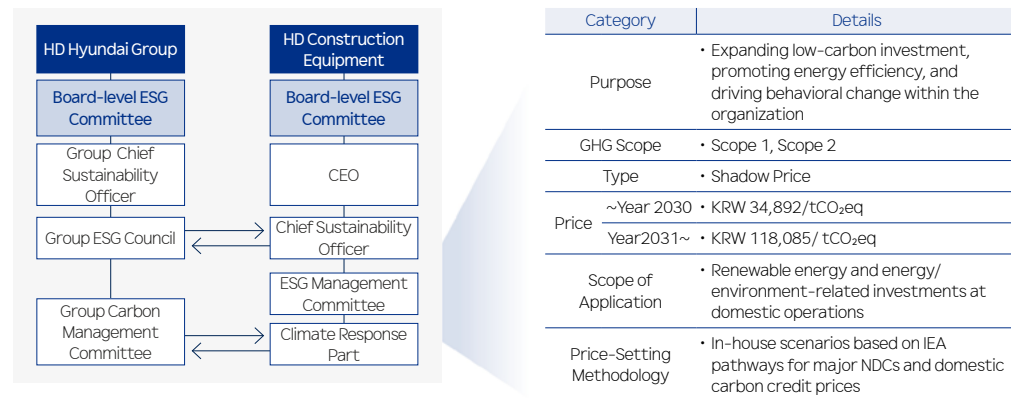
Renewable Energy Adoption by Operation



Internal Carbon Pricing

The company operates an Internal Carbon Pricing (ICP) mechanism to accelerate Net Zero progress and drive energy efficiency and emissions reduction. The carbon price, set following HD Hyundai Group review, is embedded into investment decisions through the Carbon Pricing Report (CPR) workflow, ensuring greenhouse gas impact and carbon costs are reviewed before approval. From 2025, the company identifies ICP-eligible investments at the planning stage, integrating carbon costs from the outset rather than retrospectively. The price is determined based on an internal scenario reflecting IEA scenarios, key country NDCs, and domestic carbon permit prices.

Internal Carbon Price Application Criteria



CPR Workflow



1) ICP : Internal Carbon Pricing



Special Page

Ulsan Campus Smart Factory

HD Construction Equipment is executing a modernization project to transform the Ulsan campus into an advanced smart factory, improving labor productivity, lead time, capacity, and automation while pursuing global Lighthouse Factory designation. Simultaneously, the company is advancing a manufacturing system that addresses carbon reduction and resource circularity through digital process innovation, energy efficiency, and reduced resource use and waste.

Operations

Product



Special Page

Ulsan Campus Smart Factory

Operations

Product

Material Management Efficiency

- Minimized supplier transport trips and reduced logistics carbon emissions through AI-based inbound scheduling
- Optimized inventory management reduces unnecessary storage energy consumption

Welding Automation

- Optimized welding time and power consumption via automated robotic welding
- Reduced material loss and defect rates through precision welding

Process Optimization

- Energy savings via smart temperature/humidity control in paint booths
- Reduced cutting time and power use through optimized machining tool paths

Route Optimization

- AI-calculated shortest path and minimized travel distance and time reduce energy consumption

Process Precision

- Automated component position recognition and precision alignment systems improve assembly efficiency
- Automated torque management prevents over-assembly and rework

Quality Control Enhancement

- Continuous defect reduction through data-driven defect pattern analysis
- Early defect detection via vision AI minimizes energy waste in downstream processes

Quality Control Enhancement

- Automated defect detection blocks defective product shipments upfront, reducing logistics carbon emissions from recovery and re-transportation.

Facility Integrated Management Efficiency

- RTLS¹⁾-based equipment fault response prevents equipment idle running
- Unit power consumption monitoring and optimization

Data Management

1) RTLS : Real-Time Location System

Climate Change

Product-Level Greenhouse Gas Reduction

Operations

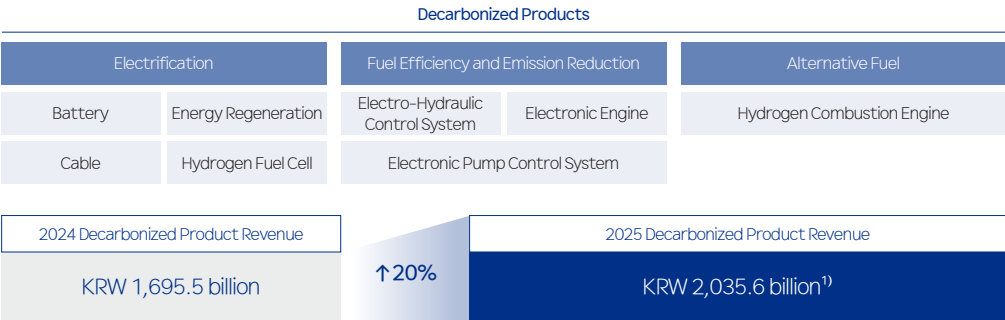
Product

Sustainable Portfolio

Decarbonized Product Classification Framework

HD Construction Equipment has established an internal decarbonized product classification framework, drawing on the EU Taxonomy and the Korean Green Taxonomy (K-Taxonomy), and measures and manages relevant performance on this basis. The framework encompasses electrified products, fuel-efficient and emission-reduction products, and alternative-fuel products. It is applied across the entire product development process, from product planning through development to launch.

Decarbonized Product Classification and Revenue



1) Represents the combined decarbonized Product revenue of HD Hyundai Construction Equipment and HD Hyundai Infracore.

2025 New Sustainable Technology Development Initiatives

Research Area	Development Outcomes
Powertrain Transition	• Hydrogen fuel cell power systems, solid hydrogen storage technology, and low-vibration motor·pump layouts for mini electric excavators
Emission Reduction	• Hydraulic energy regeneration systems and high-efficiency powertrain architecture research
Smart Solutions	• Remote control, automation·monitoring, environmental perception, and voice-recognition-based control systems for construction equipment

Decarbonized Product Development Process

To develop decarbonized products, the company runs a development process that integrates environmental, market, and technological considerations from initial planning through to mass production. In the early stages, it evaluates the suitability of new technologies, assesses market demand, and reviews readiness to meet environmental regulations. From there, the company manages each subsequent stage strategically, setting product and performance targets, defining carbon reduction goals, verifying product reliability, and preparing for production and launch.

Decarbonized Product Development Process



Climate Change

Product-Level Greenhouse Gas Reduction

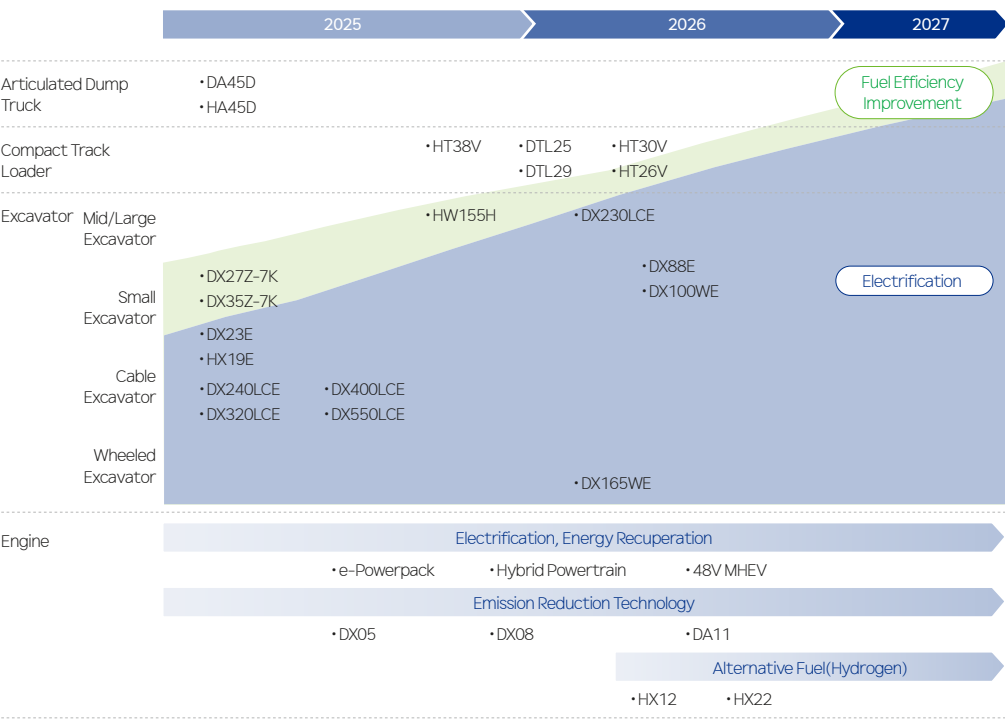
Operations

Product

Product Carbon Reduction Roadmap

HD Construction Equipment is building its product portfolio in phases, with a target of reducing carbon emissions from the product-use stage by 25% by 2040 against a 2021 baseline. To this end, the company is transforming its product portfolio around high-efficiency fuel improvement technologies, electrification, and hydrogen-based technologies. The company is launching electric equipment in stages. At the same time, it is applying advanced fuel efficiency and emissions reduction technologies to its existing internal combustion engine equipment. It continues to innovate technology to enable sustainable construction operations.

Decarbonized Product Sales Portfolio Roadmap



Fuel Efficiency Improvement and Powertrain Transition Technologies

Classification	Applied Technology	Product Sustainability
Electrification	Battery	Reduces internal combustion engine operating time by storing electric energy to assist or independently drive the engine, improving fuel efficiency
	Cable	Enables long-duration operation via direct external power supply, significantly reducing fuel costs compared to internal combustion engines
	Energy Regeneration	Recovers kinetic energy during deceleration as reusable electricity, lowering engine load and fuel consumption
	Hydrogen Fuel Cell	Generates electricity through hydrogen-oxygen reaction, delivering high efficiency and zero-combustion environmental performance
Fuel Efficiency and Emission Reduction	Full Electro-Hydraulic Control System (FEH)	Electronically controls hydraulics to match working load, minimizing energy loss
	Virtual Bleed Off (VBO)	Smart pump control supplies only the required flow, reducing flow losses and fuel consumption
	Electronic Engine	High-efficiency, low-carbon engine with electronically controlled precision fuel injection, improving combustion and reducing emissions
Alternative Fuel	Hydrogen Combustion Engine	Hydrogen-fueled combustion using existing engine architecture, emitting no CO ₂ and supporting net zero

Climate Change

Product-Level Greenhouse Gas Reduction

Operations

Product

Small Electric Excavator

In response to tightening global carbon emission regulations, the company is expanding its electrified compact excavator lineup. In April 2025, it unveiled its first electric mini excavator, the HX19E, at Bauma 2025 in Munich and began mass production, with sales focused on advanced markets such as Europe and North America. A 2.7-tonne model (HX27E) is also under development for mass production in 2027.

- Ideal for low-noise, low-emission environments such as indoor, underground, and hospital sites
- 32 kWh and 40 kWh battery options enable 8+ hours of continuous operation in standard mode
- Supports AC charging (3 kW / 6 kW) and DC fast charging (15 kW) for on-site flexibility

HX19E

#Low noise #High-capacity battery #Fast charging



Fuel-Efficient Next-Generation Model

To improve the energy efficiency of internal combustion engine equipment, the company applies Virtual Bleed Off (VBO) and Full Electro-Hydraulic System (FEH) technologies for software-based precision hydraulic control, optimizing output in real time and reducing energy loss and fuel use. FEH technology is being progressively expanded to wheeled excavators, CTLs, CWLs, and other key product lines.

- Integrated hydraulic-engine control for lower fuel use and emissions
- Energy savings through idle reduction and mode optimization
- NOx and PM reduction via aftertreatment systems

DX240

#Fuel efficiency optimization #Carbon emissions reduction
#Air pollutant reduction


Hydrogen Fuel Cell Excavator

HD Construction Equipment has developed a hydrogen fuel cell excavator powered by hydrogen fuel cells and batteries, enabling zero-emission operation in confined or indoor sites with stable output for repetitive high-load tasks. Its high energy density supports long-duration excavation, while fast charging minimizes on-site downtime.

- Zero-emission operation in enclosed and indoor sites via onboard hydrogen fuel cells
- Stable output in high-load excavation and breaking through fuel cell-battery hybrid system
- Fast hydrogen refueling enhances site utilization during extended operations

HW155H

#Long-duration operation
#Indoor and enclosed site operation #Zero emission


Climate Change

Product-Level Greenhouse Gas Reduction

Operations

Product

Hydrogen Fuel Cell Wheel Loader

The hydrogen fuel cell wheel loader is a next-generation solution that replaces the conventional diesel engine by generating electricity from hydrogen to power an electric motor. Combining fuel cells and batteries, it delivers high output and long-duration operation, along with high energy density, reduced noise and vibration, and fast charging.

- Zero carbon and air pollutant emissions via hydrogen fuel cell–battery parallel hybrid system
- Improved energy efficiency and suitability for sensitive areas through regenerative braking and pump electrification
- Next-generation development with solid hydrogen fuel cells to expand the hydrogen and electric equipment lineup

DL250-FCEV

#High output and long-duration operation #Low noise and low vibration #Zero emission



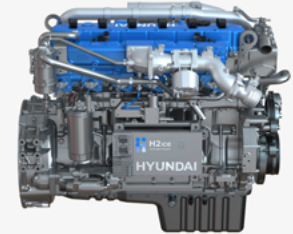
Hydrogen Combustion Engine

The company is developing hydrogen combustion engines that reduce CO₂ and air pollutant emissions by using hydrogen, a carbon-free fuel. Through combustion control technology, these engines deliver performance and efficiency equivalent to conventional engines with zero carbon emissions. The company plans to expand its application to power generation and other sectors, supporting the hydrogen-based energy transition.

- Hydrogen combustion minimizes CO₂ emissions, reducing GHGs compared to conventional diesel engines
- High output and torque from the ICE architecture support performance for medium- and large-class equipment
- Enhanced efficiency through hydrogen injection, ignition control, and high-performance turbocharger

HX12

#Zero carbon #Improved charging and operational efficiency #High-output capability



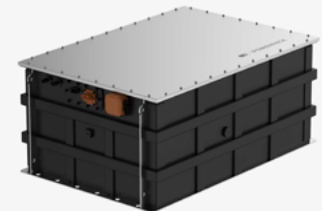
Battery Pack

HD Construction Equipment is developing the e-Powerpack (e-PP) battery pack for application across construction, industrial, and marine sectors. The e-PP battery pack is an electrification solution designed with robustness, safety, and reliability as its primary priorities. Thermal runaway prevention design and functional safety technology are applied at the cell, module, and pack levels.

- Approximately 75.5 kWh usable capacity for long-duration continuous operation
- High dust and water resistance ensure durability in construction and mining environments
- Versatile across construction equipment, industrial machinery, and vessels for both land and marine use

HBP084-11CCA

#High-voltage large-capacity #Durability #Multipurpose



Climate Change

Product-Level Greenhouse Gas Reduction

Operations

Product

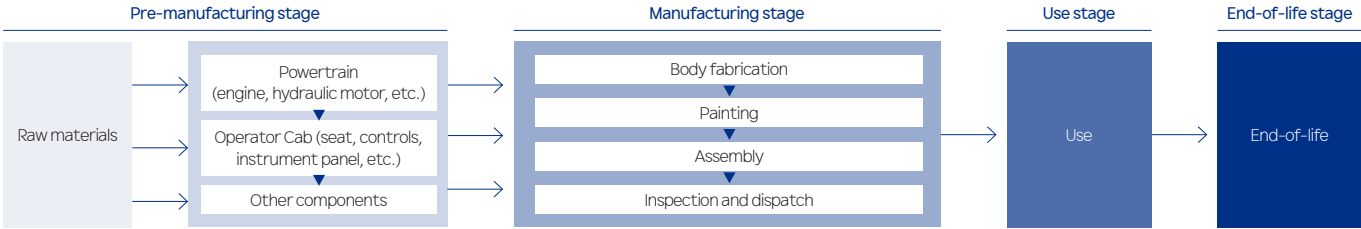
Life Cycle Assessment (LCA)

HD Construction Equipment manages carbon emissions across its value chain and responds to tightening environmental regulations. To this end, the company is expanding product-level Life Cycle Assessment (LCA). It calculates and manages the share of greenhouse gas emissions at each life cycle stage for major product lines, including excavators and wheel loaders. By 2025, the company had completed assessments of ten models each under the HYUNDAI and DEVELON brands. The results are published on the company website.

 [LCA Public Report](#)

HD Construction Equipment is building an internal LCA calculation platform to manage Life Cycle Assessment systematically. To secure the objectivity and credibility of LCA in the construction equipment division, the company established Product Category Rules (PCR) ahead of its peers and took part in revising the guidelines for Environmental Product Declarations. In an industry without recognized standards, it worked with the Korea Environmental Industry and Technology Institute (KEITI) and global peers to lay the groundwork for standardized assessment of excavators and wheel loaders. Going forward, the company plans to strengthen the transparency of product-level environmental information through Environmental Product Declaration certification.

System Boundary Definition



LCA Assessment Principles

Category	Assessment Principle
Reference	• ISO 14040 and ISO 14044
System Boundary	• Cradle to Grave – from raw material extraction through product end-of-life
Data Collection Method	• Primary data (on-site measured data) • Secondary data (reliable published sources)
Impact Categories	• Global warming, ozone depletion, acidification, eutrophication, photochemical oxidation, and resource depletion

LCA Assessment Result (DL250-7)



Metrics and Targets

HD Construction Equipment has set net zero by 2050 and RE100 by 2040 as its mid- to long-term climate goals, with greenhouse gas emissions and energy use as primary indicators. To strengthen its decarbonized product and technology strategy, the company tracks core indicators for technology investment and decarbonized products expansion. Key initiatives include broader application of low-carbon electro-hydraulic technology, development of next-generation electric models, and advancement of hydrogen-based technologies (hydrogen combustion engines, fuel cells, and solid hydrogen) and hybrid powertrains. Battery pack upgrades remain a further priority. By 2029, the company plans to allocate over 50% of its technology development spending to environment-related areas, including low-carbon technologies, energy efficiency, and sustainable new materials.

Greenhouse Gas Emissions Management Targets

Category	Scope	Unit	2025		2040	2050
			Performance	Target	Target	Target (Net Zero)
GHG Emissions ¹⁾ (Scope 1+2)	Global	tCO ₂ eq	135,643	138,999 ²⁾	41,563	0

Energy Consumption Management Targets

Category	Scope	Unit	2025	
			Performance	Target
Energy Consumption ¹⁾	Global	TJ	2,360	2,539
	Korea	TJ	2,042	2,226
Renewable Energy Adoption ¹⁾	Global	MW	27.8	25.3
	Korea	MW	20.1	18.8

Environmental Technology Development Management Targets

Category	Scope	Unit	2025		Mid- to Long-term Target
			Performance	Target	
Environment-Related Technology Development Ratio ³⁾	Korea	%	66	50	50

1) Based on the consolidated entity of HD Construction Equipment
2) Combined target of HD Hyundai Construction Equipment (31,112 tCO₂eq) and HD Hyundai Infracore (107,887 tCO₂eq)
3) Investment in the development of low-carbon, smart, and sustainable material technologies for construction equipment

Environmental Management

Environmental Management Framework

Environmental Management Governance

HD Construction Equipment manages the environmental and social impacts, financial risks, and opportunities arising from water use, pollutant emissions, and hazardous chemicals. The ESG Committee reviews and approves the related response strategies. Under the CEO’s direction, key matters concerning the environmental management policy are regularly reported to the ESG Committee and the Board of Directors, where final decisions are made.

The company also sets environmental targets for each business group and integrates environmental management metrics into the KPIs of executives and staff, including the CEO, linking them directly to performance. At each site, the EHS function leads environmental management activities to minimize the impact of business operations.

Environmental Management Organization



Environmental Management Policy

The company has established an environmental management policy covering all employees and suppliers, disclosed externally after approval by the Board-level ESG Committee. Its core principles include developing decarbonized products, strengthening low-carbon production, preventing pollution, and pursuing continuous improvement, with performance monitored and quantitatively managed through the systems.

 [Environmental Management Policy](#)

Environmental Regulatory Response

The company manages environmental risk through a regulation-based prevention system and a field-centered response system. To address regulatory changes proactively, it operates a dual system combining external experts with internal monitoring, reviewing areas such as air, waste, noise and vibration, and environmental impact assessment. For chemical management, its proprietary Hi-SIMS system tracks the full history from purchase to use, minimizing compliance blind spots.

The company also strengthens its incident response capabilities through emergency drills focused on the painting and fuel handling processes, including oil and paint spill response and wastewater leakage simulations. Corrective and preventive measures are systematically managed through Hi-EHS, the integrated EHS management system.

Environmental Regulatory Response Activities

Category	Response Activities
Regulatory Monitoring	- Sharing monthly regulation trend reports from an external expert institution company-wide - Reviewing weekly legal changes, analyzing their impact, and reflecting them in internal standards
Chemical Management	Reviewing substance hazards and legal requirements before purchase and managing the full history via Hi-SIMS
Emergency Response Drills	Conducting field-centered emergency drills at all sites for facility failures, spills, and fires

Environmental Management System

An ISO 14001-based environmental management system operates across major domestic and overseas manufacturing sites, with annual internal and external certification audits. EHS Patrols and routine on-site inspections run as separate channels, with any identified deficiencies reported for corrective action and follow-up monitoring.

Targets

The company has established short-, mid-, and long-term targets for air pollutant emissions and water savings to manage environmental performance systematically

Air and Water Resource Management Targets and Performance

Category	Item	Unit	2025		2026	2028	2035
			Perform- ance	Target	Target		
Air Pollutant (NOx ¹⁾)	Cumulative improvement volume	kg	-	-	319	2,186	22,219
	Emissions	kg	3,659	5,982 ²⁾	6,093	6,966	5,824
Water	Cumulative Savings	ton	-	-	25,546	174,900	1,777,585
	Water consumption	ton	524,834	478,561 ³⁾	487,427	557,309	465,958

1) NOx: Nitrogen Oxides, a precursor to ozone and particulate matter
2) Combined value of HD Hyundai Construction Equipment (178 kg) and HD Hyundai Infracore (5,804 kg)
3) Combined value of HD Hyundai Construction Equipment (52,885 tons) and HD Hyundai Infracore (425,676 tons)

Environmental Management

Environmental Management Activities

Water Resource Management

HD Construction Equipment operates a water management system to improve water use efficiency and prevent water pollution. The company monitors water consumption across all worksites and expands its use of recycled water from alternative sources such as rainwater. The Ulsan and Incheon campuses are reviewing process improvements and water treatment technologies. The company minimizes water loss through pipeline inspections, facility repairs, and leak prevention. It operates a wastewater reuse system that returns treated wastewater to production processes, reducing water consumption. The company manages wastewater treatment and operating data for the Ulsan, Incheon, and Gunsan campuses through the Hi-EHS system. The Incheon and Gunsan campuses treat wastewater at their own facilities, monitor influent and effluent quality in real time, and comply with legal standards.

Hazardous Chemical Management

The company operates a management system covering the entire chemical lifecycle, from receipt to disposal, aiming to maintain hazardous-chemical-free worksites. Through Hi-SIMS, its integrated material information system, the company controls the registration of hazardous-classified items from the procurement stage. It identifies hazardous substances by CAS Number and pursues phased substitution based on concentration thresholds and grace periods. The company prioritizes substitution for raw and subsidiary materials, strengthening regulatory compliance and chemical safety. It also updates its MSDS database and shares information with suppliers to raise chemical management standards across the value chain. By 2025, the company had substituted 74 hazardous substances in total. In 2025, the Ulsan campus identified and substituted two newly regulated chemicals. The Incheon campuses secured four substitutions through January 2026, and the Gunsan campus continues to reduce hazardous substance use, including substitutions for adhesive-related materials.

Air Pollutant Management

The company manages air pollutant emissions to minimize their impact on the health of workers and local communities. The company operates abatement facilities suited to the emission characteristics of each substance, including NOx, SOx¹⁾, VOCs²⁾, and dust. For painting processes in particular, the company has installed abatement facilities equipped with regenerative thermal oxidizers. These facilities decompose VOCs into CO₂ and H₂O at high temperatures, effectively reducing emission concentrations. The Ulsan campus is building advanced abatement facilities, including a high-capacity regenerative thermal oxidizer (RTO), through its smart factory advancement project. The company inspects the operating status of major equipment through routine measurement conducted on a weekly basis. The Incheon campus manages VOC emission concentrations through IoT-based data monitoring. It advances emission reduction by optimizing equipment operation and by carrying out scheduled replacement and maintenance of aging equipment.

1) SOx : Sulfur Oxides, precursors of acid rain and particulate matter
2) VOCs : Volatile Organic Compounds, precursors of ozone and particulate matter



Smart Factory high-capacity RTO (Regenerative Thermal Oxidizer) facility

Environmental Training

HD Construction Equipment provides environmental training to employees and suppliers on topics such as internal audits and regulatory compliance assessments, supporting the establishment of its environmental management system and raising environmental awareness. In 2025, the company delivered training on key environmental topics, including energy, water, waste, and chemicals. It also conducted site-specific training on facilities such as air pollutant emission sources, along with practitioner training on ISO 14001. These efforts strengthened the practical and environmental management capabilities of the organization, including EHS officers, internal auditors, and new employees.

Environmental Training Status (2025)

Program	Key Content	Participants	Sessions / Method	Number
EHS Keyman Training	- Understanding ISO 14001 requirements, site environmental management, and legal requirements - Responding to climate change and reducing greenhouse gas emissions	EHS keyman	9 sessions / in-person	47 people
EHS Internal Auditor Training	understanding ISO compliance obligations and internal management and audit methods	EHS-related personnel	1 session / in-person	17 people
Environmental Management Training for Employees	Managing site environmental operations and meeting legal requirements	Field technical staff	4 sessions / in-person	97 people
Environmental Management Training for Supervisors	Responding to climate change and reducing GHG emissions	Supervisors	5 sessions / in-person	159 people
Environmental Training for Construction Personnel	Managing site environmental operations and meeting legal requirements	Construction supervisors and suppliers	2 sessions / in-person	80 people

Biodiversity

Biodiversity Management Framework

Management Organization

HD Construction Equipment deliberates and resolves the strategic direction, plans, and implementation of biodiversity protection through the ESG Committee, its highest decision-making body. The company manages and oversees related activities through the ESG Management Committee, in which the CEO and key decision-makers participate. The ESG department regularly identifies natural capital risks and opportunities at each business operation and develops risk assessments and response strategies. The department also carries out biodiversity protection activities together with the support organizations at each operation.

Biodiversity Protection Policy

HD Construction Equipment has established a biodiversity protection policy in consideration of international frameworks such as the Convention on Biological Diversity (CBD). The company has built a biodiversity protection structure and formally expressed its commitment and leadership in this area. The policy applies to domestic and overseas business sites, employees, and subsidiaries. The company also encourages stakeholders such as customers, suppliers, and business partners to adhere to the policy.

Protection Principles

1	The company strives to protect biodiversity in consideration of biodiversity-related laws and regulations and IUCN ¹⁾ protected area categories
2	The company strives to prevent biodiversity loss (No Net Loss) and to achieve a positive impact (Net Positive Impact) by 2050
3	The company supports related initiatives for biodiversity protection

 Biodiversity Protection Policy

1) International Union for Conservation of Nature
2) Locate, Evaluate, Assess, Prepare
3) The World Database on Protected Areas
4) Key Biodiversity Areas
5) Water Risk Filter
6) Biodiversity Risk Filter

Biodiversity Assessment and Protection

The company operates an implementation framework to protect biodiversity in the areas surrounding its business operations. The company applies this framework when launching new operations and when withdrawing from existing ones. It also applies the framework when stakeholders such as government agencies and local communities raise concerns about biodiversity loss during site operations. Through this approach, the company aims to establish key indicators and targets for biodiversity management. It also aims to implement mitigation measures across conservation, restoration, and enhancement, and to build an indicator-based monitoring system.

Management Process

Step 1. Risk Assessment	Step 2. Metrics and Target Management	Step 3. Mitigation Implementation	Step 4. Metrics-Based Monitoring
- Assessing natural capital vulnerability and dependency-impact at operations - Identifying key risks and opportunities through scenario analysis and assessing natural capital impacts	Setting and managing metrics and targets across operations based on biodiversity risk assessment results	Implementing mitigation measures (conservation, restoration, and expansion) and expanding stakeholder collaboration as needed	Monitoring the effectiveness of mitigation measures and reviewing metric adequacy and target progress

LEAP Approach

The company assesses natural capital risks and opportunities and analyzes its response activities in line with the LEAP²⁾ approach of the Taskforce on Nature-related Financial Disclosures (TNFD) guidelines. The company identifies priority sites for management by considering business materiality alongside data outputs from sources such as Ecoregion, WDPA³⁾, and KBA⁴⁾. It derives key risks based on tools such as the WRF⁵⁾ and the BR⁶⁾. The company then identifies core risks by assessing the impact and likelihood of each risk and determines the associated risks, opportunities, and financial implications. It subsequently reviews the management activities for each risk to refine its response.

LEAP Process

Step 1. Locate	Step 2. Evaluate	Step 3. Assess	Step 4. Prepare
- Defining the business model and value chain scope - Identifying interfaces with nature and with sensitive areas	- Identifying and measuring dependencies, impacts, and key risk factors - Key risk identification	- Selecting risks requiring core management - Identifying risks, opportunities, and financial impact for each risk	Selecting and implementing detailed response strategy tasks

Biodiversity

Management Activities

Identification of Priority Operational Sites

HD Construction Equipment comprehensively assesses interfaces with nature, interfaces with sensitive areas, and business materiality. Through this assessment, it selected 7 priority operations for management out of 13 major operations worldwide.

Interfaces with Nature The 13 major operations were confirmed to have high interfaces with natural capital, lying within a 2 km radius of broadleaf forests or tundra and Arctic ecosystems.

Interfaces with Sensitive Areas The analysis drew on three global standards, namely the WDPA, KBA, and WRI. The company screened operations by setting core areas (within 2 km) and buffer areas (within 50 km) from the operation boundary. In the WDPA analysis, the Gunsan campuses was assessed as having the highest ecological sensitivity, lying adjacent to the Getbol (Korean tidal flats), a UNESCO World Natural Heritage site, and the Geum River estuary protected area. The Brazil operation was found to be located in an area dense with national parks and private natural heritage reserves (RPPN¹⁾). The Yongin and Seongnam operations lie adjacent to a special water quality conservation zone near Lake Paldang, which is expected to present water-related regulatory risk.

In the KBA analysis, major domestic operations such as Gunsan, Incheon, Ansan, Ulsan, and Yongin were found to be close to numerous Key Biodiversity Areas such as tidal flats, estuaries, and inland wetlands. The India and China (Tianjin) operations were also confirmed to be adjacent to wildlife protection areas and ecologically sensitive areas. In the WRI analysis, the India and China (Yantai, Tianjin) operations were exposed to Extremely High (Level 4-5) chronic water stress risk. The Ulsan and Gunsan campuses were classified as Medium-High, while the Incheon, Yongin, Ansan, and Brazil operations were classified as Low-Medium.

Business Materiality Operations were graded based on the combined value of assets such as land, buildings, and equipment. This serves as base data for identifying the operations with the greatest financial impact in the event of natural capital loss. The three major domestic manufacturing bases of Incheon, Ulsan, and Gunsan were classified as High grade, with assets of KRW 50 billion or more. Global strategic bases such as India, China (Yantai), Yongin, and Brazil were classified as Medium grade, with assets of KRW 20 billion to 50 billion. Eumseong, China (Tianjin), Ansan, Boryeong, and Norway fall under the Low grade, with assets below KRW 20 billion.

1) RPPN : Private natural heritage reserve

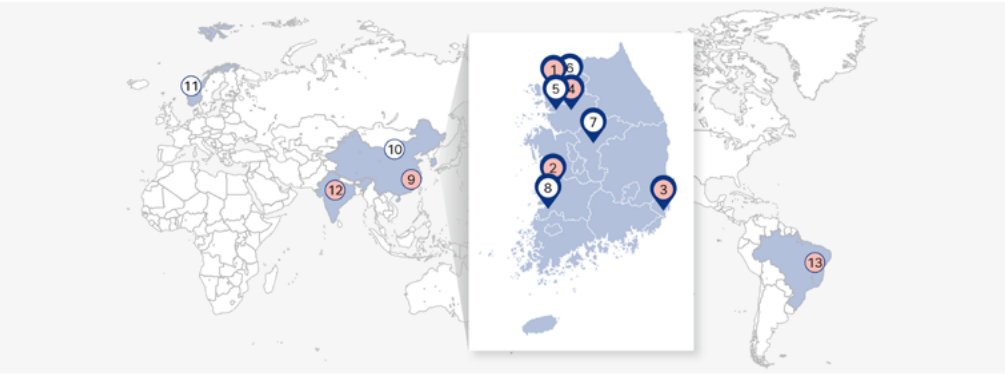


Selection of Priority Operations for Management

CategoryDistribution of Global Operations Assessed	Interface with Nature (~2km)	Nature Interface with Sensitive Areas			Business Materiality	Priority Operational Site
		WDPA	KBA	WRI		
① Incheon	Temperate broadleaf and mixed forest	-	O	Low	High	▼
② Gunsan		O	O	Medium	High	▼
③ Ulsan		-	O	Medium	High	▼
④ Yongin		O	O	Low	Medium	▼
⑤ Ansan		-	O	Low	Low	-
⑥ Seongnam		O	O	-	Low	-
⑦ Eumseong		-	-	-	Low	-
⑧ Boryeong		-	O	-	Low	-
⑨ China (Yantai)		-	-	High	Medium	▼
⑩ China (Tianjin)		-	O	High	Low	-
⑪ Norway		-	-	-	Low	-
⑫ India		-	O	High	Medium	▼
⑬ Brazil	Tropical and subtropical Dry broadleaf forest	O	-	Low	Medium	▼

Distribution of Global Operations Assessed

● Priority Operational Site



Biodiversity

Management Activities

Derivation of Key Topics

LEAP

HD Construction Equipment uses three tools, ENCORE, the Water Risk Filter (WRF), and the Biodiversity Risk Filter (BRF), to identify key ecosystem services and pressure factors by industry and the key risk factors at each operation. It derived key topics from the results of this analysis.

- Encore

Analysis of nature dependencies and pressures in core businesses (engine and construction equipment manufacturing) identified water use, pollutant discharge, and physical disturbance as common pressures. The value chain showed high water dependencies upstream (steel, mining) and high GHG and water pollution pressures downstream (construction, agriculture).
- WRF·BRF

WRF and BRF analyses identified water and biodiversity risks at each site. Major sites in Korea and abroad showed elevated physical risks (drought, water quality) and reputational risks. China (Yantai) and India showed high risks across water availability, drought, water quality, and ecosystem services. All domestic sites showed consistently high risks in regulating and supporting services.

