EFFICIENCY
SUSTAINABILITY
GROWTH



HD HYUNDAI ELECTRIC

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About This Report

Overview

Since its spin-off from Hyundai Heavy Industries in 2017, HD Hyundai Electric has published an annual Sustainability Report. Through the 2025 report, we aim to transparently disclose and communicate our financial performance, Environmental, Social, and Governance (ESG) strategies and achievements, as well as our forward-looking targets to our stakeholders.

Reporting Standards

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards 2021, the international framework for sustainability reporting, to ensure transparent disclosure of HD Hyundai Electric's sustainability performance. We also incorporate indicators from the Sustainability Accounting Standards Board (SASB) to reflect material issues specific to our industry and consider the United Nations Sustainable Development Goals (UN SDGs). In addition, the report has selectively incorporated the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD). The report takes into account the sustainability disclosure standards issued by the International Sustainability Standards Board (ISSB)-IFRS S1 and S2-and presents key issues in accordance with the framework of governance, strategy, risk management, and metrics and targets. All financial information in this report has been prepared in accordance with the Korean International Financial Reporting Standards (K-IFRS).

Reporting Scope

This report primarily covers HD Hyundai Electric's ESG management activities and performance across its domestic operations, including the headquarters and manufacturing facilities in Korea. In certain cases, data also reflect contributions from overseas subsidiaries (Alabama, US and Yangzhong, China) and other consolidated entities. The financial information, based on consolidated financial statements, covers HD Hyundai Electric and its 12 subsidiaries.

Reporting Period

This report covers HD Hyundai Electric's key sustainability activities and performance from January 1 to December 31, 2025, and includes certain significant activities up to the first half of 2026. Quantitative data are disclosed for a three-year period (2023–2025) to show performance trends over time, with some data covering four years (2022–2025). Due to the enhancement of HD Hyundai Group's group-wide data measurement system during the reporting period, some quantitative data may differ from that presented in the 2024 Sustainability Report.

Assurance

To ensure the coherence, completeness, data quality, and reliability of the information disclosed in this report, HD Hyundai Electric commissioned an independent third-party assurance by the Korean Foundation for Quality (KFQ). In addition, verification of greenhouse gas emissions and energy consumption data was conducted by DNV Business Assurance Korea Ltd. to further strengthen the accuracy and credibility of the reported data. The results of these assurance engagements are provided in the Appendix under "Third-party Assurance Statement" and "Greenhouse Gas (GHG) Emissions Verification Statement."

Access to the Report

To ensure transparent communication with stakeholders, HD Hyundai Electric regularly discloses management-related information on its official website. Additional information can be accessed via the company's website, annual business reports, audit reports, and the disclosure portal of the Financial Supervisory Service of Korea.

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

HD Hyundai Electric ESG Management Team
Address 477, Bundang Suseo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do (HD Hyundai Global R&D Center)
Email Address hde.esg@hd.com
Website URL https://www.hd-hyundaielectric.com

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Interactive PDF User Guide

HD Hyundai Electric's Sustainability Report is designed as an interactive PDF to help stakeholders navigate the content more easily. By clicking on the table of contents, previous or next page, you can quickly move to the desired section. Links to relevant websites are also available within the report.



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CEO Message



CEO of HD Hyundai Electric

Kim, Youngki

Dear Stakeholders of HD Hyundai Electric,

The year 2025 was marked by continued external uncertainties, including geopolitical tensions in the Middle East, heightened volatility in energy prices, and changes in the global trade environment. At the same time, the expansion of AI technologies and the growing demand for data centers have driven investments in power infrastructure, creating new growth opportunities for the power equipment industry.

Amid these circumstances, HD Hyundai Electric maintained its solid growth trajectory by strengthening its business competitiveness and continuing its efforts to improve operational fundamentals. We also achieved meaningful progress in ESG performance, earning the highest rating (A+) from the Korea Institute of Corporate Governance and Sustainability (KCGS) for the second consecutive year and being included in the S&P Dow Jones Best-in-Class World Index.

Looking ahead, external uncertainties such as geopolitical risks in the Middle East and fluctuations in energy prices are expected to persist. Nevertheless, demand for power equipment is projected to remain strong, supported by ongoing investments in power infrastructure. In this environment, we will continue to advance the following key initiatives, while taking into account both financial performance and sustainability.

First, we aim to expand participation in the environmentally sustainable products market while steadily increasing our use of renewable energy.

HD Hyundai Electric is expanding its portfolio of SF_6-Free GIS products that do not use sulfur hexafluoride (SF_6), a potent greenhouse gas. We currently offer SF_6-Free GIS solutions in the 72.5kV to 170kV voltage classes. In particular, in May 2026, we supplied a 145kV SF_6-Free GIS product incorporating our proprietary technology to a customer in Europe. Going forward, we plan to further expand our SF_6-Free product lineup, including the 420kV model currently under development. We will continue to accelerate market adoption while expanding the development of products that both reduce environmental impacts and strengthen our business competitiveness.

In addition, we achieved a renewable energy usage rate of 12% on a consolidated basis in 2025 and began utilizing renewable energy at our overseas production sites. In 2026, we will expand the number of sites adopting renewable energy and further increase our renewable energy usage rate to 15% on a consolidated basis.

Second, we will pursue shared growth with partner companies while strengthening social contribution activities both locally and internationally.

HD Hyundai Electric was recognized as one of the top-performing companies in the "2025 Safety and Health Partnership Program Between Large Enterprises and SMEs" in acknowledgement of its efforts to support partner companies and local SMEs through activities such as safety inspections, capability building programs, and occupational safety and health consulting. In addition, we participated in the 2025 Smart Factory Support Program for Shared Growth between Large Enterprises and SMEs, helping enhance the competitiveness of our suppliers. The "Supplier Online Recruitment Portal," which supports recruitment activities at partner companies, has also been expanded to the Group level since 2025.

Meanwhile, we have expanded our social contribution activities in regions where our major overseas customers and business sites are located, including the United States, the United Kingdom, and Vietnam. Through these efforts, HD Hyundai Electric is fulfilling its role as a responsible member of local communities not only in Korea but also overseas. Going forward, we will continue to strengthen mutually beneficial partnerships with our suppliers and local communities.

Third, we aim to implement shareholder return policies and enhance shareholder value.

HD Hyundai Electric has established a dividend payout ratio of 30% or higher as its baseline policy through its Corporate Value Enhancement Plan, and is improving the predictability and stability of shareholder returns through the operation of a quarterly dividend system and improvements to dividend record dates. In 2025, we paid a quarterly dividend of KRW 1,900 per share for the second quarter and a year-end dividend of KRW 5,200 per share, achieving a dividend payout ratio of approximately 40% - exceeding our target. HD Hyundai Electric will continue to enhance shareholder value based on its shareholder return policy.

Amid continued uncertainty in the external environment, sustainable growth requires a fundamental improvement of our core capabilities from a mid-to-long-term perspective, rather than short-term responses. To this end, we will pursue mid-to-long-term enhancement of corporate value through ESG management centered on targeting the environmentally sustainable products market, strengthening mutually beneficial partnerships with suppliers and local communities, and enhancing shareholder value.

We sincerely ask for your continued support and interest in HD Hyundai Electric.

Thank you.

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Company Profile

Since its inception in 1977 as the Electrical Engineering Division of Hyundai Heavy Industries, HD Hyundai Electric has led the power industry by delivering advanced electrical systems and energy solutions across the entire power value chain. With decades of technological expertise, we have grown into one of Korea's leading total solution providers in the electrical and energy sectors. In April 2017, we were spun off as an independent entity specializing in electrical and electronic systems. Since then, HD Hyundai Electric has been evolving into a sustainability-focused enterprise, contributing to the global transition toward carbon neutrality. The global energy market is undergoing a paradigm shift-driven by the electrification of industries, rising energy demand, the expansion of renewables, and the growth of IT-integrated smart grids. In response, HD Hyundai Electric is expanding into new business areas and is poised to transform into a comprehensive energy solutions provider.

Company Overview

Company Name	HD Hyundai Electric Co., Ltd.
CEO	Kim, Youngki
Business Areas	Electrical and Electronic Equipment, Energy Solutions
Number of Subsidiaries	12
Headquarters	477, Bundangsuseo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea
Date of Establishment	April 3, 2017
Number of Employees	2,214
Major Shareholders	HD Hyundai Co., Ltd. (35.74%), National Pension Service (7.63%), etc.

* As of December 31, 2025

Financial Highlights

(Unit: KRW million)

Total Assets	4,769,815
Total Equity	2,032,935
Revenue	4,079,498
Operating Profit	995,313
Net Income	731,816

* Consolidated basis as of December 31, 2025

Credit Ratings

Korea Ratings	Korea Investors Service	NICE Investors Service
AA-	AA-	AA-

* As of December 31, 2025

Sustainability Ratings

Korea Institute of Corporate Governance and Sustainability
A+ Overall

MSCI
A

S&P CSA
73/100

CDP
B

* Included in the Dow Jones Best-in-Class World, Asia-Pacific, and Korea Indices

Company History

1970s

Launched as the Electrical Engineering Division of Hyundai Heavy Industries

Feb. 1977 Launched as the Electrical Engineering Division of Hyundai Heavy Industries Co., Ltd.
Jan. 1978 Completed construction of switchgear plant
Nov. 1978 Became independent as Hyundai Electrical Engineering Co., Ltd.
Jun. 1979 Completed construction of transformer plant

1980s

Expansion of Manufacturing Infrastructure

Jul. 1981 Established Rotating Machinery Testing Facilities
Dec. 1983 Completed construction of low- and medium-voltage circuit breaker plant
Nov. 1986 Received the USD 50 Million Export Tower Award
May 1989 Completed construction of high-voltage circuit breaker plant

1990s

Global Network Expansion

Dec. 1993 Merged into Hyundai Heavy Industries Co., Ltd.
Nov. 1996 Completed construction of turbine generator plant
Oct. 1999 Completed 765kV transformer plant, 800kV GIS plant, and high-voltage testing facilities
Oct. 1999 Established Hungarian R&D subsidiary for rotating machinery, HUNELEC

2000s

Growth as a Global Heavy Electric Equipment Company

Jun. 2000 First commercial operation of 765kV high-voltage transformer in Korea
Oct. 2003 Established Jiangsu Hyundai Nanzi Electric Co., Ltd. in China
Oct. 2007 Secured record-high motor export contract worth USD 12 million
Nov. 2008 Completed construction of 400kV transformer plant

2010s

Beginning of Independent Operations

Nov. 2011 Completed transformer plant in the U.S. and established Alabama subsidiary (Hyundai Power Transformers USA, Inc.)
Dec. 2015 HG Series low- and medium-voltage circuit breaker received the iF Design Award 2016
Apr. 2017 Launched Hyundai Electric & Energy Systems Co., Ltd.
Dec. 2017 Established Hyundai Electric Switzerland Ltd.
Feb. 2018 Expanded Hyundai Electric Hungary Kft. (H-TEC)
May 2018 Completed Yongin Reliability Center

2020s

Evolving into a Global Total Energy Solutions Provider

Jan. 2020 Completed smart factory for transformers
Jul. 2021 Launched GREENTRIC, a brand of environmentally sustainable products
Nov. 2022 Won the CES Innovation Award for CEMS and 170kV SF_6-Free GIS
Mar. 2023 Renamed to HD Hyundai Electric Co., Ltd.
Apr. 2023 Commercialized world's first 1MW-class DC distribution system for buildings
Oct. 2024 Completed construction of transformer core plant in Ulsan
Dec. 2024 Won the USD 1 Billion Export Tower as the first in Korea's electric equipment industry
May 2025 Won the Deputy Prime Minister's Award for excellence in corporate value-up
Sep. 2025 Established Korea's only 5.5MW-class testing facility for large-capacity shaft generators
Oct. 2025 Completed construction of Cheongju Power Distribution Campus

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HD Hyundai Electric follows the mission of HD Hyundai-to pioneer the future of humanity through leading innovations and relentless challenges. With strong drive and determination, we enhance customer productivity and lead the growth of the electrical and electronic equipment industry by delivering integrated energy solutions. In response to a rapidly changing market environment, we are expanding our value chain across both power generation and consumption sectors, thereby strengthening our foundation for sustainable growth and future competitiveness. We will continue to lead the digital transformation and build environmentally sustainable power infrastructure, providing innovative technologies as we evolve into a global total energy solutions provider.

HD Hyundai Mission, Vision & Core Values

Mission	We bring the future closer to humanity by steering innovation and defying our limits
Vision	**Unlocking the limitless potential of the ocean** • To pioneer new ways of capturing untapped opportunities of the ocean by leading ocean mobility and green ocean energy with electrification technology, autonomous engineering and digital platforms. **Shaping a sustainable energy ecosystem** • To lead carbon-free energy transition by developing next-generation clean technology, building capabilities across value chains of future energy including hydrogen and innovating advanced material technology. **Transcending limitations of industrial solutions** • To contribute to the improvement of safety and efficiency of all industries by expanding the dimensions of industrial solutions through convergence with artificial intelligence and robotics.
Core Values	**Innovation to lead** • Transform the way we work with creative mindset. • Shape the future of our industry through innovative and disruptive technology. **Challenge without fear** • Challenge ourselves relentlessly to create new values. • Foster a culture of challenging without fear by embracing failure. **Care with respect** • Respect diversity and encourage open communication. • Care for our people's personal and professional growth. • Make a better world by upholding social responsibility. **Safety for us and for all** • Pursue the highest safety standards for our people and workplace. • Contribute to the safety of customers, society and humanity with our products.

HD Hyundai Electric Mission, Vision & Core Values

Mission	Empower Growth
Vision	**Strong Drive** • HD Hyundai Electric's strong drive is leading the growth of our customers' businesses and industries. **Integrated Energy Solutions** • We provide integrated energy solutions to improve our customers' business productivity and lead the growth in their respective industries. **Unlimited Potential** • With sheer determination and strong drive, we will spearhead the global heavy electrical machinery market with unlimited potential.
Core Values	**Creative** • Providing products and solutions with creative foresight; unique technology that is faithful to the essence of our customers' business. **Reliable** • Building customer trust by implementing a proactive "Before Service" philosophy, which meets the needs of customers before they have been discovered. **Efficient** • Providing products and solutions based on energy efficiency to improve our customers' business efficiency and return on investment (ROI). **Driven** • Achieving our goal of spearheading the market with strong drive and determination, as well as proactively leading customer communication. **Integrated** • Advancing as a total solution provider that offers integrated product and control technology. **All Values, We make the Electric & Energy for All** • Values, we make the Electric & Energy for All.

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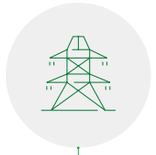
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Business Areas

HD Hyundai Electric designs and supplies a wide range of electrical equipment and energy solutions that support every stage of the power supply process-from generation and transmission to distribution and end use. As electrification and decarbonization across all industries are expected to significantly reshape the power market, we are expanding into new energy businesses. These include solution-based services that enable the efficient use of power systems, as well as convergence businesses that leverage renewable energy to realize carbon neutrality on a microgrid scale.



1. POWER EQUIPMENT

Solutions that supply power systems within the grid, including generation, transmission, and transformation. Key products include extra-high-voltage transformers and extra-highvoltage circuit breakers.



2. DISTRIBUTION EQUIPMENT

Solutions for the stable distribution and control of power systems. Key products include switchgears, distribution transformers, and low- & medium-voltage circuit breakers.



3. ROTATING MACHINERY

Solutions that meet a wide range of industrial drive and power generation needs. Key products include high-voltage motors, low-voltage motors, and generators.



4. MARINE SOLUTION

Solutions that supply electrical systems for ships and offshore facilities, applicable to general-purpose ships and warships. Key products include marine switchgears, distribution transformers, and rotating machineries for marine applications.



5. GREENTRIC

GREENTRIC is a compound of "Green" and "Electric". Key products include SF_6-Free GIS and synthetic oil-immersed transformers. We are committed to delivering products that contribute to both environmental protection and human well-being, while promoting a more sustainable future.



6. INTEGRICT

An ICT solution that enhances energy efficiency and asset investment returns for customers. INTEGRICT offers two main service areas: energy solutions and asset management solutions. It not only ensures that customer assets are maintained in optimal condition, but also provides insights based on asset utilization analysis-helping customers focus on business growth and achieve success.

Brand

CSR SLOGAN

TRANSFORMATION FOR ALL

'Transformation for All' embodies HD Hyundai Electric's commitment to driving sustainable energy transition and shaping the future for all - connecting power grids, industries, and everyday life on the foundation of 50 years of accumulated technological expertise and trust.

INTEGRICT

INTEGRICT

INTEGRICT represents HD Hyundai Electric's vision as a new leader in ICT solutions - embodying the commitment to opening up a new world (ICT) through integrated solutions (Integrated), delivering stable and efficient solutions built on advanced technological capabilities.

GREENTRIC

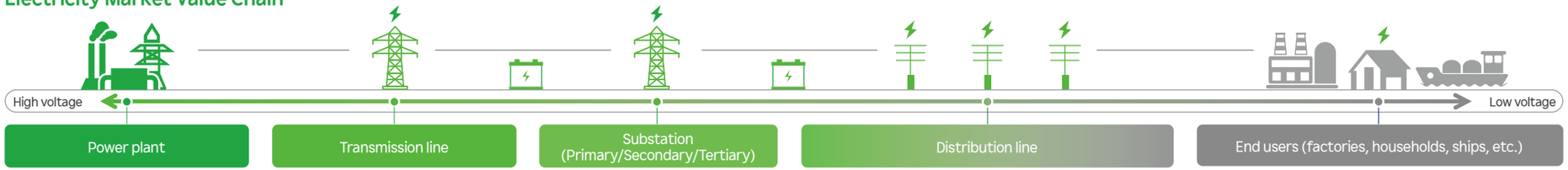
GREENTRIC

GREENTRIC is HD Hyundai Electric's flagship environmentally sustainable brand, created to lead the next-generation power market in the era of energy transition. The name combines "Green" (environmentally sustainable) and "Electric," reflecting our commitment to delivering power equipment that benefits both the environment and humanity while promoting a more sustainable future.

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Electricity Market Value Chain



Power Equipment

We provide power equipment such as power transformers and gas insulated switchgears, which are essential for the generation and transmission stages of the power supply process.

Power Transformer

HD Hyundai Electric has supplied more than 1.2 million MVA of power transformers to over 70 countries worldwide. Equipped with the latest facilities and manufacturing systems that meet international standards, we produce a wide range of transformer specifications up to 800kV, with an annual production capacity of up to 100,000 MVA. In particular, our strength lies in flexible design capabilities that allow for highly customized solutions to meet the diverse needs of our global customers.



Gas Insulated Switchgear

HD Hyundai Electric supplies gas insulated switchgear to more than 40 countries worldwide. With advanced facilities and manufacturing systems aligned with international standards, we have the capability to produce up to 800kV-the highest voltage rating in Korea. The gas insulated switchgear produced with this capability offers key advantages, including a robust structure, compact installation footprint, convenient operation and monitoring, low noise and electromagnetic emissions, and long service life. These strengths have been certified by major international testing institutions such as KEMA[1], CESI[2], and KERI[3]. With these proven qualities, HD Hyundai Electric's gas insulated switchgear enjoys strong recognition in the global market, particularly in Saudi Arabia and across the Middle East.



1) Keuring van Elektrotechnische Materialen te Arnhem, Dutch electrical testing and certification institute
2) Centro Elettrotecnico Sperimentale Italiano, Italian central power testing and certification institute
3) Korea Electrotechnology Research Institute, Korea's national electrotechnology research and testing institute

Distribution Equipment

We provide products essential to the distribution stage of the power supply process, including switchgears, distribution transformers, and low- & medium-voltage circuit breakers.

Low- & Medium-voltage Switchgear

HD Hyundai Electric manufactures high-performance, high-reliability switchgears certified to both IEC and ANSI international standards. Our product portfolio includes gas-insulated switchgears, low- and high-voltage switchgears, and motor control centers (MCCs). HD Hyundai Electric's switchgears offer not only standardized designs but also fully customizable configurations to meet a wide range of customer needs. Key advantages include high compatibility, long service life, and minimal maintenance requirements. Thanks to proven quality and reliability, our switchgears are widely supplied across Korea's industrial plant market-from commercial buildings and large-scale plants to nuclear power facilities.



Distribution Transformer

HD Hyundai Electric manufactures oil-immersed and dry-type distribution transformers up to 35kV and 50MVA, supplying them to a wide range of customers, including plants, apartment complexes, and subway systems. Our oil-immersed transformers are widely exported to over 70 countries and are known for their highly flexible design and manufacturing capabilities, allowing for extensive customization. Dry-type (molded) transformers offer strong flame resistance, excellent insulation performance, and easy maintenance and inspection.



Low- & Medium-voltage Circuit Breaker

HD Hyundai Electric offers a wide range of low- and medium-voltage circuit breakers, from MCCBs[1] used in residential buildings to ACBs[2] and VCBs[3] installed in industrial plants. Especially, one of the key strengths of HD Hyundai Electric's circuit breakers is their ability to protect power facilities with high safety and reliability. Recently, the company has been strategically expanding its product portfolio to include DC lineups, UL-dedicated lineups for the North American market, as well as intelligent circuit breakers and digital power management solutions in response to growing demand for high-power, high-reliability applications such as AI data centers.



1) Molded Case Circuit Breaker: A circuit breaker used in low-voltage distribution systems (AC 1,000V or below) that uses air as the insulating medium and protects circuits and loads by detecting abnormal conditions such as overloads, short circuits, and ground faults.
2) Air Circuit Breaker: A main circuit breaker used in low-voltage switchboards (AC 1,000V or below) that uses air as the insulation and arc-extinguishing medium and protects circuits and loads by detecting abnormal conditions such as overloads, short circuits, and ground faults.
3) Vacuum Circuit Breaker: A circuit breaker used in high-voltage lines (AC 7.2kV to 38kV) that employs a vacuum interrupter (VI) and protects circuits and loads by detecting abnormal line conditions such as short circuits and ground faults within the vacuum interrupter.

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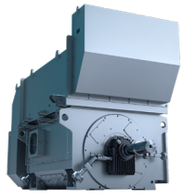
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Rotating Machinery

We supply rotating machinery such as high-voltage motors, low-voltage motors, and generators to meet diverse operational and power generation needs at industrial sites.

High-voltage Motor

HD Hyundai Electric manufactures a wide range of high-voltage motors optimized for diverse operating environments and customer requirements. These motors are designed and produced in full compliance with international standards such as IEC[1], NEMA[2], JIS[3], ANSI[4], and DIN[5], applying advanced engineering and rigorous quality control. Our high-voltage motors deliver excellent performance, including high efficiency, low vibration, and reduced noise. They are supplied to various industries such as power generation, desalination, shipbuilding, offshore, oil & gas, water treatment, nuclear plants, hydrogen and ammonia facilities, carbon capture and electrification.



1) International Electrotechnical Commission
2) National Electric Manufacturers' Association
3) Japanese Industrial Standards
4) American National Standards Institute
5) Deutsche Industrie Normen

Low-Voltage Motor

Our premium-efficiency low-voltage motors are designed not only to reduce energy costs but also to minimize noise and vibration through an optimized structure. The use of F-class insulation (maximum permissible temperature: 155°C) combined with B-class winding temperature rise (maximum permissible temperature: 130° C), along with reduced bearing temperatures, contributes to extended motor life. The motors are also compatible with inverter duty and support high IP protection ratings. With these performance advantages, HD Hyundai Electric's low-voltage motors have earned multiple efficiency and safety certifications from countries around the world, demonstrating their technological excellence.



Generator

HD Hyundai Electric supplies a wide range of generators tailored to the needs of various industries-including power plants, marine applications, general industrial use, DPP[1], and PPS[2]-as well as special-purpose generators for nuclear facilities and test laboratories. Our generators are designed and manufactured using in-house engineering expertise, delivering outstanding performance such as high efficiency and high power density (lightweight design). These features enable stable operation even in harsh environmental conditions.



1) Diesel Power Plant
2) Packaged Power Station

Marine Solution

We supply electrical systems to ships and offshore facilities through our Marine Solutions.

Marine Switchgear

HD Hyundai Electric's marine switchgear safely supplies power to onboard electric equipment and protects shipboard electrical distribution systems in the event of electrical faults. We manufacture a wide range of products optimized for ship environments and have been supplying them to major shipbuilders such as HD Hyundai Heavy Industries, Samsung Heavy Industries, and Hanwha Ocean for over 40 years. With our unmatched quality and technological expertise, we have maintained our position as a market leader in Korea's marine electrical equipment sector.



Marine Distribution Transformer

HD Hyundai Electric's marine distribution transformers offer high stability, low loss, quiet operation, compact size, and lightweight design. With advanced molding technology, they are free from the risk of explosion or fire, while ensuring excellent crack resistance and insulation performance.



Marine Rotating Machinery

HD Hyundai Electric manufactures shipboard generators and motors that meet international classification standards such as KR[1], ABS[2],and LRS[3]. We supply our products to global manufacturers including HD Hyundai Heavy Industries, Wartsila, and MAN. Our product lineup includes models for general merchant vessels as well as warships, FPSOs[4], drill ships[5], and other specialized vessels. Leveraging advanced engineering and robust corrosion resistance, we provide customized models tailored to specific vessel needs, backed by prompt global after-sales service for enhanced product reliability.



1) Korea Register of Shipping
2) American Bureau of Shipping
3) Lloyd's Register of Shipping
4) Floating Production Storage and Off-loading
5) Drill Ship: A ship-shaped drilling facility specially designed for offshore oil and gas exploration in deep-sea locations where fixed platforms are not feasible

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Business Portfolio

GREENTRIC

GREENTRIC is a product brand that embodies HD Hyundai Electric's commitment to enhance future sustainability and benefit both humanity and the environment. We are dedicated to continuously developing future-oriented technologies and solutions that preserve the Earth and aim to set the standard for next-generation power technologies.

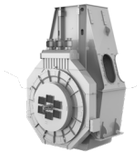
SF_6-Free GIS

HD Hyundai Electric has developed Korea's first SF_6-Free GIS using purely proprietary technology. This product uses C4F7N+CO_2 as the insulating gas in place of SF_6 (Sulfur Hexafluoride), which has a global warming potential 23,900 times higher than CO_2, thereby reducing greenhouse gas emissions by approximately 99% compared to conventional products. In April 2021, leveraging its long-accumulated technological expertise, we successfully developed Korea's first 170kV 50kA 4000A GIS using a C4F7N+CO_2 gas mixture. We also successfully developed a 145kV 40kA 3150A GIS product using the same gas mixture and achieved PQ registration with European grid operators. In addition, a 72.5kV 31.5kA 2500A GIS utilizing Dry Air and Vacuum Interrupters - containing zero greenhouse gases - was completed in June 2024. Going forward, we plan to develop SF_6-Free GIS across a range of voltage levels to meet market demand for carbon neutrality.



Engine Mounted Generator

HD Hyundai Electric's Engine Mounted Generator (EMG) makes more efficient use of onboard space than conventional shaft generators. Moreover, it enhances the overall energy efficiency of the ship's propulsion system, resulting in approximately 2–3% lower fuel consumption and 4–5% reduction in carbon emissions.



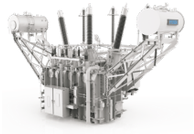
Dry-air Switchgear (E-GIS)

In 2015, HD Hyundai Electric signed a business agreement with Korea Electric Power Corporation (KEPCO) and developed switchgear that employs dry air, with a Global Warming Potential (GWP) below 1, as the insulating medium, replacing SF_6, a greenhouse gas subject to regulation. Responding to the growing demand for environmentally sustainable switchgear, we successfully developed and supplied the 25.8 kV E-GIS, achieving Korea's first export of such a product in 2020. HD Hyundai Electric is further striving to strengthen its competitiveness in environmentally sustainable products by securing core technologies and commercializing various alternative insulating media in addition to dry air.



Natural Ester/ Synthetic Oil-immersed Power Transformer

HD Hyundai Electric has developed transformers that use flame-retardant, biodegradable, and nontoxic insulating oils (vegetable / synthetic), helping prevent serious environmental pollution in the event of oil leakage. These products integrate HD Hyundai Electric's core technologies-including advanced insulation and cooling designs-and support enhanced explosion-proof performance through the application of DPRS (Dynamic Pressure Resistant System), delivering superior safety and operational performance.



Permanent Magnet Shaft Generator

In November 2021, HD Hyundai Electric became the first company in Korea to successfully develop a 2 MW large-capacity permanent magnet shaft generator using proprietary technology, achieving localization of a product that had previously been entirely dependent on imports. The rotor of this generator features high-performance neodymium permanent magnets, delivering up to 3% higher generation efficiency than conventional methods, while its compact and lightweight design ensures higher power density compared to induction-type generators. By utilizing the rotational energy of large propulsion engines for electricity generation, the system enhances energy efficiency and reduces fuel costs. It also cuts carbon emissions by approximately 3%, helping improve a vessel's Energy Efficiency Design Index (EEDI)[1] and enabling proactive compliance with global environmental regulations.



1) EEDI (Energy Efficiency Design Index): The amount of CO_2 emitted when a ship transports one ton of cargo over one nautical mile (unit: g/ton·mile)

IE4 LV Motor (Super Premium Efficiency Low-Voltage Motor)

Europe raised its minimum efficiency regulations for electric motors from Premium Efficiency (IE3) to Super Premium Efficiency (IE4) in July 2023, with application in Korea expected in 2027. In response, HD Hyundai Electric has developed IE4 motors with efficiency improvements of 1.1% or more over IE3, actively addressing the increasing mandatory adoption of IE4 low-voltage motors in advanced markets. Building on years of accumulated technological expertise, we will continue to expand our lineup of high-power, high-efficiency motors.

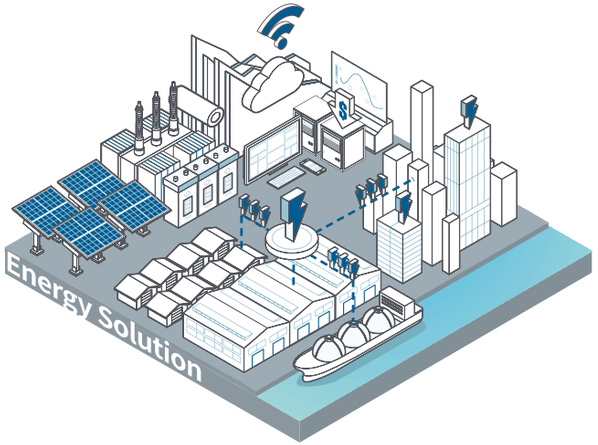


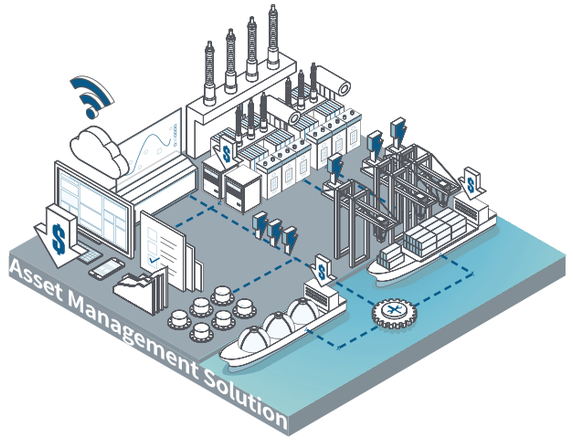
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Business Portfolio

INTEGRICT

"INTEGRICT" is an ICT solution that provides high energy efficiency and asset investment utility to clients and is divided into two areas: energy solutions and asset management solutions. It maintains and improves client assets in their best conditions so that clients can focus on their business growth while also providing insights that lead their businesses to success based on asset utilization analysis.





Energy Solution

HD Hyundai Electric's Energy Solution business builds systems that enable the efficient use of electric power through integrated management of energy production, consumption, sales, and operations. Amid rising demand for renewable energy and structural shifts in the power industry, our INTEGRICT platform has attracted growing attention for its ability to enable efficient and intelligent energy management. Our Energy Storage System (ESS) is a customized solution that supports energy production, efficiency, and management. The Building Energy Management System (BEMS) maximizes energy efficiency in buildings by integrating analysis, operation, and control functions. The Factory Energy Management System (FEMS) creates optimal energy conditions in factories through centralized monitoring and management. Finally, our Microgrid solution supports decentralized power generation by enabling small-scale, self-sufficient smart systems.

Asset Management Solution

HD Hyundai Electric's Asset Management Solution business enhances overall operational efficiency by systematically managing the performance, risk, and maintenance costs of various assets throughout their product life cycle (PLC), and by providing tailored asset management solutions to meet each customer's specific needs. By integrating ICT platforms with major power facilities, we collect and analyze critical data to predict potential failures and manage operational performance accordingly. This proactive approach extends equipment lifespan and helps prevent unexpected breakdowns, ultimately improving facility reliability and overall performance.

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Business Highlight

Key Business Highlights

HD Hyundai Electric manufactures and supplies a comprehensive range of electrical and electronic equipment and energy solutions required across all stages of the power supply value chain. Our product portfolio is categorized into power equipment, rotating machinery, and distribution equipment according to each stage of power supply. In 2025, we achieved tangible performance across all business areas, including new product development, expansion of global orders, enhancement of production infrastructure, and receipt of external recognitions and awards.

Business Achievements

New Product Development & Market Expansion



Developed 72.5kV 31.5kA SF_6-Free GIS



Won large-scale orders for 765kV power transformers in the US (24 transformers and reactors)

Product Capacity Expansion



Completed and launched operations at the new Cheongju Power Distribution Campus



Commenced construction of a second manufacturing plant at the North America subsidiary
* Plans to expand power transformer production capacity by 50% compared to the existing level

External Awards



Received the Deputy Prime Minister's Award for Value-Up Excellent Company



Recognized as one of the top-performing companies in the Large-Small Business Safety and Health Partnership Program

Financial Performance and Results

Sales Performance by Product Category

(Unit: KRW 100M)

Category	2023	2024	2025
Power Equipment	15,717	20,355	28,351
Rotating Machinery	4,868	5,372	5,886
Distribution Equipment & Others	6,442	7,495	6,556
Total Sales	27,027	33,223	40,794

Sales Performance by Major Market

(Unit: KRW 100M)

Category	2023	2024	2025
North America	7,281	10,062	16,149
Middle East	5,651	8,105	8,540
Europe	2,062	2,934	4,059
Marine Products	3,698	4,349	4,762

Order Intake by Major Market

(Unit: USD 1M)

Category	2023	2024	2025
North America	1,779	1,766	2,178
Middle East	608	544	465
Europe	359	438	512
Marine Products	357	358	442

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Global Network

HD Hyundai Electric has established overseas branches, subsidiaries, and R&D centers in key countries such as the U.S., China, and Germany. Based on these global footholds, we manufacture and supply electrical and electronic equipment and energy solutions for every stage of the power supply chain, supported by a broad international network.



Korea

- Seongnam Head Office
- Seoul Office
- Anseong Plant[1)]
- Yongin R&D Center
- Ulsan Plant (Design, Development and Production)
- Ulsan Seonam Plant (Design, Development and Production)
- Cheongju Power Distribution Campus (Design, Development and Production)

Overseas Sales Branch / Subsidiaries

- HD Hyundai Electric America Corporation (USA)
- HD Hyundai Electric Texas LLC (USA)
- HD Hyundai Electric Europe GmbH (Germany)
- Osaka Branch (Japan)
- Riyadh Branch (Saudi Arabia)
- Dubai Branch (UAE)
- Moscow Branch (Russia)
- Ho Chi Minh Branch (Vietnam)
- London Branch (UK)

Overseas Production Sites / Research Centers

- HD Hyundai Electric Hungary Kft. (Hungary)
- HD Hyundai Electric Switzerland Ltd. (Switzerland)
- HD Hyundai Electric China Co., Ltd. (China)
- HD Hyundai Power Transformers USA, Inc. (USA)
- HD Hyundai Electric Arabia LLC (Saudi Arabia)
- HD Hyundai Electric Shanghai Ltd. (China)

1) In the case of the Anseong plant, operations were discontinued on February 6, 2026 (based on the production cessation date), following the completed relocation of production facilities to the newly established Cheongju Power Distribution Campus and its commencement of full-scale operations.

ESG Management

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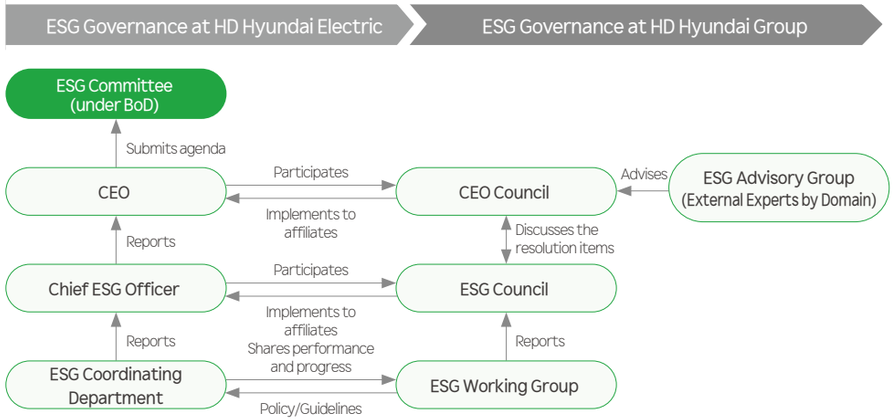


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ESG Governance

ESG Governance at HD Hyundai Electric

HD Hyundai Electric has established an ESG governance system that is closely integrated with the HD Hyundai Group's ESG structure, thereby strengthening our enterprise-wide capacity to manage emerging non-financial risks and opportunities. The ESG Committee, under the Board of Directors-our highest decision-making body-deliberates and oversees ESG strategies, goals, and performance. The ESG Management Team, in close collaboration with the Group, is responsible for implementing ESG-related initiatives and ensuring the systematic and sustainable execution of ESG management.



Roles of ESG Governance Bodies

Category	Composition	Key Responsibilities
ESG Committee	Four directors, including inside and independent directors, chaired by Soonok Jeon	• Review and approve the direction, plans, and implementation of ESG strategy • Review matters related to our social responsibility • Identify support needs for developing and embedding ESG capabilities throughout the organization
ESG Council	Chief ESG Officers of HD Hyundai Group affiliates	• Share ESG issues related to each affiliate's core business • Review medium- to long-term directions, action plans, and implementation progress
ESG Working Group	ESG Coordinating Departments of HD Hyundai Group affiliates	• Share ESG performance and current progress across affiliates • Discuss collaboration measures for identifying and effectively implementing ESG initiatives

ESG Committee

To enhance corporate and shareholder value through strengthened ESG management, HD Hyundai Electric has established an ESG Committee under the Board of Directors. The Committee is responsible for reviewing and approving our ESG strategic direction, plans, and implementation-related matters. The ESG Committee is composed of three or more directors, with a majority being independent directors. Regular meetings are held annually, and ad hoc meetings are convened as needed to deliberate on key issues related to our sustainability management.

ESG Committee Meetings

Date	Agenda Item (s)	Approval/Report	Attendance Rate (%)
Mar. 25, 2025	• Appointment of ESG Committee Members • Determination of the Order of Acting for the Chairperson in Case of Vacancy	Approved	100%
Apr. 22, 2025	• Report on ESG Materiality Assessment Results	Reported	100%
Dec. 15, 2025	• Report on 2025 ESG Performance • Approval of 2026 ESG Action Plan	Approved	100%

ESG Council

To promote synergies and integration in ESG initiatives across the group, HD Hyundai Group operates a group-wide ESG governance framework led by HD Korea Shipbuilding & Offshore Engineering. As a member of the ESG Council, HD Hyundai Electric participates in discussions and shares relevant ESG-related issues.

ESG Council & Working Group Meetings

Category	Date	Key Agenda Item (s)
ESG Council	Sep. 18, 2025	• Discussion on the Group's ESG disclosure mandate and assurance readiness roadmap • Reporting on the status of the group ESG platform development • Sharing the direction for establishing the group carbon management governance framework
ESG Working Group	Sep. 19, 2025	• Sharing the detailed schedule of the ESG disclosure project • Sharing the direction for the establishment and operation of the group carbon management governance framework • Discussion on the application of an internal carbon pricing mechanism

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ESG Strategy

ESG Vision

HD Hyundai Electric continuously pursues innovation and bold challenges to create tomorrow's possibilities with today's technologies. In response to the pressing issues facing humanity-such as the transition to a low-carbon society and the realization of a future energy ecosystem-we have established our ESG strategy to deliver new solutions and grow together with all stakeholders.

ESG Vision	A trusted company that creates sustainable value		
ESG Slogan	Efficiency, Sustainability, and Growth		
ESG Strategy Direction	Creating Environmental Impact	Pursuing Shared Growth	Ensuring Transparency & Compliance
	Creating environmental value through sustainable practices	Fostering shared growth through stakeholder mutual respect and engagement	Practicing fair and transparent ESG management
ESG Core Tasks	• Expand business portfolio through low-carbon products and services • Increase use of renewable energy	• Support ESG implementation among suppliers • Strengthen respect for human rights • Expand support for vulnerable groups in local communities	• Strengthen transparency and soundness of corporate governance • Enhance shareholder value

ESG Initiative

HD Hyundai Electric collaborates with domestic and international ESG institutions and initiatives, based on global climate agreements including the Paris Agreement, to effectively address climate change. We regularly monitor the activities and official positions of the organizations in which we participate to assess alignment with our policies and maintain rigorous standards by requesting improvements or reconsidering our affiliations where material discrepancies are identified.

When joining new organizations, we conduct a prior review process. External policy engagement is internally managed and overseen through an approval process by the management. Through this collaborative approach, HD Hyundai Electric seeks to contribute to addressing climate change and achieving shared global goals for humanity.

HD Hyundai Electric's policy on climate-related memberships, donations, and sponsorships is consistently applied across all domestic and international operations, including all subsidiaries, in every jurisdiction where it conducts business.

TCFD (Task Force on Climate-related Financial Disclosures): a global recommendation framework for climate-related financial reporting

CDP (Carbon Disclosure Project):
a global reporting platform that collects environmental data from companies (climate change, water security and forests)

K-RE100 (K-Renewable Electricity 100%):
a voluntary Korean initiative aimed at sourcing 100% of electricity consumption from renewable energy

SDGs (Sustainable Development Goals):
17 sustainable development goals targeted for 2030, adopted by the UN

UNGC (United Nations Global Compact):
a voluntary global agreement from the UN on 10 principles concerning human rights, labor, environment, anti-corruption

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Double Materiality Assessment

Overview of the Double Materiality Assessment

HD Hyundai Electric conducts an annual double materiality assessment to identify key issues related to corporate sustainability and to effectively respond to major environmental and social impacts, risks and opportunities, and stakeholder demands. This process reflects the material topic selection procedures of the Global Reporting Initiative (GRI) Standards and incorporates the double materiality guidelines of the European Sustainability Reporting Standards (ESRS).

The assessment considers both impact materiality-how our business activities affect the environment and society-and financial materiality-how external environmental and social factors impact our financial performance. Based on this assessment, material topics are identified and used to formulate and implement HD Hyundai Electric's sustainability strategy. These issues are also reviewed in connection with our enterprise risk management framework, ensuring a fully integrated approach to managing sustainability-related risks and opportunities. The potential impacts, risks, and opportunities of each issue are regularly evaluated and incorporated into strategic planning, while implementation progress is systematically monitored to ensure alignment with overall corporate objectives.

Double Materiality Assessment Process

HD Hyundai Electric reviewed external environments, including international reporting standards, ESG trend reports and case studies from industry peers to identify key sustainability topics. In addition, we conducted a comprehensive review of internal documents, including business strategies, executive KPIs, and past ESG issues, to define a pool of 16 potential sustainability issues. Each identified issue was evaluated in terms of its impact, risks, and opportunities, and analyzed from both impact materiality and financial materiality perspectives. Based on this analysis, five key material topics were ultimately selected. The credibility and transparency of the assessment were further enhanced through independent third-party assurance.

In particular, the issue pool was expanded this year to collect diverse feedback from relevant local communities, to broaden stakeholder engagement. We will continue to enhance the double materiality assessment framework to ensure increasingly refined and reliable outcomes.

STEP 1 Identification of Sustainability Topics

- Analysis of external environment and review of internal documents
- Identification of 16 sustainability topics relevant to HD Hyundai Electric from a broader range of ESG issues facing the business and its surrounding environment

Analysis of External Environment

- Reviewed global disclosure standards (ESRS, GRI, SASB, ISSB)
- Analyzed global ESG trends and examined industry peer cases on sustainability issues

Internal Review

- Reviewed business strategies and operational plans
- Reviewed past sustainability topics
- Reviewed executive KPIs

STEP 2 Identification of Impact, Risk, and Opportunity (IROs)

- Assessment of internal and external factors across its operations and value chain for each sustainability topic
- Identification of impacts, risks, and opportunities

Impact Identification

- Evaluated how the company's business activities affect external environmental and social conditions

Risk & Opportunity Identification

- Assessed how external sustainability factors (e.g., regulations, shifts in stakeholder expectations) may pose financial risks or opportunities for the company

STEP 3 Double Materiality Assessment

- Evaluation of each issue from both impact materiality (effects on society and the environment) and financial materiality (potential financial risks and opportunities to the company) using the IRO analysis

Impact Materiality Assessment

- Conducted surveys with internal and external stakeholders (employees, suppliers, local communities, etc.)
- Analyzed keyword trends from media coverage related to HD Hyundai Electric
- Incorporated impact-related criteria from global disclosure standards (e.g., GRI, UN SDGs)
- Considered sustainability topics reported by peer groups
- Reflected ESG trends identified by global ESG research institutions

Financial Materiality Assessment

- Conducted surveys with internal and external stakeholders (finance department, analysts, etc.)
- Analyzed keyword trends from media coverage related to HD Hyundai Electric
- Reflected global reporting standards (e.g., ESRS, ISSB, SASB) and rating agencies (e.g., S&P, MSCI) relevant to financial materiality
- Incorporated HD Hyundai Electric's strategies, KPIs, and ESG Committee materials
- Considered ESG-related metrics used by global investors and credit rating agencies

STEP 4 Selection and Reporting of Material Topics

- Prioritization through a double materiality assessment
- Internal reporting on the review process and results considering the impacts, risks, and opportunities of each issue
- Confirmation of the final set of material topics

Selection of Material Topics

- A comprehensive evaluation was conducted by quantitatively analyzing both environmental/social materiality and financial materiality, which led to the prioritization of topics and the selection of five key material topics
- These prioritized topics were incorporated into the company-wide ESG strategy and reviewed within the enterprise risk management framework to ensure that they are managed as critical items

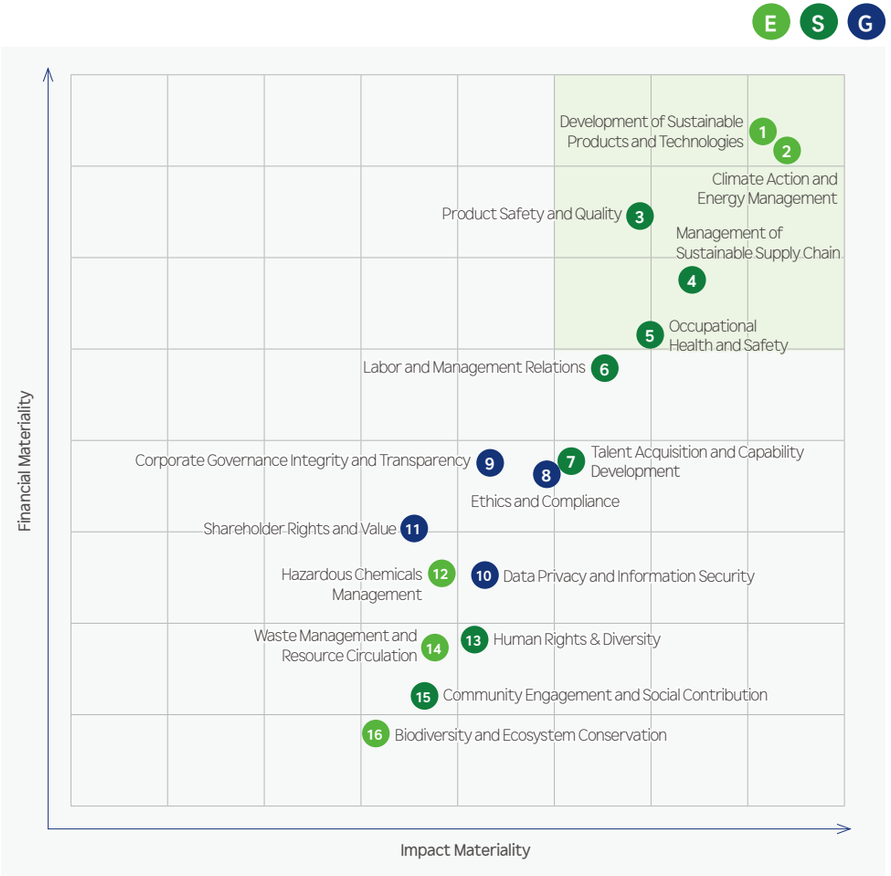
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Double Materiality Assessment

Double Materiality Assessment Results

Materiality Assessment Matrix

HD Hyundai Electric conducted a comprehensive analysis that considered both environmental and social impacts as well as financial implications. Based on the results of this analysis, topics were prioritized, leading to the identification of five key material topics.



Materiality Assessment Results

● High ◐ Medium ○ Low

Category	Rank	Topic	Impact Assessment: Environmental·Social	Impact Assessment: Financial	Rank Change	Report Page	GRI Index
E	1	Development of Sustainable Products and Technologies	●	●	-	29-32	-
E	2	Climate Action and Energy Management	●	●	-	33-41	201, 302, 305
S	3	Product Safety and Quality	●	●	▲1	88-90	416, 417
S	4	Management of Sustainable Supply Chain	●	●	▼1	81-86	308, 413, 414
S	5	Occupational Health and Safety	●	◐	-	73-80	403
S	6	Labor and Management Relations	●	◐	▲2	63, 68	402
S	7	Talent Acquisition and Capability Development	◐	◐	▼1	63-72	401, 404
G	8	Ethics and Compliance	◐	◐	▼1	98-102	205, 206
G	9	Corporate Governance Integrity and Transparency	◐	◐	▲4	103-109	2
G	10	Data Privacy and Information Security	◐	○	▲4	116-118	418
G	11	Shareholder Rights and Value	◐	◐	▼2	110-112	-
E	12	Hazardous Chemicals Management	◐	○	-	50	303, 305
S	13	Human Rights & Diversity	◐	○	▼3	59-62	405, 406
E	14	Waste Management and Resource Circulation	◐	○	▼3	48-50	306
S	15	Community Engagement and Social Contribution	◐	○	▲2	91-96	203
E	16	Biodiversity and Ecosystem Conservation	◐	○	▼1	51-57	101

Changes in Material Topics

- Out of a total of 16 sustainability topics, five were identified as material topics: Development of Sustainable Products and Technologies (E), Climate Action and Energy (E), Product Safety and Quality (S), Management of Sustainable Supply Chain (S), and Occupational Health and Safety (S). These topics were assessed as having the highest level of importance, in this order.
- Compared to the previous year, Water Resource Management in the environmental category was integrated into Hazardous Chemicals Management, cutting the number of sustainability issues to 16. In the social category, Labor and Management Relations also showed heightened significance from both materiality perspectives.

