# 2024 SUSTAINABILITY REPORT

Powered by **Innovation**


HD HYUNDAI INFRACORE

# About this Report

## About this Report

HD Hyundai Infracore is committed to embedding ESG (Environmental, Social, and Governance) principles across all aspects of its business operations. To share both its financial and non-financial performance with stakeholders including how these outcomes contribute to long-term corporate value, we publish this Sustainability Report every year. This report is HD Hyundai Infracore's 15th Sustainability Report.

## Report Principles and Standards

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

## Reporting Period

This report focuses on HD Hyundai Infracore's sustainability activities and performance from January 1 to December 31, 2024. Depending on the importance of timely reporting, certain items include content from the first half of 2025. For quantitative performance metrics, four years of data from 2021 to 2024 have been provided for comparative purposes.

## Reporting Scope

HD Hyundai Infracore's consolidated financial statements are include the financial information of the company's headquarters and 17 overseas subsidiaries. Reporting on ESG management activities and performance is primarily based on our Headquarters in Korea. However, some qualitative and quantitative data also reflect information from overseas subsidiaries. The detailed reporting scope for each quantitative data is separately specified for each operations in the 'ESG Databook.'

## Independent Assurance

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

## Access and Inquiry about this Report

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

## Disclaimer on Forecast Information

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


## Cover Story

This report is guided by the core message 'Transparency Within Strength, A Responsible Future Driven by Technology,' reflecting HD Hyundai Infracore's sincere commitment to sustainable management. The hydrogen fuel cell wheel loader DL250-FCEV featured on the cover symbolizes HD Hyundai Infracore's sustainable future of achieving 'zero' carbon emissions.

## Publishing Information


| | |
|---|---|
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# INTRODUCTION

# Letter from the CEO

## To our stakeholders,

We deeply appreciate your interest in and support for HD Hyundai Infracore.

Under the slogan 'Powered by Innovation,' we are shaping a sustainable future through technological advancement. We strive to provide customers with trust and value, create a workplace where employees feel proud, and actively practice ESG management to strengthen global competitiveness.

To this end, we will make the following efforts:

### We will strengthen our technology strategy and future product portfolio to lead the transition to eco-friendly solutions.

Seeing the industrial changes brought about by the energy transition as an opportunity, we are pioneering new markets based on next-generation powertrains and sustainable solutions.

We are supplying our self-developed battery pack (e-Powerpack) to various industrial sectors, based on which we are expanding our portfolio of electrified equipment including electric excavators. In addition, we have completed the development of the 11-liter hydrogen combustion engine (HX12), and we are preparing for its commercialization. Through these technological capabilities, we aim to establish a resilient, sustainable business structure.

### We will build a carbon-neutral implementation system by responding to global regulations.

Beyond technological innovation, we are actively addressing climate change throughout our management practices. With the goal of achieving RE100 by 2040 and net zero by 2050, we are pursuing innovation in technology investment, facility improvement, and organizational operation methods and actually achieving results such as greenhouse gas reduction and transition to renewable energy.

Furthermore, we are proactively addressing increasingly stringent global environmental regulations, turning potential regulatory risks into opportunities for growth and laying the foundation for sustainable management. As a result of these efforts, we were honored with the Presidential Award (the Grand Prize) at the 2024 Korea Green Management Awards.

**Cho Young-cheul**
CEO, HD Hyundai Infracore

# Letter from the CEO

**Oh Seung-hyun**
CEO, HD Hyundai Infracore

### We will build a safety-centered corporate culture and spread ESG leadership.

As one of HD Hyundai's core values, safety lies at the heart of the company's ESG management. It forms the foundation of a sustainable company and marks the starting point of all ESG initiatives. Guided by the belief that protecting both people and the environment is more crucial than short-term outcomes, we continue to invest in the fields of Environment, Health, and Safety (EHS). Our executives demonstrate leadership by visiting worksites in person and actively working to spread a safety-first culture throughout the organization. This culture is taking root naturally, driven by the voluntary participation of our employees.

### We will internalize the integrated ESG operating system and sustainable management.

HD Hyundai Infracore is internalizing ESG values throughout its management. We will set ESG goals for each major operating area including products, supply chain, and governance, implement them on-site, and systematically monitor and manage performance. We will secure customer trust as well as our mid- to long-term competitiveness by creating sustainable value.

We sincerely ask for your continued interest and support as we move toward a better future.

Thank you.

# Letter from the ESG Committee Chairperson

**To all stakeholders who are creating a sustainable future together,**

I am Kang Sun-min, chairperson of the ESG Committee at HD Hyundai Infracore.

As an industrial leader leading a sustainable future, HD Hyundai Infracore is constantly thinking about and practicing ways to create harmonious and enduring value across our environment, society, and governance. We deeply appreciate the unwavering support of our shareholders, customers, suppliers, and all employees who have diligently carried out our ESG commitments.

Sustainable management is not a new trend, but is a continuation of the responsible practices that businesses have long upheld. We have continuously strived to discuss key issues at the Board of Directors level—mainly driven by the ESG Committee—and to bring out practical improvements and strategy establishment. These efforts have laid a solid foundation for consistently advancing ESG with a long-term perspective even in a changing management environment.

Our concrete actions—from developing sustainable technologies, expanding renewable energy adoption, and improving operational efficiency in the process to fostering shared growth with suppliers, strengthening human rights impact assessments, and enhancing ESG standards across the supply chain—are clear evidence that ESG values naturally permeated into our corporate culture and strategy. In particular, considering the characteristics of the manufacturing industry, our efforts to enhance ESG performance in collaboration with our suppliers are contributing to the creation of a sustainable industrial ecosystem, which is also wielding a positive impact on improving the overall competitiveness of the industry.

Even in the rapidly evolving global regulatory environment, HD Hyundai Infracore maintains a balanced, flexible response that reflects international standards while also considering the characteristics of the industry and the company's operational feasibility. We promise to continue establishing more effective ESG management through close cooperation with the government, stakeholders, and industry partners.

Your continued interest and support serve as a powerful driving force in our journey toward a sustainable future. We will continue to deepen our ESG management based on consistent philosophy and responsible behavior and grow into a company that meets, and even exceeds, your expectations.

Thank you.

**Kang Sun-min**
Chairperson of the ESG Committee, HD Hyundai Infracore

# Sustainability Performance

## E

### 2040 RE100
- Completed phase 1 of in-house solar power installation
- Procured 61TJ of global renewable energy

### Disclosed LCA carbon emissions for main European products

### ZWTL Obtained the Gold grade for 4 consecutive years

### Completed the development of 11L class hydrogen combustion engine HX12

## S

### Conducted supplier ESG assessments
- 301 suppliers
- Created and supported the ESG shared growth fund

### Supported the improvement of supplier health and safety capabilities - Linked with the government funded Mutually Beneficial Cooperation project

### Acquired certification for the 'Incheon·Gunsan Community Contribution Recognition' System

### All global operations acquired ISO 45001 and ISO 14001 certification

## G

### Fulfilled 40.6% shareholder return ratio
- Purchased and retired treasury stock worth KRW 31.4 billion
- Paid KRW 13.5 billion in cash dividends

* Less unrealized or non-recurring gains/losses

### Introduced a system for evaluating the activities of the Board of Directors and individual directors

### Established a compensation committee and the procedure for reviewing director compensation standards

| KCGS | Sustinvest | MSCI | CDP | S&P Global CSA | Presidential Award |
|---|---|---|---|---|---|
| A+ | A | A | A | 63 DJSI Korea Index | at the 2024 Korea Green Management Grand Prize |

# Company Overview

## About Us

### About HD Hyundai Infracore

HD Hyundai Infracore has grown into Korea's leading machinery company since its founding in 1937, establishing a unique position across key sectors including construction equipment, engines, attachments, and utility machinery. Following our integration into HD Hyundai's Construction Equipment Division in 2021, we changed our company name to HD Hyundai Infracore in 2023. Today, we focus primarily on our construction equipment and engine businesses.

| | | | |
|---|---|---|---|
| **Company name** | HD Hyundai Infracore Co., Ltd. | **Business type** | Construction machinery and engine production and sales |
| **CEO** | Cho Young Cheul, Oh Seung-hyun | **Year Established** | 1937 |
| **Location** | 489 Injung-ro, Dong-gu, Incheon, Republic of Korea | **Number of employees** | 4,405 (based on global operations)[1] |

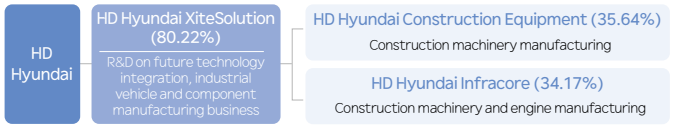
1) Number of employees in Korea: 2,500

### HD Hyundai Construction Equipment Sector

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

ESG report of HD Hyundai XiteSolution HD Hyundai ESG website

HD Hyundai Construction Equipment Sector Organizational Chart




### Vision and Strategy

HD Hyundai Infracore is committed to fulfilling its corporate social responsibilities and achieving sustainable growth by establishing a management vision that all employees can embrace and put into practice. To deliver optimal solutions to customers, we continuously improve our products, technologies, and work processes. We are making efforts to realize the vision of becoming a 'Global Leader in Infrastructure Solutions.'

**Global Leader in Infrastructure Solutions**

We are leaping ahead as a total solutions provider that offers our customers better value and greater convenience, as well as products of the highest quality, and as a global leader in the infrastructure solution industry, by expanding our lines of business continuously.

**Vision**

| Maximization of Customer Value | Sustainable Growth of Business | Smart Solution | Strengthening the Business Portfolio |
|---|---|---|---|
| • Maximizing customer value and customer satisfaction by providing world-class products, parts, and services | • Continued business growth by strengthening existing business competitiveness<br>• Securing cost leadership by reducing costs continuously | • Developing new products and services that incorporate ICT such as big data and the Internet of Things<br>• Maximizing operational efficiency by creating a smart work environment | • Expanding to the high value-added technology and solutions sector |

### Business Foundation and Future Strategies for Sustainable Growth

As a global company in the fields of construction equipment and industrial engines, we provide products and services optimized for diverse industrial sites based on our technological prowess and quality.

The construction equipment business has continuously enhanced product competitiveness and market responsiveness by addressing infrastructure demands across diverse locations. In key strategic markets, we are expanding our dealer network and implementing sales strategies tailored to regional characteristics. In the Chinese market in particular, we are pursuing a strategy of expanding policy investment and market share in response to recovering demand; we are targeting premium markets in the North American and European continents through product upgrades and enhanced brand trust, and driving profitable growth in emerging countries and domestic markets through operational efficiency and supply strategy centered on core models. In addition, we are making efforts to strengthen long-term competitiveness through product lineup advancement and enhanced service capabilities.

The engine business has strengthened its technological competitiveness by focusing on products applicable across diverse industries including power generation, defense, automotive, and eco-friendly applications. Through investments in the Gunsan plant, we are expanding our lineup of high-efficiency, eco-friendly products to drive mid- to long-term growth. We are building the foundation for stable business operation and growth by tailoring product strategies to regional demand and expanding our customer base. In China and other Asian markets, we are increasing offerings that comply with emission regulations. In emerging markets, we focus on medium- and large-sized engines with durability and cost-efficiency. In advanced markets, we pursue profitability by targeting high-value sectors such as defense and power generation.

HD Hyundai Infracore plans to execute strategies for financial stability and sustainable growth based on technological competitiveness, production efficiency, and global network while flexibly responding to the changing industrial environment with focus on two core businesses: construction equipment and engines.

**DEVELON**

DEVELON is a brand that embodies the meanings of 'Develop' and 'Onwards'—representing our new beginning and bold challenge. It reflects our commitment to continuous innovation and creation of transformative products and solutions that reshape the world.

## Business Introduction

HD Hyundai Infracore operates its two main business divisions, the construction equipment and engine businesses, which are divided by each division's main products. Each division's performance and sales strategies are separately managed.

### Construction Equipment Division

The construction equipment division offers a comprehensive lineup from excavators and wheel loaders to articulated dump trucks, having established itself as a true global comprehensive construction equipment company by securing a production, sales and distribution network worldwide.

#### Excavator

From mini to mid- to large models, excavators deliver optimal performance and work efficiency in any environment. Mini excavators combine powerful digging capabilities with user-friendly operation, with mid- to large models ensuring maximum productivity through outstanding durability, fuel efficiency, and high power to guarantee the highest level of customer satisfaction.

#### Wheel Loader

Wheel loaders demonstrate exceptional power and agility especially in demanding work environments, where their equipment performance and efficiency truly stand out. With superior quality and enhanced durability, they ensure maximum equipment uptime and increased profitability for customers.

#### Dozer

The HD Hyundai Infracore dozer, having been introduced to the domestic market for the first time in 24 years, is an in-house engine that meets emission regulations. It delivers maximized work performance and fuel efficiency compared to its class while offering enhanced operational safety and driving performance to provide differentiated value.

#### Articulated Dump Truck

The articulated dump truck features proprietary traction-enhancing technology, ensuring stable and powerful driving performance and maximum productivity even in harsh conditions. With excellent durability, fuel efficiency, and convenient maintenance, it showcases the advanced engineering behind HD Hyundai Infracore's dump truck lineup.

#### Special Application

We provide specialized application solutions tailored to diverse work environments and operating conditions; thus improving work productivity and creating a safer work environment.

#### Attachment

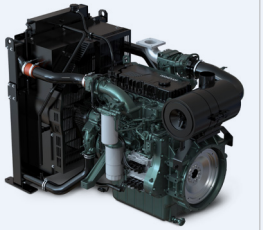
Known for their superior quality and performance, HD Hyundai Infracore attachments enhance equipment productivity and versatility across various job sites, delivering greater customer satisfaction and value.

### Engine Division

The engine division has built a full lineup of high-quality, high-performance engines that meet increasingly stringent environmental regulations. By providing total power solutions, it continues to grow as a 'Global Top Engine Maker.'

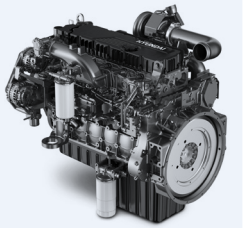
#### Generator Engine

Installed in both emergency and commercial generators, HD Hyundai Infracore engines deliver high output and outstanding durability; thus providing reliable power wherever it is needed around the world.



#### Industrial Engine

For industrial engines, we provide top-quality products and services optimized for the equipment of our customers, tailored to meet their specific needs.



#### Automotive Engine

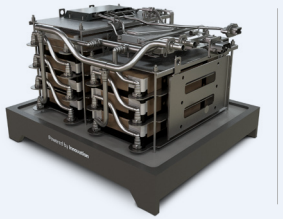
HD Hyundai Infracore's automotive engines are designed to meet strict emission standards while delivering high fuel efficiency and engine power. Tailored to customer needs, these engine powered vehicles around the world with precision and reliability.

#### Marine Engine

Built on decades of accumulated expertise, HD Hyundai Infracore's marine engines offer exceptional fuel efficiency and durability. They are installed in a wide range of vessels from fishing boats and yachts to cruise ships and sightseeing vessels, and are trusted by customers around the world.

#### Electrification Solution

As a 'Total Power Solution Provider' leading advanced innovation in powertrain technology, we provide battery pack systems optimized for customer needs by combining battery modules of various voltages and energy capacities; we are proactively expanding and operating electrification technologies.



#### Parts & Service

Our genuine parts are of the highest quality, contributing to enhanced engine performance and extended lifespan. Through thorough inventory management and timely delivery, we provide services that satisfy global customers.

# Sustainable Value Creation

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

## Value Chain

### Upstream

**Raw Material Production/Mining**

- We source key raw materials such as iron ore and bauxite used in the production of construction equipment from mining operations by global resource companies.

**Raw Material Processing**

- The mined raw materials are processed into steel, cast iron, aluminum, and other forms before being supplied through ferrous and non-ferrous metal manufacturers.

### Own Operation

**Product Production**

- The product portfolio includes excavators, loaders, and specialized equipment, all of which are manufactured through multiple processes from design to assembly.
- Employees and on-site contractors work on-site and contribute to manufacturing operations.

### Downstream

**Direct Sales and Distribution**

- Construction equipment is mainly sold to heavy equipment rental companies, which then lease them to individual contractors and construction companies.
- Engines are supplied to manufacturers of finished products such as vehicles, generators, and vessels and are used as major components.

**Consumer Sales and Use**

- End users of construction machinery include construction companies and individual business owners, for use in the fields of infrastructure construction, mining, and agriculture.
- Maintenance and performance improvement services are provided during the product's lifetime.
- Engines are installed in generators, ships, and finished vehicles, reaching a wide range of customers from individuals to transportation companies.

**Product Disposal**

- When products reach the end of their life cycle, they are dismantled and recycled by professional disassembly and recycling companies with most parts recycled.

## Material Topic — Impact on Stakeholders within the Value Chain

Nature of influence on stakeholders: Positive Negative

| Material Topic | Raw Material Production/Mining | Raw Material Processing | Product Production | Direct Sales and Distribution | Consumer Sales and Use | Product Disposal |
|---|---|---|---|---|---|---|
| Climate Change | ● Greenhouse gas emissions during raw material production, mining, and processing (Scope 3) | | ● Product test run and site operation phase Greenhouse gas emissions (Scope 1, 2) | | | |
| Decarbonized Products | | | | | ● Greenhouse gas emissions while using products (Scope 3) | ● Waste generated during the product disposal process |
| Supply Chain | ● Environmental degradation and occupational health and safety issues during the raw material production and mining stages | | | | ○ Improved product quality and customer services via supply chain risk management | |
| Health and Safety | | | ● Occurrence of industrial accidents related to processes involving heavy equipment, decrease in worker productivity | | ● Occurrence of consumer safety issues due to the nature of construction machinery used at construction sites | |
| Human Capital | | | ○ Economic stability and employee development support | | ○ Revitalization of the local economy due to job creation | |

## Value Creation

**Financial capital**[1)]
Sales: KRW 4.114 trillion
Operating profit: KRW 184.2 billion

**Manufacturing capital**
Construction machinery production: 15,447 units
Engine production: 110,756 units

Reduction amount compared to the greenhouse gas emission target 20,045 $tCO_2eq$

Low-carbon product sales KRW 1.323 trillion

Excellent ESG capability suppliers increased 10% compared to the previous year

Safety awareness level score: 64 points

Number of newly hired employees : 67 people

## Material topics to External Stakeholders

### Climate Change

- Growing demand from key external stakeholders such as customers and investors for actions that mitigate or adapt to climate change to respond to climate change issues, leading to the strengthening of global environmental regulations.
- Impact indicator: Long-term value (greenhouse gas emissions)

### Supply Chain Management

- Requirements and oversight related to ESG management in the supply chain such as EU CSDDD are becoming increasingly stringent, and demand for ESG risk management across the entire industrial value chain (including suppliers) is growing.
- Impact indicator: Long-term value (supplier technology development, supplier work environment support activities)

1) Based on consolidated financial statements

# Global Network

## Global Network

HD Hyundai Infracore is responding to the rapidly changing global business environment through overseas networks in 13 countries including China, Norway, and the Czech Republic.

Global Network

### Financial Performance

KRW 4.114 trillion
Sales

KRW 184.2 billion
Operating Profit

KRW 108.4 billion
Net Income

### Operational Performance

15,447 units
Construction machinery production volume

110,756 units
Engine production volume

- **Manufacturing Operations**
  Incheon and Gunsan in Korea, Yantai, Tianjin, and Shandong in China, Elnesvågen in Norway
- **Sales Subsidaries**
  Seongnam, Korea; Yantai and Beijing, China; Jakarta, Indonesia; Chennai, India; Americana, Brazil; Santiago, Chile; Elnesvågen, Norway; Mannheim, Germany; Suwanee, US; Prague, Czech Republic
- **PDC (Parts Distribution Center)**
  Ansan, Korea; Yantai, China; Boom, Belgium; Dubai, United Arab Emirates; Singapore; Miami, Atlanta, Seattle, and Chicago in the US, Cardiff, UK; Jakarta, Indonesia

# ESG MANAGEMENT

# ESG Governance

Board of Directors

ESG Committee

| Date of Meeting | Agenda | Attendance Rate |
|---|---|---|
| March 2024 | • Reporting on the results of double materiality assessment in 2023 | 100% |
| | • Reporting and approval of key ESG initiatives for 2024 | |
| | • Approval of enactment of the biodiversity protection policy | |
| December 2024 | • 2024 sustainability performance report | 100% |
| | • Reporting on the external procurement of renewable energy to respond to climate change | |

ESG Management Committee

| Date of Meeting | Agenda |
|---|---|
| March 2024 | • Reporting on strategic tasks for each part in 2024 |
| July 2024 | • Reporting on the major progress of the first-half task implementation and 2024 second-half plan |
| November 2024 | • Reporting on the performance of strategic tasks for 2024 and future action plans |

ESG Team

ESG Management Committee Parts

| Customer value | Climate response | Environment/Safety | Supply chain | Human rights/ Labor practices | Governance |
|---|---|---|---|---|---|
| • Product/ Technology innovation<br>• Reducing carbon emissions during product use<br>• Quality and customer satisfaction | • Energy and carbon emissions reduction<br>• Carbon neutrality across operations | • Environmental safety management system<br>• Circular economy/ Pollutants<br>• Industrial health and safety | • Supplier ESG support<br>• Supply chain carbon reduction | • Labor practices/ Corporate culture<br>• Social contribution to local communities | • ESG governance<br>• Ethical management, fair trade<br>• Disclosure of sustainability information |

ESG Working Group

| | | | | | |
|---|---|---|---|---|---|
| Product development Sales/ quality | Global production Engine production EHS/Facilities management | EHS/Facilities management | Integrated procurement | Management support | Legal/ESG |

## ESG Committee

HD Hyundai Infracore has established an ESG Committee within its Board of Directors (BOD) as the highest decision-making organization for ESG initiatives and policies. The committee consists of one executive director and three independent directors, playing a key role in reviewing major ESG initiatives, evaluating disclosure-related matters, and monitoring progress in support of the company's commitment to sustainable management and social responsibility. The committee convened twice in 2024, and all agenda items were unanimously approved by its members.

## ESG Management Committee

Chaired by the CEO and composed of key executives, the ESG Management Committee is held three times a year to discuss key issues in six parts: customer value, climate response, environment/safety, supply chain, human rights/labor practices, and governance. Based on the double materiality assessment, the committee identifies key ESG issues and comprehensively reviews associated risks and opportunities to select strategic tasks. It plays the role of practically managing, adjusting and monitoring these tasks.

## ESG Management Committee Parts

The ESG Management Committee is divided into six parts according to functions and roles in order to improve the expertise and effectiveness of the sustainable management strategy. Each part establishes strategic tasks and provides support to ensure that tasks are systematically implemented.

## ESG Working Group

Consisting of practical business organizations, the ESG Working Group plays a role in substantiating the strategic tasks identified by the ESG Management Committee and establishing and implementing action plans.

# Sustainable Value Framework

HD Hyundai Infracore has established three core areas—'People,' 'Product/Solution/Service,' and 'Process'—to implement its ESG strategy effectively based on the values of the UN Sustainable Development Goals (SDGs). For each area, we have developed major implementation systems, approaches, and strategic tasks. The ESG Management Committee establishes a strategic plan every year by combining key initiatives, double materiality assessment, external party ESG evaluation results, and company-wide ESG diagnosis then reports task progress to the ESG Committee. In 2024, the ESG Management Committee identified 11 strategic tasks and reported the final performances for each task.

**Creating Inclusive Value for Humanity and Future Society Based on Innovation**

| | People | | Product/Solution/Service | Process | | |
|---|---|---|---|---|---|---|
| Sustainable Value Framework | Providing a healthy environment, skills and capabilities to our stakeholders | | Innovating products, solutions and services for sustainable growth | Increasing positive impacts within our value chain for sustainable development | | |
| Focus Areas | Sound local community | Sustainable workplace | Products and solutions for the future | Environment as a foundation for living | Responsible supply chain | Stable governance |
| Implementation Structure | Local community | Human rights/Labor/Safety | Customer value | Climate/Environment | Process management | Board of Directors |
| Implementation Strategies | · **Community Contribution** : Making a sustainable contribution to the communities through partnerships and support | · **Employee health** : Preventing occupational diseases by implementing workplace noise and musculoskeletal injury hazard risk mitigation programs<br>· **Employee development** : Developing and fostering employee capabilities<br>· **Talent recruitment and retention** : Providing quality jobs to society and employees<br>· **Employee safety** : Improving the health and safety of employees by promoting active safety culture activities | · **Development of low-carbon/alternative fuel products** : Contributing to climate change mitigation by securing carbon emission reduction technology and products<br>· **Electrification and autonomous technology** : Reducing product carbon emissions and improving efficiency and safety in construction industry sites using electrification, autonomous technologies<br>· **Increasing customer value** : Supporting customers in using equipment efficiently and stably by continuously expanding the number of Smart Maintenance users<br>· **Product stewardship** : Integrating the concept of sustainability into the stages of production, sales, use, and disposal | · **Response to climate change**<br>Promoting carbon emissions reduction in accordance with the goal of '2050 Net Zero' | · **Supplier ESG**<br>Laying the foundation for joint growth by supporting the strengthening of supplier ESG capabilities | · **Transparency of governance**<br>Maintaining Board of Directors independence and active board engagement |
| Strategic Tasks in 2024 | · Providing practical support for work-life balance and fostering a sound corporate culture<br>· Expanding third-party certification for services to the local community and responding to biodiversity risk<br>· Minimizing company-wide security risks by developing the security compliance system | | · Increasing low-carbon electro-hydraulic product development<br>· Developing next-generation electrified models - electric excavators<br>· Developing future power systems - hybrid powertrains, hydrogen combustion engines, battery packs | · Improving supplier ESG management system<br>· Strengthening supplier competitiveness by installing the smart factory MES<br>· Establishing greenhouse gas inventory for global operations<br>· Improving offsite suppliers' health and safety infrastructure<br>· Expanding the application of the EHS global standard system for global operations | | |

## Sustainable Value Roadmap

HD Hyundai Infracore manages its mid- to long-term ESG goals and initiatives by integrating financial and non-financial performance through its core sustainable value framework. This framework is managed in alignment with our mid- to long-term strategic tasks, and we plan to disclose our performance, as the integrated management of financial and non-financial mid- to long-term outcomes serve as the strategic foundation for sustainable growth.

| Sustainable Value | Focus Areas | Management Metrics | 2024 Achievements | 2025 Key Targets |
|---|---|---|---|---|
| people | Sound Local Community | Donation amount[1)] | KRW **3** billion | **0.4** LTIR |
| | | Ratio of donation amount to sales amount[1)] | **0.07**% | |
| | Sustainable Workplace | OIFR (unit: 200,000 hours) | **0.15** | |
| | | Average training hours and training costs for employees[1)] | **35** hours/KRW **0.3** million | |
| | | Voluntary turnover rate[1)] | **2.34**% | |
| | | LTIR (unit: 200,000 hours) | **0.5** | |
| Product/Solution/Service | Products and Solutions for the Future | Proportion of construction machinery using electro-hydraulic and electric power technology | **25**% | **10% Increase Every Year** Developing electrification, autonomous technologies |
| | | Cost of investment in developing electrification, autonomous technologies | KRW **16.5** billion | |
| | | Remanufactured product sales[1)] | KRW **1.9** billion | |
| Process | Environment as a foundation for living | Greenhouse gas emissions | **87,672** $tCO_2eq$ | **94,806** $tCO_2eq$ Greenhouse gas emissions |
| | Responsible Supply Chain | Cumulative suppliers that have installed the smart factory MES | **74** suppliers | **80 suppliers** Supplier MES installation |
| | | Suppliers subject to supplier ESG assessments | **301** suppliers | |
| | Stable Governance | Ratio of independent directors in the Board of Directors | **60**% | |
| | | Board of Directors attendance rate | **98**% | |

1) Based on global operations

# Double Materiality Assessment

## Double Materiality

### Double Materiality Assessment Process

HD Hyundai Infracore conducts an annual double materiality assessment to analyze stakeholders' key concerns and the environmental and social impacts of business operations, including how external changes may affect the company's financial performance. In 2024, we applied the European Sustainability Reporting Standards (ESRS) to develop a long list of issues and narrowed it down through relevance analysis to create a short list. These issues were evaluated comprehensively from the environmental, social, and financial perspectives, resulting in the identification of 9 material topics that were later regrouped into 7 core material topics in line with the sustainability report. The evaluation results were approved by the Board of Directors and integrated into the company-wide risk management system, with third-party verification conducted to ensure reliability and objectivity.

### Step 1. Selecting Key ESG Issues

**Value Chain Analysis**

- Analyzing the entire value chain from a business perspective to understand HD Hyundai Infracore's key operations and characteristics, and to identify associated stakeholders

+

**Long List Composition (Defining the Population): 119 Issues**

- Creating a population of sustainability matters by reflecting them based on ESRS, human rights impact assessment, and framework by industry

▼

**Short List Identification (Relevance Review): 21 Issues**

- We conducted a relevance analysis based on the previous year's material topics, ESG management strategy, and industry, regulatory, and media trends. As a result, 21 relevant issues were selected from the long list and included in the short list

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

**Identifying Impacts, Risks, and Opportunities**

- IRO was defined by analyzing each issue included in the short list in terms of its potential current or future positive and negative impacts, risks, and opportunities across financial, environmental, and social aspects

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

**Assessment Factors: Direct Assessment/Indirect Assessment**

- Comprehensively assessing environmental, social, and financial impacts by reflecting the direct and indirect opinions of the stakeholders
- Direct assessment: Conducting surveys and roundtable discussions for the relevant departments and key stakeholders by sustainability matter and IRO item
- Indirect assessment: Using secondary data such as disclosure standards, regulations, media, and ESG trends

Environmental, Social Impact and Financial Materiality Assessment Factors

| Item | IRO Classification | | Assessment factors | | | |
|---|---|---|---|---|---|---|
| | | | Scale | Scope | Likelihood | Irremediability |
| Environmental and social impacts | Positive | Actual | ✓ | ✓ | - | - |
| | | Potential | ✓ | ✓ | ✓ | - |
| | Negative | Actual | ✓ | ✓ | - | - |
| | | Potential | ✓ | ✓ | ✓ | ✓ |
| Financial impact | Risk and opportunity | | ✓ | - | ✓ | - |

Conducting a Survey among Internal and External Stakeholders and Collecting Opinions

**Environmental and Social Impact Assessment**

- The scale and scope of the impact and likelihood of occurrence were evaluated by conducting environmental and social impact surveys

**Financial Impact Assessment**

- The quantitative and qualitative financial magnitude and likelihood of occurrence were evaluated by conducting financial impact roundtable discussions and surveys

### Step 4. Identifying Material Topics

**Selecting the Final Material Topics**

- We conducted a double materiality assessment by applying internal criteria to assess the environmental and social impacts, risks, and opportunities. As a result, 9 ESRS material topics were identified out of 21 sustainability matters—3 environmental, 5 social, and 1 governance

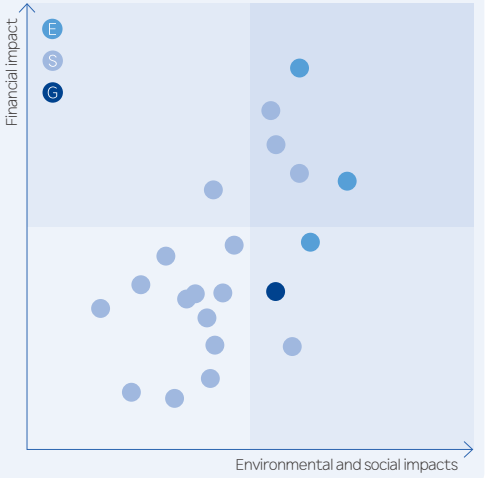
Material Topics Based on the ESRS Criteria

**8 Environmental and Social Issues**

1. Fuel efficiency and exhaust emissions (E)
2. Energy management (E)
3. Climate change mitigation (E)
4. Secure employment (own workforce) (S)
5. Health and safety (own workforce) (S)
6. Health and safety (value chain) (S)
7. Anti-corruption (G)
8. Gender equality and equal pay for work of equal value (own workforce) (S)

**6 Financial Issues**

1. Climate change mitigation (E)
2. Health and safety (value chain) (S)
3. Health and safety (own workforce) (S)
4. Secure employment for employees (S)
5. Fuel efficiency and exhaust emissions (E)
6. Adequate wages (own workforce) (S)



## Results of the Double Materiality Assessment

Based on the ESRS topic classification criteria, 9 key sustainability topics were initially identified and subsequently reclassified into 7 material topics in alignment with the sustainability reporting framework. In 2024, HD Hyundai Infracore identified the same material topics in 2023 with the addition of new topics related to human capital and human rights management.

| Area | Material Topics | Impacts | Risks and Opportunities | Value Chain | Business Impact | Strategy | Mid- to long-term Goals | 2024 Achievements |
|---|---|---|---|---|---|---|---|---|
| E | **Climate change**<br>• Climate change mitigation<br>• Energy management | • Increasing the likelihood of changes in the business environment due to evolving climate-related policies and regulations | R Restrictions in business expansion due to regulatory constraints, and imposition of fines or penalties in case of noncompliance with regulations<br>O Enhancing brand value as a sustainable company by responding to climate change appropriately | Upstream, own operation, downstream | • Operation risks<br>• Costs | • Establishing a climate change response system<br>• Identifying climate-related risks and opportunities and establishing response measures | • Achieving net zero across global operations by 2050<br>• Achieving RE100 across global operations by 2040 | • Further developed the 2050 Net Zero implementation roadmap<br>• Completed Phase 1 of the in-house solar power installation<br>**• 2024 KPI: Reduction of greenhouse gas emissions** |
| | **Decarbonized products**<br>• Fuel efficiency and exhaust emissions | • Growing global demand for clean-tech products | R Weakened market competitiveness due to delayed response to environmental regulations<br>O Securing competitive advantage by raising market entry barriers | Downstream | • Profits<br>• Costs | • Expanding R&D investment in clean-tech products and diversifying the product portfolio | • Achieving 96% sales share of low-carbon products by 2040 | • Achieved 25% rate of all construction equipment products which adopt electro-hydraulic or electrification technology<br>• Completed development of the 11-liter hydrogen combustion engine<br>• Released hydrogen fuel cell wheel loader<br>**• 2024 KPI: Electrification performance and future new technology development** |
| S | **Supply chain**<br>• Health and safety (value chain) | • Tightened regulations related to the supply chain, such as EU CSDDD | R Reputational damage resulting from ESG violations within the supply chain<br>O Enhancing supply chain competitiveness by establishing a culture of mutual growth | Upstream | • Operation risks<br>• Costs | • Assessing and monitoring the supplier ESG<br>• Support for supply chain capacity building and operation of communication channels | • Expanding the ESG assessment targets to suppliers representing the top 95% of procurement spending<br>• Expanding support for smart factory MES installation | • Completed ESG assessments for 301 significant suppliers<br>• Completed MES installation for 10 smart factories<br>**• 2024 KPI: Strengthened supplier ESG management** |
| | **Health and safety**<br>• Health and safety (own workforce) | • Strengthened health and safety regulations, including the Serious Accidents Punishment Act | R Loss of corporate reputation and stakeholder trust due to safety incidents<br>O Improving productivity by creating a safe working environment | Upstream, own operation, downstream | • Operation risks<br>• Costs | • Implementation of proactive and reactive measures for accident prevention<br>• Promoting and internalizing a culture of safety among employees<br>• Supporting the establishment of occupational health and safety systems for suppliers | • Achieving LTIR 0.2 by 2028 | • Announced a 2030 LTIR target of 0.2 for suppliers<br>• Achieved LTIR 0.5 in 2024<br>• Achieved 100% acquisition of ISO 45001 certification for all relevant sites<br>**• 2024 KPI: Safety accident prevention centered on precautionary measures** |
| | new<br>**Human resources**<br>• Secure employment (own workforce)<br>• Adequate wages (own workforce) | • Advancing the industrial structure and accelerating technological transformation | R Loss of corporate competitiveness due to lack of professional talent<br>O Gaining a competitive advantage by securing key talent | Own operation | • Operation risks<br>• Costs | • Recruitment and cultivation of core talent<br>• Operating performance evaluation and reward systems<br>• Implementing employee communication and corporate culture improvement activities | • Increasing female hiring ratio | • Increased proportion of female managers compared to the previous year |
| | new<br>**Human rights management**<br>• Gender equality for employees and equal pay for work of equal value (own workforce) | Strengthening of global standards and regulations such as UNGPs | R Business restrictions due to noncompliance with global regulatory requirements<br>O Enhancing corporate reputation through compliance with international standards | Upstream, own operation, downstream | • Operation risks<br>• Costs | • Conducting human rights impact assessments and implementing the corresponding improvement measures<br>• Operating a complaint handling process for stakeholders<br>• Implementation of employee human rights management | • Expanding human rights due diligence to overseas operations starting 2026<br>• Establishing response strategies to meet client requirements such as EU CSDDD | • Achieved a 100% resolution rate for human rights-related grievances<br>• Initiated the implementation of key improvement tasks identified through human rights impact assessments |
| G | **Ethic/Compliance Management**<br>• Anti-corruption | • Strengthened laws and regulations such as the Fair Trade Act | R Legal sanctions for violations of regulations<br>O Enhancing corporate value by fostering a transparent corporate culture | Upstream, own operation, | • Operation risks<br>• Costs | • Establishing anti-corruption systems<br>• Development of the anti-bribery/ corruption and compliance system<br>• Internalizing the ethical culture and reinforcing the employee code of conduct | • Achieved 100% compliance with ethical management self-assessment<br>• Expanding support for the ethical and compliance management of subsidiaries and suppliers | • Achievement of self-assessment compliance rate targets for ethical management<br>• Completed the ISO 37001 recertification process |

R Risk O Opportunities

# ENVIRONMENTAL

# Climate Change

MATERIAL TOPIC

GOVERNANCE

## Climate Change Organizational Structure

### Climate Change Governing Body

HD Hyundai Infracore has established an ESG Committee within the Board of Directors and a ESG Management Committee under the ESG Committee to manage key ESG risks and opportunities including climate change. The ESG Committee regularly monitors the ESG Management Committee's implementation of climate change related strategic tasks, and makes decisions on key items. Chaired by the CEO and composed of directors of each business division, the ESG Management Committee establishes company-wide sustainability initiatives and selects and performs strategic tasks. To achieve the 2050 Net Zero Goal, the committee manages the progress of climate change related strategic tasks focusing on reducing greenhouse gas emissions and improving energy efficiency.

### Climate Change Operational Function

HD Hyundai Infracore is carrying out climate change mitigation actions through the Climate Response part which operates within the ESG Management Committee. This part consists of production and EHS/Facilities Management teams, and performs tasks to reduce greenhouse gas emissions and improve energy efficiency through collaboration among departments. In addition, an internal task force, the Greenhouse Gas Management Working Group, drives to implement climate change mitigation actions. This task force holds monthly meetings to develop and implement energy-saving tasks; thus enhancing company-wide climate response capabilities.

### Compensation Linked to Climate Change Response

HD Hyundai Infracore set key management indicators for climate change response such as 'achievement rate against greenhouse gas reduction targets' as KPI for the CEO and the relevant employees in 2024. As the evaluation results are linked to compensation, the climate response framework can be further reinforced.

Climate Change Governance System


STRATEGY

## Climate Change Risks and Opportunities

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

HD Hyundai Infracore analyzes the impact of climate change on its business based on the TCFD framework, identifies and evaluates associated risks and opportunities, and proactively responds. We conduct a comprehensive analysis of risks and opportunities from both operational and business perspectives, taking into account the nature of our operations locations and market conditions in key sales regions.

Analysis Scope for Risks and Opportunities Related to Climate Change

| Scope of Analysis | Time Range |
|---|---|
| Operational Aspect<br>• Domestic operations<br>• Overseas production operations | • Short-term: By 2025<br>• Mid-term: 2026 to 2030<br>• Long-term: After 2030 |
| Business Aspect<br>• Main sales markets | |

Climate Change Risk and Opportunity Identification and Assessment Process

## Creating a Risk and Opportunity Pool

We analyzed domestic and international climate-related policies, responses to climate change in the same industry, and common global climate issues to create a pool of climate change risks and opportunities.

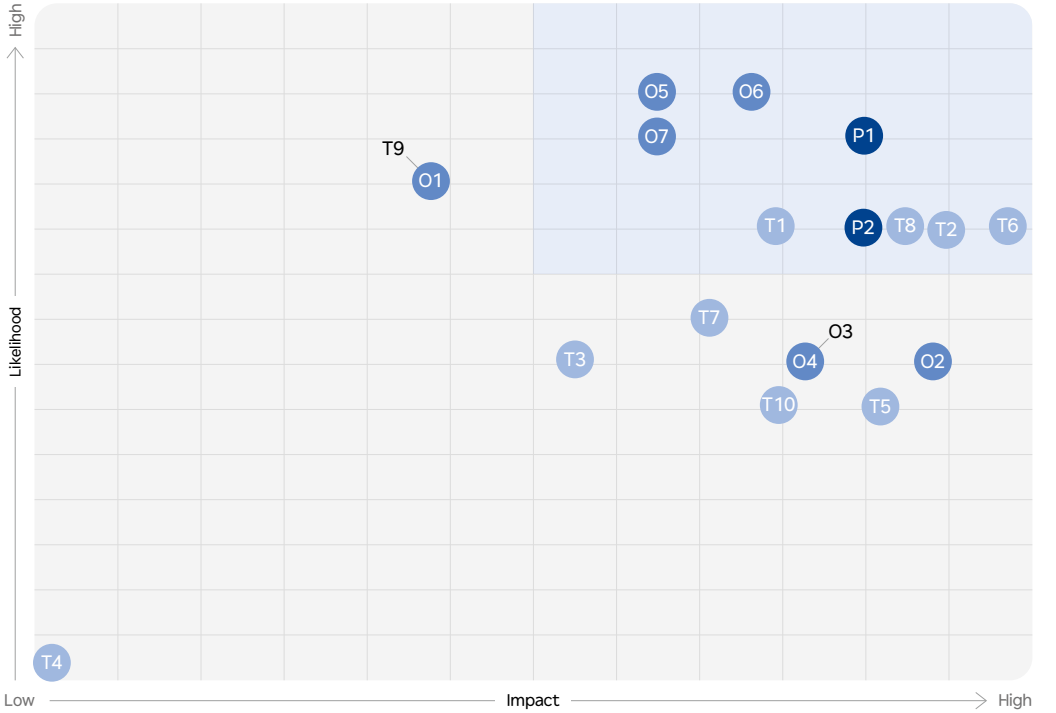
### Risk and Opportunity Pool Related to Climate Change

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

## Identifying Major Risks and Opportunities

HD Hyundai Infracore identified 19 factors composing the climate change risk and opportunity pool and considered the impact and likelihood to identify risks and opportunities that could have a major impact. As a result of the analysis, a total of 9 key climate-related issues were identified: 2 physical risks, 4 transition risks, and 3 opportunities.

### Climate Change Risk and Opportunity Matrix




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

## Analyzing Climate Scenarios

HD Hyundai Infracore assumes scenarios ranging from gradual mitigation to worsening climate crisis to assess the potential impact of climate change on its business and analyzes associated financial implications. Based on these assumptions, we conducted analyses of various climate scenarios and considered the anticipated changes in the external environment across short-, mid- and long-term periods.

**Physical Risks**

To analyze physical risks arising from climate events such as temperature rise, sea level rise, and natural disasters, we applied IPCC's RCP and SSP scenarios and used the Jupiter Intelligence Tool for quantitatively assessing the physical risk exposure and financial impact on our operations.

**Transition Risks and Opportunities**

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

| Classification | Changes in the External Environment |
|---|---|
| Short-term | • Rise in emission allowance prices<br>• Increasing demand for low-carbon, alternative fuel and emission-compliant construction equipment<br>• Changes in the RE100 implementation policy |
| Mid-term | |
| Long-time | • Increasing frequency of extreme climate change events<br>• Strengthening regulations against construction machinery emissions |

### Climate Scenarios

#### Physical Risks

**IPCC Scenarios**

Presented climate scenarios based on RCPs (Representative Concentration Pathways) that reflect radiative forcing levels associated with $CO_2$ concentrations, and SSPs (Shared Socioeconomic Pathways) that incorporate assumptions on climate adaptation and mitigation efforts.

