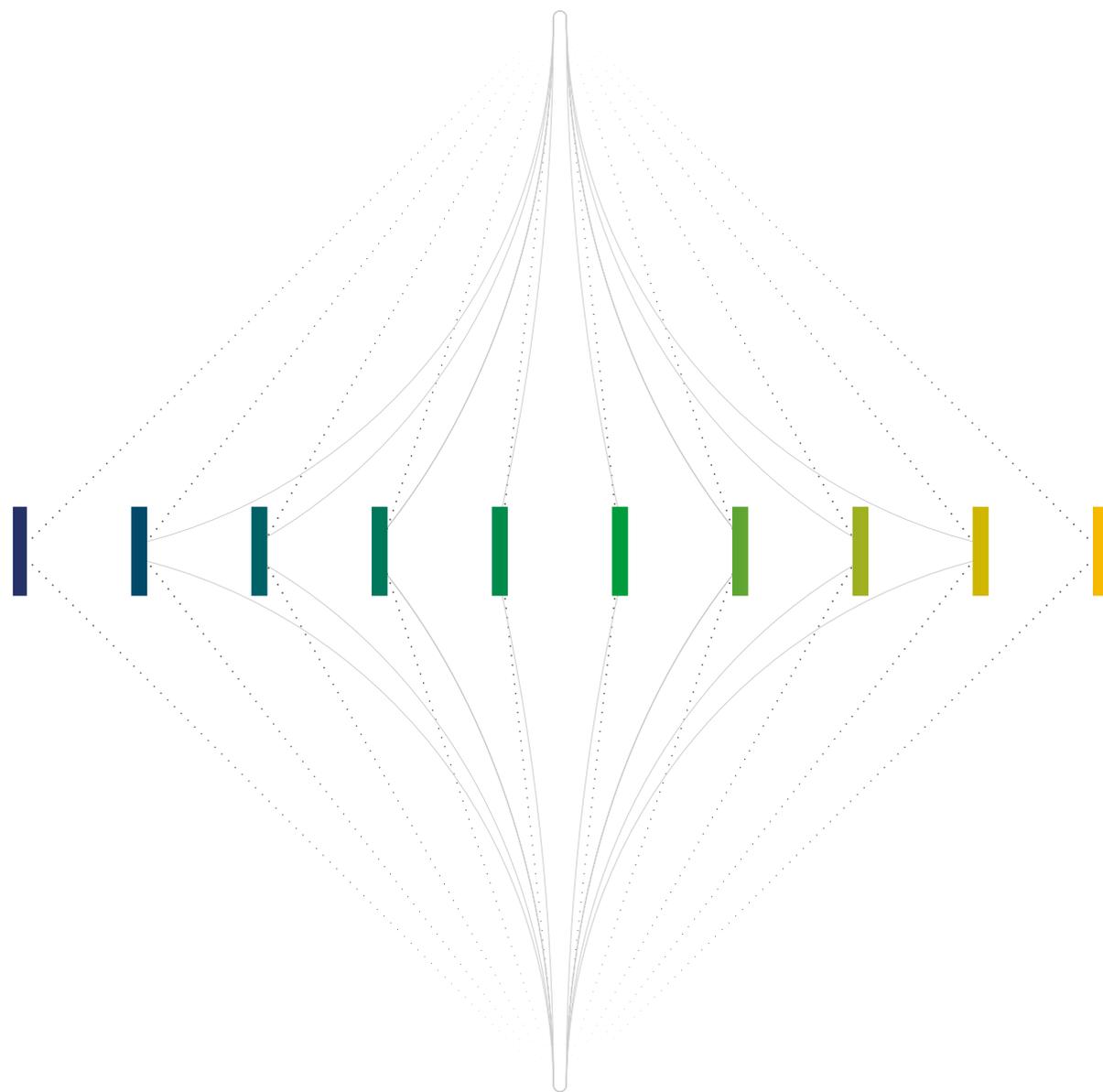


2020  
HYUNDAI ENGINEERING & CONSTRUCTION

# SUSTAINABILITY REPORT



## ABOUT THIS REPORT

### Reporting Characteristics

This report is the eleventh Sustainability Report published by Hyundai E&C, which introduces its corporate-wide sustainability management strategy based on the UN Sustainable Development Goals, and focuses on the long-term targets against 2030, seven propelling strategies, major activities and achievements in economic, environmental and social aspects to realize it. Furthermore, we aim to enhance stakeholders' understanding by unveiling our long-term sustainability management goals for sustainable value empowerment and disclosing implementation strategies and performance indicators.

### Reporting Period & Boundary

This report covers Hyundai E&C's economic, environmental, and social activities and performances of the headquarters as well as domestic and overseas sites from 1 JAN 2019 to 31 DEC 2019. In addition, we partially included activities and performances until MAY 2020 that have significant impacts on our business. For the quantitative performance, data of the recent 3 years is reported so that the yearly development can be analyzed.

### Reporting Standards

This report complies with the Comprehensive option of the Global Reporting Initiative (GRI) Standards 100-400. It is reflecting the ten principles of the UN Global Compact and the main agenda of ISO 26000 as well. For the financial performance, Hyundai E&C reports its financial data based on the Korean International Financial Reporting Standards (K-IFRS).

### Third Party Assurance

In order to secure the credibility and fairness of the writing process and contents of the report, a third-party assurance was conducted by an external, independent specialized agency and the results are available on p. 74~75 of this report.

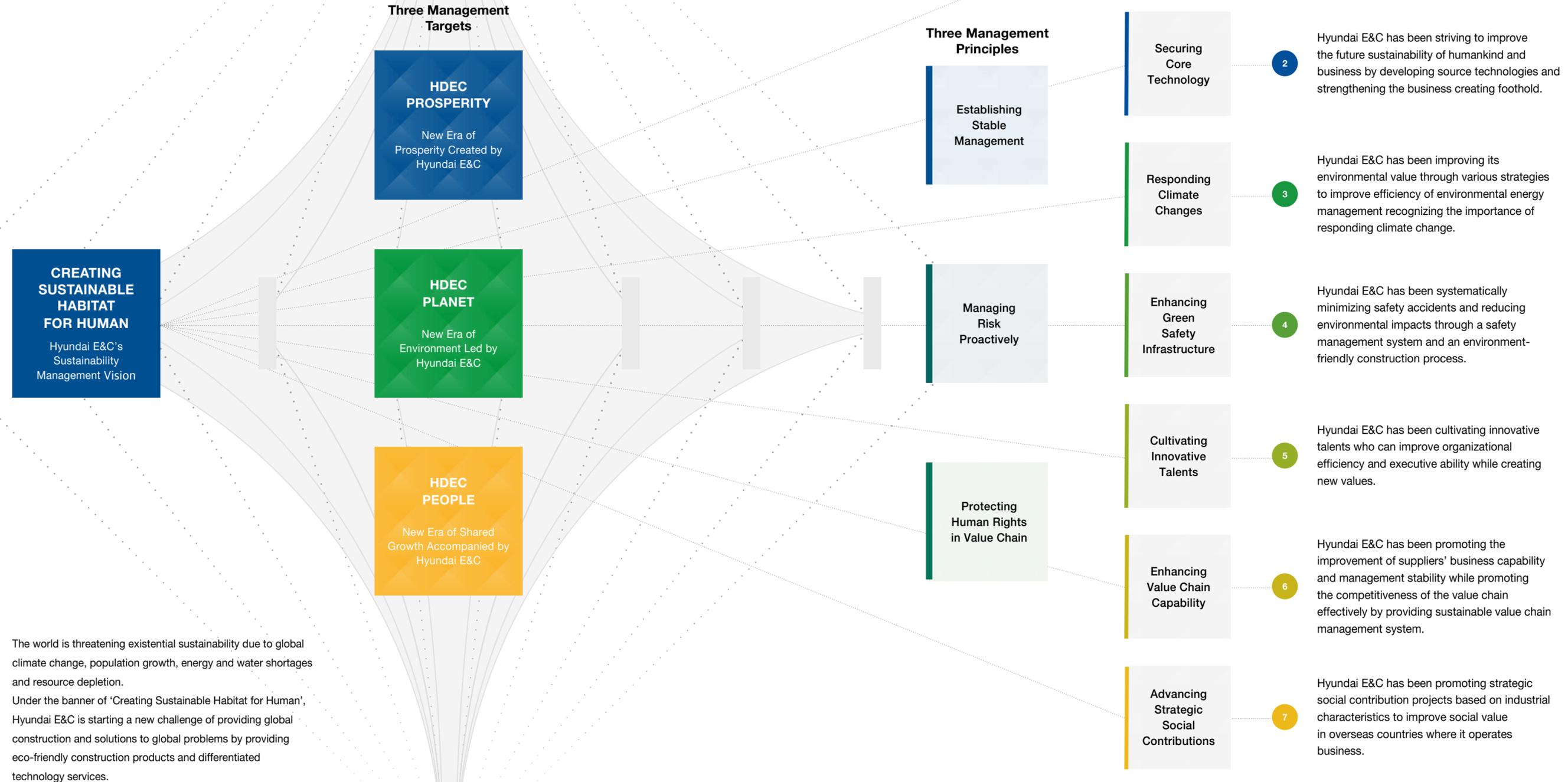
#### 2020 COVER STORY

Hyundai E&C has been leading the creation of value in the construction industry as a global sustainability management leader. As a global construction company, the image of Hyundai E&C, which is expanding toward the world, has been shaped, and the figure spreading across the horizon symbolizes the 10 characters of 'HYUNDAI E&C'.

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# Creating Sustainable Habitat For Human



# Message from the CEO



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## With Advanced Technology and Differentiated Services, We Will Advance To 'Global Top Tier' Beyond the Korean Representative Company

99

### Management Approach

Since its foundation in 1947, Hyundai E&C has been striving to lay the foundation for national economic development and improve the quality of life for the people.

The company believes that it is possible to continue when trying to maximize the added value of all stakeholders, including shareholders, customers, partners, communities and governments. Based on these beliefs, Hyundai E&C is advancing toward the "Global Top Tier" beyond the Korean representative company with advanced technologies and differentiated services.

### Stable Economic Performance

Over the past 73 years, Hyundai E&C has successfully carried out a total of 842 projects in 59 countries worldwide, accumulating various experiences and discriminatory business capabilities. Through the continuous development of new business/new technologies, we are achieving stable management performance by carrying out profit-oriented orders.

Despite difficulties such as a decline in order quantity due to the continuation of low oil prices in 2019, Hyundai E&C has accelerated its global streak by recording orders of KRW 24,225.2 billion, up 27.4% year-on-year, thanks to orders from overseas projects including the Majan Project in Saudi Arabia, the North-South Expressway Project in Singapore, the Vega City Complex Development Project in Vietnam and Kam-Chun 2 Project in Busan, Korea.

Thanks to these achievements, the annual order target in 2020 has increased by 3.5% compared to the previous year to KRW 25.1 trillion, focusing on competitive fields including marine ports, gas plants, complex development, transmission and transformation.

### Global Sustainability Leadership

In 2014, Hyundai E&C established the first sustainability management system based on the Creating Shared Value model for the first time worldwide. We believe that this is not only economic value, but also social value and absolute value that companies must create.

In May 2020, Hyundai E&C established the long-term targets against 2030, three management principles and seven propelling strategies in order to implement the UN Sustainable Development Goals for a better world. We are promoting company-wide sustainability management activities.

Hyundai E&C's efforts to promote sustainable management have been externally recognized, and it has been listed into the DJSI World Index for the first time in the domestic construction industry for 10 consecutive years. In addition, Hyundai E&C achieved the 1st place in the construction and engineering industry for 7 years.

Hyundai E&C will continue to fulfil its roles and responsibilities as a global leader in sustainability management. We would be grateful for your loving interest from stakeholders.

Thank you.

President & CEO of Hyundai E&C  
Park Dong-Wook

# Company Overview & Business Portfolio

Hyundai E&C has opened a new era of the global integrated engineering around the globe with its advanced technology and business execution ability widely proven. Based on solid business foundations in the Middle East and Asia, Hyundai E&C has taken a substantial leap as a promising and competitive company expanding the business into emerging markets in Latin America, Africa, and Commonwealth of Independent States (CIS). As of May 2020, a total of 6,535 employees are working at 147 domestic and 59 overseas sites centered on 2 domestic branches as well as 34 overseas branches and offices.

| Key Financial Performance  |                      |                      |
|--|----------------------|----------------------|
|  | 2018                 | 2019                 |
| Order Backlog     | KRW 55,806.0 billion | KRW 56,329.1 billion |
| Revenue           | KRW 16,730.9 billion | KRW 17,278.8 billion |
| Operating Income  | KRW 840.0 billion    | KRW 859.7 billion    |
| Credit Rating*    | AA-                  |                      |

\* Credit rating from Korea Ratings Corporation, NICE Information Service, and Korea Investors Service

- MAY 1947** Foundation of Hyundai E&C
- NOV 1965** Received the order of Pattani-Narathiwat Highway, Thailand
- JUL 1970** Completed Gyeongbu Expressway, Korea
- APR 1982** Achieved USD 10 billion in accumulative overseas orders
- APR 2010** Received the order of Nuclear Power Plant, UAE
- APR 2011** Became an affiliate of Hyundai Motor Group
- NOV 2013** Achieved USD 100 billion in accumulative overseas orders
- MAY 2017** The 70th anniversary of the foundation



INFRASTRUCTURE

**Hyundai E&C will challenge the infinite possibility in the world**

With the top-notch technology and abundant experiences accumulated for the past 73 years, the Infrastructure Division has significantly contributed to the national basic industries and the economic development of diverse nations by successfully executing land development, port, railway, road, bridge, and water environment & treatment. We will continue to develop into a Core Infra Solution Leader who provides the global core infrastructure construction based on advanced technology.



BUILDING WORKS

**Hyundai E&C will realize a future space that is at the forefront of the era**

The Building Works Division realizes the state-of-the-art space in imagination, where people, information, environment and technology coexist, with its infinite imagination. Hyundai E&C, which is leading the architectural paradigm such as eco-friendly green buildings, high-rise buildings, and complex development projects in a wide range of construction businesses area ranging from commercial, medical, office, education, athletic and cultural facilities to cutting-edge industrial and public institution facilities, is expanding its business field into mega projects, CM projects, etc. to grow into a Constructor & Developer.



HOUSING WORKS

**Hyundai E&C will create a residential culture that thinks people first**

The Housing Works Division presents new standards in the residential culture of South Korea through innovative design and elegant services and maintains the status of luxury brands throughout the housing business, including large-scale redevelopment and reconstruction, apartments, and residential complexes. Hillstate, the leading apartment brand in South Korea, is leading the market while providing excellent residential space. We will continue to lead the future residential paradigm as a Lifestyle Leader.



PLANT

**Hyundai E&C will lead the global plant market with the accumulated technology and experiences**

Based on performances accumulated in overseas markets and advanced technical capability, the Plant Works Division has been recognized as the top level of project execution in the world in the areas of building global petrochemical, gas, refinery plants, and power & energy. In order to lead the global plant and energy market continuously, we will penetrate into new high value-added markets by securing core technologies and establish Future-oriented Portfolio by expanding new growth businesses.

# Management Philosophy & Vision

## “Together for a Better Future”

The vision of Hyundai Motor Group, “Together for a Better Future” is a from the commitment to deliver the best satisfaction to customers beyond the external growth of the company. The synergy created by the Hyundai Motor Group is realizing new values through innovation in various parts of our lives.

### Group Core Values

For accomplishing the Group’s vision, Hyundai E&C internalizes the five core values of Group.

The five core values are standards of our action and decision making to reinforce the creative corporate culture that respects customers and employees, accomplish challenges and cooperation, and strengthen our capability for global business.

|  |   |   |   |   |
|--|---|---|---|---|
| <br><b>1</b><br><b>Customer</b>                             | <br><b>2</b><br><b>Challenge</b>   | <br><b>3</b><br><b>Collaboration</b>   | <br><b>4</b><br><b>People</b>   | <br><b>5</b><br><b>Globality</b>                                     |
| We promote a customer-driven corporate culture by providing the best quality and impeccable service with all values centered on our customers. | We refuse to be complacent, embrace every opportunity for a greater challenge, and are confident in achieving our goals with unwavering passion and ingenious thinking. | We create synergy through a sense of ‘togetherness’ that is fostered by mutual communication and cooperation within the company and with our business partners. | We believe the future of our organization lied in the hearts and capabilities of individual members, and will help them develop their potential by creating a corporate culture that respects talent. | We respect the diversity of cultures and customs, aspire to be the world’s best at what we do, and strive to become a respected global corporate citizen. |

### Group Management Philosophy

Based on the Group’s management philosophy, “to realize the dream of humanity by creating a new future through creative thinking and endless challenge”, Hyundai E&C leading sustainable development of global construction industry.

|   |  |   |
|---|--|---|
| <b>1 Unlimited Sense of Responsibility</b>  | <b>2 Realization of Possibilities</b>  | <b>3 Respect for Mankind</b>  |
| Our unlimited sense of responsibility for the safety and happiness of the customer is realized in our quality management, which leads to the creation of unlimited value for our society. | We always move forward to the next goal after each success, and create a bigger future with an entrepreneurial spirit to take the risk of failure. | We offer value, better products and better services that help people to live more conveniently, and make their lives more affluent. |

Based on our spirit for a ‘creative challenge’, we write a new construction history fulfilling the responsibility for the world and the humankind as the globally integrated construction company. Hyundai E&C also has internalized the management philosophy and core values of the Hyundai Motor Group and further has strengthened its future competitiveness through organic cooperation with related industries in Group including automobile and steel.

## “We Build Tomorrow”

For the vision of ‘As a global EPCM company, we will create the foundation for a better life through cross-business synergy and convergence with future technologies, Hyundai E&C has endeavored to generate the best values through the harmonious and sustainable growth with stakeholders.

### Hyundai E&C Spirit

Hyundai E&C is ahead of its era with a “Hyundai E&C spirit” that does not fear change.

We pursue creative perspective based on future-oriented thinking, pioneer the future with positive thinking, and move toward Global Top Tier through its unwavering drives.

|   |  |   |   |
|---|--|---|---|
| <b>1</b><br><b>Being a Global EPCM Company</b>  | <b>2</b><br><b>Closely Cooperating with Related Industries</b>   | <b>3</b><br><b>Leading the Convergence and Diversification of Future Technologies and Industries</b>  | <b>4</b><br><b>Create the Foundation for a Better Life</b>  |
| <ul style="list-style-type: none"> <li>• Provide integrated construction services and diversify the type of overseas contracts</li> <li>• Establish an optimized management infrastructure</li> </ul> | <ul style="list-style-type: none"> <li>• Enhance partnership with relevant industries to expand business areas</li> <li>• Build a base for green growth</li> </ul> | <ul style="list-style-type: none"> <li>• Ensure that individual technologies developed in separate sectors are integrated and utilized in new areas to create new growth drivers</li> <li>• Fulfill the role as a catalyst of new business areas</li> </ul> | <ul style="list-style-type: none"> <li>• Prioritize ‘people’ above all and establish the foundation for a better life by having a shared mindset with customers</li> <li>• Grow together with all stakeholders and contribute to society</li> </ul> |

### Hyundai E&C’s Strategic Directions

Striving to realize the future vision, Hyundai E&C has defined the three strategic directions of ‘enhancement of business structure’ ‘advancing into new growth field’ and ‘globalization of management infrastructure.’

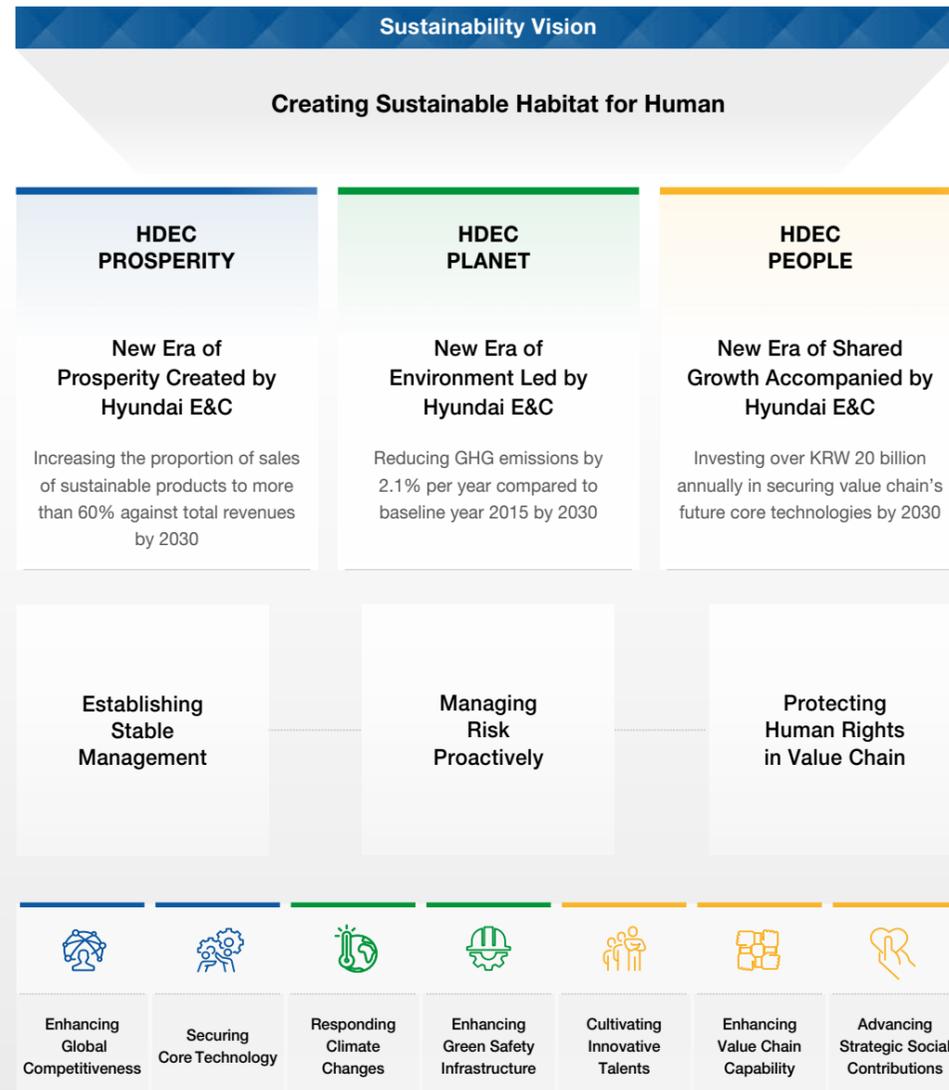
|   |  |   |
|---|--|---|
| <b>1 Enhancement of Business Structure</b>  | <b>2 Advancing into New Growth Field</b>   | <b>3 Globalization of Management Infrastructure</b>   |
| <ul style="list-style-type: none"> <li>• Business portfolio enhancement</li> <li>• High value-added business model</li> </ul> | <ul style="list-style-type: none"> <li>• Selecting new growth businesses</li> <li>• Advancing into new markets</li> <li>• Maximizing the synergies effect with affiliates</li> </ul> | <ul style="list-style-type: none"> <li>• Building an effective global organization</li> <li>• Training global talents</li> <li>• Establishing global cost price &amp; quality control system</li> </ul> |

# Sustainable Value Creation

## Hyundai E&C Sustainability Management

Humankind faces a crisis due to global changes that are a combination of global climate change, change of world demographics, urbanization, water scarcity, environmental pollution, and intensifying energy & resource depletion. As a global construction company, Hyundai E&C aims to provide future solutions through its sustainable construction products and environment-friendly construction technology with the sustainability management vision of 'Creating Sustainable Habitat for Human.'

In 2014, therefore, we have established the sustainability management system based on the Creating Shared Value (CSV) model for the first in the global construction industry. Furthermore, we have been promoting corporate-wide sustainability management in May 2020, centered on long-term sustainability targets against the year 2030, three value principles and seven propelling strategies aligned with the UN Sustainable Development Goals.



Three Management Targets

Three Value Principles

Seven Propelling Strategies

## Stakeholder Engagement

It is hardly less important that collect opinions of various stakeholders and actively reflect them in management activities for companies that are pursuing sustainable management. Hyundai E&C defined the six major stakeholder groups who can influence the company either directly or indirectly while operating various communications channels for gathering opinions. Likewise, we are generating shared values by distributing economic outcomes to stakeholders in a fair manner.

| Stakeholder Group                        | Communication Channels  | Engagement Policies   |
|--|---|---|
| <b>Government, Media and Association</b> | <ul style="list-style-type: none"> <li>Public Hearings</li> <li>Press Release</li> <li>Association Activities</li> </ul>  | <ul style="list-style-type: none"> <li>Comply with the government's policy and regulations</li> <li>Transparently disclose via media</li> <li>Build a constructive relationship with relevant associations</li> </ul>       |
| <b>Employee</b>                          | <ul style="list-style-type: none"> <li>Intranet, HDEC Newsletter, SNS, Blog</li> <li>Next Leader Board, Discussion with CEO</li> <li>Employee Engagement Survey</li> <li>H-Dudrim</li> </ul>    | <ul style="list-style-type: none"> <li>Provide fair appraisal and compensation</li> <li>Support innovative capability</li> <li>Pursue work and life balance</li> </ul>  |
| <b>Customer</b>                          | <ul style="list-style-type: none"> <li>Call Center, Customer Center (web), SNS, Blog</li> <li>Customer Satisfaction Survey</li> <li>Hillstate Styler</li> <li>H-Dudrim</li> </ul>               | <ul style="list-style-type: none"> <li>Maximize customer satisfaction through technologies</li> <li>Increase customers' trust and improve communication</li> <li>Construct a comfortable residential environment</li> </ul> |
| <b>Supplier</b>                          | <ul style="list-style-type: none"> <li>Hi-partner System</li> <li>Joint Cooperation Committee, Win-win Growth Support Center</li> <li>Supplier satisfaction survey</li> <li>H-Dudrim</li> </ul> | <ul style="list-style-type: none"> <li>Establish fair and transparent business relations</li> <li>Share information and technologies</li> <li>Realize the shared growth and win-win management</li> </ul>                   |
| <b>Society</b>                           | <ul style="list-style-type: none"> <li>Social contribution activities</li> <li>Community meeting</li> <li>External social contribution committee</li> </ul>                                     | <ul style="list-style-type: none"> <li>Protect the environment around sites</li> <li>Enhance six 'MOVE' social contribution activities</li> <li>Communicate with local communities actively</li> </ul>                      |
| <b>Shareholder and Investor</b>          | <ul style="list-style-type: none"> <li>General shareholders' meeting · Investment presentation</li> <li>Public disclosure</li> </ul>  | <ul style="list-style-type: none"> <li>Establish a sound governance</li> <li>Enhance the corporate competitiveness continuously</li> <li>Maximize the value of shareholders and investors</li> </ul>                        |

Distribution of Stakeholder Interests in 2019

(Unit: KRW 100 million)



# HDEC SUSTAINABILITY MANAGEMENT

Hyundai E&C has established a company-wide sustainability management strategy based on the Creating Shared Value model and is pursuing long-term growth and prosperity of humanity at the same time. Hyundai E&C is creating a history of sustainable world construction beyond the history of Korean construction.