Dependency and Impact Level

VERY HIGH

HIGH

MEDIUM

LOW

VERY LOW

Category	Ecosystem Services and Pressure Factors		Own Operations		Upstream		Downstream		Category	Factor	Incheon	Gunsan	Ulsan	Yongin	China (Yantai)	India	Brazil	
			Engine	Construction equipment	Mining	...	Construction	Mining										...
Encore	Provisioning	Animal energy							Physical Risk	Water availability								
		Water supply								Drought								
		Biological resource supply								Flood								
		Genetic material								Water quality								
	Dependency	Regulating and maintenance	Water flow regulation							Regulatory risk	Ecosystem services							
			Flood mitigation								Institutional environment							
			Storm mitigation								Institutions and governance							
			Water purification								Management instruments							
		Impact	Regulating and maintenance	Local climate regulation							Reputational risk	Water, sanitation, and public health infrastructure						
				Soil retention								Environmental factors						
				Solid waste remediation								Socioeconomic factors						
				Global climate regulation								Additional reputational factors						
			Rainfall pattern regulation								Provisioning services							
			Greenhouse gas emissions								Regulating and supporting services - facilitation							
			Land use area								Regulating services - mitigation							
			Water use								Cultural services							
	Air pollutant emissions								Biodiversity pressure									
	Water and soil hazardous substance emissions								Reputational risk	Environmental factors								
	Solid waste disposal									Socioeconomic factors								
	Disturbance (noise, light)									Additional reputational factors								

Category	Factor	Incheon	Gunsan	Ulsan	Yongin	China (Yantai)	India	Brazil
Physical Risk	Water availability							
	Drought							
	Flood							
	Water quality							
	Ecosystem services							
Regulatory risk	Institutional environment							
	Institutions and governance							
	Management instruments							
	Water, sanitation, and public health infrastructure							
Reputational risk	Environmental factors							
	Socioeconomic factors							
	Additional reputational factors							
Physical Risk	Provisioning services							
	Regulating and supporting services - facilitation							
	Regulating services - mitigation							
	Cultural services							
Reputational risk	Biodiversity pressure							
	Environmental factors							
	Socioeconomic factors							
	Additional reputational factors							

Topic Assessment

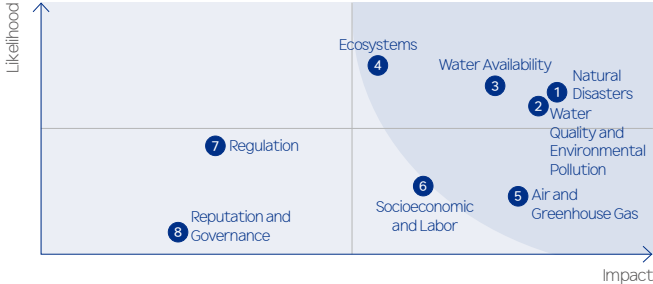
LEAP

HD Construction Equipment identifies the final impact level for each site-level risk based on the results of the BRF and WRF analysis. The company then determined the probability of occurrence using external scenario-based likelihoods and its internal management level. It considered the likelihood for each topic by also factoring in its response capacity. The company subsequently set thresholds for impact and likelihood and defined every topic exceeding those thresholds as a core topic.

Assessment Factors

Impact	- Using BRF and WRF tools and calculating scores for each operation - Calculating the company's final impact score based on scores for each operation
Likelihood	Response Capability - Identifying the company's management systems, monitoring, and technology and alternative status for each topic - Aggregating the combined values of each response area Probability of Occurrence - Defining scenarios 1 to 4 - Assigning weights to each scenario in consideration of plausibility - Assessing the scenario probability for each topic on a 5-point scale - Calculating the final score in consideration of each score and weight

Assessment Results



Biodiversity

Management Activities

Identification of Risks and Opportunities

LEAP

HD Construction Equipment analyzes nature-related risks and opportunities across five categories, namely water availability, water and environmental pollution, natural disasters, ecosystems, and air and greenhouse gas emissions. Through the analysis, five risk factors were identified, and these include cost increases and regulatory risks from water scarcity and water pollution, facility damage and supply chain disruption from extreme weather, and rising business costs from tighter emission regulations. We also see two opportunity factors arising from growing market demand for disaster recovery equipment and carbon reduction equipment.

Risks, Opportunities, and Financial Impact by Core Topic

Core Topic	Risk and Opportunity			Value Chain			Financial Impact	Time Horizon		
	Type	Driver	Description	Up-stream	Own Operations	Down-stream		Short-term	Mid-term	Long-term
Natural Disasters	Risk	More frequent extreme weather	Facility damage, supply chain disruption, financial loss	●	●	●	Revenue loss from shutdowns, higher insurance and BCP ¹⁾ costs	✓	✓	✓
	Opportunity		Rising demand for disaster recovery equipment		●		New revenue from recovery equipment, stronger competitiveness via expanded lineup	✓	✓	✓
Water and environmental pollution	Risk	Wastewater and waste discharge from manufacturing, leakage from pipelines	Water and soil contamination and environmental regulatory violations	●	●	●	Fines, remediation costs, higher capital costs, weaker competitiveness from lower ESG ratings	-	✓	-
Water availability	Risk	Irregular precipitation, water withdrawal competition, declining groundwater levels	Water supply pressure, production disruption from large-scale withdrawal	●	●	●	Higher manufacturing and fixed costs, revenue loss from low utilization, added regulatory investment	-	✓	-
Ecosystems	Risk	Habitat fragmentation from site expansion, damage from raw material extraction	Permitting constraints, operational limits near protected areas		●		Higher expansion costs from CBD 30X30 ²⁾ , delayed payback, rising material and substitution costs	-	-	✓
Air pollutants and GHG emissions	Risk	VOC emissions from manufacturing and NOx and PM emissions during product use	Air pollution and tighter emission regulations	●	●	●	Fines from emission breaches, upfront investment in facility and dust collection upgrades	✓	✓	✓
	Opportunity		Hydrogen and electric powertrain development, early entry into low-carbon market		●		Stronger competitiveness in Europe and North America via Zero Emission lineup investment	✓	✓	✓

1) Business Continuity Plan: a plan to prepare for, respond to, and recover from emergencies so that operations continue without interruption

2) CBD 30x30: one of the core targets of the Kunming-Montreal Global Biodiversity Framework adopted at COP 15 of the UN Convention on Biological Diversity (CBD) in 2022, meaning the protection and conservation of at least 30% of the world's land and oceans by 2030 through measures such as designating protected areas

Response Measures

LEAP

The company carries out response strategies for the nature capital risks and opportunities it has determined. The company followed the AR3T (Avoid-Reduce-Restore/Regenerate-Transform) approach of the Science Based Targets Network (SBTN), its implementation framework for managing natural capital. In carrying out these strategies, the company gives priority to preventing negative impacts in advance and minimizing the associated risks, rather than restoring or regenerating natural capital that has already been affected.

Detailed Response Measures by AR3T Framework Approach

Core Topic	Approach	Description
Natural Disasters	Transform	- Building alert systems and establishing emergency plans - Setting a target to reduce product carbon emissions by 25% by 2040 against 2021
Water Quality and Environmental Pollution	Reduce and Mitigate	- Managing waste and wastewater treatment performance and operational data on the Hi-EHS system - Building operations free of hazardous chemicals - Improving IoT-based data monitoring and emission concentration management - Expanding the adoption of advanced wastewater treatment technology
Water Availability	Reduce and Mitigate	- Continuously monitoring water consumption - Using alternative water sources such as rainwater and reclaimed water - Regularly inspecting supply piping and preventing leaks - Reusing a portion of purified wastewater discharge in the production process
Ecosystems	Avoid and Prevent	- Conducting biodiversity impact assessments and risk analyses for domestic and overseas operations - Establishing and disclosing a biodiversity protection policy - Mandatory application and monitoring of Code of Ethics clauses between entities and dealers to prevent illegal mining - Including environmental impact metrics in supply chain assessments and conducting regular checks based on the code of conduct
	Restore and Regenerate	- Conducting habitat conservation at Byeonsanbando National Park, restoration of the Bukhansan Uiryeong Trail, environmental protection at Woraksan National Park, and environmental cleanup at Gyeongju National Park - Conducting beach cleanup activities in areas such as Ulsan, Gunsan, and Incheon - Conducting tree planting in Gangwon-do and habitat conservation for the endangered black-faced spoonbill
Air pollutants and GHG emissions	Reduce and Mitigate	- Installing prevention facilities with regenerative thermal oxidizers at painting process outlets - IoT-based monitoring and emission concentration management - Self-measurement of major emission sources beyond legal requirements

Resource Use and Circular Economy

Organizational Structure

HD Construction Equipment manages the environmental and social impacts, financial risks, and opportunities related to resource circulation. The ESG Committee deliberates and resolves on the response strategies for these issues. Strategic resource circulation tasks are carried out through the Environment and Safety Part under the ESG Management Committee. Through close collaboration across organizations, the company improves resource efficiency, advances the transition to a circular economy, reduces environmental impact across the product life cycle, and recycles and reclaims operational waste.

The ESG Committee sets the medium- to long-term direction for the circular economy and reviews key policies and targets to advance company-wide resource circulation.

The ESG Management Committee, through its Environment and Safety part, oversees resource circulation initiatives. The Committee drives core priorities such as expanding the aftermarket (AM) and remanufacturing businesses, reducing waste, scaling wastewater reuse, and developing sustainable materials. The Committee tracks progress through metrics such as waste recycling rates and waste generation.

The Resource Circulation Working Group consists of New Materials Research, Materials Operation, AM Operation, and the Incheon, Ulsan, and Gunsan EHS units. Within the Group, New Materials Research leads sustainable material development, while Materials Operation reduces production-process waste. AM Operation extends product lifespans through remanufacturing, and the EHS units further support these efforts by cutting waste generation and expanding recycling. Together, these functions drive resource circulation across the full value chain.

Impact, Risk and Opportunity

HD Construction Equipment identifies key impacts, risks, and opportunities related to resource circulation. The Company improves resource efficiency through remanufacturing-oriented product design and services, advancing the transition to a circular economy.

Remanufacturing Design and Service

Category	Description	Materiality
Impact	Positive / Actual	■ ■ □
	Improving resource efficiency through product design and services that account for remanufacturing	
Opportunity	New business entry	■ ■ □
	Creating a new revenue stream from the remanufacturing business based on customer demand that prioritizes circularity and economy	

Resource Use and Circular Economy Activities

Resource Circulation Direction

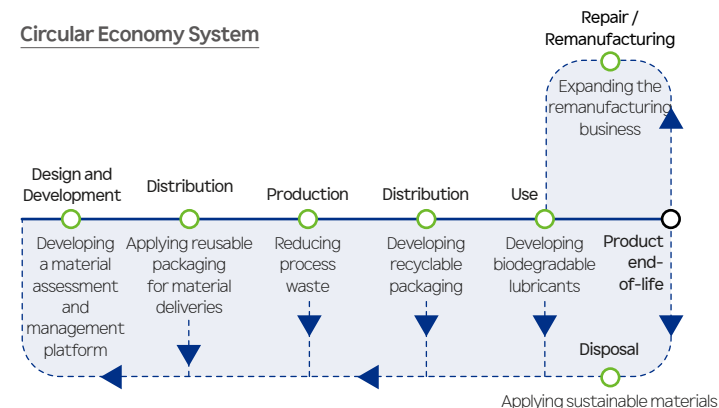
HD Construction Equipment has built a management system that reflects resource circulation across the entire product life cycle, from design and development through distribution, production, use, and disposal. The company pursues activities to reduce environmental impact at each stage.

At the design stage, the company has set the transition to lower-carbon and renewable materials as a core strategy. It is also building a platform for data-based management.

At the distribution and production stages, the company minimizes environmental impact by developing recyclable packaging and reducing process waste. At the use stage, it reduces operational impact through measures such as applying biodegradable lubricants.

At the disposal stage, the company promotes resource circulation by expanding the use of sustainable materials and strengthening recycling-based management. It restores end-of-life products through remanufacturing to extend product lifespans and enable resource reuse. The company processes all waste through specialized external contractors.

Circular Economy System



Resource Use and Circular Economy

Resource Circulation Activities

Design and Development

Developing a Material Assessment and Management Platform

HD Construction Equipment factors sustainability into its material choices from the earliest stage of product design. To support this, the company is developing a sustainable materials platform built on HD360. In 2025, the company defined a methodology for calculating carbon emissions at the pre-manufacturing and disposal stages and built a working prototype. The platform is now evolving in phases into an integrated tool that brings together material conversion analysis, disposal-stage emissions accounting, material property lookups, and hazardous substance monitoring.

By connecting data across Design, Procurement, ESG, and Certification and Regulation, the platform helps the company balance material conversion against cost efficiency in its decisions. Over time, it will serve as the backbone for managing and applying environmental impact data at the product level.

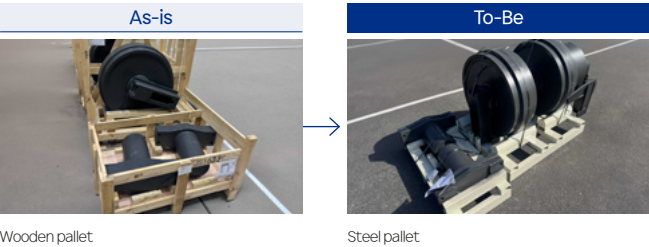
Four Core Platform Functions

1	Deriving material conversion review items	Foundational decision-making for material conversion • Reviewing improvements for parts with recurring quality issues • Reviewing material conversion for high-durability parts • Reviewing development priorities based on sales information
2	Calculating pre-manufacturing and disposal-stage carbon emissions	Supporting decision-making based on emission information • Comparing and analyzing disposal-stage carbon emissions • Using it for product environmental regulatory response data • Improving visualization functions
3	Material property information lookup	Looking up property information based on standard material • Reflecting physical, thermal, and mechanical properties • Comparing properties by material • Integrating dispersed material assessment results
4	Hazardous substance management and monitoring	Material conversion development decision-making • Reviewing compliance with international regulations by hazardous substance • Responding to global hazardous substance regulations • Looking up hazardous substance content by part and material

Distribution

Improving Raw and Subsidiary Material Delivery

The company has switched the packaging used for raw and subsidiary material deliveries from wooden pallets and cardboard boxes to more durable, reusable steel pallets and corrugated plastic boxes. At the Ulsan campus, the company is working with suppliers to build a closed-loop system that collects used packaging and returns it to circulation. As a result, the share of suppliers that have adopted improved cardboard box delivery methods rose steadily from 84 percent in 2024 to 92 percent in 2025.



Developing Recycled PE Packaging

The company is taking proactive steps to meet tightening global packaging regulations, including the EU PPWR¹⁾. To reduce carbon emissions at the packaging manufacturing stage, the company developed recycled polyethylene (PE) packaging for AM parts. By applying mechanically recycled PE and studying how physical properties and performance change with the recycled content ratio, the company achieved packaging with 35% recycled PE content, a level aligned with the 2030 PPWR requirements. The company also verified key performance attributes such as rust resistance and water vapor permeability, confirming quality on par with mass-produced packaging, and established a material standard to enable broader application. Going forward, the company plans to extend this packaging to AM parts in step with the regulatory timeline.

1) Packaging and Packaging Waste Regulation: an EU regulation that promotes the transition to a circular economy by reducing packaging waste and expanding recycling across the production, sale, and distribution of packaged products within the EU

Production

Reducing Process Waste

HD Construction Equipment has built a management system for waste generated in the production process and carries out management activities based on key metrics such as waste disposal volume and recycling rate. It pursues the reduction of single-use waste through the conversion to reusable packaging and the application of standardized packaging methods at the supplier delivery stage.

The Ulsan campus pursues waste reduction activities centered on improving supplier delivery methods. The Incheon campus is expanding in-process resource circulation activities such as the reuse of waste foundry sand and the recycling of waste synthetic resin and waste wood. It also secures the adequacy of consigned processing through on-site inspections of waste processing companies.

ZWTL Certification

The company pursues systematic management activities to minimize the landfilling of waste at its operations and to improve the recycling rate. These results are verified through Zero Waste to Landfill (ZWTL) certification. The Incheon campus was upgraded from Gold grade in 2025 to Platinum grade in 2026. This reflects meeting the highest-level standard, which requires a recycling rate of 99.9% or higher. The company has built a recycling system for major waste streams such as waste synthetic resin, waste wood, and scrap metal, centered on the in-process reuse of waste foundry sand and the reintroduction of recycled raw materials through external processing, and it recycles them continuously. It is minimizing waste landfilling by expanding recycling routes.

Waste Disposal Performance and Target

Category	Scope	Unit	2025 Performance	2025 Target
Waste disposal amount ¹⁾	Korea	tons	25,102	41,056

1) Based on the HD Construction Equipment consolidated entity

Resource Use and Circular Economy

Resource Circulation Activities

Use

Developing Biodegradable Lubricants

HD Construction Equipment has pursued the development of a range of biodegradable lubricant products. The company verified its biodegradable lubricant development products and carried out Lab Scale property and performance assessments as well as in-vehicle suitability assessments. It secured a full lineup of 6 development products that meet the development target specifications. Securing this full lineup lowered the environmental persistence burden of lubricants that are difficult to recover and strengthened the basis for resource circulation management at the product use stage.

Going forward, the company plans to develop hydraulic fluids and engine oils that apply recycled base oil, advancing EPR¹⁾ response and carbon reduction activities in the lubricant area.

1) Extended Producer Responsibility

Repair

Expanding the Repair and Remanufacturing Business

The company operates an aftermarket (AM) business that accounts for the full product life cycle, based on 21 parts supply centers worldwide. It strengthens resource efficiency and customer value at the same time. It has built a remanufacturing system for core components to expand reuse through recovery, repair, and performance restoration, and it pursues remanufacturing, resale, and the redistribution of used equipment, centered on certain overseas operations.

Through this circular AM operation, the company strengthens product life extension and resource circulation. As of 2025, the engine remanufacturing business generated revenue of approximately KRW 3.3 billion. Going forward, the company aims to expand regional remanufacturing businesses and strengthen collaboration with production partners, expanding resource circulation activities that contribute to the global transition to a circular economy.

Disposal

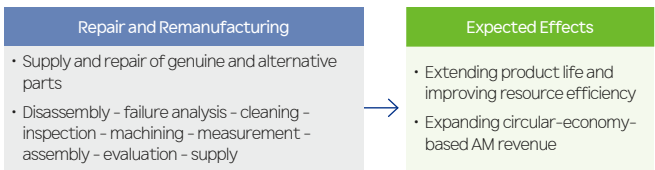
Applying Recycled ABS¹⁾ Interior Materials

The company is responding proactively to global regulations such as the EU ELV²⁾ and continues to develop and apply recycled ABS interior materials to expand the use of recycled materials. In 2025, it developed a material containing 30% recycled ABS and evaluated its mechanical properties, thermal characteristics, weather resistance, and part applicability. Through this, it established a technical standard for recycled ABS used in cabin interior materials. It also evaluated and verified part applicability through verification of mechanical properties, thermal characteristics, and durability. Based on analysis of the results and continuous research and development, the company is building a recycling database, deriving plans to apply new recycled materials, and continuously advancing its plastic material response strategy in line with regulatory change.

Results of the Biodegradable Lubricant Full Lineup Development Task

Task	Result
Developing biodegradable lubricant formulations	Secured development products for hydraulic fluid, engine oil, gear oil, and grease
Property and performance verification	Completed Lab Scale property and performance assessment of development products
In-vehicle suitability and replacement cycle verification	Secured 6 lubricant products meeting development targets through in-vehicle suitability and replacement cycle verification on construction equipment such as excavators

Remanufacturing Business Strategy



Results of the Recycled Plastic Interior Material Development Task

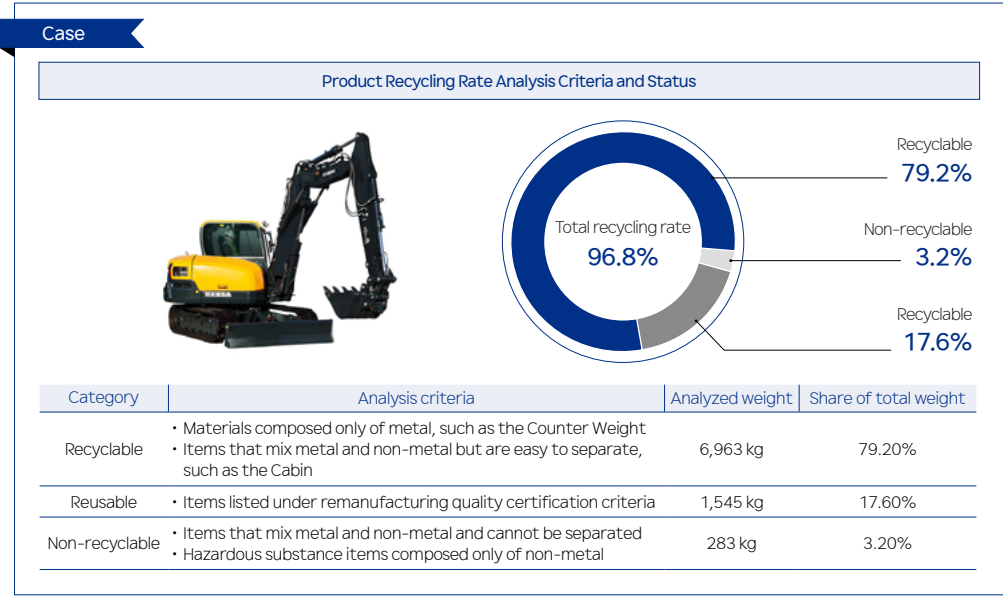
Task	Result
Developing recycled ABS interior materials	- Secured a database by recycled ABS content (20, 30, 40%) - Reviewed ABS properties of mass-production cabin interior materials - Completed development of 30% recycled ABS material
Part applicability verification	- Completed part applicability assessment of cabin interior materials - Side Cover heat-resistance cycle and assemblability assessment - Confirmed parity with mass-production parts

1) Acrylonitrile Butadiene Styrene (a synthetic plastic material)
2) End-of-Life Vehicles Directive (the EU directive on end-of-life vehicle processing)

Resource Use and Circular Economy

Resource Circulation Activities

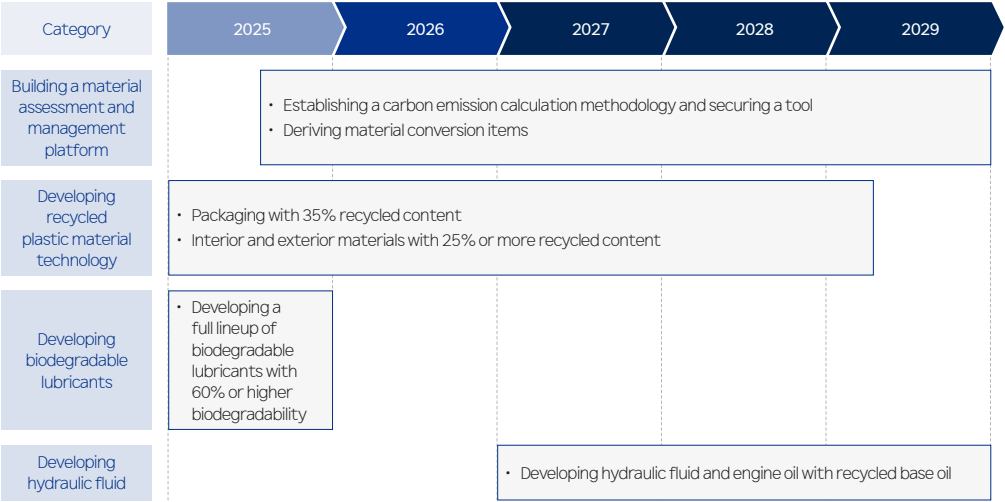
HX85A (crawler excavator): HD Construction Equipment analyzes the recycling rate of each product part to lay the groundwork for the transition to circular materials. Reflecting the high metal content, it confirms the recyclability of most parts. For parts that mix metal and non-metal, it assesses recyclability based on the feasibility of material separation. It also manages remanufacturing quality-certified parts as reusable items to minimize resource loss at the disposal stage. Based on the analysis results, the company plans to identify parts with low recycling rates and use this to derive future circular material conversion strategies.



Metrics and Targets

HD Construction Equipment will establish a resource circulation system across the entire product life cycle by 2030. To this end, it will advance resource circulation base technologies in phases, including material assessment, the management platform, recycled plastic material technology, and biodegradable lubricants.

Resource Circulation Product Design and Development Roadmap



Process Waste Management Targets

Management Metric	Unit	2025		2026	2028	2035
		Performance	Target	Target		
Cumulative resource savings	ton	-	-	1,334	25,150	92,803
Recycling rate	%	96.54	Over 95	Maintain 95 or higher		



05

Solutions for People

Human Capital

055

Human Rights
Management

061

Health and Safety

066

Supply Chain

074

Customer Value

079

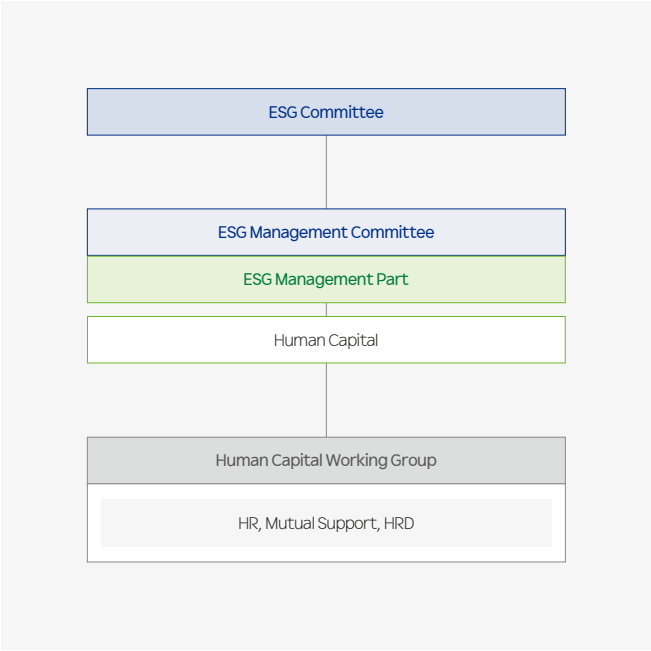
Local Community

085

Human Capital

Organizational Structure

HD Construction Equipment has built a human capital management governance structure that integrates its management bodies and working-level functions, centered on the ESG Committee within the Board of Directors. Through the ESG Committee and ESG Management Committee, the company manages and oversees key directions and tasks related to labor practices and corporate culture, while the Human Capital Working Group drives the strategy at the working level.



The ESG Committee is the highest decision-making body for labor practices. It deliberates on and reviews policies and activities related to fair evaluation and compensation, talent development, and corporate culture. Through this, it promotes the growth of employees and the company’s sustainable competitiveness.

The ESG Management Committee aims to increase employee satisfaction and work engagement. It comprehensively reviews the risks and opportunities of core issues such as revitalizing corporate culture and strengthening communication and collaboration. It monitors task implementation through management metrics such as ‘One Team culture-building initiatives’ and ‘communication-enhancement programs.’ It manages and adjusts strategies to build a trustworthy corporate culture and enhance the value of employees.

The Human Capital Working Group under the ESG Working Group consists of HR, Mutual Support, and HRD, each leveraging its expertise. HR manages evaluation, compensation, awards, and other personnel systems to build a fair, systematic HR foundation. Mutual Support operates independently at the Incheon, Gunsan, and Ulsan campuses, gathering employee feedback through labor-management councils and other channels to improve working conditions. HRD runs talent development programs, leads culture diagnosis and improvement, and strengthens employee communication. Together, these functions enhance the work environment, communication, competencies, and the human capital management system.

Impact, Risk and Opportunity

HD Construction Equipment has analyzed the environmental and social impacts across human capital, as well as the key risks and opportunities that may affect the company’s finances. It carries out response activities for the identified key impacts, risks, and opportunities.

Secure Employment

Category	Description	Impact Level
Impact	Positive / Potential Improving workers’ quality of life and strengthening employment stability by creating a stable working environment	■ ■ ■
	Operating Cost and Efficiency Internal talent attrition from inadequate systems for securing and retaining top talent, and new recruitment and training costs	■ ■ □
Risk	Regulation Fines and legal liability costs in the event of violations of relevant laws and regulations	■ □ □
	Corporate Image Enhanced corporate image from stable employment relations and expanded new order opportunities	■ □ □

Fair Wages

Category	Description	Impact Level
Impact	Positive / Potential Contributing to raising wage standards in the construction equipment industry and establishing a living wage in the regional labor market when paying wages above the industry average	■ ■ ■
	Operating Cost and Efficiency New recruitment and training costs from internal talent attrition when a fair wage system is not established	■ □ □



Human Capital

HR System

Evaluation

HD Construction Equipment operates a performance management system that ties individual results to fair, objective evaluation and to the rewards that follow. At the start of each year, managers define their key priorities and share them with their teams. Employees then enter their own objectives and strategic tasks into the company's work management platform. As work progresses, employees log their results and exchange feedback with their managers on how each task is advancing. This record of results and feedback feeds directly into the annual personnel review. The company conducts this review once a year, at year-end, and the outcomes inform decisions across promotion, compensation, and the way it selects and develops talent.

Performance Evaluation Process



Compensation

HD Construction Equipment operates a fair and objective compensation framework that supports employee engagement and performance. The company applies the same pay standards to all employees regardless of gender, securing pay equity, and it adjusts wages in line with inflation to support employees' financial stability. The company also fosters a stable working environment by paying overtime in accordance with its employment regulations and by guaranteeing the use of paid annual leave. At each year-end, the company weighs business results such as revenue and operating profit alongside individual and team goal achievement, then distributes performance-based pay fairly to all employees. For executives, the company maintains a long-term incentive program that reflects vesting periods and grant levels by rank, ensuring that compensation is tied to mid- to long-term performance and accountability.

Awards and Recognition

The company operates a range of award programs to motivate employees and build a performance-oriented corporate culture. Each year, based on the HD Hyundai Group's core values, it recognizes individuals and teams that have created outstanding results across four categories, namely Innovation, Challenge, Respect, and Safety. In the second half of the year, it confers the 'Construction Equipment Person of the Year' award on the employee who achieved the most outstanding results during the year, and encourages employee performance through awards at the business group and division levels.

Award Programs

Award	Description
Construction Equipment Person of the Year	• Selection of the Award Best of Best
HCE Award	• Core-value (Innovation, Challenge, Respect, Safety) awards • financial/non-financial, technical contributions
Unsung Hero	• Recognition for field engineers in areas such as production, quality, and purchasing
Innovation Leader Award	• Recognition for employees who contributed significantly to achieving business group and division goals

Talent Development

Development Framework

HD Construction Equipment secures top talent through diverse recruitment channels, including open recruitment and recruitment-linked internships, based on diversity and inclusion. Centered on Leadership College and Professional College, it operates systematic talent development programs that strengthen employees' leadership competencies and job expertise, and it develops future leaders and experts in each field.

Development Course

Category	Description	Objective
Leadership College	• A distinctive leadership program reflecting the inherent traits of the company's outstanding leaders	Developing global leaders
Professional College	• A job-expert development program by function to strengthen fundamental competitiveness	Developing experts by job function

2025 Results

Training hours  117,920 hours	Trainees  3,489 people	Training investment  KRW 1,068 million
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Site tour during the internship onboarding program

Human Capital

Talent Development

Development Program

HD Construction Equipment operates development programs tailored to each stage of an employee's growth. Through these programs, the company supports growth and competency development across the employee's entire life cycle.

Main programs

Category	Program
Onboarding	1 New Employee Orientation Training
Competency Assessment and Development	2 FC Competency Assessment 3 In-house Job Academy 4 CELL Program
Leadership Development	5 Promotion Track 6 EDGE Program
Preparing for retirement	7 Happy Retirement Preparation Program

1 New Employee Orientation Training

The company conducts new employee orientation to help new hires understand its vision and strategy and gain relevant insights. The program includes production site visits to help new employees understand the company's products and production processes, gain insights into process operations, and adapt to their roles. In 2025, the orientation was conducted for a total of 32 new employees.

2 FC Competency Assessment

The company defines team-specific job competencies and assesses each employee's competency level to support professional work performance. It then establishes Level-up Plans for systematic development and identifies key development points by individual and organization based on the results. When needed, it opens tailored training programs to strengthen competencies. In 2025, based on FC assessment results, the company launched 10 new courses, including "Digital Service Solutions for Construction Equipment Using New Technologies."



FC Competency Assessment workshop

3 In-house Job Academy

The In-house Job Academy is run by in-house experts who design and deliver courses. To address digital transformation in construction equipment and climate-driven technology changes, it provides training in emerging fields such as AI, batteries, and Digital Transformation, while inviting external experts when needed to reflect the latest trends and specialized knowledge. It also develops company-wide courses aligned with industry and technology changes. In 2025, courses included "Understanding Integrated Electric Excavators," "Understanding Electric Vehicle Battery Systems," and "Understanding Generative AI and Object Detection." Through the online platform "CELEB," it enables remote learning anytime, anywhere, developing experts with business understanding and data analysis and utilization skills.

2025 Training Operation Results	
Total No. of courses	60 courses
Sessions	75 sessions
Participants ¹⁾	850 employees
Satisfaction	4.8 / 5.0

1) Total participants is based on the sum of participants in each course. The same individual may be counted multiple times when participating in multiple courses



In-house Job Academy emerging-technology training



In-house Job Academy training

Human Capital

Talent Development

Development Program

4 CELL Program

HD Construction Equipment operates the Community of Employee-Led Learning (CELL) program, a self-directed learning initiative that fosters a culture of voluntary learning among employees. Through CELL, employees who share common interests come together on their own initiative to learn and exchange ideas, building their job expertise and capabilities. The program focuses on the development areas that emerge from FC assessment results, and it selects participants through regular recruitment in the first and second halves of the year and covers the cost of their learning activities. The company encourages voluntary participation by evaluating participants' activities, diligence, and on-the-job application, then selecting and recognizing outstanding CELLS.



CELL Program activity

5 Promotion Track

The company operates leadership programs tailored to each job group to strengthen leadership capabilities across both field and office roles. For technical staff, the company offers courses for field manager leadership, newly appointed field managers, and newly appointed lead operators. These courses help current leaders redefine their roles and strengthen their ability to communicate across generations. In 2025, 95 production and technical staff in leadership positions took part and recorded a high satisfaction score of 4.85 out of 5.0.

For office staff, the company runs a phased set of courses for newly appointed part leaders, managers, and senior managers, helping new leaders adjust to their roles and embed leadership. In 2025, 250 employees took part, including those promoted in rank and newly appointed part leaders, and the program recorded a satisfaction score of 4.6, confirming a high level of training effectiveness.



Promotion Track training

6 EDGE Program

To secure outstanding female talent, the company actively promotes and attracts candidates at the recruitment stage. To strengthen female leadership competencies, it operates a group-level EDGE program. In 2025, it also set the share of female leaders in managerial positions¹⁾ as a management metric to drive the expansion of female leadership. As of the end of 2025, the share of female leaders in managerial positions was 4.4%.

¹⁾ Share of female managers: female managers divided by total managers

7 Happy Retirement Preparation Program

The company operates retirement planning and re-employment support training programs so that employees aged 60 and over who are due to retire can effectively prepare for life after retirement. It supports employees in concretely preparing their life plans across diverse topics such as asset management, health management, and re-employment and career planning. In 2025, retirement planning support training was conducted for a total of 106 employees.



Happy Retirement Program training

Human Capital

Communication

HD Construction Equipment pursues a range of activities to strengthen a culture of open communication and collaboration among employees and to foster an inclusive working environment.

On-site Communication

Communication Channel

HD Construction Equipment operates a variety of communication channels to build a communication-centered organizational culture. To gather employee feedback, the company maintains both regular and always-open channels, including online and offline grievance windows, the Human Rights Protection Center, its website, and the internal portal. Through programs that connect management directly with employees, the company shares business updates and improvements to organizational culture. To deepen collaboration and mutual understanding within the organization, it also runs a range of programs, including Connected Team Building (CTB) workshops, "Inviting Our CEO," "Introducing Our New Employees," and CEO town hall meetings, strengthening employee networks and a culture of open communication.

2025 Communication Program

· CEO Town Hall Meeting

A program in which management and employees share and communicate on business results and strategy

· 'Introducing Our New Employees' Program

A program that supports internal networking and organizational adaptation through exchange activities between new employees and their seniors and juniors

· 'Inviting Our CEO' Program

A program for sharing views on diverse topics such as corporate culture and the work environment to enhance mutual understanding between management and employees

· CTB (Connected Team Building) workshop

A team-building program that uses the Birkman assessment to understand differences in disposition and ways of working among employees and to review collaboration methods

- Results: 1) A total of 11 teams and 169 participants
2) Satisfaction (out of 5.0): 4.75



'Introducing Our New Employees' activity
- bingo game

Change Agent

The company runs a Change Agent (CA) program to build a healthy and flexible organizational culture grounded in open communication between the organization and its employees. Change Agents convey the company's intended direction for cultural change to employees and help them understand why that change matters. They also serve as key drivers who strengthen each department's ability to carry out improvement activities. The company holds CA workshops at least twice a year to surface ideas for improving organizational culture, working with employees across all functions to advance positive changes in how people work.