**Rationale for Assumptions**

Adopted SSP scenarios that incorporate actual national-level GHG reduction efforts and the anticipated degree of socio-economic transformation

| Classification | Key Assumptions | Average Temperature Rise (2100) |
|---|---|---|
| SSP 1-2.6 | Assumed that the increased adoption of renewable energy would lead to environmentally sustainable economic growth | +1.8°C |
| SSP 2-4.5 | Assumed that climate change mitigation would be achieved alongside moderate levels of social and economic development | +2.7°C |
| SSP 5-8.5 | Assumed a continued increase in fossil fuel consumption and unrestrained development | +4.4°C |

#### Transition Risks and Opportunities

**IEA Scenarios**

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

**Rationale for Assumptions**

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

| Classification | Key Assumptions | Carbon Price (2050, per $tCO_2$) |
|---|---|---|
| NZE | Assumed that fossil fuels would be fully phased out by 2030 and carbon neutrality would be achieved by 2050 (+1.4°C). | $ 250 |
| APS | Assumed a 40% reduction in greenhouse gas emissions by 2050 despite the implementation of greenhouse gas reduction targets by each government (+1.7°C) | $ 200 |
| STEPS | Shows the trajectory implied by today's policy settings, including those that have been announced and are under development (+2.4°C) | $ 89 |

**NGFS Scenarios**

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

**Rationale for Assumptions**

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

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

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

## Financial Impact Analysis and Response Strategy Establishment

HD Hyundai Infracore has analyzed the impact of climate change-related risks and opportunities on its business operations and site management. Based on the analysis results, we are working to minimize the identified climate-related risks and maximize opportunities by establishing physical risk response strategies and carbon neutrality plans for both existing and new operations. We are also making efforts to enhance resilience in order to respond flexibly to various future environmental changes.

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

● High ● Medium ○ Low

| Risk Type | | Business Impact | Impact by Period[1] | | | Scenario | Financial Impact | Input Variables | Financial Impact Amount[2] (unit: KRW 100 million) | | Response Strategy Target Period | Response Strategy |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | Short-term | Mid-term | Long-term | | | | Min | Max | | |
| Physical risk | Acute | Impairment of site-level assets and interruption of operations due to typhoons, floods, etc. | ○ | ● | ● | • SSP1-2.6<br>• SSP2-4.5<br>• SSP5-8.5 | Impairment of site-level assets and loss from operational disruption | Operations location, asset value, asset impairment cost, operating loss (climate modeling analysis using Jupiter Intelligence Tool) | 224 | 239 | Mid-term | • Establish a disaster early warning system to prevent the occurrence of physical risks.<br>• Develop an emergency response plan for natural disasters to monitor and manage physical risk exposure regularly. |
| | Chronic | Impairment of site-level assets and interruption of operations due to heat waves, droughts, etc. | | ○ | ● | | | | 24 | 30 | | |
| Transition risk | Policy and law | Strengthened carbon pricing system in domestic and international markets (ex. Increase in emission permit purchase cost of domestic companies subject to emission permit allocation) | ○ | ● | ● | • NZE<br>• APS<br>• Steps | Increase in greenhouse gas emissions-related costs due to the rise in emission allowance prices | Emissions allowance purchase volume, Korean Allowance Unit (KAU) price | 333 | 1,070 | Long-term | • Implement a roadmap for reducing Scope 1 & 2 emissions at operations.<br>• Strengthen internal capabilities to achieve RE100 by 2040 and carbon neutrality by 2050 |
| | Market | Increase in mid- to long-term electricity purchase costs in case of maintaining the existing energy sources and delay in switching to renewable energy | | ○ | ● | • NDC<br>• Delayed Transition<br>• NZE | Higher operating expenses to achieve carbon neutrality and RE100 | Electricity consumption, electricity unit price | 14 | 269 | | |
| | Technology | Weakening competitiveness due to the widening gap in low-carbon and alternative fuel technology compared to our competitors | | | ● | • Internally developed scenario | Decrease in sales of electrified products | Total revenue, proportion of products applying sustainable technologies, proportion of eco-friendly patented technologies | 3,745 | 11,571 | Long-term | • Establish and implement the sales portfolio for fuel-efficient and electrified products.<br>• Increase R&D investment in clean tech products. |
| | | Decrease in product share due to replacement with new products having the same performance and low-carbon content (improved fuel efficiency) compared to existing products | | ● | ● | | Decrease in sales of fuel-efficient products | Revenue from advanced markets, proportion of fuel-efficient products | 12,338 | 74,706 | | |
| Opportunity | Product and service | Increased demand for construction machinery with fuel efficiency improvement technology (excavators, wheel loaders, etc.) for carbon reduction | | ● | ● | • Internally developed scenario based on IPCC scenarios | Increase in sales of fuel-efficient products | Number of fuel efficiency technology-applied products sold, unit price per fuel efficiency technology-applied product | 2,947 | 84,399 | | |
| | | Growing demand for construction equipment equipped with electrification technologies to meet carbon reduction requirements (excavators, wheel loaders, etc.) | | | ● | | Increase in sales of electrified products | Number of electrification technology-applied products sold, unit price per electrification technology-applied product | 8,314 | 136,046 | | |
| | | Growing demand for ICT-enabled construction equipment driven by the increasing number of disaster recovery sites (e.g., hurricanes, heavy rainfall) | | | ● | | Increase in sales of automated products | Number of sold electrified and autonomous products, unit price per autonomous product | 707 | 723 | | |

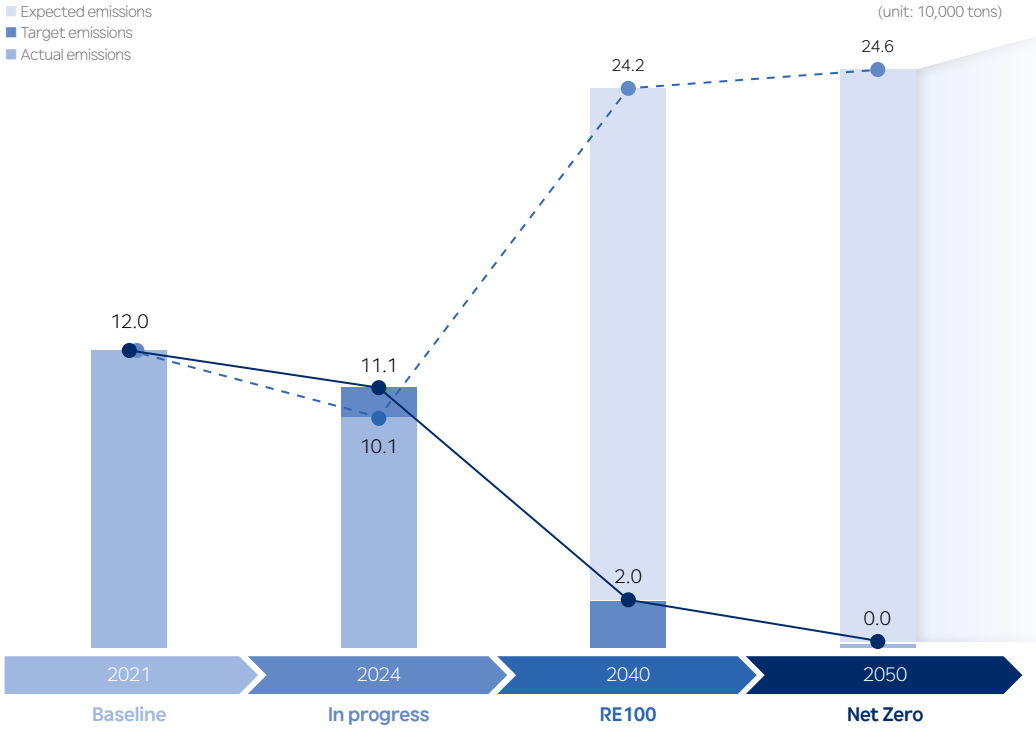
1) Period-setting criteria: Short-term (1 year), mid-term (up to 5 years), long-term (more than 5 years)
2) 'Physical risks' represent the financial impact as of 2033, whereas 'Transition risk' and 'Opportunity' reflect the cumulative financial impact from 2024 to 2033.

# Net Zero Strategy

## Net Zero Roadmap

HD Hyundai Infracore is committed to taking responsible climate action and creating a sustainable future. As part of this effort, we aim to achieve RE100 by 2040 and net zero by 2050 across our global operations. To achieve this goal, we established a mid- to long-term net zero strategy that aligns with the 1.5℃ scenario of the Science-Based Targets Initiative (SBTi) based on the BAU (Business-As-Usual) model that reflects the business growth rate until 2050. In 2024, we further advanced our net zero implementation roadmap. Through our carbon-neutral transition strategy of improving operational efficiency, switching fuels, managing high-emission facilities, managing energy at our operations, and introducing renewable energy, we plan to reduce Scopes 1, 2 greenhouse gas emissions at our global operations by 42% by 2030 compared to 2021, achieve global RE100 by 2040, and realize net zero by 2050.

### Net Zero Goal




### Net Zero Implementation Strategy

| | | |
|---|---|---|
| **Operations Energy Management** | | |
| ▼ 9.7% | Improving operational efficiency and converting fuel | • Replacing outdated equipment with high-efficiency equipment and improving operational efficiency<br>• (Gasoline, diesel) Switching to electric vehicle<br>• (LNG) Switching to hydrogen boilers, changing the paint heat source to hydrogen burners<br>• (Waste gas) Using zero VOCs eco-friendly paint |
| ▼ 4.9% | Converting to diesel fuel for commissioning operations | • (Gas, LNG, LPG) Switching to electric construction equipment to reduce the use of gasoline during commissioning |
| ▼ 17.3% | Managing high-emission facilities | • Replacing carbon-intensive facilities |
| **Introduction of Renewable Energy** | | |
| ▼ 56.6% | Using renewable energy in domestic operations | • On-site solar power generation<br>• Introducing PPA renewable energy<br>• Purchasing REC |
| ▼ 10.1% | Using renewable energy in overseas operations | • On-site solar power generation<br>• Introducing PPA renewable energy or purchasing REC |
| **Using Carbon Credits** | | |
| ▼ 1.4% | Using carbon credits | • Securing offset credit in the voluntary carbon market |

# Carbon-Neutral Implementation

## Internal Carbon Pricing System

HD Hyundai Infracore operates an internal carbon pricing system as part of its climate change response and greenhouse gas reduction strategy. This system is actively utilized as a key decision-making reference for investments aimed at improving energy efficiency and reducing emissions. We are applying internal carbon pricing across our energy and environmental infrastructure investments. We have improved the effectiveness of the system by reflecting this system in the allocation of a special budget for greenhouse gas and energy reduction in 2024.

In 2025, we will advance this internal carbon pricing system to achieve major goals such as expanding low-carbon investments, promoting energy efficiency, and raising climate awareness across the organization. To set a rational carbon price, we developed our own scenario by reflecting various external data such as the International Energy Agency (IEA) scenario, national GHG reduction targets (NDCs) of OECD, G20, and G7 countries, and domestic carbon credit market prices. Based on this scenario, we calculated a new internal carbon price for 2025.

Going forward, we plan to expand the application of fuel efficiency improvement models within our New Product Development (NPD) process. Through this, we expect to establish a product development culture based on low-carbon design that considers the impact of carbon emissions from the new product planning stage. Moreover, we plan to have our internal carbon pricing system firmly take root as a practical tool for implementing company-wide low-carbon strategies.

### Internal Carbon Pricing Criteria

| Classification | Contents |
|---|---|
| Purpose of use | Increasing low-carbon investments, promoting energy efficiency, and inducing behavioral change within organizations |
| Scope of greenhouse gas emissions | Scope1, 2 |
| Type | Shadow price |
| Price | Short-term: KRW 27,263/$tCO_2eq$,<br>Long-term: KRW 118,553/$tCO_2eq$ |
| Pricing method | Developing our own scenarios based on the IEA scenarios, reflecting major countries' NDC achievement scenarios and domestic carbon emission prices |
| Application scope | Renewable energy and energy/environment-related investments at domestic operations |
| Application performance | Compiled a special budget for greenhouse gas and energy reduction in 2024 and 2025 |

## Site-level Greenhouse Gas Emissions Management

HD Hyundai Infracore is systematically promoting various energy management activities to enhance energy efficiency across all operations. To monitor and manage energy use, we have implemented the Factory Energy Management System (FEMS) that provides insights into site-level energy conditions. FEMS collects energy use data from measuring devices such as electricity meters and flow meters, with the relevant departments reviewing this data every month to improve its reliability. We are continuously improving our system, having added features such as standby power status, utility production efficiency, and maximum demand power inquiry in 2024. Thanks to system advancements, it has become easier not only to monitor energy but also to identify inefficient energy use areas; thus helping uncover opportunities for improvement.

We have also established a Greenhouse Gas Management Consultative Group for systematically carrying out activities aimed at reducing energy consumption and greenhouse gas emissions. The group manages energy through collaboration among related departments. The group conducts monthly assessments of greenhouse gas emissions and energy consumption, monitoring and managing the energy intensity performance of each headquarters. Based on the assessment results, the group identifies reduction opportunities for both GHG emissions and energy use. To raise employee awareness and promote energy-saving behaviors, the group carries out various activities such as company-wide energy management education and energy-saving campaigns.

### Energy Consumption/Greenhouse Gas Reduction Activity and Performance at Domestic Operations in 2024

| Savings Type | Savings Activity | Savings Amount | | Energy Savings (KRW 1,000) |
|---|---|---|---|---|
| | | Energy (TJ) | Greenhouse Gas ($tCO_2eq$) | |
| Equipment replacement, supplementation | Supply chain optimization (piping, valves, operational efficiency) | 28.33 | 2,754 | 628,182 |
| Operational optimization | Centralized heating and cooling control | 0.11 | 5 | 2,190 |
| Lighting improvement | LED lighting replacement | 0.78 | 37 | 22,087 |
| Others | Power loss reduction | 0.26 | 12 | 4,196 |
| Grand total | | 29.48 | 2,809 | 656,655 |

### Installation of Heat Exchanger for Waste Heat Recycling at the Gunsan Plant

As part of our 2024 energy-saving efforts, we have installed a heat exchanger that utilizes high-temperature purified exhaust gas emitted from the air pollution prevention facility of the Gunsan plant's painting line. The recovered waste heat was reused as a heating energy source within the plant, reducing the LNG use required for heating by 74,590㎥ per year. This feat also contributed to approximately 131 tCO2eq decrease in greenhouse gas emissions.

Heat Exchanger for Waste Heat Recycling at the Gunsan Plant

### K-EV100

As part of our net zero strategy in the transportation sector and commitment to advancing the future mobility industry, HD Hyundai Infracore has joined the 'K-EV100' initiative in 2021 to convert business vehicles into zero-emission vehicles by 2030. We plan to convert 100% of our own or leased business vehicles into electric and hydrogen vehicles by 2030 and gradually install charging infrastructure at all of our domestic operations.
By the end of 2024, six company vehicles had been cumulatively replaced with zero-emission vehicles; thus resulting in an annual reduction of approximately 17.44 $tCO_2eq$ in greenhouse gas emissions. In addition, 24 charging stations were installed across all domestic operations.

## Introduction of Renewable Energy

HD Hyundai Infracore is developing and progressively implementing site-specific execution plans to achieve its '2024 RE100' goal, which will convert 100% of the electricity in its global operations into renewable energy by 2040. As part of our renewable energy adoption strategy, we are comprehensively considering Power Purchase Agreements (PPAs), Renewable Energy Certificate (REC) purchases, and in-house solar power generation.

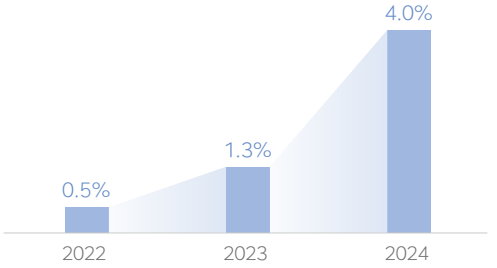
We installed solar power equipment at our Gunsan plant in 2023 through a renewable energy PPA, generating a cumulative 5.5MW of renewable energy by the end of 2024. The renewable energy procured via PPA accounted for approximately 47% of the total electricity consumption at the Gunsan plant. To increase in-house solar power generation further, we are executing our in-house solar master plan scheduled through 2028. As part of this plan, a Phase 1 pilot project involving the installation of solar panels on the rooftop and parking lot areas of the Incheon plant was completed in April 2024. Such installation annually generates approximately 1,350 MWh of electricity, which is utilized on-site, resulting in an estimated 620 $tCO_2eq$ reduction in greenhouse gas emissions.

Following the completion of Phase 1, we reviewed both internal and external environmental factors and updated our in-house solar master plan accordingly. As part of Phase 2, we plan to install 1.9MW and 0.1MW solar power generation systems at the new office buildings of the Incheon plant and Boryeong operation, respectively, in 2025.

### Types of RE100 Implementation Strategies

| | |
|---|---|
| **In-house generation** | Introduction of solar panels and other renewable power facilities at company premises |
| **Renewable energy PPA** | Purchase of electricity through a power purchase agreement (PPA) with a renewable energy provider |
| **Purchase of REC** | Signing of an REC purchase agreement in collaboration with a local power generation company |

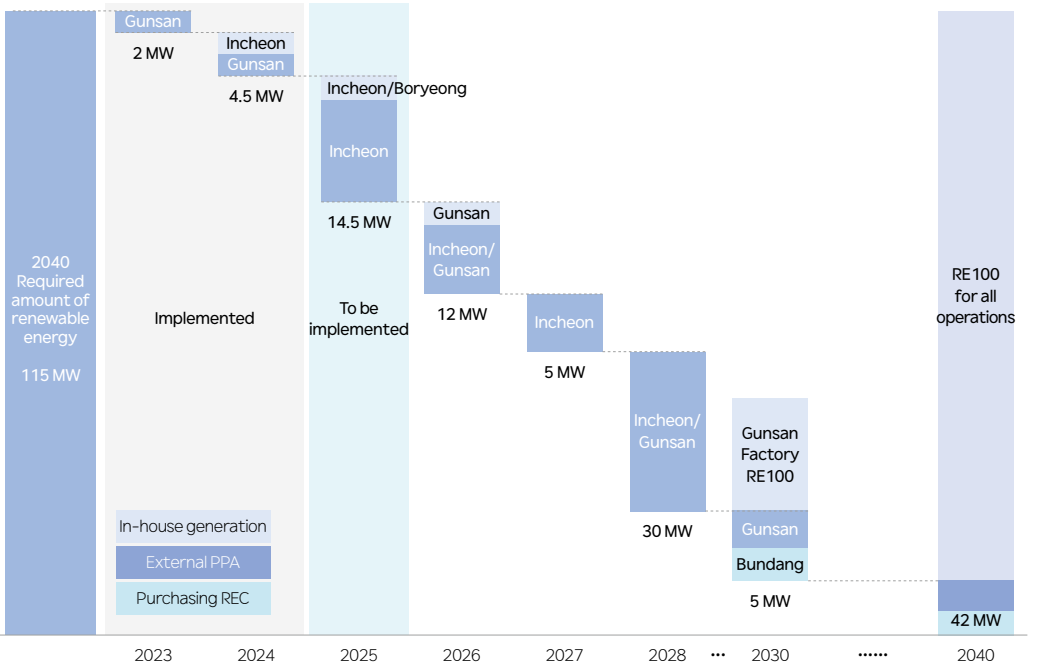
### Global RE100 Achievement Rate[1)]




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

Solar Power Generation Facility at Incheon Plant

### RE100 Implementation Path of Domestic Operations




### In-house Solar Power Master Plan

**2023~2024**
**Step 1**
**1.0 MW**
- Incheon pilot project

**2025~2026**
**Step 2**
**3.8 MW**
- Incheon manufacturing plant
- Newly built office building in Boryeong
- New factory building in Gunsan plant

**2027~2028**
**Step 3**
**1.9 MW**
- Gunsan manufacturing plant
- Ansan operations
- Boryeong office maintenance building

RISK MANAGEMENT

## Climate Change Risk Management

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

| | |
|---|---|
| 1. Risk Identification | We regularly monitor global market trends and climate-related regulatory changes to identify climate-related risks and opportunities, and identify key risk and opportunity factors based on this considering the possibility of occurrence and the level of impact. |
| 2. Risk Assessment | We identify key climate-related risks and opportunities that may affect our business operations and assess their potential financial impacts based on various climate scenarios developed by IPCC, IEA, and NGFS. |
| 3. Strategy Establishment and Implementation | The ESG Management Committee prioritizes key climate-related risks and opportunities based on their level of impact and establishes appropriate response strategies for each factor. Once approved by the ESG Committee as the highest decision-making organization, the strategies are incorporated into the business strategy and implemented in detail by the relevant operational function. |
| 4. Monitoring and Assessment | The ESG Management Committee reviews the progress of key projects and key issues, and evaluates the achievement levels of major performance indicators such as greenhouse gas emissions and energy consumption. The evaluation results are reported to the ESG Committee and reflected in the formulation of strategic plans for the following year. |

METRICS AND TARGETS

## Climate Change Metrics and Targets

HD Hyundai Infracore has set net zero by 2050 as a mid- to long-term target in response to climate change, and it is systematically managing greenhouse gas emissions as key indicators of performance. We plan to expand the scope of our net zero roadmap to include sales operations and enhance our management system further.

| Classification | Scope | Unit | 2024 | | 2030 | 2050 |
|---|---|---|---|---|---|---|
| | | | Performance | Target | Target | Target (Net Zero) |
| Greenhouse gas emissions (Scope 1+2) | Global | $tCO_2eq$ | 101,328 | 111,373 | 69,387 | 0 |
| | Korea | $tCO_2eq$ | 87,672 | 107,717 | 60,973 | 0 |

To enhance the effectiveness of climate change response, we have established additional energy-related metrics and targets for domestic sites, managing them with precision. In addition, we are steadily increasing activities aimed at managing energy consumption at overseas sites.

| Classification | Scope | Unit | 2024 | | 2030 |
|---|---|---|---|---|---|
| | | | Performance | Target | Target |
| Energy use | Korea | TJ | 1,753 | 2,230 | 2,073 |
| Cumulative energy savings | Korea | TJ | 2,566 | 2,038 | 8,583 |
| Renewable energy adoption volume | Korea | MW | 6.5[1)] | 4.1 | 77.8 |

1) Cumulative adoption volume of renewable energy

# Decarbonized Products

MATERIAL TOPIC

GOVERNANCE

## Decarbonized Products Organizational Structure

### Decarbonized Products Governing Body

HD Hyundai Infracore reviews and approves strategies and key issues related to decarbonized products products through the ESG Committee within the Board of Directors, with the ESG Management Committee—chaired by the CEO—regularly monitoring the implementation of strategic tasks. To establish decarbonized product and technology strategies, HD Hyundai Construction Equipment Sector operates a decision-making system with executive-level participation. These strategies are jointly established by the Technology Strategy Committee and Product Strategy Committee, which represent the three construction equipment companies that compose the HD Hyundai Construction Equipment Sector. The committees deliberate and decide on topics including mid- to long-term product portfolios, technology roadmaps, applicability and prioritization of sustainable technologies. HD Hyundai Infracore also operates independent Technology and Product Strategy Committees for its engine business. Based on the strategies approved by these committees, we hold monthly New Technology Development (NTD) Committee meetings led by the Head of Technology Institute and New Product Development (NPD) Committee meetings chaired by the CEO. These meetings assess the project quality, timeline compliance, and level of carbon emissions reduction in new technology and product development projects.

| Technology Strategy Committee/Product Strategy Committee | | | |
|---|---|---|---|
| Construction Machinery | | Engine | |
| Composition | · CEOs and key executives in charge of technology and product development at the three HD Hyundai Construction Equipment Sector | | |
| Role/Agenda | · Approval of technology/product portfolio and roadmap<br>· Approval of engine/integrated product new technology development strategy and low-carbon, fuel-efficient product development strategy | | |
| Frequency | · Annually | | |
| NTD Committee | | NPD Committee | |
| Composition | · Head of Technology Institute and key executives responsible for technology and product development | Composition | · CEO and key executives responsible for technology and product development |
| Role/Agenda | · Review of technology development risks<br>· Discussion of new technology and low-carbon technology development | Role/Agenda | · Review of product development risks<br>· Discussion of fuel efficiency and carbon emissions from new models |
| Frequency | · Monthly | Frequency | · Monthly |

| ESG Management Committee | |
|---|---|
| Composition | · CEO, chief sustainability officer, Head of business group/ division |
| Role/Agenda | · Strategic task selection and reporting of implementation plan and results |
| Frequency | · Quarterly |

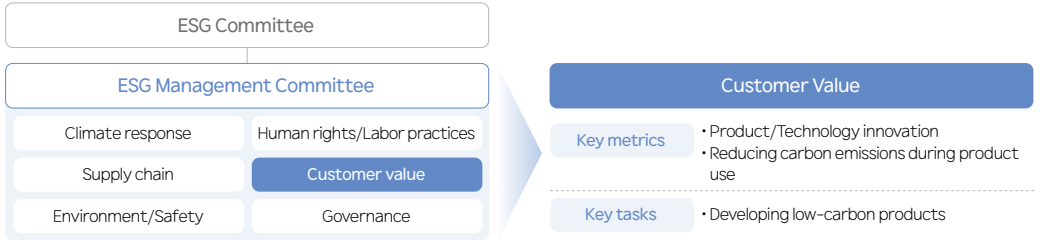
### Decarbonized Products Operational Function

Strategic tasks such as innovative product development are executed under the Customer Value part of the ESG Management Committee, in line with the key initiatives approved by the Technology Strategy Committee and Product Strategy Committee. The HD Hyundai Construction Equipment Sector has integrated their R&D organizations to utilize their respective expertise and resources jointly, concentrating their capabilities on product development. Through such integration, each company is enhancing both development efficiency and technological competitiveness and developing innovative decarbonized products optimized for its own product portfolio using the technologies acquired. In addition, HD Hyundai Infracore operates a dedicated R&D system for its independent business areas such as engines and powertrains, continuing to drive innovation in engine products through technological development.

### Compensation Linked to Decarbonized Products

Each year, we establish key strategic tasks and KPIs related to the development of clean-tech products and technologies, and manage them in connection with employee performance. In 2024, we set core KPIs focused on refining the decarbonized product strategy, enhancing future technological competitiveness, and generating business outcomes. Progress toward these goals are directly reflected in performance-based compensation.

Decarbonized Products Governance Structure



## Decarbonized Products Risks and Opportunities

### Risk and Opportunity Identification and Response

HD Hyundai Infracore identifies key risks and opportunities that may affect ESG-related issues across the full spectrum of the clean-tech product and establishes and implements strategies to manage the identified factors systematically.

**Risk/Opportunity Definition**

**Impact 1 | Increased Global Demand for Decarbonized Products and Services**

| Risk | Opportunity |
|---|---|
| Business decline due to the shrinking market size of internal combustion engines | Market diversification due to low-carbon technology development |

**Impact 2 | Tighter Environmental and Emissions Regulations**

| Risk | Opportunity |
|---|---|
| Weakened market competitiveness due to delayed response to environmental regulations | Enhanced market leadership enabled by tightened entry thresholds |

**Response Strategy**

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

### Business Case of Decarbonized Products

HD Hyundai Infracore operates within the construction equipment manufacturing industry, where fuel efficiency and carbon emissions performance are key drivers of competitiveness. Insufficient response to the growing demand for electrification and low-carbon technologies may result in declining market share and missed sales opportunities, driven by increasingly stringent global environmental regulations and shifting customer expectations. Conversely, proactively securing sustainable technologies can enable the company to meet customer needs for improved fuel efficiency and carbon reduction—unlocking opportunities to enter new markets, expand clean-tech product sales, and enhance revenue. This, in turn, contributes to lowering carbon neutrality compliance costs and strengthening brand value.

## Decarbonized Products Management System

### Sustainable Taxonomy

HD Hyundai Infracore has established its own Sustainable Taxonomy, referencing both the EU Taxonomy and K-Taxonomy. This framework serves as a foundation for sustainable and clean-tech product development and product roadmap management. Within this Sustainable Taxonomy, products are defined as 'sustainable' when clean technologies are applied and environmental regulations are observed. The definition is applied across the entire product life cycle from planning and development to launch. HD Hyundai Construction Equipment Sector operates a joint development system under an integrated technology strategy led by HD XiteSolution and currently under development, with key products being managed in line with the Sustainable Taxonomy.

Sustainable Taxonomy

**Decarbonized Products**

Clean technology products and services

| Clean Technology Power Conversion | Fuel Efficiency | Air Pollutant Reduction |
|---|---|---|
| Item · Electrification · Energy recovery · Clean energy | Item · Fuel efficiency improvement · Fuel inefficiency prevention | Item · Combustion optimization · Improved engine aftertreatment technology |
| Sales · KRW 5.2 billion | Sales · KRW 749.7 billion | Sales · KRW 568.3 billion |

New Development Projects Related to Sustainable Technologies in 2024

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

### Decarbonized Products Development Process

HD Hyundai Infracore employs a development process that integrates environmental, market, and technological factors throughout the entire product life cycle from planning to mass production to manufacture of decarbonized products. During the early stages of development, we evaluate the strategic alignment of new technologies, market demands, and environmental regulations. Development is then managed systematically based on phase-specific standards—ranging from setting product and functional targets, validating reliability, and establishing carbon reduction goals to preparing for production and market launch.

Decarbonized Products Development Process

**1 | Product Planning**
- Reviewing the compatibility of new technologies with company strategies
- Developing a concept that reflects the market environment and the VOC
- Reviewing environmental regulations and certifications

↓

**2 | Product Design Planning**
- Setting product goals
- Confirming goals for each area
- Establishing a business plan aligned with product goals

↓

**3 | Setting and Designing Development Goals**
- Reviewing product development goals and VOC reflection status
- Establishing carbon emissions targets during the development phase

↓

**4 | Testing and Verification**
- Final validation of equipment reliability and design integrity
- Monitoring production readiness and launch preparedness

↓

**5 | Production Process Verification and Launch Preparation**
- Monitoring of preparation for mass production
- Monitoring of preparation for sales and services
- Inspecting initial revenue patterns

## Life Cycle Assessment

To respond to increasingly stringent environmental regulations and to manage carbon emissions across the value chain, HD Hyundai Infracore is expanding product-level Life Cycle Assessments (LCA). LCA for five key models were finalized in 2024, and assessments for five additional models are planned for 2025. These assessments were carried out based on reliable data in accordance with ISO 14040 and 14044 standards.

To enhance the reliability of our LCA results, we are developing a data-driven framework that quantifies GHG emissions from the raw material stage through to final manufacturing. Additionally, we have developed a manual summarizing the key issues identified during the LCA process to internalize assessment capabilities, and implement employee training programs to strengthen professional competency.

### LCA Process

**Apply System Boundaries**
- Reviewing functional units
- Reviewing the system boundary
- Understanding the process flow

**Collect Data**
- Collecting our own field data
- Collecting field data from suppliers
- Reviewing the collected data and estimating emissions

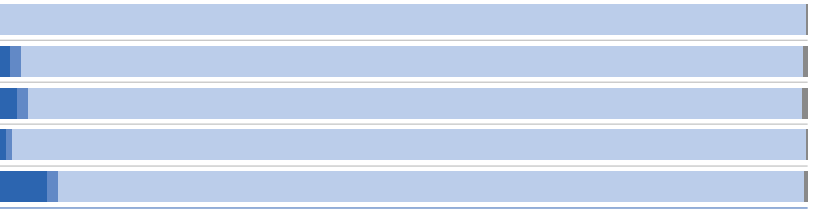
**LCA Evaluation and Result Analysis**
- Applying and utilizing software
- Analyzing the assessment results comparatively
- Preparing LCA reports

### LCA Assessment Principles

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

### LCA Results[1](Global Warming)

| Classification | Product Name | Greenhouse Gas Emissions ($kgCO_2eq/hr$) | Proportion of Greenhouse Gas Emissions by Phase (%) |
|---|---|---|---|
| Wheel loader | DL550-7 | 74.4 | |
| | DL420-7K | 48.3 | |
| | DL250-7 | 33.4 | |
| Excavator | DX350LC-7K | 64.0 | |
| | DX225LC-7 | 41.8 | |




1) LCA performance ratio: 1.7%

## Establishing Product Category Rules (PCR)

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

### Process of Developing Environmental Product Declaration Guideline of Construction Machinery

**HD Hyundai Infracore**

Proposing products eligible for EPD

**Korea Environmental Industry and Technology Institute**

Target product selection (Selection Committee) → Developing draft writing guidelines for each target product → Collecting stakeholder opinions (public consultation) → Verifying writing guidelines (Verification Committee)

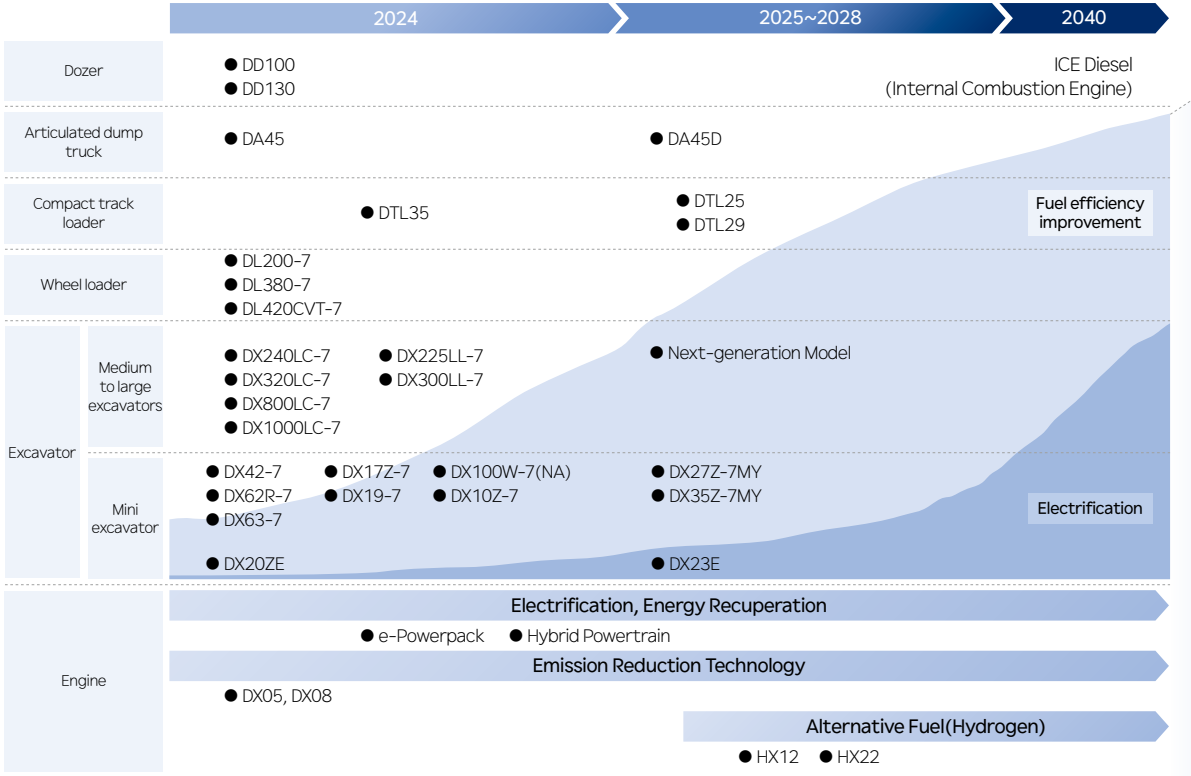
**Ministry of Environment**

Official legal notice

## Decarbonized Products Roadmap

HD Hyundai Infracore is focused on developing clean technologies such as battery packs, electric excavators, and hybrid powertrains to increase the proportion of products based on sustainable technologies to 96% by 2040 and reduce carbon emissions during the product use phase by 25% compared to the 2021 level. Starting with the launch of the mini electric excavator in 2023, we have been sequentially introducing electrified equipment while applying fuel efficiency improvements and emission reduction technologies to conventional internal combustion machines. We are also advancing technologies to reduce engine-related air pollutants. While expanding next-generation power sources, we are taking a balanced approach that considers both environmental sustainability and market viability. In parallel, we are actively developing hydrogen-based technologies in preparation for the emerging hydrogen economy.

### Decarbonized Products Sales Portfolio Roadmap




### Fuel Efficiency Improvements and Electrification Technologies

| Technology Classification | Applicable Technology | Fuel Efficiency Improvement Points |
|---|---|---|
| Fuel efficiency improvement | Full Electro-Hydraulic System (FEH) | Fuel efficiency improvement technology that minimizes energy loss according to the workload by electronically and precisely controlling hydraulic pressure |
| | Virtual Bleed-Off (VBO) | A smart pump control method that supplies only the required flow rate, which decreases fuel consumption by reducing unnecessary flow loss compared to existing hydraulic systems |
| | Energy recovery | Reduction of engine load and fuel consumption through the recovery and reuse of kinetic energy generated during deceleration as electricity |
| Electrification | Battery | Reduction of internal combustion engine operating time and enhancement of fuel efficiency by storing electrical energy to either support or independently drive the engine |
| | Hydrogen fuel cell | Equipment with high efficiency by generating electricity through the electrochemical reaction of hydrogen and oxygen, thereby improving fuel efficiency and ensuring environmental sustainability |
| Engine | Engines that meet the emission regulations | Increasing fuel efficiency and reducing pollutant emissions by improving combustion efficiency, optimizing fuel injection, enhancing exhaust aftertreatment systems, and applying hydrogen combustion technology |
| | Hydrogen combustion engine | Hydrogen combustion engines generate power using conventional internal combustion engine architecture, burning hydrogen instead of fossil fuels and producing no carbon dioxide during operation |

# Decarbonized Products - Construction Machinery

Fuel Efficiency Improvement

## Fuel Efficiency Technology

HD Hyundai Infracore is simultaneously developing electrification technologies and fuel efficiency enhancement technologies to improve the energy performance of construction equipment and reduce carbon emissions. To lower fuel consumption, we have implemented technologies such as VBO and FEH and electronic engine control, which collectively enable more than 15% improvement in fuel efficiency. Additionally, we are developing the Multi-Pump System (MPS) as the next-generation power conversion technology for large excavators. This system is scheduled for introduction in a 2030 model, with plans to expand its application across all relevant equipment lines. For upcoming mid-sized electric excavators, we plan to implement a high-efficiency electric system that optimally adjusts power and hydraulic flow based on workload and operating conditions—minimizing unnecessary energy consumption and enhancing work efficiency. In parallel, we are exploring next-generation control systems that reduce energy loss while improving drive system precision and responsiveness, and accelerating efforts to secure technological competitiveness in the shift toward high-efficiency, low-carbon equipment.

As the first in the construction equipment industry to participate in the '2025 Seoul Mobility Show,' the HD Hyundai Construction Equipment Sector unveiled next-generation excavator models. We showcased the 24-ton excavator DX240 with improved productivity and fuel efficiency by applying our DX05 engine and FEH technology, which demonstrated our technological competitiveness in electrification and energy efficiency.


DX240

Electrification (BEV)

## Electric Excavator


DX20ZE

To reduce carbon emissions and create a more pleasant work environment, HD Hyundai Infracore is pursuing the electrification of construction equipment as a core technology strategy, applying it across a wide range of products from mini to large-scale equipments. In August 2023, we launched the 1.7-ton mini electric excavator DX20ZE that was officially introduced to the European market at 'INTERMAT 2024' in Paris. With zero exhaust emissions and minimal noise and vibration, the DX20ZE is optimized for environmentally sensitive applications in cities, enclosed sites, and farming operations.

As a global first in the medium-sized construction equipment sector, HD Hyundai Infracore developed a 14-ton electric excavator that features fully electrified pump, swing, and drive systems integrated with a 335kWh high-capacity battery—delivering a significant improvement in energy efficiency. We are currently developing a 22-ton electric crawler excavator with a 500kWh battery in the large equipment category, aiming to enhance drive efficiency by integrating energy regeneration technology. We will expand the application of electrification technology across our entire product lineup, contributing to carbon emission reduction and building an energy-efficient product portfolio.

Electrification (FCEV)

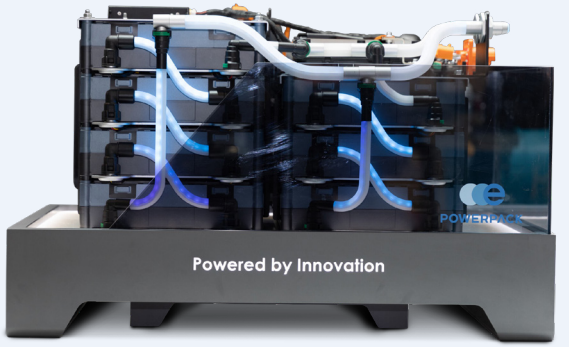
## Hydrogen Fuel Cell Wheel Loader

HD Hyundai Infracore is driving technological innovation to contribute to the transition to a carbon-neutral society by developing next-generation construction equipment that applies hydrogen-based electrification technology. In 2024, the company announced a 14-ton hydrogen fuel cell wheel loader for the first time at 'INTERMAT 2024' in Paris. Featuring a hybrid electric system that operates with both hydrogen fuel cells and batteries in parallel, the loader produces no carbon or air pollutant emissions during operation. This equipment is highly suitable for environmentally sensitive areas such as urban centers and enclosed spaces. Its energy efficiency has been enhanced through regenerative braking and pump electrification. We are also developing next-generation models using with solid hydrogen fuel cells and planning to expand our zero-emission equipment portfolio to enable more sustainable construction sites.

DL250-FCEV

# Decarbonized Products - Engine

Electrification




e-Powerpack

## e-Powerpack

We are enhancing our battery pack (e-Powerpack) technology and expanding its application in response to strengthening internal combustion engine regulations such as Europe's 'Zero Emission Construction Site' mandate. In 2023, we commercialized a 5.0kWh Nickel Cobalt Manganese (NCM) battery pack for a 1.7-ton electric excavator, and later expanded its application to medium and large equipment such as 2.7-ton excavator, 14-ton wheel excavator, and concrete mixer. Given the growing demand for high-output, high-safety batteries, we are further expanding battery applications to the industrial and marine sectors.

NCM batteries are used in long-duration driving equipment based on high output and high energy density, with LFP batteries—valued for their long lifespan, high safety, and fast charging—applied in construction, industrial, and marine sectors.

All products feature modular design, Battery Management System (BMS) developed in-house, and functional safety equivalent to ISO 13849 SIL-C. We plan to complete European certifications such as ECE R100 by 2026 and commercialize battery packs with proven world-class safety and reliability. In 2024, we began investing in new battery packaging and production facilities at our Gunsan plant, targeting completion by 2028—reinforcing our long-term battery pack development and supply capacity.

Electrification, Energy Recuperation

## Hybrid Powertrain

HD Hyundai Infracore is advancing hybrid powertrain technology as part of its carbon-neutral solutions, conducting vehicle integration and performance evaluations. In 2024, the 48V Mild Hybrid Electric Vehicle (MHEV) was installed on our customer's Compact Track Loader (CTL) and successfully demonstrated at the Gunsan plant, with performance validation currently underway.

The 360V Plug-in Hybrid Electric Vehicle (PHEV) operates in pure electric mode and supports plug-in charging via an On-Board Charger (OBC). As part of a national R&D initiative, we are developing integration technology for construction equipment and conducting in-vehicle performance tests on our customer's air compressor. Both hybrid systems utilize our proprietary Hybrid Control Unit (HCU), which efficiently manages key components and allows flexible control adjustments according to customer needs.

The hybrid powertrain is evolving into a standalone solution compatible with various power sources, including hydrogen internal combustion engines. It is also advancing to address key challenges faced by innovative clean technologies such as limited charging infrastructure, stricter environmental regulations, and high equipment uptime requirements.


Customer Air Compressor Equipped with PHEV

DX05, DX08

Emission Reduction Technology

## Air Pollutants Reduction Technology

In 2024, the new 5L-class DX05, 7.5L-class DX08 diesel engines won the '2025 Diesel Engine of the Year Award' in the industrial engine category. These engines comply with the most stringent emissions standards, including EU Stage V and US Tier 4 Final, while delivering high output and durability.

Officially unveiled at 'INTERMAT 2024' in Paris, the DX05 and DX08 engines feature a box-type aftertreatment system that delivers superior thermal insulation and enhances NOx conversion efficiency. The system integrates sensors and electrical components—including wiring harnesses—into a compact module, improving assembly convenience and operational efficiency. In addition, the Diesel Particulate Filter (DPF) offers an extended service interval of over 8,000 hours, significantly enhancing user convenience and the overall marketability of engine-powered equipment.

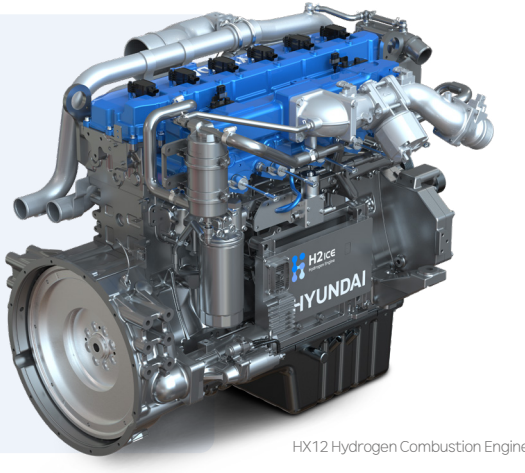
Our proprietary Ultra-Low Particle Combustion (ULPC) technology forms the basis of our No-DPF Tier 4 Solution, which has acquired international patents. In 2024, we further enhanced this system with Ultra-High Efficient Mixing (UHEM) technology, improving fuel efficiency, reducing carbon emissions, and meeting the latest Stage V and Euro 6 regulations. Additionally, we are expanding our next-generation diesel engine lineup to support biodiesel and Hydrotreated Vegetable Oil (HVO), thereby enhancing our capacity to contribute to carbon neutrality.

