

HD Construction Equipment

Anti-Corruption Compliance Guideline

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1. Purpose of Establishment

The Company has established the Ethics Charter, Code of Ethics, Code of Conduct for Job Ethics, and Ethical Code for Partner Companies (collectively, the “Ethics Regulations”) to impose the obligation on all employees of the Company and its partner companies to strictly comply with domestic and international anti-corruption laws and anti-corruption-related international conventions (“Domestic and International Anti-Corruption Laws”) when performing company duties not only in Korea but also in all regions worldwide.

This Anti-Corruption Compliance Guideline (“Guideline”) is established for the purpose of providing specific behavioral judgment criteria and standards for business processes required to comply with the Company’s Ethics Regulations and Domestic and International Anti-Corruption Laws.

2. Scope of Application

2.1 This Guideline applies to the Company, all domestic and overseas subsidiaries in which the Company exercises management control (collectively, the “Company”), and all employees belonging thereto.

2.2 Employees of the Company shall notify the following third parties—regardless of name—who provide goods or services necessary for the Company's efficient business operations, such as partner companies, consultants, agents, distributors, joint venture partners, consortium partners, etc. (“Stakeholders”), and their employees, of this Guideline, and shall ensure that such Stakeholders comply with Domestic and International Anti-Corruption Laws in accordance with this Guideline.

3. Basic Principles

3.1 Employees shall understand and comply with this Guideline and the following Domestic and International Anti-Corruption Laws:

- Domestic anti-corruption laws
(e.g., Korean Criminal Act Articles 129, 130, 133, and 357; Act on the Aggravated Punishment of Specific Crimes Articles 2–4; Act on the Aggravated Punishment of Specific Economic Crimes Article 6; Act on Combating Bribery of Foreign Public Officials in International Business Transactions; Improper Solicitation and Graft Act (“Anti-Graft Act”), etc.)
- International anti-corruption conventions
(e.g., OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (“OECD Anti-Bribery Convention”), United Nations Convention against Corruption)

- All other anti-corruption laws that may apply to business performance (including laws of the country where business is conducted)

3.2 Employees shall not, directly or through a third party, propose, promise, or provide money or anything of value (“Economic Benefit”) to domestic or foreign public officials or existing/prospective business partners.

- “Economic Benefit” includes money, gifts, souvenirs, entertainment, event invitations, hospitality, promotional benefits, travel expenses, donations, discounts, political contributions, debt assumption/settlement, commissions, employment opportunities, and any tangible or intangible benefits.
- “Domestic or foreign public official” includes:
 - (i) Employees or official representatives of central or federal governments (their ministries, agencies, or bodies), local governments
 - (ii) Employees of state-owned enterprises, public enterprises, public institutions, or companies invested in by governments
 - (iii) Employees of public international organizations (IMF, World Bank, WTO, OECD, etc.)
 - (iv) Politicians, political party staff, and candidates for public office
 - (v) Persons entrusted with public duties or those performing public functions under Articles 2.2(b)–(d) of the Anti-Graft Act

Providing improper Economic Benefits to public officials can be subject to very strict penalties under applicable laws, and employees must exercise extreme caution.

3.3 Economic Benefits provided within the scope permitted by relevant national laws, cultural norms, and social conventions for legitimate business purposes may be allowed only if they comply with Article 4 (Detailed Implementation Guidelines).

3.4 Employees shall not make improper solicitations to domestic or foreign public officials directly or through a third party (including improper solicitation types under Article 5(1) of the Anti-Graft Act).

4. Detailed Implementation Guidelines

Even when providing Economic Benefits within the scope permitted for legitimate business purposes, employees must comply with the following detailed guidelines:

4.1 Money and Monetary Benefits

- Money includes cash or cash equivalents (checks, bonds, gift certificates, securities), repayment of debts, guarantees, payment of loan interest, free/low-price provision of property, and all forms of financial benefits.

- Providing money is prohibited in principle.
Exception: A reasonable amount of condolence or congratulatory payments may be allowed if such provision carries no risk of being perceived as improper according to relevant national laws, cultural norms, and social conventions.