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Material Issue Analysis

1. Development of Sustainable Products and Technologies

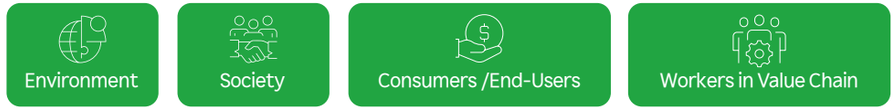


Perspective: External Stakeholders

Materiality Overview and Topic Relevance to External Stakeholders

- In line with the global energy transition, HD Hyundai Electric has developed products such as SF_6-Free GIS that emit fewer greenhouse gases compared to conventional alternatives, thereby contributing to climate change mitigation by reducing emissions during the product use phase.
- To minimize environmental impact, we are actively expanding our presence in the low-risk, high-efficiency equipment market-driven by growing demand for safer transformers and the electrification trend-offering users and the broader market greater opportunities for sustainable and responsible consumption.

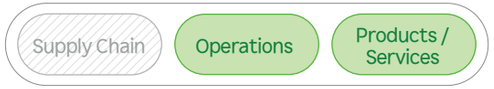
External Stakeholders / Impact Areas



Type of Impact



Business Value Chain



Output Metric

- GHG reduction during product use (Scope 3)

Impact Metric

- GHG emissions per product
- Social cost per ton of GHG

Perspective: Enterprise Value

External Environment

- Global efforts to reduce carbon emissions and an increase in electricity demand driven by AI
- Expanded adoption of environmentally sustainable products such as SF_6-Free power equipment in major markets like the U.S. and EU
- Growing demand for low-impact products and services such as energy efficiency solutions

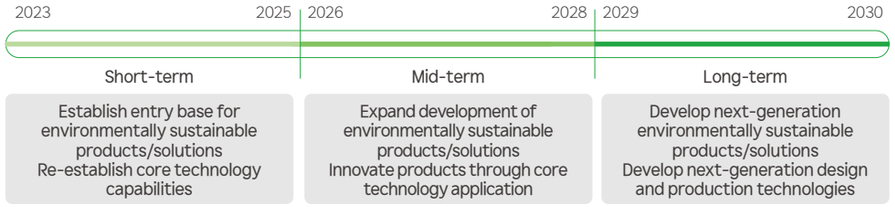
Impact on Business

- **[Risk]** Capital expenditure and R&D costs for environmentally sustainable product and technology development
- **[Opportunity]** Revenue growth through expansion of high efficiency and low-carbon product markets
- **[Opportunity]** Enhanced corporate value through positive reputation from environmentally sustainable product sales

Business Strategies

- Strengthen digital solutions, environmentally sustainable devices, and core technologies for new power systems in response to key industry trends (electrification, decarbonization, decentralization, digitalization)
- Secure future growth engines through timely development and lineup expansion of environmentally sustainable products
- Secure products and technologies to prepare for global environmental/efficiency regulations and electrification demands

Targets and Progress



- Developed 72.5kV 31.5kA SF_6-Free GIS
- Obtained 145kV 40kA SF_6-Free GIS PQ certification test report for European market
- Obtained Korean Register certification for Korea's first high-capacity low-voltage drive for ship propulsion
- Development of Intelligent Protection Technology for Shaft Generator Systems in Ships

Executive Compensation (KPI)

- Development of environmentally sustainable technologies and products

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Material Issue Analysis

2. Climate Action and Energy Management



Perspective: External Stakeholders

Materiality Overview and Topic Relevance to External Stakeholders

- Our implementation of a carbon neutrality roadmap contributes to global efforts to limit global warming to 1.5°C by reducing greenhouse gas emissions.
- With a goal of achieving net-zero emissions by 2050, we have outlined a roadmap that incorporates energy efficiency enhancements, a transition to renewable energy, and carbon offsetting measures across our operations.
- As product manufacturing relies on both direct fossil fuel-based energy and indirect electricity-based energy, increased production volumes may lead to higher emissions. Without sufficient emissions reduction efforts, this could exacerbate our negative climate impact and fall short of meeting stakeholder expectations and concerns.

External Stakeholders / Impact Areas

Environment | Society | Consumers /End-Users | Workers in Value Chain

Type of Impact

Positive | Negative

Business Value Chain

Supply Chain | Operations | Products / Services

Output Metric

- GHG reduction (Scope 1, 2)
- Ratio of renewable energy use

Impact Metric

- GHG emissions at business sites (Scope 1, 2)
- Social cost per ton of GHG emissions

Perspective: Enterprise Value

External Environment

- Increased acute (e.g., heatwaves, typhoons) and chronic (e.g., rising average temperatures) physical risks due to climate change
- Stricter GHG emissions regulations (e.g., emissions trading schemes, EU CBAM) and introduction of climate-related policies
- Rising stakeholder demands for climate mitigation and adaptation

Impact on Business

- **[Risk]** Emissions trading costs from exceeding GHG emission limits
- **[Risk]** Investment costs for high-efficiency facilities and renewable energy transition to reduce emissions
- **[Opportunity]** Increased sales driven by the growing share of renewable energy generation and electrification, as well as expanding sales of related products

Business Strategies

- Develop a phased GHG reduction roadmap for achieving 2050 carbon neutrality
- Prioritize Scope 2 reduction and achieve RE100 by 2040
- Expand SF_6- Free products and offset activities to reduce 100% of 2021 emissions by 2050

Targets and Progress

2021 – 2025	2026 – 2030	2031 – 2040
Short-term	Mid-term	Long-term
RE10	RE34[1] (RE100 for overseas manufacturing entities)	RE100 for all global sites

1) 34% renewable electricity use

- Reached 12% renewable energy use rate on a consolidated basis in 2025 (increased YoY)
- Recorded greenhouse gas emissions intensity of 11.244 tCO_2eq/KRW billion in 2025 (decreased YoY)

Executive Compensation (KPI)

- Improvement of GHG emissions intensity

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Material Issue Analysis

3. Product Safety and Quality



Perspective: External Stakeholders

Materiality Overview and Topic Relevance to External Stakeholders

- HD Hyundai Electric manufactures and supplies electrical and electronic equipment across the entire power supply chain and has implemented policies to ensure the safe use of its products and services in the field.
- We maintain quality management system certifications, continuously enhance product reliability through systematic management activities, and operate Yongin R&D Center to ensure consistent quality of materials and components as well as the reliability of finished products.
- Due to the nature of our products, any quality or safety issue may affect not only direct customers but also other stakeholders who depend on a stable power supply.

External Stakeholders / Impact Areas

Environment | Society | Consumers /End-Users | Workers in Value Chain

Type of Impact

Positive | Negative

Business Value Chain

Supply Chain | Operations | Products / Services

Output Metric

- Cost of failure relative to revenue

Impact Metric

- Customer satisfaction

Perspective: Enterprise Value

External Environment

- Tighter global technical certifications, safety regulations, and standards for power equipment
- Need for a preventive quality control system due to significant ripple effects of failures in power equipment

Impact on Business

- **[Risk]** Costs for reliability testing and quality control
- **[Risk]** Potential costs related to product recalls or replacements due to defects
- **[Opportunity]** Market share gains in the power equipment industry through high-quality products
- **[Opportunity]** Enhanced brand image and customer loyalty through quality-focused offerings

Business Strategies

- Build a proactive quality management system to ensure reliable product performance (advanced inspection systems, digital quality talent development, and ongoing quality innovation)
- Operate the HE-QMS quality data platform to promote data-driven quality management
- Run dedicated teams for supplier quality to enhance various suppliers' process and quality capabilities

Targets and Progress

Short/Mid/Long-term

Continuously reduce cost of failure relative to revenue

- Reduced cost of failure in 2025 by 65% compared to 2022

Executive Compensation (KPI)

- Reduction of cost of failure relative to revenue

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Material Issue Analysis

4. Management of Sustainable Supply Chain



Perspective: External Stakeholders

Materiality Overview and Topic Relevance to External Stakeholders

- HD Hyundai Electric has established a shared growth policy to foster a healthy corporate ecosystem. We provide support to our suppliers to help them fulfill their social responsibilities, and have implemented activities to promote the establishment and expansion of fair trade culture.
- An ESG risk assessment system is in place to proactively identify potential risks and facilitate improvement activities that help suppliers establish robust ESG management systems.
- These efforts aim to strengthen the long-term competitiveness of our small and medium-sized suppliers in line with global ESG standards.

External Stakeholders / Impact Areas

Environment | **Society** | Consumers /End-Users | **Workers in Value Chain**

Type of Impact

Positive | Negative

Business Value Chain

Supply Chain | **Operations** | Products / Services

Output Metric

- Supply chain ESG assessment and improvements
- Financial support for partner companies

Impact Metric

- Supply chain revenue growth rate

Perspective: Enterprise Value

External Environment

- Strengthened global regulations and policies on supply chains such as the EU CSDDD, Germany's Supply Chain Due Diligence Act
- Increasing expectations to manage Scope 3 (supply chain) emissions and adopt sustainable sourcing criteria
- Raw material supply instability due to geopolitical risks including trade tensions and war

Impact on Business

- **[Risk]** Substitution costs due to ESG issues with suppliers, including the need to find alternatives
- **[Opportunity]** Attraction of capital from global clients and investors via fulfillment of supply chain management expectations
- **[Opportunity]** Cost savings through stable sourcing and productivity improvements via supplier competitiveness

Business Strategies

- Establish policies and support programs to strengthen ESG partnerships across the supply chain
- Operate a stepwise evaluation and improvement system to detect and manage partner companies' ESG risks early

Targets and Progress

Mid/Long term

Advance ESG systems of suppliers (expand ESG assessments and support programs),
Expand supplier support initiatives

- Conducted ESG risk assessments on 71 suppliers in 2025
- Supported risk mitigation for high-risk suppliers

Executive Compensation (KPI)

- Enhanced supplier engagement for supply chain stability

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Material Issue Analysis

5. Occupational Health and Safety



Perspective: External Stakeholders

Materiality Overview and Topic Relevance to External Stakeholders

- In compliance with local and international occupational safety and health regulations, HD Hyundai Electric is improving workplace environments, managing hazardous factors, and fostering a health-friendly organizational culture to enhance the safety capabilities of its contractors.
- We evaluate safety and health competencies through ESG assessments during supplier selection, conduct regular safety training for contractors, and strive to ensure both the physical protection and mental well-being of workers and contractor employees by establishing safety and health infrastructure.
- While both routine and ad-hoc risk assessments are performed when new equipment or processes are introduced, certain high-risk processes remain, and some workers are still exposed to harmful agents such as volatile organic compounds (VOCs), dust, and noise.
- Industrial accidents during the product production and installation stages may cause delays in project schedules.

External Stakeholders / Impact Areas

Environment | Society | Consumers /End-Users | Workers in Value Chain

Type of Impact

Positive | Negative

Business Value Chain

Supply Chain | Operations | Products / Services

Output Metric

- Health-Friendly Company (Corporate Health Promotion Index)
- Safety and health training
- Occupational Health and Safety Management System

Impact Metric

- Number of workers affected by industrial accidents

Perspective: Enterprise Value

External Environment

- Strengthened regulations for safety and health, such as the Serious Accidents Punishment Act and Occupational Safety and Health Act
- Growing stakeholder expectations for building safety and health management systems
- Direct and indirect costs and social responsibility in response to safety incidents at company and supplier sites

Impact on Business

- **[Risk]** Potential penalties, compensation or management risk liabilities from industrial accidents
- **[Risk]** Costs associated with establishing safety and health management systems to comply with safety and health laws and regulations

Business Strategies

- Operate an ISO 45001-compliant safety and health management system
- Conduct regular CEO-led safety meetings and monthly inspections by responsible officers to demonstrate the management's commitment to manage safety
- Operate a preventive safety system including hazard checks, regular risk assessments, and scenario-based planning
- Support supplier safety improvement through inspections, training, and evaluations

Targets and Progress

2023 | 2024 | 2025 | 2026 | 2027 | 2030

Short-term	Mid-term	Long-term
· Limit the injury rate to 0.103 · Limit the converted occupational injury rate to 0.221 · Attain a Corporate Health Promotion Index score of 85 or above	· Limit the injury rate to 0.100 · Limit the converted occupational injury rate to 0.202 · Attain a Corporate Health Promotion Index score of 90 or above	· Limit annual number of accident-related injuries[1] to three until 2030

- Achieved zero serious accidents in 2025
- 100% Certification Acquisition Rate for Occupational Health and Safety Management System (ISO 45001) in 2025 (Evaluated production sites: Ulsan 1, Ulsan 2, Seonam, Yongyeon, Cheongju Power Distribution Campus)

1) Accident-related injuries: Refers to accident-related injuries excluding illness-related injuries among the total number of industrial accidents

Executive Compensation (KPI)

- Prevention of serious accidents

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Stakeholder Engagement and Communication

HD Hyundai Electric defines shareholders, investors, employees, partner companies, and government entities as key stakeholder groups that exchange diverse values and impacts within the ESG context. We manage and respond to ESG issues by stakeholder group and maintain tailored communication channels accordingly. Through its corporate governance charter, HD Hyundai Electric explicitly recognizes stakeholder rights and emphasizes its responsibility to protect consumers, ensure fair trade, and support stakeholder participation in governance oversight. We remain committed to maintaining open and sincere communication with stakeholders through a variety of engagement channels going forward.

Step 1. Identification and Definition of Key Stakeholders → **Step 2.** Stakeholder Communication → **Step 3.** Identification of Stakeholder Concerns → **Step 4.** Reflection in Management Activities

Stakeholder Group	Definition	Communication Channels	Key Topics of Interest	Related Management Activities
Customers	Stakeholders who purchase HD Hyundai Electric's products or receive its services	• Customer satisfaction surveys • Customer service center • Social media (Instagram, LinkedIn, etc.)	• Strengthening product and technology competitiveness • Development of environmentally sustainable and high-value-added products • Enhancing product safety • Improving customer communication experience	• Quality training for employees • Certification of green products and technologies • Continuous product R&D
Shareholders and Investors	Stakeholders who provide financial capital to support HD Hyundai Electric's sustainable growth and business strategies	• Investor relations meetings • General shareholders' meetings • Business report disclosures • Website	• Enhancing shareholder value • Ensuring stable business performance • Managing business risks and opportunities • Establishing sound governance	• Disclosure of board resolutions • Implementation of electronic voting system • Advance notice of general meeting agendas • Implementation and codification of proxy voting system • Increase in dividends per share
Employees	Internal members of HD Hyundai Electric who play a central role in executing business activities and delivering performance across functions such as product development, manufacturing, sales, and support	• Labor-management council • Grievance handling system • Intranet and newsletters • Management briefings • Safety management meetings	• Fair evaluation and compensation • Enhancing employee benefits • Education and training • Promoting cooperative labor-management relations • Operating a safe workplace environment	• Operation of labor-management council • Training programs and human rights education • Retirement planning support • Family-friendly company certification • Implementation of PC-OFF system (automatic PC shutdown policy) • Establishment of the Human Rights Committee • Human rights impact assessments
Partner Companies	Stakeholders who supply raw materials, components, or services necessary for production	• Regular meetings with partner companies • Partner company grievance resolution system • Partner Companies Council	• Promoting shared growth • Strengthening fair trade • Supporting partner companies' capability development • Partner companies' occupational safety and health • Responsible supply chain management	• Financial and ESG management support for partner companies • Fair trade system operation • Technical support programs • Grievance channels for safety and health
Local Community	Stakeholders impacted by our business operations, including nearby residents, civic groups, and local governments	• Local government councils • Civic and volunteer groups	• Community development • Promoting industrial growth and local employment • Respecting environmental and human rights • Social contribution activities • Strengthening communication	• Talent development programs • Support for the socially vulnerable • Regional development investments • Salary-sharing campaign with employee participation • Employee-led volunteer and social contribution activities
Government	Stakeholders that influence our operations by setting regulations and industrial policies	• Policy advisory bodies • Policy roundtables • Visits to National Assembly and government ministries	• Supporting government policies • Participation in and support for government events • Sharing industry and company information • Revitalizing the local economy • Managing safety and labor issues	• Operation of fair trade compliance programs • R&D investment in environmentally sustainable energy • Participation in key industry associations
Media	Stakeholders that disseminate our business activities through news media such as broadcast, newspapers, magazines, news agencies, and online media outlets	• Press releases • Website • Media meetings	• Business performance and industry trends • Key company-wide issues • Strategic business directions	• Press release distribution • Website news updates • Media coverage support • Press briefings

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ESG Highlight

Completed domestic and international certification tests

Developed 72.5kV 31.5kA SF_6-Free GIS

Key component for ship electrification

Obtained Korean Register (KR) Certification for High-Capacity Low-Voltage Drive (LV VFD)

Progress on RE100 goal

Achieved RE12 in 2025

Habitat protection for Siberian Flying Squirrels

Identified wider habitat ranges through wildlife monitoring

Strengthening supplier support

Awarded "Outstanding" for Safety and Health Partnership Between Large Enterprises and SMEs

Since 2022,

Zero serious accidents

Shared growth between large enterprises and SMEs

Smart Factory Support Program

Collaborating with overseas clients and local communities for Social contribution activities

(US, UK, Vietnam)

Korea institute of Corporate Governance and Sustainability

Rated A+

Listed on S&P DJBIC World, APAC, Korea indices

Dividend Payout Ratio

Met the requirements for a high-dividend company

(Requirements:
1. Consolidated dividend payout ratio of 25% or higher,
2. Year-over-year dividend increase of 10% or more)

Commended as an Outstanding Value-Up Company

Awarded by the Deputy Prime Minister for Economy

ESG Fact Book

Environmental

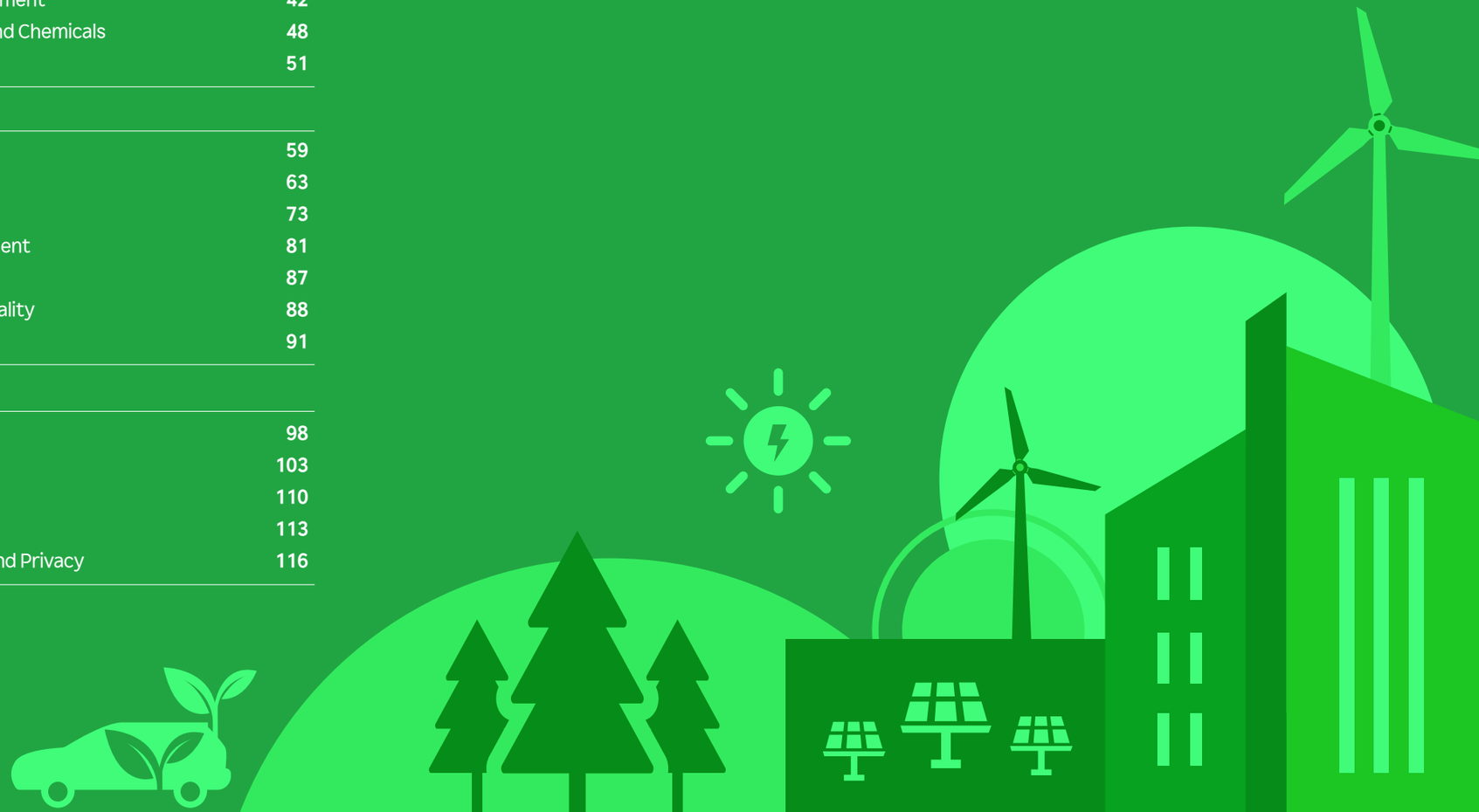
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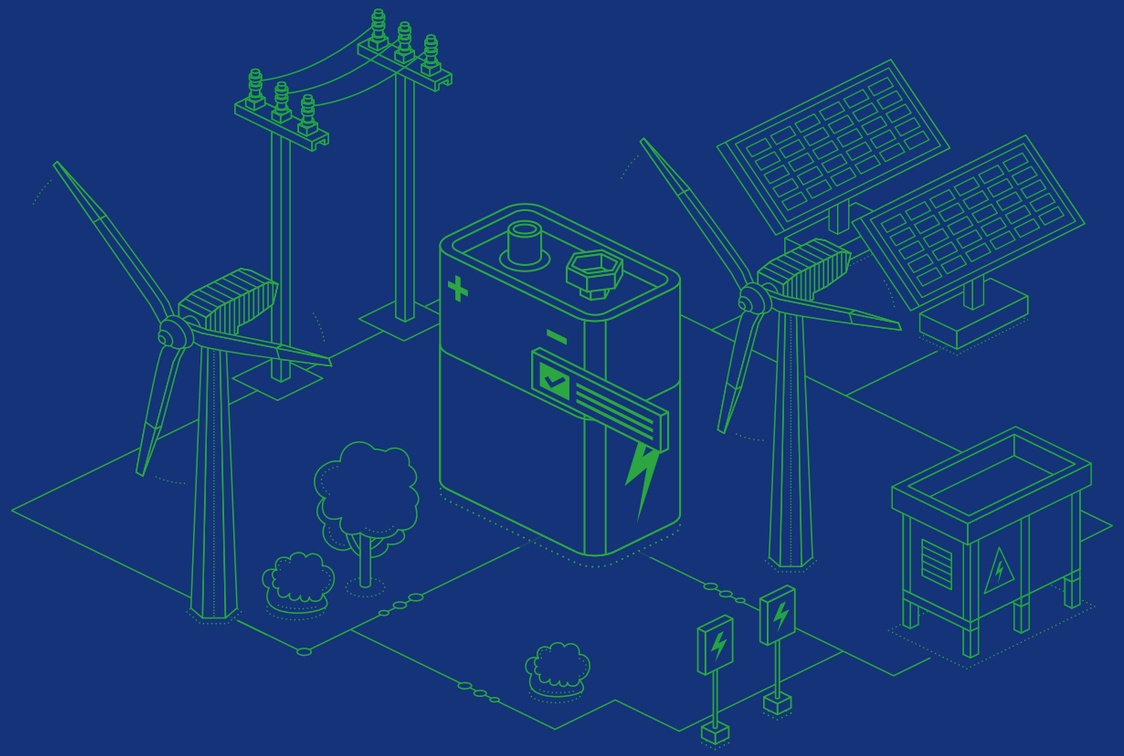
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Products and Technology Development

Governance of Products and Technology Development

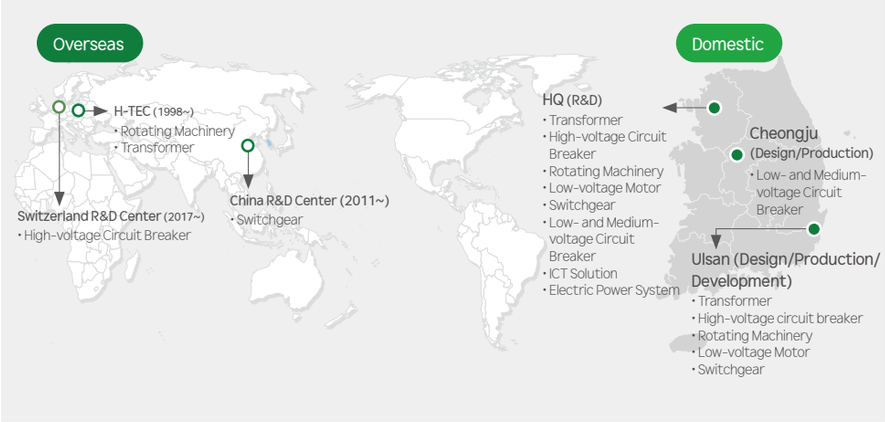
HD Hyundai Electric operates a technology development governance framework based on its internal R&D regulations and stage-gate decision making processes to systematically advance product and technology development aligned with mid- to long-term business strategies for each product portfolio.

Product and technology development projects are identified and selected through market and customer analyses linked to business strategies by product group, establishing Product Roadmaps (PRMs) and Technology Roadmaps (TRMs). Throughout the development process, relevant departments - including R&D, engineering, manufacturing, and quality - collaborate closely to continuously review business feasibility and development direction.

In addition, technology development councils for each product group conduct advance reviews of development-stage checklists and evaluations, while interim and final performance assessments provide feedback to enhance R&D efficiency and execution capabilities.

Through this governance framework, we seek to strengthen sustainable product and technological competitiveness by responding flexibly to market changes and evolving technology trends in the power industry.

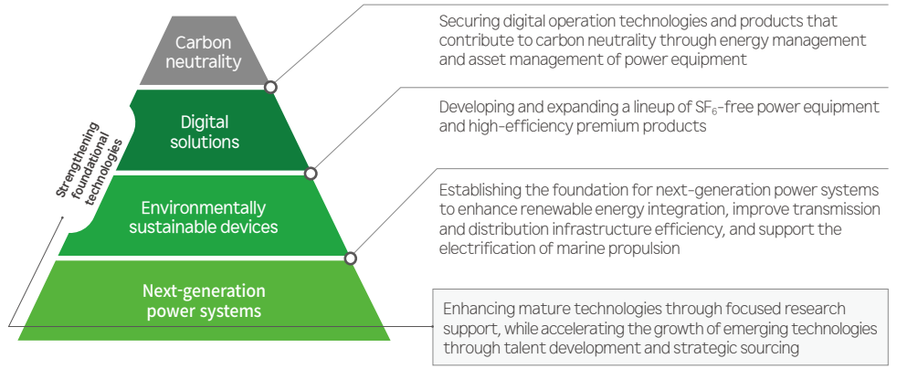
Furthermore, research centers located in Korea (Seongnam, Yongin, and Ulsan) and overseas (Hungary, Switzerland, and China) are developing market-oriented technologies across electrical and electronic systems, including transformers, high-voltage circuit breakers, rotating machinery, switchgears, low- and medium-voltage circuit breakers, and ICT-based power equipment.



Products and Technology Development Strategy

The energy industry, once one of the most conservative and stable sectors, is now entering a period of major transformation driven by the issue of carbon neutrality. Related trends in the power sector include: (1) increased electricity use in end-use energy demand due to electrification, (2) the expansion of renewable generation and distributed energy sources for decarbonization, (3) growing decentralization to respond to electricity demand changes, (4) the emergence of new business models based on digitalization, such as energy efficiency solutions, power trading, and EV charging. In response, HD Hyundai Electric is striving to set a new standard for future power technologies that reflect environmental considerations. We are actively addressing the carbon neutrality market by developing (1) digital solutions, (2) environmentally sustainable devices, and (3) next-generation power systems, supported by the strengthening of foundational technologies.

HD Hyundai Electric R&D Strategy



R&D Process



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Products and Technology Development

Activities to Strengthen R&D Capabilities and Secure New Growth Engines

HD Hyundai Electric is actively building an open industry-academia collaboration system with major universities in Korea and abroad, aiming to secure advanced technologies and foster core talent as a foundation for leading the future power industry. After signing its first R&D agreement with KAIST in 2024, we conducted six industry-academia projects in 2025 based on an R&D funding model. We are also carrying out various research projects related to power equipment, rotating machinery, and distribution equipment with universities in Korea and abroad. This initiative allows us to proactively acquire new technologies we do not currently possess, while fostering synergies between academia and industry by linking the partnership to talent recruitment. We plan to continue expanding such collaborations with major universities in Korea and abroad.

The Company operates a technology-focused "Working Group" within the R&D organization to address limitations that may arise from the existing product group-based structure. Experts in key technical areas-such as insulation, thermal-fluid dynamics, chemistry, and artificial intelligence (AI)-are participating in the working group, promoting autonomous collaboration and in-depth research to enhance technological competitiveness. The outcomes of these efforts, as presented in the performance review conducted in December 2025, will be actively reflected in development roadmaps and mid-to-long-term investment plans. In parallel, an organic collaboration system has been established among sales, design, development, and R&D departments for each product group. Through product/technology development meetings within the technology development council by product line, we are strategically carrying out R&D activities closely aligned with revenue growth.

In addition, in February 2025, HD Hyundai Electric participated in the AHR Expo, the largest HVAC exhibition in North America, where it introduced power solutions optimized for HVAC systems. In August 2025, at the 2025 Global Climate Industry Expo, we jointly operated a booth for three days with three HD Hyundai energy affiliates and showcased next-generation environmentally sustainable power equipment. We also demonstrated our technological capabilities in the environmentally sustainable power technology sector through active external communication activities, including publishing multiple papers in domestic academic journals on environmentally sustainable and energy-efficiency technologies.

Meanwhile, as part of its business expansion strategy, HD Hyundai Electric acquired Plaspo (currently HD Hyundai Plaspo), a company specializing in power conversion equipment for renewable energy. Through this acquisition, we are strengthening our product portfolio and accelerating the development of new growth engines.

Declaration of an AI Transformation



AI Transformation Declaration Ceremony

In March 2026, HD Hyundai Electric held an AI Transformation (AX) Declaration Ceremony to share its AX strategy and practical implementation plans with all employees. We invited leading AI enterprises to present AI application cases in corporate operations and fostered company-wide consensus on AI transformation through a Q&A session with the CEO. To accelerate enterprise-wide AI transformation, we plan to implement a range of concrete initiatives, including the establishment of a dedicated AI organization, the introduction of AI-related incentive programs, and the development of an ontology-based data management and AI governance framework.

Short- and Mid-to-Long-Term Products and Technology Development Roadmap

2023 ~ 2025	2026 ~ 2028	2029 ~ 2030
Laying the foundation for environmentally sustainable products/solutions Strengthening foundational technology capabilities	Expanded development of environmentally sustainable products/solutions Product innovation through application of foundational technologies	Development of next-generation environmentally sustainable products/solutions Development of next-generation design and production foundational technologies
• Development and verification of electric propulsion/DC low-voltage products and grid-connection engineering technologies • Development of new environmentally sustainable devices • Securing core technologies for facility/energy management and digital substations	• Expansion and standardization of electric propulsion/DC lowvoltage products and packages • Broadening the lineup of environmentally sustainable devices • Expanded development of core digital substation equipment and platform technologies	• Development of electric propulsion/DC medium-voltage products and hybrid AC/DC grid engineering technologies • Development of large-capacity and premium-grade environmentally sustainable devices • Development of next-generation technologies for smart power/ distribution equipment and maintenance of electrical facilities
Strengthening design-based technologies and securing production base technologies	Development of new products utilizing materials technologies and enhancement of AI-based production technologies	Development of digital twin-based core technologies and future production system technologies

Products and Technology Development

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Products and Technology Development Achievements

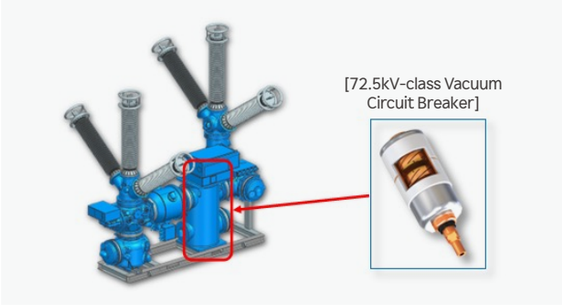
Development of 72.5kV 31.5kA SF_6-Free GIS

HD Hyundai Electric developed a 72.5kV 31.5kA 2500A 50/60Hz SF_6-Free GIS[1] and successfully completed certification tests conducted by the Korea Electrotechnology Research Institute (KERI) and KEMA[2] in the Netherlands.

Conventional GIS systems utilize SF_6 (sulfur hexafluoride) gas, which has GWP[3] of 23,900, driving rapid growth in global demand for environmentally sustainable alternatives. Developed in-house through cross-functional collaboration and proprietary technology, HD Hyundai Electric's SF_6-Free GIS uses Dry Air with a GWP of zero as the insulating gas and incorporates a 72.5kV vacuum circuit breaker.

The product is currently under discussion for orders targeting offshore wind power GIS projects and domestic and overseas customers seeking SF_6-Free GIS solutions. Going forward, we plan to further expand its product lineup through the development of a 145kV-class vacuum circuit breaker.

1) GIS: Gas Insulated Switchgear, a switching device used for the transmission and distribution of high-voltage electric power
2) KEMA: A Dutch testing and certification organization for electrical power equipment
3) GWP: Global Warming Potential, with CO_2 set as the reference value of 1.



72.5kV 31.5kA SF_6-Free GIS

Obtained Certification Test Report for Europe-Bound 145kV 40kA SF_6-Free GIS

HD Hyundai Electric developed a Europe-bound 145kV 40kA 50Hz SF_6-Free GIS and conducted PQ[4] certification tests with major European utilities. The product successfully passed all mandatory test items required under IEC international standards and utility specifications, securing PQ certification results. In particular, the electrical endurance test (E2) for the insulating gas without added oxygen was certified successfully for the first time in the world.

This development demonstrated both the environmentally sustainable technology and reliability of the product through the design of a high-performance circuit breaker using an alternative to SF_6 gas, as well as through high-voltage and high-current interruption tests. By completing PQ certification, HD Hyundai Electric secured qualification to participate in bids with European utilities, thereby expanding opportunities for new orders and high-profit business projects. In addition, the design and testing data accumulated during the development process are expected to serve as core technological assets for the future development of 245/420kV-class high-voltage products.

Building on this achievement, HD Hyundai Electric plans to further expand orders for major projects across Europe and broaden the application of SF_6-Free GIS into various new markets. Furthermore, alongside the development of additional high-voltage product lines, we aim to enter high-value-added business areas such as digital twins and maintenance-as-a-service, securing sustainable growth engines and strengthening our position in the global market for environmentally sustainable power equipment.

4) PQ: Pre-Qualification



145kV SF_6-Free GIS KERI/KEMA Certification Test Report

Korean Register Certification for a Large-Capacity Low-Voltage Drive for Ship Propulsion

HD Hyundai Electric has become the first company in Korea to obtain type approval certification from the Korean Register (KR), a member of the International Association of Classification Societies (IACS[6]), for its "Low-Voltage High-Capacity Drive for Marine Applications (LV VFD[5])," a core component for ship electrification that had previously relied entirely on imports from overseas.

This certification confirms that the VFD has successfully passed the strict technical standards of the classification society under marine operating conditions, including: ▲Structural safety, ▲Electromagnetic compatibility, and ▲Environmental durability. Through this achievement, HD Hyundai Electric has demonstrated that its product complies with relevant maritime safety and environmental requirements applicable to marine operations in terms of both performance and reliability.
The KR certification for the VFD, jointly developed with HD Korea Shipbuilding & Offshore Engineering, serves as proof that we have secured both independent technological capability and reliability in the field of marine power conversion systems.

HD Hyundai Electric plans to continue advancing environmentally sustainable and electrification-focused marine technologies.

5) LV VFD: Low Voltage Variable Frequency Drive
6) IACS: International Association of Classification Societies



Low Voltage Variable Frequency Drive (LV VFD) for Ships



Type Approval Certification by Korean Register (KR), a Member of the International Association of Classification Societies (IACS)

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Development of Intelligent Protection Technology for Shaft Generator Systems

HD Hyundai Electric developed an intelligent protection technology designed to enhance operational reliability and protection performance in the power systems of vessels equipped with shaft generators, and filed a domestic patent application in Korea.

The technology is distinguished by its ability to overcome the limitations of conventional overcurrent-based protection systems, even under low short-circuit current conditions commonly found in inverter-based shaft generator vessels. In particular, HD Hyundai Electric independently developed an advanced algorithm capable of rapidly and accurately detecting fault locations by establishing a real-time data exchange framework based on IEC 61850 and leveraging GOOSE[1)] communication technology.

The Power Systems Research Lab rigorously verified the performance and reliability of the intelligent protection technology by applying various vessel operating scenarios within a HILS[2)] environment utilizing a real-time power system simulator.

Through future onboard application of this intelligent protection technology, HD Hyundai Electric expects to reduce fault interruption time to within 100 milliseconds while maintaining uninterrupted power supply to healthy sections without blackout events. We plan to further strengthen our leadership in the marine switchboard market through its intelligent protection technology capabilities.

1) GOOSE: Generic Object Oriented Substation Event, A high-speed Ethernet communication method based on the IEC 61850 standard, used to transmit protection and control signals between power facilities in real time within a few milliseconds, enabling fast and highly reliable interlocking between protective relays.
2) HILS: Hardware-In-the-Loop Simulation, A technology that verifies controller performance and stability in a virtual testing environment by integrating actual hardware devices with a real-time simulator

Obtained UL[3)] Certification for Industrial MCCB[4)] for the North American Market

HD Hyundai Electric has developed molded case circuit breakers (MCCB) targeting the North American power infrastructure and data center markets and has obtained UL certification for the products. The new product is available in five rated current (AF) configurations—125, 150, 250, 400, and 600 AF—and offers interrupting capacities of 100 kA at 480 V and 65 kA at 600 V.

In addition, the products adopt a thermal-magnetic trip protection system to enhance stability and reliability. They have successfully passed the rigorous testing and evaluation processes of UL, one of the leading safety certification organizations in the United States, earning both UL and cUL[5)] certifications. UL certification is a recognized safety and quality standard for electrical and electronic products and industrial equipment, and is considered a virtually mandatory requirement for the distribution and supply of products associated with risks such as fire and electric shock in the North American market.

Through this development, we aim to expand our long-term market share in North America and expect to accelerate business growth in the power distribution equipment sector, including MCCBs.



[ACB, MCCB, VCB, MC]

3) UL: Underwriters Laboratories, U.S. safety standards development organization
4) MCCB: Molded Case Circuit Breaker
5) cUL: Canadian Underwriters Laboratories

Environmentally Sustainable Business Performance

Environmentally Sustainable Revenue[6)]

Category	Unit	2023	2024	2025
Environmentally sustainable revenue ratio[7)]	%	5.286	4.628	3.369
Environmentally sustainable revenue	KRW 1M	121,225	138,540	113,901

6) HD Hyundai Electric defines "environmentally sustainable products" according to our internal sustainability classification system. This includes products that reduce greenhouse gas emissions through high efficiency or use environmentally sustainable materials, such as alternative insulating oils and gases.
7) Revenue is based on the separate financial statements

Green Patents

	Category	Unit	2023	2024	2025
Green Patents	Number of green patent applications[8)]	cases	96	104	126
	Number of registered green patents	cases	67	69	90

8) Revision of Prior Reporting Year Data Following the Enhancement of the Quantitative Data Calculation System

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Climate Action

Climate Action Governance

HD Hyundai Electric has strengthened its governance for climate change response by systematically managing related issues through the ESG Committee under the Board of Directors. We ensure that climate issues are integrated into company-wide strategy by deliberating on and making decisions regarding key matters when establishing mid- to long-term business strategies and climate change response plans. In addition, we established a Carbon Management Committee to respond to strengthening climate regulations. The Carbon Management Committee is chaired by the Chief ESG Officer and composed of executives from relevant departments, and is responsible for reviewing and approving major carbon-related agenda items such as carbon emission allowances.

Decision-making Framework for Climate Action



1) The Carbon Management Committee is operated under the Chief ESG Officer

Board Oversight

HD Hyundai Electric systematically manages and oversees ESG issues, including climate change, through the Board of Directors, our highest decision-making body. The ESG Committee under the Board regularly deliberates on and approves the direction of ESG strategy, implementation plans, and risk and opportunity factors, and manages the integration and implementation of climate change response strategies across the company. The ESG Committee is chaired by an independent director to ensure independence and expertise, and we continuously strengthen our capabilities through regular training on domestic and international ESG regulatory trends and industry best practices.

Executive Leadership and Roles

HD Hyundai Electric has built an organic collaboration system among management, operational teams, and experts to swiftly identify and effectively respond to risks and opportunities arising from climate change. Dedicated organizations, including the ESG Management Team and the Safety and Environment Department, lead climate change response under the Chief ESG Officer and CSO[1)], and at the group level, we operate an ESG Advisory Group composed of experts from each field. The dedicated organizations regularly review climate change-related risks and opportunities at least once a year, report to the Chief ESG Officer and CEO, and submit agenda items to the ESG Committee. The CEO makes final decisions in consultation with the ESG Committee. Matters discussed and resolved by the ESG Committee are implemented through the responsible departments, and management oversees the implementation and performance of the organization's climate goals throughout this process.

1) CSO: Chief Safety Officer

ESG Governance at HD Hyundai Group

HD Hyundai Electric actively participates in the HD Hyundai Group ESG governance system to internalize ESG management activities and strengthen group synergy. The HD Hyundai Group ESG Council is a consultative body where the Chief ESG Officers of each company gather to discuss the group's core agenda and ESG direction, while the ESG Working Group holds workshops for ESG working-level staff across the group and contributes to spreading best practices by sharing outstanding project cases. In addition, in 2026, we established a Group Carbon Management Committee under the council to specify the direction and goals of the group-wide carbon neutrality strategy and to set implementation directions for each carbon reduction measure. The Carbon Management Committee plans to systematically manage reduction performance by establishing strategies to respond to climate regulations such as the Emissions Trading Scheme and by establishing the group's key carbon-related indicators.

Key Climate-Related Agendas of the 2025 ESG Council

Category	Date	Key Agenda Items
ESG Council	Sep. 18, 2025	• Discussion on the Group's ESG disclosure requirements and assurance readiness roadmap • Reporting on the status of the group ESG platform development • Sharing the direction for establishing the group carbon management governance framework
ESG Working Group	Sep. 19, 2025	• Sharing the detailed schedule of the ESG disclosure project • Sharing the direction for the establishment and operation of the group carbon management governance framework • Discussion on the application of an internal carbon pricing mechanism

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Climate Action Strategy

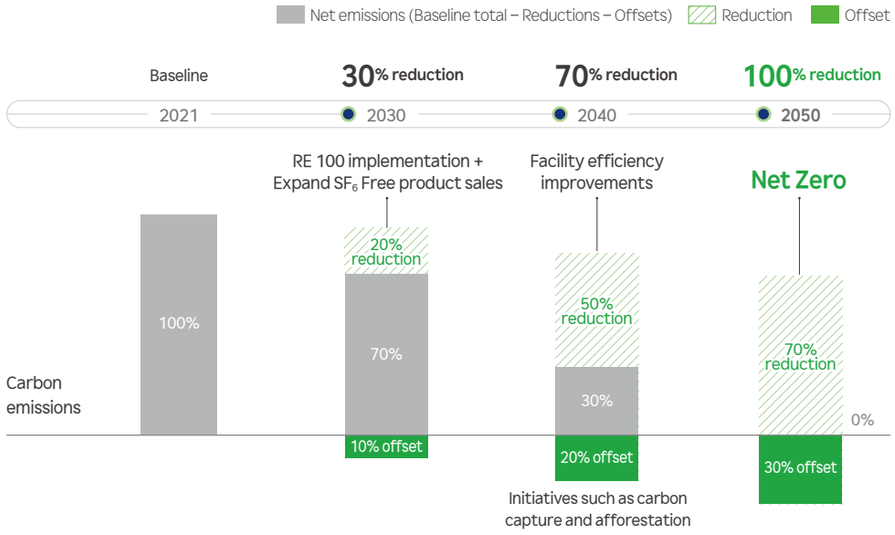
Carbon Neutrality by 2050

HD Hyundai Electric is pursuing company-wide climate change response with the goal of achieving carbon neutrality (Net Zero) by 2050.

We have set a target to reduce greenhouse gas emissions by 70% by 2040, using 2021 as the base year[1)], and plan to prioritize reducing Scope 2 emissions (indirect emissions from electricity use) based on RE100 implementation. We also plan to gradually expand energy efficiency improvements and the transition to renewable energy at our business sites. For residual emissions that cannot be eliminated through direct reduction measures, the Company plans to use internationally recognized carbon offset mechanisms to achieve Net Zero emissions by 2050.

1) This target is based on the GHG Protocol (guidelines for greenhouse gas accounting and reporting) and includes the headquarters, subsidiaries, and overseas business sites.

2050 Carbon Neutrality Roadmap



Greenhouse Gas Reduction Targets and Performance

HD Hyundai Electric has set annual greenhouse gas reduction targets and is implementing activities to reduce greenhouse gas emissions.

Category	Unit	2025 Performance	2025 Target	2026 Target
Scope 1 & 2 emissions[2)]	tCO_2eq	38,017	38,820	40,600

2) Scope of data: Ulsan Plant, Seonam Plant, Machinery & Electrical Engineering Research Center, Anseong Plant, Bundang Office, GRC Bundang Office, Gyedong Office, Cheongju Power Distribution Campus, and Ulsan Site 3

GHG Emission Reduction Activities

HD Hyundai Electric is continuously implementing company-wide energy-saving activities with the goal of reducing energy consumption. In particular, to reduce electricity consumption, which accounts for a large proportion of total energy use and greenhouse gas emissions, we promote voluntary reduction activities by production departments and manage performance through company-wide KPIs.

At each business site, we have continuously carried out employee-participatory energy-saving activities, including temperature management of office heating and cooling during summer and winter, turning off lights during lunch hours, and shutting down office equipment upon leaving work. We have also pursued enhanced energy reduction management alongside operational improvements such as replacing aging heating and cooling equipment and old diesel vehicles.

As a result of these company-wide energy reduction activities, electricity consumption in 2025 decreased by 2,279,982 kWh compared to the previous year, resulting in a reduction of approximately 1,063 tCO_2eq in greenhouse gas emissions on a Scope 2 basis.

Furthermore, externally, we continue to achieve reductions in Scope 2 greenhouse gas emissions by purchasing RECs (Renewable Energy Certificates) to receive recognition for renewable energy use against our consumed electricity.

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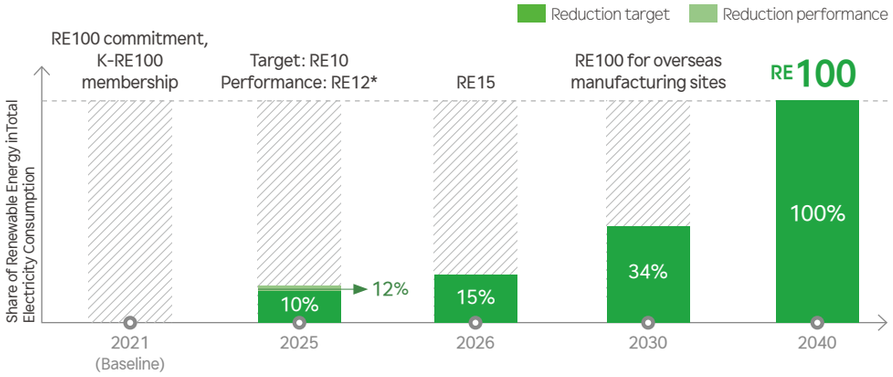
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Energy Management

RE100

Since joining the Korean RE100 (K-RE100) initiative in December 2022, HD Hyundai Electric has been continuously advancing energy management activities to achieve carbon neutrality. We have set a target to transition 100% of the electricity used at all Korean and overseas business sites to renewable energy by 2040. Through this RE100 implementation strategy, we are continuously striving to strengthen our position as a sustainable energy solutions company, contribute to the transition to a carbon-neutral society, and fulfill our social responsibilities for a sustainable future.

RE100 Roadmap



(Unit: %)

Site	Ratio	2025 RE10 target	2030 RE100 target for overseas manufacturing sites	2040 RE100 target for Korea and overseas
Korea	68.6%	REC/PPA 7.6	REC/PPA 2.6	Direct/PPA 66, REC 2.6
Alabama, US	23.8%	REC/PPA 2.4	REC/PPA 23.8	See left
Yangzhong, China	7.6%	-	Direct/PPA 7.6	See left

* RE12 (Renewable Energy Usage Ratio) = Consolidated Renewable Energy Usage (12,974 MWh) / Consolidated Electricity Usage (104,282 MWh)

RE100 Progress and Targets

HD Hyundai Electric procured 12% of its business site electricity from renewable energy, surpassing the previous target of RE10 to achieve RE12. In particular, in 2025, our Alabama subsidiary in the United States introduced renewable energy for the first time through REC purchases. In 2026, we plan to increase the proportion of renewable energy adoption at the Alabama subsidiary and expand the number of subsidiaries using renewable energy. In South Korea, we plan to expand renewable energy use through the installation of on-site solar panels and the introduction of Power Purchase Agreements (PPAs).



Confirmation of Renewable Energy Use

Energy Use[1)]

Category		Unit	2022	2023	2024	2025
Total Energy Consumption	Total energy consumption (total)	TJ	679	743	814	881
	Total energy consumption (intensity)[2)]	TJ/KRW 1B	0.37	0.32	0.27	0.26
	Non-renewable energy consumption[3)]	TJ	679	738	785	778
Direct Energy Consumption[4)]	Direct energy consumption (total)	TJ	133	133	131	124
	Fossil fuel	TJ				124
	Crude oil and petroleum product fuels	TJ				4
	Natural gas	TJ				120
	Renewable fuel	TJ				-
Indirect Energy Consumption	Indirect Energy Consumption (Total)	TJ	548	606	656	659
	Electricity	TJ	548	605	655	657
	Steam/Heat	TJ	-	1	1	2
Renewable Energy Consumption[5)]	Renewable energy consumption	TJ	-	5	29	103
	Share of renewable energy use	%	-	0.67	3.56	11.69
Grid Electricity	Share of grid electricity use	%	80.35	81.97	80.25	74.57

1) Scope of calculation: Ulsan Plant, Seonam Plant, Mechanical & Electrical Research Institute, Anseong Plant, Bundang Office, GRC Bundang Office, Gyedong Office, Cheongju Power Distribution Campus, Ulsan 3rd Storage Yard
2025 energy consumption target: Energy intensity of 0.274 TJ/KRW 1B (2025 actual energy intensity: 0.261 TJ/KRW 1B, achieving 105% of target)
Prepared based on greenhouse gas statements; individual consumption figures are truncated below the decimal point, so the sum of individual consumption may differ from the total.
2) Revenue: Based on separate financial statements
3) 2025 non-renewable energy consumption target: 908 TJ
4) Direct energy sub-indicators are newly aggregated and disclosed starting from 2025. Crude oil and petroleum product fuels consist of vehicle fuel and building LPG usage.
5) Includes self-held RECs and purchased RECs

Renewable Energy Sales

Category	Unit	2023	2024	2025
Renewable Energy Sales Volume	MWh	512.9	312.1	249.9

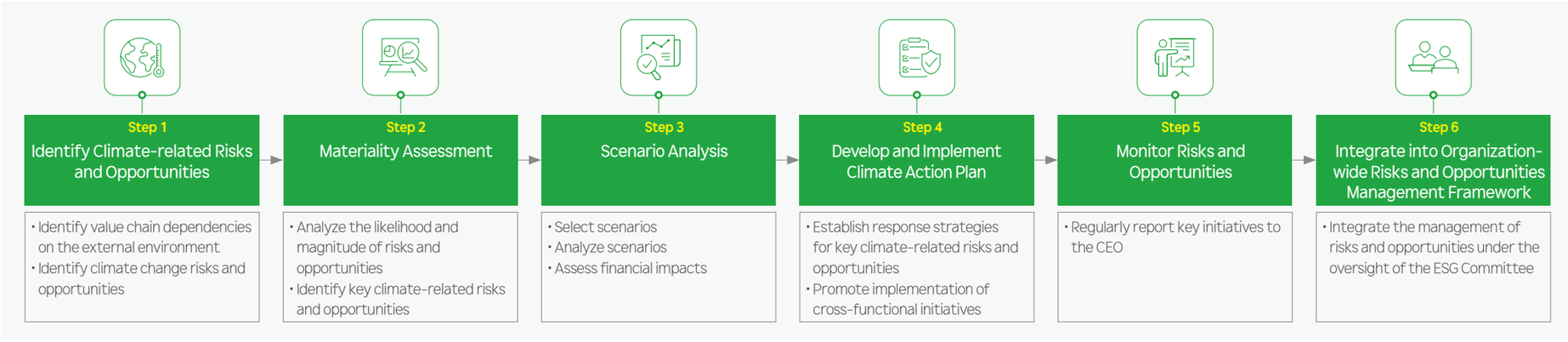
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Climate-related Risks and Opportunities

HD Hyundai Electric identifies climate change-related risks and opportunities that may affect the company over the short, mid, and long term, and establishes and implements response strategies for key risks and opportunities.