Alternative Fuel (Hydrogen)

## Hydrogen Combustion Engine

HD Hyundai Infracore is expanding the application of its hydrogen combustion engine technology which emits zero carbon dioxide during operation—to medium and large commercial vehicles and the power generation sector. In 2024, we showcased our 11L-class HX12 engine for commercial vehicles and the 22L-class HX22 engine for power generation at leading global exhibitions, including H2MEET (Asia-Pacific's largest hydrogen industry exhibition), POWERGEN in the United States, and INTERMAT in France. Among them, HX12 was recognized for its technological prowess by being selected as the 'Best Pick' in the hydrogen industry field by the media at 'H2MEET 2024.' We completed the pilot test of a hydrogen combustion engine installed in our customer-owned truck in 2024, and are currently developing engines for hydrogen-powered trucks scheduled for release in 2026. In 2025, we plan to expand the scope of in-vehicle testing for the HX12 engine by applying it to large buses and our proprietary 30-ton excavator.

Based on a conventional natural gas (CNG) engine platform, the HX12 model offers easy integration into existing vehicles and achieves up to 41% thermal efficiency thanks to optimized hydrogen combustion. To validate its performance in extreme climates, the engine underwent field testing in Daegwallyeong, Gangwon Province under conditions of -20°C. Technology development continues with the goal of securing a driving range of over 500km for installation in large vehicles. The HX12 model is also undergoing a 200kWe demonstration for power generation; after completing a total of 1,500 hours of demonstration by 2025, we plan additional testing up to 3,000 hours using liquid hydrogen. To meet the growing demand for high-output power generation, we are developing the 500kWe, 22L-class HX22 engine. We plan to complete 1,500 hours of demonstration by 2027 and expand to a lineup of ultra-large hydrogen engines ranging from 37L to 65L class in the future.



HX12 Hydrogen Combustion Engine

RISK MANAGEMENT

## Decarbonized Products Risk Management

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

### Risk Management Process

| | |
|---|---|
| 1. Risk Identification | Analyzing external factors such as market trends, global regulatory changes, and competitor product launches on a regular basis to identify proactively the potential risks and opportunities associated with clean-tech products and technologies |
| 2. Risk Assessment | The risk and opportunity factors of clean-tech products and technologies are comprehensively evaluated using LCA results, technical feasibility, and market acceptance, and are prioritized and reflected in strategic planning accordingly. |
| 3. Strategy Establishment and Implementation | Specific response strategies—such as expanding electrification and hydrogen technology development and adjusting the product portfolio—are established by the Technology Strategy Committee and Product Strategy Committee and implemented by their respective operational teams. |
| 4. Monitoring and Assessment | Major issues and risk responses arising during project implementation are reported regularly through these committees, where progress is reviewed in terms of product viability, quality, and marketability. When policies or market conditions change, strategies are re-evaluated as needed to determine future directions and identify areas for improvement in project execution. |

METRICS AND TARGETS

## Decarbonized Products Metrics and Targets

For the practical implementation of its clean-tech product and technology strategy, HD Hyundai Infracore has increased investment in technology development and established core management indicators to support the expansion of its decarbonized products portfolio. In particular, we plan to focus on major tasks including expanding the application of low-carbon electro-hydraulic products, developing next-generation electrified models, advancing hydrogen combustion engines and hybrid powertrains, and enhancing battery pack technologies.

| Performance Metrics | Unit | 2024 | | 2025 | Mid- to long-term |
|---|---|---|---|---|---|
| | | Target | Performance | Target | Target |
| Increasing investment in sustainable products and technology development[1)] | KRW 100 mil. | 165 | 165 | 197 | 10% increase every year |
| Expanding LCA coverage | Cumulative units | 5 | 5 | 10 | Expanding to more than 5 models every year |

1) Investment amount for low-carbon and smart technology development in construction equipment

# EU Taxonomy

HD Hyundai Infracore manages the sustainability of its core business activities based on its internally established Sustainable Taxonomy. In 2024, we applied the globally recognized EU Taxonomy to identify which of our economic activities could be classified as sustainable. Established under Regulation (EU) 2020/852, the EU Taxonomy provides a classification framework for sustainability. It evaluates whether a company's economic activity makes a substantial contribution to one or more of the six environmental objectives[1] such as climate change mitigation or adaptation without causing significant harm to other objectives while complying with the minimum legal requirements. Following this Sustainable Taxonomy, we calculated the share of our sales (turnover), capital expenditures (CapEx), and operating expenditures (OpEx) corresponding to sustainable economic activities. These indicators will serve as references in our future sustainable management strategies to enhance their objectivity and credibility.

| | Turnover | CapEx | OpEx |
|---|---|---|---|
| Taxonomy Methodology | Turnover KPI This refers to the revenue generated from economic activities that are deemed environmentally sustainable according to the EU Taxonomy's criteria. The denominator used for KPI calculation is defined in accordance with Article 2(5) of EU Regulation 2020/852, and turnover is based on the income reported under paragraph 82(a), Article 1 of the International Accounting Standards (IAS). This refers to the revenue reported in the separate income statement, and the total revenue reported for the current fiscal year was KRW 3,405,693 million. The numerator was calculated based on the revenue from eligible economic activities as defined by the EU Taxonomy. | CapEx KPI represents the proportion of capital expenditures during the fiscal year, which were allocated to economic activities according to the EU Taxonomy. The total CapEX (denominator) consists of the total acquisition costs of property, plant and equipment, intangible assets, investment property, and right-of-use assets incurred during the reporting period. Fluctuations due to changes in fair value are excluded, but increases resulting from business combinations are included. The eligible CapEx (numerator) consists of the following operating expense items:<br>• Investments in assets directly used for eligible economic activities defined by the EU Taxonomy<br>• Investments carried out under a CapEx plan for the future transition to eligible activities<br>• Capital expenditures related to the purchase of products and services produced through eligible activities or to actions that make a substantial contribution to decarbonization<br>We analyzed internal supporting documentation related to asset acquisitions to determine whether the capital expenditures in question met the eligibility criteria under the EU Taxonomy. | OpEx KPI measures the proportion of a company's annual operating expenses allocated to eligible economic activities as defined by the EU Taxonomy. The total OpEx (denominator) is the amount of direct expenditure related to the day-to-day use of tangible assets including non-capitalized research and development expenses, building repair expenses, short-term lease payments, maintenance and repair expenses, and other expenses incurred during the accounting period, and the numerator includes the following operating expense items: The eligible OpEx (numerator) consists of the following operating expense items:<br>• Operating cost expenses related to eligible economic activities, including training, employee wages, and direct R&D costs<br>• Operating expenses supporting eligible activities under the CapEx Plan<br>• Operating expenses related to the purchase of products and services produced through eligible activities or to actions that make a substantial contribution to decarbonization<br>We classified and analyzed operating expenses based on their direct relation to R&D activities. Using our R&D project management system, we reviewed the objectives and detailed scopes of each project and classified them as eligible economic activities where applicable under the EU Taxonomy. |
| Identification of Economic Activities under the Taxonomy | The following are the economic activities and sales identified as eligible turnover:<br>(1) CCM 3.4 Manufacture of batteries: Sales for battery packs<br>(2) CCM 3.6 Manufacture of other low-carbon technologies: Electric excavator sales<br>(3) CE 5.2 Sales of spare parts: Sales of spare parts for engines and construction machinery<br>To be classified as an eligible economic activity according to the EU Taxonomy, it must make a substantial contribution (SC)[2] to one of the six environmental objectives, do no significant harm (DNSH)[3] to the others, and comply with the minimum safeguards (MS)[4] as outlined in the delegated regulation.<br>However, turnover classified as eligible economic activities did not fully meet the SC, DNSH, and MS requirements stipulated in the delegated regulations. As a result, no turnover has been classified as eligible economic activity. | The following are the economic activities and capital expenditures identified as eligible CapEx:<br>(1) CCM 3.2 Manufacture of equipment for the production and use of hydrogen: - Acquisition of fixed assets for hydrogen engine development<br>(2) CCM 3.4 Manufacture of batteries: Acquisition of fixed assets for the development and manufacture of battery packs<br>(3) CCM 7.3 Installation, maintenance, and repair of energy-efficient equipment: Acquisition of fixed assets to improve energy saving efficiency<br>(4) CE 4.1 Provision of IT/OT data-driven solutions: Acquisition of fixed assets for the establishment of a cloud system to support remote control, AI-based safety features, and fault diagnostics<br>Capital expenditures of a shared investment nature were allocated to eligible economic activities based on apportioned ratios calculated according to the allocation criteria. However, CapEx classified as eligible economic activities did not fully meet the SC, DNSH, and MS requirements stipulated in the delegated regulations. As a result, no CapEx has been classified as eligible economic activity. | The following are the economic activities and operating costs identified as eligible OpEx:<br>(1) CCM 3.2 Manufacture of equipment for the production and use of hydrogen: Costs related to technology, core components, and system development for hydrogen engine technology<br>(2) CCM 3.4 Manufacture of batteries: Costs related to the development of battery modules and packs for use in construction machinery and industrial equipment<br>(3) CCM 3.6 Manufacture of other low-carbon technologies: Costs related to equipment and technology development for electrified construction machinery<br>(4) CE 4.1 Provision of IT/OT data-driven solutions: Costs of system development related to fault prediction, monitoring, and soundness assessment<br>In addition, expenditures from general development projects not directly related to specific products or technologies and other expenditures were proportionally allocated to eligible economic activities based on reasonable allocation criteria. However, OpEx classified as eligible economic activities did not fully meet the SC, DNSH, and MS requirements stipulated in the delegated regulations. As a result, no OpEx has been classified as eligible economic activity. |

1) Six major environmental goals: Climate Change Mitigation (CCM), Climate Change Adaptation (CCA), Water and marine resources (WTR), Circular Economy (CE), Pollution prevention (PPC), Biodiversity and ecosystems (BIO).
2) SC, Substantial Contribution
3) DNSH, Do No Significant Harm
4) MS, Minimum Safeguards

## EU Taxonomy KPIs

(Unit: KRW million)

| Fiscal Year 2024 | | Year | | | | | | SC Criteria | | | | | | DNSH Criteria[1] | | | | | | MS Criteria[1] |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Economic Activities | Code | Turnover | Proportion of Turnover Year 2024 | CapEx | Proportion of CapEx Year 2024 | OpEx | Proportion of OpEx Year 2024 | CCM | CCA | Water | Pollution | Circular Economy | Biodiversity | CCM | CCA | Water | Pollution | Circular Economy | Biodiversity | Minimum Safeguards |
| | | KRW | % | KRW | % | KRW | % | Y; N; N/EL[2] | Y; N; N/EL[2] | Y; N; N/EL[2] | Y; N; N/EL[2] | Y; N; N/EL[2] | Y; N; N/EL[2] | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N | Y/N |
| **A. TAXONOMY-ELIGIBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | | |
| A.1. Environmentally sustainable activities (Taxonomy-aligned) | | | | | | | | | | | | | | | | | | | | |
| Environmentally sustainable activities (Taxonomy-aligned) (A.1) | | - | 0.00% | - | 0.00% | - | 0.00% | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Of which enabling | | - | 0.00% | - | 0.00% | - | 0.00% | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Of which transitional | | - | 0.00% | - | 0.00% | - | 0.00% | - | - | - | - | - | - | - | - | - | - | - | - | - |
| A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) | | | | | | | | | | | | | | | | | | | | |
| Manufacture of equipment for the production and use of hydrogen | CCM 3.2 | - | 0.00% | 4,629 | 3.21% | 8,387 | 3.61% | N | N/EL | N/EL | N/EL | N/EL | N/EL | - | - | - | - | - | - | - |
| Manufacture of batteries | CCM 3.4 | 1,020 | 0.03% | 11,007 | 7.63% | 11,438 | 4.92% | Y | N/EL | N/EL | N/EL | N/EL | N/EL | Y | Y | N | N | N | N | Y |
| Manufacture of other low carbon technologies | CCM 3.6 | 1,325 | 0.04% | 12 | 0.01% | 6,897 | 2.97% | N | N/EL | N/EL | N/EL | N/EL | N/EL | - | - | - | - | - | - | - |
| Installation, maintenance and repair of energy efficiency equipment | CCM 7.3 | - | 0.00% | 546 | 0.38% | - | 0.00% | Y | N/EL | N/EL | N/EL | N/EL | N/EL | Y | Y | Y | N | Y | Y | Y |
| Provision of IT/OT data-driven solutions | CE 4.1 | - | 0.00% | 1,224 | 0.85% | 2,373 | 1.02% | N/EL | N/EL | N/EL | N/EL | N | N/EL | - | - | - | - | - | - | - |
| Sale of spare parts | CE 5.2 | 308,277 | 9.05% | 514 | 0.36% | 3,952 | 1.70% | N/EL | N/EL | N/EL | N/EL | N | N/EL | - | - | - | - | - | - | - |
| Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2) | | 310,622 | 9.12% | 17,932 | 12.42% | 33,047 | 14.22% | 22.79% | 0.00% | 0.00% | 0.00% | 12.98% | 0.00% | - | - | - | - | - | - | - |
| A. Taxonomy-eligible activities (A.1+A.2) | | 310,622 | 9.12% | 17,932 | 12.42% | 33,047 | 14.22% | 22.79% | 0.00% | 0.00% | 0.00% | 12.98% | 0.00% | - | - | - | - | - | - | - |
| **B. TAXONOMY-NON-ELIGLBLE ACTIVITIES** | | | | | | | | | | | | | | | | | | | | |
| Taxonomy-non-eligible activities | | 3,095,071 | 90.88% | 126,403 | 87.58% | 199,321 | 85.78% | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total (A+B) | | 3,405,693 | 100.00% | 144,334 | 100.00% | 232,368 | 100.00% | - | - | - | - | - | - | - | - | - | - | - | - | - |

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

# Environmental Management

## Environmental Management Framework

### Environmental Management Dedicated Function

To improve environmental management, HD Hyundai Infracore formulates and approves key environmental initiatives through the ESG Committee under the Board of Directors. Key issues concerning the implementation of environmental management policies are determined under the CEO's leadership and reported regularly to the ESG Committee and Board of Directors for final decision making. In this process, the EHS/Facilities Management team—an organization dedicated to environmental management—strengthens the foundation of the environmental management system by carrying out various duties such as operating the ISO 14001 Environmental Management System, supporting environmental initiatives at overseas operations, and managing air, water, soil, waste, chemical substances, climate change responses, external communications, and ESG support functions. In particular, we are encouraging voluntary environmental improvement activities by setting 5-10% of the Key Performance Index (KPI) of all employees, including the CEO, as environmental performance items. We operate approximately 60 detailed KPI items covering areas such as pollutant reduction, reduction of waste and resource use, prevention of environmental accidents, compliance risk mitigation, and greenhouse gas reduction and energy savings. Through our EHS Operating Council, we achieved 69 environmental improvements in 2024 including the identification of important environmental impacts and resource reduction.

Environmental Management Organizational Chart


### Environmental Management Policy

HD Hyundai Infracore has set an environmental management core objective of realizing sustainable growth by prioritizing the environment, making company-wide efforts to reduce environmental impact. In 2023, we established an Environmental Management Policy that encompasses all stakeholders across the value chain to strengthen environmental accountability, and officially disclosed the policy to the public following approval from the ESG Committee. In addition, we operate the overall environmental management as a structured system, such as monitoring the status of implementation according to internal policies and continuously managing quantitative performance based on the environmental management system and environmental facility management system.

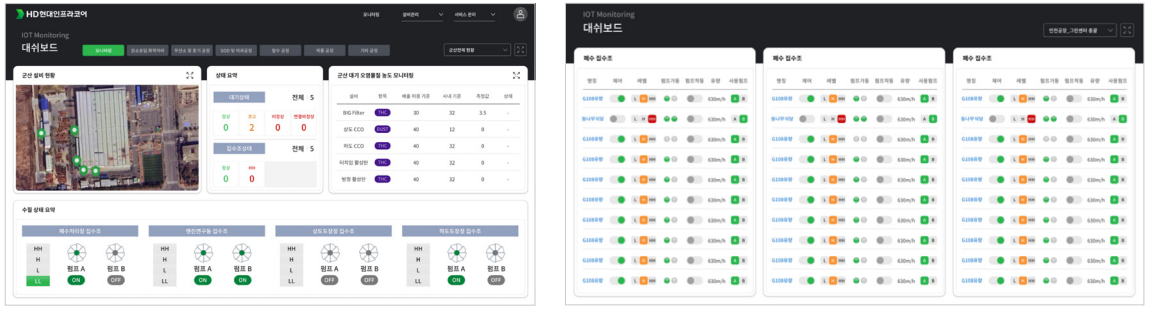
Environmental Management Policy

## Environmental Management Activities

### Integrated Environmental Risk Management

HD Hyundai Infracore operates a preventive environmental management system designed to detect potential risks in advance and respond swiftly. We operate our in-house HI-ECO monitoring system—which detects real-time anomalies in facilities handling key pollutants such as air, water, and oil—and links with automated control devices to enable early response.

In 2024, we expanded the system across 30 wastewater collection tanks including water quality monitoring facilities and improved the user interface (UI) to increase operational efficiency. To prevent the leak of pollutants to the outside in advance, we have installed pollution detection sensors and automated gate systems at critical locations within our business sites. We also run a continuous monitoring system based on a operations risk map. To strengthen our environmental management system, we adopted IoT-based monitoring technologies, replaced outdated wastewater pipelines, enhanced and implemented predictive maintenance for high-risk processes. We also conduct environmental accident response drills and compliance audits twice a year across all sites. These efforts are supported by the HI-EHS integrated management system, which enables structured oversight of corrective and preventive actions. To safeguard both operations and local communities, we have deployed vacuum lorries for immediate response and recovery in case of leakage incidents.




HI-ECO System Based on IoT Technology

## Environmental Management System

### Environmental Management Strategy and Metrics

| Performance Metrics | 2030 Targets | 2024 Targets | 2024 Performance | 2025 Targets | Key Implementation Measures |
|---|---|---|---|---|---|
| Percentage of global operations certified to ISO 14001 | 100% | 71% | 100% | 100% | • Undergoing annual ISO compliance verification by accredited third-party auditors<br>• Obtaining ISO certification for environmental management systems at overseas operations |

HD Hyundai Infracore operates a comprehensive environmental management framework, reinforcing implementation capacities at the company-wide level. As the first in the industry to adopt ISO 14001 (environmental management system) in 1999, we have achieved 100% certification for global operations as of 2024. We perform annual internal audits and receive periodic inspections from certified third parties to assess system adequacy and regulatory compliance in environmental management. Through the HI-EHS platform, we monitor environmental performance and compliance in a structured manner, targeting a 40% reduction in pollutant emissions relative to Business-As-Usual (BAU) projections by 2030. Core tasks to be implemented include water conservation, greenhouse gas reduction, and enhancement of waste recycling rates. In 2024, we conducted EHS operational meetings by division and cross-company site inspections to identify environmental issues, and organized two workshops to share the current status and improvement efforts.

Received the 'Presidential Award' at the 2024 Korea Green Management Awards


On-site Inspection by the Top Management (CEO)

As a result of our ongoing efforts, we received the Presidential Award—the grand prize—at the 2024 Korea Green Management Awards. The evaluation criteria included the CEO's strong commitment to environmental management, establishment and operation level of the company's environmental management system, and contribution to responding to climate change. We were highly evaluated for effectively operating our ISO 14001 system, underpinned by leadership engagement, clear net zero goals, active environmental policy implementation, and visible performance outcomes.

## Water Resources Management

### Water Resources Management Targets and Performance[1)]

| Performance Metrics | 2030 Targets | 2024 Targets | 2024 Performance | 2025 Targets | Key Implementation Measures |
|---|---|---|---|---|---|
| Water consumed[2)](ton) | 598,686 | 643,946 | 493,092 | 680,734 | • Operating the wastewater recycling system and expanding its use<br>• Installing water reuse facilities |
| Cumulative water savings (ton) | 2,601,350 | 713,170 | 864,023 | 1,035,833 | |

1) Based on operations in Korea
2) Managing water consumption targets based on rainwater/municipal water/groundwater withdrawn.

HD Hyundai Infracore operates an integrated water management system centered on wastewater reuse and real-time monitoring to improve the efficiency of water use. To reduce water consumption effectively, we systematically manage water sources and operate a wastewater reuse system that reuses treated discharge water from the water treatment facility in production processes. As of 2024, approximately 53% of the total treated wastewater was reused, saving around 58,000 tons of water annually. Additionally, gray water (684 tons) and rainwater (205 tons) were utilized for cooling and landscaping purposes. We also minimize water use by continuously improving processes, introducing sustainable water treatment technologies, conducting regular inspections of supply pipelines, repairing aging facilities, and preventing leaks. We promote a company-wide culture of water conservation by limiting tap water use for non-domestic purposes and providing training on efficient water use, leading to increased employee awareness and measurable resource savings.

## Water Pollution Management

### Water Quality Management Targets and Performance[1)]

| Performance Metrics | 2030 Targets | 2024 Targets | 2024 Performance | 2025 Targets | Key Implementation Measures |
|---|---|---|---|---|---|
| Total organic carbon in effluent, TOC (mg/L) | Less than 40% of legal standards | Below 30 | 7.4 | Below 30 | • Establishing water quality data management system |

1) Based on operations in Korea

HD Hyundai Infracore also continues to enhance water quality management through various measures. Using Total Organic Carbon (TOC) analyzers and pH meters, we monitor inflow and effluent water in real time and inspect the wastewater treatment process through an IoT-based integrated environmental monitoring system as well as 24-hour on-site operation. We apply internal water quality standards that are over 40% stricter than legal discharge limits, and also seal wastewater collection tanks and install A/C towers to reduce odor and air pollutants. To prevent the runoff of pollutants caused by rainfall, we are operating non-point source pollution reduction facilities and taking technical steps to minimize waste generation, including improving the performance of dehydrators to ensure effective moisture control in sludge from wastewater treatment. We plan to continue strengthening our water resource management capabilities by developing a comprehensive system that considers both water use and water quality.

## Air Pollution Management

### Air Pollution Management Targets and Performance[1)]

| Performance Metrics | 2030 | 2024 | | 2025 |
|---|---|---|---|---|
| | Targets | Targets | Performance | Targets |
| Cumulative VOCs emissions improvement (kg) | 55,176 | 13,083 | 18,147 | 21,809 |
| Key implementation measures | • Adding new BAT technology prevention facilities<br>• Developing and applying eco-friendly paints<br>• Expanding the installation of low-NOx burners | | | |

1) Based on operations in Korea

HD Hyundai Infracore is expanding the operation of high-efficiency reduction facilities that apply the Best Available Technology (BAT) to minimize air pollutants generated during the production process. To reduce particulate matter and nitrogen oxides (NOx), we have installed systems such as Regenerative Thermal Oxidizers (RTOs), scrubbers, and low-NOx burners in series at each operations. At the painting facility of the Gunsan plant, two burners in the Concentrated Catalyst Oxidation (CCO) system have been replaced to improve treatment efficiency. In the painting process, we simplified our procedure from a two-coat to a one-coat system to reduce volatile organic compounds (VOCs), reducing paint use and VOC emissions by approximately 30%. We are also pursuing conversion into water-soluble paints and technological development to comply with tightening legal regulations. For VOC emission management, we regularly measure Total Hydrocarbon Compounds (THC) at exhaust points in painting facilities and manage emissions data using the national Stack Emission Management System (SEMS). Some processes undergo third-party verification to ensure reliability, and we are constantly managing key items such as THC at a level below 40% of the legal standard by utilizing an IoT-based integrated monitoring system.


Incheon Plant RTO

## Hazardous Chemical Substance Management

### Hazardous Chemical Substance Management Targets and Performance[1)]

| Performance Metrics | 2030 | 2024 | | 2025 | Key Implementation Measures |
|---|---|---|---|---|---|
| | Targets | Targets | Performance | Targets | |
| Zero hazardous chemicals | Mantaining Zero Hazardous Chemicals | Mantaining Zero Hazardous Chemicals | | | • Reviewing and substituting chemical substances<br>• Monitoring regulations and managing inventory |

1) Based on operations in Korea

HD Hyundai Infracore operates an integrated management system across all processes to prevent leaks and ensure the safe handling of hazardous chemicals. We constantly monitor chemical use within operations, and conduct inventory reviews and pre-assessments of new substances to support the replacement and elimination of hazardous substances. Beginning with a full-scale inventory of harmful chemical substances in 2015, we have completed the replacement of a total of 74 hazardous substances by 2025, and we are strengthening management activities to establish zero-hazardous chemical operations. At our mid-size engine plant, we have removed cutting oil machining lines and transitioned to low-pollution assembly processes; thus reducing both chemical substance use and waste generation. In response to stricter environmental regulations, we update and validate our Material Safety Data Sheet (MSDS) database annually and strengthen preparedness through chemical safety training for employees and suppliers.

We not only manage hazardous substances in operations but also strive to minimize them in products. HD Hyundai Infracore Chemicals Management System (HDICMS) enables comprehensive chemical monitoring, procurement-stage screening, and strict control over new substance registration. In May 2025, we launched HiSIMS (HD Hyundai Integrated Substance Information Management System), a unified platform based on HDICMS for the HD Hyundai Construction Equipment Sector, enhancing both regulatory responsiveness and integrated substance data management.


HiSIMS Dashboard

## Environmental Training

To build a robust environmental management system and promote awareness, HD Hyundai Infracore offers training for employees and suppliers. In 2024, sessions were held for EHS personnel, internal auditors, new hires, and GHG managers, focusing on core topics such as energy, water, and waste to strengthen organizational capacity.

| Program Name | Main Content | Training Target | Training Schedule/Method | Number of Trainees |
|---|---|---|---|---|
| EHS keyman training | Understanding the ISO 14001 requirements, operations environmental management and legal requirements, response to climate change, and GHG reduction measures | EHS keyman | February, March, June 2024/Face-to-face | 30 |
| EHS internal auditor | ISO 14001 Internal audit method | EHS-work related employees | July 2024/Face-to-face | 50 |
| Employee environmental management training | Operations environmental management and legal requirements, response to climate change and GHG reduction measures | Field technician | September 2024/Face-to-face | 200 |
| Supervisor environmental management training | | Supervising manager | November 2024/Face-to-face | 179 |
| Site environmental management training | Operations environmental management and regulatory requirements | Construction supervisor and subcontractor | July 2024/Face-to-face | 89 |

# Biodiversity

## Biodiversity Management System

### Biodiversity Governing Body

The ESG Committee deliberates and approves key matters concerning the management of natural capital. The ESG Management Committee under the ESG Committee regularly reviews key initiatives and progress on strategic tasks derived from analyses of the company's dependencies, impacts, risks, and opportunities related to natural capital.

### Biodiversity Risk Management

| | |
|---|---|
| Step 1 Risk identification | We analyze the natural environment surrounding our key operations on a regular basis to monitor climate change, ecosystem degradation, and biodiversity loss, and identify potential risks and opportunities in relation to natural capital. |
| Step 2 Risk assessment | Based on the LEAP approach, we have developed an in-house assessment methodology to evaluate potential risks and opportunities in relation to natural capital. This methodology comprehensively considers dependence, impact, and likelihood of interaction with nature and prioritizes strategic responses accordingly. |
| Step 3 Strategy establishment and implementation | We have established concrete response strategies to mitigate key potential risks and capitalize on related opportunities, with responsible organizations working together to implement strategic activities. |
| Step 4 Monitoring and assessment | The ESG Management Committee regularly monitors the implementation and effectiveness of biodiversity strategy activities and reports the results to the ESG Committee to reflect them in the next natural capital strategy. |

## Biodiversity Related Policies

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

Biodiversity Protection Policy

## Biodiversity Risks and Opportunities

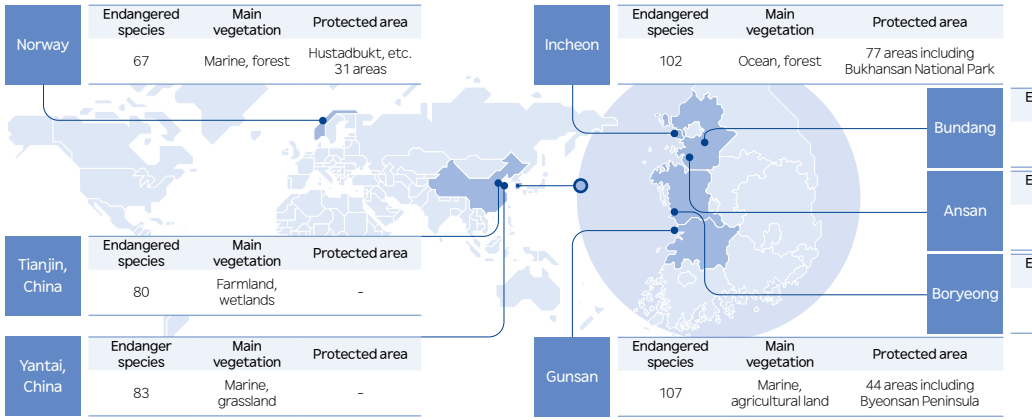
HD Hyundai Infracore has established a biodiversity risk and opportunity assessment methodology based on the LEAP approach recommended by the Taskforce on Nature-related Financial Disclosures (TNFD). Using a Geographic Information System (GIS), we analyzed interactions between all operations and surrounding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

LEAP Approach

| Locate | Evaluate | Assess | Prepare |
|---|---|---|---|
| • Setting the business models and value chain scope<br>• Identifying interfaces with nature and sensitive areas | • Identifying and measuring dependencies and influences<br>• Identifying priority ecological areas | • Identifying risks and opportunities<br>• Conducting risk and opportunity materiality test | • Selecting and implementing detailed response strategy tasks |

### Locate (Contact with Nature) L E A P

HD Hyundai Infracore analyzed the natural environment interfaces of its key operations, categorizing them as 'adjacent areas' (within a 2 km radius) and 'buffer zones' (within a 50 km radius) of each site. Based on GIS analysis, we conducted a comprehensive review of areas within a 50 km radius of our operations, examining the distribution of major vegetation, presence of protected areas and cultural heritage, and habitats of endangered species.[1] Using these findings, we visualized the potential environmental impact of our business activities as shown in the map below.



| | Endangered species | Main vegetation | Protected area |
|---|---|---|---|
| Norway | 67 | Marine, forest | Hustadbukt, etc. 31 areas |
| Incheon | 102 | Ocean, forest | 77 areas including Bukhansan National Park |
| Bundang | 98 | Forest, pasture | 91 areas including Bukhansan National Park |
| Ansan | 98 | Marine, agricultural land | 81 areas including Bukhansan National Park |
| Boryeong | 104 | Marine, forest | 49 area including Taean coast, etc. |
| Tianjin, China | 80 | Farmland, wetlands | - |
| Yantai, China | 83 | Marine, grassland | - |
| Gunsan | 107 | Marine, agricultural land | 44 areas including Byeonsan Peninsula |

1) The International Union for Conservation of Nature (IUCN) Red List classifies species according to their risk of extinction, and endangered species fall under CR (Critically Endangered), EN (Endangered), and VU (Vulnerable) categories.

## Evaluate (Dependency and Impact Analysis) L E A P

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

### Value Chain Dependency and Influence

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

#### Value Chain Dependency

● Very High ● High

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

#### Value Chain Impact

● Very High ● High

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

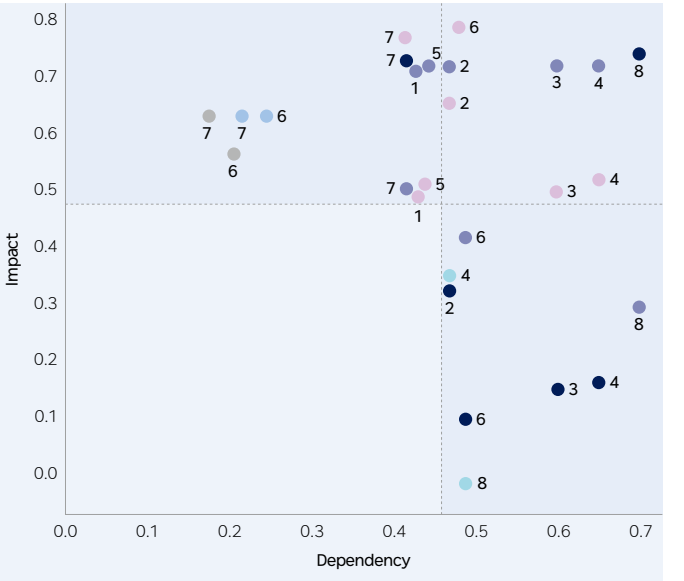
### Global Operations Dependency and Impact

Using Geographic Information Systems (GIS), we assessed eight major global sites by analyzing 'exposure' based on key vegetation patterns near each location and evaluated the level of ecosystem service changes caused by site activities as 'sensitivity.' The analysis leveraged internationally recognized data sources recommended by TNFD and applied the ENCORE Tool for the joint assessment of the identified dependencies and impacts, enabling a comprehensive evaluation of each site's relationship with natural capital. Based on the analysis results, we conducted an impact materiality assessment to identify natural capital as priority management targets with high importance in terms of dependency or impact.

#### Operations Dependency and Impact

| Classification | Water Availability | Flood | Soil Improvement | Air Purification | Water Quality | Climate | Species Diversity |
|---|---|---|---|---|---|---|---|
| 1. Incheon | | ● | | | ● | | |
| 2. Gunsan | ● | ● | | | ● | | |
| 3. Ansan | ● | ● | | | ● | | |
| 4. Boryeong | ● | ● | ● | | ● | | |
| 5. Bundang | | ● | | | ● | | |
| 6. Yantai, China | ● | ● | | | ● | ● | ● |
| 7. Tianjin, China | ● | ● | | | ● | ● | ● |
| 8. Norway | ● | ● | ● | | | | |

#### Priority Ecosystem Area Identification for Operations



## Assess (Risk and Opportunity Identification) L E A P

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

### Results of Financial Impact Assessment by Major Biodiversity Risk and Opportunity Factor

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

1) Short-term financial impact (1 year)

## Prepare (Response and Disclosure) L E A P

HD Hyundai Infracore implements strategic actions to manage the identified nature-related risks and opportunities. Following the Science-Based Target Network (SBTN) AR$^3$T framework, which is an implementation framework for natural capital management, we conduct strategic activities by establishing a principle that prioritizes the strategic activity of preemptively preventing negative influences and minimizing the risk of negative influences rather than the strategic activity of restoring or regenerating negatively affected natural capital.

### Detailed Response Strategy by AR$^3$T Framework Approach

| Related risks and Opportunities | Approach | Detailed Response Strategy |
|---|---|---|
| T1 T2 O3 | Avoid | • Conducting biodiversity impact assessment and risk analysis for domestic and overseas manufacturing operations, and disclosing biodiversity protection policies |
| | | • Conducting ESG assessment of suppliers, including environmental metrics |
| | | • Conducting preliminary environmental impact assessments, including biodiversity considerations, prior to initiating new, expanded, or modified large-scale operations, and deciding whether to proceed, adjust, or postpone the project based on the results |
| T3 O1 O2 | Reduce | • Installing (additional) prevention facilities such as the low NOx burner, RTO, scrubber, and catalytic reaction facility |
| | | • Establishing an operation free of hazardous chemical substances |
| | | • Minimizing environmental pollutant emissions and performing stable control by operating an environmental facility IoT monitoring system |
| | | • Operating water reuse systems, including wastewater and greywater recycling facilities |
| | | • Enhancing sustainability by investing in resource-efficient processes and developing sustainable paints |
| | | • Conducting life cycle assessments (LCA) on major selling models |
| P1 P2 | Restore & Regenerate | • Conducting ecosystem conservation activities in Bukhansan Uiryeong-gil, including ecological monitoring and enhancement of ecological corridor functions |
| | | • Participating in coastal cleanup initiatives in partnership with the Ministry of Oceans and Fisheries, focusing on areas near our Incheon and Gunsan sites |
| | | • Removing invasive plant species from the habitat of the endangered black-faced spoonbill at Namdong Reservoir (May 2024) |
| | Transform | • Targeting a 25% reduction in product carbon emissions by 2040 compared to 2021 levels |
| | | • Establishing a product portfolio with electrified (BEV, FCEV) and fuel-efficient models (electro-hydraulic, energy regeneration) |
| | | • Transitioning engine powertrains to hydrogen combustion engines and battery-electric systems |
| | | • Establishing a circular business ecosystem through Re-man engine sales |

# Resource Use and Circular Economy

## Resource Use and Circular Economy Strategy

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

**Resource Use and Circular Economy Strategy**

Product Life Cycle

### Resource Procurement

**Increasing the Use of Circular Materials**

| 2024 | 2027 | 2030 | Detailed Response Activities |
|---|---|---|---|
| Defining Product Sustainability | Transition to Sustainable Materials | Transition to Sustainable Process | |
| • Understanding the recyclability status by analyzing the product material content | • Increasing the proportion of recyclable materials at the product disposal stage by 99%<br>• Increasing the proportion of recyclable and renewable materials used in the product manufacturing stage by 75% | • Applying material reduction technology based on lightweight materials<br>• Adopting 3DP composite material technology and carbon-reducing paint solutions to transition to eco-friendly, low-carbon technology. | • Developing biodegradable lubricants<br>• Developing recycled plastic (ABS) interior materials<br>• Developing PE packaging materials based on recycled plastic |

### Production and Distribution

**Minimization of Waste Generation**

| Management Metrics | Scope | 2024 | | 2025 | 2030 | Detailed Response Activities |
|---|---|---|---|---|---|---|
| | | Goal | Performance | Goal | Mid- to long-term Goals | |
| Waste disposal (ton) | Domestic | 36,836 | 23,036 | 38,941 | 34,247 | • Using DTM (direct-to-metal) painting method<br>• Using recycled foundry sand and recycling waste foundry sand<br>• Reusing foundry sand in the casting process<br>• Reusing cutting fluid in the engine machining process and separating cutting chips |
| Waste recycling ratio (%) | Domestic | 95 | 98 | 95 | 95 | |
| Zero Waste to Landfill (ZWTL) certification (grade) | Incheon | Gold | Gold | Gold | Gold | |

### Product Disposal

**Improvement of Resource Efficiency**

| Management Metrics | Scope | Status | Mid- to long-term Goals | Detailed Response Activities |
|---|---|---|---|---|
| Scope of remanufacturing project activities | Global | Partial remanufacturing | Remanufacturing scope expansion | • Manufacturing own remanufactured engines and increasing sales<br>• Promoting remanufactured parts sales activities by sales partners |

## Resource Use and Circular Economy Activities

### Increasing the Use of Circular Materials

HD Hyundai Infracore has established a strategy for expanding the use of circular materials during the resource procurement stage of the product life cycle, thereby minimizing potential negative environmental and social impacts associated with raw material production. We identified lubricants and plastics as materials likely to face regulatory constraints and conducted development activities accordingly to reflect them in our strategic direction.

#### Developing Biodegradable Lubricants

As part of our commitment to reducing environmental impact, we are pursuing the development of biodegradable formulations for key lubricants used in construction equipment—such as hydraulic oil, grease, transmission gear oil, and engine oil. We design these lubricants in such a way that they meet the performance requirements of Environmentally Acceptable Lubricants (EAL) to minimize their environmental impact. We have completed comprehensive assessments of physical and functional properties, and are now undertaking machine-level compatibility testing to validate field performance.

#### Development of Regenerative Materials

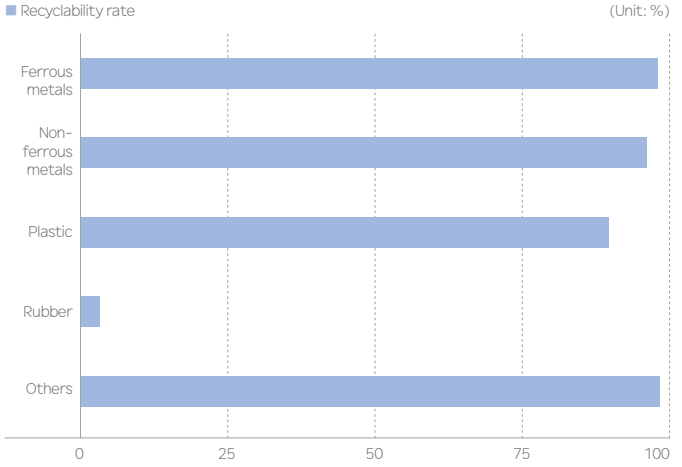
To align with tightening global regulatory frameworks such as the EU End-of-Life Vehicles Regulation (ELV), EU Packaging and Packaging Waste Regulation (PPWR), and recycled plastic labeling mandates, we are accelerating efforts to develop and incorporate recycled materials across our product portfolio.

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

## Analysis of Product Recycling Rate

In pursuit of enhanced material circularity, we performed a recyclability analysis of materials used in excavator components. Based on the results, we identified materials with low recyclable content and evaluated the potential for applying circular alternatives, for use in deriving a strategy for converting construction equipment parts materials.

### Analysis of Recyclability by Material Type in 23-ton Class Excavators




### Results of Detailed Material Identification (Plastic, Rubber)

| Classification | Detailed Material | Recyclability Rate | Weight Ratio |
|---|---|---|---|
| Plastic | PC (polycarbonate plastic) | 8.5% | 0.03% |
| | PUF (Polyurethane Foam), TPU (Thermoplastic Polyurethane Plastic) | 0% | 0.06% |
| Rubber | PVC, etc. | 3.3% | 0.48% |

## Minimization of Waste Generation

To minimize waste generation, we have established a strategic direction focused on preventing unnecessary waste within production processes and maximizing the utilization of input resources. Real-time oversight is maintained over the full waste handling process—from disposal to treatment—while 2030 environmental goals guide the quantitative tracking of disposal volumes, recycling rates, and landfill/incineration ratios. Among the waste generated during production, recyclable materials such as cement kiln additives, fuels, and reclaimed molding sand are recovered and processed by certified recycling specialists. In addition, we strengthen awareness of the importance of reducing waste generation and recycling among employees in our operations through annual training, and ensure that the requirements of the Wastes Control Act are strictly observed.

### Reducing Waste Generation within the Process

We collect and analyze waste data from production processes to identify opportunities for waste reduction and implement targeted initiatives to minimize emissions. In the engine division, a new machining line was established to reduce the use of cutting fluid, with KRW 200 million invested in dust reduction equipment at the foundry plant. To reduce air pollutant emissions further, we replaced our conventional adsorption-based air pollution control system with a Regenerative Thermal Oxidizer (RTO) cutting annual waste activated carbon by approximately 60 tons 60 tons (10.6% compared to the previous level) and improving the efficiency of removing paint odor. By adopting a new coating material and shifting to a monocoat system, we reduced paint usage by 50%. Additionally, we are cutting waste through the reuse of wooden transport pallets.

### Casting Sand Reuse and Recycling

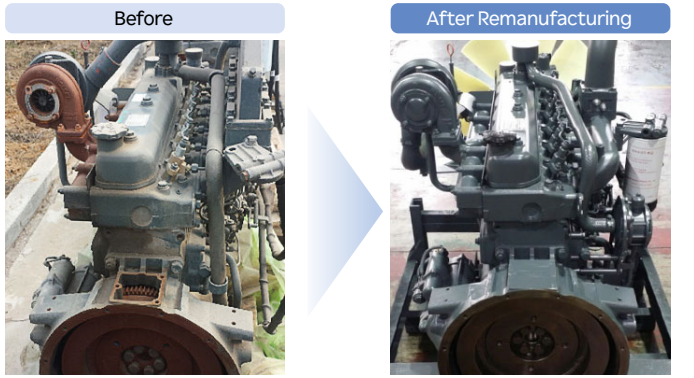
In the foundry process, which generates the largest volume of waste among all production stages, we conserve 6,230 tons of sand annually by replacing virgin sand with recycled casting sand. Used foundry sand is sorted according to quality and reused as recycled reclaimed sand or recycled as cement raw material. Reclaimed sand is externally remanufactured and reintroduced into the foundry process, contributing to a circular economy model within our operations.