Three Management  
Targets

HDEC  
PROSPERITY

New Era of  
Prosperity Created  
by Hyundai E&C

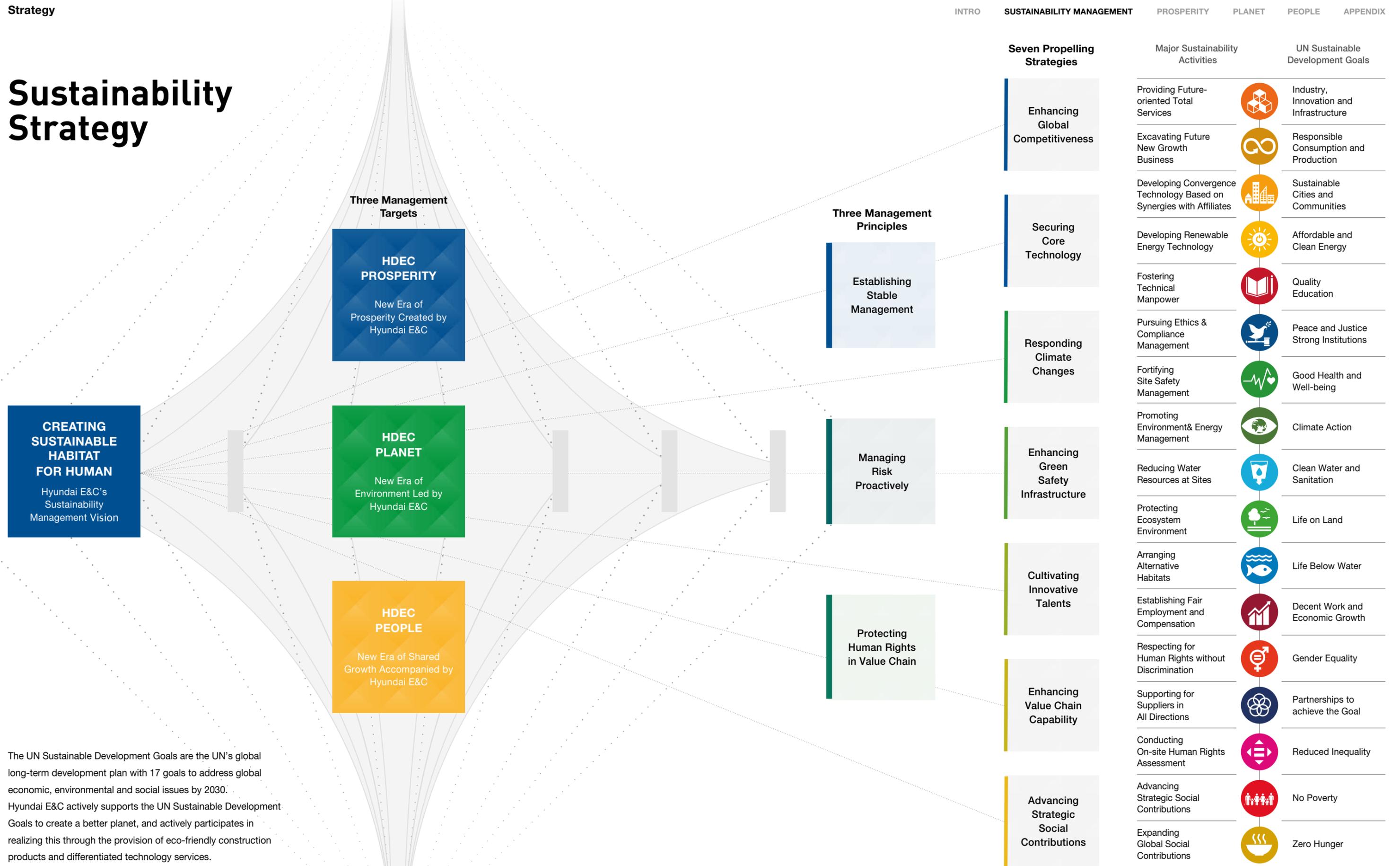
HDEC  
PLANET

New Era of  
Environment Led  
by Hyundai E&C

HDEC  
PEOPLE

New Era of  
Shared Growth  
Accompanied  
by Hyundai E&C

# Sustainability Strategy



The UN Sustainable Development Goals are the UN's global long-term development plan with 17 goals to address global economic, environmental and social issues by 2030. Hyundai E&C actively supports the UN Sustainable Development Goals to create a better planet, and actively participates in realizing this through the provision of eco-friendly construction products and differentiated technology services.

| Major Sustainability Activities                                      | UN Sustainable Development Goals        |
|--|---|
| Providing Future-oriented Total Services                             | Industry, Innovation and Infrastructure |
| Excavating Future New Growth Business                                | Responsible Consumption and Production  |
| Developing Convergence Technology Based on Synergies with Affiliates | Sustainable Cities and Communities      |
| Developing Renewable Energy Technology                               | Affordable and Clean Energy             |
| Fostering Technical Manpower   | Quality Education                       |
| Pursuing Ethics & Compliance Management                              | Peace and Justice Strong Institutions   |
| Fortifying Site Safety Management                                    | Good Health and Well-being              |
| Promoting Environment& Energy Management                             | Climate Action                          |
| Reducing Water Resources at Sites                                    | Clean Water and Sanitation              |
| Protecting Ecosystem Environment                                     | Life on Land                            |
| Arranging Alternative Habitats                                       | Life Below Water                        |
| Establishing Fair Employment and Compensation                        | Decent Work and Economic Growth         |
| Respecting for Human Rights without Discrimination                   | Gender Equality                         |
| Supporting for Suppliers in All Directions                           | Partnerships to achieve the Goal        |
| Conducting On-site Human Rights Assessment                           | Reduced Inequality                      |
| Advancing Strategic Social Contributions                             | No Poverty                              |
| Expanding Global Social Contributions                                | Zero Hunger                             |

New Era of Prosperity Created by Hyundai E&C

# HDEC PROSPERITY

Hyundai E&C is writing the history of the world's construction beyond the boundary of Korea. We are realizing the sustainable value creation in the world based on our differentiated technologies responding against megatrends and diversification of the global business portfolios. In addition, we have been establishing a sustainable habitat for the humankind while pioneering the construction history with the corporate spirit of a 'creative challenge.'

## Providing Future-oriented Total Services

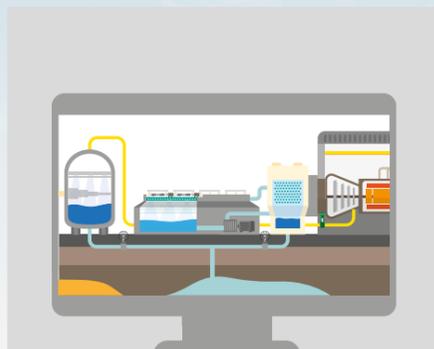
## Excavating Future New Growth Business

## Developing Convergence Technology Based on Affiliates Synergies

## Developing Renewable Energy Technology

## Fostering Technical Manpower

## Pursuing Ethics & Compliance Management



Hyundai E&C is striving to build future-oriented social infrastructure by providing services across all value chains in the construction industry.

Hyundai E&C is excavating and promoting future new growth business in order to respond effectively to changes in the construction industry environment and create new revenue sources.

Hyundai E&C has been promoted the development of convergence technology in diverse fields such as transportation, environment, energy and smart city by joint researches that can create synergies with affiliates.

Hyundai E&C is striving to research renewable power plant, smart grid systems and new transmissions & substation facility in accordance with Hyundai Electric.

Through the e-HRD (Human Resource Development) system, we provide the customized education program and support capability development.

In July 2020, the Group Ethics Charter and Code of Conduct were newly enacted to strengthen the ethical and compliance management of the entire group.

|  |  |   |
|--|--|---|
|  <p><b>Industry, Innovation and Infrastructure</b></p> |  <p><b>Responsible Consumption and Production</b></p> |  <p><b>Sustainable Cities and Communities</b></p> |
| <p>Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation</p>                         | <p>Ensure sustainable consumption and production patterns</p>  | <p>Make cities and human settlements inclusive, safe, resilient and sustainable</p>   |

|   |   |  |
|---|---|--|
|  <p><b>Affordable and Clean Energy</b></p> |  <p><b>Quality Education</b></p> |  <p><b>Peace and Justice Strong Institutions</b></p>                    |
| <p>Ensure access to affordable, reliable, sustainable and modern energy for all</p>   | <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p>           | <p>Promote peaceful and inclusive societies, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p> |

New Era of Environment Led by Hyundai E&C

# HDEC PLANET

Global environmental issues including the climate change, energy scarcity, and resource depletion are emerging challenges and business opportunities in construction industry. Under the environment & energy management vision of '2050 Global Green One Pioneer,' Hyundai E&C has established the environment-friendly roadmap minimizing the environmental impact and building a sustainable future by strengthening our future core technologies

### Fortifying Site Safety Management



Hyundai E&C sets the realization of "A Company that Creates Safe Tomorrow Together" as a safety management goal and creates a safe workplace environment through systematic safety checks and training.

### Promoting Environment & Energy Management



Aiming to accomplish the vision of 'Global Green One Pioneer,' Hyundai E&C has established the long-term environmental management roadmap and promoted various environment & energy policies.

### Reducing GHG Emissions



Through "Green Campaign", the representative GHG reduction campaign, Hyundai E&C is striving to reduce GHG emissions not only at the headquarters but also at all domestic and overseas construction sites.

### Reducing Water Resources at Sites



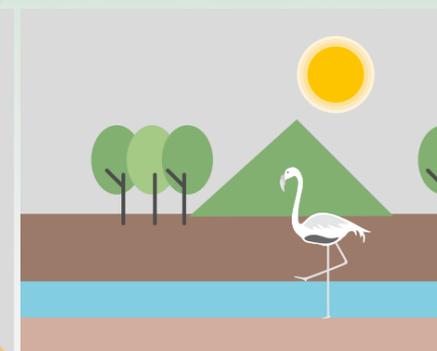
In order to reduce the water consumption at the site, we have installed rainwater storages and de-watering equipment for using underground water, and use sprinklers to consume less water during the construction.

### Protecting Ecosystem Environment



Hyundai E&C proactively analyzes possible impacts on the environment from the planning stage as well as develop and apply engineering and construction methods that can help to maintain the biodiversity and topographic changes.

### Arranging Alternative Habitats



In order to protect the biodiversity around sites, Hyundai E&C arranges alternative habitats by transplanting trees and plants, creating ecological wetlands, installing artificial plants and developing natural streams and green areas.

|  |  |
|--|--|
| <p><b>Good Health and Well-being</b></p>                           | <p><b>Climate Action</b></p>                                       |
| <p>Ensure healthy lives and promote well-being for all at ages</p> | <p>Take urgent action to combat climate change and its impacts</p> |

|   |   |   |
|---|---|---|
| <p><b>Clean Water and Sanitation</b></p>  | <p><b>Life on Land</b></p>  | <p><b>Life Below Water</b></p>  |
| <p>Ensure availability and sustainable management of water and sanitation for all</p> | <p>Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss</p> | <p>Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</p> |

New Era of Shared Growth Accompanied by Hyundai E&C

# HDEC PEOPLE

Hyundai E&C employees are the key driver to make the impossible possible while suppliers are partners to attain the shared growth to create sustainable future.

Hyundai E&C is cultivating capable suppliers and enhancing the value chain by nurturing global talents who are not afraid of change and innovation. Furthermore, we faithfully deliver the responsibility of the global construction company by strengthening the coexistence with domestic and overseas local communities.

### Establishing Fair Employment and Compensation



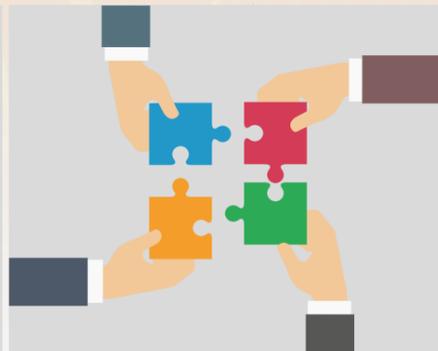
Hyundai E&C recruits human resources in a fair and transparent manner and provide equal opportunities to all applicants. In 2019, we recruited 18 new employees and 109 experienced employees.

### Respecting for Human Rights without Discrimination



Based on the 'UN Guiding Principles on Business and Human Rights', Hyundai E&C established a human rights management process by itself. In addition, we are checking human rights situations through internal and external monitoring.

### Supporting for Suppliers in All Directions



Suppliers and Hyundai E&C grow together. Hyundai E&C has strived for the stabilization of suppliers' management with a wide range of financial supports and sought for the shared growth through cooperation for the technology development and educations.

### Conducting On-site Human Rights Assessment



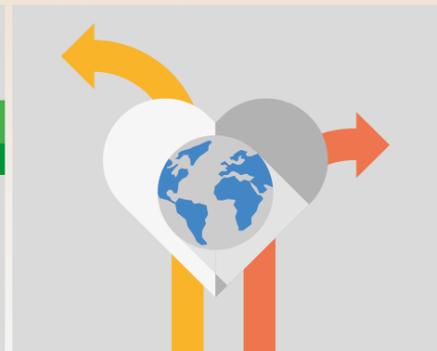
In order to prevent any human rights violations that may arise in the global construction sites, Hyundai E&C has developed the 'On-site Human Rights Assessment' for the first time among Korean construction companies in May 2017.

### Advancing Strategic Social Contributions



In order to create a better world with customers and society, Hyundai E&C launched a social volunteer corps, formed an external social contribution committee, and is operating company-wide social contribution through the social contribution mileage system.

### Expanding Global Social Contributions



Hyundai E&C has been continuously promoting overseas social contribution activities. Hyundai E&C has actively promoted 42 social contribution activities in 20 countries since 2011.

|  |  |   |                        |  |   |
|--|--|---|------------------------|--|---|
|  | <b>Decent Work and Economic Growth</b> |   | <b>Gender Equality</b> |  | <b>Partnerships to achieve the Goal</b> |
| Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all |  | Achieve gender equality and empower all women and girls |                        | Strengthen the means of implementation and revitalize the Global Partnership for Sustainable Development |   |

|  |                           |   |                   |  |                    |
|--|---------------------------|---|-------------------|--|--------------------|
|  | <b>Reduced Inequality</b> |   | <b>No Poverty</b> |  | <b>Zero Hunger</b> |
| Reduce inequality within and among countries |                           | End poverty in all its forms everywhere |                   | End hunger, achieve food security and improved nutrition and promote sustainable agriculture |                    |

# HDEC PROSPERITY

## New Era of Prosperity Created by Hyundai E&C

Since its foundation in 1947, Hyundai E&C has established a foundation for national economic development and has led the improvement of people's quality of life. Now, Hyundai E&C is creating a new era of prosperity by providing sustainable construction products and differentiated technology services around the world to create corporate value while pursuing the economic growth of mankind.

Propelling Strategies

Enhancing  
Global  
Competitiveness

Securing  
Core  
Technology

Management Principle

Establishing  
Stable  
Management

# Enhancing Global Competitiveness

Value Empowering Case

Hyundai E&C is writing the history of the world's construction beyond the boundary of Korea. We are realizing the sustainable value creation in the world based on our differentiated technologies and proven business performances with diversifying the global business portfolios. In addition, we have been establishing a sustainable habitat for the humankind while pioneering the construction history with the corporate spirit of a 'Creative Challenge.'

<http://en.hdec.kr/EN/Business/InfraWork.aspx>

## Creating Global Economic Value

- Stabilizing global growths
- Expanding into global markets

## Strengthening Global Business Capacity

- Enhancing global management infrastructures
- Increasing global cost competitiveness

## Establishing the Future-oriented Portfolio

- Business portfolio strategy
- Excavating future new growth business

## Providing Future-oriented Total Services

- Providing total service in all fields of construction industry value chain

## Hyundai E&C Talks about Growth and Leap forward in the Global Construction Market

Hyundai E&C has accelerated its global streak by recording orders of KRW 24,225.2 billion, up 27.4% year-on-year, despite difficulties such as a decline in order quantity due to the continuation of low oil prices in 2019 and contraction in the domestic construction market, thanks to orders from overseas projects including the Majan Project in Saudi Arabia, the North-South Expressway Project in Singapore, and the Vega City Complex Development Project in Vietnam. In 2020, Hyundai E&C continues the rapid navigation of large-scale business orders such as the Metro Line 3 project in Panama and the Lusail Plaza Tower in Qatar as of Q1 2020. The order target was expanded 3.5% year-on-year to KRW 25 trillion, focusing on industrial and technologically competitive advantages such as offshore ports, gas plants, complex development, transmission and substation, and global stability.



### Major Orders Received

| Majan Project in Saudi Arabia   | Lusail Plaza Tower in Qatar (PLOT3&4)  |
|---|--|
| <ul style="list-style-type: none"> <li>• Client : Aramco</li> <li>• Scale : USD 2,781 million</li> <li>• Description : Onshore plant construction for oil &amp; gas treatment in Majan oil field</li> </ul> | <ul style="list-style-type: none"> <li>• Client : Lusail Real Estate Development Company</li> <li>• Scale : USD 1,060 million</li> <li>• Description : Extra large construction project adjacent to 'Lusail Iconic Stadium'</li> </ul> |

## Hyundai E&C Writes a Construction History of Korea in Emerging Markets

Hyundai E&C has expanded its global construction territory by entering into emerging markets based on its accumulated construction technologies and experiences in the Middle East and Asia. In February 2020, Hyundai E&C succeeded in pioneering a new emerging market by winning the Panama Metro Line 3 construction project worth USD 2,811 million. The Panama Metro Line 3 project is a 25km long monorail construction linking Panama City and the west of the capital, and is the largest infrastructure construction project in Panama. In particular, this order has a deeper meaning in that it has expanded its business in new markets in Central and South America, including the Bayo Sewage Treatment Plant in Colombia, starting with the construction of the Porto Belo Combined Cycle Power Plant in Brazil.

### The Panama Metro Line 3 Project



## Creating Global Economic Values

### ENR The Top 250



ENR 'The Top 250 International Contractors 2019'  
<https://www.enr.com/toplists/2019-Top-250-Global-Contractors-1>

## Stabilizing Global Growths

Hyundai E&C has been demonstrating stable growth capabilities to the entire world far beyond the boundary of Korea through its stable business model and highly-recognized corporate competitiveness. Since its founding in 1947, Hyundai E&C has been rewriting the history of global construction for the past 73 years to Based on the experience and technological capabilities accumulated thus far while successfully carrying out 839 projects in 59 countries around the world, Hyundai E&C is expanding its global business through the profitability-oriented internal management and high-quality orders. In 2019, Hyundai E&C successfully expanded its global market with abundant orders from overseas projects including the Majan Project in Saudi Arabia, the North-South Expressway Project in Singapore, and the Vega City Complex Development Project in Vietnam. In 2020, we plan to further expand overseas markets by strengthening EPC competitiveness covering design, order, and performance, focusing on competitive edge engineering, and expanding market diversification to meet regional needs.

## Enhancing the Global Status

According to the worldwide renowned engineering and construction magazine 'Engineering News-Records (ENR, United States),' Hyundai E&C ranked 15th in the 'Top 250 International Contractors 2019' which is the best rank among Korean construction companies, a step up from the previous year. The achievement reflects Hyundai E&C's devotion to diversify its business portfolio and aggressive efforts for expanding to overseas emerging markets despite intensifying competition and external risks. We will constantly implement advanced strategies and generate practical performances thus will grow further into the world's leading company beyond the best construction company of Korea.

### Rankings in Overseas Sales of Major Korean Construction Companies

(2019 ENR disclosure data)

| Hyundai E&C      | GS E&C           | Samsung C&T      | Hyundai Engineering | Daewoo E&C       | SK E&C           | Daelim Industrial |
|------------------|------------------|------------------|---------------------|------------------|------------------|-------------------|
| 15 <sup>th</sup> | 24 <sup>th</sup> | 27 <sup>th</sup> | 40 <sup>th</sup>    | 55 <sup>th</sup> | 61 <sup>st</sup> | 79 <sup>th</sup>  |

## Expanding into Global Markets

In order to further apply our business experience acquired from the Middle East and Asian market to Africa, Latin America, and Eastern Europe, we have endeavored to create the base for the business expansion while selecting Latin America, sub-Saharan Africa, and Commonwealth of Independent States (CIS) regions as key emerging markets. Hyundai E&C is focusing on managing the existing markets that have secured competitiveness, while improving order competitiveness by focusing on potential new markets. In addition, we analyze the impacts of each business according to changes in the business environment, such as prolonging oil prices, and periodically identify trends by country and client, preemptively establishing strategies for each construction.

### Regional Strategies for Overseas Markets



\* GCC: Gulf Cooperation Council

### Strengthening Global Business Capacity

#### Enhancing Global Management Infrastructure

Total of 28 overseas branches and offices around the world Hyundai E&C is operating are taking significant roles to convey managerial infrastructure to sites and efficiently connect the headquarters and sites for the successful execution of global business. In order to increase competitiveness in receiving overseas orders and execution, the overseas branches and offices are functioning as the main drivers in identifying local suppliers and managing the overseas supplier pool as well as sites.

In 2019, overseas branches and offices were established to operate and tailor-made sub-contract strategies for each country, and global business capability was enhanced by focusing on strengthening all-round order support activities. Hyundai E&C will establish a systematic infrastructure for overseas business and thus improve the operational efficiency.

#### Enhancing Global Procurement

Based on the advanced material and subcontract management system (e-Procurement & e-Subcontract System), Hyundai E&C has been managing the integrated procurement information about bidding, transport, financing as well as supplier assessment, contract and payment. In addition, we have been operating the unit price contract program and simplified local payment system at overseas sites and branches to improve the procurement work efficiently. In addition, we have been contributing to reduce costs and increase sales of local suppliers by assigning responsible procurement personnel to Singapore, Dubai, Kuwait, and Doha branches and purchasing materials and goods required for international business and operating branches. Moreover, we have sent out newsletters in English to our overseas suppliers to build a closer partnership.

e-Procurement & e-Subcontract System



#### Increasing Global Cost Competitiveness

Hyundai E&C is spurring the enhancement of cost competitiveness with the aim of generating profits through maximizing added value. To that end, Hyundai E&C selected main construction works by business division and promoted business with a target of cost reduction. Hyundai E&C implemented multi-lateral strategies so that the enhancement of cost competitiveness can lead to the expansion of winning of good quality orders. In particular, in order to strengthen order winning competitiveness in bidding projects, Hyundai E&C excavated and utilized new LCC (Low-Cost Country) companies to improve cost competitiveness while carrying out Document PQ and due diligence for local companies in order to minimize the risk of implementation.

In 2019, the Desk Survey scheme was introduced to visit 312 local companies, conduct interviews, and carefully evaluate each company's competitiveness and technology to try to find new competitive local companies. In addition, we will continue to prepare cost reduction measures by presenting bidding alternatives, improving construction methods, finding cost reduction cases, and making a database for the project being promoted. We will also support cost competitiveness by applying and verifying the reduction plan and improving the project management and execution method.

#### Business Portfolio Strategy

Hyundai E&C is establishing and implementing business portfolio strategies based on analysis of capabilities by business division, market characteristics and future market prospects. By entering various business fields in the domestic and overseas markets, Hyundai E&C is operating a balanced business portfolio by domestic and overseas region and by type of construction such as civil / construction / plant, and this strategy is becoming a driving force to maintain stable growth without shaking even in rapidly changing external environments such as falling oil prices and exchange rate fluctuations. In the mid to long term, Hyundai E&C is promoting business area expansion and concretization of future industries.

