

Green Solutions Toward Sustainable Future

HD Hyundai Marine Solution

2024 Sustainability Report



About this Report

Report Overview

HD Hyundai Marine Solution publishes its Sustainability Report annually starting from 2024 to transparently disclose financial performance and ESG (Environmental, Social, and Governance) information to stakeholders. We aim to publish this report every year to provide stakeholders with reliable information and maintain open communication.

Reporting Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021 to transparently disclose our sustainability performance. We have also considered the Sustainability Accounting Standards Board (SASB) indicators to reflect material industry-specific issues.

Where applicable, we have incorporated recommendations from the Taskforce on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD). To meet mandatory ESG disclosure requirements, we have adopted sustainability disclosure standards (IFRS S1 and S2) issued by the International Sustainability Standards Board (ISSB), reporting key issues in line with the framework of governance, strategy, risk management, and metrics and targets. Financial performance data has been prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS).

Reporting Period

This report covers our major sustainability activities and performance from January 1 to December 31, 2024. For some key activities, information up to the first half of 2025 is also included. We disclose three years of quantitative data from 2022 to 2024 to identify trends and changes. Please note that due to advancement in HD Hyundai Group's data calculation system during the reporting period, some figures may differ from those presented in the 2023 Sustainability Report.

Reporting Scope

The consolidated financial statements of HD Hyundai Marine Solution include the financial data of the headquarters and five subsidiaries. ESG management activities and performance are primarily reported based on the operations of our headquarters in Korea. However, certain qualitative and quantitative data also include information from our global network (subsidiaries in Europe, the Middle East, Singapore, and the Americas) as well as our domestic subsidiary (HD Hyundai Marine Solution Tech). Where the reporting scope differs, this is separately indicated within the report.

Report Assurance

To ensure the consistency, completeness, data quality, and reliability of this report, a third-party assurance was conducted by the British Standards Institution (BSI), an independent verification body. Additionally, we requested BSI to verify our greenhouse gas emissions and energy consumption data to ensure accuracy and reliability. Details of the assurance results can be found in the Appendix, under "Independent Assurance Statement" and "GHG Emissions Verification Statement."

Report Accessibility

HD Hyundai Marine Solution regularly discloses its management-related information on the official website to provide all stakeholders with transparent information. Additional information related to this report is available through our website, business reports, audit reports, and the Financial Supervisory Service's disclosure platform.

For inquiries

For inquiries or comments regarding this report, please contact the ESG Team at HD Hyundai Marine Solution.

HD Hyundai Marine Solution Official website

<https://www.hd-marinesolution.com/>

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CEO Message



Dear stakeholders,
We extend our sincere gratitude to everyone supporting HD Hyundai Marine Solution (HD HMS) on our journey toward sustainability.

Guided by our management philosophy of leading the maritime industry toward a sustainable future through eco-friendly technology and digital innovation, HD HMS remains committed to delivering optimal value to our customers as a “total solution provider for the maritime industry.”

In 2024, we laid the groundwork for a new leap forward by enhancing operational efficiency through our initial public offering (IPO) and reorganizing our business structure.

In 2025, we aim to achieve a decisive competitive edge by securing unmatched technology and market leadership in our core business areas, while proactively responding to the growing demand for vessel maintenance and green retrofit services.

HD HMS will continue to drive transformation and innovation to establish our growth foundation and achieve top-tier competitiveness in technology, quality, and sustainability—advancing as a global total marine solution provider.

Through green technologies and digital innovation,
HD HMS is advancing a sustainable maritime future and
delivering superior value as a Total Solutions Provider.

Core Business Strategies for Sustainable Growth

HD HMS is actively contributing to sustainable growth and the achievement of ESG goals through our core business strategies.

In response to the International Maritime Organization (IMO)’s strengthened global environmental regulations, such as the goal of achieving zero greenhouse gas emissions by 2050, we are taking proactive measures and providing green retrofit solutions to help shipping companies reduce their emissions. In particular, demand for high-quality parts and specialized services is growing in the after-market (AM) sector, driven by the increasing number of dual-fuel vessels. Our advanced technical expertise and responsive capabilities set us apart in this area.

Our Engine Part-Load Optimization (EPLO) retrofit business has achieved cumulative results for about 100 vessels, despite ongoing market uncertainties, effectively bridging the gap in the first-generation green retrofit market. In the digital domain, we are leading the digital transition by completing installations of our in-house developed smart ship solution “OceanWise (autopilot platform)” on more than 500 vessels in 2024. We are also expanding our presence in the green retrofit market, having secured orders for over 50 ships in the shaft generator area—a core technology for electric propulsion vessels. With increasingly stringent regulations, including the introduction of carbon taxes, the eco-friendly vessel market is expected to see significant growth.

By organically linking our business strategies with ESG goals, we are creating a virtuous cycle where business success drives ESG performance, and ESG advancement, in turn, strengthens our business competitiveness. Moving forward, we will continue to lead the sustainable future of the maritime industry by leveraging this synergy.

CEO Message

To leap forward as a sustainable company, HD HMS is executing a strategy built on three strategic pillars.

First, we are leading the way in eco-friendly technologies and solutions. Amid the maritime industry's shift toward decarbonization, we are leading the market with our green retrofit solutions and digital control technologies. These efforts not only help our customers comply with environmental regulations but also support the realization of sustainable marine operations.

Second, we are securing strong financial soundness and growth engines. Financial stability is essential for continued investment in R&D and effective execution of ESG initiatives. In 2024, we achieved sales growth, improved our debt ratio, and laid a stronger foundation for future investments.

Third, we are fostering mutual growth with stakeholders and reinforcing transparent governance. We value trust and shared growth with various stakeholders, including customers, partners, employees, and local communities, and are committed to steadily strengthening transparent and accountable governance to uphold these values. Internally, we are enhancing management's ESG execution capabilities by establishing the ESG governance structure. Externally, we continue to expand communication with stakeholders through the publication of our sustainability report.

HD HMS has identified two top priorities: strengthening climate action and the environmental management system, and leading an AI-driven sustainable future. We will scale up our strategic response accordingly.

First, we aim to proactively respond to strengthened global environmental regulations and decarbonization demands to build a foundation for sustainable growth. In particular, we plan to lead the decarbonization of vessels worldwide—an issue that will define the future of the maritime industry—and position ourselves as a “global partner for sustainable total solutions.”

We also aim to leverage AI not merely as an auxiliary tool, but as a core enabler of our ESG strategy. By utilizing AI-powered analysis, we plan to achieve carbon emissions reduction, stabilize our supply chain through demand forecasting for parts, and optimize logistics flows to help reduce costs and time for our customers.

In addition, we will use our AI platform to improve the transparency of ESG disclosures and enhance stakeholder engagement, thereby generating tangible ESG outcomes.

HD HMS strives to be the world's leading Total Solution Provider for the maritime sector, guided by the core values of trust and mutual growth with customers, partners, and investors.

HD HMS has made progress by setting its long-term vision of becoming the “world's leading total marine solution provider” and leveraging trust and shared growth with customers, partners, and investors as key drivers.

To our customers, we pledge to go beyond trusted engineering services and become your strategic partner on the path to carbon neutrality and green transition. We will support your net zero goals in every way by providing genuine HiMSEN engine parts, digital solutions, and green retrofit technologies. To our partners, we are committed to fostering fair and transparent transactions, while building sustainable partnerships through capability sharing and ESG-based mutual systems. In particular, we will strengthen the foundation for mutual growth by expanding ESG evaluations across the supply chain, providing tailored training, and offering consulting support to prepare for the green transition together.

To our investors, last but not least, we will strive to generate long-term corporate value by securing leadership in the global after-market sector and advancing transparent and responsible ESG management.



Ki-dong Lee

President & CEO of HD Hyundai Marine Solution

Company Profile

General Information

HD HMS was established on November 28, 2016. It originated from the shipbuilding, engine & machinery, and electrical systems divisions of HD Hyundai Heavy Industries, which was founded in 1972. The Company was created to focus more specifically on power generation services for both marine and onshore applications. As of 2023, we operate six international branch offices and four overseas subsidiaries, providing round-the-clock support services to customers around the world.

We have grown to become the industry's only total service provider, with a portfolio that includes supplying parts and technical services for both vessel and onshore power generation, along with green vessel retrofit, digital controls, bunkering, and warranty services for various vessels. Our efforts to develop into a leading provider of comprehensive engineering services are part of our larger vision of becoming the world's best shipbuilder and marine engine maker.

HD HMS Overview¹⁾

Category	Details
Company Name	HD Hyundai Marine Solution
CEO	Ki-dong Lee
Business Areas	Vessel and onshore power generation services Digital control systems Green vessel retrofit
Subsidiaries	5
Domestic Business	Headquarters: 477, Bundanguseo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do Busan Facility (CSP): 79, Centum jungang-ro, Haeundae-gu, Busan Ulsan Facility (GDC): 50, Sinduwang-ro, Nam-gu, Ulsan
Date of Establishment	November 2016
No. of Employees	537
Shareholder Status	HD Hyundai Co., Ltd. (55.32%), Global Vessel Solutions, L.P. (23.98%), others

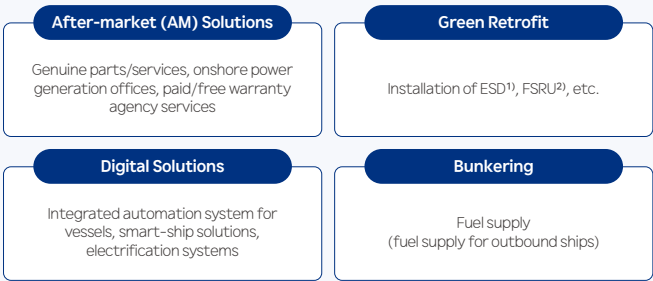
1) As of March 2025, based on the business report

HD HMS' Slogan and Management Policy

Each year, HD HMS establishes a management slogan and sets key focus areas for each business to pursue.



Key Business Areas



1) ESD: Energy Saving Device
2) FSRU: Floating Storage Re-gasification Unit

Key Financial Indicators²⁾

(Unit: KRW 100 million)

Category	2022	2023	2024
Sales	13,338	14,305	17,455
Operating profit	1,420	2,015	2,717
Net profit	1,049	1,511	2,279
Total assets	5,198	6,566	11,522
Total equity	1,822	2,400	7,735

2) As of December 31, 2024, based on consolidated financial statements

Sales by Business Area³⁾

(Unit: KRW 100 million)

Category	2022	2023	2024
AM solutions	4,670	6,072	8,059
Green retrofit	1,942	1,685	1,634
Digital solutions	454	623	707
Bunkering	6,272	5,955	7,055

3) As of December 31, 2024, based on consolidated financial statements

Company Profile

HD Hyundai Marine Solution History

2016 11 Established the Company 2017 02 Advanced into the green retrofit solution business 04 Established the European subsidiary (Rotterdam, Netherlands) 10 Established the Americas subsidiary (Houston, USA) 11 Obtained Quality Management System (ISO 9001) certification 12 Established the Singapore subsidiary	2018 02 Signed a HIMSEN engine parts supply agreement with the Jaramijo power plant in Ecuador 06 Entered the bunkering service business 10 Secured Korea's largest scrubber retrofit project order 11 Obtained Environmental Management System (ISO 14001) certification 12 Entered the O&M business for the Termonorte engine power plant in Colombia 2019 01 Awarded the "USD 100 million Export Tower" on Busan Trade Day Constructed the first "Digital Innovation Center" for smart ships 12 Conducted joint R&D on "green digital ship technologies" (Korean Shipbuilding & Offshore Engineering, SK Shipping) Won the Best Employment Award from Busan Metropolitan City	2020 01 Awarded a citation from the Minister of Employment and Labor's for excellence in labor-management culture 02 Obtained Information Security Management System (ISO 27001) certification 07 Selected as "2020 Korea Best Job Company" Signed the "world's first Smart-Ship and Satellite Communications (SSSC) package" agreement (KSS Line) 12 Awarded the "USD 400 million Export Tower" in Busan 2021 02 Awarded a citation from the Minister of Trade, Industry and Energy for excellence in export performance 05 Conducted a joint development project on decarbonization and digitalization (ABS) 06 Obtained Approval in Principle (AIP) for "LPG dual-fuel retrofit engineering" 08 Signed the "Front End Engineering Design (FEED) contract for the Floating Storage Regasification Unit (FSRU) conversion retrofit project" (NYK) 12 Secured an order for shaft generators on LNG-powered crude oil carriers	2022 03 Obtained Approval in Principle (AIP) from KR for Hi-GSP (Hyundai intelligent Greenhouse gas Solution Platform) Delivered recovery funds for fire restoration efforts in Ahopsansup Forest in Geumjeong-gu and held a tree-planting event (Geumjeong-gu Office) 05 Launched "OASEAS," a digital trading platform for marine vessel repair and services 08 Established the Middle East subsidiary 11 Donated relief funds to underprivileged residents in Haeundae-gu (with the Partner Council) 12 Awarded the "USD 500 million Export Tower" (the Ministry of Trade, Industry and Energy) Obtained Safety and Health Management System (ISO 45001) certification 2023 05 Signed a contract for reliquefaction equipment retrofit on five LNG vessels 11 Changed the company name (HD Hyundai Marine Solution) 12 Obtained Approval in Principle (AIP) for methanol dual-fuel conversion engineering	2024 02 Signed an OceanWise supply agreement (POSCO) 05 Listed on KOSPI (IPO) 08 Secured the first LNG-FSU retrofit order 11 Completed Korea's first retrofit of reliquefaction equipment on LNG vessels
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External Certifications



Family-friendly company

Excellent work-life balance company

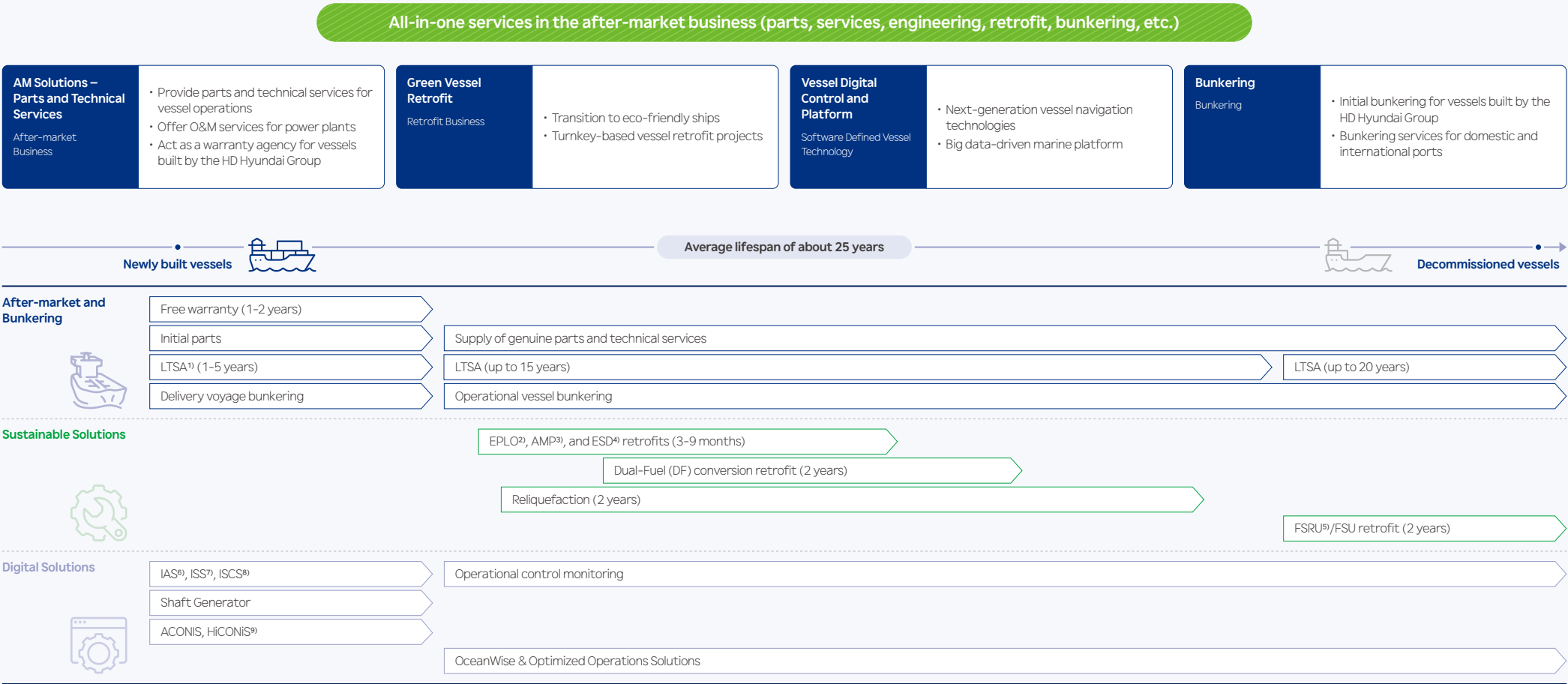
Outstanding human resource development company

Leisure-friendly company

Excellent reading management workplace

Business Portfolio

Business Areas & Value Chain



1) LTSA: Long Term Service Agreement

2) EPLO: Engine Part-Load Optimization

3) AMP: Alternative Maritime Power

4) ESD: Energy Saving Device

5) FSRU: Floating Storage and Regasification Unit

6) IAS: Integrated Automation System

7) ISS: Integrated Smartship Solution

8) ISCS: Integrated Smart Communication System

9) HiCONIS: Hyundai Intelligent Control & Integrated System

Business Portfolio

AM Solution

Genuine Parts

HD HMS supports stable vessel operations by supplying genuine parts at competitive prices through its global network. As the exclusive licensor of HiMSEN engines, we are the sole supplier of genuine HiMSEN parts. We also provide high-quality, competitively priced genuine parts for large engines. By analyzing shipbuilding trends and shipowners' fleet operation data, we proactively identify customer needs and secure inventory in advance to ensure optimal lead times. Each year, we handle approximately 50,000 purchase orders and over 80,000 deliveries. We collaborate with local service partners in key locations—including Busan (Korea), Rotterdam (Europe), Houston (USA), Singapore, and soon Dubai (scheduled to expand)—to ensure prompt delivery of parts to our customers.

Engine Parts	Electrical Equipment	Marine Equipment	BWTS/Side Thruster
Provide genuine parts of identical quality at more reasonable prices as a sole supplier of genuine HiMSEN engine parts and a licensor of WinGD and MAN-ES engines	Provide one-stop total solutions in the after-sales service business for HD Hyundai Electric equipment	Provide spare parts and technical services for marine equipment installed on vessels built by the HD Hyundai Group	Provide maintenance item recommendation lists tailored to each vessel, based on the specifications of its equipment

Technical Services

We provide global technical services for all vessels and equipment supplied by HD Hyundai. In response to the growing adoption of smartship solutions and the accelerating trend toward advanced and digitalized vessels, we established a specialized technical subsidiary, HD Hyundai Marine Solution Tech (HMST), in April 2022. This allows us to provide more specialized services. Moving forward, leveraging the expertise of HMST professionals, we will accurately diagnose vessel issues and provide customers with top-notch technical services through competitive pricing and optimized solutions.

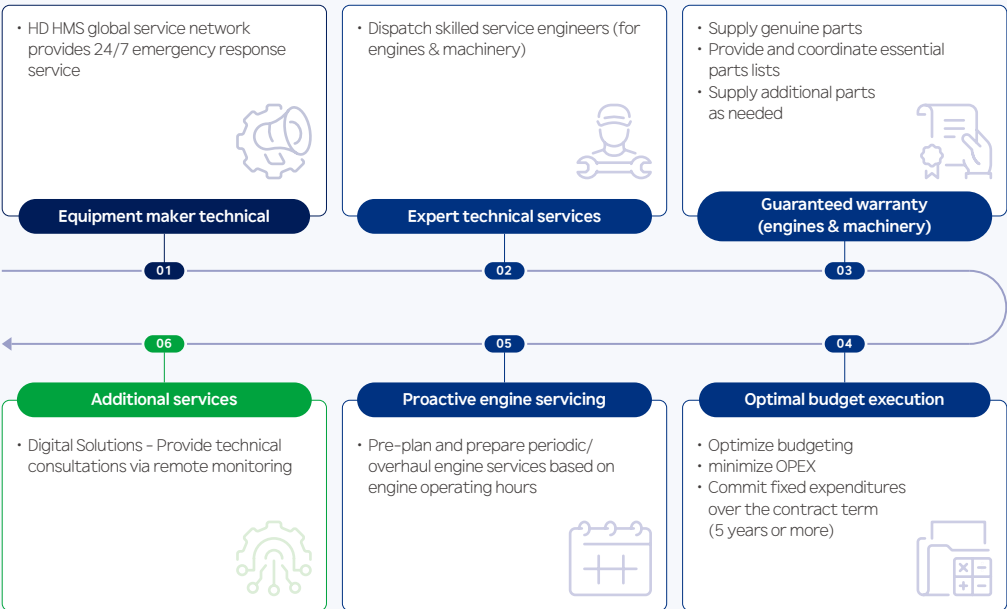
Maintenance and Repair	Workshop Services
- Identify root causes through accurate diagnostics and propose optimal solutions - Deploy skilled experts from HD Hyundai, the world's largest supplier of ships, engines, and marine equipment, for rapid issue resolution	- Operate workshops along major maritime routes: China, Singapore, Dubai, Rotterdam, and Houston - Offer a variety of services, such as reconditioning and exchange programs, tailored to customer requirements

LTSA(Long-Term Service Agreement)

Our Long-Term Service Agreement (LTSA) is a proactive sales strategy designed to respond to customers' strategic purchasing of genuine parts and services. By signing pre-arranged volume contracts, we provide optimized services that help enhance customers' budget stability and maximize efficiency in vessel operation and management. We are also responsible for after-market (AM) sales and execution for vessels, engines, and green equipment delivered by HD Hyundai's shipyards. In addition, we provide one-stop services, including marine equipment sales and technical support, to both domestic and international shipping companies, as well as government agencies.

In response to the growing demand for parts and services for new eco-friendly engines amid tightening environmental regulations, we are strengthening the organic linking between our AM and Green divisions. This approach enables us to offer both direct and indirect support tailored to customer needs while enhancing our market competitiveness.

LTSA Process



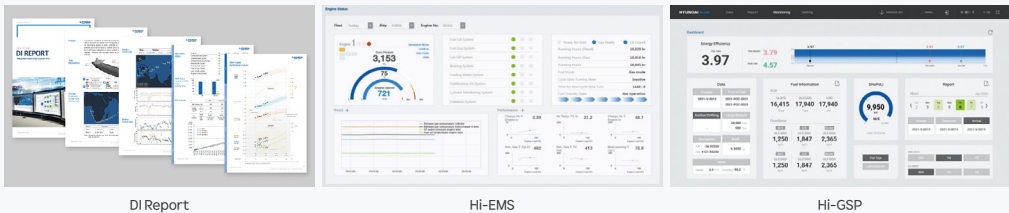
Business Portfolio

Vessel Digital Control and Platform

Digital Solution

Digital Solution is a cost-effective and secure data-driven service that supports vessel operations and equipment management through real-time monitoring of all ships equipped with ISS, Hi-EMS, Hi-GSP, and other systems. Our Digital Innovation Center monitors more than 350 vessels around the clock. In collaboration with over 150 technical experts, we analyze the collected data on a quarterly basis and deliver detailed reports to our customers.

ISS (Integrated Smartship Solution) - A vessel operation and equipment management system developed by HD Hyundai - Collect real-time data from key on-board equipment to deliver analysis services for vessels, engines, and other core machinery, along with optimized operational support	DI Report - Analyze operational and equipment data to provide performance analysis services tailored to the characteristics of each vessel - The analysis report includes warranty services, the latest service updates, and a range of technical materials to enhance customers' operational efficiency and support decision-making
Hi-4S (Hyundai intelligent Smart Solution Service System) - A 24/7 smart care service system that operates in real time year-round - Top-level experts continuously monitor and analyze data collected from fleets and individual vessels to provide critical insights for optimal operation	Hi-EMS An intelligent engine analysis solution that monitors engine conditions and alarms in real time, providing analysis reports and diagnostic guidance based on the findings
Hi-GSP (Hyundai GHG Solution Platform) A system that collects and transmits vessel navigation and equipment data, enabling monitoring of ship operation conditions in compliance with GHG regulations	ISCS (Integrated Smart Communication System) A solution that links with on-board communications and navigation equipment to deliver an optimal user interface



Marine Automation

Backed by extensive experience and continuous R&D investment, HD HMS offers high-quality integrated automation systems (IAS) that enhance equipment performance and fulfill customer satisfaction. Our integrated system collects, analyzes, and controls alarm data from various on-board devices in real time, maximizing operational efficiency. It also works in coordination with onshore monitoring centers to create a hyper-connected environment, enabling vessels to be remotely controlled from anywhere, at any time.

HICONIS (Hyundai intelligent Control & Integrated System) - A product that draws upon HD Hyundai's 30 years of ship automation expertise to deliver a next-generation integrated automation system (IAS), designed to support digital solutions, sustainable systems, and unmanned systems - Offer full monitoring and control of various equipment through a single integrated platform, covering everything from standalone Dual-Fuel (DF) systems to large-scale IAS deployments - Provide scalability and compatibility for flexible application across all vessel types, including LNG carriers	ACONIS-DS - An Integrated Control & Monitoring System (ICMS) specialized in the monitoring and control of machinery and cargo systems - A highly reliable control solution that draws on over 30 years of engineering know-how - Ensure user convenience with proven stability and diverse functionalities and is applicable to general cargo vessels including container ships, cargo ships, and carriers
	HiEIPS (Hyundai intelligent Electric Propulsion System) - An electric propulsion system designed for eco-friendly, safe vessel operation - Provide a turnkey integrated solution that covers the entire process from engineering to vessel delivery - Offer a package composed of HD Hyundai's proprietary integrated automation system and electrical/electronic equipment, along with hybrid solutions that include shaft generators or Energy Storage Systems (ESS)
	Shaft Generator - An optimal shaft generator system solution that complies with environmental regulations, such as EEDI and EEXI, while also reducing Operational Expenses (OPEX) - Provide customized shaft generators tailored to each vessel's operational requirements and installation environment



Business Portfolio

Green Vessel Retrofit

We have been actively promoting green retrofit solutions. In response to IMO 2020 regulations limiting sulphur oxide emissions from ships, we have focused on installing Exhaust Gas Cleaning Systems (EGCS). To help prevent disruptions to marine ecosystems caused by ballast water discharge, we have also pursued Ballast Water Treatment Systems (BWTS). With the shift toward green vessels accelerating in the marine industry, we are continuously expanding our green retrofit business to help reduce marine pollution, improve energy efficiency, and lower operational expenses (OPEX). Building on our experience and proven track record in EGCS and BWTS retrofits, we are now accelerating projects to convert vessels to dual-fuel propulsion systems that can operate using conventional fuels as well as LNG and methanol—cleaner fuel alternatives. In addition, in line with growing global LNG demand, we are expanding into various retrofit projects. One key area involves Floating Storage Regasification Units (FSRUs), which enable LNG storage, regasification, and discharge at sea. Another key focus is to retrofit reliquefaction equipment to limit Boil-Off-Gas (BOG) generation on LNG carriers. We are also implementing retrofit projects related to Alternative Maritime Power (AMP) systems—that is, installing equipment that allows vessels to receive electricity from onshore sources to respond to greenhouse gas reduction regulations. Through these initiatives, HD HMS continues to strengthen its technical leadership and total solution capabilities for green vessel conversion.

Ocean Solutions

We go beyond traditional shipbuilding services to offer comprehensive support throughout the entire lifecycle of a vessel—from delivery to decommissioning—including maintenance, repairs, and retrofits tailored to customer needs.

In particular, in response to the International Maritime Organization’s (IMO) 2020 environmental regulations, we have performed swift and precise retrofitting services for green equipment such as scrubbers, Ballast Water Treatment Systems (BWTS), and Alternative Maritime Power (AMP) systems. These retrofits are carried out through detailed analysis, consulting, and on-site supervision by expert engineers.

EGCS (Exhaust Gas Cleaning System)

We offer turnkey-based total solutions encompassing engineering, material purchasing, installation, and commissioning, leveraging our strong partnerships with major SOX scrubber suppliers and ship repair yards, along with our extensive installation experience.

BWTS (Ballast Water Treatment System) Retrofit

We provide ballast water treatment retrofit services for vessels in operation to comply with the International Maritime Organization (IMO) Ballast Water Management Convention and United States Coast Guard (USCG) regulations.

GHG Solutions

We offer a variety of solutions for greenhouse gas reduction. We provide optimal strategies tailored to each customer, including the use of green fuels and improvements in equipment energy efficiency.

Wind Assisted Propulsion System

The wind-assisted propulsion system utilizes the Magnus effect to convert wind energy at sea auxiliary propelling power for vessels.

Recognized under IMO MEPC Circ. 815 as an Innovative Energy Efficiency Technology, it contributes to improving the Energy Efficiency Existing Ship Index (EEXI). In addition, the system enhances fuel efficiency, helping improve the Carbon Intensity Indicator (CII).

AMP (Alternative Maritime Power)

As port regulations strengthen globally, ships are increasingly required to shut down auxiliary diesel engines to reduce emissions. AMP is one of the most effective solutions for reducing air pollution in ports and meeting tightening regulatory requirements.

As a provider of turnkey solutions for AMP retrofits, we offer customized services tailored to various vessel types.

LNG Solutions

We provide LNG-related solutions for vessels in response to IMO greenhouse gas regulations. Based on our technological expertise and extensive experience, we perform optimal retrofit services such as converting vessels to LNG dual-fuel engines and transforming LNG carriers into Floating Storage Regasification Units (FSRUs).

FSU (Floating Storage Unit)/FSRU (Floating Storage and Regasification Unit) Conversion

We have built a strong network with major equipment suppliers and repair yards for FSUs/FSRUs and have accumulated extensive FSU/FSRU engineering experience across various engineering concepts. This enables us to deliver stable, customer-specific FSU/FSRU conversion services with high satisfaction.

LNG Regasification Equipment

HD Hyundai has developed its own regasification system that converts LNG from liquid to gas. This system is designed with optimized booster pump configurations to reduce power consumption and uses non-flammable heating media to ensure high safety and reliability.

LNGC Reliquefaction Equipment Retrofit

Reliquefaction technology is an effective solution for managing Boil-Off-Gas (BOG) and reducing emissions in DFDE-type LNG carriers. It helps minimize freight burdens and cargo loss. For vessels with high Boil-Off Rates (BOR), this technology offers a fast return on investment and short payback periods, while ensuring compliance with greenhouse gas regulations.

Business Portfolio

Bunkering

HD HMS, in collaboration with Korea’s leading oil refiner HD Hyundai Oilbank, supplies high-quality marine fuel to global vessels based on major ports in Korea. We provide internationally certified fuels that meet ISO 8217:2010 and MARPOL Annex VI standards, supported by extensive field experience and safe barge operations. Building on our solid position in the domestic bunkering market, HD HMS is expanding its operations to Singapore and growing into a global bunker trading company. Leveraging the group’s experience in bunkering newly built vessels, we are now extending our service coverage to ships operating worldwide.

Fuel Types Supplied

In line with IMO 2020 environmental regulations and shipping companies’ evolving needs, we supply a variety of fuel products, including Very Low Sulfur Fuel Oil (VLSFO).

Very Low Sulfur
Fuel Oil

High Sulfur
Fuel Oil

Low Sulfur Marine
Gas Oil

Sustainable Alternative Fuels

We recognize the growing importance of alternative fuels in the shipping industry and is actively pursuing energy mix diversification to reduce dependence on conventional fossil fuels. Diversifying fuel sources not only contributes to environmental protection but also significantly enhances energy sustainability. We supply eco-friendly marine fuels certified by ISCC-EU and continue to expand our portfolio into various alternative marine energy fields—including biofuels, methanol, ammonia, and hydrogen—through collaboration with HD Hyundai affiliates and global shipping companies. Starting with pilot supplies of biofuel bunkering, we have completed preparations to offer methanol bunkering services and currently supply high-purity urea at competitive prices. By proactively responding to stricter international environmental regulations and global eco-friendly trends, we continue to develop and deliver optimal solutions that enhance the customer experience throughout the entire lifecycle of vessel operation.

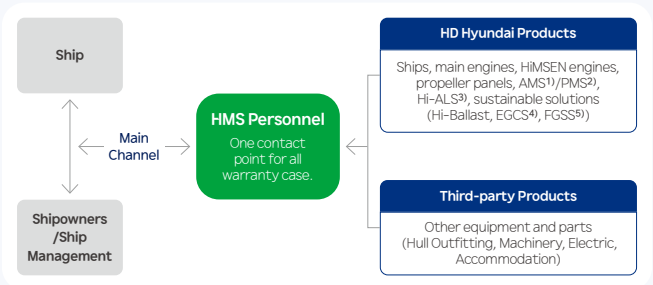
Smart Care

HD SmartCare is the official service brand for all HD Hyundai Group products, offering 24/7 support anywhere in the world. This service includes warranty support for ships, engines, machinery, power and automation control systems, and eco-friendly equipment supplied by HD Hyundai Group, ensuring reliability and quality across all products. HD SmartCare prioritizes the proactive prevention of risks and safety issues associated with the products, while continuously supporting the stable and optimized operation of ships.

Total Lifecycle Services

HD SmartCare aims to provide total customer support throughout the entire lifecycle of a vessel and offers dedicated post-warranty services to effectively meet customer needs even after the warranty period has ended. Through this service, we deliver efficient and convenient solutions to ensure safe and optimized vessel operation. The post-warranty service is available 24/7, 365 days a year, ensuring that customers receive timely support anytime, anywhere through our headquarters, global branches, and online channels.

One-Stop HD SmartCare



- 1) AMS (Alarm Monitoring System): A system that monitors and controls alarms related to machinery or cargo in a vessel
- 2) PMS (Power Management System): A system for managing a ship’s electrical power
- 3) Hi-ALS (Air Lubrication System): An air lubrication system
- 4) EGCS (Exhaust Gas Cleaning System): An exhaust gas cleaning system
- 5) FGSS (Fuel Gas Supply System): A fuel gas supply system

Onshore Power Plants

As a specialized total service provider for engine-based power plants, we offer comprehensive solutions covering warranty, operations and maintenance, spare parts supply, engineering, fuel conversion, and training. To date, we have serviced approximately 1,700 engine-based power plants with a total capacity of 5,900 MW across 59 countries worldwide.

Integrated Operation and Maintenance (O&M) Services

Provide daily, weekly, and monthly operation reports

Perform regular and ad-hoc maintenance to keep equipment in optimal condition

Support stable operations by managing all risks and major decisions in a timely manner

Scope of Work by Service Type

We offer flexible service scopes tailored to customer needs and provides both Long-Term Parts Agreements (LTPA) and Long-Term Service Agreements (LTSA). Both agreements ensure a stable supply of OEM spare parts and technical support through global service hubs. LTSA is particularly suitable when the engine’s accumulated operating hours fall between 24,000 and 48,000 hours, and we recommend a contract period of 3 to 6 years to ensure optimal operational efficiency and stability.

Scope of Work

Technical
support

Parts
Supply

Warranty
Service

On-site
Training

Maintenance



Colombia
20H35/400DFV x 10 Sets



Africa
9H21/32 x 2 Sets



Angola
20H35/400DFV x 10 Sets

Business Highlights

Business Performance: Integrating with marine AI technology

MOU Signed for Cloud Migration and AI Commercialization

HD HMS has signed memorandum of understanding (MOU) with Team Naver on cloud migration and AI commercialization. Both companies will jointly proceed with: Supporting HD Hyundai's cloud migration and the use of Naver's hyperscale AI "HyperCLOVA X"; Advancing infrastructure for cloud services and; Promoting HD HMS' marine digital application business. HD Hyundai will apply Naver's large language model (LLM) "HyperCLOVA X" to its database of over 200 million shipbuilding and marine-related records. This will introduce generative AI services and maximize operational efficiency and expertise. Both companies are also working on a plan to migrate HD Hyundai's existing in-house infrastructure to the Naver Cloud Platform.

As part of its cloud transition, HD Hyundai, in collaboration with Team Naver, has been preparing since 2023 for the official launch of the "Meta Ocean Data Cloud," an innovative project that leverages cloud and AI technologies to advance the shipbuilding and shipping industries. "Meta Ocean Data Cloud" is a comprehensive marine data platform built on the Naver Cloud Platform. It collects voyage data from ships worldwide and provides shipowners with essential information. Through this platform, Carbon Intensity Indicator (CII) management, as well as overall vessel operation and maintenance, will be conducted in the cloud. In addition, solutions and consulting will be provided as a one-stop service. Naver's AI technologies are expected to be used in developing an AI chatbot to handle customer inquiries related to after-sales services for HD HMS' ships and engines.



MOU on Cloud Migration and AI Commercialization

Advancing AI Technology in the Marine Sector

We have begun securing AI technologies in the marine sector and expanding our business through our first "strategic equity investment" since going public. We signed an equity investment agreement worth KRW 3 billion with SeaVantage, a shipping-logistics startup, and agreed to pursue business portfolio expansion beyond a simple investment relationship. Founded in 2018, SeaVantage utilizes big data and AI algorithms—drawing on vessel position data, weather information, port and route networks, and more—to predict vessel routes, arrival times, and cargo locations. Based on this technology, the company provides vessel waiting status at ports and cargo volume analysis, and is recognized for its distinctive tracking and visualization solutions in shipping logistics.

HD HMS plans to integrate SeaVantage's platform development and operational expertise into our AI-based decarbonization navigation solution "OceanWise" to further enhance customer convenience and accessibility.

Strengthening AI-based Carbon Emission Reduction Collaboration

HD HMS, HD Korea Shipbuilding & Marine Engineering, and major shipping companies signed a "memorandum of understanding (MOU) on applying an AI solution for onboard safety management and carbon emission reduction." Under this agreement, HD HMS will deploy its AI-based decarbonization and economic navigation solution "OceanWise" in vessel operations to reduce carbon emissions, improve operational efficiency, and lower operational expenses (OPEX).

Furthermore, to comply with the European Union Emissions Trading System (EU ETS), we are pursuing the integration of real-time carbon emission measurement and automated issuance of approval documents through OceanWise. This initiative is expected to ensure proactive compliance with global regulations and offer differentiated ESG solutions to clients.

AI Chatbot Launched at HD SmartCare Busan Center

We reorganized our existing warranty service division into a vessel lifecycle service organization called HD SmartCare Center. HD SmartCare Busan Center oversees vessel maintenance services at Southeast ports—including Busan, Ulsan, and Gwangyang—which accommodate 90% of incoming vessels. It also serves as the global central service hub, coordinating repair schedules and workforce management for overseas service centers. We currently operate two centers in Busan and Singapore, and plan to expand into Europe and the United States.

To respond in real time to growing customer inquiries driven by increased eco-friendly shipbuilding, we have transitioned our service center to a customer-friendly model that operates 24/7. To handle repetitive inquiries more efficiently, we plan to introduce AI chatbot technology.



Strategic Investment Agreement Signing Ceremony



MOU on AI Solution Implementation



HD SmartCare Busan Center, On-board Inspection Service

Global Network

Global Network

We have built a global network centered around HD Hyundai Global R&D Center in Seongnam-si, Gyeonggi-do, Korea, operating one domestic subsidiary, four overseas subsidiaries in Europe, Singapore, the United States, and the Middle East, and six overseas branches. Our main bases are located in regions with active vessel operations—Singapore, China, Greece, Germany, the United States, and Japan. We provide comprehensive services required across the entire vessel lifecycle through our global network.



Headquarters 01 Seongnam (GRC, Global R&D Center)

Main Offices 02 Busan (CSP, Centum Science Park)
03 Ulsan (GDC, Global Digital Center)

Subsidiary/ Branch/Office

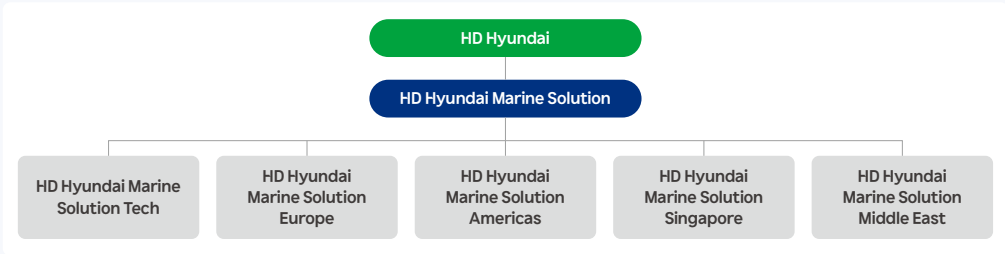
04	HD Hyundai Marine Solution Tech Co., Ltd	10	HD Hyundai Marine Solution Americas Co., Ltd.
05	Ningbo (China) Branch	11	HD Hyundai Marine Solution Singapore Pte. Ltd.
06	Panama City (Panama) Branch	12	Tokyo (Japan) Branch
07	HD Hyundai Marine Solution Europe B.V.	13	Taoyuan (Taiwan) Branch
08	Athens (Greece) Branch	14	HD Hyundai Marine Solution Middle East FZE
09	Hamburg (Germany) Branch		

Global Network

Subsidiaries Status

We have established major overseas subsidiaries in four regions—Europe (Rotterdam), the Americas (Houston), Singapore, and the Middle East (Dubai)—to strengthen global customer support. Leveraging our worldwide accessibility, we deliver one-stop parts, services, eco-friendly retrofits, and digital solutions across the entire vessel lifecycle.

Group Organization Chart



General Information

Company Name	Location	Date of Establishment	Ownership Percentage
HD Hyundai Marine Solution Tech Co., Ltd.	Republic of Korea	2022	100%
HD Hyundai Marine Solution Europe B.V.	Netherlands	2017	100%
HD Hyundai Marine Solution Americas Co., Ltd.	United States	2017	100%
HD Hyundai Marine Solution Singapore Pte. Ltd.	Singapore	2017	100%
HD Hyundai Marine Solution Middle East FZE	United Arab Emirates	2022	100%

Financial Performance¹⁾

(Unit: million KRW)

Company Name	Total assets	Sales	Net profit
HD Hyundai Marine Solution Tech Co., Ltd.	26,611	80,884	4,599
HD Hyundai Marine Solution Europe B.V.	143,426	295,247	8,067
HD Hyundai Marine Solution Americas Co., Ltd.	41,762	69,574	1,982
HD Hyundai Marine Solution Singapore Pte. Ltd.	106,093	447,974	7,088
HD Hyundai Marine Solution Middle East FZE	17,965	37,677	1,296

1) As of December 31, 2024 based on individual financial statements

HD Hyundai Marine Solution Tech

Company Overview

HD HMST was founded in 2022 to provide specialized technical services for HD Hyundai’s ship, engine machinery, and electrical and electronic businesses. Built on the expertise of top-tier engineers highly skilled in ship, engine machinery, and electrical and electronic systems, the company promptly provides technical sales support and the necessary technologies for customers’ vessel maintenance and repair.

HD HMST will continue to lead in delivering customer satisfaction by leveraging the expertise of its outstanding engineers and industry-leading technologies.



Major Business Areas

On Board Service	• Emergency repair response	• On-board repair	• Provision of maintenance services
Dry-Dock Maintenance	• Vessel inspections while docked	• Repair support	• Maintenance when underwater work is not possible
Remote Solutions	• Remote monitoring diagnostics	• Contactless problem resolution	• Minimization of operational disruptions
Workshop Reconditioning	• Disassembly and inspection of parts	• Inspection, repair, and reassembly services	
Propeller & Rudder Package	• Propulsion and controlling system maintenance	• Provision of integrated package services	

Major Business Strategies

Global Academy	• Increased demand for maintenance services driven by a surge in vessel demand • Plan to maintain and enhance industry-leading service quality by operating a global academy for large- and medium-engine and specialized engineers
Enhancing Service Network Competitiveness	• Deploy outstanding engineers and dedicated project managers (PMs) at each hub—including Panama, Rotterdam, Singapore—to deliver services at the right place and time • Plan to provide consistent services that prioritize customer satisfaction by improving service response rates

Global Network

HD Hyundai Marine Solution Europe

Company Overview

HD HMS Europe was established in 2017 in Rotterdam, the Netherlands, to attract and efficiently manage European customers. It oversees after-market sales and execution for ships and engines built by the HD Hyundai Group, and provides European clients with one-stop ship solutions—ranging from marine equipment sales to technical services.

Looking ahead, the Europe subsidiary will broaden its green fuel solutions and high-efficiency retrofit business to support global carbon-neutral goals. It will also increase local hiring and run technical training programs to develop skilled maritime service professionals, contributing to mutual growth with local communities. By reinforcing transparent decision-making and applying ESG (environmental, social, and governance) standards across the supply chain, it will actively practice responsible management.



Major Business Areas

Genuine Parts/ Services

- Provide genuine parts and qualified engineers for maintenance and repair of various equipment after vessel delivery
- Provide total solution services required for customers' stable vessel operations

LTSA

- Provide long-term service agreement (LTSA) solutions to enhance customer convenience in vessel operations
- Provide optimized services for the operation of the latest equipment to comply with environmental regulations

Retrofit

- Conduct direct and indirect green retrofit projects in response to growing demand for parts and services for newly developed eco-friendly engines

Major Business Strategies

Bulk Contracts for Long-lead, Critical Material

- Proactively address delivery challenges by enhancing responsiveness to long-lead gas parts—driven by the rise in dual-fuel engine deliveries—and by securing fleet-level bulk contracts

Response to Shipping Market Downturn

- Offer competitive pricing through bulk contracts in response to the shipping market downturn caused by a surge in newly built ship deliveries and subsequent budget cuts by shipowners

Warehouse Expansion

- Expand the Rotterdam warehouse to ensure rapid delivery response

LTSA Expansion

- Extend existing LTSAs and secure new shipowner partners Maintain stable sales by securing long-term volumes

HD Hyundai Marine Solution Americas

Company Overview

HD HMS Americas has served customers in North and Latin America since 2017 with ship parts and services, onshore power generation, sustainable solutions, and new business projects. It has achieved significant growth recently by securing annual contracts and initial and bulk sales. HD HMS Americas delivers customized products and has built real-time response processes, boosting customer satisfaction and performance. It is also expanding its stable business base by exploring new opportunities in the engineering field.



The Americas subsidiary is expanding its sales network across the entire Americas—from offshore markets in North America and Canada to onshore power plants in Latin America—and is extending its footprint in eco-friendly business sectors.

Major Business Areas

Drillships

- Execute stable long-term fixed contracts based on the drillship's robust operation rate

General Cargo Vessels

- Provide customer-tailored proposals to expand market share (M/S) by product
- Provide package services in line with regular dock maintenance

SEASPAN

- Expand bulk orders and secure initial product contracts

Onshore Power Generation

- Pursue long-term contracts from confirmed time between overhaul (TBO) agreements to long term parts agreement (LTPA)

Major Business Strategies

Drillships

- Capitalize on the trend toward long-term drilling contracts in a safety-first industry environment
- Leverage market preference for long-term fixed contract packages (parts and services) under licensing agreements
- ▶ Achieved approximately 60% growth in 2024 order volume compared to the previous year (2023) through new and extended contracts

General Cargo Vessels

- Strengthen cooperation with local service partners to expand regular dock services for U.S. government-linked vessels and the Latin American region

SEASPAN

- Operate strategic pricing and reinforce capabilities to serve key customers

Onshore Power Generation

- Secure safety stock and long-term parts supply contracts in response to peak power demand with increased maintenance needs
- ▶ Achieved approximately 110% growth in 2024 order volume compared to the previous year (2023)

Global Network

HD Hyundai Marine Solution Singapore

Company Overview

HD HMS Singapore was established in 2017. It serves customers across Asia—centered on Singapore, a maritime hub handling 3 billion tons of annual traffic, and China with high dry-dock demand—providing parts, services, and bunkering, as well as after-market services for smooth operation of green vessels.

The Singapore subsidiary initially focused on parts, services, and bunkering. It is now expanding its sales capabilities into digital solutions and green retrofit, generating significant order wins.



