Beyond Blue
Forward to Green

2024 ESG DATA BOOK

HD HYUNDAI HEAVY INDUSTRIES

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Interactive PDF

This report has been published as an interactive PDF, featuring functionalities such as navigation to relevant pages within the report and direct access to related web pages.

UNIVERSAL STANDARD

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<tr><th>GRI</th><th>UNGC</th><th>UN SDGs</th></tr>
<tr><td>Organization Profile</td><td>· Overview
- Legal Name : HD Hyundai Heavy Industries Co., Ltd.
- Address : 1000, Bangeojinsunhwan-doro, Dong-gu, Ulsan, 44032, Republic of Korea
- Founding Date* : June 1, 2019
* Established HHI through the physical division of HD Korea Shipbuilding & Offshore Engineering
- Listing Date : September 17, 2021</td><td>2-1 Organizational details</td><td></td><td></td></tr>
<tr><td>Reporting Framework</td><td>· Reporting Scope
- The report includes ESG management activities and performance across all HD Hyundai Heavy Industries domestic business sites.
· Reporting Period
- The report covers the activities from January 1, 2024, to December 31, 2024. Quantitative performance data, including financial information, is provided for three years (2022–2024).
· Reporting Standards and Frameworks
- The report published by HHI adheres to the requirements of GRI Standards 2021, an international guideline for sustainable management reporting. To reflect key issues related to the shipbuilding and offshore engineering industry, the report complies with the framework of TCFD and SASB. In addition, this report employs the framework of "Governance – Strategy – Risk Management – Metrics and Targets" for each topic on environmental and social themes.
· Restatement of Information
- There are no restatements such as error corrections of information from the Sustainability report.</td><td>2-2 Entities included in the organization's sustainability reporting
2-3 Reporting period, frequency and contact point
2-4 Restatements of information</td><td></td><td></td></tr>
<tr><td>Third-Party Assurance</td><td>· Verification of Sustainability Report
- Verificaiton Body : Korea Management Register
- Verification Criteria : AA1000AS v3-Type 2/Moderate
· Verfication of GHG·Energy
<table>
<tr><th>Category</th><th>Scope 1, 2</th><th>Scope 3</th></tr>
<tr><td>Verification Body</td><td>Korean Standards Association</td><td>Korean Foundation for Quality</td></tr>
<tr><td>Verification Criteria</td><td>· 2006 IPCC guidelines
· KS I ISO 14064-1:2018
· KS I ISO 14064-3:2019</td><td>· ISO14064-1:2018, ISO14064-3:2019
· GHG Protocol Corporate Standard
· WBCSD/WRI, Corporate Value Chain (Scope 3) Accounting and Reporting Standard</td></tr>
</table>
· Due to the nature of the contracting industry, HD Hyundai heavy industries sometimes receives ESG-related audits by external auditors based on customer requirements, covering safety, environment, human rights, compliance and security</td><td>2-5 External assurance</td><td></td><td></td></tr>
<tr><td>Operational Profile</td><td>· Business Areas
- Shipbuilding, Offshore Energy, Naval and Special Ship, Engine and Machinery
· Key Products
- Shipbuilding : Petroleum Tanker, Container Ship, LNG Carrier, LPG Carrier, etc.
- Offshore Energy : Fixed and floating production facilities, etc.
- Engine and Machinery : 2-Stroke and 4-Stroke engines(HiMSEN Engines), Land-Based Power Generation facilities, etc.</td><td>2-6 Activities, value chain, and other business relationships</td><td></td><td></td></tr>
</table>

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Topic	Key Information	Global Initiative		
		GRI	UNGC	UN SDGs
Workforce	• Employees - Total number of employees : 14,542 - Total number of male employees : 13,850 - Total number of female employees : 692 - By age : Under 30 - 1,285, 30 ~ 50 - 9,210, Over 50 - 4,047 • Non-affiliated workers - Total number of non-affiliated workers : 111	2-7 Employees 2-8 Workers who are not employees 405-1 Diversity of governance bodies and employees		Goal 5. Gender Equality
Board Composition	• Board of HHI consists of experts from diverse fields including leadership, CEO experience, risk management, finance and accounting, and policy and administration. Directors on the Board all perform the functions of decision-making and oversight of management to increase corporate competitiveness.	2-9 Governance structure and composition 405-1 Diversity of governance bodies and employees		Goal 5. Gender Equality

HHI BOD Composition

(As of March 31, 2025)

Type	Name	Position	Gender	Key Career Highlights	Date of Initial Appointment	Experience (relevant industry experience, etc.)
Inside Directors	Lee Sang-kyun	CEO	Male	(Former) CEO, HSHI (Former) COO of Shipbuilding Business Unit, HHI (Current) CEO, HHI	April 2021	• Expertise in business, technology, and production within the shipbuilding industry, along with strategic planning capabilities • Currently serving as the Chairman of the Korea Offshore & Shipbuilding Association, demonstrating industry-wide leadership and network capabilities.
	Noh Jin-yul	CEO	Male	(Former) Head of Management Support Headquarters, HHI (Current) Head of Corporate Safety and Health Office, HHI (Current) CEO, HHI	March 2024	• Expertise in corporate support functions, including general affairs, human resources, and co-prosperity, with core competencies in organizational management • Expertise in safety management and risk control leadership as the Chief Safety Officer (CSO)
Outside Directors	Shin Dong-mok	Outside Director	Male	(Current) Dean, Asan Honors College, University of Ulsan (Current) Dean, College of General Education, University of Ulsan	March 2024	• Expertise in shipbuilding production processes with a Ph.D. in industrial engineering from Pennsylvania State University • Authored a number of papers on shipbuilding, including Block Assembly Planning in Shipbuilding Using Case-Based Reasoning, Pipe Offset Routing Program by Using 3D CAD for Shipbuilding
	Chae Joon	Outside Director (Chairman of the BOD)	Male	(Current) Outside director, Yuanta Securities Co., Ltd. (Current) Professor, Business School of Seoul National University	March 2020	• Expertise in corporate finance strategy and investment risk management • Expertise in finance and risk management
	Park Hyun-jung	Outside Director	Female	(Former) Judge, Seoul Central District Court (Current) Professor, Hanyang University School of Law	March 2022	• Expertise in corporate legal risk management and responding to lawsuits • Expertise in public and civil lawsuits

Topic	Key Information	GRI	UNGC	UN SDGs
Board Appointment	• Appointment Procedures for Directors All directors of HHI are appointed at the general meeting of shareholders after going through fair procedures and assessments. Candidates for directors are nominated by the BOD and the Outside Director Recommendation Committee. With the notice of general shareholders meeting, personal information about the nominees, recommenders, and their relationship with major shareholders is disclosed. In addition, proposals for the appointment of directors are submitted individually for each candidate at the general shareholders' meeting. • Chair of the BOD HHI appoints a Chairperson of the Board every year at the first Board meeting following the regular general meeting of shareholders. The Chair is a one-year term, and to ensure continuity in cases where the Chair is absent, the Chair can determine the order of directors who will serve as an acting chair or designate an interim chairperson. ※ HHI appointed an outside director as the Chair in March 2025 to strengthen the Board's independence	2-10 Nomination and selection of the highest governance body 2-11 Chair of the highest governance body		

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Topic	Key Information	Global Initiative		
		GRI	UNGC	UN SDGs
Independence and Diversity of the Board of Directors	Securing Independence of Directors; Enhancing Diversity among Directors	2-15 Conflicts of interest		
Board expertise	Enhancing Directors Professionalism; Training for the BOD	2-17 Collective knowledge of the highest governance body		

Independence and Diversity of the Board of Directors

- Securing Independence of Directors

HHI strengthened the independence of the BOD by appointing a majority of directors as outside directors, creating an environment where Board members are open for discussion, free from the interests of businesses, executive management, or controlling shareholders. Outside directors are not involved in the company's regular course of business and are selected based on the following independence requirements.

INDEPENDENCE REQUIREMENTS FOR OUTSIDE DIRECTORS

Outside directors shall meet the following requirements as well as other qualifications as stated in the related laws including the Commercial Act of South Korea.

① Outside directors shall not have served as an executive of the company within the past two years.
② Outside directors shall not be an immediate family member of any executives of the company or its subsidiaries.
③ Outside directors shall not have the same interests as advisors, consultants, or employees and major shareholders of the corporation which has concluded with a major advisory contract with the company or its senior management.
④ Outside directors shall not be significant customers, or the employees or major shareholders of suppliers as defined in Items a and b of Article 34 (5) 2 of the Enforcement Decree of the Commercial Act.
⑤ Outside directors shall not have been partners or employees of the company's external auditor for the past two years.
⑥ Outside directors shall not have any conflicts of interest regarding matters decided by the BOD, such as economic interests.

- Enhancing Diversity among Directors

HHI respects the diversity of directors to ensure various perspectives is considered in decision-making. At the stage of nomination and review, HHI does not discriminate against any nominees based on their gender, age, nationality, race, religion, or ethnicity. In order to enhance the efficiency of the BOD, those with extensive experience in various fields have been appointed as outside directors.

2-15 Conflicts of interest

Board expertise

- Enhancing Directors Professionalism

HHI appoints directors by comprehensively considering their essential capabilities for business administration and risk management, as well as knowledge about the shipbuilding industry to ensure a stable decision-making process.

HHI Board Skills Matrix

(As of March 31, 2025)

Name	Leadership	CEO Experience	Risk Management	Finance/ Accounting	Laws/ Regulations	Industry Experience[1]	Gender	Certification
Lee Sang-kyun	●	●	●			●	Male	-
Noh Jin-yul	●	●	●			●	Male	-
Shin Dong-mok	●		●			●	Male	-
Chae Joon	●		●	●			Male	-
Park Hyun-jung	●		●		●		Female	Lawyer

[1] Board members with business administration, academic, or research experience within the same industry

- Training for the BOD

HHI provides a wide range of training programs to enhance directors' capacity to discern, as well as their expertise in decision-making.

Training sessions conducted for BOD

Date	Topics
February 2024	Recent changes in accounting regulations and IFRS 18
April 2024	Characteristics of accounting standards for shipbuilding and recent trends
July 2024	Trends in recent global ESG disclosure standards
October 2024	Role of the Audit Committee and the recent financial regulatory trends to watch Recent trends in AI transformation: Latest trends and what companies need to know and understand Impact of U.S. presidential election results

2-17 Collective knowledge of the highest governance body

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Topic	Key Information	Global Initiative: GRI	Global Initiative: UNGC	Global Initiative: UN SDGs
Board operation	Functions of BOD; BOD Operation Status	2-12 Role of the highest governance body in overseeing the management of impacts		
	ESG Organizational Structure; Composition, Roles and Meetings of ESG Committee; ESG Risk Management	2-13 Delegation of responsibility for managing impacts 2-14 Role of the highest governance body in sustainability reporting 2-16 Communication of critical concerns		

Board operation

- Functions of BOD

The BODs of HHI establishes the long-term vision and goals of the companies and makes decisions on significant management issues. For example, the BOD systematically manages those issues that are directly related to the creation of corporate values such as risks, ethical and compliance management, internal accounting, and auditing as well as issues for sustainable management including climate change, human rights, and safety and health.

BOD Operation Status

(January 1 ~ December 31, 2024)

Category	Board Resolutions		Attendance Rate	
	Decisions	Reports	Inside Directors	Outside Directors
HHI	25	13	83.3%	100.0%

- ESG Organizational Structure

HHI's ESG organizational structure is centered on the ESG Committee under the BOD, and it involves the Chief ESG Officer, the ESG Promotion Committee, ESG executives, and ESG-dedicated departments.

HHI ESG Management Organizational Structure

BOD (ESG Committee)

CEO Concurrently Chief ESG Officer

ESG Promotion Committee

Administrator (ESG Department)

Environment
- Environment
- Property
- Technology & Business planning
- Construction engineering
- Design/R&D

Society
- Safety
- Integrated procurement
- Co-prosperity
- DT
- HR
- General affairs
- Coexisting planning

Governance
- Finance
- Ethical management*
- Compliance*

* Integrated support from HDKSOE

- Composition of ESG Committee
  - Chair: Shin Dong-mok
  - Members: Noh Jin-yul, Chae Joon, Park Hyun-jung
- Roles of ESG Committee

HHI has established and actively operate the ESG Committee to enhance sustainability and increase ESG management capabilities. The ESG Committee supports initiative necessary to develop and internalize ESG capabilities. The committee also oversees key issues related to corporate sustainability, such as climate change, safety and health, human rights, and risks.

- ESG Committees Held
  - Mar 26, 2024 : Appointment of ESG Committee Chair
  - Apr 24, 2024 : Materiality Assessment in 2023 Integrated Report, Report on non-financial risk management plans (ESG disclosures, Climate Change/Environmental Management, Safety & Health Management, Supply chain ESG management, Human Rights Management), Report on Board evaluation results
  - Feb 25, 2025 : Report on 2025 ESG Management, Report on 2025 Environmental Management, Report on 2024 Board evaluation results
  - Apr 23, 2025 : Report on the Results of the Double Materiality Assessment, Report on the Management Status of ESG Policy Documents
- ESG Risk Management

The senior management operates and monitors risk management processes. In line with the shift to an ESG management paradigm, key identified risks and response measures related to the environment, society, and governance are reported by the Chief ESG Officer to the ESG Committee under the Board.

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<tr><th>GRI</th><th>UNGC</th><th>UN SDGs</th></tr>
</thead>
<tbody>
<tr>
<td>The Board evaluation</td>
<td>· Evaluating BOD Performance
HHI has introduced and is operating a board performance evaluation system to assess the appropriateness of board composition and the efficiency of its operations. The Board evaluation consists of BOD's roles and responsibilities, structure, operation, and reflection of evaluation results. The evaluations of the Board and its committees are conducted by all inside and outside directors, and evaluations of outside directors' activities are conducted by all outside directors. All evaluations are carried out annually on a self-assessment basis.
※ The evaluation for FY2024 found no significant issues in the composition and operation of the Board, and the BOD was deemed to fulfill its roles and responsibilities faithfully.
· Performance Evaluation for the Management
HHI evaluates the performance of the management, including the CEO, by considering quantitative indicators such as sales, orders, and operating profits, as well as qualitative indicators such as leadership, expertise, and accountability in job performance. HHI has set company-wide ESG KPIs for the CEO and continue to monitor results for each KPI and whether the target has been achieved.</td>
<td>2-18 Evaluation of the performance of the highest governance body</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remuneration of Directors and Management</td>
<td>· Performance Incentives for the Management
Performance incentives for the management (including the CEO) are divided into management bonuses and long-term incentives. The management bonus is calculated based on the current year's quantitative indicators such as sales, orders received, and operating profits, as well as the leadership and expertise to attain management targets. This is paid at the beginning of the following year. The long-term incentive was introduced in late 2023 to prevent the management from focusing only on short-term performance and to maximize long-term corporate value. It is calculated comprehensively, considering factors such as organizational evaluation and net profit over a grace period (longer than three years), and paid after the grace period ends.
Calculation Criteria and Methods for Compensation Package
<table>
<thead>
<tr><th colspan="2">Category</th><th>CEO (Inside Directors)</th></tr>
</thead>
<tbody>
<tr><td colspan="2">Payment basis</td><td>· Executed based on the Executives Remuneration Standards determined by the BOD resolution, within the directors' remuneration limit approved at the general shareholders meeting</td></tr>
<tr><td rowspan="2">Criteria</td><td>Basic salary</td><td>· Comprises base pay and position allowances, and paid in equal monthly installments
- Base pay: Determined according to rank (grade)
- Position allowances: Determined according to duties (position)</td></tr>
<tr><td>Performance-based compensation</td><td>· Determined based on organizational evaluation, individual evaluation, and achievement rate of target net profit
- Quantitative indicators: Sales, orders, operating profits, etc.
- Qualitative indicators: Leadership, expertise, and accountability in job performance</td></tr>
</tbody>
</table>
· Remuneration for CEO
- Average pay for CEO : KRW 1,252 mil.(As of 2024)
- CEO-to-employee annual total compensation ratio : 12.8 times(As of 2024)
· Remuneration for Outside directors and Audit Committee members
Outside directors and Audit Committee members, fixed salaries are paid without performance incentives to ensure their independence.</td>
<td>2-19 Remuneration policies
2-20 Process to determine remuneration
2-21 Annual total compensation ratio</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Embedding policy commitments</td>
<td>· Human Rights Commitment
The declaration testifies to support for international agreements on human rights that the Korean government has joined and ratified, including the Universal Declaration of Human Rights (UDHR), UN Guiding Principles on Business and Human Rights (UNGPs), and the ILO Declaration on Fundamental Principles and Rights at Work. Commitment will be continuously demonstrated to live up to these declarations, principles, and agreements.
· Human Rights Protection and Workplace Environment Improvement
- Occupational health and safety: Placing employee safety and health as the top priority and systematically promoting industrial safety and health enhancement initiatives.
- Working conditions: Complying with legal working hours in all operating countries and providing fair compensation to all employees, along with payroll statements.
- Labor rights: Guaranteeing freedom of association and collective bargaining in accordance with the Constitution and labor laws of South Korea, ensuring that no discrimination or unfair treatment occurs due to union activities.
- Talent development: Operating diverse talent management programs to attract and retain top talent, establishing a foundation for sustainable organizational growth.
- Child and forced labor: Strictly prohibiting all forms of forced and child labor.
- Stakeholder human rights protection: Considering that fundamental human rights, such as local residents' rights to safety, health, and residence, are not infringed during business operations.</td>
<td>2-23 Policy commitments
2-24 Embedding policy commitments</td>
<td>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
Principle 2: Businesses should make sure that they are not complicit in human rights abuses.</td>
<td></td>
</tr>
</tbody>
</table>