#### Excavating Future New Growth Business

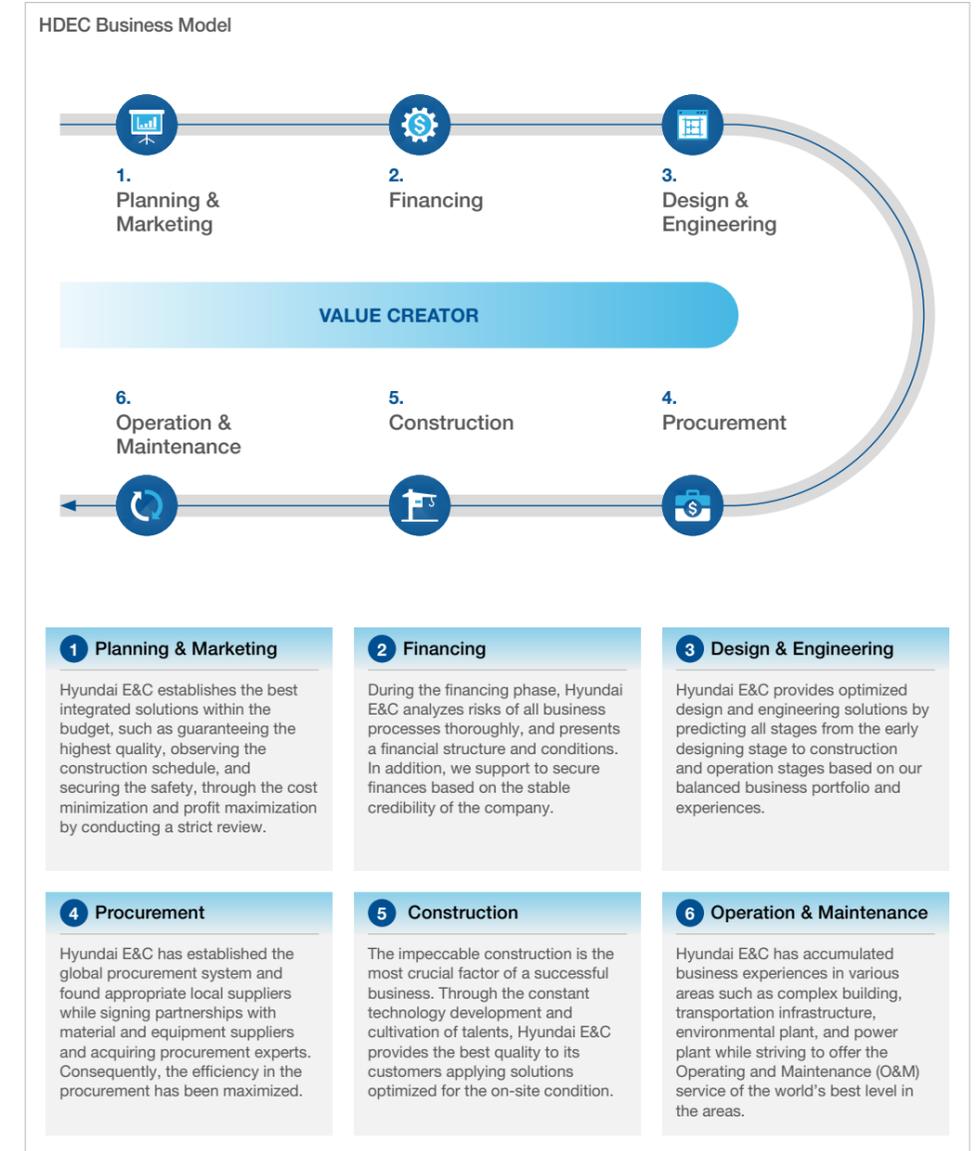
The global construction trend is rapidly changing due to the proliferation of rapid technological development and social changes. Hyundai E&C is excavating and promoting future new growth business in order to respond effectively to changes in the construction industry environment and create new revenue sources. New growth business refer to newly fostered businesses that can lead the future.

Hyundai E&C conducts close market analysis and continuously monitors market trends to capture business opportunities considering changes in social and economic megatrends such as climate change and demographic change. In addition, based on the foregoing, Hyundai E&C is promoting business strategies step by step to create substantial results by business division. In addition, Hyundai E&C is promoting digital conversion throughout the company and plans to continue excavating areas that can be commercialized in the mid- to long-term such as smart city and hydrogen industry.

### Establishing Future-oriented Portfolio

### Providing Future-oriented Total Services

In the construction market environment around the globe swiftly changes, Total Service Provider is becoming more competitive to provide the future-oriented integrated service throughout the entire value chain of the construction industry, including business planning, financing, engineering, procurement, construction, and operation & maintenance. Accordingly, we have met needs of customers by advancing the business model through our differentiated technology and abundant business experiences accumulated in 73 years. We have been penetrating into high value-added businesses and have been growing into a global company that creates various added value.



#### Hyundai E&C to Issue an Announcement in New and Renewable Energy

Hyundai E&C is taking new challenges with partners to discover new business opportunities for new and renewable power generation and secure smart grid power technology. In February 2020, Hyundai E&C signed a Memorandum of Understanding (MOU) with Hyundai Electric for joint cooperation in the next-generation electric power infrastructure and new energy business sectors. Through this MOU, it is expected that the Korean government will be able to dominate the new and renewable energy sector with high potential for development in the future according to the "Renewable Energy 3020" policy that the Korean government is promoting.

Power infrastructure and new energy business MOU signed



# Securing Core Technology

Technology is the future and the power that has made the impossible possible. Through competitive technology development and innovative technology services, Hyundai E&C implements environment-friendly construction businesses and creates a sustainable base for mankind by solving problems of energy and water scarcity, resource depletion, environmental pollution, and urbanization.

<http://en.hdec.kr/EN/InnoTech/InnoRnd.aspx>

## Strengthening Future Technology Development

- Strengthening infrastructure technology research
- Expanding new growth technology research

## Strengthening R&D Infrastructure

- Improving R&D organization efficiency
- Expanding R&D investment

## Expanding R&D Network

- Developing group synergy-based convergence technologies
- Strengthening global R&D collaboration

## Creating Economic Value through R&D

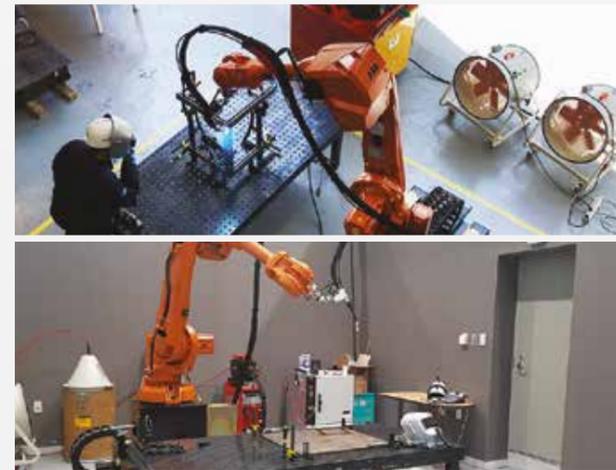
- Creating business through technology application
- Contributing to profitability through technical support

Value Empowering Case

## Hyundai E&C Opens a New Chapter of Smart Construction Technology with AI Robot Technology

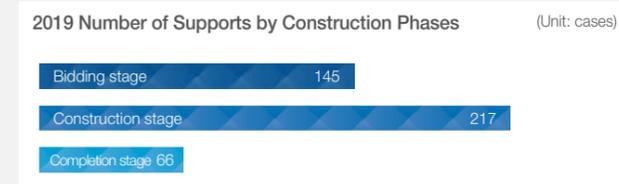
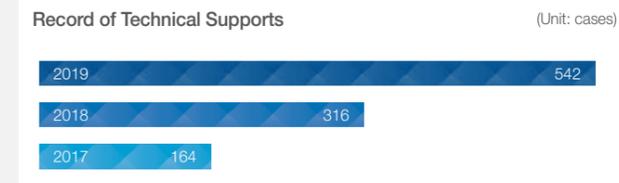
Hyundai E&C is putting the industrial robot equipped with artificial intelligence to the construction site and is advancing the future smart construction era. In 2018, Hyundai E&C began research on construction robot control technology. we successfully developed a technology that can program and control the movement patterns of construction skilled workers by automatically inputting them into a multi-joint robot in 2019. Multi-joint industrial robots have been put into construction sites that require various tasks such as drilling and painting in 2020. About 20% of the construction site work will be replaced by 2026.

Hyundai E&C Construction Industrial Robot



## Hyundai E&C Strengthens Technology in Construction Sites Based on R&D Capabilities

Hyundai E&C is strengthening its technological competitiveness such as reducing costs and shortening scheduled construction periods by applying new technologies and new construction methods developed through research and development to actual sites. In 2019, the Hyundai E&C R&D Center provided technical support for 542 cases (428 requested by sites and 114 preemptive supports) to domestic and overseas sites, thereby obtaining the effect to improve profitability such as prevention of increase in on-site construction costs and replacement of services by specialized companies. In addition, the Hyundai E&C R&D Center provided support at the bidding stage in 145 of total 428 cases thereby greatly contributing to improving the order winning competitiveness and realizing optimal designs based on the technologies held.



## Strengthening Future Technology Development

### Reinforcing Future Technology Development Organization

Hyundai E&C has been striving to become a global construction company based on integrated engineering by aggressively reinforcing future technological competitiveness and promoting business-creating R&D. After establishing the Technology Institute in 1989, Hyundai E&C has been contributing to the development of the construction and engineering industry in South Korea as the lion of South Korea's construction technology for the last 30 years. In December 2018, Hyundai E&C reorganized its R&D Center into a Technology Research Center in order to respond to changes in rapid R&D trends such as the 4th Industrial Revolution. Hyundai E&C is striving to lead future competitiveness by securing global top-tier technology. The center plans to reorganize the organization into a two groups of the Technical Solution Research Group and the Advanced Technology Research Group and focus on developing advanced technologies and researching future new growth.



### Promoting Future Technology Strategies

Hyundai E&C's technology development is largely divided into technical solution research and advanced technology research. Firstly, the field of technical solution research is maximizing technology competitiveness by focusing on technology development, focusing on core technologies that can be applied immediately in the construction project to improve productivity. In other words, core technologies related to marine ports, underground spaces, and bridges applicable to civil engineering projects, construction automation, building structures, and building environment technologies are used in the building/housing business, and power generation and commissioning and smart plant technologies that are effective in the plant business are developed. In the field of advanced technology research, secondly, we are focusing on the development of advanced technologies linked to new growth strategies for each business division, and we plan to expand our research on new growth technologies linked to the company-wide digital transformation strategy.

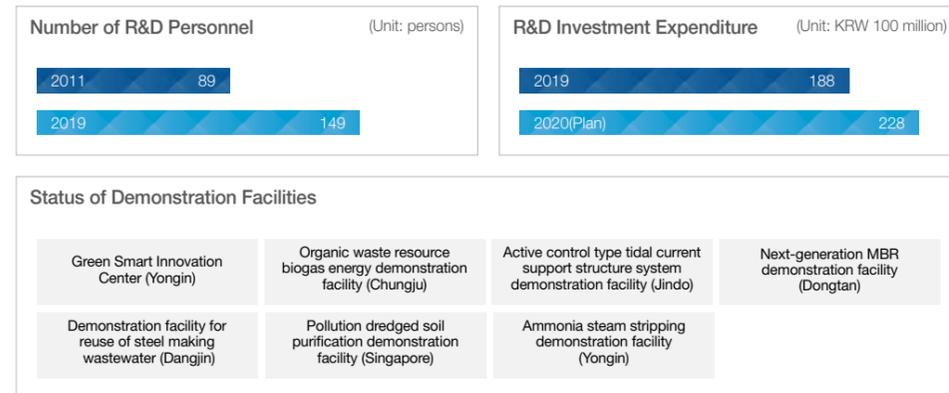
### Future Technology Strategies

|                              | Category  | Research Area                                       | Main Technology Development   |
|------------------------------|---|---|---|
| Technical Solution Research  | Infrastructure  | Marine & Port                                       | • Friction-enhancing caisson, caisson manufacturing moving device, detachable foundation                            |
|                              |   | Underground space                                   | • Advancement of TBM equipment operation technology and improvement of excavation rate, etc.                        |
|                              |   | Bridge  | • Precast peer cap, ultra-high strength concrete  |
|                              | Building & Housing  | Construction automation                             | • 3D site management technology (drone/laser scanner, etc.)   |
|                              |   | Structure   | • ALL PC process management platform  |
|                              | Plant   | Construction environment                            | • Interlayer noise reduction technology   |
| Advanced Technology Research | Research Link to New Growth Strategies in the Business Division                 | Power generation commissioning                      | • Turbine lubricant system cleaning period reduction technology   |
|                              |   | Smart plant   | • Smart plumbing  |
|                              | Research on New Growth Technologies for the Company-wide Digital Transformation | New growth technology                               | • Hydrogen liquefaction plant, floating structure, etc.   |
|                              |   | New growth technology link to the Business Division | • Offshore wind power, soil purification, biogas, solar power, etc.   |
|                              | Future Technology   | Smart plant   | • Smart plumbing  |
|                              |   | Future Technology                                   | • 3D printing, big data/AI, IoT, AR/VR/MR, smart home city, robotics, modularization (prefab), smart mobility, etc. |

### Strengthening Future Technology Development

#### Expanding Future Technology Investment

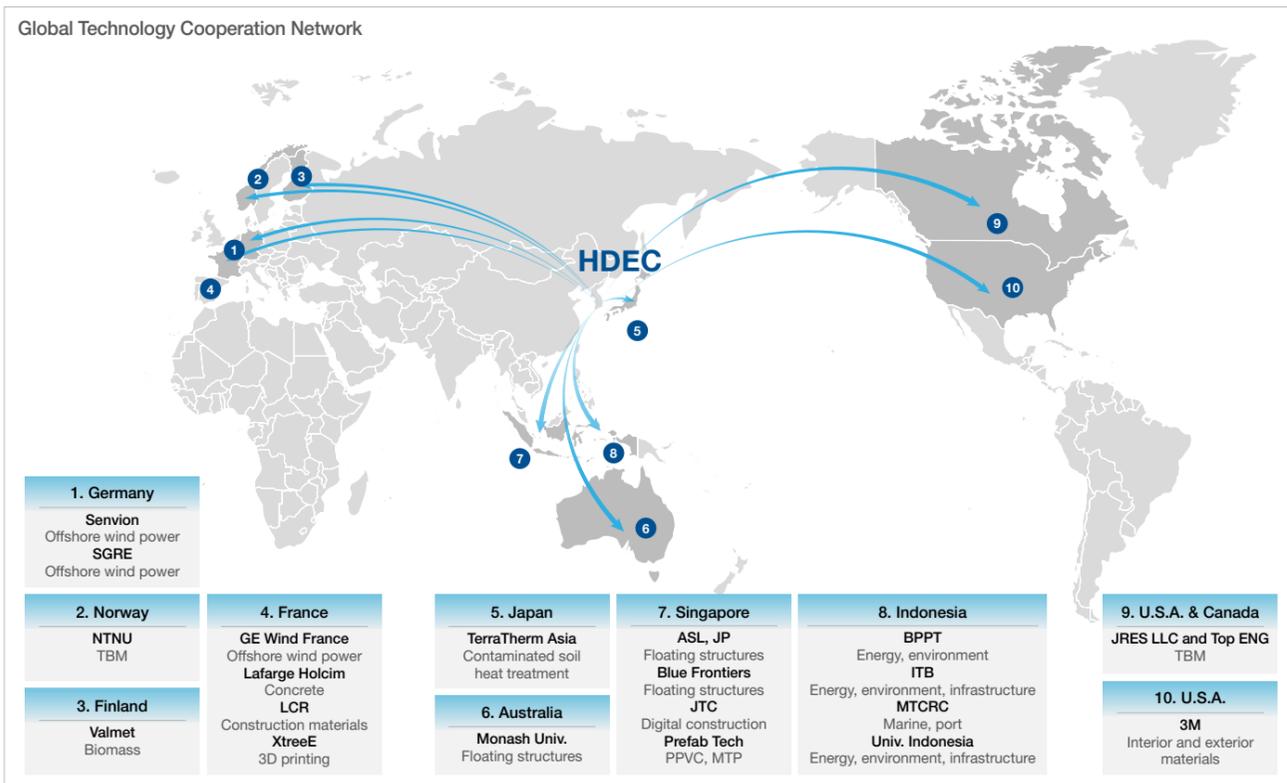
Since 2011, in order to secure the top-notch future technology in the world, Hyundai E&C has continued to expand the investment in securing the R&D facility and thus enhanced the R&D infrastructure by diverse efforts such as establishing new research & demonstration facilities, enlarging laboratories, and changing equipment. As of June 2020, Hyundai E&C operates 10 laboratories in the Technology Research Center and 7 demonstration facilities including the demonstration facilities for contaminated dredged soil purification in Singapore. In 2019, a new Mobile Mapping System (MMS) equipment was introduced to improve surveying efficiency by acquiring 3D digital data, and a total of 40 research tasks were carried out.



### Expanding Core Technology Network

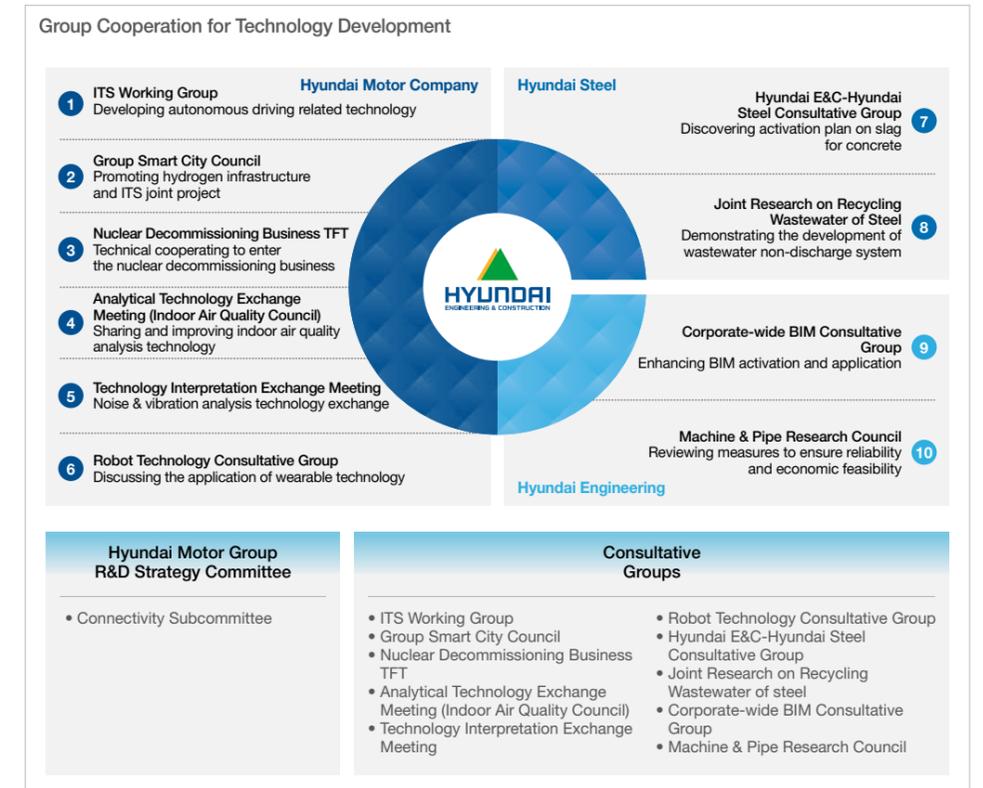
#### Strengthening Global Technology Network

Hyundai E&C promotes a wide-scope of international joint researches with advanced global agencies and project owners to obtain future technology. In August 2019, Hyundai E&C signed an MOU with the Science and Technology Evaluation and Application Agency, Indonesia for the discovery of joint research in the field of energy environment, and in September, MOU for R&D technical cooperation with the Jurong Town Corporation (JTC) in Singapore. And expanded cooperation with global government agencies. As of January 2020, Hyundai E&C has entered into technical cooperation agreements with 20 global companies and research institutes around the world.



#### Developing Convergence Technology Based on Group Synergies

Based on the strengths of Group affiliates, Hyundai E&C has been promoted the development of convergence technology in diverse fields such as transportation, environment, energy and smart city by joint researches that can create synergies. Through the Connectivity Subcommittee under the Hyundai Motor Group R&D Strategy Committee, we consolidated the R&D cooperation with Group affiliates while operating ten consultative groups. The Group Smart City Strategy has jointly established through participation in the Group Smart City Council and implementation tasks for strengthening internal capacity and securing track-record were jointly planned and are being promoted. The 'wastewater reuse system' that enables stable securing of industrial water was jointly developed with Hyundai Steel, was verified, and is being promoted for commercialization.



#### Excellent Technology of 2019 Hyundai E&C Technology Competition



\* ITS : Intelligent Transport System \* BIM : Building Information Modeling

#### Expanding Open Innovation

Hyundai E&C is conducting technology competitions to discover partners with the excellent technology and to strengthen technological competitiveness through win-win cooperation. In 2019, Hyundai E&C held a technology competition to discover partners with the excellent technology and to strengthen mutually competitive technology competitiveness through win-win cooperation. In particular, 22 excellent technologies were selected as a result of the competition for cost-saving technologies, construction specialization/differentiation technologies, and construction-applicable ICT technologies. The selected technology is divided into the technology that can be applied immediately and the technology that requires additional development. In 2020, the scope of participation was expanded from existing SMEs to SMEs and mid-sized companies.

#### Hyundai E&C Encovers New Growth Business through R&D Cooperation

Hyundai E&C has signed a joint R&D agreement with overseas government agencies including the Science and Technology Evaluation and Application Agency, Indonesia and the Jurong City Corporation in Singapore. The company is accelerating the discovery of new future growth engine business through R&D cooperation. The agency is a national research institute that establishes policies for the energy and environment sector of the Indonesian government. It is expected to be an important inflection point for environmental business. Hyundai E&C will continue to discover and expand new growth engine businesses based on future technological competitiveness.

Held a Joint Seminar with Science and Technology Evaluation and Application Agency, Indonesia



# Establishing Stable Management

Hyundai E&C applies the principles of checks and balances and international standards to ensure the soundness of corporate governance, which is the foundation for rational decision-making and a successful business environment. Hyundai E&C, as a responsible corporate citizen, has been striving for attaining the trust of stakeholders through ethical management and compliance.

<http://en.hdec.kr/EN/IR/Governance0100.aspx>

**Sound Governance**

- Establish board independence
- Reinforce board transparency

**Strengthening Board Efficiency**

- Conduct a board effectiveness assessment
- Integrate board performance and compensation

**Fortifying Ethics and Compliance Management**

- Establish the ethical management vision
- Spread the ethical corporate culture

**Reinforcing Ethics and Compliance Management System**

- Compliance monitoring
- Compliance consultative bodies

Value Empowering Case

## Hyundai E&C Leads the Way in “Shareholder-friendly Management”

Hyundai E&C has led the construction industry by introducing an electronic voting system at the 70th general shareholders’ meeting in 2020 so that shareholders can actively attend the meeting. The electronic voting system is a system that allows companies to exercise their voting rights through online electronic voting for 10 days before the general shareholders’ meeting, even if the shareholders register the list of shareholders and the general meeting of shareholders in the electronic voting system. Hyundai E&C expressed the company’s will to increase corporate value and shareholder value at the same time by maintaining a strong trust relationship with shareholders and various stakeholders through the introduction of this electronic voting system.

Hyundai E&C Headquarters



## Hyundai E&C Establishes Leading Corporate Governance Principles

Hyundai E&C’s corporate governance is managed under the supervision of an independent Board of Directors (BoD). It is based on a sound corporate governance structure that creates shareholder value through value creation management, global future management, and sustainability management and emphasizes the interests of internal and external stakeholders in a balanced manner. In order to realize this, we have adopted the recommendation of corporate governance best criterion in line with international standards, and have established a transparent governance system centered on a professional management system and independent BoD. Furthermore, we are continuously improving our corporate governance structure by establishing the HDEC Corporate Governance Charter.

| Chapter   | Subject            | Articles   | Clauses    |
|-----------|--------------------|------------|------------|
| Chapter 1 | Shareholders       | 3 articles | 8 clauses  |
| Chapter 2 | Board of Directors | 9 articles | 42 clauses |
| Chapter 3 | Audit Organization | 2 articles | 9 clauses  |
| Chapter 4 | Stakeholders       | 1 article  | 3 clauses  |
| Chapter 5 | Disclosure         | 1 article  | 3 clauses  |

HDEC Corporate Governance Charter <http://www.hdec.kr/KR/IR/Governance0100.aspx>

## The Board of Directors

Corporate Governance Report  
<http://dart.fss.or.kr/dsaf001/main.do?rcpNo=20200601800373>

Data Analysis, Retrieval and Transfer System (DART)  
<http://dart.fss.or.kr>

## Function and Composition of the Board

As a decision-making body, the Board of Directors reviews and resolves financial and non-financial (ESG) risks that are important to the management of the company, as well as matters prescribed by laws and articles of incorporation. Through the Audit Committee composed of all outside directors, the board is responsible for overseeing the directors and executives. The company is endeavoring to establish a transparent corporate governance structure to ultimately implement the management policy “Maximizing the Added Value of Stakeholders”. The Board of Directors consists of a total of seven board members, and the ratio of outside directors is more than 57% (3 inside directors, 4 outside directors) to enhance the independence of the board. Hyundai E&C maintains the composition of the board to secure independence while taking into account the specificity of the construction industry, which requires rapid decision-making on various management issues occurring at business places located throughout the world. In order to allow the Board of Directors to function independently, more than half of the total number of directors is composed of outside directors, and an Independent Lead Director is appointed. Hyundai E&C publishes information such as its articles of incorporation, major roles and resolved matters of the board on its corporate website, and regularly discloses materials related to the Board of Directors, which are subject to disclosure under the Act, to the Financial Supervisory Service’s Data Analysis, Retrieval and Transfer System (DART).