## Improvement of Resource Efficiency

HD Hyundai Infracore reuses product waste through remanufacturing—a process that restores non-functional products or components to a like-new state in both performance and quality. Our remanufacturing program focuses on engines. Engine components eligible for reuse are reprocessed into Re-man engines under strict quality control, either internally or in collaboration with certified partners. These Re-man engines are utilized for customer warranty repairs or resold in the market. We plan to expand our direct remanufacturing business and increase Re-man engine sales continuously. In particular, we plan to publish an engine remanufacturing guide by the end of the year so that overseas customers can directly produce and sell remanufactured engines. We will also implement assistance measures such as repair part kit offerings, price discounts, and development of budget-friendly components in order to support the expansion of remanufacturing at customer sites.

### Chinese Remanufacturing Business

Our Chinese operations either remanufactures parts directly or provides remanufacturing services through local specialized outsourcing companies. In 2024, a total of 42 warranty repairs were performed using Re-man engines, resulting in warranty cost savings of approximately KRW 410 million.



Re-man Engine

# SOCIAL

# Human Capital

MATERIAL TOPIC

GOVERNANCE

## Human Capital Organizational Structure

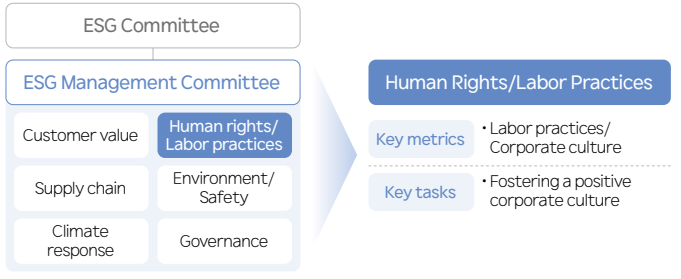
### Human Capital Governing Body

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

### Human Capital Operational Function

As the dedicated function under the Human Rights and Labor Practices part of the ESG Management Committee, the HR dedicated function identifies and executes specific action plans based on strategic initiatives selected by the human capital dedicated function. Tasks related to human capital including talent recruitment, talent development, evaluation/compensation, and corporate culture are overseen primarily by a centralized HR dedicated function at the HD Hyundai Construction Equipment Sector level. Meanwhile, responsibilities such as managing technical personnel and implementing grievance handling processes are shared and executed by the HR dedicated function at HD Hyundai Infracore.

Human Capital Governance Structure




### Compensation Linked to Human Capital

HD Hyundai Infracore has designated diversity-based recruitment and turnover rate management as a key performance metrics (KPIs) for executives to recruit diverse talents and create a stable work environment that supports long-term employee retention.

STRATEGY

## Human Capital Risks and Opportunities

### Risk and Opportunity Identification and Response

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

Risk/Opportunity Definition

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

| Risk | Opportunity |
|---|---|
| Decline in corporate competitiveness due to lack of specialized capabilities | Securing competitive advantage by securing key talent |

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

| Risk | Opportunity |
|---|---|
| Talent drain due to a rigid corporate culture | Strengthening organizational capabilities by improving organizational commitment |

Response Strategy

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

## Talent Management

### Talent Development System

HD Hyundai Infracore secures outstanding talent through various channels such as open recruitment, rolling recruitment, and internship programs linked to employment. We also operate a systematic talent development program to ensure that hired employees can cultivate both leadership and professional expertise in a balanced manner.

Talent Development System


### Nurturing Global Leaders

To foster global leaders capable of driving organizational change and innovation, HD Hyundai Infracore provides capacity-building training for role changes upon promotion in accordance with the common talent development system of the HD Hyundai Construction Equipment Sector. To enhance the global competitiveness of our executives and employees, we support a variety of foreign language learning programs and offer customized support programs to help expatriates quickly adapt to new environments. Furthermore, for the tangible improvement of global leadership capabilities, we operate the 'Business Junior Group,' a business simulation program that sets up situations similar to actual business environments. As of 2024, a total of 24 employees have completed the program, laying the groundwork to become the next generation of leaders.

## Job Competency Development System

HD Hyundai Infracore operates a Functional Competency (FC) development framework that defines the core competencies required for each job role, assesses individual proficiency levels, and supports employees in setting clear development goals. We conduct competency assessments through a joint assessment system across the HD Hyundai Group, in conjunction with the HD Hyundai Construction Equipment Sector's own assessment program. Based on these evaluations, we provide tailored training and development programs designed to enhance job-specific expertise.

### Job Competency Assessment Program

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

1) FC : Functional Competency

## In-house Job Training Academy

HD Hyundai Infracore operates an in-house job training academy aimed at strengthening the competitiveness of its employees based on a structured competency development framework. The academy's courses are designed and delivered by in-house experts. Each year, we develop new programs aligned with the latest technology trends and update existing courses, allowing employees to enroll freely in training relevant to their job roles and to enhance their expertise and practical capabilities. Through 'CELEB' our online learning platform utilizing smart devices, we are creating a non-face-to-face learning environment to support self-directed learning without time and place restrictions and focusing on fostering experts with business understanding and data analysis and utilization capabilities. In 2024, a total of 47 training courses were offered across 139 sessions for employees of the HD Hyundai Construction Equipment sector.

## Capacity-building Program for Production Workers

HD Hyundai Infracore operates development programs for production workers to inspire growth and provide a clear career vision. The job competency enhancement program was developed based on the results of job competency assessments, feedback from production executives, and on-site VOC. A total of 271 training courses are being implemented in phases, aligned with development roadmaps for each job category. As a result, the number of skilled production workers has steadily increased, and the technical job competency score according to the competency assessment has shown an increase from 3.72 in 2020 to 3.92 in 2023.

### Production Worker Nurturing System

| | |
|---|---|
| **Position and promotion system** | Presenting a vision for production worker growth |
| **Operating the production worker evaluation system and technical expert course** | Technical Expert Track: encouraging growth into top-tier technical meisters |
| **Improving the individual capabilities of production workers** | Growing as an executive in the production field by creating a field leader track |
| **Operating the production manager system and technical expert course** | Technical expert track: Encouraging the growth of elite technical professionals (meister) |
| **Establishing and operating the FC system** | Strengthening job expertise by establishing a technical FC system and developing and prioritizing educational courses based on the FC assessment results |
| **Operating production worker CA** | Acting as internal facilitators to resolve organizational issues |

### Status of Acquisition of Master Craftsman Title among Production Workers

(Cumulative total as of December 2024)

| | |
|---|---|
| Employees who acquired the Master Craftsman certification: **171 people** | Employees who acquired 2 or more Master Craftsman certifications: **19 people** |

Total number of Master Craftsman certifications: **194 people**

## AI capability-based Professional Talent Development

HD Hyundai Infracore is actively fostering advanced practical talent to drive AI-based business innovation and technological integration. In 2024, two employees participated in the fourth round of the 'Advanced AI Program' jointly operated by the HD Hyundai Group and Seoul National University. This program is designed for professionals dealing with AI and digital transformation as well as project managers, providing a total of 264 hours of structured training from foundational competencies to advanced areas with the goal of enhancing practical application capabilities in AI. The curriculum consists of core technologies such as probability and statistics, machine learning, deep learning, and databases as well as optional advanced courses such as nonlinear time series analysis, image recognition, and natural language processing. Through this program, participants develop specialized and practical capabilities for applying AI in real-world business contexts. Employees who complete the training course are expected to contribute to creating tangible business results based on their advanced data analysis and AI utilization capabilities after returning to their respective departments.

## System for Supporting Self-directed Learning Activities

To foster a culture of self-directed learning among employees, HD Hyundai Infracore operates the Community of Employee-Led Learning (CELL) program. CELL is a self-directed learning group wherein employees with common interests voluntarily organize to learn and interact together. These groups go beyond acquiring knowledge and deepen competencies through mutual engagement and understanding. In 2024, 684 employees—or about 49% of the total—participated in the 11th and 12th CELL programs. By comprehensively evaluating the participants' activities, sincerity, and on-site application cases, outstanding CELLs were selected and awarded, thus actively supporting employees' proactive learning participation.

## Support for Retirement Planning

HD Hyundai Infracore supports employees aged 60 and above with retirement planning and reemployment programs to help them proactively prepare for post-retirement life. In 2024, through the 'HDI Happy Retirement Preparation Program,' we supported employees in designing their post-retirement future.

# Evaluation and Compensation System

## Evaluation System

HD Hyundai Infracore conducts annual performance evaluations for all employees including those in administrative, research, professional, and support roles, using a Management by Objectives (MBO) approach to evaluate the level of achievement against the goals. The results of this evaluation are used as the main criteria for personnel management such as promotion, compensation, talent selection, and talent development.

### Performance Appraisal Process

| | |
|---|---|
| Step1 **Establishing Management Goals** | Establishing individual management goals |
| Step2 **Selecting an Evaluator** | Selection of the 1st and 2nd evaluators and coordinators |
| Step3 **Self-evaluation** | Self-evaluation process |
| Step4 **1st and 2nd Evaluation** | Performance of individual evaluations by the 1st and 2nd evaluators |
| Step5 **Calculating the Evaluation Grades** | Calculation of the evaluation grade based on the 1st and 2nd evaluations |
| Step6 **Confirming the Evaluation Grade** | Negotiation and adjustment of the evaluation grade through the session |
| Step7 **Disclosing the Results and Raising Objections** | Feedback to the employee |

## 360-degree Leadership Assessment

HD Hyundai Infracore conducts an annual 360-degree leadership assessment targeting executives, team leaders, and part leaders to evaluate leadership competencies objectively and encourage self-driven change. The assessment gathers feedback from colleagues and team members on a variety of items centered on the manager's leadership capabilities, providing manager with meaningful insights into their strengths and areas for improvement. Through this assessment, we actively support our leaders within the organization in recognizing their strengths and areas for improvement and pursuing continuous growth and strengthening leadership capabilities.

## Compensation System

HD Hyundai Infracore operates a compensation system based on fair and objective standards to motivate employees and foster a sense of achievement. For example, we implement equal pay standards for male and female employees, ensuring that no gender-based wage disparities occur.

To support employees' financial stability, we also implement wage adjustment policies that reflect inflation rates. At the end of each year, we implement a performance-based bonus system that distributes rewards within the available budget based on quantifiable business results such as revenue and operating profit. For managers and key executives at the manager level or above, we have introduced a performance-based salary system that reflects the results of individual and organizational performance evaluations to provide performance-based compensation. For managers at the executive level or higher, we operate a long-term incentive system that is applied differentially according to position. Long-term incentives are designed to induce the mid- to long-term growth of the company by ensuring appropriate compensation for performance through the application of different grace periods and levels of rights for each position.

We are committed to ensuring that employees work under fair conditions and receive equitable compensation. We monitor the working hours to ensure that any overtime is appropriately compensated, with overtime pay accurately calculated and promptly provided. We engage in regular communication with employee representatives to ensure that annual paid leave is granted and utilized properly.

### Overtime Pays and Paid Leave Regulations

1. **Guaranteed payment of wages for overtime work**
(Article 32 of the Employment rules 'Overtime/Night/Holiday Work')

2. **Guaranteed employees' use of annual paid leave**
(Article 39 of the Employment rules 'Annual Leave')

## Reward System

HD Hyundai Infracore operates a range of incentive programs to promote performance improvement and foster a performance-oriented corporate culture. Each year, we present awards across the company during both first half and second half of the year. These awards are based on the group's core values and divided into four categories: Innovation, Challenge, Respect, and Safety. In the second half of the year in particular, the Construction Machinery Person's Award—the highest honor recognizing exceptional contributions across the entire year—was given. In addition, awards are given at the headquarters/division level to encourage the performance of employees.

### Major Reward Systems

| Reward Name | Key Contents |
|---|---|
| Construction Machinery Person's Award | Selecting the 'Best of Best Award' recipient |
| HDI Award | Awarding based on the four core value areas (innovation, challenge, respect, safety) |
| Innovation Leader Award | Rewarding employees who indirectly contribute greatly to achieving headquarters/division goals |
| Unsung Hero | Award to encourage field engineers in production/quality/purchase, etc. |
| Best Quality Award | Award to enhance the motivation for quality improvement among construction equipment/engine/quality technicians |

HDI Awards in the Second Half of 2024, Construction Machinery Person's Award for the First Half and Second Half of the Year

# Corporate Culture

## CA Channel Operation

HD Hyundai Infracore operates the Change Agent (CA) channel to promote a flexible, innovative workplace culture. CAs are selected from each department, serving as key employees who drive change and improvement within the organization. They play a vital role in facilitating effective communication between executives and employees on issues that require attention and lead initiatives to enhance corporate culture. To strengthen these efforts, we hold CA workshops at least twice a year. In the second half of 2024, each business division conducted 'Why' implementation reviews to assess and reinforce action plans, continuing to build a better corporate culture.

## Communication Channel

HD Hyundai Infracore is committed to establishing a sustainable labor-management relationship based on mutual respect and cooperation between labor and management, including a labor-management culture centered on communication. To listen to the opinions of employees, we operate various communication channels such as online and offline grievance handling platforms, human rights protection center, website, and internal portal. To foster a culture of communication, we operate various channels to actively listen to employees including online and offline grievance resolution systems, human rights protection center, corporate website, and internal portal. In addition, we operate the 'Invite Our CEO' program to promote communication between management and employees to strengthen the culture of trust and communication within the organization. We also conduct CTB (Connected Team Building) workshops to strengthen leadership within the organization and deepen mutual understanding among employees. These workshops are designed to help leaders and team members understand their own behavioral tendencies, respect differences, and collaborate more effectively. In 2024, CTB workshops were held with 150 participants across 18 teams, with 97% of the attendees responding that the program helped them better understand themselves and their teams, showing a practical effect in enhancing both individual self-awareness and interpersonal understanding within teams.

## Corporate Culture Survey

To establish a healthy corporate culture and strengthen the foundation for sustainable management, we conduct the HD Hyundai Group Value Survey every year. To establish a healthy corporate culture and reinforce the foundation for sustainable management, we conduct an annual values survey. This survey assesses employee perceptions as well as the current state of corporate culture across three key areas: level of internalization of the organization's core values, awareness of change management activities, and job satisfaction and organizational commitment. The survey results are used to identify strengths and areas for improvement within the corporate culture, serving as a basis for implementing practical enhancement activities. These efforts contribute to the development of a flexible, trusted organizational environment. As a result of continuous improvements to the corporate culture, employee satisfaction—which constitutes employee engagement—increased from 65.2% in 2023 to 66.3% in 2024.

## Labor-management Cooperation

HD Hyundai Infracore has a multi-union system, with four labor unions operating across three operations. We maintain active communication with the unions through various consultative bodies. All working conditions, including collective wage agreements, are equally applied to employees who are not union members, ensuring a fair, balanced work environment for all. In recognition of these efforts, we were selected as an Excellent Labor-Management Culture Company in the large corporation category by the Korea Labor-Management Development Foundation of the Ministry of Employment and Labor in 2024.


Joint Labor-Management Family Festival for Children's Day

## Welfare System

To enhance employees' quality of life and promote a healthy work-life balance, we offer a wide range of welfare programs covering working hours, work-life balance, children's education, housing, health, and leisure. In terms of working hours, we operate a flexible working hours system to increase autonomy in work styles and implement maternity and childcare support policies to help employees balance work and family life. Additionally, we provide educational support for employees' children, housing assistance, health management programs, and vacation support. These programs are designed to enable our employees to concentrate on their work while maintaining a stable, fulfilling lifestyle.

### Key Employee Welfare Program

| Category | Type | Welfare System |
|---|---|---|
| Working hours | Work support | • Flexible work hours<br>• Selective working hours<br>• Work from home<br>• Restricting PC use outside of working hours |
| Work-Family balance support system | Childbirth support | • Pregnancy/Childbirth congratulatory bonus<br>• Baby congratulatory gift<br>• Special maternity leave<br>• Providing maternity care package<br>• Infertility treatment leave support |
| | Childcare support | • Maternity leave<br>• Paternity leave<br>• Establishing breastfeeding facilities<br>• Guaranteeing breastfeeding time<br>• Operating in-house daycare centers |
| Child education | Tuition support | • Early childhood/Elementary education support<br>• Middle/High school/University tuition support |
| Residential life | Housing assistance | • Housing financing assistance |
| Health promotion | Healthcare support | • Medical expense support<br>• Comprehensive checkup support |
| Leisure and vacation | Vacation support | • Collective vacation program<br>• Vacation facility point support |

STRATEGY

## Diversity

HD Hyundai Infracore does not tolerate any form of discrimination based on gender, religion, disability, nationality, or other factors. We strive to respect individual characteristics and expand diversity. We have set a goal of increasing the recruitment ratio of female talent to 30% by 2030, and we are operating a specialized program called 'Edge' that offers tailored solutions for female managers. In addition, we operate various work-life balance support systems to assist employees through pregnancy, childbirth, and childcare. We are also working continuously to ensure that employees with congenital or acquired disabilities can perform their work effectively.

## Dream Cube

HD Hyundai Infracore encourages participation in the HD Hyundai Group's in-house venture program 'Dream Cube' as a means of strengthening employees' innovation capabilities.

### 'In-house venture challenge, electrical system design initiated by field-level employees – NRCAD story'

NRCAD Project Team

**Q.** First, what motivated you to participate in the 'Dream Cube' program, and how did you feel when your idea was selected?

**A.** While working on daily tasks, I frequently encountered repetitive rework and design errors. It made me realize the need for an autonomous system that could address these issues fundamentally. When I learned about Dream Cube, a company-wide venture program initiated by the HD Hyundai Group, I saw it as a good opportunity to propose my idea. With strong encouragement and support from HD Hyundai Infracore, our team 'NRCAD' was ultimately selected.

**Q.** What do you see as the innovative aspect of 'NRCAD'?

**A.** NRCAD is an autonomous program designed to overcome the limitations of the existing manual electrical design. It enables fast and accurate circuit design while preventing errors in advance to minimize rework. This not only improves quality but also reduces design costs and time.

**Q.** What kind of support did you receive from the company during the project?

**A.** We received funding as well as professional mentoring through accelerator partnerships. But what truly stood out was the autonomy that we had in decision making, which allowed us to drive a quick and flexible.

**Q.** What are your future plans for the project?

**A.** At the moment, we are actively working on developing NRCAD's core features. Our goal is to complete development by the end of 2025 and apply it to key internal projects. Beyond internal use, we are also considering expanding to external clients. It has been incredibly fulfilling to see an idea sparked by real-world challenges gradually take shape as a practical solution.

RISK MANAGEMENT

## Human Capital Risk Management

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

| | |
|---|---|
| 1. Risk Identification | We analyze various factors that may affect our HR management system, including rapidly evolving industrial structures, shifting generational perceptions of corporate organizations, and acceleration of technological transformation driven by digitalization. Based on this analysis, we identify potential risks and opportunities. |
| 2. Risk Assessment | The identified risks and opportunities are evaluated for their significance through tools such as corporate culture assessments and performance appraisals, with priorities selected for establishing response strategies based on this significance analysis. |
| 3. Strategy Establishment and Implementation | To mitigate major potential risks and leverage emerging opportunities, we are formulating strategies such as talent hiring, key personnel development, and corporate culture enhancement. These detailed strategies are implemented by the HR support function under the guidance of the ESG Management Committee. |
| 4. Monitoring and Assessment | The ESG Management Committee regularly monitors the implementation and effectiveness of human resource management strategy activities and reports the results to the ESG Committee for reflection to the next human resource management strategy. |

METRICS AND TARGETS

## Human Capital Metrics and Targets

| Classification | Performance Metrics | 2024 Performance | 2025 Target | Target (Mid- to long-term) |
|---|---|---|---|---|
| Talent Management | Recuitment and development of female talent | · Increased female manager compared to the previous year<br>· Operated programs to support the growth of female managers | · Advancing the female leader development program | · Increasing the female employment rate to 30% by 2030 |

# Human Rights Management

MATERIAL TOPIC

GOVERNANCE

## Human Rights Management Organizational Structure

### Governing Body for Human Rights Management

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

### Human Rights Management Operational Function

We operate a dedicated function to implement strategic initiatives selected by the Human Rights Management Committee. As an integrated organization of the HD Hyundai Construction Equipment Sector, this dedicated function carries out overall strategic initiatives including establishing human rights management policies, conducting human rights impact assessments, and implementing human rights education.

Human Rights Management Governance Structure


STRATEGY

## Human Rights Management Risks and Opportunities

### Risk and Opportunity Identification and Response

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

**Risk/Opportunity Definition**

**Impact 1 | Strengthened Global Standards and Regulations such as UNGPs**

| Risk | Opportunity |
|---|---|
| Business restrictions in case of failure to comply with global regulatory requirements | Enhanced corporate reputation by complying with international standards |

**Impact 2 | Increased Stakeholder Demand for Human Rights Monitoring and Accountability**

| Risk | Opportunity |
|---|---|
| Occurrence of social conflict with stakeholders | Secured organizational stability by improving the workplace environment |

**Response Strategy**

- Enacting/Revising human rights policies
- Conducting human rights impact assessments and implementing improvement tasks
- Operating a stakeholder grievance handling process
- Internalizing human rights management for employees

## General Principles of Human Rights Management

### Practical Guidelines for Human Rights Management

HD Hyundai Infracore has established the Practical Guidelines for Human Rights Management to protect and promote the human rights of stakeholders, including company executives and employees. The practice regulations of human rights management are publicly disclosed on the company website.

Practice Guidelines for Human Rights Management

### Declaration of Human Rights Management

HD Hyundai Infracore published the 'Declaration of Human Rights Management' with the approval of the CEO to support global standards related to human rights and express its commitment to compliance with such standards. All employees are encouraged to adopt this statement as both a code of conduct and a guiding principle for value judgment. The declaration of human rights management is publicly announced through the company website.

Declaration of Human Rights Management

**Declaration of Human Rights Management**

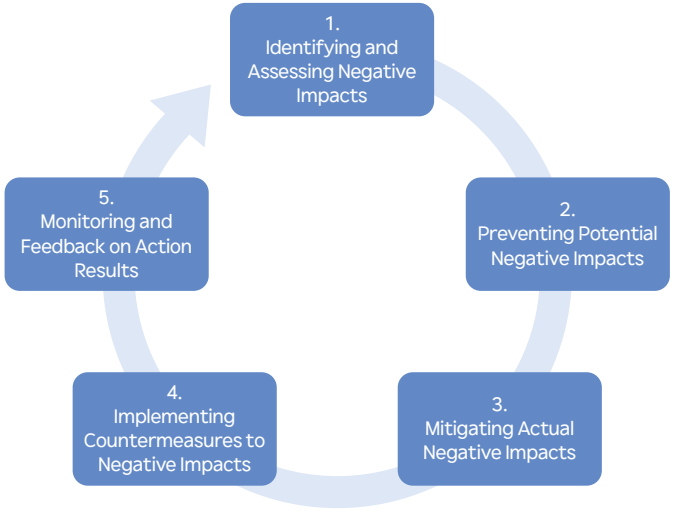
As a leading pioneer in the global construction equipment industry, hereby declares our commitment to fulfill social responsibilities to protect the rights of customers, employees, stakeholders and local communities by striving to actively adopt human rights management that recognizes and respects human dignity and values. HD Hyundai Infracore strongly promotes the values of human rights, labor, environment, anti-corruption, and other issues presented by international human rights standards and norms, including the Universal Declaration of Human Rights and the UN Guiding Principles on Business and Human Rights.

(omitted)

# Human Rights Due Diligence and Human Rights Impact Assessment

## Process of Human Rights Due Diligence

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




## Human Rights Impact Assessment

HD Hyundai Infracore conducts regular human rights impact assessments as part of its human rights due diligence process. To this end, we divided the assessment scope into corporate management and business operations and developed evaluation metrics for each area and identified the stakeholders to be evaluated. In the 2024 assessment, an expert panel specializing in human rights management participated in the On-site Assessment (OSA) and derived improvement tasks for each major issue based on the evaluation results. Following an importance assessment of these tasks, we prioritized the most urgent issues and formulated detailed response measures. We have requested the relevant departments across three operations—Bundang GRC, Incheon, and Gunsan plants—to implement detailed action plans, and we are currently monitoring the status of their execution.

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

● High ● Medium ○ Low

| Major Issue Area | Value Chain | | | Stakeholder | Importance | Major Improvement Tasks | Detailed Response Plans |
|---|---|---|---|---|---|---|---|
| | Upstream | Own Operations | Downstream | | | | |
| Human rights respect governance | √ | √ | √ | • All stakeholders in the value chain | ● | • Advancing human rights violation relief procedures<br>• Establishing an education system for the internalization of human rights management | • Improving human rights violation relief procedures<br>• Conducting human rights training for employees |
| Prohibition of forced and child labor | √ | √ | √ | • Employees<br>• Suppliers | ● | • Implementing a supplier compliance system prohibiting forced and child labor, with contract termination measures for non-compliance | • Revising the basic contract for material transactions |
| Guaranteeing the freedom of association and collective bargaining | | √ | | • Employees | ● | • Establishing institutional measures to guarantee protection against unfair treatment due to labor union activities | • Reflecting provisions prohibiting any adverse treatment due to participation in union activities to the collective bargaining agreement |
| Responsible supply chain management | √ | √ | | • Suppliers<br>• Small-scale suppliers[1)] | ● | • Enhancing OSA evaluations to require and monitor compliance with human rights obligations across significant suppliers, subcontractors, and operations' strategic partners | • Monitoring 'Labor and Human Rights' in the supplier ESG self-evaluation<br>• Reflecting human rights protection items among OSA purchase evaluation items |
| Intensive management of risk factors by process | √ | √ | | • Production technicians<br>• Subcontractors[1)] | ● | • Conducting hazard identification, improvement, and tracking activities within the process | • Conducting regular inspections of equipment and facilities related to hazardous factors |
| Inspection and improvement of safety facilities | √ | √ | | • Employees<br>• Suppliers<br>• Local communities | ● | • Carrying out process-specific safety facility management activities tailored to the characteristics of each process | • Understanding the present condition of key safety facilities across major processes, performing improvement work |

1) Vulnerable stakeholder

STRATEGY

## Human Rights Management Activities

### Human Rights Grievances Process

All stakeholders including both domestic and overseas employees, subsidiary and value chain workers may report human rights-related grievances such as discrimination, sexual harassment, or verbal abuse through the Help Line—a protection center for whistleblowers and victims—or via the HD Hyundai Ethics & Compliance website. We ensure the confidentiality of whistleblowers and strictly prohibit retaliation to prevent any disadvantage resulting from such reports. After implementing protective measures, we initiate an investigation into the grievance and take appropriate actions based on the findings. Upon receiving a human rights grievance, we implement protective measures and convene an internal committee to investigate through interviews and fact-checking. Based on the findings, we take appropriate disciplinary or preventive actions and conduct periodic monitoring to assess the effectiveness of grievance resolution. In cases wherein human rights risks are identified during the grievance handling process, we undertake the relevant risk mitigation activities to strengthen the protection of human rights for all employees.

Grievance Channel

| Classification | Key Contents |
|---|---|
| Internal report center | Violation of internal regulations such as laws and the Code of Ethics, other improper practices, etc. |
| Human rights center (Help Line) | Acts related to human rights violations such as discrimination/sexual harassment/verbal abuse |
| Cyber report center | Cases of noncompliance with company laws/internal regulations reported by outsiders or service users |
| HD Hyundai Ethics & Compliance website | Acts that violate ethical standards as well as the relevant laws, including human rights violations, acceptance of bribes or entertainment, gaining of undue benefits through one's position or duties, and abuse of authority |

### Human Rights Education

HD Hyundai Infracore conducts human rights-related training for all employees at least once a year. Training is conducted through various methods including online training, group sessions, and educational materials. When necessary, additional training is provided to stakeholders such as dispatched workers and value chain workers. In 2024, human rights training was provided to members of the Human Rights Management Committee with focus on the establishment of a human rights management system. During the training program, participants reviewed various human rights risk cases from the construction equipment industry and discussed the importance of regulatory compliance, particularly in light of the EU Corporate Sustainability Due Diligence Directive (EU CSDDD). In parallel, we continue to raise awareness on human rights issues through multiple channels, including company-wide emails, the Hi-Connect SNS platform, and the Hi-ESG campaign.

Hi-ESG Campaign


RISK MANAGEMENT

## Risk Management of Human Rights Management

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

| | |
|---|---|
| 1. Risk Identification | Analyzing global trends in human rights regulations such as UNGPs, ILO Core Conventions, and CSDDD as well as rising stakeholder expectations regarding corporate human rights responsibility, and identifying factors that may impact our human rights management system. |
| 2. Risk Assessment | Assessing the likelihood and severity of potential human rights risks and opportunities as identified through the human rights due diligence process, and setting priorities and establishing strategies by considering areas where key improvement tasks are identified by utilizing the assessment results. |
| 3. Strategy Establishment and Implementation | Developing and implementing response strategies such as the formulation and revision of human rights policies and execution of human rights impact assessments to mitigate key potential risks and leverage emerging opportunities These detailed strategies are carried out by the dedicated human rights management function under the Human Rights Management Committee. |
| 4. Monitoring and Assessment | Operating under the ESG Management Committee, the Human Rights Management Committee regularly monitors the implementation and effectiveness of human rights management strategy activities and reports the results to the ESG Committee to reflect them to the next human rights management strategy. |

METRICS AND TARGETS

## Human Rights Management Metrics and Targets

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

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

# Health and Safety

MATERIAL TOPIC

GOVERNANCE

## Health and Safety Organizational Structure

### Health and Safety Governing Body

At HD Hyundai Infracore, major health and safety-related decisions are made through the board-level ESG Committee, the Health and Safety Management Committee, and the ESG Management Committee. The ESG Committee deliberates on and approves health and safety initiatives every year. In 2024, the Committee approved several initiatives such as including more overseas operations to apply ISO standards, and supporting the development of health and safety capacities of contractors. The ESG Management Committee oversees the selection and management of comprehensive ESG strategic tasks including those related to health and safety. Meanwhile, the Health and Safety Management Committee separately, with the CEO chairing the meetings and key personnel such as business division executives and non-executive directors to review and approve health and safety performance.

The Chief Safety Officer oversees the health and safety organization and reports directly to the CEO. The CSO manages and supervises the health and safety organizations of each division as well as health and safety parts at the safety culture/planning team and the EHS/facilities management team. Moreover, for supporting functions such as HR, procurement, and quality management, the CSO assumes the role of health and safety officer; thus operating a consistent health and safety system across the company.

Health and Safety Governance

| Type | Board of Directors | Health and Safety Management Committee |
|---|---|---|
| Period | Annual | Semiannual |
| Agenda | Approving health and safety plans | Deliberating and making decisions on health and safety agenda items to prevent serious accidents |
| Chairing | Executive director, independent director | CEO, executives, independent directors |

### Health and Safety Operational Function

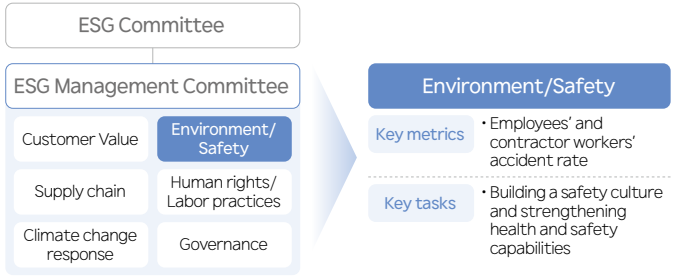
The operational function implementing the health and safety strategic tasks are composed as follows, with each organization and consultative body implementing each health and safety task:

| | |
|---|---|
| Health and safety part of the EHS/facilities management team | The organization that is responsible for conducting legal compliance assessments and workplace safety inspections to achieve a zero-accident workplace, and leading mutual growth projects with contractors |
| Safety culture/planning team | A separate organization which manages safety culture performance in accordance with the requirements of the Serious Accidents Punishment Act, aiming to internalize health and safety values among employees and contractors |
| ESG Management Committee | A committee which is held three times a year by the CEO as head to review the progress of tasks approved by the ESG Committee, including health and safety strategic tasks |
| Occupational Health and Safety Committee | A joint consultative body among workers and managers which discusses health and safety issues. Participants include the union chairman, CEO, safety and health manager, EHS/facilities management team leader and production leaders from the Construction Equipment and Engine divisions |

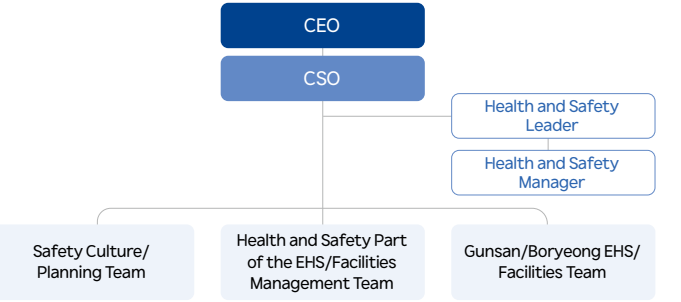
### Compensation Linked to Health and Safety

HD Hyundai Infracore incorporates health and safety goals and performance outcomes into the key performance metrics (KPIs) of executives responsible for health and safety. In addition, under the 'Risk Factor Self-Management' system, each employee directly identifies risk factors in the field and carries out activities to improve them. The number of identified risk factors and completed corrective actions are reflected in individual KPIs, so that the organization and individuals work together to achieve the health and safety goals.

Health and Safety Governance Structure




Health and Safety Organizational Chart



## Health and Safety Risks and Opportunities

### Risk and Opportunity Identification and Response

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

**Risk/Opportunity Definition**

**Impact 1 | Stricter Enforcement of Health and Safety Laws, Including the Serious Accidents Punishment Act**

| Risk | Opportunity |
|---|---|
| Operational disruptions due to violation of health and safety laws and regulations | Improved productivity as a result of safer working environment |

**Impact 2 | Increased Social Demand for Occupational Health and Safety**

| Risk | Opportunity |
|---|---|
| Damage to reputation and loss of trust due to safety incidents | Organizational stability from an improved working environment |

**Response Strategy**

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

### Health and Safety Business Case

Due to the nature of the manufacturing business, HD Hyundai Infracore is exposed to direct and indirect risks of financial loss such as production disruptions, legal liabilities, increased insurance premiums, and reputational damage in the event of industrial accidents. Conversely, establishing a systematic safety management system and fostering a preventative safety culture contribute to reducing accident rates, improving employee satisfaction, and lowering turnover, which means work stability and rise in productivity, resulting in higher operative efficiency and cost reduction.

## Health and Safety Policy

### Health and Safety Management Policy

HD Hyundai Infracore's core value of 'Safety for All' is embedded in our Health and Safety Policy, which provides guidelines to prevent occupational accidents and create a safe working environment. This policy applies not only to employees involved in our business operations but also to subsidiaries, suppliers, contractors, customers and other business partners.

This policy is established based on the Environment, Health, and Safety (EHS) principles approved by the CEO, which includes emphasis on stakeholder communications, reducing environment and safety risk, and driving performance. We strictly adhere to domestic EHS laws and international agreements while continuously pursuing the development and application of the relevant new technologies and risk mitigation measures. As part of this effort, workers are not only required to follow corrective actions from safety inspections but also participate actively in the 'Self-management and Improvement of Risk Factors' campaign, enabling each employee to identify and improve risks.

Health and Safety Policy

EHS (Environment, Health & Safety) Policy


## Health and Safety System

### Health and Safety Management System

HD Hyundai Infracore utilizes a health and safety management system to manage various risks that may occur at workplaces and reduce accident risks, promoting the organization's sustainable growth. We effectively operate the Plan–Do–Check–Act (PDCA) management cycle of the occupational health and safety management system based on the ISO 45001 international standard, and we are actively expanding the application scope on operations. As of end of 2024, the certification rate for major operations reached 100% with additional certifications acquired by the Norwegian and Chinese Tianjin operations.

### Integrated Health and Safety Management System

The integrated management system is designed to document and manage activities for mitigating risk factors and is continuously updated with the latest EHS regulations and international standards and provided within the system. In the second half of 2025, we plan to upgrade our 'HI-EHS' integrated management system by introducing a mobile-linked work permit management feature, enabling on-site personnel to request, approve, and confirm work permits directly. Enhancements such as automating EHS work processes linked to risk assessment results and development of a visualized EHS integrated map–which will visualize the entire workflow–are expected to improve system connectivity and user experience significantly.


HI-EHS Dashboard

## Accident Reporting Process

The EHS Accident Reporting Process clearly defines the procedures that employees should follow in the event of a serious incident, such as injury, occupational disease, or fatality. When an accident occurs, the health and safety organization should promptly report to the designated manager and analyze the root cause to prevent recurrence. The entire reporting process is systematically managed within the HI-EHS system, including the identified issues, improvement actions, before-and-after photos, and preventive measures.

### Accident Reporting Process

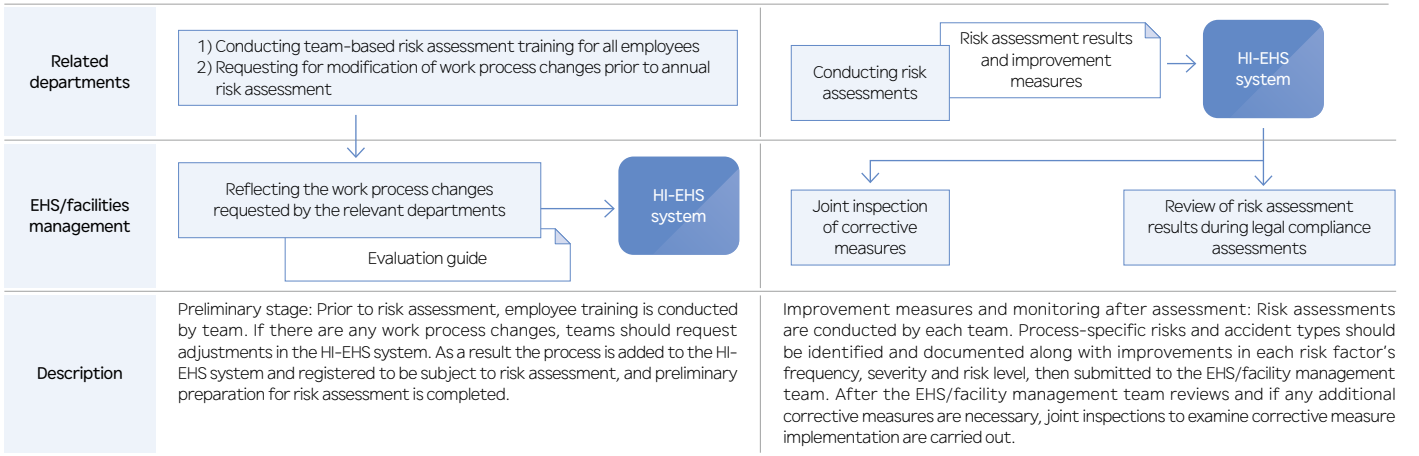

### 2024 Risk Assessment


## Risk Assessment Process

Risk assessments are conducted to identify and improve potential direct and indirect risks in advance, thereby maintaining a safe, healthy work environment. These assessments are regularly carried out at the beginning of each year across all operations. Based on standard processes, risks are identified for each process, with improvement measures documented accordingly. Quantitative scores for frequency, severity, and overall risk are assigned before and after taking safety measures, which allows for evaluation of improvement. Major risk factors for which high risks have been identified based on the assessment results are prioritized for management and is subject to corrective action. During compliance evaluations, the EHS/facilities management reviews the risk assessment documents prepared by each team, verifies whether actual measures are implemented and grades each team depending on the assessment. In addition, all employees register risk factors and carry out corrective measures according to the 'Risk Factor Self-Management' campaign. The company-wide annual goal is to register and manage at least one safety issue per person. A total of 2,840 safety issues were identified in 2024, exceeding the target of 1,269 cases. Meanwhile 2,774 safety issues were remedied, achieving an remedy rate of approximately 98%.

As part of our proactive response to domestic health and safety regulations including the Occupational Health and Safety Act and the Serious Accidents Punishment Act, we conduct regulatory compliance evaluations every six months. These evaluations aim to enhance the field-level execution capabilities of health and safety practices based on a thorough understanding of legal requirements. Specifically, we verify whether the results of the risk assessment conducted at the beginning of the year are effectively linked to on-site corrective measures, whether documents on on-site inspections are properly maintained, and whether the on-site management of hazardous machinery, chemicals, and firefighting facilities are in good condition. We continuously monitor the status of previously identified deviations to ensure that improvements are made by the next evaluation cycle, reinforcing the effectiveness of regulatory compliance assessments. Final scores and grades are assigned to each team based on the assessment results. The percentage of teams that consistently receive top ratings among all evaluated teams is steadily increasing, and teams with outstanding evaluations are rewarded. We plan to expand our 'Safety Guard' activities to provide practical support for the deficiencies identified in the field and operate regular training programs to increase the effectiveness of compliance assessments.

### Annual Risk Assessment Process



# Employee Health and Safety

## Workplace Safety Management

HD Hyundai Infracore carries out various field-oriented activities such as EHS patrols, fire safety inspections, and cross audits to enhance company-wide health and safety standards. In addition to direct inspections at operations, we conduct emergency response drills on a regular basis to support the operation of a preventive health and safety management system. We have prepared response manuals based on scenarios that simulate various crisis situations such as natural disasters (typhoons, earthquakes), as well as fire and oil leak incidents that may occur due to the nature of the workplace. We are also strengthening the accident response capabilities of employees through training that assumes actual situations. In 2024, we conducted a total of six emergency response drills for in-house operations. In particular, Incheon Plant GBC significantly improved its response capabilities through four intensive training sessions. Starting 2025, we plan to expand the activities of our 'Safety Supporters' program, where Safety Guards will verify whether teams have addressed chemical and health-related deviations, and will provide direct coaching when safety measures in the workplace are found to be insufficient.

### Key On-site Safety Inspection Activities

| Safety Management Activity Name | Frequency | Activities Performed in 2024 |
|---|---|---|
| EHS Patrol | Weekly | • Inspections of overall corrective measures by the health and safety manager |
| Fire prevention activities | Semiannually (regular fire inspection) | • Regular inspection of firefighting facilities to address risks related to electricity, overheating, and dust<br>• 24-hour disaster prevention center operation and installation of automatic fire extinguishers at 5 e-PP process sites |
| Cross audit activities | Annually | • Cross inspection of major domestic operations<br>• Cross audit of operations among three HD Hyundai Construction Equipment Sector companies and sharing of best practices of safety and health measures |

Emergency Response Training

Selected as an Excellent Workplace for Worker Health Programs

## Employee Health Management

HD Hyundai Infracore operates various programs aimed at preventing occupational diseases and managing workers' health. In 2024, we enhanced our efforts to prevent work-related illnesses by scheduling the Noise Process Improvement Task Force more frequently from semi-annually to quarterly. This allows the stricter monitoring of whether noise levels in the work environment exceeded the standards set by the Industrial Health and Safety Act. Starting 2025, we plan to establish standards for responding to work environmental factors such as extreme heat and new infectious diseases. As a result of these continuous efforts, the Incheon and Gunsan factories were selected as 'Excellent Workplaces for Worker Health Programs' by the Ministry of Employment and Labor and the Korea Occupational Health and Safety Agency.

As part of employee health management efforts, we operate a hypertension prevention program and encourage voluntary health awareness among our employees through various campaigns such as publishing health newsletters and organizing walking challenges. We have implemented the HUGIN program, which diagnoses employee stress levels, to manage emotional wellbeing and occupational stress. Based on the assessment results, 20 departments with high severity were designated as high-risk units, and healing programs ranging from camp or full day formats were provided after sharing the findings with team leaders. For employees in customer service roles, we provided 'emotion management' training. Newly appointed field supervisors (including worksite leaders) participated in training sessions for development of colleague counselors to strengthen support for employees' emotional wellbeing. In addition to these psychological programs, we also publish the 'HUGIN Letter' regularly on our internal portal to help employees manage stress.


HUGIN Letter

# Employee Safety Culture

## Employee Safety Training

In addition to training programs designed to ensure compliance with health and safety regulations such as the Occupational Health and Safety Act and the Serious Accidents Punishment Act, HD Hyundai Infracore has conducted the Safety Culture Mindset Training to internalize safety as the top priority and practice it voluntarily. In 2024, all 2,500 employees completed health and safety-related training.

### Health and Safety Training for Employees in 2024

| Cycle | Type | Target | Contents |
|---|---|---|---|
| Regular health and safety training | Statutory training | Production workers (quarterly)<br>Office workers (quarterly) | Occupational Health and Safety Act and general management, matters related to accident prevention, etc. |
| | | Managers (annually) | |
| Upon hiring | | Production Workers, office workers | Occupational Health and Safety Act and pre-work inspection items, etc. |
| Upon job rotation | | Production Workers | Danger of machine equipment and operation sequence, movement path-related matters, etc. |
| Special health and safety training | | Production Workers | Matters concerning hazards such as forklifts and crane, etc. |
| Safety culture mindset training | Non-statutory training | Production Workers | Internalizing safety awareness and strengthening behavior-based safety (BBS) |
| | | Managers | Internalizing safety awareness and strengthening leadership capabilities |

## Safety Activities and Events

At the beginning of each year, we host a 'Safety Day' event to reinforce safety awareness among employees and establish a culture of safety. We held our 11th annual 'Safety Day' in 2024, recognizing the Environmental, Health, and Safety (EHS) contributions of employees and supplier workers. Under the core value of 'Safety for All,' the event was themed 'Safety Culture, Re:Start! Leap Again with Fundamentals and Principles' to reaffirm our commitment to safety initiatives. Throughout the event, we identified high-performing teams in health and safety activities, shared best practices and raised awareness of accident prevention. Awards were also presented to individuals who made outstanding contributions to on-site health and safety efforts.