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<table>
<tr><th rowspan="2">Topic</th><th rowspan="2">Key Information</th><th colspan="3">Global Initiative</th></tr>
<tr><th>GRI</th><th>UNGC</th><th>UN SDGs</th></tr>
<tr><td>Embedding policy commitments</td><td>
• Environmental Management Declaration
HHI presents its vision for environmental management and its intent to take concrete action through the "Environmental Management Declaration," reflecting its aim to fulfill social responsibilities as a sustainable global enterprise. The Declaration includes seven key initiatives to be implemented in order to embed environmental management across the company.
• Minimizing Environmental Impact
- Carbon neutrality : (Target : 2050) Reduce emissions by 100% compared to 2018 total emissions (Scope1+2)
- Biodiversity : Efforts to prevent deforestation and achieve no net loss (NNL) or net positive impact (NPI) on biodiversity, in line with the net zero by 2050 carbon neutrality (Net Zero) target.
- Air pollution : (Target : 2025) Reduce fine dust emissions by 5% and above compared to base year 2023
- Water pollution : (Target : 2025) Manage annual average water pollutant emissions within 30% of permissible discharge limits
- Chemical substances : (Target : 2025) Conduct monthly inspections of facilities that handle hazardous chemical substances to prevent chemical accidents, review plan for the prevention and management of chemical accidents and comply with laws and regulations
- Waste* : (Target : 2025) Circular use ratio: 37.61% and above, Terminal disposal ratio: below 30.11%
* Objectives of the Circular Economy Performance Management under the Act on promotion of transition to circular economy and society
- Product lifecycle environmental impact: Including the process of productions, the company endeavors to reduce environmental impacts through the life cycle of products and used products
- Eco-friendly services and support: Expanding efforts in smart ship development, including Low and Zero Carbon ship and autonomous navigation solutions
• ESG Key Policy
<table>
<tr><td>Environmental</td><td>Environmental Management Policy</td><td>Biodiversity Conservation Declaration</td><td>Deforestation Prevention Declaration</td><td></td><td></td></tr>
<tr><td>Social</td><td>Safety and Health Management Policy</td><td>Guiding Principles for Human Rights Management</td><td>Sustainable Sourcing Policy</td><td>Policy on Conflict Minerals</td><td>Supplier Code of Conduct</td></tr>
<tr><td>Governance</td><td>Charter of Ethics</td><td>Compliance Guidelines for Anti-corruption</td><td></td><td></td><td></td></tr>
</table>
</td><td>2-23 Policy commitments
2-24 Embedding policy commitments</td><td>Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights.
Principle 2: Businesses should make sure that they are not complicit in human rights abuses.</td><td></td></tr>
<tr><td>Whistleblowing Systems</td><td>
• Grievance Mechanism
HHI has established and operates a formal grievance handling procedure to promptly and responsibly address actual or potential adverse human rights impacts. Individuals or organizations that have experienced, or are concerned about, negative impacts may raise issues at any time with the designated grievance-handling organization (such as the Business Ethics Team and HR Department). Confidential and anonymous reporting channels are available to ensure accessibility and protection for all stakeholders.
All employees involved in grievance handling are required to strictly protect the confidentiality of the complainant, and The company strictly prohibits any unfair treatment or harm to employees for reporting or asserting grievances. The results of inspection and counseling are provided to both the informant (victim) and the accused (perpetrator). Resolutions are prepared in respect of the victim's wishes and various supports are provided. The perpetrator is subject to personnel disciplinary actions according to relevant regulations. After the investigation, regular follow-ups are conducted on a regular basis to ensure no retaliation or further harm to the informant and to monitor whether the same issue is repeated. In particular, HHI operates a dedicated Grievance handling Committee, which receives and reviews employee grievances, including workplace harassment and discrimination cases. Information on the Grievance Committee and its procedures is regularly communicated to all employees.
Grievance Handling Procedures
<table>
<tr><th>Receipt</th><th>Investigation</th><th>Report and follow-up measures</th><th>Monitoring</th></tr>
<tr><td>• Receive report via internet, email, phone
• Prepare and report action plan (Ethics management executive → Division head)</td><td>• Verify details and facts
• Transfer to relevant department (as necessary)</td><td>• Discuss solutions for grievances/report and prepare results report
• Report the results and notify the reporting party</td><td>• Review implementation items such as process improvements(as necessary)</td></tr>
</table>
• Unethical Conduct Mechanism
As part of an effort to strengthen an ethical corporate culture, HHI operates various channels—by phone, mail, and online—that can be used to report unethical conduct or practices. The nature and content of the reports are kept strictly confidential. If an informant faces unfair treatment, they can request the Business Ethics Team for correction and protection, and appropriate action is taken.
Procedures for Handling Unethical Conduct Reports
Receipt of Report → Review of Report → Confirmation of Facts → In-depth Investigation → Completion of Investigation and Notification of Results → Implementation of Improvement Measures
</td><td>2-25 Processes to remediate negative impacts
2-26 Mechanisms for seeking advice and raising concerns</td><td></td><td></td></tr>
</table>

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Topic	Key Information	Global Initiative		
		GRI	UNGC	UN SDGs

Legal and Regulatory Compliance	• Violations of Laws
	- No. of significant violations of environmental laws: 0 Case (As of 2024)
	* Only significant fines (over USD 10,000 fines imposed on confirmed major violations) are indicated
	- No. of violations of fair-trade regulations: 0 Case (As of 2024)
	* Violations of fair trade laws and regulations were prepared based on the Annual Report, excluding cases currently under litigation, trials, or objections
	- No. of violations of anti-corruption and anti-bribery regulations: 0 Case (As of 2024)
	- No. of violations of laws and regulations related to privacy protection: 0 Case (As of 2024)
	- No. of information security breaches: 0 Case (As of 2024)
	- Human rights impact assessment
	  - No. of workplaces subject to human rights risk assessment (desktop assessment/on-site due diligence): 1
	  - No. of workplaces with human rights risk mitigation plans in place: 1
	* The designated workplace (head office/main plant) accounts for more than 90% of the total workforce.
		2-27 Compliance with laws and regulations		

Membership associations	• Membership Status Korea Enterprises Federation, Korea International Trade Association, Korean Standards Association, Korea Chamber of Commerce & Industry, Korea Listed Companies Association, Korea Offshore & Shipbuilding Association, Korea Association of Machinery Industry, Korea Defense Industry Association, Korea Association for Space Technology Promotion, etc.	2-28 Membership associations		
Communication with Stakeholders	• Communication with Stakeholders - Customer : Participation in expositions, exhibitions, and technology forums; Visits to client companies and technology promotion; Enhancement of customer satisfaction management; Strengthening initial equipment/technology risk management - Shareholders/Investors : Quarterly earnings announcements and IR materials; IR activities targeting analysts and institutional investors; Disclosure of key information such as BOD decisions and order intake; Publishing the corporate governance report - Contractors : Operating the integrated procurement system (HiPRO); Providing online and offline training and recruitment-linked training; Financial support for contractors; Support for technology protection; Quality assessment and technical support for contractors - Local Community : Social contribution with employee participation including volunteer activities; Formation and participation in local community councils; Talent development programs for the local community; Investment into local community development; Support and participation in local community events; Monitoring local community welfare surveys and indicators - Employees : Quarterly Labor-Management council; Conduct meetings with the CEO; Internal newsletter and webzine; Communication channels on intranet; Talent development programs - Government/National Assembly : Regular and ad-hoc meetings with relevant standing committees and institutions; Attending regular National Assembly audits and ad-hoc hearings; Participating in key economic organization seminars and forums; Engaging with local government councils and communicating with civic groups; Providing surveys and requested data to external organizations - Media : Timely provision of press releases; Support for journalist coverage; Media briefings	2-29 Approach to stakeholder engagement		
Collective agreement	• Labor-Management Relations - Unionization rate : 98% - Percentage of employees covered by collective bargaining agreements : 100% • Labor Unions HHI has established labor unions and recognize the legitimacy of activities by labor unions in accordance with the Constitution of the Republic of Korea and labor laws. The scope of employees to whom a collective labor agreement applies is stipulated in the respective collective agreement rules. For employees who are not bound to collective agreement, separate Labor-Management Councils are held to discuss employment-related issues. • Labor-Management Consultation and Collective Agreements HHI recognizes the right of labor unions to collective bargaining and to conclude an agreement, and the matters agreed upon through such agreements are actively implemented. Mutual trust and understanding are built between the companies and labor unions while continuous efforts are made to improve labor conditions.	2-30 Collective bargaining agreements	Principle 3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	

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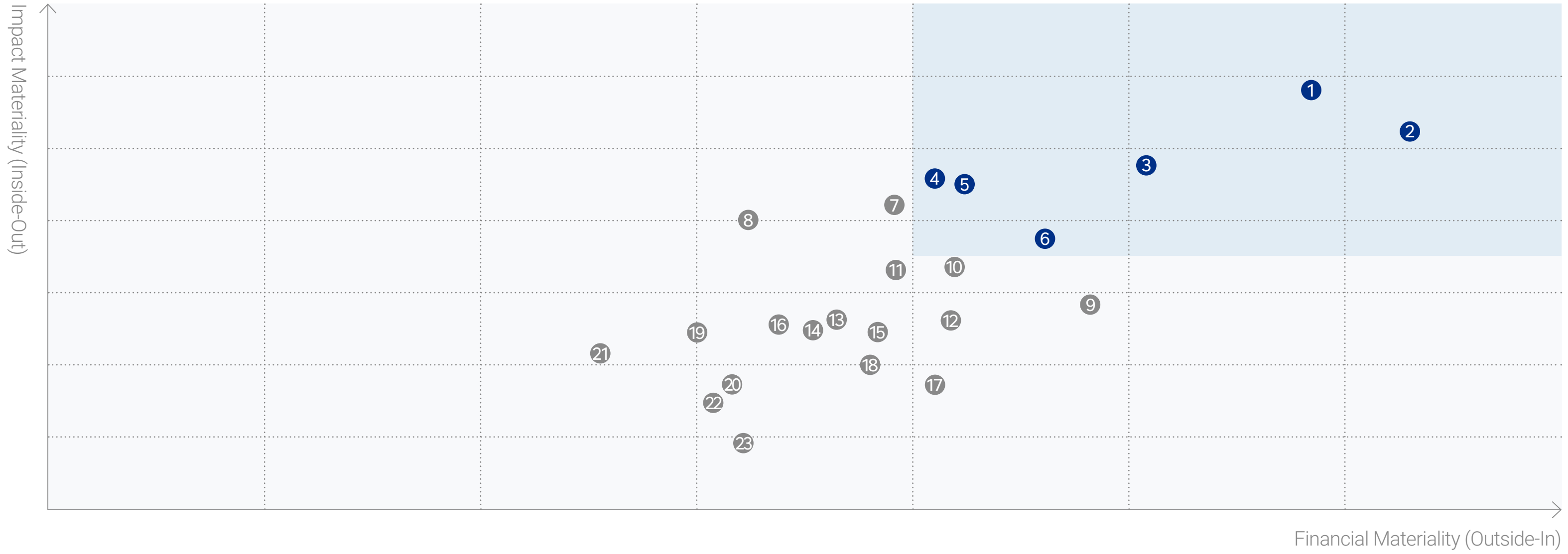
Topic	Key Information	Global Initiative		
		GRI	UNGC	UN SDGs
Double Materiality Assessment	· Double Materiality Assessment Process - Creation of Issue Pool : ESG issue pool is derived by comprehensively reviewing requirements from ESG disclosure initiatives, domestic and international ESG ratings indicators, and sustainability-related laws and regulations. and ESG issues are organized by synthesizing the industry sector, major products, value chains, and enterprise-wide risk management processes. - Analysis of Risk and Opportunity Factors : Identifying overall impact factors, including risks and opportunities for each ESG issue - Measurement of Likelihood : Analyze ESG trend reports to identify issues with a high probability of occurrence and gather opinions through related news analysis and stakeholder surveys. - Measurement of Materiality 1) Impact Materiality : Based on Scale, Scope and Irremediability 2) Financial Materiality : Based on Scale	3-1 Process to determine material topics 3-2 List of material topics 3-3 Management of material topics		

Double Materiality Assessment Results



Identified Double Materiality Issues

Double Materiality Issues	① Occupational Safety and Health	③ Climate change response	⑤ Labor-Management relations
	② R&D and products with less environmental impact	④ Workplace environment	⑥ Supply chain ESG management
Other issues	⑦ Energy management	⑬ Sound governance	⑲ Resources recycling
	⑧ Human resources management	⑭ Human rights and diversity	⑳ Biodiversity and ecosystem
	⑨ Information protection	⑮ Business ethics	㉑ Protection of shareholder rights
	⑩ Creation of economic value	⑯ ESG management system	㉒ Protection of local community rights
	⑪ Pollutants and hazardous waste management	⑰ Water resources management	㉓ Social contribution activities
	⑫ Product quality and accountability	⑱ Enterprise risk management	

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Topic	Key Information	Global Initiative		
		GRI	UNGC	UN SDGs
Double Materiality Assessment	• Analyzing Impact of Material issues and response strategies - Occupational Safety and Health (OSH) 1) Business Impacts of Material Issues : OSH-related accidents may have significantly negative impacts on business operations and long-term corporate value creation 2) Business Strategy of Material Issues : HHI operates a company-wide safety and health management system for a systematic approach to OSH issues. Based on the company's safety and health policies and guidelines, HHI established key initiatives and risk management plans - R&D and products with less environmental impact 1) Business Impacts of Material Issues : Following changes in the external environment, including stricter carbon emissions regulations by the IMO, increased demand for ships with less environmental impact by global shipping companies, and stringent ESG standards from key stakeholders and financial institutions, the ability to develop Low- and Zero-Carbon (LZC) ships has a significant impact on competitiveness and corporate value. 2) Business Strategy of Material Issues : As a "Total Solution Provider" that can meet the diverse needs of the market, we seek to expand our portfolio of eco-friendly vessels, research and develop engines and propulsion systems that use LZC fuels, and develop technologies to improve ship operation efficiency to enhance our competitiveness. Based on this systematic plan and continuous innovation, we aim to realize carbon neutrality in the shipping industry by 2050. - Climate Change Response 1) Business Impacts of Material Issues : Physical Risks - Abnormal weather events and rising sea levels will increase risk of flooding in the coastal regions where the shipyards are located, and cause damage to production facilities. Extreme weather events such as extreme heat and heavy snow can cause delays in production due to decreased efficiency. This can lead to a decline in reliability and delivery delays, which can lead to financial losses. Transition Risks - The IMO's decarbonization regulations taking effect, securing low- and zero-carbon ship technology and reducing emissions have direct impact on the company's competitiveness to win orders. 2) Business Strategy of Material Issues : HHI has established three major strategies: GREEN SHIPYARD, GREEN PRODUCT, and GREEN PARTNERSHIP. * GREEN SHIPYARD : Achieving carbon neutrality by 2050 and promoting the Future of Shipyard (FOS) project, reducing greenhouse gas emissions at work sites. GREEN PRODUCT : Development of ships powered by low-carbon and carbon-free fuels that can reduce greenhouse gas emissions during ship operation. GREEN PARTNERSHIP : Organically responding to climate change through collaboration with stakeholders across the entire shipbuilding value chain.	3-1 Process to determine material topics 3-2 List of material topics 3-3 Management of material topics		

Universal Standard
Topic Standard
ESG Data
Appendix

TOPIC STANDARD

Topic	Key Information	Global Initiative		
		GRI	UNGC	UN SDGs
Environmental Management	· Environmental Impact Management			

Environmental Management System Operation

- In accordance with the international standard Environmental Management system(ISO 14001), HHI is establishing a system for analyzing environmental impact factors, assessing environmental impacts, establishing improvement plans, and implementation system to carry out company-wide environmental management.