4.2 Gifts and Souvenirs

- “Gifts” mean items provided without consideration, such as goods, memberships, accommodation vouchers, event tickets, excluding money.
- “Souvenirs” mean items uniformly provided to participants at official events, items distributed to the general public, or items with the Company’s logo, including promotional gifts and prizes.
- Gifts or souvenirs may be provided only when all of the following are satisfied:
 1. No possibility of being perceived as influencing a decision that could directly benefit or harm the Company
 2. The recipient has not received excessive or repeated gifts
 3. Samples are not provided in excessive quantities
 4. The value of the gift is not excessive considering relevant national laws, cultural norms, social conventions, and the recipient’s position
 5. Gifts are not provided to spouses, family members, or third parties unrelated to the business
 6. The recipient’s organization’s internal rules and national laws do not prohibit receiving the gift

4.3 Entertainment

- Entertainment includes meals, drinks, hospitality, sports activities (e.g., golf), and any cost-bearing for such activities.
- Reasonable business entertainment may be provided only when all of the following criteria are met:
 1. No misunderstanding of improper influence on an imminent decision
 2. No excessive or repeated prior history of entertainment
 3. Entertainment value is appropriate considering national laws, culture, social norms, and recipient’s position
 4. Not provided to spouses, family members, or unrelated third parties

5. Not prohibited by the recipient organization's internal policies or national laws

4.4 Event Invitations and Hospitality

- Hospitality includes transportation, accommodation, guided tours, event support, and other assistance beyond money or entertainment.
- Hospitality may be provided only when all of the following apply:
 1. Event content is related to a legitimate business purpose
 2. No risk of influencing someone with decision-making authority
 3. Hospitality (travel, accommodation, meals) is reasonable and not excessive
 4. No excessive or repeated past hospitality
 5. Not provided to spouses, family members, or unrelated third parties
 6. Participation is not prohibited under internal or national rules
 7. No unrelated or excessive sightseeing, performances, or leisure activities
 8. Travel expenses are not provided in cash

4.5 Donations

- Donations include cash, cash equivalents, gifts, services, promotional sponsorship, and political campaign support.
- Donations must not be proposed, promised, or provided—directly or indirectly—to politicians or political organizations.
- Pure charitable donations may be permitted only when all of the following apply:
 1. Recipient is not a political organization
 2. Recipient's values align with the Company's corporate values
 3. Recipient has no business interest with the Company

4.6 Prior Consultation and Approval

- Employees must evaluate permissibility from an objective third-party perspective considering the counterparty's duty, personal relationship, nature/amount/timing of the benefit, and all relevant factors.
- If unclear whether an act qualifies as an exception permitted under Articles 3.3 or 4, employees must consult the Legal Team in advance.

- When providing Economic Benefits to public officials, employees must submit **Attachment 1 (Request Form for Approval to Provide Economic Benefits)** and obtain prior approval from the Legal Team.
- If uncertain whether the recipient is a public official, employees must complete **Attachment 2 (Checklist on Whether an Individual Is a Public Official)** and consult the Legal Team.

5. Stakeholders

Employees must ensure that Stakeholders do not, directly or through third parties, propose, promise, or provide Economic Benefits to domestic or foreign public officials or existing/prospective business partners.

If employees know or should have known—based on circumstances—that a Stakeholder violated Anti-Corruption Laws and fail to take preventive measures, both the Company and the involved employees may bear civil and criminal liability.

To minimize such risk, employees must comply with the following when selecting Stakeholders or concluding contracts:

5.1 Selection (Due Diligence)

- Employees must conduct due diligence to confirm whether potential Stakeholders are suitable business partners.
- Stakeholders must be evaluated using **Attachment 3 (Stakeholder Due Diligence Checklist)**, and the results must be submitted to the Legal Team.
- The Legal Team reviews the results and may provide opinions, which employees must follow.
- Information related to due diligence—including justification that remuneration is reasonable—must be documented and retained.
- If due diligence reveals any indication that a Stakeholder may violate Anti-Corruption Laws, employees must consult the Legal Team and take appropriate measures.