Identification and Management Process for Climate-related Risks and Opportunities



Identification of Climate-related Risks and Opportunities

HD Hyundai Electric classifies climate change-related risks and opportunities in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and has identified a list of risks and opportunities it may face through reviews of climate-related laws and regulations, industry characteristic analysis, and literature research.

Materiality Assessment

For the key risks and opportunities identified through materiality assessments, HD Hyundai Electric has analyzed their impacts on the business and value chain, as well as the timeframes over which those impacts occur, thereby laying the groundwork for establishing a climate change response strategy.

Methodology for Materiality Assessment

Magnitude X Likelihood

→ Utilized quantitative and qualitative thresholds based on financial impacts on our financial performance, financial condition, cash flows, access to capital, and cost of capital, while gathering input from relevant departments and reviewing internal and external conditions
→ Evaluated the magnitude of impact and likelihood of occurrence for the identified information to select key risks and opportunities

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Materiality Assessment

Key Risks and Opportunities

HD Hyundai Electric has comprehensively assessed the magnitude and likelihood of each risk and opportunity based on 28 climate change-related risks and opportunities (21 risks and 7 opportunities) that may arise from climate change factors associated with its business, and has identified 12 key risks and opportunities expected to have a significant impact on the company. Transition risks are those that arise in the process of transitioning to a low-carbon economy, while physical risks may result from the physical impacts attributable to climate change. Climate risks have the potential to materialize in the form of asset impairment or supply chain disruptions, thereby exerting financial impacts on the organization.

Category	Type	Climate-related Driver	Risk/Opportunity	Impact on Business and Value Chain	Time Horizon[1]		
					Short-term	Mid-term	Long-term
Transition Risks	Market	Renewable energy transition	Rise in national electricity prices due to decarbonization and the introduction of renewable energy	Currently, renewable energy sources such as solar and wind power have higher generation costs compared to coal and LNG, and due to the inherently volatile nature of renewable energy, ancillary costs for maintaining real-time supply-demand balance as well as transmission, transformation, and distribution costs are increasing. Accordingly, electricity tariffs are expected to rise as the proportion of renewable energy gradually expands.	●	●	●
			Decline in sales of fossil fuel-related products due to the expansion of renewable energy generation	As the demand for transition to renewable energy spreads, fossil fuel power plants are expected to decrease over the mid-to-long term. Demand for power equipment such as transformers and high-voltage circuit breakers supplied to fossil fuel power plants is also projected to gradually decline.	●	●	●
	Policy and Legal	Stronger GHG emissions regulations and policies	Increase in costs due to a decrease in the free allocation ratio of greenhouse gas emission allowances and rising allowance prices	The gradual increase in the paid allocation ratio and a rise in emission allowance prices are anticipated as the Emissions Trading Scheme is tightened. As a company subject to the Emissions Trading Scheme allocation, we expect our burden of purchasing emission allowances to increase over the mid-to-long term due to tightening regulations.	●	●	●
		Stronger global carbon regulations	Rise in critical mineral prices due to growing demand for renewable energy	The need for and demand of critical minerals required to achieve global clean energy (solar and wind) targets is expected to surge sharply. The price of critical minerals has risen significantly in recent years due to this increase in demand for clean energy technologies and supply-side constraints. Rising prices of copper, a key raw material, may act as a factor increasing our manufacturing costs.	-	●	●
		Stronger sector-specific regulations (e.g., EU F-Gas)	Decline in demand for high-carbon products	SF_6 gas high-voltage circuit breakers within the EU are expected to be phased out gradually, and regulatory expansion related to SF_6 gas is also anticipated in the United States. If research and development of SF_6-Free GIS capable of replacing SF_6 gas is not carried out upon the introduction of such regulations, sales of existing products may decline, negatively impacting revenue.	-	-	●
Physical Risks	Acute	Occurrence of extreme weather events	Damage to business site assets due to typhoons (strong winds and heavy rainfall)	Typhoons accounted for 58% of the total damage caused by natural disasters in South Korea between 1991 and 2017. Given their characteristic of being accompanied by strong winds and heavy rainfall, incidents such as damage to walls, roofs, and windows, flooding, and collapse and sediment-related accidents may result in financial losses from recovery costs associated with asset damage.	●	●	●
			Operational disruption at business sites due to typhoons (strong winds and heavy rainfall)	In the event of a powerful typhoon, operations may be suspended due to emergency measures taken to prevent casualties from strong winds and recovery work necessitated by asset damage.	●	●	●
Opportunity	Market	Renewable energy transition	Increase in sales of renewable energy-related products due to the expansion of renewable energy generation	As the global transition to renewable energy is increasingly required, the growing number of renewable energy power plants is expected to drive expanded demand for power equipment such as transformers and high-voltage circuit breakers. Meanwhile, fluctuations in power generation and output due to the intermittency of renewable energy can cause supply-demand mismatches within the power grid, leading to a surge in ESS installations to address this issue. As a result, the expansion of renewable energy is expected to lead to increased demand not only for power equipment but also for ICT sectors such as ESS.	●	●	●
		Demand for electrification	Increase in sales of power equipment and related products due to electrification	Electrification refers to the transition of the primary energy source from fossil fuels to electricity. As the trend toward electrification to achieve carbon neutrality goals accelerates, the role and scope of the grid responsible for power transmission and distribution is expected to expand, which is anticipated to lead to increased demand for our related products including power equipment, distribution equipment, and rotating machinery.	●	●	●
	Policy and Legal	Stronger GHG emissions regulations and policies	Expansion of renewable energy transition	Although we are subject to the Emissions Trading Scheme allocation, increasing our procurement of renewable energy in line with RE100 implementation can reduce our carbon allowance purchasing costs.	●	●	●
		Stronger global carbon regulations	Increase in sales of marine electrical products related to improvements in vessel energy efficiency	Orders for environmentally sustainable new vessels are on the rise as shipowners seek to comply with tightening environmental regulations such as the IMO carbon emission regulations. As we supply electrical systems to vessels and offshore facilities, we expect to benefit from increased demand for energy-efficient marine electrical products (marine shaft generators) driven by the expanding demand for eco-friendly vessels.	●	●	●
		Stronger sector-specific regulations (e.g., EU F-Gas)	Growing demand for low-carbon products	SF_6 gas high-voltage circuit breakers within the EU are expected to be phased out gradually, and regulatory expansion related to SF_6 gas is also anticipated in the United States. If research and development of SF_6-Free GIS capable of replacing SF_6 gas is carried out in preparation for such regulations, sales of low-carbon products (SF_6-Free GIS) are expected to increase.	●	●	●

1) HD Hyundai Electric has categorized the expected timeframes over which climate-related risks and opportunities exert their impact into short-term, mid-term, and long-term, with specific definitions as follows. The period up to 2050 has been set as the target to effectively achieve carbon neutrality goals in response to climate change. Short-term: next fiscal year (FY+1) / Mid-term: period for establishing mid-term business and capital plans (FY+2 to FY+5) / Long-term: long-term business vision and greenhouse gas reduction roadmap (FY+6 onwards)

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Scenario Selection and Analysis

HD Hyundai Electric conducted a scenario analysis in 2025 to identify the financial impacts of climate change-related risks and opportunities on the company. IEA and NGFS scenarios were used for transition risks and opportunities, while IPCC scenarios were used for physical risks. In particular, for the physical risk analysis, the analytical model was enhanced by utilizing climate data provided by Jupiter Intelligence, a climate modeling tool.

Scenario Selection and Analysis

Category	Transition Risks and Opportunities		Physical Risks
Selected Scenarios	• IEA scenarios[1] → NZE, APS, STEPS • NGFS scenarios[2] → NDC, DT, NZE2050		• IPCC scenarios[3] → SSP1-2.6, SSP2-4.5, SSP5-8.5
Definition of Scenarios	• NZE: All countries achieve carbon neutrality by 2050, with 100% achievement of energy access targets by 2030 • APS: All energy and climate targets declared by each government are achieved on time • STEPS: Each country's existing policies are projected to be maintained in the future; policies for which no detailed information is currently available are assumed not to be achieved	• NDC: Each country's Nationally Determined Contribution targets are all achieved, including unimplemented policies • DT: Greenhouse gas emissions do not decrease until 2030, after which strong policies are introduced • NZE2050: Carbon neutrality is achieved by 2050 through the immediate and coordinated implementation of climate policies	• SSP1-2.6: Assumes environmentally friendly economic growth through carbon neutrality and expanded adoption of renewable energy • SSP2-4.5: Assumes climate change mitigation reflecting current policy trends and intermediate levels of socioeconomic development • SSP5-8.5: Assumes indiscriminate expansion of development due to continued expansion of fossil fuel use and failure to implement reduction policies

1) IEA: International Energy Agency (provides data on future energy systems, including carbon prices and greenhouse gas reduction costs under major scenarios)
NZE: Net Zero Emissions, APS: Announced Pledges Scenario, STEPS: Stated Energy Policies Scenario
2) NGFS: Network for Greening the Financial System (provides data on carbon prices, electricity tariffs, and other metrics by scenario, reflecting energy, commodity, and other flows)
NDC: Nationally Determined Contributions, DT: Delayed Transition, NZE2050: Net Zero 2050
3) IPCC: Intergovernmental Panel on Climate Change (provides assessment reports on the scientific basis, impacts, and adaptation and mitigation measures related to climate change, as well as data such as temperature rise projections based on scenarios (SSP))
SSP: Shared Socioeconomic Pathways

Financial Impact Analysis and Assessment: Transition Risks and Opportunities

HD Hyundai Electric qualitatively analyzed the financial impacts of key risks and opportunities identified through materiality assessments by applying the relevant scenarios. We plan to continuously enhance our quantitative financial impact assessment model going forward.

Financial Impact Analysis of Transition Risks

Category	Type	Climate-related Driver	Risk	Financial Impact
Transition Risks	Market	Renewable energy transition	Rise in national electricity prices due to decarbonization and the introduction of renewable energy	• Increased energy (electricity) costs
			Decline in sales of fossil fuel-related products due to the expansion of renewable energy generation	• Reduced revenue due to lower sales of power equipment supplied to fossil fuel power generation plants
	Policy and Legal	Stronger GHG emissions regulations and policies	Increase in costs due to a decrease in the free allocation ratio of greenhouse gas emission allowances and rising allowance prices	• Increased carbon credit purchase costs due to a lower proportion of free allocation and higher carbon prices
		Stronger global carbon regulations	Rise in critical mineral prices due to growing demand for renewable energy	• Increased cost of sales due to rising prices of key raw materials
		Stronger sector-specific regulations (e.g., EU F-Gas)	Decline in demand for high-carbon products	• Reduced revenue due to lower sales of high-carbon products

Financial Impact Assessment of Transition Risks

Among transition risks, we estimated the financial impact resulting from the decrease in the free allocation ratio of greenhouse gas emission allowances and the increase in procurement costs due to rising allowance prices.

(Unit: KRW 100M)

Category	Scenario[5]	Short- and medium-term	Long-term	
		2030	2040	2050
Increase in costs due to a decrease in the free allocation ratio of greenhouse gas emission allowances and rising allowance prices[4]	NZE	32.9	111.4	167.6
	APS	31.8	95.1	134.1
	STEPS	9.9	36.4	59.7

4) Financial impact of climate risks estimated for business sites subject to the Korean Emissions Trading Scheme
5) Financial impact assessment is calculated by designating a representative year for each time horizon

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Financial Impact Analysis of Opportunities

Category	Type	Climate-related Driver	Opportunity	Financial Impact
Opportunity	Market	Renewable energy transition	Increase in sales of renewable energy-related products due to the expansion of renewable energy generation	• Increased revenue from higher sales of renewable energy-related products
		Demand for electrification	Increase in sales of power equipment and related products due to electrification	• Increased revenue from higher sales of power equipment-related products
	Policy and Legal	Stronger GHG emissions regulations and policies	Expansion of renewable energy transition	• Reduced carbon credit purchase costs through renewable energy procurement
		Stronger global carbon regulations	Increase in sales of marine electrical products related to improvements in vessel energy efficiency	• Increased revenue from higher sales of marine electrical products
		Stronger sector-specific regulations (e.g., EU F-Gas)	Growing demand for low-carbon products	• Increased revenue from higher sales of low-carbon products

Financial Impact Assessment of Opportunities

Among opportunities, we have estimated the financial impact arising from the expansion of renewable energy transition.

(Unit: KRW 100M)

Category	Scenario[2]	Short- and medium-term	Long-term	
		2030	2040	2050
Expansion of renewable energy transition[1]	NZE	14.9	90.2	115.4
	APS	14.2	73.8	87.9
	STEPS	0.3	14.9	27.0

1) Estimated financial impact of climate-related opportunities subject to the Korean Emissions Trading Scheme
2) Financial impact assessment is calculated by designating a representative year for each time horizon

Financial Impact Analysis and Assessment: Physical Risks

Financial Impact Analysis of Physical Risks[3]

Category	Type	Climate-related Driver	Risk	Financial Impact
Physical Risks	Acute	Occurrence of extreme weather events	Damage to business site assets due to typhoons (strong winds and heavy rainfall)	• Damage to tangible and intangible assets
			Operational disruption at business sites due to typhoons (strong winds and heavy rainfall)	• Increased labor costs due to operational downtime

3) We assessed physical risks for our key production and operating sites (Ulsan Plant, China Yangzhong subsidiary, and US Alabama subsidiary), which collectively accounted for approximately 77.48% of HD Hyundai Electric's total company-wide revenue as of the end of fiscal year 2025.

Financial Impact Assessment of Physical Risks

Among physical risks, the hazard identified as having the most significant impact on our production and operations is typhoons. HD Hyundai Electric has estimated the financial impact by key business site from asset damage caused by typhoons.

(Unit: KRW 100M)

Category	Region	Scenario[5]	Short- and medium-term	Long-term	
			2030	2040	2050
Damage to business site assets due to typhoons[4]	Ulsan, Republic of Korea	SSP1-2.6 (1.8C)	63.2	64.3	64.6
		SSP2-4.5 (2.7C)	61.5	62.5	64.6
		SSP5-8.5 (4.4C)	63.4	65.0	67.8
	Yangzhong, China	SSP1-2.6 (1.8C)	0.3	0.3	0.3
		SSP2-4.5 (2.7C)	0.3	0.2	0.2
		SSP5-8.5 (4.4C)	0.3	0.3	0.4
	Alabama, USA	SSP1-2.6 (1.8C)	0.1	0.2	0.2
		SSP2-4.5 (2.7C)	0.1	0.2	0.2
		SSP5-8.5 (4.4C)	0.1	0.2	0.2

4) Estimation of financial impact of physical climate risks through climate modeling using the Jupiter Intelligence tool
5) Financial impact assessment is calculated by designating a representative year for each time horizon

Physical Risk Adaptation Activities

HD Hyundai Electric operates a systematic emergency response system to minimize casualties and asset damage from extreme weather events such as typhoons. Based on weather forecasts from meteorological agencies and external organizations, we implement preemptive measures in accordance with a step-by-step response manual when typhoon warnings are issued. Key response measures are as follows:

- **Preparedness:** Company-wide notification of typhoon response measures and tracking of typhoon trajectory and impact zones; operation of departmental emergency response committees; determination of typhoon risk levels; departmental inspection measures in preparation for typhoons (securing outdoor equipment and materials, inspecting drainage facilities, installing flood barriers and drainage pumps, reinforcing vulnerable areas in advance, etc.)
- **Situational Response:** Establishment of an emergency response system and operation of an integrated situation room (activation of emergency response teams, real-time monitoring, work suspension, and personnel evacuation measures, etc.)
- **Post-Event Recovery:** Deactivation of emergency response status following the typhoon; inspection of facility damage; implementation of emergency recovery and improvement measures to prevent recurrence, etc.

In addition, we establish customized response plans for each business site and strengthen response capabilities through regular simulation drills, while maintaining a systematic management framework aimed at swift recovery and normalization of business operations in the event of operational disruptions caused by typhoons or other events.

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Monitoring and Integrated Management of Climate-Related Risks and Opportunities

HD Hyundai Electric implements strategies established in response to identified material risks, monitors progress, and continuously identifies areas requiring improvement.

Climate Change-Linked Performance Compensation System

HD Hyundai Electric sets relevant KPIs for the CEO and key executives to enhance the effectiveness of climate change response, and operates a system that links incentives to the achievement of these targets. In particular, responsibility for climate change response is assigned to the CEO, and our climate strategy and targets are reflected in the CEO's KPIs to effectively oversee their implementation. These KPIs include quantitative reduction targets for greenhouse gas emissions and energy consumption, which are directly linked to the CEO's compensation system, including incentives and annual salary. In 2025, climate change response-related KPIs were set at 3% of the total performance indicators.

Internal Carbon Price

HD Hyundai Electric intends to introduce an internal carbon pricing system to internalize climate change-related risks and opportunities into management decision-making. Based on a common internal carbon price shared across the HD Hyundai Group, we plan to apply it on a pilot basis to selected facility investment projects to review the system's effectiveness and operational standards. Following full implementation, we plan to systematically pursue the expansion of low-carbon investments and rational decision-making that accounts for carbon costs by conducting economic feasibility reviews that incorporate the internal carbon price in major investment decisions.

Time Horizon	Short- to Medium-term (2026-2030)	Long-term (2031-2050)
Price per ton	34,892 KRW/ton	118,553 KRW/ton

Establishment and Implementation of Climate Change Response Initiatives

HD Hyundai Electric has selected greenhouse gas emission calculation and reduction, development of low-carbon products and services, and management of climate-related risks and opportunities as response initiatives for managing key climate change-related risks and opportunities, and is systematically implementing them by designating a responsible department for each initiative. In addition, these risks and opportunities are categorized into short-term, mid-term, and long-term, with phased implementation plans established and currently being pursued.

Establishment of Response Initiatives by Climate Change Issue

Action Item	Key Risk or Opportunity	Phased Implementation Plan			Relevant Department
		Short-term	Mid-term	Long-term	
Calculate GHG Emissions	• Stronger carbon regulations	Identifying areas for expansion and improvement of emission calculation scope	Company-wide emissions data management in compliance with IFRS disclosure standards (including detailed product groups at overseas business sites) and digitalization	Identifying calculation logic for additional greenhouse gas emission-related regulations and new products, etc.	Safety & Environment Department (ESG Management Team, Business Planning Department)
Reduce GHG Emissions	• Stronger carbon regulations	Establishing the foundation for carbon neutrality and RE100 roadmap implementation	Operating low-carbon vehicles (EVs) and decarbonizing production processes	Implementing the carbon neutrality and RE100 roadmaps, updating action items and the roadmap in line with carbon regulations and global trends (reviewing and implementing offset emission guideline trends)	ESG Management Team (Safety & Environment Department)
Research and Develop Low-Carbon Products and Services	• Increase in demand for low-carbon products • Decrease in demand for high-carbon products	Calculating LCA data and identifying areas requiring decarbonization	Expanding research budget for low-carbon products and services	Securing competitive low-carbon products by identifying industry trends and our strengths	Technology Management Department, Business Planning Department (ESG Management Team)
Manage Climate Risks and Opportunities	• All risks and opportunities	Strengthening the reporting system for climate change-related implementation status (internal communication)	Enhancing the methodology for assessing climate-related risks, opportunities, and financial impacts (including internal carbon price measurement)	Quantifying the performance of climate change response initiatives and strengthening supply chain management measures	ESG Management Team (Procurement Department)

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Greenhouse Gas Emissions Management

HD Hyundai Electric prepares an annual greenhouse gas emissions statement in accordance with the Framework Act on Carbon Neutrality. The contents of the statement are reviewed by a third-party verification agency to assess its accuracy and conformity.

Greenhouse Gas Emissions[1)]

Category		Unit	2022	2023	2024	2025
Total GHG emissions (Scope 1+2)	Scope 1 + Location-based Scope 2 emissions (total)	tCO_2eq	33,163	36,164	39,619	42,970
	Scope 1 + Location-based Scope 2 emissions (intensity)[2)]	tCO_2eq/KRW 1B	18.124	15.77	13.235	12.709
	Scope 1 + Market-based Scope 2 emissions (total)	tCO_2eq	33,163	35,941	38,225	38,017
	Scope 1 + Market-based Scope 2 emissions (intensity)[2)]	tCO_2eq/KRW 1B	18.124	15.673	12.769	11.244
Direct emissions (Scope 1)	Scope 1 emissions	tCO_2eq	6,915	6,907	6,818	6,510
Indirect emissions (Scope 2)	Location-based Scope 2 emissions	tCO_2eq	26,252	29,257	32,801	36,460
	Market-based Scope 2 emissions	tCO_2eq	26,252	29,036	31,409	31,510
Other indirect emissions (Scope 3)	Scope 3 emissions (total)	tCO_2eq		275,755,064	276,495,208	299,786,081
	Upstream emissions (subtotal)	tCO_2eq		363,207	436,792	661,134
	Category 1. Purchased goods and services	tCO_2eq		306,212	327,956	460,436
	Category 2. Capital goods	tCO_2eq		9,721	13,068	23,703
	Category 3. Fuel- and energy-related activities	tCO_2eq		2,915	5,712	6,240
	Category 4. Upstream transportation and distribution	tCO_2eq		37,526	83,146	163,947
	Category 5. Waste generated in operations	tCO_2eq		2,034	2,125	2,101
	Category 6. Business travel	tCO_2eq		1,963	2,235	2,260
	Category 7. Employee commuting	tCO_2eq		2,632	2,346	2,243
	Category 8. Upstream leased assets	tCO_2eq		204	204	204
	Downstream emissions (subtotal)	tCO_2eq		275,391,857	276,058,416	299,124,948
	Category 9. Downstream transportation and distribution	tCO_2eq		3,629	11,865	46,507
	Category 10. Processing of sold products[3)]	tCO_2eq		-	-	-
	Category 11. Use of sold products	tCO_2eq		275,260,088	275,912,433	298,698,073
	Category 12. End-of-life treatment of sold products	tCO_2eq		128,140	134,118	380,368
	Category 13. Downstream leased assets[3)]	tCO_2eq		-	-	-
	Category 14. Franchises[3)]	tCO_2eq		-	-	-
	Category 15. Investments[3)]	tCO_2eq		-	-	-

1) Scope of calculation: Ulsan Plant, Seonam Plant, Mechanical and Electrical Research Institute, Anseong Plant, Bundang Office, GRC Bundang Office, Gye-dong Office Prepared in accordance with the GHG inventory standard. Total may not match sum of each site due to rounding
2) Revenue based on separate financial statements
3) Emissions for Scope 3 Categories 10, 13, 14, and 15 calculated as zero, as HD Hyundai Electric does not engage in downstream business activities corresponding to those categories

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Environmental Management Governance

HD Hyundai Electric delegates environmental management decision-making authority to the CEO and the Chief Safety Officer (CSO). They are responsible for establishing environmental policies and plans, identifying and assessing environmental risks, and reviewing environmental impacts during new investments. The S.H.E Management Department, under the direct supervision of the CSO, is the dedicated organization for implementing environmental management. It is responsible for developing and implementing related strategies and regularly monitors key environmental performance indicators. Additionally, major environmental issues are reviewed twice a year by the ESG Committee. The CEO and key executives incorporate environmental performance into their key performance indicators (KPIs), which are linked to our compensation system-enhancing the effectiveness of environmental management.

Environmental Management Organization Chart



Roles and Responsibilities of the Environmental Management Organization

HD Hyundai Electric operates a dedicated environmental, health and safety (EHS) organization to ensure systematic management of environmental and occupational health and safety (OHS) issues, while reinforcing ESG initiatives. A multi-layered management system has been established that reflects the characteristics and regulatory requirements of each site. The corporate-level EHS organization is responsible for a wide range of activities, including external liaison and planning for environmental and health matters, ESG management support, preparation of the sustainability report, and coordination of safety management meetings. The team also drafts and revises EHS-related standards and guidelines, monitors relevant regulations, and ensures compliance. In addition, it reviews environmental impacts during capital investments, designates and manages legally required officers, conducts chemical substance registration and emissions reporting, discloses environmental information, and responds to environmental emergencies. Through these activities, we proactively manage potential environmental risks.

Environmental Management Policy

Safety, Health, and Environmental (HSE) Objectives
Safety, Health, and Environmental (HSE) Policy

HD Hyundai Electric considers environmental management as one of the company's core business strategies in order to proactively respond to global environmental challenges such as climate change, resource depletion, and pollution. Key environmental matters are reviewed and decided through the ESG Committee under the Board of Directors, enabling company-wide management of environmental risks and strengthening the foundation for sustainable business. We strictly comply with domestic and international environmental and occupational health and safety regulations, and operate a comprehensive environmental management system that incorporates all legal requirements across its sites. To minimize environmental impact and promote sustainable growth, HD Hyundai Electric is committed to continuous improvement in its environmental performance. Each site is subject to regular audits, and any identified issues are addressed promptly through corrective and follow-up measures to preemptively manage environmental risks. Additionally, we view enhancing environmental awareness among internal and external stakeholders as a strategic priority. Through these efforts, HD Hyundai Electric transparently shares its environmental management direction and performance with stakeholders and encourages their voluntary participation. Furthermore, regular training is provided to help employees recognize the environmental impact of their work and embed environmentally sustainable practices into daily operations. Campaigns and internal initiatives are also conducted to promote awareness and action throughout the organization.

Executive Compensation Linked to Environmental Performance

Position	KPI
CEO	Company-wide reduction of greenhouse gas (GHG) emissions
	Environmentally sustainable product development[1)]

1) HD Hyundai Electric defines "environmentally sustainable products" according to our internal sustainability classification system. This includes products that reduce greenhouse gas emissions through high efficiency or use environmentally sustainable materials, such as alternative insulating oils and gases.

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Environmental Management Policy and Objectives

Based on its Safety, Health, and Environmental (SHE) Management Policy, HD Hyundai Electric is committed to creating sustainable value through the development of sustainable products and services, carbon emissions management, and the establishment of energy efficiency strategies. To this end, we have clearly defined what constitutes environmentally sustainable products and projects, designating them as key indicators and systematically tracking related performance. Environmental management data is integrated into the company-wide management system and reflected in KPIs to establish concrete goals and monitor progress. In addition, regular internal audits are conducted to verify compliance with environmental regulations, and educational programs are continuously provided to raise environmental awareness among internal and external stakeholders.

Supply Chain Management and Distribution	Environmental management capabilities of external parties (including suppliers, contractors, and service providers) are evaluated when selecting partner companies. HD Hyundai Electric supports the establishment of environmental management systems for high-risk or key suppliers by conducting sustainability assessments. All partner companies are required to adhere to the Supplier Code of Conduct to ensure ESG responsibilities are met. We also implement a Green Purchasing Guideline to procure environmentally sustainable components and produce environmentally responsible products, thereby enhancing customer satisfaction and fulfilling social responsibility.
Production Sites	Production sites implement environmental management systems based on the internationally recognized ISO 14001 standard. These systems cover target setting, training, document and record management, internal audits, and more. Management standards and internal regulations are established for each category-air, water, waste, chemicals, soil, and greenhouse gases-and environmental impacts are monitored through continuous improvement efforts and performance evaluations.
Products and Services	Life Cycle Assessment (LCA) is conducted to identify environmental impacts across the entire product life cycle-from raw material input, production, and distribution to product recovery and recycling. We are also dedicated to developing technologies, products, and services that support the transition to a low-carbon and renewable energy society.
Waste Management	All procedures from waste generation to final disposal are conducted in accordance with our Waste Management Standards. These standards cover scope, definitions, roles and responsibilities, waste generation, collection, storage, disposal, inspection, subcontracting, and monitoring. By collaborating with waste treatment providers and across industries, we maximize reuse and recycling rates. Recyclable waste generated at sites is converted into reusable resources, spreading economic value through resource circularity.

Environmental Management System (ISO 14001) and Processes

HD Hyundai Electric has established a system to identify environmental risks early and continuously improve environmental performance in order to effectively achieve its environmental management policy and goals. We have obtained and maintain ISO 14001 certification, the internationally recognized environmental management system standard. In 2025, we conducted our annual surveillance audit to assess the operational effectiveness of the environmental management system. In 2026, we successfully reaffirmed our certification through a renewal audit conducted by Lloyd's Register. To strengthen environmental management across the supply chain, we carried out a supplier ESG assessment in 2025. The results confirmed that more than 50% of evaluated suppliers have obtained ISO 14001 or EMAS certification. We continue to encourage our partners to establish and maintain sound environmental management systems.
Furthermore, we are enhancing our internal control framework to systematically manage environmental performance and identify improvement opportunities. At the site level, we implement structured environmental management practices through the development and management of Management by Site (MBS) programs, thereby reinforcing site-based environmental governance.





ISO 14001 Certification

Manufacturing Sites
Ulsan 1, Ulsan 2, Seonam, Yongyeon Plant, Cheongju Distribution Campus

Validity Period
Feb. 10, 2023 – Mar. 22, 2026*

* Certification renewal was completed after Mar. 22, 2026

Environmental Training

HD Hyundai Electric regularly conducts in-person environmental training[1)] for environmental managers, new employees, and facility operators to proactively respond to strengthened environmental regulations and enhance company-wide environmental management capabilities. The latest information collected through external training and activities with the Korea Environmental Engineers Association is shared company-wide. Repetitive, hands-on training focused on environmental facilities and chemical substance handling, facility-specific inspection items, and operation log practices is conducted to improve field personnel's understanding. Additionally, we provide legally required training for environmental engineers and ISO internal auditor training to working-level groups. These efforts aim to raise awareness of core ESG values such as carbon neutrality and renewable energy transition and to empower employees to actively participate in managing environmental risks and opportunities.

Category	Unit	2023	2024	2025
Number of training participants	persons	914	887	983

1) In-person environmental training provided to employees, including operation and management of environmental facilities, handling of chemical substances, and ISO internal auditor training

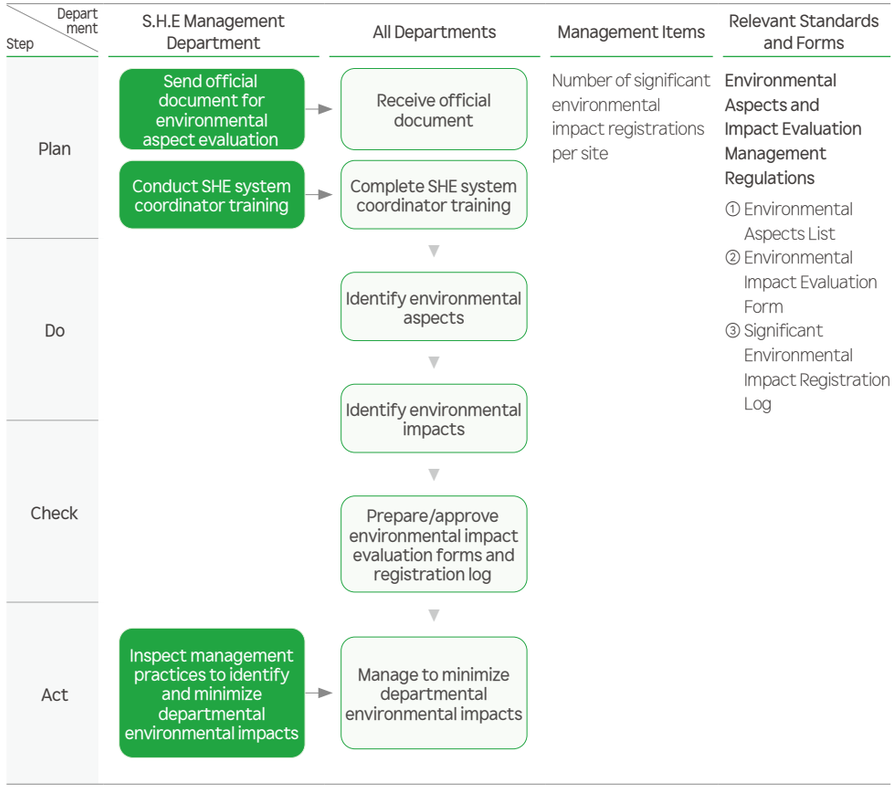
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Environmental Impact Assessment

HD Hyundai Electric thoroughly manages and supervises environmental risks that may occur throughout the entire lifecycle of products and technologies - from development to usage and disposal - to conserve natural capital. Furthermore, we have established internal management standards to ensure systematic compliance with environmental regulations and provide environmental training to responsible personnel to strengthen departmental expertise and raise company-wide environmental awareness.

Environmental Impact Assessment Workflow



Audit of Environmental Impact Assessment

Category	Unit	2025 Performance	2026 Target	2027 Target	2028 Target
Environmental Impact Assessments Implemented	Y/N	Y	Y	Y	Y
Environmental Patrol Inspections	cases	20	20	20	20

Environmental Impact Reduction

Category		Unit	2023	2024	2025
Environmentally Sustainable Vehicles	Environmentally sustainable vehicle ownership ratio	%	22.34	21.65	22.00
	Number of environmentally sustainable vehicles	units	21	21	22
	Total number of vehicles	units	94	97	100

Environmental and Energy Certifications

Category		Unit	2023	2024	2025
Environmental Management System (EMS) Certifications	EMS Certification/audit ratio[1)]	%	100	100	100
	Number of sites subject to EMS verification or audit	sites	4	4	5
	EMS international certification acquisition rate	%	100	100	100
	Number of sites with EMS certification	sites	4	4	5
	Number of third-party environmentally sustainable certifications[2)]	sites	3	3	3

1) ISO 14001 certification: Applied to Ulsan Plant 1 & 2, Seonam Plant, Yongyeon Plant, Cheongju Power Distribution Campus
2) Green Technology Product (environmentally sustainable switchgear using high-pressure dry-air insulation technology, 2022), Green Technology Product (SF_6-Free environmentally sustainable gas-insulated switchgear using fluorinated mixed gas, 2023), ISO14001 certification

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Environmental Compliance and Incident Response Process

HD Hyundai Electric has established and distributed standard procedures for each environmental regulation (such as the Air Quality Conservation Act, Water Environment Conservation Act, and Waste Management Act) to enable a company-wide response. Based on these, a consistent environmental management system is in place. Semi-annual reviews and feasibility assessments of laws are conducted to reflect revisions, and internal management standards[1] are continuously updated accordingly. Based on the updated standards, we have implemented specific strategies such as strengthening internal emission limits beyond legal requirements, managing waste by category, and standardizing installation criteria for wastewater discharge facilities. These measures simultaneously aim to ensure legal compliance and internal environmental management standards. In 2025, we proactively replaced aging environmental facilities to reduce odor emissions, leveraging the findings of a special assessment on the condition of environmental equipment across its operations.

Environmental Incident Response Process

HD Hyundai Electric operates a systematic response framework to prepare for potential environmental emergencies resulting from business activities. The Head of the S.H.E Management Department is responsible for selecting departments subject to environmental training, notifying them, and overseeing the planning and execution status of emergency drills across all departments. Each department head must identify all potential emergency situations related to the department's activities and continuously maintain and manage a prevention and response system. In the event of an incident, the first witness must immediately report it to the S.H.E Management Department and their own department to enable a rapid initial response.

Compliance with Environmental Laws

Category		Unit	2022	2023	2024	2025
Violations of environmental laws	Major violations of environmental laws	cases	1	-	-	-
	Monetary penalties for major violations	KRW 1M	0.8	-	-	-
	Major violations ($10,000 or more)	cases	-	-	-	-
	Monetary penalties for major violations ($10,000 or more)	KRW 1M	-	-	-	-
	Provisions for penalties for major violations ($10,000 or more)	KRW 1M	-	-	-	-
Environmental incidents	Hazardous substance leaks	kg	-	-	-	-

1) Including the establishment of category-specific waste management standards and the standardization of installation criteria for wastewater discharge facilities

Investment Review Procedure Considering Environmental Risks

HD Hyundai Electric incorporates rigorous safety and environmental risk assessments into its facility investment decisions to ensure responsible investments. For investment plans exceeding KRW 500 million, the Facility Investment Review Committee conducts a comprehensive review of the investment proposal, feasibility, and economic viability before deciding whether to proceed. In particular, the Facility Investment Check Point List[2], used during the review process, includes not only financial criteria such as the appropriateness of investment effects, but also compliance with safety and environmental standards. This ensures that financial performance and ESG factors are balanced in a comprehensive investment decision-making system.

Environmental Investments

Category	Unit	2022	2023	2024	2025
Total environmental investment	KRW 100 M	74	217	349	153
Environmental capital expenditure	KRW 100 M	31	125	226	25
Environmental operating expenditure	KRW 100 M	43	92	123	127

Investment Cases Considering Environmental Risks

Category	Key Actions
All plants	Replaced old HVAC systems to improve energy efficiency and reduce carbon emissions, contributing to company-wide GHG reduction.
Ulsan Plant	Replaced and maintained aging facilities to improve the stability of operations.
Seonam Plant	Replaced old HVAC equipment to improve energy efficiency and reduce carbon emissions, contributing to company-wide GHG reduction.
Cheongju Plant	Replaced aging cargo vehicles, reducing both carbon emissions and fine particulate matter during in-plant transportation processes.
	Dedicated collection containers were purchased to improve the waste management system and strengthen the separation and disposal of waste.

2) Facility Investment Check Point List (SHE Facility Investment Review Guidelines): Includes checks such as compliance with Waste Management Act for proper facilities, whether hazardous or soil-polluting facilities are applicable, and whether wastewater treatment systems are included

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Water Management

Water Policy

As climate change impacts, including heat waves and droughts, intensify worldwide, the importance of water resource management is becoming increasingly prominent. HD Hyundai Electric continuously monitors monthly water consumption to reduce water-related risks at its domestic business sites and to ensure the efficient use and reuse of water. We have also introduced cooling water reuse equipment in the testing process to circulate and reuse cooling water, while continuously exploring water resource reduction measures by reviewing the recyclability of discharged water.

Water Stress Management

HD Hyundai Electric regularly monitors the water stress levels at its business site locations using the Water Risk Atlas developed by the World Resources Institute (WRI) to manage water risks. The Ulsan area, where our major business sites are located, is classified as a Medium-High (20–40%) water stress region, while the Cheongju area is classified as a High (40–80%) water stress region. Accordingly, we recognize the variability in water supply as a potential risk factor from a long-term perspective. To address these risks, we have established strategies such as monitoring discharged wastewater and controlling discharge volumes, and continue our efforts to reduce unnecessary water waste. In 2025, 265 tons of wastewater were generated - equivalent to 0.11% of approximately 232,808 tons of municipal water supplied in the Ulsan area - resulting in a financial impact of approximately KRW 22.28 million for wastewater treatment. We will continue our proactive efforts to reduce and reuse water used in domestic purposes and utility facilities in order to manage water risks and minimize financial impacts.

Exposure to Water-stressed Areas

Category	Unit	2025
Share of manufacturing sites located in high water stress area	%	20
Total number of manufacturing sites	number	5
Number of manufacturing sites located in high water stress area	number	1

Water Reduction Strategy

Category	Driver	Impact	Financial Impact	Strategy
Risk	Water stress management	Risk of water supply variability due to increasing water stress in the Ulsan area	In 2025, 265 tons (0.11%) of wastewater were generated from 232,808 tons of municipal water (Ulsan area), resulting in a financial impact of KRW 22.28 million	1) Monitoring and controlling volumes of discharged wastewater 2) Pursuing water reduction and reuse measures

Water Management Activities

HD Hyundai Electric recognizes the importance of water resources at its business sites and, in order to proactively respond to water shortage risks, compiles annual water usage data and systematically manages water consumption by setting water use intensity targets based on revenue. In 2025, water use intensity remained below the target level, and based on trends observed over the preceding three years, we have set a mid- to long-term target of maintaining intensity at or below 110. We have also set a target of reducing the wastewater generation rate to 0.20% or below by 2026, and regularly report wastewater generation volumes and treatment performance. The wastewater generation rate is calculated as the volume of wastewater generated relative to the volume of water withdrawn, and wastewater treatment costs are used as a supplementary indicator to evaluate wastewater management performance from multiple perspectives. To achieve these water resource and wastewater management targets, we operate a continuous monitoring system and are committed to building a sustainable water resource circulation system by analyzing and improving the causes of excessive water waste and wastewater generation.

Wastewater Monitoring

HD Hyundai Electric safely stores wastewater generated from each production process in wastewater collection tanks before having it treated entirely within legal standards by specialized contracted treatment companies. We receive water pollutant treatment performance certificates from treatment companies on a semi-annual basis and rigorously verify regulatory compliance, and continuously confirm the appropriateness of wastewater treatment and adherence to relevant regulations. To prevent spill incidents that may occur during wastewater storage and transfer processes, we conduct self-inspections of facilities and provide training to relevant personnel, thereby minimizing the risk of environmental incidents. In 2025, one additional contracted wastewater storage facility was added, resulting in an increase in the volume of wastewater handled by contracted treatment. In 2026, we are conducting additional reviews of permitting matters related to the establishment and closure of wastewater discharge facilities, and are continuously monitoring changes in wastewater generation facilities within our business sites.

Water Conservation Targets[1)]

Category	Unit	Performance	Target			
		2025	2025	2026	2027	2028
Water consumption intensity[2)]	m^3/revenue (KRW 1B)	68.8	Maintain Below 110	Maintain Below 110	Maintain Below 110	Maintain Below 90
Wastewater generation rate	%	0.11	Maintain below 0.25	Maintain below 0.20	Maintain below 0.20	Maintain below 0.18

1) Water reduction targets are established and managed based on the Ulsan Plant and Seonam Plant, HD Hyundai Electric's major domestic manufacturing sites.
2) Revenue based on separate financial statements

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Water Pollutants[1)]

Category		Unit	2023	2024	2025
Water pollutants	TOC emissions	ton	0.017556	0.001352	0.001192
	BOD emissions	ton	0.005544	0.004124	0.001431
	SS emissions	ton	0.006283	0.000608	0.000291
	TN emissions	ton	0.005623	0.001048	0.001590
	TP emissions	ton	0.000596	0.000011	0.000017

1) Scope of data: Ulsan Plant, Seonam Plant (sites where no significant water pollutants are generated have been excluded)

Air Pollutants[2)]

Category		Unit	2022	2023	2024	2025
Air pollutants	NOx emissions	ton	2.920	3.584	3.630	4.520
	SOx emissions	ton	0.084	0.026	0.004	0.087
	TSP emissions	ton	0.800	0.854	0.631	0.668
	VOCs[3)] emissions	ton	0.411	0.634	0.089	0.251
	Mercury emissions	ton	-	-	-	-
Air pollutants emission target	VOCs emissions target	ton	0.778	0.892	0.759	0.370

2) Scope of data: Ulsan Plant, Seonam Plant (sites where no significant air pollutants are generated have been excluded)
3) For VOC emissions, the data label has been changed from the previous year, but the composition of air pollutants being aggregated remains unchanged from previous year, as the data was originally limited to only VOC emissions

Water Use[4)]

Category		Unit	Ulsan Plant				Seonam Plant				GRC Bundang Office				Total			
			2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025	2022	2023	2024	2025
Water Withdrawal	Total Water Withdrawal	m^3	228,917	217,825	206,133	208,515	22,865	22,625	24,120	24,293				12,322	251,782	240,450	230,253	245,130
	Surface Water	m^3	-	-	-	-	-	-	-	-				-	-	-	-	-
	Groundwater	m^3	-	-	-	-	-	-	-	-				-	-	-	-	-
	Seawater	m^3	-	-	-	-	-	-	-	-				-	-	-	-	-
	Rainwater	m^3	-	-	-	-	-	-	-	-				-	-	-	-	-
	Third-party Supplied Water (Municipal Water)	m^3	228,917	217,825	206,133	208,515	22,865	22,625	24,120	24,293				12,322	251,782	240,450	230,253	245,130
	Total Water Withdrawal Intensity[5)]	m^3/KRW 1M													0.138	0.105	0.077	0.072
Water Discharge	Total Water Discharge	m^3	249	264	338	265	-	-	-	-				-	249	264	338	265
	Discharge to Third-party Wastewater Treatment Facilities	m^3	249	264	338	265	-	-	-	-				-	249	264	338	265
Water Consumption	Total Water Consumption	m^3	228,668	217,561	205,795	208,250	22,865	22,625	24,120	24,293				12,322	251,533	240,186	229,915	244,865
	Total Water Consumption Intensity[5)]	m^3/KRW 1M													0.137	0.105	0.077	0.072

4) For 2022–2024 data, figures were aggregated based on major production plants, covering Ulsan Plant + Seonam Plant / For 2025 data, figures were aggregated covering Ulsan Plant + Seonam Plant + GRC Bundang Office in accordance with the Environmental Information Disclosure System calculation standards, unifying the disclosure scope.
5) Intensity by business site was not aggregated.

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Resource Circulation

Operation of the HiSEs Air Quality Management System

HD Hyundai Electric continuously monitors the concentration of pollutants emitted from a total of 74 emission outlets through the HiSEs system. We apply internal standards that are 50–90% stricter than legal standards to enforce more rigorous environmental management, and immediately notify the relevant departments if there is a risk that emission concentrations may exceed the threshold. We then promptly implement corrective measures such as replacing activated carbon, inspecting air pollution control facilities, and replacing aging equipment. In 2025, a total of 13 facility changes were completed, including 7 at Ulsan Plant 1, 3 at Ulsan Plant 2, 2 at Seonam Plant, and 1 at the 3rd Storage Yard (Yongyeon Plant).

Environmental Facility Inspection

HD Hyundai Electric has certified environmental technicians who regularly inspect environmental facilities at business sites in order to maintain clean premises and manage pollutant emissions. We conduct monthly monitoring to ensure compliance with on-site management and operational standards for the prevention of environmental incidents, including the operation and condition of air pollution control facilities, waste storage management status, and other matters. For air pollutants, pollutant concentrations are measured by pollutant type in accordance with legally mandated cycles, and are thoroughly managed through internal management systems and government system reporting.

In 2025, regular inspections were conducted an average of twice a month, and improvement measures were completed for inspection items including the closure of eight air emission facilities and 5 cases of new environmental equipment replacement and facility investments. Through these efforts, we are advancing the management of site pollutant emissions and improving energy efficiency.

Recycling and Reuse of Waste Resources

Reuse of Steel and Wood Materials

HD Hyundai Electric operates a resource circulation system focused on the collection and reuse of transport and packaging materials used in the manufacturing and shipping processes. Reusable steel transport frames and wooden pallets are reintroduced between internal processes and during the shipping process to minimize the use of single-use materials, and materials that have reached the end of their useful life are transferred to recycling companies to reduce waste generation.

Recycling of Insulating Oil

HD Hyundai Electric removes moisture and impurities from insulating oil, a primary raw material, through filtering equipment to enable reuse. Insulating oil that cannot be reused due to high impurity concentration is sent to recycling companies for reclamation. We continue our efforts to reduce the environmental impact of insulating oil contamination.

Plastic Resource Circulation

HD Hyundai Electric continuously conducts departmental resource circulation campaigns to promote the activation of separate waste collection, and through these efforts, we recycle collected transparent plastic into work uniforms. We are also reviewing plans to improve employee awareness of resource circulation and to identify new recycling and reuse cases.

Participation in the Circular Economy Performance Management System

As a participating company in the Circular Economy Performance Management System, HD Hyundai Electric selects treatment methods for site waste generation and processing that align with circular economy goals. Waste generated at business sites is classified and stored by designated code based on waste analysis, and licensed treatment companies are selected and contracted for disposal. In addition, monthly monitoring is conducted to improve waste recycling rates, and in 2025, we achieved the key performance management targets[1)] assigned to us. We plan to continue building an improved management system through ongoing performance management.

1) Recycling utilization rate, final disposal rate

Targets and Performance from the Circular Economy Performance Management System

Category		Unit	2025 Performance	2025 Target
Circular Economy Performance Management System	Recycling Utilization Rate	%	76.38	69.59
	Final Disposal Rate	%	2.01	10.39

Resource Circulation Performance

Product Life Cycle Management

Category		Unit	2023	2024	2025
Products with LCA Conducted[2)]	Number of Products with Simplified LCA Conducted	number	-	1	1

2) Cumulative number of products evaluated among all product lines. The above assessment was conducted in 2024

Environmentally Sustainable Procurement Performance[3)]

Category		Unit	2023	2024	2025
Environmentally Sustainable Procurement Performance	Environmentally Sustainable Procurement Amount	KRW 1M	-	2	21
	Total Procurement Amount	KRW 1M	1,621,524	1,708,150	1,838,747

3) Scope of data is based on domestic subsidiaries

Resource Recycling Performance[4)]

Category		Unit	2023	2024	2025
Recycled Raw Material	Volume of recycled PET	kg	937.6	929.9	1,054.4

4) Scope of data is based on domestic subsidiaries

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Resource Circulation and Chemicals

Waste Management

Waste Management Program

HD Hyundai Electric monitors the discharge and treatment of waste generated at all business sites. We regularly inspect waste storage areas and discharge points one to two times per month to reduce the risk of accidental waste spills and long-term storage, and contract licensed waste treatment companies for disposal. Waste permit performance is verified monthly through the Allbaro System for appropriate treatment and managed company-wide in real time. We also continue our efforts to improve waste recycling by minimizing waste discharge and contracting recycling companies in line with the Act on the Promotion of Transition to a Circular Economy.

As product output increases due to recent growth in order volume, waste generation is expected to rise. We are planning various initiatives - including separate waste collection campaigns - to realize resource circulation in line with government policy. Waste minimization training for employees is also conducted regularly to foster a culture in which all members of the organization participate in resource circulation.

Waste Emission Targets and Performance

We establish company-wide waste recycling targets and strengthen waste recycling and resource recovery efforts. We prioritize the recycling of industrial resources by operating on-site separate waste collection bins by waste type, and conduct monthly monitoring for the management of designated waste generation. In 2025, the company-wide waste recycling rate reached approximately 61%, and we plan to conduct ongoing inspections to reduce non-recyclable waste.

Waste Recycling and Reuse[1)]

Category	Unit	Performance	Target			
		2025	2025	2026	2027	2028
Share of recycled (reused) waste	%	60.9	60.5 or above	61 or above	61.5 or above	62 or above

1) The target-setting scope was expanded from Ulsan Plant and Seonam Plant in 2024 to Ulsan Plant, Seonam Plant, Cheongju Power Distribution Campus, and GRC Bundang Office in 2025, resulting in partial revision of targets.