Identify environmental impact factors	Environmental Impact Assessment	Creat an improvement plan	Implement improvements
Identify environmental impact factors that may occur in each department's operationg process throughout production and business activities	Evaluate positive or negative impacts based on identified environmental impact factors	Categorize significant environmental impacts in the site and create a plan to improve them	Implement pollution reduction measures reflecting into department goals

Environmental compliance assessment

- List of environmental laws and regulations : Clean Air Conservation Act, Water Environment Conservation Act, Chemical Substances Control Act, etc.
- Period : Conducting compliance assessment once a year
- Assessment Method : Confirmation of compliance with requirements of environmental laws and regulations
- Follow-up Actions: Develop and implement improvement measures for identified issues

* Review revisions to environmental regulations and share information with relevant departments; provide separate guidance on required actions.

Conducting Supplier Environmental Management Risk Assessments

Category		Contents	Remarks
Environmental risk assessment metrics		· Establishing environmental management policies, setting strategies and goals, conducting environmental impact assessments, obtaining environmental permits, managing environmental pollutants, managing greenhouse gases, managing energy, etc.	· 3 items 12 questions
Environmental risks assessment results	**No. of Tier 1 Contractors that have completed desktop assessments**	· 516 Companies	-
	No. of Tier 1 Contractors that have completed on-site assessments	· 22 Companies	-
	No. of Tier 1 Contractors with identified risks	· 22 Companies	· Insufficient Establishment of Environmental Management Goals · Inadequate Greenhouse Gas Management System
	No. of Tier 1 Contractors that received risk mitigation support	· Improvement Measures Completed for 21 Companies	· Provision of Materials and Guidelines for establishing Environmental Management Goals · Support for Greenhouse Gas Management System

Managing Environment-related KPIs

HHI conducts performance evaluations for the CEO, executives, and departments (teams) to reflect the level of goal achievement according to ESG KPIs and link performance compensation to these evaluations.

- CEO: (2024) Achievement of GHG emissions target (quantitative), (2025) Achievement of GHG emissions intensity improvement and reduction target compared to the previous year (quantitative) and achieve the greenhouse gas emission (GHG) reduction target in 2024 (quantitative reduction target setting)
- Executives: (2024, 2025) Achievement of GHG emissions target
- Company-wide organization: (2024, 2025) Implementation of energy saving targets and stewardship activities, number of violations of environmental laws, etc.

Key Environmental Management mid- and long-term goals

Category	Target	Goals	Key detailed strategies*
ISO 14001 Certification	2027	100% authentication rate	· Expansion of certification scope for small production operations by 2026 · All manufacturing and design sites are certified by 2027 · Consider immediate implementation of environmental management systems at new plant (business site)
Chemical emissions	2030	10% reduction in emissions compared to 2021	· Develop paints with a low environmental impact, including those with low volatile organic compound (VOC) content · Apply low VOC paints in large paint shops : 30% by 2024, 45% by 2025, and 60% or more by 2026, Manage above 60% since then
Carbon neutrality (GHGs reduction goal)	2050	100% reduction in total emissions [Scope 1 + 2] compared to 2018	· Energy efficiency (replacing old equipment and introducing high-efficiency equipment): 9% reduction · Fuel conversion (transition to low- and zero-carbon fuels): 30% reduction · Renewable energy adoption (external PPAs*, self-generation, etc.): 50% reduction (* PPA: Power Purchase Agreement) · Carbon Offset (forest offsets, etc.): 11% reduction

* percentage of reductions, etc. may vary based on implementation strategy updates.

TOPIC STANDARD

Topic	Key Information	Global Initiative		
		GRI	UNGC	UN SDGs

Environmental Management

- Participation in the initiative
  - CDP : HHI is participating in CDP, a climate change initiative, to respond to international regulations and join the carbon neutrality practices.
  - CDP Rating : B(As of 2024)
  - Result Inquiry : https://www.cdp.net/en/data/scores > CDP public corporate scores > Searching HD Hyundai Heavy Industries

- Review of the business investment environment impact

HHI is making business investments while considering the environmental impacts of all business activities (R&D, design, production, etc.). HHI has established a system to continuously review safety, health, and environment (HSE) permit requirements when making business investments. This system allows us to review compliance with environmental laws and regulations, introduce appropriate pollutant reduction facilities, identify environmental pollution risks, and develop mitigation measures.

In addition, HHI has introduced and is operating an internal carbon pricing system that uses a notional carbon price to facility investments to assess their financial impact (shadow carbon pricing). When making facility investment decisions, HHI issues a Carbon Pricing Report (CPR) that includes information such as carbon emissions and costs by investment item, potential carbon leakage points, and expected benefits.

Internalization of Environmental management

- Support activities for contractors

HHI, recognizing the challenges faced by its contractors in meeting strengthened management standards for HAPs[1] and VOCs[2] due to the revision of the Clean Air Conservation Act, has been providing support since 2022. This includes investment support for VOCs reduction equipment and incentives for VOCs reduction activities for external contractors.

1) HAPs(Hazardous Air Pollutants) : Substances that can harm human health or the environment directly or indirectly through long-term exposure, even at low concentrations, and thus require air emission management

2) VOCs(Volatile Organic Compounds) : Hydrocarbons, including petrochemical products and organic solvents, that cause chemical reactions in the atmosphere, leading to the formation of photochemical oxidants like ozone and contributing to photochemical smog

1. Support for investments in VOCs reduction equipment at external contractors

In 2022, HHI, in collaboration with Seoul Guarantee Insurance, provided an advance payment of 5 billion KRW to support investment in VOCs reduction equipment for its contractors, actively supporting their environmental management efforts.

2. Incentives to support VOCs reduction efforts

In April 2022, HHI, along with HD Hyundai Mipo and HD Hyundai Samho, established a "Group Three Companies Supply Chain Risk Management Task Force." Based on this collaboration, the company included new provisions for operating costs of VOCs reduction equipment, additional painting costs for low-VOC paints, and environmental support funds in the revised unit price contracts with partner companies in 2023. Incentives were applied during payment, and this support continues as of 2025, actively aiding in the improvement of environmental management activities for external suppliers.

Support status for 2024

Items (Painting Support)	Supported contractors	Contents
Curved Block/T-Block	3 companies	Support for Operating Costs of VOCs Reduction Equipment
Curved Block	1 company	Support for Additional Painting Costs for Low-VOC Paints
Hatch Cover	3 companies	Support for Operating Costs of VOCs Reduction Equipment
Cabin Block	3 companies	Support for environmental improvement charges
LPG TANK	1 company	

- Communication

Participation in the Safety and Environment Center of KOSHIPA

To proactively address the recently strengthened environmental and safety regulations, such as carbon neutrality and the Serious Accident Punishment Act, the Korea Offshore & Shipbuilding Association (KOSHIPA), in collaboration with major domestic shipbuilders, operates the "Shipbuilding & Offshore Safety and Environmental Center." By proactively preventing risks related to environmental and safety regulations, the center aims to minimize risks and enhance collective response capabilities through expanded cooperative channels within the shipbuilding industry.

Participation in GHG Reduction Committee

HHI joins quarterly greenhouse gas reduction research meetings with members of the KOSHIPA. These meetings focus on collaborative responses to the emissions trading system, strategies for reducing greenhouse gas emissions in the shipbuilding industry, and discussions on major issues related to greenhouse gas reduction.

Voluntary Agreement on Fine Dust Reduction

In March 2025, HHI entered into a "Voluntary Agreement for Fine Dust Reduction" with the Nakdong River Basin Environmental Office, Ulsan Metropolitan City, and The Center for Research and Management of Fine Particles over South-Eastern Region. The agreement aims to reduce air pollutant emissions by 10% by 2026 compared to the base year of 2023. HHI is actively working to achieve this target by establishing and implementing a comprehensive fine dust reduction plan.

TOPIC STANDARD

Topic	Key Information	Global Initiative		
		GRI	UNGC	UN SDGs
Internalization of Environmental management	Participation in the Chemical Safety Management Committee The Dong-gu District Office of Ulsan Metropolitan City operates the 'Chemical Safety Management Committee' which reviews and advises on key issues related to chemical substance safety management and chemical accident response. HHI is a member of this committee and participates in regular discussions with experts, government agencies, and private organizations to discuss chemical substance safety management in the local community. Participation in the Public-Private Chemical Accident Response Council The Nakdong River Basin Environmental Office manages the 'Public-Private Chemical Accident Response Council' for the Busan, Ulsan, and Gyeongnam regions. This council aims to quickly respond to chemical accidents, share emergency response resources, and strengthen regional coordination. Starting in 2024, HHI will be active as a member of the Ulsan Dong-gu and Buk-gu regional council, contributing to rapid initial response efforts in the event of chemical accidents in Ulsan and surrounding areas. Participation in the Ulsan Environmental Engineers Association HHI is a member of the Ulsan Environmental Engineers Association. The association, comprised of environmental professionals working in the Ulsan region, hosts environmental technology seminars and presentations on environmental improvement cases. HHI regularly participates in these events to acquire information on the latest environmental prevention facilities and new technologies, and to engage in technical exchanges with environmental professionals involved in local public and private sector environmental work.			
	• Environmental Protection Activities 1 Company 1 River cleanup HHI has been consistently engaged in cleaning activities for the Jujeoncheon and Ungokcheon streams for over 20 years, aiming to maintain water quality and preserve aquatic ecosystems. The company conducts cleaning activities more than 10 times annually. - 2024 : A total of 14 cleaning activities conducted Odor Patrol Activities To prepare for odor and river pollution accidents in the Dong-gu area, HHI, in collaboration with local authorities and businesses, has established a voluntary environmental patrol team. This team monitors vulnerable areas and ensures rapid response in the event of incidents. - 2024 : A total of 16 odor patrol activities conducted every tuesday from april to october			
	• Environmental Risk Prevention Training Marine Pollution Prevention To strengthen our response capabilities to marine pollution, HHI conducts annual response training. In 2024, HHI developed a step-by-step training plan (awareness and alertness > response > recovery > follow-up) to enhance its marine pollution response capabilities, and conducted independent training across all stages. - Major activities in 2024 : Emergency response drills triggered by oil spill incidents, including alert issuance and containment actions (2024. 11. 8), etc. Chemical Accident Prevention HHI's hazardous chemicals handling department conducts emergency drills twice a year, including fire evacuation drills and accident response drills, to ensure that facilities handling hazardous chemicals can respond quickly to actual emergencies. Each hazardous chemicals handling department has a systematic plan for responding to emergencies (emergency communication network, self-defense fire brigade, etc.), and strives to improve its ability to respond to environmental accidents by simulating various scenarios. This includes quick life-saving actions, minimizing damage to facilities, and effective use of disaster prevention equipment. After the drills, we diagnose vulnerabilities in accident scenarios and share them with employees to internalize accident response procedures. - Major activities in 2024 : Conducted a total of seven drills, including evacuation, rescue, and spill response training for methanol leaks (June 18, 2024).			
Climate Change Response	• Climate Change Governance - BOD(ESG Committee) : Oversight of climate action initiatives, including the carbon neutrality roadmap, GHG reduction targets and implementation plans - CEO : Review and management of carbon neutrality strategies, energy efficiency improvements and climate change responses - Cheif ESG Officer and ESG Executives : Establishment of carbon neutrality strategies and managing the implementation of GHG reduction activities - ESG Department : Identifying response strategies to domestic and international climate change-related regulations, policy directions, and industry trends, and carrying out key initiatives to achieve carbon neutrality reduction targets. • Climate Change related Transition Risks and Opportunities Policies and Regulations - Risk : Increased costs to trade GHG emissions driven by increasing in Carbon Tax and Carbon Pricing (Financial Impact : High / Possible Occurrence Period : Short-term, Mid-term, Long-term) - Opportunity : Generation of non-operating income through the sale of surplus emissions allowances in the emissions trading market (Financial Impact : High / Possible Occurrence Period : Short-term, Mid-term, Long-term)	201-2 Financial implications and other risks and opportunities due to climate change 302-5 Reductions in energy requirements of products and services		