5.2 Stakeholder Agreements

Contracts with Stakeholders must include anti-corruption clauses. At minimum, they must include:

1. A warranty that the Stakeholder has complied—and will continue to comply—with Anti-Corruption Laws

2. A clause allowing the Company to investigate violations
3. A clause granting the Company the right to terminate or cancel the contract if violations occur or if investigation cooperation is refused

6. Recording/Management of Accounting Information and Internal Controls

6.1 The Company and employees must record essential and accurate details of transactions in accordance with IFRS and maintain/manage such information pursuant to internal policies.

6.2 For efficient supervision and control of accounting, finance, bookkeeping, and administrative processes, the Company must maintain internal controls based on checks and balances among departments.

6.3 The accounting department shall report any transaction records suspected of violating Anti-Corruption Laws or this Guideline to the Legal Team and follow the Legal Team's directions.

7. Education and Consultation

7.1 Employees shall receive education related to the Company's anti-corruption policies at least once per year. Training may be written, in-person, or online.

7.2 Employees shall consult the Legal Team if there is a risk of violating this Guideline.

8. Reporting and Handling of Violations

8.1 Employees who violate Domestic/International Anti-Corruption Laws or this Guideline, or refuse to cooperate with related investigations, will be disciplined according to Company regulations.

8.2 Employees must immediately report any violation of Anti-Corruption Laws or this Guideline to their immediate supervisor, the Legal Team, or the Group Ethics Management Planning Team.

Employees may also report through the Company's reporting channels (e.g., <http://ethics.hd.com/> cyber-reporting, email, telephone).

8.3 Supervisors who receive reports must promptly forward the information to the Legal Team and the Group Ethics Management Planning Team.

8.4 The Company and employees must strictly protect the confidentiality of all reports and reporters and ensure no disadvantage occurs as a result of such reporting.

8.5 Employees may refuse to follow instructions requiring violations of Anti-Corruption Laws or this Guideline; such refusal shall not result in disadvantage or unfair treatment.

9. Internal Inspection

9.1 The Legal Team may conduct regular or ad-hoc inspections to verify compliance with this Guideline, and employees must cooperate.

9.2 The Legal Team shall regularly assess the adequacy and effectiveness of this Guideline and internal control systems and make revisions when necessary.

[Attachment 1]

Request Form for Approval of Provision of Economic Benefits

- This request form is to be prepared only when a person receiving Economic Benefits is a Public Official.
- Any Company Personnel wishing to provide a Public Official with Economic Benefits (money and other valuables, gifts/souvenirs, entertainment, invitation to events/provision of Logistical Expenses, etc.) for a legitimate business purpose under this Policy must fill out this Request Form for Approval of Provision of Economic Benefits and submit it to Legal Affairs Team(Compliance) for approval.

Name		Date	
Department		Responsible officer	(Signature)

Type	<input type="checkbox"/> Money and other valuables <input type="checkbox"/> Gifts <input type="checkbox"/> Entertainment <input type="checkbox"/> Invitation to events <input type="checkbox"/> Provision of Logistical Expenses <input type="checkbox"/> Donations <input type="checkbox"/> Others		
Recipient		Total number of recipients	
Attendee from the Company		Total number of attendees from the Company	
Relations			
Date, time, and place			
Amount			
Purpose (necessity)			
Evidence (attachment)			

1. Name, organization, and position of the recipient (representative)
2. Name, department, and position of the attendee from the Company (representative)
3. Relations between the Company and the recipient
4. Legitimate purpose and necessity of the provision of Economic Benefits
5. State whether or not there is any evidentiary document supporting the provision of Economic Benefits (event plan, drafting paper, schedule, etc.) and attach relevant documents to the request form.