Waste[2)]

Category		Unit	2022	2023	2024	2025
Total Waste	Total generated	ton	2,804	3,284	3,538	3,511
	Reused & recycled rate	%	58.8	60.0	62.3	60.9
	Total reused & recycled	ton	1,649	1,970	2,204	2,138
	Total disposed	ton	1,155	1,314	1,334	1,373
	Intensity of generated waste[3)]	ton/KRW 1B	1.532	1.432	1.182	1.038
General Waste	Total generated	ton	2,457	2,879	3,140	3,116
	Reused & recycled (subtotal)	ton	1,411	1,695	1,951	1,829
	Reused	ton	-	-	-	-
	Recycled	ton	1,411	1,695	1,951	1,829
	Disposed (subtotal)	ton	1,046	1,184	1,189	1,287
	Landfill	ton	72	37	30	18
	Incineration	ton	974	1,147	1,159	1,251
	Energy recovery incineration	ton	-	-	-	-
	Non-energy recovery incineration	ton	974	1,147	1,159	1,251
	Other	ton	-	-	-	18
Designated Waste[4)]	Total generated	ton	347	405	398	395
	Reused & recycled (subtotal)	ton	238	275	253	309
	Reused	ton	-	-	-	-
	Recycled	ton	238	275	253	309
	Disposed (subtotal)	ton	109	130	145	86
	Landfill	ton	-	42	-	5
	Incineration	ton	109	83	145	81
	Energy recovery incineration	ton	-	-	-	-
	Non-energy recovery incineration	ton	109	83	145	81
	Other	ton	-	5	-	-

2) Scope of data up to 2024: Ulsan Plant, Seonam Plant / 2025 scope: Ulsan Plant, Seonam Plant, Cheongju Power Distribution Campus, GRC Bundang Office Calculation formula changed to: Total generated = Total reused/recycled + Total disposed
3) 2026 target for intensity of generated waste: 0.986 ton/KRW 1B (5% reduction compared to the previous year)
4) Scope of data for designated waste-generating business sites: Ulsan Plant, Seonam Plant

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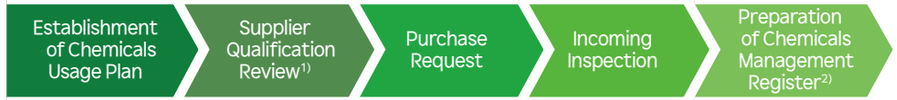
Resource Circulation and Chemicals

Chemicals Management

Chemicals Management Process

HD Hyundai Electric operates a systematic management system covering all stages from the procurement to the disposal of chemicals in order to minimize harmful impacts on health and the environment. At the procurement stage, the hazardousness of chemicals is evaluated in advance, and where hazardousness is confirmed, we pursue usage minimization by comprehensively reviewing substitutability, quality impacts, and customer requirements. At the usage stage, we continuously inspect whether chemicals are being handled safely in accordance with relevant regulations, and diligently collect and manage discharge volumes and related statistical data for submission to competent administrative authorities. At the disposal stage, we strictly comply with applicable regulations and process chemicals appropriately through certified waste treatment specialists. In addition, HD Hyundai Electric continuously monitors international regulatory trends including EU-REACH (SVHC, PFAS, etc.), and is also advancing our internal chemicals management system to reflect these developments.

Chemicals Monitoring Process



1) New chemicals are pre-registered through the safety information form and managed upon incoming in compliance with relevant regulations.
2) Reported to the environmental authority for discharge surveys and statistical surveys required for the management of designated chemicals.

Response to Chemical Accidents

HD Hyundai Electric operates an emergency response manual to prioritize human and ecosystem safety and minimize secondary environmental contamination in the event of emergencies such as chemical spills. In the event of an accident, the Safety and Environment Department collaborates with the competent fire department and local authorities to take immediate action. We also have detailed standard operating procedures in place for each scenario - including hazardous substance identification, casualty confirmation, spill/spread containment, and decontamination work - to enable rapid response to accidents.

Chemicals DB Management

HD Hyundai Electric conducts hazardousness assessments of chemicals from the procurement stage to proactively reduce hazardousness and risk at business sites, and in principle restricts the use of chemicals subject to regulation. We also continuously monitor the chemicals database to take immediate action in the event of relevant legislative amendments or the designation of new regulated substances, thereby proactively blocking environmental and cost-related risks.

Chemicals Management[1)]

Category		Unit	2023	2024	2025
Chemicals Usage & Discharge	Chemicals discharge volume	ton	0.504	0.468	0.502
Hazardous Chemicals Usage & Discharge	Hazardous chemicals usage volume	ton	-	-	5
	Hazardous chemicals discharge volume	ton	-	-	-

1) Scope of data is based on domestic subsidiaries

Chemicals Risk Management Targets

Target	2025 Performance
Regulatory training on hazardous chemicals and sharing of inspection results for in-house partner companies (once per year)	Conducted once
Training on amendments to chemicals-related laws	Conducted once

Operation of Chemical Hazard Assessment

HD Hyundai Electric identifies and responds to chemicals-related regulations in advance through hazardousness assessments. Purchasing partner companies are required to submit Material Safety Data Sheets (MSDS) and composition information for chemicals to our hazard assessment system, and we evaluate the appropriateness of chemicals from environmental and safety perspectives based on the submitted data. Through this process, we manage to ensure that only approved products are supplied. In addition, we periodically monitor the chemicals database based on the HiSEs system, keeping MSDS data up to date and continuously verifying their appropriateness. The primary chemicals used by HD Hyundai Electric that are subject to hazard assessment include paints, thinners, and gases, among others. In 2025, a total of 83 hazard assessments were conducted throughout the year, preventing the introduction of non-approved hazardous chemicals that do not meet internal requirements (81 approved, 2 rejected).

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Biodiversity Governance

HD Hyundai Electric conducts natural capital management under the supervision of the ESG Committee under the Board of Directors. The ESG Committee regularly receives reports on key issues related to biodiversity conservation and major natural capital management activities. In 2025, reports and discussions were held on biodiversity conservation activities and plans for expanding the scope of future biodiversity risk assessments and establishing mid-to-long-term plans, and it was agreed to systematically manage nature-related risks and natural capital issues company-wide by linking them with the Enterprise Risk Management (ERM) system and the non-financial management system going forward. Collaboration with external stakeholders, including local governments and environmental specialist agencies, is also being pursued as needed.

Biodiversity Governance



Key Board-Level Biodiversity Reports

Committee	Date	Type	Agenda
ESG Committee	Apr. 22, 2025	Report	• Report on the results of the materiality assessment process and key changes
	Dec. 15, 2025	Resolution	• (Key 2025 Achievements) Biodiversity conservation activities (Siberian flying squirrel population conservation, removal of invasive species from Bundang Lake) • (Key 2026 Plans) Expansion of biodiversity risk assessment scope and establishment of mid-to-long-term plans

Biodiversity Conservation Policy

Biodiversity & No Deforestation Policy

HD Hyundai Electric deeply recognizes that biodiversity conservation is a core element of sustainable development, and is establishing and implementing policies to realize this. We seek to avoid or minimize activities that may adversely affect biodiversity-sensitive areas across all business operations and continuously monitor the impacts and risks to natural capital. To this end, we have established a biodiversity conservation policy to monitor biodiversity. This policy applies across the entire value chain, including supply chains and partners, and for business sites that fall under international agreements such as UNESCO World Heritage Sites and IUCN Category I–IV protected areas, we explicitly require strict compliance with the relevant national and local legal requirements. HD Hyundai Electric will continue to strengthen its efforts toward ecosystem protection and biodiversity enhancement, fulfilling its role as a responsible company.

Biodiversity Risk Assessment

HD Hyundai Electric conducted a biodiversity risk assessment based on the LEAP (Locate, Evaluate, Assess, Prepare) approach proposed by the TNFD (Taskforce on Nature-related Financial Disclosures) to identify risks and opportunities in the relationship between business sites and natural capital. Through this, we assess the degree of natural capital dependency and impact of our key industrial sectors and major business sites, and identify biodiversity risks that may arise in the course of business operations. The derived assessment results are incorporated into biodiversity risk mitigation plans and utilized as the basis for systematic risk management.

Biodiversity Risk and Opportunity Management Process (LEAP Approach)

Locate	Identify analysis locations Assess vegetation and species distribution	• Identify value chain and key sites • Identify habitats of major species and proximity to protected areas near each site
Evaluate	Assess dependency & impact on nature	• Use TNFD's recommended tool (ENCORE) to evaluate natural capital dependencies and impacts • WWF Risk Assessment specific to each business site
Assess	Identify risks & opportunities Mitigation measures	• Identify risk and opportunity factors based on dependency and impact • Establish mitigation measures
Prepare	Disclose and implement actions	• Disclose biodiversity risk assessment results and implement conservation initiatives

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Biodiversity Risk Assessment – Locate

HD Hyundai Electric selected key regions by value chain to conduct biodiversity risk assessments and refined the assessment boundaries to the city/county/district level to improve the precision of the assessment. For regions where our directly operated business sites are located, we identified the distribution of endangered species to better understand the ecological sensitivity of each region. Going forward, we will further expand the assessment coverage across the entire value chain and enhance the level of assessment through more detailed analyses of species inhabiting ecosystems surrounding our business sites.

Biodiversity Assessment Scope

Value Chain	Criteria	Location		
Upstream[1]	Key supplier locations	Gyeongju-si, Gyeongsangbuk-do	Buk-gu, Ulsan	Eumseong-gun, Chungcheongbuk-do
		Pohang-si, Gyeongsangbuk-do	Ulju-gun, Ulsan	Gimpo-si, Gyeonggi-do
Own Operations	Domestic sites	Headquarters: Seongnam-si, Gyeonggi-do	Seoul Office: Jongno-gu, Seoul	Ulsan Plant: Dong-gu, Ulsan
		Seonam Plant: Nam-gu, Ulsan	Yongin R&D Center: Yongin-si, Gyeonggi-do	Cheongju Plant: Cheongju-si, Chungcheongbuk-do
Downstream[2]	Key customer locations	Uljin-gun, Gyeongsangbuk-do	Yongin-si, Gyeonggi-do	Dangjin-si, Chungcheongnam-do
		Cheongju-si, Chungcheongbuk-do	Ulju-gun, Ulsan	Gapyeong-gun, Gyeonggi-do

1) Based on domestic supplier data with purchase amounts of KRW 1 billion or more in 2025, the top six locations by transaction value were selected as assessment areas.
2) Based on domestic project data with sales revenue of KRW 1 billion or more in 2025, the top six locations by transaction value were selected as assessment areas.

IUCN Red List Species[3]

	Category	Unit	2023	2024	2025
Endangered species	IUCN Red List (Total)	species	N/A	1,100	1,018
	IUCN Red List CR (Critically Endangered)	species	N/A	9	7
	IUCN Red List EN (Endangered)	species	N/A	43	35
	IUCN Red List VU (Vulnerable)	species	N/A	57	55
	IUCN Red List NT (Near Threatened)	species	N/A	54	47
	IUCN Red List LC (Least Concern)	species	N/A	937	818
	IUCN Red List DD (Data Deficient)	species	N/A	-	56

3) The above results are based on the ecosystems initially identified within a 50 km radius of HD Hyundai Electric headquarters (Seongnam-si, Gyeonggi-do, Republic of Korea).

Distribution of Endangered Species near Company Sites[4]

Species \ Name of Site		HQ Seongnam-si, Gyeonggi-do	Seoul Office Jongno-gu, Seoul	Ulsan Plant Dong-gu, Ulsan	Seonam Plant Nam-gu, Ulsan	Yongin R&D Center Yongin-si, Gyeonggi-do	Cheongju Plant Cheongju-si, Chungcheongbuk-do
Endangered Class I[5]	Mammals	-	-	-	Otter	Otter	Otter
	Birds	-	-	-	Chinese Egret	White-tailed Eagle	Oriental Stork, White-tailed Eagle
	Amphibians, Reptiles	-	-	-	-	-	-
	Insects	-	-	-	-	-	Long-horned Beetle
Endangered Class II[6]	Mammals	Leopard Cat, Siberian Flying Squirrel	-	-	Leopard Cat	Leopard Cat	Yellow-throated Marten, Leopard Cat, Siberian Flying Squirrel
	Birds	Oriental Honey-buzzard, Eurasian Sparrowhawk, Eurasian Hobby, Tawny Owl, Kentish Plover	Eurasian Hobby	Peregrine Falcon, Osprey, Eurasian Hobby	Osprey, Eurasian Sparrowhawk, Eurasian Hobby, Black Kite, Eurasian Eagle-Owl, Northern Goshawk, Eastern Buzzard, Kentish Plover	Black-faced Spoonbill, Cinereous Vulture, Watercock, Peregrine Falcon, Chinese Sparrowhawk, Eurasian Sparrowhawk, Eurasian Hobby, Hen Harrier, Northern Goshawk, Whooper Swan, Kentish Plover	Peregrine Falcon, Long-tailed Paradise Flycatcher, Cinereous Vulture, Osprey, Oriental Honey-buzzard, Chinese Sparrowhawk, Eurasian Sparrowhawk, Eurasian Hobby, Black Kite, Eurasian Eagle-Owl, Hen Harrier, Northern Goshawk, Whooper Swan, Greater White-fronted Goose, Eastern Buzzard, Fairy Pitta, Kentish Plover, Greater White-fronted Goose
	Amphibians, Reptiles	Boreal Digging Frog	Kori Salamander	-	-	-	Gold-spotted Pond Frog, Boreal Digging Frog
	Fish	-	-	-	-	-	Korean Bitterling
	Insects	-	-	-	-	Diving Beetle	Great Diving Beetle, Large Silver-bordered Fritillary
	Invertebrates	-	-	-	Clithon retropictus	-	-
	Terrestrial plants	Prickly Water Lily	-	-	-	-	-

4) Source: Ministry of Environment / National Institute of Ecology, Statistics on Endangered Wildlife
5) Class I Endangered Wildlife: Wildlife species whose populations have declined significantly and are at imminent risk of extinction.
6) Class II Endangered Wildlife: Wildlife species whose populations are declining significantly and are likely to become endangered in the near future.

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Biodiversity Risk Assessment – Evaluate (Dependency & impact assessment)

HD Hyundai Electric identified biodiversity risks for our directly operated business sites as of 2025. We identified six physical risk categories and six reputational risk categories. The physical risk categories were selected based on the results of the natural capital dependency assessment for the industry in which we operate, with a focus on water- and climate-related factors that showed relatively high dependency. Compared with the previous year, wildfire, heatwave, and flood were newly identified as risk categories. The reputational risk assessment was conducted using six indicators selected from the WWF Biodiversity Risk Filter (BRF) that were considered highly relevant to biodiversity. Compared with the previous year, land, freshwater, and marine use change, as well as pollution-related indicators, were newly identified. The site-level assessment results showed that the Ulsan Plant and Seonam Plant, which are coastal manufacturing facilities, were identified as having relatively high marine-related risks, including typhoons and Ramsar wetlands, as well as pollution-related risks. Although the Cheongju New Plant, an inland manufacturing facility, showed relatively lower marine-related risks, certain water-related risks, including water availability and flooding, were identified as higher than those at other business sites. The Headquarters, Seoul Office, and Yongin R&D Center recorded the lowest overall risk scores, primarily because, as non-manufacturing sites, they have relatively limited direct environmental impacts. Based on these assessment results, HD Hyundai Electric strives to strengthen the foundation for sustainable business operations by proactively identifying natural capital-related risks and establishing appropriate response strategies.

Analysis of Dependency and Impact on Natural Capital

Natural Capital Services to Business Activities		Relevant Industry	Impact of Business Activities to Natural Capital	
Natural capital services	Dependency[1]	(ISIC code)	Pressures	Impact[2]
Water supply	Moderate	Manufacture of electric motors, generators, transformers and electricity distribution and control apparatus	Emissions of toxic pollutants to water and soil	High
Rainfall pattern regulation services	Moderate		Ecological disturbance from artificial factors (e.g., noise, light)	Moderate
Water purification services	Moderate		Emissions of non-GHG air pollutants	Low
Water flow regulation services	Moderate		Generation and release of solid waste	Low
Flood mitigation services	Moderate		Volume of water use	Low
Storm mitigation services	Moderate		Emissions of GHG	Very Low[3]
Local climate regulation services	Low			
Soil and sediment retention services	Low			
Solid waste remediation	Low			
Global climate regulation	Very Low			
Air purification services	Very Low			
Noise attenuation services	Very Low			

1, 2) The levels of dependency and impact are classified into five categories: Very High, High, Moderate, Low, and Very Low.
3) The industry's greenhouse gas emissions are assessed to have a low direct impact on natural capital services (based on Scope 1 and Scope 2 emissions).

Site-Level Biodiversity Risk Assessment Results[4]

Score: 5.0-4.2 | 4.2-3.4 | 3.4-2.6 | 2.6-1.8 | 1.8 - 1.0

Risk Factors		Ulsan Plant	Seonam Plant	Cheongju Plant	HQ	Seoul Office	Yongin R&D Center
Physical Risk	Water Availability						
	Water Quality						
	Wildfires						
	Extreme Heat						
	Typhoons/Tropical Cyclones						
	Flooding						
Reputational Risk	Land, Freshwater and Sea Use Change						
	Pollution[5]						
	Legally Protected/ Conserved Areas[6]						
	Key Biodiversity Areas[6]						
	Ramsar Wetlands						
	Ecosystem Conservation Status						
Average Site Risk Score							

4) Site risk scores are assessed on a five-point scale. A higher score indicates a higher level of risk faced by the business site.
5) The scores for impact-based reputational risk categories, such as "Pollution" and "Land, Freshwater and Sea Use Change," represent potential reputational risks calculated by combining the environmental burden of the region in which the business site is located with the industry's potential impacts, rather than the site's actual emissions.
6) "Protected/Conserved Areas" refer to officially designated and managed protected areas in Korea and abroad based on the IUCN Protected Area Management Categories. "Key Biodiversity Areas" refer to internationally recognized Key Biodiversity Areas (KBAs) identified for their high biodiversity conservation value, regardless of their legal protection status.

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Biodiversity Risk Assessment – Assess (Identification of Risks and Opportunities)

HD Hyundai Electric identified key potential risks and opportunities by considering our dependencies and impacts on natural capital.

Risk/ Opportunity	Category	Identified Risk / Opportunity	Business Impact	Financial Impact	Stakeholders
Risk[1]	Transition Risk (Reputation)	Reputational damage	• Decline in customer preference • Reduced business opportunities	• Decline in brand value • Increased marketing costs	• Customers, Investors, NGOs/Civil Society
	Transition Risk (Policy and Regulation)	Legal liability and litigation risk	• Deterioration of customer relationships	• Fines and litigation costs, higher insurance premiums	• Government, NGOs/Civil Society
	Physical Risk (Chronic)	Raw material shortages / Rising prices	• Production disruptions • Reduced cost competitiveness	• Increased manufacturing costs • Lower profitability	• Suppliers, Customers, Investors
		Production instability	• Decline in product quality • Increase in customer complaints	• Increased quality assurance costs • Increased production loss costs	• Customers, Employees
	Physical Risk (Acute)	Damage to business sites caused by typhoons, floods, and wildfires	• Business interruption, facility damage, supply chain disruption	• Facility restoration costs, higher insurance premiums, loss of sales	• Suppliers, Customers, Local Communities
Opportunity[2]	• Strengthened brand value • Enhanced market competitiveness	Strengthening a sustainable corporate image	• Enhanced ESG competitiveness • Increased customer trust	• Improved access to financing • Increased marketing effectiveness	• Customers, Investors, NGOs/Civil Society
	• Innovative product development • Enhanced regulatory preparedness	Development of sustainable technologies	• Product differentiation • Improved regulatory compliance	• Improved profitability • Reduced regulatory compliance costs	• Suppliers, Customers, Government
	• Strengthened brand value • Improved operational resilience	Biodiversity conservation activities	• Improved acceptance by local communities	• Reduced social risk	• Local Communities, NGOs/Civil Society, Government
	• Strengthened brand value • Enhanced regulatory preparedness	Disclosure of biodiversity monitoring and activity performance	• Improved transparency • Enhanced reputation	• Improved access to financing	
	• Innovative product development • Improved operational resilience	Employee Training and Biodiversity Awareness Programs	• Strengthened execution capabilities	• Reduced environmental response costs and improved efficiency	• Employees
	• Improved operational resilience • Cost reduction • Creation of economic value	Resource efficiency and circular activities	• Establishment of a resource-circulating structure • Enhanced brand value	• Reduced raw material costs • Creation of new revenue	• Suppliers, Government, Customers

1) Risks are classified into Transition Risk (Reputation), Transition Risk (Policy and Regulation), Physical Risk (Chronic), and Physical Risk (Acute).
2) Opportunities are classified into (1) Strengthened Brand Value, (2) Innovative Product Development, (3) Enhanced Regulatory Preparedness, (4) Enhanced Market Competitiveness, (5) Improved Operational Resilience, (6) Cost Reduction, and (7) Creation of Economic Value.

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Biodiversity Risk Assessment – Assess (Impact Mitigation Measures for Natural Capital)

HD Hyundai Electric analyzed natural capital impact mitigation activities in accordance with the AR3T[1)] mitigation framework under the Science Based Targets Network (SBTN)[2)], as presented by the TNFD, to systematically identify and mitigate negative impacts on natural capital across our business activities. Based on this framework, we apply the AR3T approach across each stage of our value chain, including upstream, direct operations, downstream, and end-of-life, and carry out natural capital impact mitigation activities accordingly.

Category		Upstream	Own Operations	Downstream / End-of-Life
Avoid / Reduce	Approach	Responsible Sourcing	Energy Efficiency and Minimization of Environmental Impacts	Design of Products with Reduced Environmental Impacts
	Key Activities	• Promote and communicate the Biodiversity & No Deforestation Policy to suppliers to proactively prevent ecosystem degradation	• Replace factory and office lighting with LED lighting and expand the use of energy-efficient and renewable energy sources, including RECs and PPAs	• Develop products with reduced environmental impacts, such as vegetable oil-/synthetic ester-filled transformers and explosion-proof transformers • Conduct LCA-based carbon footprint analyses • Pursue technology development and investment to expand the GREENTRIC product lineup, and verify effectiveness through green technology and product certifications
Restore / Regenerate	Approach	Use of Sustainably Sourced Raw Materials	Implementation of Ecosystem Restoration and Conservation Activities Around Business Sites	Products and Services Contributing to Nature Restoration
	Key Activities	• Introduce recycled and low-carbon materials to reduce environmental impacts (e.g., environmentally sustainable masking tape and other materials that meet HDE's green procurement criteria)	• Carry out ecosystem conservation and restoration activities, including protection of Siberian flying squirrel habitats, reforestation, and removal of invasive species	• Convert product packaging to methods that reduce resource consumption and waste generation (e.g., converting rotating equipment packaging from open-box packaging to skid packaging to reduce wood consumption and waste)
Transform	Approach	Strengthening Responsible Supply Chain Management	Embedding Sustainability into Management Systems	Transformation of the Product and Service Portfolio
	Key Activities	• Assess and support suppliers to strengthen ESG management capabilities and promote sustainable procurement	• Establish a 2050 Net Positive Impact (NPI), zero deforestation, and carbon neutrality roadmap • Achieved a renewable electricity ratio of 12% (RE12) in 2025 following participation in K-RE100, with a target of achieving RE100 by 2040.	• Expand the portfolio of SF_6-free GIS, ESS, EMS, and other products related to greenhouse gas reduction and renewable energy • Promote participation in RE100 and transition to renewable energy through power equipment for renewable energy integration

1) AR3T: Avoid, Reduce, Restore, Regenerate, Transformative action. Framework used by companies to effectively manage natural capital-related risks
2) SBTN: Science Based Targets Network

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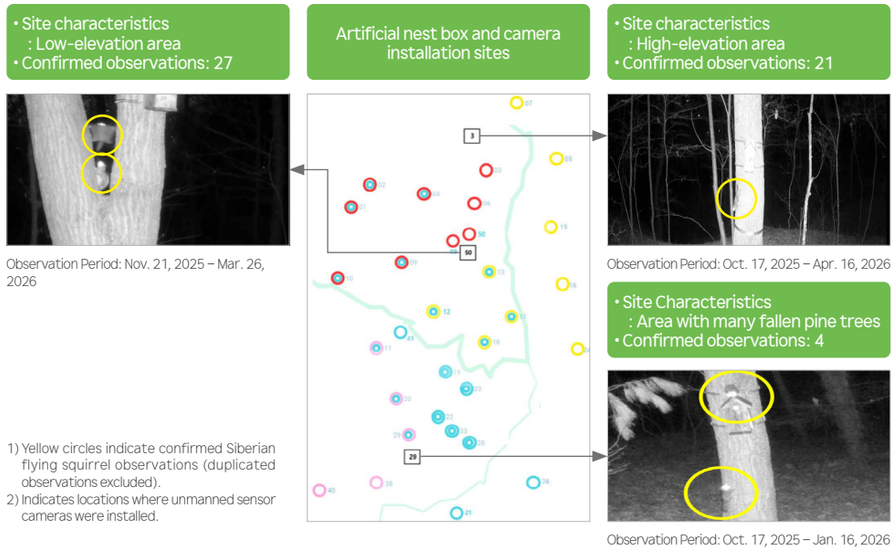
Biodiversity

Biodiversity Risk Assessment – Prepare

HD Hyundai Electric began habitat restoration activities in May 2024 by installing artificial nest boxes for the Siberian flying squirrel in the Maengsan Ecological Landscape Conservation Area. We launched this initiative to provide a safe shelter for the Siberian flying squirrel, a Class II Endangered Wildlife species and Natural Monument No. 328, which has been confirmed to inhabit Seongnam, where our business site is located, and to contribute to population conservation by improving its habitat. This initiative has been carried out through close public-private cooperation with Seongnam City and the Maengsan Environmental Ecology Research Institute, and its achievements have been recognized as a successful ESG collaboration model between the private and public sectors through media coverage.

The Maengsan Ecological Landscape Conservation Area, known as a major habitat for the Siberian flying squirrel, has been equipped with a total of approximately 40 artificial nest boxes, and we regularly monitor the use of the nest boxes by checking for droppings and other traces. In September 2025, to gain a more accurate understanding of habitat conditions, we additionally installed unmanned sensor cameras at three ecological survey sites. As a result, we successfully obtained official confirmation of habitat use by directly capturing images of Siberian flying squirrels in action. Based on these findings, we will continue habitat management and monitoring to contribute to the protection of endangered species and the enhancement of regional biodiversity.

Managed Habitat Area for the Siberian Flying Squirrel and Artificial Nest Box Installation Status[1), 2)]



1) Yellow circles indicate confirmed Siberian flying squirrel observations (duplicated observations excluded).
2) Indicates locations where unmanned sensor cameras were installed.

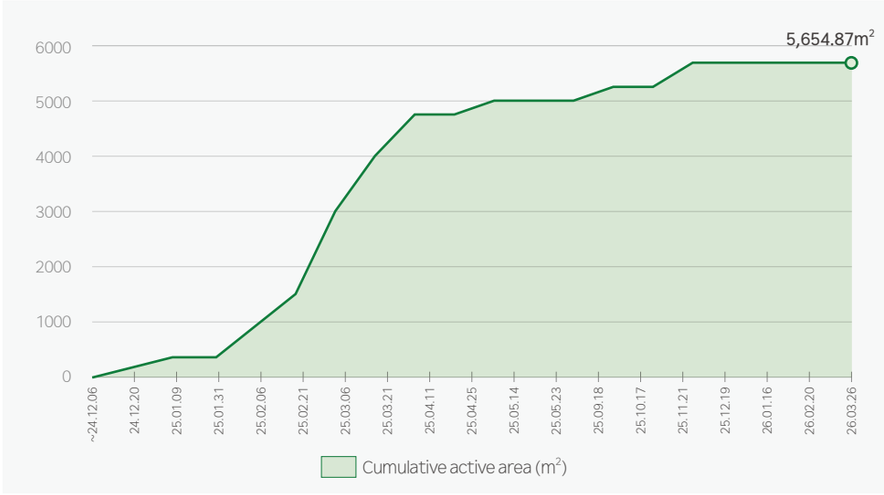
Siberian Flying Squirrel Habitat Conservation Activities

HD Hyundai Electric has conducted regular monitoring since May 2024 after installing artificial nest boxes in areas with high habitat suitability for the Siberian flying squirrel. We confirmed the first habitat traces in December of the same year, and as of April 2026, cumulative habitat activity has been identified at 18 locations, reaching a cumulative activity area of 5,654.87 m² (31.31% of the managed area).

The calculation criteria for the protected habitat activity area of the Siberian flying squirrel are as follows.

Calculation Criteria	Details
Activity area	Locations where droppings and other traces confirming Siberian flying squirrel habitat use were identified.
Cumulative Activity Area	Calculated by assuming a circular area with a 10 m radius for each activity site (πr², r = 10 m, approximately 314.16 m² per site) and summing the total.
Managed Area	Total area designated and managed by us within the Maengsan area for the purpose of protecting the Siberian flying squirrel habitat (18,060.96 m²).
Ratio to Managed Area	(Cumulative Activity Area ÷ Managed Area) × 100

Trend in Expansion of the Siberian Flying Squirrel Activity Area[3)]



3) Monitoring has been conducted since May 2024, with a total of 31 monitoring rounds completed as of March 2026. Since September 2025, monitoring has been carried out on a regular monthly basis.

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Biodiversity

Biodiversity Targets

HD Hyundai Electric recognizes preventing biodiversity loss and contributing to the conservation and restoration of healthy ecosystems as one of our core responsibilities. To achieve this, we are systematically managing biodiversity-related risks by progressively expanding the scope of biodiversity risk assessments and continuously enhancing assessment methodologies at both the operational site and product levels. At the same time, we are strengthening our capabilities to manage waste and pollutants that may be generated throughout our business activities. We will also continue working with stakeholders across our value chain, including suppliers and partner companies, to identify and manage the impacts of our business activities on biodiversity.

Biodiversity Targets

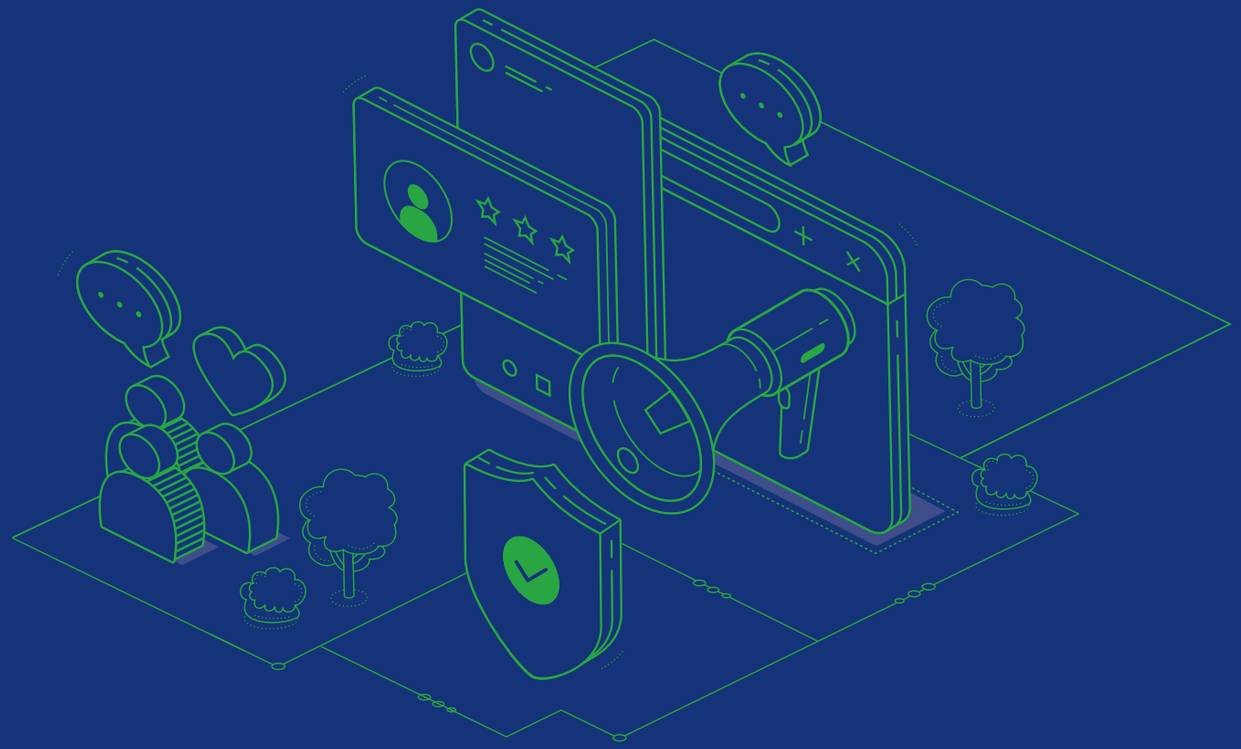
2025 Target	2025 Achievement
Conduct a biodiversity risk assessment for the Cheongju New Plant	Completed the biodiversity risk assessment for the Cheongju New Plant
2026 Target	**Mid- to Long-term Target (2030)**
Conduct biodiversity risk assessments for selected key raw materials across the value chain (upstream and downstream)	Expand biodiversity risk assessments to overseas subsidiaries and operations

Biodiversity Management

	Category	Unit	2023	2024	2025
Site-level Biodiversity Impact Assessment	Number of sites where biodiversity impact assessments were conducted	sites	3	6	6
	Total number of business sites	sites	6	6	6
	Percentage of business sites where biodiversity impact assessments were conducted	%	50	100	100
	Number of assessed sites identified as having significant impacts on biodiversity or located in or near areas of importance for biodiversity	sites	-	-	-
	Number of sites with biodiversity management plans established among sites identified as having significant impacts on biodiversity or located in or near areas of importance for biodiversity	sites	-	-	-

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Human Rights

Human Rights Governance

HD Hyundai Electric systematically manages and oversees human rights across all business activities, with the Board of Directors and the Human Rights Management Committee serving as the central governance bodies to respect the human rights of stakeholders. We establish human rights improvement plans by setting human rights objectives and policies, conducting human rights impact assessments, and reviewing the assessment results. In addition, we conduct annual human rights impact assessments to identify risks to stakeholders' human rights and implement follow-up actions for identified risks.

Human Rights Governance Decision-making Structure and Roles



Human Rights Management Committee

HD Hyundai Electric reviews major human rights management matters, including the Human Rights Declaration, Human Rights Management Policy, and revisions to related policies, through the Human Rights Management Committee. In 2025, the Committee convened twice. During these meetings, the results of the human rights impact assessments conducted in 2024 and 2025, as well as future human rights management action plans, were reported.

Key Agenda Items of the Human Rights Management Committee

Date	Key Agenda Items
Jun. 20, 2025	• Report on the results of the Group Human Rights Management Framework Project • Review and approval of the proposed revision to the Human Rights Management Policy • Review and approval of the proposed revision to the Human Rights Declaration • Report on the results of the 2024 Human Rights Impact Assessment • Report on future human rights management action plans
Dec. 05, 2025	• (Training) Human Rights Management and Trends in Domestic Human Rights Due Diligence Regulations • Report on the results of the 2025 Human Rights Impact Assessment • Report on the Human Rights Due Diligence Roadmap

Human Rights Policy

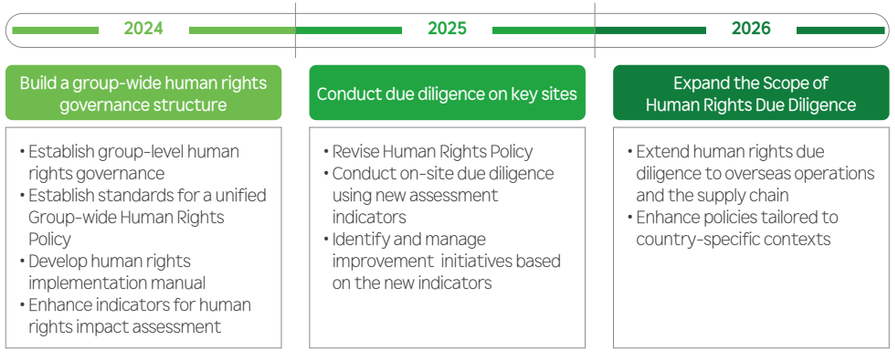
Human Rights and Labor Policy Declaration of Human Rights

HD Hyundai Electric is committed to respecting internationally recognized human rights principles and standards, including the Universal Declaration of Human Rights (UDHR), the UN Guiding Principles on Business and Human Rights (UNGPs), the OECD Guidelines for Multinational Enterprises, the OECD Due Diligence Guidance for Responsible Business Conduct, the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and the Corporate Sustainability Due Diligence Directive (CSDDD).

Human Rights Roadmap

HD Hyundai Electric established and is implementing a mid- to long-term human rights management plan based on the outcomes of the Group Human Rights Management Framework Project completed in 2024. Over the long term, we will expand the scope of human rights due diligence to overseas corporations, subsidiaries, and the supply chain, and operate a human rights due diligence system aligned with the value chain due diligence requirements of the EU CSDDD.

Mid- to Long-term Human Rights Management Targets



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Human Rights Risk Management

Human Rights Impact Assessment

HD Hyundai Electric conducts human rights impact assessments under the supervision of our dedicated human rights management organization. We identify risks affecting the human rights of employees and external stakeholders in company operations and key business processes by conducting human rights impact assessments at least once a year, derive improvement tasks, and take corrective actions. The results of human rights impact assessments are reviewed by the Human Rights Management Committee and reported to the CEO to support decision-making that takes human rights risks into account.

In 2022 and 2023, HD Hyundai Electric conducted human rights impact assessments independently. Since 2024, we have received advice from external legal experts and have conducted human rights impact assessments by developing common Group indicators that reflect global standards together with HD Hyundai Group, as well as industry-specific indicators. In particular, in 2025, we enhanced the effectiveness of human rights impact assessments by increasing the reliability of assessment results and improving qualitative assessment elements through industry-specific indicators related to HD Hyundai Electric's business. The Committee reviews the assessment results and improvement measures for potential and actual human rights risks.

Human Rights Impact Assessment Process

STEP 1	Selection of Assessment Targets and Assessment Design	• Select the scope and targets of the human rights impact assessment • Classify assessment indicators by workplace, head office, and manufacturing sites based on assessment indicators and data
STEP 2	Conduct Human Rights Impact Assessment (Document Review and On-site Assessment)	• Conduct document-based assessment using checklists • Conduct on-site inspections and interviews at business sites
STEP 3	Review Assessment Results and Derive Improvement Tasks	• Review assessment results and share them with relevant departments • Identify improvement actions for items requiring improvement
STEP 4	Report Results and Monitor	• Communicate with internal and external stakeholders through internal reports and disclosure • Prepare and implement improvement plans, including PAP[1] and CAP[2]

1) PAP (Preventive Action Plan): a preventive action plan to prevent in advance potential human rights risks that may occur in the future
2) CAP (Corrective Action Plan): a corrective action plan to correct identified actual human rights violations or risks and prevent recurrence

HD Hyundai Electric Human Rights Impact Assessment Categories

Category	Sub-Category (Total: 344 questions)			
Human Rights Governance	Human rights policy statement	Regular human rights impact assessments	Human rights governance system	Human rights performance
	Provision of remediation procedures	Reporting and investigation system	Human rights training	
Labor	Prevention of forced labor	Child Labor and young workers	Working hours	Wages and benefits
	Prohibition of discrimination / harassment / inhumane treatment	Freedom of association and collective bargaining	Other labor issues	
Occupational Health and Safety	Occupational health and safety system	Emergency response measures	Occupational injuries and illnesses	Industrial hygiene
	Manual handling and ergonomic risks	Maintenance of machinery and equipment safety	Food, sanitation, and housing	
Ethics	Business integrity and prohibition of improper benefits	Intellectual property	Fair trade, advertisement and competition	Privacy protection
	Consumer protection			
Supply Chain Management	Supply chain management system	Contracts with partner companies	Partner company assessment	Partner company risk management
	Responsible mineral sourcing / conflict minerals	Grievance mechanism	In-house supplier management	
Environment	Soil contamination	Water management	Chemicals	Ecosystem protection
	Environmental information and training			

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Human Rights Impact Assessment Results

HD Hyundai Electric identified key human rights issues and potential human rights risks through our human rights impact assessment and identified improvement actions to address these issues. In 2025, we conducted an assessment consisting of 344 questions covering six human rights management categories, with 88% of the assessment criteria met, compared to 82% in 2024. We also strengthened industry-specific indicators to enhance the accuracy and reliability of the assessment results. Going forward, we plan to expand the scope of the human rights impact assessment to include subsidiaries, overseas business sites, and external stakeholders.

Overview of the Human Rights Impact Assessment

Subjects of Assessment	Assessment Areas	Assessment Methodology
HD Hyundai Electric's domestic sites	① Human rights governance ② Labor ③ Occupational health and safety ④ Ethics ⑤ Supply chain management ⑥ Environment	• Document-based: Checklist-based assessment (344 indicators) • On-site: Verification of questionnaire items

Key Human Rights Risks – Mitigation Measures

Key Human Rights Issues	Risk Mitigation Plan	Stakeholders Impacted	Mitigation Measures in 2025
Human Rights Governance	• Improve the human rights management policy and framework by reflecting domestic and international human rights regulations • Develop and monitor action plans based on the results of the human rights impact assessment	Employees, Local Communities	• Revised the Human Rights Management Policy and Due Diligence Guidelines • Improved the human rights impact assessment score (from 82% in 2024 to 88% in 2025)
Labor	• Strengthen the operational framework for improving working conditions and communication • Establish a grievance handling system that reflects employee opinions	Employees	• Implemented organizational culture improvement activities (e.g., "Ongi Hanip", a family-inclusive cultural program, and family invitation events for new employees) • Held labor-management council meetings quarterly and achieved 100% implementation of agreed action items (29 agenda items in 2025)
Occupational Health and Safety	• Conduct regular reviews of the safety and health management system and maintain certifications • Promote industrial accident prevention and safety culture initiatives	Employees, Partner companies	• Maintained ISO 45001 certification • Selected as an Outstanding Company for Occupational Safety and Health by the Ministry of SMEs and Startups
Ethics	• Strengthen the ethics and compliance management policy framework • Operate personal information protection and ethics awareness programs	Employees, Customers, Partner companies	• Expanded customized anti-corruption training covering unfair joint conduct, the Improper Solicitation and Graft Act, and anti-corruption laws • Conducted data privacy protection training
Supply Chain Management	• Enhance supplier ESG evaluation and management systems • Improve supplier working environment inspection systems	Partner companies	• Expanded the number of suppliers subject to ESG assessments (from 61 in 2024 to 71 in 2025) • Expanded supplier support programs (e.g., Smart Factory Support Program for SMEs)
Environment	• Conduct regular reviews of the environmental management system and maintain certifications • Strengthen environmental risk management and response activities at business sites • Expand environmental awareness and participation programs	Employees, Local Communities	• Maintained ISO 14001 certification • Expanded public awareness activities and habitat restoration for the Siberian flying squirrel in the Maengsan area • Conducted invasive species removal activities in the Bundangho area of Seongnam-si in November 2025

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Grievance Handling

HD Hyundai Electric operates grievance channels through which stakeholders, including employees, can anonymously report human rights violations. These channels are available not only in Korean but also in English and Chinese, enabling employees and stakeholders at all business sites, including overseas operations, to access them. In addition, we hold regular employee communication meetings with direct supervisors, production team leaders, production managers, and non-managerial employees at least once every quarter to listen to workplace-related grievances. When a human rights violation is reported, we verify the reported information, conduct an investigation, and determine appropriate corrective measures. We have also designated responsible personnel and established contact networks to respond promptly in the event of workplace sexual harassment. Furthermore, we operate the channels in a manner that ensures no discrimination or disadvantage arises from reporting, while guaranteeing the anonymity of reporters and the confidentiality of reported information. In 2025, a total of one human rights-related grievance was received, and the case was fully resolved.

Grievance Handling Process

STEP 1	Grievance submission	• Receive grievances from employees and external stakeholders
STEP 2	Review and assessment	• Grievance Committee reviews and assesses the case - Confirms details and facts - Considers the complainant's requested remedy - Develops response based on findings
STEP 3	Communication of outcome	• Communicate review results and gather feedback from the complainant - Reassess the case if the complainant is dissatisfied with the outcome
STEP 4	Grievance resolution	• Depending on the case: training, disciplinary action, provision of necessary information and support to the victim, infrastructure improvement, or revision of policies and procedures

Grievance Handling Process

Grievance Handling Channels

Stakeholder	Primary communication channels
Employees	• Employee representative bodies, intranet, hotline, offline reporting
External stakeholders (customers, local communities, partner companies)	• Intranet, hotline, offline reporting

Site Human Rights Impact Assessment

Category		Unit	2023	2024	2025
Human rights impact assessment at sites	Assessment coverage rate	%	100	100	100
	Number of employees at assessed sites	persons	2,124	2,189	2,214

Human Rights Grievance Reports[1)]

Category		Unit	2023	2024	2025
Reports	Number of human rights-related reports	cases	1	2	1
Handling	Number of human rights-related cases resolved	cases	1	2	1
	Resolution rate for human rights-related reports	%	100	100	100

1) Human rights-related grievances include reports of discrimination and workplace harassment: 1 case in 2023, 2 cases in 2024, and 1 case in 2025.

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Talent Management

Talent Management Governance

Talent Management Decision-Making Body

HD Hyundai Electric has appointed Jeon Soon-ok, former Standing Director of the Jeon Tae-il Foundation and an expert in labor and social affairs, as Chair of the ESG Committee since 2023 to foster a sustainable organizational culture. The ESG Committee receives, reviews, and approves labor-related matters concerning employment, workforce diversity, labor-management relations, and talent attraction and retention. At the ESG Committee meeting held in December 2025, the Committee reviewed the results of the 2024 and 2025 human rights impact assessments and the status of related corrective actions.

Collective Bargaining and Labor-Management Council

HD Hyundai Electric guarantees employees' fundamental labor rights, including the rights to collective bargaining and collective action, to foster cooperative labor-management relations. Management supports constructive labor-management relations through ongoing dialogue and engagement, labor unions promote a sense of community and voluntary participation, and employees demonstrate a strong sense of belonging and active support for sound labor-management relations. In the event of changes to company operations, we comply with the collective bargaining agreement and promptly provide mutual written notification of such changes.

HD Hyundai Electric conducts collective bargaining with the labor union once a year and holds quarterly Labor-Management Council meetings on institutional improvements and employee welfare. Through collective bargaining and Labor-Management Council meetings, we discuss various agenda items, including compensation and working conditions, and identify improvement measures.

In addition, the outcomes of these discussions are transparently disclosed to employees through the company intranet. We ensure that all agenda items agreed upon through collective bargaining and Labor-Management Council meetings are fully implemented, thereby promoting open communication and shared interests between labor and management.

Collective Bargaining and Labor-Management Council Schedule

Category	2025	2026 (Planned)
Collective Bargaining	May (kick-off) – December (Agreement reached)	May (kick-off) – by year-end (Agreement reached)
Labor-Management Council	April, July, October, January (of '26)	March, June, September, December

Inclusive Organizational Culture and HR Policy

HD Hyundai Electric strives to foster a workplace free from discrimination and an inclusive organizational culture based on fair and transparent human resources policies. Throughout all human resources management processes-including recruitment, placement, training, performance evaluation, and retirement-we strictly prohibit discrimination based on personal characteristics such as gender, age, race, ethnicity, religion, and educational background, and operate in accordance with human capital management principles that respect diversity and equity. These principles are incorporated into our Anti-Discrimination and Anti-Harassment Policy. We have also established employment rules and human resources regulations in accordance with applicable laws to systematically manage human resources and recruitment-related matters. HD Hyundai Electric operates a grievance reporting system to address incidents of discrimination and harassment. When such incidents occur, we apply a zero-tolerance policy and conduct thorough investigations and disciplinary actions. In addition, we provide annual anti-discrimination and anti-harassment training for all employees to promote a healthy organizational culture and enhance employee awareness.

Anti-Discrimination and Anti-Harassment Policy

HD Hyundai Electric has implemented policies to prevent workplace bullying, sexual harassment, and discrimination, ensuring that all employees can work in a safe and fair environment. These policies are also encouraged for subsidiaries, joint ventures, suppliers, and contractors, in accordance with Korea's Equal Employment Opportunity Act, the Labor Standards Act, and the Occupational Safety and Health Act.

Prohibition of Bullying
We strictly prohibit all forms of bullying that cause physical or psychological harm or deteriorate the working environment by exploiting authority or interpersonal relationships.

Prohibition of Sexual Harassment
Any sexually offensive behavior during work that causes humiliation or discomfort to other employees is banned. This includes verbal, behavioral, and visual expressions.

Prohibition of Discrimination
Discrimination based on gender, race, ethnicity, nationality, religion, disability, age, political opinion, or place of origin is strictly prohibited. All employees must be treated equally and fairly.

Confidentiality
Information obtained during investigations of bullying, harassment, or discrimination must not be disclosed against the wishes of victims or reporters. Participants in the investigation are protected from retaliation.

Training and Prevention
We provide mandatory training to all employees to prevent recurrence of workplace bullying, sexual harassment, or discrimination.

Response Measures
In order to foster a culture of mutual respect and dignity, HD Hyundai Electric takes strict corrective actions in response to any form of misconduct. Disciplinary measures are implemented according to the severity of the case.

HD Hyundai Electric remains committed to fostering a workplace culture built on mutual respect, fairness, and inclusion.

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Organizational Culture Improvement Program

HD Hyundai Electric carries out a variety of organizational culture enhancement initiatives to support employees' smooth adjustment and early contribution to the organization. These include establishing our unique "Way of Working," operating the CA (Change Agent) program, planning and managing the Organizational Culture Improvement Committee and employee participation programs, and holding a "day without managers". Through these efforts, we aim to create a solid foundation for long-term employee retention and promote company-wide communication, enabling a more fulfilling and satisfying workplace experience.

Key Organizational Culture Initiatives

Way of Working

Development of Way of Working
- Established HD Hyundai Electric's own "Way of Working" based on the group's core values
- Conducted leadership workshops for management
- Held department-level briefing sessions and established team working principles
- Promoted best practice cases for behavioral guidelines

Employee Participation Programs

Executive Meeting Observations
- Enabled general employees to attend executive meetings to gain insight into decision-making processes

Reverse Mentoring
- Facilitated generational communication through mentoring sessions between junior staff and executives/team leaders

HD Hyundai Electric Day
- Awards ceremony held to celebrate and share the year's achievements
- Various special recognition programs operated in addition to regular awards
- In addition to the awards ceremony, various employee participation programs and activity booths were operated

Family Invitation Program for New Hires
- Enhanced employees' sense of belonging and strengthened family engagement by introducing our vision and working environment

Ongi Hanip
- Organized traditional cultural experience programs for employees and their families/children, providing positive experiences and a family-inclusive work culture

Peer Interviewers
- Enabled junior employees to participate in recruitment interviews, allowing candidates to be evaluated from new perspectives while motivating employees by prompting their contribution to talent acquisition

Change Agent

Operation of the CA (Change Agent) Program
- Appointed opinion leaders within the organization to lead monthly M&Ms (Meet and Meals) sessions
- Planned and executed CA-led customized activities
- Conducted diagnostics and improvement activities on organizational meeting culture
- Conducted 'Impact UP! Challenge' to encourage innovation and challenge by eliminating unnecessary tasks and inefficient work practices
- Expanded Field CA, previously focused on office roles, to include manufacturing roles

Organizational Culture Improvement Committee

Hosting of Organizational Culture Innovation Forum and Committee
- Providing a platform to share performance and direction of organizational culture improvement activities
- Holding discussions and workshops to enhance understanding and develop competencies related to cultural initiatives

Delegation Culture

ABC-DAY
- Operated a manager-free day program to foster a culture of delegation and provide refresh opportunities for employees in leadership positions



HDE Way of Working



Family Invitation Program for New Hires



HD Hyundai Electric Day

Employee Satisfaction Survey

HD Hyundai Electric is committed to fostering a healthy organizational culture that enables employees to realize their potential and demonstrate their creativity in the workplace. To this end, we conduct employee surveys covering key areas such as employee engagement, the level of internalization of our value system, and change management activities. Through these surveys, we regularly analyze various factors, including job satisfaction, sense of purpose, quality of work experience, workplace well-being, and sources of stress. The results serve as a foundation for enhancing employee engagement and productivity.