TOPIC STANDARD

Topic	Key Information	Global Initiative		
		GRI	UNGC	UN SDGs
Climate Change Response	Market - Risk : Decreased sales of fossil fuel-carrying ships due to changing in Energy sources (Financial Impact : High / Possible Occurrence Period : Mid-term, Long-term) - Opportunity : Increased orders for new energy source carrying ships and Expansion of new business portfolio in renewable energy (Financial Impact : High / Possible Occurrence Period : Mid-term, Long-term) Technology - Risk : Increased costs for technology development and Decreased market share due to delays in new technology development (Financial Impact : High / Possible Occurrence Period : Short-term, Mid-term) - Opportunity : Entry into the Low- and Zero-Carbon (LZC) market and pre-emptive market share acquisition (Financial Impact : High / Possible Occurrence Period : Short-term, Mid-term) Reputation - Risk : Increased costs to comply with investment institution standards and respond to global initiatives (Financial Impact : Medium / Possible Occurrence Period : Short-term, Mid-term) - Opportunity : Securing competitiveness in orders by providing various solutions that meet stakeholder requirements (Financial Impact : Medium / Possible Occurrence Period : Short-term, Mid-term) * HHI identified transition risks based on climate change-related policies and regulations, markets, technology, and reputation, and established a strategic system to pre-emptively respond to risks by identifying risk and opportunity factors. • Transition Risk Response Strategy - GREEN PRODUCT : To pre-emptively respond to changes in the ship market and meet customer needs, HHI actively focus on developing technologies to construct ships powered by low- and zero-carbon fuels - GREEN PARTNERSHIP : Pursuing to develop low-carbon steel for ships, low volatile organic compound (VOC) paints, and low- and zero-carbon fuels - GREEN SHIPYARD : Implementing the FOS (Future Of Shipyard) project to promote digital-based management of raw materials and optimize production processes - Sustainable hull design : HHI is promoting sustainable hull design through optimized engineering and environmental impact reduction technologies. To improve ship energy efficiency, waste heat recovery systems such as Organic Rankine Cycle (ORC) and Multi Inlet Economizers are installed on certain ship types. Additionally, compliance with IMO regulations is ensured through verification of the Energy Efficiency Design Index (EEDI) and Carbon Intensity Indicator (CII). - Life Cycle Assessment(LCA) : In 2023~24, the company collaborated with Lloyd's Register (LR), Norwegian shipping company Knutsen and HD Korea Shipbuilding & Offshore Engineering to perform an LCA on a 174,000m³ LNG carrier. This assessment measured and managed greenhouse gas emissions across all stages, including raw material extraction and transport, ship construction, operation, maintenance, dismantling, recycling, and disposal. * Acquisition and operation of environmental management system (ISO 14001) and energy management system (ISO 50001) to respond to climate change and improve energy efficiency.	201-2 Financial implications and other risks and opportunities due to climate change 302-5 Reductions in energy requirements of products and services		
GHG and Energy management	• GHG emissions reduction target To achieve carbon neutrality, the plan aims to reduce Scope 1 and 2 emissions by 28% compared to 2018 levels by 2030, 60% by 2040, and 100% by 2050 • GHG emissions management - Scope 1, 2 : HHI operates a GHG management system called Hi-GMS, based on international standards such as IPCC Guidelines and domestic guidelines on GHG emissions calculation. Hi-GMS is used for effective response to the ETS. It measures system-based GHG data, analyzes expected emissions, calculates BAU emissions, and manages trading and allocation of carbon credits. - Scope 3 : HHI is developing and applying the Scope 3 calculation methodology tailored to the domestic shipbuilding industry based on the standards and guidelines on the calculation of Scope 3 emissions in the GHG Protocol. And HHI calculated Scope 3 emissions using internal data and external indicators that align with calculation methodology for each category. • GHG emissions reporting - To ensure credibility and accuracy in its GHG emissions data, HHI regularly conducts independent third-party verification through external professional organizations. - HHI publishes its GHG emissions inventory, including direct emissions (Scope 1), indirect emissions (Scope 2), and other indirect emissions (Scope 3), in its Sustainability Report to share information with stakeholders. • Key GHG reduction implementation measures - Establishing a Climate Change Response System : To pre-emptively respond to changing external conditions such as new climate change related regulations, HHI will implement activities to mitigate climate change risks, and at the same time, continue to explore business opportunity factors. - Establishing Energy Management System : HHI upgraded the integrated energy management system (Hi-Energy) and is monitoring real-time energy use for each factory and building. Through Hi-Energy, HHI introduced energy saving targets to systematically manage energy consumption targets and progress of each team and organization. In addition, HHI holds an annual Energy Saving Idea Contest to encourage diverse and creative ideas from all employees and apply them in the workplace, thereby promoting company-wide energy efficiency initiatives. Outstanding ideas are rewarded with incentives commensurate with the level of savings achieved. * Results of the 2024 contest: 1 Grand Prize, 5 Excellence Awards, and 4 Encouragement Awards (Total of 165 ideas submitted)	302-1 Energy consumption within the organization 302-4 Reduction of energy consumption 302-5 Reductions in energy requirements of products and services 305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect (Scope 3) GHG emissions 305-5 Reduction of GHG emissions	Principle 8. Business should undertake initiatives to promote greater environmental responsibility.	Goal 13. Climate Action

TOPIC STANDARD

Topic	Key Information	Global Initiative		
		GRI	UNGC	UN SDGs
GHG and Energy management	- Transition to Low- and Zero-Carbon (LZC) Fuels : HHI plans to transition from fossil fuel-based (diesel, heavy oil) devices and equipment to electric or hydrogen energy-based ones. In addition, We will continue to reduce emissions by using onshore power during mooring trials. - Renewable Energy operation and Investment/Waste Heat Energy utilization 1) In 2024, HHI entered into the first renewable energy PPA, and in 2025, approximately 2MW of solar energy is planned to be procured from the Ulsan factory. 2) HHI adopts and operates small-scale solar power facilities - Dormitory, Production Technology Building 1, Main Gate, etc. (1.53TJ in 2024) 3) Waste heat generated from the incineration plant (494 TJ in 2024) is recycled internally and partially sold externally. - Energy Efficiency and Energy-saving at Business Sites : HHI actively promotes various energy efficiency improvement initiatives and transitions to low-carbon fuels, such as enhancing the efficiency of air compressors, introducing gas hot air blowers for post-painting drying of ships, optimizing painting facility operations, and upgrading crane control systems. • Operation of energy use and demand management programs Operate an industrial ESS center - A system that stores electricity and supplies it when needed, and enhances energy efficiency by reducing usage during peak power times Operate a factory energy management system (FEMS) - A system for integrated analysis and management of electricity usage in the factory Operate an integrated energy management system (Hi-Energy) - Monitoring of energy (electricity, LNG) usage by factory and building, along with management of energy usage target and performance	302-1 Energy consumption within the organization 302-4 Reduction of energy consumption 302-5 Reductions in energy requirements of products and services 305-1 Direct (Scope 1) GHG emissions 305-2 Energy indirect (Scope 2) GHG emissions 305-3 Other indirect (Scope 3) GHG emissions 305-5 Reduction of GHG emissions	Principle 8. Business should undertake initiatives to promote greater environmental responsibility.	Goal 13. Climate Action
Management of Air Pollutants	• Air pollutant management system HHI has implemented a structured air pollutant management system by installing optimal pollution prevention facilities and establishing process- and facility-specific management standards. In particular, to reduce hazardous air pollutants (HAPs), the company operates volatile organic compound (VOC) reduction facilities at the certain large-scale painting plants. • Monitoring and improvement initiatives HHI regularly measures air pollutant emissions through specialized institutions and conducts sequential facility maintenance for any equipment exceeding internal management standards. For painting sites less than 50,000㎡, adsorption facilities and regenerative thermal oxidizers (RTOs) have been installed and are in operation. Additionally, from 2020 to 2023, HHI gradually replaced RTOs at steel pre-treatment painting facilities to further reduce emissions. • Noise management HHI has been cooperating with the Korea Research Institute of Ships & Ocean Engineering (KRISO) and the Ministry of Trade, Industry and Energy (MOTIE), HD Korea Shipbuilding & Offshore Engineering, and HD Hyundai Mipo since 2020 and have developed the 'URN Monitoring and Reduction Technologies for marine environ-mental protection. Currently, advanced versions of the technology are under development. • Technology to reduce NOx from ship engine HHI offers the NoNOxTM SCR technology, designed to meet Tier III limits and tailored to customer requests, which can reduce NOx emissions by up to 95%. • Other environmental impact reduction activities HHI operates a block logistics monitoring system to facilitate the smooth movement of large ship structures and heavy equipment within its worksites. Additionally, HHI minimizes traffic congestion during commuting hours by providing employee shuttle bus services and In collaboration with the Ulsan Dong-gu District Office and neighboring companies, we regularly conduct odor monitoring patrols around our site as part of our efforts to minimize environmental impacts on the local community.	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	Principle 8. Business should undertake initiatives to promote greater environmental responsibility.	Goal 13. Climate Action
Management of Raw Materials	• Use of eco-friendly raw materials To reduce volatile organic compounds (VOCs), the company promotes the use of low-VOC paints. Additionally, the company purchases green products, including eco-labeled products and low-carbon products. In 2024, the company purchased KRW 229.7 billion worth of green products. • Use of recycled steel A portion of the steel used in shipbuilding is sourced from recycled scrap metal. In 2024, HHI purchased KRW 47.4 billion worth of recycled steel. • In-process recycling Scrap metal generated during production is sorted at the resource recycling facility and reused by relevant departments. Some materials are further processed by external contractors for reuse in internal operations. • Utilization of other recycled materials The Engine & Machinery Division collects packaging boxes and SKID for recycling into waste wood. Additionally, the company repurposes discarded PET bottles to produce eco-friendly work uniforms as part of various recycling initiatives.	301-2 Recycled input materials used		

TOPIC STANDARD

Topic	Key Information	Global Initiative		
		GRI	UNGC	UN SDGs
Management of Water usage and Pollutants	• Water usage and pollutant management system HHI continues to endeavor for reduced water usage in its business activities and manages wastewater disposal through its own treatment plants or specialized contractors. We handle this process appropriately, including entrusting as needed. • Water Audit and awareness enhancement HHI conducts weekly energy keeper activities to establish a culture of energy conservation. Through the energy keeper activities, unreasonable cases of energy waste (lighting, heating, cooling, leakage, water, etc.) in office and factory buildings are checked and improved, and the results of the checks are shared with the entire company to raise employee awareness of energy efficiency. In addition, HHI is planning to use the system for advanced analysis and management of water usage. • Water Reuse The company is reusing all the water used in the hydrostatic testing process at some external factories. After a certain period of reuse, the water is properly treated through specialized contracted treatment companies. • Reduced water consumption HHI improved the process by changing the process that used water to air during some pipe pressure tests. In addition, the company has transitioned cooling and heating systems in some buildings from absorption chillers requiring water consumption to air-cooled systems, reducing overall water usage. Managing water consumption through various measures such as installing water-saving devices and minimizing drain water usage for winter freeze prevention at quay walls and docks. • Wastewater quality assessment HHI has treated the wastewater from its worksites through the 'Commissioned wastewater treatment – electronic transfer management system' to optimize the treatment based on emission source. Wastewater treated at the in-house treatment facility flows into the Water Quality Improvement Office at Bangeojin, Ulsan. To manage emissions of specific hazardous substances, water quality analysis is regularly conducted based on the legal cycle for each facility. • Wastewater control In the machining process where cutting oil is circulated and used, the waste oil generated after using water and cutting oil is properly treated through specialized contracted treatment companies. In addition the company has installed oil skimmers in heavy equipment maintenance processes to separate and process waste oil generated during procedures. • Reduce water consumption on board The Vacuum Toilet System is applied as a standard feature to minimize water consumption in the Soil Drain System. • Other management activities Water resource risks near operational sites are analyzed based on the World Resources Institute (WRI) guidelines, and use the results to seek management strategies.	303-1 Interactions with water as a shared resource 303-2 Management of water discharge-related impacts 303-3 Water withdrawal 303-4 Water discharge 303-5 Water consumption		
Management of Chemical Substances and Waste	• Chemical Substances management system Before bringing in chemical products handled at our workplace, HHI reviews whether they contain legally regulated substances in accordance with the Chemical Substances Control Act and the Occupational Safety and Health Act before purchasing them. We also establish and operate a management system that includes handling facility management and employee training. • Designation, storage, handling, and transportation measures HHI conducts preliminary hazard assessments of chemical products handled in the workplace to determine whether they can be introduced. Additionally, it proactively assesses and manages the hazards and risks of incoming chemical substances. • Use of alternative substances To reduce chemical emissions, HHI promotes the use of low-VOC (volatile organic compound) paints and develops substitute materials that meet regulatory limits for hazardous chemicals. • Reduction of hazardous substance emissions and toxicity The company operates VOC reduction facilities at the certain large-scale painting plants and measures total hydrocarbon emissions semiannually. Additionally, adsorption facilities and regenerative thermal oxidizers (RTOs) have been installed in painting sites with less than 50,000㎡ to further reduce hazardous material emissions. • Employee training HHI provides training on basic chemical concepts and emergency response procedures for employees, including subcontractors. Additionally, departments handling chemicals receive Material Safety Data Sheet (MSDS) training to ensure safe handling practices • Waste management system - HHI collaborates with specialized waste management companies to ensure the legal transportation, sorting, and disposal of waste while maintaining transparent oversight throughout the entire process. The company regularly monitors waste treatment facilities to ensure compliance with waste disposal regulations and implements a structured system to manage waste separation and collection. - We conduct waste characterization analyses to identify the types of newly generated waste and ensures proper treatment accordingly. For existing registered waste, the company exercises strict control by performing leachate tests when necessary and continuously reviewing Material Safety Data Sheets (MSDS). In addition, designated waste storage facilities are subject to regular inspections to ensure compliance with facility management standards.	306-1 Waste generation and significant waste-related impacts 306-2 Management of significant waste-related impacts 306-3 Waste generated 306-4 Waste diverted from disposal 306-5 Waste directed to disposal	Principle 8. Business should undertake initiatives to promote greater environmental responsibility.	Goal 12. Responsible Consumption and Production

TOPIC STANDARD

Topic: Management of Chemical Substances and Waste

Key Information

Waste Management Process

Category	Contents
Production process waste generated due to resource use	· Streamline resource usage - Optimal design (structural simplification, total design of the ship's outfit, shape optimization of the engine, etc.) - Developing highly efficient engine technology : Aim to reduce fuel consumption through advanced engine technologies. - Process optimization (enhanced efficiency through production/design collaboration) - Simplifying packaging (Shipping large engines, stern plates, and other components to the HHI shipbuilding division)
Waste Separation and Disposal	· Operation of waste separation bins - Red : Scrap metal / Green : General waste exept scrap metal - Yellow : Incombustible waste (grinding stones waste , etc.) - Operation of designated waste storage facility : Separate facility for storing specific waste such as waste paint · Periodic on-site inspections of waste separation and disposal practices

Category	Contents
Waste Collection	· Proper collection and transportation of waste through specialized collection companies (from site to in-house resource recovery plant)
Resource Recovery Plant Waste Seperation·sorting	· Separation and sorting the collected waste into recycling, incineration, and landfill categories at the resource recovery plant (waste sorting center), and process accordingly - Items that can be recycled internally are sorted separately and stored in a designated area - Establishment and operation of an internal waste management system (weighing program)
Recycling·Reusing Waste	· If recycling is possible among waste resources, transfer them to the necessary department for reuse/recycling · If internal recycling is difficult, process the waste through an external recycling company.
Residual Waste	· If the waste is difficult to recycle/reuse, carry out incineration (internal/outsourced) or landfill (entrusted) treatment.

· Waste Recycling System

HHI ensures that when waste resources are generated, they are recovered, recycled, reused, and upcycled within the company's processes to the maximum extent possible for circular use.

Key Cases of Waste Resource Recycling

1. Reusing scrap metal*

Category	Unit	2022	2023	2024
Reusing scrap metal	ton	1,492	1,631	1,571

- Scrap metal from the process is sorted at a recycling plant, and recyclable scrap metal is used in the departments

* The department's own recycling volume is separate, and the above information is the recycling volume aggregated by the internal system.

2. Waste Heat Reuse

Category	Unit	2022	2023	2024
Waste Heat Reuse	TJ	218	243	259

* Recover waste heat from incineration plants and reuse it in plant operations

3. Processing materials

Category	Unit	2022	2023	2024
Scrap Metal → Engine Castings	ton	10,776	11,436	10,712
Waste LUG → New LUG	ton	1,667	1,738	1,734

* Scrap metal and other materials are processed by external contractors and then recycled internally based on their intended use

4. Other Cases

- HHI operates a waste wood recycling facility where packaging boxes and SKID used for ship engine deliveries from the Engine Machinery Division to the Shipbuilding Division are collected, processed, and reused.
- Liquid wastes from paint and cleaning thinners generated during shipbuilding were previously outsourced for incineration, but some of these are recycled into Waste Oil Derived Fuel (WDF) through a contractor by providing separate collection containers and managing the area.

· Reducing material consumption through process optimization

Through the Future of Shipyard (FOS) Project, HHI is advancing digital-based raw material management and production process optimization. In particular, the industrial IoT is used to measure the flow rate, status, and pressure of energy sources as LNG, while the big data is analyzed to cut energy costs and prevent safety accidents.