## Independence Principle of the Board

To ensure the independence of outside directors, Hyundai E&C specifies independence criteria through the Corporate Governance Charter and appoints independent outside directors who have no significant interests with the Company for the past five years in accordance with relevant laws such as the Commercial Law. Outside directors enhance the fairness and transparency of corporate management, provide advice and related expertise for important decisions of the company, and perform objective monitoring and supervision of management activities, thereby fulfilling their duties as faithful advisers and assistants in corporate management. Hyundai E&C has designated a dedicated in-house department to faithfully provide the information necessary for business and support the smooth execution of duties by outside directors.

|   |
|---|
| Outside directors shall have expert knowledge and experiences in the industrial, financial, academic, legal, accounting, and public sector, and must have no interests with the company in the last five years as follows:  |
| The director must not have been employed by the company in an executive capacity within the last five years.  |
| The director must not be a “Family Member of an individual who is, or during the past three years was employed by the company or by any parent or subsidiary of the company as an executive officer.”   |
| The director must not accept or have a “Family Member who accepts any payments from the company or any parent or subsidiary of the company in excess of \$60,000 during the current fiscal year or any of the past three fiscal years”, other than those permitted by SEC Rule 4200 Definitions, including i) payments arising solely from investments in the company’s securities; or ii) payments under non-discretionary charitable contribution matching programs. Payments that do not meet these two criteria are disallowed. |
| The director must not be a partner or employee of the company’s outside auditor.  |
| The director must not be a partner or employee of a company that has signed a major advisory agreement or a technology partnership agreement with the company.  |
| The director must not be an adviser or consultant to the company or a member of the company’s senior management.  |
| The director must not be a partner or employee of a company that has concluded in the past three fiscal years a total contract with the company for an amount that exceed 10% of the company’s total assets or consolidated gross profits.  |
| The director must not be a partner or employee of a company that has concluded in the current fiscal year a single contract with the company for an amount that exceed 10% of the company’s consolidated gross revenues for that year.  |
| The director must not have any other conflict of interest on the agenda determined by the board.  |

## Current Status of the Board of Directors

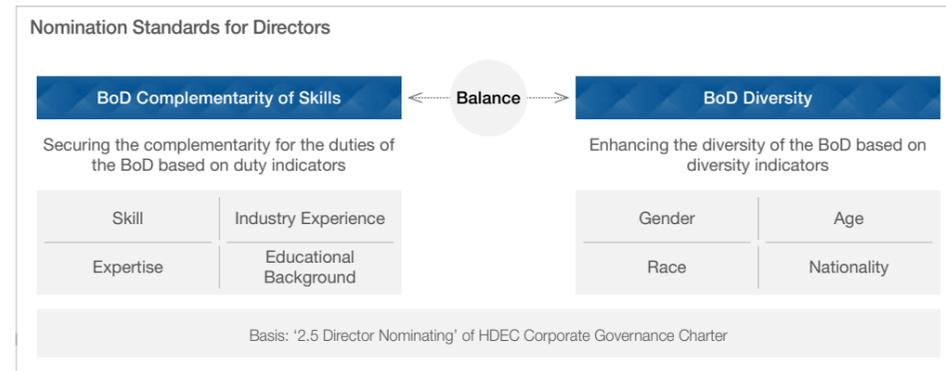
\* As of JUL 2020, the average service duration of Hyundai E&C board directors is 2.7 years (As of JUL 2020)

| Category       | Position                                     | Gender | Birth    | First Appointment | Work Experience   | GICS                       |
|----------------|--|--------|----------|-------------------|---|----------------------------|
| Park Dong-Wook | Board Chairman / CEO                         | Male   | FEB 1962 | MAR 2018          | (Current) President, Hyundai E&C (Former) Managing Director, Hyundai Motor Company B.A in Business Administration, Sogang University, Korea   | Construction & Engineering |
| Lee Won-Woo    | Inside Director                              | Male   | FEB 1954 | MAR 2018          | (Current) Vice-president, Hyundai E&C (Former) Vice-president, Hyundai Engineering M.Sc.in Construction Project Management, University of Ulsan Graduate School, Korea  | Construction & Engineering |
| Yun Yeo-Sung   | Inside Director                              | Male   | FEB 1961 | MAR 2018          | (Current) Managing Director, Hyundai E&C (Former) Managing Director, Hyundai Mobis B.A in Business Administration, Yonsei University, Korea   | Construction & Engineering |
| Park Sung-Duck | Outside Director [Independent Lead Director] | Male   | NOV 1952 | MAR 2014          | (Current) Lawyer, Lee International IP & Law Group (Former) Inspection Commissioner, the Board of Audit and Inspection of Korea Bachelor of Law, Seoul National University, Korea Ph. D. in Law, Wonkwang University, Korea | Law                        |
| Kim Young-Kee  | Outside Director                             | Male   | SEP 1956 | MAR 2016          | (Current) President, T&P Tax Accounting Corp. (Former) Director, Research Bureau of National Tax Service M.A. in public administration University of ChungAng, Korea  | Finance & Accounting       |
| Kim Jae-Jun    | Outside Director                             | Male   | OCT 1960 | MAR 2020          | (Current) Professor of Architectural Engineering at Hanyang University (Former) President of Korean Institute of BIM Ph. D. in Construction Management, University of Illinois at Urbana-Champaign, U.S.A.                  | Construction & Engineering |
| Hong Dae-Sik   | Outside Director                             | Male   | SEP 1965 | MAR 2020          | (Current) Professor of Law School at Sogang University (Former) Lawyer at Yulchon L.L.C. Ph. D. in Law Seoul national University, Korea   | Law                        |

## Diversity of the Board

### Nomination Principle of the Board

Directors are nominated at the general shareholders' meeting by the recommendation of the External Director Nominating Committee in accordance with Hyundai E&C's standards to nominate directors specified in the Articles of Incorporation. In recommending nominating external directors, Hyundai E&C observes qualifications articulated on related regulations such as the Commercial Act. Recommended by the External Director Nominating Committee, we nominate candidates who possess expertise and experience in fields such as the law, finance & accounting, and construction regarding the BoD diversity and the complementarity of skills. Detailed policies for Nominating the directors are specified in the '2.5 Nomination of Directors' of HDEC Corporate Governance Charter.



## Operation of the Board

Attendance Rate of Directors (As of 2019)

98.7%

### Operation Status of the Board

The Board of Directors operates as regular Board of Directors meetings held once a quarter and as temporary board meetings held when necessary. The Board of Directors prepared the "Board of Directors Regulations" for the efficient operation of the Board of Directors and minutes are written and kept at every meeting. The resolution of the board of directors shall be determined by the attendance of a majority of the directors and the affirmative votes of the majority of the attending directors, unless stipulated otherwise under the law. In 2019, the Board of Directors was convened eleven times to resolve a total of 32 agendas, including approval of transactions with affiliates.

### Board Efficiency Assessment

Hyundai E&C conducts an annual board efficiency assessment in 15 areas of three aspects: board roles and responsibilities, board efficiency, and appropriateness of committee activities to seek board development and matters that must be improved in operation. In 2019, the Board's Efficiency Assessment Score was counted as 4.8 points out of the full score of 5 points, and Hyundai E&C is making effort to strengthen the soundness and efficiency of its governance based on the results of the diagnosis. In addition, Hyundai E&C stipulates the introduction of the Board of Directors operation evaluation system in Article 18 of the Board of Directors' regulations for the long-term growth of the company and the improvement of corporate governance. In addition, the Corporate Governance Charter contains provisions for the evaluation and compensation systems for the board and each committee to create an executive compensation system that can contribute to long-term shareholder value increase.

**2019 Board Efficiency Assessment Result** (Unit: points of total 5 points)

| Aspect                                  | Assessment Areas  | Average Score | Total Score |
|---|---|---------------|-------------|
| Board Roles and Responsibilities        | <ul style="list-style-type: none"> <li>Long Term Vision and Strategy</li> <li>Securing Independence</li> <li>Review of Financial Performance</li> <li>Pursuit of Interests of All Shareholders</li> <li>Pursuit of Long-term Interests of Shareholder</li> </ul>                      | 4.8           | 4.8         |
| Board Efficiency                        | <ul style="list-style-type: none"> <li>Appropriateness of Board Composition</li> <li>Number of Board Meetings and Proposed Agendas</li> <li>Review of Materials and Data</li> <li>Appropriateness of Discussion Method</li> <li>Appropriateness of Follow-up Measures</li> </ul>      | 4.8           |             |
| Appropriateness of Committee Activities | <ul style="list-style-type: none"> <li>Appropriateness of Committee Composition</li> <li>Committee Expertise Utilization</li> <li>Efficiency of Committee Operation</li> <li>Delegation of Authority to Committees</li> <li>Organic Connection with the Board of Directors</li> </ul> | 4.8           |             |

## Board Compensation

Remuneration of directors includes the severance pay and is provided within the limit that is approved at the general shareholders' meeting on an annual basis; details are entrusted to BoD the remuneration status of all directors and the committee of inspection has been disclosed on a quarterly, biannual and annual business reports. Remuneration of the CEO is paid in accordance with the provisions of executives human resources affairs and treatment considering the rank, position, ability, etc. within the limits determined by the general shareholders' meeting.

Status of Board Compensation (As of 31 DEC, 2019)

| Category  | Number of Persons (n) | Total Amount of Remuneration (KRW million) | Average Remuneration (KRW million) |
|---|-----------------------|--|------------------------------------|
| Board of Directors  | Inside Directors      | 3  | 2,087                              |
|   | Outside Directors     | 4  | 306                                |
| Employees   | 6,360                 | 527,044                                    | 82.9                               |
| Employees except Inside Directors                                       | 6,364                 | 527,350                                    | 82.9                               |
| Ratio of CEO compensation against the average of employee compensations |                       |  | 8.39                               |

Compensation Criteria and Methods of Directors (As of 31 DEC, 2019)

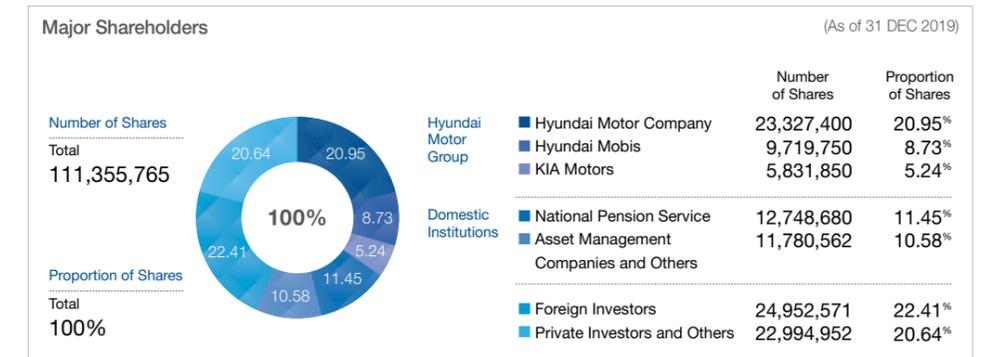
| Name               | Types of Remunerations | Total Amount (KRW million) | Calculation Criteria and Method  |
|--------------------|------------------------|----------------------------|--|
| CEO Park Dong-Wook | Salary                 | 813                        | In accordance with the [Management Personnel and Treatment Regulations] considering the position, assignment and ability, KRW 813 million was paid in instalments within the limits of payment determined by the resolution of the general meeting of shareholders.                                    |
|                    | Incentive              | 225                        | In accordance with the [Management Personnel and Treatment Regulations] considering the position, assignment and ability, KRW 39 million was paid in August and KRW 186 million was paid in December within the limits of payment determined by the resolution of the general meeting of shareholders. |
|                    | Other Earned Incomes   | 0                          | Not applicable   |

## Committees Under the Board

Hyundai E&C is currently operating the Audit Committee, the Outside Director Nominating Committee, and the Corporate Governance & Communication Committee under the BoD for the Board's efficient operation, execution of its duty, and promotion of sustainability management activity. Each committee is entrusted with part of the authority of the BoD, except as stipulated by the related laws or the Articles of Incorporation. Operation and authority of the committee are subject to the rules stipulated by the board. The Articles of Incorporation and regulations of the Board clarify that the key committees established by Articles of Incorporation shall consist mainly of external directors. Thus, we have guaranteed the independence of the committees.

## Protecting Shareholder Rights

As the owners of Hyundai E&C, shareholders have a right to attend the general shareholders' meeting and vote, right to share in the profit, and right to receive management information as stated on legislations including the Commercial Act. We observe a principle to preserve shareholders' rights in any cases when a significant change to the existence of the company or shareholder rights, such as adjustment of the Articles of Incorporation, merger or split off, and changes in the capital; decisions in these circumstances are made at the general shareholders' meeting. In addition, Hyundai E&C guarantees the shareholders' right to be informed by disclosing management information in an explicit and prompt manner through various channels: the corporate disclosure system, business report, website, and general shareholders' meeting.

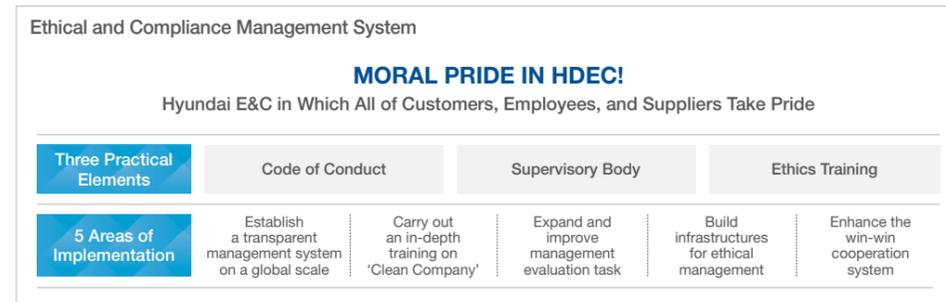


## Strengthening Ethics & Compliance Management System

Ethics & Compliance Management Site  
<http://en.hdec.kr/EN/Sustainability/EthicConduct.aspx>

### Ethics & Compliance Management System

Hyundai E&C is constantly working to share its vision of ethical management and corporate culture with all its stakeholders, including our employees and partners. In July 2020, in order to strengthen Hyundai E&C's ethical and compliance management, the Board of Directors approved the implementation of Hyundai Motor Group's Ethics Charter and Code of Conduct which replaces Hyundai E&C's existing policies. This newly enacted Ethics Charter and Code of Conduct highlights five key areas and provides practical guidelines: (i) employee ethics, (ii) fair competition and trade, (iii) realization of customer value, (iv) respect for executives and employees; and (v) commitment to sustainability. The Ethics Charter and Code of Conduct applies not only to the entire workforce, subsidiaries and affiliate companies of the Hyundai Motor Group, but also to all stakeholders, including business partners and subcontractors. Hyundai E&C shall continue to monitor its Ethics & Compliance Management System and will improve it in response to rapidly changing industry trends and developments; and to reflect the needs of its stakeholders.



### Revision of Anti-Corruption Compliance Policy

Hyundai E&C adopts a zero-tolerance approach towards corruption practices. In July 2019, Hyundai E&C revised its existing anti-corruption compliance policy which was initially established in April 2017. Through this revision, Hyundai E&C adopted the latest international standards, incorporating the anti-corruption laws of the United States (Foreign Corrupt Practice Act, FCPA) or the United Kingdom (Bribery Act of 2010, UKBA) where applicable. The revised Anti-Corruption Compliance Policy introduces the following: (i) prohibition of facilitation payments; (ii) strengthening the supervision of donations and charitable payments; and (iii) introduction of counter party due diligence. In line with this revision, Hyundai E&C encourages stakeholders to recognize its Ethics and Compliance Management System, and requests its counterparties: (i) to accept the anti-corruption clause in the contract; and (ii) to submit a letter of compliance undertaking to conform to the compliance requirements of Hyundai E&C.

### Corporate-wide Compliance Organization of Hyundai E&C

In order to implement its compliance management system effectively, Hyundai E&C established a corporate-wide compliance organization called the Corporate Governance & Transparent Management Committee within Board of Directors. This committee reviews and approves compliance policies and business decisions related to anti-trust and anti-corruption matters. The Board of Directors of Hyundai E&C appointed a Chief Compliance Manager (officially disclosed as "Compliance Officer" in accordance with Commercial Act of Korea) who is a Registered Attorney in the Republic of Korea. The Compliance Support Team sits within the Legal Affairs Group, under supervision of the Chief Compliance Manager. It is responsible for (i) assessment and development of compliance policies, (ii), compliance training to entire workforce, (iii) compliance monitoring; and (iv) consultation compliance issues to employees. Hyundai E&C appoints Compliance Ambassadors to each division/team/project site/branch office who are responsible for disseminating compliance policies and instructions to the rest of the employees promptly.

### Compliance Activities in 2019

(Unit: times)



## Expanding Ethics & Compliance Management

### Strengthening Ethics & Compliance Training

Each year Hyundai E&C seeks an "Ethics Pledge" from each and every one of its employees, officers, and directors of the company. In addition, Hyundai E&C provides various Ethics & Compliance training programs for the entire workforce in order to raise awareness of compliance, applicable laws and employee ethics. Our Ethics & Compliance training program consists of lectures on various subjects including applicable laws and regulations in the construction industry, competition, and anti-corruption issues. In 2019, a total of 4,048 employees including new recruits participated in 95 training sessions. Furthermore, Hyundai E&C recently broadened the scope of its anti-corruption training program to include foreign laws. In collaboration with an external expert, Hyundai E&C provides in-depth training on anti-corruption laws of the United States (FCPA) and the United Kingdom (UKBA), as well as amendments to its internal policy. Out of 6,156 employees who participated in on-line training session, 4,702 completed the courses successfully in 2019, a completion rate of 76.4%.

### 2019 Ethics & Compliance Training

| Target of Education                | Number of Trainees (person)                    | Number of Education (session) |
|------------------------------------|--|-------------------------------|
| Corporate-wide Education           | 2,928  | 4                             |
| Education by Group                 | New recruits                                   | 18                            |
|                                    | Under junior managers                          | 40                            |
|                                    | Middle managers                                | 80                            |
|                                    | Senior managers                                | 720                           |
|                                    | Careered in PJT                                | 36                            |
|                                    | Employees at sites                             | 186                           |
|                                    | Employees scheduled to be assigned to overseas | 40                            |
| Overseas anti-corruption education | All<br>(6,156 trained)<br>(4,702 trained)      | 1<br>(On-line)                |
| <b>Total</b>                       | <b>10,204</b>                                  | <b>96</b>                     |

### Reporting and Measurement

For the awareness about the ethical management and appropriate execution, we are operating the Cyber Audit Office. Hyundai E&C provides online training on the Code of Ethics and related regulations through the operation of the Cyber Audit Office, receives reports on irregularities, reports on unfair business practices, and system improvement requirements in real-time, and transparently deals with the reports. For smooth reporting from overseas business sites, Hyundai E&C operates the English Cyber Audit Office and hotlines by overseas country 24 hours a day, while encouraging anonymous reporting and ensuring the secrecy of the identity of reporters and confidentiality of the reported information by not disclosing all reported contents.

### Ethical Management Violation Cases and Measurements

| Category               | 2016     | 2017     | 2018     | 2019     |
|------------------------|----------|----------|----------|----------|
| Disciplinary Dismissal | 1        | 1        | 1        | 1        |
| Suspension             | 0        | 0        | 0        | 0        |
| <b>Total</b>           | <b>1</b> | <b>1</b> | <b>1</b> | <b>1</b> |

Cyber Audit Office  
<http://audit.hdec.kr>

## Hyundai E&C Leads a Transparent and Fair Trade Culture

Hyundai E&C operates Autonomous Compliance Program for Fair Trade in order to create a transparent and fair trading culture and uses it as an internal control standard. We regularly hold an Autonomous Compliance Conference and share issues related to internal and external fair trade risks for the systematic operation of the Autonomous Compliance Program for Fair Trade. In addition, we are strengthening our minds to comply with fair trade laws and win-win partnerships with our suppliers through customized fair trade prevention training for each department, visiting subcontractors training at each domestic and overseas key sites, signing a pledge to practice fair trade for all employees, and holding a shared growth resolution conference.

### Eight Key Components of Compliance Program



# HDEC PLANET

## New Era of Environment Led by Hyundai E&C

Environmental issues facing the earth including climate change, energy and water shortages, and resource depletion are creating new challenges and opportunities for companies. Under the slogan of the "2050 Global Green One Pioneer", Hyundai E&C seeks to lead a new era of innovation by establishing company-wide eco-friendly management strategies/goals and improving environmental efficiency and minimizing environmental impact through systematic management.

The H Honor Hills, South Korea

Propelling Strategies

Responding  
Climate  
Changes

Enhancing  
Green Safety  
Infrastructure

Management Principle

Managing  
Risk  
Proactively



# Responding Climate Change

Value Empowering Case

Environmental issues caused by climate change and resource scarcity are crises which companies are confronted with and, at the same time, opportunities. We increase our business profit through the improvement of the environmental efficiency by establishing and managing reduction targets on major environmental performances and minimize environmental impacts created by business operations as well.

<http://en.hdec.kr/EN/Sustainability/GreenSafty.aspx>

## Promoting of Environment & Energy Management

- Establish long-term roadmap by 2050
- Establish annual corporate-wide and by site environment and energy policies and targets

## Integrating Environment & Energy Management

- Operate integrated systems that meet international standards
- Integrated environmental performance management

## Evaluation and Accident Response

- Strengthen environmental evaluation and inspection
- Response to environmental accidents and expand educations

## Strengthening Carbon Management Promotion

- Implement mid- to long-term carbon management strategies
- GHG target management, GHG emission reduction activities

## Hyundai E&C Joined the CDP Korea Hall of Fame for 2 Consecutive Years

Hyundai E&C has achieved the excitement of joining the CDP Korea Hall of Fame announced for two consecutive years by the Carbon Disclosure Project (CDP), a global environmental management certification body. CDP is a global carbon management index that evaluates environmental management levels of major companies in the world, such as greenhouse gases, and the CDP Korea Hall of Fame is the best honour given only to companies that have won the honours Club' for 5 consecutive years. In this evaluation, Hyundai E&C received the highest score in all areas including climate change response strategy, greenhouse gas reduction efforts, greenhouse gas management, and new business promotion, and achieved the highest grade for six consecutive years.

### 2019 CDP Hall of Fame Award Ceremony



### Hyundai E&C CDP Awards

| 2012   | 2014  | 2018                   | 2019   |
|--|---|------------------------|--|
| Carbon Disclosure Sector (Industrial Goods) Leaders' Award (1st place in the industry) | Carbon Management Honors Club (1st place overall) | CDP Korea Hall of Fame | CDP Korea Hall of Fame for 2 consecutive years |

## Hyundai E&C Leads Carbon Management through GHG Emission Estimation Technology

Hyundai E&C is taking the lead in carbon management by introducing various advanced technologies to effectively reduce the amount of greenhouse gases generated at construction sites. In 2019, Hyundai E&C's own technology developed and registered a patent for the Site GHG Emission Estimation & Warning System. This patent is a technology that predicts annual greenhouse gas emissions at construction sites and notifies sites that exceed the forecast. Hyundai E&C utilizes this to conduct energy diagnosis and reduce wasted energy and GHGs at sites that have generated more than expected greenhouse gas emissions. In 2020, we plan to further discover excellent greenhouse gas energy reduction cases by encouraging 'Reporting on greenhouse gas and energy reduction performance'.

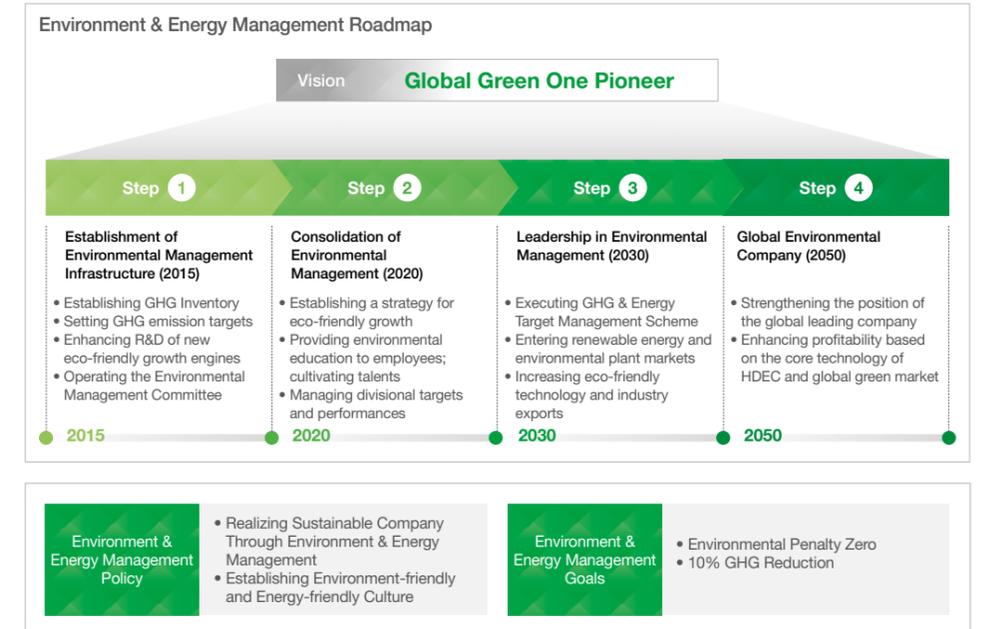
### Hyundai E&C Carbon Management Performance

| 2018   | 2019   |
|--|--|
| "Cases of Greenhouse Gas Reduction through Improvement of Concrete Curing Methods in Winter"<br>Awarded in the Construction Environment Management Best Practice Contest | "Site GHG Emission Estimation & Warning System"<br>In-house Technology Development and Patent Registration Completed |

## Environment & Energy Management System

### Environment & Energy Management Strategy

Aiming to accomplish the environment & energy management vision of 'Global Green One Pioneer,' Hyundai E&C has established the long-term environmental management roadmap and promoted various environment & energy policies. Hence, we have established an environmental management system for all business stages: technology development, procurement, transportation, construction, and deconstruction. In addition, we have managed environment & energy policies and targets for corporate-wide and each site according to the detailed implementation plan. In 2019, 'Environmental Penalty Zero' and '10% GHG Reduction' were set as environmental energy goals to maximize the performance of environmental energy management.



### Environment & Energy Management Organization

To promote strategic and substantial environmental energy management, Hyundai E&C regularly conducts regular environmental meetings under the Board of Directors and consults with the six major promotion departments from time to time to discuss and execute major issues related to environmental management from a corporate-wide viewpoint.



### Environment & Energy System Operation

Hyundai E&C has established an eco-friendly integrated environmental system since 2013 to promote efficient environmental energy management and manage the performance. Since 2016, Hyundai E&C has established integrated environment & energy systems by applying the ISO 14001: 2015 standard in order to meet the more improved international standards. In 2018, Hyundai E&C upgraded IT systems, including waste generation management systems and greenhouse gas emission management systems so the wider ranges of environmental impacts than before can be identified and managed. In 2020, the existing ISO 50001:2011 standard will be revised to the ISO 50001:2018 standard. Currently, Hyundai E&C operates one environmental energy management manual, 15 in-house regulations, 8 technical standards for the smooth operation of the environmental energy management systems.