Employee Engagement Survey Results[1)]

Category	Unit	Achievement			Target
		2022	2023	2024 - 2025	2025
Engagement (Satisfaction)	%	N/A	65.7	72.3	72.3

1) Survey performed biennially from 2024

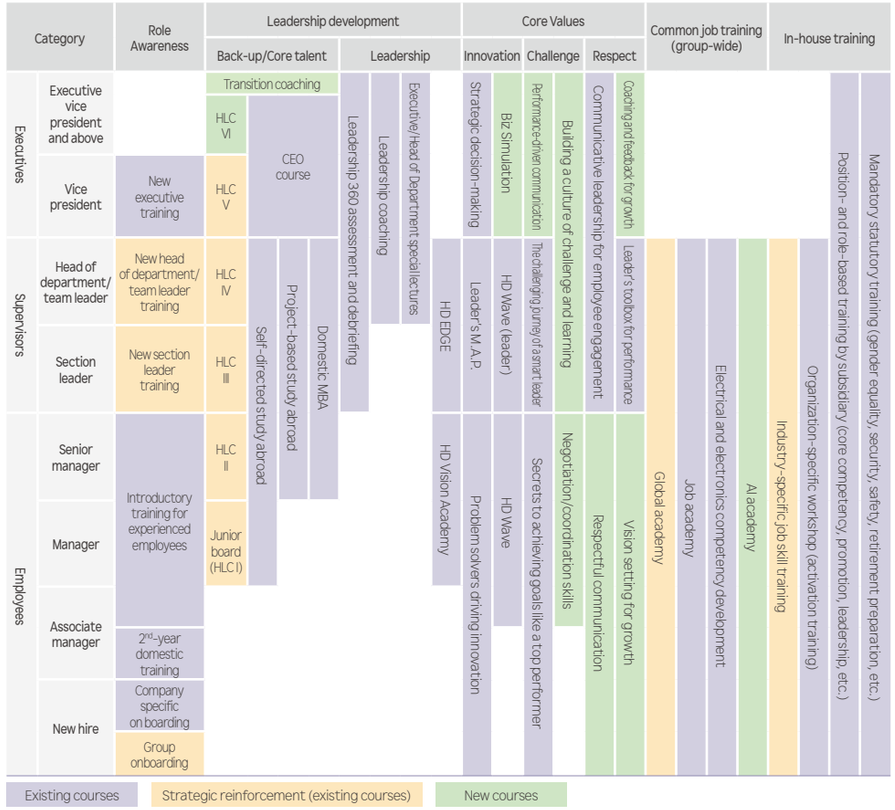
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Talent Development

HD Hyundai Electric regards talent development as a core strategy for business success and maintaining market competitiveness. To attract and nurture top talent, we have established a structured talent development strategy. Tailored training programs are developed according to position level, job function, and role. All employees, including temporary and contract employees, are provided with fair access to educational opportunities.

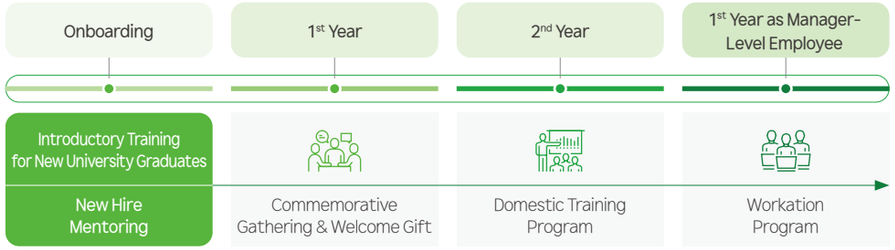
Learning and Development Framework



Employee Onboarding Program

HD Hyundai Electric operates a structured onboarding program to help new hires adapt smoothly to the organization and contribute early on. At the beginning of their employment, newcomers receive introductory training and mentoring designed to foster an understanding of the company culture and develop a business mindset. We also host a one-year anniversary gathering to strengthen employee bonds and encourage growth. In their second year, employees are offered domestic training programs to support retention, and first-year managers are provided with a workation program that combines work and rest, enhancing overall work efficiency.

New Hire Onboarding Roadmap



Degree Programs

HD Hyundai Electric provides sponsored degree programs for full-time employees to strengthen competencies across all levels, including executive AMP[1)] programs, HD Hyundai Meister College, and self-directed overseas study programs.

Category	Executives	Office Technical Staff	Production Technical Staff
2025 Training Results	• Seoul National University Advanced Management Program: 1 • Seoul National University Energy CEO Program: 1 • Seoul National University AMP: 1 • Ulsan National Institute of Science and Technology (UNIST) Advanced Management Program: 1 • Ulsan Chamber of Commerce and Industry Advanced Management Program: 1	• Seoul National University Energy CEO Program: 1 • Hanyang University Advanced Management Program: 3 • Seoul National University AI Specialist Program: 2 • Yonsei University A-MBA Program: 1	• HD Hyundai Meister College: 1

1) AMP: Advanced Management Program

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Leadership Development Programs

HD Hyundai Electric provides structured leadership development programs such as the HLC (HD Hyundai Group Leader Course) and HTLC (HD Hyundai Group Technical Leader Course) to help employees grow as experts in their respective fields. The HLC consists of five stages and offers tailored education based on the employee's rank and role. It aims to build essential competencies and a managerial mindset. Each stage includes a 10-day intensive training (12 days for Stage 5) and focuses on practical learning such as action learning activities that address business-specific challenges.

Technical Leadership Development Program for 2025

Category	HLC (HD Hyundai Group Leader Course)				
	Stage1	Stage2	Stage3	Stage4	Stage5
Number of completions (persons)	8	5	5	5	3
Completion rate (%)	100%	100%	100%	100%	100%

Training Program Effectiveness

HD Hyundai Electric provides industrial machinery operation training to enhance employees' technical skills and promote a zero-accident workplace. The program includes both theoretical content-such as operating procedures and safety precautions-and practical training with evaluations to ensure thorough understanding. We monitor the annual qualification acquisition rate as a key metric for evaluating the effectiveness of the training program.

Industrial Machinery Operation Licensing Training[1)]

Category	Unit	2023	2024	2025
Pendant crane operation training	persons (%)	46 (92)	126 (83)	126 (91)
Aerial work platform training	persons (%)	8 (100)	12 (100)	20 (100)
Small construction equipment[2)] training	persons (%)	17 (100)	21 (95)	28 (100)

1) The unit in parentheses indicates the acquisition rate
2) Small construction equipment includes loaders and forklifts
The training certificate can be exchanged for an official operator's license

Retirement Planning Support

HD Hyundai Electric provides a range of programs to help employees transition smoothly into retirement. One such program is the HD Future Planning Support Program, which consists of 16 hours over two days. All 102 eligible participants successfully completed the course. The program helps soon-to-retire employees reflect on and prepare for post-retirement life in areas such as career, finances, health, and leisure. Through retirement planning support, we foster psychological stability and motivation for employees as they begin the next chapter of their lives.

Retirement Pension System

In accordance with the Employee Retirement Benefit Security Act, HD Hyundai Electric operates a retirement pension system that supports the long-term financial stability of employees who have worked for over one year. For salaried employees aged 56 and over, we offer a Defined Contribution (DC) pension plan to help secure a reliable financial foundation after retirement. Through these systematic retirement planning support programs and pension programs, HD Hyundai Electric ensures its employees can lead secure and fulfilling lives even after leaving the company.

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Evaluation and Compensation System

Employee Evaluation and Performance Compensation

HD Hyundai Electric conducts systematic and fair performance evaluations to manage employee performance effectively. These evaluations are used in various HR decisions, such as promotions, talent development, and leadership selection, and are designed to support employee motivation and capability enhancement.

In particular, for managerial positions at the section leader level and above, evaluation results are directly linked to compensation. We use a Management by Objectives (MBO) system to quantitatively assess each individual's goal achievement. This performance-based system ensures rational compensation and strengthens managerial engagement and accountability. For general staff, evaluations are primarily used to support competency development and inform HR decisions. HD Hyundai Electric continues to build a stronger link between performance and rewards moving forward.

Leadership Assessment System

To improve organizational culture and develop leadership, HD Hyundai Electric operates a regular leadership and competency assessment system for employees at the section leader level and above. The leadership assessment evaluates how subordinates perceive the leadership capabilities of their managers through multi-faceted feedback. It includes criteria such as leadership skills, ability to address key issues, and leadership style. Survey-based feedback is collected and used to help each leader set development goals and as foundational data for organizational culture improvement.

In even-numbered years, we conduct competency assessments for all employees based on HD Hyundai's core values. The results inform strategic HR decisions such as promotions, leadership selection, and talent development. As of 2025, a pilot peer feedback process is being implemented during these assessments to explore its effectiveness and potential formal adoption.

Employee Welfare System

Beyond protecting employee rights, HD Hyundai Electric supports its people in leading proactive and fulfilling lives through continued self-development, personal growth, and work-life balance. A variety of educational programs are provided to enhance both job competencies and individual development. In particular, we offer both in-house and external specialized training focused on environmentally sustainable technologies to cultivate future talent.

Work-Life Balance

Health	Leisure	Family	Other
• Health check-ups • Wellness programs (gym, counseling center, My Balance Center, hospital access) • Medical expense support • Cancer treatment support	• Employee Benefits Platform • HD Hyundai Family Card	• Maternity protection • On-site daycare center • Child Education Support • Family-caretaking leave	• Summer vacation • Long service leave • Family event support • PC-OFF policy • Staggered working hours system
Work Engagement	**Partnership Discounts**	**Housing Support**	
• Flexible working hours system • Remote work, satellite offices • Hot-desking system • Workation program	• Hotel • Resorts • Hyundai Group discounts	• Dormitory • Housing loan support	

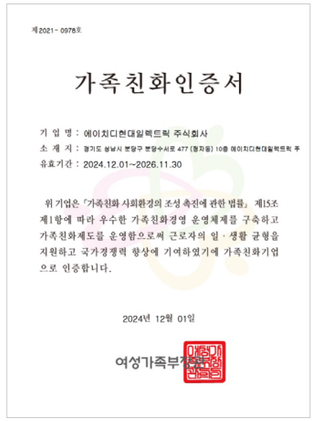
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Talent Management

Certifications and Achievements in Talent Management

HD Hyundai Electric was recognized for its efforts to actively support employees' work-life balance and was selected as one of the 2025 Best Companies for Work-Life Balance in Korea. We have continuously enhanced employee-centered working environments and workplace systems based on the belief that improving employees' quality of life drives a company's sustainable growth. In particular, we have reflected employees' opinions in management through participatory communication programs, including the HDE Recharge Cafe (previously "Seokdabang," an employee communication program), and “Reverse Mentoring”, thereby fostering a culture of trust.

We have also made tangible improvements to employees' work and living environments by operating a variety of flexible work arrangements and family support programs, including remote work, satellite offices, and workations. Through these efforts, we have been externally recognized for simultaneously enhancing employee satisfaction and work engagement. In addition, we have continuously renewed our Family-Friendly Company certification, first obtained in 2021, and will continue to provide institutional support to help employees maintain a healthy work-life balance.


제2021-0078호

가족친화인증서

기 업 명 : 에이치디현대일렉트릭 주식회사
소 재 지 : 경기도 성남시 분당구 분당수서로 477 (정자동) 10층 에이치디현대일렉트릭 주
유효기간 : 2024.12.01~2026.11.30

위 기업은 「가족친화 사회환경의 조성 촉진에 관한 법률」 제15조 제1항에 따라 우수한 가족친화경영 운영체제를 구축하고 가족친화제도를 운영함으로써 근로자의 일 · 생활 균형을 지원하고 국가경쟁력 향상에 기여하였기에 가족친화기업으로 인증합니다.

2024년 12월 01일

여성가족부

Family-Friendly Certification
(Validity: 2024.12.01~2026.11.30)



HD Hyundai Electric recognized as one of the Best Companies for Work-Life Balance in Korea in 2025

Talent Management Data

Labor Relations[1)]

Category		Unit	2023	2024	2025
Labor union membership rate		%	84.25	78.26	75.20
Coverage of collective bargaining agreements		%	100	100	100
Labor-Management Council	Labor-Management Council meetings held	meeting	4	4	4

1) Scope of data is based on domestic business sites

Employee Overview[1)]

Category		Unit	2023	2024	2025
Employees	Total employees	persons	2,124	2,189	2,214
	Registered executive officers	persons	5	5	5
	General employees	persons	2,119	2,184	2,209
Non-employee workers	Total Non-employee workers	persons	875	972	1,066
Classification by employment type	Total permanent employees	persons	2,004	2,024	2,028
	Permanent male employees	persons	1,874	1,886	1,883
	Permanent female employees	persons	130	138	145
	Total temporary employees (under fixed-term contracts)	persons	115	160	181
	Temporary male employees	persons	78	116	137
	Temporary female employees	persons	37	44	44
	Total part-time workers	persons	-	-	-
Classification by job level	Total persons in managerial positions	persons	396	393	390
	Senior managers	persons	28	29	30
	Mid-level managers	persons	82	81	77
	Junior managers	persons	286	283	283
	Total persons in non-managerial positions	persons	1,725	1,793	1,821

Employee Diversity[1)]

Category			Unit	2023	2024	2025
Classification by age group	Under 30	Employees (ratio)	%	9.42	10.87	12.56
		Employees	persons	200	238	278
	30–50	Employees (ratio)	%	48.40	47.65	46.52
		Employees	persons	1,028	1,043	1,030
	Over 50	Employees (ratio)	%	42.19	41.48	40.92
		Employees	persons	896	908	906

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Employee Diversity[1)]

Category			Unit	2023	2024	2025
Employees	Male (ratio)		%	92.09	91.64	91.42
	Male		persons	1,956	2,006	2,024
	Female (ratio)		%	7.91	8.36	8.58
	Female		persons	168	183	190
Registered executive officers	Male		persons	4	4	4
	Female		persons	1	1	1
Managerial positions[2)]	Female (ratio)		%	2.27	2.29	2.82
	Male		persons	387	384	379
	Female		persons	9	9	11
	Senior managers	Female (ratio)	%	-	-	-
		Male	persons	28	29	30
		Female	persons	-	-	-
	Mid-level managers	Female (ratio)	%	1.22	2.47	3.90
		Male	persons	81	79	74
		Female	persons	1	2	3
	Junior managers	Female (ratio)	%	2.80	2.47	2.83
		Male	persons	278	276	275
		Female	persons	8	7	8
Non-managerial positions	Male		persons	1,567	1,620	1,643
	Female		persons	158	173	178
Revenue generating departments	Female in managerial positions (ratio)		%	1.25	1.22	1.78
	Total managerial positions		persons	241	246	225
	Male		persons	238	243	221
	Female		persons	3	3	4
STEM[3)] departments	Female (ratio)		%	8.28	9.39	10.05
	Total workers		persons	592	628	627
	Male		persons	543	569	564
	Female		persons	49	59	63

1) Scope of data is based on domestic business sites
2) Definitions of managerial positions:
- Senior managerial positions: Executive directors and non-registered executives
- Mid-level managerial positions: Executive officers, heads of department, team leaders (including overseas subsidiary heads and branch managers)
- Junior managerial positions: Part leaders, section leaders, senior foremen, and assistant foremen

3) STEM (Science, Technology, Engineering, and Mathematics) includes departments such as Development, Design, R&D, and IT

Employment of Social Minorities[1), 4)]

Category		Unit	2023	2024	2025
Disabilities	Employees with disabilities	persons	26	27	23
	Employees with disabilities (ratio)	%	1.22	1.23	1.04

4) Data for previous reporting years have been revised due to the enhancement of the quantitative data calculation

Employees by Nationality[1)]

Category	Unit	2023	2024	2025
Employees with Korean nationality (ratio)	%	100	100	100
Employees with Korean nationality	persons	2,124	2,189	2,214
Managerial positions held by Korean nationals (ratio)	%	100	100	100
Managerial positions held by Korean nationals	persons	396	393	390

Recruitment[1), 5), 6)]

Category		Unit	2023	2024	2025
New hires (ratio)		%	4.09	4.45	4.54
New hires by gender	Male (ratio)	%	89.02	87.78	90.22
	Male	persons	73	79	83
	Female (ratio)	%	10.98	12.22	9.78
	Female	persons	9	11	9
New hires by age group	Under 30 (ratio)	%	79.27	75.56	79.35
	Under 30	persons	65	68	73
	30 – 50 (ratio)	%	19.51	24.44	20.65
	30 – 50	persons	16	22	19
	Over 50 (ratio)	%	1.22	-	-
	Over 50	persons	1	-	-
Number of internal mobility cases		persons	122	129	81
Proportion of positions filled through internal mobility cases		%	59.80	58.90	46.82

5) Recruitment data is managed by age group, gender, job level, and nationality
6) In 2022, a total of 92 persons were newly hired, and 51.83% of open positions were filled through internal hires

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Hiring Cost[1), 2), 3)]

Category		Unit	2023	2024	2025
Hiring Cost	Average hiring cost per person	KRW	4,776,575	5,005,825	5,224,549
	Total hiring cost	KRW	391,679,183	450,524,339	480,658,518

1) Scope of data is based on domestic business sites
2) All costs incurred in the recruitment process during the respective year
3) 2022 average hiring cost per person: KRW 2,925,544 / 2022 total hiring cost: KRW 269,150,085

Turnover[4)]

Category		Unit	2023	2024	2025
Turnover (ratio)[4)]		%	4.51	4.24	5.24
Turnover		persons	91	85	106
Turnover by gender	Male (ratio)	%	4.31	3.99	5.24
	Male	persons	87	80	106
	Female (ratio)	%	0.20	0.25	-
	Female	persons	4	5	-
Turnover by age group	Under 30 (ratio)	%	0.50	0.50	0.15
	Under 30	persons	10	10	3
	30 – 50 (ratio)	%	0.99	0.40	0.59
	30 – 50	persons	20	8	12
	Over 50 (ratio)	%	3.02	3.34	4.50
	Over 50	persons	61	67	91
Turnover by job level	Senior managers (ratio)	%	-	-	0.05
	Senior managers	persons	-	-	1
	Mid-level managers (ratio)	%	-	-	-
	Mid-level managers	persons	-	-	-
	Junior managers (ratio)	%	-	-	-
	Junior managers	persons	-	-	-
	Non-managers (ratio)	%	4.51	4.24	5.19
	Non-managers	persons	91	85	105

Voluntary Turnover[1)]

Category		Unit	2023	2024	2025
Voluntary turnover (ratio)[5)]		%	0.74	0.85	0.89
Voluntary turnover		persons	15	17	18
Voluntary turnover by gender	Male (ratio)	%	0.64	0.80	0.89
	Male	persons	13	16	18
	Female (ratio)	%	0.10	0.05	-
	Female	persons	2	1	-
Voluntary turnover by age group	Under 30 (ratio)	%	0.10	0.15	0.15
	Under 30	persons	2	3	3
	30 – 50 (ratio)	%	0.45	0.25	0.35
	30 – 50	persons	9	5	7
	Over 50 (ratio)	%	0.20	0.45	0.40
	Over 50	persons	4	9	8
Voluntary turnover by job level	Senior managers (ratio)	%	-	-	0.05
	Senior managers	persons	-	-	1
	Mid-level managers (ratio)	%	-	-	-
	Mid-level managers	persons	-	-	-
	Junior managers (ratio)	%	-	-	-
	Junior managers	persons	-	-	-
	Non-managers (ratio)	%	0.74	0.85	0.84
	Non-managers	persons	15	17	17

4) 2022 turnover rate : 5.33
5) 2022 voluntary turnover rate: 1.07

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Employee Compensation[1), 2), 3)]

Category			Unit	2023	2024	2025
All employees	Average salary per employee	Total	KRW 1M	110	127	131
		Male	KRW 1M	113	130	134
		Female	KRW 1M	78	92	100
	Total salary of employees		KRW 1M	233,065	276,349	282,847
Registered executive officers	Male	Average base pay	KRW 1M	209.5	225.5	308
		Total base pay	KRW 1M	838	902	924
	Female	Average base pay	KRW 1M	84	84	84
		Total base pay	KRW 1M	84	84	84
	Male	Average base pay + Performance-based bonus	KRW 1M	331.75	343.75	476.00
		Total base pay + Performance-based bonus	KRW 1M	1,327	1,375	1,428
	Female	Average base pay + Performance-based bonus	KRW 1M	84	84	84
		Total base pay + Performance-based bonus	KRW 1M	84	84	84
Managerial positions[4)]	Male	Average base pay	KRW 1M	49	51	52
		Total base pay	KRW 1M	18,871	19,683	19,729
	Female	Average base pay	KRW 1M	42	44	45
		Total base pay	KRW 1M	374	393	491
	Male	Average base pay + Performance-based bonus	KRW 1M	85	105	99
		Total base pay + Performance-based bonus	KRW 1M	32,837	40,192	37,627
	Female	Average base pay + Performance-based bonus	KRW 1M	70	92	82
		Total base pay + Performance-based bonus	KRW 1M	628	828	901
Non-managerial positions	Male	Average base pay	KRW 1M	34	35	35
		Total base pay	KRW 1M	53,181	56,356	58,166
	Female	Average base pay	KRW 1M	26	28	29
		Total base pay	KRW 1M	4,142	4,794	5,165
	Male	Average base pay + Performance-based bonus	KRW 1M	56	71	69
		Total base pay + Performance-based bonus	KRW 1M	88,289	115,302	113,258
	Female	Average base pay + Performance-based bonus	KRW 1M	43	55	56
		Total base pay + Performance-based bonus	KRW 1M	6,733	9,463	9,938

1) Salaries are set above the minimum wage required by law in the countries where domestic and overseas sites are located, and accurate salaries calculated based on working hours are paid regularly on the designated dates
2) The 2025 living wages for the key regions of business in Korea are as follows. We provide compensation to employees at levels exceeding the applicable living wage.
- Gyeonggi-do: Annual compensation of KRW 30.5 million (Monthly salary of KRW 2,539,768 × 12 months) (Hourly wage: KRW 12,152)
- Ulsan: Annual compensation of KRW 29.6 million (Monthly salary of KRW 2,463,065 × 12 months) (Hourly wage: KRW 11,785)
- Chungcheongbuk-do: Annual compensation of KRW 29.6 million (Monthly salary of KRW 2,466,827 × 12 months) (Hourly wage: KRW 11,803)

Employee Competency Development[3)]

Category		Unit	2023	2024	2025
Average training hours per employee		hours/ person	11.35	15.61	19.41
Total training hours		hours	24,115	34,169	42,974
Average training cost per employee		KRW 1M/ person	0.232	0.190	0.272
Total training cost		KRW 1M	493	415	602
Employees who completed training (ratio)		%	99.81	99.82	95.85
Employees who completed training		persons	2,120	2,185	2,122
Age group - Under 30	Training hours per person	hours/ person	18.22	19.58	22.29
	Total training hours	hours	3,644	4,660	6,196
Age group - 30 to 50	Training hours per person	hours/ person	13.87	20.06	25.04
	Total training hours	hours	14,261	20,927	25,790
Age group - Over 50	Training hours per person	hours/ person	6.93	9.45	12.13
	Total training hours	hours	6,211	8,582	10,989
Gender - Male	Training hours per person	hours/ person	11.08	15.30	18.74
	Total training hours	hours	21,664	30,698	37,936
Gender - Female	Training hours per person	hours/ person	14.59	18.97	26.52
	Total training hours	hours	2,451	3,472	5,039
By job level - Senior managerial position[4)]	Training hours per person	hours/ person	12.32	16.62	19.20
	Total training hours	hours	345	482	576
By job level - Mid-level managerial position[4)]	Training hours per person	hours/ person	12.65	21.79	34.34
	Total training hours	hours	1,037	1,765	2,644
By job level - Junior managerial position[4)]	Training hours per person	hours/ person	9.16	16.85	20.68
	Total training hours	hours	2,620	4,767	5,851

3) Scope of data is based on domestic business sites
4) Definitions of managerial positions:
- Senior managerial positions: Executive directors and non-registered executives
- Mid-level managerial positions: Executive officers, heads of department, team leaders (including overseas subsidiary heads and branch managers)
- Junior managerial positions: Part leaders, section leaders, senior foremen, and assistant foremen

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Tenure & Long-term Incentives[1)]

Category		Unit	2023	2024	2025
Average years of service	Total	years	4.7	5.4	6.4
	Male	years	5.1	5.5	6.6
	Female	years	3.4	3.9	4.5
Average vesting period of long-term incentive		years	3.5	3.8	3.7
Employees eligible for Long-Term Incentive Plans (ratio)		%	1.180	1.007	1.086
Employees eligible for Long-Term Incentive Plans		persons	25	22	24

1) Domestic Operations Only

HCROI[1), 2)]

Category		Unit	2022	2023	2024	2025
HCROI	Human Capital ROI	%	8.69	8.85	9.73	10.60
	Total operating expenses	KRW 1M	203,264	295,200	375,595	397,526
	Total personnel-related costs	KRW 1M	211,608	254,672	299,966	310,673

2) HCROI: Human Capital Return on Investment

Employee Benefits[1)]

Category	Unit	2023	2024	2025
Total employee benefit expenses	KRW 1M	17,182	16,717	22,808
Retirement benefits	KRW 1M	4,425	6,900	5,018

Parental Leave[1)]

Category		Unit	2023	2024	2025
Employees taking parental leave[3)]	Total	persons	7	6	6
	Male	persons	4	4	1
	Female	persons	3	2	5
Maximum paid parental leave period for male		weeks	52	52	78
Maximum paid parental leave period for female		weeks	52	78	78

3) Beginning in 2025, the methodology for calculating the number of employees taking parental leave was revised.
(Until 2024: Number of employees who took parental leave during the applicable year)
(From 2025: Number of employees with a child within one year of birth who took parental leave before one year had elapsed from the date of childbirth)

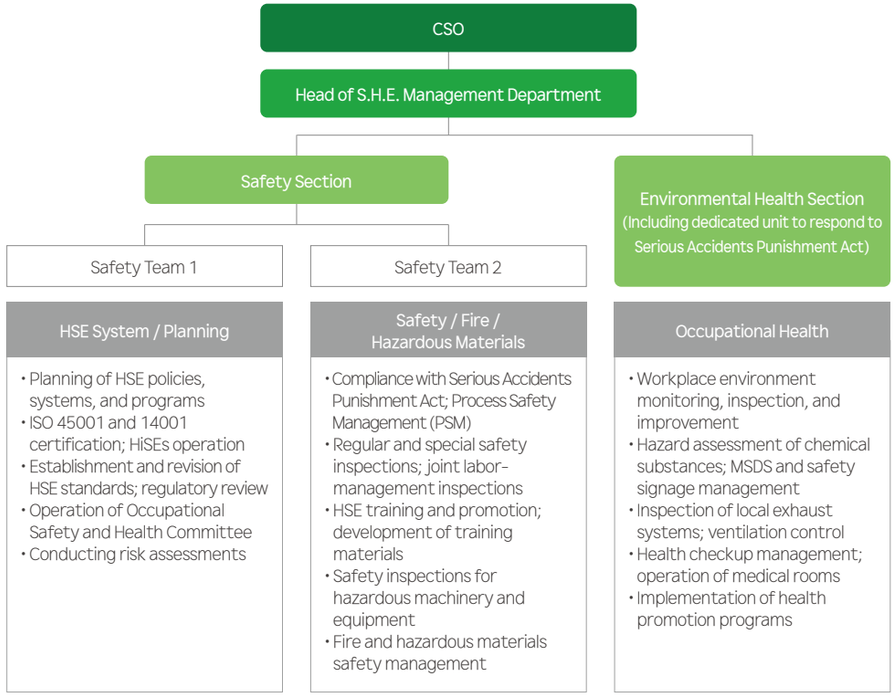
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Health and Safety

Health and Safety Governance

To strengthen the accountability of senior management for health and safety, HD Hyundai Electric has appointed a Chief Safety Officer (CSO) and operates a dedicated team that systematically monitors the implementation of improvements for hazardous and risk factors, as well as compliance with health and safety standards. The CSO regularly chairs safety management meetings to review major issues and incident reports, while safety and health managers work to improve practical risk factors through compliance with legal obligations and on-site inspections.

Health and Safety Organization and Responsibilities



Compliance with Legal Requirements and Budget Management System

HD Hyundai Electric systematically executes its occupational safety and health (OSH) budget through preallocation and emergency reserve planning. We ensure stable funding for OSH initiatives by conducting periodic performance reviews. In addition to fulfilling legal obligations-such as daily inspections by supervisors and the operation of the Occupational Safety and Health Committee-we also conduct semi-annual reviews of newly issued regulations and their implementation status using a legal compliance checklist. Updates on regulatory trends are shared with all employees to proactively prevent legal risks.

Promotion of Safety Culture and Support for Partner Companies

HD Hyundai Electric is continuously promoting a range of initiatives to enhance the safety culture of both employees and partner companies. These include cooperative safety programs, safety incentive systems, awareness campaigns, and the implementation of operational safety rules. To support partner companies, we provide safety and health supplies, consulting services, and conduct site inspections led by the Chief Safety Officer (CSO). These efforts aim to mitigate legal risks and strengthen safety culture across the supply chain. In addition, we conduct quantitative assessments of safety culture to foster safety participation behaviors at all organizational levels. We are also enhancing accident response capabilities through the digitalization of the safety and health management system and restructuring the reward system to promote a self-directed safety and health culture.

Occupational Safety and Health Committee

HD Hyundai Electric is committed to creating a safe and healthy working environment by actively listening to employees' feedback and reflecting their needs in improvement initiatives. Key occupational safety and health issues are discussed and resolved through the Occupational Safety and Health Committee, a joint labor-management body. The Committee convenes quarterly and addresses a wide range of agenda items including the establishment of industrial accident prevention plans, safety and health training for employees, and inspection and improvement of the work environment. The outcomes of these meetings are shared across the organization, contributing to enhanced safety awareness among all employees.

Composition	Operation Frequency
6 labor representatives, 6 management representatives	Quarterly

Summary of Occupational Safety and Health Committee

Date of Meeting	Agenda Items
1Q (Apr.22, 2025)	Installation of exhaust ventilation systems at the winding plant, and 4 more
2Q (Jul. 4, 2025)	Installation of an air supply filter for the air compressor at the distribution transformer plant, and 5 more
3Q (Oct. 28, 2025)	Purchase of new filter cartridges for dust masks, and 3 more
4Q (Jan. 27, 2026)	Replacement of condenser tubes in the 200kV transformer testing laboratory, and 7 more

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Health and Safety Policy

HSE Management Policy

HD Hyundai Electric has adopted the goal of "Creating a Safe and Happy Workplace" as its Health, Safety, and Environment management policy, aiming to foster a participatory safety culture involving all employees and partner companies. We strictly comply with domestic and international health and safety laws and regulations and strive to enhance the safety competence of our partner companies by improving work environments, managing occupational disease hazards, eliminating safety risk blind spots, and promoting a healthy workplace. We consider the provision of a safe and healthy working environment for all employees and partner companies as our top priority, and we are committed to embedding a safety-first culture throughout the entire organization. Notably, our health and safety policies, along with company-wide goals and performance plans, are reviewed and approved annually by the Board of Directors, thereby reinforcing executive-level accountability and implementation.

Posting of Health and Safety Policy and Critical Safety Rules

To express a strong commitment to safety from top management to all employees, HD Hyundai Electric has produced and installed large-scale signboards displaying the Health and Safety Management Policy. In addition, signboards for our Critical Safety Rules, which serve as the foundational guidelines for safe work practices, have been installed at all sites. This helps embed basic safety rules into daily work and enhances the overall safety culture across the Company.



Health, Safety, and Environment (HSE) Management Policy



HSE Management Policy Notification / Posting



Posting of Critical Safety Rules Signboard

Occupational Health and Safety Management System (ISO 45001)

HD Hyundai Electric has obtained ISO 45001 certification, the international standard for occupational health and safety management, and maintains it through structured activities such as regular safety risk assessments, education, and training programs. We operate a safety and health management system in line with global standards. Based on this system, company-wide health and safety goals and detailed objectives are established, and action plans are implemented to achieve them. Risk and opportunity analyses are conducted within the system framework, forming the basis for continuous improvement efforts. Post-certification maintenance and renewal audits are conducted by LRQA, a third-party verification body. Additionally, internal audits are performed annually to assess the operational status of the system and verify its compliance with ISO standards. Key evaluation and inspection items include the review of essential documentation, inspection of on-site safety management practices, execution of risk assessments, and evaluation of legal compliance. These procedures help confirm the effective operation of the occupational health and safety management system and contribute to the establishment of a sustainable safety and health management system.

'Find the Risk' On-Site Hazard Identification Campaign

HD Hyundai Electric operates various communication channels to enhance on-site safety through employee participation and feedback. Through the QR code–based "Find the Risk" campaign and the "Right to Request Safe Work" system implemented at each site, field workers are empowered to directly report potential hazards. We have established a system that enables prompt response and resolution of such reports. In 2025, a total of 1,723 hazard reports were submitted through the "Find the Risk" campaign. Among these, exemplary cases were selected and recognized through safety contribution awards and incentive programs. In addition, 2,138 reports were received through the "Right to Request Safe Work" system. Every report was followed up with immediate on-site verification and corrective action, contributing directly to improvements in the working environment. Through these initiatives, HD Hyundai Electric continues to cultivate a safety culture rooted in employee-driven feedback and active participation.



ISO 45001

Site Coverage
Ulsan 1, Ulsan 2, Seonam, Yongyeon Plant, Cheongju Distribution Campus

Validity Period
Feb. 10, 2023 – Mar. 22, 2026*

* Certification renewal was completed after Mar. 22, 2026



"Find the Risk" On-Site Hazard Identification Campaign Poster

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Risk Assessment-Based Safety Management System

Risk Assessment

HD Hyundai Electric conducts regular risk assessments on a monthly and quarterly basis across all sites to proactively identify and manage potential health and safety hazards. In addition, ad-hoc assessments are performed when new equipment or processes are introduced or when incidents occur. To encourage employee-driven risk identification and strengthen on-site safety, we have implemented the QR code–based "Find the Risk" on-site hazard detection campaign and the "Right to Request Safe Work" system. These mechanisms allow employees to report hazards, which are promptly reviewed and reflected in risk assessments.

For any critical hazards identified through these assessments, we establish corrective action plans and follow up on their implementation. The entire risk assessment process is monitored through biannual implementation audits (conducted in the first and second halves of the year). In 2025, a total of 521 risk assessment records were submitted, and 21 high-priority improvement items were addressed and resolved with corresponding corrective actions.

Risk Assessment Process

Category	Key Activities	Frequency
Training	• Identifying hazardous factors, assessment procedures, and documentation methods	Regular (yearly)
Assessment	• Validity review of risk assessments	Regular (yearly)
	• Near-miss incidents, immediate accident reports, and changes in equipment, processes, or newly introduced hazardous substances	New / ad hoc
Status Management	• Updates to standard work instructions and risk assessment records	Ad hoc
Corrective action planning & Monitoring	• Action planning for items rated 8 or higher / deemed high risk	Regular / ad hoc
	• Progress monitoring by supervisors	Regular / ad hoc

Risk Assessment – Key Corrective Actions

Division	Risk Factor	Corrective Measures	Risk Score (Before → After)
Power Business Division	Risk of workers being struck by transformers transported using a forklift during material handling operations	Developed a dedicated jig to eliminate the risk of falling transformers during two-tier stacking	12 → 4
Distribution Business Division	Risk of workers being struck due to sling belt disengagement or slippage during coil turning operations for distribution transformers	Developed a coil turning device to prevent sling belt disengagement	10 → 4
Rotating Machinery Division	Risk of falling accidents due to the height of products when moving inside the hazardous area of rotating machinery	Installed a mobile work platform suitable for the task and safety stairs for access	8 → 4
Quality Control Department	Risk of workers falling while performing dimensional inspections of transformers from an elevated work platform	Introduced laser targeting to enable measurements without climbing onto the top of transformers	9 → 3
Others	Risk of falls due to confined working space during replacement of safety valves on the upper section of oil pressure vessels	Installed work platforms for each structure to prevent workplace accidents	8 → 4

Risk Assessment Competition

In 2025, HD Hyundai Electric held a Risk Assessment Competition to promote awareness and understanding of risk assessments, as well as to highlight exemplary safety improvement cases. Each department presented the results of their improvement initiatives for their top three high-risk tasks. The results were evaluated based on the effectiveness of their improvements and the progress achieved. As a result, eight outstanding departments and eight employees were recognized and awarded. This initiative contributed to fostering a culture of voluntary improvement in high-risk task management across the organization.





Risk Assessment Competition

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Health and Safety

Safety and Health Support for Partner Companies

Recognition as an Outstanding Business Partner



Award Ceremony for Outstanding Enterprise for Safety and Health Cooperation with SMEs

HD Hyundai Electric has supported in-house and external partner companies, as well as local small and medium-sized enterprises (SMEs), by providing risk assessment methodology training, safety inspections, and education programs designed to improve safety awareness and strengthen safety capabilities. Based on mutual growth with our partner companies, we have carried out activities such as risk assessments, integrated guidance and inspections of occupational safety and health management systems, and safety and health consulting for external partner companies to establish safe and healthy working environments. In recognition of these efforts, we received the Grand Prize at the 2025 Outstanding Safety and Health Partnership Case Presentation and were recognized as an Outstanding Enterprise for Safety and Health Cooperation with SMEs.

Safety and Health Support for Contractors and Partner Companies


On-site Safety and Health Inspection for Contractors

HD Hyundai Electric operates a site-specific safety and health management system to enhance the safety standards of contractors and partner companies at external construction sites. The Chief Safety Officer (CSO) directly visits major external construction sites and partner companies to inspect compliance with statutory safety and health documentation, provide site-specific guidance and implement improvement activities based on on-site conditions. In 2025, we visited construction sites nationwide 11 times and carried out on-site inspections and provided material support to contractors and key partner companies, proactively mitigating safety and health risks and enhancing safety management standards.

Safety and Health Training for Partner Companies



Safety and Health Training for Partner Companies

In response to the expanded scope of workplaces subject to the Serious Accidents Punishment Act, HD Hyundai Electric provided safety and health training to improve the response capabilities of external partner companies. In April 2025, training was provided to 83 partner companies, followed by training for 31 partner companies in November, covering key requirements of the Serious Accidents Punishment Act, risk assessment methodology, establishment of safety and health management systems, and government support programs.

Health and Safety Performance Assessment of Partner Companies

When selecting partner companies, HD Hyundai Electric conducts a prequalification assessment of health and safety capabilities. Additionally, a semi-annual evaluation is performed to measure ongoing safety performance, with top-performing partners recognized and rewarded to encourage active engagement. Each month, we conduct accident prevention evaluations to evaluate the effectiveness of safety management practices. For high-risk partners, necessary improvements are identified, and action plans are requested. These are tracked and followed up with continued support to ensure execution and raise performance levels. To further foster safety awareness, monthly safety roundtables are held with safety managers from partner companies. In addition, a Safety and Health Council and joint inspections are conducted monthly and quarterly, respectively, to assess partner companies' health and safety management systems and ensure continuous improvement.

Overview of Partner Company Health and Safety Assessments

Category	Health and Safety Competency Evaluation	Monthly Accident Prevention Review
Assessment target	In-house and external partner companies	In-house and external partner companies
Assessment method	On-site visits to evaluate the health and safety management competency of partner companies	Quantitative evaluation of monthly safety activities of partner companies
Assessment items	• Performance of health and safety activities and training • Certification and implementation of safety management systems • Appointment of safety managers and establishment of operational systems • Risk assessment of hazardous factors • Reports on musculoskeletal disorders, workplace environment monitoring, etc. • Safety budget planning and execution status	• Records of safety incidents and rule violations • Status of "Find the Risk" reporting • Safety management and improvement activities • Toolbox Meeting (TBM) evaluations • Execution of health and safety training • Additional scoring items such as spot rewards (HD Safety Pay)
Assessment frequency	Biannually	Monthly
Utilization of results	• Recognition and awards for top-performing partner companies in health and safety evaluations • For companies scoring below 60 points, supplier selection may be reconsidered and alternative suppliers may be evaluated.	• Partner companies scoring below 85 points must submit improvement action plans

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Health and Safety Management Activities

Accident Cause Analysis and Accident Prevention

HD Hyundai Electric follows a standardized incident investigation procedure that applies across all sites, enabling prompt and systematic responses in the event of an accident. When an incident occurs, the site supervisor immediately reports the situation to the S.H.E Management Department, initiates root cause analysis and corrective action, and prepares an official incident report. All follow-up actions are implemented in accordance with internal regulations. For serious incidents, we conduct Root Cause Analysis (RCA) to identify underlying causes beyond the surface-level symptoms. Based on these findings, practical countermeasures are developed and shared companywide to prevent recurrence.

Emergency Response Drills and Accident Prevention

To effectively respond to emergencies and disasters, HD Hyundai Electric develops detailed response scenarios in advance and conducts practical drills at least twice a year. Identified weaknesses during drills are immediately reflected in the scenarios to enhance the completeness and execution quality of emergency response plans. In 2025, we conducted a total of 24 CPR training sessions and emergency evacuation drills at major production sites, including the Ulsan, Seonam, and Anseong Plants, as well as the Yongin R&D Center, thereby strengthening on-site response capabilities to minimize damage in actual emergency situations such as serious industrial accidents, fires, confined-space hazardous exposure, and other incidents.



Emergency Preparedness Inspections at Key Sites




Special Safety Inspections

Health and Safety Training Programs

HD Hyundai Electric provides comprehensive health and safety training to enhance employees' knowledge and awareness. For employees at domestic workplaces, we provide legally mandated safety training, including regular training, onboarding training for new hires, training upon changes in work tasks, and special safety training. In addition, internal safety programs are conducted, such as risk assessment training, training for employees returning from industrial accidents, and equipment operation training. In addition, we provide job-specific occupational safety and health training for safety and health management personnel, including training programs for persons responsible for safety and health as well as for appointed safety and health officers.

Safety Training

Category	Training Programs	2025 Achievement
Legally Required Training	• Regular safety and health training • Supervisor training • Safety and health training for new hires and employees with job changes • PSM (Process Safety Management) training • Training for a person in charge of safety and health management / appointed managers	• Participants: 2,448 • Completion rate: 100%
Internal Training	• Return-to-work training for injured employees • Safety Academy training • SHE coordinator safety and health training • Environmental equipment operator training • Certified equipment operator training	• Participants: 1,741 • Completion rate: 100%

Workplace Environment Monitoring

HD Hyundai Electric conducts workplace environment monitoring semiannually at domestic workplaces with hazardous factors (the Ulsan Plant, the Cheongju Distribution Campus, and the Yongin R&D Center) to identify processes exceeding exposure limits for noise and chemical hazards and implements improvements for processes where exposure levels exceed occupational exposure limits. We communicate the monitoring results to the relevant departments and require prompt establishment and implementation of corrective measures whenever exposure levels exceed the applicable limits. In 2025, we completed hazardous factor measurements for 367 cases in 1H and 286 cases in 2H, and implemented corrective measures for all processes where exposure levels exceeded the applicable limits.

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Promoting a Voluntary Safety Culture

Safety Culture Assessment

HD Hyundai Electric introduced a safety culture assessment in 2024 to promote safe behaviors across all organizational levels through a systematic evaluation of safety culture, thereby contributing to accident prevention. Based on the assessment results, we also support the development of strategic short- and long-term safety culture improvement roadmaps for each assessment category and organization. In 2025, we conducted an online survey covering all domestic employees, including employees of partner companies, across 12 assessment areas, including leadership, safety awareness, communication, and education and training. As a result, the average safety culture score reached 81.7 out of 100, improving from 76.6 in 2024. For the three assessment areas that scored below the company-wide average in 2024, each organization established and implemented improvement plans, resulting in higher scores in 2025. Based on the 2025 assessment results, we will continue improvement activities for the three lowest-scoring areas and continuously monitor progress to enhance safety culture across assessment areas and organizations, thereby contributing to accident prevention.

Safety Incentive Program

HD Hyundai Electric operates various safety incentive programs to enhance employees' safety awareness and encourage voluntary participation in safety activities. We recognize outstanding teams and partner companies based on achievements such as accident-free performance and excellence in accident prevention activities. Individual awards are also presented through the Safety Contribution Award program to broadly recognize safety achievements. In addition, employees who faithfully comply with safety rules or contribute to eliminating workplace hazards receive immediate rewards through the online HD Safety Pay point system, which replaced the previously distributed paper vouchers. In 2025, we presented awards to outstanding teams and partner companies that contributed to accident prevention and the promotion of a strong safety culture, employees who identified workplace hazards, and recipients of the Accident Prevention Merit Award and outstanding organizations and individuals in the risk assessment contest, thereby reinforcing a prevention-oriented safety management culture.



Outstanding Safety Team


Award for Contributions to Accident Prevention

Development of a Digital Safety Management System

HD Hyundai Electric developed a digital safety management system to record and retain legally required safety and health information and to enable prompt responses to workplace incidents. In 2024, we digitalized work plans and work permits to prevent omissions in legally required documentation and enabled employees to immediately access work details and hazard information through their mobile devices. In 2025, we further strengthened the reward system for individual safety performance by digitalizing safety incentives and risk assessments. We also enhanced the system so that employees can access risk assessment reports anytime and anywhere via the web and mobile devices, linking risk assessment reports with safety activity data to support data-driven safety management.



Digital Safety Management System



HD Safety Pay MoU Ceremony

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Employee Health Management

Employee Health Screening Programs

HD Hyundai Electric operates multi-tiered health screening programs to systematically manage employee health and enable early detection of diseases. All employees undergo regular general health checkups, while employees exposed to hazardous factors-such as organic solvents, dust, and noise-also receive specialized medical examinations to identify occupational health risks in advance. Furthermore, we support long-serving employees by offering them the option of comprehensive health examinations and advanced diagnostic checkups, thereby facilitating more detailed health assessments. We implemented health maintenance and promotion programs in 2025 focusing on four key management areas: lifestyle improvement, cerebrovascular and cardiovascular disease management, mental health management, and musculoskeletal disorder prevention. A total of 1,638 employees participated, increasing the participation rate from 55.9% in 2024 to 63.2% in 2025. In addition, we provide separate follow-up management for employees identified as requiring observation or further medical evaluation based on health examination results, enabling proactive responses to potential health risks.

Health Promotion Programs

HD Hyundai Electric provides employees with reliable health information and promotes healthy lifestyle habits through various health promotion initiatives, including stress management, lifestyle improvement, and prevention of cerebrovascular and cardiovascular diseases.

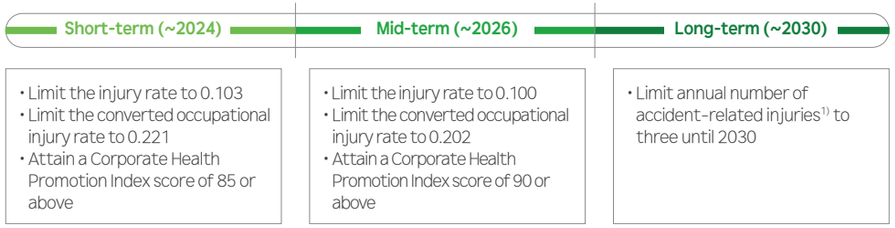
2025 Health Promotion Programs and Campaigns

Category	Key Activities
One-stop Health Consultation Center	• Provided information on the prevention and management of cerebrovascular and cardiovascular diseases
Mind Relief Bus	• EEG (Electroencephalogram)-based physical and mental stress testing
Workplace Mental Wellness Lounge	• One-on-one psychological counseling for stress and personal concerns
Geuntech Exercise Class (Musculoskeletal Disorder Prevention Program)	• Implemented group exercise programs to prevent musculoskeletal disorders
Metabolic Syndrome Management Program	• Implemented programs to manage blood pressure, blood glucose, cholesterol levels, and obesity
Walk On	• Virtual walking and "plogging" activities to prevent obesity and improve lifestyle

Health and Safety Metrics and Targets

HD Hyundai Electric aims to manage performance effectively by setting clear safety management policies and measurable objectives.

Health and Safety Mid- to Long-Term Targets



1) Accident-related injuries refer to occupational injuries resulting from accidents, excluding occupational illnesses, among the total number of occupational injuries.

Health and Safety Investment

HD Hyundai Electric invested in the replacement of aging equipment in 2025, including forklifts, chain blocks, cranes, and components for vacuum drying furnaces, to prevent safety accidents caused by equipment deterioration. In addition, we have continued to invest in improving workplace conditions by installing air conditioners, replacing aging equipment, and upgrading temperature and humidity control systems and dust collection facilities to provide a safe and comfortable working environment. We also made investments in agenda items reviewed by the Industrial Safety and Health Committee, including the installation of local exhaust ventilation systems, improvements to the heating and cooling functions of air handling units, and repairs to stairways in second-floor factory offices, and will continue to invest in occupational safety and health to create a safe and healthy workplace.