[Attachment 2]

Checklist for Determination of Public Official Status

- Any Company Personnel wishing to provide a Public Official with Economic Benefits for legitimate business purposes under the Compliance Guidelines for Anti-corruption Laws must fill out <Attachment 1: Request Form for Approval of Provision of Economic Benefits> and submit it to Legal Affairs Team(Compliance) for prior approval. Pursuant to the Compliance Guidelines for Anti-corruption Laws, when it is not clear whether a person receiving Economic Benefits is a Public Official, Company Personnel must complete the checklist below for advice from Legal Affairs Team(Compliance).
- Any Company Personnel conducting due diligence to select Stakeholders pursuant to this Policy must complete <Attachment 3: Checklist for Due Diligence on Stakeholders>. For Item 2-7 of <Attachment 3: Checklist for Due Diligence on Stakeholders>, to determine whether a Stakeholder is a Public Official, Company Personnel must complete the following checklist for submission to Legal Affairs Team(Compliance).

Purpose	Subject Person		
	Name	Affiliation	Position
<input type="checkbox"/> Provision of Economic Benefits			
<input type="checkbox"/> Stakeholder selection			

No.	Checklist	Checkbox	
		True	False
1	The subject person is a Public Official under the laws of the relevant country and the Policy.		
2	The subject person belongs to or is employed by a central or local government at home and abroad.		
3	The subject person belongs to or is employed by an international organization such as the International Monetary Fund, the World Bank, the World Trade Organization, the Organization for Economic Cooperation and Development, etc.		
4	The subject person is representing a central government, a local government, or an international organization.		
5	The government directly or indirectly owns all or more than 50% of the organization to which the subject person belongs.		

6	The government directly or indirectly controls the organization to which the subject person belongs.		
	1) The government has veto power over important matters of the organization to which the subject person belongs.		
	2) The government appoints major directors or officers of the organization to which the subject person belongs.		
	3) The organization to which the subject person belongs has been established based on statutes of the relevant country or state orders/ requests.		
	4) The laws and regulations of the relevant country grant special benefits or impose special obligations on the organization to which the subject person belongs.		
	5) The organization to which the subject person belongs have an exclusive status in the relevant country in connection with the performance of his or her duties.		
	6) The organization to which the subject person belongs is receiving substantial financial support such as subsidies, incentives, tax benefits, loans, etc. from the government of the relevant country.		
	7) The organization to which the subject person belongs is in charge of governmental functions or other public roles.		
7	The subject person is a principal or a teacher at a school of any level or an employee of a school foundation (limited to domestic schools and school foundations).		
8	The subject person is the representative or an officer or employee of a press organization (limited to local press organizations).		

Please state details below for any item ticked “true” above.

No.	Details

Date: _____

Department: _____

Responsible officer: _____ (Signature)

[Attachment 3]

Checklist for Due Diligence on Stakeholders

- Company Personnel when selecting Stakeholders must evaluate Stakeholders based on the following checklist and submit the result of evaluation to Legal Affairs Team(Compliance).
- No Company Personnel may transact with any Stakeholder found “inadequate” by Legal Affairs Team(Compliance).
- All Company Personnel must inform Legal Affairs Team(Compliance) of any changes to the details of due diligence on Stakeholders made after the selection of Stakeholders without delay.

1. Background of the Project	
1-1	Project summary ※ Project target, contract amount, region (country/state), period, etc.
1-2	Why do you need the Stakeholder in this project?
1-3	Who will be responsible for managing Stakeholders during the project period inside the Company?
2. General Information on the Stakeholder	
2-1	Trade name (representative):
2-2	Address:
2-3	Contact information:
2-4	Business registration number/corporate registration number:
2-5	Business-related licenses/permits and qualifications:
2-6	Transaction account information: ※ Name/location of the bank, account holder, etc.
2-7	Is the Stakeholder a Public Official? ※ Fill out and submit <Attachment 2: Checklist to Determine Public Official Status>