Major Business Areas

Engine and Marine Equipment Parts Supply and Service

- Supply parts for shipbuilding equipment and engine, electrical, electronic, and fluid machinery to Asian customers, and provide technical service support
- Provide engine components and equipment for onshore power plants

Bunkering

- Supply high-quality marine diesel oil (LSMGO¹⁾) in collaboration with HD Hyundai Oilbank Singapore
- Handle other marine fuels (HSFO²⁾, LSFO³⁾, etc.)

1) LSMGO (Low-sulfur marine gas oil): sulfur content below 0.1%
 2) HSFO: High-sulfur fuel oil

3) LSF: Low-sulfur fuel oil

Major Business Strategies

Risk Management

- Mitigate risk by insuring accounts receivable related to bunkering

Biofuel

- Obtain ISCC certification related to biofuel and develop new products

Green Retrofit Project

- Provide vessel retrofit solutions using the latest eco-friendly technologies to ensure safe operations in compliance with international standards, including IMO environmental regulations

DT Solution

- Offer an integrated smartship solution that collects real-time data from critical on-board equipment to support vessel operations and machinery management
- Provide analytical services for key systems—including ships and engines—and optimal voyage planning services

HD Hyundai Marine Solution Middle East

Company Overview

HD HMS Middle East was established in 2022 within the Jebel Ali Free Zone in Dubai to bridge physical and psychological distances with customers in the Middle East and North Africa and to actively develop new markets. It supports parts and services for vessels and onshore power generation facilities in the Middle East, Turkey, and North Africa, and maintains USD 3 million worth of emergency repair materials.

By engaging directly on site and responding swiftly, our Middle East subsidiary strengthens sustainable partnerships and expands its foundation for future growth.



Major Business Areas

Genuine Parts/Services

- Provide parts required for maintenance and repair of various equipment after vessel delivery
- Provide total solution services required for customers' stable vessel operations

Dry-Dock Maintenance

- Maintain partnerships with repair shipyards in the Middle East to provide services for 2-stroke and 4-stroke engines, electrical and electronic systems, and various equipment

Onshore Power Generation

- Provide customized services to power-generation sites in Iraq, Eritrea, Kenya, Mauritius, and other regions

Major Business Strategies

LTSAs

- Build stable partnerships with customers
- Actively pursue long-term service agreements (LTSAs) to secure long-term profitability and operational efficiency
 - ▶ Strengthen supply plan stability and build customer trust through an LTSA signed with a Turkish shipowner

Increasing Customer Satisfaction in the Middle East

- Establish close cooperation with Middle Eastern shipowners through technical seminars such as HMS DAY since the subsidiary's inception

Expanding the Onshore Power Market

- Lay the foundation for increased market share by focusing on engine performance and reliability, and expanding the customer base in response to the growing demand for HIMSEN engine-based onshore power plants in the Middle East and Africa

Special Report - Public Listing on the Korea Exchange

HD HMS' New Future

On May 8, 2024, HD HMS successfully listed on the Korea Exchange, marking a new leap forward as a global, total marine solution company. This listing goes beyond mere entry into the capital markets. It stands as a pivotal milestone reflecting our commitment to sustainable and responsible management and to leading sustainable marine technologies.

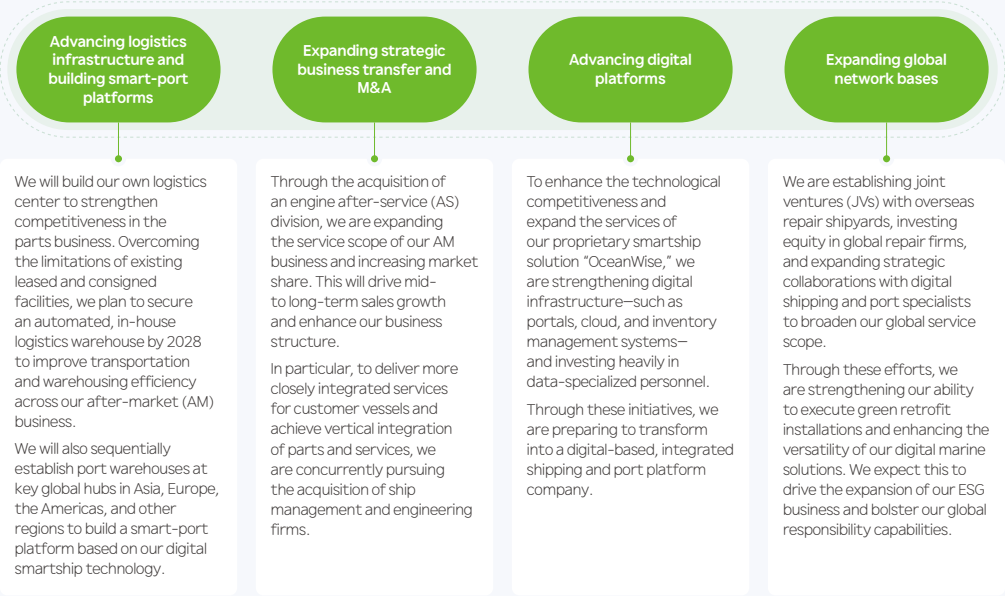
HD HMS has made transparency in governance, financial soundness, and the strengthening of our ESG management foundation core priorities. In particular, we are concentrating our capabilities on developing green technologies to proactively support the global shipbuilding and marine industry's transition to carbon neutrality. We are also applying ESG standards throughout our supply chain to build sustainable partnerships with our partners. The funds raised through this listing will be used for ongoing R&D investment and the advancement of eco-friendly, high-efficiency solution technologies. Through these efforts, we will accelerate the green transition of the marine industry. We will also continue fulfilling our responsibilities as a corporate citizen—improving our governance, practicing ethical management, and contributing to local communities. Moving forward, HD HMS will strive to establish itself as a trusted leader in sustainable management for our customers, investors, and society at large.



Investing in a Sustainable Future

HD HMS Vision and Execution

In 2023, we formulated our “Vision 2030 Investment Strategy,” detailing a mid- to long-term investment plan for sustainable growth. Accordingly, we plan to launch large-scale investments beginning in 2025, and this Korea Exchange listing marks the starting point for securing stable funding to execute that strategy. The proceeds from the public offering will be allocated across four pillars: facility investment, business acquisitions, working capital, and strategic investments. These allocations will serve as a vital foundation for strengthening the company's sustainable management capabilities.



The funds raised through this listing will accelerate our qualitative and quantitative growth. It will also play a critical role in fostering shared growth with related industries, improving national economic efficiency, and creating ESG value through green retrofit projects. Going forward, we will continue to advance as a global marine solution company that delivers both industry sustainability and social responsibility.

SUSTAINABILITY AT HMS

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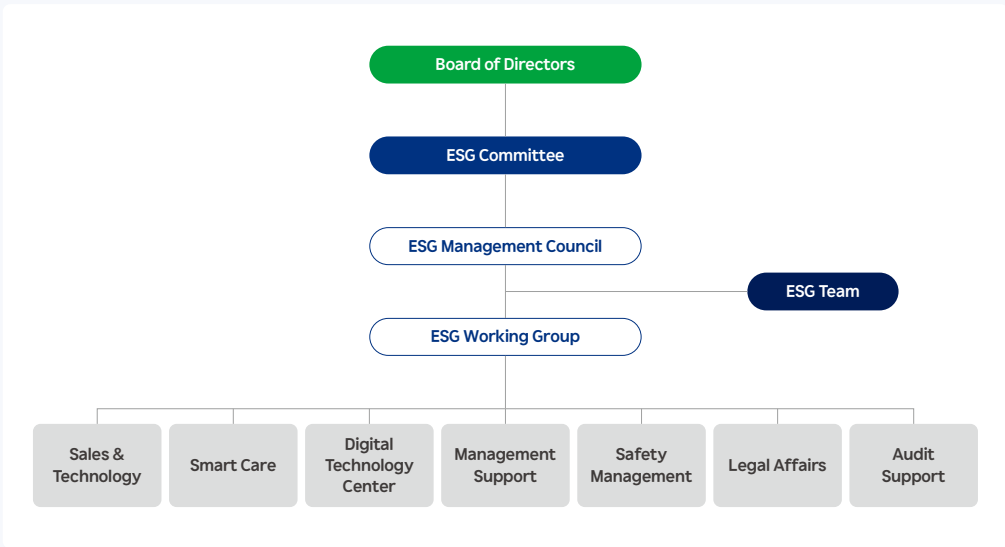
ESG Strategy



ESG Governance

HD HMS ESG Governance

ESG Governance System



Key Roles by Governance Organization

Category	Composition	Key Roles	Schedule
ESG Committee	1 executive director 4 outside directors	• Review and approve ESG strategies and plans • Manage key ESG risks and opportunities	Annual / as needed
ESG Management Council	Executives (headquarters' directors, division heads, responsible executives)	• Monitor execution of ESG strategic tasks	Annual / as needed
ESG Working Group	ESG personnel from each department (ESG Ambassador)	• Support ESG performance management and decision-making • Assist with sustainability report publication and ESG evaluation responses	As needed

ESG Committee

In November 2023, we established an ESG Committee within the Board of Directors to enhance corporate and shareholder value through strengthened ESG management. The committee deliberates and approves matters related to our ESG strategic direction and plans. Its responsibilities include developing ESG management strategies and plans, monitoring ESG implementation, and reviewing social responsibility issues. Beyond ESG programs, the committee also examines any matters related to sustainable management that require consideration.

ESG Committee Operations

Date	Agenda Items	Approval Status	Director Attendance
April 24, 2024	• Report on 2023 ESG performance and 2024 plans	Reported	100%
	• Report on the ESG vision	Reported	100%
	• Report on 2035 carbon neutrality declaration	Reported	100%
	• Report on publication of the Sustainability Report	Reported	100%
	• Election of ESG Committee Chair	Approved	100%
December 17, 2024	• Report on 2024 ESG management results and 2025 plans	Reported	100%
April 22, 2025	• Election of ESG Committee Chair	Approved	100%
	• Approval of the Sustainability Report publication plan	Approved	100%
	• Approval of double materiality assessment results and table of contents	Approved	100%
	• Approval of 2025 ESG evaluation response and strategy	Approved	100%
	• Approval of 2025 ESG KPIs and targets	Approved	100%

ESG Management Council

HD HMS operates an ESG Management Council composed of headquarters' directors, division heads, and responsible executives from each business unit. The council discusses plans to manage ESG risks and performance and reviews the task implementation and outcomes of related department.

Date	Key Agenda
March 19, 2024	• 2023 performance (ESG management system operation, implementation of ESG action items, etc.) • 2024 work plans (CBAM response, ESG strategic tasks, etc.)
December 03, 2024	• ESG Management Council operating plan • 2024 ESG performance (regulatory response, IR and communication, governance)

ESG Governance

HD HMS ESG Governance

ESG Working Group

The ESG Working Group assists HD HMS in improving its ESG performance and decision-making processes. It convenes on an ad hoc basis to review and discuss ESG-related issues as necessary. Under the leadership of the ESG Team, working-level personnel from each department collaborate to develop implementation plans and manage improvement tasks. The group also supports the publication of the sustainability report, responses to ESG initiatives, and related certification and evaluation procedures.

Date	Key Agenda
March 19, 2024	• 2023 performance (ESG management system operation, implementation of ESG action items, etc.) • 2024 work plans (CBAM response, ESG strategic tasks, etc.) • ESG Vision (enhancement of the ESG strategic system, ESG vision, strategic tasks, etc.) • Publication of the Sustainability Report (Overview of report publication, progress, future plans, etc.)

Special Interview

Utilizing our unique strengths and customer engagement experience, our business divisions are driving sustainable innovation.

VP Byung-rak Yoon,
Chair of the ESG Management Council



Q. 01 Key ESG strategies and implementation status by business division

We embed ESG as a source of business competitiveness in each division and strengthen our role as a partner that genuinely supports customers' sustainable operations.

In the AM Solution division (ship parts, services, and bunkering), our top priority is earning customer trust by ensuring sustainable parts supply and providing green fuels. We are establishing a responsible distribution framework by building an ESG risk assessment system across the supply chain, preventing counterfeit distribution, and advancing genuine parts authentication. Additionally, we extend parts life and simultaneously reduce maintenance costs and environmental impact through green fuels and predictive maintenance services.

The Green Solution division focuses on developing products for green vessels, such as energy conversion (DF engines, LNG), De-NOx systems (SCR, EGR), and CO₂ capture technologies. Demand for high-efficiency retrofit solutions that proactively meet IMO environmental regulations is also growing rapidly lately.

The Digital Solution division combines ESG practices with digital transformation, developing navigation data-based carbon emissions optimization solutions and AI-based engine condition diagnosis algorithms. Through these efforts, we enhance energy efficiency and provide customers with digital-based ESG monitoring systems.

Q. 02 Carbon neutrality and green solution projects: stage-by-stage achievements and future roadmap

Under the vision "Green Solutions Toward Sustainable Future," we are systematically implementing a three-phase strategy to achieve carbon neutrality.

Phase 1 focuses on deploying equipment to comply with IMO environmental regulations. We have retrofitted numerous vessels with Exhaust Gas Cleaning Systems (EGCS) and Ballast Water Treatment Systems (BWTS), securing core capabilities in green retrofit technology.

Phase 2 diversifies greenhouse gas reduction solutions. We reduce GHG emissions while simultaneously improving customers' operational efficiency through various technologies including LNG reliquefaction systems, Alternative Maritime Power (AMP), Air Lubrication Systems (ALS), and Engine Part Load Optimization (EPL0).

Phase 3 expands fuel conversion technologies over the long term. Our dual-fuel methanol retrofit technology is already in service on large container ships. We plan to extend this to ammonia- and hydrogen-fuel-based retrofit solutions and integrate renewable energy systems. These efforts will build a green vessel ecosystem that supports carbon reduction, fuel transition, and net zero achievement.

Q. 03 A step change for the mid- to long-term (one big win)

Looking ahead, we are transforming into a "global service specialist based on sustainable, green technology" over the mid- to long-term. Historically, we have provided vessel parts and services in the After Market sector of the shipbuilding and marine market, leveraging our technical expertise and quality. Going forward, we will reshape our business around three pillars—AM Solutions, Green Solutions, and Digital Solutions—to become a future-oriented enterprise.

In particular, we are evolving from a supplier-centric model into a customer-centric provider of sustainable solutions by supplying green fuels, offering GHG reduction solutions, performing dual-fuel retrofits, deploying digital-based high-efficiency navigation technologies, and expanding global service hubs.

In an era where ESG management is not a choice but a must, our core goal is to lead the decarbonization of vessels worldwide and to establish ourselves as a "global green total solution partner," supporting our customers in achieving sustainability.

ESG Governance

ESG Roadmap

To systematically operate ESG management, we have established 12 core tasks aligned with three strategies across the ESG domains. For each core task, we have also defined and pursued detailed action items spanning the short, medium, and long term. We continuously review ESG data, track the progress of these action items, identify areas for improvement, and manage both core tasks and action items to ensure the achievement of our ESG targets.



Category	Strategic Tasks	Action Item	2024 Performance	Key Target
Strengthening climate change response and environmental management systems	Achieve carbon neutrality by 2035	- Establish energy management standards - Manage energy data within the organization	Pursued energy management system (ISO 50001) certification	Maintain ISO 50001 certification after acquisition
	Promote decarbonization and the renewable energy transition	Reduce energy consumption and measure results	Built an energy data management system	Monitor greenhouse gas emissions monthly
	Strengthen response capabilities to global environmental regulations	- Establish policies for responding to and managing environmental issues - Collect and manage external energy data	- Developed and disclosed environmental and energy policies and guidelines - Established an environmental data collection process for partners	- Build an integrated environment and energy management system - Advance the data collection system for partners
	Establish environmental management targets and monitor progress	- Continuously renew ISO 14001 (environmental management system) certification - Establish a waste treatment management system	Designed a roadmap for water and waste management systems	Build a water and waste management system
Improving safety and health systems and ESG management for the supply chain	Enhance safety and health management systems	Define a reporting system for violations of product and service safety and health regulations	- Strengthened safety and health risk management - Maintained certification of the safety and health management system	- Evaluate safety and health performance and manage ad hoc risk assessments using programs - Introduce computerized risk assessments
	Promote a safety culture and expand professional personnel	Conduct safety and health impact assessments when purchasing and track the number and types of certified products	- Operated near-miss incident reporting channels and the safety hotline - Conducted emergency response drills	Build a shared safety platform with partners
	Expand supply chain ESG support programs	Support suppliers in enhancing their ESG capabilities	- Conducted written evaluations for 173 major partners - Introduced a standard subcontracting agreement and a delivery price linkage system	- Evaluate 200 key partners - Establish a co-prosperity fund - Operate a recruitment portal for partners
	Strengthen supply chain impact assessment and risk management	- Establish environmental management systems for partners - Establish social (human rights) management systems for partners		- Introduce the four core practices of fair trade - Deploy quality specialists to oversee and guide quality management
Leading a sustainable future based on green and digital innovation	Increase green technology development and investment	Integrate ESG material issues into management strategy	- Filed patents related to green technologies (8 cases) - Established an LCA methodology for shipbuilding and marine operations and obtained third-party verification - Developed Hi-Rotor and Wing-Sail, control logic for green vessels - Applied OceanWise to a domestic shipping company's vessels for the first time	- Lay the foundation for sustainable growth by strengthening existing businesses and identifying new and green technology projects - Obtain cyber security classification in line with digital transformation - Provide a total one-stop solution for IMO and EU environmental regulation compliance
	Develop new businesses based on digital transformation			
	Enhance ESG data and performance management	Link environmental and social performance to employee incentives	Strengthened management by building an ESG data platform for the HD Hyundai Group	- Monitor environmental data monthly - Expand data disclosure for the parent company and subsidiaries - Set ESG KPIs for employees
	Advance the ESG governance system	Establish ESG policies and define related work processes within the Board of Directors	- Incorporated provisions on independence and diversity into the Board's regulations - Achieved a 93.3% compliance rate for key governance indicators	- Review institutional mechanisms to enhance transparency and fairness - Strengthen communication among stakeholders

ESG Highlights

2024 ESG Highlights



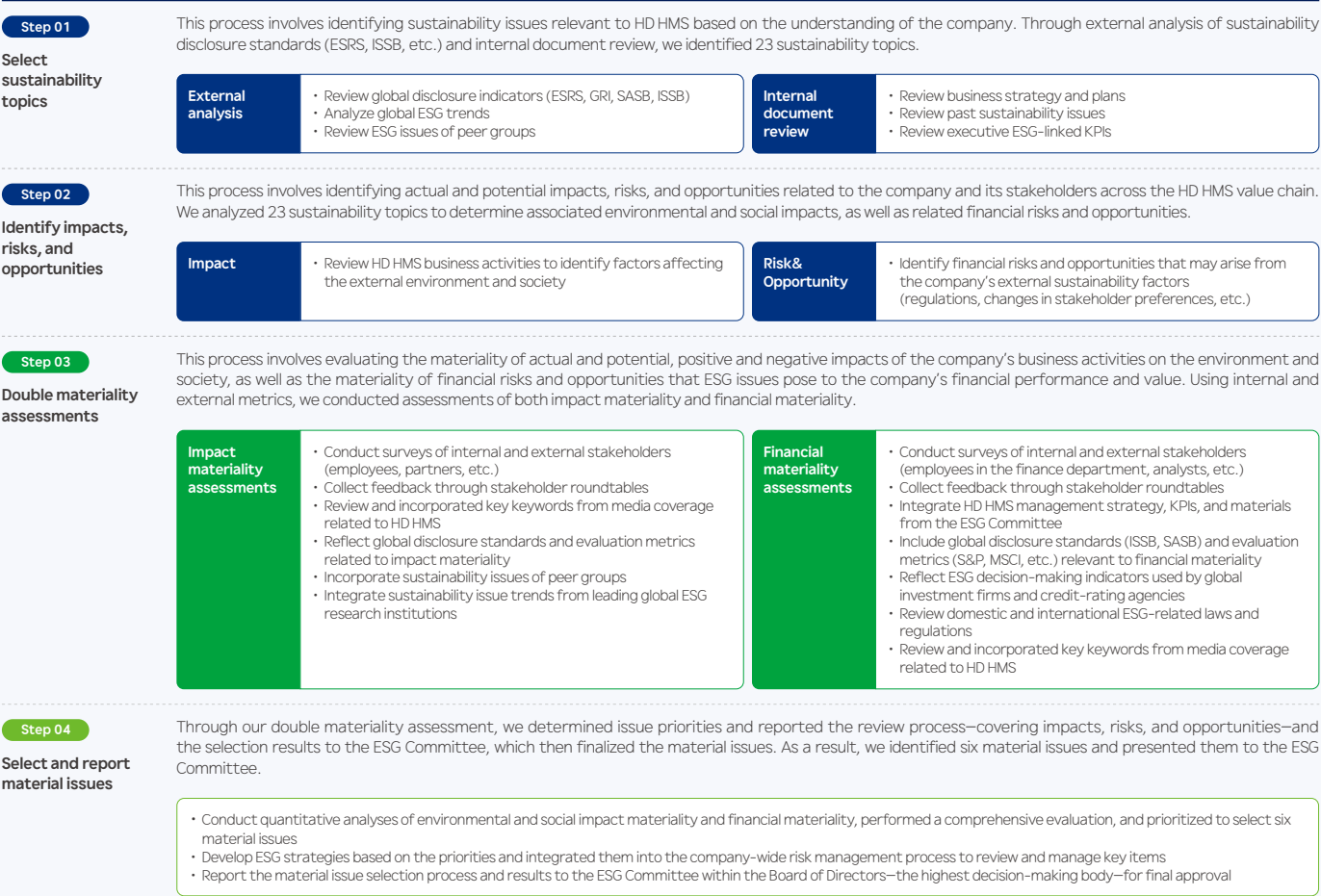
Double Materiality Assessments

Double Materiality Assessment Overview

Double Materiality Assessment Process

HD HMS conducts double materiality assessments every year to identify its key sustainability issues and effectively address major environmental and social impacts, risks, opportunities, and stakeholder expectations. This process incorporates the key topic selection procedure of the Global Reporting Initiative (GRI) Standards and the Double Materiality Guidelines of the European Sustainability Reporting Standards (ESRS).

To derive material issues, we reviewed international reporting standards—including ESRS, GRI Standards, ISSB, and SASB—along with ESG trend publications from MSCI, WEF and other organizations, and issue management practices of peer groups. We also analyzed internal documents—business strategy, executive KPIs, and past ESG issues—to identify a pool of 23 sustainability topics. Each identified issue was evaluated for its impact, risk, and opportunity, and analyzed from both impact-materiality and financial-materiality perspectives. Based on this analysis, six material issues were selected. The assessment process and its results were approved by the ESG Committee under the Board. Independent third-party verification was carried out to ensure the assessment’s reliability and transparency.

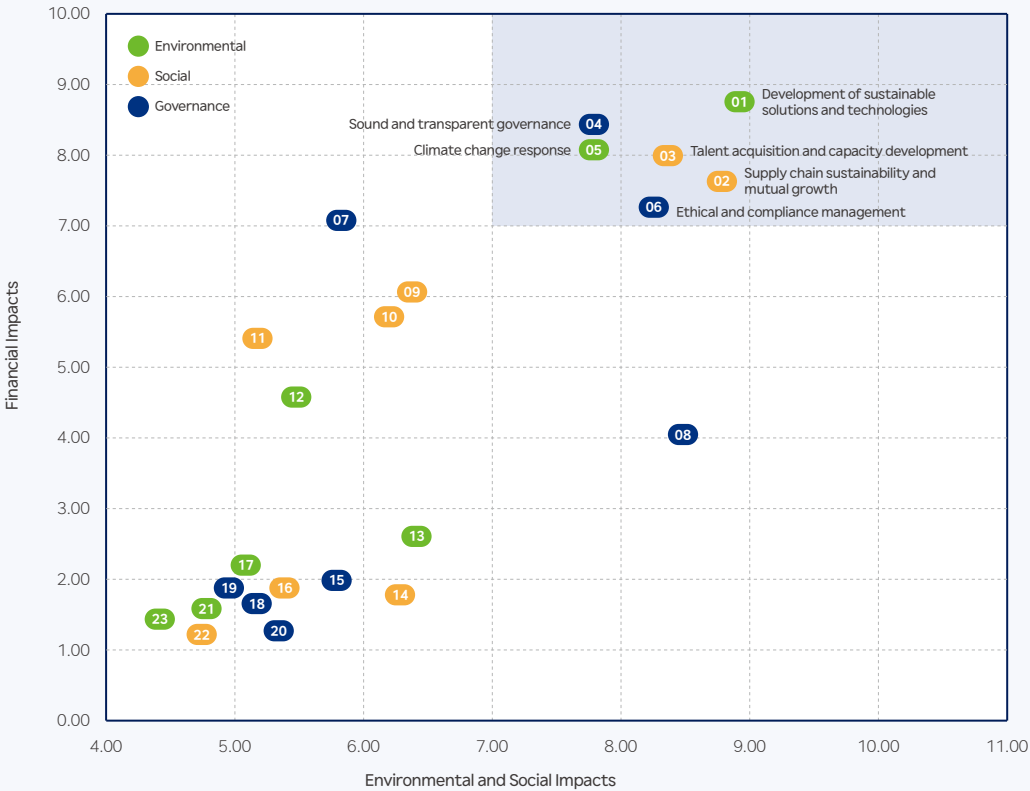


Double Materiality Assessments

Double Materiality Assessment Results

We conducted double materiality assessments on 23 sustainability topics related to our business activities. As a result, we identified key material issues to be prioritized within each ESG domain: development and investment in green solutions and climate change response in the environmental domain; supply chain sustainability and mutual growth in the social domain; and sound and transparent governance structure and ethical and compliance management in the governance domain. For each topic identified as a material issue, we conducted a thorough analysis of its impacts from two perspectives: external stakeholders (environmental and social impacts) and corporate value generation (financial risks and opportunities). Our activities related to each issue, including the material topics, are detailed in the Environment, Social, and Governance sections of this report.

Materiality Assessment Matrix



Materiality Assessment Results

Item	Rank	Issue Name	Materiality		Impact Direction	Changes (Year-on-year)	Report Page
			Environmental and Social	Financial			
Environmental	01	Development of sustainable solutions and technologies	●●●	●●●	Positive	-	38-42
Social	02	Supply chain sustainability and mutual growth	●●●	●●●	Positive	▲9	75-81
Social	03	Talent acquisition and capacity development	●●●	●●●	Positive	▲4	66-71
Governance	04	Sound and transparent governance	●●●	●●●	Positive	New	97-100
Environmental	05	Climate change response	●●●	●●●	Neutral	▲7	43-48
Governance	06	Ethical and compliance management	●●●	●●●	Positive	▼3	94-96
Governance	07	Protection of shareholder rights and enhancement of shareholder value	●●○	●●●	Positive	New	101-105
Governance	08	Sustainable investment and portfolio expansion	●●●	●●○	Positive	New	101-105
Social	09	Strengthening human rights management	●●○	●●○	Positive	New	60-65
Social	10	Labor-management relations and organizational culture improvement	●●○	●●○	Positive	▲6	74
Social	11	Workplace safety and health management	●●○	●●○	Neutral	▼7	82-86
Environmental	12	Energy use management	●●○	●●○	Neutral	▲2	49-50
Environmental	13	Resource circulation and waste management	●●○	●○	Neutral	▲10	49-52
Social	14	Enhancement of diversity, equity, and inclusion (DEI)	●●○	●○	Positive	New	66
Governance	15	Economic performance and value creation	●●○	●○	Positive	▼13	101-105
Social	16	Strengthening quality and customer satisfaction	●●○	●○	Positive	▼6	87-89
Environmental	17	Strengthening the environmental management system	●●○	●○	Positive	New	49-52
Governance	18	Enhancing company-wide risk management	●●○	●○	Neutral	▼10	109-110
Governance	19	Fair trade and anti-corruption compliance	●●○	●○	Neutral	▲4	110
Governance	20	Information security and digital ethics compliance	●●○	●○	Positive	▼1	106-108
Environmental	21	Biodiversity conservation	●●○	●○	Positive	New	53-58
Social	22	Contribution to local community development	●●○	●○	Positive	▲1	90-92
Environmental	23	Water resource management	●●○	●○	Positive	▲2	49-52

Double Materiality Assessments

Collecting Stakeholder Feedback

HD HMS conducted surveys and roundtables with internal employees and external stakeholders (customers, partners, investors, etc.) to incorporate a wide range of stakeholder perspectives into its double materiality assessments. This engagement allowed us to assess the importance of key sustainability issues related to HD HMS not only from a financial perspective, but also from social and environmental perspectives, offering a deeper understanding of stakeholder feedback. Feedback gathered through these activities was integrated into our materiality assessment results and will serve as a critical input for setting ESG strategy and implementation priorities. By treating stakeholder participation as a core element of its sustainability management, rather than a mere procedural step, HD HMS aims to strengthen trust-based partnerships and respond proactively to evolving ESG challenges through regular dialogue and feedback.

Talent acquisition and capacity development

Given that HD HMS is in a growth phase, it needs to secure mid- to senior-level managers with professional expertise and proficiency. At the same time, it is important to strengthen the capabilities of all members.

Because developing these competencies requires significant time and effort, HD HMS must consistently focus on processes that support long-term, stable training and work to ensure sustainable businesses.

Supply chain sustainability and mutual growth

Many of the companies in the supply chain are small-scale and handle a wide variety of parts and services. In the primary market, Europe, this diversity makes ongoing regulatory compliance essential.

Future growth engines and businesses

As environmental regulations become more stringent, HD HMS must provide its customers with solutions that mitigate risks and ensure stable vessel operations.

The adoption of green technologies is now mandatory, calling for development and investment in low-carbon, high-efficiency solutions to support sustainable operations.

Support for strengthening partners capabilities

As sustainability assessments now encompass HD HMS' partners, we believe that supporting their capacity building is essential to maintaining the company's competitiveness. Given HD HMS' business model, any disruption in upstream supply could have a significant impact on overall performance.



Climate change and environmental regulation response

We believe that the most critical sustainability issue for both the company and the industry at large is responding to climate change. We assume that HD HMS can gain a competitive edge in the market by rapidly adapting to eco-friendly regulations and offering proactive solutions. We hope that by developing green solutions and new business models tailored to emerging climate challenges, HD HMS will achieve sustainable management and performance.

Strengthening quality and customer satisfaction

To grow the company's business and secure more orders, HD HMS must maintain strong, collaborative relationships with its customers. To achieve this, delivering high quality and ensuring customer satisfaction are critical. Quality underpins customer trust and is vital for sustaining long-term partnerships, which, in turn, eventually drives our profitability.

Enhancing R&D capabilities for green vessels

When making investment decisions, we consider how HD HMS' green vessel replacement initiatives benefit the maritime industry as a whole. Thus, we believe the most critical priority for the ongoing growth of HD HMS is to "bolster both investment and R&D capabilities related to green vessels." We believe it is essential for the company to develop a strategy to expand orders in the green retrofit division and achieve a profit margin comparable to that of our After Market division.

Enhancing ESG communication

We believe that, from HD HMS's perspective, governance, capital allocation, labor and human rights management, and carbon emissions issues are critical. We also consider financial materiality (growth, profitability, and stock price), governance transparency, and carbon emissions to remain important factors even as ESG regulations evolve. We recommend that HD HMS take the lead in hosting ESG Day¹⁾ in Asia to share and communicate its ESG practices with investors.

1) ESG Day is an event where HD HMS engages with investors to discuss its ESG performance.

Materiality Analysis

Material Issue 01

Development of sustainable solutions and technologies

[Go to Related Webpage](#)

Materiality Background

- >

Tightened global carbon neutrality goals and environmental regulations for the shipping industry, led by the International Maritime Organization (IMO)
- >

With the introduction of short-term measures for vessel GHG emission regulations and the upcoming finalization of the mid-term measure—the IMO Net Zero Framework—in 2025, customer (shipowner) demand for innovative green vessel technologies and retrofit solutions has increased
- >

It is necessary to provide green solutions and technologies and to secure new markets to drive sustainable growth of the company

Value Chain

Site operations

Products and services

Perspective of External Stakeholders

Business Activities

- In response to tightening environmental regulations, develop green technologies—including vessel reliquefaction equipment and engine part load optimization services—to strengthen regulatory compliance and reduce carbon emission costs of customer vessels
- Enhance the asset value of aging vessels through retrofit solutions, such as reliquefaction equipment retrofits and FSRU conversions, and offer sustainable measures instead of decommissioning to improve shipowners' operational efficiency and environmental responsiveness
- Support customers' operational efficiency and ESG goals simultaneously with our AI-based fuel-saving and route-optimization solution, OceanWise

Impacts on External Stakeholders

- Positive
- Implementing the carbon neutrality roadmap and reducing greenhouse gas emissions contributes to the global effort to limit warming to 1.5 °C and mitigate climate change
- Negative
- Greenhouse gas emissions from operational activities accelerate global warming, causing climate system collapse, extreme weather events, rising sea temperatures, and sea-level rise
 - Increased extraction of energy resources such as oil and gas leads to negative impacts, including environmental pollution and ecosystem destruction

Impacted Stakeholders

- Environment
- Social

Perspective of Corporate Value Generation

Business Factors

- Increased vessel demand driven by rising global cargo volumes
- Stricter greenhouse gas regulations and the growing adoption of carbon neutrality declarations, led by the IMO and EU, are accelerating the adoption of high-efficiency, low-emission technologies for carbon reduction during vessel operations
- Projected long-term growth in demand for green retrofit and operational solutions that enhance energy efficiency, reduce carbon emissions, and support fuel transition

Impact on the Company

- Risks
- Increased operating costs to implement the carbon neutrality roadmap strategy (site equipment efficiency optimization, green vehicle transition, and offset activities)
 - Rising compliance costs for global carbon regulations (ETS, CBAM, etc.)
- Opportunities
- Improved profitability from enhanced stakeholder reputation due to climate change response
 - Expansion into new business areas driven by climate change response

Business Impact

- Risks
- Opportunities
- Costs

Response Strategy

- Improve energy efficiency, reduce GHG emissions, and actively develop technologies for higher energy efficiency and low-carbon fuel adaptation based on extending vessel lifespans
- Build a circular vessel operation model by integrating digital technologies, such as the AI-based route-optimization solution (OceanWise), with green technologies to lead the global marine industry's decarbonization
- Advance retrofit technology that converts aging vessels into green ships, enabling the assets' life extension instead of decommissioning, and simultaneously enhancing customer operational efficiency and environmental resilience

Goals and Indicators

- Short-term: Expand green retrofit technologies and digital solutions
- Mid-term: Expand green technology businesses based on After Market services and achieve 30% ROE and 16% EBIT
- Long-term: Commercialize next-generation carbon reduction technologies and develop global business operations

2024 Achievements

- Completed the first domestic retrofit of LNG carrier reliquefaction equipment and secured reliquefaction retrofit projects for global companies such as Cool Company and Chevron
- Finished the "Engine Part Load Optimization (EPLO) service" project for Pure Car and Truck Carriers (PCTC), and demonstrated improvements in fuel efficiency and greenhouse gas reduction
- Validated the AI-based route-optimization solution "OceanWise" (proving a 5.3% fuel-saving effect)
- Obtained Approval in Principle (AIP) for Onboard Carbon Capture and Storage (OCCS) retrofit equipment from DNV, the Norwegian classification society
- Showcased green technology capabilities to the global market by participating in the Offshore Korea 2024 in Busan and Gastech 2024

Materiality Analysis

Material Issue 02

Climate change response

[Go to Related Webpage](#)

Materiality Background

- >

Climate change response has become a core priority, as it directly ties to international regulatory compliance, fulfilling customer demands for ESG strategy execution, and meeting investor requirements amid the global shift toward carbon neutrality
- >

Because greenhouse gases emitted during vessel operations are a major driver of climate change and form part of customers' Scope 3 emissions, emission reduction is required by providing low-carbon technologies and digital solutions
- >

A passive approach to climate change response can trigger external stakeholder concerns, such as regulatory non-compliance, declining market trust, and loss of shipping clients, and may fail to meet their expectations

Value Chain

Site operations

Supply chain

Products and services

Perspective of External Stakeholders

Business Activities

- Declare a 2035 carbon neutrality target, develop a detailed roadmap to achieve neutrality before the 2050 goal
- Electrify vehicles and equipment and transition to renewable energy through solar power generation, establish greenhouse gas reduction measures through Renewable Energy Certificates (REC) and Power Purchase Agreements (PPA) in line with source-specific reduction strategies

Impacts on External Stakeholders

- Positive
- Contribute to mitigating climate change by reducing greenhouse gas emissions during the product use phase
 - Provide users and the market with opportunities for sustainable value consumption

Impacted Stakeholders

- Environment
- Social

Perspective of Corporate Value Generation

Business Factors

- Rising acute (heatwaves, typhoons, etc.) and chronic (increased average temperatures, etc.) physical risks due to climate change
- Expenditures incurred to comply with domestic and international greenhouse gas regulations (carbon border taxes, EU CBAM, etc.)
- Growing demand for green retrofits driven by stronger vessel carbon emission regulations
- Heightened stakeholder expectations for climate-change action and the need for comprehensive supply chain emissions management

Impact on the Company

- Risks
- Capital expenditures and R&D costs required to develop green services
- Opportunities
- Sales growth from green solutions
 - Enhanced corporate value from positive reputation as a green solution provider

Business Impact

- Risks
- Costs
- Opportunities

Response Strategy

- Establish a 2035 carbon neutrality roadmap, set annual reduction targets
- Implement reduction strategies across all sites, including energy efficiency upgrades, fuel conversion, electrification of corporate vehicles and forklifts, and adoption of renewable energy
- Introduce an internal carbon pricing mechanism

Goals and Indicators

- Short-term (2023-2027): 50% reduction in emissions compared to 2023 levels, establish foundations for electrification and renewable energy transition, introduce an internal carbon pricing mechanism
- Mid-term (2028-2032): 80% reduction in emissions compared to 2023 levels
- Long-term (2033-2035): 100% reduction in Scope 1 and 2 emissions (carbon neutrality)

2024 Achievements

- Updated the Scope 3 greenhouse gas emissions calculation method based on 2024 business activities
- Established an implementation strategy structure for greenhouse gas emissions reduction
- Secured third-party verification for Scope 1, 2, and 3 emissions

Materiality Analysis

Material Issue 03

Talent acquisition and capacity development

[Go to Related Webpage](#)

Materiality Background

>

In the technology-driven marine and shipbuilding industry, securing talent with the expertise and sustainable management capabilities is critical for maintaining long-term competitiveness and enhancing ESG responsiveness. This provides high levels of trust and operational stability to external stakeholders, including investors and clients

>

Our talent acquisition system creates value linked to local communities and educational institutions, contributing to youth employment and strengthening the industry ecosystem in line with social expectations

>

Unequal access to training opportunities and opaque evaluation and compensation systems can erode internal trust and drive away top talent, directly undermining confidence among external stakeholders (customers, partners, etc.)

Value Chain

Site operations



Perspective of External Stakeholders

Business Activities

- Ensure non-discrimination throughout all HR processes—from recruitment and placement to training, performance evaluation, and retirement—regardless of education, gender, age, race, or religion, and proactively prevent any human rights violations
- Offer leadership and job-specific training to strengthen employee capabilities, gain a competitive edge, and drive performance, including onboarding programs for new and experienced hires, an internal instructor system, metaverse-based value system training, and hybrid talent development initiatives

Impacts on External Stakeholders

Positive

- Strengthened employee capabilities and career development, an enhanced sense of achievement and satisfaction driven by performance-based rewards
- Cultivation of top talent and improvement of national competitiveness by supporting continuous training and skill development for employees

Impacted Stakeholders

- Society
- Employees
- Local communities

Perspective of Corporate Value Generation

Business Factors

- Build a solid pipeline for top talent by implementing fair, diversified recruitment systems and multiple entry channels—such as industry-academia partnerships—that align with organizational culture and support long-term growth
- Embed a company-wide learning culture and reinforce sustainable growth structures by providing tailored training, leadership programs, and career development systems for all employees

Impact on the Company

Risks

- Additional expenditures incurred to manage talent and additional training

Opportunities

- Improved employee satisfaction and productivity through fair performance evaluations
- Enhanced product and service quality and increased sales by attracting and retaining top talent

Business Impact

- Risks
- Costs
- Opportunities

Response Strategy

- Operate a fair recruitment system grounded in core values and build multiple entry channels for talent
- Institutionalize job- and level-specific training to establish a learning culture across the organization
- Operate global talent development programs
- Boost organizational engagement and morale through performance-based compensation and recognition schemes

Goals and Indicators

- Expanded company-wide participation in training and establishment of a learning culture
- Creation of a self-directed career development environment to strengthen job expertise and future capabilities
- Strengthened leadership and overall organizational capability

2024 Achievements

- Established targets for improving workforce diversity
- Operated business negotiation training programs for managerial-level employees: Trained 73 department directors and managers, with an 89% participation rate and a satisfaction score of 4.9

Materiality Analysis

Material Issue 04

Supply chain sustainability and mutual growth

[Go to Related Webpage](#)

Materiality Background

- >

Partners are key stakeholders within the value chain. The ethics, stability, and quality level of the supply chain directly affect HD HMS' product credibility, market reputation, and profitability
- >

As global standards for supply chain management become more stringent, providing technical and managerial support and fostering mutual communication for the growth and competitiveness of partners helps build trust with external stakeholders
- >

Quality issues or human rights and environmental risks in the supply chain can lead to direct supply disruptions, sales loss, and reputational damage, requiring proactive mitigation

Value Chain

Site operations

Supply chain



Perspective of External Stakeholders

Business Activities

- Establish a mutual growth policy to build a healthy corporate ecosystem, support partners in fulfilling their social responsibilities, and promote a culture of fair trade through various initiatives
- Conduct ESG assessments to comply with the EU Corporate Sustainability Due Diligence Directive and to review partners' ESG management status
- Raise ESG awareness across the entire supply chain and continually expand the scope of partner ESG due diligence by incorporating the ESG assessment results and improvements

Impacts on External Stakeholders

- Positive
- Build a supply chain by ensuring partners comply with environmental regulations
 - Lay the groundwork for small and medium-sized companies to achieve long-term competitiveness under global ESG standards

Impacted Stakeholders

- Society
- Supply chain

Perspective of Corporate Value Generation

Business Factors

- Tighten global supply chain ESG regulations, such as EU CBAM and mandatory due-diligence laws, and expand reporting obligations
- Growing corporate responsibility for managing partner's Scope 3 emissions and strengthening their ESG response capabilities
- Destabilized raw material supply chains due to geopolitical risks, such as the US-China trade conflict, the war in Ukraine, and tensions in the Middle East

Impact on the Company

- Risks
- Costs incurred to replace partner if ESG issues arise
 - Increased implementation costs to support partners' ESG management
- Opportunities
- Potential capital inflows from global clients, investors, and developed markets by meeting supply chain management demands
 - Cost savings through stable procurement and productivity gains driven by stronger partner competitiveness

Business Impact

- Risks
- Costs
- Opportunities

Response Strategy

- Conduct supply chain ESG risk diagnosis, enhance assessment systems, and provide tailored support for partner improvements
- Operate communication channels with partners and programs for training, recognition, and financial support designed to spread ESG management practices
- Establish data collection systems and conduct working-level training for partners to meet global supply chain regulatory requirements

Goals and Indicators

- Enhance the supply chain ESG risk assessment system and strengthen improvement support for high-risk partners
- Expand effective mutual growth programs for partners, including training sessions, briefings, and financial support
- Maintain cash payments for small and medium-sized partners and review the introduction of a mutual growth fund in 2026

2024 Achievements

- Conducted supply chain risk assessments for 173 partners in 2024
- Provided risk mitigation support to high-risk partners
- Implemented an early payment policy, prepaying approximately KRW 10 billion in material payments ahead of the Lunar New Year holiday

Materiality Analysis

Material Issue 05

Sound and transparent governance

[Go to Related Webpage](#)

Materiality Background

> The allocation of responsibilities and authorities between the Board of Directors and management is critical for ensuring transparency and securing trust from outside stakeholders

> Enhance long-term corporate value and realize sustainable management through transparent and sound governance

> Inadequate governance increases management risks and undermines corporate reputation

Value Chain

Upstream

Site operations

Downstream

Perspective of Outside Stakeholders	
Business Activities	- Operate the Board of Directors and four committees under the Board: the Audit Committee, Outside Director Candidate Recommendation Committee, Related-Party Transactions Committee, and ESG Committee (Independence) Appoint a majority of Board members as outside directors, strengthening the Board's independence and creating an environment where directors can freely discuss issues without influence from the company, management, major shareholders, or other factors (Diversity and expertise) Appoint directors with balanced competencies across essential decision-making areas, including finance and accounting, legal, strategy, and digital capabilities
Impacts on Outside Stakeholders	Positive - Enhanced trust from customers and investors in the sound, transparent governance and positively influencing corporate valuation - Independent Board oversight of management decisions ensures balanced decision-making and secures transparency in corporate governance
Impacted Stakeholders	- Society - Supply chain - Customers - Shareholders, investors

Perspective of Corporate Value Generation	
Business Factors	- Growing importance of transparent and independent Board operations as ESG management intensifies and stakeholder expectations rise - Increasing demand for Board diversity and expertise as global governance standards shift toward shareholder- and investor-centric models
Impact on the Company	Risks - Costs to address any governance-related issues Opportunities - Stronger stakeholder approval of corporate governance for stable access to capital
Business Impact	- Risks - Costs - Opportunities

Response Strategy

- Appoint a majority of Board members as outside directors and operate a fair appointment process through the Outside Director Candidate Recommendation Committee
- Establish committees under the Board, such as the Audit Committee, Related-Party Transactions Committee, and ESG Committee, to enhance the transparency and expertise of major management decisions
- Reinforce the Board's fairness and accountability leveraging the performance-based compensation system, linked to Board activities and performance evaluations

Goals and Indicators

- Strengthen the functions of committees under the Board and advance the evaluation system

2024 Achievements

- Separated the roles of CEO and Board Chair
- Implemented a board evaluation system and required all members to complete self-evaluations
- Provided specialized training programs for outside directors
- Maintained a 100% average attendance rate at board meetings

Materiality Analysis

Material Issue 06

Ethical and compliance management

[Go to Related Webpage](#)

Materiality Background

- Ethical decision-making and compliance with laws and regulations play a key role in building trust with external stakeholders, including customers, partner companies, and investors

➤ Maintaining fair competition and implementing transparent governance form the foundation for a sustainable business environment

➤ Failure to uphold ethical responsibilities in the international supply chain may lead global customers and partners to suspend or exclude transactions

➤ Violations of anti-corruption and fair trade regulations not only pose reputational risks but also result in legal penalties, loss of business opportunities, and significant financial losses

Value Chain

- Upstream
- Site operations
- Downstream



Perspective of External Stakeholders

Business Activities

- Operate and manage guidelines to comply with domestic and international anti-corruption laws and related global conventions
- Continuously monitor subcontracting laws under the Fair Trade Commission and manage company-wide responses, issuing timely notifications and ensuring rapid action when incidents occur
- Conduct compliance checks by department against anti-corruption laws and implement a screening process for approving new transactions
- Use compliance assessments to identify high-risk departments, provide important fair-trade act-related training and distribute and manage a fair-trade self-compliance checklist for departments with high compliance risks

Impacts on External Stakeholders

- Positive
- Secure transparency and credibility in corporate activities through ethical management initiatives
 - Strengthen compliance management to foster a culture of compliance within the company and among partners, and to build trust between the company and society, thereby enhancing the company's reputation

Impacted Stakeholders

- Negative
- Decreased stakeholder trust resulting from sanctions due to ethical management violations
 - Sanctions imposed for legal violations and increased monitoring and oversight by stakeholders
- Society
- Supply chain
 - Entire stakeholders including employees, the supply chain, customers, and local communities

Perspective of Corporate Value Generation

Business Factors

- Strengthen the compliance system to secure trust from clients and investors
- Enhance proactive risk management capabilities in response to tightening global regulations

Impact on the Company

- Risks
- Costs to establish and operate an ethical and compliance management system
 - Financial losses from monetary and non-monetary sanctions

Business Impact

- Opportunities
- Increased investor confidence and customer loyalty through ethical management practices
 - Prevention of financial losses by reducing legal risk via ethical and compliance management

Response Strategy

- Advance the ethical management system based on the Group's Charter of Ethics and internal guidelines
- Reinforce prevention through regular compliance risk assessments and training
- Establish a company-wide culture of compliance via compliance policies and fair-trade self-compliance programs

Goals and Indicators

- Strengthen the system for proactively preventing ethical and compliance risks and enhance internal controls

2024 Achievements

- Operation of economic sanctions screening system: 350,000 screenings conducted annually, with zero violations



Stakeholder Engagement

Stakeholder Communication

We have identified six key stakeholder groups to ensure systematic communication. We operate a variety of communication channels tailored to each group’s characteristics, taking into account their feedback and areas of interest related to our core business activities. We integrate stakeholders’ major opinions into our management and business operations and transparently disclose our sustainability activities and performance, in line with stakeholders’ primary concerns, in this report and on our website. Going forward, we will continue to engage proactively through diverse channels and share information openly to build trust.