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Health and Safety Data

Occupational Health and Safety

Category			Unit	2023	2024	2025
Industrial Accident Rate	Employees[1]	Industrial accident rate	%	0.096	0.046	-
		Injured employees	persons	2	1	-
	Partner companies	Industrial accident rate	%	-	-	0.194
		Injured partner company workers	persons	-	-	2
Safety Incident	Frequency rate		cases per 1,000,000 work hours	0.409	0.222	-
	Serious accident	Employees	cases	-	-	-
		Partner companies	cases	-	-	-
	Industrial accident	Employees	cases	2	1	-
		Partner companies	cases	-	-	2
Working Hours	Employees	Total hours worked	hours	4,885,886	4,510,119	4,811,919
	Partner companies	Total hours worked	hours	1,834,188	1,934,497	2,291,997
Work-related Fatalities[2]	Employees	Fatality rate	cases per 200,000 work hours	-	-	-
		Fatalities	persons	-	-	-
		Fatal accidents	cases	-	-	-
	Partner companies	Fatality rate	cases per 200,000 work hours	-	-	-
		Fatalities	persons	-	-	-
		Fatal accidents	cases	-	-	-
Lost Time Injuries[3][4]	Employees	Lost Time Injury Frequency Rate (LTIFR)	cases per 1,000,000 work hours	1.433	1.552	1.663
	Partner companies	Lost Time Injury Frequency Rate (LTIFR)	cases per 1,000,000 work hours	1.090	2.585	1.745

1) For employees and partner companies, the data were aggregated across all domestic HD Hyundai Electric business sites
2) Number of employee fatalities in 2022: 0; Number of partner company fatalities in 2022: 0
3) Employee LTIFR in 2022: 1.977; Partner companies' LTIFR in 2022: 0.6

Category			Unit	2023	2024	2025
Recordable Injuries[5]	Employees	Total Recordable Injury Frequency Rate (TRIFR)	cases per 1,000,000 work hours	2.047	2.439	1.870
	Partner companies	Total Recordable Injury Frequency Rate (TRIFR)	cases per 1,000,000 work hours	1.090	2.585	2.182
Occupational Illness[6]	Employees	Occupational Illness Frequency Rate (OIFR)	cases per 200,000 work hours	0.164	0.089	0.042

4) Lost Time Injury Frequency Rate (LTIFR) = Number of Lost Time Injuries (LTI) / Total Hours Worked × 1,000,000
5) Total Recordable Injury Frequency Rate (TRIFR) = Number of Total Recordable Injuries (TRI) / Total Hours Worked × 1,000,000
Near-miss frequency rate in 2025: 1.971 incidents per 200,000 working hours
6) Occupational Illness Frequency Rate (OIFR) = Number of Occupational Illness Cases (OI) / Total Hours Worked × 200,000

Health and Safety Management System (ISO 45001)

Category	Unit	2023	2024	2025
Certification acquisition rate for Health and Safety Management System	%	100	100	100
Target sites for certification acquisition[7]	cases	4	4	5
Number of certified sites	cases	4	4	5

7) Scope of data is based on key domestic business sites (2025: Ulsan Plant 1, Ulsan Plant 2, Seonam Plant, Yongyeon Plant, and Cheongju Power Distribution Campus)

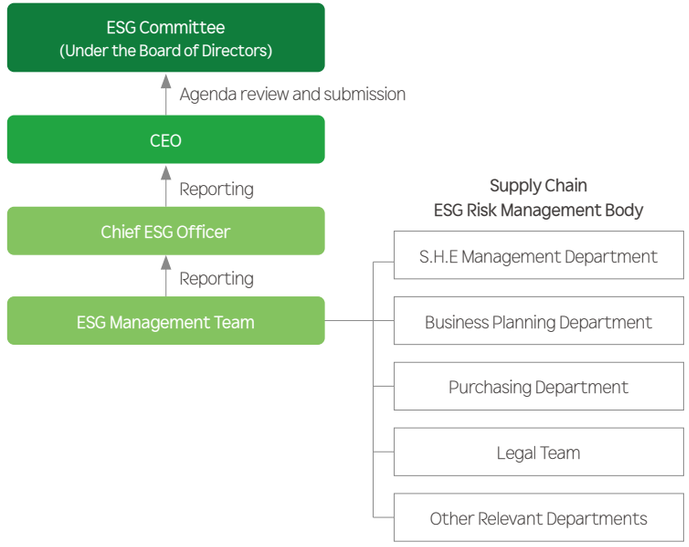
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Supply Chain Management

Supply Chain Management Governance

HD Hyundai Electric has established and is operating supply chain management governance to strategically manage ESG risks within its supply chain. Led by the ESG Management Team, related departments such as the Purchasing Department, Business Planning Department, Legal Team, and S.H.E Management Department work in close collaboration. Supply chain-related plans, performance, and major issues are regularly reported to the ESG Committee under the Board of Directors. To strengthen the ESG capabilities of partner companies and promote shared growth, HD Hyundai Electric regularly operates a Partner Company Council. Through this council, we actively communicate with partner companies on key issues across the supply chain, including workplace health and safety and quality improvement. By establishing an ESG governance-based supply chain management system and a practical communication structure for partnership enhancement, HD Hyundai Electric is realizing sustainable supply chain operations.

Supply Chain Management Organizational Chart



Supply Chain Management Policy

Supply Chain ESG Management Policy

HD Hyundai Electric has established Four Key Shared Growth Strategies to promote shared growth through mutual respect and engagement among all stakeholders and partner companies. Based on these strategies, we have created a sustainable supply chain ecosystem and demonstrated our corporate responsibility to the broader community by establishing and disclosing our Supplier Code of Conduct and Supply Chain ESG Management Policy on our website. This policy applies to all partners that maintain business and cooperative relationships with HD Hyundai Electric, including partner companies, contractors, and joint ventures.

Four Key Shared Growth Strategies

Fair Trade and Legal Compliance	• Activities to comply with subcontracting laws and promote a culture of fair trade • Operation of an internal subcontract dispute mediation committee • Regular monitoring of subcontract transactions
Building a Communication and Trust System	• Strengthening management communication activities • Checking for instances of unreasonable and unfair transactions • Forming a consultative body between HD Hyundai Electric and partner companies
Support for Improving Global Competitiveness	• Improvement of subcontract payment conditions • Training support to enhance job-specific competencies
Spreading a Culture of Shared Growth	• Management support to strengthen competitiveness • Expanding supply chain ESG management

Supplier Code of Conduct

Supplier Code of Conduct

HD Hyundai Electric has established the Supplier Code of Conduct which outlines requirements related to human rights and labor, safety and health, environmental protection, ethical business practices and fair trade, and conflict minerals that partner companies must adhere to. This Code is designed to encourage voluntary social responsibility across the supply chain. The Code is based on global standards including the Responsible Business Alliance (RBA) Code of Conduct, the Universal Declaration of Human Rights, the UN Convention on the Rights of the Child, and core conventions of the International Labour Organization (ILO), all of which aim to enhance supply chain sustainability. We stipulate compliance with our Code of Conduct in the Basic Materials Supply Agreement with partner companies, making the fulfillment of social responsibilities a contractual obligation from the outset of the business relationship. In particular, we require partner companies to sign a Social Responsibility Commitment every year to reaffirm their responsibility for complying with the Code of Conduct. In the event of a violation of the Code of Conduct, we may terminate the business relationship with the relevant business partner, and where losses are incurred as a result of such violations, the agreement provides the basis for compensation. In addition, we conduct assessments and due diligence to verify whether partner companies comply with the requirements set forth in our ESG Management Policy. We also continuously monitor implementation of mitigation plans for risks identified through our improvement recommendations.

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System Operation to Improve Procurement Efficiency

HD Hyundai Electric operates an integrated procurement information system (G-HIPRO) to build a trust-based partnership with its partner companies. Through this system, prospective suppliers can freely apply for partnership, and partner companies are registered based on fair and transparent standards. Registered partner companies go through an electronic bidding process that includes quotation submission, technical review, and final selection of the supplier, ensuring fairness throughout all procedures.

In addition, through the material procurement system, partner companies are required to submit a Conflict of Interest Declaration and a Code of Ethics Pledge. Based on this documentation, HD Hyundai Electric evaluates partner companies annually and supports their efforts to strengthen competitiveness. This process plays a key role in minimizing material procurement risks and maintaining a stable and efficient procurement system.

Supply Chain Risk Management and Pricing System for Raw Materials

HD Hyundai Electric continuously strengthens its monitoring of key raw material market trends to preemptively manage risks related to materials essential for the production of core products such as power transformers and rotating machinery. In particular, for volatile commodities such as copper (Cu) and silver (Ag), we closely analyze international prices and exchange rates to flexibly set the reference procurement prices for materials.

By implementing this market-linked pricing process, we periodically reflect market conditions in the unit prices paid to partner companies. This enables HD Hyundai Electric to effectively respond to supply chain volatility while maintaining stable material supply and supply chain management, ultimately ensuring a sustainable production environment.

Support for Partner Companies

Facility Investment Funding for Partner Companies

HD Hyundai Electric has operated a Facility Investment Funding Program as a practical measure to enhance the production capabilities of both in-house and external partner companies and to strengthen the stability of the supply chain. The program provides interest-free loans for facility investments aimed at improving productivity, quality, and working conditions, thereby alleviating financial burdens and supporting the sustainable growth of partner companies. In 2025, six partner companies were selected through an internal review process, and approximately KRW 4 billion in funding was provided. Each selected company can receive an interest-free loan of up to KRW 700 million, covering up to 70% of its total investment, for a period of three years. To further reduce financial pressure, HD Hyundai Electric covers the full cost of credit guarantee insurance required for the loans. This program is part of our shared growth strategy, designed to address the challenges faced by small and medium-sized manufacturers, such as outdated facilities and labor shortages, and to enhance the long-term competitiveness of our overall supply chain.

Financial Support Program for Partner Companies

HD Hyundai Electric provides practical support to enhance partner companies' access to production resources and ease their financial burden. For consigned materials supplied free of charge by HD Hyundai Electric, we fully cover the credit guarantee insurance fees for some partner companies in the "Partner Company Council," which is composed of partner companies with a high degree of transaction dependence, thereby reducing their cost burden and supporting stable business operations. In 2025, we entered into equipment lease agreements totaling KRW 200 million for molding and casting equipment, covering the full lease cost. These resource support programs have made a tangible contribution to improving the production efficiency and quality competitiveness of our partner companies, while also strengthening the overall competitiveness of our supply chain.

Shared Growth Fund

HD Hyundai Electric has established and operates a shared growth fund totaling KRW 30 billion to support partner companies in improving access to financing and securing financial stability. This fund is a financial support program that enables partner companies to obtain business loans at preferential interest rates compared to market interest rates. It helps them secure liquidity to meet real business needs such as working capital and facility investments. Through this financial support infrastructure, HD Hyundai Electric contributes to the stable growth of partner companies and strengthens the overall competitiveness of its supply chain. We plan to continue expanding practical support measures to promote mutually beneficial growth.

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Partner Company Council and Awards for Outstanding Partner Companies

HD Hyundai Electric operates a Partner Company Council consisting of 56 partner companies on which we have a high degree of procurement dependence to strengthen communication with our partner companies. Through regular meetings with the Partner Company Council, we share our business direction and vision while listening to the concerns and suggestions of business partner representatives. In particular, we hold an annual New Year's meeting to share our management performance and discuss opportunities for mutual growth. We also present the Outstanding Partner Company Awards to recognize partners that have demonstrated outstanding performance and strengthened cooperative relationships with us, while organizing meetings throughout the year to promote continuous engagement with our partner companies. Awards based on 2025 performance were presented at the New Year's meeting held in January 2026. Two companies selected as Outstanding Partner Companies each received a cash award of KRW 5 million, while four companies recognized as Excellent Partner Companies each received KRW 3 million, together with a commemorative plaque expressing our appreciation. This recognition program not only motivates our partner companies but also contributes to fostering a healthy partnership culture. In addition, HD Hyundai Electric awards points redeemable for cash through the HD Hyundai Safety PAY program to employees of partner companies that demonstrate outstanding safety performance, encouraging the voluntary enhancement of occupational safety and health management capabilities among our partner companies.





2026 New Year's Meeting and Outstanding Partner Company Awards

Online Recruitment Portal for HD Hyundai Electric Partner Companies

HD Hyundai Electric actively supports small and medium-sized as well as mid-sized partner companies in addressing recruitment challenges to strengthen their fundamental competitiveness and enhance supply chain stability. In collaboration with JobKorea, Korea's largest online employment platform, we operate the Online Recruitment Portal for HD Hyundai Electric Partner Companies, which leverages our brand value to maximize the visibility of job postings from highly capable partner companies with relatively low market recognition. We also bear the full cost of operating the platform, substantially reducing the financial and administrative burden on small and medium-sized enterprises. Through this initiative, 42 participating partner companies posted job openings, successfully recruiting a total of 23 qualified employees in a timely manner. Going forward, we plan to further expand this comprehensive mutual growth model for human capital development by linking partner companies with job training programs supported by us whenever necessary.



Online Recruitment Portal for HD Hyundai Electric Partner Companies

Win-Win Smart Factory Support Program for Large Enterprises and SMEs

HD Hyundai Electric implemented the Win-Win Smart Factory Support Program from June 2025 to March 2026 for three partner companies that voluntarily participated in the initiative, with the aim of improving productivity and strengthening manufacturing competitiveness. Linked to the Smart Factory Support Program led by the Ministry of SMEs and Startups, the initiative supports the adoption of digital solutions and automation systems while providing professional consulting, investment funding, and financial assistance to help partner companies address challenges encountered during implementation. In particular, in addition to government subsidies, we provide up to KRW 120 million per partner company to support smart factory implementation. We also strengthened collaboration by enabling real-time sharing of production status through a Manufacturing Execution System (MES). Furthermore, we promoted sustainable growth among our partner companies by implementing energy efficiency improvement projects in parallel, supporting facility investments and the establishment of energy management systems, and providing interest-free financing of up to KRW 700 million.



Signing Ceremony for the Energy Efficiency Improvement and Win-Win Smart Factory Support Program

'Together Cafe': A Window of Communication

HD Hyundai Electric has expanded its internal communication program to its partner companies through the 'Together Cafe' initiative. As part of this program, CEO Youngki Kim and employees of HD Hyundai Electric visit partner companies to share coffee and refreshments, express gratitude for their hard work, and listen directly to on-site challenges and feedback. In 2025, we visited a total of five partners: in March, we visited TC Materials in Ulju, Ulsan, where we operated a coffee truck and expressed our appreciation. In May, we visited RACOOL in Hwaseong, Gyeonggi-do, and provided refreshments. In September, beginning with a visit to SAMDONG in Eumseong, Chungcheongbuk-do, we also visited BND Solution in Gyeongju, Gyeongsangbuk-do, which had supported an emergency switchgear project, as well as Hyundai Gyejeon Industrial in Ulju, Ulsan, to express our appreciation for their dedication and provide refreshments. Going forward, we will continue operating the Together Cafe program to strengthen communication with our partner companies, actively listen to challenges encountered in the field, and further reinforce our mutually beneficial partnerships.



Together Cafe

2025 Together Cafe Activities

Category	Partner Companies	Product Type	Location	Activity Description
Mar. 18, 2025	TC Materials	Transformer	Ulju, Ulsan	Coffee truck service and message of gratitude
May 19, 2025	RACOOL	Transformer	Hwaseong, Gyeonggi-do	Snack delivery
Sep. 10, 2025	SAMDONG	Transformer	Eumseong, Chungcheongbuk-do	Snack delivery
Sep. 30, 2025	BND Solution	Switchgear	Gyeongju, Gyeongsangbuk-do	Snack delivery
Sep. 30, 2025	Hyundai Gyejeon Industrial	Switchgear	Ulju, Ulsan	Snack delivery

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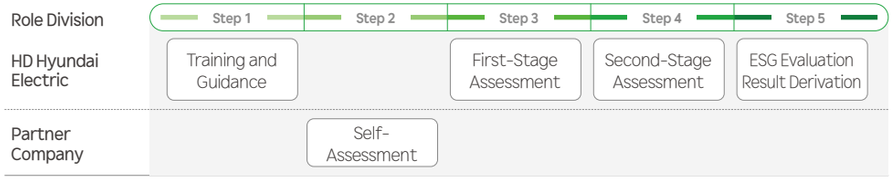
Supply Chain Risk Management

Supply Chain ESG Assessment

HD Hyundai Electric operates an assessment system to identify and mitigate ESG risks that may arise within our supply chain at an early stage, and the assessment results are reported to the ESG Committee and management. The assessment utilizes a total of 39 environmental, social, and governance (ESG) indicators, reflecting applicable domestic laws and regulations as well as country-specific risks. Assessment candidates are selected from major suppliers to ensure coverage of at least 80% of the annual transaction value, after which the final assessment targets are determined based on our internal supply chain risk assessment criteria1). The assessment consists of a self-assessment, a first-stage assessment, and a second-stage assessment. In particular, the second-stage assessment is conducted through on-site audits, during which improvement recommendations are provided for identified deficiencies. In 2025, we conducted self-assessments and first-stage assessments for 71 companies selected from the top 141 suppliers by transaction value and carried out second-stage assessments for 21 companies. In addition, suppliers that achieve outstanding ESG assessment results during the new supplier evaluation process receive additional points in the supplier selection process. Going forward, we will continue to encourage new partner companies to participate in ESG assessments to further strengthen supply chain risk management.

1) Internal supply chain risk assessment criteria include transaction volume, supplier quality assessment results, and financial soundness.

Supply Chain ESG Assessment Process



Supply Chain ESG Assessment Indicators

Assessment Areas	Key Evaluation Items
Environmental	Environmental management, energy management, greenhouse gas emissions, environmental regulations, waste, pollutants, hazardous chemicals, resource recycling
Social	Human rights, labor-management consultation, rules of employment, statutory obligations, working hours, employment contracts, fair trade, personal data protection, social contribution, rest facilities
Safety	Occupational health and safety management, safety and health organization, worker feedback, safety and health training, risk assessment, hazardous tasks, safety inspections, personal protective equipment (PPE), safety and health signage, workplace environment monitoring, musculoskeletal disorders, material safety and health, first aid, emergency preparedness, fire safety activities, health checkups
Governance	Ethics (compliance, anti-corruption, etc.), ESG management, stakeholder grievance channels, stakeholder communication, risk management

Supply Chain ESG Risk Assessment Targets and Methodology

Category	New Suppliers	Existing Suppliers
Subject of Assessment	Companies seeking to establish business relationships	Key partner companies identified and managed based on strategic importance and ESG risk
Assessment Method	One-time document-based evaluation (with supporting evidence)	① Training & Guidance: Provide ESG evaluation introduction and guideline training ② Self-Assessment: Checklist-based self-evaluation ③ First-Stage Assessment: Document-based review based on self-assessment ④ Second-Stage Assessment: Additional on-site evaluation for suppliers identified as high-risk based on the first-stage assessment ⑤ Compile and analyze results to identify key ESG risks and assess the ESG management level of each partner company
Assessment Frequency	Ad hoc	Annually
Assessment Criteria	• Based on the ESG checklist for new supplier registration • Total of 21 items (5 Environment, 12 Social & Safety, 3 Governance, 1 Disclosure) • Document-based evaluation only	• Based on the ESG assessment guideline - Total of 39 items (8 Environmental, 10 Social, 16 Safety, 5 Governance) • Total score: 390 points (Document + On-site audit) • Graded from Level 1 to Level 7
Utilization of Results	Additional score given to new suppliers with over 70 points • 70–79: +1 point • 80–89: +2 points • 90–100: +3 points	• On-site evaluation feedback report provided to companies undergoing second-stage assessment • Improvement status reviewed in the following year's evaluation

Supply Chain ESG Self-Assessment Checklist

HD Hyundai Electric Co., Ltd. Supply Chain ESG Self-Assessment Checklist

Environmental Section

Code	Assessment Item	Score	Max Score (10 pts)	Self-Assessment	Evidence
E-01	Establishment of Environmental Management System Has the company established and implemented an environmental policy, goals, and action plans?	Document On-site	10 0		
Indicator	Determine whether the company has established and publicly disclosed an environmental management policy that expresses its commitment to environmental practices, and whether it has developed, posted, and shared a corresponding strategy and objectives.				
1	The CEO reviews the environmental report and reflects it in next year's plans.				
2	Environmental Management Policy and Objectives (KPIs) are established and performance is evaluated.				
3	Environmental Management Policy and Objectives (KPIs) are established and action plans are in place.				
4	Only the Environmental Management Policy has been established.				

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Supply Chain ESG Assessment Results and Improvement Support

Based on its supply chain ESG management framework, HD Hyundai Electric identified 141 suppliers for assessment and conducted first-stage ESG assessments for 71 partner companies in 2025. Subsequently, 21 companies identified as requiring more in-depth evaluation underwent second-stage on-site assessments.

To address the ESG risks identified during the evaluations, HD Hyundai Electric provided each partner company with a report detailing areas for improvement and recommended corrective actions. For companies requiring continuous monitoring, follow-up evaluations will be scheduled in the following year to verify the implementation of improvements.

Partner Company Improvement Management and Support

Area	Key Areas for Improvement Based on ESG Assessment
Environmental	• Managing energy use, by intensity • Managing GHG emissions, by intensity • Setting GHG reduction target
Social	• Establishing a human rights management system • Enhancing corporate social responsibility activities
Safety	• Establishing a safety and health management policy • Organizing and operating a safety and health council
Governance	• Establishing a code of ethics and conduct and providing training for employees

Partner Company Grievance Handling

To build mutual trust with partner companies and address business-related concerns, HD Hyundai Electric operates multiple communication channels. Each department and responsible personnel continuously monitor grievances from partner companies, and when necessary, visit sites to collect Voice of Customer (VOC) and support prompt resolutions. At the company-wide level, an online communication channel is provided through the company website to receive partner company concerns and suggestions. We maintain regular face-to-face communication channels through the annual New Year's meeting for partner companies held at the beginning of each year and partner company meetings held throughout the year.

In 2025, we held three partner company meetings in May for members of the Partner Company Council and an additional three meetings in June for council candidates. During these meetings, the management of HD Hyundai Electric shared business initiatives and engaged in in-depth discussions on the grievances and improvement matters raised by our partners. Going forward, we will continue to listen closely to the voices of our partner companies through ongoing on-site communication and further strengthen the foundation for mutual growth.

Partner Company Grievance Handling Performance

Grievance channel

Category		Unit	2023	2024	2025
Partner company grievance handling	Partner company grievance handling rate	%	100	-	-
	Grievance reports received	cases	2	-	-
	Grievance cases resolved	cases	2	-	-

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Supply Chain Management

Supply Chain

	Category	Unit	2023	2024	2025
Supply Chain Management	Partner companies	companies	649	738	757
	Number of tier-1 partner companies	companies	649	738	757
	Number of key tier-1 partner companies[1]	companies	47	115	115
	Share of procurement from key tier-1 partner companies	%	42.75	57.64	60.23
	Procurement volume from key tier-1 partner companies	KRW 1M	693,124	984,555	1,107,521
	Total procurement volume	KRW 1M	1,621,524	1,708,150	1,838,747
Supply Chain Assessment	Tier-1 partner companies assessed via document review	companies	40	61	71
	Key tier-1 partner companies assessed via document review	companies	38	54	58
	Tier-1 partner companies assessed via on-site audit	companies	40	16	21
	Key tier-1 partner companies assessed via on-site audit	companies	38	15	17
	Number of tier-1 partner companies with identified risks	companies	-	16	21
Supply Chain Risk Mitigation	Tier-1 partner companies with mitigation plans established	companies	-	16	21
	Key tier-1 partner companies with mitigation plans established	companies	-	15	17
	Tier-1 partner companies with mitigation plans implemented	companies	-	16	21
	Key tier-1 partner companies with mitigation plans implemented	companies	-	15	17
	Tier-1 partner companies supported in risk mitigation planning	companies	-	16	21
	Key tier-1 partner companies supported in risk mitigation planning	companies	-	15	17
	Partner companies with terminated contracts due to unmitigated risks	companies	-	-	-

1) Key tier-1 partner companies: Tier-1 (direct) suppliers to HD Hyundai Electric with significant procurement dependence

Supply Chain ESG Capability-Building Programs

Category	Unit	2023	2024	2025
Tier-1 partner companies participating in ESG programs	companies	-	16	21
Key tier-1 partner companies participating in ESG programs	companies	-	15	17

Participation in Financial Support Programs

Category	Unit	2023	2024	2025
Financial support expenditure	KRW 1M	91,571	104,093	103,895
Partner companies receiving financial support[1]	companies	876	879	773
Participants in job competency development training	persons	77	80	369
Expenditure for job competency development training	KRW 1M	-	-	-

1) For partner companies receiving financial support, the reported figure represents the sum of the number of partner companies participating in each financial support program. Partner companies that participated in multiple programs were counted multiple times.

Supply Chain Management Targets

	Category	Unit	2023	2024	2025
Supply Chain Management Targets	Annual target number of partner companies for document-based assessments	companies	40	61	71
	Annual target number of partner companies for on-site audits	companies	40	16	21
	Annual target number of partner companies supported with risk mitigation plans	companies	-	16	21
	Annual target number of partner companies participating in capacity-building programs	companies	-	16	21

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Raw Materials

Raw Material Strategy and Policy

HD Hyundai Electric has established a mid- to long-term raw material strategy and raw material management policy to ensure a stable supply of raw materials and minimize negative impacts on sustainability. We minimize the impact of price volatility and supply instability by forecasting demand for key raw materials and diversifying our supply chain, while strengthening supply stability through strategic inventory management and long-term supply agreements. As part of our responsible sourcing approach, we assess and seek to minimize potential impacts associated with sourcing from areas of significant biodiversity value or sensitive ecosystems. In addition, we strive to secure raw materials in accordance with procurement principles that incorporate environmental and social responsibility. From an ESG management perspective, we are committed to building a sustainable supply chain by expanding the use of recyclable resources and increasing the procurement of raw materials that meet recognized external certification schemes or standards.

Responsible Raw Material Management

HD Hyundai Electric seeks to prevent the use of conflict minerals associated with human rights violations and environmental destruction. We have established and implemented policies for responsible supply chain management. We work with suppliers to enhance transparency and traceability regarding the origin of relevant raw materials, thereby expanding a culture of sustainable and responsible raw material management. In particular, we have established a Code of Conduct for our partner companies and require them to sign a Social Responsibility Pledge, thereby further strengthening our ethical sourcing framework.

Conflict Minerals[1)]

HD Hyundai Electric avoids the use of raw materials such as tungsten, tin, gold, tantalum, and cobalt sourced from conflict-affected and high-risk regions. We comply with international due diligence standards such as the OECD Due Diligence Guidance, and take action to prevent human rights violations and corruption in our supply chain. We also require partner companies to avoid using conflict minerals and collaborate with clients to support global efforts to restrict their use. We conduct supply chain due diligence and work with suppliers to identify and mitigate the risk that minerals may directly or indirectly finance armed groups.

1) Conflict minerals refer to tin, tantalum, tungsten, and gold (commonly referred to as 3TG) sourced from conflict-affected and high-risk areas, including the Democratic Republic of the Congo (DRC) and adjoining countries

Origin Traceability Support for Partner Companies

HD Hyundai Electric exports products to countries around the world, and as customer requests for Free Trade Agreement (FTA) Certificates of Origin continue to increase, we strive to issue FTA Certificates of Origin promptly and accurately. Because FTA Certificates of Origin are issued based on Declaration of Origin documentation provided by our partner companies, we support them in strengthening their origin traceability capabilities to ensure the reliability of the certificates.

Raw Material Use Data

HD Hyundai Electric procures materials in various forms, including raw materials and semi-finished products, and accurately measures and discloses the quantities of materials purchased in raw material form for use at our domestic business sites. The principal metal raw materials that we process, refine, assemble, transport, and distribute include steel, copper, and aluminum.

Raw Materials[2)]

Category	Unit	2023	2024	2025
Electrical steel consumption	ton	34,660	32,943	50,320
Rectangular copper wire consumption	ton	5,675	6,438	7,027
Aluminum consumption	ton	1,326	1,517	1,608

2) Scope of data is based on domestic business sites

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Product Safety and Quality

Quality Policy and Management System

HD Hyundai Electric establishes annual company-wide quality KPIs to improve quality awareness and achieve our quality policy goals, and we systematically manage and monitor their implementation. In fulfilling our corporate social responsibility to customers and stakeholders, we have developed a clear quality policy that sets the direction for quality management and reinforces our commitment to execution.

To prevent the falsification or tampering of data related to product manufacturing and to ensure data integrity and reliability, we operate a quality data platform. This platform manages data input and output, secures the traceability of quality information, and transparently provides inspection and test reports. The consolidated quality data is visualized through a real-time dashboard, enabling prompt and effective corrective actions based on data analysis when quality issues occur. In doing so, we pursue a data-driven quality management system.

To establish a sustainable shared growth model with our partner companies, we implement the executive-level Q-Walk campaign, conduct regular site visits by purchasing and quality executives, and operate a VOC (Voice of Customer) feedback program. These initiatives support the enhancement of manufacturing processes and product quality at our partner companies. In addition, 3,272 on-site inspections were conducted by our quality inspectors in 2025, and through the Q-Academy program, we provide technical guidance and knowledge sharing to strengthen the capabilities and skills of our partner companies.


Quality Policy

HD Hyundai Electric established the following quality policy to improve satisfaction and confidence of stakeholders, meet legal and regulatory requirements, and exceed customer needs

1. Secure Digital-Based Quality Management System
- Integrate digital technologies to secure and manage quality data
- Enhance quality process efficiency through AI transformation

2. Secure Universal Quality Improvement Culture
- Conduct quality audits and follow-up inspection to prevent quality risks
- Prevent recurring of quality issues through cross-functional collaboration

3. Stabilize the Supply Chain Quality through Trust and Cooperation
- Advance collaborative quality management systems with suppliers
- Improve supplier manufacturing quality through advanced technical support

HD Hyundai Electric Co., Ltd
Kim Young-ki, President and CEO

2026 Quality Policy


LRQA

Certificate of Approval

This is to certify that the Management System of:

HD Hyundai Electric Co., Ltd.

has been approved by LRQA to the following standards:

ISO 9001:2015

ISO 9001:2015

Site Coverage
Ulsan Plant 1, Ulsan Plant 2, Seonam Plant, Bundang GRC, Yongin R&D Center, Yongyeon Plant, Cheongju Distribution Campus

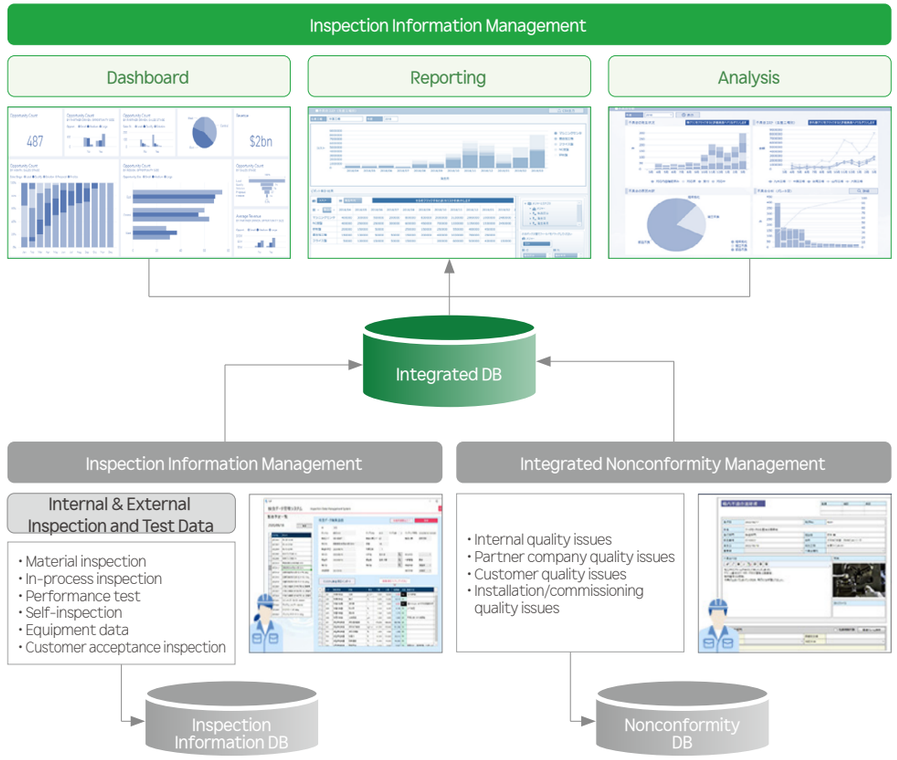
Validity Period
2023.02.20 – 2026.03.22*

* Certification renewal was completed after Mar. 22, 2026

Data-Driven Quality Management

HD Hyundai Electric fulfills its corporate social responsibilities to customers and stakeholders by operating strict nonconformity management and quality assurance procedures to enhance customer satisfaction. In alignment with the era of digital transformation, we have established the HE-QMS (Hyundai Electric Quality Management System) platform to ensure data reliability and embed company-wide quality innovation and management capabilities, thereby enabling the delivery of high-quality products to customers. We are continuously upgrading this platform to drive customer-centric innovation.

Quality Data Platform



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Product Safety and Quality

Product Accountability Management

HD Hyundai Electric ensures product accountability by transparently providing customers with key quality information, including test reports. When quality issues occur at a partner company, we conduct root cause analysis and implement preventive measures. All related records are digitized and managed to enable post-delivery traceability. Real-time dashboards share collected quality data, enabling prompt identification of issues. In the event of a problem, we take immediate corrective actions through cross-functional collaboration, thereby reinforcing a company-wide accountability framework for quality management.

Digitalization of Quality Control

To ensure consistent compliance with standard procedures and minimize human error across all processes-from production to inspection and testing-HD Hyundai Electric has adopted and operates video-based manuals. These guides allow operators and inspectors to clearly understand and follow each step, improving both accuracy and adherence to quality standards. This approach not only enhances process efficiency but also contributes to strengthening our overall quality competitiveness. In particular, our "visual quality control" initiative helps identify and mitigate potential on-site risks in advance. Strengthening digital quality control is a key driver in building a smart manufacturing environment and securing sustainable quality at HD Hyundai Electric.

Quality Management

Category		Unit	2022	2023	2024	2025
Product recalls	Recall cases	cases	-	-	-	-
	Recalled products	products	-	-	-	-
	Cost incurred from recalls	KRW	-	-	-	-

Development of Quality Professionals

HD Hyundai Electric systematically cultivates professionals across manufacturing and quality management by delivering training programs through digital platforms. Individual learning progress and effectiveness are regularly monitored and evaluated. In 2025, we further strengthened the technical capabilities required to ensure product quality and safety by supporting members of our quality organization in obtaining domestic and international certifications related to coating, welding, explosion protection, and piping, thereby enhancing both job expertise and digital innovation capabilities. We also actively support the operation of this training infrastructure and the acquisition of internationally recognized quality-related certifications, fostering professionals equipped with a customer-centric quality mindset and strong problem-solving capabilities. Through continuous self-development and the practical application of acquired knowledge, we strive to further enhance our quality competitiveness.

Quality Training

HD Hyundai Electric provides quality-related training for employees in relevant departments and partner companies to systematically strengthen capabilities and enhance quality standards across our operations. In 2025, we conducted Nuclear Quality Assurance System training for our employees and those of our partner companies to reinforce quality management for nuclear-related products. Through the Q-Academy (Quality Academy), we also invited external experts to deliver practical training that strengthened competencies in special processes, including welding, coating, and non-destructive testing. During the year, 229 employees from relevant departments and 470 employees from partner companies completed the training programs. Following each course, we conducted participant satisfaction surveys to continuously improve the quality of training content and assess its practical applicability in the workplace. In addition, our Quality Division holds weekly Quality Seminars every Wednesday to foster a learning culture in which employees share quality issues and best practices while deepening their professional expertise. In 2026, we plan to provide Quality Management Core Tool training to support the successful implementation and stabilization of the quality management system at the newly completed Cheongju Power Distribution Campus.

Quality Management System and Technical Training

Category	Training	Participants	Key Topics
Quality management system	Nuclear quality assurance training	Employees, partner companies	• Systematic nuclear quality assurance training provided by a professional training institution • Enhancement of partner companies' quality capabilities and customer responsiveness
Special processes	Welding practical training and coaching	Partner companies	• Practical welding skills enhancement through external instructors and specialized training institutions • Improvement of welding quality for transformer and high-voltage circuit breaker enclosures
Seminar	Product technology and quality training	Partner companies	• Improved understanding of our products and training on the importance of components • Training using quality defect case studies

Q-Academy (Quality Academy)

Course	Date	Participants	Key Topics
Welding Theory (Welding Equipment / Welding Consumables)	Sep. 15, 2025	Employees, partner companies	• Securing the fundamentals of welding quality
Coating Theory	Sep. 15, 2025	Employees, partner companies	• Ensuring coating quality
Non-Destructive Testing (PT[1], RT[2], UT[3], MT[4])	Aug. 22, 2025 (Session 1) Oct. 24, 2025 (Session 2)	Employees, partner companies	• Ensuring inspection quality and the quality of repaired products
Customer Service Capability Enhancement Training	Sep. 22, 2025	Employees	• Enhancing customer response capabilities for employees engaged in customer-facing operations
Digital Transformation (DT) Capability Enhancement Training (Video Production Manual, Tableau)	Apr. 15, 2025 (Video) Jul. 24, 2025 (Tableau)	Employees	• Improving proficiency in data analysis, visualization, and video editing software to enhance work efficiency
AR Welding Simulator Training	Nov. 15–Dec. 15, 2025	Partner companies	• On-site welding training for partner companies

1) PT : Penetrant Testing 2) RT : Radiographic Testing 3) UT : Ultrasonic Testing 4) MT : Magnetic Particle Testing

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Product Safety and Quality

Customer Satisfaction

HD Hyundai Electric receives customer complaints regarding field issues and systemic problems through various channels and reflects them in actual quality improvements. All complaints are processed with a 100% resolution rate.

Customer Satisfaction Score

Category	Unit	Achievement				Target
		2022	2023	2024	2025	2025
Customer satisfaction[1),2)]	score	83.0	82.4	88.1	90.1	84

1) Survey conducted among major customers whose complaints regarding power distribution products had been resolved
2) Customer satisfaction score reflects both service satisfaction and product quality satisfaction

Legal Violations Related to Products and Services

Category	Unit	2025
Violations of safety and health regulations related to products/services	cases	-
Violations related to marketing communications	cases	-

Quality Management for Partner companies

HD Hyundai Electric systematically manages the quality of partner companies through a dedicated department for material inspection and component warranty, aiming to ensure competitiveness throughout the supply chain. In principle, quality audits of partner companies are conducted every three years through globally recognized third-party certification bodies such as Lloyd's Register and DNV. For strategically important partner companies, an additional annual quality capability assessment is conducted to enhance evaluation accuracy. Furthermore, each component used in our products is assigned a unique inspection code, allowing for unit-level quality reviews and traceability. This has enabled us to enhance our quality management system.

Enhancement of Quality Inspection System

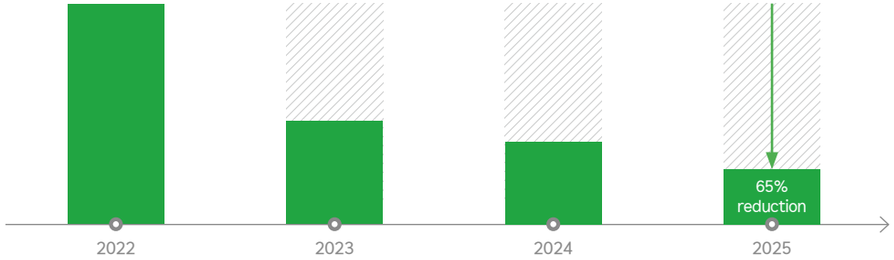
HD Hyundai Electric is enhancing the efficiency of its quality management by incorporating digital technologies. A tablet-based assembly inspection system has been introduced, enabling workers to compare design drawings with actual assembly conditions in real time. This allows for the early detection of quality issues on the shop floor and enables prompt corrections. The introduction of digital quality management is expected to lead to tangible outcomes such as defect rate reduction and increased operational efficiency. The system is continuously being enhanced to deliver sustained performance gains.

Quality Management Targets

HD Hyundai Electric monitors losses caused by product quality failures as a cost indicator and continuously works to reduce these costs relative to revenue. In 2025, we achieved a reduction of approximately 65% compared to 2022, and we are pursuing ongoing company-wide quality improvement and process innovation activities to minimize quality failure costs.

Quality Management Performance

Cost of failure relative to revenue in 2025 (%): **65% reduction in failure cost compared to 2022**



Certifications

HD Hyundai Electric complies with ISO 9001 and regulatory requirements for nuclear and explosion-proof products, maintaining all relevant certifications.



ISO 9001:2015



Nuclear KEPIC-EN



Explosion-proof KOSHA KCs



Explosion-proof SGS ATEX

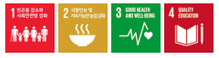
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Local Community Support Policies

HD Hyundai Electric actively contributes to solving social challenges by promoting sustainable and impactful social contribution activities to realize "A Better World, A Brighter Future." These efforts support the underprivileged, revitalize the local economy, and nurture future generations. Employees also engage in identifying social contribution programs tailored to local community needs. Aligned with the Group's strategic direction, we have designated "Coexistence with Local Communities", "Self-Reliance Support and Care for the Underprivileged", and "Environmental Protection" as our key focus areas. Going beyond simple problem-solving, we continuously expand our social contribution efforts in collaboration with various stakeholders-such as the HD Hyundai 1% Sharing Foundation and the Community Council-to contribute to achieving the UN Sustainable Development Goals and creating lasting social value.

Social Contribution Framework

Vision	A Better World, A Brighter Future		
Slogan	Transformation for All		
Core Direction	Inclusive	Sustainable	Innovative and Active
Key Activities	Coexistence with the Community • Creates a happy environment where the company and community grow together by following the founder's spirit	Support and Care for the Marginalized • Aims to establish economic independence and enhance the quality of life by providing various educational opportunities and improving living conditions	Environmental Protection • Aims to secure sustainable development of local communities, health and safety of the future generation through activities on environmental protection and improvement
UN SDGs			

Mid- to Long-term Targets for Social Contribution

HD Hyundai Electric has established mid- to long-term goals for its three key focus areas: coexistence with the local community, support and care for the marginalized, and environmental protection.

Mid- to Long-term Targets for Social Contribution

Category	~2025 Short-term	~2027 Mid-term	~2030 Long-term
Coexistence with the Community	· Establish cooperation with social contribution organizations - Payroll donation and special sponsorship via HD Hyundai 1% Sharing Foundation - Donation to Community Chest of Korea	· Strengthen cooperation with social contribution organizations - Expand employee participation in 1% Sharing Foundation (10% increase in donation and volunteer involvement) - Enhance support for public interest organizations and NGOs	· Advance cooperation systems with social contribution organizations - Strengthen donation and designation systems (e.g., donor proposals, designated donation programs) - Encourage employee participation and feedback (e.g., performance sharing, publication of a whitepaper)
	· Support for local welfare facilities - Rice donation to Dong-gu, Ulsan welfare facilities - Employee payroll donation for affiliated welfare facilities in Seongnam	· Expand support for local welfare facilities - Broaden partnerships and sponsorship with welfare facilities in site locations	· Customized support for local welfare facilities - Diversify sponsorship projects
Support and Care for the Marginalized	· Support for children and youth from vulnerable groups - Meal sponsorship for children at risk of malnutrition - Home improvement projects for children from families in crisis	· Institutionalize support for children and youth from vulnerable groups - Expand scale of existing programs	· Establish a self-reliance support model for children and youth - Integrated support for housing, meals, and education - Pilot family-centered programs (family camps, cultural experiences, psychological counseling, etc.)
	· Plan and launch 'Warmth Sharing Summer Santa' program - Seasonal support tailored for vulnerable groups - Donation of summer kimchi	· Institutionalize 'Warmth Sharing Summer Santa' - Secure system for customized sponsorship - Promote regularization through local government cooperation	· Advance 'Warmth Sharing Summer Santa' program - Pilot employee participation-based (talent donation) initiatives
Environmental Protection	· Participation in biodiversity conservation and restoration - Activities to improve habitats of endangered/protected species	· Expand biodiversity conservation and restoration activities - Encourage employee participation and share activity outcomes	· Advance biodiversity conservation and restoration - Develop measurable KPIs (e.g., invasive species removal, ecological index improvements)
	· Environmental cleanup around sites - Removal of waste and weeds at two Ulsan sites	· Continue environmental cleanup around sites - Add one more site outside Ulsan	· Broaden environmental cleanup activities - Involve local residents and volunteers

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Community Engagement Activities

Coexistence with the Community

Ulsan **Football Event for Ulsan Firefighters**

As an official sponsor of K League, HD Hyundai Electric hosted the 119 Heroes Football Day at Ulsan Sports Complex in September 2025 for approximately 150 participants: firefighters from the Ulsan Fire Department and their families, including 70 children. The event was organized jointly with the K League Social Contribution Foundation, K League Assist, as part of our social contribution activities to provide firefighters, who often have limited opportunities to spend time with their families due to the nature of their work, with a chance to relax, create lasting memories, and express our appreciation for their dedication.

Children of firefighters learned fundamental football skills under the guidance of former national team players, while firefighters and their families participated in various recreational activities incorporating firefighting themes, such as the Rescue Bridge Relay and the Ladder of Life. In addition, participants enjoyed a football match between Ulsan HD FC and FC Anyang. Going forward, we will continue to strengthen our partnership with the Ulsan Metropolitan City Fire Department and maintain meaningful collaboration with local fire authorities in support of community safety.

Ulsan Seongnam **Food Support for Local Welfare Facilities**

HD Hyundai Electric has continuously supported local welfare facilities in the Ulsan area for approximately 20 years through the Rural Community Win-Win Cooperation Fund operated by the Large and Small Business and Agriculture and Fisheries Cooperation Foundation. In 2025, we expanded our support not only to the Dong-gu area in Ulsan but also to food bank programs and social welfare facilities in Seongnam, by delivering food ingredients worth approximately KRW 10 million. Through this initiative, we provided practical assistance to local residents facing difficulties in securing food due to rising food prices.

Ulsan Seongnam **Procurement of Products and Services from Social Enterprises and Standard Workplaces for Persons with Disabilities**

HD Hyundai Electric continuously procures products and services from social enterprises and charitable organizations to grow together with local communities. In 2025, we purchased work gloves worth approximately KRW 35 million from Sanggae Sheltered Workplace for Persons with Disabilities, a standard workplace employing persons with disabilities. We also purchased red ginseng gift sets for Chuseok worth approximately KRW 15 million. As these products were part of a profit-sharing donation program, a portion of the proceeds generated from the purchase was donated to the Seongnam-si Purun Foundation, contributing to the development of social enterprises.

Support and Care for the Marginalized

Ulsan **Support for Winter Relief Supplies at Dong-gu Senior Welfare Center**

HD Hyundai Electric donated KRW 25 million to the Ulsan Dong-gu Senior Welfare Center to support the provision of winter relief supplies for economically vulnerable older adults. The donation was intended to help protect the health and safety of older adults who are particularly vulnerable to cold weather and to improve their quality of life. The Partner Company Council also participated in raising the fund. With the donated funds, winter supplies and food were provided to approximately 500 beneficiaries of the customized care service for older adults.



HD Hyundai Electric Winter Relief Supplies Donation Ceremony

Ulsan Seongnam **Support Program for Children and Youth from Vulnerable Communities**

HD Hyundai Electric carries out a variety of initiatives to support the healthy and safe development of children and youth from vulnerable communities. In 2025, through the Happy Supporters program of the HD Hyundai 1% Sharing Foundation, we provided scholarships for economically disadvantaged students attending 22 sister schools in the Ulsan area (nine middle schools and 13 high schools).

We also organized an employee-led social contribution program in conjunction with the Electric Love Marathon, under which donations were made in proportion to the distance completed by participating employees. A total of approximately KRW 9 million was donated in full to a meal support program for children from vulnerable communities in Seongnam. Through this initiative, 78 children were provided with nutritious and well-balanced meals, supporting their healthy growth and development.



Electric Love Marathon

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Seongnam **Back-to-School Support for Children from Vulnerable Communities**

HD Hyundai Electric, in partnership with HD Hyundai Robotics, donated school bags, school supplies, and gift certificates tailored to children's needs worth approximately KRW 4 million to children from vulnerable communities through the Seongnam Volunteer Center in February 2025.

Unlike previous initiatives, which involved purchasing and delivering supplies in advance, this year's program allowed children to visit a department store of their choice and personally select their preferred school bag. We then completed the payment afterward and additionally provided dining gift certificates so that the children could enjoy a meal of their choice with their parents or guardians. Through this initiative, we helped children create joyful memories and look forward to the new school year with excitement.

Seongnam **Warmth Sharing Summer Santa Campaign**

Recognizing that corporate and organizational donations are typically concentrated around major holidays and year-end while charitable activities tend to decline during the summer, when vulnerable households continue to face challenges, HD Hyundai Electric launched the Warmth Sharing Summer Santa Campaign in partnership with the Seongnam Volunteer Center as a seasonal social contribution initiative.

Since 2024, the campaign has been jointly carried out by HD Hyundai Electric, HD Hyundai Robotics, HD Hyundai Marine Solution, and HD Hyundai Energy Solutions. In 2025, we donated 1,200 boxes of 5 kg kimchi, valued at approximately KRW 45 million, to support food supplies for vulnerable households in the Seongnam area. In addition, 30 employees participated directly in preparing and delivering the kimchi. We will continue to expand the Warmth Sharing Summer Santa Campaign to provide meaningful support to vulnerable members of our local communities.



Warmth Sharing Summer Santa Campaign

Ulsan Seongnam **Medical and Psychological Support for Vulnerable Members of Local Communities**

HD Hyundai Electric supports physical and psychological treatment programs for vulnerable members of local communities by designating a portion of our Neighborly Love Fund, contributed to the Community Chest of Korea, for specified donation projects. In 2025, we donated KRW 50 million to support welfare programs in Seongnam that provide healthcare, self-reliance, and parenting coaching services for children from vulnerable families, youth preparing for independent living, and parents of general households. We also donated KRW 30 million to Ulsan Child Protection Agency to support psychological counseling and treatment for child abuse victims and their families in the Ulsan area. In addition, we sponsored vision tests and customized eyeglasses worth KRW 50 million for 66 people with developmental disabilities in Seongnam, helping improve access to healthcare and alleviate the financial burden on low-income households with persons with disabilities. Going forward, we plan to further expand medical and psychological support programs for vulnerable members of our local communities.

Seongnam **Support for Partner Welfare Facilities**

HD Hyundai Electric has supported partner welfare facilities, including Yeollin Sarang House and Arium of Seongnam, in Seongnam, Gyeonggi-do, since 2018. In 2025, 96 employees participated in activities supporting these two institutions and donated approximately KRW 5 million through fundraising campaigns. The donations were used to support the operation of Yeollin Sarang House, a residential facility for people with developmental disabilities, and Arium of Seongnam, a residential facility for older adults living alone, helping provide residents with a safe and comfortable living environment.

Ulsan Seongnam **Blood Donation**

HD Hyundai Electric has organized regular blood donation campaigns in partnership with the Korean Red Cross Blood Centers located near our business sites (Ulsan Blood Center and Seoul Southern Blood Center) since 2021. In 2025, 54 employees voluntarily participated in blood donation campaigns conducted on a quarterly and semiannual basis, and the donated blood was delivered through the Korean Red Cross Blood Centers (Ulsan Blood Center and Seoul Southern Blood Center) to local medical institutions in need of blood supplies.

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Environmental Protection

Seongnam Removal of Invasive Alien Species Disrupting Local Ecosystems

As part of the ESG Environmental Partnership established through an agreement with the City of Seongnam in 2024, HD Hyundai Electric carried out an invasive alien species removal activities in November 2025 along the Bundangho Lake in Jungang Park, Seongnam. The activity removed approximately 1,650 invasive alien fish, including largemouth bass and bluegill, helping to protect the spawning grounds of native fish species and supporting the restoration of healthy aquatic ecosystems.





Invasive Alien Species Removal Campaign

Ulsan Environmental Cleanup Activities Around Business Sites

Since 2022, HD Hyundai Electric has conducted environmental cleanup activities on roads and walking trails surrounding our business sites to help protect the local environment and improve community living conditions. In 2025, 276 employees voluntarily participated in the initiative, collecting approximately 360 kg of waste, including fallen leaves, discarded plastics, and plastic film waste. Through these efforts, we strive to provide safer and cleaner roads and pedestrian pathways for local residents around our business sites.



Environmental Cleanup Activities Around Business Sites

HD Hyundai 1% Sharing Foundation

HD Hyundai Electric makes an annual special contribution to the HD Hyundai 1% Sharing Foundation, while our employees also voluntarily participate in the Payroll Giving Program by donating 1% of their monthly salary. In 2025, 167 employees participated in the program, contributing approximately KRW 110 million. These donations were used to support the public interest projects of the HD Hyundai 1% Sharing Foundation, and information on project activities and fund utilization is transparently shared each month through performance reports and newsletters.

In November 2025, we also participated in the charity bazaar organized by the HD Hyundai 1% Sharing Foundation at Beautiful Store in Dong-gu, Ulsan, donating clothing, bags, books, electronic appliances, and miscellaneous household goods. Fifty percent of the proceeds from the event were used to support neighbors in need in Dong-gu, Ulsan.

Donations and Social Contribution Expenditures

Category	Unit	2023	2024	2025
Total Donations and Social Contribution[1)]	KRW 1M	5,951	10,222	13,859

1) Revision of prior reporting year data following the enhancement of the quantitative data calculation system

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Supporting Local Communities in Global Business Locations

USA Alabama Plant: Donation to Heart of Alabama Food Bank

HD Hyundai Power Transformers USA (Alabama Plant), one of HD Hyundai Electric's key global production bases, organized a charitable donation campaign in December 2025 in partnership with the Heart of Alabama Food Bank, which serves communities near the Alabama Plant. Local employees donated approximately USD 7,537, and the Alabama plant matched the amount, contributing to food assistance programs for vulnerable communities in Alabama.