We have developed the Safety Culture App to enable leaders and frontline workers to monitor Behavior-Based Safety (BBS) independently and engage in daily safety conversations with their peers. To improve accessibility and encourage active use, we implemented various initiatives including app briefings for leaders, on-site engagement activities, one-on-one coaching for workers, and a mileage incentive program. Safety culture activities were actively carried out as a result, such as a total of 3,570 safety conversations among workers and 1,444 activities of praising colleagues registered in the app.


Awarding Outstanding Workers on the 11th Annual Safety Day

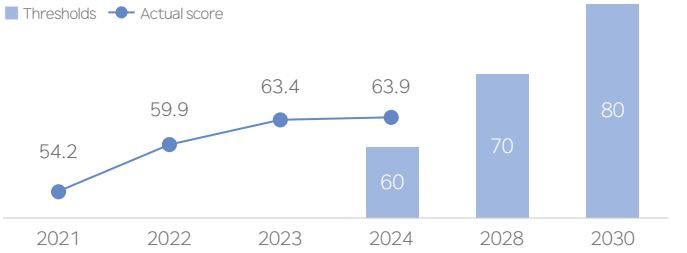
## Safety Awareness Level Assessment

In a survey conducted in 2024 based on responses from all employees and on-site contractors, the safety awareness level was evaluated to be 63.9 points, an increase of 9.7 points from the initial assessment score of 54.2 in 2021. According to the Bradley Curve for safety culture maturity, we are in the 'Independent' stage (60–80 points) where members voluntarily engage in safe behaviors and possess sufficient knowledge to take responsibility for their own safety. To advance to the 'Interdependent' stage (80 points or higher) by 2030, we are strengthening our safety capabilities by providing mindset training to all employees of various positions including management, leaders, and workers.

### Safety Culture Activities in 2024

| | |
|---|---|
| Support for employee safety-related qualifications | Provided financial support for all employees taking professional certification examinations related to industrial safety, awarding incentives upon qualification |
| Rewards for outstanding teams, leaders and workers | Selected outstanding employees, leaders, and workers who participated in voluntary activities for safety culture establishment, and selected and rewarded outstanding Behavior-Based Safety (BBS) teams |
| Safety culture newsletter publishing | Awarded prizes to actively participating employees by conducting a survey on the safety culture and holding events such as safety culture quizzes every month to encourage employee participation in safety culture activities |

### Roadmap for Assessing the Safety Awareness Level



## Contractor Health and Safety

### Government Mutually Beneficial Project

HD Hyundai Infracore operates a dedicated safety management organization to promote shared growth and build sustainable partnerships with its contractors. In 2023 and 2024, the EHS/facilities management team allocated health and safety budgets to improve risk factors at supplier sites, effectively enhancing the overall safety standards. To encourage voluntary participation and strengthen the health and safety competencies of contractors, we have been providing various training programs and technical support. A dedicated portal for contractors is updated monthly with an 'EHS Legal Report,' sharing information on regulatory changes and key issues in real time. We also hold a monthly working group meeting for our contractors at all domestic operations to discuss methods of communication between workplaces for preventing accidents and methods of evacuation in case of emergencies. In 2024, we successfully addressed 20 of the 21 health and safety-related concerns submitted through these consultative group meetings. Beginning 2025, contractors will take the lead in selecting their own health and safety topics for discussion. To support contractors' health and safety performance further, we have participated in the government funded 'Mutually Beneficial Cooperation between Large Enterprises and Small and Medium Enterprises' hosted by the Korea Occupational Health and Safety Agency—for two consecutive years since 2023. In 2024, we provided matching support consulting for establishing risk assessment systems to 8 suppliers and assisted 8 on-site contractors in joining the certified risk assessment support program. Based on these activities, we are encouraging contractors to participate actively in disaster prevention and health and safety improvement activities by providing reward benefits to outstanding contractors recording zero accidents and complying with all regulations related to accident safety management.

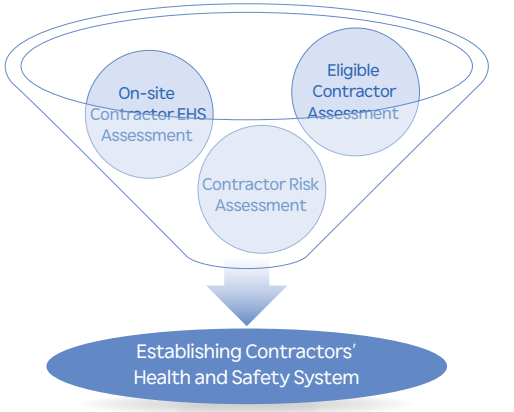
Launching Ceremony for the Support Project for Creating a Safe Workplace for Contractors in 2025

### Assessment of Contractor Health and Safety Competency

We require contractors to participate in our health and safety system, and expect contractors to establish and manage thier own health and safety in the long run.

| Assessment Items | Scope of Contractors to be Assessed | Assessment Purpose | Frequency | Incentives/Penalties |
|---|---|---|---|---|
| Contractor Qualification Assessment | • On-site contractors that work at our operations<br>• Oursourced contractors that perform services within our operations | Preventing accidents by evaluating the health and safety system and performance capabilities of contractors | At initial contract and annually thereafter | • Providing a one-year grace period for companies that pass the evaluation of qualified contractors<br>• Imposing sanctions against a company that does not meet the qualification score or has grounds for disqualification, so that the company cannot enter into a contract |
| OSA (On-site Assessment) | • Newly registered suppliers | Assessing the overall EHS level and supporting improvements, conducting documentary and on-site evaluations before registering as a supplier | New supplier registration | • If safety, health, fire, or environmental risks are identified, check in advance including whether improvement measures are taken |
| Regular domestic contractor EHS assessment | • Domestic outsourced contractors that produce and supply construction equipment parts, semi-finised products and finished products<br>• Contractors for which new registration has surpassed one year | Establishing an independent EHS management system within the supplier and cultivating long-term EHS management partnerships (Including the evaluation results in the contractor's regular evaluation items and reflecting to the contractor's overall rating) | Semi-Annually | • Supporting the nurturing activity of the supplier that received a grade of A or higher in the comprehensive evaluation (Providing preferred support to smart factories and leading contractors)<br>• Giving the evaluation result grade In the case of grade E, checking the necessity of reevaluation and contract termination after taking improvement measures |
| Contractor risk assessment (support program) | • Suppliers participating in the government Mutually Beneficial Cooperation program (8 companies participated in 2024)<br>• On-site contractors participating in our workplace risk assessment activity | Strengthening the health and safety capabilities of suppliers by conducting on-site inspections and providing matching support consulting based on the results of risk assessments independently carried out by the contractors | Annually | • Rewarding outstanding contractors participating in win-win cooperation projects |

Assessment of Contractor Health and Safety Competency



RISK MANAGEMENT

## Health and Safety Risk Management

HD Hyundai Infracore implements a company-wide risk management process based on the procedures for identification, evaluation, strategic implementation, and monitoring, in order to manage occupational health and safety risks systematically. After identifying and assessing risks, we carry out health and safety initiatives in line with established response strategies and continuously monitor and assess the execution of these initiatives to ensure their effectiveness.

| | |
|---|---|
| 1. Risk Identification | HD Hyundai Infracore comprehensively considers the health and safety environment to identify health and safety risks and opportunities. Externally, we regularly monitor various matters including updates to the relevant regulations such as the Occupational Safety and Health Act and the Serious Accidents Punishment Act, as well as changes in the requirements of ESG evaluation organizations. Internally, we proactively identify potential risks and opportunities that may arise from the introduction of new processes, modifications to equipment, or new relationships with contractors. |
| 2. Risk Assessment | The identified health and safety risks are evaluated comprehensively for significance in terms of potential legal consequences, stakeholder concern levels, and overall scale of impact on business operations, and the results are reflected to the establishment of health and safety strategies. |
| 3. Strategy Establishment and Implementation | For items identified as high-priority through the risk assessment process, the corresponding health and safety strategies are developed and implemented accordingly. At the beginning of each year, the ESG Management Committee finalizes the annual implementation plan for the health and safety strategy. Throughout the year, the EHS operational function carries out activities to put the strategy into action. |
| 4. Monitoring and Assessment | The ESG Management Committee reviews the strategies developed for the identified and assessed risks, the implementation status, and the achievement of goals at both interim and final stages. These findings are then reported to the ESG Committee within the Board of Directors. The feedback from the report results is reflected to next year's risk management process, thereby enhancing the integrity of the health and safety risk management system. |

METRICS AND TARGETS

## Health and Safety Metrics and Targets

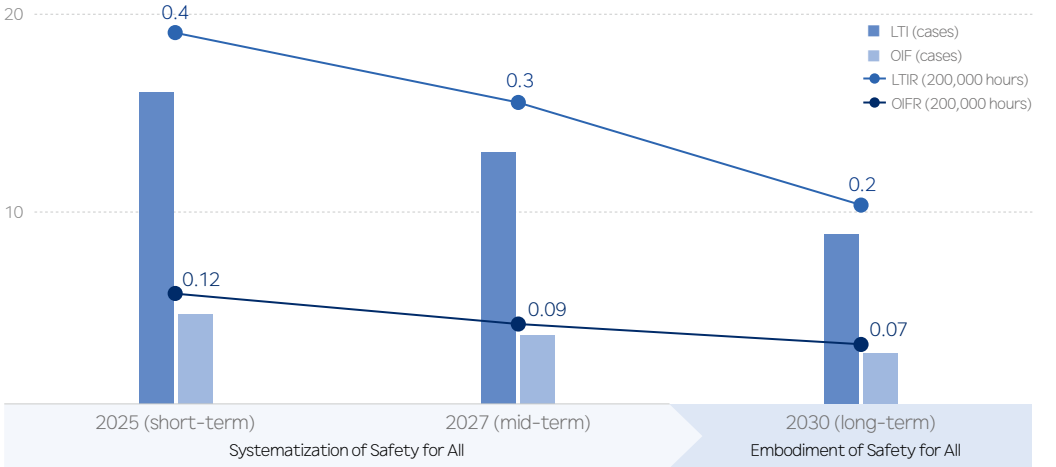
We plan to achieve our Lost Time Injury Rate (LTIR), or accidents resulting in one or more days of work absence in the mid-term and long-term by implementing our health and safety initiatives. For employee LTIR, we aim to first achieve the 'Systemization of Safety for all' by 2025 and reach the global level of 0.2 at the 'Embodiment of Safety for All' stage in 2030. In the 'Embodiment of Safety for All' phase, we plan to establish a supplier evaluation system so that on-site contractors can also manage LTIR to ensure the safety of all workers across the entire value chain at HD Hyundai Infracore.

Mid- to long-term Targets for Contractors

(Unit: 200,000 hours)

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

Roadmap for Achieving LTIR (scope including on-site contractors) 0.2 by 2030



# Supply Chain

MATERIAL TOPIC

GOVERNANCE

## Supply Chain Organizational Structure

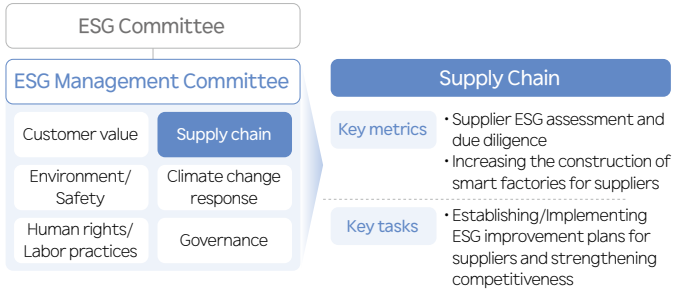
### Supply Chain Governing Body

At HD Hyundai Infracore, the ESG Committee established within the Board of Directors primarily oversees supplier ESG risks and makes decisions on performance. To this end, the ESG Management Committee—consisting of key executives from each operational function under the ESG Committee—monitors supplier ESG management strategies and deliberates and decides on key issues.

### Supply Chain Operational Function

The Supply Chain part establishes specific implementation plans and drives action based on strategic tasks approved by the ESG Management Committee. In 2024, the procurement and supply chain management part of HD Hyundai's Construction Equipment Sector was reorganized into the integrated procurement division of HD Hyundai XiteSolution. This division is responsible for sustainable supply chain management through various activities such as supplier ESG evaluation, supplier support, and communication channel operation.

Supply Chain Governance Structure




### Compensation Linked to the Supply Chain

We have established 'Strengthening Supplier ESG Management by Establishing a Supply Chain Management Evaluation System' as a KPI item for the executive leadership, and linked it to the incentive system. Through this, we are enhancing the organization's execution capabilities for supplier ESG management and monitoring the sustainability level of our suppliers.

STRATEGY

## Supply Chain Risks and Opportunities

### Risk and Opportunity Identification and Response

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

Risk/Opportunity Definition

**Impact 1 | Expanded ESG Management within the Supply Chain and Strengthened Accountability**

| Risk | Opportunity |
|---|---|
| Damage to corporate reputation due to violations of ESG-related regulations in the supply chain | Strengthened supply chain competitiveness by establishing a culture of mutual prosperity |

**Impact 2 | Strengthened Supply chain-related Regulations under the EU Corporate Sustainability Due Diligence Directive**

| Risk | Opportunity |
|---|---|
| Limited supply sources and increased uncertainty in raw material procurement due to tightened supply chain management standards | Ensured long-term stability by improving supply chain reliability |

Response Strategy

- Establishing a management system based on the supply chain code of conduct
- Supplier ESG assessment and monitoring
- Support for strengthening supply chain capacity and operating communication channels

### Supply Chain Business Case

Given HD Hyundai Infracore's role in manufacturing based on a complex global supply chain, ESG risks associated with suppliers are directly linked to the company's business stability and credibility. If human rights or environmental issues occur within the supply chain, we can suffer from reputational damage, loss of customers, supply disruptions, and financial loss. Additionally, noncompliance with ESG regulations may result in procurement eligibility restrictions. Conversely, proactive management of ESG risks and reinforcement of the win-win system with suppliers can enhance procurement stability and bidding competitiveness, improving operation efficiency and creating new revenue opportunities.

## Supply Chain Management Strategy

### Supply Chain Management Policy

HD Hyundai Infracore implements the detailed Supplier ESG Policy it has established to enforce the Supplier Code of Conduct practically. This policy is based on globally recognized standards including the United Nations Guiding Principles (UNGPs), OECD Guidelines for Multinational Enterprises, and ILO fundamental conventions. The scope of the policy includes ethics, environment, labor and human rights, health and safety, and management systems as outlined in the Supplier Code of Conduct, and the targets are all suppliers and their subcontractors that supply products and services to HD Hyundai Infracore or have other business relationships.

ESG Management Policy of the Supply Chain

ESG Management Policy of the Supply Chain

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

### Supplier Code of Conduct

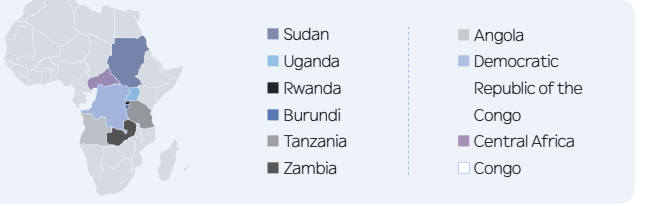
We have established and implemented a Supplier Code of Conduct to ensure that all suppliers comply with applicable laws and regulations governing our business operations, while promoting the development of sustainable practices across key areas including ethics and fair trade, environmental responsibility, labor and human rights, health and safety, and management systems. The Code of Conduct specifies detailed compliance requirements for each area, and it is publicly disclosed on our website. At the time of contract signing, suppliers are required to make a pledge to commit to the code's provisions using mandatory attachments such as the 'Corporate Social Responsibility Commitment Agreement.' In addition, we require all suppliers engaged in business with us to submit an Ethical Management Practice Pledge to help foster a broader culture of ethical corporate conduct.

Supplier Code of Conduct

## Conflict Minerals

We strive to fulfill our social responsibility and comply with legal regulations throughout our supply chain by preventing the use of conflict minerals that may contribute to social issues such as human rights violations, environmental degradation, and financing of armed groups in conflict-affected regions. Our Supplier Code of Conduct includes provisions prohibiting the use of conflict minerals, and we recommend that our suppliers comply with such provisions. We also share our conflict mineral policy with suppliers to raise awareness of the importance of the relevant regulations and ensure their understanding and compliance. In addition, we support our suppliers in checking in advance whether their products contain conflict minerals using our purchasing system.

### Conflict-Affected High-Risk Areas




| Classification | Covered Minerals |
|---|---|
| Conflict minerals | Tin, tantalum, tungsten, gold |
| Responsible mineral | Cobalt, mica |

## Green Purchasing Policy

HD Hyundai Infracore is implementing the Green Purchasing Policy it has established to reinforce environmental responsibility across its supply chain. The policy requires prioritizing products with eco-label certification, low carbon product certification, and Good Recycled Product certification and applies to all products purchased for the purpose of manufacturing products. When a supplier participates in our bidding process, we consider environmental performance alongside quality and pricing and green products as an assessment factor, and give additional points to green products. Through this approach, we are actively expanding our environment-friendly procurement practices.

Green Purchasing Policy

## Roadmap for Supplier ESG Management

In 2023, HD Hyundai Infracore launched the ESG assessment of suppliers project and established an implementation roadmap for supply chain management to be implemented in stages by 2026. The roadmap consists of three key areas: expansion of ESG assessment scope and performance management, supplier communication and training, and conflict/responsible minerals management. In 2024, we achieved our goal by conducting supplier ESG self-assessment for 301 suppliers. We are also implementing tasks gradually according to the roadmap, such as the establishment of an ESG training framework and the introduction of a non-use pledge for conflict/responsible minerals. By 2026, we plan to implement the roadmap fully and enhance our overall capabilities to mitigate ESG risks throughout the supply chain.

### Roadmap of the Supply Chain Management Process

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

## Strengthening Supplier ESG Management Capabilities

To strengthen global supply chain management, HD Hyundai Infracore held a briefing session for our Chinese operations to highlight the importance and necessity of ESG management across the supply chain. The session covered a wide range of topics including the background and regulatory landscape of supplier ESG management, ESG trends in the global and Chinese markets, and direction of supplier ESG management for Chinese operations. Through the briefing session, we have laid the foundation for the local subsidiary to understand the management system that considers the environmental, social, and ethical responsibilities throughout the supply chain and to seek ways of strengthening sustainable management activities.

In addition, to raise awareness of supplier ESG management among employees of HD Hyundai Construction Equipment Sector including HD Hyundai Infracore, we provided information on ESG management trends, ESG trends by major area, measures to strengthen the ESG assessment of suppliers system, and direction of promoting supplier ESG projects and assessment metric revision for 2024. Through the training on this occasion, we strengthened our employees' supplier ESG management capabilities by increasing understanding of the project.

Supplier ESG Workshop for Chinese Operations

## Supply Chain Assessment

HD Hyundai Infracore verifies key compliance criteria when selecting a supplier through an auto-screening process that includes checks on quality certifications, IT system implementation, financial soundness, and use of conflict minerals. For new suppliers, we conduct an On-Site Assessment (OSA) to ensure that suppliers are registered only if they meet certain standards. In addition, if risks related to health and safety and fire prevention, or environmental risks are identified during the on-site diagnosis process, we support improvement activities along with preemptive inspections and improvement.

All suppliers are also required to adhere to ethical business principles and are subject to regular comprehensive capability and ESG assessments throughout the supply chain. Based on the evaluation results, we apply a system of incentives and penalties to encourage suppliers continuously to strengthen their capabilities and practice management that meets ESG standards.

### Supplier ESG Assessment Policy

HD Hyundai Infracore conducts an annual ESG assessment of suppliers to identify potential ESG risks within the supply chain and support improvements for identified risks, establishing a more sustainable supply chain. The assessment is based on the standards of the Responsible Business Alliance (RBA) and relevant regulatory frameworks, consisting of a total of 82 evaluation metrics across 5 major areas: labor and human rights, health and safety, environment, ethics, and management systems. The assessment is conducted through self-assessment and on-site audit, including online responses and submission of supporting documents. These processes take into account the risk factors by country, industry, and product to assess ESG implementation levels comprehensively. To ensure objectivity and fairness, third-party external due diligence experts participate in the evaluation.

ESG Assessment Process of the Supply Chain

| Step1<br>**Raising Awareness of Suppliers** | Step2<br>**Conducting ESG Self-assessment** | Step3<br>**Inspecting and Verifying the Self-assessment Results** | Step4<br>**Identifying and Assessing Risks in the Supply Chain** | Step5<br>**Establishing a Risk Improvement Plan and Taking Follow-up Actions** |
|---|---|---|---|---|
| · ESG requirements are included in supplier agreements<br>· Training for ESG and supply chain management is provided | · Metrics for evaluation are established<br>· Suppliers subject to assessment are selected<br>· ESG self-assessments are conducted by significant suppliers | · On-site inspection of information submitted by suppliers<br>· Best Pratices are shared and awareness training is provided | · Areas for improvement are identified according to onsite audit results | · Corrective actions are required and monitored<br>· Consulting is provided for high-risk suppliers |

### Supplier ESG Assessment in 2024

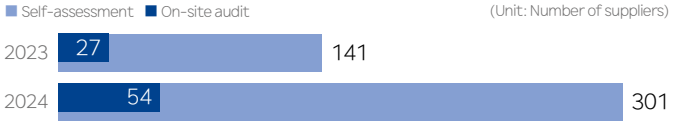
HD Hyundai Infracore is strengthening its supply chain risk management capabilities by expanding the number of suppliers subject to annual ESG assessments. In 2024, a self-assessment was conducted on a total of 301 supplier companies, with an on-site assessment performed on 54 suppliers.

The on-site assessments identified 23 high-risk suppliers as well as numerous high-performing suppliers, with key improvement tasks identified based on the assessment results. The identified key areas for improvement included: establishing policies to prevent child labor, documenting industrial accident response procedures, establishing a measurement and management system for energy and greenhouse gas data, establishing policies and due diligence processes for the responsible procurement of raw materials, and strengthening the internal discussion framework for non-financial performance.

For high-risk suppliers, we have established improvement plans. To support practical improvement activities, we have conducted customized training in cooperation with a professional consulting firm including interpretation of ESG assessment metrics, guidance on improvement actions, and benchmarking for each metric. In particular, we plan to provide on-site consulting to suppliers classified as high-risk for two consecutive years and monitor improvements continuously through collaboration with external experts. Meanwhile, we are encouraging outstanding suppliers to strengthen their ESG capabilities continuously by providing various kinds of incentive support such as ESG related funding.

According to the ESG assessment results from the past two years, the proportion of top-performing domestic suppliers rose from 52% in 2023 to 55% in 2024, and the assessment scores improved in all areas, indicating that the level of ESG implementation across the supply chain has improved. In particular, a clear improvement effect was confirmed, such as more than 15 points' increase in the average score of suppliers that underwent on-site assessments in 2024 compared to the 2023 results. These outcomes confirm the effectiveness of ESG assessments and enhanced sustainability management capabilities within the supply chain. We plan to expand the number of suppliers subject to assessments gradually and induce improvement in insufficient items to strengthen ESG capabilities throughout the supply chain.

Performance of Supplier ESG Assessment



## Supply Chain Support Activities

### Smart Factory MES Installation

HD Hyundai Infracore is supporting the installation of Manufacturing Execution System (MES) to implement smart factories so that its suppliers can promote digital transformation at manufacturing sites and enhance productivity. This project is carried out in collaboration with the Ministry of SMEs and Startups' smart factory distribution and expansion program with secured funding, and is part of a mutual growth strategy between HD Hyundai Infracore and its suppliers. By linking our supplier integration system Hi-SRM with the MES system, we are implementing more efficient and seamless operation workflows, strengthening supplier competitiveness in quality (Q), delivery (D), and cost (C). In 2024, we supported the installation of MES for a total of 10 suppliers and expanded the support target—which was limited to existing LS (Leading Supplier)-certified suppliers—to 80 supplier association member companies. The project will further extend to non-member companies beginning 2026, continuing efforts to expand MES installation across the supply chain.


Announcement of Outstanding Suppliers for Smart Factory MES Installation in 2024

### Delivery Price Indexation System

HD Hyundai Infracore is operating the Delivery Price Indexation System to foster a fair, sustainable trading environment with its suppliers. Under this system, fluctuations in the prices of major raw materials beyond a certain threshold are reflected to the supply payments, mitigating the price volatility risk faced by suppliers and promoting a culture of fair trade based on mutual trust.

In 2024, we applied the supply payment indexing system to 193 suppliers, reducing cost burdens caused by raw material price surges and supporting stable production operations. We plan to expand the application target of the supply payment indexing system and increase operation transparency to strengthen the foundation for mutual growth with our suppliers further and build a more sustainable value chain.

### Profit-sharing System

We operate a profit-sharing program to strengthen ongoing collaborative relationships with suppliers and foster a culture of shared success. This program enables large enterprises and suppliers to carry out projects jointly and share the resulting achievements. We implement tasks by reflecting suggestions from suppliers to various fields such as new model development, localization of parts, and quality improvement. We plan to expand the scope of application beyond first-tier suppliers to second-tier suppliers to establish a broader foundation for mutual growth.

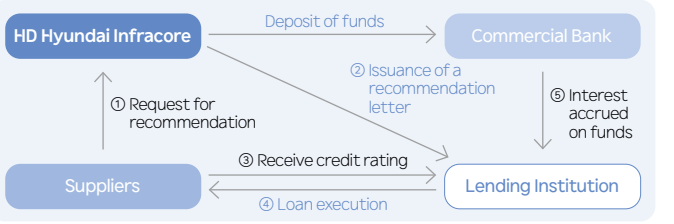
Profit-sharing Process

| | |
|---|---|
| Step 1 | Proposal submission by the supplier and acceptance (using the profit-sharing system) |
| Step 2 | Establishing goals and execution plan (signing of the profit-sharing agreement) |
| Step 3 | Joint project execution (joint implementation by the supplier and HD Hyundai Infracore) |
| Step 4 | Performance evaluation (signing of the final profit-sharing contract) |
| Step 5 | Outcome distribution (reflected to unit pricing or through long-term contract agreements) |

### Supply Chain Financial Support

HD Hyundai Infracore has partnered with financial institutions to establish and operate a shared growth fund totaling KRW 78.5 billion to support the sustainable growth of its suppliers. In addition to this fund, the HD Hyundai Construction Equipment Sector operates the KRW 20 billion 'Supplier ESG Shared Growth Fund' that it has separately created and which is aimed at helping strengthen the ESG management of suppliers. Both funds offer low-interest financing to help suppliers manage financial liquidity more effectively. Participating financial institutions also jointly promote the strengthening of suppliers' ESG response capabilities by providing free ESG consulting and on-site due inspections courtesy of specialized external agencies.

Fund Operation Method




### Supply Chain Financial Support

HD Hyundai Infracore provides practical financial support to suppliers experiencing difficulties in securing funds, and flexibly offers various financial support programs considering the operating environment of the suppliers. These support measures enhance the financial stability of suppliers and contribute to building a sustainable supply chain based on long-term partnerships.

Supplier Support System and Performance (Unit: KRW 100 million)

| Support Contents | Support Performance |
|---|---|
| Support for facility investment and fixtures | 477 |
| Early vendor payment prior to holidays (based on the interest amount) | 2 |
| Low-interest operating loans based on deposits held in the shared growth fund | 851 |
| Innovation partnership, shared prosperity, smart factory, and venture business | 7 |

STRATEGY

## Supply Chain Communication Activities

### Supplier Cooperation Association

HD Hyundai Infracore operates the 'HD Hyundai Infracore Supplier Cooperation Association' to reinforce mutual collaboration with its suppliers. At the annual general meetings and roundtable sessions hosted by the association, we actively listen to supplier concerns and jointly explore solutions for mutual growth. To strengthen practical cooperation further, the CEO personally visited three key suppliers in 2024 to exchange views on critical management issues and listen to opinions from the field. Additionally, we held our first 'Next-generation Management Roundtable' for the next generation of executives from our suppliers to share perspectives on business operations and explore future directions for sustained collaboration and shared growth. We plan to realize genuine mutual growth through ongoing communication and trust with our suppliers.

2024 Supplier Cooperation Association Regional Meeting


2024 2nd Meeting of the Supplier Cooperation Association's Next-generation Executives

### Corruption and Bribery Consultation System for Suppliers

HD Hyundai Infracore operates the 'Corruption and Bribery Consultation System for Suppliers' that allows suppliers to report anonymously any unfair practices, irregularities, or corruption they encounter during the transaction process through the HD Hyundai ethics management website. This system is operated to foster a culture of fair trade and protect the rights and interests of suppliers. The ethics management department thoroughly verifies the facts and takes appropriate action on the reports received, and strictly safeguards the confidentiality of both the whistleblower's identity and the report details to prevent any disadvantage to the whistleblower. Through this initiative, we are strengthening smooth and trust-based communication with our suppliers and promoting a healthy, sustainable culture of mutual growth.

### Communication Channel

We operate the Shared Growth Hotline to resolve quickly the difficulties faced by our suppliers for shared growth. Grievances from suppliers received through the Hotline are reviewed and resolved by a dedicated consultative body and the goal is to resolve 100% of grievances every year. To enhance communication further, we publish a regular newsletter that provides practical information on shared growth programs, external support initiatives, training opportunities, and best practices for shared success. We plan to continue expanding these communication and support activities to solidify trust and long-term partnerships with our suppliers.

RISK MANAGEMENT

## Supply Chain Risk Management

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

| | |
|---|---|
| 1. Risk Identification | We identify potential risks and opportunities by periodically monitoring external environmental changes that impact the supply chain, such as trends in the raw materials market, delays in delivery from suppliers, and enactment/revision of related laws and regulations. |
| 2. Risk Assessment | We evaluate key risks and opportunities across our supply chain by taking into account the actual operational conditions, regional characteristics, and outcomes of ESG assessments, and set priorities by comprehensively considering high-risk suppliers and areas for improvement as identified during the assessment process. |
| 3. Strategy Establishment and Implementation | To address key risks and opportunities related to the supply chain, the ESG Management Committee establishes various response strategies including supply chain assessments and monitoring and capacity-building support. These strategies are executed by the Supply Chain part, a dedicated operational function operating under the ESG Management Committee. |
| 4. Monitoring and Assessment | The ESG Management Committee regularly reviews the outcomes of strategy implementation and reports the results to the ESG Committee. These findings are then reflected to the development of the annual strategy and risk management planning for the following year. |

METRICS AND TARGETS

## Supply Chain Metrics and Targets

| Classification | Performance Metrics | 2024 | 2025 | Mid- to long-term |
|---|---|---|---|---|
| | | Performance | Target | Target |
| ESG assessment of suppliers | Conducting supplier ESG self-assessment and on-site audit | · Self-assessment: 301 suppliers<br>· On-site audit: 54 suppliers | · Self-assessment: Top 60% of domestic suppliers and overseas suppliers with purchase amount of KRW 100 million or more<br>· On-site assessment: Expanding suppliers for assessment based on the top 80% of the purchase amount | · On-site assessment: Expanding suppliers for assessment based on the top 95% of the purchase amount |
| Supplier ESG support | Support for smart factory MES installation activities | · MES installation in 2024: 10 suppliers | · Installed MES for the members of the Supplier Cooperation Association | · Increasing support for MES installation for non-member companies |

# Customer Value

## Quality Control

### Quality Management Operating System

HD Hyundai Infracore holds a monthly company-wide integrated quality meeting—presided over by the CEO—to review key quality metrics and issues and to manage improvement activities. Major departments including quality, engineering, procurement, manufacturing, and sales actively participate in the meeting to resolve quality issues quickly, and the meeting agenda is adjusted in line with the current quality status to establish an effective response system.

| Quality Metric | Definition |
|---|---|
| IQ (Initial Quality) | Proportion of defects occurring within the first 200 hours |
| WQ (Warranty Quality) | Proportion of claims occurring during the warranty period |
| WC (Warranty Cost) | Failure costs due to defect occurrence |

### Quality Management Structure

Under the vision of becoming a global leader in infrastructure solutions, we operate the comprehensive quality management system we have established to uphold four core quality principles: Developing reliable products that reflect market and customer needs, ensuring quality stability by complying with standards, resolving quality issues promptly and fundamentally from the customer's perspective, and maximizing customer satisfaction by strengthening service competitiveness.

| Quality Management System | |
|---|---|
| Development quality | • Advancing the NPD (New Product Development) process<br>• Strengthening pre-quality verification through front loading<br>• Fundamental problem solving through DFSS (Design for Six Sigma) |
| Parts quality | • Parts development in conjunction with NPD<br>• Programs to nurture suppliers with global competitiveness |
| Manufacturing quality | • Ensuring global-level quality for establishing a global standard system<br>• Developing manufacturing quality continuously through HDPS (HD Hyundai Production System) activities |
| Market quality | • Managing the lifetime of quality issues (occurrence-improvement-completion)<br>• Improving customer-perceived quality and service quality |

### Quality Management System

HD Hyundai Infracore has acquired quality management system certification in accordance with ISO 9001—the global quality certification standard—and it operates an internationally verified quality management system. In addition, we check and improve the suitability and operational level of the quality management system through the post-audit conducted every year.

### Smart Quality Inspection

HD Hyundai Infracore utilizes the Tele-Matics System (TMS) to detect fault codes and abnormal values promptly, enabling swift response actions. We also strengthen our response capabilities through text mining analysis of the quality issue data collected from domestic and international call centers. In addition, we are preparing a system that will allow us to monitor on-site quality issues in real time by installing a quality status board.

### Supplier Quality Control

To strengthen suppliers' quality management capabilities, we are expanding the application of a digital system that enables the real-time transmission of Digital Statistical Process Control (DSPC) data from suppliers to monitor their process control capabilities. Likewise, the quality division plans to introduce a new smart quality inspection method based on extended reality (XR) technology to improve the effectiveness of quality inspection. Through these advancements, we are upgrading supplier inspection systems to prevent quality issues and maintain baseline quality.

In July 2024, we held a quality briefing session for quality managers of construction machinery suppliers. We shared various strategies implemented by the quality division to enhance component quality competitiveness and introduced improvement cases from high-performing suppliers.

### Quality Management Process

HD Hyundai Infracore has established a quality strategy and an implementation plan for the four core quality policies established to enhance product quality.

| Classification | Quality Strategy | Implementation Plan |
|---|---|---|
| Development quality | Stabilizing the mass production quality of new models/new engine types | • Checking quality in advance and securing quality by implementing Production Validation (PV) for new models and parts<br>• Conducting precise analysis by performing the tear-down analysis of mass-produced engines on a regular basis |
| | Strengthening initial flow management for new models/new engines | • Detecting issues in the early stages and promoting preemptive response using the quality status board based on new model statistical analysis<br>• Increasing initial flow management items for new engines and identifying problems/improvements through retrospective analysis |
| Parts quality | Strengthening the supplier's preventive quality system | • Strengthening preventive quality activities (regular quality audits, etc.) for overseas procurement parts<br>• Maintaining supplier improvement measures and conducting additional potential risk checks |
| | Expanding the application of smart quality inspections | • Increasing automation and digital inspection solutions, including digital statistical process control (DSPC) and vision inspection |
| Manufacturing quality | Strengthening the quality system of the CUP (Customized Plant) site | • Establishing a PDI (Pre-Delivery Inspection) process and securing execution and detection capabilities early through regular audits |
| | Advancing the overseas operations' quality system continuously | • Strengthening quality for locally sourced parts<br>• Strengthening pre-quality and continuously improving quality management capabilities through early flow management |
| Market quality | Strengthening global quality competitiveness | • Expanding the scope of quality activities to include performance quality and durability quality in addition to expected quality, gradually strengthening emotional quality |
| | Advancing the rapid sensing of field failure information | • Identifying potential quality risks by collecting and analyzing data on quality anomalies |
| | Reducing the cost of quality failures | • Establishing a rapid response system by analyzing fluctuation trends in warranty costs |

## Enhancing Customer Satisfaction - Smart Technology

### MY DEVELON

MY DEVELON is an integrated customer-focused digital solution developed to maximize equipment operation efficiency by consolidating multiple digital services that were previously scattered across multiple platforms. With focus on one-stop service, personalized features, and expandable platform structure, MY DEVELON enhances user convenience through a user-centric interface based on both web and mobile applications, allowing easy access anytime, anywhere. Built on TMS, MY DEVELON enables customers to monitor key operation information in real time such as equipment location, operating hours, fuel consumption, and maintenance history. Customers can use functions including preventive maintenance, fault diagnostics, maintenance, and scheduling to gain a holistic view of equipment status, optimize operation efficiency, and make data-driven decisions that reduce equipment maintenance costs. In January 2025, we improved customer satisfaction by launching digital products such as diagnostic tool software and satellite communication subscription licenses that can be purchased online. HD Hyundai Infracore plans to implement predictive maintenance, remote diagnostics, and AI-powered analytics features sequentially to strengthen personalized smart maintenance services.

### DEVELON Uptime Center

The Develon Uptime Center is a digital-based global integrated remote support center designed to maximize operation efficiency and uptime of customer equipment. The center utilizes data collected via TMS devices and IoT sensors installed in Develon construction equipment to monitor equipment status in real time, enabling services such as fault diagnosis, remote technical support, and data-driven solution delivery. It also facilitates the rapid processing of remote service requests between customers and dealers, and provides maintenance guidance using Augmented Reality (AR) and Virtual Reality (VR) technologies; thus ensuring accurate and timely issue resolution even in non-face-to-face situations.

We established a new Uptime Center in Chinese operations in August 2024, offering high-quality services through predictive fault analysis and remote diagnostics powered by big data and information and communication technologies. The relevant data is automatically transmitted to the dealer via the Chinese operations' call center system, enabling rapid dispatch. In addition, the employee in charge of the Uptime Center monitors and supports service; thus providing faster and more accurate services than before.

### AR Guidance

HD Hyundai Infracore has introduced the 'AR Guidance' application—which utilizes augmented reality technology to support fault diagnostics and maintenance for construction equipment—to the global market for the first time in the industry. The app intuitively visualizes equipment status based on 3D modeling data of the equipment and data collected from each component sensor, enabling more efficient remote diagnostics and maintenance procedures. For new models, users can wear AR devices to access equipment manuals in immersive format easily along with detailed part locations and component data, increasing the accuracy and efficiency of maintenance work. We plan to expand the coverage of this service across a wider range of equipment types and geographic regions.

### Transparent Bucket

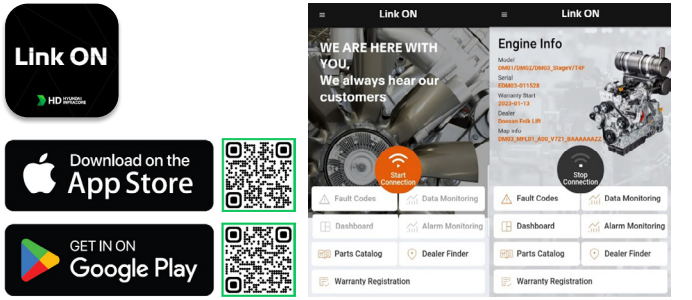
Transparent Bucket is a system that lets operators view obstructed areas in front of the bucket in real time using the monitor inside the cabin. Cameras mounted on the upper and lower sections of the wheel loader capture images of the safety hazard area such as blind spots and project them onto a curved screen to prevent safety accidents at work sites. In addition, the system enhances operation efficiency by providing a clear forward view during loading, unloading, and soil transportation tasks. The technology was commercialized in 2021, and Transparent Bucket 2.0 equipped with AI capabilities was released in 2024. As an improved version, Transparent Bucket 2.0 enables using image-based AI technology for selectively detecting human presence only and issuing warnings tailored to whether the individual is inside or outside the bucket area. Additionally, the detected individuals are marked with a triangular warning icon, and the screen borders blink to ensure immediate recognition by the operator. The system also supports a vision-based steering recognition function that allows synchronized system operation during turning maneuvers for more precise safety assistance.

### Smart Around View Monitoring

At CONEX KOREA 2024, HD Hyundai Infracore unveiled its Smart Around View Monitoring (SAVM) technology. SAVM utilizes multiple omnidirectional cameras mounted on equipment to generate a 360-degree synthesized surround view integrated with video-based AI technology for selective human detection. This safety-enhancing solution enables the driver to recognize a person immediately by displaying a triangle mark on the monitor and sounding a warning sound when a person is detected. Additionally, in conjunction with the radar option, the system emits warning sounds based on object proximity risk levels and provides visual alerts along the screen borders.

### Mobile Engine Diagnostic Tool – Link-ON

As an engine diagnostic application developed by HD Hyundai Infracore, Link-ON enables users to diagnose electronic engines in the field quickly and easily using Bluetooth technology. Users can attach the diagnostic device to the engine and monitor its status in real time using the Link-ON app. In addition to basic engine information, users can access various technical resources such as operating manuals, parts book, and troubleshooting guides. Diagnostic data collected through Link-ON can be sent to the cloud for use in performing precise analysis of engine issues. Users can then establish prompt and accurate communication with the HD Hyundai Infracore headquarters or authorized dealers. By utilizing these features, not only engine users but also field engineers can receive optimized technical support and differentiated services, continuously improving customer satisfaction and product reliability.



Link-ON Application

## Enhancing Customer Satisfaction - Service Activities

### Education for Customers

HD Hyundai Infracore provides a diverse range of customized training programs to enhance customer satisfaction at home and abroad. For domestic customers, we provide professional, practical training focused on maintenance training, training on understanding engine design and structure, fault diagnosis device use training, and troubleshooting guide training to support the efficient use and maintenance of products for engine purchasers and users. When launching new products in particular, we also provide product-specific training to increase customers' understanding of the product. The training is primarily offered online, but in-person sessions are also provided upon customer request.

For overseas customers, we have trained master trainers at nine sites in Europe, North America, South America, and Asia—including overseas branches with a high level of understanding of our products—starting 2023. These master trainers deliver localized, situation-optimized education in native languages, minimizing language and cultural barriers.


Overseas Customer Visit Training

### Customer Service Training for Employees

HD Hyundai Infracore has conducted the 'Develon Service Response Training' for its employees to enhance customer service quality. This training is part of our broader efforts to achieve high customer satisfaction by strengthening the customer interaction capabilities of service engineers and improving their understanding of on-site conditions. In particular, we have divided the service engineers into three groups based on their career level and provided customized training content suitable for each group. We implement online training courses and group training courses at the same time so that trainees can enhance customer service expertise and response capabilities.

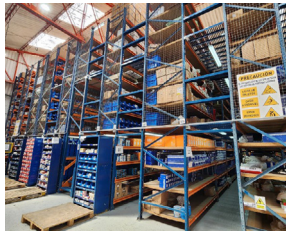
### Strengthening the Service Channel Capability of Global Dealers

To strengthen global customer service capabilities, HD Hyundai Infracore is continuously advancing its dealer service capability evaluation system and training systems. We hosted the Europe Dealer Meeting in 2024 to share our future technology roadmap, recognize dealers with outstanding sales performance, and reinforce dealer motivation and long-term partnerships. We also invited Brazilian dealers to a conference, offering hands-on experiences with new models and facilitating discussions on key business topics.

To ensure accurate and professional customer service, we are also pursuing regional customized dealer training actively. We have provided training on Develon products to dealers in five countries in the CIS region, and we are conducting training on digital services for dealers in the Middle East and Africa to support them in providing faster and more diverse services for global customers.

### Parts Supply Center Operation

To ensure stable parts service for global customers, HD Hyundai Infracore operates Parts Distribution Centers (PDCs) in key markets including the US, UK, Germany, China, United Arab Emirates, and Singapore. These centers serve as regional logistics hubs and improve delivery efficiency through interlinked supply chains with neighboring countries. In March 2024, we established a new engine parts distribution center for the South American market in cooperation with our Peruvian engine dealer MODASA. As a result, urgent customer and dealer orders are now fulfilled within seven days with the delivery cycle for regular orders shortened to once a week, greatly strengthening supply capacity through close support for engine parts demand in the South American region. HD Hyundai Infracore continues to strengthen its global parts supply capabilities through systematic inventory management and rapid parts delivery, providing improved service to dealers and customers alike.