	Customers	Employees	Shareholders and Investors	Partners	Local Communities	Government and Related Institutions
Group Definition	Stakeholders receiving HD HMS' products and services	Stakeholders responsible for executing HD HMS' management activities and sustainability initiatives, playing a key role in achieving the organization's strategies and goals	Stakeholders who are interested in HD HMS' financial and non-financial performance and provide capital with expectations of long-term value creation and sustainability	Stakeholders in the HD HMS' value chain who supply products, raw materials, parts, or services and form mutually dependent relationships	Stakeholders directly or indirectly affected by HD HMS' sites and activities, including local organizations, residents, and related institutions	Stakeholders that regulate or support the company's operations through laws, policies, and regulations, promoting social value realization and sustainable development
Key Communication Channels	• Customer satisfaction surveys • Supplier visits • Operation of overseas branches • Trade fairs, exhibitions, and forums	• Intranet/Company newsletter • Internal communication messenger and bulletin board • Executive briefings • Labor-management council • Grievance handling channels	• Shareholders' meeting • Investor presentations • Disclosures and website postings • Investor briefings and conference calls	• Partner Alliance Council • Partner intranet • On-site meetings with partners	• Local community volunteer initiatives • Local public institutions • Civic organizations	• Visits to the National Assembly and government ministries, and participation in policy briefings • Membership in industry associations
Areas of Interest	• Improvement of product and service quality • Response to customer inquiries and feedback • Customer surveys • Acquisition of new sustainable technologies and expansion of new businesses	• Enhancement of corporate value • Communication between management and employees • Maintenance of work-life balance • Performance-based compensation • Talent development	• Enhancement of shareholder value • Strengthening transparent management • Internal and external risk management • Expansion of stakeholder communication • Acquisition of new sustainable technologies and expansion of new businesses	• Creation of shared growth value • Communication with partners and enhancement of ESG capabilities • Fair trade • Customer satisfaction and safety	• Community engagement and mutual growth • Social contribution activities • Reduction of environmental pollutant emissions • Expansion of stakeholder communication	• Participation in government policies • Participation in and support for government events • Disclosure of industry and corporate information • Revitalization of the local economy • Safety and labor issues
Related Issues	• Development of sustainable solutions and technologies • Quality and customer satisfaction	• Human rights management • Talent management • Organizational culture • Safety culture	• Governance • Shareholder value	• Supply chain • Safety culture	• Community contribution	• Ethical and compliance management • Risk management

ESG PERFORMANCE

Toward Green Planet 037

Toward Respecting People 059

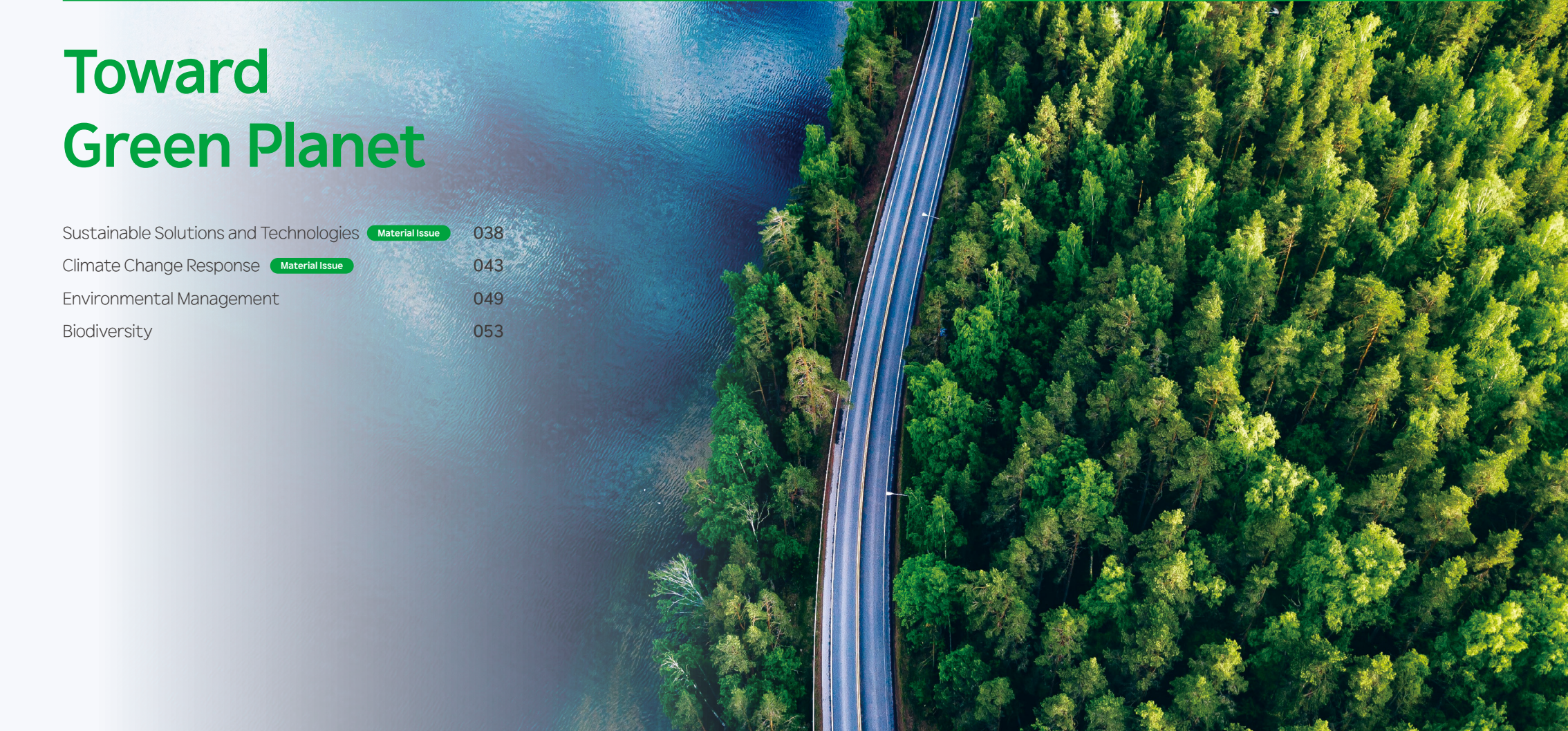
Toward Sustainable Profit 093



01

Toward Green Planet

Sustainable Solutions and Technologies	Material Issue	038
Climate Change Response	Material Issue	043
Environmental Management		049
Biodiversity		053



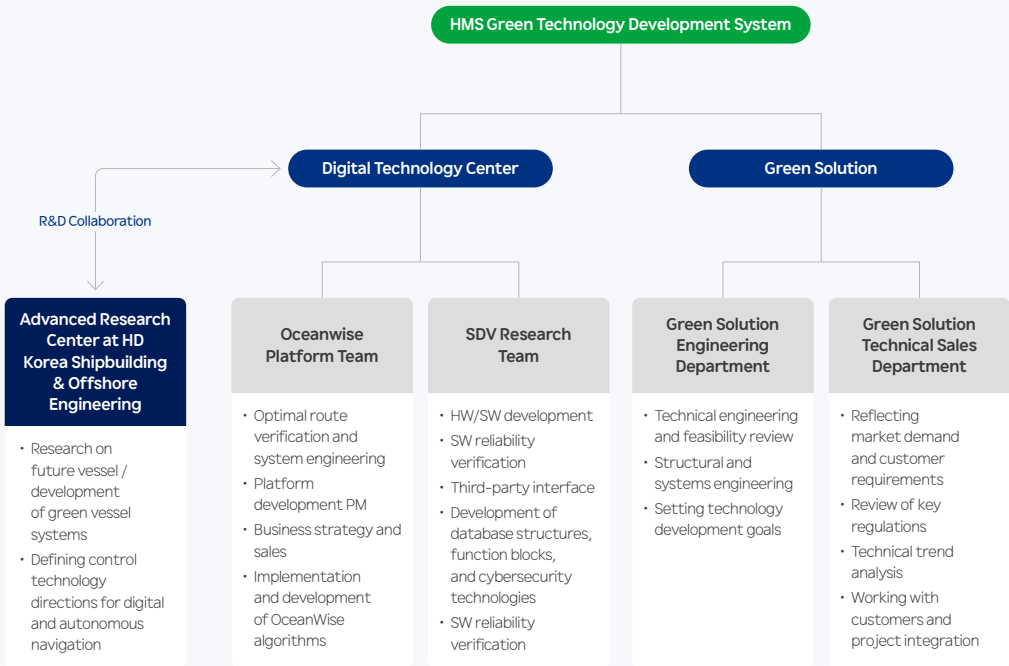
Sustainable Solutions and Technologies

Governance for Sustainable Solutions and Technologies

Sustainable Technology Development System

We operate an interdepartmental collaborative system to strategically advance our green technology development. The Green Solution Technical Sales Department identifies market-based demands, while the Green Solution Engineering Department is responsible for technology implementation, working in close coordination throughout the actual development process. We also work with the Advanced Research Center at HD Korea Shipbuilding & Offshore Engineering and affiliated R&D organizations to save fuel, cut GHG emissions, and respond to alternative fuel. We also conduct demonstration-based R&D focused on the operation and control of new engines and vessel operating systems.

Organizational Chart of Green Technology Development



Strategy for Sustainable Solutions and Technologies

Technology Development Direction

We pursue technology development centered around three core areas: improving energy efficiency, reducing GHG emissions, and extending vessel lifespans. We currently focus on cost-effective, high-efficiency technologies such as Engine Part Load Optimization (EPLD) and Energy Saving Devices (ESD) to improve energy efficiency. We also expect additional fuel cost savings driven by the expanded use of biofuels in the future. To reduce GHG fuel intensity, we are also developing technologies aimed at minimizing methane slip that occurs when using LNG fuel, which are aligned with IMO¹⁾ environmental regulations.

In addition, we are working to increase asset value by converting aging LNG vessels into Floating Storage Regasification Units (FSRUs) or Floating Storage Units (FSUs), offering a sustainable alternative to decommissioning. In the area of optimal route solutions, we are advancing unmanned navigation automation by integrating with control systems. These technologies not only support regulatory compliance and carbon reduction but also contribute to building a circular vessel operation model that links sustainability with economic viability.

Three Core Directions for Technology Development

Key Direction	Improving energy efficiency	Reducing GHG emissions	Extending vessel lifespans
	- Develop cost-effective, high-efficiency technologies (EPLD, ESD, etc.) - Advance optimal route solutions	- Use biofuels - Develop methane slip reduction technologies (iCER, MSS)	Retrofit aging LNG vessels into FSRUs and FSUs

Technology Development Roadmap

	2025	2026
Technology Development	- Develop X-DF engine iCER retrofit technology - Launch iCER, MSS, and split shaft generator technologies - Develop in-house reliquefaction modules	- Turbocharger rematching technology of MHI Group - Develop fuel efficiency technology for HiMSEN (generator) engines
Vessel Retrofit	- Deliver KNUITSEN FSU retrofit vessel / received orders for FSRU retrofits - Retrofit vessels for WingSail offshore demonstration	Reliquefaction / ALS / LDCOMP of Chevron Corporation
Infrastructure Investment	- Secure repair shipyards - Repair and retrofit	EPLD retrofit project for large CNTR shipping lines

1) IMO: International Maritime Organization

Sustainable Solutions and Technologies

Strategy for Sustainable Solutions and Technology Development

Responding to Global Regulations and Developing Next-Generation Technologies

We are focusing on developing technologies to reduce emission costs in response to the strengthened GHG regulations adopted at the 83rd session of the IMO’s Marine Environment Protection Committee (MEPC). We are expanding the use of Engine Part Load Optimization (EPLO) technology to a broader range of vessel engines, including MET TC and HiMSEN engines. At the same time, we are pursuing retrofits of the X-DF engine’s iCER (intelligent Control by Exhaust Recycling) system and developing retrofit technologies for HiMSEN engines to reduce methane slip. These are considered next-generation technologies capable of significantly lowering carbon intensity.

Meanwhile, to comply with the growing requirements for Onshore Power Supply (OPS) systems imposed by the U.S. CARB and the EU, we are expanding the application of Alternative Maritime Power (AMP) systems from container vessels to tankers and other vessel types. We are also developing OPS retrofit solutions specifically for vessels entering major ports in the EU. Through these efforts, we are actively responding to air quality regulations while supporting the transition to green port operations.

Key Environmental Laws and Regulations

Area	Reducing GHG emissions	Compliance with air quality regulations	
Relevant Laws and Regulations	• EUETS • FuelEU Maritime • IMO MEPC Net Zero Framework • Strengthened GHG emissions regulations	AMP installation mandates by CARB (California Air Resources Board, U.S.)	The EU’s mandatory use of Onshore Power Supply (OPS) at ports
Response Strategies	• Expanded application of EPLO (MET TC and HiMSEN engines) • Methane slip reduction technology development (X-DF engine iCER retrofit and HiMSEN engine retrofit)	• Expanded application of AMP systems from container vessels to tankers, PCTCs, and others	• Vessel retrofit to apply AMP systems and OPS-compliant technology development

R&D Investment

We are actively engaged in green retrofit projects and the expansion of eco-friendly Dual-Fuel (DF) engine applications as core business areas. In response to mandatory net-zero targets and increasingly stringent global environmental regulations, we incorporate environmental considerations throughout our investment decision-making processes.

R&D Costs¹⁾

Category	2022	2023	2024
R&D costs / Sales Rate	0.35%	0.32%	0.34%

1) Previous reporting year data revised due to the advanced quantitative data calculation system

Green Technology Development and Facility Investment

Renewable energy	• Control logic advancement for Hi-Rotor offshore demonstrations • Control logic development for wing sails • Green solution request / Demonstration and classification certification for modifiable wing sails	Greenhouse Gas Reduction	• Development and validation of Inline S/G package standardization • Technical support for retrofit of reliquefaction systems on five CoolCo 160K LNG carriers • Technology development for integrated GHG emissions management for vessels
Energy Reduction	• Power system development for mid-sized vessels with LVAC electric propulsion system packages / Performance analysis	Facility Investment	• Development of control systems for shaft generators and Demo Kits for verification

Green Technology Patents

We conduct research to develop sustainable solutions and technologies to expand global operations and secure future growth engines. In collaboration with the Advanced Research Center of HD Korea Shipbuilding & Offshore Engineering, we have filed numerous green patent applications, focusing on the use of alternative fuels (LNG, LPG, ammonia, fuel cells, etc.) to diesel as well as fuel and engine energy efficiency improvement.

Green Patents and Registrations

Category	Green transportation systems	Smart autonomous navigation
Applications	1 case	7 cases
Registrations	-	1 case

Sustainable Solutions and Technologies

Achievements in Sustainable Solutions and Technology Development

Delivery of LNG Carrier 'KOOL HUSKY' After Reliquefaction Retrofit for CoolCo

We have proven our leadership in green vessel technology by successfully completing Korea's first retrofit project to install a reliquefaction system for Boil-Off-Gas (BOG) generated during LNG transportation. This project was carried out on the LNG carrier KOOL HUSKY, owned by Norwegian shipping company Cool Company Ltd. (CoolCo), marking the first successful domestic case of reliquefaction system installation on an LNG vessel. By reliquefying and reusing BOG during vessel operation, the retrofit is expected to reduce annual fuel loss costs by about KRW 3 billion and lower GHG emissions by about 7,000 tons per year. This corresponds to a roughly 10% annual GHG reduction and demonstrates our tangible contribution to decarbonizing the maritime industry.

Leveraging extensive experience and engineering expertise in LNG vessel retrofits, we conducted thorough hazard identification (HAZID) and a hazard and operability (HAZOP) study on LNG-related risks, ensuring the equipment safety and reliability. Additionally, this retrofit helps maintain the environmental grade of vessels. It prevents a downgrade from a C to a D rating within 3–5 years under increasingly stringent IMO carbon emission regulations, thereby protecting vessel asset value.



CoolCo LNG carrier retrofitted with reliquefaction system

Signing of Low-Carbon Retrofit Contract with Chevron

We have once again proven our technological leadership and market trust in green ship retrofits by signing a contract with global energy giant Chevron to retrofit two LNG carriers, including the installation of reliquefaction systems. A reliquefaction system is a green solution that reliquefies BOG generated during LNG transportation and returns it to the cargo tank. This minimizes LNG loss and prevents carbon emissions. As GHG emission regulations tighten, shipping companies are actively considering installing reliquefaction equipment on their operating LNG carriers. Notably, this contract with Chevron also includes the application of an air lubrication system—which injects compressed air along the hull bottom to reduce frictional resistance—and a four-stage compressor that enhances fuel supply efficiency. These technologies are expected to improve the vessel's energy efficiency and significantly reduce carbon emissions.

It is estimated that approximately 100 newly built LNG carriers currently in operation lack reliquefaction systems, representing a retrofit market opportunity of around USD 700 million. We will continue to take the lead in this blue ocean of the green retrofit market.



LNG carrier "Asia Energy"

Completing EPLO Project for Propulsion Engines

We have successfully completed our "Engine Part Load Optimization (EPLO) project" for Pure Car and Truck Carriers (PCTC). In April 2024, sea trials of a PCTC retrofitted with EPLO demonstrated a 3–4% reduction in specific fuel oil consumption (6–8 g/kWh engine fuel efficiency improvement) compared to pre-retrofit performance. These verified the technology's effectiveness in enhancing fuel efficiency and reducing GHG emissions.

EPLO is a green engine optimization solution jointly launched with Accelleron. It maximizes combustion efficiency by modifying the turbocharger, adjusting fuel injection volume and timing, and optimizing the fuel-to-air mixture ratio. This service can achieve fuel savings of up to 6–8 g per kWh, while also reducing carbon emissions, minimizing carbon deposits, extending engine lifespan, and lowering maintenance costs. Particularly in light of the IMO's Energy Efficiency Existing Ship Index (EEXI) and Carbon Intensity Indicator (CII) regulations, more than 60% of vessels globally are facing challenges related to power limitation and efficiency improvements. Against this backdrop, EPLO is gaining attention as a key green solution for the global shipping market.



EPLO project for PCTC

Sustainable Solutions and Technologies

Achievements in Sustainable Solutions and Technology Development

AI Solution "OceanWise"

We provide OceanWise, an optimal route solution, to vessels operated by SK Shipping and Hyundai Glovis by combining our expertise in vessel performance with advanced AI and data analytics technologies. OceanWise is an efficient decarbonization solution that utilizes big data and AI algorithms to suggest the most efficient route from the vessel's current location, minimizing fuel consumption and GHG emissions. Since April 2024, we have been conducting a performance validation of OceanWise in partnership with HD Hyundai Oilbank. This demonstration covered 13 routes totaling 106,000 km of navigation to objectively verify OceanWise performance. The results confirmed an average fuel savings of 5.3%. This translates to approximately KRW 350 million in annual fuel cost savings for a single vessel consuming 10,000 tons of fuel per year. Notably, we enhanced the accuracy and objectivity of the verification process by introducing the world's first "twin-ship verification¹⁾," replacing traditional simple data comparisons. OceanWise also provides predictive analytics based on platform operation data to over 500 vessels, supporting compliance with environmental regulations. This positions OceanWise as a significant technological achievement in promoting green and efficient global maritime transportation.

1) Twin-ship verification: A method that enhances reliability by having two identical vessels depart at the same time on the same route, then switching captains and repeating the voyage for direct performance comparison



Vessel equipped with "OceanWise"

Participation in Global Exhibitions: Showcasing HD HMS's Green Technologies

We showcased our LNG-based green technologies on the global stage by participating in "Gastech 2024," the world's largest exhibition for the gas and energy industries. During the event, we received Approval in Principle (AIP) from DNV, the Norwegian classification society, for our retrofit design of Onboard Carbon Capture and Storage (OCCS) and liquefaction systems. This served as an opportunity to expand our green retrofit business into OCCS technologies. At our booth, we hosted technical seminars for shipowners and classification societies, introducing gas carrier trends, current retrofit project developments, and our technology roadmap, while also sharing our technology development direction and ESG strategy. In addition, we held an "HD Reception," creating an open networking space with customers and reinforcing trust in HD Hyundai Group's vision and capabilities in next-generation green vessel technologies.

We also participated in "Offshore Korea 2024," the nation's largest marine industry exhibition held in October at BEXCO in Busan. There, we introduced our "FSRU Conversion" technology, which converts LNG carriers into Floating Storage Regasification Units (FSRUs), highlighting our sustainable retrofit capabilities that improve vessel asset utilization and support the transition to low-carbon operations. We also drew strong interest from both domestic and international clients for our AI-based digital solution, "OceanWise."



HD Hyundai booth at Gastech 2024



Offshore Korea 2024

Signing MOU with Japan's "Weathernews" on Vessel Navigation Optimization

We have signed an MOU with Weathernews, a Japanese meteorological information company, to enhance competitiveness and explore opportunities for business collaboration. Founded in 1986, Weathernews is the world's largest private weather information provider, delivering services across marine, aviation, and land-based sectors. In the maritime domain, the company offers a 24/7 risk communication service in over 50 countries through its "Weather Routing Service," which recommends the safest routes for vessels based on real-time weather conditions.

Through this MOU, we will receive advanced weather data from Weathernews and explore its potential applications in shipping and vessel technology. Marine big data provided by Weathernews—including wind, wave, and current information—is expected to enhance the performance of our AI-based optimal route solution, "OceanWise." This collaboration is anticipated to further improve the safety and efficiency of vessel navigation, while also supporting the development of greener maritime solutions.



MOU on vessel navigation optimization

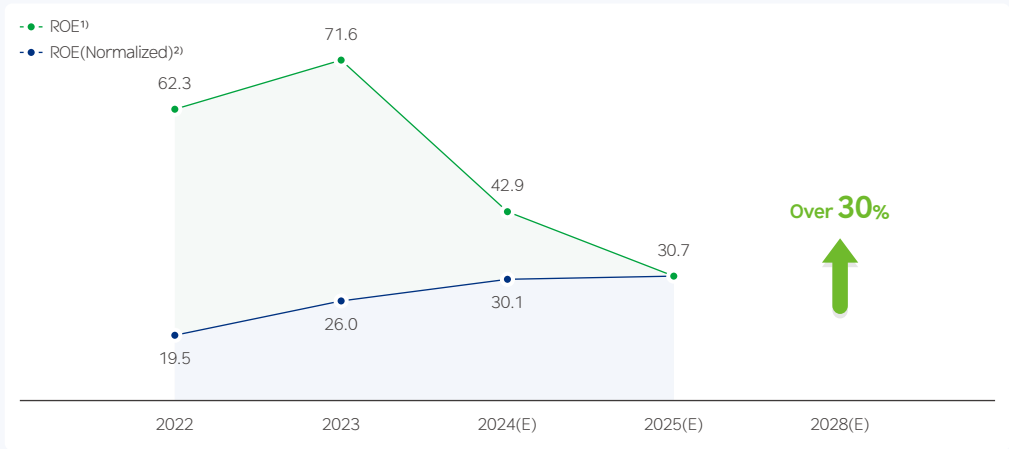
Sustainable Solutions and Technologies

Indicators and Targets for Sustainable Solutions and Technology Development

Green Business Profitability Targets

We have identified the sustainable growth of our green and digital businesses as a core strategic priority. To achieve this, we set our goal to achieve a Return On Equity (ROE) of over 30% by 2028 by strengthening our core After Market (AM) business while also developing new businesses based on green technologies. In particular, the increasing adoption of high-value Dual-Fuel (DF) engines—compared to conventional engines—is expected to drive up demand for maintenance services and raise unit pricing. Based on this trend, we have also set a company-wide Earnings Before Interest and Taxes (EBIT) target of 16% by 2028. Alongside these financial goals, we aim to enhance green technology competitiveness and transition toward a more sustainable business structure, meeting customer and market expectations while leading the shipbuilding and marine industries toward a sustainable future.

Mid-to-Long-Term ROE Target



1) ROE (Return on Equity): A financial ratio that indicates how much net income a company generates using its shareholders' equity
2) ROE (Normalized): An indicator that reflects profitability based on core operating activities, excluding one-off factors or non-recurring items

Special Interview

ESG Practices in the Words of HD HMS Employees

Q. 01

Impact of Korea's First LNG Carrier Reliquefaction Retrofit on Carbon Reduction and Energy Efficiency

LNG carriers generate Boil-Off-Gas (BOG) due to external heat during storage and transport. To efficiently reuse this BOG, we carried out reliquefaction retrofits, achieving both energy savings and carbon reduction.

Through this retrofit project, we expect to save about KRW 3 billion annually and reduce CO₂ emissions by about 7,000 tons per year.

Ju-hwan Shin, Manager, Green Solution Sales Department

Q. 02

Most Notable Technology Highlighted by Customers at Gastech

Gastech is a global exhibition that brings together various energy and infrastructure companies. At this year's event, we showcased a wide range of technologies designed to reduce carbon and GHG emissions while optimizing fuel use.

Among these, the technology that drew the most attention was the Floating Storage Regasification Unit (FSRU). The FSRU stores LNG and then gasifies it for onshore supply. Compared to conventional onshore terminals, it offers faster installation and greater operational flexibility.

As a practical solution for countries importing natural gas to secure supply in a short period, the FSRU attracted strong interest from many customers.

Do-hyun Kim, Associate Manager, Green Solution Sales Department

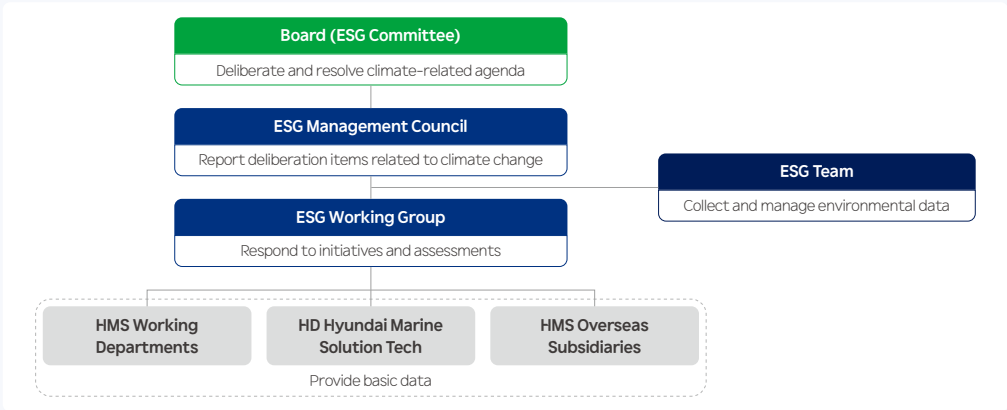
Climate Change Response

Governance for Climate Change Response

Decision-Making Structure for Climate Change Response

We address climate change through our ESG Committee under the Board of Directors, the highest decision-making body. The ESG Committee reviews our carbon neutrality strategy and direction. In 2024, the committee reported on material issues identified through an advanced materiality assessment methodology, as well as the sustainability requirements raised by domestic and international investors. Company-wide ESG matters are managed by the ESG Team within the Business Management Department, which is responsible for developing the ESG management system, carbon neutrality roadmap, and strategic tasks, including climate change response.

Climate Change Response Organizations



Climate Change Response Roles by Organization

Category	Composition	Roles	Schedule
ESG Committee	CEO and relevant outside directors	• Deliberate and resolve climate change-related agenda	Annual and as needed
ESG Management Council	VP, division heads, and responsible executives	• Report deliberation items related to climate change	Annual and as needed
ESG Working Group	Company-wide EA (ESG Ambassadors)	• Join climate change and carbon neutrality initiatives • Respond to ESG assessments	As needed

ESG Committee

To effectively deliberate and manage strategic tasks related to sustainability, such as climate change and carbon neutrality, we established the ESG Committee and officially launched its operations. The committee is composed of four members, three outside directors and one executive director, ensuring both independence and expertise. It serves as the highest-level decision-making body for key items, including climate change response, ESG strategy direction, action plans, and progress monitoring. In 2024, we appointed a new chair of the ESG Committee and focused on monitoring 2025 action plans for key environmental issues, such as compliance with the EU CBAM and the implementation of vessel Life Cycle Assessment (LCA). We are laying a solid foundation for sustainable management.

Board and ESG Committee Activities

Date	Agenda Type	Agenda Items	Approval Status
April 24, 2024	Resolution	• Election of ESG Committee Chair	Approved
	Report	• Report on the ESG vision • Report on 2035 carbon neutrality declaration	Reported
December 17, 2024	Report	• Report on 2024 ESG management results and 2025 plans	Reported

ESG Performance Evaluation

We have introduced an ESG Key Performance Indicator (KPI) system to effectively manage and improve our climate-related performance.

ESG KPIs linked to C-level performance

Year	Category	KPIs	Detailed Performance/Targets
2024	CEO / Division Head	Establish a CBAM response system	• Establish a CBAM manual and process • Build CBAM master DB • Calculate emissions for 5 partners
2025	CEO / Division Head	Establish an EU CSDDD response system	• Conduct double materiality assessment and develop manuals • Conduct human rights impact assessments and identify improvement tasks • Publish a human rights management report
		Reduce absolute GHG emissions and emissions intensity	• Reduce absolute emissions by 473 tons YoY • Reduce emissions intensity by 7% YoY

Climate Change Response

Climate Change Response Strategy

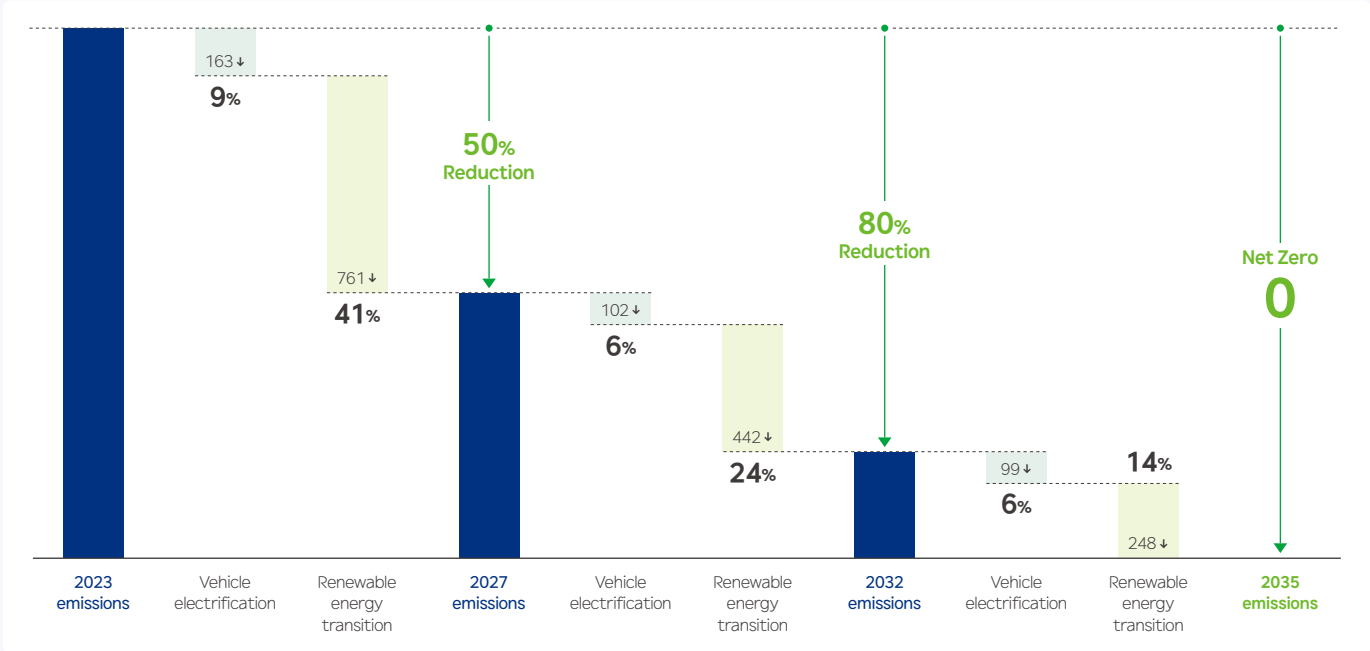
Carbon Neutrality Roadmap Development

We focus on ship repair and retrofit businesses in response to global regulations on ship GHG emissions and the rising demand for green ships driven by environmental regulations targeting customers and shipowners. As the business portfolio expands, carbon emissions are projected to increase. Accordingly, we revised the carbon neutrality roadmap set in 2023 to reflect plans for new business sites. Factoring in sales growth and planned business site expansion, we set carbon neutrality directions and new reduction targets: a 50% cut in GHG emissions from 2023 levels by 2027, 80% by 2032, and full carbon neutrality by 2035.

To implement these goals, we have established a strategic framework focusing on energy efficiency improvements, fuel conversion, transitioning to electric vehicles, and the introduction of renewable energy. In addition, we are actively exploring carbon offset strategies, which include implementing GHG reduction projects outside the organizational boundary and utilizing the resulting reductions toward our GHG inventory.

Carbon Neutrality Roadmap

(Unit: tCO₂eq)



Detailed Measures for Reducing and Managing Scope 1 & 2 Emissions

We aim to achieve “zero” Scope 1 emissions by 2035 by reducing GHG emissions from mobile and stationary combustion sources through the electrification of vehicles and equipment. The electricity used to replace these emission sources is supplied from green power generation. To manage Scope 2 emissions from electricity use, we are developing plans based on various reduction scenarios. We plan to take the most efficient step-by-step approach to renewable energy adoption, considering factors such as supply stability, procedure feasibility, and application conditions of overseas business sites.

Direct and Indirect Emissions Reduction Strategy

	Emission Sources	Reduction Measures (Electrification)
Mobile Combustion	Company vehicles	Transition to electric vehicles • Renew if the lease contract ends before 2035 • Switch to electric vehicles if the lease contract ends after 2035
	Forklift	Transition to electric forklifts • Switch forklifts to electric at end of the depreciation period
Stationary Combustion	Fossil fuel equipment	Transition to electric equipment
	Renewable energy purchase	Renewable electricity purchase • REC purchase • PPA contracts • Self-generation

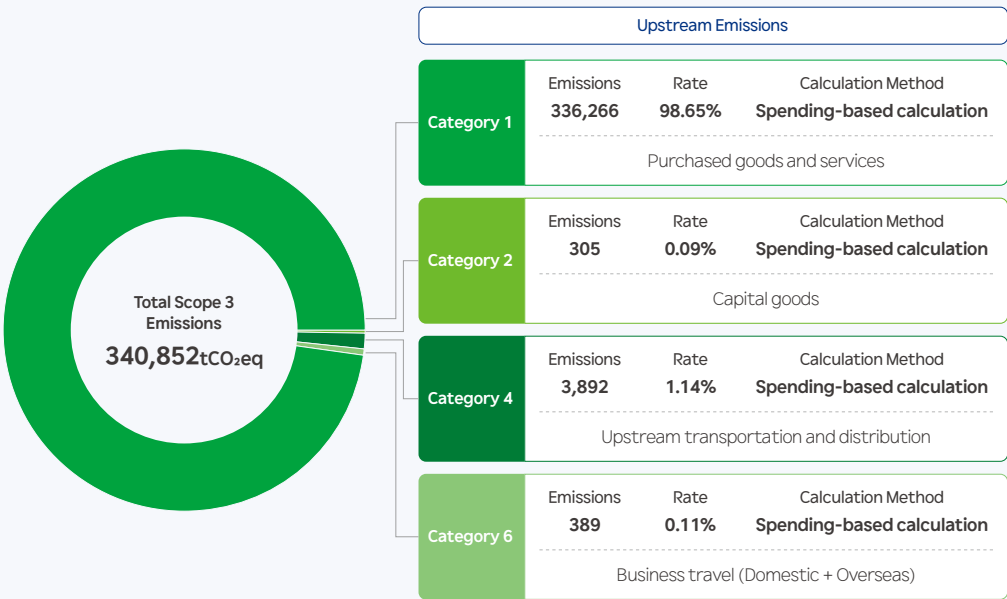
Climate Change Response

Detailed Reduction Measures by Emission Source

Detailed Measures for Reducing and Managing Scope 3 Emissions

We calculated the Scope 3 GHG emissions based on our business activities in 2024 to systematically identify the emissions impact across our entire value chain. The results showed that over 95% of Scope 3 emissions originated from the upstream stage, specifically from purchased goods and services. Accordingly, we established a three-phase roadmap to reduce Scope 3 emissions and developed a phase-specific advancement strategy by classifying suppliers into tiers based on materiality assessments within the supply chain. Going forward, we plan to gradually expand the scope of emission source management by building a calculation system that covers all Scope 3 categories.

Scope 3 Emissions by Category



Roadmap for Advancing Scope 3 Calculation



1) PDCA (Plan-Do-Check-Act): More than a simple management method, it is an applicable and practical execution framework

Climate Change Response

Climate Change Response Risk Management

Identification of Climate Change Risks and Opportunities

Based on our climate change response organization, we conduct materiality assessments through our climate change management process to identify risks and opportunities, enabling effective responses. Our climate change management process includes identifying risks and opportunities, reviewing risk management measures, and analyzing the potential and financial impacts each factor may have on our business, ensuring systematic management.

Climate Change Risk Identification and Assessment Process



GHG Reduction Targets

Category		Climate Change Factor		Risk/Opportunity	Risk/Opportunity	Timeframe	Response Strategies
Physical risk	Acute	Extreme weather events	Risk	Increase in natural disasters such as typhoons and floods	- Higher restoration and replacement costs due to asset damage at sites - Business losses from operational shutdowns or delays	Mid- to long-term	- Manage climate change response processes - Establish typhoon and heavy rain response manuals
	Chronic	Long-term changes in climate patterns	Risk	Rising average temperatures	Increased energy costs from higher cooling demand	Long-term	Develop strategies to use low-emission energy sources
Transition risk	Policy and regulation	Strengthened global carbon regulations	Risk	Introduction of carbon taxes/border carbon taxes such as Carbon Border Adjustment Mechanism (CBAM)	- Higher operating costs from purchasing CBAM certificates due to stricter carbon regulations - Increased costs for collecting and managing supply chain carbon emissions data	Mid- to long-term	- Establish and implement a Scope 1 & 2 emissions reduction roadmap for worksites - Support supply chain GHG emissions management
			Risk	Requirements to set and achieve carbon neutrality targets due to tighter GHG emissions regulations	Increased implementation costs for energy transition and other actions to meet carbon neutrality goals		
	Market	Strengthened supply chain sustainability management	Risk	Adoption of supply chain management regulations and changing stakeholder requirements	Increased costs for building and operating supply chain ESG (environmental management) systems and providing related support	Mid- to long-term	Support supply chain ESG evaluations and improvements
Opportunity	Products and services	Strengthened vessel environmental regulations (IMO, etc.)	Opportunity	Growing demand for green retrofits driven by stricter vessel carbon emission regulations	New revenue streams from increased sales of green solutions and expansion into new businesses	Mid- to long-term	R&D for green solutions and technology development
			Opportunity	Expansion of new business sales by diversifying the business portfolio			

Climate Change Response

Financial Impacts of Climate Change

We conducted a scenario analysis to assess the financial impacts of tightening global carbon regulations and physical risks such as typhoons and floods. For the analysis of transition risks and opportunities, we applied the International Energy Agency (IEA) scenario, which projects GHG emission allowance prices through 2050. For the analysis of physical risks, we used the Shared Socioeconomic Pathways (SSP) scenario.

Scenario Selection and Analysis Results

	Transition Risks and Opportunities	Physical risk
Scenario	IEA (International Energy Agency)'s NZE, APS, and STEPS scenarios	IPCC (Intergovernmental Panel on Climate Change)'s SSP scenario
Purpose of Analysis	Outlook for energy supply and demand, and carbon emissions	Socioeconomic development pathways for climate change impact analysis
Scenario Concept	- NZE (Net Zero Emissions by 2050): Reduce global carbon emissions to "net zero" by 2050 - APS (Announced Pledges Scenarios): Assume that each country implements its officially announced carbon neutrality targets and policy commitments - STEPS (Stated Policies Scenario): A conservative baseline scenario reflecting currently implemented or confirmed policies	- SSP1-2.6: Expand a low-carbon society through sustainable routes, green technologies, and international cooperation - SSP 2-4.5: Maintain a moderate level of climate response capacity to sustain existing policies and social structures - SSP 5-8.5: Prioritize economic growth through fossil fuel-based high growth, maintaining high energy demand
Scenario Assumptions or Outcomes	Projected increase in emissions for EU-imported goods	Increased frequency of typhoons and rise in global average temperature

Financial Impact Analysis of Transition Risks

Factor Name	Strengthened global carbon regulations
Background	The international community adopted the Paris Agreement to limit the rise in the global average temperature to within 1.5° C, and each country has established Nationally Determined Contributions (NDCs) to review implementation progress. In particular, the EU is tightening regulations by gradually increasing the auctioning rate of the EU Emissions Trading System (EU-ETS) and expanding its coverage to include maritime transport, accelerating the enforcement of global carbon regulations.
Issue Name	Costs for responding to carbon taxes/border carbon taxes such as the Carbon Border Adjustment Mechanism (CBAM, CCA)
Qualitative Assessment of Financial Impact	Expenditures incurred from purchasing emission permits
Calculation Method	Carbon emissions from imported goods × price in EU ETS (per ton)

Certified Emission Reduction (per tCO₂)¹⁾

Category	2024	2030	2035	2040	2050
NZE	70.07	140	180	205	250
APS	70.07	135	160	175	200
STEPS	70.07	140	145	149	158

1) The 2024 CER price is based on the EU-ETS price at the end of 2024. The projected CER price for 2030–2050 are based on the International Energy Agency (IEA) NZE, APS, and STEPS scenarios.

Financial Impact Analysis of Physical Risks

Factor Name	Extreme weather events
Background	Due to climate change, the average temperature in Korea continues to rise, increasing the frequency and intensity of extreme weather events. According to the Korea Meteorological Administration's regional climate change scenario, under the SSP5-8.5 (high-carbon scenario), the national average temperature is projected to rise from 13.6°C in 2023 to 14.2°C in 2050.
Issue Name	Increase in natural disasters such as typhoons and floods
Qualitative Assessment of Financial Impact	- Asset damage at sites caused by typhoons and floods - Increased costs for restoring damaged assets at sites - Potential disruptions to business continuity
Calculation Method	Asset value × Asset damage rate

Site Risk

Category	Urban Flood	River Flood
	Inland Flooding	River Flooding
Gyeonggi-do	Medium	Very Low
Busan	Medium	Very Low
Ulsan (Gyeongnam)	High	Low
United States (Texas)	High	High
Dubai	Low	Low
Singapore	High	Low
Netherlands (Rotterdam)	High	High

Toward Green Planet | Sustainable Solutions and Technologies

Material Issue

Climate Change Response | Environmental Management

Material Issue

Biodiversity

Toward Respecting People

Toward Sustainable Profit

Climate Change Response

Indicators and Targets for Climate Change Response

GHG Emissions Performance Management

We have established and manage a GHG inventory to track GHG emissions and energy use at our worksites. Beginning in this reporting period, both the procedures and results for calculating Scope 1, 2, and 3 emissions have been verified by an independent third-party organization. To ensure efficient carbon neutrality implementation, we prioritize actions based on data importance and urgency, and we plan to implement a three-phase data management roadmap through the establishment of an ESG data management platform. Our GHG inventory allows us to calculate and review the GHG emissions generated throughout the life cycle of our products and services, as well as the costs required to achieve carbon neutrality. It also enables us to gain more detailed insight into the emissions of our partners, accelerating progress toward our carbon neutrality targets.

GHG Reduction Targets

(Unit: tCO₂e)

Category	Target Reduction Rate Compared to Base Year (%)			
	2024	2027	2032	2035
Scope 1&2	1,435	50%	80%	100%



Internal Carbon Pricing System

We plan to introduce an internal carbon pricing system to create a foundation for proactively addressing climate change risks in strategically important decision-making processes, including mid- to long-term business initiatives and investments. By factoring carbon emission costs into financial decisions—such as product development and facility investments—we aim to encourage environmentally sound projects and promote GHG emission reductions. For investment evaluations, we have determined that applying a shadow price, “a notional carbon cost,” is the most appropriate approach. As this method does not generate actual accounting costs, it offers high flexibility for both implementation and subsequent adjustments.

Plan for Introducing an Internal Carbon Pricing System



Internal Carbon Pricing Standards

Category	Details
Purpose	Expand low-carbon investments, promote energy efficiency, and encourage behavioral change within the organization
Pricing type	Shadow price
GHG scope	Scope 1, 2
Application scope	Company-wide
Price per tCO ₂ e	Short- to mid-term: KRW 27,623/tCO ₂ e Long term: KRW 118,553/tCO ₂ e
Pricing method	Developed an in-house scenario based on IEA scenarios, reflecting major countries' NDC achievement scenarios and price in K-ETS Validated through consultations with experts from industry, academia, and research institutions

Environmental Management

Environmental Management Governance

Environmental Management Decision-Making Structure

We have established the ESG Committee as the highest decision-making body for environmental management. The Committee oversees the formulation of environmental management strategies and key tasks, monitors their implementation, and reviews major reports. The ESG Chief Sustainability Officer and the head of the ESG Management Council serve as the highest authorities responsible for environmental management, overseeing all related matters. General environmental management is led by the ESG Team, which is responsible for developing implementation plans for our carbon neutrality strategy, delivering training programs for employees, and managing progress. Within the ESG Team, the environmental personnel play a central role in managing the organization's environmental performance, including collecting, verifying, and managing GHG emissions data, calculating and accounting for costs related to carbon neutrality, and ensuring the accuracy and consistency of environmental data. Through this structure, we have established a systematic and accountable foundation for environmental management.

Environmental Management Structure



ESG Committee Activities

Category	Date	Risk Factor	Potential/Financial Impact on Business
ESG Committee	April 24, 2024	Report	• 2024 CBAM response plan • 2024 LCA commercialization plan • 2035 carbon neutrality declaration report
	December 17, 2024	Report	• Progress on CBAM response • LCA assessment and standard method development pilot project status

Environmental Management Strategy

Environmental and Energy Management System

We operate our environmental and energy management system in a structured manner based on the PDCA¹ cycle model. We set environmental and energy-related goals, including carbon neutrality, continuously monitor implementation, and evaluate performance. Based on the evaluation results, we identify improvement tasks and implement them through various support programs. These activities are regularly reported to management, enabling them to directly review and oversee the overall performance of our environmental and energy management.

1) PDCA (Plan-Do-Check-Act): More than a simple management method, it is an applicable and practical execution framework

Environmental and Energy Performance Management System



Environmental Management

Environmental Management Strategy

Environmental and Energy Management Policy

We officially support international environmental declarations, standards, and regulations, and have established systems to minimize environmental impacts arising from operations across all sites, including energy management and related areas. To prioritize the realization of social value through environmental and energy management, we systematically manage the overall processes, including environmental performance management.