Global Initiative

GRI	UNGC	UN SDGs
306-1 Waste generation and significant waste-related impacts 306-2 Management of significant waste-related impacts 306-3 Waste generated 306-4 Waste diverted from disposal 306-5 Waste directed to disposal	Principle 8. Business should undertake initiatives to promote greater environmental responsibility.	Goal 12. Responsible Consumption and Production

TOPIC STANDARD

Topic	Key Information	Global Initiative		
		GRI	UNGC	UN SDGs
Management of Chemical Substances and Waste	• Reduce waste discharge on board HHI has implemented standardized waste disposal equipment in ship galleys to minimize food waste generation and installed sewage treatment systems on all vessels to reduce marine discharge pollution. • Treatment of Persistent Organic Pollutants HHI havs established a process for handling polychlorinated biphenyls (PCBs) contained in insulating oil of waste transformers, ensuring safe disposal through specialized treatment companies. • Professional disposal and safe waste treatment HHI transports and sorts wastes from its work sites in a legitimate way, and treats the waste through professional companies. To fulfill the obligations of an emitter, HHI manages the entire process of transporting and treating wastes in a transparent manner and regularly monitors the facilities of the treatment companies. • Employee awareness enhancement - Through the company's intranet and other internal channels, employees are encouraged to participate in waste reduction initiatives, such as the collection of used PET bottles. Dedicated PET bottle bins are provided, and the collected bottles are recycled into eco-friendly work uniforms, among other initiatives. Furthermore, employee awareness on proper waste segregation has been strengthened through internal broadcasts that provide guidance on classification criteria by waste type and the use of color-coded collection bins. - To improve the recycling rate of scrap metal and general waste generated from operations, the company has enhanced its classification system. Internal inspections are carried out to prevent the mixing of different waste types in collection bins, and if deficiencies are identified, corrective action requests are issued to the responsible department along with guidance to prevent recurrence.	306-1 Waste generation and significant waste-related impacts 306-2 Management of significant waste-related impacts 306-3 Waste generated 306-4 Waste diverted from disposal 306-5 Waste directed to disposal	Principle 8. Business should undertake initiatives to promote greater environmental responsibility.	Goal 12. Responsible Consumption and Production
Biodiversity	• Biodiversity management system The Board of Directors (ESG Committee) of HHI receives reports, and reviews and deliberates on important matters such as establishing and revising biodiversity protection policies, devising and implementing action plans, analyzing risks, and conducting internal and external communications. • Direction for Biodiversity Conservation HHI officially declared commitment to biodiversity conservation and no-deforestation initiatives, and minimize any negative impact to natural capital caused by business activities. This declaration includes not only the business sites of all the affiliate companies, but also suppliers and other business partners across the entire value chain. We are also recommending to the stakeholders within our value chain to restrict business activities in areas where there are global and nationally significant biodiversity. We continue to monitor the impact of operations on the biodiversity and forests, and plans to continue making practical efforts to prevent deforestation and achieve no net loss (NNL) or net positive impact (NPI) on biodiversity, in line with the net zero by 2050 carbon neutrality (Net Zero) target. In addtion, we will strengthen implementation efforts for biodiversity conservation and responsible supply chain management. • Biodiversity conservation activities - In 2024, HHI planted a total of 8,127 trees, including 3,670 nationally protected species such as Forsythia, wax-leaf privet, royal azalea, and korean boxwood among shrubs and trees. For ground cover plants, a total of 7,290 plants were newly planted, including 2,003 nationally protected species such as leopard plant and liriope, and are currently being maintained. - We are working to promote the diversity of the ecosystem around our business sites by carrying out the '1 Company 1 River Clean Up' activity, a river purification activity, 14 times in 24 years. • Marine ecosystem protection activities - HHI has been cooperating with the Korea Research Institute of Ships & Ocean Engineering (KRISO) and the Ministry of Trade, Industry and Energy (MOTIE), HD Korea Shipbuilding & Offshore Engineering, and HD Hyundai Mipo since 2020 and have developed the 'URN Monitoring and Reduction Technologies' for marine environmental protection. Currently, advanced versions of the technology are under development. - In 2019, HHI, in collaboration with the Ulsan Maritime Police Station, established the "HHI Dolphin Response Team". This initiative aims to minimize pollution damage by providing rapid initial response in the event of marine pollution incidents. Additionally, HHI and the Ulsan Maritime Police Station are working together to establish medium- and long-term projects for marine pollution prevention and to implement various improvement activities to reduce the discharge of marine pollutants. • Biodiversity Assessment - HHI conducts environmental impact assessments (EIA) in accordance with the relevant laws and regulations for each country to estimate and analyze the impact of environmental factors caused by construction, modification, expansion, and closure of facilities on the lives of residents and the natural environment. The assessment includes atmospheric, aquatic, and terrestrial environments, as well as fauna and flora. The assessment results are used to understand major impacts and establish mitigation measures. - When programs (or activities) subject to EIAs are expected to have impacts on biodiversity and the ecosystem, the Biodiversity Impact Assessment (BIA) on fauna and flora is incorporated into the EIA process. This integrated assessment estimates the impact on specific species and their populations, and mitigation measures are developed based on the assessment.	304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas 304-2 Significant impacts of activities, products and services on biodiversity 304-3 Habitats protected or restored 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations		

TOPIC STANDARD

Topic	Key Information	Global Initiative		
		GRI	UNGC	UN SDGs

Lifecycle Environmental Impact Reduction Efforts

- Efforts to reduce the environmental impact of major product (ship) production

Category	Key environmental impact reduction efforts
Raw material procurement	• Purchase of Green Products: HHI purchases and uses products certified with eco-labeled products, low-carbon products, and excellent recycling certified products (2024 green product purchases amount: KRW 229.7 billion) • Purchase of Recycled Steel: Some of the steel purchased and used in shipbuilding is produced by recycling scrap metal (2024 Recycled steel purchases amount: KRW 47.4 billion) • Paint development: HHI is working to expand the application of low volatile organic compounds (VOCs) paints by jointly developing them with painting manufacturers
Design	• Proceeding with optimal design: HHI is minimizing the use of unnecessary steel and outfitting materials through structural simplification and integrated ship outfitting design and are making efforts to develop and apply pollutant reduction facilities in practice • Environmentally Conscious Production Design: To minimize the unnecessary consumption of paints and thinners comprising volatile organic compounds(VOCs) , HHI applies the optimal design of paint specifications for each zone • Development of Environmental Pollutant Reduction Technology: We are continuously developing proprietary technologies/systems for low-carbon ship design and striving to internalize/commercialize core technologies for zero-carbon ships
Manufacturing	• Process Improvement: Establishment of a virtual shipyard 'Twin Force' using digital twins / 3D realization of a real shipyard in a virtual space to reduce pollutants by reducing waiting time and reducing redundant work • Installation of Pollutant Reduction Facilities: When environmental pollutants are generated, HHI installs appropriate prevention facilities to reduce the discharge of pollutants into the environment • Recycling of Raw Materials: HHI is actively looking for processes that can reuse/recycle waste materials generated during the production process • Application of New Paints: We are gradually expanding the use of paints with low VOCs content • Enhancement of Painting Processes: HHI has reduced paint consumption and VOCs emissions in its coating processes by developing a smart spray gun and improving application methods (Using spray guns instead of rollers for touch-up painting).
Use	• Develop Low- and Zero-carbon (LZC) Ships: To reduce environmental pollutants and greenhouse gas emissions, HHI is focusing capabilities on developing not only low-carbon ships such as LNG DF and methanol DF vessels, but also zero-carbon fuel-powered ships using ammonia and hydrogen, which are being touted as fuels of the future. • Development of Technologies to Enhance Ship Operational Efficiency: HHI is developing wind-assisted propulsion devices, shaft generator systems, and fuel-saving devices to enhance the operational efficiency of ships.

Supply Chain Management

- Supply Chain Risk Management

HHI decides whether to register contractors based on a comprehensive evaluation of their management practices, product quality, and financial health. ESG factors including safety & health, environment, ethics, labor management, and training account for 15 points (out of 100 points) under the management practices evaluation category. Contractors are registered into the contractor pool if they have: ① High total scores including ESG scores, ② international certifications on occupational health, safety, and environment (e.g., ISO, OHSAS), or ③ good scores on overall management practices including occupational health, safety, environment management regulations, labor management, and training. After being registered in the contractor pool, a contractor is given the chance to participate in a tender, where it is not to be restricted or dis-criminated against the contracts without valid reasons.

Supply Chain Management Targets and Assessment Status for 2024

Category	Unit	Target	Result
No. of Tier 1 Contractors that have completed desktop assessments	Contractors	500	516
No. of Tier 1 Contractors that have completed on-site assessments	Contractors	20	22
No. of Tier 1 Contractors that received risk mitigation support	Contractors	20	22
No. of Tier 1 Contractors that participated in ESG capacity building training	Contractors	400	516

- Procurement Employees Trained in Sustainable Supply Chain Practices

In 2024, we distributed monthly ESG report training materials to all Procurement Department employees, enabling them to conduct their own training.

* 2022 : 4%, 2023 : 52%

GRI:

308-1 New suppliers that were screened using environmental criteria
308-2 Negative environmental impacts in the supply chain and actions taken
414-1 New suppliers that were screened using social criteria
414-2 Negative social impacts in the supply chain and actions taken

TOPIC STANDARD

Topic	Key Information	Global Initiative		
		GRI	UNGC	UN SDGs
Occupational Health and Safety	• Occupational Health and Safety management system - HHI has established safety and health management policies compliant with international standards to practice "Safety for All," a core value in the Group's value systems. To ensure compliance with domestic and international occupational health and safety laws and regulations and to minimize risks, we have established an Occupational Health and Safety Management System (ISO 45001) and conduct regular compliance assessments. * Safety and health management goals, including quantitative goals such as 'Safety Vision 2027', are disclosed. - Applying safety and health management policies to all members (including contractors) who may be affected by safety and health risks that have occurred or may occur due to corporate activities. • Operation of Occupational Safety and Health Committee (OSHC) HHI operates the Occupational Safety and Health Committee (OSHC) to deliberate and decide on important issues related to occupational safety and health, such as plans and measures to prevent safety risks or health emergencies and disasters harming workers performing their duties at the workplace. The matters deliberated, resolved, arbitrated, and decided by the OSHC are promptly communicated to employees through internal communication channels, and the companies and workers dutifully implement the decisions made by the OSHC. • Joint Safety Resolution by Labor, Management, and Contractors In January 2024, HHI held a safety wishing ceremony, with the participation of the Ulsan Regional Office of the Ministry of Employment and Labor (MOEL), Ulsan Office of the Korea Occupational Safety and Health Agency (KOSHA), Ulsan Dongbu Fire Station, all employees, and in-house subcontractors. This event provided a valuable opportunity for labor, management, and contractors to make collective efforts toward a safer company. • Conducting Risk Management Activities HHI conducts risk assessments for employees and contractors, through which we identify harmful and hazardous factors, analyze the probability and severity of injuries and diseases caused by identified factors, and plan and implement risk reduction measures. To enhance the risk assessment system, HHI strengthened its mutual feedback and monitoring functions by integrating it with the Hi-SEs based on a structured framework of "regular, ad-hoc, and on-site" assessments. • Accident Response and Investigation Procedures HHI operates procedures to ensure prompt and safe responses in the event of damage (accident) to property and life caused by natural disasters, leaks of hazardous substances, fires, and explosions, as well as case analysis and feedback. **Serious Accident Response Procedures** **Receipt of Accident Report** • Broadcast and alert for serious accidents • Activate emergency response call tree (including the integrated control center) **Initial Response** • Conduct rescue activities and guide workers for emergency evacuation • Implement initial controls such as installing basic fencing **Full-fledged Response** • Divide roles for accident management among investigators and others • Implement secondary controls such as identifying hazardous areas **On-site Investigation** • Secure statements, verify processes, take photographs, and preserve the site • If there are risks for secondary accidents, implement preventative measures **Remove control** • If controls are deemed unnecessary after completing the on-site investigation, lift controls upon approval from the safety department leader **Post-investigation** • Analyze the root causes of the accident • Establish prevention measures against recurrence and reflecting them in future safety and health activities	403-1 Occupational health and safety management system 403-2 Hazard identification, risk assessment, and incident investigation 403-4 Worker participation, consultation, and communication on occupational health and safety 403-8 Workers covered by an occupational health and safety management system		
Internalization of Occupational Health and Safety	• Health Promotion Center - Health Promotion Center protects and promotes the health of employees. We help employees remain healthy through various medical services such as health counseling, medical treatment, drug therapy, physical and rehabilitation therapy, and oriental medicine treatment. In 2024, a total of 118,288 people visited the center. • Strengthening of Job Stress Management - HHI developed a work-related stress prevention and management manual to support employees in effectively managing stress. HHI also provides support programs specifically designed for employees experiencing high level of work-related stress, which include in-depth stress assessment, stress measurement using specialized equipment, stress counseling, and referrals for psychological counseling. - HHI offers a mental health care program to alleviate the negative effects of stress (tension, anxiety, burnout, etc.) and support emotional recovery. Participating employees were provided with online mental health screening services and a mindfulness meditation app (Breeseed Meditation) for up to 4 months to examine their mental health and experience mental stability and rest. • Safety and Health Training - HHI provides mandatory legal safety and health training for its own employees and contractors, including basic training for new hires, onsite and practical training (production workers), training tailored to positions (office workers), and customized training for supervisors and managers. - HHI provides internally developed education programs on on-site safety management, competency improvement for safety personnel and contractors' safety managers, and practical/experiential training for workers involved in high-risk jobs. In addition, we have strengthened safety and health education and training for foreign workers. • Support for safety management of contractor - HHI has signed business agreements with major external subcontractors (40 companies) and operates support and cooperation systems to help external subcontractors secure production stability through technical support in various areas, such as safety, facility/equipment maintenance and repair, and manpower supply and training. - HHI supports in-house subcontractors in obtaining the "Risk Assessment Excellent Workplace Accreditation" provided by the KOSHA for small businesses with fewer than 100 employees, to establish a risk assessment system.	403-3 Occupational health services 403-5 Worker training on occupational health and safety 403-6 Promotion of worker health 403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		Goal 3. Good Health and Well-Being