CA Implementation



Labor-Management Cooperation

The company has established a labor-management cooperation framework and operates a range of consultative structures to advance employee welfare and improve working conditions. Following integration, the labor union operates by region across Ulsan, Gunsan, and Incheon, and the company renews its collective agreement every two years. The company continuously improves working conditions through annual wage negotiations. It holds labor-management council meetings each quarter and convenes additional meetings whenever urgent matters arise. At the quarterly councils in 2025, the parties took up key agenda items such as improving travel expense policies and simplifying the documentation required to verify dependents for medical expense support, reaching and implementing improvements through labor-management consultation.

Joint Labor-Management Marathon

The marathon event drew around 820 participants, including labor union officials from the Ulsan, Incheon, and Gunsan regions as well as management, employees, and their families, strengthening communication and solidarity among employees. Participants completed the marathon under the slogan "Be the One, Be the No.1." The venue featured a compact track loader display and photo zone, which promoted the brand to general participants and reinforced employees' sense of pride. The event served as a forum for employees and the labor union to come together, providing an opportunity to strengthen trust and the foundation for cooperation between labor and management.



Joint Labor-Management Marathon

Human Capital

Improving Corporate Culture

Inclusive Working Environment

Organizational Culture Assessment

HD Construction Equipment conducts the HD Hyundai Group Value Survey every two years to assess employee perceptions and the state of its organizational culture, supporting a culture and a foundation for sustainable management. The survey examines how deeply the group's values are embedded, the maturity of change management efforts, and the level of employee engagement. Through these measures, it evaluates employees' understanding of the organization's vision and mission, their sense of work goals and direction, teamwork among colleagues, job satisfaction, and sources of stress. The results reveal the strengths and areas for improvement in the organizational culture and guide practical initiatives to enhance it. In 2025, drawing on the previous year's culture assessment, the company carried out a range of culture initiatives, including team-building to foster a sound organizational culture.

Respect for Diversity

The company prohibits discrimination in hiring, evaluation, and compensation on grounds such as childbirth, family status or circumstances, race, color, beliefs or political opinion, sexual orientation, education, medical history, gender, religion, disability, and nationality. The company codifies this commitment in its code of ethics and upholds it in practice. It pursues discrimination-free employment across all areas and works to broaden the diversity of its workforce. The company has put in place a range of work-life balance programs that support pregnancy, childbirth, and childcare. It supports employees with disabilities in carrying out their roles effectively. The company also provides disability awareness training for office and technical staff, contributing to a culture that values inclusion and diversity.

1) One year standard, extendable to a maximum of one year and six months when both parents each take at least three months for the same child

Programs

The company operates a wide range of employee benefits to improve quality of life and help employees balance work and personal life, spanning working hours, daily living and leisure support, special leave and congratulatory or condolence allowances, housing, and health promotion. In 2025, the company enhanced these benefits to strengthen employees' financial stability and well-being. It expanded support for housing loan interest and relocation, and it broadened the scope of family event leave and congratulatory or condolence allowances.

Benefits Programs

Category	Type	Description
Working Hour	Work Support	Commuter bus and travel expense support, uniform provision, support for relocation, cafeteria operation, flexible work, selective working hours, remote work, and PC-Off operation
Living and Leisure Support	Childbirth Support	Pregnancy and childbirth congratulatory payments, childbirth safety package, maternity leave, and remote work for expectant mothers
	Childcare Support	Reduce working hours during pregnancy and childcare, parental leave for men and women ¹⁾ , spousal maternity leave, pre- and post-natal leave, fertility treatment leave, fertility support, and child-care leave
	Children Education Fee Support	Preschool and elementary education cost support, and tuition support for middle and high school, and university
	Other	Welfare points program, leisure support program, and welfare discounts
Special leave / condolence-and-congratulation support		Family-event leave and condolence-and-congratulation payments
Housing	Housing Support	Housing loan program and dormitory program
Health Promotion	Health Management	Bereavement support, cancer treatment support, medical expense support, health checkups and in-house medical facility support, and psychological counseling support

Metrics and Targets

Mid- to Long-Term Goals for Human Capital Management

Category		2025	2026	2027
Enhancing Workforce Diversity	Female Talent Development	- Female leader position 4.4% - Operating female leader development programs	- Expanding female recruitment ratio to 30% by 2030 - Advancing female leader development programs	
Corporate Culture	Enhancing employee satisfaction	- Employee engagement survey participation rate 76% - Employee engagement or satisfaction rate 59%	- Improving work methods based on organizational culture diagnostic feedback - Gradual increase in employee satisfaction	



2025 CA Workshop

Human Rights Management

Organizational Structure

HD Construction Equipment has established a human rights governance structure that extends from the Board of Directors to working-level functions, enabling the systematic management of human rights policy formulation, decision-making, and implementation.

Organizational Chart



The ESG Committee supports, oversees, and provides checks on management’s decisions concerning human rights. It deliberates and resolves the company-wide ESG strategy and key policies and sets the overall direction for their management. In 2025, the ESG Committee approved HD Construction Equipment’s new human rights policy and implementation plan. The committee will continue to review human rights due diligence results and improvement tasks on an ongoing basis to embed a culture of respect for human rights.

2025 Human Rights-Related ESG Committee Key Agenda

Date	Key agenda	Attendance Rate
July 2025	Enactment of the human rights management policy and approval of the implementation plan	100%

The Human Rights Management Committee comprises the ESG CEO and the executives responsible for key functions. It makes decisions on company-wide human rights management, selects human rights improvement tasks, and reviews their implementation, reporting the outcomes to the group-level ESG consultative body. As the working-level body supporting the Human Rights Committee, the ESG Team oversees human rights due diligence and is responsible for formulating and implementing improvement plans for the risks determined, as well as for internal and external reporting and disclosure.

The Human Rights Working Group draws on the expertise of relevant functions, including EHS, HR, Legal, and Procurement, to operate the company-wide human rights management system and assess human rights risks. It is responsible for executing the strategic tasks established by the Human Rights Committee, the higher decision-making body. The group oversees the full scope of human rights management, encompassing the formulation of human rights policy, the conduct and oversight of human rights due diligence, and the design and delivery of employee human rights training programs.

Impact, Risk and Opportunity

HD Construction Equipment has analyzed the environmental and social impacts across human rights management, as well as the key risks and opportunities that may affect the company’s finances. For the identified key impacts, risks, and opportunities, it intends to establish an operating system and carry out response activities to manage them.

Employee Social Communication and Human Rights Policy

Category	Description	Impact Level
Impact	Negative / Potential Concern over greater infringement of workers’ rights from intensified labor–management conflict and increased community conflict when the communication system is inadequate	■ ■ □
Risks and Opportunities	Operating Cost and Efficiency Increased direct costs from labor disputes, strikes, and class action lawsuits	■ □ □
	Regulation Administrative fines, penalties, and administrative sanction costs in the event of violations of labor relations and human rights laws	■ □ □

Human Rights Management

Human Rights Protection

Human Rights Management Practice Guidelines

Human Rights Policy

As a leader in the global construction equipment industry, HD Construction Equipment has established a human rights policy founded on international human rights standards. The policy draws on the UN Guiding Principles on Business and Human Rights (UNGPs), the Ten Principles of the UN Global Compact (UNGC), the core conventions of the International Labour Organization (ILO), and the OECD Guidelines for Multinational Enterprises. With the approval of the CEO, the company has promulgated its Human Rights Declaration and applies it throughout the organization. Through this commitment, the company prevents human rights violations that may arise across its business activities and advances responsible management and transparent implementation to ensure that the rights of its diverse stakeholders, including employees and suppliers, are respected.

Declaration of Human Rights Management

A declaration outlining HD Construction Equipment's core human rights management principles and goals, endorsed by the CEO

1



Purpose of the group's human rights management

2



Commitment and efforts

3



Governance composition and roles

4



Key management matters

5



Respect for human rights

[Declaration of Human Rights Management](#)

Human Rights Training

In 2025, HD Construction Equipment delivered online training centered on human rights risks and human rights management principles to 3,027 office employees in the construction equipment division, including expatriates. It also provided statutory training, such as sexual harassment prevention and workplace anti-harassment, to 1,711 production employees. The company will continue to reinforce its human rights training to enhance employees' awareness of human rights and to advance responsible business practices.

Stakeholder Engagement

HD Construction Equipment applies the principle of respect for human rights to its key stakeholders and reflects related considerations in its management activities and decision-making. The company intends to continue strengthening trust through sustained engagement with stakeholders and to further advance its human rights management over time.

Identifying Key Issues per Stakeholder

Identifying and defining key stakeholders

1

Establishing stakeholder engagement plans and communicating

2

Identifying stakeholder opinions and issues of interest

3

Reflecting in business activities and business operation processes

4

Stakeholder	Potential Human Rights Issues
Employees	• Operating human rights management policies and management systems • Fair recruitment and development and creating a safe working environment • Grievance handling and human rights risk management
Shareholders and investors	• Transparent disclosure of financial and non-financial information • Business risk management and strategy sharing
Suppliers	• Building win-win and shared growth structures • Human rights and environmental due diligence in the supply chain and competency-building
Customers	• Strengthening customer communication and providing responsible information • Technology innovation and customer information protection
Local communities	• Social contribution and expanding contribution to the local economy • Protecting community human rights, the environment, and ecosystems
Government and related agencies	• Compliance with human rights laws and international standards • Practicing ethics and compliance management and strengthening public-private cooperation

Human Rights Management

Human Rights Protection

Grievance Handling and Reporting System

HD Construction Equipment operates grievance and reporting procedures through a range of online and offline channels. When a grievance is received, the dedicated Grievance Committee counsels those involved and investigates the facts under the principles of fairness, transparency, and confidentiality. Based on the findings, the company implements corrective measures, including disciplinary action and steps to prevent recurrence. The company also monitors outcomes on a regular basis to continually reinforce the effectiveness of its grievance-handling system.

Human Rights Grievance Handling Process



Grievance Intake Channels

Website	Wages and benefits, systems/structures/corporate culture, working hours, infrastructure, environmental safety
Intranet	HR/compensation/training, general affairs/welfare, work, health and safety, IT
Hotline	Workplace and sexual harassment
Offline	Various employee grievance cases

Human Rights Due Diligence Procedure

The company operates a human rights due diligence system, including human rights impact assessments, to respond to global regulatory trends in human rights and supply chain due diligence. The company has established human rights due diligence guidelines and systematically reviews the impacts that may arise across its business activities and supply chain. Drawing on the OECD Due Diligence Guidance for Responsible Business Conduct, the company operates a due diligence process that encompasses identifying adverse impacts, setting priorities, and implementing and monitoring corresponding measures.

- 1) Corrective Action Plan
- 2) Preventive Action Plan



Human Rights Due Diligence Results

1 Human Rights Impact Assessment Model and Indicators

In 2025, HD Construction Equipment conducted a human rights impact assessment using indicators that reflect global trends in human rights regulation and the characteristics of the construction equipment industry. The company designed the assessment indicators around major international guidelines, including the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises, the core conventions of the International Labour Organization (ILO), and the Responsible Business Alliance (RBA) Code of Conduct. It further incorporated considerations specific to construction equipment manufacturing, including occupational health and safety, supply chain management, and environmental factors.

Considerations

Global Human Rights Standards	Construction equipment manufacturing related issue
- Domestic and international guidelines UNGPs, OECD, ILO, National Human Rights Commission - External assessments RBA, CHRB, KTC, OXFAM - Regulation EU Corporate Sustainability Due Diligence Directive (CSDDD)	- Occupational health and safety (OHS) Reflecting types of occupational accidents that mainly occur in construction equipment manufacturing, such as forklift accidents - Supply chain Analyzing the status of in-house suppliers (number and type of suppliers) and the supply chain management system to develop indicators that identify potential human rights risks - Environment Reflecting key issues such as the process structure and management of major operations, etc

Human Rights Impact Assessment Indicators

1 Human Rights Governance	2 Labor	3 OHS
1-1Policy declaration 1-2Regular assessment 1-3Management System ⋮	2-1Prohibition of forced labor 2-2Young workers 2-3Freedom of association ⋮	3-1OHS 3-2Emergency response plan 3-3Occupational accidents and illness ⋮
4 Ethics	5 Supply Chain	6 Environment
4-1Business integrity and prohibition of improper gains 4-2Intellectual property 4-3Fair trade, advertising, and competition ⋮	5-1Supply chain management system 5-2Contracts with suppliers 5-3Supplier assessment ⋮	6-1Soil contamination 6-2Water management 6-3Chemical substances ⋮

Human Rights Management

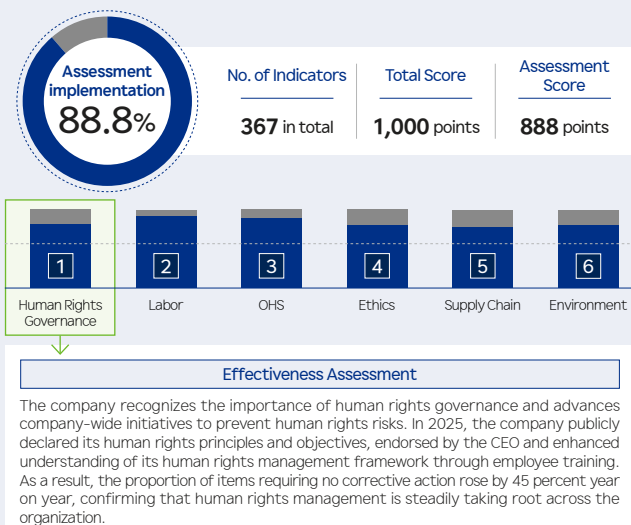
Human Rights Protection

Human Rights Due Diligence Results

2 Human Rights Impact Assessment

HD Construction Equipment conducts both desk-based and on-site assessments using human rights impact assessment indicators tailored to the construction equipment industry. These assessments examine operational status and potential human rights risks, including the conclusion of collective agreements and the guarantee of freedom in labor-management relations. In 2025, the company assessed its domestic sites and recorded an assessment completion rate of 88.8 percent. The assessment found no material human rights risks in areas such as collective agreements and freedom in labor-management relations.

Human Rights Impact Assessment Results



HD Construction Equipment manages the improvement tasks arising from the 2025 human rights impact assessment in an integrated manner under its CAP and PAP. The company prioritizes the 72 improvement tasks identified through the assessment according to their materiality, urgency, and feasibility, and advances them in phases. It also designates responsible departments and officers, establishes implementation plans and review criteria, and reports progress to the Human Rights Committee on a regular basis, thereby reinforcing its human rights management framework.

Current Status of Improvement Task

Area	Task Type	Improvement Task	Affected Stakeholder	Expected Effect
1 Human Rights Governance	- Conducting notices and guidance - Conducting education and training	- Enacting detailed grievance handling rules and announcing them company-wide short-term - Internalizing the process for human rights training satisfaction surveys mid-term	Employees	Advancing and internalizing the human rights management system
2 Labor	- Operational and system improvement - Operational risk	- Providing religious accommodations requested by workers (e.g. prayer spaces) mid-term - Enacting and operating young-worker management rules [enacting and revising policies and guidelines] mid-term	Employees	Strengthening labor-related legal and ethical standards
3 OHS	- Enacting and revising policies and guidelines - Operational and system improvement	- Specifying in policy the rules for occupational health and safety risk assessment and improvement measures short-term - Sharing the status of pregnant and nursing employees with the safety department and establishing job-environment assessment procedures short-term	Employees	Minimizing legal risk and enhancing the effectiveness of the safety management system
4 Ethics	Enacting and revising policies and guidelines	- Establishing consultation guidelines and policies with local residents to protect community residents' human rights short-term - Preparing policies to protect the intellectual property of contractors and customers mid-term	Community residents, Suppliers, Customers	Protecting intellectual property and personal information, and enhancing ESG activity transparency
5 Supply Chain Management	- Strengthening documentation and evidence - Conducting notices and guidance	- Establishing procedures and items to assess human-rights protection upon recontract/renewal short-term - Communicating the possibility of reflecting inadequate supplier ESG assessment results in future transactions mid-term	Suppliers	Strengthening human rights accountability across the supply chain and improving the management level
6 Environment	Enacting and revising policies and guidelines	- Enacting internal rules on waste recycling and treatment short-term - Enacting plans for crop protection and agricultural water and ecosystem protection guidelines short-term	Local communities	Raising environmental awareness and building sustainable relationships with local communities

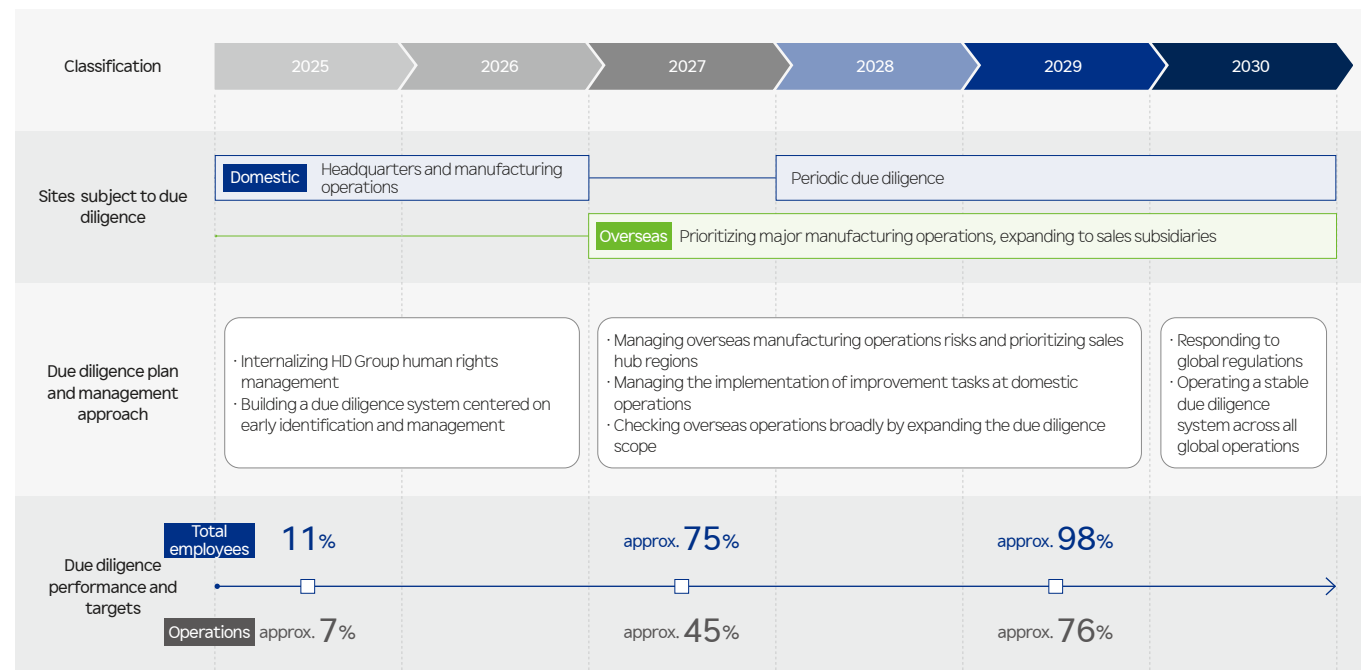


Human Rights Management

Metrics and Targets

HD Construction Equipment intends to complete human rights due diligence across all of its global sites by 2030 in order to embed human rights management throughout the organization. To this end, the company has established a five-year human rights due diligence roadmap. The roadmap centers on the early identification and prevention of potential human rights risks and on the systematic mitigation of any adverse impacts that arise. Under the roadmap, the company will conduct on-site assessments every two years at domestic sites and every three years at overseas sites. In the years between on-site assessments, the company carries out improvement tasks and follow-up tracking.

Human Rights Due Diligence Performance and Targets





Health and Safety

Organizational Structure

HD Construction Equipment operates a health and safety governance structure centered on the ESG Committee within the Board of Directors and comprising the Health and Safety Management Committee, the relevant part of the ESG Management Committee, and the EHS Session. Through this structure, the company deliberates and decides on key health and safety policies and priority tasks and reviews their implementation.

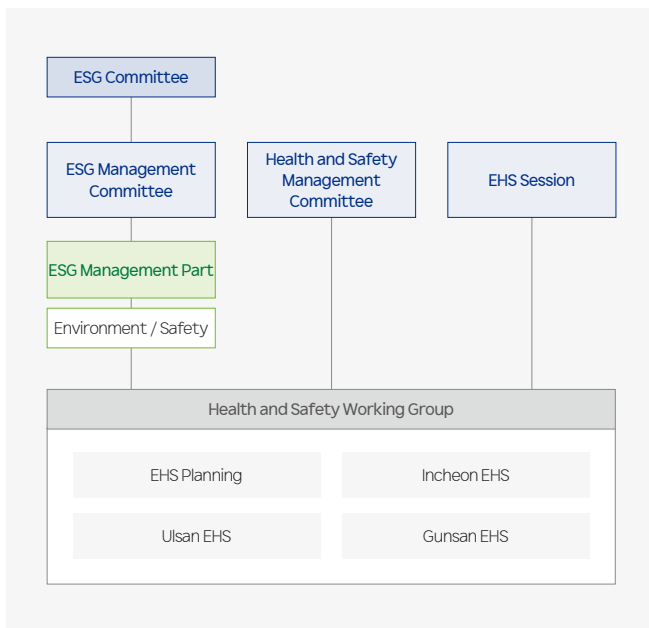
The ESG Committee supports, oversees, and provides checks on management's decisions concerning health and safety. It deliberates and resolves the company-wide ESG strategy and key policies and sets the overall direction for their management.

The ESG Management Committee manages and reviews the implementation of detailed health and safety tasks through the Environment and Safety part. It advances core tasks aimed at meeting targets, including the Lost Time Injury Rate (LTIR). The committee monitors task implementation through management indicators and manages and adjusts strategy accordingly.

The Health and Safety Management Committee convenes semi-annually under the leadership of the CEO, executives, and external members to prevent serious accidents and reinforce health and safety management. It deliberates and resolves key health and safety agenda items in order to foster a safe working environment and ensure systematic management.

The EHS Session operates quarterly under the leadership of the CEO and executives. It reviews the activities and performance of the health and safety organizations at each site and serves as the final body for deliberation, resolution, and decision-making on health and safety matters. The CEO assesses the adequacy of health and safety policy and system implementation and ensures that key issues are resolved at the Board of Directors and the EHS Session.

Within the ESG Working Group, the Health and Safety Working Group comprises the EHS Planning Team and the site-level EHS organizations in Incheon, Ulsan, and Gunsan. The EHS Planning Team oversees the overall health and safety management system, encompassing company-wide EHS policy formulation, strategic planning, and compliance with the Serious Accidents Punishment Act. It establishes company-wide health and safety policy and its direction for implementation. The EHS organization at each site is responsible for health and safety operations and management at that location. The Incheon EHS Team covers the Incheon campus and the Ansan, Eumseong, and Yongin sites. The Ulsan EHS Team covers the Ulsan campus, and the Gunsan EHS Team covers the Gunsan campus and the Boryeong site. Each team executes and manages site-level health and safety activities in accordance with the company-wide management system, ensuring that key policies and tasks are implemented systematically on site.



2025 Health and Safety-Related Key Agenda Items

Key Agenda Items

- 1 Establishing and implementing the health and safety management system
- 2 Establishing and managing recurrence-prevention measures
- 3 Managing compliance with administrative orders
- 4 Management measures required to fulfill health and safety legal obligations

Health and Safety

Impact, Risk and Opportunity

HD Construction Equipment has analyzed the potential environmental and social impacts of its health and safety practices, along with the principal risks and opportunities for the company's finances. The company is advancing response activities for the key impacts, risks, and opportunities determined.

Employee Health and Safety

Category	Description	Impact
Impact	Negative/Potential Adverse impacts on workers' lives and health, local communities, and public safety in the event of occupational accidents	■ ■ ■
	Regulatory Litigation costs, provisions, fines, and administrative penalties resulting from non-compliance with applicable laws and regulations	■ ■ □
Risk	Productivity Operational losses from work stoppages, compensation costs, and legal proceeding costs in the event of a serious accident	■ ■ ■

Value Chain Health and Safety

Category	Description	Impact
Impact	Negative/Potential Increased risk of occupational accidents and work-related illnesses among workers across the value chain due to inadequate health and safety management	■ ■ ■
	Productivity Increased operating costs, including emergency and small-lot replacement purchases of raw materials, due to work stoppages caused by inadequate supplier safety management	■ ■ ■

Approach

Health and Safety Policy

Under the core value of "Safety for All," HD Construction Equipment establishes and operates a health and safety policy to embed a safety culture rooted in fundamentals and principles. The policy applies to all employees at every domestic and overseas site, as well as to subsidiaries and suppliers. The company also requires customers, suppliers, and business partners to observe the intent and standards of the policy. Building on a health and safety management system led by the CEO, the company advances activities to prevent major hazards such as fire and explosion and invests in and improves firefighting facilities, thereby cultivating an environment in which employees can work safely and in good health.

EHS (Environment, Health and Safety) Policy

HD Construction Equipment Environment, Health and Safety Policy		
Operation of the EHS Management System		Compliance with EHS Regulations
Developing customer safety and eco-friendly technologies	Establishing accident-free operations	Communicating with stakeholders

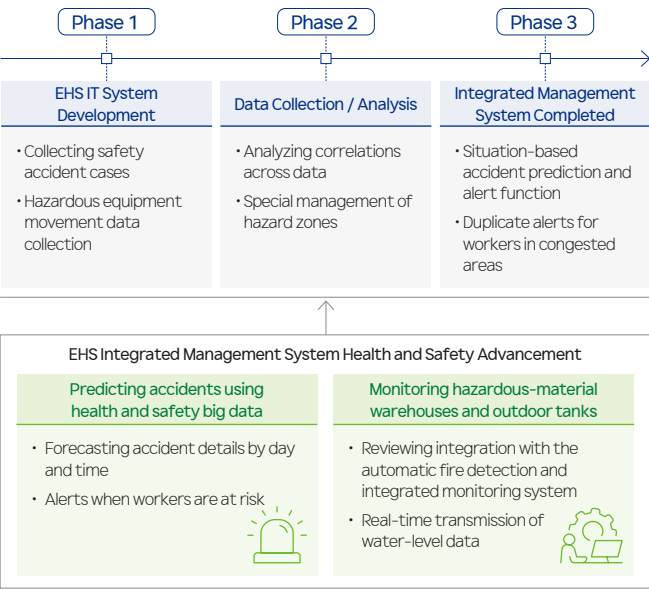
Health and Safety Management System

The company operates a health and safety management system based on ISO 45001 to manage the various hazards that may arise at its sites and to prevent occupational accidents. The company advances its health and safety activities through the Plan-Do-Check-Act (PDCA) framework and maintains a management system aligned with international standards. It currently holds ISO 45001 certification at 12 sites and is pursuing an integrated certification audit to unify its company-wide management system.

Integrated health and Safety Management System

To meet occupational health and safety regulations and ESG requirements, the company has upgraded its integrated EHS management system, HI-EHS, since November 2023. Following the integrated launch, it is unifying systems for company-wide health and safety management, adding key functions such as risk assessment and incident reporting. The company has completed Phase 2 and plans to advance Phase 3 to strengthen company-wide EHS capabilities.

Integrated Management System Advancement Process



Health and Safety

Workplace Safety Management

Safety Inspection

HD Construction Equipment operates a workplace safety management program to prevent serious accidents. The company manages site-level hazards through a structure of scheduled, ad hoc, and continuous safety inspections. It manages workplace hazards proactively across several site-based activities, including scheduled and ad hoc inspections, regulatory compliance assessments, and emergency response drills. These activities raise the standard of health and safety management company-wide.

Safety Inspection Program

Program	Description	Frequency
EHS Patrol	• Workplace safety inspection led by the chief health and safety officer	Weekly
Compliance Inspection	• Checking compliance with environmental, firefighting, and health and safety regulations	Once a year
Cross-inspection	• On-site inspection visits to major domestic operations	Twice a year
On-site Contractor Inspection	• Joint labor-management inspection led by the chief health and safety officer	Quarterly
Emergency Evacuation Drill	• Conducting disaster and fire prevention activities	PSM-covered processes: four times a year. Others: twice a year
Seasonal safety inspection	• Fire prevention, freeze prevention, and thaw-season inspection	Ongoing

EHS Patrol

The company operates an EHS Patrol to identify potential workplace hazards in advance and to improve safety management standards on an ongoing basis. The EHS Patrol is led by the health and safety management officer and conducted monthly at each site, including the Ulsan campus, the Incheon campus, and the Gunsan campus. Hazards and improvement items identified during inspections are recorded and managed through the risk assessment management system. The company identifies hazards arising from each process and item of equipment in advance and implements corrective measures. In 2025, the company addressed an electric shock hazard caused by exposed wiring inside work equipment. The company also improved potential hazards in the site working environment, including reinforcing safety fencing in lift work areas. Hazards identified on site are evaluated against their cause, frequency, and risk level. The company then advances improvement activities and monitors the outcomes closely.

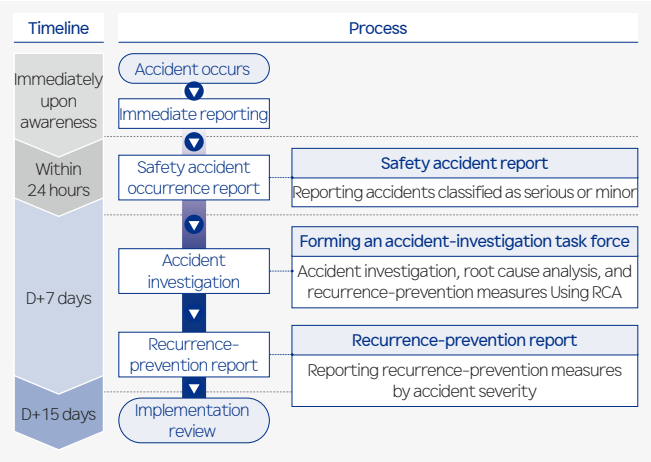
Cross-inspection

Cross-inspection involves designated personnel from one site visiting another site to review the safety management status of key processes and equipment and to identify potential hazards. Improvement items identified during inspections are shared immediately to strengthen the safety management system. Leading practices are disseminated across sites to raise safety management standards company-wide. Through cross-inspections in 2025, the company identified approximately 45 potential workplace hazards across 14 themes, including lifting gear and robotics. The company identified improvement items common to all sites, including the standardization of emergency stop devices. The company then advanced improvement activities across all sites and strengthened its safety management standards. The company plans to continue raising safety management standards through a range of improvement activities.

Accident Reporting Process

The company maintains a systematic accident reporting and response process to address workplace safety incidents promptly and prevent recurrence. When an incident occurs, the first person to discover it reports it immediately, and the campus EHS team mobilizes to carry out initial measures such as patient transport and scene preservation. The incident is shared immediately with key stakeholders, including the Labor & Community Relation department, the Chief Safety Officer (CSO), the plant manager, and the responsible executive. Where necessary, the company reports promptly to relevant authorities such as the Ministry of Employment and Labor, the police, and the fire department. The EHS organization then leads the incident investigation and Root Cause Analysis (RCA) and establishes recurrence prevention measures. The relevant departments implement these measures immediately, and the company verifies implementation to ensure the same incident does not recur.

Reporting Process



Health and Safety

Risk Assessment

HD Construction Equipment conducts annual risk assessments to identify and improve hazards at all operations in advance. The risk assessment identifies potential hazards in work processes and facilities and quantitatively evaluates risk based on likelihood, severity, and risk level. The company prioritizes improvement measures for hazards classified as high-risk according to each site's evaluation criteria.

For high-risk accident types such as falls, collisions, and entrapment, the company applies the hierarchy of controls to eliminate, substitute, control, and mitigate hazards. By selecting and rewarding outstanding improvement cases, it encourages a culture in which employees voluntarily identify hazards and join improvement activities. The company also conducts ad hoc risk assessments when hazards may arise, such as after accidents, process changes, workload changes, or the introduction of new equipment. These risk assessment results and improvement records are reflected in management. They are reported regularly to the health and safety Management Committee, which also monitors improvement progress. The company is unifying its risk assessment criteria and methods across sites. It plans to build a consistent company-wide risk management system.

Risk Assessment Process



Ulsan Campus

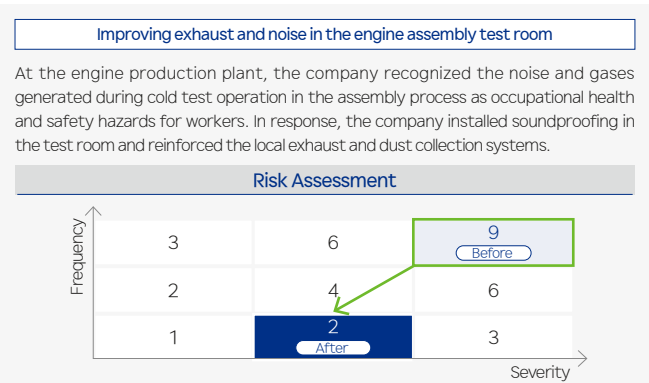
Ulsan campus conducts ad hoc risk assessments and implements improvement measures for high-risk factors. It removes field hazards in practical terms based on the assessment results. It selects and rewards teams that contributed to higher safety levels in each half of the year. In 2025, 21 teams participated in the first half and 17 in the second half, and six teams were selected and rewarded in each period.

Process improvement for wheel-loader weight-bolt removal

When removing wheel-loader weight bolts, the weight of the impact tool can cause it to slip, leading to foot entrapment or finger and wrist fractures. The company installed an impact-fixing jig on the lifting cart and improved the operating switch lever .

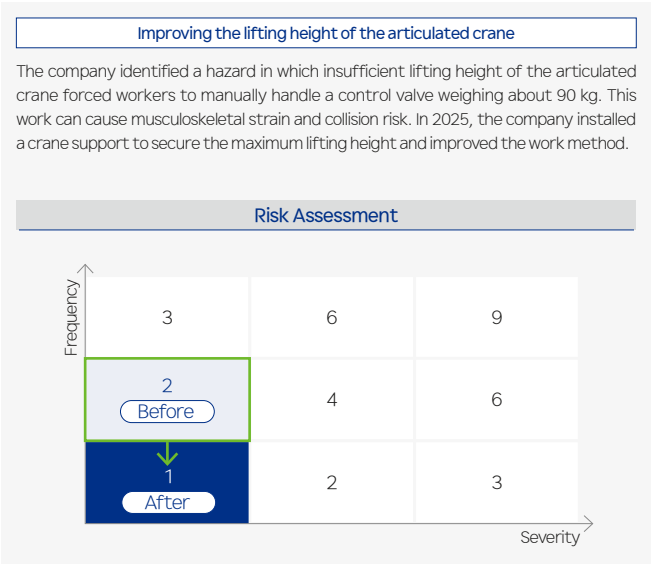
Incheon Campus

The Incheon campus manages risk assessments systematically through a digital system. Where improvements are needed, the system recommends corrective action in line with its assessment guide. The campus also operates a self-managed hazard program that encourages all employees to find and register hazards themselves and take part in improvement activities. In 2025, employees reported a total of 4,384 hazards, exceeding the target of 1,698.



Gunsan Campus

To manage hazards and risk factors on site, the Gunsan campus recommends improvements for identified risks in line with its risk assessment guide. It records the results of improvement activities and the measures taken in the system. The campus also operates an evaluation scheme that selects outstanding improvement cases and provides monetary rewards for them. It runs a weekly Safety Improvement Committee and works continuously to find and address hazards on site. Through this systematic management, the campus found a total of 608 hazards in 2025 and completed improvements for 591 of them, achieving a 97 percent improvement rate.