Strategies and Directions by Key Area

1

GHG and Energy

- Control energy consumption and GHG emissions at each site through an in-house GHG and energy management system
- Implement the 2035 carbon neutrality roadmap



2

Environmental Pollutants and Waste Management

- Install optimal prevention equipment for air, water, and other environmental pollutants
- Promote recycling to reduce waste



3

Energy Reduction

- Identify and share energy-saving ideas
- Purchase renewable energy certificates



4

Supply Chain

- Provide environmental and energy management consulting to partners and suppliers
- Practice socially responsible management based on shared growth



5

Environmental Information Disclosure and Communication

- Assess the impact of business activities on local communities
- Strengthen communication with customers, local governments, and public-private councils and raise their awareness



6

Environmental Training

- Provide environmental training and education for employees and partners staff



Environmental and Energy Management Principles

We regard environmental management as a core value in leading low-carbon, green growth in shipbuilding through the development and innovation of eco-friendly technologies. To meet domestic and international environmental requirements and fulfill our social responsibilities, we have established environmental and energy management principles. The CEO and all employees are committed to six provisions under the principles, including compliance with domestic and international environmental laws and regulations and strengthening green management based on ISO 14001. Going forward, we plan to establish detailed environmental management principles and procedures for each environmental factor to ensure ongoing compliance.

Environmental Management Commitments

All employees and stakeholders are committed to actively practicing the following:

- 01
- Establish and operate an integrated environmental and energy management system based on ISO 14001 and ISO 50001, faithfully complying with applicable laws, regulations, and other requirements to build green leadership.
- 02
- Set measurable and achievable environmental and energy targets, and provide the necessary human, financial, informational, and technological resources to continually improve both the system and performance.
- 03
- Reduce greenhouse gas emissions and mitigate climate change impacts by adopting low-carbon technologies and implementing energy-efficient engineering, procurement, and purchasing strategies.
- 04
- Minimize waste generation, increase recycling rates, and promote efficient energy use to conserve resources and protect the environment.
- 05
- Regularly monitor and review environmental and energy performance, report the results to management, and communicate transparently with stakeholders to strengthen trust.

Environmental Management

Environmental Management Strategy

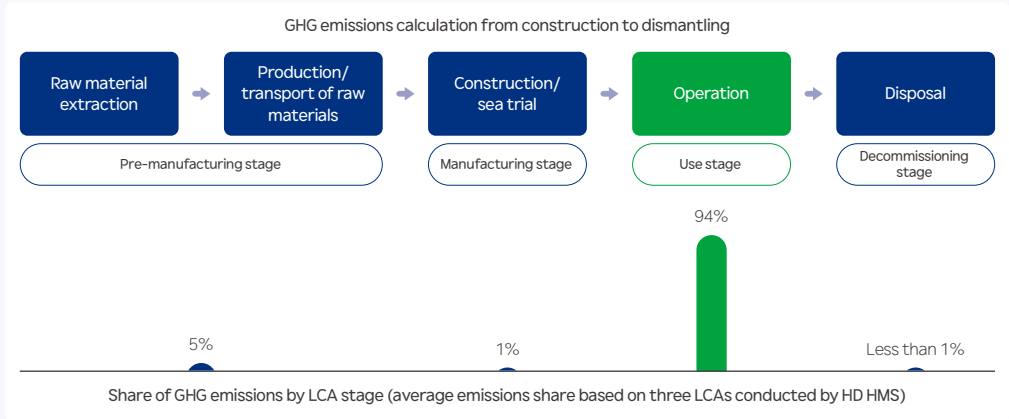
Vessel Life Cycle Assessment (LCA)

We recognize the need to manage and reduce greenhouse gas (GHG) emissions generated throughout the entire vessel life cycle (including Scope 3 emissions) beyond our operations. To this end, we conduct Life Cycle Assessment (LCA) in collaboration with shipowners. Given the nature of our business—providing solutions that span the entire vessel operation process, including engines and performance solutions—close cooperation with shipowners, who hold operational data, is essential to achieving substantial carbon reduction. Once carbon emissions are calculated across all life cycle stages, we will be able to analyze emissions and contributions by process, phase, and material.

In particular, with the International Maritime Organization (IMO) advancing its carbon neutrality target from 2075 to 2050 and the EU implementing the Carbon Border Adjustment Mechanism (CBAM), regulations are shifting from a “site-based” to a “product- and service-based” approach. As a result, demand from customers and stakeholders for vessel-level LCA data is rapidly increasing. In 2024, we carried out an LCA pilot project on operating vessels in partnership with three shipowners. Through this initiative, we are developing an LCA measurement method based on ISO 14064 and international carbon footprint standards.

Going forward, we plan to provide shipowners with reliable data, based on a third-party verification system using actual construction and operational data, to support their external disclosures and regulatory compliance. Furthermore, we will strengthen our partnership value by offering carbon reduction solutions for the operational phase based on LCA data.

Vessel Life Cycle



MOU for Vessel LCA Calculation

We signed a Memorandum Of Understanding (MOU) with HD Hyundai Samho and CMA CGM, the world’s third-largest shipping company, to calculate vessel Life Cycle Assessment (LCA) data. LCA is a framework that quantitatively evaluates carbon emissions generated throughout a product’s life cycle—from raw material extraction to manufacturing, distribution, use, and disposal. This MOU aims to calculate carbon emissions data for the entire life cycle of a vessel, from construction and operation to decommissioning.

Based on data provided by HD Hyundai Samho and CMA CGM, we plan to establish a carbon emissions measurement method tailored to the shipbuilding and shipping industries. We will also seek verification from third-party organizations, such as the Korean Standards Association, to establish international standards for the shipbuilding and shipping sectors.

Through this initiative, we intend to link the emissions measurement with our digital solutions and green retrofit businesses, providing a “one-stop solution” that covers everything from calculation to reduction strategies.

Due to the extensive material requirements and complex processes of shipbuilding, measuring accurate carbon emissions has been a challenge, limiting the development of LCA models. This MOU marks a step toward creating international standards for carbon management in the shipbuilding and shipping industries, positioning us to lead the decarbonization market.



MOU for LCA calculation

LCA-based Cooperation System for Vessel Carbon Management



Environmental Management

Environmental Management Risk Assessments

Environmental Management Process

We have obtained an environmental management system (ISO 14001) certification to implement company-wide environmental management and continued to conduct risk identification and management activities to maintain this certification. In 2024, we reviewed the requirements of our environmental management system and established detailed action plans and objectives to address the latest IMO environmental regulations. The achievement rate of these objectives was regularly monitored.

Environmental Management Risks and Opportunities: Action Plans and Effectiveness

Category	Details	Rating	Action Plan	Target	Achievement Rate
Risk	Identify environmental management system requirements / Conduct training by certification bodies	Low	Request external training services	2 times	0%
			Mandatory training	Completion status	-
			Recruit specialized personnel	As needed	-
	Monitor IMO environmental regulations and prepare countermeasures	High	Sign technical service contracts with green product quality contractors	As needed	-
			Respond to the Ballast Water Management (BWM) Convention	Compliance status	100%
			Secure core technical personnel for green products	As needed	-
			SOx emissions regulation (2020)	Implementation plan	100%
			GHG emissions regulation (2022)	Execution plan	100%

Environmental Management System Certification

We have acquired and continuously renewed ISO 14001, the international standard, to minimize environmental pollution and related internal and external risks arising from our business activities. Through ISO 14001 certification, we aim to enhance transparency in environmental management, reduce environmental impacts, and take the lead in developing sustainable solutions and technologies, thereby fostering a green ecosystem across the shipbuilding and shipping industries

ISO 14001 Certificate

Effective Period	November 3, 2024 – November 2, 2027
Scope of Certification	GRC, GDC, Global Academy



Indicators and Targets for Environmental Management

Key Environmental Goals

We have developed a clear environmental policy to realize green growth through strict compliance with environmental laws and the integration of ESG management. Building on the policy, we are pursuing green management. By securing proactive response capabilities to evolving environmental laws and regulations, we identify and effectively manage environmental risks at an early stage and use these efforts as a foundation for management stability and sustainability. We also generate tangible environmental performance by embedding our environmental management system into the organization, continuously improving operational standards, and systematically formulating and executing environmental strategies to strengthen ESG management. Furthermore, we implement activities to raise awareness and sensitivity among all employees regarding changing environmental systems and policies, fostering a culture where the whole organization can actively join environmental management. These goals align with our overall green management direction and are linked to specific action plans and performance indicators throughout our operations, contributing to the creation of sustainable corporate value.

Key Performance Indicators (KPIs) for Environmental Goals

Indicator Name	Identification and application of updated environmental laws/regulations related to ship quality	Eco-friendly construction management in accordance with IMO rules/regulations	Energy and waste monitoring at headquarters and the Global Digital Center (GDC)
Quantitative Goals	- Identify environmental regulations and prepare procedures - Conduct at least 2 times annually - Achieve a 100% creation/revision rate	- Review issuance of green construction certificates - Ensure engineering and quality control reflect regulatory requirements	- Monitor energy consumption - Monitor waste generation and implementation rate

Compliance with Environmental Laws and Regulations

We value strict compliance with domestic and international environmental laws and regulations as one of the core goals of our environmental management, and have set zero violations as our long-term target. This is because proactive and precise compliance is directly linked to the credibility of our business, given the nature of the industry subject to increasingly stringent environmental regulations such as those of the IMO. To this end, we regularly review applicable laws and regulations, promptly update our internal rules and processes to reflect amendments, and ensure effective implementation. As a result, we maintained zero environmental law violations from 2022 to 2024. Going forward, we will continue to advance regulatory compliance to minimize environmental risks, even when starting new businesses, and establish a foundation for ESG-based sustainable growth.

Mid- to Long-term Goals for Environmental Management

Category	Unit	2025	2026
No. of environmental law violations	Case	0	0

Biodiversity

Biodiversity Governance

Biodiversity Management System

We report, review, and deliberate on key matters such as establishing and revising biodiversity protection policies, developing and implementing action plans, conducting risk analyses, and managing internal and external communications through the ESG Committee (Board of Directors) and ESG Management Council (executive management). The ESG Chief Sustainability Officer and the Chair of the council receive reports on the company's policies and implementation monitoring status related to biodiversity conservation and forest protection, and make key decisions on important matters.

Biodiversity Management Structure



Biodiversity Strategy

Biodiversity Conservation Policy

We have developed a “Biodiversity Conservation and Zero Deforestation” policy to assess potential impacts on biodiversity across all business activities.

If biodiversity risks are identified during the planning or execution stages of investments or projects, we will seek solutions to minimize, eliminate, mitigate, or avoid such risks. When necessary, we will collaborate with local governments, environmental organizations, and other external stakeholders to jointly develop and implement countermeasures.

생물다양성 보전 및 산림파괴 금지

HD현대마린솔루션은 UN지속가능개발목표(SDGs, Sustainable Development Goals) 달성을 위해 노력하고 있으며, 기후변화에 따른 생물다양성과 산림 보전의 중요성을 인식하고 있습니다. 이에 따라 HD현대마린솔루션은 생물다양성 지해 및 산림파괴를 금지하고 모든 구성원이 목표달성을 위해 힘을 합칠 것입니다.

당사는 관련 리스크를 전사 리스크 관리 체계에 통합하여 관리하며, 생물다양성과 산림 관련 주요 리스크가 식별될 경우, 최고 의사결정 기구인 ESG위원회를 통해 의사결정을 진행하고 있습니다.

HD현대마린솔루션은 환경경영정책과 방침에 생물다양성을 보전하고 산림의 파괴를 최소화하기 위한 내용을 반영하고 이행하며, 이러한 당사의 활동과 실적을 매년 발간하는 지속가능경영보고서를 통해 투명하게 공개하여 이해관계자와 협력 및 소통하겠습니다.

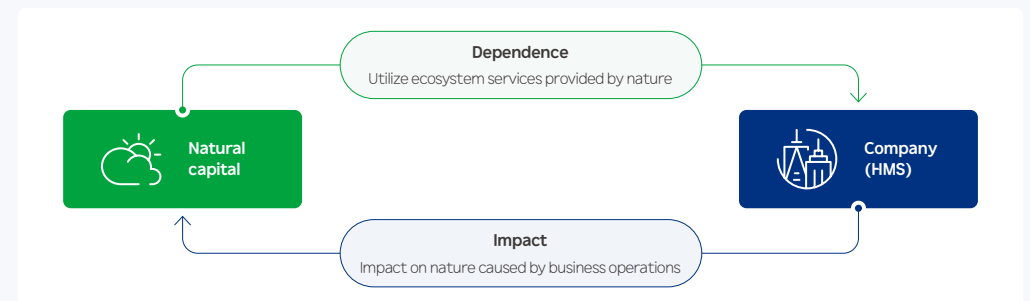
본 정책의 발간 및 인지도 제고를 위하여 국내외 주요 언론 및 2025년 05월 09일 시행합니다.

HD현대마린솔루션

Biodiversity Management Strategy

We depend on natural capital, utilizing ecosystem services provided by nature such as water resources and coastal ecosystems. We also recognize the impacts of our operations on nature. We plan to analyze our dependence on and impact related to natural capital, starting with our direct operation sites, to identify and manage biodiversity risks.

Concepts of Dependence and Impact



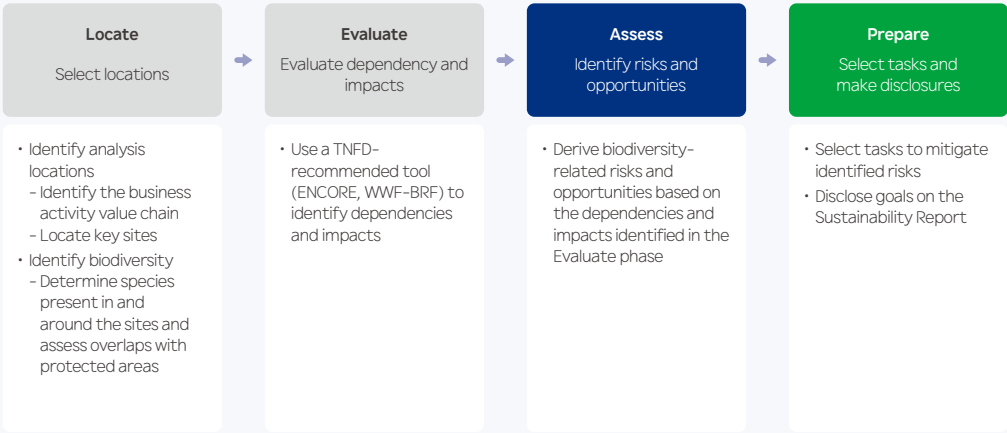
Biodiversity

Biodiversity Risk Management

Biodiversity Risk Assessment Overview

We conducted a biodiversity risk assessment based on the LEAP (Locate, Evaluate, Assess, Prepare) approach recommended by the Taskforce on Nature-related Financial Disclosures (TNFD), a global nature sustainability initiative. The purpose was to identify our dependencies, impacts, risks, and opportunities associated with nature-related business activities and to derive future action plans.

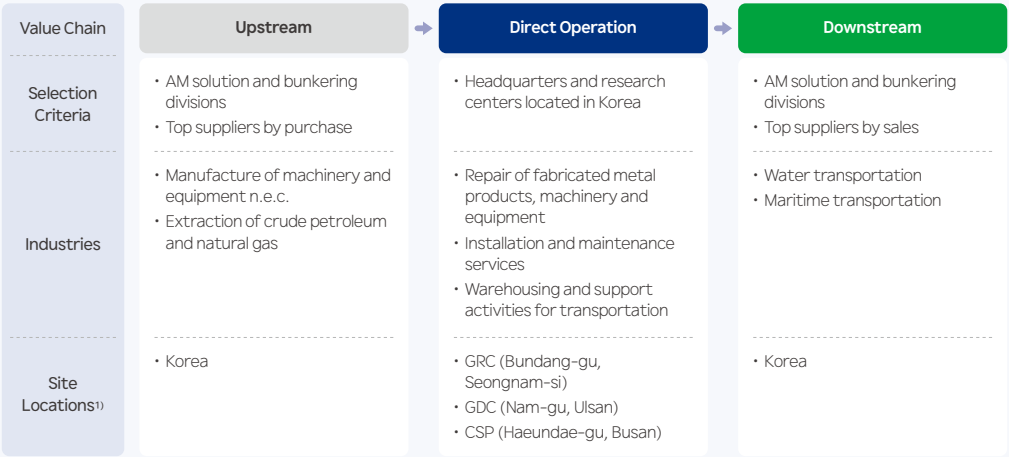
Biodiversity Risk and Opportunity Management Process Based on LEAP



Locate Phase – Selecting Analysis Targets

We operate in the After Market (AM) solution, bunkering, green retrofit, and digital solution sectors. Among these, we determined that AM solutions and bunkering—both accounting for a significant share of our sales—are the areas most likely to have an impact on natural ecosystems. Accordingly, we first identified key business areas by value chain stage, focusing on domestic sites. We then analyzed biodiversity risks primarily in the direct operation stage. Going forward, we plan to gradually expand the analysis to the green retrofit and digital solution sectors, and further extend the scope to the entire value chain to include overseas sites, to establish a more systematic approach to biodiversity risk management.

Selecting Analysis Targets for Biodiversity Risk Assessment



1) Only the addresses of directly operating sites were identified

Biodiversity

Biodiversity Risk Management

Locate Phase – Identifying Species Near the Analysis Sites

Using the Integrated Biodiversity Assessment Tool (IBAT) recommended by TNFD, we identified protected species and areas near our business sites based on data from the World Database on Protected Areas (WDPA), the World Database of Key Biodiversity Areas (WDKBA), and the IUCN Red List.

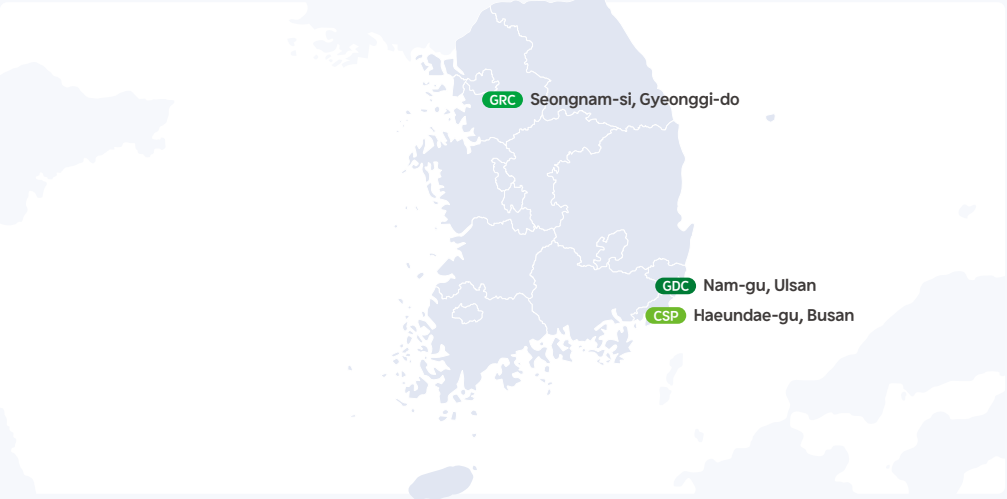
In addition, we plan to survey Class I and Class II endangered species designated by the Ministry of Environment within the administrative districts where our major sites are located. These findings will be actively used to designate targets for conservation and monitoring when developing biodiversity conservation plans.

Protected Species and Areas Based on IBAT Classification

Category		Seongnam (GRC)	Busan (CSP)	Ulsan (GDC)
IUCN Red List of Threatened Species ¹⁾	Critically Endangered	5	11	9
	Endangered	39	46	43
	Vulnerable	54	60	55
	Near Threatened	38	48	49
	Least Concern	790	954	903
	Data Deficient	53	67	64
WDPA ²⁾	National	128	77	73
	Ramsar	2	1	1
KBA ³⁾	Important Bird And Biodiversity Areas	7	2	1

1) The International Union for Conservation of Nature (IUCN)'s Red List of Threatened Species
2) WDPA: World Database on Protected Areas
3) KBA: Key Biodiversity Areas

Endangered Species Designated by the Ministry of Environment



Species in Seongnam-si, Gyeonggi-do (GRC)		Species in Nam-gu, Ulsan (GDC)		Species in Haeundae-gu, Busan (CSP)	
Class I Endangered Species		Class I Endangered Species		Class I Endangered Species	
Terrestrial plants	Sickle neofinetia	Terrestrial plants	Sickle neofinetia	Terrestrial plants	Sickle neofinetia
Class II Endangered Species		Class II Endangered Species		Class II Endangered Species	
Mammals	Leopard cat, Flying squirrel	Mammals	Leopard cat	Birds	Eurasian sparrowhawk
Birds	Crested honey buzzard, Eurasian sparrowhawk, Eurasian hobby, Owl, Long-billed plover	Birds	Osprey, Eurasian sparrowhawk, Eurasian hobby, Black kite, Eurasian eagle-owl, Eurasian goshawk, Upland buzzard, Long-billed plover	Amphibians and reptiles	Kori salamander
Amphibians and reptiles	Narrow-mouthed frog	Invertebrates	Clithon retropictus	Terrestrial plants	Utricularia yakusimensis
Terrestrial plants	Prickly water lily				

Biodiversity

Biodiversity Risk Management

Evaluate Phase

Using the ENCORE tool, we identified the levels of biodiversity-related dependencies and impacts for the key industries selected in the Locate phase—AM solutions and bunkering—by indicator. The analysis showed that in terms of direct operations, impacts from nature are not significant. However, in terms of downstream, there is a potential risk of restricted access to environmentally sensitive areas if transportation routes pass through or near marine landscapes and coastal scenery that are considered tourism assets. In terms of direct operations, our activities have a low impact on nature. In upstream, however, engine maintenance may require cooling water and wash water, which can cause changes to groundwater and freshwater systems. In the bunkering process, ballast water discharge may introduce non-native aquatic species, potentially disrupting local ecosystems.



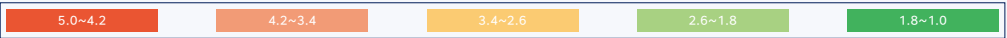
Results of Dependency Identification Using ENCORE

Category		Dependency – Ecosystem Services				
Value chain	Industry	Natural experience services	Provision of natural scenery	Coastal ecosystem protection	Storm protection	Global climate regulation
Upstream	Manufacture of machinery and equipment n.e.c.					
	Extraction of crude petroleum and natural gas					
Direct operations	Repair and installation of machinery and equipment					
	Warehousing and support activities for transportation					
Downstream	Water transport					

Results of Impact Identification Using ENCORE

Category		Impact – Pressure					
Value chain	Industry	Freshwater ecosystem use	Marine ecosystem use	GHG emissions	Pollutant discharge	Noise and light pollution	Introduction of invasive species
Upstream	Manufacture of machinery and equipment n.e.c.						
	Extraction of crude petroleum and natural gas						
Direct operations	Repair and installation of machinery and equipment						
	Warehousing and support activities for transportation						
Downstream	Water transport						

Using the WWF Biodiversity Risk Filter (WWF-BRF), we identified biodiversity risks for each directly operating site. The results indicated that the Busan and Ulsan sites face high physical risks from tropical cyclones, as well as high reputational risks due to their location in or near protected/conservation areas.



WWF-BRF Biodiversity Risk Assessment Results

Category	Detailed Risk	Busan (CSP) & Ulsan (GDC)	Seongnam (GRC)
Physical Risks	Water availability	3.40	1.80
	Air quality pollution	3.00	4.00
	Landslides	4.00	2.50
	Wildfire hazard	3.50	2.50
	Extreme heat	3.50	3.50
	Tropical cyclones	4.50	4.00
	Forest canopy loss	4.00	2.00
	Pollution	3.83	3.33
	Protected/Conserved areas	4.50	2.00
Reputational Risks	Key biodiversity areas	3.50	2.00
	Ecosystem condition	3.75	1.50
	Habitat range rarity	3.50	-
	Indigenous and local community land	4.00	2.00
	Media scrutiny and exposure	2.49	4.00
	Areas of international concern	4.00	-

Biodiversity

Biodiversity Risk Management

Assess Phase

Taking into account our dependencies and impact on natural capital, we have identified key potential risks and opportunities.

Natural Capital-Related Risks and Opportunities

Category	Type	Dependency	Impact	Issue Name	Financial / Environmental & Social Impact	Future Response Direction	Value Chain Impact			
							Upstream	Direct Operations	Downstream	Surrounding areas
Physical risk	Acute	○	○	Protection from tropical cyclones	• Potential accident response costs if vessel loss or fuel tank damage from typhoons causes marine ecosystem pollution	• Discussion on establishing a maintenance scheduling system based on weather forecasts • Develop climate-resilient engineering, maintenance, and restoration solutions	○	○	○	○
	Chronic	○	○	Pollution impacts	• Potential microplastic emissions during vessel product replacement and construction, and possible water pollution from wash water use	• Strengthen pollutant discharge management and oversight such as wastewater treatment and pollutant filtering		○		○
Transition risk	Policy and law		○	Stricter policies and regulations	• Increased operational and compliance costs for natural capital assessments • Loss of business opportunities and competitiveness if failing to respond to global initiatives	• Secure personnel and experts for mandatory natural capital reporting compliance		○		
	Reputation	○		Rising international attention on biosphere reserves	• Potential presence of endangered species near sites and possible reputational damage from environmental NGO concerns	• Enhance biodiversity impact disclosures for business sites and surrounding areas based on TNFD		○		
Opportunity	Technology	○	○	Improved water resource efficiency	• Reduced operating costs through water reuse and efficiency improvement	• Review water reuse system implementation		○		○
	Ecosystem protection & restoration		○	Marine ecosystem and invasive species management	• Expand AM solutions business by developing anti-biofouling coatings and cleaning technologies • Enhance ecosystem protection by preventing fouling and spread of invasive species	• Identify and manage invasive species that disrupt ecosystems	○	○	○	○

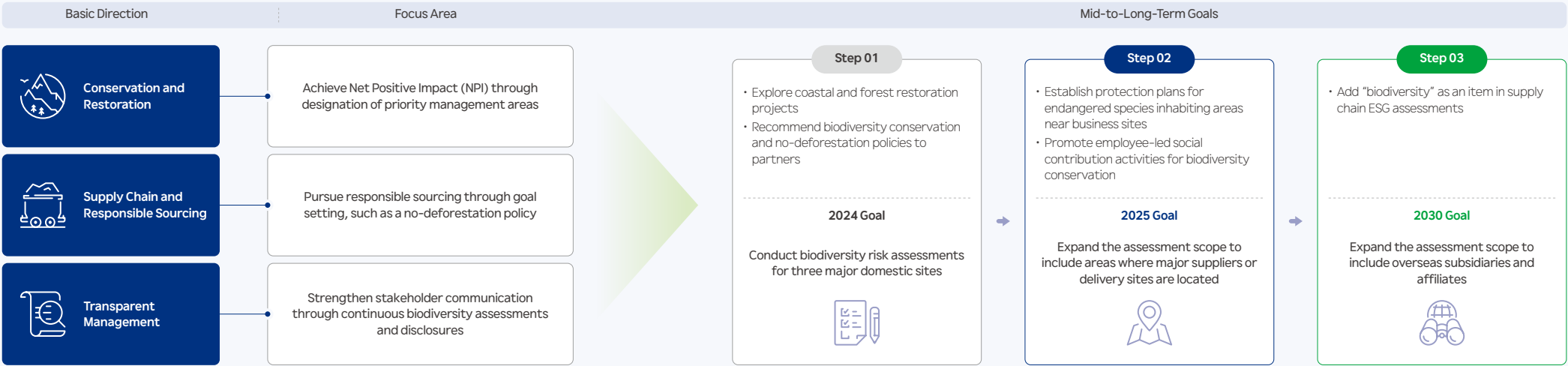
Biodiversity

Biodiversity Risk Management

Prepare Phase

Based on the TNFD (Taskforce on Nature-related Financial Disclosures) recommendations and the LEAP methodology, we systematically identify and manage natural capital risks and opportunities. We conduct surveys on endangered species and protected areas within a 10km radius of our sites, manage protected areas and endangered species, and carry out biodiversity impact assessments. We also develop strategic directions, including conservation and restoration, supply chain and responsible sourcing, and transparent management. These visions and goals are measured and disclosed in accordance with the TNFD framework and will be transparently shared with stakeholders through the Sustainability Report.

Three Core Visions and Goals for Biodiversity



02

Toward Respecting People

Human Rights Management	060
Talent Management Material Issue	066
Organizational Culture	072
Supply Chain Material Issue	075
Safety and Health	082
Quality & Customer Satisfaction	087
Empowering Local Communities	090



Human Rights Management

Human Rights Governance

Human Rights Management Committee

In 2022, we established and began operating the Human Rights Management Committee to protect and promote the human rights of all stakeholders, including employees. The committee deliberates and decides on major human rights issues, regularly reviews and updates human rights management and due diligence policies, and ensures that human rights management is implemented in a systematic manner. It also reviews human rights-related performance and identifies areas for improvement, thereby continuously strengthening a culture of respect for human rights. In 2024, the committee convened to review and report any significant human rights issues to the ESG Committee under the Board for approval, ensuring transparent and accountable human rights management. In 2025, to further advance our human rights management framework, we published our first Human Rights Impact Report. This report serves as a basis to proactively assess and improve human rights risks for both internal and external stakeholders.

Structure for Promoting Human Rights



2024 Human Rights Management Committee – Key Agenda Items

Date	Details
November 19, 2024	• Provided an overview of the EU Corporate Sustainability Due Diligence Directive (CSDDD) and guidance on the group project direction • Reported on the human rights management status (2023 human rights impact assessment results and response measures) • Presented an operation plan for the Human Rights Management Committee

Human Rights Management Declaration

[Human Rights Management Declaration](#)

We adhere to our Human Rights Management Declaration and practice human rights management that aligns with international standards, including the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines, the International Labour Organization (ILO) Core Conventions, and the EU Corporate Sustainability Due Diligence Directive (CSDDD). Through these efforts, we affirm our strong commitment to respecting and protecting the rights of all stakeholders, both directly and indirectly involved with our business, and actively implement human rights management based on these value-driven management principles.

HD HMS Human Rights Management Declaration

We are committed to protecting and promoting human rights by respecting the principles outlined in the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Business Conduct, the International Labour Organization Declaration on Fundamental Principles and Rights at Work, and the EU Corporate Sustainability Due Diligence Directive.

In all regions and countries where we operate, we strive to conduct our business in line with our belief and commitment to internationally recognized human rights, labor, environmental, and ethical values, while complying with all relevant laws and regulations. To this end, we regularly conduct human rights due diligence to identify, prevent, and address potential and actual human rights risks. We work to remedy negative impacts, track and measure progress, and disclose the results externally to mitigate such risks.

We operate a human rights management governance structure that includes oversight by the Board of Directors, a dedicated Human Rights Management Committee, and related departments and specialized organizations. This structure ensures no cases of human rights violations occur during our business operations, including those involving employees and other stakeholders.

Through this governance system, we establish and enhance human rights management policies, report and oversee major

human rights matters via the Human Rights Management Committee, conduct and improve human rights impact assessments through dedicated organizations, and address and resolve grievances related to human rights violations.

Notably, considering the unique characteristics of our industry, we prioritize the following human rights issues for management and improvement, and we systematically manage and monitor these matters: working conditions and safety and health at our business sites, co-prosperity and shared growth with partners, and responsibilities and contributions to the environment and local communities.

We will take the lead in strengthening human rights management to ensure that this declaration applies not only to our employees but also to all stakeholders, including customers, shareholders, partners, local communities, and governments. Above all, we are committed to engaging and cooperating with various stakeholders—such as employees, supply chain workers, customers, and local communities—and, in situations where our policies conflict with domestic or local laws, we will seek the best possible solutions to comply with applicable laws while honoring our commitment to internationally recognized human rights values in accordance with the UNGPs.

CEO of HD Hyundai Marine Solution

Human Rights Management

Human Rights Governance

Human Rights Management Policy

In March 2025, we adopted HD Hyundai Group’s revised Human Rights Management Declaration, Human Rights Management and Due Diligence Policy, and Grievance Handling and Notification Rules as our fundamental human rights management guidelines and objectives, and we fully support these principles. HD Hyundai Group, with the approval of its ESG Chief Sustainability Officer, has officially announced these policies and rules as the “Human Rights Management Policy Statement,” ensuring compliance both internally and externally. As a global leader in the shipbuilding industry, we also align with the Group’s policy direction and continuously strive to meet global standards such as the UN Guiding Principles on Business and Human Rights (UNGP), the UN Global Compact (UNGC), the International Labor Organization (ILO), the Organization for Economic Co-operation and Development (OECD), and the European Union (EU) guidelines. We will implement a high standard of human rights management that meets international expectations through responsible management that respects and protects the human rights of diverse stakeholders.

Details of the Human Rights Management Policy Statement

Human Rights Management Declaration	Human Rights Management and Due Diligence Policy
Clearly stating the key principles and objectives of HD Hyundai Group’s human rights management	Defining 16 key human rights items the HD Hyundai Group must observe and specifying an annual due diligence requirement
Structure of the Human Rights Management Declaration 1. Purpose of Group human rights management 2. Commitment and efforts for implementation 3. Governance structure and roles 4. Key management items 5. Declaration of respect for human rights	Structure of the Human Rights Management and Due Diligence Policy Chapter 1. General provisions Chapter 2. General principles of human rights management Chapter 3. Human rights management system Chapter 4. Human rights management committee Chapter 5. Human rights and environmental due diligence

Human Rights Management Strategy

Principles of Respect for Human Rights

In 2025, we revised our Human Rights Management Policy Statement to incorporate the International Labour Organization (ILO) Core Conventions and various other human rights agreements and treaties ratified by the Government of the Republic of Korea, establishing six core areas for human rights protection. These areas represent key domains that must be safeguarded and promoted together with all stakeholders, including employees, partners, and local communities, and serve as the foundation and guideline for practicing human rights management. To embed these principles across all business activities, we have developed assessment criteria that include 16 human rights items required by the international community and have initiated human rights impact assessments. In the due diligence process, we recognized the need for policy enhancements in areas such as child labor and forced labor, which are less likely to occur in the domestic work environment. Accordingly, we are continuously working to ensure the effective implementation of human rights principles, including developing training programs to help employees fully understand global standards and their implications.

Six Core Areas of Respect for Human Rights

1 Human Rights Governance - Declaration of the human rights policy - Human rights management governance - Human rights due diligence system, etc. 	2 Personnel and Labor - Prohibition of forced/illegal labor - Prohibition of child labor and employment of underage workers - Non-discrimination, etc. 	3 Safety and Health - Industrial accidents and diseases - Industrial hygiene - Safe maintenance of machinery and equipment, etc. 
4 Ethics - Fair-trade - Personal data protection - Governance policies, etc. 	5 Supply Chain Management - Purchasing practices - Supply chain assessment/due diligence - Responsibility/conflict minerals, etc. 	6 Environment - Hazardous substance - Waste - Biodiversity, etc. 

Human Rights Management

Human Rights Management Strategy

Human Rights Management Roadmap

To prepare for the adoption of the EU Corporate Sustainability Due Diligence Directive (CSDDD) in 2028, we conduct systematic human rights impact assessments across our entire domestic and overseas supply chain. Through this process, we have set out detailed work plans for three phases with the goal of implementing stable human rights management. Following each phase, we systematically identify and manage human rights risks throughout the supply chain and fulfill our commitment for responsible management that meets global standards.

Notably, we carried out a human rights impact assessment in 2024 and published our first Human Rights Management Report to communicate our commitment and current status transparently to stakeholders. Going forward, we will continue to implement the mid- to long-term goals and tasks outlined in our human rights management roadmap to further advance our practices.

Human Rights Management Roadmap

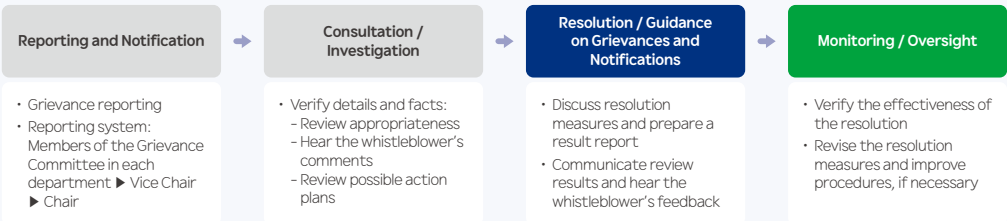


Mid- to Long-Term Goals for Human Rights Management

Implementing previous year's improvement tasks	- Identify priorities for 55 improvement tasks (considering importance, urgency, and feasibility) and implement them in collaboration with relevant departments - Internalize by providing relevant departments with training and workshops (aiming to conduct three human rights training sessions annually, including regular training)
Supply Chain Mapping	- Identify risk levels for HMS partners with annual purchases exceeding KRW 100 million (including overseas subsidiaries) - Establish a supplier due diligence roadmap, starting with high-risk partners
Advancing working-level department due diligence	2H 2025: Conduct inspections and human rights impact assessments focused on improvement tasks for departments already subject to due diligence (HD HMST, Americas subsidiary) 2H 2026: Conduct due diligence on Singapore/Middle East subsidiaries and logistics warehouses 2H 2027: Conduct due diligence for all business sites and overseas subsidiaries
Enhancing the grievance handling system	Align HMS' grievance handling system and scope with the HD Hyundai Group framework, and strengthen related training and engagement activities

Grievance Handling and Notification Procedure

In 2025, we expanded and restructured our grievance handling and notification procedure as a key mechanism for implementing human rights management. This procedure is designed to meet the standards of Article 31 of the UN Guiding Principles on Business and Human Rights (UNGPs) and Article 14 of the EU Corporate Sustainability Due Diligence Directive (CSDDD). Through this process, we systematically identify negative human rights impacts, verify the effectiveness of human rights due diligence, and provide remedies to stakeholders affected by human rights violations.



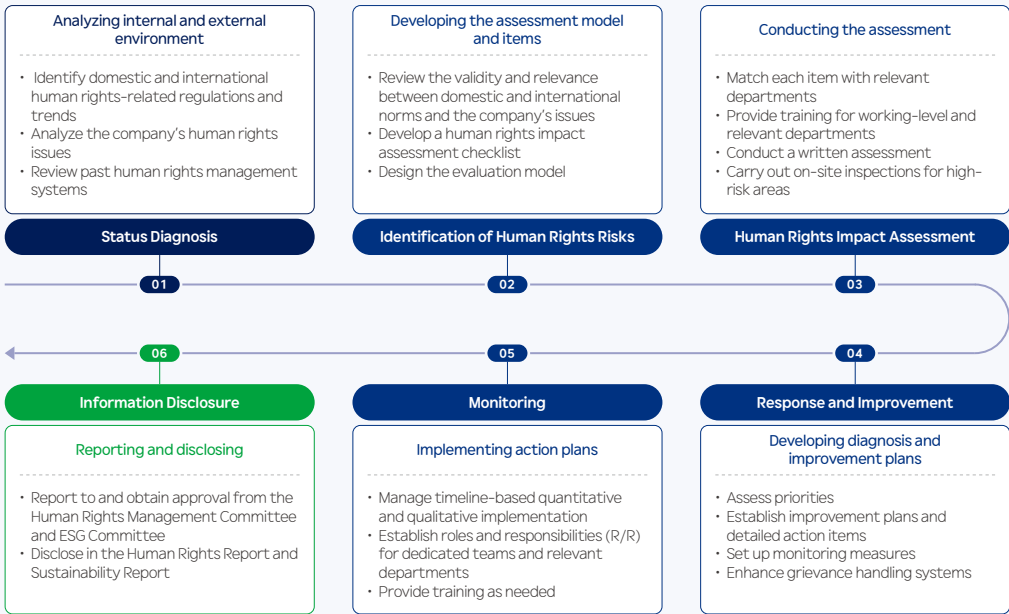
Human Rights Management

Human Rights Risk Management

Human Rights Impact Assessment

We advanced our human rights due diligence system in the second half of 2024 to proactively respond to the tightening global supply chain human rights regulations. We have carried out comprehensive activities to systematically identify and manage adverse human rights and environmental impacts within the supply chain and disclose them transparently to stakeholders. These include identifying and assessing adverse impacts, developing a human rights impact assessment model and evaluation items, conducting human rights impact assessments at sites, establishing response and improvement plans, expanding monitoring systems, and enhancing transparency in information disclosure. We are enhancing our human rights impact assessment into an effective due diligence system with practical mitigation and prevention measures, strengthening our capacity to address human rights risks and build a responsible supply chain management system.

Human Rights Impact Assessment Process



Selecting Assessment Indicators

We follow the HD Hyundai Group's human rights impact assessment indicators, taking into account global regulatory requirements that emphasize human rights responsibilities as well as industry-specific indicators. In addition, for items that fall short of indicator standards during the evaluation, we incorporate the recommendations of external advisory firms, thereby solidifying our human rights management and pursuing continuous improvement.

Human Rights Impact Assessment Indicators

Total Indicators (296)		
Human Rights Governance - Declaration of human rights policy - Regular implementation of human rights impact assessments - Human rights management system - Human rights management performance - Provision of remedy procedures - Reporting and investigation systems - Human rights management training	Labor - Prohibition of forced labor - Underage workers - Working hours - Wages and benefits - Prohibition of discrimination, harassment, and inhumane treatment - Freedom of association and collective bargaining - Other labor-related matters	Occupational Safety and Health - Occupational safety and health systems - Emergency response measures - Industrial accidents and diseases - Industrial hygiene - Physical labor - Safe maintenance of machinery and equipment - Food, sanitation, and housing
Ethics - Business integrity and prohibition of unfair gains - Information disclosure - Intellectual property - Fair-trade, advertising, and competition - Personal data protection - Consumer protection - Protection of local residents' human rights	Supply Chain Management - Company's supply chain management system - Contracts with partners - Partner evaluation - Partner risk management - Responsible mineral sourcing/conflict minerals - Partner grievance handling	Environment - Soil contamination - Water management - Sanitation facilities - Chemical substances - Ecosystem protection - Environmental information and training

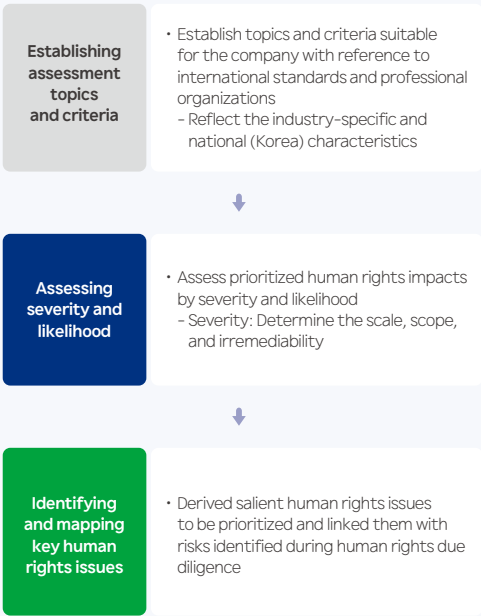
Human Rights Management

Human Rights Risk Management

Human Rights Risk Identification – Prioritization

UNGPs Principle 24 and global standards such as those of the OECD emphasize the prioritization and significance of human rights and environmental risks. Accordingly, we evaluated 18 key risks identified in sources such as the UNDP Human Rights Due Diligence Training Facilitation Guide, SME Compass, and CSR Risk Check, using severity and likelihood as the criteria. As a result, five risks with both severity and likelihood rated as “medium” or higher were designated as salient human rights issues and prioritized for management. The human rights impact assessment confirmed that these salient issues are currently being managed at a high level. Moving forward, we will apply even stricter standards to prevent issues before they arise and continuously strengthen our capacity to address human rights risks.

Process for Assessing Priorities



Risk Severity (Scale, Scope, Irremediability)



Likelihood

Risk Severity	Likelihood
(1) Low risk	(1) Less than twice a year
(2) Medium risk	(2) Less than four times a year
(3) High risk	(3) Five times or more a year

Stakeholder Engagement

We respect universal values in human rights, labor, environment, and ethics in all regions where we operate and strictly comply with relevant domestic and international regulations. Guided by internationally recognized human rights principles and specific action items, we strive to embed the value of human rights across our entire management framework. Notably, to systematically manage human rights risks, we conduct human rights impact assessments and apply human rights principles to internal and external stakeholders, including employees, customers, shareholders, business partners, local communities, and governments. Furthermore, to strengthen human rights management, we continue to expand communication and cooperation with various stakeholders, including supply chain workers, customers, and local communities. We also closely analyze each stakeholder group’s key concerns and issues, and operate multiple communication channels to address these matters. These efforts demonstrate that we are committed to fulfilling our social responsibility as a trusted and sustainable company.

Human Rights Impact Assessment – Risk Mitigation Measures and Effectiveness Evaluation

Based on the human rights management assessment conducted in 2023, we identified items requiring improvement. Accordingly, we have set risk mitigation measures for each item and have continued our efforts toward ongoing improvement. We have also established a system to evaluate the effectiveness of these improvements and to monitor and manage them, thereby enhancing the effectiveness of our human rights management.

Item	Current	After	Risk Mitigation Activities	Effectiveness Evaluation
Establishment of human rights management systems	94	96	-	-
Non-discrimination in employment	100	100	-	-
Guarantee of freedom of association/collective bargaining	100	100	-	-
Occupational safety assurance	95	100	Provided mandatory equipment and training	- Increased use of personal protective equipment - Improved workers’ safety awareness
Responsible supply chain management	83	100	Conducted monitoring	Enhanced supply chain transparency and strengthened the foundation for sustainable transactions
Protection of local residents human rights	100	-	-	-
Guarantee of environmental rights	79	100	Developed preventive principles and emergency response plans for environmental issues	Strengthened capability to prevent environmental accidents and improved responsiveness of emergency systems
Prevention and remedy of human rights violations	100	100	-	-
Guarantee of labor rights in the workplace	85	100	Implemented protection measures for pregnant women and persons with disabilities	- Strengthened organizational culture and trust - Improved job engagement

Human Rights Management

Human Rights Risk Management

Human Rights Due Diligence Report

From August 2024 to January 2025, over approximately six months, we worked with attorneys, labor attorneys, and ESG experts from Bae, Kim & Lee LLC to develop human rights and environmental impact indicators tailored to the characteristics of the HD Hyundai Group. Based on these indicators, we carried out due diligence, focusing on our GRC site. This process produced 286 evaluation items and an advanced indicator framework that goes beyond the minimum standards of domestic law to encompass global norms and the entire supply chain (Including upstream partners and conflict minerals). As a result, supply chain management, environment, human rights management governance, and ethics were identified as areas requiring improvement. We have set and are implementing plans to manage these areas at a stricter level.

2024 Human Rights Impact Assessment Results



2024 Human Rights Impact Assessment – Results and Improvements

We strive to analyze core human rights management priorities and continue to refine the HD Hyundai Group’s human rights impact assessment criteria in compliance with global regulatory standards that emphasize the responsibility to respect human rights. Based on the 2024 assessment results, we identified areas requiring improvement, planned related improvement activities, and made ongoing efforts to systematically implement them throughout the year.