TOPIC STANDARD

Topic	Key Information	Global Initiative		
		GRI	UNGC	UN SDGs
Compensation and Employment	• Retirement Plan and Defined Benefit Retirement Pension Liability HHI has retirement plans so that the employees approaching retirement age can prepare for a stable post-retirement life. As of 2024, Defined Benefit Retirement Pension Liability is 1,045,705 million won. • Ratio of basic salary and remuneration of women to men In 2024, the average annual salary was KRW 99 million for male employees and KRW 74 million for female employees, resulting in a female-to-male salary ratio of 74.7%.	201-3 Defined benefit plan obligations and other retirement plans 405-2 Ratio of basic salary and remuneration of women to men		Goal 5. Gender Equality
	• New employee hires and employee turnover - As of 2024, the total number of new employees hired was 274, accounting for 2.21% of the workforce, while the total number of employees who left the company was 543, representing 4.5% * Total turnover rate (%) = (Total number of turnover ÷ number of permanent employees) × 100% - HHI covers evaluation costs and post-hiring health examination costs for foreign workers, but applicants bear certain costs such as visa issuance and renewal fees depending on the country specific situation.	401-1 New employee hires and employee turnover		
	• Welfare programs Work-life balance - Flexible work system: The company offers various flexible working time, and holiday work substitution, and alternative holiday compensation systems, based on job characteristics and individual circumstances. The PC-OFF system promotes work-life balance, while VPN access and online collaboration tools support remote work. - Major Benefits Related to Childbirth, Childcare, and Family Care: Supporting to Maternity leave and Congratulatory allowance, Parental leave, Childcare leave, Family care leave help employees strike a balance between work and life. Compensation and performance management - Performance-based compensation system: The company provides equal allowances for employees with the same job and qualifications, with some differential factors based on years of service and job performance after joining. Additionally, various incentive programs tailored to different roles (e.g., design, R&D, sales, production, and safety) are operated, and an employee stock ownership plan (ESOP) is offered to promote a sense of ownership among employees. - Salary and Performance Bonus: The company pay salaries to employees every month and provide a detailed breakdown of their salary, which can be accessed through a mobile app and the company intranet. The annual salary increase and management performance bonuses are disclosed through company-wide internal notices to communicate with employees. - Overtime pay compensation: The company pay overtime allowances to employees who work beyond regular working hours or on holidays, in compliance with relevant laws. - Employee satisfaction management: Regular employee satisfaction surveys are conducted to assess employee engagement, internalization of core values, and change management activities. The findings are used to enhance the work environment.	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees 401-3 Parental leave		Goal 3. Good Health and Well-Being
Training and education	• Training hours and expenditure per employee - As of 2024, Training hours per employee : 47 hours, Training expenditure per employee : 740,000 won • Performance Evaluation - Percentage of employees who receive regular performance evaluations : Male : 100%, Female : 100% - HHI conducts a multidimensional leadership appraisal for executives, department leaders, team leaders, and section leaders. This assessment evaluates “leadership competencies” using various factors such as behaviors, attitudes, collaboration, and communication, with information gathered from multiple assessors. - HHI, through a “Task Management Platform,” continuously evaluates the performance of its employees throughout the year to promote further development. Performance evaluations are also conducted for tasks performed by employees participating in temporary organizations or task forces that are operated on an ad-hoc basis for specific projects or R&D activities through tasks that can be directly registered by the employees. • Capacity Building and Self-Development - HHI operates training programs tailored to different position levels, including executives, team leaders, team members, and new hires to enhance their expertise and capabilities. By tailoring training programs to each position level, all employees from new hires to executive managers are given the opportunity to work on different competencies such as professional knowledge, leadership, and innovation. - HHI offers not only text-based training programs on quality management for technical workers to strengthen their technical competency, but also programs to build technical capabilities and systems for the transfer of core production technology. - In response to changes in the industrial environment, such as decarbonization and environmental regulations, HHI has established an electrical and electronic education system to foster talent in eco-friendly ship electrification technologies. From foundational theory to practical application, we develop and operate training programs in collaboration with experts from our affiliates and professors from external universities. - HHI invites internal and external instructors to provide training to improve the job competency and business communication skills of industrial security personnel.	404-1 Average hours of training per year per employee 404-2 Programs for upgrading employee skills and transition assistance programs 404-3 Percentage of employees receiving regular performance and career development reviews		

TOPIC STANDARD

Topic	Key Information	Global Initiative		
		GRI	UNGC	UN SDGs
Training and education	- Life-Hack Sharing Club: Introduced in 2023, This program allows employees to take on the role of instructors and share useful tips related to work or daily life. This initiative has helped expand opportunities for open communication among colleagues and foster a "Culture of growing together." The program is open to all employees, including contract staff. * HHI operates a system that allows internal personnel to circulate through job rotation and internal recruitment, providing employees with motivation and growth opportunities. Additionally, when promotions or personnel changes occur, the company informs employees through internal notices.	404-2 Programs for upgrading employee skills and transition assistance programs		
Labor management	· Notice periods regarding operational changes In accordance with Article 9 of the Collective Agreement, the labor-management promptly exchange written notifications in cases of operational changes, including those regarding company name, article of incorporation, employment rules, personnel, organizational restructuring, labor welfare, training programs, in-house contractors and other personnel-related matters. · Labor-Management Consultation and Collective Agreements HHI recognizes the labor union's right to collective bargaining and agreement, faithfully upholding collective agreements to foster mutual understanding and trust while continuously working to improve the working environment. Related information is disclosed through collective agreements.	402-1 Minimum notice periods regarding operational changes 407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk		
Respect for diversity and Non-discrimination	· Respect for diversity At the Root Academy Hall, HHI introduced the HD TOPIC (Test Of Korean for Practical Industrial Communication), a Korean language proficiency test tailored to shipbuilding worksites. The test was jointly developed with Glocal University (University of Ulsan) and is designed specifically for foreign employees. HD TOPIC focuses on safety and health terminology commonly used on site and comprehensively evaluates reading, speaking, and listening skills required for practical fieldwork. Test results are classified into five levels (S/A/B/C/D). Regular exams are conducted once a month on weekends to reduce employees' workload. Employees who achieve grade A or higher are granted eligibility for promotion to on-site managerial positions, while those who obtain grade B or higher are given the opportunity to enroll in training courses to acquire equipment operation licenses, such as for forklifts and aerial work platforms. By expanding the number of certified employees through HD TOPIC, we expect to enhance foreign employees' workplace integration, cultural learning, and overall operational efficiency. * In 2024, a total of 743 employees participated in the HD TOPIC exam, with 41 employees (5.5%) achieving grade A and 155 employees (20.9%) achieving grade B. In addition, HHI conducted human rights management training in 2024, including information related to diversity, such as guiding the Sullivan Principles (respect for diversity such as race) as a major international standard. Furthermore, it holds a World Culture Festival with foreign workers and local residents to try to understand and harmonize the diverse cultures of each other through traditional food tasting, costume experience, and special performances in 10 countries · Non-discrimination - HHI strictly prohibits discrimination and workplace bullying and ensure that all employees are able to work in an environment where their dignity and integrity are respected. No form of discrimination is tolerated based on gender, age, race, disability, religion, political stance, or region of origin, and proactive prevention measures and practices are being implemented to root out workplace bullying and sexual harassment. - HHI establishes necessary systems to support employees' work performance and skill development, fostering an environment that enhances professional growth. - HHI does not require employees to provide original identification documents. Additionally, the company supports a system that allows applicants to request the return of submitted documents through the recruitment website during the hiring process.	406-1 Incidents of discrimination and corrective actions taken	Principle 6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.	Goal 5. Gender Equality Goal 8. Decent Work and Economic Growth
Child labor	· Prohibition on Child Labor - HD Hyundai Heavy Industries is committed to human rights management based on a firm policy against child labor and a commitment to action. The company verifies the age of job applicants by reviewing documents such as resident registration records to ensure that they are not minors. Additionally, Child labor is prohibited through Article 10 of the Human Rights Management Guiding Principles.	408-1 Operations and suppliers at significant risk for incidents of child labor	Principle 5. Businesses should uphold the effective abolition of child labor.	
Forced labor	· Prohibition on Forced Labor - The company is strengthening human rights management with a strict policy against forced labor and a commitment to action. It prohibits all forms of forced labor and underage employment and has clear regulations in place to prevent labor exploitation and protect workers' fundamental rights. Additionally, forced labor is prohibited through Article 10 of the Human Rights Management Guiding Principles.	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	Principle 4. Businesses should uphold the elimination of all forms of forced and compulsory labor.	
Community	· Social Contribution Activities Improvement of Living Conditions for Vulnerable Groups - HHI donated KRW 8 million to the Ulsan Dong-gu Volunteer Center to help improve living conditions for vulnerable groups. This donation was used to purchase materials for house repairs and furniture for low-income households in Dong-gu, Ulsan. - HHI Association of Master Craftsman volunteered to repair seven households for the vulnerable. They donated their skills to make home repairs, including changing the wallpaper, replacing flooring, and repairing electrical fixtures, and provided household goods and essential appliances, improving the quality of the living conditions for the vulnerable.	413-1 Operations with local community engagement, impact assessments, and development Programs		

TOPIC STANDARD

Topic	Key Information	Global Initiative		
		GRI	UNGC	UN SDGs
Community	Supporting Ecological Field Activities for Local Children - HHI, along with HD Hyundai 1% Nanum Foundation, donated KRW 10 million to support ecological field activities for children from socially vulnerable groups in the Ulsan region. The donation was used to support ecological experience activities, lunches, and snacks for 190 children. The children participated in collecting marine animals and other activities. Delivery of Gift Packages for the Holidays - HHI has delivered gift packages for neighbors in need in the local community for 30 years as of 2024. To mark the Chuseok holiday in 2024, HHI donated gift certificates worth KRW 42.5 million to the Dong-gu Office in Ulsan. The donations were then distributed to approximately 850 underprivileged households in the form of traditional market gift certificates. - HHI employees visited 30 social welfare facilities in Ulsan and 33 senior community centers in Dong-gu, and delivered care kits worth KRW 16.7 million.	413-1 Operations with local community engagement, impact assessments, and development Programs		
Ethics & Compliance	• Ethical Management Governance The CEO has the authority to establish ethical management plans and determine its direction for HHI. The Audit Committee, based on its independence and subject matter expertise, audits, evaluates, and reviews corrective measures. • Ethical Management Strategy HHI publicly announced the Charter of Ethics that is commonly applied and respected at the group level. In December 2023, the Charter was revised to reflect the core values of HD Hyundai. In addtion, HHI has established a Code of Conduct to prescribe ethical behavior for employees in order to promote effective ethical management practices. • Activities for Managing Unethical Conduct - Self-Assessment on Compliance with Ethical Management : HHI conducts an annual self-assessment on compliance with ethical management-related regulations with a survey-type checklist, which includes topics such as bribery, entertainment, and conflicts of interest. - Gift Refusal System : HHI operates a system for refusing and returning monetary gifts received from contractors and partners. The gifts can be returned through a simple notification process, but if returning a gift is not possible, it is donated to a social welfare organization. - Disciplinary System : If an employee violates the code of ethics, they will be subject to a disciplinary process according to the employment rules. - Unethical Conduct Reporting Channels : As part of an effort to strengthen an ethical corporate culture, HHI operates various channels—by phone, mail, and online—that can be used to report unethical conduct or practices. - Informant Protection and Rewards : HHI maintains the strictest confidentiality for the informant and the content of the report. The identity of the informant will not be publicly disclosed without their consent, and it is ensured that there are no adverse consequences or discrimination experienced by the informant as a result of the report. • Strengthening Ethical Education HHI conducts annual online and offline training to raise awareness of ethical management among all employees (including permanent, contract, and dispatched workers). Ethical training programs are provided to contractors to convey the commitment to ethical management and inform them of reporting channels. Contractors receive the same online training as employees.	205-1 Operations assessed for risks related to corruption 205-2 Communication and training about anti-corruption policies and procedures 205-3 Confirmed incidents of corruption and actions taken 206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practice	Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.	
	• Compliance Management Governance - In line with the compliance management plan and direction determined by the Board of Directors (BOD) and CEO, various activities including compliance-related training and compliance control monitoring are carried out. - HHI reports key issues related to compliance management policies, including anti-corruption regulations, to the BOD. At the 8th Board Meeting in 2024, the company presented a "Compliance Management Report," which covered the publication of the Ethical and Compliance Management Declaration, the results of the review on adherence to and improvement of the Anti-Corruption Management System, and obtained Board approval on the amendment of the "Fair Trade Compliance Program Operational Rules." Furthermore, at the 2nd ESG Committee Meeting in 2025, HHI reported on policy revisions and amendments related to anti-corruption regulations, among other compliance matters. • Compliance Guidelines for Anti-corruption and Economic Sanctions Laws To establish a fair and clean management culture and manage the risks of legal violations, HHI conducts thorough preliminary checks and reviews on anti-corruption activities in accordance with the Anti-Corruption Laws Compliance Guidelines. Furthermore, monitoring activities are conducted based on the Economic Sanctions Laws Compliance Guidelines to prevent risks related to domestic and international economic sanctions. • Compliance Risk Assessment: HHI conducts an annual compliance risk assessment to identify and analyze compliance risks. **Compliance Risk Management Areas** **Risk Assessment**: Fair Trade Act, Subcontracting Act, Anti-Corruption Act, etc. **Pre-check Systems**: Consultation systems including legal support system, email, phone calls, and visits **Internal Control Systems**: Compliance control standards and Compliance Program • Anti-bribery Management System Certification Through strict assessments and fulfillment of detailed management standards covering 45 items in 7 ethical management categories—such as organizational environment, leadership, planning, and support related to ethical management—we have successfully acquired the Anti-Bribery Management System certification (ISO 37001).			

TOPIC STANDARD

Topic	Key Information	Global Initiative		
		GRI	UNGC	UN SDGs
Tax Risk	• Identifying and Addressing Financial Risk Foreign Exchange Risk - HHI manages a considerable portion of foreign exchange risk exposure unhedged by the balance of foreign exchange derivatives transactions out of the net inflows of foreign currency or the net assets denominated in foreign currencies by adopting hedging strategies such as forward exchange transactions. Raw Material Price Risk - Based on an analysis of raw material supply & demand as well as price fluctuations, HHI factors foreseeable raw material price risks into shipbuilding contracts at the time of signing. (However, if raw material prices are expected to exceed initial forecasts, HHI minimizes the price impacts by implementing various response measures such as entering into long-term purchase agreements, diversifying suppliers, securing optimal inventory levels, and executing hedge transactions.) Tax Risk - In line with our fundamental principle of contributing to national and regional development, HHI actively manages potential tax risks that may occur during business operations. To this end, HHI establishes and operates tax policies, ensuring that we are in compliance with the tax laws of the countries in which we operate. Moreover, strict controls are maintained to prevent any violations of tax laws, including tax evasion and improper tax accounting practices.	207-1 Approach to tax 207-3 Stakeholder engagement and management of concerns related to tax		
Information Security	• Information Security Governance HHI appoints employees with expertise in information security and privacy protection for the roles of Chief Information Security Officer (CISO) and the Chief Privacy Officer (CPO). In addition, HHI hold a meeting for the Security Committee at least once a year which is attended by key executives and the CEO of each company as Chair of the Committee. • Information Security Regulations HHI safeguards the integrity, availability, and confidentiality of its data and assets through its Security Management Regulations. These regulations are periodically updated to reflect security incident response activities and evolving risks. In addition, HHI has established a comprehensive framework that includes incident response systems, preventive measures, monitoring, and response procedures to minimize damage and effectively respond in the event of incidents such as data leakage or asset destruction. • Internalization of Information Security Principles - HHI has built an integrated security management system at the group level by establishing and revising information security regulations (on security management, security of national core technologies, privacy protection, security of GRC, etc.) to respond to changes in governing domestic and international laws as well as in security environments. - To raise the awareness of employees, HHI regularly provides security training on the structure and use of information security systems, as well as proper compliance and behavior in performing duties. • Information Security Risk Management - HHI has continued to advance various matters to ensure information security such as physical measures against threats to information security, continuous revision of information security procedures and regulations, and enhanced system security programs and networks. Based on these management activities and achievements, the information security system has obtained and maintained the international standard (ISO 27001) certification by an accredited third party. - In particular, in 2022, HHI became the first company in the shipbuilding industry to obtain and maintain all 4 international standard certifications on information security, proving its excellence in information security management in the global market. • Responses to Security Incidents - HHI has formed an Incident Response Team (IRT) to promptly respond to information security incidents, thereby minimizing damages from such incidents and returning to normal operations as soon as possible.	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data		

ESG DATA

Environmental

Category			Unit	2022	2023	2024
Environmental Investment	GHG reduction investment amount		KRW mil.	12,422	1,851	1,666
	GHG reduction financial performance		KRW mil.	242	73	117
Green Procurement (Based on eco-labeled products, excellent recycling certified products, and low carbon products)	Ratio of green procurement amount compared to total purchase amount[1]		%	5.33	4.06	2.72
	Green procurement amount		KRW mil.	321,000	297,200	229,745
	Total procurement		KRW mil.	6,019,906	7,323,023	8,439,111
Patents Related to Environmental Impact Reduction	Patent application		Cases	195	220	310
	Patent registration		Cases	96	60	89
Violations of Environmental Laws (Only significant fines (over USD 10,000 fines imposed on confirmed major violations) are indicated)	No. of significant violations of environmental laws		Cases	0	0	0
	Total monetary sanctions for significant violations of environmental laws		KRW	0	0	0
Environmental Education[2]	Employees	Participants	Persons	10,743	11,157	13,127
	Contractors	Participants	Persons	10,673	14,872	18,695
Environmental Risk Assessment Ratio		Environmental compliance assessment	%	100	100	100
		Suitability for inspection of hazardous chemical handling facilities[3]	%	100	100	100
Greenhouse Gas Emissions (Scope 1 & 2)[4] (All business sites)	Total Emissions (Scope 1+2)		tCO$_2$eq	549,552	639,878	671,156
	Direct emissions (Scope 1)		tCO$_2$eq	244,228	276,779	309,407
	Indirect emissions (Scope 2)		tCO$_2$eq	305,331	363,104	361,755
	GHG Intensity (Sales)		tCO$_2$eq / KRW bil.	60.62	53.51	46.36
	Total reduction (Scope 1+2)[5]		tCO$_2$eq	15,151	8,071	12,342
	Direct reduction (Scope 1)		tCO$_2$eq	8,127	566	5,840
	Indirect reduction (Scope 2)		tCO$_2$eq	7,024	7,505	6,502