Health and Safety

Expanding a Culture of Safety

Strengthening Safety Capabilities

Obtaining Safety Certifications

HD Construction Equipment runs an incentive program for industrial-safety certifications to strengthen employees' safety expertise. In 2025, 107 office and technical employees earned certifications and received incentives. The company plans to continue supporting hazard awareness and a stronger safety culture.

Safety Training

To comply with health and safety laws such as the Occupational Health and Safety Act and the Serious Accidents Punishment Act, the company provides health and safety training for all employees, including non-regular workers, both in-person and online. It also runs its own Safety Culture Mind-set training so employees recognize safety as the top priority and practice it in the field.

2025 Safety Training Results - Statutory Training

Category	Audience	Content	Performance Completion Rate(%)
Regular health and safety training	Technical Staff	• OHS Act, general management, accident prevention, etc.	100
	Supervisors (incl. supplier)		100
New-hire training	Technical Staff	• OHS Act, pre-work inspection items, etc.	100
Training upon change of work content	Technical Staff	• Risk factors of machinery and equipment, work procedures and movement routes, etc.	100
Special health and safety training	Technical Staff	• Hazards and risks related to forklifts, cranes, etc.	100

2025 Safety Training Results - In-house Training

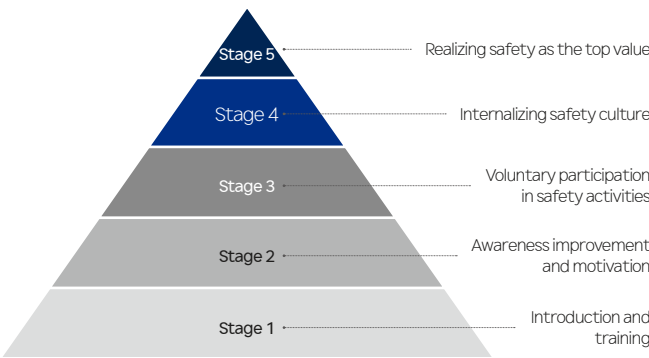
Program	Audience	Content	Training satisfaction (out of 5.0)
Mindset Training	Team Leaders, Chief Technicians, Foremen	• Organizational culture trends and safety psychology for practicing safety leadership, etc.	4.28

Safety Awareness Survey

HD Construction Equipment conducts a safety awareness survey for all employees and on-site contractors. It runs the survey through a safety culture app so that employees can take part voluntarily. The survey covers the company's health and safety leadership and each individual's policy awareness and practice based on Behavior-Based Safety (BBS). Based on the results, the company issues a monthly safety awareness report to help employees build a solid understanding and knowledge of safety.

In 2025, the company surveyed leaders involved in building a safety culture about the current level of safety culture and their commitment to the initiative. Of 107 supervisors, 93 took part. The results confirmed that a safety culture is gradually taking root within the organization. The most common view was that the safety culture initiative should continue for at least two years. The company plans to continue the survey and manage and improve toward a safety culture score of 70 by 2030.

Safety Awareness Improvement Roadmap



The Safe Care Program

To settle a voluntary safety culture at its sites and prevent serious accidents, the company has adopted the 'The Safe Care' program driven at the HD Hyundai Group level.

The company defined the five major accident types that can occur on manufacturing sites and established nine core safety rules. It manages both employees and suppliers to follow them. The core safety rules set safety behavior standards for high-risk work, including wearing a lifeline during roof and high-elevation work, applying Lock-Out and Tag-Out during equipment inspection, using safety blocks during heavy-object work, and ventilating and measuring gas levels before confined-space work.

The Safe Care Rules

Use lifelines for work at height 	Use guardrails and safe walkways 	No mobile phone use during transporting goods 
Tag-Out during equipment inspection 	No worker movement beneath heavy objects 	Using safety blocks during heavy-object work 
No live-line work on distribution boards or transformers 	No unauthorized entry into confined spaces 	Ventilation and gas measurement in confined spaces 

Health and Safety

Employee Health Management

HD Construction Equipment operates an integrated health management system to improve employees’ physical and mental health and prevent occupational diseases. It runs tailored health support programs that reflect each site’s characteristics and employees’ health status, supporting systematic health management for employees.

The company also runs health-promotion programs such as disease prevention, musculoskeletal disorder prevention, and smoking cessation support. It works to prevent occupational diseases and create a healthy work environment.

Health Management Programs

Category	Program	Description
Disease prevention	Healthy Pleasure Program	Promoting prevention and management activities focused on major diseases identified through employee health checkup results
Musculoskeletal disorder management	Musculoskeletal Disorder Prevention Program	Providing stretching and exercise prescription training to prevent musculoskeletal disorders among workers
Smoking-cessation support	Outreach Smoking Cessation Clinic	Cessation counseling for employees who wish to quit smoking
Emergency response training	CPR Training	Providing emergency response guidance and cardiopulmonary resuscitation (CPR) practice sessions
Mental health management	HUGIN Program	Offering healing programs to support employee mental health and job stress management

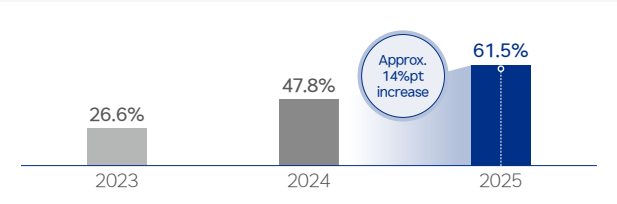
Key Activities by Site

Outreach Smoking Cessation Clinic

Ulsan Campus

To reduce smoking and create a pleasant work environment, the company runs an ‘Outreach Smoking Cessation Clinic’ program in partnership with the local public health center. In 2025, it ran a roughly six-month cessation counseling program with Dong-gu Public Health Center for employees who wished to quit smoking. The company provided tailored counseling based on each participant’s smoking habits and health status and offered cessation aids and behavioral-support items. As a result, 8 of 13 participants quit smoking, a success rate of 61.5%. This was about 14% higher than the previous year.

2025 Outreach Smoking Cessation Clinic Success Rate



Year	Success Rate
2023	26.6%
2024	47.8%
2025	61.5%

Healthy Pleasure Program

Incheon Campus

Based on employee health checkup results, the company runs the Healthy Pleasure Program, which focuses on preventing and managing conditions such as dyslipidemia, liver disease, and hypertension. In 2025, it selected 44 participants from 665 eligible employees and ran lifestyle-improvement activities such as a walking challenge, body-composition measurement, and health-information content.

Musculoskeletal Disorder Prevention Program

Gunsan Campus

The company runs a musculoskeletal disorder prevention program to prevent such disorders in workers and create a safe work environment. It provides stretching and exercise-prescription training to ease the physical strain from repetitive work and heavy-object handling on the manufacturing floor. In 2025, it ran a tailored exercise-prescription program for 40 people across three groups. It flexibly adjusted the participants when process assignments changed, expanding participation among workers in high-strain processes. Based on a preliminary survey, it built a program centered on preventing pain in the back of the neck, back, and lower back while also considering the wrists, legs, and the whole body.

The company held 14 training sessions with physical therapists and exercise specialists to guide pre- and post-work stretching and practical body-care methods for the field. This eases workers’ physical strain, prevents musculoskeletal disorders, and creates a safe work environment.



Musculoskeletal Disorder Prevention Program

HUGIN Program

Incheon Campus

The company runs the HUGIN program to manage mental health and job stress. It provides independent psychological counseling through a third-party organization and assesses employees’ stress levels. When needed, it offers healing programs for departments with higher severity. It also provides online training for customer-facing roles to support employees’ mental health. Beyond the counseling program, the company posts the HUGIN Newsletter on its internal portal each week so employees can manage stress regularly.



Health and Safety

Supplier Safety Management

Supplier Health and Safety Capability Assessment

HD Construction Equipment commits fully to evaluation, corrective action, and technical support to raise the health and safety standards of its suppliers. The company operates a health and safety management system grounded in communication and engagement with its suppliers. The standard subcontracting agreement executed at the point of contract incorporates occupational health and safety requirements. Under the standard construction subcontracting agreement, a serious accident arising from a supplier's intent or negligence constitutes grounds for cancellation or termination of the contract. The company also manages suppliers systematically by category, distinguishing between on-site contractors and off-site contractors. The company supports suppliers in building their own management systems over the long term.

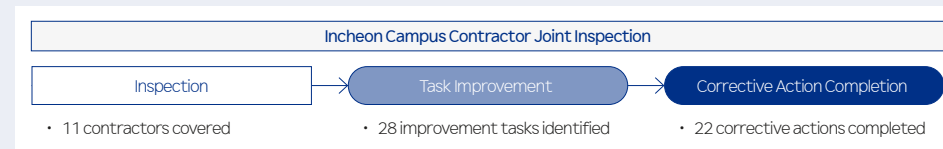
2025 Supplier Health and Safety Capability Assessment

Category	Assessment and Inspection		Other Supports
On-site contractor	Contractor voluntary safety assessment	Contractor EHS assessment and inspection	① Operating the contractor council and joint inspections
	- Conducting annual self-safety assessments for contractors - Recognizing best practices through awards	- Checking contractor health and safety management against Occupational Health and Safety Act standards - Conducting regular inspections at least once a year, with risk assessment guidance during evaluation	- Monthly contractor council meetings at each business site - Discussing workplace health and safety action plans and collecting contractor health and safety grievances - Quarterly joint inspections and technical guidance - Joint inspection coverage of 11 contractors in Incheon, 6 in Gunsan, 3 in Boryeong, and 4 in Ansan
Off-site contractor	Regular EHS assessment of off-site contractors	EHS OSA assessment for new off-site contractors	② Supporting safe-workplace development for off-site contractors
	Including health and safety criteria in regular procurement evaluations	Conducting EHS on-site assessments to verify health and safety levels when selecting new off-site contractors	- Identifying hazards at off-site contractors' worksites - Corrective actions to reduce risks from identified hazards - Joint on-site inspections and technical support for 15 off-site contractors in 2025, following pilot operations from 2023 to 2024

1) OSA : Occupational Safety Assessment

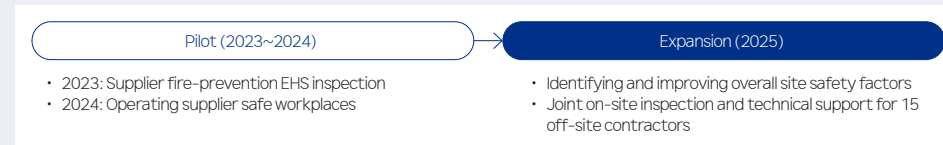
① Joint Inspection

Through joint health and safety inspections, the company identifies contractors hazards and drives improvement activities to minimize EHS risk. In 2025, it conducted joint inspections of 11 contractors at Incheon campus, 6 at Gunsan campus, 3 at Boryeong campus, and 4 at Ansan campus.



② Supporting Safe-workplace Development for off-site contractors

The company conducts safety assessments of off-site contractors to identify and improve accident hazards at work sites in advance. It analyzes the main accident types at off-site contractors work sites, selects monthly priority items, and shares prevention tips. This helps workers recognize and respond to hazards before work begins.



Health and Safety

Supplier Safety Management

Supplier Health and Safety Support Activities

HD Construction Equipment supports a range of activities that strengthen the safety capabilities of its suppliers. The company advances various support programs to reinforce suppliers' autonomous safety management capabilities, including technical support and subcontractor consultative bodies.

At the Gunsan campus, the company operates a wellness zone offering blood pressure and cardiovascular screening, enabling supplier employees to monitor their health status. At the Incheon campus, the company provides supplier employees with the same medical services as its own workforce, including specialist consultations and physical therapy. At the Ulsan campus the company provides on-site supplier employees with specialized health examinations and influenza vaccinations.

Contractor Technical Support

HD Construction Equipment has operated a support program to strengthen contractor safety capabilities since 2025. The company selects a subset of contractors at each site to receive safety management technical support. In 2025, the company ran the program for a total of 10 contractors, comprising four at the Ulsan campus, four at the Incheon campus, and two at the Gunsan campus.

Contractor Council

The subcontractor consultative body serves as a safety management structure between the company and the contractor, sharing safety management matters at the work site and discussing improvement measures. The company gathers contractors' feedback through regular consultative body meetings and shares hazards and safety management issues that may arise at the work site. From 2025, the company improved how the consultative body operates, with contractors selecting topics on a rotating basis and presenting them directly. The contractor council operates at each site. It identifies on-site safety management issues through continuous communication with contractors and advances improvement activities.

2025 Ulsan Campus - Supplier Support Program

- 1

Recruiting participating suppliers with the procurement function and providing safe-workplace guidance
- 2

Holding a safe-workplace kickoff for the program
- 3

Conducting thematic on-site diagnostics (once every two months), training, and improvement status checks
- 4

Supporting safety-capability training for supplier staff
- 5

Holding a safe-workplace improvement sharing session and sharing best practices in a newsletter

Metrics and Targets

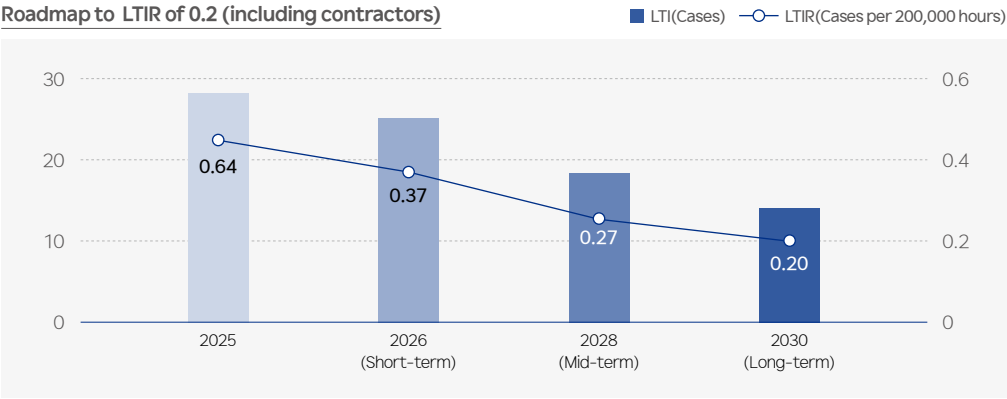
Company-wide EHS KPI Targets

HD Construction Equipment operates an EHS KPI framework that reflects both lagging and leading indicators to systematically manage employees' health and safety. The 2026 company-wide health and safety targets reflect prevention-focused metrics such as hazard identification and safety-culture level, not only accident occurrence. Based on this KPI framework, the company has set a mid- to long-term target of an LTIR of 0.2 by 2030 and plans to improve toward it in stages.

2026 EHS KPI Components



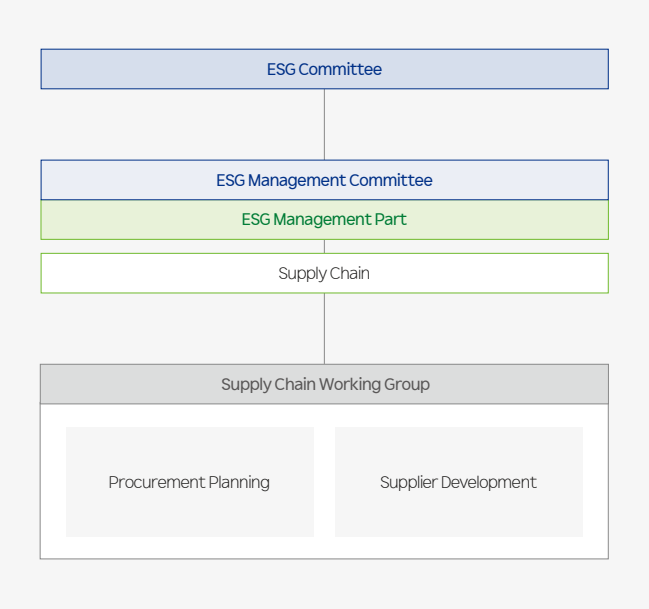
Roadmap to LTIR of 0.2 (including contractors)



Supply Chain

Organizational Structure

HD Construction Equipment operates the ESG Committee as its highest decision-making body for managing and overseeing supply chain ESG risks. The ESG Management Committee's parts and Working Groups serve as the implementing bodies. These bodies deliberate and decide on key supply chain policies and initiatives and monitor progress.



The ESG Committee reviews and approves the company’s principal ESG initiatives and management systems, including supply chain ESG management. It sets the company-wide direction for sustainability management and defines its priority initiatives.

The ESG Management Committee is chaired by the CEO and brings together senior management. It convenes three times a year to address the core issues of six parts. Among these, the supply chain part sets supplier ESG support as a key indicator and monitors implementation.

2025 Supply Chain-Related Key Agenda Items

Key Agenda Items	
1	Implementing the supply-chain ESG management support project
2	Supporting safe-workplace development for suppliers

Within the ESG Working Group, the supply chain Working Group puts the ESG Management Committee's strategy and initiatives into practice. It runs training and consulting programs to strengthen suppliers’ sustainability management capabilities. It identifies key risks through regular on-site assessments and supports tailored improvement activities. The Procurement Planning Team conducts regular ESG assessments to identify suppliers’ environmental, social, and ethical risks early and extends proactive support to suppliers that need improvement. The Supplier Development Team designs and delivers competitiveness-enhancement programs, including support for building smart factories. These programs drive data-driven productivity gains and meaningful shared growth.

Impact, Risk and Opportunity

HD Construction Equipment analyzes its potential environmental and social impacts, together with the key risks and opportunities that may affect the company’s financial position, to ensure stable and sustainable supply chain management. The company carries out response activities to address the material impacts, risks, and opportunities it has identified.

Fair-trade practices

Category	Description	Impact Level
Impact	Positive / Actual Reducing suppliers’ financial burden and contributing to a trust-based culture of fair trade	■ ■ □
	Negative / Potential Causing supplier liquidity constraints and undermining a fair trade culture if unfair supply chain transaction practices continue	■ □ □
Risks and Opportunities	Operating Cost and Efficiency Chain bankruptcies of suppliers from delayed payments cause emergency-procurement costs from parts-supply imbalances and, over time, quality decline and higher purchase prices	■ □ □
	Reputation Strengthening trust and stability across the supply chain improves long-term, partnership-based purchasing terms and stabilizes the cost structure, raising mid- to long-term profitability	■ ■ ■

Supply Chain

Supply Chain ESG Management System

Supply Chain Management Policy

HD Construction Equipment has established a Supplier Code of Conduct to identify and prevent potential ESG risks. The company has also developed a Supply Chain ESG Management Policy to put the Code into effect. The Supply Chain ESG Management Policy applies to all suppliers the company transacts with, as well as their lower-tier suppliers. It serves as the standard for identifying, assessing, and managing ESG risks that may arise across the entire procurement process for products and services.

Supplier Code of Conduct

HD Construction Equipment requires all suppliers to comply with the laws and regulations applicable to their business activities. The company has established and operates a Supplier Code of Conduct to help suppliers build sustainable operating systems across key areas, including ethics and fair trade, the environment, labor and human rights, health and safety, and management systems. The Supplier Code of Conduct defines specific compliance requirements for each area. The company discloses the Code on its website to ensure transparency. From the first half of 2026, the company has obtained supplier pledges to the Code’s key provisions at the point of contract through required attachments, including the Corporate Social Responsibility Commitment. The company requires all suppliers to submit an ethical management commitment, advancing an ethical and sustainable supply chain.

Green Purchasing Policy

HD Construction Equipment has established and operates a green procurement policy to strengthen environmental responsibility across the supply chain. The policy prioritizes eco-label certified products, low-carbon products, and high-quality recycled products. It currently applies to commercially available items, primarily facility materials and office supplies. In supplier bidding, the company factors environmental performance into its evaluation alongside quality and price. It also awards additional points to green products to expand green procurement.

2025 Green Purchasing Amount

Green purchasing¹⁾ amount

KRW 46 million in total

1) Combined green-purchasing amount for HD Hyundai Construction Equipment and HD Hyundai Infracore, including purchases of items with eco-label, low-carbon, or Good Recycled (GR) certification

Conflict Minerals

The company sets out a clear management policy in its Supplier Code of Conduct to prevent the use of conflict minerals and responsible minerals across the supply chain. The company requires suppliers to source materials from responsible sources rather than conflict-affected areas. It verifies whether conflict minerals are used when placing new orders and obtains supporting documentation for any such use. The company includes conflict mineral use in its supply chain ESG self-assessment items, requiring suppliers to classify and manage these minerals. Where overseas customers request it, the company verifies conflict mineral use through its hazardous substance management system and provides the relevant information. The company reviews supply chain risks each year through an external ESG self-diagnosis.

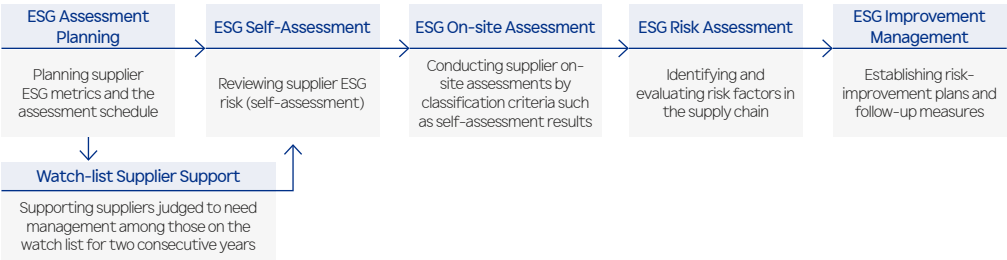
Conflict Minerals Subject to Management

Category	Subject to management
Conflict Minerals	• Tin, Tantalum, Tungsten, Gold
Responsible Minerals	• Cobalt, Mica

Assessment Overview

The company has built its supply chain ESG self-assessment with reference to the Labor Standards Act, the Occupational Health and Safety Act, and Responsible Business Alliance (RBA) standards, comprising 34 detailed areas and 82 questions, to establish a stable supply chain ESG management system. The company conducts the self-assessment for suppliers with consideration of risks by country, industry, and product. The company conducts on-site due diligence for suppliers that score below 40 points or that have not undergone due diligence in the past two years. The company provides improvement support, such as training and consulting, to suppliers flagged for close management, and reflects ESG assessment results in their overall ratings. For suppliers with material ESG risks or below set thresholds, it is reviewing penalties such as suspending transactions or restricting ESG-related financial support. This approach aims to drive voluntary improvement and raise ESG standards across the supply chain.

ESG Assessment Process



Supply Chain

ESG Assessment

Self-Assessment

In 2025, the company conducted the self-assessment for 598 suppliers through online survey responses and the submission of supporting documentation. The company carried out support activities through advance monitoring for the 15 suppliers classified as high-risk in the prior year. In the assessment results, suppliers requiring close management that scored below 40 points and were classified for due diligence decreased by 5.6 percentage points year on year. Top-performing suppliers scoring 70 points or above increased by approximately 5.4 percentage points year on year. Across the supplier base, the company identified improvement needs in managing greenhouse gas emissions within the environmental area and in responsible material procurement within the ethics area. The company plans to support the identified gaps through measures such as on-site consulting.

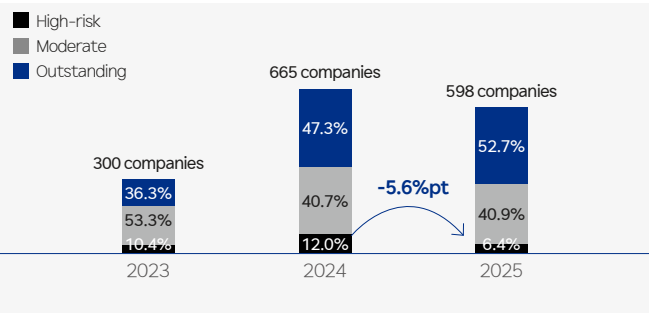
Assessment metrics

Area	Description
Labor and Human Rights	Forced and voluntary labor, child and young workers, working hours, wages and benefits, and non-discrimination
Health and Safety	Industrial safety systems and training, emergency response, and industrial accidents
Environment	Hazardous-substance management, water management, waste treatment, air pollutants, and energy and greenhouse-gas emissions
Ethics	Anti-corruption, conflict-of-interest prevention, and unfair-trade prevention
Management Systems	Requiring code-of-conduct compliance, and performance review and monitoring

On-site Assessment

HD Construction Equipment selected a total of 132 suppliers for on-site due diligence, taking into account self-assessment scores and due diligence performance over the past two years. The company conducted on-site due diligence through procedures including document reviews, interviews with responsible personnel, data reviews, and site visits. As a result, the company identified an average of more than one improvement task in each area, including the environment, labor and human rights, health and safety, ethics, and management systems. The company established improvement plans and monitored implementation results for all suppliers subject to on-site due diligence, including the 38 suppliers classified as requiring close management.

Three-year trend in self-assessment grade distribution



Watch-list supplier meeting

Shared Growth

Support Programs

HD Construction Equipment operates a range of supply chain support programs to advance shared growth with its suppliers. The company provides financial support to ease cash flow and offers tailored financial programs to suppliers facing liquidity stress, strengthening their management stability. The company also strengthens suppliers' self-sustaining capabilities through management consulting and training support. On this basis, the company continues to build a sustainable supply chain centered on long-term partnerships.

Shared Growth Support Programs

Support Programs	Details
Financial Support Programs	Loan support ESG / Shared Growth Fund ①
	Guarantee support Shared Growth Network Loan
	Joint-project guarantee
	Shared-growth agreement guarantee
	PDF loan
Management Support Programs	General loan
	Facility-Investment Funding Support ②
	Supply-chain ESG management diagnosis
	Technology protection / technology escrow
	Benefit-Sharing Program ③
Training Support Programs	Smart Factory MES ¹⁾ ④
	Specialized Job Skills ⑤
	Production and quality
	Safety course
	Production Innovation ⑥
	ESG (Common) ⑦

1) MES: Manufacturing Execution System

Supply Chain

Shared Growth

Financial Support Programs

1 ESG / Shared Growth Fund

HD Construction Equipment establishes special funds, including an ESG fund and a shared growth fund, in connection with its supply chain ESG management system, and operates a low-interest support scheme for suppliers. Eligibility extends to suppliers that have participated in the ESG self-diagnosis and on-site due diligence. Suppliers classified as high-risk under the supply chain ESG management system assessment are excluded. As of the end of December 2025, the company operated an ESG fund of approximately KRW 18 billion and a shared growth fund of approximately KRW 118 billion, providing a total of KRW 123.2 billion in support.

2 Facility-Investment Funding Support

HD Construction Equipment operates a facility investment funding scheme to enhance suppliers' productivity and competitiveness. The scheme provides investment funding to strengthen suppliers' production base, including facility expansion, capacity growth, and new development. The Facility Investment Review Committee reviews the supplier and the need for investment. The company then makes its decision with comprehensive consideration of financial soundness and investment feasibility. In 2025, the company provided approximately KRW 6.1 billion in facility investment funding.

1) POP: Point Of Production

2) IoT/IoS: Internet of Things / Internet of Safety

3) CPS (Cyber-Physical Systems): Systems that integrate physical objects with the internet to exchange data and automatically control physical environments

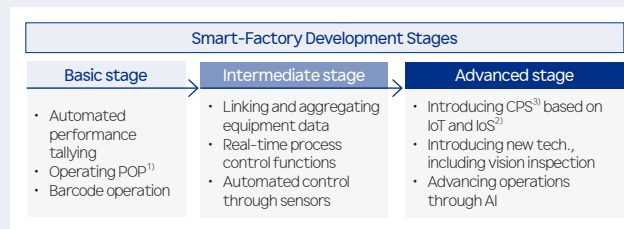
Management Support Programs

3 Benefit-Sharing Program

HD Construction Equipment operates a benefit-sharing program to strengthen sustainable supplier partnerships and create shared outcomes. The program supports suppliers' growth and competitiveness by carrying out joint projects and sharing the resulting outcomes. The company advances projects reflecting supplier proposals across areas such as new model development and quality improvement, pursuing technological innovation and productivity gains in parallel. It plans to extend the program to all suppliers, building a sustainable model for win-win cooperation.

4 Smart Factory MES

HD Construction Equipment operates a smart factory program to strengthen suppliers' manufacturing competitiveness and productivity through digital transformation. In 2025, the company deployed Manufacturing Execution Systems (MES) for 20 suppliers, bringing cumulative support to 85 suppliers. This helps suppliers gain production visibility, strengthen quality management, and improve operational efficiency. The program will expand to all 129 members of the Integrated Win-Win Cooperation Council and eventually to all suppliers, evolving beyond system adoption to AI-driven enhancements that further strengthen suppliers' digital capabilities.



Training Support Programs

5 Specialized Job Skills

HD Construction Equipment delivered specialized job training to supplier employees across seven courses, providing practical training in areas such as the inspection of construction equipment, including excavators and wheel loaders, and welding and painting techniques. The company also delivered training to 21 employees across 15 suppliers to strengthen capabilities in AI transformation and digitalization.

6 Production Innovation

HD Construction Equipment delivered training on HDPS fundamentals and behavior-based safety management to a total of 63 employees across three sessions, contributing to suppliers' productivity innovation and the capability development of their employees.

7 ESG (Common)

In 2025, the company delivered training on field ESG practices and trends in environmental impact reduction technologies to 40 employees across 20 suppliers, and training on the practical understanding of the ISO 9001 and ISO 14001 integrated management systems to 32 employees across 25 suppliers.



Supplier quality-management certification training

Supply Chain

Supply Chain Communication

Supplier Council

HD Construction Equipment operates a Supplier Council to strengthen communication and mutual cooperation among its suppliers. The Company broadens its engagement with overseas suppliers through meetings and invitational events, maintaining substantive dialogue on key topics, including quality management metrics. In 2025, the Company held semi-annual meetings with the next-generation leaders of its suppliers by region, covering corporate philosophy, future strategy, and the latest trends in business, technology, manufacturing, and ESG. The Company also convened an R&D meeting to share its development roadmap and processes, and to collect improvement feedback from suppliers.

Communication Channels

HD Construction Equipment operates a supplier unfair trade consultation channel to embed a fair trading culture and protect the rights and interests of its suppliers. Through this channel, suppliers can report unfair practices or instances of misconduct and corruption arising during transactions, anonymously, via the ethics management website of HD Hyundai, an independent third-party entity. The company operates an online communication channel to listen to and resolve suppliers' management difficulties. Suppliers' grievances are reported directly to the CEO and division heads, and the identity of the reporting party is kept strictly anonymous.

-  [HD Construction Equipment Hot-Line](#)
-  [HD Ethics Management Reporting Channel](#)

Hot-Line Process



Types of Supplier Grievances

Category	Grievance type
Transaction-related difficulties	- Excessive demands on ordering and delivery - Delayed payment and settlement issues
Safety and work-environment issues	- Conflicts with workplace safety rules - Requests or instructions for hazardous work
Cooperation and communication difficulties	- Issues collaborating with buyers - Unclear technical and quality requirements - Improvement requests not reflected, and repeated confusion

Metrics and Targets

HD Construction Equipment has established medium-to-long-term targets through 2030, taking into account the practical allocation of resources at the operational level, ESG management trends and stakeholder requirements, and alignment with the company's ESG management strategy and its approach to supply chain ESG management.

Supply Chain ESG Management Roadmap

		2025	2026	2028	2030
		Establishing the ESG management system	Expanding ESG management diagnosis	Advancing ESG management diagnosis	Settling ESG management diagnosis
ESG Policy	Goal	Building the ESG management foundation	Building ESG management consensus	Building an ESG management system across the value chain	Advancing and stabilizing ESG management across the value chain
	Strategy	Revision reflecting the latest trends and global assessment criteria	An approach centered on ESG training and assessment	Expanding ESG improvement and monitoring	Integrating ESG into purchasing policy and fostering a voluntary ESG management culture
ESG Assessment	Target	Domestic KRW 100 million or more, overseas KRW 500 million or more (by transaction value)	Major domestic and overseas suppliers	All domestic and major overseas suppliers	All domestic and overseas suppliers
	Item	Establishing metrics based on domestic law	Establishing supply-chain ESG metrics (linked to laws such as CSDDD)	Improving metrics (supplementing industry-specific indicators)	Advancing metrics (refining the assessment scale and advancement)
	Frequency	Once a year	Once a year (ongoing monitoring of the high-risk group)	Once a year (twice a year for the high-risk group)	

Customer Value

Quality Management System

Quality Management Operating System

Quality Charter

HD Construction Equipment established a Quality Charter to deliver world-class quality, pursue creative quality activities, and achieve customer satisfaction. All members of the company and its suppliers strengthen trust and communication with customers based on the Quality Charter and work to deliver the best products and quality.

1	Proactively applying future technologies for differentiated product competitiveness and quality
2	Securing quality consistency through a smart-factory-based global production system
3	Building a Quality Value Chain through strong supplier quality partnerships
4	Continuous quality innovation by strengthening Big Data-Driven Quality

Company-wide Integrated Quality

HD Construction Equipment regularly holds a CEO-led executive quality meeting (weekly) and an integrated quality meeting (monthly) to review key quality metrics and performance. Executives and staff from major operations such as Seongnam, Incheon, and Ulsan take part to share quality issues and improvement tasks and to derive actionable responses through cross-functional collaboration.

In 2026, the company sets Warranty Cost (WC) as a key management metric to reduce quality costs and links this to profitability improvement to strengthen quality competitiveness.

Quality Management Metrics

Quality metric	Metric description
IQ(Initial Quality)	• Number of defects within the first 200 hours
WQ(Warranty Quality)	• Number of defects during the warranty period
WC(Warranty Cost)	• Failure cost from defects

Quality Management System

ISO 9001 Certification

HD Construction Equipment operates a quality management system systematically to achieve market- and customer-centered quality management. It secures the effectiveness and reliability of the system through ISO 9001 certification, an international standard. A total of 12 sites maintain ISO 9001 certification. The company reviews the system's conformity and operational standard through annual surveillance audits and continues to advance its quality management system.

QMS Internal Audit Tool Kit

HD Construction Equipment conducts an internal Quality Management System (QMS) audit once a year to verify conformity with ISO 9001 requirements and to ensure the effective operation of the quality management system. The company reviews key items, including risk prevention activities, KPI management, employee capabilities, and adherence to work standards, using a self-audit toolkit based on ISO 9001:2015. The company advances corrective actions and ongoing improvement activities on the basis of the audit results.

Quality Training

HD Construction Equipment operates a quality management system training course to raise employees' quality management awareness and improve their understanding of ISO 9001 requirements. The company provides proactive training to the ISO 9001 and QMS key personnel in each team to strengthen capabilities in responding to internal and external audits.

Quality Management System Training

Program	Key Content	Target	Training Method
Quality Management System Understanding	• Module 1. Understanding quality management • Module 2. ISO 9001 Basic understanding • Module 3. ISO 9001:2015 Quality, all employees requirements	Construction equipment, engine, procurement, and quality employees	Online

Quality Enhancement Activities

Strengthening Market Quality Competitiveness

Strategy

HD Construction Equipment strengthens its market quality competitiveness on the basis of an integrated quality management system spanning the entire process of development, manufacturing, market, and after-sales management. At the development stage, the company prevents quality risks in advance by securing advanced quality. At the manufacturing stage, it minimizes defects by embedding quality into the process. The company also advances ongoing quality improvement and greater customer trust through Voice of the Customer (VOC)-based market response and a data-driven quality management system.