## Integrated Environment & Energy Management

### Integrated Environmental Performance Management System

| H-PMS   |  |
|---|--|
| <ul style="list-style-type: none"> <li>• GHG management</li> <li>• Waste management</li> <li>• ISO 14001 management</li> <li>• ISO 50001 management</li> <li>• Environmental permit management</li> </ul> | <ul style="list-style-type: none"> <li>• Environmental measurement management (noise vibration, water quality, fine dust concentration, etc.)</li> </ul> |

### Integrated Environmental Performance Management System

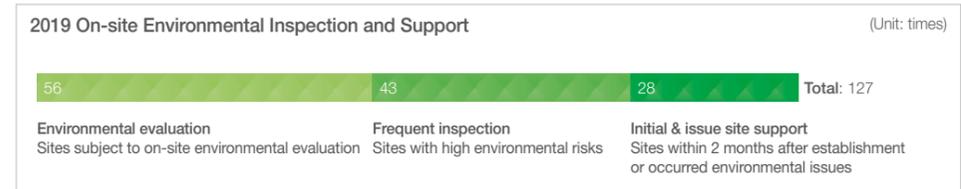
Hyundai E&C developed the Hyundai-Project Management System (H-PMS), an IT-based Integrated Environmental Performance Management System. H-PMS manages the environmental performance of all Hyundai E&C sites, including energy consumption, GHG emissions, waste generation, water usage, emission allowance (BOD, COD, SS, scattered dust, etc.) in an efficient manner by integrating the management of various systems such as ISO 14001 (environment management system), ISO 50001 (energy management system), and Enterprise Resource Planning (ERP).

In 2019, 'environmental permit reporting status' and 'environmental measurement and analysis results' were newly added to the system to increase utilization. Hyundai E&C will continue to advance the integrated environmental performance management system to practice more efficient eco-friendly management.

### Environment & Energy Evaluation

In order to strengthen its environmental energy management capabilities, Hyundai E&C regularly conducts on-site evaluations and inspections at major domestic and overseas sites annually. The results of the on-site environmental evaluations are reflected in the performance evaluation of the site manager and the team leader, and the evaluation scores by the site are also included in the completion evaluation scores so that separate bonuses are paid for excellent sites. In 2019, the evaluation was conducted on 56 sites.

In addition, we take into account environmental risks such as scattering dust and waste by site, and conduct frequent inspections at sites with high environmental risks. In addition, we are establishing an environmental energy management system and conducting environmental education through support for initial and issue sites. In 2019, 43 instant inspections were conducted and 28 initial/issue sites were supported.



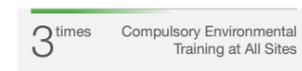
### Environment & Energy Accident Response and Training

Based on the international standards ISO 14001 and ISO 50001, Hyundai E&C has established an environmental energy accident response system and regularly conducts accident response training. In accordance with the environmental accident response system, all sites conduct training to respond to environmental emergencies at least twice a year (semiannually), and in the event of an environmental accident, response and reporting are compulsory in accordance with the environmental accident prevention and response guidelines.

Hyundai E&C conducts systematic environmental education to enhance employees' understanding of eco-friendly management and promote participation in eco-friendly management activities. In 2019, 'on-site environmental management practical training' was conducted by the head office for environmental managers at all domestic sites, and on-site environmental training was conducted semiannually to secure the necessary capabilities for on-site environmental management. In addition, we are strengthening the environmental management capabilities of all employees, including environmental lectures in other headquarters training.

In 2019, 'On-site Practical Environment Training' was conducted 3 times by the environmental management team, 10 training sessions for business divisions, and 1 video lecture for finance divisions.

### 2019 On-site Practical Environment Training



## Leading Carbon Management

Reduce 52.5% of GHG Emissions by 2050



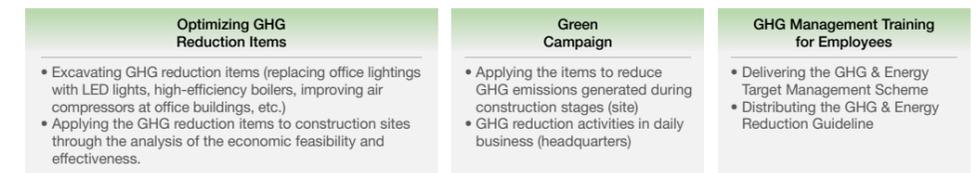
### Mid- to long-term Carbon Management Target

To realize the vision of 'Global Green One Pioneer' and contribute to national greenhouse gas reduction targets, Hyundai E&C established a greenhouse gas reduction target to reduce Scope 1~3 (domestic and overseas) greenhouse gas emissions by 52.5% by 2050 compared to 2015 thereby preemptively responding to climate change. This target was established including the greenhouse gas emissions generated by supplier equipment in addition to the greenhouse gas scope (scope 1, 2) generated by Hyundai E&C. To reduce greenhouse gas emissions, Hyundai E&C selected representative sites by business sector to analyze potential GHG reductions by site and based on this analysis in 2013, Hyundai E&C established a corporatwide response strategy for greenhouse gas emissions target management systems in 2014. From 2015, Hyundai E&C diversified and expanded its greenhouse gas reduction activities so that all employees actively participate in GHG reduction activities. In 2019, the company registered and operated deep learning and big data-based "Site GHG Emission Estimation & Warning System" through patent registration to realize precise GHG emissions forecasting and monitoring. In addition, we are implementing GHG reduction effectively through linkage with performance evaluation, such as adding GHG reduction performances to the headquarters and KPIs in charge.



### Conducting GHG Reduction Activities

GHG reduction activities of Hyundai E&C are conducted in three areas: optimizing GHG reduction items, Green Campaign, and training on the GHG management. Through these efforts, we have been effectively excavating and applying GHG emissions reduction items to sites and headquarters while raising the employees' awareness of GHG emissions and energy use.



### Managing GHG Emissions Targets

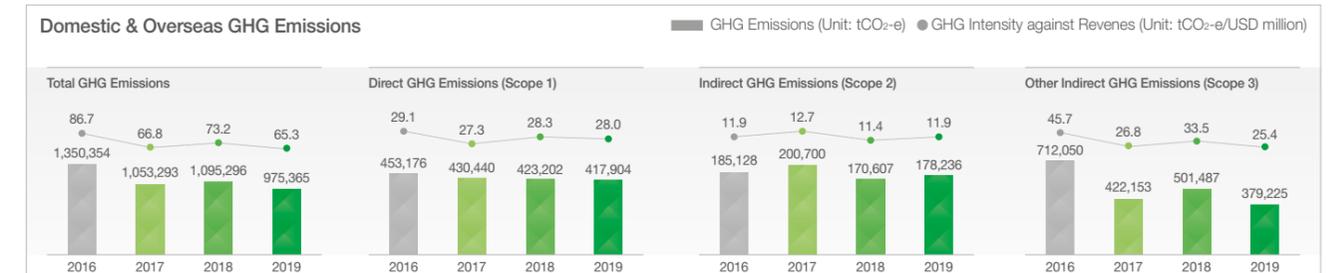
Established the GHG inventory system in 2010, Hyundai E&C has realized the pacesetter carbon management through various ways such as introducing and applying ISO 50001 (Energy Management System) certification to sites in 2012 for the first among all construction companies around the world. Hyundai E&C, which is subject to the GHG & Energy Target Management Scheme according to the Framework Act-On Low Carbon, Green Growth, has been endeavoring to reduce the GHG emissions by voluntarily managing the overseas emissions and comprehensive Scope 3 (construction equipments) as well as Scope 1 and 2 beyond the government requirement for construction companies. Hyundai E&C is focusing its efforts on achieving GHG reduction targets based on the forecasting of GHG emissions by site and regular monitoring system.

## Hyundai E&C Creates Environmental Value through Carbon Management Activities

Carbon management activities of Hyundai E&C have generated actual values. Through the Green Campaign, the representative GHG reduction campaign, we are striving to reduce GHG emissions not only at the headquarters but also at all sites. In particular, reduction items that can be immediately applied to works are being constantly excavated for lower energy consumption at sites where most energies are consumed. At the headquarters, daily reduction activities are being promoted such as maintaining the proper indoor temperature and saving electricity for lights, air conditioners, and heaters. Thanks to our diverse efforts, we were able to reduce the GHG emissions by 67,428 tCO<sub>2</sub>-e while cutting costs by KRW 29.14 billion\* in 2019.

\* The cost saved by GHG emissions reduction activities only. Please refer to <https://www.cdp.net> for details.

- Headquarters**
  - Maintain optimal indoor temperature
  - Turn off lights and cooling & heating equipment
  - Shut down computers or set them to sleep mode
  - Use personal mugs instead of paper cups and encourage the use of scrap paper
  - Use stairs and reduce the number of elevator use
- Vehicles**
  - Use hybrid cars for the corporate fleet
  - Use public transportation or commuter buses for commuting to/from work
- Sites**
  - Install a remote mobile control device for tower cranes
  - Encourage car-sharing and check vehicles regularly
  - Prohibit sudden acceleration, sudden braking, and idling within sites
  - Adjust tire pressure of construction equipment to improve fuel efficiency



# Enhancing Green Safety Infrastructure

Value Empowering Case

Green safety infrastructure is prerequisites and essential elements for the sustainability business. Hyundai E&C has been systematically reducing environmental impact and minimizing safety accidents by establishing our environment-friendly construction process that covers the entire construction stages as well as operating a safety management system according to international standards.

<http://en.hdec.kr/EN/Sustainability/GreenSafty.aspx>

## Hyundai E&C Realizes a Safe Workplace through Covid-19 Response and Supports

Hyundai E&C has been striving to build a safe workplace through immediate and systematic company-wide response after recognizing the possibility of the new corona virus spread in January 2020. In February 2020, we strengthened on-site health management guidelines compared to Covid-19 to thoroughly quarantine workers and self-prevent construction sites. We have operated real-time monitoring of headquarters and domestic and overseas construction sites through the operation of the emergency room. In addition, we have provided about USD 750 thousand worth diagnostic kits and protective items to 11 countries where overseas sites are located. In addition, we have prepared measures to transfer to the home country using 'Air Ambulance' of International SOS in case of serious illness, while providing 'Remote Health Consultation Service' for overseas workers, Hyundai E&C will continue to do its best to overcome the Covid-19 crisis through international cooperation for the health and safety of workers at domestic and overseas sites.

| Support Type    | Support Scale (USD thousand) | Site / Country  |
|-----------------|------------------------------|---|
| Diagnostic kit  | 469                          | 12 sites / Myanmar, Iraq, Qatar, Kuwait                             |
| Protected goods | 142                          | 15 sites / Bangladesh, Singapore, Algeria, Indonesia, Chile, Panama |
| Cash donation   | 133                          | 6 sites / Saudi Arabia  |
| <b>Total</b>    | <b>744</b>                   | <b>33 sites / 11 countries in total</b>                             |

### MOU for Remote Health Consultation Service



### Air Ambulance



## Hyundai E&C Encourages Innovation of Safety Management System

In order to innovate safety management in the construction industry and prevent material accidents, Hyundai E&C enacted a plan to strengthen industrial safety management in March 2020. Hyundai E&C made the a top priority for safety management, and established an investment plan of more than KRW 100 billion in safety management costs to realize an optimal and safe site. First, in order to establish a safety management system led by the head office, the 100% regularization of safety managers and the power of the safety safety guards currently in operation are greatly expanded, and an external safety expert advisor is appointed to help introduce an advanced safety culture. In addition, we plan to prevent the occurrence of safety accidents at construction sites by securing the safety certification of on-site personnel and securing over 1,000 safety experts by 2025, and strengthening safety management using smart technologies.

### Hyundai E&C's Industrial Safety Management Plan



### Hyundai E&C Smart Tag Attachment



### Eco-friendly Design and Procurement

- Enhance eco-friendly design
- Perform eco-friendly procurement

### Eco-friendly Construction and Demolition

- Realize eco-friendly transportation and construction
- Eco-friendly demolition management

### Strengthening the Safety Management System

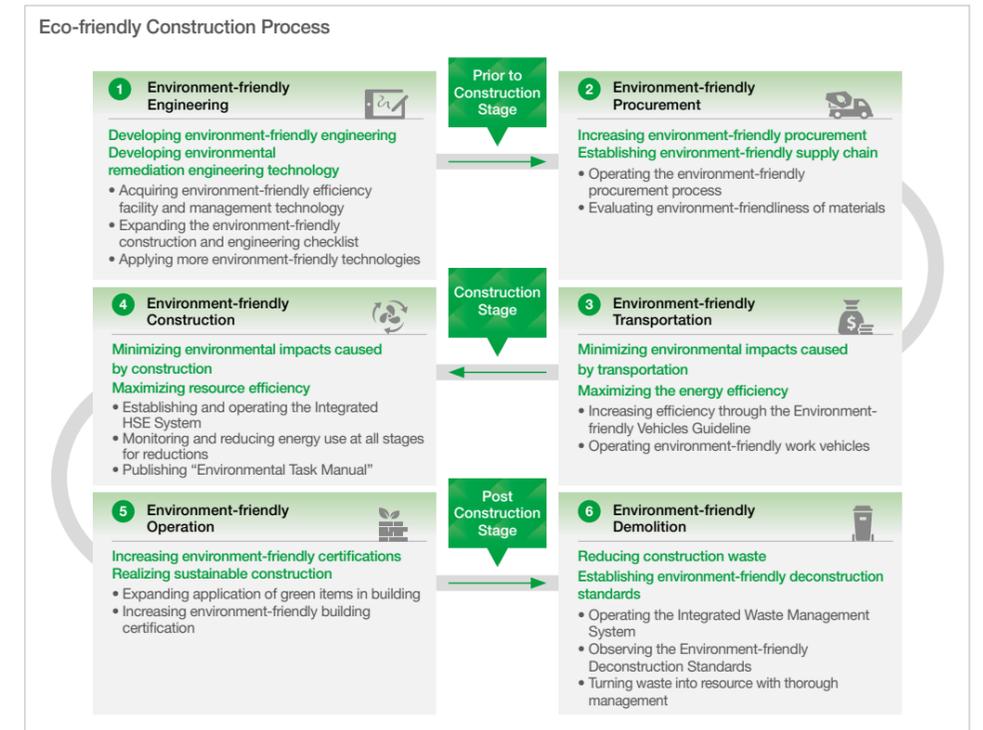
- Promote safety management strategy
- Operate safety management organization

### Expanding the Safety Management Activities

- Strengthen the management of safety management performance
- Strengthen safety checks and training

## Eco-friendly Construction Process

The construction industry provides a necessary basis for creating a new space while it consumes a significant amount of energy and imposes environmental impacts during the construction process. Hyundai E&C, therefore, has focused all its capabilities on minimizing the environmental impact of the construction industry by establishing the environment-friendly process for all stages: engineering, procurement, transportation, construction, operation, and deconstruction.



## Eco-friendly Design

Hyundai E&C has established energy saving, water saving, ecological environment consideration and comfortable living environment as four eco-friendly engineering factors are making efforts to realize eco-friendly construction from the design stage. Because of the nature of buildings where large amounts of energy consumption occur at the use stage than the construction stage, Hyundai E&C is expanding high-efficiency eco-friendly design such as applying new & renewable energy, energy storage system, and indoor air quality improvement technologies aiming at the realization of 100% energy-saving housing. Hyundai E&C acquired grade 1 in the identification of installation of the BEMS (Building Energy Management System), a key technology in the era of zero energy building in 2017 for the first time in South Korea.

### Considerations Factors for Environment-friendly Engineering

| Category                        | Design Factors Under Consideration | Key Technology   |
|---------------------------------|------------------------------------|--|
| Energy Reduction                | Efficiency                         | Thermal insulation methods, thermal-insulating materials, energy-efficient windows and doors, waste heat recovery ventilation system, efficient dredging, etc. |
|                                 | Renewable energy generation        | Photovoltaic solar, tidal, wind, geothermal, biogas, hydrogen fuel cell, etc.  |
| Water Saving                    | Conservation                       | Water-efficient toilets, greywater recycling systems, rainwater harvesting systems, decompression valves, etc.   |
|                                 | Reuse                              | High-pressure filters, ammonia stripping, collection of high-concentration liquid compound fertilizers, etc.   |
| Consideration for the Ecosystem | Topography                         | Fertile soil yard, contaminated soil washing technology, prevention of land subsidence, etc.   |
|                                 | Water quality                      | Installation of water shield, treatment of water contaminated from washing processes, treatment of organic wastewater, etc.                                    |
|                                 | Natural habitat                    | Recycling of damaged plants and trees, creation of escape paths, ecological wetlands, island of artificial plants, etc.  |
| Comfortable Living Environment  | Indoor air quality                 | Eco-friendly materials, composite sensors, energy-environment management system, etc.  |
|                                 | Ventilation                        | Nature-friendly arrangements, topographic consideration, wind-resistant structure evaluation, etc.   |
|                                 | Thermal insulation                 | Thermal-insulating compound materials, external heat insulation systems, heat insulation with tunnel lining, etc.  |
|                                 | Noise                              | Acknowledge floor structure development, noise control, window, noise shield capability predicting technology, etc.  |

\* BIPV : Building Integrated Photovoltaic \*\* HERV: Hyundai Energy Recovery Ventilation \*\*\* TEEMS: Total Energy & Environment Management System

Enhancing Green Safety Infrastructure

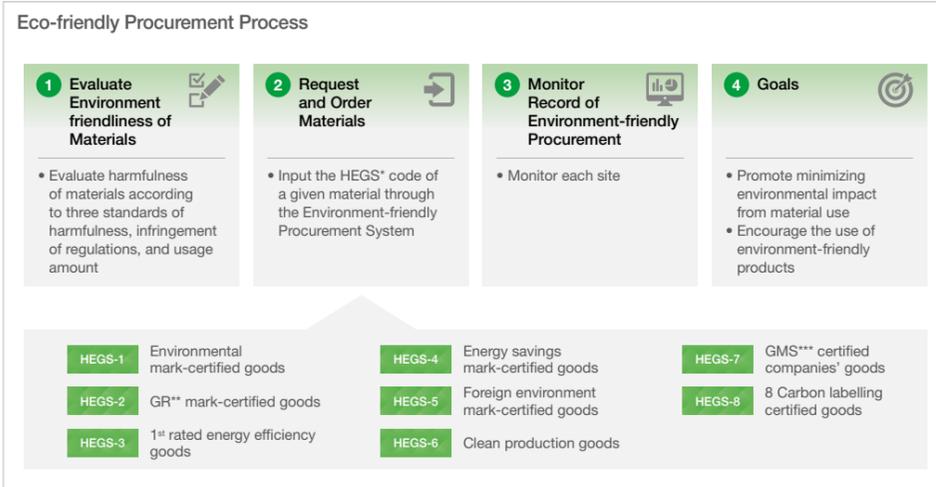
Eco-friendly Procurement

Hyundai E&C has evaluated the environment-friendliness of materials during the selection stage since 1997 to put a priority on the procurement of environment-friendly materials, which can help to minimize the environmental impacts of using materials. Likewise, we support the environment & energy management of suppliers for encouraging the development and production of environment-friendly materials. We also devote to producing and procuring environment-friendly products through the continuous enhancement of the environment-friendly procurement process by signing the 'Voluntary Agreement on Environment-friendly Procurement' with the Ministry of Environment. With the Hyundai Environmental Goods Standard (HEGS) established in 2010, we have been stimulated the procurement of environment-friendly products and materials at the corporate-wide level while gathering and managing the relevant data. All environment-friendly materials procured by Hyundai E&C are classified into eight codes (HEGS 1-8); a HEGS code of a material to be purchased is entered into the Environment-friendly Procurement System when charging or ordering. Furthermore, we encourage the environment-friendly procurement by managing the data of each code as individual performance of site & procurement managers. In addition, Hyundai E&C is making every effort to minimize the environmental impact of using materials by encouraging environment-friendly material purchases for MRO\* items.

\* Maintenance, Repair and Operation

Environment-friendliness Assessment of Materials

| Harmfulness  |
|--|
| <ul style="list-style-type: none"> <li>Poisonous</li> <li>Non-degradable</li> <li>Destruction of ecosystem</li> </ul>                |
| Infringement of regulations  |
| <ul style="list-style-type: none"> <li>Toxic chemicals control act</li> <li>Wastes control act</li> <li>Fire services act</li> </ul> |
| Usage amount   |
| <ul style="list-style-type: none"> <li>Average usage amount of all sites</li> </ul>  |



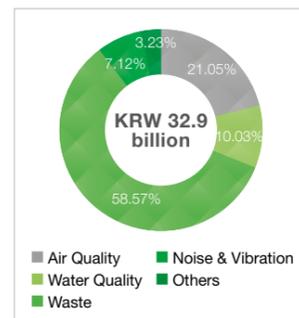
\* HEGS: Hyundai Environmental Goods Standard \*\* GR: Good Recycled \*\*\* GMS: Green Management System

Eco-friendly Transportation

Hyundai E&C is reducing the GHG emissions generated during transporting materials and operating heavy equipment by operating environment-friendly vehicles. In particular, we have established the vehicles guideline in 2010 and defined total of 11 items and the detailed guideline for the economic driving of work vehicles. Hyundai E&C complies with the guideline when operating vehicles and heavy equipment at the headquarters and all sites. In addition, Hyundai E&C has been responding to domestic and overseas efforts to reduce greenhouse gases by changing business vehicles into hybrid vehicles with high energy efficiency. Hereafter too, Hyundai E&C will continue to expand the introduction of eco-friendly vehicles to actively participate in international efforts to reduce greenhouse gases.

Eco-friendly Construction

Environmental Protection Investment Expenditure in 2019



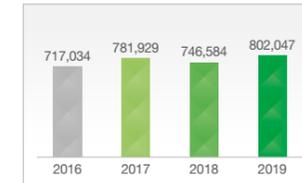
Site Environment Management

Hyundai E&C annually conducts external and internal examinations for all sites at domestic and overseas and conducts systematic site environmental management by identifying environmental risks and opportunity factors by the site. In addition, in order to minimize the impact on the environments around the construction site during construction, Hyundai E&C identifies and manage stakeholders in and out of the site and environmental impacts. In addition, Hyundai E&C established eight major environmental codes to take the lead in creating added value and realizing a sustainable enterprise through the construction of eco-friendly construction sites. In 2019, Hyundai E&C created and distributed detailed management manuals by themes, such as dust scattering management, waste management, and noise management to continuously conduct environmental management during construction.

Dust Management

Hyundai E&C pays special attention to dust scattering control. Hyundai E&C institutionalized special inspections of dust scattering by itself so that sites cannot neglect dust scattering control. In addition, in order to preemptively respond to the effectuation of the Special Act on the Reduction and Management of Fine Dust, Hyundai E&C created a 'Guide for Measures to Respond to Emergency Action to Mitigate Fine Dust' and requires all sites to implement the measures. When the fine dust reduction measures have been issued, the target areas and management methods are posted on the in-house homepage and thorough environmental management is carried out.

Water Consumption (Unit: 1,000 tons)



Ecosystem Protection Activities

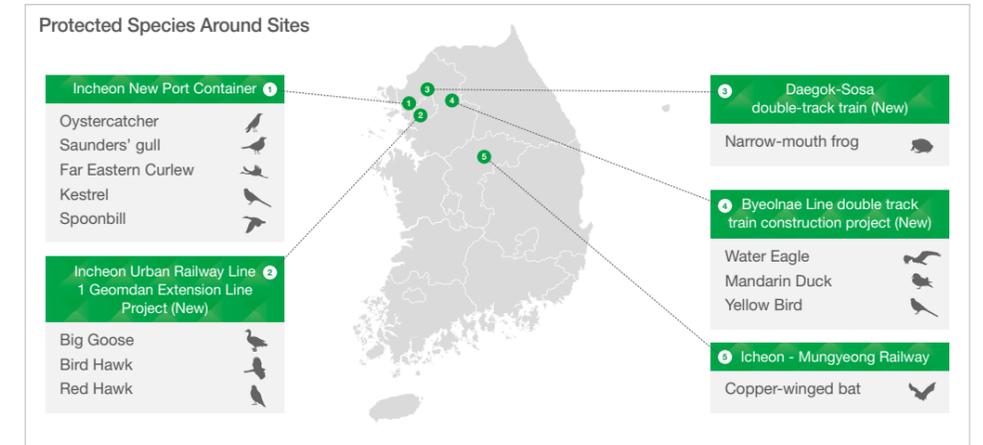
- Alternative Habitats**
  - Transplant trees and plants
  - Create ecological wetlands by settling basins
  - Install an island of "artificial" plants
  - Develop natural streams and green areas
- Install Protection Devices and Pathways**
  - Build escape paths and escape-leading fences for small animals
  - Install pathways that utilize silt protectors, blocking paths, roadside trees, and other on-site structures
- Consider Alternative Engineering**
  - Change the construction location
  - Apply low-vibration construction methods
  - Downscale bridge foundations

Water Management

With the Building Information Modeling (BIM), a cutting-edge construction information system, we are realizing the efficient resource management by preventing the unnecessary use of materials through the exact calculation of volume and cost required for the construction. In addition, in order to reduce the water consumption at the site, we have installed rainwater storages and de-watering equipment for using underground water. Instead of a water tank car to prevent dust, in addition, we use sprinklers to consume less water during the construction. In particular, in the case of wastewater generating sites, water quality standards for effluent water are strictly controlled through installation and operation of purification treatment facilities and continuous water quality tests.

Ecosystem Protection

Climate change and environmental pollution are expected to reduce global biodiversity by as much as 17% by 2030. Therefore, complying with the Nagoya Protocol in a faithful manner, Hyundai E&C has applied strict standards to protect the biodiversity around sites. In particular, we proactively analyze possible impacts on the environment from the planning stage as well as develop and apply engineering and construction methods that can help to maintain the biodiversity and topographic changes.