Category			Unit	2022	2023	2024
Scope 3 Emissions[6]	Scope 3 Emissions[7]		tCO$_2$eq	51,907,477	56,118,291	63,052,869
	Purchased goods and services (Category 1)		tCO$_2$eq	2,586,628	2,890,103	3,317,675
	Capital goods (Category 2)[8]		tCO$_2$eq	44,190	24,263	15,529
	Fuel and energy related activities (not included in Scope 1 or 2) (Category 3)		tCO$_2$eq	39,905	49,445	79,378[9]
	Upstream transportation and distribution (Category 4)		tCO$_2$eq	37,132	62,152	57,110
	Waste generated in operations (Category 5)[10]		tCO$_2$eq	9,293	13,254	13,027
	Business travel (Category 6)		tCO$_2$eq	5,193	3,614	4,547
	Employee commuting (Category 7)		tCO$_2$eq	13,951	12,315	13,487
	Use of sold ships (Category 11)		tCO$_2$eq	49,166,120	53,058,683	59,538,675
	End of life treatment of sold ships (Category 12)		tCO$_2$eq	5,066	4,462	5,245
	Investments (Category 15)		tCO$_2$eq	-	-	8,196
Energy Usage (All business sites)		Total energy consumption	TJ	9,887	11,511	11,891
		Renewable energy consumption	TJ	2	2	2
		Renewable energy usage ratio	%	0.020	0.017	0.017
Air Pollutants[11] (Head office(main plant))	Nitrogen oxides	Emissions	kg	26,577	21,694	19,786
		Intensity (sales)	kg/KRW bil.	2.94	1.81	1.37
	Sulfur oxides	Emissions	kg	4,461	1,802	2,087
		Intensity (sales)	kg/KRW bil.	0.49	0.15	0.14
	Dust	Emissions	kg	18,280	16,930	19,912
		Intensity (sales)	kg/KRW bil.	2.02	1.42	1.37
Raw Materials Based on steel (excluding equipment and outfitting materials)	Steel purchase amount		KRW mil.	1,279,990	1,234,824	1,188,358
	Recycled steel purchase amount		KRW mil.	59,511	52,618	47,394
	Recycled steel purchase ratio		%	4.6	4.3	4.0

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1) The denominator was changed from "Total procurement" to "Total procurement amount" in accordance with the change in the calculation basis, and the indicator name was also revised from "Ratio of green procurement amount" to "Ratio of green procurement amount compared to total procurement amount.
2) Based on chemical substance education performance for hazardous chemical handlers in accordance with the Chemical Substances Control Act.
3) Results of third-party organization inspection conducted in accordance with the Chemical Substances Control Act.
4) There might be some differences in the sum of emissions amount since the emissions from each business site are rounded off to a whole number.
5) Figures are based on the submitted GHG statement.

6) Scope 3 emissions for 2022-2024 were calculated using a methodology currently being established by HDKSOE and its shipbuilding subsidiaries, domestic and foreign classification groups, and domestic shipbuilders; third-party verification was conducted by the Korea Foundation for Quality (However, some methodologies and scope of application may differ depending on each company's circumstances, and additional changes may occur during the ongoing standardization of the Scope 3 calculation methodology and updates to global guidelines.)
7) The sum of emissions may differ as the emissions for each category are rounded up to whole numbers
8) As the capital goods emissions are calculated based on investment or acquisition amounts for major facilities as recorded in the Business Report, yearly deviations may occur
9) There was an increase in emissions due to changes in electricity emission factors based on the Scope 3 guidelines published by the National Institute of Environmental Research
10) HHI incinerates some of the wastes from its business sites internally in addition to outsourcing waste disposal to third parties. The resulting GHG emissions are reflected in Scope 1 and 2.
11) In accordance with the integrated reporting standards for HD Hyundai affiliates, calculations of pollutant concentration, exhaust gas flow rates, and facility operating time are all taken into account when calculating air pollutants

ESG DATA

Environmental

Category			Unit	2022	2023	2024
Water Withdrawal (Head office (main plant), offshore plant)	**Total water withdrawal**		m^3	3,095,418	3,421,160	3,196,442
	Head office (main plant)	**Total surface water withdrawal**	m^3	0	0	0
		Total seawater withdrawal	m^3	0	0	0
		Total Third-party water withdrawal (Service water, industrial water, etc.)	m^3	2,504,169	2,621,224	2,565,970
	Offshore plant	**Total surface water withdrawal**	m^3	0	0	0
		Total seawater withdrawal	m^3	0	0	0
		Total Third-party water withdrawal (Service water, industrial water, etc.)	m^3	591,249	799,936	630,472
	Total water withdrawal (intensity)		m^3/ KRW mil.	0.276	0.219	0.177
Water pollutants (Head office (main plant))	**TOC** (Total Organic Carbon)	**Emissions**	kg	21	33	23
		Intensity (sales)	kg/KRW bil.	0.0023	0.0028	0.0016
	BOD (Biochemical Oxygen Demand)	**Emissions**	kg	5	17	11
		Intensity (sales)	kg/KRW bil.	0.0006	0.0014	0.0008
	SS (Suspended Solids)	**Emissions**	kg	6	6	4
		Intensity (sales)	kg/KRW bil.	0.0007	0.0005	0.0003
Waste[12] (Head office (main plant), offshore plant, Pipe Shop & Hydro Test Shop, Offshore Piping Fabrication Shop, Offshore Pipe Painting Shop, Munsan Shop, Hyundai Incineration Plant, Gunsan Shipyard)	**Total waste disposed**		ton	214,603	263,915	264,834
	General waste	**Landfill - Outsourced treatment**[13]	ton	5,294	552	861
		Recycled - Outsourced treatment	ton	113,601	137,024	140,368

Category			Unit	2022	2023	2024
		Incinerated(energy recovery) - Internal treatment / Outsourced treatment	ton	30,126	37,091	39,144
		Incineration (without energy recovery) - Outsourced treatment	ton	0	0	0
	Hazardous waste	**Landfill - Outsourced treatment**	ton	848	863	980
		Recycled - Outsourced treatment	ton	4,122	4,993	6,252
		Incinerated(energy recovery) - Internal treatment / Outsourced treatment	ton	1,889	2,011	2,180
		Incineration (without energy recovery) - Outsourced treatment	ton	0	0	0
		Neutralized - Outsourced treatment	ton	0	10	0
	Construction waste - Outsourced treatment[14]		ton	58,723	81,371	75,049
	Waste recycling treatment rate		%	82.2	84.6	83.7

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[12] Based on the figures reported in the Allbaro system of the Ministry of Environment, and some items, such as waste paper and scrap metal, are based on their weight.
[13] Some of the existing recyclable waste is landfilled due to the recycling company's circumstances, which results in increased consignment landfill amount.

[14] Construction wastes are fully recycled through outsourced processing companies.

ESG DATA

Social

Following the implementation of integrated reporting standards for HD Hyundai affiliates, some disclosure items and quantitative data standards have been updated from those used in the 2023 Integrated Report

Category			Unit	2022	2023	2024
Safety and Health Risk Management (Employee)	**Total working hours**		Hour	27,253,692	27,047,573	29,901,476
	No. of fatal accidents		Cases	1	0	0
	Lost Time Incident (LTI)		Cases	41	33	22
	Lost Time Injury Frequency Rate (LTIFR)		Occurrence per million hours	1.504	1.220	0.736
Employee Training[1,2]	**Training hours per employee**		Hour/Person	49.2	42.3	46.7
	Training expenditure per employee		KRW mil./ Person	0.4	0.7	0.7
Skills-related training[3]	**Ratio of employees engaged in skills-related training**		%	40.4	33.6	66.8
Diversity and discrimination	**Ratio of employees who have completed sexual harassment prevention training**		%	98.2	97.6	99.5
	Ratio of employees who have completed disability awareness training		%	98.2	97.4	99.5
Diversity	**Board of Directors**	**No. of female employees**	Persons	1	1	1
		Female employee ratio	%	20	20	20
	Employees	**No. of female employees**	Persons	587	613	692
		Female employee ratio	%	4.6	4.6	4.8
	Top management	**No. of female employees**	Persons	1	1	2
		Female employee ratio	%	0.9	0.8	1.6
	Middle management	**No. of female employees**	Persons	1	2	2
		Female employee ratio	%	0.5	0.9	0.9
	Junior management	**No. of female employees**	Persons	6	8	11
		Female employee ratio	%	0.2	0.3	0.3
	Pay gap	**Ave. salary of male employees**	KRW mil.	86	92	99
		Ave. salary of female employees	KRW mil.	61	67	74
		Gender pay gap	%	70.9	72.8	74.7

Category		Unit	2022	2023	2024
Disabled people and foreigners	**Employees with disabilities**[4]	Persons	232	231	247
	Foreign workers	Persons	18	493	877
	Proportion of disabled and foreign employees	%	2.0	5.5	7.7

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1) Due to the updates in data reporting standard, some figures have changed compared to the 2023 Integrated Report.
2) Based on all employees (permanent, non-permanent)
3) Based on employees who have completed job/leadership related training hosted by the Human Resources Development Team and Technical Education Institute

4) Based on the reporting standards provided by the Korea Employment Agency for Persons with Disabilities (KEAD)

ESG DATA

Governance

Category			Unit	2022	2023	2024
Supply Chain Management	Operational management	Proportion of suppliers that have signed a sustainable procurement on-site/supply chain code of conduct	%	97.1	97.8	97.8
		Proportion of suppliers that have signed contracts including environmental, labor, and human rights clauses	%	97.1	97.8	97.8
Compliance	Ethics education	Ratio of employees who received ethics training	%	46.4	45.4	47.4
	Business ethics violations reported through internal reporting procedures[1]		Cases	2	5	10
	Fair trade	Violations[2]	Cases	0	0	0
	Corruption and bribery	Violations	Cases	0	0	0
	Personal Information protection	Violations	Cases	0	0	0
	Compliance(Corruption) risk assessment	No. of departments assessed for Compliance(Corruption) risk	Count	216	203	182
		Ratio of departments conducted Compliance(Corruption) risk assessments	%	100	100	100
		No. of contractors identified with corruption risks[3]	Count	33	37	18
		Ratio of suppliers identified with corruption risks[4]	%	10.5	11.8	5.7

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1) Number of reports received through ethics reporting channels
2) Excluding ongoing litigation, trial, or objection cases, based on the business report standards.
3) No. of significant contractors (Tier 1) identified corruption risks from ESG risk assessments
4) Ratio of corruption risk identified contractor (%) = Number of significant (Tier 1) contractors with identified corruption risks / Total number of significant (Tier 1) contractors with ESG risk assessments conducted

Appendix

GRI INDEX

Statement on Reporting	HD Hyundai Heavy Industries has prepared this report in accordance with the GRI Reporting Standards.
GRI Standards	GRI 1: foundation 2021
Application of GRI Sector Standards	No applicable sector standards currently available.

GRI Index Table

Universal Standard			
Indicator		**Reporting Requirement**	**Page**
GRI 2: General Disclosures			
GRI 2: The organization and its reporting practices	2-1	Organizational details	3
	2-2	Entities included in the organization's sustainability reporting	3
	2-3	Reporting period, frequency and contact point	3
	2-4	Restatements of information	3
	2-5	External assurance	3
GRI 2: Activities and workers	2-6	Activities, value chain, and other business relationships	3
	2-7	Employees	4
	2-8	Workers who are not employees	4
GRI 2: Governance	2-9	Governance structure and composition	4
	2-10	Nomination and selection of the highest governance body	4
	2-11	Chair of the highest governance body	4
	2-12	Role of the highest governance body in overseeing the management of impacts	6
	2-13	Delegation of responsibility for managing impacts	6
	2-14	Role of the highest governance body in sustainability reporting	6
	2-15	Conflicts of interest	5
	2-16	Communication of critical concerns	6
	2-17	Collective knowledge of the highest governance body	5
	2-18	Evaluation of the performance of the highest governance body	7
	2-19	Remuneration policies	7
	2-20	Process to determine remuneration	7
	2-21	Annual total compensation ratio	7
GRI 2: Strategy, policies and practices	2-23	Policy commitments	7, 8
	2-24	Embedding policy commitments	7, 8
	2-25	Processes to remediate negative impacts	8
	2-26	Mechanisms for seeking advice and raising concerns	8
	2-27	Compliance with laws and regulations	9
	2-28	Membership associations	9
	2-29	Approach to stakeholder engagement	9
	2-30	Collective bargaining agreements	9
GRI 3: Material Topics			
GRI 3: Disclosures on material topics	3-1	Process to determine material topics	10, 11
	3-2	List of material topics	10, 11
	3-3	Management of material topics	10, 11