Item	Implementation Tasks	Implementation Rate	Expected Impacts
Human Rights Management Governance	- Disclose ongoing human rights management performance through human rights management reports - Provide professional training for dedicated human rights management organizations and establish KPIs for dedicated personnel	Medium	Enhance transparency in human rights management
Labor	- Specify regulations prohibiting the employment of underage workers for overtime and night work in the human rights management policy and employment rules - Develop improvement plans for prolonged overtime while ensuring compliance with statutory overtime limits - Institutionalize training for respecting local employees’ human rights before dispatching to overseas branches	High	Enhance legal and ethical standards
Safety and Health	- State in emergency response measures (plans and policies) that the company will comply with the strictest standards among local laws, the RBA¹⁾ Code of Conduct, insurer requirements, or customer requirements - Add specific measures for responding to emergencies in the existing safety and health management regulations or safety management manual	High	Minimize legal risks and raise the safety management system’s effectiveness
Ethics	- Maintain guidelines or procedures to ensure the accuracy of information generated, retained, and shared by the company and reported to suppliers, customers, local communities, and governments - Establish an information disclosure policy that includes internal control procedures to prevent greenwashing and verify information related to corporate advertising	High	Prevent greenwashing risks and strengthen transparency in ESG activities
Supply Chain Management	- Review making human rights management considerations mandatory in standard contracts with domestic and overseas partners - Establish a system to check at least once a year whether improvement tasks identified through partner audits are being properly implemented	Medium	Strengthen human rights responsibility across the supply chain and improve management standards
Environment	- Provide annual environmental training to employees on climate change and chemical substances - Set environmental improvement goals in line with relevant laws and monitor progress - Conduct activities to strengthen biodiversity conservation in areas near business sites	Low	Improve employees’ environmental awareness and foster sustainable relationships with local communities

1) RBA: Responsible Business Alliance

Talent Management

Talent Development Goals and Strategies

Talent Management Direction and Key Tasks

We implement systematic talent management strategy to enhance employee capabilities and growth, thereby realizing sustainable corporate value. To this end, we practice talent management around three core directions: First, we foster a learning culture by encouraging self-directed learning among employees and expanding company-wide training participation. Second, we help employees shape career paths suited to their skills and goals, providing continuous support through our career development system. Third, we run leadership development programs to foster next-generation leaders and strengthen organizational competitiveness. We will continue to reinforce a virtuous cycle where employees and the company grow together, thereby realizing sustainable talent management with global competitiveness.

Talent Development Direction

Promoting training participation and a learning culture	Supporting employees' career development	Strengthening leadership and organizational capabilities
1. Establish a tailored training system by gathering employee feedback 2. Foster a collaborative learning culture by promoting in-house learning groups 3. Provide structured training to nurture global maritime leaders	1. Advance training programs to strengthen job expertise and future competitiveness 2. Enhance work processes using AI and support certifications and language training to improve job competencies 3. Promote career growth by creating a self-directed learning environment	1. Enhance self-awareness and teamwork skills among leaders 2. Improve organizational performance through communication and problem-solving capabilities 3. Operate leadership programs focused on team workshops, one-on-one coaching, and residential training

Key Tasks

Task Name	Task Goal	Details	Period
Encouraging training participation	Promote a company-wide culture of participation in training, reflect learning needs, and strengthen collaborative learning within the organization	• Conduct training surveys for all employees • Operate the in-house learning group "HMS Learning LAB" • Nurture global maritime leaders	• March • March / July • TBD
Providing a career development environment for employees	Offer tailored training to enhance employees' job expertise and future capabilities, and create a self-directed career development environment	• Increase special lectures on core work for new university graduates • Advance job training programs • Special lectures on AI competency • Support for obtaining certifications • Support for external language learning	• Six times a year • April • First half – for managerial-level employees • Second half – for all employees • Year-round
Strengthening leadership skills	Enhance self-awareness and team communication and build a foundation for improving problem-solving skills and organizational performance to strengthen leadership	• Team workshops on respect and understanding • One-on-one leadership coaching • Residential leadership training • Strengthen interviewer capabilities	• March • March–July • April–June • By Q3

Leadership Diversity Programs

We are expanding diversity and inclusion within our organization to enhance employees' problem-solving skills and creative decision-making capabilities. In line with our diverse workforce and the shift in our business environment from heavy industry to engineering services, we strive to ensure that such diversity is also reflected in our future leadership.

Accordingly, we foster leadership that enables each member to fulfill their potential based on their perspectives and experiences. We are committed to creating an organizational culture that promotes mutual growth and positive influence.

We have established a DEI (Diversity, Equity, Inclusion) leadership development plan to bring new perspectives to problem-solving and creative decision-making, while enabling members to act as role models and grow together. Although the program currently focuses on women leaders, we plan to expand it to include diversity, equity, and inclusion activities that embrace a broader range of backgrounds and perspectives.

DEI (Diversity, Equity, Inclusion) Development Plan



Talent Management

Talent Recruitment

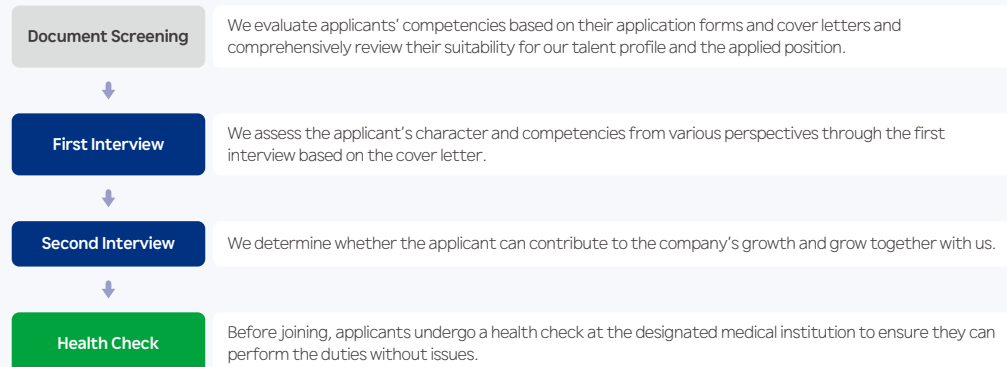
Ideal Talent Profile and Recruitment Strategy

We conduct recruitment activities based on HD Hyundai's core values, focusing not only on evaluating capabilities but also on selecting individuals who share our vision and values and can drive sustainable growth. All recruitment processes are designed around HD Hyundai Group's core values, with candidates' core competencies thoroughly reviewed from multiple perspectives. We focus on securing talent capable of leading change and innovation, and we systematically operate a range of training and career development programs to help them grow into employees who embody the Group's values after joining the company.

HD Hyundai Core Values

Innovation Leading the World - Transform work processes through creative thinking - Lead industrial innovation with future technologies	Fearless Challenge - Continuously push boundaries to create new value - Foster a culture that embraces failure and encourages fearless challenges	Respect for Each Other - Respect diversity and pursue open communication - Value and support employee growth - Fulfill social responsibility to create a better world	Safety for All - Strive for the highest safety standards for ourselves - Ensure the safety of customers, society, and humanity through safe products
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Talent Recruitment Process



2024 Recruitment Activities

We continue to secure outstanding talent through diverse and fair recruitment channels. We run regular open recruitment programs for new university graduates to select individuals with high growth potential, and we strengthen on-site engagement by conducting campus recruiting at major universities nationwide.

In addition, we effectively identify talent that aligns with our corporate culture through the "Iljaller Program," an internal referral system built on the trust of current employees. These diverse recruitment activities help attract individuals who fit our ideal talent profile while enhancing fairness and diversity in the recruitment process.



Campus recruiting



CEO visited Pusan National University to deliver a special lecture

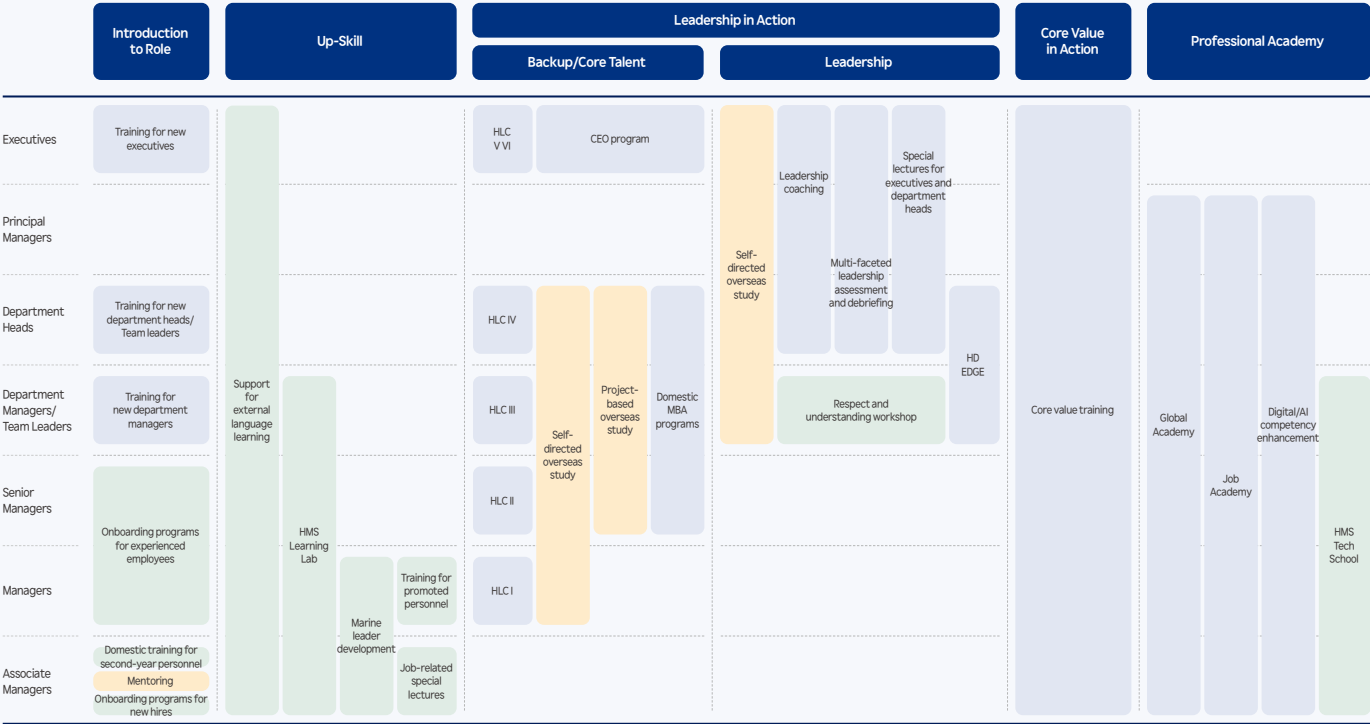
Talent Management

Talent Development System

2024 Key Initiatives and Implementation

Based on our Human Rights Management Declaration, we have established a fair and transparent HR system and operate all HR and recruitment processes accordingly. With talent development selected as one of our core issues for 2024, we will continue to build a sustainable talent development system grounded in a thorough review of our management direction, core values, and future core technology areas.

Talent Development System



Special Interview

ESG Practices in the Words of HD HMS Employees

Q. 01

Most Effective Program or Activity of the Year

The program I consider most effective in 2024 was our "Leadership Enhancement Training." As a program manager, it is often frustrating and challenging to see learning outcomes clearly with numbers in the short term. However, it was impressive to see a significant increase in the positive response rate on leadership compared to 2023, based on the results of the 2024 values internalization survey. I felt that this year's leadership training helped deepen leaders' understanding of their roles and responsibilities, and led to meaningful improvement in their capabilities.

What I found especially rewarding was that both employees and leaders shared feedback that they gained new momentum through the leadership program.

Q. 02

New Training Programs to Be Implemented

In 2025, our talent development will focus on two main goals.

First is expanding job training programs to enhance employee capabilities. We plan to increase the number of courses from three to six, helping our employees further develop their skills and knowledge.

Second is improving AI capabilities. In an environment where digital innovation is accelerating, I believe it is essential to equip our employees with the ability to leverage AI and data. However, due to the Group's internal security policies and data protection requirements, we are approaching program design and AI tool selection with caution. We are committed to creating a curriculum that delivers practical outcomes while minimizing security risks.

Yu-jin Kim, Staff, Employee Experience Team

Talent Management

Talent Development Programs

2024 Leadership Programs for Talent Development

We focus on selecting core talent who will lead the future and on nurturing global talent. We provide both leadership training and job-specific training to systematically strengthen employee capabilities, enhance corporate competitiveness, and contribute to sustained performance.

Speech Workshop for Managers

We held a speech workshop for around 80 managers, inviting Hong-soo Jeong, author of The Principles of Conversation, to speak on the theme of “The Language of Successful Leaders.” In the first session, participants conducted a self-assessment of their usual communication style and revisited techniques for asking effective questions and active listening. The second part focused on developing persuasive conversations from the listener’s perspective, with practical training to strengthen communication skills. Through this workshop, we continue to support our leaders in developing the communication skills needed to become trusted leaders within the organization.



HD HMS speech workshop for managers

Leadership Training Program

In June 2024, we conducted a leadership training program for department heads and managers. Out of 73 eligible participants, 65 attended, and the program received a high satisfaction score of 4.9 out of 5. The program consisted of a leadership competency enhancement lecture on the first day, yoga and meditation for inner well-being on the second day, and stress-relief activities at Hwadam Forest on the third day. This combination provided participants with opportunities for deep self-reflection while strengthening leadership within the organization. Notably, the training promoted active exchanges among managers, strengthening the culture of collaboration. Participant feedback showed a strong demand and expectation for follow-up programs in various areas such as work, communication, and self-development. Based on these results, we plan to further expand and refine our leadership programs to make them more structured and effective.



HD HMS leadership training for managers

2024 Training Programs for Talent Development

Job Training Programs

In 2024, we operated job competency training programs covering a wide range of areas, including basic ships, basic engines, large engines, and digital transformation. For each program, we regularly monitored employee participation and learning outcomes, using the results to analyze effectiveness and identify areas for improvement. We will continue to diversify and systematize our training content to further increase job expertise and strengthen organizational competitiveness.

2024 Job Program Training Activities

Category	June	July	October	October–December
Training content	Engine Basics	Digital Transformation	Engine Basics	Large Engine (Mechanical)
No. of participants	35	47	30	180

Degree Program Support for Employees

Since 2022, we have supported employees pursuing graduate studies by providing tuition and a flexible working environment. To this end, we have built an institutional foundation that enables employees to balance work and study, and we encourage self-directed growth and professional development. This degree support program is available to employees at the senior manager level or below with at least five years of work experience and two years of service. Selected employees receive a one-time payment covering 70% of total admission and tuition fees (up to KRW 20 million). Since 2022, a total of five employees have either completed or are currently pursuing this program, which forms part of our sustainable talent development strategy.

Professional Certification Support

We operate a “professional certification support” system to strengthen employees’ job competencies and encourage self-development. This program is designed to promote continuous growth, enhance expertise, and foster a culture of voluntary learning by supporting all employees in obtaining job-related professional certifications. Upon acquiring a certification, employees receive up to KRW 1 million or coverage within the approved budget plan. This provides practical assistance in gaining the specialized skills required for work. In 2024, a total of ten employees benefited from this program, either by obtaining certifications or by being in the process of obtaining qualifications.

Talent Management

Talent Development Programs

2024 Training Programs for Talent Development

Special Lecture on Business Negotiation Skills

We held a special lecture on business negotiation skills for employees from the AM Solution Division, Green Solution Division, and Management Support Division. Out of 45 eligible participants, 37 attended the program and the post-program satisfaction survey recorded an average score of 4.39 out of 5, with 'very satisfied' as the most frequent response. The lecture provided participants with practical skills in negotiation strategy, persuasive communication, and conflict management, which can be directly applied to their work. We will continue to offer customized training programs that contribute to effective capability enhancement.

Employee Competency Development Training

We operate a variety of partnership-based and external learning support programs to enhance employees' language skills. These include English lessons by phone, affiliated language institutes, online and offline learning, and support for language test fees. Through these tailored services, we actively support employees in strengthening their global capabilities and pursuing self-development.

Retirement Planning Support Training

We run retirement planning support programs to help employees lead healthy and balanced lives after leaving the company. The program offers diverse training on asset and health management, entrepreneurship, and reemployment, enabling would-be retirees to prepare for a new chapter. For those seeking reemployment, we provide personalized job consulting. In particular, we also support retirees interested in returning to farming by providing detailed guidance on government support policies, applicable regulations, and educational resources.

HQ Training Program for Outstanding Employees from Overseas Subsidiaries

From September 23 to 27, 2024, we invited 16 outstanding employees from our overseas subsidiaries to our headquarters for training programs. The program was designed to enhance overseas employees' understanding of our core businesses and operations, and to strengthen their sense of belonging and unity through cultural experiences in Korea and exchanges with headquarters staff. Selected employees from various countries joined a range of training and experiential activities at the headquarters, enhancing their understanding of the organization, job expertise, and global collaboration capabilities.



HQ training program for outstanding employees from overseas subsidiaries

Global Leader Training and Language Support for Long-term Expatriates

We provide training programs for employees scheduled for long-term overseas assignments to strengthen their global leadership competencies and language skills. Before dispatch, would-be expatriates undergo intercultural understanding sessions, global leadership training, online microlearning, and MBA courses (management strategy, human resources, production management, etc.). These programs systematically build the core competencies required for global businesses, enhancing both adaptability to local environments and practical work capabilities. The program consists of 38 hours of in-person training and 15 hours of online learning, aiming to develop practical leadership skills and a global mindset. In line with our international expansion, we will continue to advance our field-oriented global talent development framework

Talent Management

Employee Diversity

Diversity Goals

We submitted an implementation plan to actively enhance employment, aiming to expand workforce diversity and build an inclusive organizational culture. Based on this plan, we have set specific diversity improvement goals. We are strengthening our institutional framework to ensure that individuals from diverse backgrounds are hired fairly and can continue to grow, thereby fostering a discrimination-free employment environment and building a sustainable talent acquisition system from a long-term perspective.

Detailed Strategies for Enhancing Diversity

Recruitment and Hiring	Assign female interviewers, hire experienced female employees
Performance Evaluation and Promotion	Specify disciplinary procedures for sexual harassment and assault in HR regulations, state gender equality provisions in HR regulations, establish evaluation criteria for employees during and after maternity or parental leave
Training	Provide gender equality or diversity training for all employees, offer return-to-work training for employees returning from parental leave, conduct mentoring programs for female employees to strengthen capabilities, ensure female representation in grievance handling departments, provide leadership training for female managers, establish plans to nurture core female talent
Compensation Management and Gender Pay Gap	Stipulate equal pay for equal work in HR regulations, analyze whether any gender pay gap exists
Retirement	Convert female fixed-term and dispatched employees to permanent positions

Workforce Diversity Goals

Female Employment Goal Short-term	21% of total employees	Female Manager Goal Short-term	2% of total managers
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Evaluation and Compensation

Employee Evaluation and Compensation System

We encourage employee performance and foster a positive, encouraging work culture through a fair, merit- and performance-based evaluation and compensation system. The performance system sets individual annual goals based on KPIs and provides corresponding compensation to enhance employees' sense of achievement. The compensation program operates through a fair process of recommendation, voting, and review, with its criteria and procedures transparently shared on the company-wide platform.

Employee Compensation System

Category		Details
Year-End Awards	HD Hyundai Marine Solution Employee Award	This award is presented to the year's top performer and outstanding achiever who exemplify our core values. It recognizes employees who have embodied the company's vision and values while delivering exceptional results, serving as positive role models within the organization.
	Best Challenge Award	This award is given to encourage employees to embrace challenges without fear of failure, recognizing instances where analyzing failures can contribute to future work. Selection is based on an online vote open to all employees and a fair process by the review committee.
	Best Culture Team Award	This award is granted to teams that have made significant efforts to foster a positive organizational culture, encouraging healthy corporate culture building at the team level.
Ad-Hoc Awards	Core Value Practitioner Award	This award is given to employees who have actively demonstrated HD Hyundai's core values of innovation, challenge, respect, and safety. The top contributors in each value are selected, and recipients receive additional points toward promotions to boost motivation and foster a core value-driven performance culture.
	Energy-Up! Culture Award	This award was introduced in 2023 to promote a culture of encouragement and praise, boosting vitality on a company-wide level. It is presented to employees who lead a healthy organizational culture using this program and those who practice the core values of innovation, challenge, respect, and safety. Recipients are selected through employee recommendations and voting.
	Collaboration Points Award	We operate a "collaboration points system" to foster a culture of appreciation and praise. Through this system, employees can show appreciation to colleagues by sending points online, encouraging positive feedback and voluntary communication. To further activate the program, outstanding cases are selected each quarter for recognition and rewards.

Organizational Culture

Employee Welfare and Satisfaction

Employee Welfare System

We recognize our employees as the driving force of corporate growth and operate a wide range of welfare programs to ensure a healthy and stable working environment. In addition to improving workplace conditions, we continuously strengthen the institutional foundation for work-life balance to enhance quality of life. We prioritize employee health by providing regular medical checkups and health consultation services, enabling employees to focus on their work in a state of physical and mental well-being. Through flexible work arrangements, the active use of annual leave, and maternity and parental leave policies, we foster a workplace culture where work and family are compatible. We also run various training programs and self-development support systems to promote job competency development.

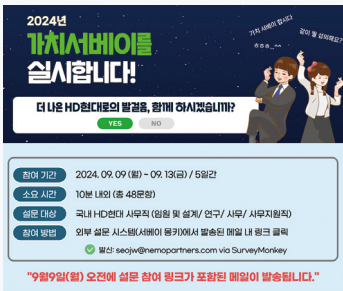
Furthermore, we strive to raise a sense of connection and promote a healthy organizational culture through in-house club activities, family invitation events, and communication programs. Going forward, we will continue to respect diverse lifestyles and improve and expand welfare programs to create a sustainable workplace.

HD HMS Employee Welfare System

Living Support	- Welfare points - Housing loan interest support - Family card - Birthday gifts	- Online welfare mall - Vehicle maintenance cost support - Congratulatory and condolence support	- Partnership for real estate commission - Car purchase discounts
Childcare Support	- Maternity protection and childcare support - In-house daycare center (Dream Boat)	- Ulsan daycare center (Happy Board) - Preschool and kindergarten tuition support	Child school tuition and education expense support
Medical Support	- Medical expense support - Influenza vaccination	- Comprehensive medical check-up support - General health check-up	
Leisure Support	Partnership for accommodation facilities	Partnership for accommodation platforms	In-house clubs
Education Support	Language training support	Graduate school tuition support for working employees	Professional certification acquisition support
GRC Welfare	- GRC in-house cafeteria - HI-GYM	- Asan Hall wedding venue - GRC in-house counseling center	MY BALANCE massage chairs

HD HMS Value Survey

We conduct an employee survey (value survey) to identify areas that require improvement within the organization and to build a corporate culture where employees can be more engaged. This survey is carried out annually to contribute to realizing HD Hyundai's mission of "pioneering humanity's future through innovation and relentless challenge that lead the times." Its purpose is to assess how well employees understand and practice HD Hyundai's value system. Based on the results, we identify change control factors to improve organizational culture and collect employee feedback on the leadership competencies of executives and managers, supporting effective leadership development. We will continue to pursue improvement activities to establish a healthy, employee-centered organizational culture.



2024 HD HMS value survey

Value Survey Items

Level of value system internalization	Change control activities	Employee engagement	Experience of corporate culture changes
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2024 Value Survey Participation Rate and Results

The participation rate for the 2024 value survey increased by 17.8% compared to the previous year. Positive response rates improved across all items, including understanding, empathy, and practice of the value system, as well as overall change control activities. In particular, the categories of "organizational and institutional improvement" and "capability development," which received relatively lower evaluations in 2023, showed positive response rates that improved to a satisfactory level.

Employee Understanding, Empathy, and Practice of the Value System

Understanding 59.9%	Empathy 73.3%	Practice 68.0%	Practice Rate by Mission/Vision Mission/Vision 65.6%	Practice Rate by Core Value Innovation 65.6%	Challenge 73.2%
				Respect 68.4%	Safety 74.5%

Organizational Culture

Enhancing Organizational Culture

HD HMS “Change Agent”

Since 2023, we have established and operated an organizational culture task force (TF) to drive corporate culture innovation. This TF is composed of change agents (change control personnel) and systematically promotes organizational culture improvement activities through regular meetings.

2024 Change Agent Achievements

Throughout 2024, we held quarterly CA Sponsor meetings to listen to each organization’s voice of customer (VOC) and used the feedback to implement various organizational culture improvement initiatives. Key activities included the office etiquette campaign, “WHY” practice checks, creation of a leadership declaration to improve work practices, and establishment of ground rules for the AM Solution Division, all of which contributed to transforming work practices across the organization.

2025 Change Agent Goals

Starting in 2025, we plan to promote a work style that fosters both enjoyment and performance through improvement activities based on HD Hyundai’s four core values (innovation, challenge, respect, and safety). We will plan and operate programs that reflect our commitment to enhancing DEIB (diversity, equity, inclusion, and belonging), intergenerational understanding and integration, ESG integration, and employee well-being, while expanding employee-driven positive experiences.

Ssum Ssum Ssum M Cultural Outing

In 2024, we continued to run our in-house outing program to strengthen bonds among employees and enhance communication across the organization. Building on the high satisfaction from the previous year, we expanded the program to include more diverse courses. Three themed activities—watching a play in Daehak-ro, visiting COEX Aquarium, and attending a baseball game at Jamsil Stadium—were designed to bring together employees of different generations and positions. With about 30 employees participating, we reflected feedback from the previous year to create an environment that allowed more people to join. This further broadened opportunities for empathy and communication among employees.

“WHY” Practice Check

We are committed to creating a healthy organizational culture where everyone grows together by listening to our employees’ opinions and fostering a culture of communication and empathy. Based on a flexible communication environment and a systematic reporting culture, we practice summarizing and sharing key points after meetings and work activities.

In addition, we run the “WHY” campaign to encourage employees to think critically about the background and purpose of their tasks and focus on the core. Through open questions and discussions, the campaign fosters a culture of respect and innovation.

Family Invitation Event

We operate “Family Day,” a family-friendly program that brings employees and their families together.

In 2024, about 60 participants—employees and their families—visited the workplace and enjoyed activities such as face painting, crafts, caricature drawing, magic shows, and group meals. This special day provided meaningful time for intergenerational connection and communication. We plan to continue expanding such family-inclusive programs.

Jan Beers

We continue to carry out a variety of initiatives to strengthen internal communication and create a healthy organizational culture. Going forward, we will build a work environment where everyone is satisfied by improving our welfare programs to reflect the diverse needs of our employees.

On October 10, 2024, we hosted the 3rd “Jan Beers” event, where all employees gathered to share time for communication and networking. The event played a meaningful role in strengthening bonds among members and enhancing a sense of unity.



Organizational Culture

Enhancing Organizational Culture

Town Hall Meetings

We actively strengthen two-way communication with employees through town hall meetings led by the CEO, division heads, and relevant executives. Through these meetings, we effectively share our vision and strategies and foster a healthy organizational culture built on cooperation and trust.

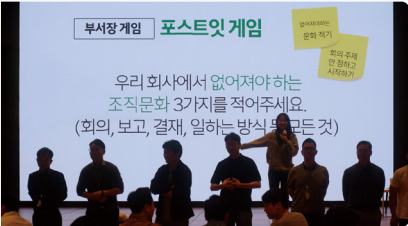
CEO Town Hall Meetings (Management Briefing)

In August 2024, we held a CEO town hall meeting to share company-wide business updates. The meeting reviewed first-half performance and discussed mid- to long-term growth strategies. A "short interview" session with new employees was also included, providing an opportunity for communication and connection among employees.



Division Head Town Hall Meetings

In 2024, we hosted division head town hall meetings to share company-wide business updates and engage in dialogue with employees on enhancing intergenerational understanding and shaping the direction of our organizational culture. These meetings served as an opportunity to encourage open conversations among employees and form a shared understanding of our organizational culture.



Relevant Executive Town Hall Meetings

Following the company-wide business briefing, we held executive town hall meetings to promote internal communication and provide a platform for exchanging ideas on expanding labor-management cooperation in each division. Through a pre-meeting Q&A survey, employees shared questions and topics of interest, while ice-breaking activities and an executive-free talk session encouraged open communication across all job levels and deepened understanding of our organizational culture.



Labor-Management Collaboration

Labor-Management Culture and Communication

We view a cooperative labor-management culture as a key foundation for building trust and respect within the organization, and we operate various programs to firmly establish this environment. To facilitate communication between executives and employees, we hold quarterly labor-management council meetings in accordance with our internal regulations, which are equivalent to a collective agreement. We also host annual management briefings led by the CEO and executive town hall meetings to maintain active dialogue. In 2024, a total of 30 agenda items were discussed, and the results were shared with all employees, taking another step forward in expanding a cooperative labor-management culture.

Key Agenda Items of the 2024 Labor-Management Council

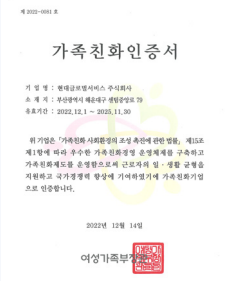
Category	No. of Agenda Items	Key Agenda Items
Q1	12	• Improve systems such as multi-faceted leadership assessments and flexible seating • Enhance welfare programs, including support for family events, employee health management, and working hours such as "quarter-day off"
Q2	7	• Enhance welfare programs, including workation and sabbatical leave • Improve internal bulletin boards (related to welfare policies)
Q3	7	• Enhance support for domestic and overseas business travel (including coverage for phone charges, roaming fees, parking, and fuel costs) • Expand family welfare programs, including childcare assistance, allowances for pregnancy and childbirth, and revised coverage for miscarriage
Q4	4	• Update the promotion system (including the scope of certifications for promotion points) • Enhance the work environment (beginning with the installation of air purifiers at domestic subsidiaries)

Family-Friendly Company

To foster a family-friendly work environment, we have introduced a flexible working hours system that allows employees to adjust their schedules autonomously. We also operate various employee-friendly programs, including self-development leave, "no supervisor day" (once a month), and a workation system. As a result of these efforts, we obtained family-friendly certification and will continue to expand institutional support to help employees maintain a healthy work-life balance.

Recipient HD Hyundai Marine Solution (formerly Hyundai Global Service Co., Ltd.)

Effective Period December 1, 2022 – November 30, 2025



Family-Friendly Certification

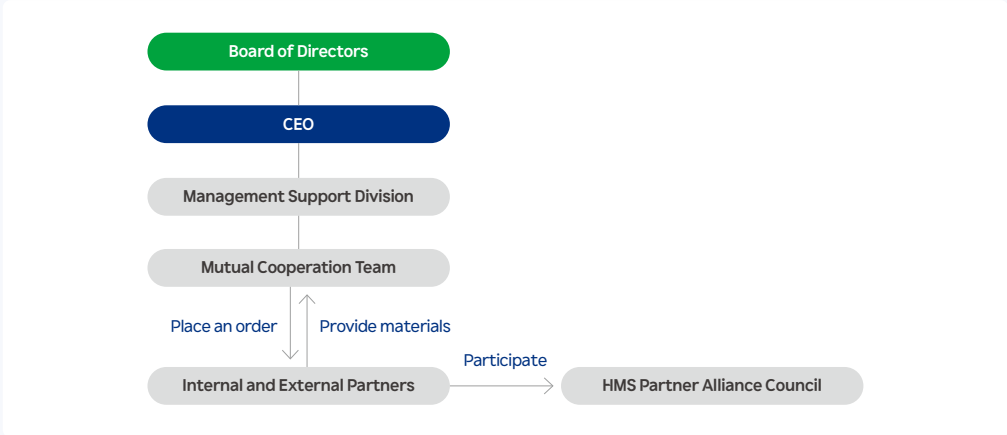
Supply Chain

Supply Chain Governance

Supply Chain Management System

We systematically manage our supply chain. The CEO and the Management Support Division aim to build a sustainable supply chain by advancing a win-win model with partners, continuously monitoring their challenges and concerns, and overseeing all activities to promote mutual growth. The Corporate Partnership & Procurement Department handles the practical operations of the supply chain, including new partner registration, selection, and evaluation. The Partner Alliance Council is organized based on criteria such as contract duration, transaction amount, and parent company recommendations.

Supply Chain Management Organization Structure



Supply Chain Policy

Sustainable Supply Chain Policy

[Sustainable Supply Chain Policy](#)

We have established a sustainable supply chain policy to achieve “green solutions toward a sustainable future” and build a healthy corporate ecosystem that fosters mutual growth with partners. This policy aims to raise supplier competitiveness in the areas of human rights management, safety and health, environment, and ethics, while reducing ESG risks through supply chain risk assessments. In particular, we have enacted a “conflict minerals (responsibility) policy” to protect human rights, safety, and the environment during mineral extraction. We are committed to carrying out responsible management activities in line with the disclosure requirements of the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas, and the EU Conflict Minerals Regulation. We also plan to manage information on the use of conflict minerals mined in high-risk areas across the entire value chain by communicating these requirements to partners and requesting their compliance.

Partner Codes of Conduct

[Partner Codes of Conduct](#)

We have established partner codes of conduct to ensure a healthy and sustainable supply chain. These codes are based on the UN Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, and the core conventions of the International Labour Organization (ILO). We recommend that all our partners, including secondary and tertiary partners, comply with the codes. Through our integrated procurement system, we disclose supply chain management measures and compliance requirements. We also share that, in cooperation with external audit agencies, we may conduct inspections and audits to verify partners' adherence to the codes of conduct.

ESG Management Areas in the Partner Code of Conduct

Respect for Human Rights	Safety and Health	Environment	Ethics	Management
- Prohibition of discrimination and harassment in employment - Guarantee of freedom of association and collective bargaining - Protection of underage workers - Provision of wages and benefits - Protection of the human rights of local communities - Protection of vulnerable groups (women, children, the elderly, persons with disabilities, foreign workers, etc.)	- Establishment of a safety and health management system - Emergency response - Industrial accidents and diseases - Safety inspections - Safety management of machinery and equipment - Health management - Safety and health communication	- Establishment of an environmental management system - Efficient use of resources and green purchasing - Management of air and water pollutants - Water resource management - Chemical management - Management of energy use and GHG emissions - Biodiversity conservation	- Ensuring transparency in business transactions - Creating a fair-trade environment - Disclosure and protection of information - Identity protection and retaliation prohibition - Export/import control and customs clearance	- Autonomous/ independent decision-making and improvement - Stakeholder Communication - Responsible supply chain management - Risk management - Employee grievance handling

Supply Chain

Supply Chain Policy

Four Fair-trade Guidelines

We are committed to building a “sustainable, mutually beneficial growth ecosystem” based on the spirit of “going further together.” Our efforts focus on establishing a stable supply chain that can withstand climate change and potential risks at home and abroad, while enhancing stakeholder value and fulfilling our corporate social responsibility. In particular, we have established four fair-trade guidelines and clear transaction standards to create a fair and transparent business culture with our partners and to form a predictable trading environment.

Four Fair-trade Guidelines



Shared Growth Communication Activities

Creating Opportunities for Communication with Partners

We hold regular meetings with partners to promote shared growth and cooperation. In 2024, we hosted two “Partner meetings,” one in the first half and one in the second half of the year. The first-half meeting was attended by representatives from 24 companies, and the second-half meeting by representatives from 17 companies. During these sessions, we shared our business plans and market outlook, discussed individual delivery schedules, and gathered VOC (Voice of Customer) feedback, enabling practical, on-site communication. Partner meetings are held semiannually with sales personnel. In addition, we organize a Partner Alliance Council every year to share our business plans and market outlook and to actively introduce win-win cooperation programs that support sustainable management across the supply chain.

These regular communication channels play a key role in supporting the stability and capacity building of partners, as well as in fostering long-term, sustainable partnerships with us. We will continue to strengthen the foundation for ESG values and shared growth, building on trust and open communication with our partners.

Partner Alliance Council

Date	Key Agenda Items	Participants
January 24, 2024	- Approval of 2023 business performance and Financial closing - Approval of new members for 2024 - Approval of 2024 business plan and budget - Appointment of 2024 executives	46 suppliers
January 25, 2025	- Approval of 2024 business performance and Financial closing - Approval of new members for 2025 - Approval of 2025 business plan and budget - Appointment of 2025 executives	49 suppliers



New year's gathering with partners

Supply Chain

Supply Chain Policy

Partner Support Programs

Partner Financial Support Program

We actively provide financial support to partners to foster shared growth, focusing on early payment and stable cash flow. Ahead of the 2025 Lunar New Year holiday, we implemented an early payment policy to support suppliers' cash operation by prepaying approximately KRW 10 billion in the second batch of material payments for December. This initiative offered practical assistance for partners to maintain stable operations through the year-end and holiday season. For domestic partners, we pay for delivered goods within 50 days, ensuring timely execution of payments to support their cash circulation. These policies enhance partners' financial soundness and contribute to the overall sustainability of the supply chain.

Early Payment to Partners Before National Holidays

Category	Currency	Unit	2022	2023	2024
Early Payment	KRW	million	9,152	11,821	8,265
	USD	10,000	52	42	73

Online Recruitment Platform for Partners

We operate an online recruitment platform to strengthen shared growth and enhance the efficiency of partners' workforce management. Through this platform, partners can post job openings online, making the hiring process more efficient and seamless. This support fosters win-win cooperation with partners and further strengthens partnerships for sustainable growth.



Partner Awards

We present annual awards to recognize partners' efforts and strengthen ESG capabilities. Awardees are selected based on the standard partners rating evaluation rules, which include five criteria: ESG, quality, delivery, safety, and cooperation. In 2024, five partners were selected for recognition.

ESG Supply Chain Joint Response Agreement

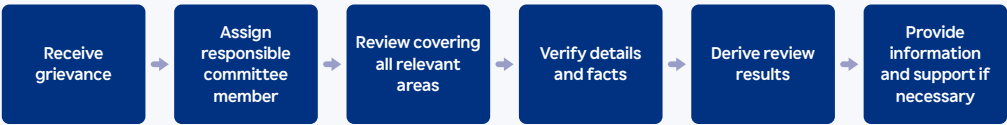
Since 2023, together with HD Korea Shipbuilding & Offshore Engineering and its shipbuilding subsidiaries, we have signed a cooperation agreement with the Korea SMEs and Startups Agency on "SMEs' joint response to ESG supply chain requirements in the shipbuilding sector." Under this agreement, we assess ESG levels of shipbuilding partners and, based on the results, provide specialized consulting to address areas for improvement. In particular, we conducted ESG assessments (on-site inspections) for nine partners in 2024.

Partner Grievance Handling System

Partner Grievance Reporting Channels

We operate a grievance handling system to protect the rights of supply chain members in a transparent and healthy manner. This system allows all stakeholders in the supply chain—including employees, partners, and clients—to make inquiries and reports, with strict guarantees of anonymity and confidentiality. It ensures that whistleblowers are not personally identifiable and that no form of retaliation will be taken against these whistleblowers. Through this system, we create an environment where all stakeholders can raise issues freely and safely.

Partner Grievance Handling Process



2024 Partner Grievance Handling

Reporting channels	No. of grievances received	No. of grievances handled	Handling rate
Website, partners, meetings	4	4	100%

Supply Chain

Supply Chain Risk Management

Supply Chain Risk Assessment and Management System

We operate a risk assessment system that considers financial status, supply stability, and ESG factors to enhance the sustainability and stability of our supply chain. In addition, to reinforce supply chain risk management, we jointly manage integrated supply chain risks with HD Korea Shipbuilding & Offshore Engineering and its shipbuilding affiliates. Assessments are conducted on both a regular and ad-hoc basis for partners classified as Tier 1 to Tier 3 according to their importance. Key assessment items include financial soundness, on-time delivery capability, quality, innovation capacity, and performance in environmental and social responsibility. Based on the results, we take various response and support measures, such as adjusting transaction terms, requesting improvements, securing alternative suppliers, and providing incentives to outstanding partners. If necessary, we also apply sanctions in accordance with our internal standards. We will continue to systematically manage supply chain risks based on win-win partnerships with our partners and work to build a sustainable value chain.

Supply Chain Risk Management Overview

	Financial Evaluation	Supply Risk valuation	Rating valuation ESG, innovation, quality, delivery, etc.
Target	Tier 1 to Tier 3	Tier 1	Tier 1 to Tier 3
Type	- Regular financial evaluation - Ad-hoc financial evaluation - Detailed due diligence	Assess potential risks such as reputation (company/management), accidents/disasters, and supply delays by impact and urgency to set priorities	Regular annual evaluation
Led by	- Corporate Partnership & Procurement Department - External credit rating agencies	Corporate Partnership & Procurement Department	- Corporate Partnership & Procurement Department - Safety Management Team - ESG Team - Quality Management Team
Response and Improvement	- Take actions such as terminating transactions with low-performing partners - Provide financial support such as shared growth funds	- Develop response measures at the purchasing, departmental, divisional, and company-wide levels - Renew Tier 1 supplier list annually and establish countermeasures	- Reward outstanding partners - For partners rated 'D' or below, take actions in accordance with the "rules on sanctions against non-compliant partners"

Partner Registration and Requirements

We classify partners systematically based on business importance, characteristics of the supplied items, and business scale. For new partner registration, only those that receive a passing score in self-assessment, quality evaluation, management evaluation, financial evaluation, safety evaluation, and ESG factor evaluation are eligible, as defined in our new partner registration and operation rules.

Through this process, we evaluate partners' capabilities in various areas, including finance, safety, and ESG, and register them in our partner pool to begin transactions. Additionally, we plan to promote ESG management among partners by supply chain type and implement support activities.

ESG Management Requirements and Support by Supply Chain Type

Tier 1 & Tier 2 Small and Mid-sized Partners	Tier 1 & Tier 2 Mid-sized Partners	All Partners
- Implementation body establishment: - Led by the CEO or Board of Directors - ESG data management - Governance: Board operations, legal violations, etc. - Environment: Energy consumption, carbon emissions, etc. - Society: industrial accidents, training status, etc.	- ESG disclosure - Publish a sustainability report - Third-party verification of disclosed information	- ESG strategy development - Analyze and share external environment and legal/regulatory trends

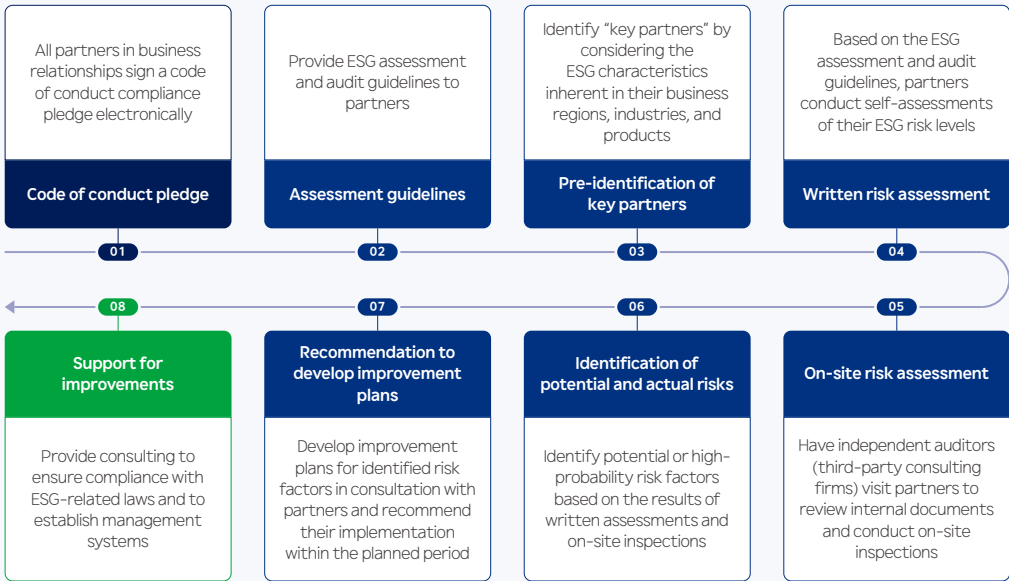
Supply Chain

Supply Chain Risk Management

Supply Chain Risk Identification and Assessment

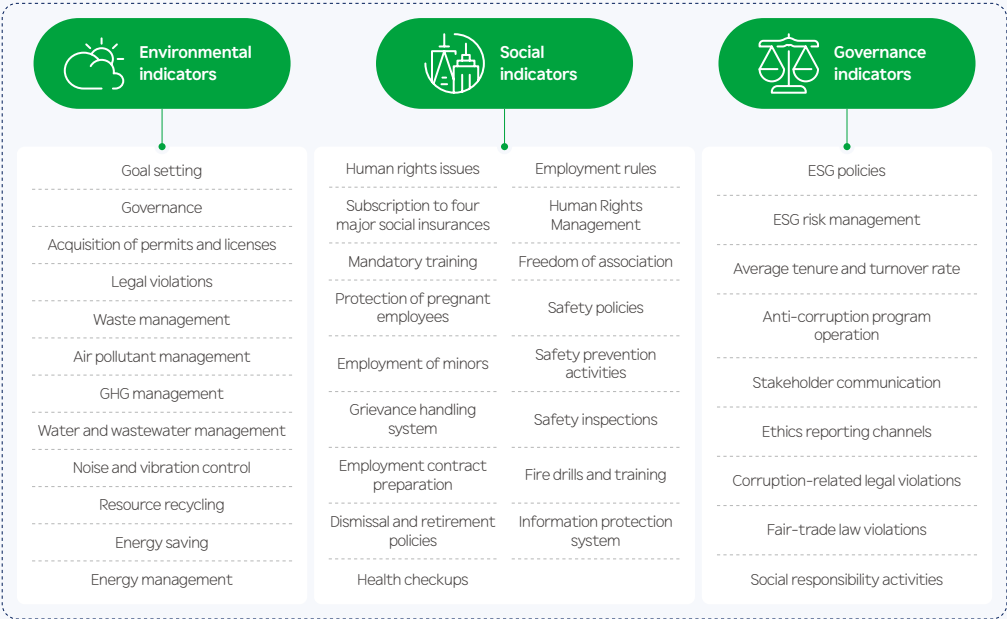
We have developed supply chain ESG risk assessment and audit indicators by integrating key ESG-related laws and regulations such as the Environmental Technology and Industry Support Act, the Serious Accident Punishment Act, and the Occupational Safety and Health Act; supply chain ESG assessment initiatives such as the Responsible Business Alliance (RBA) Validated Assessment Program (VAP) Standard and Sedex Members Ethical Trade Audit (SMETA); and ESG disclosure standards such as GRI Standards and SASB Standards. In particular, to manage labor and human rights risks in the supply chain in accordance with international standards, the principles presented in the UN Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, and the UNGC 10 Principles have been incorporated into the indicators. In addition, guidelines such as the government-issued "Supply Chain K-ESG Guidelines" and the OECD Guidelines for Multinational Enterprises have been incorporated to establish and operate risk assessment procedures.

Supply Chain Risk Assessment Process



Supply Chain Risk Assessment Indicators

Laws and regulations	Industry initiatives	Disclosure standards	International standards
- Environmental Technology and Industry Support Act - Occupational Safety and Health Act, etc.	- RBA – VAP Standards - Sedex – SMETA, etc.	- GRI Standards - SASB Standards, etc.	- UN Universal Declaration of Human Rights - UNGC 10 Principles, etc.



Supply Chain

Supply Chain Risk Management

Supply Chain Risk Assessment Results

In 2024, we conducted a written ESG assessment of 173 domestic and overseas partners (including three new partners). As a result, some partners were classified as high-risk and designated as priority management targets, undergoing in-depth ESG assessments by third-party organizations such as the Korea SMEs and Startups Agency. In-depth assessments, including on-site inspections, were conducted for nine partners. The findings identified key areas for improvement, such as insufficient quantitative target setting across ESG domains, absence of GHG emission source calculations, and inadequate stakeholder communication systems.

Based on these results, we found that the supply chain may face actual or potential negative impacts in environmental, social, and governance areas. In particular, we identified risks such as the lack of GHG management systems in the environmental domain and recommended that partners establish and implement improvement plans. However, through these assessments, we found no business sites whose operations caused significant negative social impacts. Moving forward, we will continue to monitor risks across the supply chain, monitor the progress of improvements, and provide practical capacity-building support through training and resource materials. In line with the growing trend of expanding ESG requirements across the entire supply chain, we will maintain our commitment to enhancing the ESG management capabilities of our partners.