3. Details of the Transaction with the Stakeholder	
3-1	Purpose of the contract:
3-2	Contract period:
3-3	Contract amount (compensation):
3-4	Payment method for the contract amount (compensation):
3-5	Basis for calculating the contract amount (compensation):
3-6	Background and basis of the transaction with the Stakeholder:
3-7	Areas where the Stakeholder will provide services to the Company:
4. Other Stakeholder Due Diligence Items	
4-1	<p>If the Stakeholder is a corporation, is an anti-corruption policy in place and in effect?</p> <p>※ If the answer to the above question is “yes,” please state details and attach documents related to the anti-corruption policy.</p>
4-2	<p>If the Stakeholder is a corporation, is there an accounting control/audit system in place?</p> <p>※ If the answer to the above question is “yes,” please state details and attach documents related to the accounting control/audit system.</p>
4-3	<p>Does the Stakeholder consider his or her relationship or influence over Public Officials or counterparties as his or her own ability?</p> <p>※ If the answer to the above question is “yes,” please state details.</p>
4-4	<p>Has the Stakeholder been recommended by a Public Official or a counterparty?</p> <p>※ If the answer to the above question is “yes,” please state details including the job title and name of the person who recommended the Stakeholder.</p>

4-5	<p>Does the Stakeholder or his or her spouse have a first cousin or closer relative who is a Public Official or a counterparty? (applicable to consultants/agents only)</p> <p>※ If the answer to the above question is “yes,” please state details.</p>
4-6	<p>Has the Stakeholder made political donations for the last five years?</p> <p>※ If the answer to the above question is “yes,” please submit details including details on political donations in writing.</p>
4-7	<p>Does the Stakeholder have government contracts or otherwise make government sales for the last five years?</p> <p>※ If the answer to the above question is “yes,” please state details.</p>

Date: _____

Department: _____

Responsible officer: _____ (Signature)

[Attachment 4]

Standard Anti-Corruption Provisions

Article 00 (Anti-corruption)

(1) The Counterparty warrants that the Counterparty is not, and would not be, any of the following at present or at any time during the term of this Agreement, unless reported by its officers and employees concerned with this Agreement to HD Construction Equipment Co., Ltd. (“HCE”).

1. Officers and employees of a central or federal government (department, agency, or instrumentality), officers and employees of a local government, and official representatives of any government;
2. Officers and employees of any state-owned enterprise, public enterprise, public institution, or government-invested company;
3. Officers and employees of any public international organization (e.g., the International Monetary Fund, the World Bank, the World Trade Organization, the Organization for Economic Cooperation and Development, etc.);
4. Politicians, employees of political parties, and candidates for political office;
5. Persons entrusted with public duties
6. A head master or a teacher at a school of any level or an employee of a school foundation (limited to domestic schools and school foundations).
7. The representative or an officer or employee of a press organization (limited to local press organizations).

(2) The Counterparty warrants that it has not and will not, directly or through a third party (stakeholders such as consultants, agents, representatives, etc.), offer, promise, or provide any Economic Benefits such as money and other valuables including any of the items set forth in Paragraph (1) above to any of the existing or future counterparties, etc, in connection with the performance of this Agreement or its activities as a representative of HCE.

(3) The Counterparty undertakes to comply with all anti-corruption laws and regulations of the Republic of Korea, international conventions on anti-corruption, and all other anti-corruption laws and regulations applicable to the performance of duties, as well as the Compliance Guidelines for Anti-corruption Laws of HCE (the “**Anti-corruption Laws**”).

(4) The Counterparty shall maintain and manage in reasonable detail all accounting books and records relating to the performance of this Agreement for at least five (5) years from the expiration or termination of this Agreement as well as during the effective period of this Agreement.

(5) HCE may inspect or copy the accounting books, records, etc. of the Counterparty within a reasonable scope during business hours to verify compliance with these terms and the Anti-corruption Laws by the Counterparty.

(6) The Counterparty shall immediately notify HCE of any known or suspected violation of Anti-corruption Laws in connection with the performance of this Agreement or activities as a distributor of HCE.

(7) If HCE becomes aware of any information to reasonably suspect a violation of the Anti-corruption Laws by the Counterparty, HCE may suspend the performance of its obligations including payment obligations for a reasonable period necessary to investigate the existence of any such a violation.

(8) HCE may terminate or cancel this Agreement in any of the following cases:

1. Violation of Anti-corruption Laws by the Counterparty;
2. Rejection of HCE's request for inspection or reproduction of accounting books, records, etc.
3. Any other breach of this Article.

(9) HCE may claim for damages incurred due to breach of this Article by the Counterparty.