GRI INDEX

GRI Index Table

Topic Standard			
Indicator		**Reporting Requirement**	**Page**
GRI 201: Economic Performance	201-2	Financial implications and other risks and opportunities due to climate change	14, 15
	201-3	Defined benefit plan obligations and other retirement plans	22
GRI 202: Market Presence	202-1	Ratios of standard entry level wage by gender compared to local minimum wage	28
	202-2	Proportion of senior management hired from the local communit	28
GRI 205: Anti-corruption	205-1	Operations assessed for risks related to corruption	24
	205-2	Communication and training about anti-corruption policies and procedures	24
	205-3	Confirmed incidents of corruption and actions taken	24
GRI 206: Anti-competitive Behavior	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practice	24
GRI 207: Tax	207-1	Approach to tax	25
	207-3	Stakeholder engagement and management of concerns related to tax	25
GRI 301: Materials	301-2	Recycled input materials used	16
GRI 302: Energy	302-1	Energy consumption within the organization	15, 16, 26
	302-3	Energy intensity	26
	302-4	Reduction of energy consumption	15, 16
	302-5	Reductions in energy requirements of products and services	14, 15, 16
GRI 303: Water and Effluents	303-1	Interactions with water as a shared resource	17
	303-2	Management of water discharge-related impacts	17
	303-3	Water withdrawal	17, 27
	303-4	Water discharge	17
	303-5	Water consumption	17, 27
GRI 304: Biodiversity	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	19
	304-2	Significant impacts of activities, products and services on biodiversity	19
	304-3	Habitats protected or restored	19
	304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	19
GRI 305: Emissions	305-1	Direct (Scope 1) GHG emissions	15, 16, 26
	305-2	Indirect (Scope 2) GHG emissions	15, 16, 26
	305-3	Other indirect (Scope 3) GHG emissions	15, 16, 26
	305-4	GHG emissions intensity	26
	305-5	Reduction of GHG emissions	15, 16, 26
	305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	16, 26
GRI 306: Waste	306-1	Waste generation and significant waste-related impacts	17, 18, 19
	306-2	Management of significant waste-related impacts	17, 18, 19
	306-3	Waste generated	17, 18, 19, 27
	306-4	Waste diverted from disposal	17, 18, 19
	306-5	Waste directed to disposal	17, 18, 19
GRI 308: Supplier environmental assessment	308-1	New suppliers that were screened using environmental criteria	20
	308-2	Negative environmental impacts in the supply chain and actions taken	20
GRI 401: Employment	401-1	New employee hires and employee turnover	22
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	22
	401-3	Parental leave	22
GRI 402: Labor/Management relations	402-1	Minimum notice periods regarding operational changes	23
GRI 403: Occupational health and safety	403-1	Occupational health and safety management system	21
	403-2	Hazard identification, risk assessment, and incident investigation	21
	403-3	Occupational health services	21
	403-4	Worker participation, consultation, and communication on occupational health and safety	21
	403-5	Worker training on occupational health and safety	21
	403-6	Promotion of worker health	21
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	21
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	403-9	Work-related injuries	28
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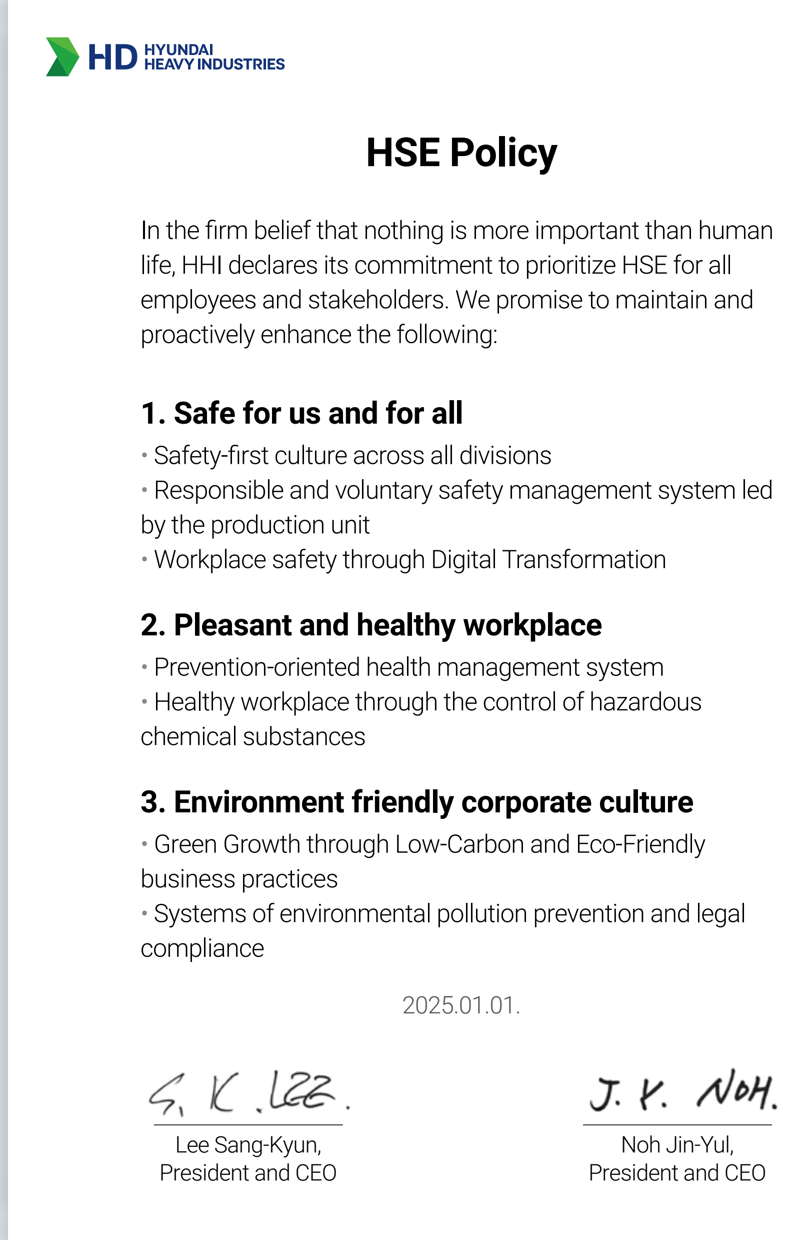
GRI INDEX

GRI Index Table

Topic Standard			
Indicator		**Reporting Requirement**	**Page**
GRI 404: Training and education	404-1	Average hours of training per year per employee	22
	404-2	Programs for upgrading employee skills and transition assistance programs	22, 23
	404-3	Percentage of employees receiving regular performance and career development reviews	22
GRI 405: Diversity and Equal opportunity	405-1	Diversity of governance bodies and employees	4
	405-2	Ratio of basic salary and remuneration of women to men	22
GRI 406: Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	23
GRI 407: Freedom of association and Collective bargaining	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	23
GRI 408: Child labor	408-1	Operations and suppliers at significant risk for incidents of child labor	23
GRI 409: Forced or Compulsory labor	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	23
GRI 413: Local Communities	413-1	Operations with local community engagement, impact assessments, and development Programs	23, 24
GRI 414: Supplier social assessment	414-1	New suppliers that were screened using social criteria	20
	414-2	Negative social impacts in the supply chain and actions taken	20
GRI 418: Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	25

HSE & ENERGY POLICY

HSE Policy



HD HYUNDAI HEAVY INDUSTRIES

HSE Policy

In the firm belief that nothing is more important than human life, HHI declares its commitment to prioritize HSE for all employees and stakeholders. We promise to maintain and proactively enhance the following:

1. Safe for us and for all

- Safety-first culture across all divisions
- Responsible and voluntary safety management system led by the production unit
- Workplace safety through Digital Transformation

2. Pleasant and healthy workplace

- Prevention-oriented health management system
- Healthy workplace through the control of hazardous chemical substances

3. Environment friendly corporate culture

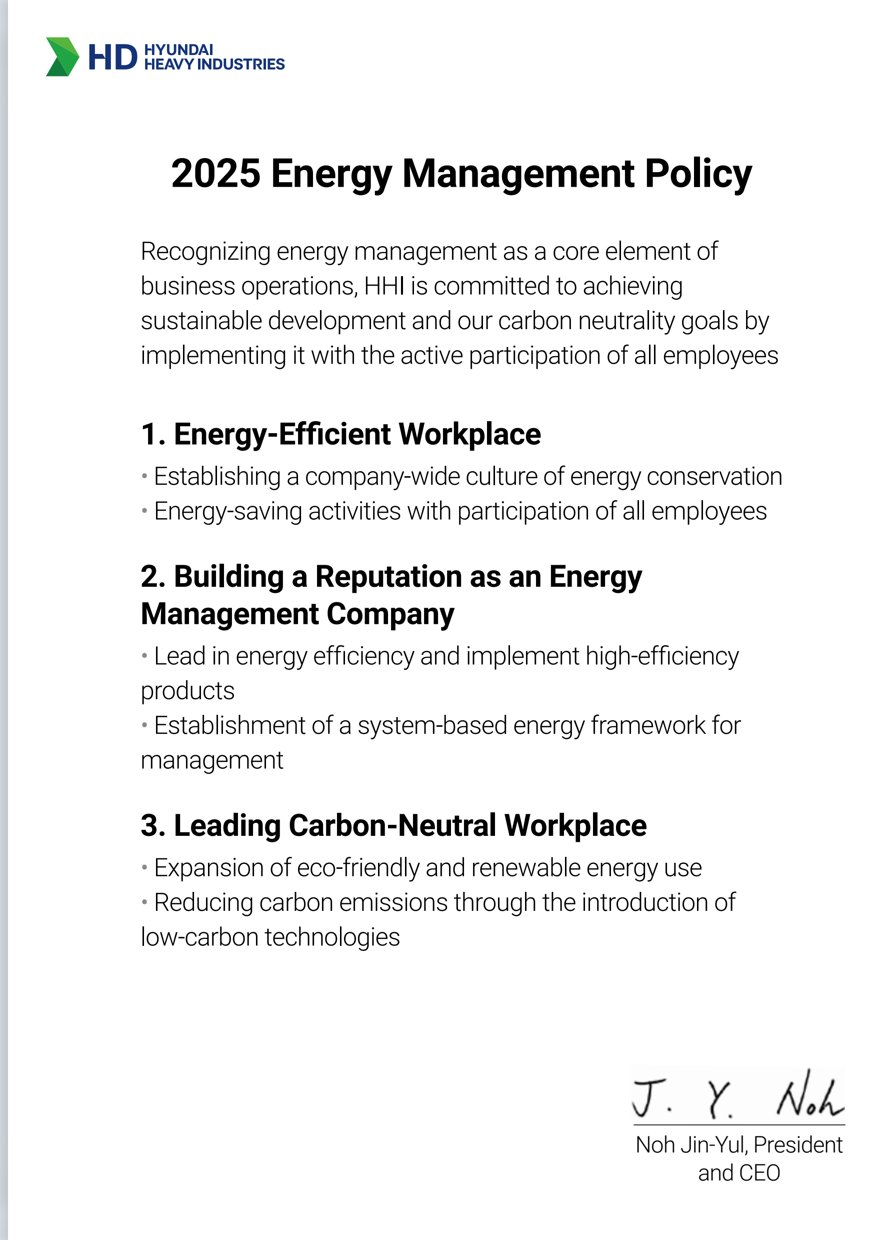
- Green Growth through Low-Carbon and Eco-Friendly business practices
- Systems of environmental pollution prevention and legal compliance

2025.01.01.

S. K. LEE.
Lee Sang-Kyun,
President and CEO

J. Y. NOH.
Noh Jin-Yul,
President and CEO

2025 Energy Management Policy



HD HYUNDAI HEAVY INDUSTRIES

2025 Energy Management Policy

Recognizing energy management as a core element of business operations, HHI is committed to achieving sustainable development and our carbon neutrality goals by implementing it with the active participation of all employees

1. Energy-Efficient Workplace

- Establishing a company-wide culture of energy conservation
- Energy-saving activities with participation of all employees

2. Building a Reputation as an Energy Management Company

- Lead in energy efficiency and implement high-efficiency products
- Establishment of a system-based energy framework for management

3. Leading Carbon-Neutral Workplace

- Expansion of eco-friendly and renewable energy use
- Reducing carbon emissions through the introduction of low-carbon technologies

J. Y. Noh
Noh Jin-Yul, President
and CEO

ISO CERTIFICATION STATUS

Certification

Certification standards	Unit	Scope of certification	Certification valid period
ISO 14001:2015[1] (Head office (main plant), offshore plant, Gunsan Shipyard, Offshore Piping Fabrication Shop, Munsan Shop)	%	95	March 2024 – March 2027[2]
ISO 45001:2018[1] (Head office (main plant), offshore plant, Gunsan Shipyard, Offshore Piping Fabrication Shop, Munsan Shop)	%	95	July 2022 – May 2025[3]
ISO 50001:2018[1] (Head office (main plant), offshore plant)	%	94	November 2022 – November 2025[4]
ISO 37001:2016	%	100	September 2022 – September 2025[5]
ISO/IEC 27001:2022	%	100	February 2024 – January 2027
ISO/IEC 27017:2015	%	100	February 2024 – January 2027
ISO/IEC 27018:2019	%	100	February 2024 – January 2027
ISO/IEC 27701:2019	%	100	February 2024 – January 2027

1) Ratio of number of employees in business establishments within the scope of certification target (product design, production, etc.)
2) Validity period to be changed after renewal in 2025 (May 2024 – May 2028)
3) Validity period to be changed after renewal in 2025 (May 2024 – May 2028)
4) Validity period to be changed after renewal in 2025 (November 2025 to November 2028)
5) Validity period to be changed after renewal in 2025 (Sep 2025 – Sep 2028)

SCOPE 1, 2

MOC-25-080

GHG Emission Verification Opinion

HD HYUNDAI HEAVY INDUSTRIES CO.,LTD.

Verification Scope

Korean Standards Association has conducted verification for GHG emissions based on GHG report provided by HD HYUNDAI HEAVY INDUSTRIES CO.,LTD. which includes Scope1 and Scope2 emissions.

Verification Standards and Guidelines

To conduct verification activities, verification team applied verification standards and guidelines. The standards and guidelines are as follows.

- Guidance for reporting and verification of GHG emissions trading scheme (No. 2024-155 provided by Ministry of Environment, Republic of Korea)
- Verification Guidelines for the Operation of the Greenhouse Gas Emission Trading System (No. 2024-169 provided by Ministry of Environment, Republic of Korea)
- For matters not specified in other guidelines, refer to 2006 IPCC Guidelines, KS I ISO 14064-1: 2018 and KS I ISO 14064-3: 2019

Level of Assurance

HD HYUNDAI HEAVY INDUSTRIES CO.,LTD.'s GHG emissions satisfies the under Reasonable Assurance (less than ±2.5% of total emissions).

Verification Conclusion

As a result of verification activities, verification team has found no significant errors, omissions, and misstatements. Therefore, Korean Standards Association confirms that following emissions data are adequately quantified.

- 2024 GHG Emissions (Scope1, Scope2) (Unit : tCO_2eq)

Year	Scope 1	Scope 2	Total
2024	309,407.185	361,754.598	671,156

※ This emission is the baseline for the 2024 submission under the Emissions Trading Scheme (ETS)
※ Decimal place is not considered when calculating the emission of each workplace.

June 20, 2025

Dongmin Moon

KOREAN STANDARDS ASSOCIATION

KSA-MOF-644(Rev.0, '24.02.14)

SCOPE 3

Verification Opinion Statement

GHG Emissions Verification

HD Korea Shipbuilding & Offshore Engineering Co., Ltd. / HD Hyundai Heavy Industries Co., Ltd. / HD Hyundai Mipo Co., Ltd. / HD Hyundai Samho Co., Ltd.

Verification Target

Korea Foundation for Quality (hereinafter 'KFQ') has conducted a verification of Scope 3 Greenhouse Gas Emissions (hereinafter 'GHG emissions') of HD Korea Shipbuilding & Offshore Engineering Co., Ltd., HD Hyundai Heavy Industries Co., Ltd., HD Hyundai Mipo Co., Ltd., HD Hyundai Samho Co., Ltd.[1] (hereinafter 'Company') for 2024. 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 group headquarters) : 477, Bundangsuseo-ro, Bundang-gu, Seongnam-si, Gyeonggi-do

Verification Purpose

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

Verification Scope

The verification covered ten emission categories[2] selected by the company during 2024.

[2] Category 1, 2, 3, 4, 5, 6, 7, 11, 12, 15

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 (Notification No. 2025-64 of Ministry of Environment)
- Coefficient
  - Environmental Product Declaration evaluation coefficient (2021)
  - EEDI(Energy Efficiency Desingn Index)

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 Limitaion

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 2024 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 A. Summary of Scope 3 GHG Emission Results

Organization

HD Korea Shipbuilding & Offshore Engineering Co., Ltd. / HD Hyundai Heavy Industries Co., Ltd. / HD Hyundai Mipo Co., Ltd. / HD Hyundai Samho Co., Ltd.

Emission calculation period

The emission calculation period is from January 1st to December 31st, 2024.

Company Scope 3 Emissions verification Results

Unit : tCO_2eq

Category		Scope 3 Emissions			
		HD Korea Shipbuilding & Offshore Engineering	HD Hyundai Heavy Industries	HD Hyundai Mipo	HD Hyundai Samho
1	Purchased goods & services	34,747	3,317,675	1,146,315	2,057,399
2	Capital goods	1,261	15,529	4,438	6,861
3	Fuel-and Energy-Related Activities Not Included in Scope 1 or Scope 2	1,115	79,378	20,785	32,595
4	Upstream Transportation and Distribution	438	57,110	26,420	10,018
5	Waste Generated in Operations	30	13,027	24,387	39,840
6	Business Travel	2,553	4,547	878	686
7	Employee Commuting	826	13,487	4,274	9,690
11	Use of Sold Products	808,166	59,538,675	27,541,265	37,987,468
12	End of Life Treatment of Sold Products	6	5,245	2,184	3,172
15	Investments	10,705	8,196	-	-
Total		**859,847**	**63,052,869**	**28,770,946**	**40,147,729**

* As total emissions are summed by rounding emissions by category to whole numbers, a difference of ±1tCO_2eq may occur.

June 18, 2025
CEO Ji-Young Song
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Ji Young Song

HD HYUNDAI
HEAVY INDUSTRIES