Supply Chain Risk Assessment Status

Year	Unit	No. of partners that completed written assessments	No. of partners identified as having risks	No. of partners that completed on-site assessments
2023	companies	43	26	26
2024	companies	173	9	9

Supply Chain Risk Assessment Improvement Tasks

Environment	Society	Governance
• Monitor and manage environmental performance • Manage GHG emissions and energy use	• Establish social policies such as industrial accident prevention • Operate stakeholder communication channels	• Establish ethical management principles • Identify systems and regulatory trends related to ethical management

Indicators and Targets for Supply Chain

Supply Chain Management Goals

We have established a shared growth roadmap to create a virtuous cycle in which our growth supports that of our partners, and their strengthened competitiveness contributes to our future. Notably, we pay small and medium-sized enterprises in cash and, starting in 2026, plan to launch a shared growth fund that uses fund-generated revenue to reduce partners' interest burdens. This fund will provide loans of up to KRW 500 million to partners recommended by the company for their outstanding technology and high growth potential, offering interest rates up to 0.97%p lower than those of commercial financial institutions. In addition, we manage an integrated partner complaint handling process through the Group's ethical management system and provide guidance during partner quality inspections. Moving forward, we plan to expand these activities to support partners in strengthening their ESG competitiveness.

Shared Growth Roadmap



Supply Chain

Response to Supply Chain Regulations

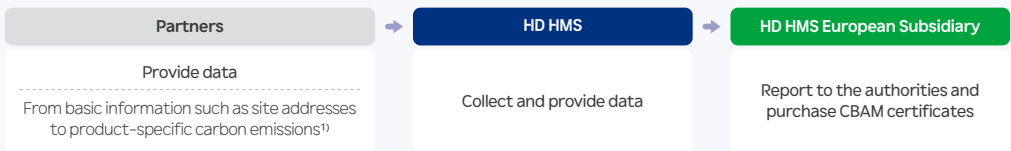
What is the EU CBAM?

The Carbon Border Adjustment Mechanism (CBAM) is the world's first carbon border tax introduced by the European Union (EU). It imposes a levy on the estimated carbon emissions generated during the production of goods exported to the EU from countries with less stringent greenhouse gas emission regulations. The system was introduced to prevent "carbon leakage," a phenomenon in which manufacturing facilities in countries with strict emission reduction policies, such as the EU, relocate to countries with more lenient regulations. The regulation applies directly to EU importers, specifically for the six designated product categories (steel, aluminum, cement, electricity, fertilizer, and hydrogen). When importing these products into the EU, importers must purchase CBAM certificates based on the total carbon emissions generated during the production of the imported goods. This ensures that the carbon costs of products manufactured outside the EU are aligned with those produced within the EU. In light of upcoming changes under the EU Omnibus Package, we will respond promptly to any revisions in CBAM regulations.

EU CBAM Response System

We have established CBAM management regulations to minimize quantitative and qualitative risks from non-compliance and to build an internal response system in preparation for the full implementation of the EU Carbon Border Adjustment Mechanism (CBAM). As an EU importer, our European subsidiary regularly reports the carbon emissions of CBAM-target products to the authorities. Moving forward, we plan to continue to respond to changes in CBAM regulations in line with the EU omnibus package. To ensure the accuracy and reliability of reports submitted to the authorities, close collaboration with partners is essential. We have clearly defined the workflow and roles of each party for CBAM compliance. Partners provide the headquarters with basic information and environmental data required for CBAM reporting, such as site addresses, production processes, and product-specific carbon emissions. The headquarters consolidates and reviews this information before forwarding it to the European subsidiary. The subsidiary then submits the report to the EU authorities and purchases the necessary certificates. Through this system, we are strengthening the cooperation framework among our headquarters, partners, and European subsidiary, enhancing transparency in carbon emissions across the supply chain, and building a solid foundation for effective response to increasingly stringent global carbon regulations.

CBAM response system



1) Carbon emissions: GHG emissions per ton of product produced (tCO₂e/t)

EU CBAM Implementation Goals and Plans

We continuously monitor developments and devise action plans in preparation for the CBAM enforcement period (starting from January 2026). In line with compliance during the enforcement period, we have established and are managing four key performance indicators (KPIs): organizing HS code guidelines, collecting and managing partner data, streamlining customs clearance processes for our European subsidiary, and assigning dedicated personnel. Going forward, we will provide tailored responses to changes in CBAM regulations that may arise from the EU Omnibus Package.

Subject to CBAM and identification of applicable items	Estimate the financial impacts of CBAM application	Establish internal reporting procedures and R&R for CBAM reporting
- Classify CBAM-target items based on CN codes¹⁾ - Re-examine code discrepancies between the headquarters and European subsidiary - Review risks from CN code adjustments based on product names	- Impacts of current CBAM-target items - Impacts of potential target items	Establish report process and roles and responsibilities (R&R) definition

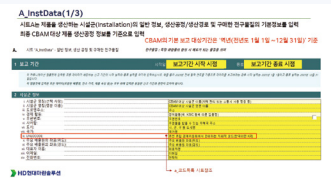
1) CN Code (Combined Nomenclature Code): The EU's product classification system code used for customs and statistical purposes to categorize imported items subject to CBAM.

Enhancing Partners' EU CBAM Response Capabilities

We recognize strengthening our partners' ability to comply with the EU Carbon Border Adjustment Mechanism (CBAM) as a key priority and have carried out various support initiatives. In March 2024, we actively encouraged small and medium-sized enterprises among our partners to participate in the CBAM response infrastructure project led by the Korea SMEs and Startups Agency, enabling them to establish an early foundation for compliance. For participating companies, we provided practical support through GHG emissions calculation consulting and verification assistance to strengthen their actual response capabilities. In October 2024, we held an online briefing session for partner representatives to explain the main aspects of the CBAM system and guide them on how to complete reporting templates. This initiative helped improve understanding of the complex regulatory system and supported practical, site-oriented application. Through these efforts, we go beyond simply providing information to ensure our partners can build the capabilities needed to respond effectively to evolving global regulations. In doing so, we work to raise the overall level of sustainability management across our supply chain.



CBAM response briefing session



Carbon emissions calculation template

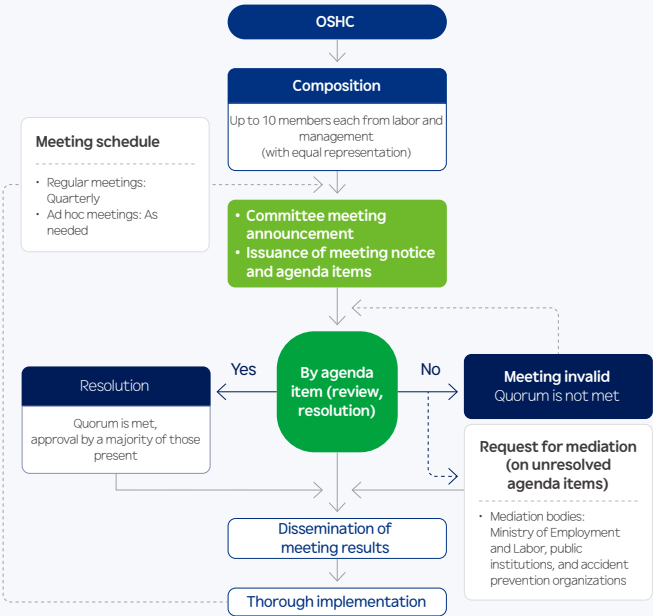
Safety and Health

Safety and Health Governance

Occupational Safety and Health Committee

We operate an Occupational Safety and Health Committee (OSHC) to prevent industrial and serious accidents and to make prompt decisions on key safety and health matters. The committee consists of five employer representatives and five employee representatives and performs deliberation and resolution on safety and health based on labor-management cooperation. Discussions cover major topics such as establishing accident prevention plans, providing safety and health training for employees, and inspecting and improving working environments. Through these efforts, we are building an effective safety and health management system. Meeting results and related materials are shared transparently with all employees.

OSHC Operation Flowchart



Safety and Health Management System

We place safety at the core of our management values. In 2022, we established the Safety Management Team under the Chief Safety Officer (CSO) to serve as a dedicated organization, laying the foundation for safety management. In 2023, we formulated our safety and health management vision, goals, and strategies, and promoted advancements across the overall management system. In 2024, we continued conducting regular risk assessments for all departments, maintained ISO 45001 certification, and developed and revised effective safety and health procedures to further embed a safety culture.

We also continue to refine our safety and health management system led by the dedicated organization, monitor its effectiveness, and make ongoing improvements, thereby strengthening an action-oriented safety and health management framework.

HD HMS Safety and Health Management Organizational Chart



Occupational Safety and Health Professionals

(Unit: persons)

Year	Safety and Health Experts				Total ⁵⁾
	Certified experts ¹⁾	Majors ²⁾	Experienced experts ³⁾	Other experts ⁴⁾	
2023	17	1	3	3	24
2024	20	1	3	4	28

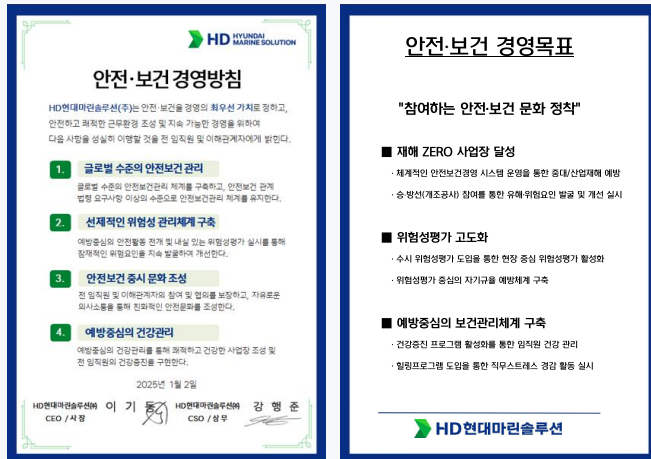
- 1) Safety and health certifications: (Industrial) Engineer Industrial Safety, (Industrial) Engineer Construction Safety, (Industrial) Engineer Industrial Hygiene Management, (Industrial) Engineer Air Pollution Environmental, (Industrial) Engineer Hazardous material, Engineer Ergonomics, Ship Safety Manager (Class 1, 2, 3), Medical Doctor License, Nurse License
- 2) Safety and health majors: Individuals with a degree in industrial safety, industrial health, or industrial hygiene from a college or university
- 3) Experienced safety and health experts: Individuals who have performed 3+ years of supervisor duties, or 1+ years of safety and health management (including current employment)
- 4) Other experts: Individuals with ISO 45001 auditor certification or NEBOSH certification
- 5) Numbers may overlap across categories

Safety and Health

Safety and Health Strategy

Safety and Health Management Policy and Goals

We regard creating a safe and healthy work environment as one of our core corporate values. Based on this, we have developed a company-wide safety and health management policy and are committed to building a safe and pleasant working environment in collaboration with all stakeholders, including employees, customers, and partners. To effectively implement this policy, we have set clear safety and health goals and documented a systematic process for operating related management programs. Through this approach, we minimize potential negative safety and health impacts across all our business activities and manage detailed action plans and procedures in a structured manner.



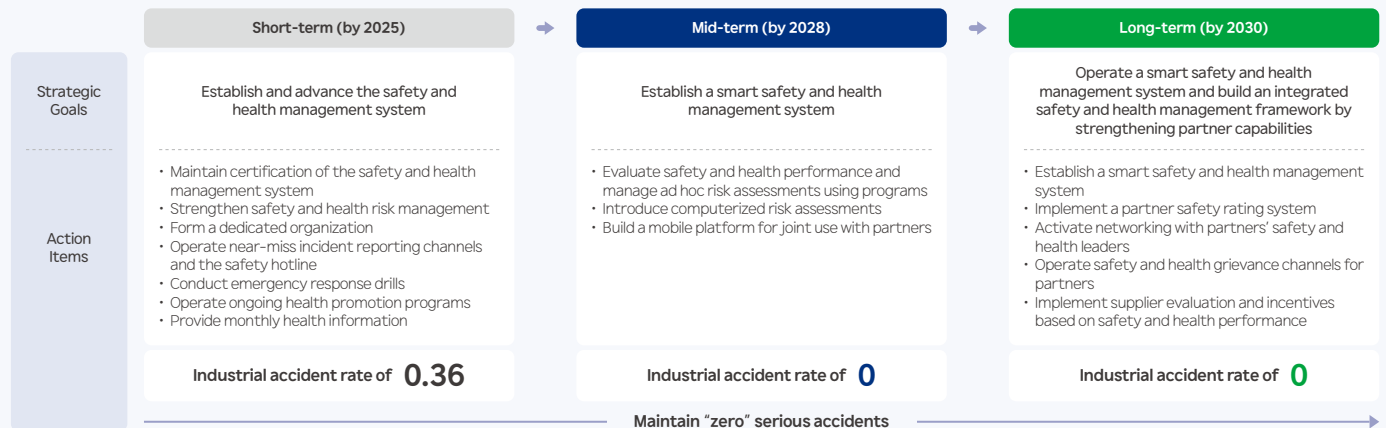
HD HMS safety and health management policy

HD HMS safety and health goals

Safety and Health Strategy and Action Plans

Advance safety and health management systems	Obtain ISO 45001 certification - Review compliance with key safety and health laws - Update manuals and standards, and conduct management reviews	Strengthen safety management for partners - Conduct safety and health assessments for all partners - Perform safety supervision for hazardous work - Provide safety and health training for partners	Manage Safety through MAPS - Manage partners through MAPS - Conduct ad hoc risk assessments and accumulate data - Analyze order information
Practice field-friendly safety management initiatives	Collaborate with clients regarding safety and health - Hold meetings to enhance customer relationships - Develop a standard safety management model for vessel onboarding	Improve safety and health competencies - Obtain NEBOSH certification - Conduct safety and health training	Enhance safety and health activities - Promote the operation of the safety reporting system - Publish a "safety and health risk casebook" - Advance the "safety and health legal compliance evaluation"
Promote employee health	Physical health - Operate smoking cessation clinics - Implement health measurement programs - Manage health checkup targets and follow-up care	Mental health - Develop and train on manuals for protecting customer-facing workers - Conduct job stress surveys and related programs	

Mid- to Long-term Safety and Health Roadmap



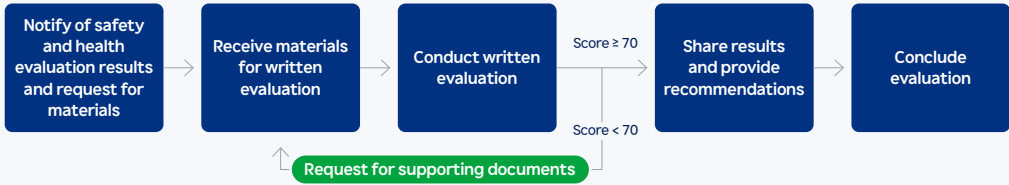
Safety and Health

Safety and Health Activities

Strengthening Safety Management for Partners

In compliance with the Serious Accidents Punishment Act and the Occupational Safety and Health Act, we evaluate our partners' safety and health levels and provide training programs. In 2024, we conducted our first assessment of all partners using a standard partner safety and health evaluation form. All partners scored 70 or higher, qualifying as compliant. However, as 48% scored in the 70-point range, we plan to tighten evaluation criteria and expand tailored training and support.

Strengthening Safety Management System for Suppliers



On-Site Training for Partners

We provide direct safety and health training for CEOs and safety personnel of partners with fewer than 300 employees. The training covers the key provisions of the Serious Accidents Punishment Act, response measures, and risk assessment practices.

Expected Training Period

Prepare training materials and plans	March
Report training results	End of December
2024 Implementation	16 partners
2025 Goal	20 partners



On-site training for partners

Safety and Health Programs with Employee Participation



GRC CPR training and practice



GRC joint fire drill

GRC emergency evacuation drill

November 6, 2024

Assuming a large-scale fire, evacuate to the designated assembly point and conduct headcount
- Participants: Employees at Bundang GRC
- Details: All employees walked to the assembly point (check fire equipment)

GDC emergency evacuation drill

December 11, 2024

Assuming a fire in the GDC quality building, suppress fire at an early stage, evacuate to the assembly point, and conduct headcount
- Participants: Employees at Ulsan GDC (including in-house partners)
- Details: Respond to fire at an early stage and evacuate fully

CPR training and practice

December 19, 2024

Conduct CPR training with a public health center in Bundang-gu
- Participants: 83 new employees in 2024
- Details: Practice CPR using manikins and train in AED usage

Safety and Health

Safety and Health Risk Management

Regular Risk Assessment System

In accordance with Article 36 (Safety Inspections) of the Occupational Safety and Health Act and Article 4, Item 3 of the Enforcement Decree of the Serious Accidents Punishment Act, we conduct annual risk assessments to systematically identify and prevent potential hazards and risks at our worksites. The scope of the assessment includes not only all employees at the workplace but also external personnel who may have access to the site. Hazard and risk identification is carried out through multiple channels, including monthly safety council meetings, analysis of on-site safety inspection records, monitoring of accident statistics and incident reports, regular patrol inspections, feedback analysis (toolbox meetings and the safety hotline), as well as near-miss case analysis. For any risks deemed unacceptable, we prepare improvement plans and continuously manage the risk levels. Major improvement measures are shared with employees through training sessions to raise safety awareness. All risk assessment results are documented and reported to the CEO and the Chief Safety Officer (CSO) to support safety and health decision-making at the management level.

2024 Risk Assessment Activities

Implement and manage systematic risk assessments	Conduct training on risk assessment for partners
Establish a safe working environment through systematic implementation of risk assessments	Provide on-site training to promote the adoption of ad-hoc risk assessments

Risk Identification and Assessment Process



Regular and Ad-Hoc Risk Assessments and Follow-Ups

In compliance with relevant safety and health laws, we conduct both regular and ad-hoc risk assessments. For identified hazards and risks, we establish and implement preventive and corrective measures by comprehensively considering their risk levels and potential impacts. High-risk tasks are suspended preemptively and immediately corrected to ensure on-site safety. Implementation status is recorded and continuously tracked. To ensure the safety of partner workers and prevent industrial accidents, we use an "ad-hoc risk assessment checklist" for after-sales (AS) repair involving vessel onboarding. We have developed our own checklist that enables partners with limited safety management capacity to carry out assessments easily, and we have built an operational system to apply it to all related tasks. Through these measures, we strengthened the foundation for joint safety management with partners and continue to foster safe working environments while preventing industrial accidents.

2024 Regular Risk Assessment¹⁾ Inspection Results

Category	Target Work	No. of Countermeasures Established	Implementation Rate	Mitigation Activities
Vessel Repair	36	25	100%	• Regular Risk Assessment - First half: Conducted risk assessment - Second half: Verified implementation of improvement measures - Simplified to the four-step risk estimation method - Conducted training for supervisors responsible for risk assessment
Retrofit	41	23	100%	
Quality Control	4	2	100%	
Global Digital Center	6	3	100%	• Ad-hoc Risk Assessment - Conducted inspections once each in the first and second half and identified improvement measures
Office Work	1	0	100%	

1) Scheduled evaluation to identify risks at worksites and related activities

Risk Assessment by Risk Type

Category	Cases	Analysis Results
Mechanical Factors	6	-
Electrical Factors	5	-
Chemical Factors	10	Risks caused by chemical exposure, fire, and explosions during hot work
Biological Factors	-	-
Behavioral Factors	21	Risks arising from worker errors and negligence
Work Environment Factors	11	Risks associated with site conditions, such as boarding/disembarking ships, confined space work, and handling heavy loads

Safety and Health

Safety and Health Risk Management

Occupational Safety and Health Communication

We published a safety and health casebook to ensure partner workers' safety and prevent industrial accidents. This casebook systematically compiles risk cases identified during vessel repair and retrofit processes, serving as a practical reference for partners in conducting risk assessments and safety and health training. The casebook was designed to help even partners with limited safety management capacity independently identify and improve risks. It was distributed to key partners and shipping companies. Going forward, we plan to use it in training and risk assessments to strengthen our joint safety management system and contribute to accident prevention and the spread of a safety culture.



HD HMS
safety and health casebook

Employee Health Promotion Program

In accordance with Article 5 of the Occupational Safety and Health Act, we are committed to reducing employees' physical fatigue and mental stress, creating a pleasant working environment, and improving working conditions. To promote employee health, we run health management programs and job stress prevention programs, working to establish an integrated management system that addresses both physical and mental well-being.

Employee Health Promotion Program

Category		Program Details
Once a year	Smoking cessation clinic	Provide smoking cessation training for smokers and support for coping with withdrawal symptoms to foster a healthy workplace
Year-round	Health measurement program Blood pressure, blood sugar, cholesterol	Measure these items for employees upon request and monitor changes over time (every Tuesday and Thursday)
	Health checkup and follow-up	Manage checkup schedules and results (analysis-based systematic management) and review transition from manual to system-automated management
	Healthy habits footprint program	Provide a 12-week personalized service to help manage weight, cholesterol, and blood pressure conveniently
	Mental health promotion and prevention program	Operate the Breeseed program for employees upon request - (One-time) Offer mental health assessment and meditation program - (Ongoing) Operate internal and external counseling services

Safety and Health Indicators and Certifications

Safety and Health Training Status

We track eligible participants, completion rates, and training hours as safety and health management indicators. We also conduct job-specific training to prevent industrial accidents among our employees.

Occupational Safety and Health Training Status

Program	Participants	Target (persons)	2024	
			Completed (persons)	Total training hours
Regular safety and health training for office employees	All office employees	1,564	1,564	4,692
Regular safety and health training for non-office employees	All non-office employees	600	600	3,600
Safety and health training at hiring	New employees	67	67	536
Regular safety and health training for supervisors	Supervisors	9	9	144
CPR training	Relevant employees	83	47	70.5

Safety and Health Management System Certification

In 2022, we obtained ISO 45001 (occupational health and safety management system) certification from DNV Business Assurance and have maintained it since. ISO 45001 is the highest-level certification, awarded through a rigorous evaluation of whether a company's safety and health systems and procedures meet international standards. This certification officially demonstrates that our safety and health management system meets global standards. We will continue to systematically operate all safety and health activities in line with ISO 45001 requirements and make ongoing improvements to the system.



ISO 45001 Certificate

Recognition as an "Excellent Workplace" for Risk Assessment

In June 2023, our Global Digital Center (GDC) in Ulsan was recognized by the Korea Occupational Safety and Health Agency as an excellent workplace for risk assessment. Going forward, we will continue to create and maintain a global-standard working environment that benefits both our organization and employees, striving to reduce risks associated with safety, health, and industrial accidents and set an example as an outstanding workplace.

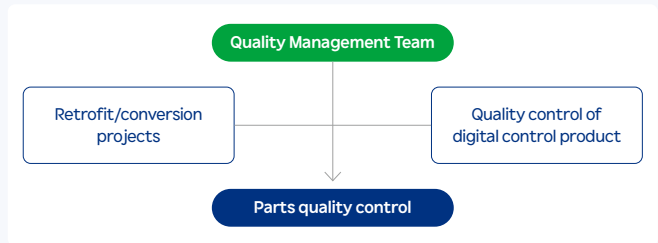
Quality & Customer Satisfaction

Quality Management Governance

Quality Management Organization

We recognize product and service quality as a core factor in achieving customer satisfaction and are committed to maintaining quality that earns customer trust. To this end, we operate a dedicated quality organization reporting directly to the responsible executive, carrying out professional quality management activities in various areas, including quality assurance for ship parts, quality control for ship retrofit projects, and technical quality control for digital control products. We also strive to strengthen our customer-focused quality management system by systematically developing and maintaining our quality system based on ISO certification, working to secure global-level trust in our quality.

Quality Management Organization and KPIs



Quality Management Team KPIs	
	- Quality control for overseas suppliers - Quality stabilization of Chinese parts for large engines - Quality control for green projects - Minimization of material quality inspection defects - FAT punch¹⁾ management for digital control products

1) FAT (Factory Acceptance Test) Punch: Defects identified during factory inspection before releasing

Quality Management Strategy

Quality Management Foundation

We operate a dedicated quality management department to identify and eliminate potential quality risks throughout the entire product lifecycle, and have built a systematic and efficient quality risk response system. We have established quality management policies in both Korean and English to proactively respond to changes in global environmental regulations, and are continuously enhancing quality by standardizing, quantifying, and specifying products and services for each category. We also provide prompt and accurate feedback on customer claims to prevent recurrence, and strengthen training and communication so that employees clearly understand quality-related rules and policies, thereby working to minimize quality failure costs.

In 2024, as part of our strategy to prevent quality risks and secure top-tier quality, we focused on strengthening the quality management of materials and parts, as well as intensifying quality management activities for overseas partners.



Quality Management System Operation

Goals	Action Tasks	Action Plans	Responsible Personnel
Minimize FAT punches for digital control products	Manage FAT punches for digital control products	Number of punches per FAT	Quality control personnel
Strengthen supplier quality control	Quality control for overseas suppliers	Inspection reports, supplier visits, and improvement reports	Quality control personnel
	Quality stabilization of Chinese parts for large engines	Conduct initial product inspections and on-site inspections for supplier improvement (%)	Quality control personnel
	Quality control for green projects	Quality control for reliquefaction retrofit projects	Quality control personnel
Enhance in-house/outsourced quality control	Minimize defects in quality inspections	- Reduce the defect rate in inspected products (paid materials) to the lowest possible level - Maintain the total (in-house and outsourced inspections) defect rate below 0.5%	Quality control personnel

Quality Control Process

We are committed to developing quality policies, setting key quality objectives, and building an advanced quality management system to realize trusted quality management for customers. For each objective, we set detailed action plans, regularly compile monthly progress reports for each goal, and conduct evaluations and reviews semiannually to ensure effective goal management and implementation.

Quality Management System Certification

We renew our ISO 9001 certification—the global standard for quality management systems—from DNV annually to maintain and manage our world-class quality management capabilities. To this end, we establish our quality policy at the beginning of each year and conduct internal audits, overseas audits, and follow-up/renewal audits annually to ensure consistent work and performance management in line with the policy.



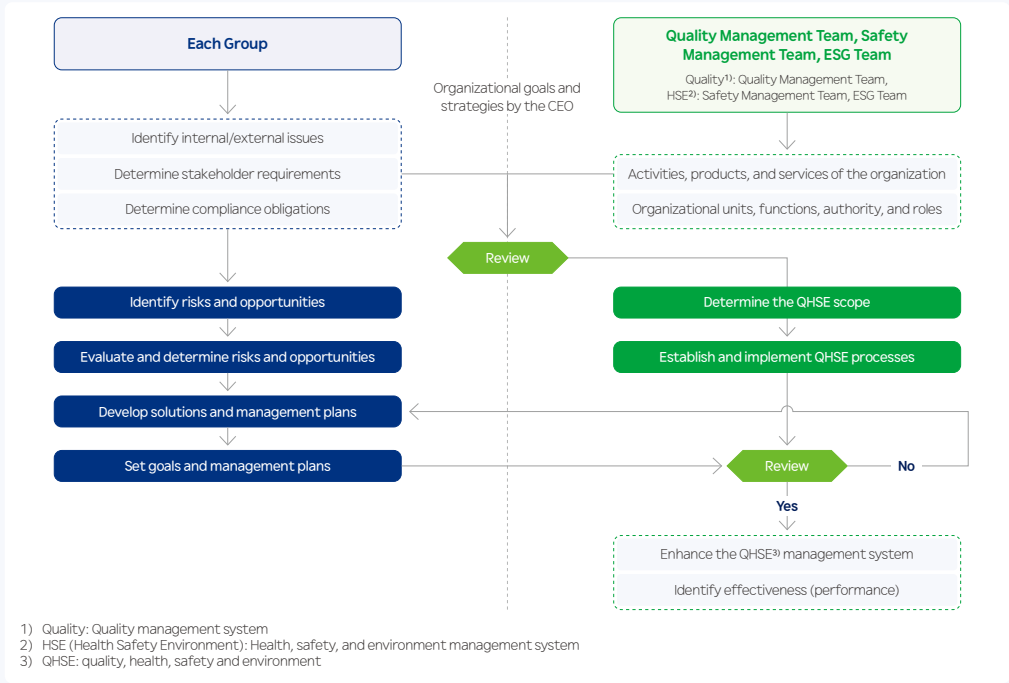
Quality & Customer Satisfaction

Quality Management Risk Control

Quality Management Risk Control Procedure

We conduct regular inspections of quality management-related risks in accordance with our risk management system framework. We also apply a SWOT-based risk assessment standard to analyze inspection results. For risks classified as "High," specific corrective actions must be developed to reduce the risk level. These actions are reflected in the risk management plan and are linked to company-wide management systems, including business plans, operational plans, and team KPI management. This process enables us to prevent risks in advance and respond systematically. Through regular monitoring, we minimize quality risks and lay a stable foundation for organizational operations.

Quality Management Risk Control Framework



Identifying Internal and External Stakeholder Issues

Quality	Strength - Recruitment of engineering/quality specialists - Increased sales through business expansion into domestic and overseas green markets - Prompt response to customer complaints	Weakness - Need for engineering/quality training - Need for technical review related to new businesses - Technical capability updates for external partners
	Opportunity - Recruitment of new engineering/quality personnel - Upgrade of MAPS design/quality digital systems - Enhanced quality through expansion of regular engineering/quality process meetings	Threat - Stagnation or decline in domestic and overseas order volumes - Market entry by multiple competitors - Changes in green regulations such as international agreements and class rules (potential stakeholder conflicts)

Identifying Internal and External Stakeholder Requirements



Quality & Customer Satisfaction

Quality Management Activities

2024 Quality Management Training Activities

We operate a systematic quality training program to cultivate outstanding talent in quality management. The training covers quality/environment systems, quality/environment management systems, quality management, and job competency, and is offered extensively in both offline and online formats. In addition, we have developed and distributed manuals to enhance quality and process execution capabilities, making a practical contribution to improving on-site productivity and technical expertise. Going forward, we will continue to strengthen talent development to enhance quality competitiveness by advancing training content and providing practical, field-oriented training.

Quality Management Training Programs

Category	Programs	Details	Target	No. of participants (persons)	Training hours
Internal	Quality/environment systems	Quality/environment policies and company-wide goals	Responsible personnel	ISO Personnel	2-hour
		Department goals/detailed goals and action plans	Responsible personnel	ISO Personnel	2-hour
		Quality/environment policies/deployment	Responsible personnel	ISO Personnel	4-hour
	Quality/environment management system	Management system and related standards/procedures	Responsible personnel	ISO Personnel	4-hour
		EGCS/BWTS green product quality issue case studies	Related departments	8	2-hour
	Quality management	How to respond to EEXI	Related departments	8	4-hour
		Basics of ME-GI Engine	Related departments	8	4-hour
		EGCS AS and claim case studies	Related departments	8	4-hour
		Basics of WinGD X/X-DF Engine	Related departments	3	8-hour
		Practical understanding of re-liquefaction systems	Responsible personnel	4	8-hour
	Job competency	Methanol fuel class regulations and application cases	Responsible personnel	4	8-hour
		DT mindset	Related departments	8	8-hour
External	Job competency	Cyber training for enhancing job competency	Responsible personnel	8	2 months
		Practical welding inspection	Responsible personnel	1	24-hour
		ISO 9001 internal auditor	Responsible personnel	1	24-hour

2024 Customer Satisfaction Survey

We conducted a customer satisfaction survey to assess the competitiveness of the quality of vessels supplied by the HD Hyundai Group and the overall services provided by us. The goal was to derive practical improvement measures based on the results. The survey targeted 505 on-site supervisors who directly manage vessels belonging to the HD Hyundai Group. A total of 234 responses were received, recording a response rate of 46.1%. Insights from this survey will be used to identify areas for improvement from the customer's perspective and serve as a key reference for developing customer-centric service strategies and enhancing quality.

Minimizing Customer Complaints during FAT¹⁾ for Digital Control Products

We carefully review and address the feedback raised by shipping companies and vessel owners, incorporating them into subsequent inspections. We also conduct pre-inspections of supplier components. As a result, we achieved our 2024 target of "maintaining 0.72 or fewer FAT issues" with an actual result of 0.6. We will continue to strengthen quality management based on deeper mutual trust to minimize customer complaints.

1) FAT: Factory acceptance test

Minimizing Quality Failure Costs

Quality failure costs refer to all expenses incurred due to quality-related issues before or after delivering products and services to customers. Since the establishment of the Quality Management Team in 2018, we have worked to minimize these costs through quality control of parts and retrofitting projects. In 2024, with increased parts sales and a rise in green retrofitting projects, we made every effort to achieve zero quality failure costs through preemptive preparation and quality risk management.

Minimizing Quality Defects in Parts

We identify potential part-related claims in advance and implement focused management on those areas to minimize defect rates. In 2024, the number of defects was two cases, maintaining the rate at or below our target of 0.5%.

Partner Quality Management

We have established a preemptive quality control framework and conduct quality audits for major domestic and overseas equipment partners. In 2024, quality audits were conducted for 21 partners, and improvement actions were carried out based on the evaluation results. We also focus on quality control for repair service providers to strengthen our competitiveness. In 2024, we achieved 100% of our planned quality audits, supporting supplier quality improvement by checking pre-service preparation requirements and management systems.

Empowering Local Communities

Social Contribution Governance

Social Contribution Implementation System

Social Contribution Organization



Social Contribution Strategy

In addition, we support education and cultural programs for children and youth from multicultural families, helping to establish a foundation for their independence. Going forward, we will faithfully fulfill our corporate social responsibilities and take the lead in creating a sustainable society where everyone can grow together.

Social Contribution Framework

Empowering Local Communities

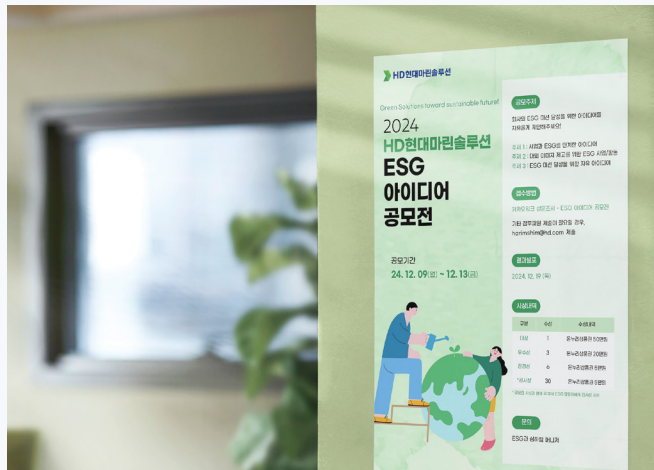
Social Contribution Strategy

Employee ESG Idea Contest

We held an in-house contest to raise ESG awareness among employees, encourage voluntary participation, and incorporate creative ESG ideas into our management. The contest was held from December 10 to 16, 2024, under the ESG mission “Green Solutions toward a Sustainable Future,” aiming to explore inspiring ideas for creating sustainable value with local communities and stakeholders.

The contest featured three themes: open ideas for achieving the ESG mission, ideas linking business and ESG, and ESG projects or activities to enhance our brand image. The submitted ideas were evaluated based on ESG integration potential, feasibility, and creativity. Outstanding proposals received internal awards and were reviewed for possible integration into management activities. We created a culture in which employees plan and participate in ESG initiatives on their own through the contest.

ESG Idea Contest



Social Contribution Activities

Coexistence with Local Communities

Volunteer work in Busan

We carried out volunteer activities at Daeseong Hanultari, a residential facility for individuals with intellectual disabilities in Busan. Ten employees participated, engaging in facility cleaning and maintenance, sports activities, and accompanying residents on walks, fostering warm exchanges and practicing meaningful sharing.



Summer kimchi-making volunteer event

We delivered warmth to elderly residents living alone and vulnerable households in Seongnam-si through the “2024 Summer Santa Kimchi Sharing Volunteer Program.” As part of the Seongnam Volunteer Center’s sharing initiative, 12 of our employees directly made and packed kimchi during the event. We prepared 1,200 boxes of kimchi, 5kg for each box (worth about KRW 38 million), which were delivered to local welfare facilities and low-income households in Seongnam-si. The delivery ceremony was attended by the mayor of Seongnam-si, members of the Exemplary Drivers’ Association, and staff from the Seongnam Volunteer Center, highlighting the spirit of community sharing.



“100 Days of TreeTrip” – ESG Campaign for World Environment Day

To mark World Environment Day (June 5), our employees took part in the “100 Days of TreeTrip” campaign, a non face-to-face reforestation program co-hosted with the Noeul Park Citizen Group. The campaign aimed to restore the ecosystem of Nanji Park (formerly a landfill site) by growing seeds into saplings and returning them to the forest. A total of 100 employees voluntarily planted acorn seeds, watered them daily, and nurtured them into saplings over 100 days. On October 22, the saplings were transplanted to the Noeul Park Tree Nursery to conclude the campaign. Since acorns grow roots downward and require delicate care, planting them demanded both effort and attention. By planting the saplings themselves, our employees reflected on the importance of environmental protection and shared a sense of responsibility to pass on a clean natural environment to future generations. Moving forward, we will continue to expand ESG programs that employees can experience firsthand and strengthen our collaboration with local communities to build a sustainable future through small but meaningful actions.



Empowering Local Communities

Social Contribution Activities

Care for the Disadvantaged

Narrating Fairy Tales

In June 2024, as part of HD Hyundai's "MZ Volunteer Group" program, our employees participated in creating audiobooks for multicultural families. Three employees donated their voices, and the completed audiobooks were delivered to Multicultural Family Support Centers in Seongnam-si and Ulsan.

Later in 2024, new employees took part in a fairy tale reading program for children with visual impairment and multicultural families. Conducted in collaboration with Aloha-Ideas, this activity shared warm stories in the form of voice donations, providing meaningful experiences for neighbors with limited access to information.



Participation in a Charity Marathon

Eight members of our company running club took part in the "11th Happy Store Charity Marathon," going beyond a simple hobby to practice sharing with underserved children. The marathon is a social contribution campaign that supports the government's Child Development Account (CDA) program, with all participation fees donated to help children in financial hardship build a foundation for independence.

All members completed the 10km course, embodying corporate citizenship by providing practical support through donations. This participation demonstrated how our employees' voluntary engagement brings our social contribution values to life in daily activities and helps spread a sustainable culture of giving at HD HMS.



Christmas Volunteer Activity

In December 2024, our six employees joined a Christmas volunteer program, making cakes and preparing gift packages for children at local community centers in Seongnam-si. The activity offered marginalized children a warm and memorable holiday season.



Indicators and Targets for Social Contribution

Social Contribution Goals¹⁾ and Achievements

We set a goal to expand employee participation in social contribution programs and increase financial support to strengthen community stability.

Short-term 2025	Volunteer hours per person	1.5 hours
	Action Tasks	- Conduct volunteer programs during new employee orientation - Promote social contribution activities within CA programs
↓		
Mid-term by 2028	Volunteer hours per person	2 hours
	Action Tasks	Implement regular volunteer programs such as "one company, one village"
↓		
Long-term by 2030	Volunteer hours per person	3 hours
	Action Tasks	Promote joint social contribution activities across affiliates

1) Our sites that carry out social contribution activities are located in Seongnam-si and Busan, and all our sites operate without causing negative impacts on local communities.

03

Toward Sustainable Profit

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Governance	Material Issue	097
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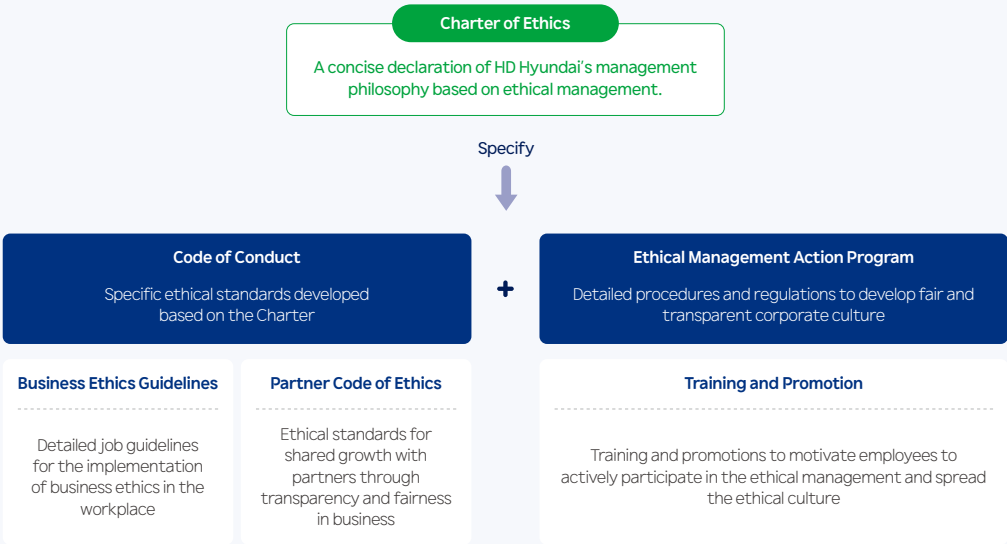
Ethical and Compliance Management

Ethical Management Governance

Ethical Management System

In line with HD Hyundai Group’s ethical management policies, we operate an ethical management system based on the Charter of Ethics and Code of Conduct to ensure fair and transparent business practices.

Ethical Management System Structure



Ethical Management Foundation

Core Values of Ethical Management

Just as a “FOREST” contributes to coexistence and mutual growth, we seek to create a healthy corporate culture and maintain harmonious relationships with stakeholders by practicing our core values: Fairness, Ownership, Responsibility, Enthusiasm, Safety, and Transparency & Trust. Through these values, we aim to become a company that customers and partners want to do business with, a company shareholders want to invest in, a company employees want to work for, and a company that fulfills its responsibilities to the nation and society.

Ethical Management Direction

Stakeholders	Core Value	Details
Shareholders	Profitability, transparency	Enhance corporate value, provide transparent management information, ensure equal treatment of shareholders, pay appropriate dividends
Partners / Competitors	Firmness	Maintain sound business practices (eradicate bribery and unfair demands), protect technical and business secrets, prohibit unfair recruitment
Government	Compliance	Maintain sound and transparent relations, cooperate with policies, fulfill tax obligations
Customers	Customer Satisfaction	Protect consumer rights, promote technology development, improve product quality
Employees	Dignity	Respect individuality and privacy, improve working conditions, prohibit discriminatory treatment
Local communities	Corporate citizenship	Practice green management, engage in social contribution activities

HD Hyundai Group’s Charter of Ethics

The Group’s Charter of Ethics, which applies across all affiliates, has been disclosed on the HD Hyundai website and serves as the fundamental ethical standard that all employees must observe. In December 2023, the Charter was revised to reflect HD Hyundai’s core values, providing clearer standards for ethical conduct. All employees are expected to fully understand the revised Charter and carry out their duties with integrity and responsibility.

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

- 01 We shall be an ethical company that abides by all domestic and international laws and regulations through fair and transparent management practices.
- 02 We shall achieve customer satisfaction by meeting their needs and expectations.
- 03 We shall pursue to maximize shareholder’s value through fair and efficient management.
- 04 We shall work to fulfill our social responsibilities and duties as a member of our community and contribute to the development of our nation and society.
- 05 We shall work to create a transparent and clean corporate culture through fair competition and trading practices.
- 06 We shall pursue to be a company with the highest quality human resources that offers equal opportunities to our employees in a safe and comfortable working environment.

Ethics & Compliance

Ethical Management Strategy

Management of Unethical Practices

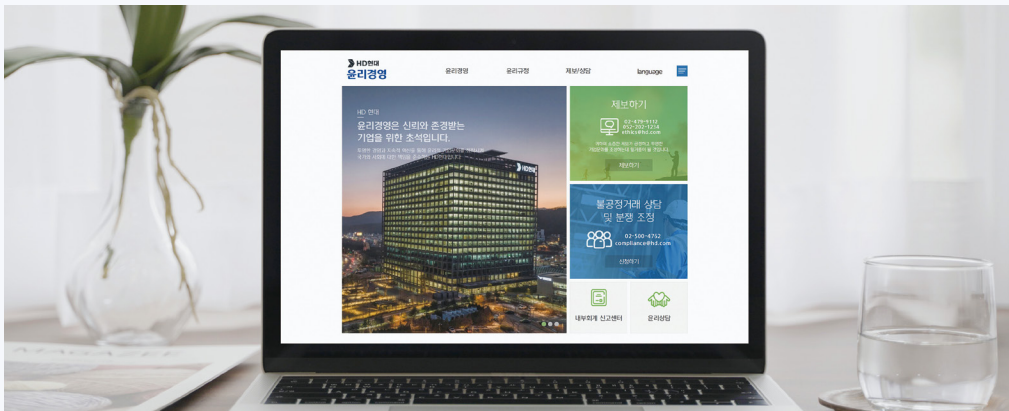
Gift Return System

We operate a system for returning gifts received from partners and other parties to raise employee awareness of ethics and foster a culture of integrity. Employees can either return gifts to the Compliance Team and if return is not feasible, gifts can be donated to charities.

Ethical Management Reporting Channel

[Ethical Management Website](#)

We regard ethical management as a core value in ensuring fair and transparent business practices. To enable the reporting and prompt handling of internal regulation violations related to our Code of Conduct, we operate an integrated reporting channel on the HD Hyundai Ethical Management website. This includes a 24-hour online reporting channel for compliance and ethical management, unfair transactions, and other issues.



HD Hyundai Ethical Management Website

Whistleblower Protection and Rewards

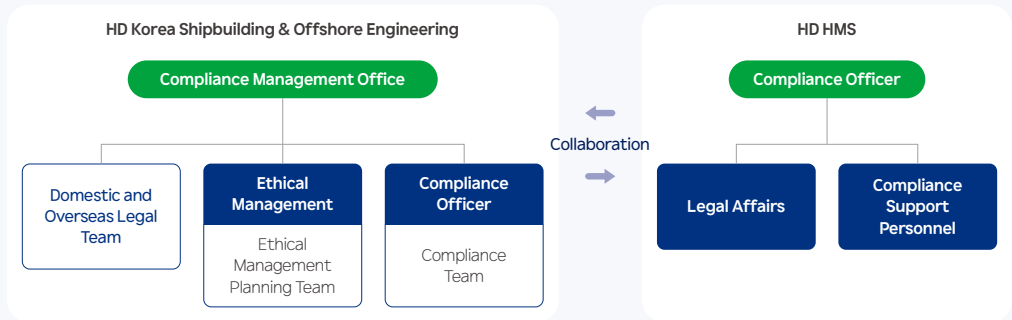
We operate an internal reporting system that prioritizes whistleblower protection to strengthen ethical management. The identity of whistleblowers and the details of their reports are kept strictly confidential and will not be disclosed without consent. In addition, protective measures are in place to ensure that no disadvantage or discrimination arises from making a report.

Compliance Management Governance

Compliance and Ethical Management System

We have established a compliance and ethical management system to build a fair and transparent corporate culture. Compliance officers, in collaboration with the Compliance Management Office of HD Korea Shipbuilding & Offshore Engineering, ensure adherence to relevant laws and regulations in business activities, prevent potential violations in advance, and promote a culture of compliance across the Group.

Compliance and Ethical Management Organizational Chart



Roles of Compliance Support Personnel

Compliance Training	Risk Assessment and Inspection	Monitoring and Prior Consultation
At least once a year	At least once a year, or as needed	Ongoing, year-round
Conduct circulation Perform internal training for department (team) members using distributed compliance training materials	Perform risk assessments and inspections for each department (team) using distributed questionnaires and checklists, followed by the submission of the results	- Share compliance-related announcements within each department (team) - Consult with the Compliance and Legal Team if compliance issues arise

Ethics & Compliance

Compliance Management Strategy

Compliance Management Regulations and Strategy

We comply with the laws of each country and strive to build customer trust and a sustainable business environment by establishing a compliance culture based on transparent and fair procurement. We continuously monitor subcontracting regulations set by the Fair-trade Commission and operate a company-wide management system to ensure a prompt response when issues arise. In collaboration with the Compliance Team of HD Korea Shipbuilding & Offshore Engineering, we strengthen our ability to prevent and address transaction risks. We also enhance internal controls through compliance risk assessments, training, and internal inspections for employees. In addition, we collect and manage pledges to ethical management and conflict of interest declarations every year, raising employee awareness of ethics and reinforcing a compliance culture.

Compliance Management Guidelines System



Compliance Program

We operate a compliance program (CP) to ensure adherence to fair-trade laws and regulations. This program provides employees with behavioral guidelines, raises compliance awareness, and serves as an internal control system to prevent related risks in advance. By encouraging voluntary participation and raising ethical standards, we contribute to fostering a fair and just culture of mutual growth. We provide compliance training to compliance personnel in each department and establish a cooperative framework with the Legal Team so that these personnel can serve as the first line of control.