Key Activities by Strategy

Development	• Securing pre-production quality stability by verifying quality risks from the early development stage of next-generation models and ODM equipment • Securing advanced quality assurance for changes in design, materials, and processes of key components and minimizing quality variation
Manufacturing	• Gradually expanding full-inspection through smart quality inspection • Standardizing quality systems and processes across global production sites
Market	• Rapid issue sensing and efficient improvement through integrated regional field quality management • Expanding the sensing scope to sales quality-improvement requests beyond claim-based criteria
Management	• Establishing and expanding an SPC-based process data collection and analysis system and detecting process anomalies in advance • Securing quality stability by establishing a prior approval and management system for quality variation factors, including workforce, equipment, materials, and processes

Customer Value

Customer Value Enhancement Technology

Improving Customer Convenience

Hi MATE · MY DEVELON

HD Construction Equipment operates a digital service platform that integrates the management of the entire construction equipment lifecycle. Based on Telematics System (TMS) data, the platform provides real-time information on equipment location, operating hours, fuel consumption, and fault codes. When anomalies arise, the company responds promptly with dealers and service teams, enhancing preventive maintenance efficiency. It also provides maintenance histories, consumables information, and technical documents through an integrated web and mobile interface. The platform operates as Hi MATE for the HYUNDAI brand and MY DEVELON for the DEVELON brand. The company plans to expand data-driven functions such as digital keys, predictive maintenance through Prognostics and Health Management (PHM¹⁾), and AI-based remote diagnostics, further strengthening the stability and efficiency of equipment operation.

1) PHM : Prognostics and Health Management

Digital-Service-Based Construction Equipment Life-Cycle Management



Key Service Features Launched by Region

Key service	Features ¹⁾
Equipment maintenance	- Estimating consumables for maintenance - Requesting service and checking status
Online parts shop	Online parts sales (dealer to customer)
Premium	Paid sales of digital products (HQ to global dealers and customers)
Library	Providing operation manuals for owned equipment
Communication	Responding to customer Q&A
Other	Underground-object detection

1) Available features may differ by market

HYUNDAI AND DEVELON INTEGRATED GLOBAL UPTIME CENTER

HD Construction Equipment operates the Uptime Center, a digital remote support hub that monitors customer equipment in real time. It resolves issues quickly through remote fault diagnosis and support. The center also draws on big data to anticipate anomalies, issue automatic alerts, and guide non-contact maintenance through AR and VR. These capabilities raise equipment uptime, improve service quality, and strengthen customer satisfaction.

Telematics System(TMS)

The company uses TMS to collect and analyze key operating data in real time, including the location, operating hours, fuel consumption, and fault codes of equipment in the field. This enables the company to identify potential quality risks at an early stage. In coordination with its call center, the company uses this data for quality improvement and customer response. Its service request feature assesses maintenance needs in advance and supports proactive action, shortening service lead times. The platform also provides maintenance alerts based on equipment operating hours, enhancing operational stability through timely information. In addition, PHM technology detects early signs of anomalies in key components and predicts the optimal maintenance timing, sustaining equipment efficiency and customer satisfaction.

Digital Key

The company applies digital key technology to its next-generation construction equipment, enhancing operational convenience, security, and efficiency. Operators can start the engine, lock and unlock the machine, and control access through digital devices such as smartphones. Remote ignition linked to the MY DEVELON platform strengthens operational flexibility and accessibility. A cloud-based authentication system prevents unauthorized use, and remote management of access rights for each machine and user improves equipment management and on-site productivity.

Key Features of the Digital Key

Function area	Core function
Equipment information	Checking equipment information such as remaining fuel and remote-control usage history
Equipment status lookup	Checking equipment status for remote control, such as communication status, remote start, and cabin door
Settings menu	User settings for remote control, such as remote-start duration and surrounding warnings
Equipment control menu	Control buttons for the cabin door, start, lamps, and climate control

Weighing

The company applies weighing technology to its next-generation construction equipment to improve loading accuracy and operational efficiency. Using data from the hydraulic and angle sensors built into wheel loaders, excavators, and other machines, the company measures bucket load in real time. This data is linked to the MY DEVELON platform and provided as productivity indicators such as cumulative load volume, number of operations, and average load per cycle. This enables customers to quantify each machine's efficiency, protect equipment by preventing overloading, and ensure regulatory compliance. Data-driven output management and haulage planning strengthen the digitalization of on-site operations.

Customer Value

Customer Value Enhancement Technology

Improving Customer Safety

Product Safety Training

As electrified construction equipment becomes more widely adopted, HD Construction Equipment has developed and run a High-Voltage Handling and Safety Management training program since 2024 to strengthen on-site safety. The program is structured in stages, from Level 1 for entry-level handlers to Level 2 for specialized operators. Its curriculum is comprehensive, ranging from theory on high-voltage systems to hands-on practice with actual electrified equipment. The program is open not only to employees but to anyone working in the field, including suppliers, customers, and partner institutions. The training prevents accidents that can occur when handling high-voltage equipment and systematically sharpens operators' ability to respond to hazards. The Human Resources Development Service of Korea, under the Ministry of Employment and Labor, has recognized the program by designating the company as an operator under the Government-Recognized Corporate Qualification Scheme, an external endorsement of its expertise and credibility. Going forward, the company will continue to refine the program and extend it to its global sites and suppliers, raising awareness of and capabilities in product safety.



Global Training Center opening ceremony

Product Safety Performance Monitoring

HD Construction Equipment conducts field demonstrations in partnership with a range of institutions and construction firms at home and abroad to verify the effectiveness of its smart safety technologies for construction equipment. Internationally, the company successfully completed a smart safety technology demonstration at an active construction site on the Seine canal, as part of the Stop Collision project led by France's Occupational Risk Prevention Organization for the Construction Industry (OPPBT), under the French Ministry of Labour. In Korea, the company signed a memorandum of understanding with a major construction firm to jointly develop and apply smart safety technologies for construction equipment. Under this agreement, the company is pursuing technical consultation and standardization to embed safety devices from the manufacturing stage, alongside demonstrations at actual sites. The company continuously incorporates the field data and operational feedback gathered through these collaborative demonstrations into improvements in product safety performance. By expanding the reach of its safety technologies, the company will raise the real level of safety on construction sites.



Product safety monitoring site

Safety Technology Development

HD Construction Equipment applies and develops smart safety technologies to minimize structural safety risks, recognizing that construction sites bring heavy equipment and workers together in the same space. Through analysis of field accidents, the company has identified collisions, obstructed visibility, falls, and tip-overs as the principal hazards. It is strengthening a prevention-centered safety management system through smart safety technologies that address each of these risks.

Smart Safety Technologies by Accident Type

Accident Type	Risk Factor	Response technology
Collision	Collision warning and avoidance not working during reversing or slewing	1 E-STOP
Obstructed vision	Failure to detect workers when moving forward, reversing, or slewing	2 See-through Bucket and SAVM ¹⁾
Falls and overturning	Unavoidable direct deployment of the operator to the site	3 Remote control

1) SAVM: Smart Around View Monitoring



MOU for the joint development and application of smart safety technologies

Customer Value

Customer Value Enhancement Technology

Improving Customer Safety

1 E-STOP

HD Construction Equipment is advancing safety detection technologies to reduce the risk of collisions on the work site and strengthen proactive safety response. Combined sensors such as cameras and radar detect objects around the equipment and help operators recognize hazards quickly. In particular, the Active Stop function automatically slows or halts the equipment in hazardous situations, reinforcing safety. The company is refining the technology to ensure reliable object recognition even on unpaved ground and in high-vibration environments. It is also extending recognition beyond people to equipment and other objects, raising the overall standard of site safety management.



2 See-through Bucket/Transparent Bucket·SAVM

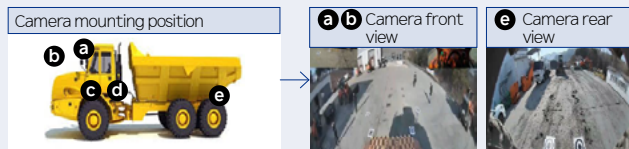
See-through Bucket/Transparent Bucket

HD Construction Equipment applies see-through bucket technology to minimize forward blind spots on the work site and improve both safety and operational efficiency. By combining camera footage from the upper and lower sections of the wheel loader, the technology visualizes obscured areas and helps operators maintain a clear field of view. It is particularly valuable in preventing accidents during loading, unloading, and travel. AI-based object recognition and steering-linked functions also detect hazards along the work path and provide more precise safety assistance.



SAVM

HD Construction Equipment applies Surround-View Monitoring (SAVM) technology to reduce the risk of collisions on the work site. The system integrates footage from seven cameras, covering the upper and lower front, the left and right, the corners, and the rear, to provide a real-time view of blind spots, with the display switching automatically according to the equipment's movement. AI-based pedestrian recognition and sensor-linked alerts further help operators recognize hazards and enhance site safety.



3 Remote control

HD Construction Equipment is working to commercialize remote control technology to minimize the risk of falls and tip-overs on construction sites and improve operational efficiency. The technology draws on wired and wireless communication and on camera and sensor data from the equipment to provide a real-time view of site conditions, allowing operators to control the equipment from a remote station. This reduces exposure to harsh working conditions such as noise, dust, and vibration, and strengthens site safety by removing the need to operate the equipment on board.

Case 1

Through a joint technology-development agreement with POSCO E&C in 2025, HD Construction Equipment carried out Korea's first construction-site demonstration of remote-control technology for a breaker-mounted excavator. Conducting the demonstration in an environment with strong weather effects and limited access, the company secured productivity similar to human operation. It also confirmed improvements in minimizing work stoppages and reducing operator fatigue.



Case 2



In 2025, HD Construction Equipment ran tests to verify the remote-control system's functions and reliability in an actual equipment-operating environment, and the field pilot confirmed that the system operated stably. It also confirmed that, once operators adapted to remote operation, they could achieve productivity similar to onboard operation in simple repetitive tasks such as loading common aggregate like gravel onto trucks.

Customer Value

Customer Value Enhancement Services

Improving Customer Response

AI Call Center

HD Construction Equipment operates an advanced AI call center to improve the speed and quality of customer response. Based on Speech-to-Text (STT¹⁾), Natural Language Understanding (NLU²⁾), and generative AI, it provides real-time responses to fault reports, service bookings, and technical inquiries. It maintains a response system through the 'Hyundai Connect' app and the call center. It also continuously improves response accuracy and service quality based on customer-inquiry data and VOC analysis.

1) STT : Speech-to-text

2) NLU : Natural Language Understanding

Parts Distribution Center (PDC)¹⁾ Operation

HD Construction Equipment operates regional Parts Distribution Centers (PDCs) to provide fast and stable parts supply to global customers and dealers. As key logistics hubs in their regions, the PDCs minimize equipment downtime and improve supply efficiency through proactive securing of key parts, appropriate inventory management, and emergency-order response.

1) PDC: Parts Distribution Center

Field Survey

HD Construction Equipment runs regional field surveys for global dealers and end customers to collect VOC directly from the field and link it to quality-improvement activities. The collected VOC is quickly reflected as improvement tasks through cross-departmental collaboration and the integrated quality meeting, and the company drives improvements in customer-perceived quality through region-specific responses. In 2025, it collected 125 VOC items through nine field surveys, completed improvements for 94 of them for a 75% improvement rate, and is currently improving the remaining 31.

Customer Satisfaction Measurement and Management

HD Construction Equipment sets Mean Time to Repair (MTTR¹⁾), Customer Claim Resolution Rate (CCRR²⁾), and customer satisfaction and Net Promoter Score (NPS³⁾) as key service metrics to systematically manage customer-response quality. Through MTTR, it manages the response speed from the onset of an equipment problem to normal operation and the efficiency of the overall process. At the point of service completion, it conducts a messenger-based satisfaction survey that collects both a five-point rating and written comments. It reviews the level of customer experience through integrated analysis of the quantitative and qualitative data and performs root-cause analysis and improvement measures for low-satisfaction responses. It also shares recurring key issues with relevant departments to reflect them in service-quality improvement. This builds a virtuous cycle in which faster response leads to customer satisfaction, continuously strengthening service-quality competitiveness.

1) MTTR: Mean Time to Repair

2) CCRR: Customer Claim Resolution Rate

3) NPS: Net Promoter Score

Global PDC Operations by Brand

Brand	Countries operated	Number of PDCs
HYUNDAI	9 countries	10 centers
DEVELON	9 countries	11 centers
ALL	11 countries	21 centers

Honorary Director Program

HD Construction Equipment operates an Honorary Director program for its domestic customers to strengthen lasting relationships of trust with its most valued customers. The company selects these customers based on criteria such as equipment purchase history and customer loyalty, expressing its appreciation through a range of support programs, including equipment purchase discounts, complimentary consumables, referral benefits, and invitations to cultural and sporting events. In 2025, the company selected a total of 75 Honorary Directors and held an appointment ceremony. The company also renamed its mobile inspection service Comfort Care. From August to October 2025, it inspected 75 machines owned by Honorary Directors, checking key functions, oil leaks and loosening, and battery condition. Alongside this, the company conducts special inspections for underserved regions, improving customer access and working to ensure stable equipment operation and strengthen its hands-on, on-site service.



2025 HD Construction Equipment Honorary Director Appointment Ceremony

Customer Value

Service Training

End-User Training

HD Construction Equipment operates an e-learning platform, saba (HCE ENGINE UNIVERSITY), to strengthen the engine service capabilities of its global dealers and customers. The platform brings together a wide range of training content, from engine service instruction to guidance on using fault diagnosis devices, and offers a tiered curriculum that builds field service capabilities systematically. It also broadens access for learners worldwide through multilingual content produced with generative AI. By expanding its practice-oriented courses, the company is helping to raise the quality of its service globally.



e-Learning training video

Sales Subsidiary Workforce Training

Service quality at customer contact points has an important effect on customer experience and trust. HD Construction Equipment regards building the capabilities of sales-subsidiary employees as a key element of realizing customer value and provides various training.



Technical training session

The company offers technical and new-model training to deepen the expertise and field readiness of sales subsidiary service personnel and to elevate the level of service customers experience. In 2025, the company delivered service training on next-generation models such as the HX400 and DX240, after-sales training for dealerships, and beginner and intermediate technical courses, strengthening maintenance skills and safety management capabilities and improving readiness for the latest technological changes. The company also provides practice-oriented training for new employees, covering business etiquette and product knowledge alongside practical sales know-how and the handling of used equipment, easing their integration into the organization and sharpening their field readiness.

Inspector and Technician Training

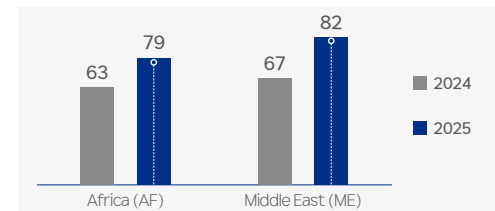
Construction equipment inspection and maintenance bodies, such as the Korea Construction Equipment Safety Management Institute, perform inspection and maintenance services at the closest point of contact with end users, and they can directly shape the quality customers experience. HD Construction Equipment classifies these bodies as key stakeholders. As part of the National Human Resources Development Consortium, the company runs field technical workshops to develop hands-on experts at partner companies. In 2025, the company delivered practice-oriented training to approximately 80 participants across four sessions, covering the use of inspection instruments, equipment-specific checks, and process improvement. This contributed to greater inspection reliability and safety awareness. The company plans to expand these workshops into a regular program. In partnership with the Korea International Cooperation Agency, the company is also developing training to cultivate technical talent in environmental impact reduction and smart construction equipment, in collaboration with a local partner university in Vietnam. The company is broadening its locally tailored support, including the provision of maintenance and parts materials and the delivery of training programs for local technicians. Building on greater product understanding and the development of specialized talent, the company continues to enhance the quality of its global customer service and strengthen its brand competitiveness.

Global Dealer Training

Global dealers communicate closely with end users across the entire process of equipment sales, maintenance, and customer response, and their capabilities can influence end-user satisfaction. HD Construction Equipment continues to expand dealer capability training to raise customer satisfaction. In 2025, the company delivered capability training to 256 participants across 277 sessions in every region worldwide, including key markets such as Saudi Arabia, Ghana, and Mongolia. The training is tailored to the characteristics of each region. Its field-oriented curriculum raises dealer service standards and supports capability development over the long term.

To strengthen dealer capabilities, the company runs training programs centered on six areas: performance, organization, operations, administration, education and training, and facilities. It conducts an annual dealer assessment based on the Hyundai Dealer Service Audit Tool (H-DSAT) to measure service standards quantitatively. Through this training and the resulting gains in dealer capability, H-DSAT scores in the Middle East (ME) and Africa (AF) regions rose by approximately 15 points year on year in 2025.

H-DSAT-Based Global Dealer Capability Assessment Results

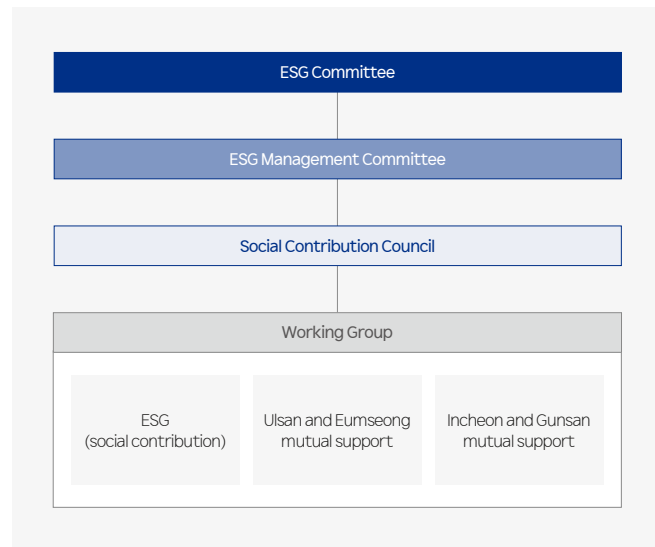


Local Community

Local Community Management Framework

Social Contribution Governance

HD Construction Equipment manages charitable giving and community engagement through the ESG Committee within its Board of Directors, ensuring transparent and appropriate execution and systematic oversight. The ESG Management Committee deliberates and resolves on key community engagement plans and initiatives. It reports these items to the ESG Committee to align them with the Board's strategic direction. At the operational level, the ESG Team and the mutual support teams at each site carry out community engagement activities. Each site organization runs programs that reflect local characteristics while maintaining consistency with the company-wide strategy.



Social Contribution Strategy

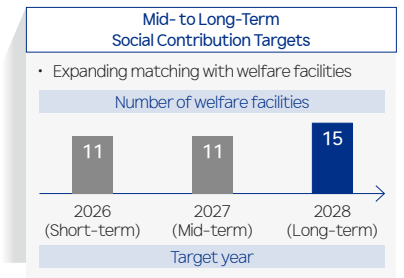
HD Construction Equipment pursues social contribution under HD Hyundai's vision of "A Better World, A Brighter Future," centered on three priority areas: shared growth with local communities, self-reliance support and care for vulnerable groups, and environmental protection. The company set its 2025 social contribution strategy around integrated activities across the construction equipment division, division-level leadership-driven and themed volunteering, support initiatives such as technical exchange and cooperation agreements with government and military partners, and ESG-linked community cooperation projects. These activities build on HD Hyundai's shared social contribution direction while taking a differentiated approach that reflects HD Construction Equipment's own identity and business characteristics. The company aims to broaden the scope of its cooperation going forward by matching with welfare facilities.

HD Hyundai Social Contribution Strategy Direction

A Better World, A Brighter Future			
Direction	An Inclusive HD Hyundai	A Sustainable HD Hyundai	An Innovative and Action-Oriented HD Hyundai
	HD Hyundai aims to improve the human rights and quality of life of socially vulnerable people so that all members of society are respected equally, regardless of their diverse backgrounds.	HD Hyundai understands and takes responsibility for its social, economic, and environmental impacts to pursue sustainable development.	HD Hyundai explores innovative ideas to solve increasingly diverse and complex social problems and actively puts them into practice.
Priority area	Community Shared Growth	Self-Reliance Support and Care for Vulnerable Groups	Environmental Protection
	Carrying on the founder's spirit to create a happy living foundation where the company and the community grow together.	Building a foundation for economic self-reliance and improving quality of life by providing diverse educational opportunities and improving living conditions	Contributing to the community's sustainable development and the health and safety of future generations through environmental conservation and improvement

HD Construction Equipment Social Contribution Strategy

1 Construction Equipment Division Integrated community engagement	2 Division-level leader-driven /theme-based volunteering	3 Government- and military-linked technology exchange and cooperation projects	4 ESG-linked community cooperation projects
Running integrated social contribution projects for the construction-equipment division and employee-participation volunteering	- Department leader-led volunteer programs - Employee feedback collection and a culture of voluntary participation	Specialized community activities, technology exchange, and talent-development cooperation linked with government agencies and the military	- Community based biodiversity conservation activities - Employment-linked support and volunteer activities for persons with disabilities



Local Community

Social Contribution Activities

Social Contribution Governance

HD Construction Equipment carries out its social contribution around three strategies, namely support for the self-reliance and care of underserved groups, shared growth with local communities, and environmental protection. Through volunteering, donations, and mentoring programs driven by employees' voluntary participation, the company improves the quality of life of underserved neighbors in local communities. It strengthens its ties with the Incheon, Gunsan, and Ulsan communities in particular and grows together with them.

Social Contribution Activities and Results

Priority Area	Social Contribution Activities	Activity	Key 2025 Results
Self-Reliance Support and Care for Vulnerable Groups	① Home Remodeling Project for National Patriots	• Improving aging housing for national veteran households	KRW 150 million for 3 households (about KRW 50 million each)
	'Sweet Home' housing improvement project	• Housing improvements for hoarding disorder households in Dong-gu, Incheon	KRW 10 million in donations
	Holiday and integrated community donations	• Donating daily necessities to welfare facilities at major sites (Seongnam, Incheon, Ulsan, Gunsan, Eumseong)	KRW 1.37 billion in donations
	Charity briquette and kimchi-making events	• Kimchi-making and briquette-sharing events at major sites	7,500 briquettes shared, 30 participants
	1% Sharing Foundation Happy Supporters	• Donations and volunteering at welfare facilities by major site	KRW 138 million in donations
	Inclusive employment and volunteer programs for persons with disabilities	• Employee volunteer activities and natural soap donations in partnership with Mileal Green Sheltered Workshop	About KRW 188 million per year
Community Shared Growth	Green bicycle donations	• Recycling discarded bicycles and making and donating shared bicycles in the community	More than 100 made and donated
	Memorial Month volunteering	• Gravestone maintenance, national flag and floral placement, and cleanup at Seoul, Yeongcheon, and Goesan National Cemeteries	About 120 employees participated
	② Wildfire Recovery Support	• Deployed construction equipment and personnel for wildfire response in Uiseong, Yeongdeok, and other affected regions	Excavators and personnel deployed
Environmental Protection	③ Construction Equipment Maintenance Workforce Development Program (Hi-NextGen)	• Practice-focused maintenance training for active-duty Army and Air Force officers, veterans, and construction-equipment majors	37 graduates across 5 cohorts (100% employment rate)
	National park environmental-protection activities by site	• Cleanup, restoration, and habitat conservation for cultural heritage and protected species at Bukhansan Uiryeong Trail, Gyeongju, and Byeonsan Peninsula National Parks	KRW 100 million donations
	Adopt-a-Beach and community cleanups	• Adopt-a-Beach cleanups, dune restoration, and tree planting in Incheon, Gunsan, and Ansan	270 employees participated, 920 volunteer hours
	④ Black-faced Spoonbill Habitat Conservation	• Partnered with Incheon to protect black-faced spoonbills and local biodiversity at Namdong Reservoir through cleanup and ecosystem restoration	KRW 30 million donated in total
	Beautify-the-Village tree-planting campaign	• Flower-planting campaign with residents and senior gardeners in Hwasu Garden Village, Incheon	Planting 150 hydrangeas and 100 liriopie in 10 planters and about 80 bags in flower beds
	Community cleanups	• A campaign to collect trash and waste in urban areas near the Gunsan plant	Once a year, about 30 participants
	Community Engagement Recognition certification	• Contributing to community revitalization based on HD Construction Equipment's cleanups and other activities	Incheon campus certified in 2024; Seongnam, Ulsan, and Gunsan campuses certified in 2025

Self-Reliance Support and Care for Vulnerable Groups

① Home Remodeling Project for National Patriots

HD Construction Equipment has signed an annual cooperation agreement with the Ministry of Patriots and Veterans Affairs since 2021, carrying out improvements to aging living environments to honor national merit recipients and veterans' families. In 2025, marking the 80th anniversary of National Liberation and the 75th anniversary of the Korean War, the company remodeled the residences of three national merit recipient households and supported the replacement of home appliances and household goods. The company will continue this support to contribute to the housing stability and welfare of national merit recipients and veterans' families.



Home Remodeling Project for National Patriots



HD Hyundai Global Volunteer Week 2025

Local Community

Social Contribution Activities

Community Shared Growth

2 Wildfire Recovery Support

In March 2025, HD Construction Equipment carried out social contribution aligned with the nature of the construction equipment business to support recovery in wildfire-affected areas nationwide, including Ulju in Ulsan, Sancheong in Gyeongnam, and Uiseong in Gyeongbuk. The company deployed excavators and specialist personnel to support firefighting and recovery work. It also provided two additional excavators to Yeongdeok-gun in Gyeongbuk for debris clearance and recovery. This followed the emergency deployment of 20 excavators during the major East Coast wildfires in 2022, drawing on the company's expertise in operating construction equipment to provide tangible support at disaster sites. The company plans to continue providing rapid equipment and personnel support during disasters, contributing to shared growth with local communities.

3 Construction Equipment Maintenance Workforce Development Program (Hi-NextGen)

HD Construction Equipment operates Hi-NextGen in partnership with community stakeholders, including the Veterans Support Center of the Ministry of Patriots and Veterans Affairs and the Department of Special Construction Machinery Engineering at Gumi University. The program forms part of the National Human Resources Development Consortium run by the Ministry of Employment and Labor. It provides practice-oriented training in construction equipment maintenance, operation, welding, and service quality management over approximately two months (258 hours), cultivating maintenance talent tailored to the industry and connecting graduates to employment with suppliers. In the first half of 2025, 10 trainees completed the fifth cohort and all secured employment with suppliers. Since opening in 2021, the company's Eumseong Global Training Center has produced 37 graduates across five cohorts, sustaining a record of full employment. The company will continue the program to strengthen young people's capabilities and create stable jobs.

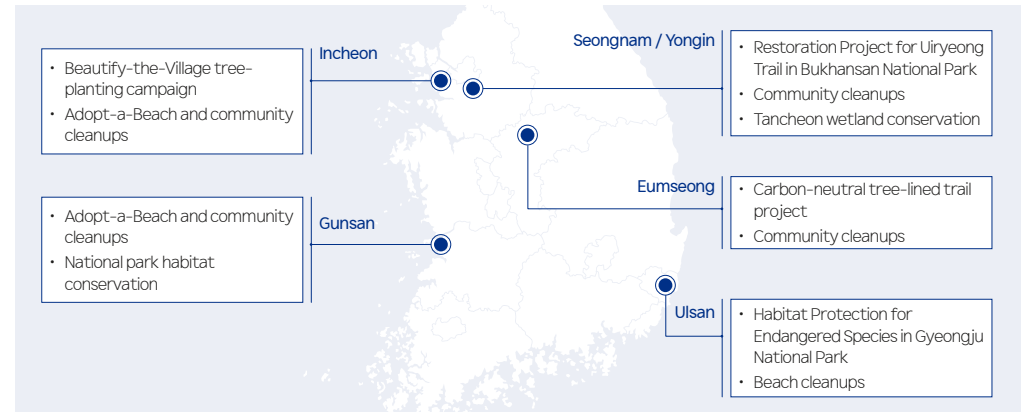


Hi-NextGen 5th cohort completion ceremony

Environmental Protection

HD Construction Equipment carries out diverse environmental-protection activities for biodiversity conservation and ecosystem restoration, centered on sites across the country. Through hands-on activities with the community, from endangered-species habitat conservation to national-park cleanups, Adopt-a-Beach cleanups, and tree-planting campaigns, it contributes to the sustainable recovery of the natural environment.

Environmental Protection Activities by Region



4 Endangered Black-faced Spoonbill Habitat Conservation Program

HD Construction Equipment is pursuing a public-private cooperation project with the City of Incheon to protect the endangered black-faced spoonbill and enhance local biodiversity. Only around 7,000 black-faced spoonbills remain worldwide, and approximately 90% breed along Korea's west coast, making Incheon a key hub for international conservation. In 2025, the company donated KRW 30 million to fund an ecosystem restoration project. It focuses its clean-up and restoration efforts on the Namdong reservoir in Incheon, a core habitat, to create an environment where the species can breed securely. Through this cooperation, conservation efforts have recently gained international recognition, with the species' IUCN Red List status downgraded from Endangered (EN) to Vulnerable (VU). The company will carry out environmental maintenance and ecosystem restoration around Wangsan Beach in Incheon, and plans to expand biodiversity conservation projects with local communities in the Ulsan and Gyeongju areas.



06

Solutions Built on Trust

Ethics/Compliance Management

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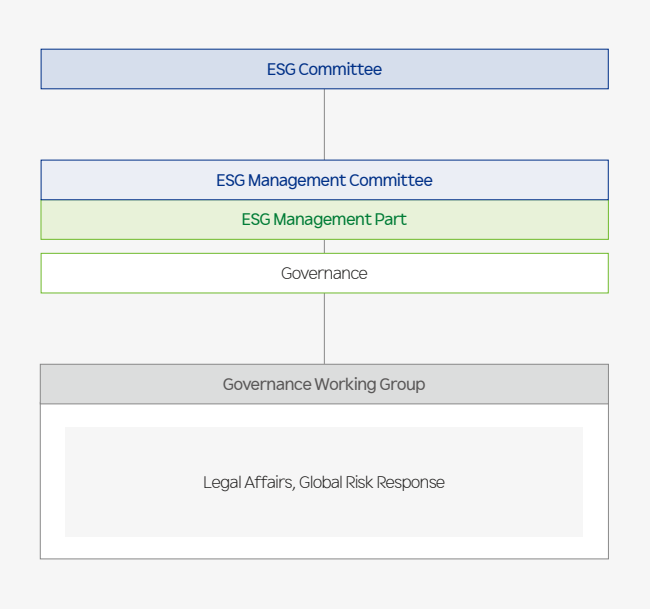
Information Security

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Ethics/Compliance Management

Organizational Structure

HD Construction Equipment monitors key compliance management activities through the ESG Committee within the Board of Directors. This allows the company to manage the principal risks and opportunities related to compliance management. Compliance management initiatives are carried out through the Governance Part under the ESG Management Committee.



The ESG Committee reviews key policies and initiatives related to compliance management. It examines the implementation status of compliance control and anti-corruption management programs. It also discusses how the company responds to key risks and the related improvement tasks.

2025 Ehtics/Compliance-Related Key Agenda Items

Date	Key Agenda
2025.02.06	2024 Fair Trade Compliance Program (CP) Performance Report
2025.12.08	2024 Compliance Control Standards Inspection Report

Led by the Governance Part, the ESG Management Committee strengthens fair trade compliance. It drives key initiatives such as advancing the Fair Trade Compliance Program and building the anti-corruption framework. The Committee reviews and manages related policies and initiatives. It prevents legal risks proactively by strengthening the compliance management system. Within the ESG Working Group, the Governance Working Group builds and monitors the anti-corruption framework. It also drives key initiatives to strengthen fair trade and compliance systems. The Global Risk Response Team oversees the management of internal rules and guidelines, the handling of on-site legal issues, and the delivery of compliance training. It manages the Fair Trade Compliance Program and the anti-corruption management system based on ISO 37001.

Impact, Risk and Opportunity

HD Construction Equipment identifies the key risks and opportunities that may affect ESG-related issues across compliance management. The company establishes and implements strategies to manage them systematically.

Fair Trade Practices

Category	Description	Impact Level
Impact	Positive / Actual Easing suppliers' financial burden and establishing a trust-based fair trade culture	■ ■ □
	Productivity Emergency procurement costs from parts supply imbalances, plus long-term quality decline and higher purchase prices, if delayed payments trigger a chain of supplier insolvencies	■ □ □
Risk	Reputation Improved purchasing terms based on long-term partnerships and stronger mid- to long-term profitability through stabilized cost structures, enabled by greater trust and stability across the supply chain	■ ■ □

Anti-Corruption

Category	Description	Impact Level
Impact	Negative / Actual Weaker business continuity for suppliers when inadequate anti-corruption systems reduce the security of supplier transactions	■ □ □
	Regulatory Higher penalties and fines when violations of anti-corruption rules such as bribery, improper solicitation, and kickbacks are identified	■ □ □
Risk	Reputation Reduced profitability due to reputational damage from failing to meet the demands of investors and customers	■ ■ □

Ethics/Compliance Management

Ethics Management

Ethics Management Framework

HD Construction Equipment operates five ethics management frameworks, including the Charter of Ethics and the Code of Ethics. The company also carries out three core activities: ethics monitoring and management, ethics implementation systems, and the spread of an ethical culture.

Ethics Management Framework and Activities

Ethics Management Framework	
Charter of Ethics	Concise declaration of HD Hyundai's management philosophy grounded in ethics management
Code of Ethics	Division-level elaboration of the Charter of Ethics and standards for ethical conduct
Supplier Code of Ethics	Ethical standards for fair and transparent transactions with suppliers and for mutual growth and shared prosperity
Ethics Management Practice Program	Ethics practice activities for building and advancing a fair and transparent corporate culture (training, promotion, and campaigns)
Business Ethics Practice Guidelines	Specific standards for judging conduct and handling work in line with ethics management

Ethics Management Activities		
Ethics Monitoring and Management	Spreading an Ethical Culture	Ethics Implementation Systems
Ethics Audit	- Ethics Training - Supplier Ethics Management - Ethics Compliance Self-Assessment	- Ethical Management Practice Pledge - Reporting Channel Operation - Conflict of Interest Declaration System

Ethics Monitoring and Management

Ethics Audit

HD Construction Equipment conducts ethics audits of major subsidiaries and overseas branches to identify, prevent, and address unethical risks in advance. Each year, the company establishes an annual audit plan, reports it to management, and then carries out the ethics audit. Material or sensitive findings are reported to the CEO. For any identified deficiencies, the company establishes specific improvement plans and manages their implementation.

Audit Types

Category	Description
Misconduct Audit	• Audit conducted when signs of misconduct are detected
Regular Audit	• Audit conducted regularly under the annual plan
Commissioned Audit	• Audit conducted at management's request

Ethics Compliance Self-Assessment

HD Construction Equipment conducts an annual self-assessment of ethics compliance to strengthen employees' capacity for voluntary ethical practice. The self-assessment consists of about 10 questions based on the Code of Ethics and the Business Ethics practice guidelines published on the ethics management website. It is designed so that employees can review and understand the Code of Ethics on their own. In 2025, a total of 1,986 employees took part in the self-assessment. Topics tied to questions with low response accuracy become a focus of offline ethics training. This helps improve employee awareness.

Spreading an Ethical Culture

Ethics Training

HD Construction Equipment provides annual ethics training for all employees to embed ethics management in its corporate culture. The company shares unethical case studies to deepen employee understanding and raise awareness. Through Q&A and shared experiences, it builds common ground on ethical values and strengthens compliance awareness. It also produces and promotes ethics content in various formats, including video, to heighten employee interest in and commitment to ethics management.

Supplier Ethics Management

HD Construction Equipment operates a supplier ethics management system to share its ethical culture with suppliers. At the time of initial contract or at the start of each year, the company asks suppliers to complete the Ethical Management Practice Pledge. It requires understanding of and compliance with the Code of Ethics. The Supplier Code of Ethics is posted on the company website to set out the obligation to comply clearly.



Ethics/Compliance Management

Ethics Management

Ethical Management Implementation System

Ethical Management Pledge

HD Construction Equipment collects an Ethical Management Practice Pledge from all employees each year to establish its ethics management framework. The pledge consists of guidelines for complying with ethics rules and anti-corruption laws. It reflects the company's commitment to eliminating conduct prohibited under related laws, such as unfair trade, fraud and misconduct, improper solicitation, and the acceptance of money or valuables.