In July 2024, the Alabama Plant introduced the slogan "Transformation for All" and announced its community engagement roadmap in the United States. We actively participate in local social contribution initiatives as part of our commitment to sustainable management and are identifying activities that create positive social impact, including continuous support for public infrastructure, assistance for vulnerable communities, and investment in local education programs.



Heart of Alabama Food Bank Donation Event


Support for Blackford Primary School

USA Donation to Montgomery Fire Department and Police Department

Following our contribution in 2024, the Alabama Plant donated USD 15,000 to the Montgomery Fire Department in Montgomery, Alabama, in March 2025. The donation ceremony was attended by General Manager Kang Chan-ho, local employees, the Montgomery Fire Chief, and firefighters.

In addition, in October 2025, we donated USD 20,000 to the Montgomery Police Department in recognition of its dedication to protecting local residents and addressing a wide range of community issues. As a member of the local community where our global production base operates, we will continue to promote social contribution activities that support mutual growth with the community and fulfill our social responsibilities.


Donation to Montgomery Fire Department


Donation to Montgomery Police Department


HD Football Day × K League

UK Support for Blackford Primary School

As a key partner in National Grid's Harker Substation Infrastructure Replacement Project in the United Kingdom, HD Hyundai Electric successfully completed the supply of six extra-high-voltage transformers for the project. In September 2025, we visited Blackford C of E Primary School near the Harker Substation in partnership with National Grid and donated GBP 25,000, along with laptops, EV charging stations, and stationery, to help improve the school's learning environment and enhance students' digital learning experiences. We also supported the operation of energy conservation education programs for students at Blackford Primary School. In addition, our employees participated in hands-on learning activities with students, helping them understand the importance of infrastructure such as substations through activities related to energy and the electric power industry.

Vietnam HD Football Day × K League

In October 2025, HD Hyundai Electric hosted the HD Football Day × K League event in Hanoi, Vietnam, in collaboration with the K League. Under the slogan "Highlight Your Dream", the event was designed to support Vietnamese children's dreams, encourage healthy growth, and inspire future aspirations. The event featured a football clinic for approximately 100 children aged 8 to 10 in Hanoi, led by Kim Sang-sik, Head Coach of the Vietnam National Football Team, and former professional football player Lee Woon-jae. Going forward, together with the Korea Football Association, we plan to continue our social contribution activities for young people in Vietnam by reviewing opportunities to invite outstanding participants to Korea to experience K League matches.

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Local Community Risk Management

HD Hyundai Electric actively utilizes both preliminary internal assessments and communication channels with local governments and residents to closely monitor the impact of our business activities on local communities.

One of the most frequently raised concerns from local residents is odor generated during the painting process, especially under the influence of sea breeze. In response, we collaborate with member companies of the Ulsan Environmental Technicians Association in the Dong and Buk-gu districts to conduct regular odor inspections. Internally, HD Hyundai Electric has established a comprehensive response system and standard procedures for environmental accidents. These are supported by practical training programs aimed at minimizing potential negative impacts in advance. Waste, wastewater, and pollutants are also managed in accordance with internal standards that exceed legal requirements, ensuring strong environmental controls.

To strengthen community cooperation, we also carry out regular maintenance activities in nearby rivers and roads to preserve the local environment and protect the ecosystem. These efforts reflect our commitment to improving the quality of life of local residents through ongoing social responsibility initiatives.

HD Hyundai Electric recorded zero environmental law violations and zero complaints from the community in 2025. We remain committed to carefully identifying any community-related risks and implementing thorough preventive and mitigation actions to grow together with the local community.

Potential Negative Impacts on the Community and Mitigation Measures

Negative Impact	Cause	Mitigation Measure	Activities in 2025
Odor	Odors generated during the painting process and dispersed by sea breeze	• Regular odor inspections in cooperation with relevant organizations such as the Ulsan Environmental Technicians Association, prompt response to complaints and strengthened odor control	Inspections conducted
Environmental accidents and emergencies	Possible leakage of hazardous substances, fires, or explosions during power equipment manufacturing	• Establishment of internal response system and standard operating procedures (SOPs) • Conduct of environmental accident response training	Training conducted
Wastewater and waste management	Potential mishandling of wastewater and waste generated during manufacturing	• Selection of authorized contractors based on recyclability evaluation criteria, law-compliant disposal through certified waste management companies	Compliance maintained
Environmental grievance	Noise, air pollution, and other inconveniences caused by business activities	• Regular inspections in collaboration with relevant authorities and nearby businesses, dedicated complaint response system and strengthened prevention efforts	Inspections conducted
Protection of local residents' rights	Possible negative impact on the living conditions and economic rights of local residents due to site operation	• Compliance with applicable compensation procedures and stakeholder engagement processes when community impacts occur	Procedures maintained

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Ethics and Compliance

Ethics System and Policy

HD Hyundai Electric builds its ethics standards upon HD Hyundai Group's Charter of Ethics and Code of Conduct, representing its core values through the concept of a "FOREST." Just as a forest symbolizes coexistence and mutual growth, HD Hyundai Electric fosters an ethical corporate culture grounded in six key principles: Fairness, Ownership, Responsibility, Enthusiasm, Safety, and Transparency & Trust. Through these values, we strive to become: a company that customers and partner companies choose to work with; a company shareholders want to invest in; a company employees are proud to work for; a responsible corporate citizen trusted by society and the nation. HD Hyundai Electric provides clear standards of judgment and behavior for its employees and stakeholders through the Charter of Ethics, Code of Conduct, Business Ethics Guideline, and the Code of Conduct for Partner Companies, in line with international norms. Key compliance areas include anti-corruption and bribery, prevention of discrimination, protection of information, avoidance of conflicts of interest, and prohibition of insider trading.

Charter of Ethics

Charter of Ethics

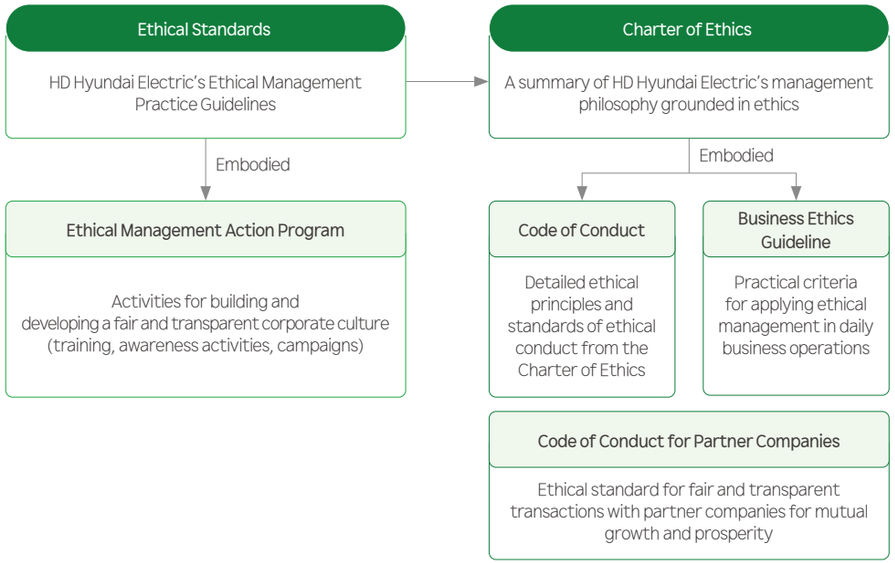
HD Hyundai Electric has established the Charter of Ethics and conducts all business activities in accordance with its principles. The Charter of Ethics is founded on key principles including compliance with laws and regulations, transparent management, customer value creation, maximization of shareholder value, fair competition, the promotion of a sound corporate culture, the fulfillment of social responsibilities, the provision of equal opportunities for employees, and the creation of a safe working environment. Based on these principles, we pursue sustainable growth built on trust with our stakeholders.

Ethics System

HD Hyundai Group Business Ethics Homepage



Ethics Process



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Ethical Management Pledge

HD Hyundai Electric requires all employees (including employees in production and technical positions who hold managerial titles or are at the senior technician level and above) and partner companies to submit an Ethical Management Pledge and a Conflict of Interest Disclosure Form every year to ensure a thorough understanding of and compliance with our ethics management policies. The Ethical Management Pledge is intended to prevent unfair transactions, fraud and misconduct, improper solicitations, and the giving or receiving of money or valuables in accordance with our Ethics Management Policy and guidelines for compliance with anti-corruption laws and regulations. In addition, we strive to enhance fairness in business operations by preventing conflicts of interest through our conflict of interest disclosure process.

Ethics Training Activities

HD Hyundai Electric operates a variety of ethics training programs to enhance stakeholders' awareness of ethics management and foster an ethical corporate culture. We provide mandatory ethics management training to all new employees from the beginning of their employment to promote a clear understanding of our core values and ethical principles. In addition, we develop and deliver training content based on actual cases of unethical conduct, providing practical learning opportunities that strengthen ethical awareness and support sound decision-making in the workplace. We also inform employees and partner companies of the available reporting and whistleblowing channels.

Ethics Training

Category		Unit	2023	2024	2025
Ethics Training	Completion rate of Code of Conduct training	%	63.18	68.94	60.93
	Employees that completed Code of Conduct training	persons	1,342	1,509	1,349
	Employees subject to Code of Conduct training	persons	2,124	2,189	2,214

Compliance Governance System and Policy

Declaration of Ethics & Compliance Conduct

HD Hyundai Electric has appointed a Compliance Officer directly under the CEO to establish a fair trade compliance system and to embed a culture of autonomous compliance as a foundation for sustainable management. The Compliance Officer develops an annual compliance activity plan and regularly reports the implementation status to the CEO and the Board of Directors, allowing for top-level monitoring and feedback. In addition, we periodically review company-wide compliance practices and provide platforms for employees to discuss major compliance issues and determine improvement measures. To systematically support the Compliance Officer's duties, a dedicated unit for fair trade compliance has been established to offer practical assistance such as responding to regulatory changes and conducting compliance risk reviews.

Compliance Governance System



Fair Trade Compliance Pledge

HD Hyundai Electric is committed to practicing ethical management by strengthening its foundation for fair competition, and to establishing a fair and transparent corporate culture through compliance management, all in pursuit of sustainable value creation. To realize this management philosophy, all employees are required to fully understand and comply with the Fair Trade Compliance Program (CP) and related internal guidelines. In order to demonstrate their commitment to compliance, they also submit a Fair Trade Compliance Pledge. Through this internal implementation system, HD Hyundai Electric promotes a company-wide awareness of compliance and continuously strengthens the foundation for establishing a culture of fair trade.

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Ethics and Compliance

Anti-Corruption Policy

HD Hyundai Electric systematically manages compliance with our Anti-Corruption Compliance Guidelines to ensure that all employees and partner companies comply with applicable anti-corruption laws and regulations. Based on our Code of Conduct, the Anti-Corruption Compliance Guidelines provide specific standards for ethical decision-making and procedures for complying with domestic and international anti-corruption laws and regulations. All employees use a stakeholder due diligence checklist to identify in advance any inappropriate receipt of economic benefits in connection with Company business. We also strictly prohibit improper solicitation, including the acceptance of money, valuables, hospitality, or other benefits that exceed socially accepted norms.

Compliance Policy

To prevent unfair trade practices and anti-competitive behavior, HD Hyundai Electric operates a Fair Trade Compliance Program (CP) and discloses related policies transparently. The Compliance Officer, appointed by the Board of Directors, oversees the development and implementation of compliance policies in accordance with our fair trade governance structure. To prevent potential risks such as unfair subcontracting, collusion, and abuse of market dominance, HD Hyundai Electric has strengthened its internal control system under strong top management commitment.

Compliance Training for Employees

HD Hyundai Electric conducts compliance assessments based on key risk areas, including collusion, unfair support, subcontracting, the Act on the Protection of Temporary Agency Workers, anti-corruption, and economic sanctions, to systematically manage compliance risks. Through these assessments, we identify high- and medium-risk departments and provide regular, tailored training on key topics such as competition law for the relevant departments. In 2025, our compliance training program consisted of general training for compliance representatives in each department and all employees, as well as specialized training tailored to relevant departments. As part of the general training, we provided online training for departmental compliance representatives covering the compliance program and their roles and responsibilities. We also delivered company-wide training for all employees on economic sanctions, fair trade, anti-corruption, and illegal dispatch practices concerning temporary agency workers during both the first and second halves of the year. The first-half company-wide training was provided to all employees, including regular employees, fixed-term employees, and temporary agency workers. Specialized training was also conducted according to job responsibilities. We provided training on the prohibition of anti-competitive agreements for the Sales Division, training on the Act on the Protection of Temporary Agency Workers for production departments and departments responsible for partner company management, and training on the Subcontracting Act for the Purchasing Department. Through this approach, we operated a department-specific training system reflecting the compliance risks associated with each function. In 2026, we will continue to maintain and strengthen this assessment and training framework by providing regular risk assessments and training tailored to the key compliance risks associated with each department's responsibilities.

Compliance Program (CP)

HD Hyundai Electric has operated a Fair Trade Compliance Program (CP) since April 2019 to promote fair competition and establish a robust compliance management system. The program is designed to encourage voluntary compliance with fair trade laws and regulations while strengthening employees' awareness of compliance. All employees are required to comply with the Fair Trade Compliance Program Operating Guidelines in the course of their daily work. We also require employees who become aware of or experience any violation of competition laws to report it immediately to the Compliance Officer, and to seek prior consultation and discussion regarding matters that may involve potential compliance risks. The Compliance Officer incorporates newly enacted and amended fair trade laws and regulations into our internal policies, manages compliance risks through regular monitoring and operational reviews, and reports the results to the Board of Directors on a regular basis. In addition, we designate Compliance Champions in each department to strengthen our compliance framework and promote a consistent culture of compliance and effective compliance activities throughout the organization.

In 2025, we introduced a reporting system for contacts with employees of competing companies and incorporated the relevant operating procedures into the Detailed Rules for the Compliance Program. Employees who expect to have contact with employees of competing companies are required to complete a pre-contact and post-contact checklist, enabling continuous monitoring of potential anti-competitive conduct.

Anti-corruption (Compliance) Training in 2025

Training Program	Category	Training Details	Participants
Compliance Champion Training	General training	Introduction to the Compliance Program and training on the roles and responsibilities of Compliance Champions	Compliance liaisons by department
Employee Compliance Training	General training	1H online training (general compliance: e.g., anti-corruption, ethics management)	All employees[1]
		2H training (by topic: e.g., economic sanctions, fair trade, anti-corruption, the Act on the Protection of Temporary Agency Workers)	Departments assessed as medium risk or higher for each topic
Customized Departmental Training	Special training	Training on the prevention of anti-competitive agreements	Sales departments Production departments / partner company management departments Purchasing departments (29 departments in total)
		Training on the Act on the Protection of Temporary Agency Workers	
		Training on the Subcontracting Act	

1) "All employees" including regular employees, fixed-term employees, and temporary agency workers; excluding employees at overseas business sites

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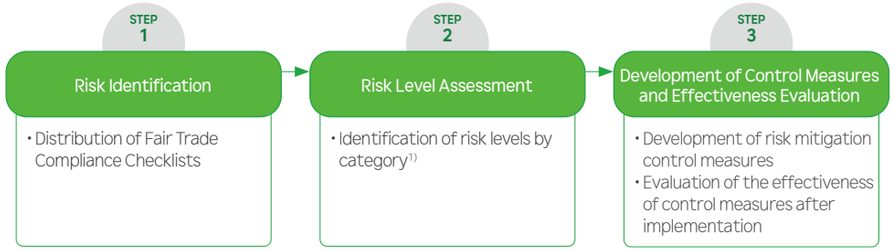
Compliance Risk Assessment and Management

Compliance Risk Assessment

HD Hyundai Electric distributes Fair Trade Compliance Program checklists to departments exposed to compliance risks to assess legal risks associated with their operations. The checklists are designed to help identify potential violations of domestic unfair trade and economic sanctions laws in advance, thereby preventing potential legal and compliance risks.

In 2025, we distributed compliance assessment questionnaires covering key risk areas, including unfair trade, economic sanctions, and anti-corruption, to relevant departments and completed the assessments. Based on the results, we identified inherent risks according to each department's business activities and transaction characteristics and established and implemented appropriate control measures. We also operate a systematic compliance risk management process by identifying residual risks after the implementation of control measures and evaluating the effectiveness of our mitigation efforts based on residual risk levels and ratings. In 2026, we plan to distribute the same compliance assessment questionnaires to all departments to reassess business relevance and compliance risk levels. We will also continue to provide customized training based on the assessment results.

Process for Compliance Risk Assessment



1) Risk levels are classified as High, Moderate, or Low. These classifications indicate the degree of relevance between an organization's specific business activities and applicable laws or risk areas. They do not indicate that an actual issue or danger currently exists within the organization.

Compliance Risk Effectiveness Assessment

Category	Management Plan	Mitigation Measures	Risk Level2)
Fair Trade Act (Collusion, Unfair Support)	• Regular compliance training for all employees • Target-setting for high-risk departments • Specialized compliance training for high-risk departments • Assessment and on-site Inspections	Fair Trade Compliance Manual updated and distributed	Very High → Low
Subcontracting Act / Act on the Promotion of Mutually Beneficial Cooperation			High → Moderate
Act on the Protection of Temporary Agency Workers		Compliance alerts and issue updates shared via internal notices and newsletters	High → Low
Anti-Corruption Laws (Domestic & International)			High → Low
Economic Sanctions			Moderate → Very Low

2) Risk levels are determined based on a combination of likelihood and severity of compliance risk for each category, assessed through department-level self-evaluations. Results are classified into five tiers: Very Low, Low, Moderate, High, and Very High.

Anti-Corruption Risk Assessment

Category		Unit	2023	2024	2025
Anti-corruption risk assessment	Anti-corruption risk assessment coverage (ratio)	%	100	100	100
	Risk assessment conducted	departments	56	65	67
	Departments subject to risk assessment	departments	56	65	67

Legal Support System and Risk Management

To reinforce anti-corruption and legal compliance, HD Hyundai Electric utilizes a centralized legal support system to operate a range of ongoing compliance programs, including “Provision of Economic Benefits” and “Stakeholder Due Diligence.” The status of our Fair Trade Compliance Program is also regularly monitored to manage corruption-related risks systematically. Legal guidelines and education on key laws - such as the Fair Trade Act, the Subcontracting Act, and trade secret protection - are provided to all employees. Relevant regulations, precedents, and internal guidelines are posted internally, with legal reviews offered as needed. Major compliance regulations-including anti-corruption, economic sanctions, and fair trade-are published on the company’s intranet, and all departments are notified accordingly to help foster a culture of legal compliance. Additionally, legal and regulatory updates, both domestic and international, are shared regularly to help departments identify and respond to emerging legal risks in advance.

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Compliance Program Implementation Overview

Program	Description
Provision of economic benefits program	Prohibits the provision of money or valuables to public officials, except in cases specified under Article 8, Paragraph 3, Items 1–8 of the Improper Solicitation and Graft Act. Each case is reviewed to confirm legal exceptions and provide guidance.
Stakeholder due diligence program	For counterparties under review, compliance is assessed using the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) SDN List and Transparency International's Corruption Perceptions Index (CPI), to determine the appropriateness of the transaction.
Economic sanctions screening program	To prevent and manage risks related to sanctioned transactions, a sanctions screening system is embedded in the sales management platform. This system checks counterparties and countries using the Consolidated Screening List provided by the U.S. International Trade Administration. The sanctions database is updated daily following changes in sanctions information.
Reporting system for contact with employees of competing companies	To prevent anti-competitive agreements prohibited under the Monopoly Regulation and Fair Trade Act, employees who are required to have business-related contact with employees of competing companies must complete a pre-contact and post-contact checklist and report it to the department responsible for administering the Fair Trade Compliance Program (CP).

2025 Legal Compliance Program Due Diligence Activities

HD Hyundai Electric conducts anti-corruption due diligence for entertainment and gifts provided to customers and other partner companies. Before any such expenses are incurred, employees are required to register the relevant information in the system, after which the Legal Team reviews and approves the request through a due diligence process. We also conduct annual anti-corruption due diligence for contracts with overseas sales agents and other third parties. During the contracting process, the relevant information must be entered into the legal support system in advance, and the Legal Team reviews and approves the contract before execution.

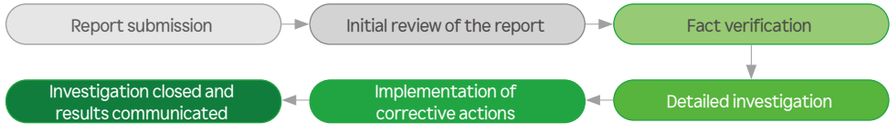
Category	Due Diligence Cases
Provision of economic benefits	1
Stakeholder due diligence[1)]	15
Economic sanctions screening	255
Review of contacts with employees of competing companies	9

1) Includes partner companies

Whistleblowing System

HD Hyundai Electric operates multiple channels through which employees and stakeholders can report unethical conduct-either anonymously or by their real names. Reports may concern fraud, corruption, or unfair business practices, and each case is investigated thoroughly, with corrective measures implemented as needed. To actively encourage the practice of ethical management, HD Hyundai Electric may provide rewards for reports that prevent financial losses, enable recovery of assets, or contribute to significant cost savings. HD Hyundai Electric places the highest priority on protecting the identity of whistleblowers and strictly manages all information related to reports. Information is securely managed and retained in accordance with applicable record-retention requirements. The confidentiality of both whistleblowers and the information they provide is strictly protected, and we ensure that no whistleblower is subject to any form of disadvantage or retaliation as a result of making a report.

Whistleblowing System Process



Ethical Management Performance

Code of Conduct Violations

Category	Unit	2023	2024	2025
Code of conduct violation handling rate	%	100	100	100
Code of ethics violation reports	cases	2	2	1
Violation resolved	cases	2	2	1

Compliance Violations

Category	Unit	2023	2024	2025
Fair trade regulation violations	cases	-	-	1
Monetary penalties for fair trade violations	KRW 1M	-	-	6,699[2)]
Anti-corruption / bribery violations	cases	-	-	-
Monetary penalties for anticorruption / bribery violations	KRW	-	-	-

2) Administrative litigation is ongoing in relation to the corrective measures imposed by the Korea Fair Trade Commission.

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Corporate Governance

Board of Directors

HD Hyundai Electric's Board of Directors consists of five members: two Executive Directors, including the Chief Executive Officer, and three Independent Directors. As the Company's highest decision-making body, the Board supports key management decisions while providing effective oversight and supervision of management. To enhance the transparency and soundness of our corporate governance, we operate Board committees and publicly disclose governance policies that reflect the principles of Board diversity, independence, and accountability. We also maintain Directors and Officers (D&O) Liability Insurance to prepare for the risk of liability for damages arising from executives' managerial negligence and to provide a stable environment that enables them to carry out their responsibilities with confidence. This forms part of our commitment to responsible management, enhancing shareholder value and protecting the interests of our stakeholders.

Board of Directors Composition

As of May 31, 2026

Category	Name	Gender	Position	Appointment Date	Term (Year)	Career	Engaged Committee (s)
Executive Directors	Kim, Youngki	Male	• CEO (Chair of the Board)	2025. 3.25	2	Current) President & CEO, HD Hyundai Electric	• Independent Director Candidates Recommendation Committee • ESG Committee
	Namgoung, Hoon	Male	• Executive Director	2026. 3.24	3	Formerly) HR Director, HD Korea Shipbuilding & Offshore Engineering Current) Head of Finance Division, HD Hyundai	• Internal Trade Committee
Independent Directors	Han, Chansik[1]	Male	• Audit Committee Member • Member of Internal Trade Committee • Chair of Independent Director Recommendation Committee • Member of ESG Committee • Chair of Compensation Committee	2026. 3.24	3	Current) Lawyer, Kim & Chang	• Internal Trade Committee • Independent Director Candidates Recommendation Committee • ESG Committee • Audit Committee • Compensation Committee
	Park, Soohwan	Male	• Chair of Audit Committee • Member of Internal Trade Committee • Member of Independent Director Recommendation Committee • Member of ESG Committee • Member of Compensation Committee	2024. 3.26	3	Formerly) CEO, Samil PwC	• Internal Trade Committee • Independent Director Candidates Recommendation Committee • ESG Committee • Audit Committee • Compensation Committee
	Jeon, Soonok	Female	• Audit Committee Member • Chair of Internal Trade Committee • Member of Independent Director Recommendation Committee • Chair of ESG Committee • Member of Compensation Committee	2025. 3.25	3	Current) Director, Jeon Tae-il Memorial Hall	• Internal Trade Committee • Independent Director Candidates Recommendation Committee • ESG Committee • Audit Committee • Compensation Committee

1) Independent Director Han, Chansik resigned on June 21, 2026.

Board Expertise

HD Hyundai Electric ensures the expertise of its Board of Directors by appointing individuals who possess not only broad industry experience but also specialized knowledge in fields such as finance, accounting, labor, and business management. To support sustainable growth and responsible management, we utilize a Board Skills and Expertise Matrix during the director nomination process. This matrix serves as a framework for identifying and evaluating candidates with diverse professional knowledge and practical experience, ensuring a systematic enhancement of overall board competency. In accordance with Article 55 of the Articles of Incorporation, independent directors are selected from individuals who possess professional knowledge or experience in management, economics, law, or relevant technical fields, or who are individuals with distinguished professional reputations, provided they meet the qualification requirements stipulated by the Commercial Act and relevant regulations. Additionally, if an independent director no longer meets the required qualifications, they shall cease to qualify as an independent director. This rule helps uphold both the expertise and independence of the Board of Directors.

Board Skills Matrix

Board Skills Matrix	Kim, Youngki (Executive Director)	Namgoung, Hoon (Executive Director)	Han, Chansik[1] (Independent Director)	Park, Soohwan (Independent Director)	Jeon, Soonok (Independent Director)
Management	●				
Human Resources		●			
Legal			●		
Finance & Accounting		●		●	
Labor					●
Industry Experience	●	●			
Risk Management	●	●	●	●	●

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Corporate Governance

Board Independence

HD Hyundai Electric is strengthening the independence of its Board of Directors in order to establish a transparent and responsible governance structure. To ensure that the Board operates independently from management, controlling shareholders, and other stakeholders, a majority-60% of all directors-are appointed as independent directors. This composition fosters an environment in which directors are free to express objective and independent opinions.

The appointment of independent directors is conducted through a fair and transparent process in accordance with the Articles of Incorporation and relevant laws. The Independent Director Candidates Recommendation Committee discloses relevant information before candidate selection and recommends qualified candidates through a strict screening procedure. HD Hyundai Electric's qualification criteria for independent director candidates include a list of conditions that ensure the independence of the Board of Directors. All independent directors of HD Hyundai Electric meet the independence criteria and play a vital role in securing the actual independence and effectiveness of the Board.

Key Qualifications for Independent Director Candidates

- Each independent director candidate must not have served as an executive officer of the company within the past two years
- Each independent director candidate must not be an immediate family member of any executive officer of the company or its subsidiaries
- Each independent director candidate must not accept or have a family member who accepts any payments from the company or any parent or subsidiary of the company in excess of $60,000 during the current fiscal year
- Each independent director candidate must not be an employee or major shareholder of any entity, advisor, or consultant that has entered into a material advisory or consulting agreement with the company or its senior management
- Each independent director candidate must not be affiliated with a not-for-profit entity that receives significant contributions from the company
- Each independent director candidate must not have served as a partner or employee of the company's external audit firm during the past two years
- Each independent director candidate must not be an employee or major shareholder of a key client or supplier of the company, as defined under Article 34 (5) (2) (a) and (b) of the Enforcement Decree of the Commercial Act
- Each independent director candidate must not be an adviser or consultant to the company or a member of the company's senior management.
- Each independent director candidate must not have any economic interest or other material conflict related to matters resolved by the Board

Assessment of Board Independence

	Category	Han, Chansik[1)]	Park, Soohwan	Jeon, Soonok
1	Each independent director must not have been employed by the company as a CEO or other executive officer within the past two years	○	○	○
2	Each independent director, their spouse, or their lineal ascendants or descendants must not have received financial support exceeding USD 60,000 from the company, its parent, or its subsidiaries during the last three fiscal years	○	○	○
3	Each independent director and their family must not have been employed as an executive officer of the company, its parent company, or its subsidiaries within the past three years	○	○	○
4	Each independent director must not serve as an advisor, consultant, or senior executive of the company	○	○	○
5	Each independent director must not be affiliated with any nonprofit organization (e.g., NGOs) that receives substantial donations from the company or maintains a business or partnership relationship with it	○	○	○
6	Each independent director must not have served as a partner or employee of the company's external audit firm during the past two years	○	○	○
7	Each independent director must not have a personal service contract with the company or its senior management	○	○	○
8	Each independent director must satisfy other independence criteria as defined by the Board and must not have any conflicting interests with the company	○	○	○

1) Resigned on June 21, 2026.

Board Efficiency

HD Hyundai Electric is committed to ensuring that its Board of Directors operates effectively and conducts in-depth deliberations and timely decision-making on major management issues. Over the past three years, the Board has maintained an average attendance rate of 95%, demonstrating strong engagement and accountability. The average tenure of executive directors is 4 years, while that of independent directors is 3 years. Pursuant to internal guidelines, the tenure of independent directors is limited to a maximum of 6 years. In addition, the number of external positions held by independent directors is limited to two, to ensure their full attention and commitment to company affairs. The Board holds regular meetings on a quarterly basis, and ad hoc meetings are convened as necessary to address urgent matters. We also ensure that directors receive adequate advance notice of meetings, in accordance with internal Board regulations, enabling members to prepare thoroughly and participate in meaningful discussions.

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Board Diversity

HD Hyundai Electric continuously strives to establish a Board of Directors with diverse backgrounds to ensure that key decisions reflect a balanced consideration of perspectives from shareholders, customers, and other stakeholders, thereby enhancing the Board's ability to deliberate from a broad and inclusive viewpoint. We actively seek to appoint directors from diverse backgrounds and consider diversity a core principle in the nomination process. No limitations or discrimination are imposed on the basis of nationality, age, gender, experience, background, race, or ethnicity. This approach enhances board representation and inclusivity while supporting the company's sustainable growth. As of 2025, the Board of Directors includes one female independent director, which underscores our commitment to improving gender diversity. We will continue to pursue a board composition that integrates diverse perspectives and expertise.

Principles for Ensuring Board Diversity

Nationality	Identifying director candidates of diverse nationalities to establish a globally advanced governance system
Age	Enhancing board efficiency by balancing experience with adaptability to changing business environments
Gender	Incorporating the principle of gender equality to reflect diverse perspectives in board operations
Experience and Background	Avoiding bias toward specific backgrounds while considering the characteristics of Korean society
Others	Considering additional diversity factors such as race, religion, and ethnicity

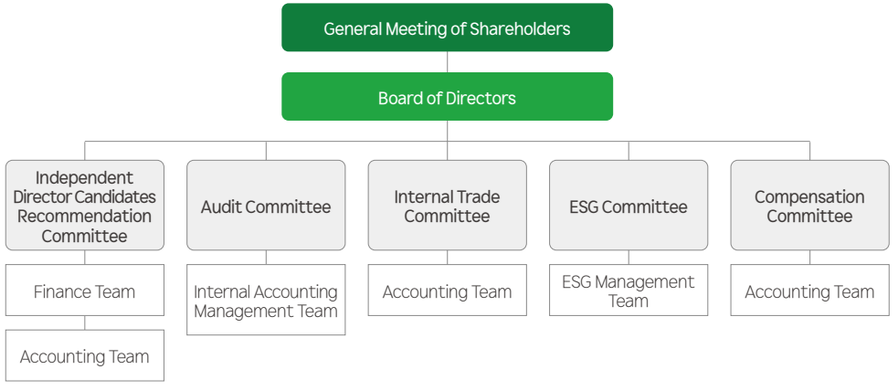
Board Operation

Board Committees

To enhance board professionalism and operational efficiency, HD Hyundai Electric has established five committees under the Board of Directors: the Audit Committee, the Independent Director Candidates Recommendation Committee, the Internal Trade Committee, the ESG Committee, and the Compensation Committee.

These committees are supported by the Accounting Team and the Finance Team. To ensure the independent operation of the Audit Committee, an Internal Accounting Management Team operates as a directly affiliated unit. The Board is composed of experts in fields such as law, accounting and finance, and labor relations and sociology. Of the five board members, three are independent directors, ensuring objective and independent decision-making. All independent directors meet the qualifications outlined in the Commercial Act and are free from special interests with major shareholders, management, or affiliates. Additionally, all directors of HD Hyundai Electric strictly comply with relevant regulations including the Commercial Act and the Monopoly Regulation and Fair Trade Act, preventing conflicts of interest such as self-dealing, misappropriation of corporate opportunities, and large-scale internal transactions. This contributes to a transparent and ethical governance environment.

Board Structure



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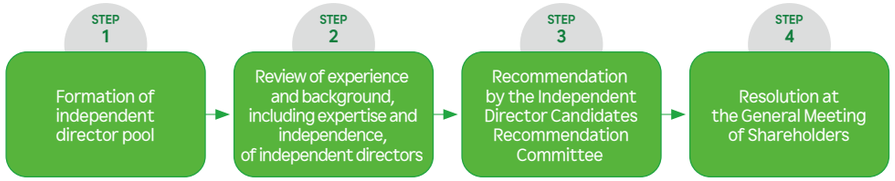
Corporate Governance

Independent Director Candidates Recommendation Committee

HD Hyundai Electric operates the Independent Director Candidates Recommendation Committee to enhance the independence and expertise of its Board of Directors. When the appointment of an independent director is required, the committee deliberates and resolves matters related to the selection of candidates to be recommended to the Board. The committee convenes at least once a year to review and assess candidates' qualifications and recommends eligible nominees to be submitted to the General Meeting of Shareholders through a fair and transparent process.

To ensure independence and fairness, the committee is composed of four members, of which three (75%) are independent directors, thereby securing an independent decision-making structure. Through this governance mechanism, HD Hyundai Electric aims to systematically verify the qualifications and independence of candidates and establish a trustworthy and transparent board structure.

Appointment Process for Independent Directors



Audit Committee

HD Hyundai Electric maintains an Audit Committee as its internal audit body to monitor business activities and financial status, and to supervise and provide oversight of controlling shareholders and management, thereby ensuring transparency and sound corporate governance. The committee is composed entirely of three independent directors to guarantee independence. It holds authority to audit accounting and business operations, request reports from directors, or investigate company assets directly if necessary. The committee also fulfills responsibilities stipulated in the Articles of Incorporation and delegated by the Board. In accordance with the Commercial Act and its Enforcement Decree, the committee includes at least one member with professional experience in accounting or finance, ensuring both expertise and effectiveness in audits. HD Hyundai Electric continuously strengthens its internal control system centered on the Audit Committee and promotes transparent corporate management.

Internal Trade Committee

HD Hyundai Electric operates the Internal Trade Committee, led by independent directors, to enhance transparency and fairness in transactions with affiliated companies. Of the four committee members, three are independent directors, and the chairperson is also an independent director, ensuring an independent decision-making structure. A member with expertise in accounting is included to enable rigorous review of potential conflict-of-interest transactions from a financial perspective. The committee establishes policies on transactions with affiliates and deliberates and approves matters delegated by the Board in accordance with laws and the Articles of Incorporation. HD Hyundai Electric continues to foster a culture of fair internal transactions and aims to protect the rights of minority shareholders and prevent conflicts of interest.

Compensation Committee

In February 2024, HD Hyundai Electric established the Compensation Committee to enhance transparency and objectivity in determining remuneration for directors and executives. The committee deliberates and decides on the remuneration ceiling for registered directors, as well as the standards and procedures for remuneration payment, which are submitted to the General Meeting of Shareholders. Comprising only independent directors (3 members), the committee ensures a high degree of independence in decision-making. Through the Compensation Committee, HD Hyundai Electric promotes a transparent and fair remuneration system and supports a performance-based compensation culture with enhanced accountability.

ESG Committee

HD Hyundai Electric operates the ESG Committee within the Board to embed and strengthen ESG management, with the goal of enhancing corporate and shareholder value. The committee deliberates and resolves key matters related to ESG strategy formulation and implementation, the fulfillment of the company's social responsibilities, and the development and integration of ESG capabilities across the organization. The ESG Committee comprises one executive director and three independent directors, with independent directors forming the majority, thereby ensuring independence and objectivity in decision-making. HD Hyundai Electric is committed to reinforcing its sustainable management system through the ESG Committee and to building trust with stakeholders.

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Board Committee Activities[1)]

Committee	Date	Type	Key Agenda	Attendance Rate	Approval Rate
Independent Director Candidates Recommendation Committee	Feb. 18, 2025	Resolution	Approval of Independent Director candidates	100%	100%
Internal Trade Committee	Feb. 18, 2025	Report	Report on the operation of the large-value transaction counterparty selection process	100%	-
	Mar. 25, 2025	Resolution	Appointment of the Chair of the Internal Trade Committee and election of the Acting Chair	100%	100%
ESG Committee	Mar. 25, 2025	Resolution	Appointment of the Chair of the ESG Committee and election of the Acting Chair	100%	100%
	Apr. 22, 2025	Report	Report on the results of the ESG materiality assessment	100%	-
	Dec. 15, 2025	Resolution	Approval of the 2025 ESG Performance Report and the 2026 ESG Management Plan	100%	100%
Compensation Committee	Feb. 4, 2025	Resolution	Approval of executive compensation adjustment	100%	100%
	Feb. 18, 2025	Resolution	Approval of the maximum remuneration limit for Directors to be submitted to the 8th Annual General Meeting of Shareholders	100%	100%
	Dec. 15, 2025	Resolution	Revision of the CEO performance evaluation criteria	100%	100%
Audit Committee	Feb. 4, 2025	Report	Report on the results of the 2024 external auditor's audit	100%	-
	Feb. 18, 2025	Resolution	• Approval of the report on the operation of the 2024 Internal Control System • Deliberation of agenda items to be submitted to the 8th Annual General Meeting of Shareholders	100%	100%
	Mar. 25, 2025	Resolution	Approval of the results of the 2024 Post-Evaluation of the External Auditor	100%	100%
	Apr. 22, 2025	Report	• Report on the review results of the external auditor • Report on the operation of the Internal Control System	100%	-
	Jul. 22, 2025				
	Oct. 23, 2025				

1) The table includes only the key agenda items addressed by each committee

Board Evaluation

HD Hyundai Electric introduced a Board Performance Evaluation system to assess the appropriateness of the Board's composition and promote more effective Board operations. The evaluation consists of six categories and 35 assessment items covering the Board's roles and responsibilities, composition, operation, evaluation methodology, committees, and committee evaluations. All Directors conduct a self-assessment once a year.

The Board Performance Evaluation comprises both an evaluation of the Board as a whole and evaluations of each Board committee. The Board evaluation covers areas including the Board's roles and responsibilities and the effectiveness of its operations. Committee evaluations are conducted for all standing Board committees, including the Audit Committee, the Independent Director Candidates Recommendation Committee, the ESG Committee, and the Compensation Committee, and assess each committee's roles, responsibilities, and overall performance. Based on the results of the 2025 evaluation, we reported the findings to the Board and discussed improvement measures. We will continue to conduct regular evaluations to further enhance the effectiveness of the Board.

Independent Director Training

HD Hyundai Electric operates a structured training program to support Independent Directors in effectively fulfilling their responsibilities. The program is designed to enhance the expertise and effectiveness of the Board by enabling Independent Directors to contribute to decision-making from an independent and balanced perspective in a rapidly changing business environment.

In 2025, training was provided through Samjong KPMG and Ernst & Young Han Young on topics including global trends in ESG disclosure standards, global economic outlooks amid changes in the business environment, and key domestic and international trends and considerations for Audit Committees in 2025. Through these regular training programs, we will continue to strengthen the capabilities of our Independent Directors and support the Board in contributing to our sustainable growth and sound corporate governance.

Independent Director Training Program

Program	Description	Participants
ESG training for independent directors	To strengthen the Board of Directors' ESG capabilities, we provided ESG training for Independent Directors in April 2025 covering global developments in ESG disclosure standards, thereby enhancing the Board's understanding of ESG.	Executive directors and independent directors

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Board Compensation

HD Hyundai Electric adheres to the principle of reasonable, performance-based compensation for directors, with a strong emphasis on accountability. Compensation is paid within the limits approved by the General Meeting of Shareholders and is determined by comprehensively considering each director's job performance and level of responsibility. Compensation for executive directors consists of base salary, performance-based bonus, and retirement benefits. The base salary is determined by factors such as rank, position, expertise, duties performed, and contribution to the company. Performance bonuses are awarded based on the company's performance, internal and external business environment, and the director's overall contribution. Retirement benefits are calculated based on tenure and retirement conditions.

Compensation is determined reasonably through internal standards and external market comparisons as described above. For independent directors, compensation is paid at a fixed level based on the importance of their role and in reference to similar external cases. In principle, 100% of role-based allowance is paid, and performance-based bonuses are not provided, thereby ensuring the independence of independent directors. This approach enables independent directors to contribute to the company's long-term value from a neutral position. HD Hyundai Electric prioritizes shareholder interests in the compensation process and follows a transparent and fair procedure that reflects market standards.

Criteria for Director Compensation

Category			Description
Executive Director	Base salary	Base pay	Salary paid based on title or rank
		Position-based pay	Salary determined by position and responsibilities
	Performance -based bonus		Variable compensation determined by both quantitative indicators (e.g. organizational and individual performance, target achievement rates) and qualitative indicators (e.g. leadership and contribution)
Independent Director	Position allowance		Compensation paid in accordance with responsibilities as an independent director

Performance Evaluation and Compensation for Executives

HD Hyundai Electric evaluates executive performance using both quantitative indicators-such as revenue, order intake, and operating profit-and qualitative factors, including leadership, professionalism, and accountability. The company also establishes company-wide and executive-specific ESG KPIs, and regularly monitors progress toward these goals for the CEO and other executives. ESG-related metrics and targets are also incorporated into the CEO's KPI linked to compensation.

Executive compensation consists of performance-based bonuses and long-term incentives. The performance-based bonus is determined by comprehensively considering quantitative indicators such as annual revenue, order intake, and operating profit, as well as leadership and professionalism in achieving management performance. To prevent short-term decision-making and to promote long-term value creation, HD Hyundai Electric introduced a long-term incentive plan at the end of 2023. This includes a deferral period (minimum of three years), after which final payouts are determined based on performance indicators such as organizational evaluation and net income. Independent directors and audit committee members are paid fixed base compensation without performance-based components, to ensure their independence.

Board of Directors Performance Data

Board Composition

Category		Unit	2023	2024	2025
Total number of directors		persons	5	5	5
Ratio of independent directors	Independent directors (ratio)	%	60	60	60
	Independent directors	persons	3	3	3
	Executive directors	persons	2	2	2
	Non-executive directors	persons	-	-	-
	Independent directors target (ratio)	%	50	50	50
Independent director concurrent position limits	Independent directors limited to four or fewer concurrent positions	persons	3	3	3
	Maximum number of concurrent positions allowed per director	positions	2	2	2
Average tenure of directors	Average tenure of directors	years	2.2	3.2	3.2
	Total tenure of all directors	years	11	16	16
Number of industry experts	Independent directors with industry experience	persons	-	-	-
Female directors (ratio)	Female directors	persons	1	1	1
	Female directors (ratio)	%	20	20	20

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Board Operations

Category	Unit	2023	2024	2025
Average attendance rate	%	97.1	97.1	90.0
Total number of director attendances expected	persons	35	35	40
Total number of actual director attendances	persons	34	34	36
Minimum attendance rate required	%	50	50	50

Board Committees

	Category	Unit	2023	2024	2025
Independent Director Candidates Recommendation Committee	Number of independent directors	persons	3	3	3
	Total members	persons	4	4	4
Audit Committee	Number of independent directors	persons	3	3	3
	Total members	persons	3	3	3
	Members meeting legal qualifications as accounting or financial experts	persons	1	1	1
Compensation Committee	Number of independent directors	persons	-	3	3
	Total members	persons	-	3	3

Compensation

Category	Unit	2023	2024	2025
Performance-based compensation of CEO[1)]	KRW 1M	490	473	504
Present value of accumulated retirement benefits for the CEO	KRW 1M	729	961	1,505
Ratio of CEO's total compensation to the average compensation of an employee	multiple	10.5	9.5	9.4
Average total compensation of the CEO	KRW 1M	1,152	1,207	1,232

1) ESG-related metrics and targets are also incorporated into the CEO's KPI

Shareholding

	Category	Unit	2023	2024	2025
Shareholding	CEO shareholding to base salary ratio	multiple	0.62	2.6	-
	Number of shares held by CEO	shares	5,000	5,000	-
	Year-end share price	KRW	82,200	382,000	774,000
	CEO base salary	KRW 1M	663	734	728
	Required shareholding ratio (to CEO base salary)	multiple	-	-	-
Government shareholding	Combined shareholding ratio of government agencies and national pension funds (≥5%)	%	12.46	7.67	7.65
Founder and family shareholding	Combined shareholding ratio of founder and family members (≥5%)	%	11.9	12.2	11.7

Revenue

Category	Unit	2023	2024	2025
Consolidated revenue	KRW 1M	2,702,799	3,322,349	4,079,498
Separate revenue	KRW 1M	2,293,237	2,993,583	3,381,139

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Shareholder Value

Shareholder Return Policy

As part of its commitment to enhancing shareholder rights and interests, HD Hyundai Electric has established and implemented a shareholder return policy that includes dividend payouts and a mid- to long-term return plan. The company has publicly announced a base dividend policy of maintaining a dividend payout ratio of at least 30% based on separate net income, as defined by the separate income statement. In line with this policy, profits are returned to shareholders following resolutions by the Board of Directors and approval by the General Meeting of Shareholders. Dividends-either in cash or stock-are paid within the limits of distributable income, taking into consideration our earnings, investment plans for sustainable growth, and capital structure.

In 2025, we paid a second-quarter dividend of KRW 1,900 per share and a year-end dividend of KRW 5,200 per share for the ninth fiscal year-end. As a result, we exceeded our target dividend payout ratio of 30%, achieving a final dividend payout ratio of approximately 40%. We also pay quarterly dividends on a regular basis to enhance dividend predictability. In addition, the record date for quarterly dividends has been changed to a date determined by the Board of Directors, thereby applying the same criteria to quarterly and year-end dividends.

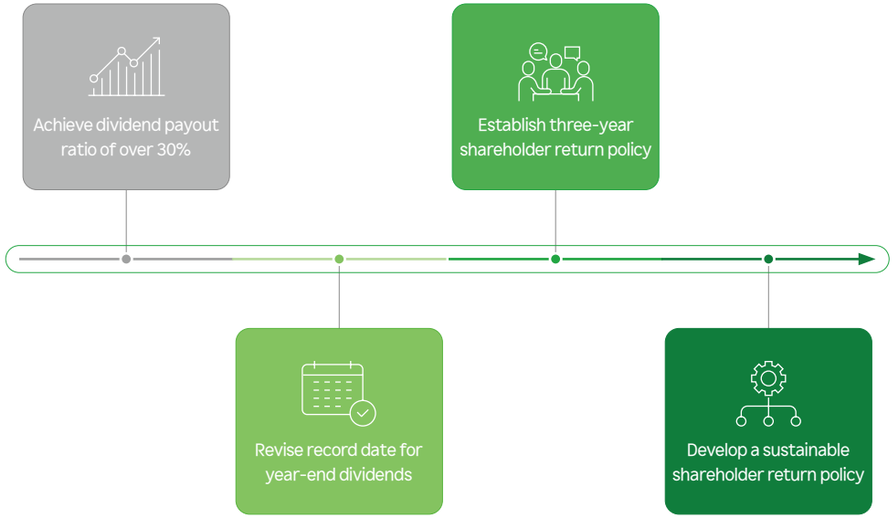
We also approved a first-quarter dividend of KRW 1,300 per share and, as disclosed in our Corporate Value Enhancement Plan, intend to continue paying quarterly dividends to enhance dividend predictability.

In addition, we announced a three-year shareholder return policy covering fiscal years 2025 through 2027. During this period, we aim to maintain a shareholder return ratio of at least 30% based on separate net income and enhance the stability and predictability of shareholder cash flows through regular quarterly dividends. HD Hyundai Electric continuously reviews various initiatives to enhance shareholder value, including potential share repurchases. However, no specific plan has been finalized at this time. Any material developments will be promptly disclosed in accordance with applicable laws and regulations.

Recognized as a High-Dividend Company

HD Hyundai Electric actively implements shareholder return initiatives to meet the requirements for designation as a high-dividend company. To qualify, a company must satisfy both of the following criteria: (1) maintain an average dividend payout ratio of at least 25% over the preceding three years and (2) increase its dividend by at least 10% compared with the previous year. To achieve these objectives, we established a three-year mid-term shareholder return policy covering fiscal years 2025 through 2027, targeting a shareholder return ratio of at least 30% based on separate net income. We also pay quarterly dividends to enhance the stability of shareholder cash flows and have changed the record date for year-end dividends from December 31 to a date determined by the Board of Directors after the dividend amount is approved, thereby improving dividend predictability. In 2025, our shareholder return ratio reached approximately 40%, exceeding our target.

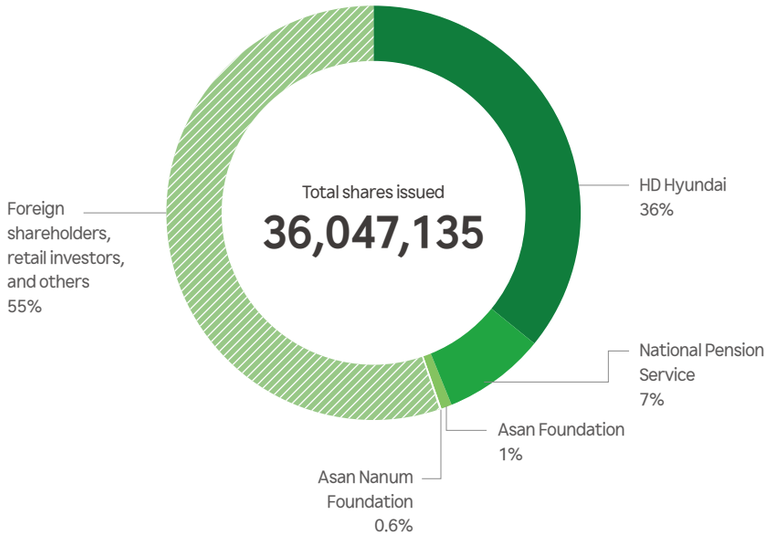
Strategic Initiatives to Enhance Shareholder Value



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Shareholder Composition



Shareholding Structure

As of March 31, 2026

Shareholder	Number of Shares Held	Ownership (%)
HD Hyundai Co., Ltd.	12,832,216	35.60
National Pension Service	2,674,270	7.42
Asan Foundation	395,236	1.10
Asan Nanum Foundation	203,872	0.57
Foreign shareholders, retail investors, and others	19,941,541	55.31
Total Shares Issued	36,047,135	100

Executive and Director Shareholding

As of March 31, 2026

Category		Number of Shares Held	Ownership (%)
Total		-	-
Executive Director	Kim, Youngki (CEO)	-	-
	Namgoung, Hoon	-	-
Independent Director	Park, Soohwan	-	-
	Jeon, Soonok	-	-
	Han, Chansik[1)]	-	-

1) Resigned on June 21, 2026.