Compliance Training

We conduct compliance training twice a year (first and second half) in accordance with Article 14 (Operation of Compliance Education and Training Programs) of the Compliance Guidelines and Article 16 (Implementation of Training Programs) of the Fair-trade Compliance Program Operation Regulations.

2024 Compliance Training Completion Rate

Category	Target	Completion Rate				
H1 Regular Compliance Training	All employees			90.73%		
H2 Regular Compliance Training	High-risk departments	Fair-trade	Anti-corruption	Illegal temporary staffing	Economic sanctions	Subcontracting
		100%	95.15%	100%	97.83%	100%

Compliance Risk Management

Monitoring Compliance with Anti-Corruption and Economic Sanctions Regulations

We conduct thorough pre-inspections to form a fair and transparent corporate culture and manage legal risks in accordance with anti-corruption and economic sanctions regulations. For high-risk transactions, we operate a checklist-based pre-approval system to minimize the risk of employee violations. We have also adopted the Sanctions Screening solution based on LSEG World-Check to automatically screen all counterparties daily, reflecting over 2,000 sanction lists from organizations such as the UN, EU, and OFAC in real time. In 2024, we screened 350,000 cases and recorded 412 potential hits (100% reviewed, zero violations).

Anti-bribery Management System (ISO 37001) Certification

ISO 37001 is an international standard designed to prevent and manage bribery and corruption risks, granted only to companies with strong risk assessment and rapid response systems. We have signed a contract with the global certification body LRQA and plan to undergo certification in 2025. We aim to be recognized for our anti-corruption risk management by meeting all assessment requirements, while maintaining regular internal audits and monitoring key corruption risks to practice compliance and ethical management at a global standard.

Compliance Assessment

We conduct compliance risk assessments twice a year in accordance with the Compliance Guidelines and the Compliance Program (CP) regulations. In the first half of the year, we carry out risk assessments for all employees in collaboration with the Compliance Team of HD Korea Shipbuilding & Offshore Engineering. In the second half of the year, we conduct inspections based on the risks identified. Through these assessments, we manage risks by providing regular training, department-specific responses, and monitoring. In the first half of 2024, risk assessments were conducted across all Group affiliates, using self-checklists to identify legal and regulatory risks in each department. The results were used to develop analysis and management strategies. These assessments reflect both the likelihood and severity of potential risks and contribute to creating a company-wide compliance culture.

Compliance Risk Assessment Items

Risk Assessment	Pre-business Consultation System	Internal Control System
Monitoring compliance with the Fair-trade Act, Subcontracting Act, Improper Solicitation and Graft Act, etc.	Monitoring through legal support systems, email, phone, and in-person visits	Monitoring of the Compliance Guidelines and the Compliance Program

Governance

Board Composition

Board Independence, Diversity, and Efficiency Systems

We maintain a Board size of seven members or fewer and ensure that more than half of the members are outside directors so the Board can function independently from management and controlling shareholders. Our regulations also require the Board to be composed of individuals with expertise and diverse backgrounds to ensure meaningful contributions.

Board Independence

We have established an institutional foundation to enhance the independence and expertise of our Board. In accordance with the Commercial Act and our internal regulations, we prohibit outside directors from concurrently serving as directors in the same industry or as outside directors in three or more companies, thereby preventing potential conflicts of interest in advance. More than half of the Board is composed of outside directors who are independent from management and controlling shareholders, ensuring independent decision-making. Outside directors are appointed only after a fair review by the Outside Director Candidate Recommendation Committee and confirmation that they have no significant interests in the company. These details are disclosed transparently. Upon appointment, each outside director is required to submit a written statement confirming the absence of significant conflicts of interest. We also provide outside directors with sufficient information and materials to help them fulfill their duties effectively. Through these measures, we create an environment for responsible decision-making and contribute to establishing a sustainable governance structure.

Board Diversity

We seek to ensure that the Board reflects diverse stakeholder perspectives and can make balanced decisions by considering both diversity and expertise in its composition. Director candidates are evaluated based on equal qualifications without discrimination on the grounds of nationality, age, gender, background, race, religion, or ethnicity. Outside directors are selected from individuals with experience and expertise in various fields, including management, business strategy, law, accounting, and science and technology. As of the end of December 2024, one of our four outside directors is a woman.

Board Efficiency

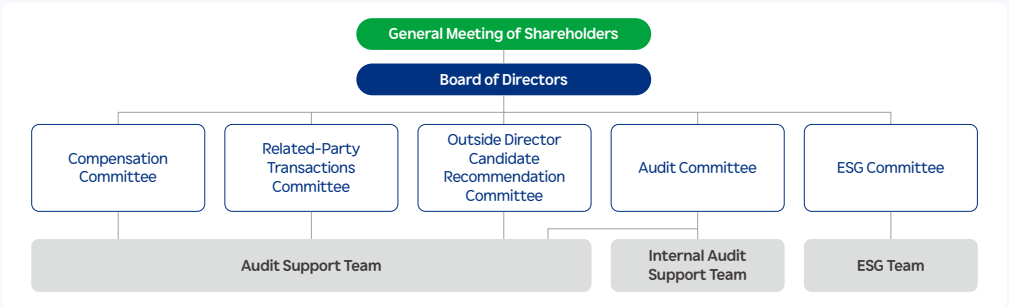
Our regular Board meetings are held at least once per quarter, and special meetings are convened as necessary. To ensure efficient meetings, our regulations require directors to review relevant materials in advance. In 2024, the average attendance rate for Board meetings was 100%. The average tenure for executive directors was three years and seven months, while the average tenure for outside directors was one year and one month.

Committees under the Board¹⁾

We operate the Board of Directors and its subcommittees to ensure transparency and sound governance. For efficient Board operations, we have established five committees under the Board: the Audit Committee, the Outside Director Candidate Recommendation Committee, the Related-Party Transactions Committee, the ESG Committee, and the Compensation Committee.

Category	Details
Audit Committee	The Audit Committee independently monitors and oversees management, performing audits of the company's accounting and operations, and exercising the right to request business reports. The committee is composed entirely of outside directors, and to strengthen independence and expertise, the chair is selected from among outside directors with extensive experience and expertise in finance.
Outside Director Candidate Recommendation Committee	The Outside Director Candidate Recommendation Committee proposes candidates for outside directors to be elected at the general meeting of shareholders. As of the end of March 2025, 80% of the committee members are outside directors to ensure independence.
Related-Party Transactions Committee	The Related-Party Transactions Committee establishes basic policies for transactions between the company and its affiliates and reviews the criteria and practices for selecting transaction counterparties. As of the end of March 2025, 80% of the committee members are outside directors.
ESG Committee	The ESG Committee makes decisions on the company's ESG strategies, plans, and implementation. As of the end of March 2025, 80% of the committee members are outside directors to ensure objectivity.
Compensation Committee	The Compensation Committee was established in February 2025 to ensure objectivity and transparency in determining the remuneration of directors and executives. The committee is composed entirely of outside directors to maintain its independence.

Board Organization Chart



1) As of the end of June 2025

Governance

Board Operation

Board Meetings

Our Board of Directors consists of regular and special meetings. Regular meetings are, in principle, held in the first month of each quarter, while special meetings are convened as necessary. The CEO has the authority to convene the Board. Notices specifying the date, location, and purpose of the meeting must be given to each director at least one day prior to the meeting. However, if all directors agree, the Board may be convened at any time without such notice. A resolution of the Board requires the attendance of a majority of directors and the approval of a majority of those present. For matters subject to Articles 397-2 (Prohibition of Appropriation of Company's Opportunities and Assets) and 398 (Transactions between Directors, etc. and Company) of the Commercial Act, approval by at least two-thirds of the directors is required. Directors with a special interest in a resolution may not exercise their voting rights on that matter. In 2024, the Board met seven times, handling 20 agenda items for resolution and 10 for reporting. All resolutions were approved unanimously, resulting in a 100% approval rate, and all executive directors, outside directors, and other non-executive directors achieved a 100% attendance rate.

Board Meetings in 2024¹⁾

Category	Date	Details	Approval Status	Approval Rate
1	January 31, 2024	Approval of the 8th business report	Approved	100%
		Approval of the 2024 safety and health plan	Approved	100%
		Establishment of disclosure information management regulations	Approved	100%
		Establishment of compliance guidelines	Approved	100%
		Report on the operation of the internal accounting control system	Approved	100%
2	February 20, 2024	Approval of convening the 8th regular general meeting of shareholders and agenda items	Approved	100%
		Approval of dividend policy	Approved	100%
		Report on the 2023 internal accounting control system operation assessment	Reported	-
		Report on the 2H 2023 fair-trade compliance	Reported	-
3	March 25, 2024	Approval of new share issuance and secondary offering for KOSPI listing	Approved	100%
		Determination of the acting chair's order in case the chair is being selected or absent	Approved	100%
4	April 24, 2024	Appointment of the compliance program manager	Approved	100%
		Determination of public offering price	Approved	100%
		Report on Q1 2024 results	Reported	-
5	July 23, 2024	Approval of quarterly dividend	Approved	100%
		Amendment to the internal accounting control regulations	Approved	100%
		Report on committee activities for H1 2024	Reported	-
		Report on business performance for H1 2024	Reported	-
6	October 22, 2024	Report on Q3 2024 business performance	Approved	100%
		Report on the compliance program for H1 2024	Reported	-
7	December 16, 2024	Approval of amendment to the audit committee regulations	Approved	100%
		Approval of record date for determining shareholders	Approved	100%
		Approval of transaction limits between directors and the company	Approved	100%
		Approval of product and service transactions with related companies under the same controlling shareholder	Approved	100%
		Approval of debt guarantees for overseas subsidiaries	Approved	100%
		Report on 2025 business plan	Reported	-
		Report on corporate value enhancement plan	Reported	-

1) Included major agenda items in Board activities

ESG Practices in the Words of HD HMS Employees

Q. 01

Key Improvement Measures Conducted to Strengthen Governance

As part of our corporate value enhancement plan, we have recently undertaken several initiatives to fundamentally strengthen our governance framework.

In particular, we separated the roles of Board Chair and CEO and appointed an outside director as Chair to ensure the independence and transparency of Board operations. This has established a more autonomous and independent decision-making structure for the Board, providing a stronger foundation for maintaining balance between management and the Board.

Additionally, the newly established Audit Committee Support Team helps the Audit Committee maintain independence and expertise, enabling it to carry out its duties faithfully and independently from management. The team provides the committee with sufficient and timely information for its work, including explanations of agenda items before meetings and requested materials, gathers committee members' feedback, and supports in-depth discussions.

Eun-soo Kang, Associate Manager, Audit Support Team

Governance

Board Operations and Evaluation

Outside Director Training

We provide continuous training to ensure that outside directors can perform their roles effectively. In October 2024, all four outside directors attended a training program conducted by Deloitte Korea. The session included in-depth discussions on the role of the Audit Committee and recent trends in financial authorities. The program also enhanced understanding of strategic challenges companies must address, including the latest developments in AI transformation. Additionally, it featured analyses of the U.S. presidential election and the future direction of the global economy, offering participants a broader perspective on global economic changes. Through this training, our outside directors gained up-to-date knowledge of various aspects of the business environment, forming a foundation to make valuable contributions to future Board activities.

Outside Director Training Status

Date	Attending Outside Directors	Key Content
October 11, 2024	Hyun-cheol Yoon Jeong-hoon Kwon Chan-joong Park Suk-young Ryu	• Role of the Audit Committee and recent developments in financial authorities • AI Transformation, latest trends, and corporate implications • U.S. presidential election and direction of the global economy

Board Performance and Activity Evaluation

We stipulate that the business activities of management must be evaluated fairly and that the results should be appropriately reflected in remuneration. Directors’ compensation is determined by the Board within the limits approved by the general meeting of shareholders.

Management Performance Evaluation

The performance incentives of our management are composed of management incentives and long-term incentives. The long-term incentive is designed to discourage short-term decision-making and promote long-term value creation. It is calculated after an executive’s term ends, using a comprehensive set of indicators such as organizational performance and net income.

Calculation and Criteria for Executive Compensation

Category	Compensation System	Compensation Evaluation Items
Calculation Criteria	Basic Annual Salary	• The basic annual salary consists of basic pay and position pay, and is paid in equal monthly installments 1) Basic pay: Determined by position (rank) 2) Position pay: Determined by responsibilities (role) Payment is set and made based on position (rank) and role
	Performance Incentives	• Management incentives: Paid based on the year’s organizational performance, individual evaluation, operating profit, etc. • Long-term incentives: Calculated based on organizational performance, net income, and other factors during an executive’s term, and paid after the tenure ends Determined by the following: 1) Quantitative indicators: Sales, orders, operating profit, etc. 2) Qualitative indicators: Leadership, professional expertise, and responsibility in achieving business performance, etc.

Board Evaluation

In February 2025, we introduced a board evaluation system to assess the adequacy of board composition and ensure efficient operations. The evaluation consists of 32 questions across five areas: the Board’s roles and responsibilities, structure, operations, subcommittees, and reflection of evaluation results. It includes assessments of individual outside director activities and is conducted annually through a self-assessment by all directors

2024 Board Compensation

(Unit: KRW)

Category	No. of Members	Total Compensation	Average per Person
Registered directors (excluding outside directors and Audit Committee members)	3	1,993,471,175	664,490,392
Outside directors (excluding Audit Committee members)	-	-	-
Audit Committee members	4	336,000,000	84,000,000

Shareholder Value

Special Interview

To secure the resources for ESG investments, we aim to strengthen our financial soundness while systematically managing non-financial risks, thereby driving long-term corporate value enhancement.

— **Jeong-hyeok Kim,**
CFO & Head of the Management Support Division

Q. 01 Our ESG Strategy for Long-Term Corporate Value Creation

We recognize the strategic integration of ESG with our business as the key to creating long-term corporate value. By embedding ESG factors across all operations, we generate four major contributions to long-term value creation as follows:

Risk management

We identify and manage ESG risks in advance (regulatory compliance, climate change, supply chain issues, etc.) to minimize potential financial losses.

Easier capital raising

By improving our ESG ratings, we expect to facilitate access to green investment capital and reduce capital expenditures. We also strengthen relationships with institutional investors and financial institutions that prioritize ESG investments.

Securing competitive advantage

By leading in green technologies and building sustainable business models, we secure a competitive edge in the market and enable long-term sales growth and increased market share in response to evolving market demands.

Enhancing brand value

ESG management enhances corporate reputation and brand value, contributing to attracting top talent and strengthening customer loyalty. This increases the value of non-financial assets and lays the foundation for long-term corporate growth.

Q. 03 CFO's Areas Contributing Most to Sustainable Management

As CFO, my two focus areas are "securing ESG investment resources by ensuring financial soundness," and "analyzing and managing the financial impacts of ESG risks."

First, it is essential to secure stable resources for executing strategies such as green technology development, digital transformation, and strengthening safety and health systems through stable profit generation and efficient asset management. In 2024, we laid the foundation for this by improving our debt ratio and increasing net cash holdings.

In addition, a key responsibility of the CFO is accurately analyzing the potential financial impacts of non-financial risks, such as physical and transition risks related to climate change and supply chain ESG risks, and reflecting them in financial planning for proactive management. Such measures are essential to minimizing potential losses and safeguarding long-term corporate value.

Q. 02 Ongoing Initiatives to Enhance ESG Disclosure Transparency

As a publicly listed company, we place "enhancing governance transparency" as our top priority and comply with regulations on internal transactions and restrictions on circular shareholding to minimize conflicts of interest and establish sound governance. To this end, we are improving systems and procedures to make the general meeting of shareholders a more efficient and rational platform for communication. Our goal is to encourage shareholder participation and incorporate diverse opinions into management decision-making.

We also view ensuring the independence and expertise of the Board as a core principle and appoint outside directors to comprise more than half of its members. The Board determines the company's basic policies, resolves major agenda items, and supervises management to ensure transparent decision-making.

These efforts are disclosed through our "Corporate Governance Report," in which we achieved compliance with 14 out of 15 core governance indicators, reaching a compliance rate of 93.3%.

Q. 04 Supply Chain Risk Management and Financial Support for partners

We recognize that sustainable growth cannot be achieved without the participation of the entire supply chain, and we view strategic alignment with partners as critical.

We are shifting to a field-driven execution system for ESG strategies, strengthening joint ESG response capabilities with partners by gradually expanding supply chain ESG due diligence and building shared growth partnerships. We conduct annual ESG assessments of partners to enhance their capabilities, continuously monitor high-risk partners, and are transitioning to a sustainable supply chain management system that supports their improvements.

Furthermore, we are actively reviewing contributions to "shared growth funds" to provide financial support for partners in adopting green facilities, strengthening ESG capabilities, and investing in technology development. This initiative will serve as a foundation for making tangible contributions to Scope 3 reduction in the future.



Shareholder Value

Shareholder Value Enhancement Direction

Shareholders and Capital Structure

As of the end of 2024, we had a total of 44,829,210 shares issued, with common stock capital amounting to KRW 22,225 million. Our largest shareholder is HD Hyundai, holding 55.32% of the total issued shares. We are committed to continuously enhancing long-term shareholder value by ensuring transparent communication with all shareholders and implementing shareholder return policies.

Shareholding Status

Category	Relationship	Shares Held (shares)	Ownership (%)
HD Hyundai Co., Ltd.	Largest shareholder	24,800,000	55.32
Global Vessel Solutions, L.P.	External institution	10,750,000	23.98
National Pension Service	External institution	3,052,550	6.81
Ki-dong Lee	Affiliated individual	5,250	0.01
Byung-rak Yoon	Affiliated individual	2,500	0.01
Jeong-hyeok Kim	Affiliated individual	2,500	0.01
Hyun-dae Shin	Affiliated individual	7	0
Oh-min Ahn	Affiliated individual	50	0
Cheol-gyu Yoon	Affiliated individual	10	0
Others	Minority shareholders	6,216,343	13.87
Total	-	44,829,210	100

Shareholding

Category	Unit	Shares Held
Shareholding	CEO shareholding compared to basic pay	Times1.36
	Shares held by the CEO	Shares5,250
	Year-end share price	KRW161,400
	CEO basic pay	KRW million622

Protection of Shareholder Rights

We have introduced various measures to protect shareholder rights and encourage participation in the general meeting of shareholders. We participate in the voluntary shareholder meeting dispersion program, which avoids scheduling meetings on concentrated dates, allowing more shareholders to exercise their voting rights effectively.

We also operate a proxy solicitation system so that shareholders can vote without attending in person and provide shareholders with sufficient information and explanations on the agenda items in advance. To further enhance shareholder convenience, in February 2025, the Board of Directors resolved to adopt an electronic voting system, which was implemented for the first time at the 9th regular general meeting of shareholders in March of the same year. For regular general meetings, we transparently share key information, such as the agenda and location, about four weeks in advance through disclosures and notices, ensuring shareholders have enough time for prior review. Through these efforts, we genuinely protect shareholders' rights to be informed and to participate.

Notice and Date of General Meeting of Shareholders

Date	Date of Resolution to Convene	Date of Notice	Date of Meeting
9th Regular General Meeting of Shareholders	February 20, 2025	February 24, 2025	March 25, 2025

9th Regular General Meeting of Shareholders

Agenda Items	Details		Approval Status
Approval of financial statements	Item 1	Approval of the 9th financial statements	Approved as proposed
Amendment to the Articles of Incorporation	Item 2	Partial amendment to the Articles of Incorporation	Approved as proposed
Appointment of directors	Item 3	Appointment of directors (Ki-dong Lee, Chan-joong Park, Suk-young Ryu; 3 persons)	Approved as proposed
Approval of Audit Committee members	Item 4	Appointment of Audit Committee members (Chan-joong Park, Suk-young Ryu; 2 persons)	Approved as proposed
Approval of directors' compensation limit	Item 5	Approval of directors' compensation limit	Approved as proposed

Shareholder Value

Shareholder Value Enhancement Direction

Mid- to Long-term Shareholder Return Policy

On May 8, 2024, in line with our listing, we disclosed our basic dividend policy through a securities registration statement. This policy was reaffirmed in December of the same year through a disclosure of our corporate value enhancement plan. Under this policy, we plan to pay dividends equivalent to 50 to 70% of the net income on the separate financial statements for three years from the year of listing (2024 to 2026). We will continue to pursue growth, enhance profitability, and advance governance to further increase shareholder value.

Four Key Initiatives for Enhancing Corporate Value

Maintain sustainable growth	Expand profitability	Pursue active shareholder returns	Improve governance
• Maintain 20% CAGR in core business sales by 2028 - Expand green retrofit business to comply with environmental regulations - Launch new digital platform and after-market businesses	• Achieve a company-wide EBIT margin of 16% by 2028 • Target ROE of 30% or higher by 2028	• Maintain a dividend payout ratio of 50 to 70% over the next three years • Provide predictability in dividend payments • Implement a mid- to long-term shareholder return policy, including quarterly dividends (four times a year) • Announce a three-year dividend policy annually	• Achieve a corporate governance compliance rate of at least 90% within three years - Appoint an outside director as Chair of the Board - Ensure dividend visibility (by separating the dividend record date) - Introduce electronic voting - Establish an audit support body

Shareholder Communication Strategy

We hold regular corporate presentations along with quarterly earnings (provisional) disclosures to ensure smooth communication and build trust with shareholders and stakeholders. In addition to earnings announcements, we transparently disclose key information—such as general meeting schedules and voting rights, business reports, shareholder composition and status, and financial performance—through our company website and the electronic disclosure system (DART).

Shareholder Communication and IR Strategy

	Category	Objective	Action Plans
Restoring shareholder trust	Strengthen communication with domestic and international investors through C-level-Investor meetings	Provide reliable information on the company's direction and business outlook directly from key executives	• Hold meetings with HD Hyundai Group executives • Host Investor Day and participate in domestic and overseas conference days • Conduct regular earnings announcements (four times a year) • Enhance ad-hoc investor engagement (company visits, etc.)
Principle of equal treatment for investors	Provide equal information	Ensure shareholder equality by adhering to the principle of equal information provision	• Disclose information through the company website or other disclosure methods • Strengthen disclosure practices • Provide English disclosures and earnings announcements for overseas investors

Special Interview

ESG Practices in the Words of HD HMS Employees

Q. 01

Memorable Feedback or Improvements from Recent Communication with Shareholders or Institutional Investors

Following our first earnings announcement after listing, some investors noted a lack of information on our business structure and performance outlook. In response, we introduced an investment highlight section that includes order backlog and strategic direction. We also began publishing regular IR letters that explain industry conditions and our business, in addition to quarterly earnings materials.

To strengthen engagement with global investors, we provide English materials and participate in conferences. These efforts have improved understanding of our business and received positive feedback on the expansion of communication channels.

Q. 02

Future Tasks for Enhancing Shareholder Value

We view shareholder value enhancement as a key management priority and are implementing related policies and action plans. In 2024, we presented our mid- to long-term strategic direction through a value-up disclosure and plan to share progress through subsequent implementation disclosures.

From a governance perspective, we are aligning with changes in regulations, such as amendments to the Commercial Act, to prioritize shareholder value, protect shareholders, and improve governance. Our dividend policy will continue to be executed with consistency and trust. In addition, to ensure equitable communication with overseas investors, we are continuously enhancing our information delivery channels by providing English IR materials and disclosures. We remain committed to strengthening shareholder-focused decision-making and transparent communication.

Da-eun Yeo, Manager, IR Team

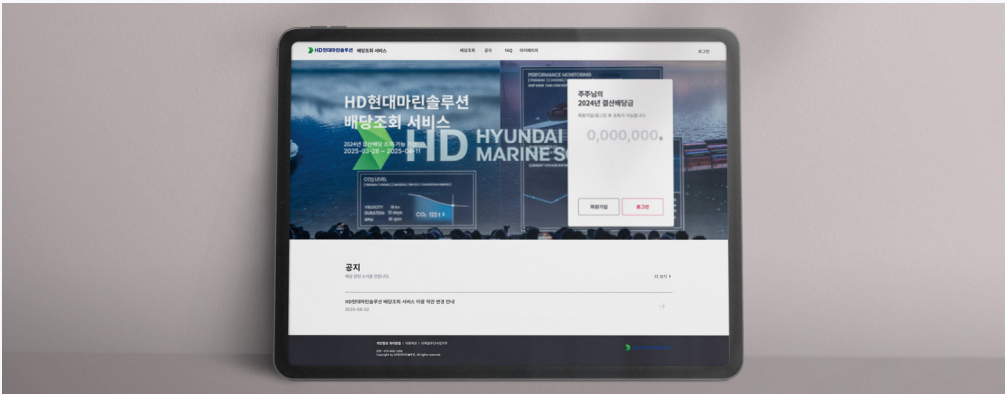
Shareholder Value

Shareholder Value Enhancement Activities

Online Dividend Service

(KR) Online Dividend Service

In July 2024, we introduced the online “HD HMS Dividend Service” to enhance shareholder convenience and practice ESG management. The service operates without paper documents, reducing the risk of personal information leakage from dividend notice errors, minimizing paper usage, and preventing carbon emissions from postal delivery. It was announced to shareholders through the company website, and shareholders can check dividend details in real time for the 2024 year-end dividend after a simple sign-up and identity verification process. This initiative has improved shareholder accessibility and convenience while reinforcing our commitment to green management.



HD HMS Online Dividend Service Website

Dividend Status

(Unit: KRW 100 million)

Category	2021	2022	2023	2024
Consolidated net income	896	1,049	1,511	2,279
Interim dividend	400	100	200	200
Year-end dividend	700	700	800	1,210
Total dividend	1,100	800	1,000	1,410
Dividend payout ratio	123%	76%	66%	62%

Compliance with Core Governance Indicators

We achieved compliance with 14 out of 15 core governance indicators, recording a 93.3% compliance rate in its first year of listing. We implemented four new items to enhance governance soundness and safeguard shareholder rights: electronic voting, provision of dividend predictability, independence of the Board Chair, and appointment of an outside director as Chair. Notably, we maintain a high dividend payout ratio through cash dividends, earning recognition for fully respecting shareholder rights.

Core Governance Indicators

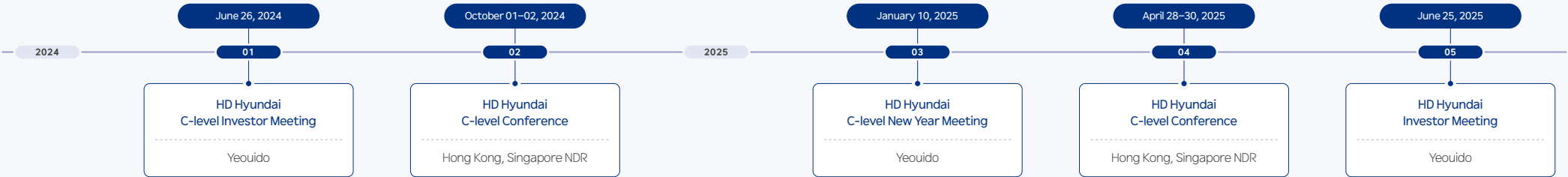
Category	Core Indicator	Disclosure Period Compliance
Shareholder-related policies and systems	Announce the general meeting of shareholders at least four weeks in advance	○
	Implement electronic voting	○
	Hold the general meeting on a date other than a concentrated date	○
	Provide predictability regarding cash dividends	○
	Notify shareholders of the dividend policy and payment plan at least once a year	○
Board and management transparency	Establish and operate a CEO succession policy	○
	Establish and operate an internal control policy, including risk management	○
	Appoint an outside director as the Board Chair	○
	Adopt cumulative voting	X
	Establish a policy to prevent appointing executives responsible for damaging corporate value or infringing shareholder rights	○
	Maintain board composition with more than one gender	○
Internal audit and control	Establish an independent internal audit department (support organization for internal audit)	○
	Include accounting or financial experts in the internal audit body	○
	Hold meetings between the internal audit body and outside auditors at least once per quarter without management present	○
	Establish procedures for the internal audit body to access important management information	○

Shareholder Value

Shareholder and Stakeholder Communication

Strengthening C-level IR Activities for Sustainable Growth

Since our listing in May 2024, we have actively engaged in C-level IR activities to enhance corporate value and build shareholder trust. Over the past year, we have held a total of five executive meetings and investor conferences, strengthening direct communication with major domestic and global institutional investors and shareholders. We go beyond simply providing information, maintaining sincere communication on long-term corporate growth strategies, outlooks, and shareholder return policies. These efforts contribute to transparent management and responsible corporate governance. Going forward, we plan to expand our stakeholder-focused communication framework to support sustainable growth.



Strategic Message

Going Beyond Simple Explanations to Building Trust

Direct communication with C-level



CEO and key executives directly participate to convey the company's authenticity and leadership

NDR for global Investors



Expand engagement with global investors through activities in Asia's financial hubs

ESG-focused communication



Deliver messages focusing not only on financial performance but also on ESG strategies and achievements

Impact

Communication Achievements in Numbers



CEO directly attended 3 of 5 major events



Hosted two global NDR¹⁾ in major Asian financial cities

1) NDR (Non-Deal Road Show): Investor presentation



Enhanced the level of ESG disclosure based on investor feedback



Reviewing plans to formalize regular investor communications

Use user-friendly materials and social media to improve accessibility for retail investors

Information Security

Information Security Governance

Governance Roles and Responsibilities

Executive Roles

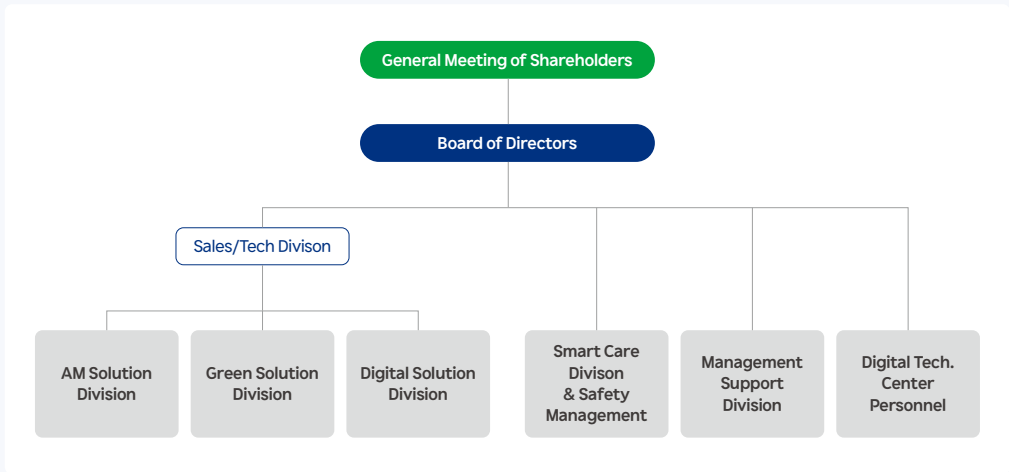
We designate an individual with expertise in information security and personal data protection as our Chief Information Security Officer (CISO). The CISO develops annual security plans, prepares and reports related performance and action plans, and carries out necessary improvement activities.

Security Committee Roles

We operate a “Security Committee” chaired by the CEO, with division heads and executives serving as responsible members. Security personnel are also designated within each division and department to manage security-related tasks.

The committee meets at least once a year to review the adequacy and effectiveness of company-wide security policies, decide on their creation, revision, or abolishment, and deliberate on security business plans, budgets, resource allocation, improvement measures, adoption of new technologies, and the handling and prevention of security incidents.

Information Security Organizational Chart



Information Security Strategy

Information Security Strategy and Integration

We closely monitor security risks arising from the use of digital technologies in operations and have established a thorough response system. We prioritize the early identification and prevention of information security risks by conducting regular inspections and training, while fostering a strong security culture across the company.

In the event of a security incident, employees must immediately report it in accordance with guidelines, and the Information Security Department responds swiftly based on incident-specific processes. To address changes in domestic and international regulations and security environments, we establish and revise internal rules such as security management regulations, national core technology protection regulations, and personal data protection regulations. We also advance our information security framework by applying security assessments, penetration test results, and measures such as restricting the use of AI tools that could serve as channels for data leakage.

Information Security Policy

We operate an information security policy designed to identify and respond to potential threats from both internal and external sources. We comply with relevant regulations, including security management, national core technology, and personal data protection requirements. Based on these, we establish and revise our personal data protection and security management regulations to protect sensitive information and assets. Furthermore, we have established a company-wide Security Management Committee to oversee integrated information security and personal data protection activities, while strengthening preventive and response systems to mitigate risks such as data leakage, loss, or damage.

Posting of Information Security Regulations

We make information security regulations (security management regulations, national core technology security regulations, personal data protection regulations, etc.) accessible to all employees via the company's intranet. All employees are required to review the posted regulations and comply with the requirements in the course of their duties.

Operation of Information Security Regulations

We operate a “personal penalty point system” for employees who violate information security regulations. During regular, unannounced, or special inspections, employees who fail to comply with security regulations or properly perform security management tasks are assigned penalty points. The severity of the violation determines the number of points, with repeated violations resulting in doubled points for a second offense and tripled points for a third or more. Penalty points are accumulated for two years, and if the total exceeds 10 points, the case is referred to the HR Committee, which takes HR actions in accordance with the company's employment rules and disciplinary regulations.

Information Security

Information Security Strategy

Personal Information Protection

Personal Information Protection System

We recognize the importance of protecting personal information and are committed to safeguarding the personal data of all stakeholders. We comply with applicable laws such as the Personal Information Protection Act, the Act on Promotion of Information and Communications Network Utilization and Information Protection, the Protection of Communications Secrets Act, and the Telecommunications Business Act. In line with these requirements, we securely manage personal information to prevent loss, theft, leakage, forgery, alteration, or damage. We also monitor compliance with the required safeguards (managerial, technical, and physical safeguards) for systems handling personal information, and continuously improve our practices to strengthen protection standards. Furthermore, we take both physical and managerial measures to ensure that personal data is not lost, stolen, leaked, forged, altered, or damaged.

Collection and Processing of Personal Information

We collect only the minimum personal information required as mandatory items for purposes such as application processing, customer consultation, and service provision. We do not use collected personal information for purposes other than those defined in advance, and if the purpose of use changes, we obtain prior consent. Once the purpose of collection and use has been fulfilled, the information is promptly destroyed using secure methods such as permanent deletion or incineration to prevent recovery. As a principle, we do not use automatic data collection technologies such as cookies, and we respect the right of data subjects to choose. In cases where automatic collection is necessary, we provide relevant information through our privacy policy along with instructions on how data subjects can opt out.

Rights and Obligations of Data Subjects

We respect the rights of data subjects to access, correct, or delete their personal information, and we fulfill our duty to take necessary measures. If a correction request is made, the personal information will not be used until the error is corrected, and once deletion is requested and completed, the data will no longer be retained.

Rights of Data Subjects		
Access to personal information	Correction and deletion of personal information	Suspension of processing of personal information
Data subjects may request access to the personal information retained by the company at any time	Data subjects may request correction or deletion of the personal information retained by the company	Data subjects may request suspension of the processing of their personal information retained by the company

Information Security Training and Investment

Information Security Training

To raise employee awareness of information security, we conduct regular training sessions covering the structure and use of our information security systems, as well as key compliance requirements and behavioral guidelines in daily operations. We also provide annual security training for employees who handle national core technologies and personal information.

Training Completion Status

Program	Participants	Details
New Employee Security Training	New employees	Employee security guidelines, compliance with security pledges, protection of national core technologies and trade secrets
Security Officer Training	Chief Security Officer (CSO)	Information security management system, security-related laws and regulations, roles and responsibilities of the CSO
Security Personnel Training	Security personnel	Domestic and international security issues, security policies and systems, security activities, etc.
Personal Information Protection Training	Personal information handlers	Personal information-related laws, measures for ensuring security, procedures for responding to data breaches, etc.
National Core Technology Handler Training	Personnel handling national core technologies	Laws and export reporting procedures related to national core technologies, procedures for responding to technology leakage and infringement, etc.
Security Change Control Training	All employees	Raising security awareness, phishing email prevention, precautions for using company laptops
Monthly Security Training	All employees	Hold "Security Day" and provide training monthly (email security, document security, routine security, etc.)
Retiring Employee Training	Retiring employees	Security review procedures for retiring employees, compliance with protection of national core technologies and trade secrets

Information Security Investment

Category	Unit	2024
Investment rate for information protection	%	2.4

Information Security

Information Security Risk Management

Information Security Risk Management System

Third-Party Certification of Information Security System

We continuously strengthen our information security measures by implementing physical safeguards against security threats, regularly updating information security procedures and regulations, and enhancing network and system security programs. Building on the excellence of our information security management and performance, our information security system has obtained and maintained third-party certification based on the international standard (ISO 27001). In addition, we have obtained and maintained the personal information protection management system (ISO 27701) certification, demonstrating our reliable security management both domestically and internationally.

Third-Party Audit for Information Technology General Controls

We maintain robust control capabilities in IT program development and modification, data access security, and overall operations necessary for systems such as the internal accounting management. We also undergo third-party audits for our Information Technology General Controls, which cover infrastructure, security management activities, and the acquisition, development, maintenance, and operation of IT programs.

Third-Party Certification for Information Security Systems

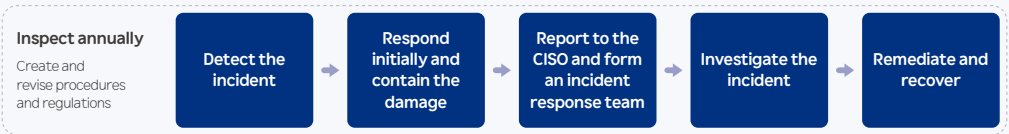
Category	Certification Standard	Effective Period	Scope of Certification
HD HMS	ISO/IEC 27001:2022	February 2024 – February 2027	HD HMS Headquarters (GRC HQ) & Europe Subsidiary (Rotterdam HQ)
	ISO/IEC 27701:2019	February 2024 – February 2027	

Information Security Incident Response

Incident Response Process

We work in collaboration with the Group’s incident response team and follow guidelines to detect any attempted or actual security breaches. We also continuously watch for signs of incidents through regular monitoring activities (EDR-integrated security events, firewall, intrusion prevention system logs, other security equipment records, etc.). When an employee report or a security monitoring event occurs, we promptly form an incident response team composed of in-house experts, including the security monitoring and analysis organization and IT system personnel, to take immediate action. We also conduct detailed analyses of the incident type and timeline, and implement preventive measures, such as system restoration and improvement, to prevent recurrence.

Information Security Incident Response Process



Information Security Diagnosis

We conduct an annual security diagnosis to identify and address vulnerabilities, enhance our security framework, and strengthen our overall corporate competitiveness.

Information Security Diagnosis Items

Managerial security 43 items	Physical security 43 items	IT security 44 items	Personal information protection 55 items	Technical security 2 items
- Creation and revision of security regulations - Annual business plan development - Security pledges, security activities, security training, etc.	- Designation of protected areas and access rights management - Deployment of security personnel and access control procedures - Installation, operation, and management of CCTV	- Server and database access control and security management - Incident response procedures and organization - Verification of IT asset protection levels, etc.	- Establishment of personal information protection organization and annual plan - Management of personal information collection, use, provision, and disposal - Verification of compliance with personal information protection requirements, etc.	- Vulnerability checks on servers and network equipment - Penetration testing of externally accessible web systems such as websites

Information Security Performance

Category	Unit	2022	2023	2024
No. of information leaks	Cases	0	0	0
Regulatory violations	Cases	0	0	0

Risk Management

Risk Management Governance

Risk Management Process

We operate a risk management process to accurately identify risks that may affect our overall business operations and to establish systematic and effective response measures. For key risks deemed to have a significant impact on operations, including quality control, safety and health, and compliance, matters are submitted to the Board of Directors for integrated review and oversight. The ESG Committee under the Board also reviews and approves not only ESG-related issues but also matters requiring deliberation in relation to sustainable management. We also receive regular reports from the compliance officer and the Board on the results of compliance guideline reviews, enabling thorough follow-up management. For detailed risk management, each area is assigned a responsible department and dedicated personnel to efficiently manage activities and performance, while continuously updating measures to reflect changes in market conditions and policy environments. Through regular inspections and monitoring, we manage risks on an ongoing basis to minimize their impact on our business and financial performance.



Internal Control

We operate an internal accounting management system to enhance the transparency of accounting information and provide reliable information to external stakeholders. The system was established in accordance with relevant laws and enforcement decrees and is managed by a dedicated organization to ensure its proper operation. The CEO reviews the operational status of the internal accounting management system annually and reports the findings to the Audit Committee, the Board, and general meetings of shareholders. Any improvement measures identified during operation are carried out through consultation with external auditors, the operating organization, and relevant control performers. The system's operational performance is audited annually by an external auditor.

Risk Management Activities

Financial Risks

Financial Risk Classification and Management

We classify and manage financial risks under three main categories: market risk, credit risk, and liquidity risk. We operate the Foreign Exchange Risk Management Committee as the highest decision-making body for foreign exchange risk policy. This committee supports decision-making to minimize fluctuations in the value of foreign currency transactions and property losses caused by exchange rate changes, and convenes as needed.

We are exposed to foreign exchange risks from currencies such as USD and EUR in addition to KRW, as well as to market risks from changes in the market prices of financial instruments. While pursuing profit optimization, we manage and control these risks within acceptable limits.

Category	Monitoring Target	Details	Risk Response Activities
Market	Foreign exchange	- Sales and purchases denominated in currencies other than KRW - Identify foreign exchange positions - Foreign exchange and interest rate hedge transactions - Maintain records of foreign exchange transaction gains/losses, etc. - Review derivatives and execute transactions	- Review hedging transactions to eliminate uncertainty in gains/losses from exchange rate fluctuations in advance, ensuring stable business operations - Execute hedging transactions to avoid risks
	Interest rates	Interest-bearing financial instruments	Monitor interest rate trends regularly
Credit	Contracts	Trade and investment contracts	- Operate credit policy - Evaluate expected default receivables and reflect them in consolidated financial statements
Liquidity	Financial liabilities and operating funds	Defaults related to financial liabilities	Maintain sufficient liquidity for debt repayment without incurring unacceptable losses or reputational damage
Tax	Tax rates and tax laws	Corporate tax	- Monitor for violations of tax regulations - Ensure compliance with tax rules through expert consultation and tax trend monitoring

Risk Management

Risk Management Activities

Non-Financial Risks

Non-Financial Risk Classification and Management

We classify and manage non-financial risks in the areas of environment, supply chain, safety and health, quality control, and ethics and compliance, and have established a proactive and preventive risk management system.

Category	Monitoring Target	Risk Response
Environment	Climate change	
	Environmental pollution	• Operate an environmental management system • Obtain and maintain ISO 14001 certification
	Water resources/biodiversity	
Supply Chain	Partners sustainability	• Comply with partners code of conduct • Conduct supply chain ESG assessments • Support partners in ESG management
Safety and Health	Fire and safety incidents	• Obtain and maintain ISO 45001 certification • Maintain three dedicated safety and health personnel • Manage suppliers and improve their safety and health levels • Establish a safety and health management system • Proactively manage risks • Implement preventive health management
Quality control	Product and service quality	• Establish and operate a quality management system • Maintain regulatory compliance and quality certifications • Reflect customer and stakeholder requirements • Obtain ISO 9001 certification • Manage partners quality
Ethics and Compliance	Legal compliance	• Establish code of ethics • Operate reporting channels and conduct audits for unethical or non-compliant behavior • Provide ethics training for employees • Operate internal controls
	Fair-trade	• Prepare to obtain ISO 37001 certification involving anti-corruption management • Plan to establish an anti-corruption management system

Potential Risk Identification and Response

We identify potential risks that could have a significant impact on our business and monitor them systematically. In particular, we respond to key issues such as the risk of stricter global environmental regulations and the increasing burden of meeting global disclosure standards. We also actively identify potential risks with high uncertainty from a long-term perspective, conduct impact analyses for each risk, and develop response strategies to ensure our mid- to long-term sustainability.

Potential Risks

	Workforce supply risks due to securing technical talent and industry aging	Increased burden of complying with global disclosure standards
Overview	We focus on high-technology ship retrofitting and green solutions as our core business, with growing global demand for high value-added equipment such as LNG dual-fuel (DF) conversions, floating storage regasification units (FSRU), reliquefaction systems, and alternative maritime power (AMP) systems. However, the ongoing aging of technical personnel and the low influx of new talent across the domestic shipbuilding industry have made securing skilled professionals a critical mid- to long-term risk to business sustainability.	Meanwhile, regulations mandating ESG information disclosure are rapidly expanding, particularly in Europe, with a growing trend toward requiring sustainability-related information across the entire corporate value chain. Notably, the EU's Corporate Sustainability Reporting Directive (CSRD), Corporate Sustainability Due Diligence Directive (CSDDD), and Sustainable Finance Disclosure Regulation (SFDR) include provisions that may require ESG information disclosure not only from company headquarters but also from subsidiaries or distribution partners located within the EU, even if the company is based in a third country.
Impact	The shipbuilding and offshore plant industry is a high-complexity sector that requires multidisciplinary expertise in fields such as mechanical, electrical, and electronic engineering. A shortage of engineers with experience and expertise can lead to delays in design and construction processes, reduced quality, and missed delivery deadlines. According to the Korea Offshore & Shipbuilding Association's 2022 industry report, 24.6% of domestic shipbuilding workers are aged 50 or older. As aging accelerates, concerns are growing over a potential breakdown in generational transfer of technical skills. In addition, the continued reduction in enrollment for shipbuilding-related departments and the reluctance to work in field operations have created structural limitations in securing skilled technical talent. The Korea Offshore & Shipbuilding Association (KOSHIBA) projects that about 130,000 more workers will be needed by 2027. This imbalance in workforce supply is likely to have an even greater impact on highly technical business areas such as ship retrofitting, potentially reducing project responsiveness and undermining customer trust.	These regulations require systematic collection and verification of quantitative ESG data on human rights and environmental due diligence across the supply chain, climate risk response, and GHG emissions. For companies, this creates a heavy compliance burden by expanding disclosure scope and ensuring information reliability. In particular, for a company like ours with a European subsidiary and customer base, these rules not only increase the likelihood of direct reporting obligations but also intensify ESG information requirements in business transactions, making active compliance unavoidable.
Response	We are strengthening our technical workforce base to ensure the sustainability and quality of our high value-added ship retrofitting business. To secure new talent, we are expanding industry-academia cooperation programs, partnering with shipbuilding- and machinery-related departments to provide internships and practical training, and reinforcing early recruitment pipelines. We also operate internal technical training curricula to transfer the know-how of experienced personnel and are expanding collaboration with external technical advisory panels to systematically enhance the expertise of specialists in each field. For high-complexity retrofit projects, we are standardizing project manuals and building a technology-sharing platform to increase technology internalization and reproducibility. In parallel, we are pursuing institutional improvements to attract more talent, including exploring overseas recruitment of skilled engineers, introducing flexible working arrangements, and strengthening performance-based compensation by role. We are also promoting the continued use of skilled personnel through reemployment programs for senior workers and tailored workflow design. Through these multifaceted measures, we are mitigating structural risks in securing technical talent while strengthening our long-term responsiveness and competitiveness in the high value-added retrofit market.	In addition, with the push for our initial public offering (IPO), we have begun advancing our ESG disclosure framework, building group-level systems for collecting and managing key ESG data. Considering the potential application of European disclosure regulations such as the CSRD, we are analyzing business structures and risks by entity and preparing to respond proactively to any expansion of disclosure obligations. In 2024, we published our first sustainability report, systematically disclosing key information such as our ESG strategy, climate change response plan, and supply chain ESG management. Going forward, we plan to strengthen our ESG disclosure to meet international standards by expanding the scope of reporting and developing an external assurance process.