Eco-friendly Demolition

Complying with Environment-friendly Demolition Guidelines

To minimize environmental impacts and deterioration of workers' health incurred during deconstruction and demolition processes, we have established and compiled Waste Management Guidelines, Chemical Substance Management Guidelines and Air Quality Management Guidelines. In particular, we have been setting targets for waste disposal and material recycling by sites where generate a significant amount of waste or are subject to special management. In addition, we sold recyclable wastes to recycling plants for resource utilization and put the priority on purchasing recycled materials and cyclic aggregate.

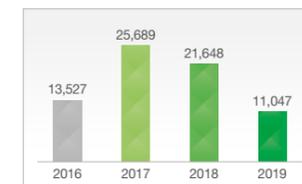
Furthermore, we check the possible containment of harmful substances such as asbestos in advance of the deconstruction so that our employees are not directly exposed to danger. If the asbestos containment exceeds the standards of the Occupational Safety and Health Act and Asbestos Safety Management Act, we treat it safely by entrusting to a specialized company of asbestos removal and waste. Especially, complying with the Chemical Substance Management Guidelines, we establish a plan to prevent damage from chemical substances and supervises the implementation and the environmental manager identifies the types of chemical substances and conduct precautions for use and storage standards while training employees and inspecting management status.

Enhancing the Waste Management System

Since 2012, Hyundai E&C has delivered effective waste management through the Waste Management System that connects 'Olbaro System', a waste management system of the Ministry of Environment and Hyundai-Project Management System (H-PMS), and Integrated Environmental Performance Management System. Through this, we prevent environmental violations in advance and manage the total amount and cost of waste by business division, company, and type in real-time. In addition, we use it as basic data in order, bidding, and budgeting to increase the usability of the waste management system.

Hyundai E&C increased the efficiency and adequacy of waste management work by the department through the refinement of the waste management system in 2016, and in 2018, strengthened the statistics management and analysis function of waste statistics by promoting linkage information linking stability and usability improvement. We have improved our ability to respond to external environmental regulations and company evaluations. In 2019, the waste Separation Standards' will be guided to maximize reuse and recycled waste and minimize landfill and incineration waste.

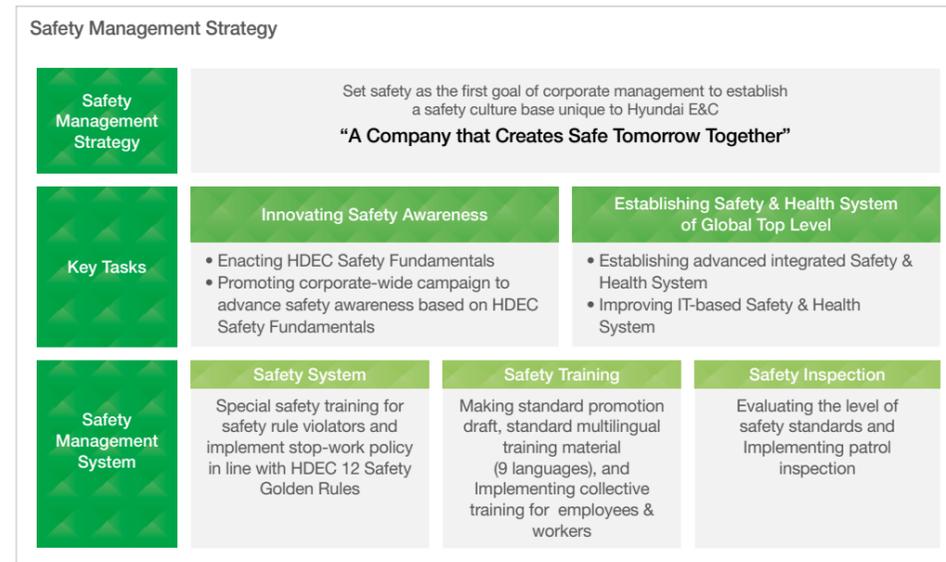
Waste Disposed (Unit: ton)



## Safety Management System

### Safety Management Strategy

The first priority of Hyundai E&C is to create a safe working environment for our employees. Hyundai E&C sets the realization of "A Company that Creates Safe Tomorrow Together" as a safety management goal and creates a safe workplace environment through systematic safety inspection/monitoring and training. In particular, Hyundai E&C is building an active autonomous safety system based on the 'Hyundai E&C 12 Safety Golden Rules' established in 2016. In December 2019, our safety and health management system was transitioned from OHSAS 18001 standard to ISO 45001 certification. We are strengthening our safety management system and safety culture in accordance with internal standards.



### Safety Management Organization

Hyundai E&C identifies safety risks early by establishing dedicated safety teams to manage safety in each business division. For efficient management of sites, Hyundai E&C has been operating a safety & health management system made by integrating the safety management system and the health management system since 2012. Especially Hyundai E&C established a technical safety organization to serve as a control tower for technical safety work and expanded the number of technical employees by field to prevent accidents due to technical causes in advance and hired more safety experts to strengthen construction equipment safety management. In addition, Hyundai E&C is inducing the establishment of autonomous safety & health systems of subcontractors by mandating them to assign safety managers.



### Hyundai E&C Leads Construction Industry with Safety Management IoT Mobile App

Hyundai E&C developed and applied 'HloS', a construction site safety management system using the Internet of Things (IoT) in January 2019 for the first time in the construction industry. In December 2019, the system was implemented as a mobile app, greatly enhancing field usability. The HloS safety management system transmits information measured through various sensors including helmet smart tags to the scanner using Bluetooth communication and analyzes it on the integrated platform to determine the risk. This system not only issues alarms to site staff and workers to effectively remove potential risk factors but also monitors diverse measuring sensor data such as gas concentration and wind speed in real-time to provide practical help in preventing accidents in.

HloS Mobile App



## Enhancing Safety Management Activities

### Executive Safety Inspection



### Implementing Safety Inspections

In order to monitor safety management and prevent accidents in domestic and overseas sites, we have reinforced safety inspection. In 2019, total of 1,392 safety inspections were conducted by teams of executives and top management. We hold the Safety Inspection Meeting for the top executives on a quarterly basis analyzing the corporate-wide safety performance, preparing measures, and establishing corporate-wide key safety plans.

In addition, we continuously conduct 'Monthly Safety Campaign' at all sites around the world with the top management attending. At the campaign, Hyundai E&C not simply inspects the on-site safety management but also increases the awareness of the accident prevention and encourages active participation delivering its strong will to realize the zero-accident.

### Expanding Safety Management Performance

Hyundai E&C is expanding and operating the safety management KPI from the site to the head office to promote the participation of all employees in safety management and to promote proactive safety management. Safety management activities are largely divided into safety inspection activities, safety training activities, and safety information activities. Through the safety management mileage scheme, evaluation and compensation for individual safety management activities are conducted in conjunction. In January 2020, the safety management mileage scheme has been improved to strengthen safety activities centered on performing organizations and to strengthen safety inspections focused on high-risk tasks to strengthen the proactive safety prevention system.



### Satisfaction Score of Safety Job Training



### Reinforcing Safety Management Training

Regular safety and health trainings are provided at all business sites, with the aim of reinforcing the company-wide safety awareness, enhancing employees' safety capacity, and strengthening on-site safety training support. In 2019, Hyundai E&C provided safety training for a total of 3,086 employees. In order to implement safety education tailored to the needs of workers, Hyundai E&C implemented virtual safety experience programs for six major dangerous tasks and developed 10 types of special safety education standard teaching plans, translated them into nine languages, and provided them to sites. In addition, Hyundai E&C increased the density of safety and health education by establishing educational networks on monthly excellent / failure cases through the introduction of the site manager propagation training system. In 2019, the satisfaction level of safe job training was 94.7%.

### 2019 Safety and Health Education Promotion Direction



### Improving the Permit to Work (PTW) System

The Permit to Work (PTW), an accident prevention system of Hyundai E&C, requires to obtain a permit in advance prior to work by establishing a safety measure for all possible risk factors of high-risk tasks executed at sites. If a work did not receive the PTW or execute safety measures as stated in the PTW document, it is subject to restrictions such as an immediate halt. In 2016, we added the daily check function of PTW document in mobile HSE applications to enhance the efficiency of the PTW. In 2020, we plan to expand the usability by improving the IT system with a work permit.

# Managing Risk Proactively

Value Empowering Case

Through proactive risk management, Hyundai E&C is striving for a stable business operation by proactively identifying potential risk factors and preventing risks from occurring. Hyundai E&C is also strengthening its competitiveness by conducting a systematic long-term strategic risk analysis to excavate new opportunities and integrate them into its business.

<http://en.hdec.kr/EN/Sustainability/GreenSafty.aspx>

- Responding Long-term Strategic Risks**
- Established Hyundai Construction Mega-Trend in 2030
  - Identification of risk and opportunity factors by megatrend

- Operating Risk Management Organizations**
- Risk identification at the pre-participation stage
  - Risk monitoring at the project execution stage

- Advancing IT-based Integrated Risk Management System**
- Computerization and automation of risk assessment procedures
  - Establish construction industry risk database

- Improving Efficiency of Risk Monitoring and Reporting System**
- Reporting system by risk level
  - Hyundai E&C's 15 key risks

## Hyundai E&C Opens the Future Based on Long-term Strategic Risk Response

The world's sustainability is threatened by global climate changes, population growth, energy and water scarcity, and resource depletion. Hyundai E&C has identified urbanization, water scarcity & environmental pollution, energy & fuel scarcity, and resource depletion as the key megatrends of the construction industry in a long term perspective. Hyundai E&C has devoted its efforts to defining risk & opportunity factors through the future analysis against 2030 for each megatrend and to respond effectively.

### HDEC Construction Industry Megatrends against 2030

**Urbanization**

44% increase in urban population, 60% of world's population living in cities  
<UN Population Division>



- Treat Factor**  
Intensifying socio-economic problems in urban areas due to population growth
- Opportunity Factor**  
Increasing large & smart infrastructure in accordance with expansion of the urban areas
- Countermeasures**  
Development of cutting-edge construction technology to supply large & smart infrastructure  
Long span bridge construction technology, zero energy building, intelligent transportation system

**Water Scarcity & Pollution**

53% increase in water intake, 39% increase in water shortage population  
<2030 Water Resource Group & WEF>



- Treat Factor**  
Water crisis due to water supply shortage
- Opportunity Factor**  
Expansion of demand for water treatment and environmental restoration technology
- Countermeasures**  
Development of water treatment and environmental restoration technology to overcome environmental risk  
Seawater desalination, wastewater treatment and water reuse

**Energy & Fuel**

33% increase in world primary energy demand, 20% increase in GHG emissions  
<IEA>



- Treat Factor**  
Adverting severe crises on energy shortage caused by demand increase for energy
- Opportunity Factor**  
Responding to energy scarcity with renewable energy and low-carbon & high-efficiency technologies
- Countermeasures**  
Development of renewable energy and low-carbon & high-efficiency technologies to cope with energy depletion  
Environment-friendly bio energy, offshore wind power, tidal current generation, solar thermal energy

**Material Resource Scarcity**

55% increase in resource consumption, Industrial resource extraction scale increase to 83 billion tons  
<SERI & KPMG>



- Treat Factor**  
Weakening economic growth potential due to difficulty in acquiring resources
- Opportunity Factor**  
Expanding commercialization of resource recycling and alternative materials development
- Countermeasures**  
Development of waste recycling technology and substitute materials to prepare for resource shortages  
Contaminated soil restoration technology

## Intensifying Risk Management Infrastructure

### Risk Reporting System

**Board of Directors: High-level Risk**

- The CRO directly reports to the BoD and undertake the investigation of a given risk and the responsible personnel
- Establish a risk mitigation strategy, a regular monitoring system, and countermeasures to a crisis situation

**CEO: Mid-level Risk**

- The CRO directly reports to the CEO
- If a given risk is considered to be urgent and to have a significant effect on project(s), report to both the CEO and the BoD and make a prompt decision

**CRO: Low-level Risk**

- Reported to the Chief Risk Officer (CRO)

## Operating Risk Management Organizations

Hyundai E&C operates a corporate-wide risk management system to identify and manage the risks that can occur in various types of projects, including civil engineering, architecture, plant, and energy. As a project risk control tower for all sites, the Project Support Division is responsible for managing and controlling the risks throughout the entire project life cycle, from order winning to execution stages.

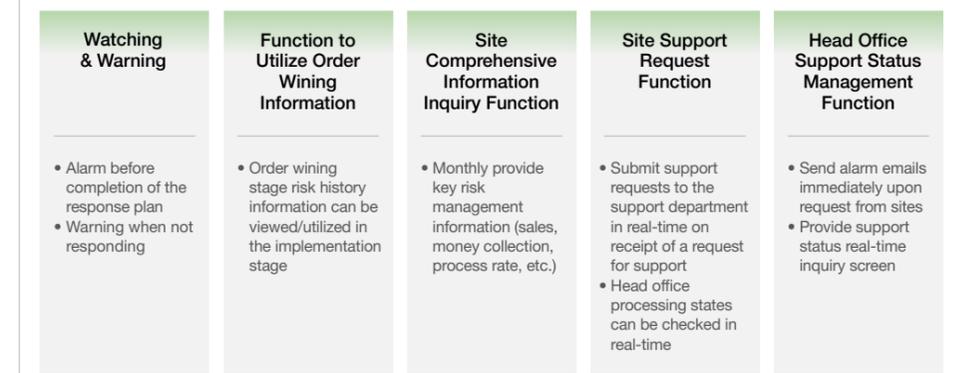
In the pre-participation stage, we are participating in bidding stably by identifying and minimizing project risks preemptively through risk assessment procedures. Subsequently, in the project execution stage, regular project risk checks are conducted at each stage to prevent the spread of on-site risks, and if necessary, risk management activities are conducted through timely dispatch of the head office staff. Dedicated project risk management organizations, such as the RM team and the Execution Support Group, are performing integrated risk management through organic collaboration, and the role scope is continuously expanding.

## Advancing IT-based Integrated Risk Management System

Through the operation of IT-based risk management system, we are efficiently dealing with key information created during the series of processes: risk identification, analysis, evaluation, and response. Following the development of the receiving of order management system in 2014, we have completed the establishment of an integrated risk management system that encompasses risk management functions at the implementation phase in 2016. In addition, we have continuously improved by implementing a risk information portal function that enables integrated inquiry of risk information for each business unit, and establishing a real-time confirmation and support system for headquarters at each site since 2017.

In 2019, the overseas project risk classification system was introduced into domestic projects with the completion of 73 detailed risk classification tasks. Currently, we are making efforts to further upgrade including computerizing and automating order review of all projects and establishing a risk database for the construction industry.

### Integrated Risk Management System



## Improving Efficiency of Risk Monitoring and Reporting System

Hyundai E&C has defined 15 Key Risk Indicators and monitored through monthly risk analysis and regular scenario mapping. In addition, we have developed response manuals for each relevant organization to react to unusual signs immediately. Furthermore, we have a risk reporting system for effective response in advance by quantitatively analyzing the seriousness, possibility, and impacts as well as by proactively defining the reporting process and targets according to risk steps.

### Hyundai E&C's 15 Key Risks

|   |  |    |   |    |                                 |
|---|--|----|---|----|---------------------------------|
| 1 | Rise of Raw Materials Prices             | 6  | Inability to Qualify with the Global QC Standards | 11 | Inadequate SCM                  |
| 2 | Currency Volatility                      | 7  | Liquidity Crisis                                  | 12 | Vulnerability in HR Management  |
| 3 | Intensified Competition                  | 8  | Changes in the Global Economy                     | 13 | Non-compliance with Laws        |
| 4 | Failure to Accomplish Management Targets | 9  | Stagnant Domestic Construction Industry           | 14 | Occupational Accidents          |
| 5 | Failure of New Projects                  | 10 | Political Uncertainties in Foreign Countries      | 15 | Information and Technology Leak |

# HDEC PEOPLE

## New Era of Shared Growth Accompanied by Hyundai E&C

Employees are the pioneers of innovation, Suppliers are partners to grow together, and the community is the foundation of corporate activities. Hyundai E&C is realizing the dream of 'Construction Korea' by fostering innovative talents who lead change and innovation around the world, and is opening a new era of win-win by searching for a path for shared growth with suppliers and local communities.

### Propelling Strategies



# Cultivating Innovative Talents

Employees enable innovation and are the driving forces of Hyundai E&C's business activities. Hyundai E&C considers cultivating innovative talents, who lead changes and innovations in the world and create new values, as the most important task. In order to implement the task, we secure innovative talents through the development of global capability and the fair performance evaluation and will be a global leader in the construction industry.

<http://en.hdec.kr/EN/Recruit/ConsPersonnel.aspx>

## Recruiting Talents without Discrimination

- Conducting fair employment
- Securing human diversity

## Cultivating the Capability of Innovative Talents

- Enhancing the capability of innovative talents
- Improving work efficiency

## Corporate Culture of Communication & Trust

- Innovative communication
- Fair evaluation and compensation

## Work-life Balance

- Expansion of welfare benefit systems
- Build trust in labor relations

Value Empowering Case

## Hyundai E&C Fosters Innovative Talents Who Create Value Through Challenges

Hyundai E&C has recruited and cultivated competent talents as our biggest resource. Under the 'Innovative Challenger,' the concept of our ideal employee, we deliver a vision of innovative talents who create new values by challenging to the new, to the impossible, and to becoming the best. Hyundai E&C will stand tall as a global leader of the construction industry with our employees who aggressively execute their jobs with a challenging mind and passion and build a cooperative network based on the creativity and global mind.

Ideal Employee of Hyundai E&C

INNOVATIVE CHALLENGER

"To create unrivalled value, the talents we want to achieve what many think is impossible and strive to be the best in unexplored areas"

Value Creator

A talent who creates new value by meeting challenges head-on, not resting on their laurels, and utilizing their creativity

Synergy Builder

A talent who creates synergy through cooperation and communication with diverse stakeholders

Global Developer

A talent who can realize their potential on the global stage, driven by a global perspective, openness and understanding of diversity

## Hyundai E&C Takes a Step toward Agile and Flexible Organization

Hyundai E&C is becoming an agile organization through smart reporting in order to respond quickly to the times when organizational agility and flexibility determine competitiveness. In March 2020, Hyundai E&C decided not to use the report board, which was a symbol of formal and vertical reporting, as a first step toward building a flexible and horizontal corporate culture. We also encourage unconventional reporting such as oral, email, SNS, and memo so that employees do not spend time waiting for reporting and preparing reports. In addition, since April, we have been strengthening a concise reporting culture focusing on the core by piloting a paper document restriction system.

### "Change the Paradigm of Reporting" Campaign



## Recruiting Talents without Discrimination

Status of Recruitment in 2019 (Unit: persons)

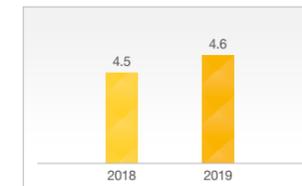


## Minority Statistics in 2019



## Cultivating Innovative Talents

Education Satisfaction (Unit: point/out of 5)



## 2019 FTE Education Performance



## Conducting Fair Employment

Hyundai E&C recruits human resources in a fair and transparent manner to find advanced talents that suit our ideal employee type and provide equal opportunities to all applicants. In 2019, we recruited 18 new employees and 164 experienced employees. Besides, considering the characteristics of the construction industry, we hire contract workers and treat them equally according to relevant regulations.

## Pursuing Human Diversity

By hiring more local talents at overseas sites, we are executing projects successfully and securing global advanced technologies. Moreover, we further expanded the local recruitment for manager positions through a Global Human Resources Management System. The diversity is a critical issue that directly influences the corporate competitiveness since Hyundai E&C is actively operating its business all around the world. To advance the diversity at the workplace, we have constantly increased the recruitment ratio for female, foreign workers, men of national merit, and the handicapped annually.

Status of Employees in 2019 (As of 31 DEC 2019, Unit: persons)

| Category               | Total                          | Male  | Female | Female ratio |       |
|------------------------|--------------------------------|-------|--------|--------------|-------|
| <b>Total Employees</b> | 4,933                          | 4,670 | 263    | 5.33%        |       |
| <b>By Grade</b>        | Junior manager                 | 1,081 | 1,011  | 70           | 6.48% |
|                        | Middle manager                 | 815   | 783    | 32           | 3.93% |
|                        | Senior manager                 | 1,136 | 1,124  | 12           | 1.06% |
| <b>By Division</b>     | Sales & marketing division     | 71    | 64     | 7            | 9.86% |
|                        | Non-sales & marketing division | 2,961 | 2,854  | 107          | 3.61% |
| <b>Total</b>           | 3,032                          | 2,918 | 114    | 3.76%        |       |

## Cultivating Global Leaders

Fostering outstanding talents with the global capability is critical to successfully implement overseas projects which are constantly being expanded. Hyundai E&C is striving to enhance its global capabilities through various education programs such as global job competency training, overseas worker education, language education, and advanced company training to smoothly carry out overseas business. In particular, Hyundai E&C focuses on enhancing the language competence of employees and provides English language intensive education programs. Hyundai E&C also supports second foreign language education.

In 2019, 133 training courses were conducted for a total of 6,007 employees. Since July, in particular, the cloud education system Lite e-Human Resource Development (Lite e-HRD) was newly operated to provide mobile/web services to overseas employees with a smooth and effective education utilizing. In 2020, we established and operated training programs for overseas positions for new overseas corporations, as the need for a competent global leader increased due to an increase in overseas orders.

| Group Integrated Training |                                     |                         |   |
|---------------------------|-------------------------------------|-------------------------|---|
| Course Name               | General & Core Values               | Leadership              | Task  |
| Trainee                   | New, Careered, Promoted, Executives | Executives, Team leader | Executives, Dedicated Employees (HR, In-house instructor, IT, etc.) |

## Strengthening Task Training

Through the e-HRD (Human Resource Development) system, we are cultivating the world's best construction experts by establishing the advanced education system and providing necessary training programs by jobs, positions, and groups contributing to the customized capability development. Besides, we have endeavored to develop our experts into in-house lecturers disseminating the expertise acquired from on-site works. In 2019, in order to strengthen order winning competitiveness, Hyundai E&C increased the number of outside professional training related to strategic jobs from 23 to 53 and reduced the number of courses from the existing 77 courses to 45 by merging overlapping educational courses. In 2020, we introduced a smart learning system to build a regular learning system and expand job training for overseas employees.

Cultivating Innovative Talents

Innovative Work Process

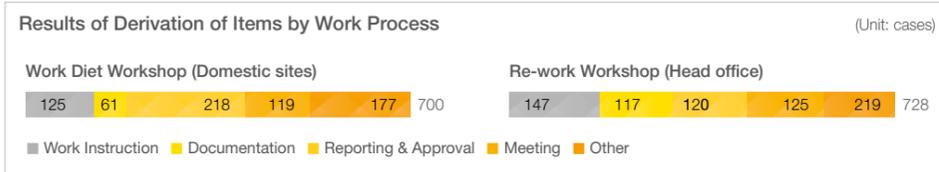
2019 Improvement Items

2,107 Cases Items Derived

Improving Work Efficiency

Hyundai E&C is striving to improve employees' work efficiency and create an innovative working environment. In the first half of 2019, 'Work Diet Workshop' was held at 55 domestic sites, and in the second half, 'Re-Work Workshop' was held for 500 employees from 31 teams in the head office. As a result, 1,428 work process improvement ideas and 679 policy improvement ideas were drawn, and we tried to improve work efficiency and execution power by improving work methods and reducing unnecessary work.

In 2020, an active campaign was conducted through posters and screensavers to settle a flexible reporting culture, and abolition of reporting boards, paper document output restrictions, and reporting monitors were newly introduced. In addition, we plan to conduct workshops for 800 employees from 50 teams and 40 domestic sites on the subject of work efficiency and communication.



Fostering Self-completed Talents

Hyundai E&C has been accelerating the cultivation of self-completed talents in order to secure human competitiveness and enhance business execution capability. We define self-completed talents as outstanding individuals who have the highest level of business knowledge in the responsible area and accomplishes tasks with utmost efforts while voluntarily acquiring task-related knowledge such as laws, contracts and technologies and pursuing personal competitiveness. In addition, they have to do their best to accomplish their mission by taking full advantage of their own capabilities and utilizing internal and external networks. Furthermore, they should have the courage to recognize their own faults and mistakes and spirit not to repeat such situations. In this way, Hyundai E&C will be able to demonstrate its capabilities to the top level in the world by leading the corporate culture centered on self-completed talents.

Strengthen Communication Programs

Based on the human-centered corporate culture that prioritizes the communication and trust, Hyundai E&C has been supporting to resolve grievances and enhancing emotional competencies of employees implements systematic activities to by expanding the communication within the company. Hyundai E&C also operates a variety of employee communication channels to maximally reflect the difficulties felt by employees have in their working environments and suggestions. Hyundai E&C has opened and operated an on-offline employee counselling center since 2015 to make an effort to enhance work immersion and organizational productivity through the relief of employee distress. In 2018, we opened and 'H · Dudrim', a solution for resolving internal and external complaints.

The operational performance of 'H · Dudrim' increased from 4,818 cases in 2018 to 5,355 in 2019, contributing to improving the way of working in the organization and resolving grievances.

In the first half of 2019, 13 times of CEO meetings were held to provide meaningful places for the CEO and about 2,650 employees to form a consensus. In 2020, PDs provided lectures to field employees directly under the theme of 'micro management', and plans to continuously conduct CEO online town hall meetings and general manager lectures for all employees.