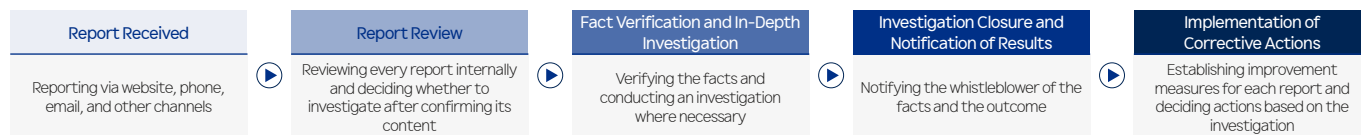
Reporting Channel Operation

HD Construction Equipment operates the 'HD Hyundai Ethics Reporting System' for reporting violations of ethics rules and related laws at any time, including the acceptance of money or entertainment, the use of one's position or duties for improper gain, and the abuse of authority. The system accepts reports online 24 hours a day, year-round. It supports Korean, English, and Chinese, as well as Japanese, Dutch, Czech, and other languages to improve access for employees and stakeholders worldwide. Reports can also be made through various channels such as phone, fax, email, and mail to ensure convenience for whistleblowers.

2025 Reports of Unethical Conduct and Resolution Status

Reports Received	Investigations	Confirmed Violations	Other	Resolution Rate
56	23	9	33	100%

Process for Handling Reports of Ethics Violations



Reporting Channel Training and Guidance

HD Construction Equipment explains how to use the reporting channels through online and offline training to improve employee access and use. In 2025, at the request of European subsidiaries including the Czech subsidiary, the company distributed guidance materials covering access routes and usage. Alongside the access route and usage for the ethics portal, it shared the whistleblower protection program and the reward program, contributing to a transparent ethics management culture.

Contents of Overseas Subsidiary Training Materials

Reporting Channels	• Guidance on using reporting channels (website, email, mail, QR code, and etc.)
Whistleblower Protection	• Whistleblower protection program

Conflict of Interest Declaration System

The company operates a conflict of interest declaration system to prevent conflicts of interest that may arise in the course of work. Each year, it collects a Conflict of Interest Declaration form from employees and suppliers. This establishes a basis for ethical judgment and enhances transparency across the organization.

Compliance Management

Compliance Management Framework

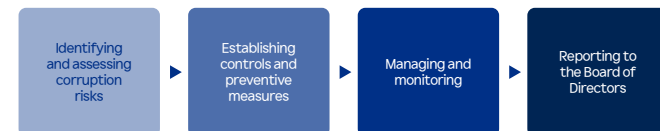
HD Construction Equipment performs systematic compliance work, led by the Global Risk Response Team, to raise employees' compliance awareness and meet relevant laws and regulations. It manages advisory records related to the Subcontracting Act and the Fair Trade Act. It conducts advance reviews and ongoing consultation on legal issues that may arise in major contracts or negotiations to manage legal risk. It also strengthens the company-wide compliance management system through cooperation between the fair trade compliance officer appointed under the Fair Trade Compliance Program operating rules and the compliance support officer commissioned under the compliance control standards. Through this cooperation, the company conducts regular company-wide compliance training and status reviews and reports the results to the Board of Directors. In 2025, it reported the operational status of the Fair Trade Compliance Program and its compliance training plan twice a year.

Anti-Corruption Management System

HD Construction Equipment obtains and maintains ISO 37001 certification, the international standard for anti-corruption management systems, through detailed reviews across seven areas such as organizational context, operation, and improvement. In 2023, it established anti-corruption law compliance guidelines and reported them to the Board of Directors, strengthening the company-wide management system.

Guidelines for Compliance with Anti-Corruption Laws and Regulations

Anti-Corruption System Operating Process



Ethics/Compliance Management

Compliance Management

Compliance Assessment

HD Construction Equipment establishes department checklists based on HD Hyundai’s common Compliance Risk Assessment Sheet and performs a company-wide risk assessment twice a year. It assesses all departments in the first half and re-examines those rated medium risk or higher in the second half to ensure management continuity. Each department scores its risk level by reflecting likelihood and impact across key areas such as fair trade, subcontracting, and anti-corruption, and establishes controls for risks rated medium or higher. The Global Risk Response Team improves risk management effectiveness through tailored training, consulting, and implementation reviews. Assessment results inform follow-up management such as training and process improvement.

Compliance Assessment Process



Compliance Risk Management Measures

Category	Management Measures
Common	• Conducting regular compliance training for employees • Managing departments rated ‘medium risk or higher’ 1) Setting risk management targets and reviewing implementation (Q4) 2) Conducting special training and status reviews
Fair Trade / Subcontracting	• Updating the Fair Trade Compliance Handbook
Anti-Corruption / Economic Sanctions / Illegal Dispatch	• Sharing issues through internal postings and Compliance News

Compliance Training

The company conducts company-wide compliance training to embed a culture of compliance among employees and prevent violations of fair trade laws. In 2025, the company provided regular online and supplementary training in both halves of the year, focusing on economic sanctions, fair trade, anti-corruption, illegal dispatch, and subcontracting. It also ran separate ethics and compliance training for new employees. The company distributed monthly compliance issues and trends and regularly published compliance news and card news to strengthen compliance awareness. Based on risk assessment results, it conducted reviews and internal audits of departments rated medium risk or higher and provided tailored training and consulting for high-risk departments.

2025 Compliance Training Status

Training Program	Content	Audience	Completion Rate
New Employee Compliance Training	• Understanding compliance management (relevant laws and internal regulations)	21 new employees	100%
Regular Compliance Training	• Training on economic sanctions, fair trade, anti-corruption, illegal labor dispatch, and subcontracting	880 employees	95%
Supplementary Compliance Training		25 employees	98%
Compliance Issues and Trends Distribution	• Compiling and circulating major KFTC rulings and press releases	All employees	–
Compliance (Card) News	• Publishing newsletters and card news on key laws, cases, and work guidelines	All employees	–
Compliance Practice Inspection	• Completing self-assessment checklists for subcontracting and shared growth, anti-corruption, and economic sanctions	Departments at medium risk or above	100%
Anti-Bribery Management System Internal Audit	• PDCA operations of the anti-bribery management system	Relevant departments ¹⁾	18%
Compliance Training	• Hi-Class online training	All employees	90%
On-site Training and Consulting for High-Risk Departments	• Training on the Subcontracting Act, fair trade, anti-corruption, and illegal labor dispatch	High-risk departments	88%

¹⁾ Korea PS Team, GCM Team, AM Sales Team, Product Marketing Team, Material Management Department, Global Production Innovation Team, Advanced Quality Team

Training for High-Risk Departments

HD Construction Equipment identifies departments that require focused management based on its compliance risk assessment results and provides specialized training and consulting for them. The training and consulting focus on key compliance areas such as the subcontracting act, fair trade, anti-corruption, and illegal labor dispatch. This allows the company to manage compliance risks in high-risk departments proactively and to advance its company-wide compliance management continuously.

Training by High-Risk Department

Audience	High-risk departments	Training Format	Instructor: attorney / on-site training
Team (Department)		Participants	Training Area
Manufacturing Engineering Department, Facility Operations Team, Asset Planning Team, NAP Team		70	Subcontracting Act, fair trade, anti-corruption, illegal dispatch
AM Procurement Team, AM Operations Team		20	
AM Procurement Team, AM Operations Team, Korea Sales Team		30	

Ethics/Compliance Management

Ethics Management

Fair Trade Compliance Program (CP)

HD Construction Equipment implements the eight elements of the Fair Trade Compliance Program (CP) recommended by the Korea Fair Trade Commission. It distributes a practical compliance handbook and checklist to strengthen voluntary compliance. In the first half of 2025, it revised the fair trade compliance handbook for the subcontracting area.

 Fair Trade Compliance Program Guidelines

Eight Fair Trade Compliance Activities

Category	Key Activities
Establishing and implementing CP standards and procedures	- Enacting the operating rules for the Fair Trade Compliance Program - Setting basic procedures and standards for employees' compliance with competition law - Defining the organizational structure and roles, such as the compliance officer, and the operation of the compliance program
CEO's commitment to and support for voluntary compliance	- Posting the ethics and compliance management practice declaration (January 2025) - Posting the fair trade compliance practice declaration (September 2025)
Appointing a compliance officer responsible for operating the CP	- Appointing the procurement executive as compliance officer - Reappointing a 'compliance practice leader' for each team with support from the compliance support officer (January 2025)
Producing and using the compliance handbook	- Distributing the revised fair trade compliance handbook (subcontracting area) (April 2025) - Revising and distributing the fair trade compliance handbook (November 2025)
Delivering continuous and systematic compliance training	- Compliance program training - Regular training at least once a year for all employees and mandatory compliance training for new employees - Establishing and reporting an annual training plan covering target departments, topics, and schedule - Specialized training for each department - On-site training and consulting for high-risk teams (departments) at Ulsan campus per the risk assessment (November 2025) - Training and consulting for high-risk teams at the Seongnam operation per the risk assessment (November 2025) - Fair trade legal advisory - Providing legal advice to prevent fair trade legal risks under the Fair Trade Act, the Subcontracting Act, and related laws - Invited lectures by external fair trade experts - Fair trade policy trends and points to note under the Subcontracting Act (September 2025) - Seminar on fair trade policy trends (October 2025)
Building an internal monitoring system	- Reporting through various channels such as the ethics website, email, phone, and fax - Recognizing legal violation risks in advance - Reviewing employees' compliance status - Compliance practice review of 16 teams/departments rated 'medium risk' or higher in the compliance risk assessment (August 2025) - Internal audit of the anti-corruption management system (ISO 37001) (August 2025)
Sanctions for employees who violate fair trade laws	Imposing sanctions commensurate with the violation on those found to have breached competition law in compliance reviews
Effectiveness evaluation and corrective action	Reporting the fair trade compliance review results to the Board of Directors twice a year

Metrics and Targets

HD Construction Equipment regularly monitors indicators related to ethics and compliance training and inspections, as well as legal violations, and manages them by setting key targets for each indicator to promote the practice of ethics and compliance management.

Ethics Management

Ethics Compliance Self-Assessment		
	2025	Mid- to Long-Term Target
Ethics compliance self-assessment completion rate	88%	100%

Compliance Management

Anti-Corruption Management		
	2025	Mid- to Long-Term Target
Advancing anti-corruption management	Target – Maintain ISO 37001 Result – Maintained ISO 37001	Maintain ISO 37001

Information Security

Information Security Management Framework

Information Security Governance

HD Construction Equipment established an integrated Information Security Team in December 2022 to raise its information security level and minimize business risk, creating a unified operating structure. It has designated a Chief Information Security Officer (CISO) to strategically oversee and manage information security work, including company-wide security management policies and security investment plans. The ESG Management Committee reviews issues across information security management and discusses improvement measures and security infrastructure investments. The company also takes part in HD Hyundai's security council, CISO meetings, and security working-level meetings to share key security issues and strengthen cooperation with the group and its affiliates.

Information Security Policy

HD Construction Equipment has established an information security policy to identify, prevent, and respond to a range of internal and external security threats proactively. The policy consists of 11 detailed guidelines, including security rules and HR security guidelines. Through these, it sets the standards and procedures for security management and manages the company-wide security level consistently. It also enacts and revises the policy as needed through regular monitoring and impact analysis of external changes and the latest security trends, responding flexibly to evolving security risks.

Rules and Detailed Provisions by Key Information Security Item

Key Item	Rules and Detailed Provisions
Continuous Security Investment	Security Management Rules
Data Integrity / Protection	Security Management Rules, Information Asset Provisions, Encryption Guidelines
Threat Monitoring / Response	Security Management Rules, Information Asset Provisions, Incident Response Guidelines
Member Responsibilities	Security Management Rules, Information Asset Provisions
Third-Party Application	Security Management Rules, Information Asset Provisions

Information Security Management System

HD Construction Equipment has obtained and maintains ISO 27001 certification, the international standard for information security management systems, to build a security management system aligned with global standards. It obtained the initial certification in 2022 for its Ulsan, Yongin, Seongnam, and European operations, and maintains it through regular surveillance audits. It has also incorporated all ISO 27001 assessment items into its internal security review items to advance its self-assessment system.

Information Security Investment

HD Construction Equipment continues to invest in information security to protect its critical information assets from a range of internal and external threats. In 2025, it strengthened its information security through investment in security infrastructure and through maintenance and license investment in security solutions. Infrastructure investment included group security solutions such as server access control, Data Loss Prevention (DLP¹⁾), a GRC firewall, network anomaly detection, and security event management, as well as the deployment of Operational Technology (OT²⁾) security solutions at the Ulsan plant. Solution maintenance covered Secure Access Service Edge (SASE³⁾), Endpoint Detection and Response (EDR⁴⁾), incident response, and attack surface management. The company also discloses its information asset protection activities and security investment status transparently each year to build trust with stakeholders.

- 1) DLP : Data Loss Prevention
- 2) OT : Operational Technology
- 3) SASE : Secure Access Service Edge
- 4) EDR : Endpoint Detection & Response

Information Security Activities

Objectives

HD Construction Equipment has developed a mid- to long-term information security roadmap covering the next three years by analyzing internal and external security review results and recent security incidents. The roadmap includes the vision for information security, targets for each area, and the strategies to achieve them. Following the roadmap, the company plans to expand the scope of operations targeted for stronger security, advance its information security risk detection and response system, and strengthen personal data protection. It also plans to address security vulnerabilities and raise its overall security level.



Security training portal screen

Self Security Inspection

Self security inspections are conducted each month through self-assessments of approximately 30 detailed items related to management security, physical security, and personal data protection. The inspection results are reported to the Chief Information Security Officer (CISO). Improvement measures are implemented for identified vulnerabilities, minimizing security risks and strengthening information security capabilities across departments.

Information Security

Information Security Activities

Information Security Reviews

HD Construction Equipment regularly conducts internal and external information security reviews to assess and improve its company-wide security level. Externally, it takes part in legal and institutional reviews led by government bodies, such as national core technology information security reviews and location information security reviews. For improvement recommendations identified during these reviews, it carries out follow-up management covering improvement planning, action, and results reporting. Internally, each year under HD Hyundai's lead, it conducts checklist-based information security reviews focused on four core areas: management security, IT security, personal data protection, and physical security. It addresses identified vulnerabilities to improve its company-wide security level continuously. It also sets a Recovery Time Objective (RTO¹⁾) and Recovery Point Objective (RPO²⁾) for each server based on the urgency and impact of the work. It builds real-time backup and Disaster Recovery (DR³⁾) systems for key services and runs annual DR drills. When a security incident occurs, the group security incident response team quickly activates the response system to recover from damage and prevent its spread systematically.

- 1) RTO : Recovery Time Objective
- 2) RPO : Recovery Point Objective
- 3) DR : Disaster Recovery

Business Continuity Plan

HD Construction Equipment operates a system to ensure business continuity by taking part in group-level real-time data backup and DR drills. It assesses the need for disaster recovery based on the importance of each task and sets RTO and RPO to build a priority-based response system. It also reviews the effectiveness of its response procedures through regular drills and improves them continuously.

Business Continuity Recovery Criteria

Category	Task Type	RTO	RPO
Priority 1	High-urgency tasks such as financial information and customer support systems	Within 24 hours	Real-time replication with near-zero data loss
Priority 2	High-impact tasks such as production and process-related systems	Within one week	

Information Security Incident Response Manual

HD Construction Equipment follows the response manual of the group security incident response team and activates the incident response system in line with the manual when a security incident occurs. The security officer of an affected affiliate immediately notifies and shares the damage with the group security management organization and responds quickly to recovery. The group security officer supports the affiliates' incident response and shares the affected affiliate's situation with other affiliates to prevent the damage from spreading. Affiliate security organizations and employees that receive a cooperation request from the group security incident response team actively support recovery. The company also builds and operates response manuals by incident type and case in advance. When an incident occurs, it immediately deploys relevant employees and external experts according to the scale and nature of the case.

Information Security Training

HD Construction Equipment runs regular information security training and exercise programs to raise employees' security awareness and strengthen their ability to prevent incidents. Each year, it provides information security training and legally mandated personal data protection training for all employees, covering practical topics such as security policy, email and PC security, and trade secret protection. It encourages full participation by managing completion rates. Each month, it produces and distributes security training content by topic, such as IP camera security, personal data protection, the cyber threat outlook, password security, the IoT security certification scheme, OT security, national core technology protection, and feedback from information security consulting. It also runs quarterly drills such as malicious email response and simulated hacking, and provides separate training for individuals whose risky behavior is identified to raise real incident prevention. When an incident occurs, it reports promptly under predefined response guidelines and acts in a timely way based on response processes by incident type to protect the organization's information assets safely.

2025 Information Security Training Completion Status

Total	Completed	Completion Rate
836	777	90%



Photo from security training

07

ESG Databook

Economic	Environmental	Social	Governance
097	098	102	107



HD Construction Equipment ESG Databook

The scope of ESG data reporting in this report is categorized as 'Korea' or 'Global' that includes Korea and major overseas operations, based on HD Construction Equipment (indicated as 'HD Hyundai Construction Equipment') as of 2025. For environmental performance metrics measured at the operations level, the 'Korea' scope includes the Seongnam, Ulsan, Yongin, Eumseong, and Gunsan operations, while the 'Global' scope additionally covers manufacturing operations in Jiangsu (China), Brazil, and India. Some metrics also include data from sales subsidiaries. The comparative information for 2023 and 2024 corresponds to data aggregated based on the former HD Hyundai Construction Equipment. Separately, items indicated as 'HD Hyundai Infracore' refer to information disclosed in parallel regarding the metrics of HD Hyundai Infracore, which was a separate entity until 2025, in order to enhance the understanding of information users.

Economic Data

Financial Information

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Total assets	KRW million	Consolidated	3,296,953	3,324,625	3,602,695	4,531,393
Total liabilities	KRW million	Consolidated	1,525,880	1,530,795	1,672,399	2,526,651
Total equity	KRW million	Consolidated	1,771,073	1,793,830	1,930,296	2,004,742
Sales	KRW million	Consolidated	3,824,967	3,438,062	3,776,524	4,547,820
Operating profit	KRW million	Consolidated	257,228	190,422	170,883	286,415
Net income	KRW million	Consolidated	127,451	85,967	87,035	142,571
Total assets	KRW million	Separate	2,343,772	2,200,903	2,421,292	3,850,090
Total liabilities	KRW million	Separate	965,716	852,086	990,243	1,795,291
Total equity	KRW million	Separate	1,378,056	1,348,816	1,431,049	2,054,799
Sales	KRW million	Separate	2,574,570	1,936,149	2,150,089	3,584,586
Operating profit	KRW million	Separate	214,771	69,650	91,037	281,437
Net income	KRW million	Separate	108,876	61,285	51,071	243,226

Research and Development

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
R&D personnel	Person	Korea	220	246	247	668
R&D expenses	KRW million	Korea	79,506	91,326	93,972	181,741
R&D expenses to sales ratio	Percentage(%)	Korea	3	5	4	5

Retirement Pension System

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of DB plan employees	Person	Korea	1,164	1,039	1,022	1,683
DB operating amount	KRW million	Korea	78,247	73,993	72,299	147,662
Number of DC plan employees	Person	Korea	41	34	39	489
DC plan deposit amount ¹⁾	KRW million	Korea	222	257	322	4,161

1) 2023 to 2024 data was corrected due to an error

Employee Stock Ownership

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Percentage of employees owning treasury share (ESOP, ESPP) ¹⁾	Percentage(%)	Korea	-	1	1	-

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

Human Capital Return on Investment

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Human capital return on investment ¹⁾	Multiple	Global	-	1.7	1.6	1.3

1) Data was newly compiled from 2024 going forward

HD Construction Equipment ESG Databook

Environmental Data

Environmental Investment

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Environmental investment and operating costs	KRW 100 million	Global	56	41	77	113
Decarbonized (Zero-Emission) Technology Development Cost ¹⁾	KRW 100 million	Korea	64	85	28	252

1) Investment costs declined year-on-year in 2025 as the company aligned with K-Taxonomy standards to exclusively reflect development costs for zero-emission products.

Environmental Management

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Decarbonized product sales ¹⁾²⁾	KRW 100 million	Korea	-	3,723	5,449	14,906
Decarbonized product sales ratio ²⁾	Percentage(%)	Korea	-	19.2	25.3	41.6
Green purchasing amount	KRW million	Korea	15	16	20	27
Green purchasing ratio	Percentage(%)	Korea	0.001	0.0014	0.0019	0.0013
Zero Emission vehicles owned	Percentage(%)	Korea	2	4	10	8
ISO 14001 certified operation ³⁾	No.	Global	4	4	5	7
ISO 14001 certified operations ³⁾	Percentage(%)	Global	67	67	100	100
Remanufactured product sales	KRW 100 million	Global	6	32	4	30
Non-regenerated raw materials						
Steel usage ⁴⁾	ton	Korea	29,220	12,252	23,616	33,593
Steel usage intensity ⁴⁾	ton/KRW million	Korea	0.011	0.006	0.011	0.009
Regenerated raw materials						
Sand usage	ton	Korea	0	0	0	11,641
Sand usage intensity	ton/KRW million	Korea	0	0	0	0.003

1) Criteria for calculation: HD Construction Equipment's Sustainable Taxonomy p.39
2) 2023 and 2024 data was corrected due to a change in metric definition
3) Major Korea operations and overseas manufacturing operations
4) 2023 to 2024 data was corrected due to an error

Pollutant Management¹⁾

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Water pollutants						
BOD ²⁾	ton	Global	-	1.60	1.29	1.48
TOC(COD) ²⁾³⁾	ton	Global	-	5.09	4.52	3.37
SS ²⁾	ton	Global	-	2.08	2.49	1.11
BOD	ton	Korea	0.02	0.03	0.05	1.27
TOC	ton	Korea	0.27	0.18	0.00	1.78
SS	ton	Korea	0.01	0.01	0.36	0.11
Air pollutants						
Nitrogen Oxides (NOx) ²⁾⁴⁾	ton	Global	-	14.46	56.64	3.26
Sulfur Oxides (SOx) ²⁾⁴⁾	ton	Global	-	16.27	53.01	0.21
Volatile Organic Compounds (VOCs) ²⁾	ton	Global	-	10.13	14.31	13.68
Dust ⁴⁾	ton	Global	-	111.29	130.01	8.27
Nitrogen Oxides (NOx)	ton	Korea	0.19	0.30	0.46	3.26
Sulfur Oxides (SOx)	ton	Korea	0.28	0.45	0.06	0.21
Volatile Organic Compounds (VOCs)	ton	Korea	18.70	9.97	14.29	10.00
Dust	ton	Korea	0.92	1.16	2.61	3.71

1) The global scope of pollutant management encompasses both Korea and overseas manufacturing operations
2) Global data was newly compiled from 2024 going forward
3) Data for Korea operations are compiled based on TOC
4) 2024 data was corrected due to an error



HD Construction Equipment ESG Databook

Environmental Data

Greenhouse Gases¹⁾

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Scope 1&2 emissions	tCO ₂ eq	Global	33,178	33,192	32,258	103,385
Scope 1 emissions	tCO ₂ eq	Global	14,154	14,744	16,110	28,354
Scope 2 emissions	tCO ₂ eq	Global	19,024	18,448	16,148	75,035
Scope 1&2 emissions	tCO ₂ eq	Korea	19,385	19,577	17,868	87,799
Scope 1&2 emissions intensity	tCO ₂ eq/ KRW million	Korea	0.008	0.01	0.008	0.024
Scope 1 emissions	tCO ₂ eq	Korea	9,036	7,684	6,856	22,762
Scope 1 emissions intensity	tCO ₂ eq/ KRW million	Korea	0.004	0.004	0.003	0.013
Scope 2 emissions	tCO ₂ eq	Korea	10,349	11,893	11,012	65,040
Scope 2 emissions intensity	tCO ₂ eq/ KRW million	Korea	0.004	0.006	0.005	0.018
Scope 3 emissions ²⁾	tCO ₂ eq	Korea	8,107,120	8,818,952	5,597,001	5,660,596
① Purchased goods and services ³⁾	tCO ₂ eq	Korea	27,968	106,941	230,584	382,189
② Capital goods	tCO ₂ eq	Korea	53	202	99	26
③ Fuel and energy related activities	tCO ₂ eq	Korea	1,674	2,133	2,026	12,068
④ Upstream transportation and distribution	tCO ₂ eq	Korea	81,524	96,018	102,796	144,666
⑤ Waste generated in operations	tCO ₂ eq	Korea	988	844	640	926
⑥ Business travel	tCO ₂ eq	Korea	1,531	1,929	1,255	781
⑦ Employee commuting	tCO ₂ eq	Korea	56	55	350	4,725
⑧ Downstream transportation and distribution	tCO ₂ eq	Korea	15,148	98,046	8,992	38,767
⑩ Use of sold products ⁴⁾	tCO ₂ eq	Korea	7,976,188	8,510,763	5,249,137	5,075,037
⑫ End of life treatment of sold products	tCO ₂ eq	Korea	1,990	2,021	1,122	1,411
⑬ Investments	tCO ₂ eq	Korea	0.47	0.43	0.00	0.00

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

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

① Purchased goods and services: Based on steel products for excavators

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

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

④ Upstream transportation and distribution: Based on sea/air transportation of products

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

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

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

⑧ Downstream transportation and distribution: Based on sea/air transportation of products

⑩ Use of sold products: Based on the emissions from the use of the sold product until disposal

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

⑬ Investment: Based on energy usage of related companies

3) Increase in 2025 emissions due to expansion of calculation scope

4) Decrease in 2025 emissions due to expansion of the scope for securing primary data based on actual usage period

Energy

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Energy usage	TJ	Global	456	572	502	1,958
Direct energy usage	TJ	Global	165	175	155	421
Indirect energy usage	TJ	Global	279	348	278	1,426
Renewable energy usage	TJ	Global	13	48	70	111
Energy savings	TJ	Global	-	10	31	21
Energy cost savings	KRW million	Global	-	202	917	416
Energy usage ¹⁾	TJ	Korea	317	338	333	1,809
Direct energy usage	TJ	Korea	101	89	66	348
Indirect energy usage	TJ	Korea	217	249	249	1,359
Electricity	TJ	Korea	215	247	249	1,359
Steam/Heat	TJ	Korea	1	1	0	2
Renewable energy usage	TJ	Korea	0	0.14	18	102
Energy usage intensity	TJ/KRW million	Korea	0.0001	0.0002	0.0002	0.0005
Energy savings ²⁾	TJ	Korea	55	7	28	21
Energy cost savings	KRW million	Korea	1,272	149	777	416

1) Calculated by applying the guidelines on reporting and certification of emissions under the greenhouse gas emissions trading system (Conversion factor of 9.6 MJ/kWh applied)

2) Reduction calculated compared to the previous year (based on Base year)

HD Construction Equipment ESG Databook

Environmental Data

Water Resources Management^{1) 2)}

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Water withdrawal						
Water withdrawn	ton	Global	115,015	227,173	159,336	577,709
Water withdrawn from third-party supply (municipal water + industrial water)	ton	Global	115,015	211,096	142,544	563,485
Rainwater withdrawn	ton	Global	0	0	0	4,095
Groundwater withdrawn	ton	Global	0	16,077	16,792	10,129
Water withdrawn	ton	Korea	73,943	59,959	64,727	512,298
Water withdrawn from third-party supply (municipal water + industrial water)	ton	Korea	73,943	59,959	64,727	498,074
Rainwater withdrawn	ton	Korea	0	0	0	4,095
Groundwater withdrawn	ton	Korea	0	0	0	10,129
Water withdrawal intensity	ton/KRW million	Korea	0.029	0.031	0.030	0.143
Water withdrawn	ton	Bundang	-	-	6,960	11,436
Water withdrawn ⁽⁴⁾	ton	Ulsan	56,553	39,068	38,222	-
Water withdrawn ⁽⁴⁾	ton	Yongin	9,364	14,858	7,765	-
Water withdrawn ⁽⁴⁾	ton	Eumseong	8,026	6,033	11,780	-
Water withdrawn ⁽⁴⁾	ton	Gunsan	57,151	61,935	-	68,155
Water withdrawn ⁽⁴⁾	ton	Incheon	429,472	415,006	-	413,778
Water withdrawn ⁽⁴⁾	ton	Boryeong	5,543	6,903	-	10,129
Water withdrawn ⁽⁴⁾	ton	Ansan	10,354	9,431	-	8,800
Water discharge						
Water discharged	ton	Global	3,957	38,122	33,062	108,607
Wastewater discharged	ton	Global	3,957	38,122	24,702	81,589
Water discharged	ton	Korea	3,957	4,052	1,470	50,691
Water discharged	ton	Bundang	0	0	0	0
Water discharged ⁽⁴⁾	ton	Ulsan	3,957	4,052	1,470	-
Water discharged ⁽⁴⁾	ton	Yongin	0	0	0	-
Water discharged ⁽⁴⁾	ton	Eumseong	0	0	0	-
Water discharged ⁽⁴⁾	ton	Gunsan	8,735	10,734	-	16,784
Water discharged ⁽⁴⁾	ton	Incheon	52,488	49,996	-	33,907
Water discharged ⁽⁴⁾	ton	Boryeong	0	0	-	0
Water discharged ⁽⁴⁾	ton	Ansan	0	0	-	0
Wastewater discharged	ton	Korea	3,957	4,052	1,470	50,691

1) The global scope of water resources management encompasses both Korea and overseas manufacturing operations

2) Water data covers third-party supply (municipal water + industrial water), rainwater, groundwater, seawater, and reused water. Categories with a value of '0' were omitted from the report

3) 2023 to 2024 data was corrected due to an error

4) As of 2025, the Ulsan, Yongin, and Eumseong sites are within the operational boundary of HD Hyundai Construction Equipment, while the Gunsan, Incheon, Boryeong, and Ansan sites are within the operational boundary of HD Hyundai Infracore.

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Water consumption						
Water consumed	ton	Global	111,058	189,051	126,274	469,102
Water consumed from third-party supply (municipal water + industrial water)	ton	Global	111,058	177,787	122,454	454,879
Rainwater consumed	ton	Global	0	0	0	4,095
Groundwater consumed	ton	Global	0	11,264	3,820	10,129
Water consumed	ton	Korea	69,986	55,907	63,257	461,607
Water consumed from third-party supply (municipal water + industrial water)	ton	Korea	69,986	55,907	63,257	447,383
Rainwater consumed	ton	Korea	0	0	0	4,095
Groundwater consumed	ton	Korea	0	0	0	10,129
Water consumption intensity	ton/KRW million	Korea	0.027	0.029	0.029	0.129
Water consumed	ton	Bundang	-	-	6,960	11,436
Water consumed ⁽⁴⁾	ton	Ulsan	52,596	35,016	36,752	-
Water consumed ⁽⁴⁾	ton	Yongin	9,364	14,858	7,765	-
Water consumed ⁽⁴⁾	ton	Eumseong	8,026	6,033	11,780	-
Water consumed ⁽⁴⁾	ton	Gunsan	48,416	51,201	-	51,371
Water consumed ⁽⁴⁾	ton	Incheon	376,984	365,010	-	379,871
Water consumed ⁽⁴⁾	ton	Boryeong	5,543	6,903	-	10,129
Water consumed ⁽⁴⁾	ton	Ansan	10,354	9,431	-	8,800
Water reuse						
Water reused and recycled ⁽³⁾	ton	Global	381	14,199	11,088	61,727
Water reused and recycled ⁽³⁾	ton	Korea	0	0	0	61,727

Biodiversity

Metrics		Critically Endangered (CR)	Endangered (EN)	Vulnerable (VU)	Total
Threatened species in the IUCN Red List that are identified near the operations	HD Hyundai Construction Equipment	96	144	391	631
	HD Hyundai Infracore	74	161	321	556



HD Construction Equipment ESG Databook

Environmental Data

Waste Management¹⁾

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Waste generation						
Waste generated ²⁾	ton	Global	-	19,624	25,552	26,776
Non-hazardous waste generated	ton	Global	-	18,866	24,618	23,834
Hazardous waste generated	ton	Global	-	758	934	2,942
Waste generated	ton	Korea	3,135	2,115	2,308	22,706
Non-hazardous waste generated	ton	Korea	2,784	1,793	2,062	20,496
Hazardous waste generated	ton	Korea	351	322	246	2,210
Waste disposal						
Waste disposed ²⁾	ton	Global	-	19,625	25,552	26,775
Waste landfilled	ton	Global	-	253	174	51
Waste incinerated	ton	Global	-	749	1,159	2,080
Waste incinerated with energy recovery	ton	Global	-	315	266	2,080
Waste incinerated without energy recovery	ton	Global	-	434	893	0
Waste disposed - Others	ton	Global	-	-	11	18
Waste recycled	ton	Global	-	18,623	24,208	24,626
Waste recycling rate	Percentage (%)	Global	-	95	95	92
Non-hazardous waste disposed ²⁾	ton	Global	-	18,867	24,618	23,834
Non-hazardous waste landfilled	ton	Global	-	113	140	50
Non-hazardous waste incinerated	ton	Global	-	518	593	1,125
Non-hazardous waste incinerated with energy recovery	ton	Global	-	195	166	1,125
Non-hazardous waste incinerated without energy recovery	ton	Global	-	323	427	0
Non-hazardous waste disposed - Others	ton	Global	-	-	11	18
Non-hazardous waste recycled	ton	Global	-	18,236	23,874	22,641
Hazardous waste disposed ²⁾	ton	Global	-	758	934	2,941
Hazardous waste landfilled	ton	Global	-	140	34	1
Hazardous waste incinerated	ton	Global	-	231	566	955
Hazardous waste incinerated with energy recovery	ton	Global	-	120	100	955
Hazardous waste incinerated without energy recovery	ton	Global	-	111	466	0
Hazardous waste recycled	ton	Global	-	387	334	1,985

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Waste disposed	ton	Korea	3,135	2,115	2,308	22,705
Waste landfilled	ton	Korea	139	150	42	50
Waste incinerated	ton	Korea	726	386	437	335
Waste incinerated with energy recovery	ton	Korea	0	0	0	335
Waste incinerated without energy recovery	ton	Korea	726	386	437	0
Waste disposed - Others	ton	Korea	0	0	11	18
Waste recycled	Ton	Korea	2,270	1,579	1,818	22,302
Waste recycling rate	Percentage (%)	Korea	72	75	79	98
Non-hazardous waste disposed	Ton	Korea	2,784	1,793	2,062	20,496
Non-hazardous waste landfilled	Ton	Korea	38	10	8	50
Non-hazardous waste incinerated	Ton	Korea	638	323	346	26
Non-hazardous waste incinerated with energy recovery	Ton	Korea	0	0	0	26
Non-hazardous waste incinerated without energy recovery	ton	Korea	638	323	346	0
Non-hazardous waste disposed - Others	ton	Korea	0	0	11	18
Non-hazardous waste recycled	ton	Korea	2,108	1,460	1,697	20,402
Hazardous waste disposed	ton	Korea	351	322	246	2,209
Hazardous waste landfilled	ton	Korea	101	140	34	0
Hazardous waste incinerated	ton	Korea	88	63	91	309
Hazardous waste incinerated with energy recovery	ton	Korea	0	0	0	309
Hazardous waste incinerated without energy recovery	ton	Korea	88	63	91	0
Hazardous waste recycled	ton	Korea	162	119	121	1,900

1) The global scope of waste management encompasses both Korea and overseas manufacturing operations