Establishment of Parts Supply Center in South America

## Enhancing Customer Satisfaction - Sales Activities

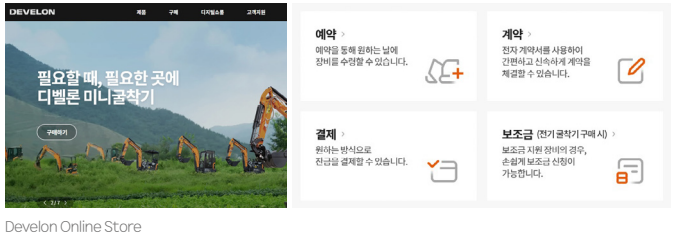
### Customer-Friendly Sales Activities

HD Hyundai Infracore is actively promoting sales activities to help the public familiarize themselves further with the Develon excavator. By utilizing various sales channels such as gas stations and television home shopping, we aim to strengthen brand awareness and showcase the technological capabilities of our products effectively. We support various customers in experiencing Develon equipment directly and increase their understanding of the brand by operating pop-up stores in department stores. We have also opened the Develon Online MD Shop to provide various products and events so that more customers can experience the Develon brand.

### Develon Online Store

The Develon Online Store is the world's first online purchasing platform for construction equipment offering a fully digital end-to-end process from equipment reservation and purchase to electronic contract writing, online card payment, installment financing application through capital company linkage, and government subsidy application. Through the Develon online store, customers can conveniently and efficiently purchase excavators without visiting dealerships and even apply for government subsidies when purchasing electric excavators—all in one place. Following its official launch in January 2025, the store now supports online purchases of all mini excavator models in addition to the existing 1.7-ton Develon mini electric excavator (DX20ZE). The newly added product comparison feature and full financing options have further improved user convenience, and the digital showroom has been configured to allow customers to check detailed product specifications; thus increasing their understanding of the products. Following the mini excavator, the online store sales model has been expanded to include special equipment and cable-type electric excavators; we will expand the sales model gradually to respond to the needs of various customer groups, and will deliver customized digital services based on customer purchasing experiences.

Develon online store




Develon Online Store

# Local Community

## Social Contribution System

### Social Contribution Governance

HD Hyundai Infracore operates the Social Contribution Committee, which is held at least once a year, to ensure the transparent and appropriate allocation and execution of donations. The committee is chaired by the CEO who also serves as head of the ESG Management Committee, with the participation of the CFO, CSR executive, and legal affairs executive. Once decisions on whether to make donations and on the associated budget are finalized, the committee establishes a community contribution activity plan by comprehensively considering various factors such as ESG linkage, business relevance, and public interest.

Social Contribution Committee


### Social Contribution Strategy

Under the HD Hyundai Group's vision of 'A Better World, A Brighter Future,' HD Hyundai Infracore has defined three core focus areas for its social contribution efforts: Mutual growth with the local community, support for the underprivileged, and ecosystem protection. Based on the shared social contribution direction of the HD Hyundai Construction Equipment Sector, HD Hyundai Infracore aims to implement differentiated initiatives that reflect its unique identity and business characteristics. Through these efforts, we plan to fulfill our social responsibility actively to promote shared growth with the local community and create sustainable future values.

Social Contribution Strategy Direction of HD Hyundai

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

Direction of Mid- to Long-term Social Contribution

**HD Hyundai Construction Equipment Sector**

- Carrying out integrated voluntary activities by 3 HD Hyundai Construction Equipment Sector
  - Carrying out continuous integrated activities such as Global Service Week, Dream School, Patriots' and Veterans' Day, and Kimchi Sharing
- Promoting employee participation in volunteer activities
  - Promoting 4 hours per employee as the goal of employee volunteer activities
  - Encouraging voluntary participation by diversifying programs where employees can participate

**Connection with ESG Biodiversity Conservation**

- Discovering new biodiversity conservation activities for local communities
  - Promoting activities to support endangered species by linking with ESG
  - Donating to protect the green environment of the local community near the operation and operating new programs
- Promoting the program of restoring existing ecosystems
  - Carrying out existing activities continuously such as the beach adoption program and local environmental cleanup activities
  - Improving employee awareness and creating a culture of participation through ecosystem restoration activity campaigns and promotions

**Implementation of Social Contribution**

- Informing stakeholders of local community contribution activities
  - Informing social contributions for the government and public, periodic communication with employees
- Increasing 1% Salary Sharing subscribers and promoting activities
  - Informing the 1% fundraising status of Happy Supporters to improve transparency in fund use (quarterly)
  - Collecting opinions on fund use through communication channels

# Social Contribution Activities

## Mutual Growth with Local Communities

### Solar Lantern Donation

As a continuation of last year's activity, HD Hyundai Infracore carried out the 'Making Solar Lanterns' volunteer activity once again this year in collaboration with its employees to support children in energy-poor countries. A total of 380 solar lanterns each handcrafted by employees, along with heartfelt letters of encouragement, will be delivered through the Miral Welfare Foundation to regions in Asia and Africa in the first half of 2025. These lanterns will be used to help children with studying and safe walking at night. This activity was carried out as part of the 'Lighting Children' campaign of the Miral Welfare Foundation, which supports residents living in areas without electricity. Powered by renewable energy, the solar lanterns can be used for up to 12 hours which are proving to be a meaningful tool in aiding children in underserved regions.

Lighting Children Campaign 'Solar Lantern'

### Selected as a Recognized Local Community Contribution Company

HD Hyundai Infracore was selected as a community contribution company in the Incheon and Gunsan regions in recognition of its continuous social contribution activities for sustainable community development, with its operation in the Gunsan region receiving the Minister of Health and Welfare Award. Such meaningful recognition reflects our dedication to addressing the real needs of local communities and fostering social trust through collaborative efforts. It also highlights the successful establishment of long-term partnerships with local residents. We will continue to strengthen our role as a mutual growth partner that contributes to the resolution of tangible local challenges through tailored social contribution strategies and leads shared growth with local communities based on customized social contribution strategies.

### Employment Opportunities for the Disabled

HD Hyundai Infracore has signed a partnership agreement with the Miral Welfare Foundation to create job opportunities for people with disabilities and has begun the full-scale implementation of a employment project for disabled persons. This project is an indirect support system wherein companies with mandatory disability employment obligations enter subcontract agreements with certified disability-friendly workplaces or vocational rehabilitation facilities which help to employ a greater number of persons with disabilities. Through this agreement, we have selected 'Miral Green Protection Workshop' and 'GH Factory'—which are vocational rehabilitation facilities for the severely developmentally disabled—as workplaces that provide employment to the disabled. By ensuring that all workers receive stable income that meets or exceeds the minimum wage, we actively promote employment stability for the underprivileged in the local community and contribute to generating social values.

## Caring for the Underprivileged

### HD Hyundai MZ Volunteer Group

Launched in 2024, HD Hyundai MZ Volunteer Group is an in-house volunteer group composed of Millennial Generation or Generation Z employees ('MZ') who are passionate about addressing social issues and realizing social values. We conduct various activities to reflect the interests and characteristics of MZ-generation members who actively participate in volunteer activities that match their values. In 2024, we carried out various activities such as donating our voices to produce audiobooks for multicultural families, creating pop-up books for the environmental education of underprivileged children, and crafting mood lights for children raised by grandparents in coal mining villages.


Voice Donation by the Employees of HD Hyundai MZ Volunteer Group

### Volunteer Services and Donations

We continue to carry out various activities every year to improve the quality of life for the underprivileged and to inspire more people to take interest in volunteering and donating. In particular, we purchase locally grown rice from different regions and donate it to the underprivileged, welfare institutions, and associations for people with disabilities. We also host the annual 'Sharing Kimchi for Love' volunteer event, wherein our employees personally prepare kimchi and donate it to households in need. Additionally, we have supported vulnerable neighbors in Incheon, Gunsan, and Ansan with charitable donations and provided vehicle fire extinguishers to the Gunsan Fire Department for households at higher risk of fire. At the end of each year, we donate coal briquettes worth KRW 40 million to the Incheon Coal Briquette Bank and the organization 'Warm Gunsan, Briquette Sharing Movement.' Aside from this, we also deliver funds and heating supplies to welfare institutions in Incheon, Gunsan, Seongnam, and Boryeong to help individuals stay warm through the winter. As a member of the local community, we will continue to make efforts to create a society where everyone can grow together.


'Sharing Love Kimchi' Event

### Sponsoring HD Hyundai 1% Sharing Foundation

HD Hyundai Infracore employees have voluntarily participated in HD Hyundai 1% Sharing Foundation's '1% Salary Donation' activity since 2022, contributing 1% of their monthly pay for donation activities. In 2024, 1,246 employees—or 46% of all employees—joined the activity, raising approximately KRW 530 million in donations. We have installed donation kiosks to allow employees to participate by simply tagging their ID cards, making giving even more accessible in daily life. Donors can also choose how their contributions are allocated, ensuring personalized and meaningful impact.

### Dream School

Since 2012, HD Hyundai Infracore has partnered with international relief and development NGO World Vision to run the mentoring-based youth dream-finding program 'Dream School.' Now celebrating its 13th anniversary, Dream School serves as our representative social contribution program supporting underprivileged youth in designing their own dreams and career paths. To date, 525 student mentees and 457 employee mentors have participated, practicing the values of sharing and growth. Over the course of a one-year mentoring journey, each mentee works with his/her mentor to explore personal aspirations, and even after the mentoring activity ends, mentees will continue to engage in five years of dream-finding activities to concretize their dreams including self-discovery programs to identify personal interests, career exploration to pursue their dreams, visits to academic departments and schools of interest, and development of personalized growth plans. The 'Dream School 2024 Summer Camp' was held in 2024, where mentors and mentees teamed up for group missions to build teamwork and took part in an upcycling volunteer project disassembling old toys and creating keyrings to experience the value of resource use and circular economy. Held in December of the same year was the '2024 Dream School Homecoming Day,' where mentors and mentees reflected on the year's activities, shared achievements, and celebrated each other's progress and potential.


Dream School Homecoming Day

### Junior Engineering Academy

As a social contribution program based on employee talent donation, the Junior Engineering Academy has been ongoing for 17 years since 2008. Employees voluntarily participate as one-day instructors to help elementary school students understand scientific principles in an easy, fun way, sharing the joy of learning and social values. In 2024, we conducted classes on making a wireless excavator using autonomous driving principles for elementary school students at the Hansol District Children's Center near Bundang GRC and the Incheon Solseop District Children's Center. We will continue to expand employee-led volunteer activities going forward.

## Ecosystem Protection

### Beach Adoption Program and Local Community Environmental Cleanup

HD Hyundai Infracore has designated Wangsang Beach near its Incheon operation and Okdol Beach near its Gunsan operation as part of its participation in the 'Beach Adoption Program.' The Beach Adoption Program is a marine ecosystem restoration project led by the Ministry of Oceans and Fisheries and implemented by the Korea Marine Environment Management Corporation. Through initiatives such as collecting marine waste and removing harmful plant species, the program contributes to the preservation of coastal and wetland ecosystems. To support coexistence with local communities and environmental conservation, we carry out environmental cleanup activities near our operations. We have been carrying out environmental cleanup activities every month mainly at the Incheon operation, and we are expanding activities on a quarterly basis at the Gunsan and Ansan operations. In 2025, we plan to implement a local ecosystem restoration support project in cooperation with local governments and carry out village beautification activities by planning joint projects with local autonomous councils and village associations near the Incheon operation.


Cleanup activity in Wangsan, Incheon

### Ecosystem Preservation of Uiryeong-gil, Bukhansan

The HD Hyundai Construction Equipment Sector, including HD Hyundai Infracore, began ecological conservation activities on the Uiryeong Trail in Bukhansan National Park through a business agreement signed with the National Park Service in 2023. As part of this initiative, we plan to provide a total of KRW 500 million in phased support through 2027. Accordingly, we continuously supported various restoration projects in 2004 including backfilling and compacting of the eroded Segul trail, ecological monitoring, and strengthening of the ecological corridor function.

### Environmental Cleanup around Overseas Operations

In celebration of 'Global Volunteer Day 2024,' HD Hyundai Infracore carried out environmental cleanup activities in local communities near its Beijing and Yantai operations in China. In particular, the Yantai operation conducted a smoking cessation campaign and carried out local environmental cleanup at public forests as part of its ongoing 'Eco-Restoration Series.'


Environmental Cleanup Activity in the Public Forest near Yantai, China

### Endangered Species Protection Activities

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


Activities to Protect the Habitat of the Endangered Species Black-faced Spoonbill

# GOVERNANCE

# Ethics/Compliance Management

MATERIAL TOPIC

GOVERNANCE

## Ethics/Compliance Management Organizational Structure

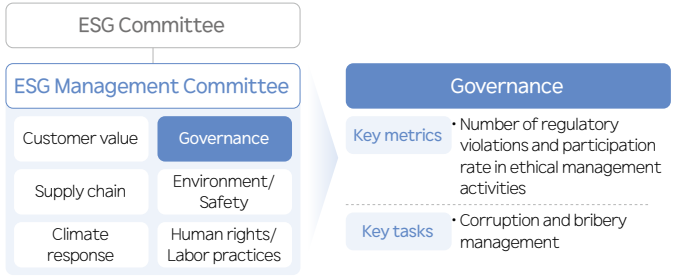
### Ethics/Compliance Management Governing Body

HD Hyundai Infracore deliberates and makes decisions on key policies and tasks related to ethical and compliance management through the ESG Committee within the Board of Directors. In addition, the ESG Management Committee, composed of executives under the ESG Committee, regularly reviews key issues and oversees the implementation of ethics and compliance management through structured monitoring. Through this, we enhance the execution capability of key tasks while strengthening internal management functions to foster a culture of ethics and compliance among employees.

### Ethics/Compliance Management Operational Function

The Governance part under the ESG Management Committee establishes and executes implementation plans for the strategic initiatives determined by the ESG Management Committee based on HD Hyundai's Charter of Ethics, ethical management principles, and implementation plans. The legal team serves as the executing arm of the Board of Directors for ethics and compliance management within the Governance part and assumes responsibility for conducting compliance education, responding to on-site legal issues, and managing legal risks through continuous monitoring and inspection.

Ethics/Compliance Management Governance Structure




STRATEGY

## Ethics/Compliance Management Risks and Opportunities

### Risk and Opportunity Identification and Response

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

Risk/Opportunity Definition

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

| Risk | Opportunity |
|---|---|
| Loss of corporate credibility due to unethical behavior | Realizing corporate value by creating a transparent corporate culture |

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

| Risk | Opportunity |
|---|---|
| Legal sanctions for violations of laws and regulations | Securing management stability by spreading a culture of compliance |

Response Strategy

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

## Ethical Management

### Ethical Management Framework

To promote fair and transparent ethical management, we have established a six-part ethical management framework including a Charter of Ethics and Code of Conduct. Based on this framework, we implement ethics-related education, awareness campaigns, and various practical programs to ensure the effective operation of our ethics system.

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

### Ethical Management Operating System

The HD Hyundai Group is committed to building exemplary ethical systems and culture based on its Charter of Ethics, ethical management principles, and implementation framework. Ethical management is integrated and standardized across all group companies to ensure consistency and effectiveness. The Ethics Management Division fosters an ethical culture by identifying and preventing potential ethical risks in advance through training programs, ethical management practice pledge system, and self-assessments. These initiatives aim to strengthen employees' commitment to ethical conduct and enhance the overall level of ethics management. In addition, we conduct ethics audits to evaluate the adequacy of ethics management practices and enhance their effectiveness by developing and monitoring implementation plans for improvement based on audit results.

## Ethics Audit

To proactively identify and manage unethical risks, HD Hyundai Infracore practices a preventive approach to ethics management. Ethics audits are conducted for all subsidiaries and overseas operations under substantive managerial control, assessing the company-wide level of ethics management. These audits are classified into three types: corruption audits, triggered when signs of misconduct are detected; regular audits, carried out in accordance with an annual plan; and ad hoc audits, conducted upon the request of management. At the beginning of each year, an annual audit plan is formulated and reported to executives to ensure a structured and transparent audit process. In 2024, regular audits were conducted for our overseas operations, during which on-site visits and interviews were carried out to assess the status of ethics management. The results and key findings are reported to the CEO, and action plans are established to address any deficiencies. The implementation of these plans is monitored, thereby reinforcing ethics management at the executive level.

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

To establish a robust ethics management system, we require all employees to submit an Ethical Management Practice Pledge annually so that they recognize the importance of ethical and law-abiding management and thoroughly comply with it in all business activities. The Pledge is based on the Code of Ethics and the Guidelines for Compliance with Anti-Corruption Laws, expressing each employee's commitment to prevent corruption and bribery practices, corruption, abuse of power, improper solicitation, and offering of gifts or money as prohibited by the applicable laws. Aside from the Pledge, all employees are also required to submit the Declaration of Conflict of Interest either annually or whenever a relevant issue arises. This Declaration serves as a proactive measure to prevent any violations related to conflicts of interest or business transactions in the course of performing their duties. Employees are required to assess and document their own status regarding conflicts of interest, thereby reinforcing a foundation for ethical decision-making. Through this declaration and reporting system, we aim to enhance individual ethical awareness and cultivate a transparent, trustworthy corporate culture.

## Ethical Management Training

To foster ethical awareness among employees and establish ethics management as part of the corporate culture, we provide group and online training on ethical management to all employees every year. The curriculum includes practical content with focus on major unethical cases and helps build empathy among participants and raise awareness of ethical values through Q&A sessions.

## Self-assessment of Ethical Management Compliance

To enhance employees' capacity for voluntary practice of ethical management, we conduct self-assessments of compliance with ethical management every year. The ethical management compliance self-assessment is based on the Code of Ethics and Job Ethics Guidelines published on the HD Hyundai Ethics & Compliance website. Designed as an educational program, it consists of approximately 10 questions that allow employees to review and deepen their understanding of ethical standards. To improve comprehension among employees who demonstrate low response accuracy, we distribute supplementary written materials covering the Code of Ethics and relevant guidelines. Questions with low response accuracy are also integrated into ethics training programs to enhance clarity and retention.

## Suppliers' Ethics Management

As part of our efforts to institutionalize ethical management, HD Hyundai Infracore mandates that all newly registered suppliers submit an Ethical Management Performance Pledge, consistent with the obligations imposed on employees. This ensures that business suppliers are fully informed of our ethical standards and are committed to upholding them. In addition, we are striving to ensure fair trade by clearly stating the obligation of suppliers to comply with the Code of Ethics. To support the establishment of an ethical management culture among our suppliers, HD Hyundai Infracore provides ethics training programs tailored for supplier employees. These employees can access the training directly through our online education platform. Additionally, upon request, we offer on-site group training sessions by dispatching instructors to supplier facilities.

## Reporting Channel Operation

HD Hyundai Infracore operates the 'HD Hyundai Ethics Reporting System' to foster a fair, transparent corporate culture. This system allows anyone to report violations of ethical standards and relevant laws, such as accepting bribes or entertainment, obtaining undue profits by using one's position or job, or committing abuse of authority, at any time. The reporting system is available online 24/7, having expanded its language support beyond Korean, English, and Chinese to include Japanese, Dutch, and others in 2024, improving accessibility to facilitate freer and more convenient reporting by employees and stakeholders worldwide. The system is also promoted to overseas suppliers to enhance awareness of ethical management and drive wider engagement. Reports can also be submitted through various channels including phone, fax, email, and postal mail, actively guaranteeing the convenience and participation of whistleblowers.

HD Hyundai ethics management reporting channel

### 2024 Unethical Behavior Reporting and Handling Status

| Number of Reports | General Grievances | Ethics Management Violations | Others | Handling Rate |
|---|---|---|---|---|
| 22 cases | 15 cases | 5 cases | 2 cases | 100% |

### Procedure for Reporting Ethical Violations

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

# Compliance Management

## Compliance Management Operating System

To enhance employees' compliance awareness and ensure full adherence to the relevant laws and stakeholder requirements, HD Hyundai Infracore's legal team is performing compliance work. The legal team manages various tasks such as conducting compliance education, responding to on-site legal issues, and managing legal risks through continuous monitoring and inspection. We actively manage reports of violations related to the Subcontracting Act and Monopoly Regulation and Fair Trade Act submitted through designated reporting channels such as the HD Hyundai Ethics & Compliance website, along with associated legal consultations. We also proactively review and address potential legal issues that may arise during major contract negotiations. In addition, we are strengthening the company-wide compliance management system by standardizing internal regulations and guidelines, conducting compliance risk assessments, and providing training programs for employees. The legal team also collaborates with the Fair Trade Compliance Officer appointed under the Voluntary Fair Trade Compliance Program and the Compliance Officer designated pursuant to internal compliance control standards to conduct regular company-wide compliance education and on-site inspections. The results are reported to the Board of Directors. In 2024, we reported the status of the Voluntary Fair Trade Compliance Program operation and the compliance education operation plan.

## Compliance Assessment

HD Hyundai Infracore proactively identifies and mitigates compliance risks that may arise across all aspects of its business operations by utilizing the HD Hyundai Compliance Risk Assessment sheet distributed at the HD Hyundai Group level. Through the Assessment, each department gains a comprehensive understanding of its current risk profile across five key areas—fair trade, subcontracting, illegal dispatch, anti-corruption, and economic sanctions. Based on the responses, departments assess their unique risk levels in each major field and establish appropriate control measures for risks identified as medium risk or higher. Departments reevaluate residual risks after applying those control measures, and then develop detailed management plans accordingly. The legal team collaborates with the HD Hyundai Group's compliance department and related departments, checks on a regular basis whether each department is properly implementing the established management plan, and manages risks by providing additional compliance education and customized consulting to the employees in departments where the residual risk is determined to be medium risk or higher. The evaluation results are used as key reference material for future employee training, process audits, system enhancements, and ongoing monitoring activities; thus ultimately strengthening the organization's overall compliance risk management capabilities.

## Anti-corruption Management System

HD Hyundai Infracore systematically operates the anti-corruption management system it has established to identify and assess proactively the corruption risks by department. We establish control measures and preventive actions to manage these risks proactively. Through these efforts, we successfully passed detailed evaluations covering seven key areas including organizational context, operations, and continual improvement. As a result, we acquired certification for ISO 37001—the international standard for anti-bribery management systems—and were officially recognized as having an ethical management system that meets global standards. We also passed the surveillance audit for ISO 37001 certification in 2024. We are promoting the continuous improvement and advancement of the anti-corruption management system by establishing specific improvement plans and systematically managing the minor nonconformities and improvement recommendations identified during the audit process.

Guideline for Anti-corruption Law Compliance

## Compliance Program (CP)

HD Hyundai Infracore has established internal compliance control standards to enhance employee awareness of compliance and to manage legal risks, and actively implements the eight core elements of the Compliance Program (CP), as set forth by the Korea Fair Trade Commission. As part of this initiative, we develop and distribute operational manuals and checklists that can be referenced for practical business in order to prevent compliance risks, and we update them to reflect the latest laws and regulations; thus encouraging effective voluntary compliance with fair trade principles.

Compliance Program Guideline

Eight Fair Trade & Voluntary Compliance Activities

| Classification | Main Activities |
|---|---|
| 1. Preparing and implementing CP standards and procedures | • Establishing the operation procedure for the Compliance Program<br>• Establishing basic procedures and standards for employees to comply with competition laws<br>• Defining division of works for the compliance officer in the organizational structure, operation details of the voluntary compliance program |
| 2. CEO's commitment to and support for voluntary compliance | • Posting the Declaration of Practicing Ethical and Compliance Management (January 2024)<br>• Posting the Declaration of Practicing Voluntary Fair Trade Compliance (September 2024) |
| 3. Appointing the Compliance Officer for the operation of CP | • Appointing the purchasing executive as compliance manager<br>• Reappointing the 'person in charge of compliance support' who will support the work of compliance support personnel in each department (January 2024) |
| 4. Producing and using a voluntary compliance handbook | • Distributing the revised version of the Voluntary Fair Trade Compliance Handbook (subcontracting section) (January 2024)<br>• Revising and distributing the Voluntary Fair Trade Compliance Manual (September 2024) |
| 5. Conducting continuous and systematic voluntary compliance education | • Voluntary compliance program training<br>- Conducting regular training for all employees at least once a year and mandatory compliance training for new employees<br>- Establishing and reporting annual training plans including target department, training topic, schedule, etc.<br>• Specialized training for each department: Conducting compliance training on the Act on the Fair Transactions in Subcontracting and Monopoly Regulation and Fair Trade Act for all employees in the purchasing department (October 2024)<br>• Legal advice on fair trade: Providing legal advice to prevent legal risks related to fair trade, such as the Monopoly Regulation and Fair Trade Act and the Subcontracting Act<br>• Providing lectures by an outside expert on fair trade: 2024 Fair Trade Commission work plans and execution trends (February 2024) |
| 6. Establishing an internal monitoring system | • Reporting through the ethical management website, email, phone, and fax<br>• Checking the voluntary compliance status of employees, etc. |
| 7. Sanctions against employees who violate fair trade laws | • Regulations on imposing sanctions commensurate with the degree of violation on competition law violators who were found as a result of checking compliance with the competition law |
| 8. Effectiveness evaluation and improvement measures | • Reporting to the Board of Directors on the results of checking the operation status of voluntary fair trade compliance once a year |

## Compliance Training

We conduct company-wide compliance training to raise employee awareness of compliance and to prevent violations of fair trade-related regulations. In April 2024, we provided online compliance training to 1,402 employees across 114 teams. Based on the results of the compliance risk assessment conducted in February, departments exposed to medium or higher levels of risk carried out self-inspections using standardized checklists. Additionally, customized training programs were delivered to those departments, tailored to the specific duties and risk characteristics of each job function.

RISK MANAGEMENT

## Compliance Risk Management

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

| | |
|---|---|
| 1. Risk Identification | Identifying potential risks in terms of compliance management by comprehensively considering the strengthened domestic and international regulations, changes in legal requirements, and rising stakeholder expectations. The identified risk factors are managed according to priority and used as basic data for establishing effective response strategies. |
| 2. Risk Assessment | To identify key risks and opportunities related to compliance management, we conduct regular assessments of major legal risks tailored to our business characteristics—such as compliance assessments and corruption risk evaluations—while also reviewing the likelihood of legal violations and internal regulation breaches across business areas. |
| 3. Strategy Establishment and Implementation | To address key risks and leverage opportunities related to compliance management, the ESG Management Committee establishes major strategic initiatives such as the development of anti-corruption response systems and operation of the voluntary fair trade compliance program. The specific activities of the established strategic initiatives are implemented by the operational function under the ESG Management Committee. |
| 4. Monitoring and Assessment | Through the ESG Management Committee, we conduct regular reviews on the progress of key tasks, using indicators such as the number of compliance breaches and the effectiveness of corrective actions taken to prevent recurrence. These monitoring results are reported to the ESG Committee and reflected to the next annual strategy formulation. |

METRICS AND TARGETS

## Ethics/Compliance Management Metrics and Targets

As part of our commitment to ethical and compliant business practices, we systematically monitor training and inspection activities as well as metrics related to regulatory breaches, with clearly defined goals in place for continuous improvement.

### Ethical Management

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

### Compliance Management

| Performance Metrics | 2024 | | 2025 | Mid- to long-term |
|---|---|---|---|---|
| | Target | Performance | Target | Target |
| Advancement of anti-corruption management | Maintaining ISO 37001 | Completed the ISO 37001 surveillance audit | Maintaining ISO 37001 | • Strengthening the compliance management of subsidiaries<br>• Expanding support for compliance management of suppliers |
| Violations of laws and regulations and corruption | 0 case | 0 case | 0 case | 0 case |

# Governance

## Board of Directors

### Governance Principles

As part of its sustainable management strategy, HD Hyundai Infracore aims to enhance shareholder value while simultaneously creating economic and social values. To achieve this goal, we faithfully adhere to the Corporate Governance Charter that we have established and which is founded on key principles of oversight by shareholders, Board of Directors and its audit committee, and stakeholders as well as the market. We will continue to establish a sound governance structure and enhance management transparency by operating an independent Board of Directors and strengthening the actual functions of the overseeing organization.

Corporate Governance Charter

### Composition of the Board of Directors

HD Hyundai Infracore's Board of Directors consists of two executive directors who are professional managers and three independent directors who are experts in the fields of economics, law, and accounting. The Board of Directors recommends executive directors from among the executives, whereas independent directors are nominated by the Nomination Committee in accordance with Article 55 of the Articles of Incorporation. Candidates must possess professional knowledge or experience in fields such as management, economics, law, or related technologies or have social reputation, and meet the qualifications stipulated in the Commercial Act or other relevant laws and regulations. Executive and independent directors are appointed at the shareholders' meeting based on recommendations from the members of the Board of Directors and the Nomination Committee, respectively. To strengthen the independence and transparency of the Board of Directors and to prevent the risk of conflicts of interest, we aim to maintain the ratio of independent directors at 50% or more.

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

| | |
|---|---|
| Independence | HD Hyundai Infracore has established the Nomination Committee with independent directors constituting the majority to ensure transparency and independence. The committee reviews the eligibility requirements for independent directors as stipulated by the Commercial Act and Corporate Governance Charter and recommends the final candidates who are appointed at the shareholders' meeting. |
| Expertise | HD Hyundai Infracore appoints independent directors with specialized knowledge and extensive experience across diverse fields such as business management, economics, law, public policy, and accounting to ensure professionalism and objectivity in its decision-making process. In addition, to increase their understanding of our operations and enhance board-related expertise, we provide regular training programs tailored specifically for independent directors. In October 2024, we held a training session for outside directors focused on strengthening the role of the Audit Committee in light of recent developments in financial regulatory policy, alongside sessions on the latest trends in AI transformation and its business implications, as well as the upcoming U.S. presidential election and its potential impact on the global economy. |
| Diversity | We actively promote diversity in our board composition by considering factors such as gender, race, religion, ethnicity, nationality, and cultural background during the nomination process, in order to prevent overrepresentation of any specific field or background. To enhance the diversity of our Board of Directors further, we include female independent directors among our board members. |

Composition of the Board of Directors

As of March 31, 2025

| Position | Name | Gender | Duties | Principal Work Experience | Date of Appointment | Term of Office |
|---|---|---|---|---|---|---|
| Executive directors | Cho Young-cheul | Male | • Executive in charge of company-wide management | (Current) CEO of HD Hyundai Infracore<br>(Current) CEO of HD Hyundai XiteSolution | March 2025 | March 2027 |
| | Oh Seung-hyun[1] | Male | • Executive in charge of company-wide management<br>• General manager of the Construction Equipment Business Division/Engine Business Division<br>• ESG Committee | (Current) CEO of HD Hyundai Infracore<br>(Current) Chairman of the Korea Construction Equipment Manufacturers' Association | March 2024 | March 2026 |
| Independent directors | Seong Yun-mo | Male | • Audit Committee<br>• Nomination Committee<br>• ESG Committee<br>• Compensation Committee | (Current) Professor of Industrial Security, Chung-Ang University<br>(Current) Independent Director, Hyosung<br>(Former) 4th Minister of Trade, Industry, and Energy<br>(Former) 25th Commissioner of the Korean Intellectual Property Office | March 2024 | March 2027 |
| | Jeon Myeong-ho | Male | • Audit Committee<br>• Nomination Committee<br>• ESG Committee<br>• Compensation Committee | (Current) Lawyer at Kim & Chang Law Firm<br>(Current) Member of the Legislation Interpretation Deliberation Committee, Ministry of Government Legislation<br>(Former) Judge at the Southern Branch of Seoul District Court | March 2023 | March 2026 |
| | Kang Seon-min | Female | • Audit Committee<br>• Nomination Committee<br>• ESG Committee<br>• Compensation Committee | (Current) Professor of Business Administration, Chung-Ang University<br>(Current) Chairman of the Financial Accounting Committee, Korean Accounting Association<br>(Current) Independent Director, NH Nonghyup Property & Casualty Insurance<br>(Former) Member of the Accounting System Deliberation Committee, Financial Services Commission | March 2025 | March 2028 |

1) Chairperson of the Board of Directors

Board Skill Matrix

| | Management | Finance | Technology | Industry | Law | Policy | Accounting |
|---|---|---|---|---|---|---|---|
| Cho Young-cheul | ● | ● | | ● | | | |
| Oh Seung-hyun | ● | | ● | ● | | | |
| Seong Yun-mo | ● | | | ● | | ● | |
| Jeon Myeong-ho | | | | | ● | ● | |
| Kang Seon-min | ● | ● | | | | | ● |

# Board of Directors Operation

## Board of Directors Activities

HD Hyundai Infracore operates its Board of Directors in accordance with the Articles of Incorporation and internal board regulations, and holds regular Board of Directors meetings every quarter and ad hoc Board of Directors meetings as needed. The Board of Directors makes resolutions in accordance with the Commercial Act, requiring the attendance of a majority of directors and the approval of a majority of those present. In 2024, the Board of Directors resolved key matters such as major business and facility investment plans, management performance reports, and corporate value enhancement. The average attendance rate of the Board of Directors was 98%, demonstrating the strong sense of responsibility of the directors and diligent fulfillment of their duties.

### Summary of Board Meetings and Attendance in 2024

| No. of Meetings | Agenda Items Resolved | Items Reported | Attendance Rate |
|---|---|---|---|
| 9 times | 29 cases | 13 cases | 98% |

## Committee Activities Within the Board of Directors

To enhance the professionalism and efficiency of its Board of Directors operations, HD Hyundai Infracore operates four specialized board committees: the Nomination Committee, the ESG Committee, the Audit Committee, and the Compensation Committee. Except for the ESG Committee, all Board of Directors' committees are composed entirely of independent directors to ensure fairness and independence of the committees within the Board of Directors, and the operating regulations of each committee are disclosed on our official website.

### Composition and Roles of Committees within the Board of Directors

As of March 31, 2025

| Classification | Key Role | Composition (*Chairperson) | |
|---|---|---|---|
| | | Executive Directors | Independent Directors |
| Nomination Committee | Reviewing the qualifications and independence of independent director candidates and recommending independent director candidates to be elected at the general shareholders' meeting | - | Seong Yun-mo*, Jeon Myeong-ho, Kang Seon-min |
| ESG Committee | Approving matters related to strategic direction planning and implementation based on ESG materiality and deliberates on matters related to corporate social responsibility | Oh Seung-hyun | Seong Yun-mo, Jeon Myeong-ho, Kang Seon-min* |
| Audit Committee | Performing monitoring functions for overall accounting and management tasks, and performing auditing tasks such as selecting and evaluating external auditors and monitoring status of internal control operations | - | Seong Yun-mo, Jeon Myeong-ho, Kang Seon-min* |
| Compensation Committee | Approving the remuneration limit of registered directors to be submitted to the general shareholders' meeting and reviewing and approving the appropriateness of the director remuneration system | - | Seong Yun-mo, Jeon Myeong-ho*, Kang Seon-min |

## Activity Assessment of the Board of Directors

We have established evaluation criteria for our Board of Directors, conducting annual assessments of each individual director by the Board of Directors and the committee within the Board of Directors. In addition, to promote meaningful contributions by independent directors and enhance board independence, expertise, and diversity, the activities of independent directors are evaluated. The Board of Directors' performance evaluation consists of 35 questions (15 for Board of Directors and 20 for committees within the Board of Directors), and all directors conduct a self-evaluation once a year. Based on the 2024 evaluation results, areas for improvement were identified and will be addressed.

### Activity Assessment of the Board of Directors

| Classification | Key Evaluation Items | | |
|---|---|---|---|
| Composition of the Board | Composition and independence of the Board of Directors | • Appropriateness of the Board of Directors' size<br>• Diversity and expertise of the Board of Directors members | • Receiving regular training |
| | Roles and responsibilities of the Board of Directors | • Faithful performance of duties<br>• Understanding industry trends | • Fulfilling ethical obligations and social responsibilities<br>• Recognition of oversight responsibilities of executives |
| Board Operations | Board of Directors' meeting procedures | • Evaluation of the number of meetings held<br>• Board of Directors' attendance rate | • Compliance with the Board of Directors' operating regulations |
| | Board of Directors' meeting agenda | • Providing the Board of Directors' meeting agenda and materials in advance | • Thorough preparation of the Board of Directors' meeting agenda materials |
| Board performance | Board of Directors' evaluation | • Establishment of a Board of Directors' evaluation process | • Discussion of improvement measures based on the Board of Directors' evaluation results |
| Committees within the Board of Directors | Evaluation by each committee (Audit Committee, Audit of executive, ESG Committee, Compensation Committee) | • Appropriateness of committee size<br>• Understanding the authority and responsibilities of the committee<br>• Evaluating the number of meetings held | • Providing assistance from external experts when necessary<br>• Providing job-related training |

### Board Performance Evaluation Results and Areas for Improvement

| | | |
|---|---|---|
| Increasing regular training on the Board of Directors' roles and related laws and regulations | Providing sufficient time to review the Board of Directors' agenda items, etc. | Providing external expert support when needed |

## Director Compensation

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

## Executive Compensation

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

# Shareholders

## Corporate Value Enhancement Plan

HD Hyundai Infracore has introduced the Value-up Program to address the persistent undervaluation of its share price in the domestic capital market, which is attributed to factors such as low profitability, inefficient capital management, and inadequate shareholder return policies. We have publicly disclosed our corporate value enhancement plan, and we are committed to executing the strategy to build market trust and improve shareholder value actively.

Through the Value-up Program, HD Hyundai Infracore is continuously strengthening communication with shareholders, ensuring that its intrinsic corporate value is fairly recognized in the market. By transparently sharing our corporate value enhancement strategies and performance, we will gather market feedback and incorporate the necessary enhancements to improve the alignment between intrinsic value and market valuation over the mid- to long-term.

### Setting Value-up Goals

| Strengthening Business Competitiveness and Continuing Investment in R&D | Increasing Shareholder Returns | Sustainable Management |
|---|---|---|
| 2029 revenue target **KRW 7 to 8 trillion**<br>Operating profit margin target **10% or higher**<br>R&D-to-sales ratio per year **4 to 5%** | Targeting a shareholder return ratio of 30% or higher **30% or higher**<br>Mid- to long-term ROE **15% or higher** | Key metrics of governance structure **90% or higher** |
| • Ensuring product competitiveness<br>• Securing technological competitiveness<br>• Investing in R&D with the goal of establishing an advanced engineering process | • Implementing strategic shareholder return by flexible implementation of cash dividends and treasury share purchase/cancellation<br>• Changing the dividend settlement date<br>• Aiming for a mid- to long-term ROE of 15% or higher<br>• Targeting a 30% or higher shareholder return ratio | • Strengthening the ESG management policy<br>• 90% or higher compliance rate for core governance metrics |

### Communication with Shareholders

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

**Providing Faithful Data**
- Providing IR data in Korean and English
- Posting IR data on the website
- Providing guidance materials on the website when major issues related to dividends and treasury shares occur

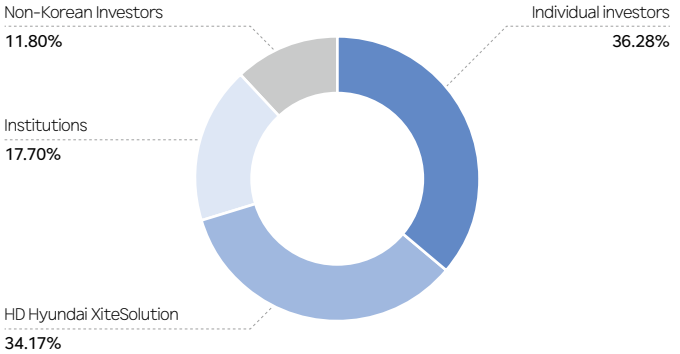
**Incorporating Market Feedback and Making Improvements**
- Incorporating investor feedback
- Reflecting improvements to the annual corporate value enhancement plan disclosure and implementing them

**ESG**
- Strengthening communication with stakeholders in relation to ESG pending issues
- Developing the EHS management system
- Strengthening fair trade/shared growth implementation

## Shareholders and Capital Composition

As of end of 2024, HD Hyundai Infracore had issued a total of 192,655,867 common shares with paid-in capital amounting to KRW 199.603 billion. The largest shareholder is HD Hyundai XiteSolution with 34.17% of the total issued shares. The remaining shares are held by institutional and individual investors. The individual investor shareholding ratio includes a 0.35% stake in the share held by our employee share ownership association.

### Shareholding Distribution




### Status of Shareholders with 5% or More Ownership

| Shareholder Name | Number of Shares Owned | Share Ratio |
|---|---|---|
| HD Hyundai XiteSolution | 65,836,710 shares | 34.17% |
| National Pension Service[1)] | 20,864,751 shares | 10.83% |

1) No golden shares granted

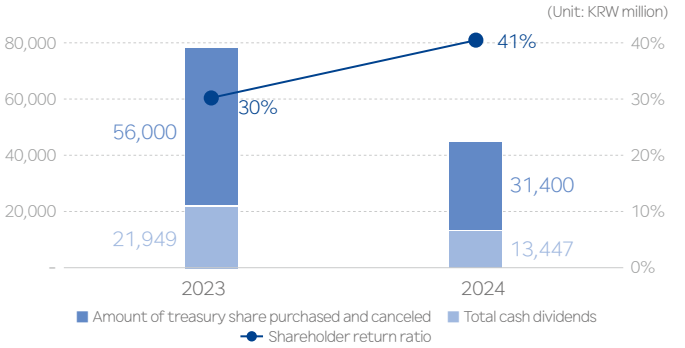
## Increasing Shareholder Returns

HD Hyundai Infracore has announced a mid- to long-term policy aimed at enhancing shareholder value by allocating 30% or more of its net income based on non-consolidated financial statements for shareholder returns over the next three years (2024–2026). We implement annual regular dividend payouts; based on our 2024 performance, we paid approximately KRW 13.5 billion in cash dividends. We purchased and canceled treasury shares worth approximately KRW 56 billion in August 2024, and announced in 2025 a plan to purchase and cancel an additional KRW 31.4 billion worth of treasury shares. We will continue to pursue shareholder return policies actively to enhance shareholder value.

### Shareholder Return Status

| Classification | Unit | 2023 | 2024 |
|---|---|---|---|
| Dividend per share | KRW | 110 | 70 |
| Total cash dividends | KRW million | 21,949 | 13,447 |
| Amount of treasury shares purchased and canceled | KRW million | 56,000 | 31,400 |
| Shareholder return ratio[1)] | % | 30 | 41 |
| Completion rate against target | % | - | 135 |

1) Shareholder return ratio (%) = (dividends + treasury shares purchased and canceled) / current net income x 100, less unrealized or non-recurring gains/losses




## Protection of Shareholder Rights

HD Hyundai Infracore has introduced the online dividend inquiry service to prevent personal data leak caused by the incorrect delivery of dividend notices, reduce paper use during postal delivery, and minimize carbon emissions from the mailing process. Shareholders can conveniently access dividend details through a simple member registration and shareholder verification process. We participate in the General Meeting Dispersion Voluntary Compliance Program to avoid holding our general meeting on peak days, thereby encouraging greater shareholder participation. In addition, to improve the convenience of shareholders attending general shareholders' meetings, we are operating the various systems we have introduced such as proxy voting system and electronic voting system. Notices containing the meeting details and relevant agenda items are issued four weeks prior to the regular shareholders' meeting, ensuring that shareholders can sufficiently review the agenda items prior to holding the regular shareholders' meeting. In accordance with the Commercial Act, any amendments to the Articles of Incorporation require a special resolution at the shareholders' meeting, protecting shareholders' rights and ensuring procedural transparency.

## Communication with Shareholders

To ensure effective communication with shareholders, HD Hyundai Infracore discloses (provisional) financial performance at the end of each quarter and regularly holds corporate briefing sessions for investors at home and abroad. We publish a wide range of information including financial information, share price information, business reports, corporate briefing materials, and plans to increase corporate value on the website, and disclose financial information such as general shareholders' meetings, new facility investments, and share cancellation decisions in the electronic disclosure system. We also disclose non-financial information in our sustainability reports, voluntary fair trade compliance program reports and corporate governance reports in order to communicate our ESG activities.


IR information on the HD Hyundai Infracore website

# Integrated Risk Management

## Risk Management

### Risk Management Operating Framework

HD Hyundai Infracore implements company-wide risk management activities to identify potential risks and establish response strategies more systematically and effectively, centered on the ESG Management Committee under the Board of Directors. The ESG Management Committee categorizes risks into financial risks, non-financial risks, and potential risks and proactively identifies mid- to long-term risks that may impact the company's sustainable management, establishing strategic response plans accordingly.

### Risk Management Activities

#### Risk Management Process

HD Hyundai Infracore has established a risk management process to proactively identify various risk factors that may arise throughout business activities and to respond proactively to the business environment characterized by increasing uncertainty, based on the results of a double materiality assessment. The risk management process consists of six interconnected stages: Risk governance framework establishment, risk awareness, risk identification, risk assessment, risk response, and monitoring. These stages are systematically linked to enable effective and integrated risk management. In addition, we implement continuous reporting based on a systematic reporting system to ensure prompt and consistent management of major risks. Through this system, we are enhancing risk response capabilities based on predictability and transparency, creating a stable business environment.