Expand Communication Channels

Hyundai E&C has opened and is operating Hyundai E&C official 'blog', 'facebook', and 'YouTube' channels so that employees and their families working at domestic and overseas can communicate easily and interestingly. Hyundai E&C posts various postings such as major company news, corporate culture, projects and technology, construction trend information, etc. and implements events in which not only employees but also general followers can participate to make pleasant a 'communication venue'.

|   |   |
|---|---|
| <b>Hyundai E&amp;C Blog</b><br><a href="http://blog.hdec.kr">http://blog.hdec.kr</a>  | <b>Hyundai E&amp;C Facebook</b><br>Domestic <a href="https://www.facebook.com/HDENC/">https://www.facebook.com/HDENC/</a><br>Overseas <a href="https://www.facebook.com/HDEC.Global/">https://www.facebook.com/HDEC.Global/</a> |
| <b>Hyundai E&amp;C Instagram</b><br><a href="https://www.instagram.com/hdec_style">https://www.instagram.com/hdec_style</a> | <b>Hyundai E&amp;C YouTube</b><br><a href="http://www.youtube.com/c/현대건설tv">http://www.youtube.com/c/현대건설tv</a>   |

Innovative Communication

CEO Meeting



H · Dudrim  
<https://dudrim.hdec.co.kr/Partner/Intro.aspx?g=c>

Fair Evaluation and Compensation

Appraisal

Hyundai E&C develops its employees' capabilities based on performance achievement, strengths, and improvement areas through the MBO (Management by Objective) -based HR system and educate major officers on performance management for a fair evaluation. In addition, Hyundai E&C an environment where more accurate evaluation and fair compensation can be made by upgrading the performance management system into goal-setting - interim check - evaluation/grade finalization - evaluation calibration session. In addition, Hyundai E&C introduced the 'performance management one-line memo' system in which the evaluator leaves a memo about the performance and capability of the appraisee each month and utilize the memos in year-end evaluation to enhance the fairness of evaluation. In 2019, we expanded the proportion of quantitative evaluations and lowered the authority of personnel evaluation to more than the head of the head office and field team leaders to enable close evaluations to improve evaluation reliability.

Compensation

We are operating a performance-based compensation system according to the results of performance evaluation. Through a Promotion Point Program, in particular, we have secured the transparency and fairness of the promotion system and thus encouraged employees by enabling the promotion based on individual performance and capability. In 2019, we improved the system so that the long-term performance improvement of individual individuals can be reflected in the compensation by reducing the ratio of headquarters performance reflection ratio from 40% to 30% among the performance payment criteria and reflecting the previous three years' performance. Hyundai E&C guarantees gender equality compensation only with compensation gap according to position and working conditions.

Healthcare Support

Hyundai E&C conducts regular health checkup for employees and their spouses and operates an in-house medical center where professional nurses reside to ensure that employees can check their health status immediately. In addition, Hyundai E&C conducted a corporate-wide anti-smoking campaign to lower the smoking rate of its employees and establish a culture of non-smoking in the company thereby distributing non-smoking kits, writing a non-smoking pledge, giving lectures on smoking cessation, and introducing government support programs. Since January 2020, we have strengthened health supports for overseas sites by providing annual comprehensive health checkups to overseas employees and strengthening collective accident insurance for on-site recruitment employees.

Child Rearing Support

Hyundai E&C supports childbirth, childcare leave, and school expenses so that employees can happily raise their children. In 2019, 11 female employees used 90 days of maternity leave and all of them returned to work after maternity leave to show 100% return rate. In addition, the number of male employees who used paid maternity leave through internal encouragement was 175 employees. In addition, Hyundai E&C supports female employees to work while rearing children by operating the Hyundai Dasom Nursery, a daycare center for children and through the childbirth subsidy support system.

Trust between Labor and Management

A Hyundai E&C employee can freely join or withdraw from the Labor Union in accordance with Article 3 and Article 5 of the Collective Agreement in the Labor Union Act. The company regulates itself to neither hinder an individual's registration to nor force the withdrawal from the Union. According to the duty to notify on Article 10 of the Collective Agreement, it is a compulsory principle to immediately give notice to all employees regarding significant changes in the business, such as organizational restructuring. As of December 2019, 4,149 out of 4,243 full-time employees are covered by collective bargaining agreements, accounting for 97.8% of the entire employees, and 729 employees who are members of trade unions and protected by collective bargaining rights.

Pursuing Work and Life Balance

Employee and Spouse Health Check Support (As of 2019)



Hyundai E&C Breathes and Communicates with Young Generation

Hyundai E&C excavates various online channels to communicate with the younger generation and actively publishes professional contents in order to actively respond to changing promotional trends. The 'Kuwait Sheikh Jaber Causeway' video on Hyundai E&C's official YouTube channel has caused a sensation, viewing nearly 2 million views. In addition, to enhance corporate preference and awareness of the younger generation, we are strengthening corporate branding through the production of 'Young' content, such as producing collaboration music and music videos with Rapper KISUM, and 'Construction is Passion' photo exhibition.

KISUM Collaboration Music Video



<https://youtu.be/zMICXByuvS8>

# Enhancing Value Chain Capability

Suppliers and Hyundai E&C grow together. Hyundai E&C has strived for the stabilization of suppliers' management with a wide range of financial supports and sought for the shared growth through cooperation for the technology development and educations. Hyundai E&C is also effectively strengthening the competitiveness of its value chain by presenting sustainability standards to its suppliers through sustainable supply chain management.

<http://en.hdec.kr/EN/Sustainability/WinWin.aspx>

## Strengthening Shared Growth Cooperation with Suppliers

- Support for supplier financing
- Support for supplier training and technology development

## Strengthening Supplier Communication

- Conduct joint growth seminars
- Conduct supplier satisfaction survey

## Support for Supplier Advancement to Overseas Countries

- Supplier overseas field trip program
- Supplier overseas advancement support training

## Sustainable Supply Chain Management

- Promoting sustainable supply chain policy
- Implement supply chain sustainability management evaluation

Value Empowering Case

## Hyundai E&C Takes the Lead in Overcoming Covid-19 Crisis with Partners

Hyundai E&C is operating a variety of support plans to overcome the Covid-19 crisis that is spreading around the world with its suppliers. First, Hyundai E&C drastically expanded the size of the Win-win Cooperation Fund from KRW 15 billion in 2019 to KRW 25 billion in 2020 for suppliers' economic stability. Since February 2020, the company has also provided health masks and hand cleaners free of charge to supplier workers at all over 130 construction sites nationwide. In addition, the company is focusing on preventing the transmission of viruses by providing multilingual Covid-19 prevention training, including English and Chinese. Hyundai E&C plans to carry out various activities for the health and health of workers in the future along with its suppliers.



### Free Health Mask Provided to Supplier Workers on All Sites



## Hyundai E&C Takes a Leap forward into the Global Construction Top Tier with Suppliers

Hyundai E&C has been opening the way to overseas expansion with suppliers and strengthening its capability to lead global construction. In particular, since 2009, we have selected suppliers with excellent construction capabilities every year and operate Overseas Sites Trip Program for Suppliers which all expenses are fully supported. Through this, we provide knowhow of overseas sites operation and hold briefing session to help enter the relevant country, and support the understanding of local construction market trends. In 2019, we have conducted Overseas Site Trips for 12 suppliers in Kuwait and the United Arab Emirates, contributing to generate suppliers' new overseas sales of KRW 113.7 billion.

### Overseas Site Visit by Hyundai E&C H Leaders



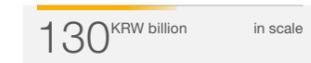
## Shared Growth System

For us to achieve sustainable growth, it is necessary to stabilize the management and enhance the competitiveness of suppliers. Supporting finance, education and technology development have been leading to the enhancement of suppliers' competitiveness, and close and systematic communication program has been building the constructive partnership. Thanks to diverse efforts, Hyundai E&C received the honor of acquiring the best grades of 'Fair Trade Agreement Performance' and 'Shared Growth Index', and was recognized for its contribution to establishing a transparent and fair subcontracting transaction order and spreading a culture of win-win cooperation. Awarded the commendation from the trading chairperson.

### Hyundai E&C Shared Growth System

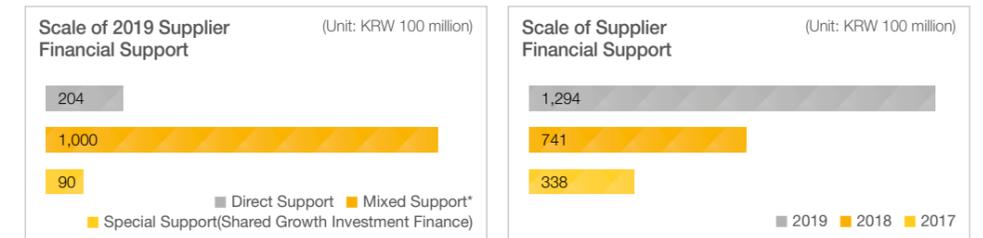


### 2019 Supplier Financial Support



### Finance Support

Hyundai E&C has been reducing the financial burden on suppliers by providing various financial supports since signed the 'Joint Cooperation and Fair Trade Agreement' with suppliers in 2010. We have made payment to subcontracts within 10 days, have helped financial institutions provide financial institutions with loans that are lower than the standard interest rate for their financial institutions by managing network loan, and have helped our suppliers overcome financial difficulties by creating and operating Shared Growth Fund with commercial banks. Furthermore, we provide health check-ups and funeral support services to suppliers' employees to contribute to reducing welfare benefit costs of suppliers. We are strengthening the overall sustainability by monitoring whether payments paid to the primary suppliers are paid to the secondary suppliers within reasonable days. In 2019, Hyundai E&C expanded the scale of financial support for suppliers. We raised the amount of direct funding from KRW 14.1 billion in 2018 to KRW 20.4 billion, and provided KRW 100 billion of mixed support through agreements with IBK Bank and Woori Bank. In 2019, the total amount of financial support for suppliers was about KRW 130 billion, widely increased from the previous year's KRW 74.1 billion.



\* A total of KRW 100 billion is established and the first loan amount is KRW 59 billion

### Training Support

Hyundai E&C assists suppliers with various practical educations about the quality, safety, and fair trading and helps suppliers enhance the capability to execute overseas projects through educations required for the overseas expansion including taxation, finance, and overseas sites trip program by countries. In 2019, Hyundai E&C promoted the Overseas Site Trips for 12 supplier representatives so that the supplier visited four construction sites in Kuwait and the United Arab Emirates. Hyundai E&C will continue to discover new target countries and diversify its programs.

Enhancing Value Chain Capability

2019 Technology Development Support



2019 Hyundai E&C Technology Contest



<http://www.hdec.kr/KR/InnoTech/TechnologyFaq.aspx>

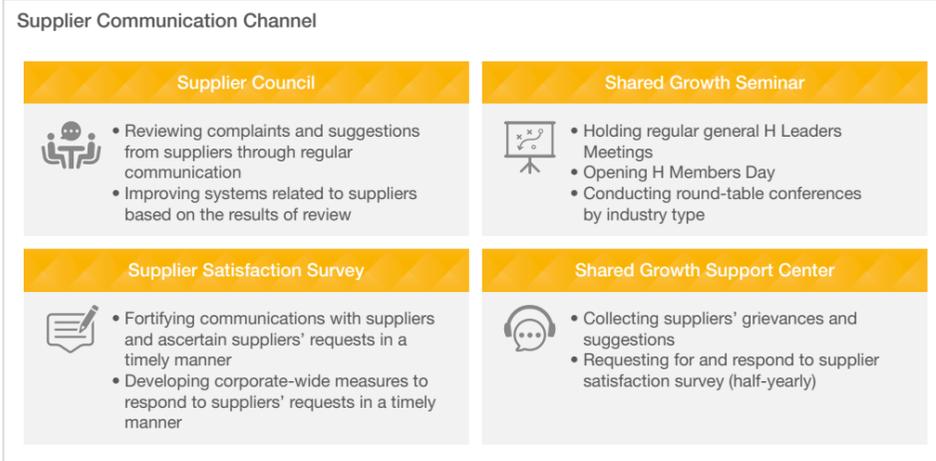
Technical Support

Hyundai E&C has been promoting joint technology development with its suppliers or suppliers' own technology development and strengthening mutual competitiveness through technology transfer. In particular, we hold Hyundai E&C Technical Forum every year to offer a platform supporting the technology development in an 'Open Innovation' way. It is the only technology competition for the shared growth in domestic construction companies. In addition, Hyundai E&C is endeavoring to strengthen the competitiveness of the value chain by granting patented technology to suppliers for free and transferring technology annually.

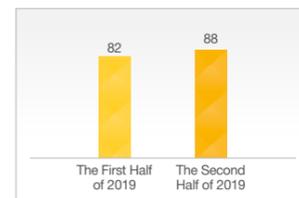
Communication Support

Hyundai E&C has been making efforts to create a greater synergy generated through efficient partnerships and a strong sympathy with suppliers. The Suppliers' Council is a regular consultative group to communicate with suppliers and composed of five subcommittees. It is responsible for improving supplier system by communicating with suppliers on a regular basis. Moreover, we conduct the shared growth seminar for all suppliers and carefully listen to their opinions through separate brief meetings by construction types and visiting suppliers.

For assisting effective work of suppliers and reinforcing the cooperation, Hyundai E&C is operating a 'Hi-Partner' portal that is an information system for the cooperation with suppliers. We realize transparent transactions and reduce direct and indirect costs by executing contract-related tasks through online process. Furthermore, we operate a Win-win Growth Support Center within the 'Hi-Partner' portal for gathering grievances & recommends of suppliers and apply them to our works.



Supplier Satisfaction (Unit: points)



Supplier Satisfaction Survey

Hyundai E&C has a self-developed supplier satisfaction survey system using VOC and IPA methods and actively collects their requests through regular surveys. The supplier satisfaction survey is conducted half-yearly and each supplier rates and gives opinions on the provided indexes by items, ranging from the selection process to the payment process. Hyundai E&C analyzes satisfaction survey results to classify suppliers into subjects of first improvement, subjects of progressive improvements, and subjects of continuous improvement in an effort to actively accept suppliers' voice and establish a basis for shared growth management.

Hyundai E&C Paves a Road for Shared Growth through Communication

Hyundai E&C has established and operated various communication channels in order to provide a place for communication with suppliers. In November 2019, '2019 Hyundai E&C H Members Day' was held as a meaningful place for win-win cooperation with major partners. At this event, 232 representatives of H Members suppliers were participated including civil engineering, architecture, machinery, and electricity gave a place. After the welcome reception, discussions were made on important issues such as purchase, strategy, and safety issues. Hyundai E&C will continue to make efforts to get closer to suppliers through various events.

2019 H Members Day



Fortifying Supply Chain Management

Group Supplier Code of Conduct  
[http://en.hdec.kr/EN/Sustainability/Group\\_Supplier\\_Code\\_of\\_Conduct.pdf](http://en.hdec.kr/EN/Sustainability/Group_Supplier_Code_of_Conduct.pdf)

Supply Chain Sustainability Policy

For the first among domestic construction companies, Hyundai E&C enacted the 'HDEC Sustainability Management Guideline for Suppliers' in October 2014 for the systematic and sustainable supply chain management. In July 2020, the 'Group Supplier Code of Conduct' was newly established and implemented to strengthen the competitiveness of the entire group value chain. The policy presents the sustainability management standards expected by Hyundai E&C across a total of 36 issues in 6 chapters. In addition, the company established two supply chain sustainability goals to pursue shared growth for mutual benefits and strives to achieve the goals.

| Supply Chain Sustainability Strategy                               | KPI  | Long-term Target  |
|--|--|---|
| Improve Supply Chain Sustainability                                | Supply Chain Sustainability Assessment score | Achieve 100 points of Supply Chain Sustainability Assessment score by 2030                |
| Enhance Energy Efficiency and Cost Competitiveness of Supply Chain | Supply chain GHG emissions                   | Reduce supply chain GHG emissions by 2.1% per year compared to baseline year 2015 by 2030 |

Supply Chain Management Strategy

In order to fulfil the actual compliance with and practice of the HDEC Supplier Sustainability Charter, Hyundai E&C signed sustainability management agreements with its suppliers in May 2019 to make effort to enhance competitiveness throughout the supply chain and minimize the risk. In addition, Hyundai E&C designated compliance with environmental safety and health as a mandatory contractual requirement when selecting suppliers to encourage suppliers to participate in sustainability management. Hyundai E&C suppliers are largely divided into material suppliers and construction suppliers. Among them, Hyundai E&C regularly selects and supports those that satisfy strict evaluation and auditing criteria such as financial stability, quality capability, environmental management level, and safety and health level as 'major suppliers' to maximize the efficiency of supply chain management.

Spend Analysis of Supply Chain

(As of December 31, 2019)

| Supplier Category    | Number of Suppliers (companies) | Ratio of Suppliers | Ratio of Purchase |
|----------------------|---------------------------------|--------------------|-------------------|
| Tier 1 Suppliers     | Total registered suppliers      | 3,767              | 100%              |
|                      | Materials suppliers             | 2,112              | 56.07%            |
|                      | Construction contractors        | 1,655              | 43.93%            |
|                      | Critical suppliers              | 234                | 6.21%             |
| Non-tier 1 Suppliers | Critical suppliers              | 0                  | 0.0%              |

Supply Chain Sustainability Assessment

Hyundai E&C developed Supplier ESG Risk Assessment Framework so that the HDEC Supplier Sustainability Charter can be effectively reflected on business and has been diagnosing ESG (Environment· Society·Governance) risks of primary suppliers every year from 2014. In June 2020, the evaluation system was strengthened and sophisticated with separating material supply and construction suppliers. In terms of the economic aspect, ethics, risk, subcontract management, and performance management are evaluated, and in the environmental aspect, environmental management system, environmental management system, compliance with environmental regulations, and environmental performance management are variously evaluated. On the social side, we evaluate labor, human rights, human resource development, industrial safety, and product/site safety.

Results of Supplier Assessment and Corrective Actions

(As of December 31, 2019, Unit: suppliers)

| Risk Category       | Risk Assessment   | Risk Identification | Risk Mitigation |
|---------------------|---|---------------------|-----------------|
| Risk Type           | Risk Level  | Scope               | Ratio           |
| Economic Risks      | Violation of the principle of ethics and anti-corruption  | High                | 3,767 100%      |
|                     | Financial structure deterioration including credit rating | Medium-high         | 3,767 100%      |
|                     | Low supplier assessment score                             | High                | 3,767 100%      |
| Environmental Risks | Violation of environmental regulations                    | High                | 3,767 100%      |
|                     | Occurrence of environmental accident during construction  | High                | 3,767 100%      |
|                     | Other environmental risks                                 | Medium-high         | 3,767 100%      |
| Social Risks        | Violation of labor or safety regulation                   | High                | 3,767 100%      |
|                     | Occurrence of safety accident during construction         | High                | 3,767 100%      |
|                     | Other social risks  | Medium-high         | 3,767 100%      |
| Total               |   | 3,767               | 100%            |

# Advancing Strategic Social Contribution

Local communities are the base of Hyundai E&C to execute the corporate activity. As a global leading construction company, Hyundai E&C is doing its best to coexist with local communities through strategic social contribution activities based on industry characteristics. Our global creating shared value projects present sustainable community support models for the construction industry by providing local infrastructures while improving our business competitiveness.

<http://en.hdec.kr/EN/Sustainability/ShareIntro.asp>

## Strengthening Social Contribution Activities

- Establish and perform six major move activities
- Promote social contribution performance management

## Expanding Global Social Contribution

- Expand the scale of global social contribution
- Operate overseas technology-driven volunteer corps

## Developing Core Social Contribution Activities

- Hillstate Dream Kium mentoring volunteer corps
- H-CONTECH overseas volunteer corps

## Implementing UN Sustainable Development Goals

- Realize UN Sustainable Development Goals through six major move activities

Value Empowering Case

## Hyundai E&C Unveils Technology-driven Social Contribution in Overseas Sites

Hyundai E&C is the first Korean construction company to carry out 'H-CONTECH', a technology-driven overseas volunteer group. While the existing overseas volunteer activities focus on volunteer efforts focused on improving the local environment, H-CONTECH is characterized by forming on-site and global networks through technology exchange. In 2019, volunteer activities were conducted mainly in the Cilebon region in Indonesia, and two technical seminars, Korean culture exchange for local people, and appropriate technology reviews were held to attract local reactions. In particular, the technical seminar at the National University of Indonesia was heatedly discussed by academia, university students, and experts.

### H-CONTECH Activities in Indonesia



### Held a Technology Seminar in Indonesia National University



### Major Agendas

- Session 1 Smart City and Construction
- Session 2 Green City
- Session 3 Construction of the 4th Industrial Revolution
- Session 4 Success Stories
- Session 5 Latest Housing Trends

## Hyundai E&C Pioneers Social Contributions in Disaster Safety with Construction Capabilities

Hyundai E&C is the first Korean company to promote a disaster safety prevention project, raising social contribution from the post-disaster relief activities to proactive prevention. Hyundai E&C promoted the 'Safe Cap Project' to create a safe world for children, and developed the first 'safety helmet for disaster and disaster prevention' for children, and distributed a total of 3,000 helmets to 8 elementary schools in Gyeongju, the earthquake-prone area. In addition, rather than just spreading, we are conducting CSR activities that provide solutions to social problems, such as conducting professional disaster safety training, including how to wear hard hats and how to act in an emergency, and conducting mock evacuation drills.

### Installation Training of Safety Helmet



### Evacuation Training with Safety Helmet



## Social Contribution System

### Hyundai E&C Social Contribution Website



<http://csr.hdec.kr>

## Social Contribution Strategy

Hyundai E&C, which has launched a social volunteer corps for the first time in the domestic construction industry in 2009 and has promoted corporate-wide social contribution, has been developing systematic social contribution activities from 2018 based on six major moves reflecting the social responsibility vision and philosophy of Hyundai Motor Group in order to create a better world with customers and society.

2019 was the first year in which the reorganized social contribution system was fully implemented, and the social contribution system, which was the center of the existing overseas business, was expanded in a balanced manner to domestic regions. In addition, there have been great advances such as pioneering the 'Social Contributions in Disaster Safety' in order to provide solutions to social problems through the capabilities of the construction industry. In addition, it was a year when the 'Social Contribution Website' was newly created to communicate the direction and performance of social contribution with internal and external stakeholders.

### Hyundai E&C Social Contribution System



## Social Contribution Performance Management

Based on the six major move system reorganized in 2019, Hyundai E&C has been conducting various social contribution activities in domestic and overseas advancing countries and sharing social contribution results, plans and donations through the Consultative Body established in 2018. Besides, we are executing the volunteer mileage program to strengthen the employee's participation and its system while the performance has been reflected divisional KPIs being managed efficiently. In 2019, Hyundai E&C carried out evaluations split into two times, once in the first half of the year and once in the second half of the year so that corporate-wide social contribution activities can be evenly carried out throughout the year, and achieved 6.5 mileage per employee. In addition, we are strengthening effectiveness by conducting performance evaluations on major social contribution activities.

### Social Value Creation of Hillstate Dream Kium Mentoring Volunteer Corps

| Input  | Output   |
|--|--|
| <ul style="list-style-type: none"> <li>• Project donation (KRW 620 million)</li> <li>• Talent donation time by employees (3,680 hours)</li> <li>• Teaching donation time by university students (8,120 hours)</li> </ul> | <ul style="list-style-type: none"> <li>• Monetary value creation (KRW 750 million, reduction in private tutoring costs)</li> <li>• Opportunities for learning and career exploration</li> <li>• Momentum for academic improvement and early career setting, opportunity for thinking conversion</li> </ul> |

## Global Social Contributions

Reflecting the characteristics of the construction industry with many overseas projects, Hyundai E&C has been continuously promoting overseas social contribution activities. Starting from the establishment of a community center for the low income class in Philippines in 2011, Hyundai E&C has actively promoted 42 social contribution activities in 20 countries. In 2019, social contribution was conducted mainly in Iraq, Indonesia, and Myanmar, which are key countries. We invited child patients and parents from Iraq to provide treatment support. In Indonesia and Myanmar, while promoting global social contribution projects, the Happy Move Volunteer Corp and the H-CONTECH Overseas Volunteer Corps were also dispatched to expand infrastructure support projects and private exchange activities. Hyundai E&C will continue to promote social contribution to the local community so that it can coexist with local regions when entering overseas markets.

### Invitation & Treatment of Child Patients from Iraq



# Hyundai E&C Social Contribution Story

DREAM MOVE

Hyundai E&C is carrying out mentoring projects for construction and science education scholarship support for domestic and foreign children and adolescents in need of scholarship support and academic assistance for science and engineering students to pursue construction business development and community development at the same time.



**Educational scholarship support for youth**

- Community mentoring talent donation activities
- Hillstate Dream Kium Mentoring Volunteer Corps

**SDG 04. Quality assurance of education**

Ensure inclusive and equitable good quality education by 2030 and promote lifelong learning opportunities



## Hillstate Dream Kium Mentoring Volunteer Corps

The construction industry-science and engineering linked talent donation volunteer corps the 'Hillstate Dream Kium Mentoring Volunteer Corps' founded in 2014 for the first time among South Korean construction companies is a social contribution project that strengthens youth self-reliance capacity jointly made by Hyundai E&C and the social welfare foundation 'Children and the Future Foundation'. It provides academic guidance and career counselling to low-income youth mentees, and give social experience, know-how regarding major/practice, and counselling for getting a job to college student mentors. Youth mentees - College mentors - Employee mentors make up a group to have diverse experiences in not only studies but also growth while accumulating relationships through activities for about 10 months. More than 80% of the youth mentees are making substantial changes in their academic performance and life attitudes.

Hillstate Dream Kium Mentoring Volunteer Corps



NEXT MOVE

Based on the characteristics of the construction industry, Hyundai E&C is supporting the construction of public infrastructures in local communities at home and abroad and overseas developing countries and is actively contributing to strengthening the self-sustenance of local communities through fostering of local construction by manpower and technology exchanges.



**Social contributions to the underprivileged and developing countries**

- Social contribution to overseas developing countries
- Overseas volunteer corps for improvement of facilities and education in developing countries and technical exchanges

**SDG 11. Realization of Sustainable Cities**

By 2030, sustainable cities will be built through housing supply, traffic improvement, and expansion of urbanization.