ESG DATABOOK

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Financial Disclosure

Abstract of Consolidated Financial Information

(Unit: KRW)

Category	2022	2023	2024
Current assets	453,230,897,268	597,262,316,831	1,075,525,917,500
Cash and cash equivalent	63,551,476,113	95,712,021,395	298,466,072,590
Short-term financial assets	6,328,310,000	-	182,950,000,000
Trade receivables and other receivables	179,692,945,504	210,583,350,180	262,855,902,133
Inventories	159,914,305,807	237,628,471,757	273,426,858,792
Others	43,743,859,844	53,338,473,499	57,827,083,985
Non-current assets	66,584,860,923	59,355,829,665	76,702,050,981
Investments in associates	-	-	2,761,977,878
Long-term trade receivables and other receivables	4,988,840,557	4,855,764,006	9,789,412,821
Property, plant and equipment	12,988,660,072	11,181,576,523	19,580,721,658
Right of use assets	19,580,325,922	17,552,747,376	19,891,225,553
Intangible assets	4,136,666,510	4,136,666,510	4,529,713,640
Others	24,890,367,862	21,629,075,250	20,148,999,431
Total assets	519,815,758,191	656,618,146,496	1,152,227,968,481
Current liabilities	313,608,125,164	387,790,345,478	342,617,751,499
Non-current liabilities	23,990,752,119	28,860,949,538	36,075,655,424
Total liabilities	337,598,877,283	416,651,295,016	378,693,406,923
Equity attributable to owners of the Company	182,216,880,908	239,966,851,480	773,534,561,558
Issued capital	20,000,000,000	20,000,000,000	22,225,000,000
Capital surplus	20,000,000,000	20,000,000,000	384,624,026,600
Capital adjustments	-	510,842,984	29,503,673,294
Accumulated other comprehensive income	2,600,348,972	1,097,564,332	13,654,788,233
Retained earnings (deficit)	139,616,531,936	198,358,444,164	323,527,073,431
Non-controlling interests	-	-	-
Total equity	182,216,880,908	239,966,851,480	773,534,561,558
Valuation method for investments in associates	-	-	Equity method

(Unit: KRW)

Category	2022	2023	2024
Revenue	1,333,798,581,178	1,430,463,166,385	1,745,458,578,779
Operating profit	141,950,407,376	201,472,478,355	271,729,951,500
Profit (loss) for the year	104,926,507,806	151,116,175,331	227,940,276,635
Owners of the Company	104,926,507,806	151,116,175,331	227,940,276,635
Non-controlling interests	-	-	-
Total comprehensive income	107,345,727,096	147,239,127,588	237,728,353,168
Owners of the Company	107,345,727,096	147,239,127,588	237,728,353,168
Non-controlling interests	-	-	-
Basic earnings per share	2,623	3,778	5,304
Diluted earnings per share	2,623	3,776	5,275

Non-Financial Disclosure

Environmental Data

The reporting scope of ESG data in this report is defined as either “domestic,” which includes headquarters data only, or “global,” which covers data from both the headquarters and five subsidiaries. In 2024, we standardized data in line with HD Hyundai Group’s ESG indicator standards and expanded the global reporting scope to include overseas subsidiaries.

- HMS: HD Hyundai Marine Solution
- Global: HD Hyundai Marine Solution, Europe Corporation, Americas Corporation, Singapore Corporation, Middle East Corporation, and HD Hyundai Marine Solution Tech

Eco-friendly (Green) Purchasing

Category	Unit	Reporting Scope	2022	2023	2024
Eco-friendly (green) purchasing rate	%	HMS	0	0	0
Eco-friendly (green) purchasing amount	KRW million	HMS	0	0	0

Green Patents

Category	Unit	Reporting Scope	2022	2023	2024
Green patents applied	cases	HMS	1	1	8
Green patents registered	cases	HMS	2	2	1

Environmental Management System Certification

Category	Unit	Reporting Scope	2022	2023	2024
Certification/Audit rate	%	HMS	100	100	75
Sites subject to international certification and audit	sites	HMS	3	4	4
International certification acquisition rate	%	HMS	100	75	75
Sites with international certification	sites	HMS	3	3	3
Third-party audit rate	%	HMS	0	25	0
Sites subject to third-party audit	sites	HMS	0	1	0
Internal audit rate	%	HMS	0	0	0
Sites subject to internal audit	sites	HMS	0	0	0

Significant environmental law violations

Category	Unit	Reporting Scope	2022	2023	2024
Law violations	cases	Global	0	0	0
Monetary sanctions from violations	Total	KRW million	0	0	0
	Provisions recognized	KRW million	0	0	0

1) Only significant fines (cases where a confirmed judgment has imposed a fine of USD 10,000 or more) are reported

Environmental Training and Preventive Activities

Category	Unit	Reporting Scope	2022	2023	2024
Employees completing environmental training	persons	HMS	2	0	0

Non-Financial Disclosure

Environmental Data

GHG emissions^{1), 2)}

Category			Unit	Reporting Scope	2022	2023	2024
Total GHG emissions	Scope 1 + location-based Scope 2	Emissions (total)	tCO ₂ eq	Global	986	1,287	1,434
		Emissions (intensity) ³⁾	tCO ₂ eq/KRW billion	Global	0.91	0.900	0.822
Direct emissions (Scope 1)			tCO ₂ eq	Global	199	171	209
Location-based indirect emissions (Scope 2)			tCO ₂ eq	Global	788	1,116	1,225
Other indirect emissions (Scope 3 ⁴⁾)	Scope 3 emissions (total)		tCO ₂ eq	Global	-	-	340,852
	Category 1. Purchased goods and services		tCO ₂ eq	Global	-	-	336,266
	Category 2. Capital goods		tCO ₂ eq	Global	-	-	305
	Category 4. Upstream transportation and distribution		tCO ₂ eq	Global	-	-	3,892
	Category 6. Employee business travel		tCO ₂ eq	Global	-	-	389

1) Figures for the previous reporting year were revised due to improvements in the quantitative data calculation system.

2) Organizational boundary

- HD Hyundai Marine Solution: Headquarters (Seongnam GRC, Busan CSP, Ulsan GDC), logistics warehouses (Noksan and New Port in Busan)
- Subsidiaries: Europe, Singapore, Americas, Middle East, HD Hyundai Marine Solution Tech

3) Based on sales in the consolidated financial statements

4) Scope 3 emissions have been calculated and reported since 2024 according to changes in emission facility boundaries and emission factors

Energy Use¹⁾

	Category	Unit	Reporting Scope	2022	2023	2024
Total energy consumption	Total energy consumption (total)	TJ	Global	-	25.71	28.67
	Total energy consumption (intensity)	TJ/KRW billion	Global	-	0.018	0.016
	Non-renewable energy consumption	TJ	Global	-	25.36	28.31
Direct energy	Direct energy consumption	TJ	Global	-	2.65	3.32
Indirect energy	Indirect energy consumption (total)	TJ	Global	-	22.71	24.99
	Electricity consumption	TJ	Global	-	22.64	24.91
	Steam/heat consumption	TJ	Global	-	0.07	0.08
Renewable energy	Renewable energy consumption	TJ	Global	-	0.36	0.36
	Renewable energy rate	%	Global	-	1.38	1.25
Rate of eco-friendly vehicles		%	Global	0	0	20

1) Data has been compiled since 2023, and figures for the previous reporting year were revised due to improvements in the quantitative data calculation system

Water Pollutants

Category	Unit	Reporting Scope	2022	2023	2024
Total organic carbon (TOC) emissions	kg	Global	0	0	0
Biochemical oxygen demand (BOD) emissions	kg	Global	0	0	0
Suspended solids (SS) emissions	kg	Global	0	0	0

Air Pollutants

Category	Unit	Reporting Scope	2022	2023	2024
Nitrogen oxides (NOx) emissions	kg	Global	0	0	0
Sulfur oxides (SOx) emissions	kg	Global	0	0	0
Total suspended particulate (TSP) emissions	kg	Global	0	0	0

Non-Financial Disclosure

Social Data

Employees^{1), 2)}

Category		Unit	Reporting Scope	2022	2023	2024
Total employees		persons	Global	680	785	840
By employment type	Permanent employees	persons	Global	608	710	749
	Male	persons	Global	466	531	560
	Female	persons	Global	142	179	189
	Temporary employees	persons	Global	72	75	91
	Male	persons	Global	23	24	35
	Female	persons	Global	49	51	56
By position ³⁾	Managerial employees	persons	Global	115	143	154
	Senior managers	persons	Global	18	19	17
	Managers	persons	Global	31	38	42
	Junior managers	persons	Global	66	86	95
Total employees		persons	HMS	479	527	544
Registered executives		persons	HMS	3	7	7
Employees		persons	HMS	476	520	537
Non-employee workers		persons	HMS	0	0	0
By employment type	Permanent employees	persons	HMS	446	506	523
	Male	persons	HMS	369	405	415
	Female	persons	HMS	77	101	108
	Temporary employees	persons	HMS	30	14	14
	Male	persons	HMS	8	5	6
	Female	persons	HMS	22	9	8
By managerial position ³⁾	Managerial employees	persons	HMS	77	90	95
	Senior managers	persons	HMS	11	12	10
	Managers	persons	HMS	17	20	21
	Junior managers	persons	HMS	49	58	64
	Non-managerial employees	persons	HMS	401	432	444

1) Figures for the previous reporting year were revised due to improvements in the quantitative data calculation system.

2) As of the end of the reporting period

3) The figures for managerial employees and non-managerial employees excluded other non-executive directors and independent directors among registered executives, so the total does not match the total number of employees.

Employee Diversity^{1), 2)}

Category			Unit	Reporting Scope	2022	2023	2024
By age	Employees under 30		persons (%)	Global	165(24.02)	224(28.14)	247(29.02)
	Employees aged 30-50		persons (%)	Global	456(66.38)	494(62.06)	522(61.34)
	Employees over 50		persons (%)	Global	66(9.61)	78(9.80)	82(9.64)
	Employees under 30		persons (%)	HMS	93(19.42)	121(22.96)	130(23.90)
	Employees aged 30-50		persons (%)	HMS	341(71.19)	347(65.84)	348(63.97)
	Employees over 50		persons (%)	HMS	45(9.39)	59(11.20)	66(12.13)
By gender	Employees	Male	persons (%)	Global	496(72.20)	565(70.98)	605(71.09)
		Female	persons (%)	Global	191(27.80)	231(29.02)	246(28.91)
	Managerial employees	Male	persons (%)	Global	107(93.04)	128(89.51)	141(91.56)
		Female	persons (%)	Global	8(6.96)	15(10.49)	13(8.44)
	Senior managers	Male	persons (%)	Global	18(100)	19(100)	17(100)
		Female	persons (%)	Global	0(0)	0(0)	0(0)
	Managers	Male	persons (%)	Global	31(100)	38(100)	42(100)
		Female	persons (%)	Global	0(0)	0(0)	0(0)
	Junior managers	Male	persons (%)	Global	58(87.88)	71(82.56)	82(86.32)
		Female	persons (%)	Global	8(12.12)	15(17.44)	13(13.68)
	Managerial employees in revenue generating departments	Male	persons (%)	Global	80(93.02)	94(89.52)	102(91.07)
		Female	persons (%)	Global	6(6.98)	11(10.48)	10(8.93)
	STEM employees	Male	persons (%)	Global	16(84.21)	14(73.68)	12(66.67)
		Female	persons (%)	Global	3(15.79)	5(26.32)	6(33.33)
	Employees	Male	persons (%)	HMS	380(79.33)	416(78.94)	427(78.49)
		Female	persons (%)	HMS	99(20.67)	111(21.06)	117(21.51)
	Registered executive	Male	persons (%)	HMS	3(100)	6(85.71)	6(85.71)
		Female	persons (%)	HMS	0(0)	1(14.29)	1(14.29)
	Managerial employees	Male	persons (%)	HMS	76(98.7)	89(98.89)	95(100)
		Female	persons (%)	HMS	1(1.30)	1(1.11)	0(0)
	Senior managers	Male	persons (%)	HMS	11(100)	12(100)	10(100)
		Female	persons (%)	HMS	0(0)	0(0)	0(0)

1) Figures for the previous reporting year were revised due to improvements in the quantitative data calculation system.

2) As of the end of the reporting period

Non-Financial Disclosure

Social Data

Employee Diversity

Category			Unit	Reporting Scope	2022	2033	2024
By gender	Managers	Male	persons (%)	HMS	17(100)	20(100)	21(100)
		Female	persons (%)	HMS	0(0)	0(0)	0(0)
	Junior managers	Male	persons (%)	HMS	48(97.96)	57(98.28)	64(100)
		Female	persons (%)	HMS	1(2.04)	1(1.72)	0(0)
	Managerial employees in sales generating departments	Male	persons (%)	HMS	60(98.36)	70(98.59)	73(100)
		Female	persons (%)	HMS	1(1.64)	1(1.41)	0(0)
	STEM employees	Male	persons (%)	HMS	16(84.21)	14(73.68)	12(66.67)
		Female	persons (%)	HMS	3(15.79)	5(26.32)	6(33.33)
Employment of marginalized groups	Employees with disabilities		persons	Global	1	1	1
	Percentage of employees with disabilities		%	Global	0.15	0.13	0.12
By nationality	Employees	Republic of Korea	persons (%)	Global	622(90.54)	704(88.44)	750(88.13)
		United States	persons (%)	Global	1(0.15)	8(1.01)	11(1.29)
		Europe ¹⁾	persons (%)	Global	28(4.08)	30(3.77)	30(3.53)
		Asia ¹⁾	persons (%)	Global	34(4.95)	52(6.53)	58(6.82)
		Brazil	persons (%)	Global	1(0.15)	1(0.13)	1(0.12)
		Republic of South Africa	persons (%)	Global	1(0.15)	1(0.13)	0(0)
	Managerial employees	Republic of Korea	persons (%)	Global	109(94.78)	130(90.91)	141(91.55)
		United States	persons (%)	Global	0(0)	0(0)	1(0.65)
		Europe ²⁾	persons (%)	Global	5(4.35)	8(5.59)	7(4.55)
		Asia ²⁾	persons (%)	Global	1(0.87)	5(3.50)	5(3.25)
	Employees	Republic of Korea	persons (%)	HMS	478(99.79)	526(99.81)	543(99.82)
		United States	persons (%)	HMS	1(0.21)	1(0.19)	1(0.18)
	Managerial employees	Republic of Korea	persons (%)	HMS	77(100)	90(100)	95(100)

1) The nationalities of employees in Europe and Asia are as follows:
- Europe (15 countries total): Greece, Norway, the Netherlands, Latvia, Lithuania, Spain, Slovakia, Ireland, Ukraine, Italy, Turkey, Portugal, Poland, Finland, Hungary
- Asia (12 countries total): Taiwan, Malaysia, Vietnam, Singapore, Iran, Israel, India, Indonesia, Japan, China, Kazakhstan, the Philippines

2) The nationalities of managerial employees in Europe and Asia are as follows:
- Europe (4 countries total): the Netherlands, Ireland, Italy, Portugal
- Asia (3 countries total): Singapore, Japan, China

Labor-management Relations

Category	Unit	Reporting Scope	2022	2023	2024
Labor-management council meetings	times	HMS	4	4	4

Recruitment and Retention¹⁾

Category		Unit	Reporting Scope	2022	2023	2024
Total new employees		persons	Global	196	203	167
By gender	Male	persons (%)	Global	118(60.20)	129(63.55)	96(57.49)
	Female	persons (%)	Global	78(39.80)	74(36.45)	71(42.51)
By age	Employees under 30	persons (%)	Global	101(51.53)	111(54.68)	97(58.08)
	Employees aged 30-50	persons (%)	Global	93(47.45)	89(43.84)	68(40.72)
	Employees over 50	persons (%)	Global	2(1.02)	3(1.48)	2(1.20)
Total employee turnover		persons	Global	79	85	106
By gender	Male	persons (%)	Global	43(54.43)	55(64.71)	48(45.28)
	Female	persons (%)	Global	36(45.57)	30(35.29)	58(54.72)
By age	Employees under 30	persons (%)	Global	22(27.85)	26(30.59)	57(53.77)
	Employees aged 30-50	persons (%)	Global	56(70.89)	57(67.06)	41(38.68)
	Employees over 50	persons (%)	Global	1(1.27)	2(2.35)	8(7.55)
Voluntary employee turnover		persons	Global	70	73	80
By gender	Male	persons	Global	38	48	35
	Female	persons	Global	32	25	44
By age	Employees under 30	persons	Global	20	22	41
	Employees aged 30-50	persons	Global	49	50	35
	Employees over 50	persons	Global	1	1	4

1) Figures for the previous reporting year were revised due to improvements in the quantitative data calculation system.

Non-Financial Disclosure

Social Data

Recruitment and Retention¹⁾

Category		Unit	Reporting Scope	2022	2023	2024
Total new employees		persons	HMS	111	114	66
By gender	Male	persons (%)	HMS	83(74.77)	85(74.56)	53(80.30)
	Female	persons (%)	HMS	28(25.23)	29(25.44)	13(19.70)
By age	Employees under 30	persons (%)	HMS	52(46.85)	60(52.63)	37(56.06)
	Employees aged 30-50	persons (%)	HMS	58(52.25)	51(44.74)	28(42.42)
	Employees over 50	persons (%)	HMS	1(0.90)	3(2.63)	1(1.52)
Total employee turnover		persons	HMS	43	43	34
By gender	Male	persons (%)	HMS	36(83.72)	35(81.40)	26(76.47)
	Female	persons (%)	HMS	7(16.28)	8(18.60)	8(23.53)
By age	Employees under 30	persons (%)	HMS	9(20.93)	11(25.58)	8(23.53)
	Employees aged 30-50	persons (%)	HMS	33(76.74)	32(74.42)	23(67.65)
	Employees over 50	persons (%)	HMS	1(2.33)	0(0)	3(8.82)
Voluntary employee turnover		persons	HMS	42	43	33
Voluntary employee turnover rate		%	HMS	9.86	9.64	6.52
By gender	Male	persons	HMS	35	35	25
	Female	persons	HMS	7	8	8
By age	Employees under 30	persons	HMS	9	11	8
	Employees aged 30-50	persons	HMS	32	32	22
	Employees over 50	persons	HMS	1	0	3
Average years employed by the company		years	HMS	8.6	8.5	8.8
By gender	Male	years	HMS	9.7	9.6	9.9
	Female	years	HMS	4.3	4.4	4.8

1) Figures for the previous reporting year were revised due to improvements in the quantitative data calculation system.

Compensation¹⁾

Category		Unit	Reporting Scope	2022	2023	2024
Average employee salary		KRW million	HMS	81	94	133
Male		KRW million	HMS	90	103	145
Female		KRW million	HMS	48	60	90

1) Figures for the previous reporting year were revised due to improvements in the quantitative data calculation system.

Performance Evaluation

Category		Unit	Reporting Scope	2022	2023	2024
Employees who receive regular performance evaluations		persons	HMS	425	482	501
Male		persons	HMS	354	389	400
Female		persons	HMS	71	93	101

Parental Leave¹⁾

Category		Unit	Reporting Scope	2022	2023	2024
Employees eligible for parental leave		persons	HMS	52	49	39
Male		persons	HMS	48	41	34
Female		persons	HMS	4	8	5
Employees on parental leave		persons	HMS	3	5	1
Male		persons	HMS	1	1	1
Female		persons	HMS	2	4	0
Parental leave rate		%	HMS	5.77	10.20	2.56
Male		%	HMS	2.08	2.44	2.94
Female		%	HMS	50	50	0
Employees who worked at least 12 months after returning from parental leave		persons	HMS	3	5	6
Male		persons	HMS	3	5	6
Female		persons	HMS	0	0	0

1) Figures for the previous reporting year were revised due to improvements in the quantitative data calculation system.

Non-Financial Disclosure

Social Data

Employee Training¹⁾

Category		Unit	Reporting Scope	2022	2023	2024
Total training hours		hours	HMS	20,553	13,637	27,282
By gender	Male	hours	HMS	16,836	11,020	21,775
	Female	hours	HMS	3,717	2,617	5,507
By age	Employees under 30	hours	HMS	2,657	3,405	7,699
	Employees aged 30-50	hours	HMS	15,337	8,924	17,152
	Employees over 50	hours	HMS	2,559	1,309	2,431
Managerial employees	Senior managers	hours	HMS	366	152	619
	Managers	hours	HMS	614	374	1,280
	Junior managers	hours	HMS	1,939	1,506	3,676
Average training hours per person		hours/ persons	HMS	42.91	25.88	50.15
By gender	Male	hours/ persons	HMS	44.31	26.49	51.00
	Female	hours/ persons	HMS	37.55	23.58	47.07
By age	Employees under 30	hours/ persons	HMS	28.57	28.14	59.22
	Employees aged 30-50	hours/ persons	HMS	34.78	25.72	49.29
	Employees over 50	hours/ persons	HMS	56.87	22.19	36.83
Managerial employees	Senior managers	hours/ persons	HMS	33.27	12.67	61.90
	Managers	hours/ persons	HMS	36.12	18.70	60.95
	Junior managers	hours/ persons	HMS	39.57	25.97	57.44
Total employee training expenses		KRW million	HMS	233	404	424
Training expenses per employee		KRW million/ persons	HMS	0.49	0.77	0.78
Employees who completed training		persons	HMS	598	588	621

1) Figures for the previous reporting year were revised due to improvements in the quantitative data calculation system.

Employee Engagement¹⁾

Category	Unit	Reporting Scope	2022	2023	2024
Employee engagement survey participation rate	%	HMS	-	55.22	72.06
Employee engagement or satisfaction level	%	HMS	-	52.23	56.89

1) Data have been collected since 2023

Grievance Handling

Category	Unit	Reporting Scope	2022	2023	2024
Human rights reports filed	cases	HMS	0	0	0
Human rights-related cases addressed	cases	HMS	0	0	0

Human Rights Impact Assessments

Category	Unit	Reporting Scope	2022	2023	2024
Rate of human rights impact assessments conducted	%	HMS	84.76	84.06	99.82
Employees at sites where the assessments were conducted	persons	HMS	406	443	543
Risk identification rate	%	HMS	100	100	100
Rate of risk mitigation measures completed	%	HMS	0	100	0

Non-Financial Disclosure

Social Data

Safety and Health Risk Management¹⁾

	Category	Unit	Reporting Scope	2022	2023	2024
Working hours						
Employees	Total working hours	hours	HMS	802,000	1,024,000	1,098,000
	Average employees per year	persons	HMS	401	512	549
Partners	Total working hours	hours	HMS	18,000	18,000	18,000
	Average employees per year	persons	HMS	9	9	9
Fatal accidents						
Employees	Fatality rate	%	HMS	0	0	0
	Fatalities	persons	HMS	0	0	0
	Fatal accidents	cases	HMS	0	0	0
Partners	Fatality rate	%	HMS	0	0	0
	Fatalities	persons	HMS	0	0	0
	Fatal accidents	cases	HMS	0	0	0
Lost time injury frequency rate (LTIFR)						
Employees	Lost time injury frequency rate (LTIFR)	cases/1 million working hours	HMS	0	2.93	1.82
	Lost Time Incident (LTI) ²⁾	cases	HMS	0	0	0
Partners	Lost time injury frequency rate (LTIFR)	cases/1 million working hours	HMS	0	0	0
	Lost Time Incident (LTI) ²⁾	cases	HMS	0	0	0
Total recordable injury frequency rate (TRIFR)						
Employees	Total recordable injury frequency rate (TRIFR)	cases/1 million working hours	HMS	0	2.93	1.82
	Recordable incidents (RI)	cases	HMS	0	0	0
Partners	Total recordable injury frequency rate (TRIFR)	cases/1 million working hours	HMS	0	0	0
	Recordable incidents (RI)	cases	HMS	0	0	0
Safety Incidents						
Employees	Serious industrial accidents	cases	HMS	0	0	0
	Industrial accidents	cases	HMS	0	0	0
Partners	Serious industrial accidents	cases	HMS	0	0	0
	Industrial accidents	cases	HMS	0	0	0

1) Figures for the previous reporting year were revised due to improvements in the quantitative data calculation system.
 2) Types of work-related injuries: Fractures, ruptures

Safety and Health Management System

	Category	Unit	Reporting Scope	2022	2023	2024
	Rate of sites with safety and health management system certifications	%	HMS	100	75	75
	Sites subject to safety and health management system certifications	sites	HMS	3	4	4
	Sites with safety and health management system certifications	sites	HMS	3	3	3

Supply Chain Support

	Category	Unit	Reporting Scope	2022	2023	2024
Partners		sites	HMS	786	861	931
Significant partners		sites	HMS	483	510	538
Purchase rate of significant partners		%	HMS	69	63	69
Supply chain evaluation						
	Partners that conducted written assessments	companies	HMS	-	43	173
	Significant partners that conducted written assessments	companies	HMS	-	31	140
	Partners that conducted on-site assessments	companies	HMS	-	26	9
	Significant partners that conducted on-site assessments	companies	HMS	-	21	8
	Partners identified as having risks	companies	HMS	-	26	9
Grievance handling						
	Partners grievances received	cases	HMS	-	-	4
	Rate of partners grievances addressed	%	HMS	-	-	100

Community Engagement

	Category	Unit	Reporting Scope	2022	2023	2024
Total donations for community partnership activities	KRW million	HMS		1,035	803	2,626
Total cash donations	KRW million	HMS		1,035	803	2,626
Total in-kind donations	KRW million	HMS		0	0	0

Non-Financial Disclosure

Governance Data

Personal Data Protection and Information Security

Category		Unit	Reporting Scope	2022	2023	2024
Privacy protection	Violations of laws and regulations related to privacy protection	cases	HMS	0	0	0
Information Security	Information security breaches	cases	HMS	0	0	0

Board of Directors¹⁾

Category			Unit	Reporting Scope	2022	2023	2024
Board Composition	Total directors		persons	HMS	3	7	7
	Rate of outside directors		%	HMS	0	57	57
	Outside directors		persons	HMS	0	4	4
	Executive directors		persons	HMS	2	2	2
	Non-executive directors		persons	HMS	1	1	1
Board Diversity	By gender	Female director rate	%	HMS	0	14	14
		Female directors	persons	HMS	0	1	1
	By age	Directors under 30	persons	HMS	0	0	0
		Directors aged 30-50	persons	HMS	2	3	2
		Directors over 50	persons	HMS	1	4	5
Outside directors with industry experience			persons	HMS	0	1	1
Board operations	Average attendance rate		%	HMS	100	100	100
	Total directors required to attend per meeting		persons	HMS	21	38	49
	Total directors attended per meeting		persons	HMS	21	38	49

1) Figures for the previous reporting year were revised due to improvements in the quantitative data calculation system.

Executive Evaluation and Compensation

Category	Unit	Reporting Scope	2022	2023	2024
Average total compensation of the CEO	KRW million	HMS	829	921	1,402
Average total compensation of employees	KRW million	HMS	81	94	133
CEO-to-employee annual total compensation ratio	times	HMS	10.23	9.80	10.54

Shareholding

Category		Unit	Reporting Scope	2022	2023	2024
Shareholding of shareholders with 5% or more	Total ownership percentage of government agencies and pension funds	%	HMS	0	0	6.8
	Total ownership percentage of founders and their families	%	HMS	19.75	19.75	18.10

Non-Financial Disclosure

Governance Data

Ethical Management

	Category	Unit	Reporting Scope	2022	2023	2024
Violations of code of conduct	Total number of breaches	cases	HMS	0	0	1
	Total number of resolved breaches	cases	HMS	0	0	1

Anti-corruption¹⁾

	Category	Unit	Reporting Scope	2022	2023	2024
Corruption risk assessments	Implementation rate	%	HMS	100	100	100
	Assessments conducted	departments	HMS	24	24	24
	Assessment targets	departments	HMS	29	29	29
Anti-corruption management system	Sites with certifications	sites	HMS	0	0	0

1) The target of corruption risk assessments is based on the headquarters departments

Ethical and Compliance Training¹⁾

	Category	Unit	Reporting Scope	2022	2023	2024
Employees who completed ethical training		persons	HMS	493	529	576
Employees who completed compliance training		persons	HMS	428	373	499

1) The figures may exceed the total number of employees as of the end of the reporting period, as they include employees who completed training during the reporting period but later resigned

Compliance

	Category	Unit	Reporting Scope	2022	2023	2024
Number of violations of fair-trade regulations		cases	HMS	0	0	0
Number of violations of anti-corruption and anti-bribery regulations		cases	HMS	0	0	0

Economic Value Creation and Distribution¹⁾

	Category	Unit	2022	2023	2024
Economic value creation	Separate revenue	KRW million	1,080,845	1,145,160	1,301,321
	Consolidated revenue	KRW million	1,333,799	1,430,463	1,745,459

1) Revenue is based on HD HMS' separate and consolidated financial statements

Memberships in Associations and Organizations

Korea Listed Companies Association	Korea International Trade Association	Korea Chamber of Commerce and Industry (Busan)	Korea Oil Association
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APPENDIX

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GRI Index

Statement of use	HD HMS has reported sustainability management information for the period from January 1 to December 31, 2024, in accordance with the GRI Standards.
GRI 1 used	GRI 1 : Foundation 2021
Applicable GRI Sector Standards	As of the publication date, GRI sector standards relevant to HD HMS' primary industry have not been released, and therefore they have not been applied.

GRI 2 : General Disclosures 2021

Category	Disclosure	Requirements	Report Page
The organization and its reporting practices	2-1	Organizational details	7, 15
	2-2	Entities included in the organization's sustainability reporting	2
	2-3	Reporting period, frequency and contact point	2
			2
	2-4	Restatements of information	* Revised indicators are noted in the footnotes along with quantitative data
Organizational activities and workers	2-5	External assurance	129-133
	2-6	Activities, value chain and other business relationships	9-13
	2-7	Employees	115
	2-8	Workers who are not employees	115
Governance	2-9	Governance structure and composition	97
	2-10	Nomination and selection of the highest governance body	97, 98
	2-11	Chair of the highest governance body	97
	2-12	Role of the highest governance body in overseeing the management of impacts	22
	2-13	Delegation of responsibility for managing impacts	22
	2-14	Role of the highest governance body in sustainability reporting	22, 98
	2-15	Conflicts of interest	98
	2-16	Communication of critical concerns	22, 99
	2-17	Collective knowledge of the highest governance body	100
	2-18	Evaluation of the performance of the highest governance body	100
	2-19	Remuneration policies	100, 117
	2-20	Process to determine remuneration	71, 100
	2-21	Annual total compensation ratio	117, 120

Category	Disclosure	Requirements	Report Page
Strategy	2-22	Statement on sustainable development strategy	5-6
	2-23	Policy commitments	38, 50, 53, 61, 67, 75, 83, 87, 90, 96, 106
	2-24	Embedding policy commitments	38, 50, 53, 61, 67, 75, 83, 87, 90, 96, 106
	2-25	Processes to remediate negative impacts	63-65
	2-26	Mechanisms for seeking advice and raising concerns	62, 77, 95
	2-27	Compliance with laws and regulations	113, 120, 121
	2-28	Membership associations	121
Stakeholder engagement	2-29	Approach to stakeholder engagement	35
	2-30	Collective bargaining agreements	116

GRI 3: Material Topics 2021

Category	Disclosure	Requirements	Report Page
Material topic	3-1	Process to determine material topics	26
	3-2	List of material topics	27
	3-3	Management of material topics	29-34

GRI Index

Topic Standards

Category	Disclosure	Requirements	Report Page
Material issue 1. Sustainable solution development and investment			
GRI 3 : Material Topics 2021	3-3	Management of material issues	29, 38-42
Non-GRI	-	No Topic-Specific Standards Applicable	-
Material issue 2. Supply chain sustainability and mutual growth			
GRI 3 : Material Topics 2021	3-3	Management of material issues	32, 75-81
GRI 308: Supply Chain	308-1	New suppliers that were screened using environmental criteria	78-80
	308-2	Negative environmental impacts in the supply chain and actions taken	80
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development programs	92
GRI 414: Supply Chain	414-1	New suppliers that were screened using social criteria	78-80
	414-2	Negative social impacts in the supply chain and actions taken	80
Material issue 3. Talent acquisition and capacity development			
GRI 3 : Material Topics 2021	3-3	Management of material issues	31, 66-71
GRI 401: Employment	401-1	New employee hires and employee turnover	116
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	72
	401-3	Parental leave	117
GRI 404: Training and Education	404-1	Average hours of training per year per employee	117
	404-2	Programs for upgrading employee skills and transition assistance programs	69-70
	404-3	Percentage of employees receiving regular performance and career development reviews	71, 117
Material issue 4. Sound and transparent governance			
GRI 3 : Material Topics 2021	3-3	Management of material issues	33, 97-100
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	97-98

Category	Disclosure	Requirements	Report Page
Material issue 5. Climate change response			
GRI 3 : Material Topics 2021	3-3	Management of material issues	30, 43-48
GRI 201 : Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	46-47
GRI 302 : Energy	302-1	Energy consumption within the organization	114
	302-3	Energy intensity	114
GRI 305 : Emissions	305-1	Direct (Scope 1) GHG emissions	114
	305-2	Energy indirect (Scope 2) GHG emissions	114
	305-3	Other indirect (Scope 3) GHG emissions	114
	305-4	GHG emissions intensity	114
Material issue 6. Ethics & Compliance			
GRI 3 : Material Topics 2021	3-3	Management of material issues	34, 94-96
GRI 205 : Anti-corruption	205-1	Operations assessed for risks related to corruption	96, 121
	205-2	Communication and training about anti-corruption policies and procedures	96
	205-3	Confirmed incidents of corruption and actions taken	121
GRI 206 : Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	121

GRI Index

Category	Disclosure	Requirements	Report Page
GRI 201: Economic Performance	201-1	Direct economic value generated and distributed (EVG&D)	121
	201-3	Defined benefit plan obligations and other retirement plans	Refer to the business report (pp. 110–111)
	201-4	Financial assistance received from government	Refer to the business report (p. 51)
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	91-92
GRI 304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas, as well as areas of high biodiversity value outside of protected areas	54
	304-2	Significant impacts of activities, products and services on biodiversity	56-57
	304-3	Habitats protected or restored	58
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	55
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	82-83
	403-2	Hazard identification, risk assessment, and incident investigation	85
	403-3	Occupational health services	86
	403-4	Worker participation, consultation, and communication on occupational health and safety	86
	403-5	Worker training on occupational health and safety	86
	403-6	Promotion of worker health	86
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	86
	403-9	Work-related injuries	118

Category	Disclosure	Requirements	Report Page
GRI 406 : Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	118
GRI 418 : Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	108

TCFD Index

HD HMS identifies risks and opportunities arising from climate change in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). We analyze their financial impacts and have established response strategies and risk management systems accordingly.

Category	Metrics	Report Page
Governance	A. Describe the board's oversight of climate-related risks and opportunities	43
	B. Describe management's role in assessing and managing climate-related risks and opportunities	43
Strategy	A. Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	46
	B. Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	47
	C. Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	44, 47
Risk Management	A. Describe the organization's processes for identifying and assessing climate-related risks	46
	B. Describe the organization's processes for managing climate-related risks	46
	C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	46
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	47
	B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks	45-46, 114
	C. Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	48

SASB Index

The SASB Index has been prepared in accordance with the Industrial Machinery & Goods industry standards under the Resource Transformation (RT-IG) sector of the SASB Standards.

Category	Code	Metrics	Unit	Report Page
Energy Management	RT-IG-130a.1.	(1) Total energy consumed	GJ	114
		(2) Percentage grid electricity	%	-
		(3) Percentage renewable	%	114
Employee Health and Safety	RT-IG-320a.1	(1) Total recordable incident rate (TRIR)	rate	118
		(2) Fatality rate	rate	118
	RT-IG-320a.1	(3) Near miss frequency rate (NMFR)	rate	-
Fuel Economy & Emissions in Use-phase	RT-IG-410a.1	Sales-weighted fleet fuel efficiency for medium- and heavy-duty vehicles	L/100km	-
	RT-IG-410a.2	Sales-weighted fuel efficiency for non-road equipment	L/hours	-
	RT-IG-410a.3	Sales-weighted fuel efficiency for stationary generators	KJ/L	-
	RT-IG-410a.4	Sales-weighted emissions of: (1) nitrogen oxides (NOx) and (2) particulate matter (PM) for: (a) marine diesel engines, (b) locomotive diesel engines, (c) on-road medium- and heavy-duty engines, and (d) other non-road diesel engines	g/KJ	-
Materials Sourcing	RT-IG-440a.1	Description of the management of risks associated with the use of critical materials	n/a	75, 78-81
Remanufacturing Design & Services	RT-IG-440b.1	Revenue from remanufactured products and remanufacturing services	KRW million	-
Activity Metrics	RT-IG-000.A	Number of units produced by product category	products	-
Activity Metrics	RT-IG-000.B	Number of employees	persons	115

UN SDGs Index

We are committed to supporting the United Nations Sustainable Development Goals (UN SDGs). The SDGs consist of 17 global goals designed to address poverty, ensure quality education, promote sustainable economic growth, and protect the environment. We strive to align our sustainability practices with these goals and establish strategies, contributing to achieving sustainable development.

Major SDGs			HD HMS Key Activities and Achievements	Report Page
	Goal 1	End poverty in all its forms everywhere	Operate programs to support local communities and underprivileged groups	91-92
	Goal 3	Ensure healthy lives and promote well-being for all at all ages	Provide employee welfare and benefits programs	72
	Goal 4	Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	Implement structured training programs for talent development	68-70
	Goal 5	Achieve gender equality and empower all women and girls	- Operate maternity and childcare support systems - Establish diversity targets for female employees	71-72
	Goal 8	Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all	- Establish six core human rights principles (prohibition of child labor and discrimination, etc.) - Conduct human rights impact assessments and publish human rights management report	61, 63
	Goal 9	Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	Develop sustainable solutions and technologies	40-41
	Goal 10	Reduce inequality within and among countries	- Establish a human rights management policy - Define the direction of ethical management (prohibition of discriminatory treatment, etc.)	61, 94
	Goal 13	Take urgent action to combat climate change and its impacts	- Establish carbon neutrality targets and strategies for 2035 - Measure Scope 3 emissions	44-45
	Goal 15	Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss	Conduct biodiversity assessments near sites	54-58
	Goal 16	Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels	Prohibit all forms of unethical behavior and practice compliance management	94-96

Independent Assurance Statement

To: The Stakeholders HD Hyundai Marine Solution CO.,LTD.

Overview

BSI (British Standards Institution) Group Korea (hereinafter referred to as the "Assurer") was requested to verify the HD Hyundai Marine Solution 2024 Sustainability Report (hereinafter referred to as the "Report"). The Assurer is independent of the HD Hyundai Marine Solution and has no major operational financial interest other than the assurance. This assurance opinion statement is intended to provide information related to the assurance of the HD Hyundai Marine Solution report relating to the environment, social and governance (ESG) to the relevant stakeholders and may not be used for any purpose other than the purpose of publication. This assurance opinion statement was prepared based on the information presented by the HD Hyundai Marine Solution and the assurance was carried out under the assumption that presented the information, and data were complete and accurate.

HD Hyundai Marine Solution 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 Marine Solution only.

The Assurer is responsible for providing HD Hyundai Marine Solution management 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 Marine Solution. The Assurer shall not bear any other responsibility, including legal responsibility, to any third party other than HD Hyundai Marine Solution in providing the assurance opinion and shall not be liable to any other purpose, purpose or stakeholders related thereto for which the assurance opinion may be used.

Scope

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

- Reporting contents during the period from January 1st to December 31st 2024 included in the report, some data included the first half of 2025.
- 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.
- In Accordance with the four principles of AA1000 AccountAbility in the report, based on the type of Sustainability Assurance based on AA1000AS v3 and if applicable, the reliability of the sustainability performance information contained in the report.

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

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

Assurance Level and Type

The assurance levels and types 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 Marine Solution.

[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]

201-1~4, 203-1, 205-1~3, 206-1, 302-1, 302-3, 304-1~4, 305-1~4, 308-1~2, 401-1~3, 403-1~7, 403-9, 404-1~3, 405-1, 406-1, 413-1, 414-1~2, 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;

- A top-level review of issues raised by external parties that could be relevant to organizations policies to provide a check on the appropriateness of statements made in the report.
- Discussion with managers and staff on organization's approach to stakeholder engagement.
- Review of the supporting evidence related to the material issues through interviews with senior managers in the departments responsible.
- Review of the system for sustainability management strategy process and implementation
- Review of materiality issue analysis process and prioritization by reviewing materiality issue analysis process and verifying the results
- Verification of data generation, collection and reporting for each performance index and document review of relevant systems, policies, and procedures where available
- An assessment of the company's reporting and management processes concerning this reporting against the principles of Inclusivity, Materiality, Responsiveness and Impact as described in the AA1000 AccountAbility Principles Standard (2018).
- Visit of the HD Hyundai Marine Solution HQ to confirm the data collection processes, record management practices.

Independent Assurance Statement

Limitations and approach used to mitigate limitations

The Assurer performed limited verification for a limited period based on the data provided by the reporting organization. It implies that no significant errors were found during the verification process, and that there are limitations related to the inevitable risks that may exist. The Assurer does not provide assurance for possible future impacts that cannot be predicted or verified during the verification process and any additional aspects related thereto.

Competency and Independence

BSI (British Standards Institution) 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 almost 120 years history in providing independent assurance services globally. No member of the assurance team has a business relationship with HD Hyundai Marine Solution. 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 assurer was carried out by a team of sustainability report assurers in accordance with the AA1000 Assurance Standard v3. Assurer planned and performed this part of our work to obtain the necessary information and explanations assurer considered to provide sufficient evidence that HD Hyundai Marine Solution's description of their approach to AA1000 Assurance Standard and their self-declaration of compliance with the GRI standards were fairly stated.

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 environmental 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). The detailed reviews against the AA1000 AccountAbility Principles of Inclusivity, Materiality, Responsiveness and Impact and the GRI Standards are set out below.

Inclusivity: Stakeholder Engagement and Opinion

HD Hyundai Marine Solution defined customers, employees, shareholders/investors, suppliers, local communities and government/related institutions as a Key Stakeholder Groups. In order to collect opinions by each stakeholder group in the context of sustainability, operated the stakeholder engagement process. HD Hyundai Marine Solution conducted a review of the stakeholder engagement process at the Steering Committee in order to reflect on the major issues derived through the stakeholder engagement process in sustainability strategy and goals. HD Hyundai Marine Solution disclosed the results related to the process in the Report.

Materiality: Identification and reporting of material sustainability topics

HD Hyundai Marine Solution implemented its own materiality assessment process in consideration of the major business and operational characteristics to derive important reporting issues related to sustainability. In the materiality assessment, HD Hyundai Marine Solution conducted an analysis of global sustainability disclosure and evaluation standards, analysis to derive the impact and financial materiality. HD Hyundai Marine Solution derived 6 material issues through the process, and disclosed GRI topic standards disclosures related to material issues in the Report.

Responsiveness: Responding to material sustainability topics and related impacts

HD Hyundai Marine Solution operated a management process for material issues in the context of sustainability derived from the materiality assessment. HD Hyundai Marine Solution established mid- to long-term sustainability plans and goals in according to the management methodology established to effectively reflect the expectations of key stakeholders. HD Hyundai Marine Solution disclosed the process including policy, indicator, activity and response performance on key issues in the Report.

Impact: Impact of an organization's activities and material sustainability topics on the organization and stakeholders

HD Hyundai Marine Solution identified the scope and extent of the impacts to the organization and key stakeholders in the context of the sustainability of the material issues reported. HD Hyundai Marine Solution established sustainability strategies and objectives based on the analysis results of major impacts, including risks and opportunities for material issues at the governance level, disclosed mid- to long-term plans and strategic system in the Report.



Independent Assurance Statement

Findings and conclusions concerning the reliability and quality of specified performance information

Among the GRI Topic Standards, the following disclosure related Economic, Social and Environmental were carried out in a assurance Type 2 based on the information and data provided by the reporting organization. In order to verify the reliability and accuracy of the data and information, internal control procedures related to data processing, 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 reporting organization 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 during the assurance process and prior to the publication of the report, and the assurer confirmed the final published report with the errors and expressions corrected.

- GRI Topic standards: 201-1~4, 203-1, 205-1~3, 206-1, 302-1, 302-3, 304-1~4, 305-1~4, 308-1~2, 401-1~3, 403-1~7, 403-9, 404-1~3, 405-1, 406-1, 413-1, 414-1~2, 418-1

Recommendations and Opportunity for improvement

The assurer will provide the following comments to the extent that they do not affect the result of assurance;

- Considering industry and business characteristics, it may be effective to key sustainability management systems, such as stakeholder engagement and value chain identification.
- It may be helpful to advance sustainability management systems by concreting sustainability issue management systems based on major sustainability policy such as human rights policy.
- It may be helpful to advance the sustainability management system by advancing the sustainability performance indicator management system, including companies subject to consolidation.

GRI-reporting

HD Hyundai Marine Solution provided us with their self declaration of compliance within GRI Standards. Based on our review, we confirm that social responsibility and sustainable development indicators with reference to the GRI Index. The Assurer confirmed that the Report was prepared in accordance with the GRI Standards and the disclosures related to the Universal Standards and Topic Standards Indicators based on the data provided by HD Hyundai Marine Solution. The sector standard was not applied.

Issue Date: 29/07/2025
For and on behalf of BSI(British Standards Institution):

BSI representative

Jungwoo Lee
Lead Assurer, LCSAP

Seonghwan Lim
Managing Director of
BSI Korea



GHG Verification Statement

HD Hyundai Marine Solution

Scope

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

Data Verified

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

(Unit: tCO₂-e/yr)

Business sites		Direct Emissions Scope 1	Indirect Emissions Scope 2	Emissions in 2024 ¹⁾
Korea	HD HYUNDAI MARINE SOLUTION GLOBAL R&D CENTER (GRC)	22.134	646.706	668.840
	HD HYUNDAI MARINE SOLUTION GLOBAL DIGITAL CENTER (GDC)	7.901	129.430	137.331
	HD HYUNDAI MARINE SOLUTION CENTUM SCIENCE PARK (CSP)	13.959	35.142	49.101
	HD HYUNDAI MARINE SOLUTION BUSAN NOKSAN WAREHOUSE	13.657	28.775	42.432
	HD HYUNDAI MARINE SOLUTION BUSAN NEW PORT WAREHOUSE	27.557	134.461	162.018
	HD HYUNDAI MARINE SOLUTION TECH	34.639	89.790	124.429
Overseas	HD HYUNDAI MARINE SOLUTION AMERICA CO.LTD.	10.014	54.062	64.076
	HD HYUNDAI MARINE SOLUTION SINGAPORE PTE.LTD.	13.212	37.614	50.826
	HD HYUNDAI MARINE SOLUTION EUROPE B.V.	36.606	46.330	82.936
	HD HYUNDAI MARINE SOLUTION MIDDLE EAST FZE	30.156	22.815	52.971
Total		209.835	1,225.125	1,434

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

GHG Criteria & Protocols used for Verification

The verification was carried out at the request of HD HYUNDAI MARINE SOLUTION using:

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

Verification Opinion

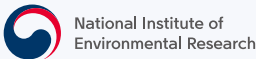
BSI Group Korea's verification opinions on the result of carrying out verification in accordance with the GHG criteria and protocols mentioned above are as follows.

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

For and on behalf of BSI:
Issue: 29/07/2025



Managing Director Korea
SeongHwan Lim



Scope 3 Emissions Verification Statement

HD Hyundai Marine Solution Co., Ltd.

Scope

Scope 3 GHG emissions of HD Hyundai Marine Solution’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, upstream transportation & distribution, business travel.

Data Verified

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

(Unit: tCO₂-e/yr)

Category		Scope 3 emissions ¹⁾
Category 1	Purchased goods & services	336,266
Category 2	Capital goods	305
Category 4	Upstream transportation & distribution	3,892
Category 6	Business travel	389
Total		340,852

1) 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 Marine Solution 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

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:

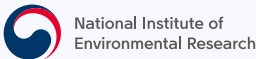
- The verification was conducted with activity data and evidence provided by HD Hyundai Marine Solution based on a limited level of assurance.
- No material misstatement during the verification process for emissions was found and no evidence could be found that the activity data and relevant evidence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

For and on behalf of BSI:

Issue: 17/07/2025



Managing Director Korea
SeongHwan Lim





Green Solutions Toward Sustainable Future