Communicating with stakeholders by publishing quarterly business reports as well as the annual sustainability report


### Financial Risks

| Type of Risk | Monitoring Target | Details | Risk Response Activities |
|---|---|---|---|
| Market | Foreign exchange | • Future expected transactions<br>• Recognized assets and liabilities<br>• Overseas sales net investment | • Reducing foreign exchange profit and loss volatility through natural hedging via exports and imports |
| | Interest rate | • Variable interest deposits and loans | • Minimizing external borrowing by utilizing retained earnings<br>• Improving short-term and long-term loan structure and reducing high-interest debts |
| Credit | Contract | • Transaction and investment agreements | • Operating credit policies<br>• Assessing the risk of bonds expected to default and reflecting to consolidated financial statements |
| Liquidity | Financial liabilities and operating funds | • Failure to repay financial debt | • Establishing quarterly and annual cash flow plans |
| | | • Unable to secure operating funds | • Forecasting cash flow from sales, investment, and financing activities<br>• Securing the required liquidity in advance |
| Capital stock | Capital | • Maintaining the optimal capital structure | • Capital structure management based on debt ratio |
| | | • Reducing the cost of capital | • Adjusting shareholder dividends and returning the capital<br>• Issuing new shares and selling assets to reduce debts |

### Non-financial Risks

| Type of Risk | Details | Risk Response Activities |
|---|---|---|
| Environment | • Climate change<br>• Biodiversity<br>• Environmental pollutant emissions and environmental accidents | • Establishment of an environmental management system, acquisition of international environmental management system certification (ISO 14001), endangered species protection activities, management of environmental pollutants and disclosure of related information |
| Disaster | • Natural disaster, social disaster | • Establishment of crisis response system and corresponding training |
| Supply chain | • Supplier sustainability | • Compliance with the code of conduct for suppliers, ESG assessment and due diligence of the supply chains, ESG education and consulting for suppliers |
| Health and safety | • On-site fires and occupational accidents | • Risk factor self-management activities, establishment of a surveillance and response system (disaster prevention center operation), safety education, operation of safety management reinforcement program for suppliers |
| Quality | • Product quality | • Establishing a quality management system, managing quality metrics, and strengthening the quality management of suppliers |
| Ethics/ Compliance | • Compliance with laws and regulations<br>• Fair trade | • Establishing a Code of Ethics, operating a reporting channel and conducting audits on unethical or noncompliant matters, and providing ethics education to employees |

## Potential Risks

HD Hyundai Infracore proactively identifies potential risks that could significantly impact its business over the long term and implements response measures to minimize the impact.

| Classification | IT Security Risks Due to the Introduction of Autonomous Technologies | Safety Risks Due to Reduction in Skilled Labor Force |
|---|---|---|
| Type | Technology | Society |
| Overview | The adoption of autonomous construction equipment technologies enhances productivity and efficiency but also gives rise to new IT security risks. Exposure of the operating systems of such autonomous equipment to security threats may lead to malfunction or shutdown of the equipment, causing disruptions to workplaces. This can result in financial loss for customers and damage our corporate credibility. Moreover, unauthorized access to these operating systems and illegal manipulation of the equipment may pose serious safety risks. Therefore, along with the introduction of autonomous technologies, it is essential to establish a strong security system and manage security. | The declining population caused by low birth rates and an aging society is having a profound impact on the country, society, and businesses across all sectors. In the construction equipment industry in particular, it is becoming increasingly difficult to secure a sufficient workforce at construction sites, as younger generations avoid fieldwork and the number of experienced workers is rapidly declining due to aging. Moreover, the growing demand for safety management personnel—driven by stricter regulations such as the Occupational Health and Safety Act and the Serious Accidents Punishment Act—is further intensifying labor shortages. These structural workforce changes are expected to have long-term implications for the overall productivity and safety governance of the construction industry. |
| Business impact | IT security risks caused by the introduction of autonomous technologies may have the following impacts:<br>• Possibility of financial losses due to work disruptions, if the equipment operating software or IoT platform becomes infected with malware or ransomware<br>• Possibility of safety accidents due to hacking (manipulation, equipment theft, or operations by an unauthorized operator)<br>• Decline in sales due to the leak of users' personal information, exposure of core proprietary technologies, and reputational damage to the brand upon a security breach | Safety risks caused by a decline in the skilled workforce may have the following impacts:<br>• As the number of skilled workers declines, on-site experience-based feedback is also diminishing, creating limitations in user-centered design during equipment improvement and new product development. This may ultimately constrain the pace of enhancements in equipment operability and safety<br>• The increasing use of construction equipment by less-experienced workers raises the risk of accidents due to improper handling and inadequate field adaptation. As a result, demand for construction machinery equipped with advanced safety features is growing<br>• To compensate for labor shortages at construction sites, demand for construction equipment incorporating advanced technologies such as automation, autonomous driving, and remote control is also rising |
| Countermeasures | To respond effectively to IT security risks associated with the adoption of autonomous technologies, HD Hyundai Infracore is implementing the following measures:<br>• Operating an information security management system and establishing security policies, along with a scenario-based response framework to ensure prompt action in the event of a security incident<br>• Utilizing intrusion detection and prevention systems to monitor and block abnormal traffic in real time and encrypting communication between autonomous equipment and control systems to prevent security breaches<br>• Making continuous investments in security-related software, equipment, and systems, and conducting regular inspections to enhance the overall security posture<br>• Mitigating security vulnerabilities by regularly applying patches and updates to related infrastructure, including operating systems and equipment control software | To respond effectively to IT security risks associated with the adoption of autonomous technologies, HD Hyundai Infracore is implementing the following measures:<br>• Improving productivity among low-skilled labor and enhancing overall operation efficiency by developing AI-powered autonomous construction equipment<br>• Increasing safety and precision at construction sites by developing construction equipment applying cutting-edge technologies and safety technologies such as Machine Guidance (MG), Machine Control (MC), and Transparent Bucket system<br>• Introducing Concept-X2, an autonomous integrated control solution that automates each stage of the construction process from surveying to building, to address the labor shortages of skilled workers<br>• Reinforcing both operational safety and worksite productivity by applying smart autonomous technologies to rugged terrains and high-risk environments |

## Risk Management by Operating the Internal Accounting Management System

To enhance the transparency of financial reporting and provide reliable information to external stakeholders, HD Hyundai Infracore has introduced the HD Hyundai Internal Control Assessment System (HICAS) in 2006. Through this system, we are operating the internal accounting management system we have established for both our headquarters and major overseas operations. This system fully reflects the relevant laws and enforcement decrees concerning external audits, and it is managed effectively and consistently by a dedicated funciton with expertise in internal control. This internal control dedicated function is positioned as a support organization under the Audit Committee, which ensures its independence and objectivity by holding consent rights over the appointment and dismissal of the team leader. The Audit Committee evaluates the system's implementation in accordance with the best practice guidelines for internal accounting system assessments and reporting, and the CEO transparently reports the results to the Audit Committee, the Board of Directors, and the general shareholders' meeting every year. Any improvement items identified during operation are reflected in a timely manner through consultation with external auditors, dedicated departments, and relevant control personnel. In addition, the reliability and effectiveness of the internal accounting management system are continuously enhanced through objective verification by independent external auditors (accounting firms).

# Information Security

## Information Security Management System

Since integrating its information security team in December 2022, HD Hyundai's Construction Equipment Sector has unified the information security functions of its three affiliated companies. This integration has enhanced organizational synergy by establishing a swift and coordinated response system and improving the efficiency of information protection through centralized operations. HD Hyundai Infracore operates the Information Security Committee to establish and make key decisions on information security strategies. The committee reviews regulations and guidelines related to personal information and information security at least once a year and enacts or revises them when necessary. We have also established a personal information protection management system, and we are actively responding to related legal risks through regular updates to the privacy policy, contractor oversight and inspections, and management of personal data flow. In addition, we participate in the Security Council operated at the HD Hyundai Group level, attend the group's Chief Information Security Officer (CISO) meeting quarterly to share key security issues, and strengthen collaboration through monthly working-level security meetings held with group companies and affiliates.

## Information Security Policy

We implement the information protection policy we have established to identify proactively, prevent, and respond swiftly to various internal and external security threats. Composed of 11 detailed guidelines including security regulations and personnel security procedures, this policy clarifies the standards and procedures for company-wide security management. We also conduct regular monitoring of the latest trends in information security and changes in the external environment, along with impact assessments. Based on these insights, we revise and update related policies in a timely manner to continuously strengthen our overall security posture.

Detailed Guidelines for Information Security Policy

| | |
|---|---|
| Security regulations | Personnel security guidelines |
| Trade secret protection guidelines | Security management guidelines for information assets and IT equipments |
| Information systems security guidelines | Facility security guidelines |
| Security audit guidelines | Security incident response guidelines |
| Cloud security guidelines | |
| Encryption security guidelines | National core technology security guidelines |

## Information Security Activities

### Information Security Status Inspection

HD Hyundai Infracore conducts regular internal and external audits on the real condition of information security to evaluate and enhance its company-wide information security posture. Externally, we actively participate in various legal and regulatory inspections conducted by government agencies, and regularly conduct a fact-finding inspection of national core technology information security, information security in the defense industry (engine) sector, and information security in location information. Each audit covers a wide range of protective measures—administrative, technical, and physical. We implement post-audit follow-up management by developing improvement plans based on the recommendations identified during the audit, executing the necessary actions, and reporting the results.

Internally, we participate in an annual fact-finding security audit on information security conducted across all affiliates under the HD Hyundai Group. The audit is conducted through a detailed checklist evaluation consisting of approximately 30 items in each of the four core areas: management security, IT security, personal information protection, and physical security. Audit results are provided to the security manager of each subsidiary, with any identified issues for improvement addressed through the full cycle of improvement planning, execution, and results reporting; thus improving the level of information security across the company.

### Internalization of Information Security

We operate regular education and training programs to raise employee awareness of information security and to respond proactively to the rapidly evolving security environment. The training content includes information security items that are important for practical work, such as the company's security policy, email security, PC management, and trade secret protection. In addition, quarterly simulation drills are conducted on various themes such as handling malicious emails, preventing cyber attacks, and securely disposing of confidential documents. Employees identified as having engaged in risk-prone behavior during these drills receive targeted follow-up training, achieving practical security accident prevention effects. In the event of a security incident, all employees are required to report to their department manager and the information security team promptly according to the response guidelines prepared in advance. The information security team then responds promptly and appropriately based on the response process established for each type of incident. Through such structured approach to information security management, we safely protect our core assets and maintain a trust-based work environment.

### ISO 27001 Information Security Management System

In 2024, HD Hyundai Infracore established an information security management system aligned with global standards and acquired ISO 27001 certification for its Bundang GRC for the first time, maintaining the certification by conducting a surveillance audit in May 2025. In addition, we are enhancing our self-assessment procedures by incorporating all ISO 27001 evaluation criteria into our information security inspection items, and are progressively implementing the improvement recommendations derived from audit evaluations.

### Investment in Information Security

We continue to invest in information security to protect our core information assets from a wide range of internal and external threats. In 2024, we enhanced the level of information security by investing in the implementation of a web application firewall and the upgrade of six integrated security solutions for the defense sector. We also ensure that stakeholders can trust our risk management system and information protection capabilities by transparently disclosing the status of our information asset protection activities and security investments every year.

## Mid- to Long-term Information Security Roadmap

Through comprehensive internal and external fact-finding audits, we have analyzed both improvement recommendations and recent security incidents to identify key implications. Based on these findings, we have defined our information security vision and set specific objectives across key areas. Aligned with these objectives, we have developed strategic initiatives and established a mid- to long-term information security roadmap. Pursuant to the roadmap, we plan to achieve the highest level of information security within the HD Hyundai Group by actively advancing key initiatives. These include expanding the coverage of facilities subject to enhanced security controls, detecting information security risks, maintaining a robust response system, and safeguarding personal information.


Acquisition of ISO 27001:2022 Certification, an International Standard for Information Security Management System

# ESG DATABOOK

# ESG Databook

The scope of ESG data reporting in this report is categorized as 'Korea' or 'Global,' which includes Korea and major overseas operations. For environmental performance metrics measured at the operation level, the 'Korea' scope includes the Bundang GRC, Incheon, Gunsan, Ansan, and Boryeong operations, whereas the 'Global' scope additionally covers manufacturing operations in Yantai and Tianjin in China and Norway. Some metrics also include data from the holding company and sales operations. In 2024, the data was standardized in accordance with the HD Hyundai Group's ESG metric standard, and the global reporting scope was expanded to include sales subsidiaries.

## Economic Data

### Financial Information

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Total assets | KRW million | Consolidated | 4,782,290 | 4,736,668 | 4,418,426 | 4,287,198 |
| Total liabilities | KRW million | Consolidated | 3,412,466 | 3,101,627 | 2,605,110 | 2,439,973 |
| Total equity | KRW million | Consolidated | 1,369,824 | 1,635,041 | 1,813,316 | 1,847,225 |
| Sales | KRW million | Consolidated | 4,593,665 | 4,756,114 | 4,659,605 | 4,114,190 |
| Operating profit | KRW million | Consolidated | 264,508 | 332,547 | 418,264 | 184,162 |
| Net income | KRW million | Consolidated | 567,836 | 229,551 | 230,712 | 108,416 |
| Total assets | KRW million | Separate | 3,503,272 | 3,731,594 | 3,855,346 | 3,805,953 |
| Total liabilities | KRW million | Separate | 2,412,266 | 2,378,226 | 2,103,551 | 1,998,278 |
| Total equity | KRW million | Separate | 1,091,006 | 1,353,368 | 1,751,795 | 1,807,675 |
| Sales | KRW million | Separate | 3,618,065 | 4,204,908 | 4,241,475 | 3,405,693 |
| Operating profit | KRW million | Separate | 190,710 | 282,247 | 392,027 | 125,674 |
| Net income | KRW million | Separate | 294,341 | 207,607 | 458,768 | 213,753 |

### Research and Development

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| R&D personnel | Person | Korea | 750 | 721 | 663 | 659 |
| R&D expenses | KRW million | Korea | 135,642 | 161,190 | 184,277 | 201,593 |
| R&D expenses to sales ratio | Percentage (%) | Korea | 4 | 4 | 4 | 6 |

### Intellectual Property Rights

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Number of applications | Case | Global | 2,763 | 2,441 | 2,563 | 2,940 |
| Number of registrations | Case | Global | 1,955 | 1,758 | 1,798 | 1,905 |

### Retirement Pension System

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Number of DB plan employees[1)] | Person | Korea | 2,688 | 2,034 | 2,220 | 1,981 |
| DB operating amount | KRW million | Korea | 215,107 | 155,285 | 165,999 | 158,433 |
| Number of DC plan employees | Person | Korea | 4 | 526 | 493 | 435 |
| DC plan deposit amount | KRW million | Korea | 22 | 56,004 | 3,849 | 3,378 |

1) The 2023 data was corrected due to an error

### Employee Stock Ownership

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Percentage of employees owning treasury share (ESOP, ESPP)[1)] | Percentage (%) | Korea | 63 | 41 | 11 | 10 |

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

### Human Capital Return on Investment

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Human capital return on investment[1)] | Multiple | Global | 1.6 | 1.9 | 2.3 | 1.4 |

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

# Environmental Data

## Environmental Investment

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Environmental investment and operating costs[1] | KRW 100 mil. | Global | 71 | 109 | 307 | 219 |
| Decarbonized technology development cost | KRW 100 mil. | Korea | - | 131 | 261 | 198 |
| Decarbonized (electrification, fuel efficiency)[2] | KRW 100 mil. | Korea | - | - | 80 | 67 |
| Smart (autonomous) | KRW 100 mil. | Korea | - | - | 54 | 115 |
| Fuel efficiency (performance, reduction of air pollutants)[2] | KRW 100 mil. | Korea | - | - | 127 | 16 |

1) Change in reporting scope due to expansion of compilation scope (Korea before 2023, global in 2024)
2) Decrease in data compared to the previous year due to change in metric definition in 2024

## Environmental Management

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Decarbonized product sales[1] | KRW 100 mil. | Korea | 3,980 | 15,637 | 13,569 | 13,232 |
| Decarbonized product sales ratio[2] | Percentage (%) | Korea | 11 | 37 | 32 | 39 |
| Green purchasing amount[3] | KRW million | Korea | - | 2 | 2 | 2 |
| Green purchasing ratio[4] | Percentage (%) | Korea | - | 0.0075 | 0.0001 | 0.0001 |
| Percentage of Zero Emission vehicles owned[2] | Percentage (%) | Korea | 3 | 3 | 6 | 9 |
| Number of ISO 14001-certified operations[5] | No. | Global | 5 | 5 | 5 | 7 |
| Percentage of ISO 14001-certified operations | Percentage (%) | Global | 83 | 71 | 71 | 100 |
| Remanufactured product sales[6] | KRW 100 mil. | Global | 7 | 10 | 18 | 19 |
| **Non-regenerated raw materials** | | | | | | |
| Steel usage | ton | Korea | - | - | 45,064 | 21,212 |
| Steel usage intensity | ton/KRW million | Korea | - | - | 0.011 | 0.006 |
| **Regenerated raw materials** | | | | | | |
| Sand usage | ton | Korea | 15,691 | 14,958 | 12,927 | 11,957 |
| Sand usage intensity | ton/KRW million | Korea | 0.004 | 0.004 | 0.003 | 0.004 |

1) Criteria for calculation: HD Hyundai Infracore's Sustainable Taxonomy p.29
2) 2021 to 2023 data was corrected due to a change in metric definition
3) Criteria for calculation: Eco-label certification, low carbon product certification, and Good Recycled (GR) certification p.63
4) 2023 data was corrected due to a change in metric definition
5) Major Korea operations and overseas manufacturing operations
6) Data was corrected owing to a change in reporting scope due to expansion of compilation scope

## Pollutant Management[1]

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| **Water pollutants** | | | | | | |
| BOD[2] | ton | Global | - | - | - | 1.68 |
| TOC (COD)[3] | ton | Global | 4.04 | 1.90 | 2.51 | 2.18 |
| SS | ton | Global | 1.31 | 0.81 | 2.64 | 1.59 |
| BOD | ton | Korea | 1.61 | 0.68 | 0.79 | 1.26 |
| TOC | ton | Korea | 2.08 | 0.53 | 0.98 | 0.94 |
| SS | ton | Korea | 0.67 | 0.05 | 0.31 | 0.50 |
| **Air pollutants[4]** | | | | | | |
| Nitrogen oxides (NOx)[2] | ton | Global | - | - | - | 10.44 |
| Sulfur oxide (SOx)[2] | ton | Global | - | - | - | 0.85 |
| Volatile Organic Chemicals (VOCs) | ton | Global | 20.66 | 13.88 | 19.76 | 65.23 |
| Dust | ton | Global | 16.51 | 21.99 | 19.65 | 12.84 |
| Nitrogen oxides (NOx) | ton | Korea | 4.78 | 6.66 | 12.99 | 10.44 |
| Sulfur oxide (SOx) | ton | Korea | 0.10 | 0.46 | 1.32 | 0.85 |
| Volatile Organic Chemicals (VOCs) | ton | Korea | 13.59 | 10.55 | 18.39 | 62.83 |
| Dust | ton | Korea | 13.73 | 20.92 | 17.43 | 10.52 |

1) The global scope of pollutant management is applicable to Korea and overseas manufacturing operations
2) Global data was newly compiled from 2024 going forward
3) Korea operations are compiled by TOC
4) For Incheon and Gunsan Korea operations

## Greenhouse Gases[1)]

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Scope 1&2 emissions[2)] | $tCO_2eq$ | Global | 131,656 | 120,331 | 104,744 | 101,328 |
| Scope 1 emissions[2)] | $tCO_2eq$ | Global | 35,593 | 31,773 | 29,872 | 25,260 |
| Scope 2 emissions (location-based)[2)] | $tCO_2eq$ | Global | 96,064 | 88,560 | 74,872 | 76,070 |
| Scope 1&2 emissions | $tCO_2eq$ | Korea | 105,016 | 104,268 | 94,479 | 87,672 |
| Scope 1&2 emissions intensity | $tCO_2eq$/KRW million | Korea | 0.029 | 0.025 | 0.022 | 0.026 |
| Scope 1 emissions | $tCO_2eq$ | Korea | 27,834 | 26,552 | 26,304 | 23,071 |
| Scope 1 emissions intensity | $tCO_2eq$/KRW million | Korea | 0.008 | 0.006 | 0.006 | 0.007 |
| Scope 2 emissions (location-based) | $tCO_2eq$ | Korea | 77,184 | 77,718 | 68,175 | 64,603 |
| Scope 2 emissions intensity | $tCO_2eq$/KRW million | Korea | 0.021 | 0.018 | 0.016 | 0.019 |
| Scope 3 emissions[3)] | $tCO_2eq$ | Korea | 1,010,170 | 977,905 | 7,133,549 | 5,858,130 |
| ① Purchased goods and services | $tCO_2eq$ | Korea | 5,913 | 8,415 | 51,415 | 118,354 |
| ② Capital goods | $tCO_2eq$ | Korea | - | 1,983 | 630 | 403 |
| ③ Fuel and energy related activities | $tCO_2eq$ | Korea | 15,197 | 12,243 | 10,023 | 11,291 |
| ④ Upstream transportation and distribution | $tCO_2eq$ | Korea | - | 35,275 | 146,652 | 146,343 |
| ⑤ Waste generated in operations | $tCO_2eq$ | Korea | 824 | 592 | 1,243 | 1,229 |
| ⑥ Business travel | $tCO_2eq$ | Korea | 3,523 | 1,557 | 1,132 | 1,747 |
| ⑦ Employee commuting | $tCO_2eq$ | Korea | 6,829 | 7,539 | 1,070 | 4,620 |
| ⑨ Downstream transportation and distribution | $tCO_2eq$ | Korea | - | 313 | 798 | 6,304 |
| ⑪ Use of sold products | $tCO_2eq$ | Korea | 977,855 | 909,988 | 6,917,978 | 5,565,425 |
| ⑫ End of life treatment of sold products | $tCO_2eq$ | Korea | - | - | 2,598 | 2,408 |
| ⑮ Investments | $tCO_2eq$ | Korea | - | - | 11 | 6 |

1) Calculated by applying the guidelines on reporting and certification of emissions under the greenhouse gas emissions trading system
2) Change in reporting scope due to expansion of compilation scope (Korea and overseas manufacturing operations before 2023, sales subsidiaries are added to global in 2024)
3) Internal calculation criteria by scope 3 emissions category
① Purchased goods and services: Based on energy use of the supplier that accounts for the top 50% of purchase amount
② Capital goods: Based on the history of office supply purchase
③ Fuel and energy related activities: Based on the energy used in Korea operations
④ Upstream transportation and distribution: Based on the sea/land transportation of products (company costs)
⑤ Waste generated in operations: Based on the waste disposal performance of Korea operations
⑥ Business travel: Based on the airfare and hotel accommodation during the business trip
⑦ Employee commuting: Based on commuter bus operation by Korea operations
⑨ Downstream transportation and distribution: Based on the sea/land transportation of products (external costs)
⑪ Use of sold products: Based on the emissions from the use of the sold product until disposal(emissions for the current year were calculated based on sales volume until 2022)
⑫ End of life treatment of sold products: Based on emissions resulting from the disposal of sold products (Korea)
⑮ Investments: Based on the energy usage of related companies

## Energy

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Energy usage[1) 2) 3)] | TJ | Global | 2,059 | 2,062 | 2,006 | 1,874 |
| Direct energy usage | TJ | Global | 437 | 429 | 472 | 389 |
| Indirect energy usage[4)] | TJ | Global | 1,613 | 1,624 | 1,514 | 1,425 |
| Renewable energy usage[4)] | TJ | Global | 8 | 9 | 20 | 61 |
| Energy savings[5)] | TJ | Global | - | - | - | 30 |
| Amount of energy cost savings[5)] | KRW million | Global | - | - | - | 654 |
| Energy usage[1) 2) 6)] | TJ | Korea | 2,039 | 2,041 | 1,841 | 1,753 |
| Direct energy usage | TJ | Korea | 426 | 417 | 406 | 350 |
| Indirect energy usage | TJ | Korea | 1,613 | 1,624 | 1,425 | 1,351 |
| Renewable energy usage | TJ | Korea | 0 | 0 | 10 | 52 |
| Intensity of energy usage | TJ/KRW million | Korea | 0.0006 | 0.0005 | 0.0004 | 0.0005 |
| Energy savings | TJ | Korea | 4 | 1 | 8 | 29 |
| Amount of energy cost savings | KRW million | Korea | 21 | 48 | 147 | 654 |

1) Calculated by applying the guidelines on reporting and certification of emissions under the greenhouse gas emissions trading system
2) 2023 data was corrected due to a change in metric definition
3) Change in reporting scope due to expansion of compilation scope (Korea and overseas manufacturing operations before 2023, sales subsidiaries added to global in 2024)
4) 2021 to 2023 data was corrected due to a change in metric definition
5) Global data was newly complied from 2024 going forward
6) Energy use is the total physical energy use of non-renewable energy and renewable energy, and energy use in the Assurance Statement is calculated according to the greenhouse gas calculation standard excluding renewable energy use

## Water Resources Management[1) 2)]

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| **Water withdrawal** | | | | | | |
| Water withdrawn | ton | Global | 609,444 | 598,120 | 564,251 | 556,119 |
| Water withdrawn from third-party supply (municipal water + industrial water) | ton | Global | 603,751 | 591,026 | 558,347 | 549,055 |
| Rainwater withdrawn | ton | Global | 3 | 210 | 361 | 183 |
| Groundwater withdrawn | ton | Global | 5,690 | 6,884 | 5,543 | 6,881 |
| Water withdrawn | ton | Korea | 546,749 | 533,742 | 502,520 | 493,275 |
| Water withdrawn from third-party supply (municipal water + industrial water) | ton | Korea | 541,056 | 526,648 | 496,616 | 486,211 |
| Rainwater withdrawn | ton | Korea | 3 | 210 | 361 | 183 |
| Groundwater withdrawn | ton | Korea | 5,690 | 6,884 | 5,543 | 6,881 |
| Water withdrawn intensity | ton/KRW million | Korea | 0.151 | 0.127 | 0.118 | 0.145 |
| Water withdrawn from third-party supply (municipal water + industrial water) | ton | Incheon | 477,204 | 468,657 | 429,111 | 414,845 |
| Rainwater withdrawn | ton | Incheon | 3 | 210 | 361 | 161 |
| Water withdrawn from third-party supply (municipal water + industrial water) | ton | Gunsan | 55,276 | 48,660 | 57,151 | 61,935 |
| Water withdrawn from third-party supply (municipal water + industrial water) | ton | Ansan | 8,576 | 9,331 | 10,354 | 9,431 |
| Rainwater withdrawn | ton | Boryeong | 0 | 0 | 0 | 22 |
| Groundwater withdrawn | ton | Boryeong | 5,690 | 6,884 | 5,543 | 6,881 |
| **Water discharge** | | | | | | |
| Water discharged[3)] | ton | Global | 105,675 | 84,057 | 92,123 | 91,954 |
| Wastewater discharged[3)] | ton | Global | 105,675 | 84,057 | 92,123 | 91,954 |
| Water discharged | ton | Korea | 77,792 | 53,288 | 61,223 | 60,730 |
| Wastewater discharged | ton | Korea | 77,792 | 53,288 | 61,223 | 60,730 |
| **Water consumption** | | | | | | |
| Water consumed[3)] | ton | Global | 503,769 | 514,063 | 472,128 | 464,166 |
| Water consumed from third-party supply (municipal water + industrial water) | ton | Global | 498,076 | 506,969 | 466,224 | 457,101 |
| Rainwater consumed | ton | Global | 3 | 210 | 361 | 183 |
| Groundwater consumed | ton | Global | 5,690 | 6,884 | 5,543 | 6,881 |
| Water consumed | ton | Korea | 468,957 | 480,454 | 441,297 | 432,545 |
| Water consumed from third-party supply (municipal water + industrial water) | ton | Korea | 463,264 | 473,360 | 435,393 | 425,481 |
| Rainwater consumed | ton | Korea | 3 | 210 | 361 | 183 |
| Groundwater consumed | ton | Korea | 5,690 | 6,884 | 5,543 | 6,881 |
| Water consumption intensity | ton/KRW million | Korea | 0.130 | 0.114 | 0.104 | 0.127 |
| Water consumed from third-party supply (municipal water + industrial water) | ton | Incheon | 406,893 | 422,762 | 376,623 | 364,849 |
| Rainwater consumed | ton | Incheon | 3 | 210 | 361 | 161 |
| Water consumed from third-party supply (municipal water + industrial water) | ton | Gunsan | 47,795 | 41,267 | 48,416 | 51,201 |
| Water consumed from third-party supply (municipal water + industrial water) | ton | Ansan | 8,576 | 9,331 | 10,354 | 9,431 |
| Rainwater consumed | ton | Boryeong | 0 | 0 | 0 | 22 |
| Groundwater consumed | ton | Boryeong | 5,690 | 6,884 | 5,543 | 6,881 |
| **Water reuse[3)]** | | | | | | |
| Water reused and recycled | ton | Global | 64,314 | 45,802 | 65,429 | 61,874 |
| Water reused and recycled | ton | Korea | 64,314 | 45,802 | 65,429 | 61,874 |

1) The global scope of water resources management is applicable to Korea and overseas manufacturing operations
2) Water resources were compiled for each third-party supply water (municipal water + industrial water), rainwater, groundwater, seawater, and recycled water, and items with numerical value of '0' by type were excluded from the report
3) 2021 to 2023 data were corrected due to a change in metric definition

## Waste Management[1)]

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| **Waste generation** | | | | | | |
| Waste generated | ton | Global | 36,243 | 35,194 | 28,521 | 26,920 |
| Non-hazardous waste | ton | Global | 32,876 | 32,178 | 25,770 | 24,437 |
| Hazardous waste | ton | Global | 3,368 | 3,017 | 2,750 | 2,482 |
| Waste generated | ton | Korea | 31,418 | 30,289 | 24,379 | 23,036 |
| Non-hazardous waste | ton | Korea | 28,793 | 27,803 | 22,090 | 21,081 |
| Hazardous waste | ton | Korea | 2,626 | 2,487 | 2,288 | 1,955 |
| **Waste disposal** | | | | | | |
| Waste disposed | ton | Global | 36,243 | 35,194 | 28,521 | 26,920 |
| Waste landfilled | ton | Global | 308 | 226 | 126 | 588 |
| Waste incinerated | ton | Global | 3,181 | 1,646 | 1,664 | 1,785 |
| Waste Incinerated with energy recovery | ton | Global | 1,560 | 1,154 | 1,119 | 1,785 |
| Waste Incinerated without energy recovery | ton | Global | 1,621 | 492 | 545 | 0 |
| Waste recycled | ton | Global | 32,755 | 33,323 | 26,729 | 24,547 |
| Waste recycling rate | Percentage (%) | Global | 90 | 95 | 94 | 91 |
| Non-hazardous waste disposed | ton | Global | 32,876 | 32,178 | 25,770 | 24,437 |
| Non-hazardous waste landfilled | ton | Global | 45 | 45 | 53 | 499 |
| Non-hazardous waste incinerated | ton | Global | 1,867 | 974 | 916 | 1,031 |
| Non-hazardous waste incinerated with energy recovery | ton | Global | 1,080 | 844 | 755 | 1,031 |
| Non-hazardous waste incinerated without energy recovery | ton | Global | 787 | 130 | 161 | 0 |
| Non-hazardous waste recycled | ton | Global | 30,964 | 31,159 | 24,801 | 22,908 |
| Hazardous waste disposed | ton | Global | 3,368 | 3,018 | 2,750 | 2,482 |
| Hazardous waste landfilled | ton | Global | 262 | 181 | 74 | 89 |
| Hazardous waste incinerated | ton | Global | 1,315 | 672 | 748 | 754 |
| Hazardous waste incinerated with energy recovery | ton | Global | 480 | 294 | 342 | 754 |
| Hazardous waste incinerated without energy recovery | ton | Global | 835 | 378 | 405 | 0 |
| Hazardous waste recycled | ton | Global | 1,791 | 2,164 | 1,928 | 1,639 |
| Waste disposed | ton | Korea | 31,418 | 30,289 | 24,379 | 23,036 |
| Waste landfilled | ton | Korea | 46 | 42 | 48 | 23 |
| Waste incinerated | ton | Korea | 1,621 | 492 | 545 | 462 |
| Waste Incinerated with energy recovery | ton | Korea | 0 | 0 | 0 | 462 |
| Waste Incinerated without energy recovery | ton | Korea | 1,621 | 492 | 545 | 0 |
| Waste recycled | ton | Korea | 29,752 | 29,756 | 23,785 | 22,552 |
| Waste recycling rate | Percentage (%) | Korea | 95 | 98 | 98 | 98 |
| Non-hazardous waste disposed | ton | Korea | 28,793 | 27,803 | 22,090 | 21,081 |
| Non-hazardous waste landfilled | ton | Korea | 45 | 42 | 48 | 20 |
| Non-hazardous waste incinerated | ton | Korea | 787 | 130 | 161 | 121 |
| Non-hazardous waste incinerated with energy recovery | ton | Korea | 0 | 0 | 0 | 121 |
| Non-hazardous waste incinerated without energy recovery | ton | Korea | 787 | 130 | 161 | 0 |
| Non-hazardous waste recycled | ton | Korea | 27,961 | 27,631 | 21,882 | 20,940 |
| Hazardous waste disposed | ton | Korea | 2,626 | 2,487 | 2,288 | 1,955 |
| Hazardous waste landfilled | ton | Korea | 0 | 0 | 1 | 2 |
| Hazardous waste incinerated | ton | Korea | 835 | 362 | 384 | 341 |
| Hazardous waste incinerated with energy recovery | ton | Korea | 0 | 0 | 0 | 341 |
| Hazardous waste incinerated without energy recovery | ton | Korea | 835 | 362 | 384 | 0 |
| Hazardous waste recycled | ton | Korea | 1,791 | 2,125 | 1,903 | 1,612 |

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

## Biodiversity

| Metrics | Unit | Scope | Critically Endangered (CR) | Endangered (EN) | Vulnerable (VU) | Total |
|---|---|---|---|---|---|---|
| Endangered species in the IUCN Red List that are identified near the operations | **No.** | **Global** | **50** | **285** | **404** | **739** |
| | No. | Bundang | 5 | 39 | 54 | 98 |
| | No. | Incheon | 6 | 43 | 53 | 102 |
| | No. | Ansan | 5 | 41 | 52 | 98 |
| | No. | Boryeong | 8 | 42 | 54 | 104 |
| | No. | Gunsan | 8 | 44 | 55 | 107 |
| | No. | Yantai, China | 6 | 32 | 45 | 83 |
| | No. | Tianjin, China | 6 | 31 | 43 | 80 |
| | No. | Norway | 6 | 13 | 48 | 67 |

# Social Data

## Employee Diversity

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Number of employees[1] | Person | Global | 4,495 | 4,482 | 4,606 | 4,405 |
| Number of employees | Person | Korea | 2,842 | 2,809 | 2,747 | 2,500 |
| **By employment type[1]** | | | | | | |
| Permanent employees | Person | Global | 4,273 | 4,183 | 4,332 | 4,154 |
| Temporary employees[2] | Person | Global | 222 | 299 | 274 | 251 |
| **Employees by job category[1]** | | | | | | |
| Office workers | Person | Global | 2,427 | 2,350 | 2,468 | 2,364 |
| Production workers | Person | Global | 2,044 | 2,091 | 2,138 | 2,041 |
| **Employees by gender[3] [4]** | | | | | | |
| Male | Person | Global | 3,624 | 3,585 | 3,519 | 3,598 |
| Female | Person | Global | 412 | 385 | 411 | 447 |
| **Employees by age[4] [5]** | | | | | | |
| Under 30 | Person | Global | - | - | 412 | 483 |
| Between 30 and 50 | Person | Global | - | - | 1,801 | 2,815 |
| Over 50 | Person | Global | - | - | 610 | 747 |
| **Employees by nationality** | | | | | | |
| Percentage of Korean employees | Percentage (%) | Global | 63 | 63 | 61 | 58 |
| Percentage of Chinese employees | Percentage (%) | Global | 28 | 27 | 27 | 30 |
| Percentage of US employees | Percentage (%) | Global | 2 | 3 | 3 | 3 |
| Percentage of Norwegian employees | Percentage (%) | Global | 3 | 3 | 4 | 2 |
| Percentage of Czech employees | Percentage (%) | Global | 2 | 2 | 2 | 1 |
| Percentage of Chilean employees | Percentage (%) | Global | 1 | 1 | 1 | 2 |
| Percentage of Korean managers | Percentage (%) | Global | 69 | 67 | 63 | 65 |
| Percentage of Chinese managers | Percentage (%) | Global | 25 | 27 | 31 | 23 |
| Percentage of US managers | Percentage (%) | Global | 2 | 2 | 2 | 5 |
| Percentage of Norwegian managers | Percentage (%) | Global | 1 | 1 | 1 | 1 |
| Percentage of Czech managers | Percentage (%) | Global | 1 | 1 | 2 | 2 |
| Percentage of Chilean managers | Percentage (%) | Global | 1 | 1 | 1 | 1 |
| **Female employees[6]** | | | | | | |
| Female manager ratio | Percentage (%) | Korea | 1.17 | 0.93 | 1.18 | 1.27 |
| Female senior manager ratio | Percentage (%) | Korea | 2.56 | 0.00 | 0.00 | 0.00 |
| Female mid-level manager ratio | Percentage (%) | Korea | 1.51 | 1.46 | 1.98 | 2.16 |
| Female junior manager ratio | Percentage (%) | Korea | 0.52 | 0.51 | 0.51 | 0.52 |
| Female manager ratio in revenue-generating departments | Percentage (%) | Korea | 1.27 | 1.79 | 3.26 | 5.48 |
| Female employee ratio in STEM departments | Percentage (%) | Korea | 6.26 | 3.84 | 7.58 | 8.32 |
| Number of employees with disabilities[5] | Person | Global | 34 | 31 | 37 | 61 |

1) Includes Korea operations, major global overseas operations, small corporations, and company employees
2) Temporary employees are working in technical tasks such as administrative assistance, assembly, painting, and testing
3) Change in reporting scope due to expansion of compilation scope (Korea operations and Chinese employees before 2023, major overseas operation employees were newly added for 2024)
4) Different from [Number of employees] due to exclusion of Czech Republic subsidiary, small corporations, and branch office employees
5) Change in reporting scope due to expansion of compilation scope (Korea before 2023, global in 2024)
6) 2021 to 2023 data were corrected due to a change in metric definition

## Talent Development

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Number of trainees | Person | Korea | 2,842 | 2,809 | 2,747 | 2,500 |
| Training hours[1] | Hour | Global | 131,836 | 111,077 | 98,875 | 99,308 |
| Average training hours | Hour | Korea | 39 | 33 | 30 | 35 |
| By job category - Office workers | Hour | Korea | 47 | 42 | 43 | 45 |
| By job category – Production workers | Hour | Korea | 30 | 23 | 16 | 26 |
| Training costs[1] | KRW million | Global | 1,527 | 1,830 | 2,039 | 1,227 |
| Average training costs[1] | KRW million | Global | 0.38 | 0.46 | 0.52 | 0.29 |

1) Change in reporting scope due to expansion of compilation scope (Korea and Czech Republic before 2023, Czech Republic excluded from global in 2024)

## Recruitment and Continuous Service

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Number of new hires[1)] | Person | Global | - | - | - | 137 |
| New hire rate[1)] | Percentage (%) | Global | - | - | - | 3 |
| Number of new hires | Person | Korea | 37 | 185 | 167 | 67 |
| Gender - Male | Person | Korea | 35 | 166 | 148 | 57 |
| Gender - Female | Person | Korea | 2 | 19 | 19 | 10 |
| By age - Under 30 | Person | Korea | 13 | 134 | 135 | 35 |
| By age - Between 30 and 50 | Person | Korea | 23 | 51 | 32 | 32 |
| By age - Over 50 | Person | Korea | 1 | 0 | 0 | 0 |
| New hire rate | Percentage (%) | Korea | 1 | 7 | 7 | 3 |
| Internal hire rate | Percentage (%) | Korea | 9 | 0 | 3 | 0 |
| Average cost of employment | KRW million | Korea | 10 | 2 | 3 | 9 |
| Total turnover rate[2)] | Percentage (%) | Korea | - | - | 4.41 | 5.23 |
| Voluntary turnover rate | Percentage (%) | Global | 3.24 | 5.37 | 2.79 | 3.68 |
| By age - Under 30 | Percentage (%) | Global | 17.39 | 14.33 | 7.26 | 11.19 |
| By age - Between 30 and 50 | Percentage (%) | Global | 3.46 | 5.16 | 2.39 | 2.76 |
| By age - Over 50 | Percentage (%) | Global | 0.83 | 2.68 | 2.17 | 2.63 |
| Gender - Male | Percentage (%) | Global | 2.74 | 4.76 | 2.29 | 2.25 |
| Gender - Female | Percentage (%) | Global | 7.25 | 10.12 | 6.80 | 3.29 |
| Average number of years in service | Year | Korea | 15.4 | 14.8 | 14.6 | 14.1 |
| Average years of service - male | Year | Korea | 15.9 | 15.4 | 15.1 | 14.5 |
| Average years of service - female | Year | Korea | 9.0 | 8.6 | 8.3 | 9.0 |

1) New compilation of global data from 2024
2) 2023 and 2024 data was newly compiled from 2024 going forward

## Evaluation and Compensation

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Percentage of employees who received performance evaluations | Percentage (%) | Korea | 93.8 | 91.3 | 96.1 | 99.4 |
| By job category - Office workers | Percentage (%) | Korea | 95.7 | 97.3 | 93.7 | 99.1 |
| By job category – Production workers | Percentage (%) | Korea | 88.8 | 83.2 | 99.2 | 99.8 |
| Gender - Male | Percentage (%) | Korea | 93.7 | 90.8 | 97.0 | 99.7 |
| Gender - Female | Percentage (%) | Korea | 95.2 | 98.6 | 85.9 | 96.6 |
| Percentage of employees who received performance incentives linked to performance evaluations[1)] | Percentage (%) | Korea | 100.0 | 100.0 | 100.0 | 100.0 |
| Average employee salary | KRW million | Korea | 92 | 92 | 96 | 102 |
| Gender - Male | KRW million | Korea | 94 | 94 | 98 | 104 |
| Gender - Female | KRW million | Korea | 68 | 71 | 69 | 78 |
| Average salary ratio of female managers to male managers - base salary[2)] | Percentage (%) | Korea | - | - | 100.0 | 99.9 |
| Average compensation ratio of female managers to male managers - base salary and other incentives[2)] | Percentage (%) | Korea | - | - | 102.5 | 99.0 |
| HL2 average salary ratio of female section chiefs to male - base salary[2)] | Percentage (%) | Korea | - | - | 97.8 | 98.2 |
| HL2 average compensation ratio of female section chiefs to male - base salary and other incentives[2)] | Percentage (%) | Korea | - | - | 89.9 | 97.2 |

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

## Labor-management Relations

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Union membership rate[1)] | Percentage (%) | Global | 94 | 90 | 96 | 95 |
| Collective agreement application rate[2)] | Percentage (%) | Korea | - | - | 100 | 100 |

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

## Employee Engagement

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Percentage of employee engagement survey participation | Percentage (%) | Korea | - | - | 63 | 65 |
| Employee engagement or satisfaction | Percentage (%) | Korea | 76 | - | 68 | 66 |

## Parental Leave

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Number of employees using parental leave - Male[1)] | Person | Korea | 38 | 54 | 31 | 36 |
| Number of employees using parental leave - Female[1)] | Person | Korea | 15 | 16 | 13 | 9 |
| Parental leave usage rate - Male | Percentage (%) | Korea | - | 12 | 6 | 12 |
| Parental leave usage rate - Female | Percentage (%) | Korea | - | 89 | 44 | 45 |
| Parental leave return rate – Male | Percentage (%) | Korea | - | 98 | 100 | 94 |
| Parental leave return rate – Female | Percentage (%) | Korea | - | 100 | 86 | 100 |
| Employees with more than 12 months of service after returning from parental leave – Male | Person | Korea | 28 | 21 | 40 | 38 |
| Employees with more than 12 months of service after returning from parental leave - Female | Person | Korea | 12 | 1 | 12 | 10 |
| Percentage of employees with more than 12 months of service after returning from parental leave - Male[1)] | Percentage (%) | Korea | 100 | 91 | 87 | 90 |
| Percentage of employees with more than 12 months of service after returning from parental leave - Female[1)] | Percentage (%) | Korea | 100 | 33 | 86 | 83 |

1) The 2022 and 2023 data were corrected due to a change in metric definition

## Human Rights Management

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Participation rate in human rights/sexual harassment prevention training | Percentage (%) | Korea | 99.8 | 99.1 | 100.0 | 96.7 |
| Number of received human rights grievances[1) 2)] | Case | Global | 2 | 4 | 5 | 6 |
| Percentage of human rights grievance handling[1)] | Percentage (%) | Global | 100 | 100 | 100 | 100 |
| Percentage of conducting human rights impact assessments – Employee | Percentage (%) | Korea | - | - | 100 | 100 |
| Percentage of risk identification based on human rights impact assessment – Employee | Percentage (%) | Korea | - | - | 100 | 100 |
| Percentage of mitigation measures implemented after identifying the human rights impact assessment risk – Employee | Percentage (%) | Korea | - | - | 100 | 100 |
| Percentage of conducting human rights impact assessments – Contractor | Percentage (%) | Korea | - | - | 19 | 40 |
| Percentage of risk identification based on human rights impact assessment – Contractor | Percentage (%) | Korea | - | - | 100 | 100 |
| Percentage of mitigation measures implemented after identifying the human rights impact assessment risk – Contractor | Percentage (%) | Korea | - | - | 100 | 100 |

1) Change in reporting scope due to expansion of compilation scope (Korea before 2023, global in 2024)
2) The 2021 and 2023 data were corrected due to an error.