2) Global data was newly compiled from 2024 going forward



HD Construction Equipment ESG Databook

Social Data

Employee Diversity

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Employees ¹⁾²⁾	Person	Global	3,940	3,970	3,601	4,079
By employment type¹⁾³⁾						
Permanent employees	Person	Global	3,062	3,124	2,555	3,535
Temporary employees ⁴⁾	Person	Global	877	846	1,043	540
Employees by job type¹⁾³⁾⁵⁾						
Office workers	Person	Global	742	2,026	1,858	2,101
Production workers	Person	Global	574	1,944	1,740	1,974
Employees by gender¹⁾²⁾⁵⁾						
Male	Person	Global	1,186	3,330	3,182	3,592
Female	Person	Global	130	397	419	487
Employees by age¹⁾²⁾⁵⁾						
Under 30	Person	Global	228	926	941	459
Between 30 and 50	Person	Global	726	2,283	2,172	2,881
Over 50	Person	Global	362	518	488	739
Employees by nationality⁶⁾						
Korean employees	Percentage (%)	Global	-	32	33	62
Chinese employees	Percentage (%)	Global	-	17	10	29
Indian employees	Percentage (%)	Global	-	32	36	0
Brazilian employees	Percentage (%)	Global	-	13	15	0
Belgian employees	Percentage (%)	Global	-	3	3	0
American employees	Percentage (%)	Global	-	-	3	2
Norwegian employees	Percentage (%)	Global	-	-	-	3
Czech employees	Percentage (%)	Global	-	-	-	4
Korean managers	Percentage (%)	Global	-	51	50	60
Chinese managers	Percentage (%)	Global	-	22	17	31
Indian managers	Percentage (%)	Global	-	17	16	0
Brazilian managers	Percentage (%)	Global	-	6	6	0
Belgian managers	Percentage (%)	Global	-	4	3	0
American managers	Percentage (%)	Global	-	-	8	4
Norwegian managers	Percentage (%)	Global	-	-	-	2
Czech managers	Percentage (%)	Global	-	-	-	3

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

2) In accordance with the HD Hyundai Construction Equipment Division's metric definition, registered executives (internal and external directors) are included in the total number of employees, employees by gender, and employees by age

3) In accordance with the HD Hyundai Construction Equipment Division's metric definition, registered executives (internal and external directors) are not included in employees by employment type and employees by job category

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

5) Reporting scope changed due to expansion of data collection (limited to Korea before 2023, global operations were added in 2024)

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Employees ⁷⁾⁸⁾	Person	Korea	1,316	1,170	1,126	2,474
By employment type						
Permanent employees	Person	Korea	1,192	1,087	1,064	2,195
Male	Person	Korea	1,090	1,004	981	2,015
Female	Person	Korea	102	83	83	180
Temporary employees ⁴⁾	Person	Korea	119	78	59	275
Male	Person	Korea	92	55	36	273
Female	Person	Korea	27	23	23	2
Employees by job category						
Office workers ⁹⁾	Person	Korea	-	-	610	1,207
Male	Person	Korea	-	-	504	1,025
Female	Person	Korea	-	-	106	182
Female manager ratio in revenue-generating departments	%	Korea	1	2	2	2
Female employee ratio in STEM departments	%	Korea	7	6	8	8
Production workers ⁹⁾	Person	Korea	-	-	513	1,263
Male	Person	Korea	-	-	513	1,263
Female	Person	Korea	-	-	0	0
Employees by Management Level						
Senior managers (including the CEO and non-registered executives)						
Male	%	Korea	100	100	100	100
Female	%	Korea	0	0	0	0
Mid-level managers						
Male	%	Korea	97.85	97.73	97.53	95.88
Female	%	Korea	2.15	2.27	2.47	4.12
Junior managers						
Male	%	Korea	98.41	97.92	97.98	93.88
Female	%	Korea	1.59	2.08	2.02	6.12
Employees with disabilities	Person	Global	17	17	19	29
Non-employee workers	Person	Korea	244	227	225	1,178

6) Data was newly compiled from 2024 going forward

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

8) Data was compiled based on the year-end headcount as of December 31, and there are no part-time workers

9) Data was newly compiled from 2025 going forward



HD Construction Equipment ESG Databook

Social Data

Recruitment and Continuous Service

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of new hires ¹⁾	Person	Global	-	273	174	115
New hire rate ¹⁾	Percentage (%)	Global	-	9	7	3
Number of new hires	Person	Global	119	41	11	35
Gender - Male	Person	Global	97	36	10	31
Gender - Female	Person	Global	22	5	1	4
By age - Under 30	Person	Global	76	25	7	25
By age - Between 30 and 50	Person	Global	43	16	4	10
By age - Over 50	Person	Global	0	0	0	0
New hire rate	Percentage (%)	Korea	9	4	1	2
Gender - Male	Person	Korea	82	88	91	89
Gender - Female	Person	Korea	18	12	9	11
By age - Under 30	Person	Korea	64	61	64	71
By age - Between 30 and 50	Person	Korea	36	39	36	29
By age - Over 50	Person	Korea	0	0	0	0
Internal hire rate	Percentage (%)	Korea	54	13	70	28
Average cost of employment	KRW million	Korea	2	5	3	22
Total turnover rate	Percentage (%)	Korea	14.53	5.12	3.77	7.81
Voluntary turnover rate ¹⁾	Percentage (%)	Global	-	5.06	14.25	5.74
By age - Under 30	Percentage (%)	Global	19.31	12.04	8.53	13.95
By age - Between 30 and 50	Percentage (%)	Global	3.27	4.24	16.38	4.77
By age - Over 50	Percentage (%)	Global	0.97	1.27	15.06	3.16
Gender - Male	Percentage (%)	Korea	4.74	1.83	0.28	0.91
Gender - Female	Percentage (%)	Korea	4.65	2.94	0.28	0.39
Average number of years in service	Year	Korea	4.9	5.6	6.2	14
Gender - male	Year	Korea	5.1	5.8	6.4	14
Gender - female	Year	Korea	3.2	3.6	4.1	10

1) Global data was newly compiled from 2024 going forward

Evaluation and Compensation

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Employees received performance evaluations	Percentage (%)	Korea	91	92	100	100
Job type - Office workers	Percentage (%)	Korea	93	96	100	100
Job type - Production workers	Percentage (%)	Korea	89	86	100	100
Gender - Male	Percentage (%)	Korea	93	92	100	100
Gender - Female	Percentage (%)	Korea	78	94	100	100
Average employee salary	KRW million	Korea	96	96	96	114
Gender - Male	KRW million	Korea	100	99	97	116
Gender - Female	KRW million	Korea	60	68	72	85
HL2 average compensation ratio of female managers to male - base salary	Percentage (%)	Korea	99.1	97.9	99.2	97.9
HL2 average compensation ratio of female managers to male - base salary and other incentives	Percentage (%)	Korea	97.9	96.4	97.2	94.8
HL3 average salary ratio of female managers to male - base salary ¹⁾	Percentage (%)	Korea	-	-	95.6	103.7
HL3 average compensation ratio of female managers to male - base salary and other incentives ¹⁾	Percentage (%)	Korea	-	-	96.6	100.7

1) Data was newly compiled from 2025 going forward

Labor-management Relations

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Union membership rate ¹⁾	Percentage (%)	Global	79	94	93	95
Collective agreement application rate	Percentage (%)	Korea	100	100	100	100

1) Reporting scope changed due to expansion of data collection (limited to Korea before 2023, U.S. and Belgium were excluded in 2024)



HD Construction Equipment ESG Databook

Social Data

Talent Development

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Trainees	Person	Korea	1,130	1,170	1,062	2,427
Training hours ¹⁾	Hour	Global	27,997	92,102	59,209	92,833
Average training hours ¹⁾	Hour	Global	25	25	16	23
Job type - Office workers ¹⁾	Hour	Global	25	22	18	33
Job type - Production workers ¹⁾	Hour	Global	24	27	15	12
Training costs ¹⁾	KRW million	Global	924	1,499	627	791
Average training costs ¹⁾	KRW million	Global	0.82	0.4	0.17	0.19

1) Reporting scope changed due to expansion of data collection (limited to Korea before 2023, U.S was excluded in 2024, entire global operations were covered in 2025)

Parental Leave

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Employees eligible for parental leave - Male ¹⁾²⁾	Person	Korea	-	-	193	626
Employees eligible for parental leave - Female ¹⁾²⁾	Person	Korea	-	-	13	52
Employees using parental leave - Male	Person	Korea	8	11	3	7
Employees using parental leave - Female	Person	Korea	4	6	3	3
Parental leave usage rate - Male ³⁾	Percentage (%)	Korea	2	3	11	11
Parental leave usage rate - Female ³⁾	Percentage (%)	Korea	100	100	75	75
Employees returning from parental leave - Male ¹⁾	Person	Korea	-	-	14	47
Employees returning from parental leave - Female ¹⁾	Person	Korea	-	-	2	12
Parental leave return rate - Male	Percentage (%)	Korea	100	100	100	100
Parental leave return rate - Female	Percentage (%)	Korea	100	100	100	100
Employees with more than 12 months of service after returning from parental leave - Male	Person	Korea	9	8	9	15
Employees with more than 12 months of service after returning from parental leave - Female	Person	Korea	2	3	1	2
Rate of employees with more than 12 months of service after returning from parental leave - Male	Percentage (%)	Korea	90	100	100	88
Rate of employees with more than 12 months of service after returning from parental leave - Female	Percentage (%)	Korea	100	75	50	33

1) Data was newly compiled from 2025 going forward

2) Eligible employees for parental leave: based on the number of employees with children aged 8 or younger

3) For calculating the parental leave usage rate, eligible employees are those with children within one year of birth (based on HD Hyundai Group's metric definition)

Occupational Health and Safety¹⁾

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Total working hours	Hour	Korea	2,737,280	2,433,600	2,342,080	5,145,920
Industrial accident rate	Percentage (%)	Korea	0.44	0.51	0.53	0.77
LTIR - Employee ²⁾³⁾	200,000 hours	Global	-	0.73	0.69	0.64
LTIR - Employee	200,000 hours	Korea	0.61	0.55	0.68	0.74
LTIR - Contractor	200,000 hours	Korea	0.23	0	0.46	0
TRIR - Employee	200,000 hours	Global	2.02	1.43	2.46	2.17
RI - Employee	Case	Global	28	18	92	92
TRIR - Employee	200,000 hours	Korea	7.31	7.31	3.76	3.26
RI - Employee	Case	Korea	24	24	44	84
TRIR - Contractor	200,000 hours	Korea	1.15	2.29	0.46	0.24
RI - Contractor	Case	Korea	1	2	2	2
OIFR - Employee ⁴⁾	200,000 hours	Korea	0.37	0.12	0.43	0.08
Employee fatalities	Person	Global	0	0	0	0
Fatality rate - Employee	200,000 hours	Global	0	0	0	0
Contractor fatalities	Person	Global	0	0	0	0
Fatality rate - Contractor	200,000 hours	Global	0	0	0	0

1) Major and high-risk accident types: sprains, fractures, falls, collisions, etc.

2) The global scope of LTIR - Employee encompasses both Korea and overseas manufacturing operations

3) Global data was newly compiled from 2024 going forward

4) Includes non-accidental musculoskeletal disorders, etc.

Health and Safety Management

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
ISO 45001 certified operations ¹⁾	No.	Global	4	4	5	7
ISO 45001 certified operations ¹⁾	Percentage (%)	Global	67	67	100	100
Health and safety grievance resolution	Percentage (%)	Korea	78	75	68	87

1) Major Korea operations and overseas manufacturing operations



HD Construction Equipment ESG Databook

Social Data

Employee Engagement

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Employee engagement survey participation	Percentage (%)	Korea	80	76	76	65
Employee engagement or satisfaction ¹⁾	Percentage (%)	Korea	-	59	59	66

1) Data was newly compiled from 2024 going forward

Supply Chain Management

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Suppliers ¹⁾	No.	Global	-	960	1,818	1,440
Suppliers	No.	Korea	555	571	477	634
Significant suppliers	No.	Korea	55	57	60	87
Significant suppliers	Percentage (%)	Korea	10	10	13	14
Purchase amount from significant suppliers of total expense	Percentage (%)	Korea	41	41	49	46
New suppliers that have undergone ESG audits	Percentage (%)	Korea	17	13	21	15
Suppliers receiving ESG improvement support	No.	Korea	142	200	182	278
Suppliers supported by capability building program ²⁾	No.	Korea	142	25	105	106
Amount of capability building program support ²⁾	KRW 100 mil.	Korea	63	113	315	631
ESG training courses for suppliers	No.	Korea	8	4	23	3
People from suppliers who completed ESG training	Person	Korea	938	457	166	11
Grievances received from suppliers	Case	Korea	114	48	8	10
Supplier grievance handling	Percentage (%)	Korea	58	19	100	100
Technology development support cases	Case	Korea	6	8	0	0
Technical protection support cases	Case	Korea	0	0	0	4

1) Data was newly compiled from 2024 going forward

2) Changes in metric definition in 2024

Supply Chain Assessment

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
ESG self-assessment suppliers	No.	Korea	100	187	182	278
ESG self-assessment targets achievement rate	Percentage (%)	Korea	100	100	100	100

Suppliers with discovered positive/negative impacts

Outstanding suppliers	No.	Korea	29	91	103	148
Outstanding suppliers	Percentage (%)	Korea	29	49	57	53
High-risk suppliers	No.	Korea	14	23	7	19
High-risk suppliers	Percentage (%)	Korea	14	12	4	7
High-risk suppliers who agreed to develop improvement plans	No.	Korea	14	23	7	19
High-risk suppliers who agreed to develop improvement plans	Percentage (%)	Korea	100	100	100	100
High-risk suppliers whose contracts have ended	No.	Korea	0	0	0	5
High-risk suppliers whose contracts have ended	Percentage (%)	Korea	0	0	0	26

Human Rights Management

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Participation rate in human rights/sexual harassment prevention training	Percentage (%)	Korea	94	97	95	98
Human rights grievances received ¹⁾	Case	Global	3	2	4	3
Human rights grievances handling rate	Percentage (%)	Global	100	100	100	100
Human rights impact assessment rate - Employee ²⁾	Percentage (%)	Korea	100	100	100	0
Risk identification based on human rights impact assessment rate - Employee ²⁾	Percentage (%)	Korea	100	100	100	0
Mitigation measures implemented after identifying the human rights impact assessment risk - Employee ²⁾	Percentage (%)	Korea	100	100	97	0
Conducting human rights impact assessments - Contractor	Percentage (%)	Korea	18	33	38	44
Risk identification based on human rights impact assessment - Contractor	Percentage (%)	Korea	100	100	100	100
Mitigation measures implemented after identifying the human rights impact assessment risk - Contractor	Percentage (%)	Korea	100	100	100	100

1) Reports of human rights violations such as discrimination and harassment are being received, and there were no reports of discrimination in 2025

2) In 2025, the human rights impact assessment was conducted only for HD Hyundai Construction Equipment

HD Construction Equipment ESG Databook

Social Data

Quality Management

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
ISO 9001 certified operations	No.	Global	6	6	5	7
Cases of violating laws related to hazardous substances in products	Case	Korea	0	0	0	0
Cases of violating laws related to product information labeling	Case	Korea	0	0	0	0

Customer Satisfaction

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Customer satisfaction survey ratio	Percentage (%)	Korea	10	14	12	13
Customer satisfaction survey results	Point	Korea	92	85	88	96

Social Contribution

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Employees participating in social contribution activities ¹⁾	Person	Korea	-	449	804	2,290
Number of times participating in social contribution activities	Time	Korea	532	787	86	134
Hours spent participating in social contribution activities	Hour	Korea	3,714	5,104	3,403	11,348
Donation amount	KRW 100 mil.	Global	55	61	71	14
Donation amount to sales ratio ²⁾	Percentage (%)	Global	0.21	0.32	0.33	0.04
Number of 1% Salary Sharing participants	Person	Korea	236	215	146	1,154
Proportion of 1% Salary Sharing participation	Percentage (%)	Korea	18	18	13	47
1% Salary Sharing fundraising amount ¹⁾	KRW million	Korea	-	153	68	258

1) Data was newly compiled from 2024 going forward
2) 2024 data was corrected due to an error

Information Security

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Customer privacy violations ¹⁾	Case	Global	0	0	0	0
Information security breach incidents ¹⁾	Case	Global	0	0	0	0
Information security investment ratio	Percentage (%)	Korea	1.34	0.96	0.8	1.69

1) Reporting scope changed due to expansion of data collection (limited to Korea before 2023, global operations were added in 2024)

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Governance Data

Board of Directors

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Board of Directors attendance rate	Percentage (%)	Korea	100	100	98	98
Female director ratio	Percentage (%)	Korea	20	20	20	20
Average tenure of directors	Year	Korea	1.6	1.6	2.4	2.4
CEO average compensation	KRW million	Korea	995	843	1,025	1,379
CEO – Employee compensation ratio	Multiple	Korea	10.3	8.8	10.7	12.1
Ratio of CEO compensation to median of total employee compensation ¹⁾	Multiple	Korea	–	–	10.69	10.73

1) Data was newly compiled from 2025 going forward

Ethical Management

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Operations conducting ethics audits	No.	Global	4	4	3	4
Operations conducting ethics audits ¹⁾	Percentage (%)	Global	36	36	25	24
Employees who completed ethics training ²⁾	Person	Global	782	1,653	1,696	2,255
Ethics training completion – Senior manager (including the CEO and non-registered executives)	Percentage (%)	Global	100	100	100	100
Ethics training completion – Employees	Percentage (%)	Global	58	59	47	55
Employees who submitted the ethical management practice pledge ³⁾	Person	Global	942	2,060	2,296	2,220
Employees who submitted the ethical management practice pledge ³⁾⁴⁾	Percentage (%)	Global	99.3	99.8	99.4	98.5
Suppliers who submitted the ethical management practice pledge	No.	Korea	219	274	237	267
Suppliers who submitted the ethical management practice pledge	Percentage (%)	Korea	92	98.2	89	87
Ethical management violations ⁵⁾	Case	Korea	5	13	2	7

1) 2023 to 2024 data was corrected due to an error

2) Reporting scope changed due to expansion of data collection (limited to Korea before 2023, U.S. was excluded in 2024)

3) Reporting scope changed due to expansion of data collection (limited to Korea before 2023, U.S. was excluded in 2024)

4) Calculated based on the number of employees subject to submission rather than the total number of employees; the eligible employees include only those in managerial positions among Korea technical staff (production foremen, production team leaders, etc.), and for global, limited to key position holders with potential risk exposure

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

Executive’s Share Ownership Ratio

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Ratio of CEO equity holdings to compensation	Percentage (%)	Korea	26	35	66	0
Ratio of equity holdings to compensation for registered executives excluding the CEO	Percentage (%)	Korea	0	0	0	0

Compliance Management

Metrics	Unit	Scope	2023	2024	2025	
					HD Hyundai Construction Equipment	HD Hyundai Infracore
Operations assessed as having corruption risks ¹⁾	No.	Global	–	2	4	5
Operations assessed as having corruption risks ¹⁾	Percentage (%)	Global	–	18	33	29
Compliance training participants ⁴⁾	Person	Korea	848	882	1,324	1,751
Compliance training sessions	Case	Korea	2	2	2	2
Environmental law violations ²⁾³⁾	Case	Global	0	0	0	0
Monetary violations	Case	Global	0	0	0	0
Non-monetary violations	Case	Global	0	0	0	0
Other law violations ²⁾³⁾	Case	Global	1	1	2	0
Fair trade law violations	Case	Global	0	0	1	0
Monetary violations	Case	Global	0	0	1	0
Non-monetary violations	Case	Global	0	0	0	0
Anti-Bribery Act violations	Case	Global	0	0	0	0
Monetary violations	Case	Global	0	0	0	0
Non-monetary violations	Case	Global	0	0	0	0
Other law violations	Case	Global	1	1	1	0
Monetary violations	Case	Global	1	1	1	0
Non-monetary violations	Case	Global	0	0	0	0
Fines for environmental regulation violations ²⁾³⁾	KRW million	Global	0	0	0	0
Fines for other regulation violations ²⁾³⁾	KRW million	Global	8	8	50	0

1) Data was newly compiled from 2024 going forward

2) Monetary sanctions of USD 10,000 or more

3) Reporting scope changed due to expansion of data collection (limited to Korea before 2023, manufacturing operations added in 2024)

4) Total participants are calculated as the sum of participants from the first and second half compliance training (includes duplicate participation).



08

Appendix

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Stakeholder Engagement

Stakeholder Communication Channel

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

Member Associations and Initiatives

Association Membership

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

Domestic Contributions to Related Organizations and Associations

(Unit: KRW million)

Metrics	2025	
	HD Hyundai Construction Equipment	HD Hyundai Infracore
Expenditure by contribution type		
Lobbying and interest groups	0	0
Political contributions ¹⁾	0	0
Associations and tax-exempt organizations	416 ²⁾	1,024 ³⁾

1) The company strictly complies with Article 31 (Restrictions on Contributions) of Korea's Political Funds Act, which prohibits political contributions by corporations or organizations. It provides no political funds, election funds, or lobbying funds to political organizations or parties influencing policy formation. The company does not join or participate in industry associations whose activities run counter to the Paris Agreement, and there was no climate-related lobbying by relevant associations in 2024.

2) The top five organizations and associations by expenditure are as follows.

- Seongnam Chamber of Commerce and Industry: KRW 180,330,000

- Korea Construction Equipment Manufacturers Association: KRW 151,000,000

- Korea Enterprises Federation: KRW 25,119,000

- UNGC: KRW 16,500,000

- ANAC (Machinery Association): KRW 12,215,344

3) The top five organizations and associations by expenditure are as follows.

- Federation of Korean Industries: KRW 300,000,000

- Korea Construction Equipment Manufacturers Association: KRW 273,137,258

- Korea Enterprises Federation: KRW 114,214,000

- Incheon Chamber of Commerce and Industry: KRW 107,960,000

- Gunsan Chamber of Commerce and Industry: KRW 43,057,000

Initiatives

Category	RE100	TCFD
	UN Global Compact	CDP
	CoREi	K-EV100
	BNBP	



GRI

GRI Content Index

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

Metrics	Disclosure title	Page
GRI 2 : General Disclosures 2021		
GRI 2: General Disclosures 2021 (The organization and its reporting practices)	2-1 Organizational details	9, 11
	2-2 Entities included in the organization's sustainability reporting	2
	2-3 Reporting period, frequency and contact point	2
	2-4 Restatements of information	98, 106, 107
	2-5 External assurance	126-130
GRI 2: General Disclosures 2021 (Activities and workers)	2-6 Activities, value chain and other business relationships	9-13
	2-7 Employees	102
	2-8 Workers who are not employees	102*
GRI 2: General Disclosures 2021 (Governance)	2-9 Governance structure and composition	14-16, 30, 45, 56, 62, 67, 75, 85, 89
	2-10 Nomination and selection of the highest governance body	15
	2-11 Chair of the highest governance body	15
	2-12 Role of the highest governance body in overseeing the management of impacts	24
	2-13 Delegation of responsibility for managing impacts	24
	2-14 Role of the highest governance body in sustainability reporting	24
	2-15 Conflicts of interest	15-16
	2-16 Communication of critical concerns	63, 69, 78, 91
	2-17 Collective knowledge of the highest governance body (expertise)	14-15
	2-18 Evaluation of the performance of the highest governance body	16
	2-19 Remuneration policies	16
	2-20 Process to determine remuneration	16
	2-21 Annual total compensation ratio	107

* Includes the number of on-site partner company personnel related to production process outsourcing and R&D design

Metrics	Disclosure title	Page
GRI 2 : General Disclosures 2021		
GRI 2: General Disclosures 2021 (Strategy, policies and practices)	2-22 Statement on sustainable development strategy	5-6
	2-23 Policy commitments	44, 46, 62, 67, 75, 91, 94
	2-24 Embedding policy commitments	44, 46, 62, 67, 75, 91, 94
	2-25 Processes to remediate negative impacts	63, 69, 78, 91
	2-26 Mechanisms for seeking advice and raising concerns	63, 91
	2-27 Compliance with laws and regulations	107
	2-28 Membership associations	110
	2-29 Approach to stakeholder engagement	109
GRI 2: General Disclosures 2021 (Stakeholder engagement)	2-30 Collective bargaining agreements	103
GRI 3 : Material Topics 2021		
GRI 3: Material Topics 2021	3-1 Guidance to determine material topics	25
	3-2 List of material topics	26
Material Topic - Climate Change		
GRI 3: Material Topics 2021	3-3 Management of material topics	30-43
GRI 201: Economic Performance 2016	201-2 Financial implications and other risks and opportunities due to climate change	31-33
	302-1 Energy consumption within the organization	99
GRI 302: Energy 2016	302-3 Energy intensity	99
	302-4 Reduction of energy consumption	36, 99
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	34, 99, 117-119
	305-2 Energy indirect (Scope 2) GHG emissions	34, 99, 117-119
	305-3 Other indirect (Scope 3) GHG emissions	99, 117-119
	305-4 GHG emissions intensity	99
	305-5 Reduction of GHG emissions	35



GRI

GRI Content Index

Metrics		Disclosure title	Page
Material Topic – Health and Safety			
GRI 3: Material Topics 2021	3-3	Management of material topics	66-73
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	67, 72
	403-2	Hazard identification, risk assessment, and incident investigation	69
	403-3	Occupational health services	71, 73
	403-4	Worker participation, consultation, and communication on occupational health and safety	67
	403-5	Worker training on occupational health and safety	70
	403-6	Promotion of worker health	71-73
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	72-73
	403-8	Workers covered by an occupational health and safety management system*	104, 127
	403-9	Work-related injuries	69, 104
	403-10	Work-related ill health	104
Material Topic – Employment			
GRI 3: Material Topics 2021	3-3	Management of material topics	55-60, 61-65
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	103
	401-3	Parental leave	104
	404-1	Average hours of training per year per employee	104
GRI 404: Training and Education 2016	404-2	Programs for upgrading employee skills and transition assistance programs	57-58
	404-3	Percentage of employees receiving regular performance and career development reviews	103
	405-1	Diversity of governance bodies and employees ^W	102
GRI 405: Diversity and Equal Opportunity 2016	405-2	Ratio of basic salary and remuneration of women to men	103
	406-1	Incidents of discrimination and corrective actions taken	91, 107
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	63-64

* ISO 45001 certification coverage ratio of employees: HD Hyundai Construction Equipment 67%, HD Hyundai Infracore 77% (based on domestic worksites as of 2025).

Metrics		Disclosure title	Page
Material Topic – Supply Chain			
GRI 3: Material Topics 2021	3-3	Management of material topics	74-78
GRI 308: Supplier Environmental Assessment 2016	308-1	New suppliers that were screened using environmental criteria	105
	308-2	Negative environmental impacts in the supply chain and actions taken	75-76
GRI 414: Supplier Social Assessment 2016	414-1	New suppliers that were screened using social criteria	105
	414-2	Negative social impacts in the supply chain and actions taken	105
Material Topic – Ethical Management			
GRI 3: Material Topics 2021	3-3	Management of material topics	89-93
	205-1	Operations assessed for risks related to corruption	92,107
GRI 205: Anti-corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	107
	205-3	Confirmed incidents of corruption and actions taken	91, 107
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	107
Material Topic – Resource Use and Circular Economy			
GRI 3: Material Topics 2021	3-3	Management of material topics	50-53
	306-2	Management of significant waste-related impacts	52
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GRI 306: Waste 2020	306-4	Waste diverted from disposal	50, 101
	306-5	Waste directed to disposal	50, 101



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ESRS 2 BP-1	General basis for preparation of sustainability statements	2
ESRS 2 BP-2	Disclosures in relation to specific circumstances	Not applicable
ESRS 2 GOV-1	The role of the administrative, management and supervisory bodies	14, 16, 30, 44, 55, 61, 66, 74, 85, 89
ESRS 2 GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	24, 25-28
ESRS 2 GOV-3	Integration of sustainability-related performance in incentive schemes	28
ESRS 2 GOV-4	Statement on due diligence	24, 25
ESRS 2 GOV-5	Risk management and internal controls over sustainability reporting	-
ESRS 2 SBM-1	Strategy, business model and value chain	9, 11-13
ESRS 2 SBM-2	Interests and views of stakeholders	109
ESRS 2 SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	11, 26-28
ESRS 2 IRO-1	Description of the process to identify and assess material impacts, risks and opportunities	19, 25-27
ESRS 2 IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	113-114
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ESRS E1-2	Policies related to climate change mitigation and adaptation	45
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ESRS E1-4	Targets related to climate change mitigation and adaptation	34, 43
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ESRS E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	43
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ESRS E1-9	Anticipated financial effects from material physical and transition risks and potential climate-related opportunities	33

Metrics	Disclosure title	Page
ESRS E3. Water and Marine Resources		
ESRS E3-1	Policies related to water and marine resources	45
ESRS E3-2	Actions and resources related to water and marine resources	44-45
ESRS E3-3	Targets related to water and marine resources	44-45
ESRS E3-4	Water consumption	44, 100
ESRS E3-5	Anticipated financial effects from water and marine resources-related impacts, risks and opportunities	-
ESRS E4. Biodiversity and Ecosystems		
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ESRS E4-3	Actions and resources related to biodiversity and ecosystems	48-49
ESRS E4-4	Targets related to biodiversity and ecosystems	-
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ESRS E5-2	Actions and resources related to resource use and circular economy	50
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ESRS E5-4	Resource inflows	98
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ESRS E5-6	Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities	-



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ESRS S1-2	Processes for engaging with own workers and workers' representatives about impacts	59-60, 67-68
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ESRS S1-4	Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	63-64, 69
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TCFD

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TNFD

TNFD Index

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SASB

SASB Index

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Materials Sourcing	Discussion and Analysis	RT-IG-440A.1	Description of the management of risks associated with the use of critical materials	75
Remanufacturing Design and Service	Quantitative	RT-IG-440B.1	Revenue from remanufactured products and remanufacturing services	98
Activity Metric	Quantitative	RT-IG-000.A	(1) Vehicle, and agricultural and construction equipment	-
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		RT-IG-000.A	(3) Parts and components	-
	Quantitative	RT-IG-000.B	Number of employees	102

UNGC

UNGC

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

HD Construction Equipment Independent Assurance Opinion Statement

Relating to HD Construction Equipment Co., Ltd.'s Sustainability Report for the calendar year 2025

This Assurance Statement has been prepared for HD Construction Equipment Co., Ltd. in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

LRQA was commissioned by HD Construction Equipment Co., Ltd. (HD Construction Equipment abbreviated) to provide independent assurance on its 'HD Construction Equipment Sustainability Report 2025' ("the report") against the assurance criteria below to a moderate level of assurance and materiality of professional judgement using Accountability's AA1000AS v3, where the scope was a Type 2 engagement.

Our assurance engagement covered HD Construction Equipment's operations and activities in Korea and specifically the following requirements: Evaluating adherence to the AA1000 AccountAbility Principles¹⁾ of Inclusivity, Materiality, Responsiveness and Impact

- Confirming that the report is in accordance with GRI Standards 2012)
- Evaluating the accuracy and reliability of data and information related to performance indicators on material topics listed in the GRI Content Index

Our assurance engagement excluded the data and information of HD Construction Equipment's suppliers, contractors and any third parties mentioned in the report.

LRQA's responsibility is only to HD Construction Equipment. LRQA disclaims any liability or responsibility to others as explained in the end footnote. HD Construction Equipment's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of HD Construction Equipment.

1) <https://www.accountability.org>

2) <https://www.globalreporting.org>

LRQA's Opinion

Based on LRQA's approach, nothing has come to our attention that would cause us to believe that HD Construction Equipment has not, in all material respects: • Met the requirements above

- Disclosed accurate and reliable performance data and information as all errors or omissions identified during the assurance engagement were corrected
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a moderate level of assurance and at the materiality of the professional judgement of the verifier.

Note: The extent of evidence-gathering for a moderate assurance engagement is less than for a high assurance engagement. Moderate assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a moderate assurance engagement is substantially lower than the assurance that would have been obtained had a high assurance engagement been performed.

LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing HD Construction Equipment's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through reviewing documents and associated records.
- Reviewing HD Construction Equipment's process for identifying and determining material issues to confirm that the right issues were included in their Report. We did this by benchmarking reports written by HD Construction Equipment and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether HD Construction Equipment makes informed business decisions that may create opportunities that contribute towards sustainable development. • Auditing HD Construction Equipment's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Reviewing additional evidence made available by HD Construction Equipment at its headquarters.
- Checking that the GRI Content Index allows stakeholders to access sustainability indicators.

HD Construction Equipment Independent Assurance Opinion Statement

Observations

Further observations and findings, made during the assurance engagement, are:

- **Inclusivity:** We are not aware of any key stakeholder groups that have been excluded from HD Construction Equipment's stakeholder engagement process.

- **Materiality:** We are not aware of any material issues concerning HD Construction Equipment's sustainability performance that have been excluded from the report. It should be noted that HD Construction Equipment has established extensive criteria for determining which issue/aspect is material and that these criteria are not biased to the company's management.

- **Responsiveness:** HD Construction Equipment has effectively carried out response activities such as climate change response and related technology development, expansion of LCA, energy efficiency improvement, and increased procurement of renewable energy. In particular, we confirmed that the company has systematically established a human rights impact assessment process, corrective action planning, and a grievance handling mechanism.

- **Impact:** HD Construction Equipment presented its business value chain covering product manufacturing, own operations, product use and repair, and end-of-life disposal. The company also identified key impacts from the perspectives of upstream, own operation, and downstream activities and appropriately reported them.

- **Reliability:** HD Construction Equipment's data management system for the selected indicators is well defined

LRQA's standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is HD Construction Equipment's verification body for its GHG emissions. The verification is the only work undertaken by LRQA for HD Construction Equipment and as such does not compromise our independence or impartiality.



AA1000
Licensed Report
000-11/V3-S7NVH

LRQA reference: SE000000658

Tae-Kyoung Kim LRQA Lead Verifier

Dated: 26 May 2026

On behalf of LRQA

2nd Floor, T Tower, 30, Sowol-ro 2-gil, Jung-gu, Seoul, Republic of Korea

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HD Hyundai Construction Equipment Verification Opinion on GHG Emissions

LRQA Independent Assurance Statement

Relating to HD Hyundai Construction Equipment Co., Ltd.'s GHG Emissions Inventory for the calendar year 2025

This Assurance Statement has been prepared for HD Hyundai Construction Equipment Co., Ltd. in accordance with our contract.

Terms of engagement

LRQA was commissioned by HD Hyundai Construction Equipment Co., Ltd. (HCE) to provide independent assurance on its GHG emissions inventory for the calendar year 2025 (here after referred to as "the report") against the assurance criteria below to a limited level of assurance and materiality of 5% using ISO 14064-3:2019, 'Specification with guidance for verification and validation of greenhouse gas statements'.

Our assurance engagement covered the operations of HCE's domestic sites¹⁾ and its overseas subsidiary²⁾, and specifically the following requirements:

- Evaluating conformance with A Corporate Accounting and Reporting Standard (revised version) and GHG Protocol Corporate Value Chain (Scope 3) Standard³⁾
- Evaluating the accuracy and reliability of data and information for direct GHG emissions (Scope 1) and energy indirect GHG emissions (Scope 2)
- Evaluating the accuracy and reliability of data and information for other indirect GHG emissions (Scope 3)

LRQA's responsibility is only to HCE. LRQA disclaims any liability or responsibility to others as explained in the end footnote. HCE's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of HCE.

1) Domestic subsidiaries were excluded from this assurance engagement.

2) Among the overseas subsidiaries, only direct and indirect emissions from the Indian subsidiary were included.

3) <https://www.ghgprotocol.org>

LRQA's Opinion

Based on LRQA's approach nothing has come to our attention that would cause us to believe that HCE has not, in all material respects:

- Met the requirements above; and
- Disclosed accurate and reliable data and information as summarized in Table 1 and Table 2 below.



The opinion expressed is formed on the basis of a limited level of assurance and at the materiality of 5%.

Note: The extent of evidence-gathering for a limited assurance engagement is less than for a reasonable assurance engagement. Limited assurance engagements focus on aggregated data rather than physically checking source data at sites. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:• Interviewing key people of the organization responsible for managing GHG emissions data and records;

- Reviewing processes related to the control of GHG emissions data and records;
- Visiting HCE' headquarters and reviewing additional evidence made available by HCE; and
- Verifying historical GHG emissions data and records at an aggregated level for the calendar year 2025.