Protection of Shareholder Rights

HD Hyundai Electric has implemented a proxy voting system to ensure that shareholder opinions are actively reflected in the General Meeting of Shareholders (GMS), and has clearly stipulated the relevant regulations in its Articles of Incorporation to establish an institutional foundation.

In recognition of the importance of timely and sufficient information for shareholder decision-making, we publish our GMS notice four weeks in advance, exceeding the two-week minimum required under the Commercial Act. This ensures shareholders have adequate time to review the agenda, venue, and other key details in depth before exercising their voting rights. Matters that may have a significant impact on shareholder rights-such as mergers, business transfers, or corporate splits-are also explicitly listed as items requiring shareholder resolutions under the Articles of Incorporation. Additionally, HD Hyundai Electric adopts practical measures to protect dissenting and minority shareholders when such issues arise. To further strengthen minority shareholder protections, we operate an electronic voting system, enabling more convenient and equitable participation by all shareholders in corporate decision-making.

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Participation in General Meeting of Shareholders

HD Hyundai Electric actively practices shareholder-friendly management to protect shareholder rights and encourage participation. To enable shareholders to exercise their voting rights even without attending the GMS in person, we have adopted an electronic voting system, pursuant to Article 368-4 of the Korean Commercial Act, providing a more accessible and convenient voting environment. Additionally, we operate a proxy solicitation system to support shareholders in expressing their opinions through various means. Notices of the GMS, including agenda items, are sent via mail or electronic documents four weeks prior to the meeting-earlier than the two-week statutory requirement-to ensure that shareholders have ample time to review the information provided and exercise their rights in an informed manner. HD Hyundai Electric is committed to building transparent and trustworthy communication with its shareholders and will continue to promote responsible management that contributes to long-term value creation for all stakeholders.

General Meeting of Shareholders: Notice and Meeting Dates (3-Year Overview)

Year	Notice Date	Meeting Date
2026	2026.02.23	2026.03.24
2025	2025.02.24	2025.03.25
2024	2024.02.26	2024.03.26

9th Regular General Meeting of Shareholders

Agenda			Resolution
Approval of Financial Statements	No. 1	Approval of the Financial Statements for the 9th Fiscal Year	Approved as proposed
Partial Amendment to the Articles of Incorporation	No. 2-1	Amendment to the Provision on Cumulative Voting	Approved as proposed
	No. 2-2	Other Amendments to the Articles of Incorporation	Approved as proposed
Election of Directors	No. 3	Election of Directors	Approved as proposed
Election of an Independent Director to Serve as an Audit Committee Member	No. 4	Election of an Independent Director to Serve as an Audit Committee Member (Separate Election)	Approved as proposed
Approval of the Director Compensation Limit	No. 5	Approval of the Director Compensation Limit	Approved as proposed

Award for Excellence in Corporate Value Enhancement

HD Hyundai Electric has placed shareholder value creation at the core of its business strategy, making continuous efforts to strengthen the foundation for sustainable growth. As a result of these initiatives, we were honored with the Deputy Prime Minister's Award, the highest recognition in the Value-up Excellence Program, jointly led by the Korea Exchange and related authorities. The Value-up Disclosure Program, launched in May 2024, evaluates listed companies on the KOSPI and KOSDAQ that disclose corporate value enhancement plans. The program assesses performance and implementation through a three-stage process involving experts from the Korea Exchange, Financial Services Commission, and investment industry. The evaluation includes quantitative indicators such as Total Shareholder Return (TSR), Return on Equity (ROE), and Price-to-Book Ratio (PBR), qualitative assessment of guideline implementation, and a comprehensive performance review.

In its corporate value enhancement plan disclosed in March 2026, HD Hyundai Electric committed to: achieving a dividend payout ratio of 30%, reaching ROE of at least 30%, and improving compliance with core governance indicators to 93% by 2027. We are systematically building the necessary foundations to execute these goals and remain dedicated to creating long-term value based on trust with shareholders. As a responsible and sustainable business, HD Hyundai Electric will continue to grow together with its shareholders by maximizing value through sustainable management.



Corporate Value Enhancement Awards Ceremony on May 28, 2025

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Risk Management Framework

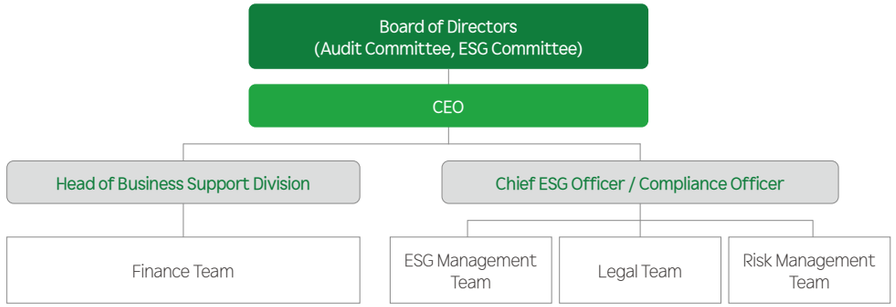
HD Hyundai Electric has established and operates a systematic risk management framework to proactively respond to changes in the business environment and maintain the impact of identified risks on our business within acceptable levels. We clearly define each risk category and continuously monitor changes in key monitoring indicators (factors) established for each risk. When changes exceeding predefined thresholds are detected, the relevant departments take immediate action in accordance with established decision-making procedures and response plans, enabling us to proactively manage risks.

Risk Management Governance

The Board of Directors has overall responsibility for establishing and overseeing HD Hyundai Electric's risk management framework. Through the Audit Committee and the ESG Committee, the Board regularly reviews our risk exposure and reflects the results in management decision-making to effectively control risks.

We operate a three-tier risk management framework. At the first level, the ESG Management Team, Legal Team, and Risk Management Team identify risks at the working level, perform day-to-day risk controls, and report the results on a monthly basis. At the second level, the Chief ESG Officer and the Compliance Officer review the appropriateness of the risk management process and report the results to the CEO. At the third level, the Board of Directors (through the Audit Committee and the ESG Committee) performs overall oversight of enterprise-wide risks and strengthens its oversight function through reporting at least once a year. In addition, financial risks are overseen by the Audit Committee, while non-financial risks are overseen by the ESG Committee, ensuring a specialized and systematic governance structure tailored to the characteristics of each risk category.

Risk Management Structure



Risk Categories and Response Measures

HD Hyundai Electric classifies identified risks into financial risks and non-financial risks and manages them through separate monitoring indicators and response frameworks tailored to each risk category. This approach enables us to implement effective risk management strategies based on the characteristics of each risk. Financial risks primarily include credit, liquidity, and market risks, while non-financial risks focus on climate change and compliance risks, allowing us to identify and address potential risks proactively.

Financial Risks (Credit Risk, Liquidity Risk, and Market Risk)

Credit risk refers to the risk of financial loss arising when a counterparty fails to fulfill its contractual obligations, mainly in connection with trade receivables, other receivables, and investment assets. We individually assess impairment losses for significant trade receivables and other receivables, and recognize allowances for impairment losses that have not been specifically identified. For investment assets, we minimize credit risk by limiting investments to institutions with high liquidity and strong credit ratings. When providing guarantees, we make prudent decisions based on a comprehensive review of the financial soundness and risk level of the relevant parties, including related parties. Liquidity risk refers to the possibility of financial difficulties arising from a failure to meet obligations to repay financial liabilities on time. We have responded stably to funding needs through operating cash flows, external borrowings, and capital raising.

Market risk refers to the risk that fluctuations in market prices may affect the fair value of financial instruments or future cash flows. In accordance with our internal guidelines, we implement strategies such as the purchase and sale of derivatives and the issuance of financial liabilities. In particular, we hedge foreign exchange risk through forward exchange contracts and adjust short-term imbalances between foreign currency-denominated assets and liabilities. We also operate a separate risk management framework for price fluctuation risk associated with holdings of fair value through other comprehensive income financial instruments.

Non-Financial Risks (Climate Change Risk and Compliance Risk)

Climate change risk refers to the potential adverse impacts of climate change on our business operations and assets. We recognize that climate change may significantly affect our business performance and long-term sustainability. Accordingly, we continuously monitor global climate-related laws, regulations, and policy trends, including strengthened greenhouse gas reduction targets, carbon emissions trading schemes, and energy transition policies. We also quantitatively assess the effects of transition and physical risks on asset values and identify potential risks in advance through climate scenario analysis to establish proactive response strategies.

Compliance risk refers to the possibility of negative impacts, including legal sanctions, financial losses, and reputational damage, resulting from violations of domestic and international laws, regulations, or ethical standards. As our overseas business expands, we recognize anti-corruption and fair trade violations as key risk areas and strengthen legal reviews throughout transaction and contract processes to prevent potential violations of local laws and regulations in advance. In addition, we provide regular compliance training to all employees to reinforce compliance awareness and minimize day-to-day compliance risks.

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Emerging Risks

HD Hyundai Electric proactively identifies and manages emerging risks that could have a significant impact on our business model to strengthen our long-term resilience. Identified risks are systematically analyzed from both financial and non-financial perspectives and reflected in our business strategy.

- Financial Emerging Risk (Changes in the Trade Environment): We have identified changes in U.S. tariff policies driven by increasing trade protectionism as a key emerging risk. To mitigate potential declines in profitability and weakening market competitiveness, we are expanding our manufacturing base in Alabama and promoting supply chain localization to minimize financial uncertainty arising from policy changes.
- Non-Financial Emerging Risk (Strengthened Supply Chain Regulations): We have identified the EU Corporate Sustainability Due Diligence Directive (CSDDD) and the global trend toward mandatory due diligence as a significant emerging risk. By further enhancing the G-HIPRO system and strengthening the monitoring of human rights and environmental risks across our supply chain, we seek to prevent legal and reputational risks while improving supply chain transparency.

Emerging Risks Identification and Response Strategies

Category	Description	Potential Impact	Response Activities
Export Risks Arising from Changes in U.S. Tariff Policies	The strengthening of U.S. trade regulations has emerged as a key factor affecting HD Hyundai Electric's export competitiveness. For Korean power equipment, major trade risks include: ① Potential tariff imposition resulting from the annual administrative review of the U.S. anti-dumping duty order on large power transformers from Korea; ② Tariffs on derivative steel and aluminum products under Section 232 of the Trade Expansion Act (15% tariff applicable to power transformers); and ③ Potential additional tariffs under Section 301 of the Trade Act.	The U.S. power transformer market remains highly dependent on imports, while demand continues to increase due to data center construction and renewable energy expansion, resulting in a prolonged supply shortage. Accordingly, even if tariffs are imposed, the likelihood of a significant decline in imports or customer orders is considered limited. HD Hyundai Electric was excluded (0% tariff) from the U.S. Department of Commerce's preliminary anti-dumping determination on Korean transformers for 2025 and continues its efforts to maintain the 0% rate in the final determination expected in the second half of 2026. However, as of May 2026, power transformers are subject to a 15% tariff under Section 232 of the Trade Expansion Act, which has directly affected our price competitiveness. In addition, a new Section 301 investigation is underway, creating the possibility of further trade restrictions. We therefore continue to monitor our exposure to changes in the trade environment and related risks.	**Expansion of Local Manufacturing Capacity** • Strengthen local manufacturing capabilities through the expansion of our Alabama production facility and respond to the Buy America requirements. **Trade Risk Management Framework** • Proactively respond to administrative review procedures conducted by the U.S. Department of Commerce (DOC) and the U.S. International Trade Commission (ITC). • Collect information and mitigate risks through local legal and trade advisory channels. **Monitoring and Flexible Response Framework** • Continuously monitor trade policy developments and establish scenario-based response strategies.
Export Risks Arising from Strengthened Supply Chain Human Rights and Labor Regulations	HD Hyundai Electric exports power equipment and related solutions to numerous overseas markets. Accordingly, effective ESG risk management across the global supply chain has become increasingly important for maintaining corporate credibility and market access. The European Union's Corporate Sustainability Due Diligence Directive (CSDDD), published in July 2024, is expected to be applied in phases beginning in 2029 following the adoption of the Omnibus I Simplification Package in February 2026, which adjusted its scope and implementation schedule.	The CSDDD requires in-scope companies to conduct human rights and environmental due diligence covering their own operations, subsidiaries, and upstream partner companies. Non-compliance may result in liabilities under the domestic laws of EU Member States. As HD Hyundai Electric is included in the value chain of major EU customers, requests for ESG-related information are expected to increase. Consequently, maintaining market access will require robust ESG management systems capable of identifying and improving human rights and environmental risks across the supply chain. Failure to respond appropriately could lead to broader supply chain risks.	**Response to Mandatory Due Diligence Requirements under International Regulations** ① Establishment of an ESG Risk Assessment and Management System for Partner Companies 1) Conduct ESG assessments of partner companies and provide recommendations and follow-up reviews. 2) Perform ESG assessments for newly registered partner companies and provide incentives, such as preferential evaluation scores, to high-performing companies. ② Enhancement of Supply Chain Transparency and Governance 1) Improve the transparency and traceability of supply chain procedures through G-HIPRO (Integrated Supply Chain Management System). 2) Establish a human rights management policy. 3) Implement corrective actions whenever risks are identified within the supply chain.

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Enterprise Risk Management Framework

HD Hyundai Electric systematically identifies and classifies enterprise-wide risks and implements response measures tailored to the characteristics of each risk area. In 2025, key initiatives in the areas of environmental management, human rights management, and supply chain management included implementing investments based on environmental risk assessments, monitoring the stability of water resource supply, conducting human rights impact assessments for all employees, and incorporating ESG assessments into the evaluation of partner companies. To ensure business continuity, we operate emergency response manuals and phased response procedures focused on occupational safety and information security. We also strengthen employees' response capabilities through regular training and education while periodically reviewing and updating relevant policies to maintain an effective risk management framework.

Going forward, HD Hyundai Electric will continue to enhance its integrated risk management framework across environmental management, human rights, safety, information security, and other key areas to proactively respond to emerging risks.

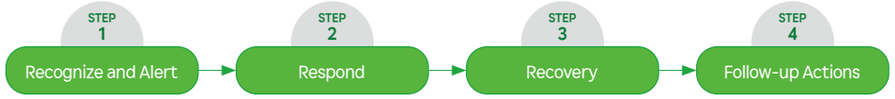
Key Risk Management Activities by Area

Area	Related Risk	2025 Activities	Outcomes
Environmental Management	Environmental Risk	Implemented major investments considering environmental risks	Managed environmental risk-related investment data for manufacturing sites
	Water Resource Risk	Assessed the stability of water supply based on site-specific water resource risks	Monitored water stress using World Resources Institute (WRI) Aqueduct data and monitored fluctuations in water supply at manufacturing sites
Human Rights Management	Six ESG topics, including Human Rights, Labor, Occupational Safety and Health, Ethics, Supply Chain, and Environment	Conducted human rights impact assessments for employees	Improved implementation of mitigation measures identified through the human rights impact assessment
Supply Chain	Internal and External Supply Chain Risks	Conducted document-based ESG assessments and on-site assessments of partner companies	Identified areas requiring improvement in managing ESG risks across the supply chain

Business Continuity Plan

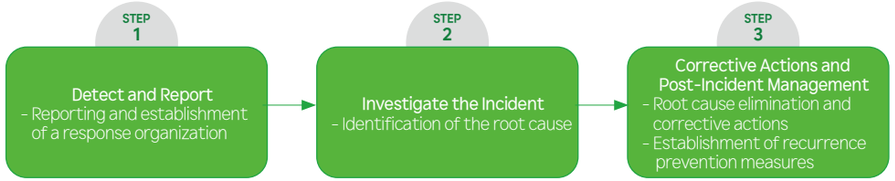
HD Hyundai Electric proactively responds to a wide range of risks that may arise throughout its business operations through its Business Continuity Management (BCM) framework. We have designated occupational safety and information security as key management areas and established response systems to minimize harm to people and business disruption while enabling the rapid recovery of operations in the event of an emergency. Detailed governance structures and operational frameworks for each area can also be found in the Occupational Safety and Information Security sections of this report.

Occupational Safety and Health



We operate emergency response manuals covering major industrial accidents, natural disasters (e.g., typhoons, torrential rain, and earthquakes), social disasters (e.g., fires, explosions, environmental pollution, and infectious diseases), and environmental incidents. A four-level response framework is applied according to the severity of each incident, with the CEO serving as head of the Emergency Response Headquarters. We respond swiftly through a clear command structure and emergency contact network. We also conduct regular scenario-based drills in accordance with the manuals and continuously improve the manuals by reflecting lessons learned from education and training.

Information Security



To minimize damage and operational disruption caused by security incidents, we operate a response framework based on our Security Management Policy. The Information Security Committee and the Information Security Council oversee the security management system and incident response process, and carry out step-by-step measures in accordance with predefined procedures when incidents occur. We also regularly review and update our security management regulations to reflect changes in applicable laws and regulations. In addition, we provide information security training to all employees at least once a year to continuously strengthen security awareness and response capabilities.

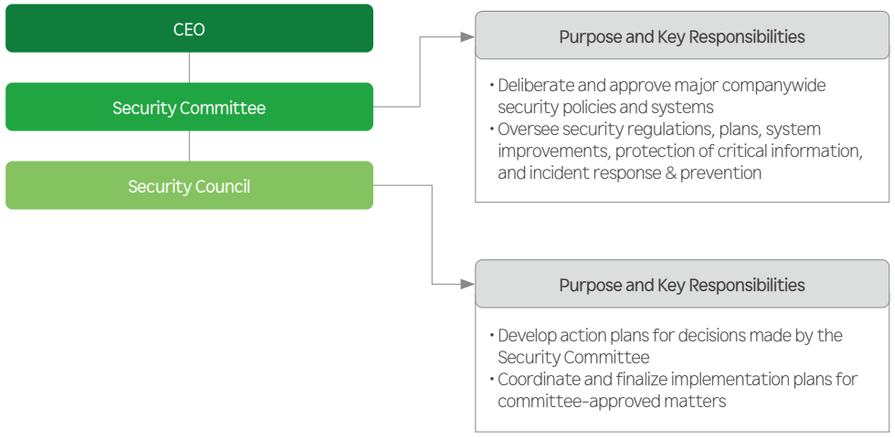
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Information Security and Privacy Governance

HD Hyundai Electric's information and personal data protection activities are overseen by the Chief Information Security Officer (CISO) and the Chief Privacy Officer (CPO). The CISO is responsible for establishing security strategies and implementing technical protection measures, while the CPO oversees administrative measures such as personal data governance and file management based on IT systems. Both officers are appointed based on their experience and qualifications in security and organizational management. Biannually, we convene a Security Council to review our security posture, conduct third-party vulnerability assessments, including threat assessments and penetration testing, and identify potential risks. In the event of a security incident, clearly defined response protocols and responsible personnel are activated. All employees are required to immediately report any incidents to the designated security manager and cooperate fully with mitigation efforts.

Information Security Governance Structure



Security Committee

As part of its commitment to proactive information security, HD Hyundai Electric operates a Security Committee to identify and mitigate vulnerabilities across departments such as design, general affairs, and IT. The committee reviews annual security performance, formulates action plans, and manages related policies systematically. Through these activities, we continuously improve our information security framework and strengthen both technical and administrative controls to prevent personal data breaches.

Information Security and Privacy Policy

To prevent the loss, theft, leakage, falsification, or damage of personal data, HD Hyundai Electric has established and operates the Personal Data Protection Regulation and the Security Management Regulation. These are continuously revised to reflect updates in applicable laws and regulatory requirements. Our information protection framework covers not only data collected through communication networks but also physical records such as handwritten documents. Employees who repeatedly violate internal security standards are subject to disciplinary action in accordance with the Disciplinary Action Regulation. The same information protection standards apply to all stakeholders, including partner company employees, foreign workers, on-site contractors, and visitors-ensuring consistent and comprehensive information security across the organization. HD Hyundai Electric also discloses its Privacy Policy on our website, clearly outlining the purpose of personal data collection, types of data collected, methods of collection, as well as how long the data is retained and used. These measures are intended to help customers fully understand the data handling process and feel confident that their personal data is handled responsibly.

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Information Security Management System

HD Hyundai Electric continuously monitors and updates its internal information protection policies and regulations to reflect changes in internal and external environments. This ensures stable and effective management of its information security systems and processes. In 2020, we acquired ISO 27001, the leading international standard for information security management systems (ISMS), and have since maintained and renewed the certification to demonstrate our commitment to recognized global security standards.


DNV

MANAGEMENT SYSTEM CERTIFICATE

This is to certify that the management system of
HD Hyundai Electric Co., Ltd.
477, Bundangsuseo-ro, Bundang-gu,Seongnam-si, Gyeonggi-do, 13553, Republic of Korea
and the sites as mentioned in the appendix accompanying this certificate

has been found to conform to the Information Security Management System standard:
ISO/IEC 27001:2022

This certificate is valid for the following scope:
Information Security Management System in All Activities Providing Sales and Marketing, Design, Development related with Electric and Energy Business. This is in accordance with Statement of Applicability Version 3.0

ISO 27001 Information Security Management Certification

Site Coverage
Enterprise-wide

Validity Period
Jan. 14, 2024 – Jan. 13, 2027

Information Security Audits and Monitoring

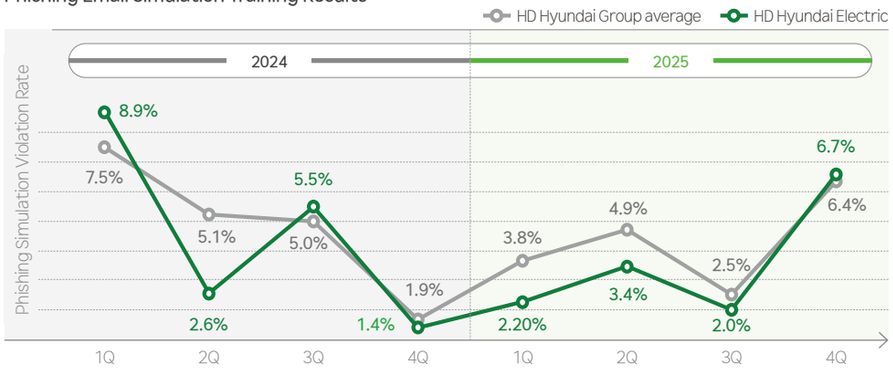
Security Assessment

To ensure the systematic implementation of its information security policy and governance framework, HD Hyundai Electric conducts an annual security assessment at the HD Hyundai Group level. The 2025 assessment was carried out by the Security Planning Team of HD Korea Shipbuilding & Offshore Engineering and focused on enhancing our security posture by strengthening personal information protection, establishing standards for confidential documents, and advancing the digitalization of security management processes. In addition to the Group's common security assessment items, the assessment included customized evaluation criteria tailored to HD Hyundai Electric's specific operational environment. Furthermore, the scope of the security assessment was expanded to include in-house partner companies, reinforcing our efforts to establish a sustainable information security management framework.

Phishing Email Simulation Training

To proactively prevent malware intrusion and infection, HD Hyundai Electric conducts simulated phishing email training four times a year. The first round targets all employees across HD Hyundai Group. A second round of personalized retraining is provided to individuals who fail the initial test. This training framework has helped us maintain the confidentiality, integrity, and availability of our critical information assets, ultimately enhancing business continuity and strengthening our security maturity.

Phishing Email Simulation Training Results



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Preventive Information Security Activities

To strengthen company-wide cybersecurity capabilities, HD Hyundai Electric operates a structured security training program under the guidance of its security manager. This training is conducted regularly for all employees to raise awareness of personal data protection and to prevent misuse or leakage of personal information.

When necessary-such as in cases of regulatory changes, the need for customized training by business unit, or notable violations of personal information laws-additional group or ad hoc training sessions are organized by the information security department and the designated privacy officers.

We also support our partner companies by offering regular security training or distributing educational materials, helping to improve their understanding and awareness of information security practices.

Information Security Pledge

To promote a culture of security and ensure compliance among employees, HD Hyundai Electric implements a company-wide Information Security Pledge Program. All employees, including new hires, are required to sign a pledge at the time of joining to confirm their understanding of our information protection policies and responsibilities. Additionally, security-related laws, internal policies, actual security incidents and violation cases, and response measures are reviewed at least once annually through company-wide training programs.

Through this structured pledge initiative, HD Hyundai Electric continuously enhances its capacity to prevent and respond to security incidents-while reinforcing the protection of corporate information assets.

Information Security Data

Information Security Training

Category	Unit	2023	2024	2025
Training hours per dedicated security staff	hours	4	4	4
Training hours per general employee	hours	4	4	3

Investment in Information Security

Category	Unit	2023	2024	2025
Investment in information security (ratio)[1)]	%	2.3	5.0	4.6

1) Percentage of investment in information protection in total IT budget

Privacy & Data Breach

Category	Unit	2023	2024	2025
Violations of personal data protection laws/regulations	cases	-	-	-
Individuals affected by privacy violations (e.g., data leakage, theft)	persons	-	-	-
Information security incidents	cases	-	-	-
Individuals affected by information security incidents (employees and customers)	persons	-	-	-

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Financial Information

Condensed Consolidated Statement of Financial Position

(Unit: KRW 1M)

Category		2023	2024	2025
Current assets		1,972,953	2,763,741	3,426,275
	Cash and cash equivalents	176,098	569,772	950,782
	Short-term financial assets	23,951	32,988	17,261
	Trade and other receivables	659,957	832,343	774,761
	Contract assets	220,678	170,882	316,948
	Inventories	849,725	1,081,391	1,266,518
	Others	42,544	76,366	100,006
Non-current assets		937,207	1,031,804	1,343,540
	Long-term financial assets	4,382	4,754	6,713
	Long-term trade and other receivables	12,336	7,207	6,182
	Property, plant and equipment	624,253	730,080	942,725
	Intangible assets	70,006	65,913	65,246
	Others	226,230	223,850	322,675
Total assets		**2,910,160**	**3,795,545**	**4,769,815**
	Current liabilities	1,497,429	2,001,079	2,548,719
	Non-current liabilities	355,701	286,949	188,161
Total liabilities		**1,853,130**	**2,288,028**	**2,736,880**
	Capital stock	180,236	180,236	180,236
	Capital surplus	401,837	401,837	402,297
	Capital adjustments	(15,241)	(15,241)	(15,241)
	Accumulated other comprehensive income	84,690	119,079	138,760
	Retained earnings	396,621	815,876	1,322,719
	Non-controlling interests	8,888	5,730	4,163
Total equity		**1,057,030**	**1,507,517**	**2,032,935**

Condensed Consolidated Statement of Comprehensive Income

(Unit: KRW 1M)

Category		2023	2024	2025
Revenue		2,702,799	3,322,349	4,079,498
Operating profit		315,218	668,971	995,313
Net income		259,456	498,410	731,816
	Attributable to owners of the parent	259,153	501,567	732,605
	Attributable to non-controlling interests	303	(3,157)	(789)
Total comprehensive income		243,859	522,462	748,094
	Attributable to owners of the parent	243,556	525,619	747,879
	Attributable to non-controlling interests	303	(3,157)	215
Earnings per share attributable to owners of the parent (Unit: KRW)		7,200	13,935	20,354

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GRI STANDARDS INDEX

GRI Reporting Reference	[GRI content index in accordance] HD Hyundai Electric has prepared this sustainability report in accordance with the GRI Standards for the period from January 1, 2025 to December 31, 2025.
Applied GRI 1 Standard	GRI 1: Foundation 2021
Applied GRI Sector Standard	N/A

Universal Standards

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GRI 3: Material Topics 2021	3-3	Management of material topics	23, 25, 81-86
GRI 308: Supplier Environmental Assessment	308-1	New suppliers that were screened using environmental criteria	84
	308-2	Negative environmental impacts in the supply chain and actions taken	84-86
GRI 413 : Local Communities	413-2	Operations with significant actual and potential negative impacts on local communities	96
GRI 414: Supplier Social Assessment	414-1	New suppliers that were screened using social criteria	84
	414-2	Negative social impacts in the supply chain and actions taken	85-86
Material Topic 5: Occupational Health and Safety			
GRI 3: Material Topics 2021	3-3	Management of material topics	24-25, 73-80
GRI 403: Occupational Health and Safety	403-1	Occupational health and safety management system	74, 80
	403-2	Hazard identification, risk assessment, and incident investigation	75
	403-3	Occupational health services	79
	403-4	Worker participation, consultation, and communication on occupational health and safety	79
	403-5	Worker training on occupational health and safety	77
	403-6	Promotion of worker health	79
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	76-77
	403-8	Workers covered by an occupational health and safety management system	80
	403-9	Work-related injuries	80
	403-10	Work-related ill health	80

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GRI STANDARDS INDEX

Topic Standards

Topic	No.	Disclosure	Reported Page
Relevant Topic 1. Talent Acquisition and Capability Development			
GRI 401: Employment	401-1	New employee hires and employee turnover	69-70
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	67
	401-3	Parental leave	72
GRI 404: Training and Education	404-1	Average hours of training per year per employee	71
	404-2	Programs for upgrading employee skills and transition assistance programs	66
Relevant Topic 2. Ethics and Compliance			
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	101
	205-2	Communication and training about anti-corruption policies and procedures	100
	205-3	Confirmed incidents of corruption and actions taken	102
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	102 * Refer to 'XI.3. Matters Related to Sanctions, etc.' in the Annual Report
Relevant Topic 3. Labor/Management Relations			
GRI 402: Labor/Management Relations	402-1	Minimum notice periods regarding operational changes	63
Relevant Topic 4. Human Rights & Diversity			
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	69, 103
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	62
Relevant Topic 5. Biodiversity and Ecosystem Conservation			
GRI 101: Biodiversity	101-1	Policies to halt and reverse biodiversity loss	51, 57
	101-2	Management of biodiversity impacts	55-56
	101-4	Identification of biodiversity impacts	52-53
	101-5	Locations with biodiversity impacts	57

Topic	No.	Disclosure	Reported Page
Relevant Topic 6. Hazardous Chemicals Management			
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	46-47
	303-2	Management of water discharge-related impacts	46
	303-3	Water withdrawal	47
	303-4	Water discharge	47
	303-5	Water consumption	47
GRI 305: Emissions	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	47
Relevant Topic 7. Waste Management and Resource Circulation			
GRI 306: Effluents and Waste	306-2	Management of significant waste-related impacts	49
	306-3	Waste generated	49
	306-4	Waste diverted from disposal (e.g., reuse, recycling, etc.)	49
	306-5	Waste directed to disposal (e.g., incineration, landfill, etc.)	49
Relevant Topic 8. Data Privacy and Information Security			
GRI 418: Customer Privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	118
Other Topics			
GRI 201 : Economic Performance	201-1	Direct economic value generated and distributed	120
	201-3	Defined benefit plan obligations and other retirement plans	66
	201-4	Financial assistance received from government	Annual Report 'II.6. Key Contracts and R&D Activities'
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	71 (Refer to the notes on living wages) Wages comply with minimum legal standards at domestic and overseas sites and are paid regularly on scheduled dates.
GRI 203: Indirect Economic Impacts	203-1	Infrastructure investments and services supported	92-95
GRI 301: Materials	301-1	Materials used by weight or volume	87

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SASB INDEX

Electrical & Electronic Equipment Sustainability Accounting Standard

Category	Code	Metric	Unit	2025
Energy Management	RT-EE-130a.1	(1) Total energy consumed	TJ	881
		(2) Percentage grid electricity	%	74.57
		(3) Percentage renewable	%	11.69
Hazardous Waste Management	RT-EE-150a.1	(1) Amount of hazardous waste generated,	ton	395
		(2) Percentage recycled	%	60.9
	RT-EE-150a.2	(1) Number and aggregate quantity of reportable spills (2) Quantity recovered	number, kg	-[1]
Product Safety	RT-EE-250a.1	(1) Number of recalls issued (2) Total units recalled	number	-
	RT-EE-250a.2	Total amount of monetary losses as a result of legal proceedings associated with product safety	KRW	-
Product Lifecycle Management	RT-EE-410a.1	Percentage of products by revenue that contain IEC 62474 declarable substances	%	N/A
	RT-EE-410a.2	Percentage of eligible products, by revenue, certified to an energy efficiency certification	%	N/A
	RT-EE-410a.3	Revenue from renewable energy-related and energy efficiency related products	%	3.369
Material Sourcing	RT-EE-440a.1	Description of the management of risks associated with the use of critical materials	N/A	p.87
Business Ethics	RT-EE-510a.1	Description of policies and practices for prevention of: (1) Corruption and bribery and	N/A	p.98-102
		(2) Anti-competitive behaviour	N/A	p.98-102
	RT-EE-510a.2	Total amount of monetary losses as a result of legal proceedings associated with bribery or corruption	KRW	-
	RT-EE-510a.3	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	KRW	6,699,000,000
Activity Metrics	RT-EE-000.A	Numbers of units produced by product category	-	Power transformers: 325 units High-voltage circuit breaker: 1,250 bays
	RT-EE-000.B	Number of employees	persons	2,214

1) Prevented hazardous chemicals from entering operations through chemical hazard assessments, with zero cases of chemical releases and spills in 2025.

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TCFD INDEX

Category	Disclosure	Reported Page
Corporate Governance	A. Description of the board's oversight of climate-related risks and opportunities	p.33
	B. Description of management's role in assessing and managing climate-related risks and opportunities	p.33
Strategy	A. Description of the climate-related risks and opportunities the organization has identified over the short, medium, and long term	p.36-39
	B. Description of the impact of climate-related risks and opportunities on the organization's business, strategy, and financial reporting	p.37-39
	C. Description of the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	p.37-39
Risk Management	A. Description of the organization's processes for identifying and assessing climate-related risks	p.36
	B. Description of the organization's processes for managing climate-related risks	p.36
	C. Description of how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	p.40
Metrics and Targets	A. Disclosure of the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	p.40-41
	B. Disclosure of Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	p.41
	C. Description of the targets used by the organization to manage climate-related risks and opportunities and performance against targets	p.34

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UNGC INDEX

The UN Global Compact is a corporate sustainability initiative that promotes ten principles in the areas of human rights, labor, environment, and anti-corruption. HD Hyundai Electric joined the UNGC in September 2021 and continues to uphold these principles through its responsible business practices.

Category	Principle	HD Hyundai Electric's Key Activities and Achievements	Reported Page
Human Rights	1. Businesses should support and respect the protection of internationally proclaimed human rights.	• Established human rights and due diligence policy • Operated grievance process • Conducted human rights impact assessments • Operated Human Rights Committee	p.59-62
	2. Make sure that they are not complicit in human rights abuses.		
Labour	3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	• Compliance with labor laws in Korea and abroad • Ensured union activity and collective bargaining • Operated labor-management council • Implemented anti-discrimination and anti-harassment policies • Certified as a family-friendly company	p.63-72
	4. The elimination of all forms of forced and compulsory labour.		
	5. The effective abolition of child labour.		
	6. The elimination of discrimination in respect of employment and occupation.		
Environment	7. Businesses should support a precautionary approach to environmental challenges.	• Developed roadmap for carbon neutrality and RE100 • Disclosed environmental targets • Acquired green technology and product certifications • Disclosed environmental information • Obtained and maintained ISO 14001 certification	p.29-57
	8. Undertake initiatives to promote greater environmental responsibility.		
	9. Encourage the development and diffusion of environmentally friendly technologies.		
Anti-Corruption	10. Businesses should work against corruption in all its forms, including extortion and bribery.	• Established Ethics Charter and Code of Ethics • Operated Fair Trade Compliance Program • Conducted ethics and compliance training • Operated whistleblowing process	p.98-102

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UN SDGs INDEX

The United Nations Sustainable Development Goals (UN SDGs) represent a set of shared global objectives across a wide range of areas including poverty, education, economic development, and the environment. HD Hyundai Electric is committed to aligning its sustainability management practices with these goals and contributing to their achievement.

Key SDG Goals	HD Hyundai Electric's Key Activities and Achievements	Reported Page
Goal 1. End poverty in all its forms everywhere	• Purchased products/services from certified workplaces for individuals with disabilities	p.92
Goal 2. End hunger, achieve food security and improved nutrition, and promote sustainable agriculture	• Donated rice to welfare centers • Provided food aid to vulnerable groups	p.92-93
Goal 3. Ensure healthy lives and promote well-being for all at all ages	• Supported blood donation campaigns through employee participation	p.93
Goal 4. Ensure inclusive and equitable quality education for all	• Provided non-discriminatory access to job-related training and development	p.65-66
Goal 5. Achieve gender equality and empower all women and girls	• Supported employees during maternity and childcare periods • Implemented anti -discrimination/harassment policies and grievance mechanisms	p.62, 67
Goal 6. Ensure availability and sustainable management of water and sanitation	• Monitored water-related indicators	p.46-47
Goal 7. Ensure access to affordable, reliable, sustainable and modern energy	• Contributed to improved grid stability and energy efficiency through business solutions	p.31
Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work	• Supported non-regular and vulnerable workers • Conducted health and safety win-win partnership program between large, medium, and small enterprises • Prohibited child and forced labor • Guaranteed labor rights	p.59, 76
Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation	• Strengthened technology development capabilities • Upgraded outdated infrastructure and equipment	p. 45
Goal 10. Reduce inequality within and among countries	• Reinforced policies on non-discrimination and ethics	p.63, 98
Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable	• Donated to Heart of Alabama Food Bank	p.95
Goal 12. Ensure sustainable consumption and production patterns	• Used low-pollution insulating oil • Monitored waste recycling rates	p.48-49
Goal 13. Take urgent action to combat climate change and its impacts	• Developed roadmap for 2050 carbon neutrality and 2040 RE100 • Measured Scope 3 emissions	p.34-35, 41
Goal 14. Conserve and sustainably use the oceans, seas and marine resources	• Conducted invasive alien species removal activities	p.94
Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems	• Assessed biodiversity near sites • Engaged in flying squirrel habitat conservation	p.51-57
Goal 16. Promote peaceful and inclusive societies and access to justice for all	• Prohibited all forms of unethical behavior	p.98-102
Goal 17. Strengthen the means of implementation and revitalize the global partnership for sustainable development	• Supported global initiatives and improved disclosure • Increased public-private cooperation	p.17

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Third-party Assurance Statement

HD HYUNDAI ELECTRIC CO.,LTD.

Dear Stakeholders

Korean Foundation for Quality (hereinafter 'KFQ') has been engaged to independently verify the 2025 Sustainability Report (hereinafter 'the Report')[2] of HD HYUNDAI ELECTRIC. CO.,LTD.[1] (hereinafter 'the Company'). KFQ is responsible for providing an independent third-party verification opinion on the report based on the verification criteria and scope specified below. The responsibility for the preparation of this report lies with the Company's management.

1) Organization Address (based on headquarters): 477, Bundangsuseo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea
2) Data Collection Period: January 1, 2025 – December 31, 2025

Verification Purpose

The purpose of this verification is to ensure the reliability of the data and information stated in the Company's report.

Verification Scope

1. Verification Boundary

- ESG management activities and performance: Focused on domestic business sites such as the head office and factories, and includes some data from overseas subsidiaries and other affiliated companies.
- Financial information including consolidated financial statements: Includes financial information for the head office and 12 subsidiaries.

2. Verification Items (Based on the GRI Standards 2021)

Category	GRI Standards	
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	• GRI 101 (Biodiversity) • GRI 201 (Economic Performance) • GRI 202 (Market Presence) • GRI 203 (Indirect Economic Impacts) • GRI 205 (Anti-corruption) • GRI 206 (Anti-competitive Behavior) • GRI 301 (Materials) • GRI 302 (Energy) • GRI 303 (Water and Effluents) • GRI 305 (Emissions) • GRI 306 (Effluents and Waste) • GRI 308 (Supplier Environmental Assessment)	• GRI 401 (Employment) • GRI 402 (Labor/Management Relations) • GRI 403 (Occupational Health and Safety) • GRI 404 (Training and Education) • GRI 405 (Diversity and Equal Opportunity) • GRI 406 (Non-discrimination) • GRI 413 (Local Communities) • GRI 414 (Supplier Social Assessment) • GRI 416 (Customer Health and Safety) • GRI 417 (Marketing and Labeling) • GRI 418 (Customer Privacy)

3. Excluded Items from Verification: The following items are not included within the scope of verification

1) Performance and reporting practices of subsidiaries, affiliates, partners, and third parties
2) Items related to other sustainability initiatives not based on the GRI Standards 2021, SASB, TCFD presented in the report
3) Other related information such as periodic disclosure reports and financial statements

Verification Criteria

This verification has been conducted based on [AA1000AS (v3)], [AA1000AP (2018)], and [Type 2 – Moderate]

Verification Method

The audit team reviewed relevant procedures, systems, and control mechanisms, along with available performance data, to verify the reliability of the report's content based on the aforementioned criteria. The documents reviewed during the verification process are as follows:

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Third-party Assurance Statement

- **Non-financial Information:** Data provided by the company, disclosed Business Reports, and information obtained from media and the internet.
- **Financial Information:** Data disclosed in the electronic disclosure system (dart.fss.or.kr) of the Financial Supervisory Service and data posted on the homepage.

※ However, the contents of the above data are not included in the verification scope.

The verification was conducted through document review, on-site visits, and interviews with the responsible personnel. The validity of the materiality assessment procedure in the Report, the selection of material issues considering stakeholders, the data collection, management, and report preparation procedures, as well as the accuracy of the descriptions, were evaluated through interviews with the responsible personnel. However, interviews with internal/external stakeholders were not conducted. Subsequently, it was confirmed that any errors, inappropriate information, or unclear expressions identified in the above steps were appropriately corrected before the publication of the Report.

Verification Limitations

This verification inherently contains limitations that may arise in the process of applying the criteria and methodology.

Competency and Independence

The audit team for this verification was duly composed in accordance with KFQ's internal regulations. KFQ has no conflicts of interest that could compromise the independence and impartiality of the verification, apart from providing third-party verification services.

Verification Opinion

As a result of the verification, it is the opinion of KFQ that:

1) It has been confirmed that the Report was prepared in compliance with the four principles of AA1000AP (2018)

- **Inclusivity**
  The company has appropriately defined stakeholder groups and communicates with them through tailored communication channels that consider the characteristics of each group. The audit team did not identify any missing key stakeholders in this process and confirmed that the company is making efforts to incorporate stakeholder feedback into its management strategy.
- **Materiality**
  The company has identified material issues through an appropriate process and has thoroughly reviewed the relevant impacts to enhance the validity of its materiality assessment. The audit team confirmed that the identified material issues were given due emphasis in this report and that all material issues recognized during the materiality assessment process were reported without omission.
- **Responsiveness**
  The company strives to respond promptly to stakeholders' requirements and key concerns. The audit team did not find any evidence indicating that the organization's response activities and performance regarding material issues were inappropriately reported.
- **Impact**
  The company identifies and monitors the impact of stakeholder-related material issues across its business activities and reports the findings to the extent possible. The audit team did not find any evidence indicating that the impact of material issues was inappropriately measured or reported.

2) The report has been appropriately prepared in accordance with the applicable reporting standards, such as GRI Standards (2021) - Accordance

3) The data and information used for verification were limited to the provided materials and were found to be appropriate, with no significant errors or omissions that could affect the verification opinion.

kfq Korean Foundation for Quality

AA1000 Licensed Report 000-80/V3-9N9AF

2026-06-23
Seoul, Korea
Ji Young Song, CEO
Korean Foundation for Quality (KFQ)

Ji Young Song

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Greenhouse Gas (GHG) Emissions Verification Statement

HD Hyundai Electric Co., Ltd.

Introduction

DNV Business Assurance Korea Ltd. ("DNV") was commissioned by HD Hyundai Electric Co., Ltd. ("Company") to perform third party verification for the Company's Greenhouse Gas Inventory Report for the calendar year 2025 ("the report"). Company is responsible for the preparation of the GHG emissions data on the basis set out within "the guidelines on the operation of GHG emission trading scheme ("ETS") (Notification No. 2025-64 of the Ministry of Environment)" based on ISO 14064-1. Our responsibility in performing this work is to the management of the Company only and in accordance with terms of reference agreed with them. DNV expressly disclaims any liability or responsibility arising from any decisions, whether investment or otherwise, based upon this assurance statement.

Objective and Scope of Verification

The purpose of the verification is to present an independent verification opinion on the company's greenhouse gas emissions, and the scope of verification is as follows;

- Organizational Boundary: HD Hyundai Electric's domestic business sites in Korea
- Reporting Boundary: Scope 1 (Direct emissions), Scope 2 (Indirect emissions) (fugitive emissions from refrigerant are excluded)
- Reporting Period: 2025.01.01 ~ 2025.12.31

Verification Approach

The verification has been conducted in accordance with "Korean GHG and energy target management system - Verification under the Korean Emissions Trading System (Notification No. 2025-165, Korean Ministry of Environment)" based on ISO 14064-3, under a Reasonable Level of Assurance. DNV planned and conducted the verification to obtain all necessary information and explanations, ensuring sufficient evidence to support a verification opinion at a 5% materiality level. As part of the verification process, we have reviewed as follows;

- Adequacy of GHG data control, collection, emission calculation and reporting process for the GHG inventory report
- The GHG inventory is based on measurements and has inherent limitations that may arise from the process of calculating, estimating, and finalizing the reported data.

Conclusions

Based on the verification conducted, the information related to the GHG statement has been properly calculated and reported.

- DNV represents "unmodified" opinion on Greenhouse Gas Emissions.

(Unit: ton CO_2eq)

2025	Direct emissions (Scope 1)	Indirect emissions (Scope 2)	Total emissions
HD HYUNDAI ELECTRIC	6,510.077	31,509.953	38,017

※ There is a difference between each emissions sum and total emissions as total emissions are calculated as the sum of emissions from each business site after rounding, in accordance with the applicable regulations.

2026. 6. 02
Seoul, Republic of Korea



Lee, Jang Sup

Country Representative
DNV Business Assurance Korea Ltd.

This Assurance Opinion is valid as of the date of the issuance. Please note that this Assurance Opinion would be revised if any material discrepancy which may impact the Greenhouse Gas Emissions of the Company is subsequently brought to our attention.

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Scope 3 Emissions Verification Statement

HD Hyundai Electric Co., Ltd.

GHG Emissions Verification

Verification Target

Korean Foundation for Quality (hereinafter "KFQ") has conducted a verification of Scope 3 Greenhouse Gas Emissions (hereinafter "GHG emissions") of HD Hyundai Electric Co., Ltd.[1] (hereinafter "Company") for 2025. KFQ is responsible for providing an assurance statement on the GHG emissions based on the verification scope and criteria described below, while the responsibility for the claims made regarding the GHG emissions rests with the company.

1) Address (based on headquarters): 477, Bundangsuseo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do, Republic of Korea

Verification Purpose

The purpose is to provide an independent verification opinion on the company's Scope 3 emissions.

Verification Scope

The verification covered eleven emission categories[2] selected by the company during 2025.

2) Category 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12

Verification Criteria

The following criteria and coefficients used by the company were applied.

- Criteria
  - ISO 14064-1:2018, ISO 14064-3:2019
  - GHG Protocol Corporate Standard
  - WBCSD/WRI, Corporate Value Chain (Scope 3) Accounting and Reporting Standard
  - Rule for emission reporting and certification of greenhouse gas emission trading Scheme
- Coefficient
  - Environmental Product Declaration evaluation coefficient (2021)
  - GREET 2024
  - Electricity Emission Factors: Low-Carbon Power, EMBER

Level of Assurance

The verification has been conducted in accordance with the verification principles and standards of the 'ISO14064-3:2019' under the limited verification level.

Verification Limitation

GHG emissions verification involves inherent limitations that may arise depending on the organization's data characteristics, calculations and estimates, sampling method, and limited assurance level. Additionally, this verification does not include responsibility for the accuracy of the original data provided by the company.

Conclusion

Based on the criteria and guidelines stated above, KFQ's verification opinion is as follows.

1) GHG emissions of the company for 2025 were properly calculated based on the materials provided, and no material errors or omissions that could affect the verification opinion were identified.
2) The criteria and process established by the company for calculating GHG emissions were transparently documented in the internal calculation process to prevent potential misunderstandings.
3) Accordingly, KFQ provides a verification opinion that is "Unmodified".

Appendix. 2025 Scope 3 Emissions Calculation Results

Appendix. 2025 Scope 3 Emissions Calculation Results

Organization

HD Hyundai Electric Co., Ltd.

Emission calculation period

The emission calculation period is from January 1st to December 31st, 2025.

Scope 3 Emissions Verification Results

(Unit: ton CO_2eq)

	Category	Total emissions
1	Purchased goods & services	460,436
2	Capital goods	23,703
3	Fuel and Energy-related activities not included in Scope 1+2	6,240
4	Upstream transportation and distribution	163,947
5	Waste generated in operations	2,101
6	Business travel	2,260
7	Employee commuting	2,243
8	Upstream leased assets	204
9	Downstream transportation and distribution	46,507
11	Use of sold products	298,698,073
12	End of life treatment of sold products	380,368
	Total	299,786,081

* Because total emissions from each category are rounded, the company's total emissions may differ from the actual values by ±1 tCO_2eq.

2026-06-11

Ji Young Song

CEO Ji-Young Song
Korean Foundation for Quality

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Memberships

Korea Intellectual Property Association (KINPA)	Korea National Committee of CIGRE
Korea Electrical Contractors Association (KECA)	Korea National Committee of CIRED
Korea Fire Safety Association (KFSA)	UN Global Compact Network Korea
Korea Electrical Association (KEA)	Korea International Trade Association (KITA)
Korea Electrical Manufacturers Association (KOEMA)	Korean Society for Quality Management (KSQM)
Korea Smart Grid Association (KSGA)	Korean Standards Association (KSA)
Korea Wind Energy Industry Association (KWEIA)	Ulsan Chamber of Commerce and Industry
Korea Industrial Technology Association (KOITA)	Seoul Chamber of Commerce and Industry
Korea Employers Federation	Seongnam Chamber of Commerce and Industry

Policy and Association Spending[1)]

Category		Unit	2022	2023	2024	2025
Policy Spending	Total policy-related spending	KRW 1M	279	357	730	811
	Lobbying and advocacy groups	KRW 1M	-	-	-	-
	Political contributions	KRW 1M	-	-	-	-
	Associations and non-taxable organizations	KRW 1M	279	357	730	811
Association Fee	Association fee_TOP 1	KRW 1M	82	96	370	460
	Association fee_TOP 2	KRW 1M	43	49	70	90
	Association fee_TOP 3	KRW 1M	26	35	64	64
	Association fee_TOP 4	KRW 1M	24	24	36	36
	Association fee_TOP 5	KRW 1M	17	17	25	26

1) Scope of data: Domestic business sites

Disclosures

Category	Web Address	Key Information Provided
HD Hyundai Electric Website	https://www.hd-hyundaielectric.com/elect/en/index.jsp	Company overview, investor relations, product and distributor information, online support
HD Hyundai Electric LinkedIn	https://kr.linkedin.com/company/hd-hyundaielectric	Product introductions and major news
HD Hyundai Electric Instagram	https://www.instagram.com/hd.hyundaielectric/	Product introductions and major news
HD Hyundai Electric YouTube	https://www.youtube.com/@HDHYUNDAIELECTRIC	Product introductions and major news
HD Hyundai Ethics Portal	https://ethics.hd.com/HtmlE/main.html	Group's ethics management principles, Code of Ethics, whistleblowing channel
DART (Electronic Disclosure System) of the Financial Supervisory Service (FSS)	https://dart.fss.or.kr	Official and voluntary disclosures by listed companies
Investor Relations Disclosures	https://www.hd-hyundaielectric.com/elect/en/IR/IRdata1.jsp	Regular business performance and outlook

Top 5 Spending on Related Organizations and Associations

Category	Unit	2025
Korea Enterprises Federation	KRW 1M	460
Ulsan Chamber of Commerce and Industry	KRW 1M	90
Korea Electrical Manufacturers Association	KRW 1M	64
Korea Electrical Association	KRW 1M	36
Korea Employers Federation	KRW 1M	26


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