## Occupational Health and Safety

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Industrial accident rate | Percentage (%) | Korea | 0.88 | 1.07 | 0.80 | 0.52 |
| LTIR - Employee[1) 2)] | 200,000 hours | Global | 0.74 | 0.90 | 0.63 | 0.46 |
| LTIR - Employee[2)] | 200,000 hours | Korea | 0.91 | 1.10 | 0.77 | 0.50 |
| LTIR - Contractor[2)] | 200,000 hours | Korea | 0.62 | 0.25 | 0.35 | 0.62 |
| TRIR[2) 3)] | 200,000 hours | Global | 1.10 | 1.40 | 0.97 | 1.09 |
| OIFR[2)] | 200,000 hours | Korea | 0.17 | 0.27 | 0.21 | 0.15 |
| Employee fatalities | Person | Global | 0 | 0 | 0 | 0 |
| Fatality rate - Employee | 200,000 hours | Global | 0 | 0 | 0 | 0 |
| Contractor fatalities | Person | Global | 1 | 0 | 0 | 0 |
| Fatality rate - Contractor[4)] | 200,000 hours | Global | 0.08 | 0 | 0 | 0 |

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

## Health and Safety Management

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Number of participants in safety training for contractors | Person | Korea | 778 | 784 | 832 | 770 |
| Number of ISO 45001 certified operations[1) 2)] | No. | Global | 5 | 5 | 5 | 7 |
| Percentage of ISO 45001 certified operations[1) 2)] | Percentage (%) | Global | 83 | 71 | 71 | 100 |
| Percentage of health and safety grievance resolution[3)] | Percentage (%) | Korea | 93 | 92 | 100 | 86 |

1) Personnel working at certified operations are included in the scope of internal/external audit completion
2) Major Korea operations and overseas manufacturing operations
3) Data for 2023 was corrected as additional improvement measures for safety and health grievance handling were completed in 2024.

## Supply Chain Management

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Number of suppliers[1)] | No. | Global | - | - | - | 1,542 |
| Number of suppliers[2)] | No. | Korea | 558 | 547 | 761 | 749 |
| Number of significant suppliers | No. | Korea | 102 | 80 | 80 | 80 |
| Percentage of significant suppliers[2)] | Percentage (%) | Korea | 18 | 15 | 11 | 11 |
| Percentage of purchase amount from significant suppliers out of the total purchase amount[2)] | Percentage (%) | Korea | - | - | 41 | 41 |
| Percentage of new suppliers that have undergone ESG audits | Percentage (%) | Korea | - | - | 27 | 10 |
| Number of suppliers receiving ESG improvement support[3)] | No. | Korea | 27 | 42 | 167 | 338 |
| Number of suppliers supported by the capability building program[3)] | No. | Korea | 3 | 7 | 37 | 314 |
| Amount of capability building program support[3)] | KRW 100 mil. | Korea | 22 | 30 | 57 | 545 |
| Number of ESG training courses for suppliers | No. | Korea | 21 | 3 | 4 | 3 |
| Number of people who completed ESG training for suppliers | Person | Korea | 265 | 183 | 424 | 620 |
| Number of grievances received from suppliers | Case | Korea | - | 11 | 3 | 7 |
| Percentage of supplier grievance handling | Percentage (%) | Korea | - | 100 | 100 | 100 |
| Number of technology development support cases | Case | Korea | 22 | 28 | 29 | 25 |
| Number of technical protection support cases | Case | Korea | 6 | 5 | 5 | 4 |

1) Global data was newly complied from 2024 going forward
2) 2023 data was corrected due to a change in metric definition
3) Data increase compared to the previous year due to change in metric definition in 2024

## Supply Chain Assessment

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Number of ESG self-assessment suppliers | No. | Korea | 41 | 45 | 141 | 301 |
| Percentage of achieving ESG self-assessment targets | Percentage (%) | Korea | - | - | 100 | 100 |
| **Number of suppliers with discovered positive/negative impacts** | | | | | | |
| Number of outstanding suppliers | No. | Korea | - | - | 64 | 165 |
| Percentage of outstanding suppliers | Percentage (%) | Korea | - | - | 45 | 55 |
| Number of high-risk suppliers | No. | Korea | - | - | 12 | 23 |
| Percentage of high-risk suppliers | Percentage (%) | Korea | - | - | 9 | 8 |
| Number of high-risk suppliers who agreed to develop improvement plans | No. | Korea | - | - | 12 | 23 |
| Percentage of high-risk suppliers who agreed to develop improvement plans | Percentage (%) | Korea | - | - | 100 | 100 |
| Number of high-risk suppliers whose contracts have ended | No. | Korea | - | - | 0 | 2 |
| Percentage of high-risk suppliers whose contracts have ended | Percentage (%) | Korea | - | - | 0 | 9 |

## Quality Management

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Number of ISO 9001 certified operations[1)] | No. | Global | 7 | 7 | 8 | 8 |
| 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 |

1) The 2023 data was corrected due to an error

## Customer Satisfaction

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Customer satisfaction survey ratio[1)] | Percentage (%) | Korea | - | - | 11 | 8 |
| Customer satisfaction survey results[1)] | Point | Korea | - | - | 91 | 95 |
| Percentage of online sales | Percentage (%) | China | 3 | 3 | 4 | 2 |

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

## Community Engagement

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Number of employees participating in social contribution activities | Person | Korea | 51 | 366 | 952 | 928 |
| Number of times participating in social contribution activities | Time | Korea | 253 | 558 | 2,189 | 1,970 |
| Hours spent participating in social contribution activities | Hour | Korea | 752 | 1,358 | 9,046 | 9,375 |
| Donation amount[1)] | KRW 100 mil. | Global | 73 | 11 | 30 | 30 |
| Percentage of donation amount to sales[1)] | Percentage (%) | Global | 0.16 | 0.02 | 0.07 | 0.07 |
| Number of 1% Salary Sharing participants | Person | Korea | 1,885 | 1,443 | 1,354 | 1,208 |
| Percentage of 1% Salary Sharing participation | Percentage (%) | Korea | 71 | 50 | 49 | 48 |
| 1% Salary Sharing fundraising amount | KRW million | Korea | 120 | 203 | 520 | 528 |

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

## Information Security

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Number of customer privacy violations[1)] | Case | Global | 0 | 0 | 0 | 0 |
| Number of information security breach incidents[1)] | Case | Global | 0 | 0 | 0 | 0 |
| Number of customers and employees affected by information security breach[1)] | Case | Global | 0 | 0 | 0 | 0 |
| Information security investment ratio | Percentage (%) | Korea | 4 | 8 | 5 | 6 |

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

## Social Value[1)]

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| By value category - Customer value | KRW million | Korea | - | 197,992 | 246,539 | 284,620 |
| By value category - People value | KRW million | Korea | - | 107,190 | 135,532 | 131,764 |
| By value category - Societal value | KRW million | Korea | - | (7,516) | (6,786) | (11,532) |
| By value category - Financial value | KRW million | Korea | - | 435,526 | 477,474 | 406,829 |
| By stakeholder - Customers | KRW million | Korea | - | 197,991 | 246,537 | 284,618 |
| By stakeholder - Suppliers | KRW million | Korea | - | 65,701 | 84,432 | 91,943 |
| By stakeholder - Employees | KRW million | Korea | - | 357,475 | 377,709 | 317,516 |
| By stakeholder - Global environment | KRW million | Korea | - | (6,816) | (6,576) | (886) |
| By stakeholder - Government/Local community | KRW million | Korea | - | 11,684 | 74,977 | 48,075 |
| By stakeholder - Investors | KRW million | Korea | - | 107,157 | 75,678 | 70,416 |

1) Based on EY long-term value measurement

# Governance Data

## Board of Directors

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Board of Directors attendance rate | Percentage (%) | Korea | 94 | 100 | 100 | 98 |
| Female director ratio | Percentage (%) | Korea | 0 | 0 | 20 | 20 |
| Average tenure of directors | Year | Korea | 3.8 | 3.3 | 2.5 | 1.4 |
| CEO average compensation | KRW million | Korea | 1,815 | 913 | 798 | 699 |
| CEO-Employee compensation ratio | Multiple | Korea | 19.1 | 9.9 | 8.3 | 6.9 |

## Executive's Share Ownership Ratio

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

## Ethical Management

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Number of operations conducting ethics audits | No. | Global | 2 | 1 | 4 | 6 |
| Percentage of operations conducting ethics audits | Percentage (%) | Global | 13 | 6 | 21 | 26 |
| Number of employees who completed ethics training[1)] | Person | Global | - | 1,492 | 1,397 | 2,376 |
| Percentage of ethics training completion - Registered executives | Percentage (%) | Global | - | 100 | 100 | 100 |
| Percentage of ethics training completion – Employees | Percentage (%) | Global | - | 52 | 50 | 72 |
| Number of employees who submitted the ethical management practice pledge[2)] | Person | Global | - | - | 1,435 | 2,321 |
| Percentage of employees who submitted the ethical management practice pledge[2)] | Percentage (%) | Global | - | - | 96 | 99 |
| Number of suppliers that submitted the ethical management practice pledge | No. | Korea | - | 345 | 317 | 344 |
| Percentage of suppliers that submitted the ethical management pledge | Percentage (%) | Korea | - | 89 | 100 | 100 |
| Number of ethical management violations[3) 4)] | Case | Korea | 3 | 3 | 4 | 7 |

## Compliance Management

| Metrics | Unit | Scope | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|---|
| Number of operations assessed as having corruption risks[1)] | No. | Global | - | - | - | 2 |
| Percentage of operations assessed as having corruption risks | Percentage (%) | Global | - | - | - | 29 |
| Number of compliance training participants | Person | Korea | 914 | 1,008 | 1,722 | 2,135 |
| Number of compliance training times | Case | Korea | 4 | 4 | 14 | 6 |
| Number of legal consultations on compliance | Case | Korea | 63 | 61 | 82 | 52 |
| Number of environmental law violations[2)] | Case | Global | 0 | 0 | 0 | 0 |
| Number of other law violations[3)] | Case | Global | 0 | 0 | 0 | 0 |
| Number of fair trade law violations | Case | Global | 0 | 0 | 0 | 0 |
| Number of Anti-Bribery Act violations | Case | Global | 0 | 0 | 0 | 0 |
| Number of other law violations | Case | Global | 0 | 0 | 0 | 0 |
| Fine for violating environmental regulations[2)] | KRW million | Global | 0 | 0 | 0 | 0 |
| Fine for violating other regulations[3)] | KRW million | Global | 0 | 0 | 0 | 0 |

1) New data compilation for 2024
2) Monetary sanctions of USD 10,000 or more
3) Change in reporting scope due to expansion of compilation scope (Korea before 2023, global in 2024)

1) Change in reporting scope due to expansion of compilation scope (Korea operation employees and overseas expatriates before 2023, global operation employees were newly added for 2024, excluding Czech Republic)
2) Change in reporting scope due to expansion of compilation scope (Korea before 2023, Czech Republic excluded from global in 2024)
3) Includes all of corruption/bribery, discrimination/harassment, conflicts of interest, money laundering/insider trading
4) 2021 to 2023 data was corrected due to a change in metric definition.

# APPENDIX

# Stakeholder Engagement

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

## Stakeholder Communication Channel

| Classification | Communication Channel | Lead Organization | Communication Cycle | Related Issues |
|---|---|---|---|---|
| **Employees** | • Labor-management council<br>• Grievances handling system<br>• Intranet<br>• Conversations with the executives | HR | As needed, quarterly | • Strengthening talent recruitment and development<br>• Advancement of the fair evaluation and compensation system<br>• Supporting employee capacity development<br>• Creating a healthy corporate culture and strengthening communication<br>• Expanding support for work-life balance<br>• Respect for human rights and promotion of diversity<br>• Building a labor-management relationship based on mutual prosperity |
| **Shareholders and investors** | • General shareholders' meeting<br>• Disclosure materials<br>• Investment information website<br>• Conference participation<br>• IR meeting | Finance and accounting | As needed, quarterly | • Improving transparency in management information disclosure<br>• Strengthening the shareholder return policy and improving profitability<br>• Improving corporate governance<br>• Enhancing business opportunity and risk management and response<br>• Sharing the industry vision and strategy |
| **Suppliers** | • Supplier council<br>• Supplier training<br>• Supplier consulting guidance, technical support | Purchase | As needed | • Establishing a cooperation system for mutual prosperity<br>• Strengthening the foundation for shared growth<br>• Strengthening supplier ESG risk management<br>• Strengthening the sustainability capabilities of our suppliers |
| **Customers** | • Field survey<br>• VOC<br>• Call center<br>• Joint workshop<br>• Integrated customer management system | Sales, quality | As needed | • Promoting customer communication<br>• Improving product quality<br>• Providing customized services to customers<br>• Strengthening technological innovation and R&D capabilities<br>• Strengthening customer information protection |
| **Local Community** | • Community meeting<br>• Social contribution practitioner workshop<br>• Sister-city partnership with island regions | Management support | As needed | • Increasing social contribution and strengthening communication with local communities<br>• Increasing contribution to the local economy<br>• Establishing and internalizing the environmental management system<br>• Strengthening environmental impact reduction and pollution prevention management |
| **Government** | • Press release<br>• Press conference<br>• Regular meeting<br>• Operation visit (tour) | Communication | As needed | • Complying with laws and regulations and practicing ethical management<br>• Strengthening capacity to respond to regulatory changes<br>• Expanding public-private partnerships |

# Association Membership

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

| | | | |
|---|---|---|---|
| Association membership | Korea Construction Equipment Manufacturers Association[1)] | Korea Association of Machinery Industry | Incheon Chamber of Commerce and Industry |
| | UN Global Compact Network Korea | EUROMOT | Gunsan Chamber of Commerce and Industry |
| | Korea Enterprises Federation | Incheon Employers' Federation | Ansan Chamber of Commerce and Industry |
| | Korea Listed Companies Association | Korean Society of Automotive Engineers | Korea Industrial Technology Association |
| | Federation of Korean Industries | Korea Association for Industrial Technology Security | Korea AEO Association |

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

Below is a summary of HD Hyundai Infracore's financial contributions to Korea industry-related organizations and associations.

(Unit: KRW million)

| Classification | 2021 | 2022 | 2023 | 2024 |
|---|---|---|---|---|
| Expenditure by contribution type | | | | |
| Lobbying and interest groups | 0 | 0 | 0 | 0 |
| Political contributions[1)] | 0 | 0 | 0 | 0 |
| Associations and tax-exempt organizations | 1,055 | 1,097 | 1,125 | 1,599 |
| Korea Foundation for Cooperation of Large & Small Business, Rural Affairs[2)] | 400 | 400 | 420 | 470 |
| Korea Construction Equipment Manufacturers Association[2)] | 243 | 222 | 233 | 343 |
| Korea Enterprises Federation[2)] | 103 | 106 | 107 | 277 |
| Incheon Chamber of Commerce and Industry[2)] | 80 | 80 | 106 | 111 |
| Gunsan Chamber of Commerce and Industry[2)] | 47 | 47 | 47 | 108 |

1) We strictly comply with Article 31 (Restrictions on Contributions) of the Political Funds Act, which prohibits corporate and organizational political donations. We do not provide political funds, campaign donations, or lobbying contributions to any political party, political organization, or activities intended to influence public policy. Furthermore, we neither join nor cooperate with any associations that do not comply with the Paris Agreement. In 2024, there were no climate-related lobbying activities conducted by our affiliated associations.
2) The amounts represent expenditures for the top five affiliated institutions and associations, based on total spending for associations and tax-exempt organizations.

# Initiatives

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

| | |
|---|---|
| Initiative | RE100<br>TCFD<br>UN Global Compact<br>CDP<br>CoREi<br>K-EV100<br>BNBP |

# GRI Standards 2021 Index

| | |
|---|---|
| Statement of use | HD Hyundai Infracore made a report in accordance with the GRI Standards' reporting principles for the reporting period (January 1 to December 31, 2024). |
| GRI 1 used | GRI 1: Foundation 2021 |
| Applicable GRI sector criteria | As of June 2025 when HD Hyundai Infracore publishes its ESG report, there are no applicable GRI Sector Standards available. |

| Disclosure No. | | Disclosure title | Page |
|---|---|---|---|
| GRI 2: General Disclosures 2021 | | | |
| The organization and its reporting practices | 2-1 | Organization details | 9, 12 |
| | 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 | 86-96 |
| | 2-5 | External assurance | 106-109 |
| Activities and workers | 2-6 | Activities, value chain, and other business relationships | 9-11 |
| | 2-7 | Employees | 9, 91 |
| | 2-8 | Workers who are not employees | 91 |
| Governance | 2-9 | Governance structure and composition | 14, 20, 28, 47, 52, 55, 62, 74, 78-79 |
| | 2-10 | Nomination and selection of members of the Board of Directors | 78 |
| | 2-11 | Chair of the highest governance body | 78 |
| | 2-12 | Role of the highest governance body in overseeing the management of impacts | 14 |
| | 2-13 | Delegation of responsibility for managing impacts | 14 |
| | 2-14 | Role of the highest governance body in sustainability reporting | 14 |
| | 2-15 | Conflicts of interest | 78 |
| | 2-16 | Communication of critical concerns | 14, 78 |
| | 2-17 | Collective knowledge of the highest governance body (expertise) | 78 |
| | 2-18 | Evaluation of the performance of the highest governance body | 79 |
| | 2-19 | Remuneration policies | 80 |
| | 2-20 | Process to determine compensation | 80 |
| | 2-21 | Annual total compensation ratio | Confidential |

| Disclosure No. | | Disclosure title | Page |
|---|---|---|---|
| GRI 2: General Disclosures 2021 | | | |
| Strategy, policy, and practice | 2-22 | Statement on sustainable development strategy | 5-7 |
| | 2-23 | Policy commitments | 38, 41, 52, 56, 62, 74-75, 84 |
| | 2-24 | Embedding policy commitments | 38, 41, 52, 56, 62, 74-75, 84 |
| | 2-25 | Processes to remediate negative impacts | 54, 75 |
| | 2-26 | Mechanisms for seeking advice and raising concerns | 50, 75 |
| | 2-27 | Compliance with laws and regulations | 96 |
| | 2-28 | Memberships in Associations | 99 |
| Stakeholder Engagement | 2-29 | Approach to stakeholder engagement | 98 |
| | 2-30 | Collective bargaining agreements | 92 |
| GRI 3: Material Topics 2021 | | | |
| Material topics | 3-1 | Guidance to determine material topics | 17 |
| | 3-2 | List of material topics | 18 |
| Material topic - Climate change | | | |
| Material topic | 3-3 | Management of material topics | 20-27 |
| Economic performance | 201-2 | Financial implications and other risks and opportunities due to climate change | 20-23 |
| Energy | 302-1 | Energy consumption within the organization | 88 |
| | 302-3 | Energy intensity | 88 |
| | 302-4 | Reduction of energy consumption | 25, 88 |
| Emissions | 305-1 | Direct (Scope 1) GHG emissions | 88 |
| | 305-2 | Energy indirect (Scope 2) GHG emissions | 88 |
| | 305-3 | Other indirect (Scope 3) GHG emissions | 88 |
| | 305-4 | GHG emissions intensity | 88 |
| | 305-5 | Reduction of GHG emissions | 25 |

| Disclosure No. | | Disclosure title | Page |
|---|---|---|---|
| Material topic - Health and Safety | | | |
| Material topic | 3-3 | Management of material topics | 55-61 |
| Occupational health and safety | 403-1 | Occupational health and safety management system | 56 |
| | 403-2 | Hazard identification, risk assessment, and incident investigation | 57 |
| | 403-3 | Occupational health services | 58 |
| | 403-4 | Worker participation, consultation, and communication on occupational health and safety | 56 |
| | 403-5 | Worker training on occupational health and safety | 59 |
| | 403-6 | Promotion of workers health | 58 |
| | 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked with business relationships | 56 |
| | 403-8 | Workers covered by an occupational health and safety management system | 93 |
| | 403-9 | Work-related injuries | 93 |
| | 403-10 | Work-related ill health | 93 |
| Material topic - Human capital | | | |
| Material topic | 3-3 | Management of material topics | 47-51 |
| Employment | 401-1 | New employee hires and employee turnover | 92 |
| | 401-3 | Parental leave | 93 |
| Training and education | 404-1 | Average hours of training per year per employee | 91 |
| | 404-2 | Programs for upgrading employee skills and transition assistance programs | 48 |
| | 404-3 | Percentage of employees receiving regular performance and career development reviews | 92 |
| Diversity and equal opportunity | 405-1 | Diversity of governance bodies and employees | 91 |
| | 405-2 | Ratio of basic salary and remuneration of women to men | 92 |
| Non-discrimination | 406-1 | Incidents of discrimination and corrective actions taken | 96 |
| Freedom of association and right to collective bargaining | 407-1 | Operations and suppliers where the right to freedom of association and collectivebargaining may be at risk | 50, 53 |
| Material topic - Supply chain | | | |
| Material topic | 3-3 | Management of material topics | 62-66 |
| Supplier environmental assessment | 308-1 | New suppliers that were screened using environmental criteria | 94 |
| | 308-2 | Negative environmental impacts in the supply chain and actions taken | 64 |
| Supplier social assessment | 414-1 | New suppliers that were screened using social criteria | 94 |
| | 414-2 | Negative social impacts in the supply chain and actions taken | 94 |

| Disclosure No. | | Disclosure title | Page |
|---|---|---|---|
| Material topic - Ethical management | | | |
| Material topic | 3-3 | Management of material topics | 74-77 |
| Anti-corruption | 205-1 | Operations assessed for risks related to corruption | 96 |
| | 205-2 | Communication and training on anti-corruption policies and procedures | 96 |
| | 205-3 | Confirmed incidents of corruption and actions taken | 75, 96 |
| Anti-competitive behavior | 206-1 | Legal actions for anti-competitive behavior, anti-trust, and monopoly practices | 96 |
| General Topic | | | |
| Economic performance | 201-3 | Defined benefit pension plan and other retirement plans | 86 |
| Materials | 301-1 | Materials used by weight or volume | 87 |
| Water and effluents | 303-2 | Management of water discharge-related impacts | 39, 89 |
| | 303-3 | Water withdrawal | 89 |
| | 303-4 | Water discharge | 89 |
| | 303-5 | Water consumption | 89 |
| Biodiversity | 304-4 | IUCN Red List species and national conservation list species with habitats in areas affected by operations | 90 |
| Emissions | 305-7 | Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions | 87 |
| Waste | 306-2 | Management of significant waste-related impacts | 44-45 |
| | 306-3 | Waste generated | 90 |
| | 306-4 | Waste diverted from disposal | 90 |
| | 306-5 | Waste directed to disposal | 90 |
| Local communities | 413-1 | Operations with local community engagement, impact assessments, and development programs | 70-72 |
| | 413-2 | Operations with significant actual and potential negative impacts on local communities | There are no operations with significant negative impacts on the community as identified through stakeholder channels and materiality assessments. |
| Public policy | 415-1 | Political contributions | 99 |
| Customer safety and health | 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | 94 |
| Marketing and labeling | 417-2 | Incidents of non-compliance concerning product and service information and labeling | 94 |
| Customer privacy | 418-1 | Substantiated grievances concerning breach of customer privacy and loss of customer data | 95 |

# ESRS Index

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

| Disclosure No. | Disclosure Title | Page |
|---|---|---|
| **ESRS 2. General Disclosures** | | |
| ESRS 2 BP-1 | General basis for preparation of sustainability statements | 2 |
| ESRS 2 BP-2 | Disclosures in relation to specific circumstances | Not applicable |
| ESRS 2 GOV-1 | The role of the administrative, management and supervisory bodies | 14, 20, 28, 47, 52, 55, 62, 74, 78, 79 |
| ESRS 2 GOV-2 | Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies | 14, 17, 18 |
| ESRS 2 GOV-3 | Integration of sustainability-related performance in incentive schemes | 20, 28, 47, 55, 62 |
| ESRS 2 GOV-4 | Statement on due diligence | 17, 18 |
| ESRS 2 GOV-5 | Risk management and internal controls over sustainability reporting | - |
| ESRS 2 SBM-1 | Strategy, business model and value chain | 9, 10, 11 |
| ESRS 2 SBM-2 | Interests and views of stakeholders | 98 |
| ESRS 2 SBM-3 | Material impacts, risks and opportunities and their interaction with strategy and business model | 11, 18 |
| ESRS 2 IRO-1 | Description of the process to identify and assess material impacts, risks and opportunities | 17, 18, 82 |
| ESRS 2 IRO-2 | Disclosure requirements in ESRS covered by the undertaking's sustainability statement | 102, 103 |
| **ESRS E1. Climate Change** | | |
| ESRS E1-1 | Transition plan for climate change mitigation | 24 |
| ESRS E1-2 | Policies related to climate change mitigation and adaptation | 38 |
| ESRS E1-3 | Actions and resources in relation to climate change policies | 23, 24 |
| ESRS E1-4 | Targets related to climate change mitigation and adaptation | 24, 27 |
| ESRS E1-5 | Energy consumption and mix | 27 |
| ESRS E1-6 | Gross Scopes 1, 2, 3 and Total GHG emissions | 27 |
| ESRS E1-7 | GHG removals and GHG mitigation projects financed through carbon credits | 24 |
| ESRS E1-8 | Internal carbon pricing | 25 |
| ESRS E1-9 | Anticipated financial effects from material physical and transition risks and potential climate-related opportunities | 23 |

| Disclosure No. | Disclosure Title | Page |
|---|---|---|
| **ESRS E3. Water and Marine Resources** | | |
| ESRS E3-1 | Policies related to water and marine resources | 38 |
| ESRS E3-2 | Actions and resources related to water and marine resources | 39 |
| ESRS E3-3 | Targets related to water and marine resources | 39 |
| ESRS E3-4 | Water consumption | 39, 89 |
| ESRS E3-5 | Anticipated financial effects from water and marine resources-related impacts, risks and opportunities | - |
| **ESRS E4. Biodiversity and Ecosystems** | | |
| ESRS E4-1 | Transition plan and consideration of biodiversity and ecosystems in strategy and business model | - |
| ESRS E4-2 | Policies related to biodiversity and ecosystems | 41 |
| ESRS E4-3 | Actions and resources related to biodiversity and ecosystems | 43 |
| ESRS E4-4 | Targets related to biodiversity and ecosystems | - |
| ESRS E4-5 | Impact metrics related to biodiversity and ecosystems change | 72 |
| ESRS E4-6 | Anticipated financial effects from biodiversity and ecosystem-related risks and opportunities | 43 |
| **ESRS E5. Resource Use and Circular Economy** | | |
| ESRS E5-1 | Policies related to resource use and circular economy | 38 |
| ESRS E5-2 | Actions and resources related to resource use and circular economy | 44 |
| ESRS E5-3 | Targets related to resource use and circular economy | 44 |
| ESRS E5-4 | Resource inflows | 87 |
| ESRS E5-5 | Resource outflows | 90 |
| ESRS E5-6 | Anticipated financial effects from resource use and circular economy-related impacts, risks and opportunities | - |

| Disclosure No. | Disclosure Title | Page |
|---|---|---|
| **ESRS S1. Own Workforce** | | |
| ESRS S1-1 | Policies related to own workforce | 52, 56 |
| ESRS S1-2 | Processes for engaging with own workers and workers' representatives regarding impacts | 50, 55 |
| ESRS S1-3 | Processes to remediate negative impacts and channels for own workers to raise concerns | 54 |
| 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 | 53, 57 |
| ESRS S1-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | 51, 54, 61 |
| ESRS S1-6 | Characteristics of the undertaking's employees | 91 |
| ESRS S1-7 | Characteristics of non-employee workers in the undertaking's own workforce | 91 |
| ESRS S1-8 | Collective bargaining coverage and social dialogue | 92 |
| ESRS S1-9 | Diversity metrics | 92, 93 |
| ESRS S1-10 | Adequate wages | - |
| ESRS S1-11 | Social protection | 50 |
| ESRS S1-12 | Persons with disabilities | 91 |
| ESRS S1-13 | Training and skills development metrics | 91, 92 |
| ESRS S1-14 | Health and safety metrics | 93 |
| ESRS S1-15 | Work-life balance metrics | - |
| ESRS S1-16 | Remuneration metrics (pay gap and total remuneration) | 96 |
| ESRS S1-17 | Incidents, complaints and severe human rights impacts | 93, 96 |
| **ESRS S2. Workers in the Value Chain** | | |
| ESRS S2-1 | Policies related to value chain workers | 62 |
| ESRS S2-2 | Processes for engaging with value chain workers about impacts | 66 |
| ESRS S2-3 | Processes to remediate negative impacts and channels for value chain workers to raise concerns | 66 |
| ESRS S2-4 | Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action | 64, 66 |
| ESRS S2-5 | Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities | 61, 66 |

| Disclosure No. | Disclosure Title | Page |
|---|---|---|
| **ESRS G1. Business Conduct** | | |
| ESRS G1-1 | Business conduct policies and corporate culture | 74 |
| ESRS G1-2 | Management of relationships with suppliers | 64, 76 |
| ESRS G1-3 | Prevention and detection of corruption and bribery | 75, 76 |
| ESRS G1-4 | Incidents of corruption or bribery | 96 |
| ESRS G1-5 | Political influence and lobbying activities | 96 |
| ESRS G1-6 | Payment practices | - |

# TCFD Index

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

| Disclosure No. | Disclosure title | Page |
|---|---|---|
| Governance | a) Describe the board's oversight of climate-related risks and opportunities. | 20 |
| | b) Describe management's role in assessing and managing climate-related risks and opportunities. | 20 |
| Strategy | a) Describe the climate-related risks and opportunities identified by the organization over the short, medium, and long terms. | 20, 21 |
| | b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning. | 21 |
| | c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario. | 22, 23 |
| Risk management | a) Describe the organization's processes for identifying and assessing climate-related risks. | 27 |
| | b) Describe the organization's processes for managing climate-related risks. | 27 |
| | c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management. | 27 |
| Metrics and targets | a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process. | 27 |
| | b) Disclose Scope 1, Scope 2, and—if appropriate—Scope 3 greenhouse gas (GHG) emissions and related risks. | 27 |
| | c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets. | 27 |

# TNFD Index

HD Hyundai Infracore has assessed the actual and potential financial impacts of nature capital on its business operations in alignment with the guidelines of the Task force on Nature-related Financial Disclosures (TNFD), and has developed a strategic direction and risk management system.

| Disclosure No. | | Disclosure title | Page |
|---|---|---|---|
| Governance | A | Describe the board's oversight of nature-related dependencies, impacts, risks, and opportunities. | 41 |
| | B | Describe management's role in assessing and managing nature-related dependencies, impacts, risks, and opportunities. | 41 |
| | C | Describe the organization's human rights policies and engagement activities, and oversight by the board and management with respect to Indigenous Peoples, Local Communities, and affected and other stakeholders in the organization's assessment of and response to nature-related dependencies, impacts, risks, and opportunities. | - |
| Strategy | A | Describe the nature-related dependencies, impacts, risks, and opportunities identified by the organization over the short, medium, and long terms. | 42, 43 |
| | B | Describe the effect of nature-related dependencies, impacts, risks, and opportunities on the organization's business model, value chain, strategy, and financial planning as well as any transition plans or analysis in place. | - |
| | C | Describe the resilience of the organization's strategy to nature-related risks and opportunities, taking into consideration different scenarios. | - |
| | D | Disclose the locations of assets and/or activities in the organization's direct operations and, where possible, upstream and downstream value chain(s) that meet the criteria for priority locations. | 41, 42 |
| Risk and impact management | A-(i) | Describe the processes of the organization for identifying, assessing, and prioritizing nature-related dependencies, impacts, risks, and opportunities in its direct operations. | 41, 42, 43 |
| | A-(ii) | Describe the processes of the organization for identifying, assessing, and prioritizing nature-related dependencies, impacts, risks, and opportunities in its upstream and downstream value chain(s). | 41 |
| | B | Describe the organization's processes for managing nature-related dependencies, impacts, risks, and opportunities. | 41 |
| | C | Describe how processes for identifying, assessing, prioritizing, and monitoring nature-related risks are integrated into and inform the organization's overall risk management processes. | - |
| Metrics and targets | A | Disclose the metrics used by the organization to assess and manage material nature-related risks and opportunities in line with its strategy and risk management process. | - |
| | B | Disclose the metrics used by the organization to assess and manage dependencies and impacts on nature. | - |
| | C | Describe the targets and goals used by the organization to manage nature-related dependencies, impacts, risks and opportunities, as well as its performance against these. | - |

# SASB Index

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

| Topic | Type | Code | Metric name | Page |
|---|---|---|---|---|
| Energy management | Quantitative | RT-IG-130A.1 | (1) Total energy consumed (GJ) | 88 |
| | | | (2) Percentage grid electricity and | 88 |
| | | | (3) Percentage renewable | 88 |
| Workforce Health and Safety | Quantitative | RT-IG-320A.1 | (1) Total recordable incident rate (TRIR) | 93 |
| | | | (2) Fatality rate | 93 |
| | | | (3) Near-Miss Frequency Rate (NMFR) | - |
| Fuel Economy and Emissions in Use-phase | Quantitative | RT-IG-410A.1 | Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles | - |
| | Quantitative | RT-IG-410A.2 | Sales-weighted fuel efficiency for non-road equipment | - |
| | Quantitative | RT-IG-410A.3 | Sales-weighted fuel efficiency for stationary generators | - |
| | Quantitative | RT-IG-410A.4 | (a) Sales-weighted emissions of NOx and PM for marine diesel engines | - |
| | | | (b) Sales-weighted emissions of NOx and PM for locomotive diesel engines | - |
| | | | (c) Sales-weighted emissions of NOx and PM for on-road medium- and heavy-duty engines | - |
| | | | (d) Sales-weighted emissions of NOx and PM for other non-road diesel engines | - |
| Materials Sourcing | Qualitative | RT-IG-440A.1 | Description of the management of risks associated with the use of critical materials | 63 |
| Remanufacturing design and service | Quantitative | RT-IG-440B.1 | Revenue from remanufactured products and remanufacturing services | 87 |
| Activity Metric | Activity Metric | RT-IG-000.A | Number of units produced by product category | Business report |
| | | | (1) Vehicle, agricultural and construction equipment | |
| | | | (2) Engine and power generation equipment | |
| | | | (3) Parts and components | |
| | Quantitative | RT-IG-000.B | Number of employees | 91 |

# UNGC

HD Hyundai Infracore has supported the Ten Principles of the United Nations Global Compact (UNGC) across four core areas since joining in June 2013: human rights, labor, environment, and anti-corruption.

| | |
|---|---|
| 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 with respect to 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 environment-friendly technologies. |
| Anti-corruption | 10. Businesses should work against corruption in all its forms, including extortion and bribery. |

# Independent Assurance Opinion Statement

## To: The Stakeholders of HD HYUNDAI INFRACORE

### Overview

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

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

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

### Scope

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

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

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

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

### Assurance Level and Type

The assurance level and type are as follows;

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

### Description and Sources of Disclosures Covered

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

[Universal Standards]

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

[Topic Standards]

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

## Methodology

As a part of its independent assurance, the Assurer has used the methodology developed for relevant evidence collection in order to comply with the verification criteria and to reduce errors in reporting. The Assurer has performed the following activities;

- Validation of the materiality assessment and internal analytical process for determining assurance priorities, and a top-level review of issues that may be raised by external stakeholders in the context of sustainability.
- Discussion with managers and representatives on stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the responsible departments.
- Review of the system for sustainability management strategy process and implementation.
- Review of the materiality issue analysis process and prioritization and verifying the results.
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures.
- An assessment of HD Hyundai Infracore 's reporting and management processes against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 Accountability Principles Standard (2018).
- Visit of the Headquarters of HD Hyundai Infracore to confirm the data collection processes, record management practices.

## Limitations and Approach Used to Mitigate Limitations

The Assurer performed limited verification for a limited period based on the data provided by HD Hyundai Infracore. It implies that the Assurer is therefore subject to limitations relating to inherent risks that may exist without the identification of material errors. The Assurer does not provide assurance on possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

## Competency and Independence

British Standards Institution (BSI) is a leading global standards and assessment body founded in 1901. BSI is an independent professional institution that specializes in quality, health, safety, social and environmental management with over 120 years history in providing independent assurance services globally. No member of the assurance team has a business relationship with HD Hyundai Infracore. The Assurer has conducted this verification independently, and there has been no conflict of interest. All assurers who participated in the assurance have qualifications as an AA1000AS assurer, have a lot of assurance experience, and have in-depth understanding of the BSI Group's assurance standard methodology.

## Opinion Statement

The assurance was conducted by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. The Assurer planned and performed the verification and collected sufficient evidence to explain HD Hyundai Infracore`s approach to the AA1000 Assurance Standard and to provide confidence in its self-declaration of compliance with the GRI Standards.

On the basis of our methodology and the activities described above, it is our opinion that the information and data included in the Report are accurate and reliable and the Assurer cannot point out any substantial aspects of material with mistake or misstatement. We believe that the economic, social and environment performance indicators are accurate and are supported by robust internal control processes.

## Conclusions

The Report is prepared in accordance with the GRI Standards. (Reporting in accordance with the GRI standards). A detailed review against the AA1000 Accountability Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards is set out as below.

## Inclusivity: Stakeholder Engagement and Opinion

HD Hyundai Infracore has identified customers, employees, partners, shareholders/investors, government agencies and local communities as key stakeholders. The company has established and operates various communication channels and engagement cycles tailored to each stakeholder group. Through its stakeholder engagement process, HD Hyundai Infracore collects expectations and diverse opinions from core stakeholder groups, incorporates the resulting key issues into sustainability-related decision-making, and transparently discloses this process in its sustainability report.

## Materiality: Identification and Reporting of Material Sustainability Topics

HD Hyundai Infracore has established a double materiality assessment process to develop sustainability strategies and identify key reporting issues. This assessment follows the European Sustainability Reporting Standards (ESRS), incorporating disclosure indicators, human rights impact assessments, and industry-specific frameworks to create a long list of sustainability issues. Based on an analysis of previous year's material issues, ESG management strategies, KPIs, industry trends, and media research, the company identified a pool of 21 key issues. Through Impact Materiality Assessment (evaluating environmental and social impacts) and Financial Materiality Assessment (assessing financial implications), 9 core material issues were selected and disclosed in the sustainability report.

## Responsiveness: Responding to Material Sustainability Topics and Related Impacts

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

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

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

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

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

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

## Recommendations and Opportunity for Improvement

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

- As global sustainability disclosure standards are being established and expanded, companies are facing situations where they must more systematically oversee and manage risks and opportunities related to sustainable management. To achieve this, it is necessary to define more clearly and in detail the responsibilities and authorities of governance within the organization, control mechanisms, and decision-making procedures. In particular, in the selection process of board members, it is recommended to specifically outline criteria such as expertise, diversity, and independence, and operate transparent and fair appointment procedures according to these criteria. This will be a crucial element in strengthening the company's ESG management system and enhancing stakeholder trust.
- HD Hyundai Infracore applied a double materiality assessment process and screened the issue pool through Long list and Short list of sustainability issues based on the European Sustainability Reporting Standards (ESRS). Through this, they established a process to derive core material issues by conducting environmental, social, and financial impact assessments, and reported on business strategies and implementation status for each material issue. Additionally, if the report includes not only performance and achievements for targets of each core issue but also future response plans for deficiencies, it can enhance sustainability and management performance while strengthening corporate value in the long term.

## GRI-reporting

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

Issue Date: 12/06/2025
For and on behalf of British Standards Institution (BSI):

BSI representative

Lead Assurer(LCSAP)
**Sangwoo Nam**

Managing Director of BSI Korea
**Seonghwan Lim**

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Hold Statement Number: SRA 810231

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# Verification Opinion on Greenhouse Gas Emissions

### To HD Hyundai Infracore Co., Ltd.

Korea Management Register conducted a verification of HD Hyundai Infracore Co., Ltd.'s 2024 greenhouse gas emissions (Scope 1, 2).

### Verification Scope

Verification was conducted on all operations and emission facilities under the operational control of HD Hyundai Infracore Co., Ltd.

### Verification Criteria

- ISO 14064-1:2018, ISO 14064-3:2019
- IPCC Guidelines for National Greenhouse Gas Inventories (2006)
- Operating guidelines on the reporting and certification of emissions under the greenhouse gas emissions trading system
- Verification guidelines for the operation of the GHG emissions trading system
- Administrative guideline for the GHG target management system

### Verification Procedure

To ensure the accuracy of greenhouse gas emissions data, on-site verification was conducted using a risk-based analysis approach and a data evaluation methodology. The data and factors applied to emissions calculations were assessed for appropriateness based on objective evidence. The verification team performed the verification in accordance with established guidelines and applied reasonable methodologies to verify the emissions reported during the reporting period.

### Verification Independence

Korea Management Registrar has no conflict of interest with the organization to be verified and does not conduct audits with biased opinions/viewpoints. The verification conclusion was drawn independently and objectively based on the relevant verification criteria, and an internal review was conducted to assess the entire verification process and verification activities.

### Verification Limits

The verification team verified the relevant reports, information, and data presented by the organization under verification through sampling or complete enumeration survey methods. However, this approach carries inherent limitations, and there may be disagreement regarding the interpretation of appropriateness. Although we have tried to conduct faithful verification that complies with the verification criteria, we acknowledge that undetected errors, omissions, or misstatements may exist, representing a limitation of the verification process.

### Verification Opinion

- Greenhouse gas emissions were verified in such a way a reasonable assurance level is satisfied based on verification criteria.
- It has been confirmed that no significant errors were found in the calculation of emissions during the verification process, and that the relevant activity data and supporting documents were properly managed and calculated. We express a final 'appropriate' opinion.
- Importance: Criteria of less than 5% were satisfied.
- Emissions (total)

| Greenhouse gas emissions | Direct emissions (Scope 1) | Indirect emissions (Scope 2) | Total amount ($tCO_2eq$) |
|---|---|---|---|
| 2024 | 23,071.165 | 64,602.674 | 87,672 |

| Amount of energy use | Fuel | Electricity | Steam | Total amount (TJ) |
|---|---|---|---|---|
| 2024 | 350.158 | 1,350.263 | 2.07 | 1,700 |

※ Note: There is a difference between emissions by greenhouse gas and emissions, and total amount of greenhouse gas emissions by operation. (Emissions truncated by the decimal point for each operation were added to the company unit.)

### General Opinion

We have verified that the emissions from major emission facilities have been calculated and reported without omission.

May 27, 2025

CEO of KMR

# Verification Opinion on Scope 3 Emissions

## HD Hyundai Infracore Co.,Ltd.

### Scope

Scope 3 GHG emissions of HD Hyundai Infracore's in the calendar year of 2024.

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

### Data Verified

Scope 3 GHG emissions of HD Hyundai Infracore for the year 2024 are as follows.

(Unit: ton $CO_2$-e/yr)

| | Category | Scope3 Emissions |
|---|---|---|
| Category 1 | Purchased goods & services | 118,354 |
| Category 2 | Capital goods | 403 |
| Category 3 | Fuel- and energy- related activities (not included in Scopes 1 or 2) | 11,291 |
| Category 4 | Upstream transportation & distribution | 146,343 |
| Category 5 | Waste generated in operations | 1,229 |
| Category 6 | Business travel | 1,747 |
| Category 7 | Employee commuting | 4,620 |
| Category 9 | Downstream transportation & distribution | 6,304 |
| Category 11 | Use of sold products | 5,565,425 |
| Category 12 | End-of-life treatment of sold products | 2,408 |
| Category 15 | Investment | 6 |
| | Total | 5,858,130 |

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

### GHG Criteria & Protocols used for Verification

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

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

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

### Verification Opinion

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

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

09/06/2025
Managing Director Korea, **Seong Hwan Lim**

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