LRQA's standards, competence and independence

LRQA implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

Dated: 13 May 2026

Chan-Sik Yun LRQA Lead Verifier

On behalf of LRQA

2nd Floor, T Tower, 30, Sowol-ro 2-gil, Jung-gu, Seoul, Republic of Korea

LRQA reference: SEO00002179

HD Hyundai Construction Equipment Verification Opinion on GHG Emissions

LRQA Independent Assurance Statement

Table 1. Summary of HD Hyundai Construction Equipment Co., Ltd., Scope1 and Scope2 GHG Emissions Inventory 2025

Region	Corporate entity (Site)	2025		
		Direct GHG emissions (Scope 1)	Energy indirect GHG emissions (Scope 2, Location based)	Energy indirect GHG emissions (Scope 2, Market based)
Korea	Bundang	226	433	433
	Ulsan	5,847	7,410	6,533
	Yongin	178	2,739	2,739
	Eumseong	176	1,281	1,281
	Gunsan	3	26	26
	Boryeong	427	0	0
India	HD Hyundai Construction Equipment India	5,352	8,301	3,585

Note 1: Scope 2, Location based and Market based are defined in the GHG Protocol Scope 2 Guidance, 2015

Table 2. Summary of HD Hyundai Construction Equipment Co., Ltd. 's domestic sites, Scope3 GHG Emissions Inventory 2025

Scope of GHG emissions	Tonnes CO ₂ e
Other Indirect GHG emissions (Scope 3)	
• Purchased goods & services – steel components for excavators	230,584
• Capital goods – computers, monitors, tablets, televisions, refrigerators, cameras, surveillance cameras, and office equipment	99
• Fuel and energy related activities – upstream emissions of purchased fuels, electricity and Heat	2,026
• Upstream transportation and distribution – transportation of purchased goods	102,796
• Waste generated in operations – treatment of wastes	640
• Business travel – rail, vehicles, buses, air travel, and accommodation	1,255
• Employee commuting – commuter buses	350
• Downstream transportation and distribution – transportation of sold excavators and wheel loaders	8,992
• Use of sold products – use of domestically and internationally sold excavators and wheel loaders	5,249,137
• End-of-life treatment of sold products – disposal of domestically and internationally sold excavators and wheel loaders Investments	1,122
• Investments – direct equity investment ¹⁾	0

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

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The English version of this Assurance Statement is the only valid version. LRQA assumes no responsibility for versions translated into other languages.

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HD Hyundai Infracore Verification Opinion on GHG Emissions

HD Hyundai Infracore Co., Ltd.

The Korea Management Registrar In c. (hereinafter “KMR”) has conducted the verification on the greenhouse gas(hereinafter “GHG”) emission(Scope 1,2) in 2025 of HD Hyundai Infracore Co., Ltd.(hereinafter “the company”).

PURPOSE & SCOPE

The purpose of this verification is to independently assess the following based on objective evidence.

- Conformity with the verification criteria
- The accuracy of the GHG emissions and removals reported by the company

The scope of this verification covers the GHG emissions report provided by the company, as well as all facilities and emission sources under the operational control of the company.

STANDARDS

- Guidelines on Emission Reporting and Certification under the Greenhouse Gas Emissions Trading Scheme (Ministry of Environment Notice No.2025-64)
- Verification Guidelines for the Operation of the GHG Emissions Trading Scheme (Ministry of Environment Notice No.2025-165)
- Guidelines on the Operation of Greenhouse Gas and Energy Target Management System (Ministry of Environment Notice No.2025-165)
- IPCC Guidelines for National Greenhouse Gas Inventories(2006)

PROCEDURE

KMR conducted on-site verification based on a risk analysis approach and data evaluation, and assessed the appropriateness of the data and parameters applied in the calculation of GHG emissions based on objective evidence. KMR verified the GHG emissions for the reporting period using reasonable methods in accordance with the verification guidelines.

INDEPENDENCE

KMR has no conflict of interest with the company and does not perform verification with biased opinions or perspectives. KMR derived an independent and objective verification conclusion based on the verification criteria, and reviewed the entire verification process through an independent review.

LIMITATION

KMR verified the relevant reports, information, and data provided by the company through sampling and, where applicable, full inspection methods. However, there are inherent limitations, and differences in interpretation regarding conformity may exist. Although efforts were made to conduct a thorough verification in accordance with the verification criteria, undetected errors, omissions, or misstatements may still exist, which are presented as limitations of the verification.

GHG emissions and Energy Consumption

Unit: GHG (ton CO₂-eq) / Energy (TJ)

GHG	Scope 1	Scope 2		Total
2025	22,761.85	65,040.30		87,799
Energy	Fuel	Electricity	Steam	Total
2025	348.124	1,358.65	1.711	1,706

RESULTS

KMR prepared the GHG report in accordance with the agreed verification criteria.

- The verification of GHG emissions was conducted to achieve a reasonable level of assurance in accordance with the verification criteria.
- It has been verified that the data were properly collected, prepared, and reported in accordance with the verification criteria, and that emissions from key emission sources (accounting for 95% of total GHG emissions) have been calculated and reported without omission.
- Materiality: Meets the threshold of less than 5%

It has been verified that emissions from key emission sources have been calculated and reported without omission.

The verification confirms conformity with the verification objectives, scope, and criteria, and an “unmodified ” opinion is expressed.

May 13, 2026

KmR

CEO

E J Hwang



HD Hyundai XiteSolution ESG Databook

The ESG data reporting scope of this report is categorized into 'Korea' or 'Global,' which includes domestic and major overseas subsidiaries. HD Hyundai XiteSolution Solution's 'Global' reporting scope includes domestic business sites and the Sangju subsidiary in China. In 2024, data was standardized in accordance with the HD Hyundai Group's ESG indicator criteria, and the global aggregation scope was expanded to include sales subsidiaries.

Economic Data

Financial Information

Metrics	Unit	Scope	2024	2025		
				HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Total assets	KRW million	Conso- lidated	9,008,223	9,368,350	3,602,695	4,531,393
Total liabilities	KRW million	Conso- lidated	4,789,561	5,233,224	1,672,399	2,526,651
Total equity	KRW million	Conso- lidated	4,218,661	4,135,126	1,930,296	2,004,742
Sales	KRW million	Conso- lidated	7,773,069	8,236,737	3,776,524	4,547,820
Operating profit	KRW million	Conso- lidated	432,427	467,369	170,883	286,415
Net income	KRW million	Conso- lidated	226,467	181,997	87,035	142,571
Sales	KRW million	Sepa- rate	1,040,353	1,006,970	2,150,089	3,584,586
Donation amount ¹⁾	KRW 100 mil.	Conso- lidated	129	85	71	14
Percentage of donation amount to sales ¹⁾	%	Global	0.17	0.10	0.19	0.03

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

Research and Development

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
R&D personnel	Person	Korea	1,177	1,302	387	247	668
R&D expenses	KRW million	Korea	326,809	311,920	36,207	93,972	181,741
R&D expenses to sales ratio	Percentage(%)	Korea	5	4	4	4	5

Governance Data

Ethical and Compliance Management

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Operations conducting ethics audits	No.	Global	12	10	3	3	4
Operations conducting ethics audits	%	Global	30	29	50	25	24
Executives and employees who completed ethics training ¹⁾	Person	Global	5,136	5,384	1,433	1,696	2,255
Ethics training completion – Executives and employees	%	Global	68	58	93	47	55
Employees who submitted the ethical management practice pledge ²⁾	Person	Global	5,405	5,942	1,426	2,296	2,220
Employees who submitted the ethical management practice pledge ²⁾³⁾	%	Global	99	99	100	99	98
Suppliers who submitted the ethical management practice pledge	No.	Korea	944	822	318	237	267
Suppliers who submitted the ethical management practice pledge	%	Korea	92	88	87	89	87
Ethical management violations ⁴⁾	Case	Korea	24	10	1	2	7
Operations assessed as having corruption risks	No.	Global	6	11	2	4	5
Operations assessed as having corruption risks ⁵⁾	%	Global	17	31	33	33	29
Compliance training participants	Person	Korea	3,748	5,508	2,433	1,324	1,751
Compliance training sessions	Case	Korea	13	6	2	2	2
Environmental law violations ⁶⁾⁷⁾	Case	Global	0	0	0	0	0
Other law violations ⁶⁾⁷⁾	Case	Global	1	2	0	2	0
Fair trade law violations	Case	Global	0	1	0	1	0
Anti-Bribery Act violations	Case	Global	0	0	0	0	0
Other law violations	Case	Global	1	1	0	1	0
Fines for environmental regulation violations ⁶⁾⁷⁾	KRW million	Global	0	0	0	0	0
Fines for other regulation violations ⁶⁾⁷⁾	KRW million	Global	8	50	0	50	0

1) Change in the reporting scope due to expansion of the compilation scope (Korea operations employees and overseas expatriates before 2023, Global Staff were newly added from 2024 going forward)

2) Reporting scope changed due to expansion of data collection (limited to Korea before 2023, U.S. was excluded in 2024, entire global operations were covered in 2025)

3) Calculated based on the number of employees subject to submission rather than the total number of employees; the eligible employees include only those in managerial positions among Korea technical staff (production foremen, production team leaders, etc.), and for global, limited to key position holders with potential risk exposure

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

5) Data was newly compiled from 2024 going forward, 2024 data was corrected due to an error

6) Monetary sanctions of USD 10,000 or more

7) Reporting scope changed due to expansion of data collection (limited to Korea before 2023, manufacturing operations added in 2024)

HD Hyundai XiteSolution ESG Databook

Environmental Data

Environmental Investment

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Environmental investment and operating costs	KRW 100 mil.	Global	264	212	22	77	113
Decarbonized (Zero-Emission) Technology Development Cost ¹⁾	KRW 100 mil.	Korea	358	339	59	28	252

1) Investment costs declined year-on-year in 2025 as the company aligned with K-Taxonomy standards to exclusively reflect development costs for zero-emission products.

Environmental Management

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Decarbonized product sales ^{1) 2)}	KRW 100 mil.	Korea	15,873	21,824	1,469	5,449	14,906
Decarbonized product sales ratio ²⁾	Percentage(%)	Korea	25	26	15	25.3	41.6
Number of ISO 14001 certified operations ³⁾	No.	Korea	15	14	2	5	7
Percentage of ISO 14001 certified operations ²⁾	Percentage(%)	Korea	88	100	100	100	100
Non-regenerated raw materials							
Steel usage ⁴⁾	ton	Korea	36,564	82,863	25,654	23,616	33,593
Steel usage intensity ⁴⁾	ton/KRW million	Korea	0.006	0.012	0.025	0.011	0.009

1) Criteria for calculation: HD Construction Equipment's Sustainable Taxonomy p.39
2) 2024 data was corrected due to a change in metric definition
3) Major Korea operations and overseas manufacturing operations
4) 2024 data was corrected due to an error

Pollutant Management¹⁾

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Water pollutants							
BOD ²⁾	ton	Korea	3.28	2.77	0.00	1.29	1.48
TOC(COD) ^{2) 3)}	ton	Korea	8.13	8.88	0.99	4.52	3.37
SS ²⁾	ton	Korea	3.72	3.63	0.03	2.49	1.11
BOD	ton	Korea	1.29	1.32	0.00	0.05	1.27
TOC	ton	Korea	1.12	1.78	0.00	0.00	1.78
SS	ton	Korea	0.51	0.48	0.00	0.36	0.11
Air pollutants							
Nitrogen Oxides(NOx) ^{2) 4)}	ton	Korea	32.76	60.65	0.81	56.64	3.26
Sulfur Oxides(SOx) ^{2) 4)}	ton	Korea	17.12	53.22	0.00	53.01	0.21
Volatile Organic Compounds(VOCs) ²⁾	ton	Korea	79.3	37.65	9.67	14.31	13.68
Dust ^{2) 4)}	ton	Korea	124.94	138.71	0.43	130.01	8.27
Nitrogen Oxides(NOx)	ton	Korea	18.37	4.3	0.58	0.46	3.26
Sulfur Oxides(SOx)	ton	Korea	1.3	0.28	0.00	0.06	0.21
Volatile Organic Compounds(VOCs)	ton	Korea	73.46	28.64	4.35	14.29	10.00
Dust	ton	Korea	12.37	6.63	0.31	2.61	3.71

1) The global scope of pollutant management encompasses both Korea and overseas manufacturing operations
2) Global data was newly compiled from 2024 going forward
3) Data for Korea operations are compiled based on TOC
4) 2024 data was corrected due to an error



HD Hyundai XiteSolution ESG Databook

Environmental Data

Greenhouse Gases¹⁾

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Scope 1&2 emissions	tCO ₂ e	Global	153,693	156,428	20,785	32,258	103,385
Scope 1 emissions	tCO ₂ e	Global	43,071	47,120	2,656	16,110	28,354
Scope 2 emissions	tCO ₂ e	Global	110,624	109,311	18,129	16,148	75,035
Scope 1&2 emissions	tCO ₂ e	Korea	116,692	115,574	9,907	17,868	87,799
Scope 1&2 emissions intensity	tCO ₂ e/ KRW million	Korea	0.018	0.017	0	0.008	0.024
Scope 1 emissions	tCO ₂ e	Korea	32,234	30,781	1,163	6,856	22,762
Scope 1 emissions intensity	tCO ₂ e/ KRW million	Korea	0.005	0.005	0	0.003	0.013
Scope 2 emissions	tCO ₂ e	Korea	84,459	84,796	8,744	11,012	65,040
Scope 2 emissions intensity	tCO ₂ e/ KRW million	Korea	0.013	0.013	2	0.005	0.018
Scope 3 emissions ²⁾	tCO ₂ e	Korea	15,804,213	12,437,389	1,179,792	5,597,001	5,660,596
① Purchased goods and services ³⁾	tCO ₂ e	Korea	267,084	721,193	108,420	230,584	382,189
② Capital goods	tCO ₂ e	Korea	710	149	24	99	26
③ Fuel and energy related activities	tCO ₂ e	Korea	14,743	15,522	1,428	2,026	12,068
④ Upstream transportation and distribution	tCO ₂ e	Korea	291,306	279,402	31,940	102,796	144,666
⑤ Waste generated in operations	tCO ₂ e	Korea	2,599	2,199	633	640	926
⑥ Business travel	tCO ₂ e	Korea	4,722	3,149	1,113	1,255	781
⑦ Employee commuting	tCO ₂ e	Korea	4,966	6,095	1,020	350	4,725
⑨ Downstream transportation and distribution	tCO ₂ e	Korea	128,789	50,900	3,141	8,992	38,767
⑩ Use of sold products ⁴⁾	tCO ₂ e	Korea	15,084,470	11,356,114	1,031,940	5,249,137	5,075,037
⑫ End of life treatment of sold products	tCO ₂ e	Korea	4,819	2,665	132	1,122	1,411
⑮ Investments	tCO ₂ e	Korea	6.43	0.00	0.00	0.00	0.00

Energy

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Energy usage ⁵⁾	TJ	Global	2,787	2,741	280	502	1,958
Direct energy usage	TJ	Global	613	615	39	155	421
Indirect energy usage	TJ	Global	2,065	1,945	241	278	1,426
Renewable energy usage	TJ	Global	109	181	0	70	111
Energy savings	TJ	Global	42	207	155	31	21
Amount of energy cost savings	KRW million	Global	928	1,508	176	917	416
Energy usage ⁵⁾	TJ	Korea	2,305 ⁶⁾	2,342	200	333	1,809
Direct energy usage	TJ	Korea	462	430	16	66	348
Indirect energy usage	TJ	Korea	1,791 ⁶⁾	1,791	184	249	1,359
Renewable energy usage	TJ	Korea	52	120	0	18	102
Energy usage intensity	TJ/KRW million	Korea	0.0004	0.0002	0.0002	0.0002	0.0005
Energy savings	TJ	Korea	38	204	155	28	21
Amount of energy cost savings	KRW million	Korea	875	1,369	176	777	416

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

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

① Purchased goods and services: Based on steel products for excavators

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

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

④ Upstream transportation and distribution: Based on sea/air transportation of products

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

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

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

⑧ Downstream transportation and distribution: Based on sea/air transportation of products

⑨ Use of sold products: Based on the emissions from the use of the sold product until disposal

⑩ End of life treatment of sold products: Based on emissions resulting from the disposal of sold products (Korea)

⑪ Investment: Based on energy usage of related companies

3) Increase in 2025 emissions due to the expansion of the calculation scope

4) Decrease in 2025 emissions due to the expanded collection of primary data based on the actual period of use

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

6) 2024 data was corrected due to an error

HD Hyundai XiteSolution ESG Databook

Environmental Data

Water Resources Management^{1) 2)}

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Water withdrawal							
Water withdrawn ³⁾	ton	Global	848,953	828,351	91,306	159,336	577,709
Water withdrawn from third-party supply (municipal water + industrial water)	ton	Global	825,812	797,335	91,306	142,544	563,485
Rainwater withdrawn	ton	Global	183	4,095	0	0	4,095
Groundwater withdrawn	ton	Global	22,958	26,921	0	16,792	10,129
Water withdrawn	ton	Korea	579,924	629,018	51,993	64,727	512,298
Water withdrawn from third-party supply (municipal water + industrial water)	ton	Korea	572,860	614,794	51,993	64,727	498,074
Rainwater withdrawn	ton	Korea	183	4,095	0	0	4,095
Groundwater withdrawn	ton	Korea	6,881	10,129	0	0	10,129
Water withdrawn intensity	ton/KRW million	Korea	0.091	0.093	0.052	0.030	0.143
Water discharge							
Water discharged ³⁾	ton	Global	141,132	154,729	13,060	33,062	108,607
Wastewater discharged ³⁾	ton	Global	141,132	119,351	13,060	24,702	81,589
Water discharged	ton	Korea	66,887	54,214	2,053	1,470	50,691
Wastewater discharged	ton	Korea	66,887	54,214	2,053	1,470	50,691
Water consumption							
Water consumed ³⁾	ton	Global	707,821	673,622	78,246	126,274	469,102
Water consumed from third-party supply (municipal water + industrial water)	ton	Global	664,908	655,579	78,246	122,454	454,879
Rainwater consumed	ton	Global	183	4,095	0	0	4,095
Groundwater consumed	ton	Global	18,145	13,949	0	3,820	10,129
Water consumed	ton	Korea	513,037	574,804	49,940	63,257	461,607
Water consumed from third-party supply (municipal water + industrial water)	ton	Korea	505,973	560,580	49,940	63,257	447,383
Rainwater consumed	ton	Korea	183	4,095	0	0	4,095
Groundwater consumed	ton	Korea	6,881	10,129	0	0	10,129
Water consumption intensity	ton/KRW million	Korea	0.080	0.085	0.050	0.029	0.129
Water reuse							
Water reused and recycled ³⁾	ton	Global	76,073	72,815	0	11,088	61,727
Water reused and recycled ³⁾	ton	Korea	63,680	61,727	0	0	61,727

Biodiversity

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Threatened species in the IUCN Red List that are identified near the operations	No.	Global	1,347	1,745	558	631	556

1) The global scope of water resources management encompasses both Korea and overseas manufacturing operations

2) Water data covers third-party supply (municipal water + industrial water), rainwater, groundwater, seawater, and reused water. Categories with a value of '0' were omitted from the report

3) 2024 data was corrected due to an error



HD Hyundai XiteSolution ESG Databook

Environmental Data

Waste Management¹⁾

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Waste generation							
Waste generated ²⁾	ton	Global	48,203	54,135	1,807	25,552	26,776
Non-hazardous waste generated	ton	Global	44,614	49,794	1,342	24,618	23,834
Hazardous waste generated	ton	Global	3,590	4,341	466	934	2,942
Waste generated	ton	Korea	26,248	26,024	1,010	2,308	22,706
Non-hazardous waste generated	ton	Korea	23,856	23,389	831	2,062	20,496
Hazardous waste generated	ton	Korea	2,392	2,636	180	246	2,210
Waste disposal							
Waste disposed ²⁾	ton	Global	48,203	54,134	1,807	25,552	26,775
Waste landfilled	ton	Global	840	225	0	174	51
Waste incinerated	ton	Global	3,196	3,918	679	1,159	2,080
Waste incinerated with energy recovery	ton	Global	2,100	2,346	0	266	2,080
Waste incinerated without energy recovery	ton	Global	1,096	1,572	679	893	0
Waste disposed - Others	ton	Global	-	66	37	11	18
Waste recycled ²⁾	ton	Global	44,167	49,925	1,091	24,208	24,626
Waste recycling rate ²⁾	Percentage(%)	Global	92	309	123	95	92
Non-hazardous waste disposed ²⁾	ton	Global	44,614	49,794	1,342	24,618	23,834
Non-hazardous waste landfilled	ton	Global	611	190	0	140	50
Non-hazardous waste incinerated	ton	Global	1,975	2,131	413	593	1,125
Non-hazardous waste incinerated with energy recovery	ton	Global	1,226	1,291	0	166	1,125
Non-hazardous waste incinerated without energy recovery	ton	Global	750	840	413	427	0
Non-hazardous waste disposed - Others	ton	Global	-	66	37	11	18
Non-hazardous waste recycled ²⁾	ton	Global	42,028	47,406	891	23,874	22,641
Hazardous waste disposed ²⁾	ton	Global	3,590	4,340	466	934	2,941
Hazardous waste landfilled	ton	Global	229	35	0	34	1
Hazardous waste incinerated	ton	Global	1,221	1,786	266	566	955
Hazardous waste incinerated with energy recovery	ton	Global	874	1,055	0	100	955
Hazardous waste incinerated without energy recovery	ton	Global	347	732	266	466	0
Hazardous waste recycled ²⁾	ton	Global	2,140	2,519	200	334	1,985

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Waste disposed	ton	Korea	26,248	26,023	1,010	2,308	22,705
Waste landfilled	ton	Korea	172	92	0	42	50
Waste incinerated	ton	Korea	1,262	1,166	394	437	335
Waste incinerated with energy recovery	ton	Korea	462	335	0	0	335
Waste incinerated without energy recovery	ton	Korea	800	831	394	437	0
Waste disposed - Others	ton	Korea	-	66	37	11	18
Waste recycled	ton	Korea	24,814	24,700	580	1,818	22,302
Waste recycling rate	Percentage(%)	Korea	95	236	59	79	98
Non-hazardous waste disposed	ton	Korea	23,856	23,389	831	2,062	20,496
Non-hazardous waste landfilled	ton	Korea	31	58	0	8	50
Non-hazardous waste incinerated	ton	Korea	829	744	372	346	26
Non-hazardous waste incinerated with energy recovery	ton	Korea	121	26	0	0	26
Non-hazardous waste incinerated without energy recovery	ton	Korea	709	718	372	346	0
Non-hazardous waste disposed - Others	ton	Korea	-	66	37	11	18
Non-hazardous waste recycled	ton	Korea	22,996	22,521	422	1,697	20,402
Hazardous waste disposed	ton	Korea	2,392	2,635	180	246	2,209
Hazardous waste landfilled	ton	Korea	142	34	0	34	0
Hazardous waste incinerated	ton	Korea	433	421	21	91	309
Hazardous waste incinerated with energy recovery	ton	Korea	341	309	0	0	309
Hazardous waste incinerated without energy recovery	ton	Korea	91	112	21	91	0
Hazardous waste recycled	ton	Korea	1,818	2,179	158	121	1,900

1) The global scope of waste management encompasses both Korea and overseas manufacturing operations

2) Global data was newly compiled from 2024 going forward



HD Hyundai XiteSolution ESG Databook

Social Data

Employee Diversity

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of employees ¹⁾²⁾	Person	Global	9,966	9,218	1,538	3,601	4,079
Number of employees	Person	Korea	4,997	4,866	1,266	1,126	2,474
By employment type³⁾							
Permanent employees	Person	Global	8,795	7,526	1,436	2,555	3,535
Temporary employees ⁴⁾	Person	Global	1,171	1,683	100	1,043	540
Employees by job type³⁾							
Office workers	Person	Global	5,820	5,320	1,361	1,858	2,101
Production workers	Person	Global	4,146	3,889	175	1,740	1,974
Employees by gender¹⁾²⁾							
Male	Person	Global	8,238	8,037	1,263	3,182	3,592
Female	Person	Global	1,118	1,181	275	419	487
Employees by age¹⁾²⁾⁵⁾							
Under 30	Person	Global	1,671	1,629	229	941	459
Between 30 and 50	Person	Global	6,183	6,147	1,094	2,172	2,881
Over 50	Person	Global	1,502	1,442	215	488	739
Employees by nationality⁶⁾							
Percentage of Korean national employees	Percentage(%)	Global	51	54	83	33	62
Percentage of Chinese national employees	Percentage(%)	Global	22	20	17	10	29
Percentage of Indian national employees	Percentage(%)	Global	13	14	0	36	0
Percentage of Brazilian national employees	Percentage(%)	Global	5	6	0	15	0
Percentage of Belgian national employees	Percentage(%)	Global	1	1	0	3	0
Percentage of U.S. national managers	Percentage(%)	Global	-	2	0	3	2
Percentage of Norwegian national managers	Percentage(%)	Global	-	1	0	0	3
Percentage of Czech national managers	Percentage(%)	Global	-	2	-	-	4
Percentage of Korean national managers	Percentage(%)	Global	66	63	93	50	60
Percentage of Chinese national managers	Percentage(%)	Global	19	21	7	17	31
Percentage of Indian national managers	Percentage(%)	Global	5	6	0	16	0
Percentage of Brazilian national managers	Percentage(%)	Global	2	2	0	6	0
Percentage of Belgian national managers	Percentage(%)	Global	2	1	0	3	0
Percentage of U.S. national managers	Percentage(%)	Global	-	5	0	8	4
Percentage of Norwegian national managers	Percentage(%)	Global	-	1	0	0	2
Percentage of Czech national managers	Percentage(%)	Global	-	1	0	0	3

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Female employees							
Female manager ratio	Percentage(%)	Korea	2.24	2.41	4.20	2.05	1.41
Female senior manager ratio	Percentage(%)	Korea	0	0	0	0	0
Female mid-level manager ratio	Percentage(%)	Korea	2.65	2.58	4.08	2.44	1.78
Female junior manager ratio	Percentage(%)	Korea	2.26	2.72	6.12	2.02	1.18
Female manager ratio in revenue-generating departments	Percentage(%)	Korea	3.24	2.13	6.25	1.58	1.84
Female employee ratio in STEM departments	Percentage(%)	Korea	9.05	8.42	12.79	8.07	7.98
Number of employees with disabilities	Person	Global	83	86	7	21	58

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

2) In accordance with the HD Hyundai Construction Equipment Division's metric definition, registered executives (internal and external directors) are included in the total number of employees, employees by gender, and employees by age

3) In accordance with the HD Hyundai Construction Equipment Division's metric definition, registered executives (internal and external directors) are not included in employees by employment type and employees by job category

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

5) Reporting scope changed due to expansion of data collection (limited to Korea before 2023, global operations were added in 2024)

6) Data was newly compiled from 2024 going forward

Recruitment and Continuous Service

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of new hires ¹⁾	Person	Global	517	337	48	174	115
New hire rate ¹⁾	Percentage(%)	Global	6	3	3	7	3
Total turnover rate	Percentage(%)	Korea	5	5	3	4	8
Voluntary turnover rate	Percentage(%)	Global	4	7	2	14	6
Average years of service	Year	Korea	8.8	9.0	2.7	6.2	13.6
Gender - Male	Year	Korea	9.3	9.5	2.8	6.4	13.9
Gender - Female	Year	Korea	4.6	5.4	2.2	4.1	10.1

1) New compilation of global data from 2024



HD Hyundai XiteSolution ESG Databook

Social Data

Evaluation and Compensation

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Employees received performance evaluations	Percentage(%)	Korea	95	100	100	100	100
Job type - Office workers ¹⁾	Percentage(%)	Korea	95	100	100	100	100
Job type - Production workers ¹⁾	Percentage(%)	Korea	95	100	100	100	100
Gender - Male	Percentage(%)	Korea	96	100	100	100	100
Gender - Female	Percentage(%)	Korea	90	100	100	100	100
Average employee salary	KRW million	Korea	101	107	105	96	114
Gender - Male	KRW million	Korea	104	110	110	97	116
Gender - Female	KRW million	Korea	74	80	80	72	85

1) Data was newly compiled from 2024 going forward

Talent Development

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Trainees	Person	Korea	4,997	4,705	1,216	1,062	2,427
Training hours	Person	Global	253,958	207,176	55,134	59,209	92,833
Average training hours	Person	Global	42	22	36	16	23
Job type - Office workers	Person	Global	43	29	39	18	33
Job type - Production workers	Person	Global	40	13	13	15	12
Training costs	KRW million	Global	3,323	1,988	569	627	791
Average training costs	KRW million	Global	0.54	0.22	0.43	0.17	0.19

Employee Engagement

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Employee engagement survey participation rate ¹⁾	Percentage(%)	Korea	56	60	37	76	65
Employee engagement or satisfaction ¹⁾	Percentage(%)	Korea	63	63	62	59	66

1) Data was newly compiled from 2024 going forward

Labor-management Relations

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution ²⁾	HD Hyundai Construction Equipment	HD Hyundai Infracore
Union membership rate ¹⁾	Percentage(%)	Global	95	95	100	93	95
Collective agreement application rate ¹⁾	Percentage(%)	Korea	100	100	-	100	100

1) Data was newly compiled from 2024 going forward

2) No labor union established at the Korea operation

Parental Leave

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Employees using parental leave - Male	Person	Korea	53	14	4	3	7
Employees using parental leave - Female	Person	Korea	20	8	2	3	3
Parental leave return rate - Male	Percentage(%)	Korea	96	100	100	100	100
Parental leave return rate - Female	Percentage(%)	Korea	95	100	100	100	100
Employees with more than 12 months of service after returning from parental leave - Male	Person	Korea	48	28	4	9	15
Employees with more than 12 months of service after returning from parental leave - Female	Person	Korea	15	3	0	1	2

Retirement Pension System

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of DB plan employees	Person	Korea	4,185	3,735	1,030	1,022	1,683
DB operating amount	KRW million	Korea	279,437	276,658	56,697	72,299	147,662
Number of DC plan employees	Person	Korea	505	574	46	39	489
DC plan deposit amount ¹⁾	KRW million	Korea	4,713	4,939	456	322	4,161

1) 2023 to 2024 data was corrected due to an error



HD Hyundai XiteSolution ESG Databook

Social Data

Occupational Health and Safety

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Industrial accident rate	Percentage (%)	Korea	0.42	0.53	0.08	0.53	0.77
LTIR - Employee ¹⁾	200,000 hours	Global	0.43	0.56	0.06	0.69	0.64
LTIR - Employee	200,000 hours	Korea	0.45	0.53	0.00	0.68	0.74
LTIR - Contractor	200,000 hours	Korea	0.33	0.17	0.19	0.46	0.00
TRIR	200,000 hours	Global	1.18	1.97	0.31	2.46	2.17
OIFR	200,000 hours	Korea	0.33	0.14	0.00	0.43	0.08
Employee fatalities	Person	Global	0	0.00	0.00	0.00	0.00
Fatality rate - Employee	200,000 hours	Global	0	0.00	0.00	0.00	0.00
Contractor fatalities	Person	Global	0	0.00	0.00	0.00	0.00
Fatality rate - Contractor	200,000 hours	Global	0	0.00	0.00	0.00	0.00

1) The global scope of LTIR - Employee encompasses both Korea and overseas manufacturing operations

Health and Safety Management

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
ISO 45001 certified operations ¹⁾²⁾	No.	Global	14	15	3	5	7
ISO 45001 certified operations ¹⁾	Percentage (%)	Global	82	94	75	100	100
Health and safety grievance resolution ³⁾	Percentage (%)	Korea	83	85	100	68	87

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) Data was newly compiled from 2024 going forward

Human Rights Management

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Participation rate in human rights/sexual harassment prevention training	Percentage (%)	Korea	97	96	93	95	98
Human rights grievances received	Case	Global	8	8	1	4	3
Human rights grievances handling rate	Percentage (%)	Global	100	100	100	100	100
Human rights impact assessment rate - Employee ¹⁾	Percentage (%)	Korea	100	23	-	100	-
Risk identification based on human rights impact assessment rate - Employee ¹⁾	Percentage (%)	Korea	100	23	-	100	-
Percentage of mitigation measures implemented after identifying the human rights impact assessment risk - Employee ¹⁾	Percentage (%)	Korea	100	22	-	97	-
Conducting human rights impact assessments - Supplier	Percentage (%)	Korea	36	39	33	38	44
Risk identification based on human rights impact assessment - Supplier	Percentage (%)	Korea	100	100	100	100	100
Mitigation measures implemented after identifying the human rights impact assessment risk - Supplier	Percentage (%)	Korea	100	100	100	100	100

1) In 2025, the human rights impact assessment was conducted only for HD Hyundai Construction Equipment

Social Contribution

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Employees participating in social contribution activities ¹⁾	Person	Korea	1,955	4,516	1,422	804	2,290
Times participating in social contribution activities	Time	Korea	3,982	379	159	86	134
Hours spent participating in social contribution activities	Hour	Korea	18,007	20,468	5,717	3,403	11,348
Number of 1% Salary Sharing participants	Person	Korea	1,578	1,460	160	146	1,154
1% Salary Sharing fundraising amount ¹⁾	KRW million	Korea	794	486	160	68	258

1) Data was newly compiled from 2024 going forward



HD Hyundai XiteSolution ESG Databook

Social Data

Customer Value

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
ISO 9001 certified operations	No.	Global	19	17	5	5	7
Violation of laws related to hazardous substances in products	Case	Korea	0	0	0	0	0
Violation of laws related to product information labeling	Case	Korea	0	0	0	0	0
Customer satisfaction survey ratio	Percentage (%)	Korea	8	11	3	12	13
Customer satisfaction survey results	Point	Korea	93	95	88	88	96

Supply Chain Management

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Suppliers ¹⁾	No.	Global	3,065	3,774	516	1,818	1,440
Number of suppliers	No.	Korea	1,838	1,524	413	477	634
Number of significant suppliers	No.	Korea	173	182	35	60	87
Percentage of significant suppliers	Percentage (%)	Korea	9	12	8	13	14
Percentage of purchase amount from significant suppliers out of total purchase amount	Percentage (%)	Korea	40	45	32	49	46
Percentage of new suppliers that have undergone ESG audits	Percentage (%)	Korea	15	36	20	21	15
Number of suppliers receiving ESG improvement support	No.	Korea	745	472	12	182	278
Number of suppliers supported by capability building program	No.	Korea	516	227	16	105	106
Amount of capability building program support	KRW 100 mil.	Korea	687	990	44	315	631
Number of ESG training courses for suppliers	No.	Korea	10	29	3	23	3
Number of people who completed ESG training for suppliers	Person	Korea	1,282	190	13	166	11

1) Global data was newly compiled from 2024 going forward

Supply Chain Assessment

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of ESG self-assessment suppliers	No.	Korea	665	598	138	182	278
Percentage of achieving ESG self-assessment targets	Percentage (%)	Korea	100	100	100	100	100
Number of suppliers with discovered positive/negative impacts							
Number of outstanding suppliers	No.	Korea	315	315	64	103	148
Percentage of outstanding suppliers	Percentage (%)	Korea	47	53	46	57	53
Number of high-risk suppliers	No.	Korea	79	38	12	7	19
Percentage of high-risk suppliers	Percentage (%)	Korea	12	6	9	4	7
Number of high-risk suppliers who agreed to develop improvement plans	No.	Korea	79	38	12	7	19
Percentage of high-risk suppliers who agreed to develop improvement plans	Percentage (%)	Korea	100	100	100	100	100
Number of high-risk suppliers whose contracts have ended	No.	Korea	6	5	0	0	5
Percentage of high-risk suppliers whose contracts have ended	Percentage (%)	Korea	8	13	0	0	26

Information Security

Metrics	Unit	Scope	2024	2025			
				Total	HD Hyundai XiteSolution	HD Hyundai Construction Equipment	HD Hyundai Infracore
Number of customer privacy violations	Case	Global	0	0	0	0	0
Number of information security breach incidents	Case	Global	0	0	0	0	0
Number of customers and employees affected by information security breach	Case	Global	0	0	0	0	0