## H-CONTECH Overseas Volunteer Corps

Hyundai E&C is actively promoting overseas social contribution activities after launching 'H-CONTECH', a technology-driven overseas volunteer corps, for the first time in Korean construction companies in 2017. In 2019, H-CONTECH was dispatched to the Cilegon and Cilebon regions in Indonesia to improve the village and school environment while holding a technology seminar in cooperation with the National University of Science and Technology and Applied Science and Technology (BPPT). In the future, it would be an opportunity to seek joint development for the future construction industry and the future of both countries. In 2020, we plan to expand our global social contribution through international development cooperation projects by expanding our activities to new countries such as Georgia and Panama.

H-CONTECH Overseas Volunteer Corps



HAPPY MOVE

With a view to solving problems in the community and activate the participation based on its capabilities in the construction business, Hyundai E&C is expanding the participation of employees, their families, and stakeholders, support the preservation of main facilities of Changdeok Palace annually, and contributes to the preservation of natural heritage and improvement of the beauty of the Bukchon area.



**Support for Cultural Heritage Preservation and Improvement of Community**

- Established the national park volunteer center
- Bukchon beauty improvement activities
- Cultural assets guard (Changdeok Palace)
- Love sharing fundraising campaign

**SDG 16. Peaceful Society and Systems**

Hyundai E&C seeks a peaceful and inclusive society and system for sustainable development by 2030.



## Employee Volunteering and the Love Sharing Fundraising

Hyundai E&C is conducting continuous sharing activities centering on the community in Jongno-gu, where the headquarters is located in Gye-dong, and provides nutritional food and food to elderly people living alone in Changsin-dong and Sungin-dong. In 2019, a total of 150 employees provided foodstuffs and volunteered community events to the elderly living alone in Jongno-gu seven times. In addition, in 2019, a total of 1,937 employees participated in the salary raising campaign through voluntary participation, and we plan to use approximately 280 million raised donations to support socially marginalized and vulnerable groups in Korea and overseas.

Love Sharing Fundraising Delivery Ceremony



SAFE MOVE

Hyundai E&C is carrying out social contribution activities in the field of disaster safety reflecting the characteristics of the construction industry. Hyundai E&C developed and is operating educational project models in the field of disaster and safety, supplies safety supplies, while striving to foster relevant social enterprises.



**Disaster safety education and supply of safety supplies**

- Development and operation of disaster safety education projects
- Supply of safety supplies to prevent disasters
- Fostering social enterprises in the field of disaster safety

**SDG 9. Pursuit of Sustainable Industrialization**

By 2030, Hyundai E&C will promote industrialization through improving resource efficiency, developing eco-friendly technologies, and innovation.



## Disaster Safety Education and Safety Supplies Distribution

Hyundai E&C is pursuing social contribution projects in the field of disaster safety based on the capabilities of the construction industry beyond relief activities after the disaster, and is promoting social contribution of innovative companies that provide active solutions to social problems. Since the signing of a Memorandum of Understanding (MOU) with the Construction Industry and Social Contribution Foundation and the Plan Korea Committee in May 2018, we are focusing on the disaster safety education project and the development of safety products that prevent disaster safety. In 2019, 3,000 safety helmets for disaster prevention were provided to eight schools in Gyeongju area free of charge, and disaster evacuation drills were also conducted. In 2020, we are continuing to develop disaster safety education and distribute safety helmets for students.

Safety Helmet Delivery Ceremony



# Protecting Human Rights in Value Chain

Value Empowering Case

The human rights protection of the value chain is a value that must keep. As a global construction company, Hyundai E&C sets up the highest level of responsibilities to respect and protect human rights in all areas where it leads its business, fulfills social responsibilities and roles while making effort to minimize negative effects on human rights in order to prevent in advance, any infringement on human rights that may occur in any part of the value chain.

<http://en.hdec.kr/EN/Sustainability/EthicConduct.aspx>

- Establishing Human Rights Policy**
  - Implement Group Human Rights Charter
  - Support for global human rights standards
- Strengthening Human Rights Risk Management**
  - Conduct On-site Human Rights Assessment
  - Corrective actions for On-site Human Rights Assessment
- Expanding Value-chain Human Rights Risk Management**
  - Strengthen Supplier ESG Risk Assessment
  - Conduct Business Risk Assessment
- Managing Potential Human Rights Issues**
  - Protect human rights of employees and emotional workers
  - Monitor illegal logging and customer human rights

## Hyundai E&C Takes the Lead in Protecting Human Rights with Group Companies

As a responsible global construction company, Hyundai E&C officially supports global human rights and labor standards such as the 'UN Universal Declaration of Human Rights', the 'ILO Conventions', the 'OECD Guidelines for Multinational Enterprises', and the 'UN Guiding Principles on Business and Human Rights', and established and publicized the 'Hyundai E&C Human Rights Policy' in May 2017 to protect and promote human rights. In July 2020, the 'Group Human Rights Charter' was newly established and implemented to strengthen human rights management of the entire group. The charter consists of five chapters: Overview, Principles, System, Risk Management, Appendix and presents the human rights standards expected across the value chain.

|   |  |   |   |
|---|--|---|---|
| Principle 1.<br>Prohibition of Discrimination               | Principle 2.<br>Compliance with Working Conditions | Principle 3.<br>Humane Treatment                                  | Principle 4.<br>Guarantee of the Freedom of Association and Collective Bargaining |
| Principle 5.<br>Prohibition of Forced Labor and Child Labor | Principle 6.<br>Guarantee of Industrial Safety     | Principle 7.<br>Protection of the Human Rights of Local Residents | Principle 8.<br>Protection of the Human Rights for Customers                      |

Group Human Rights Charter <http://en.hdec.kr/EN/Sustainability/EthicConduct.aspx>

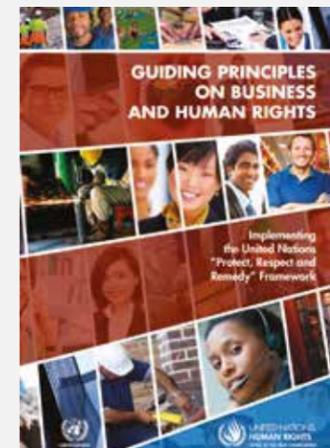
## Hyundai E&C Sets the Standard for Global Human Rights Management

The 'UN Guiding Principles on Business and Human Rights' provides companies and stakeholders with a clear framework for promoting human rights in the business process. Based on the 'UN Guiding Principles on Business and Human Rights', Hyundai E&C established a human rights management process by itself. Hyundai E&C identifies potential human rights issues that may occur every year, discovers groups with vulnerable human rights, and makes efforts to improve the problems. In addition, the company is checking and complementing human rights situations through internal and external monitoring.

### Group Human Rights Risk Management Process



### UN Guiding Principles on Business and Human Rights



## Human Rights Risk Management System

Hyundai E&C is propelling construction projects around the world, and deeply recognizes that unintended human rights violations may occur during the course of business operations due to cultural, customary, religious, ethnic, and institutional differences in the areas where Hyundai E&C leads business. Therefore, to identify in advance, potential issues that could cause human rights violations in the business operation process and the entire value chain and minimize negative human rights impacts, Hyundai E&C has established and is implementing organizations, operation structures, monitoring, action, and internal and external reporting processes according to the human right due diligence procedure stipulated by the UN Guiding Principles on Business and Human Rights'. Hyundai E&C's human rights risk identification procedures implemented after comprehensively reviewing the following depending on the targets of review; 1) On-site Human Rights Assessment, 2) Supplier ESG Risk Assessment, and 3) Business Risk Assessment results.

## On-site Human Rights Checklist Assessment

### Implementation Rates of 2019 On-site Human Rights Assessment

|   |       |
|---|-------|
| Area 1. Respect for Basic Human Rights<br>: Prohibition of discrimination/abuse, political/religious freedom and grievance handling | 96.4% |
| Area 2. Protection of Labor Rights<br>: Prohibition of forced/child labor, payment of salary, observe working hours                 | 99.6% |
| Area 3. Provision of Safety<br>: Safety compliance, safety equipment provision, health promotion                                    | 100%  |
| Area 3. Welfare Benefits<br>: Accommodation, restaurant, convenience facilities   | 98.4% |

In order to prevent any human rights violations that may arise in the global construction sites, Hyundai E&C has developed the 'On-site Human Rights Assessment' for the first time among Korean construction companies in May 2017, and have conducted detailed evaluations and inspections for each site. The 'On-site Human Rights Assessment' consists of 37 indicators in four areas: basic human rights respect, labor rights protection, workplace safety assurance, and welfare benefits. We utilize the checklist to identify and prioritize human rights risks at global construction sites where multinational workers work.

In 2019, a total of 12,763 workers at 31 overseas sites in 12 countries were completely evaluated through evaluation processes including self-check by sites, branch site visiting verification, and worker interviews. According to the results of the evaluation in 2019, Hyundai E&C's global on-site human rights checklist implementation rate was 98.5%, which is a good level, and none of major human rights risks such as discrimination / abuse, child / forced labor and non-compliance with labor laws was identified. Based on the final inspection results, Hyundai E&C understands the improvement needs of each site and carries out improvement activities.

### Results of 2019 On-site Human Rights Assessment

| Category            | Number of Site (n) | Ratio  | Description  |
|---------------------|--------------------|--------|--|
| Risk Evaluation     | 31                 | 100%   | 100% of the global sites where sales occurred                                  |
| Risk Identification | 4                  | 12.90% | Sites where there is a lack of worker grievance relief system                  |
| Corrective Actions  | 4                  | 100%   | Operate counseling room and meetings to improve worker grievance relief system |

### Corrective actions of 2019 On-site Human Rights Assessment

| Category                  | Worker's Council Established | Ethics Compliance Pledge Requested | Non-discrimination Written Warning | Pay Slip Provided |
|---------------------------|------------------------------|------------------------------------|------------------------------------|-------------------|
| SM06 Site, Saudi Arabia   | ○                            |                                    |                                    |                   |
| SM12 Site, Saudi Arabia   | ○                            |                                    |                                    |                   |
| ST-38L Site, Saudi Arabia | ○                            |                                    |                                    | ○                 |
| MYS1 Site, Myanmar        | ○                            | ○                                  | ○                                  |                   |

## Major Human Rights Issues in Value Chain and Due Diligence Results

| Major Human Rights Issues     | Vulnerable Group   | Targets of Review  | Issue Definition  | Risk Level                | Evaluation System                         | Scope | Identification | Action |
|-------------------------------|--|--------------------|---|---------------------------|---|-------|----------------|--------|
| A Business Operation          | Employees, community   | Hyundai E&C        | Potential human rights violations that may be caused by goods / services  | Subjects of due diligence | On-site Human Rights Checklist Assessment | 100%  | 12.90%         | 100%   |
| B Supply Chain Human Right    | Supplier employees, migrant workers, external contract workers | Supplier           | Issue of the violation of supplier employees' basic human rights, labor rights, and safety rights   | Subjects of due diligence | Supplier ESG Risk Assessment              | 100%  | 0.48%          | 100%   |
| C Indigenous People's Rights  | Indigenous people, local communities                           | Local community    | Direct infringement on the rights of indigenous persons, such as land and property due to the promotion of construction projects                              | Subjects of due diligence | Business Risk Assessment                  | 100%  | 7.03%          | 100%   |
| D Employee Human Rights       | Employee   | Hyundai E&C        | Issue of the violation of basic human rights, labor rights, safety violation issues in the working environment of employees                                   | Preliminary caution       |   | -     | -              | -      |
| E Emotional Worker Protection | Counselor  | Subsidiary company | Protect counselors who are exposed to unjust acts (such as profanity, ranting, intimidation, insults, sexual harassment) or unreasonable demands of customers | Preliminary caution       |   | -     | -              | -      |
| F Illegal Logging             | Indigenous persons, children                                   | Supplier of wood   | Issues of child labor exploitation in illegal logging process   | Preliminary caution       |   | -     | -              | 100%   |

## Protecting Human Rights in Value Chain

### Supplier ESG Risk Assessment

Hyundai E&C formulated the HDEC Supplier Sustainability Charter in October 2014 for the first time among domestic construction companies and promotes systematic sustainable supply chain management based on the foregoing. In May 2017, Hyundai E&C revised the guidelines in order to strengthen human right management in domestic and overseas supply chains following the enactment of 'Hyundai E&C Human Right Policy'. In addition, Hyundai E&C has developed 'Supplier ESG Risk Assessment Framework' so that the HDEC Supplier Sustainability Charter can be effectively reflected on work and has been diagnosing supplier ESG (Environment, Society and Governance) annually since 2014. This evaluation includes supply chain human rights, labor and safety evaluation indicators that may arise in the supply chain. Detailed information, including the results of the 2019 assessment, can be found in the sustainable supply chain management section of this report (p. 59).

#### Results of 2019 Supplier ESG Risk Assessment

| Category            | Number of Suppliers (n) | Ratio | Description  |
|---------------------|-------------------------|-------|--|
| Risk Evaluation     | 3,767                   | 100%  | 100% of tier 1 suppliers   |
| Risk Identification | 18                      | 0.48% | High-risk suppliers  |
| Corrective Actions  | 18                      | 100%  | Induce the implementation of corrective measures and improvement; if no improvement, cancel the registration |

### Business Risk Assessment

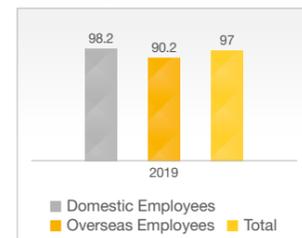
When entering a new market, potential human rights risks can arise due to economic, social and cultural differences and they can have negative effects on the business of the company, such as delays or cancellations of projects, the occurrence of community civil complaints, business right cancellation or difficulties in acquiring business rights. For the successful promotion of projects, Hyundai E&C conducts 'Business Risk Assessment' and establishes and operates procedures so that risks should be identified without fail before projects. During 'Business Risk Assessment', detailed indicators such as the violation of laws and regulations related to human rights risks, safety, the political unrest in the host country, labor management, and the status of suppliers are included in the evaluation.

#### Results of 2019 Business Risk Assessment

| Category            | Number of Projects (n) | Ratio | Description  |
|---------------------|------------------------|-------|--|
| Risk Evaluation     | 128                    | 100%  | 100% of projects being promoted                      |
| Risk Identification | 9                      | 7.03% | Projects promoted in high human right risk countries |
| Corrective Actions  | 9                      | 100%  | Devise measures to mitigate or avoid risks           |

### Management of Potential Human Rights Issues

2019 Participation Rate of Employee Human Rights Education (Unit: %)



#### Employee Human Rights

Hyundai E&C made corporate-wide human rights education for all employees to be mandatory in order to guarantee basic human rights, labor rights and safety rights of employees. In particular, Hyundai E&C has been implementing annual 'Sexual Harassment Prevention Education', 'Education to Improve Perception of the Disabled', and 'Personal Information Protection Education' for all employees. Continuous education and management will be conducted to prevent wrongful acts such as sexual harassment and harassment in the workplace, which are social issues, or forced labor, child labor, or infringement of rights in working environments.

#### Emotional Worker Protection

Due to the nature of the work, customer service center counselors may be exposed to personal insults or nonsense needs such as customer verbality or sexual harassment, which can lead to human rights violations. Hyundai E&C runs regular inspection and healing programs to protect the rights and interests of counselors in consultation with customers through regular cooperation with customer center subsidiaries. In addition, in order to maintain and manage the health status of our employees, we operate an in-house medical office where a professional nurse reside and implement health promotion programs.

#### Illegal Logging

Hyundai E&C recognizes that unauthorized illegal logging in the process of deforesting wood is becoming an international issue. In 2019, Hyundai E&C did not purchase wood at both domestic and foreign sites, but provided small quantities of certified wooden furniture products from furniture companies. Hyundai E&C is supplied through suppliers who have obtained FSC (Forest Stewardship Council) certification and HB (Healthy Building Material) certification when purchasing wooden furniture products used in the interior of buildings. Hyundai E&C also purchases 100% FSC certified papers when purchasing papers.

# APPENDIX

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## Financial Performance

[Condensed] Consolidated Statement of Income

(Unit: KRW 100 million)

| Category                         | 2017    | 2018    | 2019    |
|----------------------------------|---------|---------|---------|
| Sales                            | 168,871 | 167,309 | 172,788 |
| Cost of Sales                    | 151,081 | 150,697 | 155,529 |
| Gross Profit                     | 17,790  | 16,611  | 17,259  |
| Operating Income                 | 9,861   | 8,400   | 8,597   |
| Income before Income Tax Expense | 5,548   | 8,979   | 7,989   |
| Net Income                       | 3,716   | 5,353   | 5,733   |

[Condensed] Consolidated Statement of Financial Position

(Unit: KRW 100 million)

| Category                    | 2017    | 2018    | 2019    |
|-----------------------------|---------|---------|---------|
| Current Assets              | 132,498 | 133,368 | 131,720 |
| Non-current Assets          | 51,821  | 47,178  | 50,550  |
| Total Assets                | 184,319 | 180,546 | 182,270 |
| Current Liabilities         | 72,190  | 68,609  | 67,709  |
| Non-current Liabilities     | 27,399  | 29,019  | 27,411  |
| Total Liabilities           | 99,590  | 97,628  | 95,120  |
| Capital Stock               | 5,573   | 5,573   | 5,573   |
| Other Contributed Capital   | 10,282  | 9,979   | 10,138  |
| Components of Other Capital | 690     | -2,675  | -2,337  |
| Retained Earnings           | 48,132  | 49,864  | 53,252  |
| Non-controlling Interests   | 20,053  | 20,178  | 20,524  |
| Total Equity                | 84,729  | 82,919  | 87,150  |

Consolidated Financial Stability

(Unit: %)

| Category        | 2017  | 2018  | 2019  |
|-----------------|-------|-------|-------|
| Current Ratio   | 183.5 | 194.4 | 194.5 |
| Debt Ratio      | 117.5 | 117.7 | 109.1 |
| Net Worth Ratio | 46.0  | 45.9  | 47.8  |

## Compliance

Hyundai E&C strictly complies with tax laws and related regulations in all 59 countries where it operates business. In order to support the business operation and customer services more effectively, Hyundai E&C strives to pay tax efficiently within the legal limits by optimizing its domestic and overseas business structures. Hyundai E&C maintains an honest and positive relationship with the tax authorities of each country such as a National Tax Service, pays its tax faithfully in accordance with each country's tax laws every year, and focuses on transparently disclosing all tax-related data. Every year, we specify the information of the corporate tax, deferred corporate tax, and effective tax rate on the audit report and disclose the information through the Data Analysis, Retrieval and Transfer System (dart.fss.or.kr). In addition, Hyundai E&C is transparently disclosing the status of its sanctions through its annual report, and no penalties or correction orders have been issued in the economic, environmental, and social fields in 2019. Hyundai E&C will endeavor to communicate with its stakeholders in a transparent manner.

## Long-term Sustainability Targets & KPIs

Long-term Sustainability Target

| Focal Division   | Long-term Sustainability Target  | Key Sustainability Indicators  | 2017      | 2018      | 2019      | 2020 (Target) |
|--|--|--|-----------|-----------|-----------|---------------|
| HDEC PROSPERITY<br>New Era of Prosperity Created by Hyundai E&C    | Increasing the Proportion of Sustainable Products: Increasing the proportion of sales of sustainable products to more than 60% against total revenues by 2030          | Proportion of total sustainable products (%)   | 39.93     | 43.17     | 45.21     | 46.67         |
|  |  | Proportion of sustainable products in Infrastructure Works Division (%)                  | 0.33      | 1.37      | 1.00      | 1.09          |
|  |  | Proportion of sustainable products in Building & Housing Works Division (%)              | 29.67     | 33.17     | 38.99     | 39.56         |
|  |  | Proportion of sustainable products in Plant Works Division (%)                           | 9.92      | 8.62      | 5.23      | 6.02          |
| HDEC PLANET<br>New Era of Environment Led by Hyundai E&C           | Reducing GHG Emissions: Reducing GHG emissions by 2.1% per year compared to baseline year 2015 by 2030   | Total GHG emissions reduction (tCO <sub>2</sub> -e)                                      | 69,444.00 | 66,579.96 | 65,181.78 | 63,812.96     |
|  |  | GHG emissions reduction by energy efficiency (tCO <sub>2</sub> -e)                       | 68,589.00 | 65,860.16 | 64,477.10 | 63,123.08     |
|  |  | GHG emissions reduction by energy saving campaigns (tCO <sub>2</sub> -e)                 | 710.89    | 570.90    | 558.91    | 547.17        |
|  |  | GHG emissions reduction by operating environment-friendly vehicles (tCO <sub>2</sub> -e) | 144.11    | 148.90    | 145.77    | 142.71        |
| HDEC PEOPLE<br>New Era of Shared Growth Accompanied by Hyundai E&C | Fortifying Core Technology Competitiveness of Value Chain: Investing over KRW 20 billion annually in fortifying core technology Competitiveness of value chain by 2030 | R&D investments (KRW 100 millions)   | 222       | 189       | 203       | 214           |
|  |  | R&D human resource investments (KRW 100 millions)  | 181       | 157       | 161       | 163           |
|  |  | R&D expenses (KRW 100 millions)  | 40        | 27        | 42        | 42            |
|  |  | R&D asset acquisitions (KRW 100 millions)  | 1         | 3         | 0         | 1             |

\* Definition of sustainable products: Energy plants, products of green business, green buildings, and high-efficiency buildings  
 \* Definition of R&D investments: R&D human resource investments, R&D expenses, and R&D asset acquisitions

Key Sustainability Indicators

| Focal Area                              | Sustainability Management Target   | Key Sustainability Indicators  | 2017      | 2018      | 2019      | 2020 (Target) |
|---|--|--|-----------|-----------|-----------|---------------|
| Enhancing Global Competitiveness        | Increasing the proportion of sales of sustainable products to more than 60% against total revenues by 2030   | Revenues (KRW in 100 millions, consolidated)   | 168,871   | 167,309   | 172,788   | 173,000       |
|   |  | Revenues (KRW in 100 millions, separate)   | 101,680   | 100,161   | 100,147   | 100,000       |
|   |  | Proportion of total sustainable products (%)   | 39.93     | 43.17     | 45.21     | 46.67         |
|   |  | Domestic & overseas branches and offices (units)                                     | 27        | 30        | 28        | 34            |
| Securing Core Technology                | Investing over KRW 20 billion annually in fortifying core technology Competitiveness of value chain by 2030  | R&D investment (KRW in 100 millions)   | 222       | 189       | 203       | 214           |
|   |  | R&D human resource (persons)   | 165       | 145       | 136       | 137           |
|   |  | Patent applications (cases)  | 68        | 42        | 55        | 60            |
|   |  | Site technical supports (cases)  | 166       | 316       | 542       | 518           |
| Responding Climate Change               | Reducing GHG emissions by 2.1% per year compared to baseline year 2015 by 2030   | Scope 1 GHG emissions (tCO <sub>2</sub> -e)  | 430,440   | 423,202   | 417,904   | 402,372       |
|   |  | Scope 2 GHG emissions (tCO <sub>2</sub> -e)  | 200,700   | 170,607   | 178,236   | 171,014       |
|   |  | Total reduction of GHG emissions (tCO <sub>2</sub> -e)                               | 69,444.00 | 66,579.96 | 65,181.78 | 63,812.96     |
|   |  | Energy consumption (TJ)  | 7,960     | 7,693     | 7,786     | 7,470         |
| Enhancing Green Safety Infrastructure   | Maintaining fatality rate remains zero by 2030   | On-site safety inspection (times)  | 3,028     | 3,386     | 3,346     | n/a           |
|   |  | Fatality rate (%)  | 0.57      | 1.22      | 1.31      | 0.00          |
|   |  | Waste discharged (ton)   | 25,689    | 21,648    | 11,047    | 10,574        |
|   |  | Water usage (thousand ton)   | 781.9     | 746.6     | 802.0     | 772.2         |
| Cultivating Innovative Talents          | Securing and fostering talents in design/engineering expertise and key core technologies   | Recruitment (persons)  | 183       | 127       | 127       | 210           |
|   |  | Percentage of women against total employees (%)                                      | 5.46      | 5.45      | 5.33      | 5.45          |
|   |  | Training satisfaction (points)   | 4.51      | 4.50      | 4.50      | 4.50          |
|   |  | Job capability evaluation (points)   | 89        | 82        | 80        | 82            |
| Enhancing Value Chain Capability        | Expanding supplier management evaluation and action rate to 100% by 2030   | Number of benefitting suppliers of Overseas Expansion Training Program (suppliers)   | 53        | 53        | 99        | 100           |
|   |  | Revenue generation due to Overseas Expansion Training Program (KRW in 100 millions)  | 1,360     | 1,120     | 1,137     | 1,140         |
|   |  | Amount of Win-win Growth Fund (KRW in 100 millions)                                  | 180       | 298       | 590       | 900.0         |
|   |  | Supplier satisfaction level of operation (points)                                    | 82.4      | 84.5      | 85.0      | 86.0          |
| Advancing Strategic Social Contribution | Improving social value as a global citizen through global social contribution in connection with the United Nations Sustainable Development Goals (SDGs) | Donations at headquarters (KRW in 100 millions)                                      | 48.6      | 144.9     | 158.0     | 49.5          |
|   |  | Overseas Social Contribution Investment (KRW in 100 millions)                        | 10.7      | 12.5      | 8.3       | 12.3          |
|   |  | Overseas social contribution countries (countries)                                   | 18        | 20        | 20        | 20            |
|   |  | Annual corporate-wide goal of employees' volunteer mileage program (mile per person) | 10.7      | 8.5       | 6.5       | 5.0           |

## Key Sustainability Indicators

### Energy Consumption (by type)

| Category   | Unit        | FY2016     | FY2017     | FY2018     | FY2019     |
|--|-------------|------------|------------|------------|------------|
| Non-renewable fuels                                  | TJ          | 6,551.99   | 6,156.37   | 6,071.70   | 5,997.05   |
| Non-renewable electricity purchased                  | TJ          | 1,811.68   | 1,798.87   | 1,587.14   | 1,743.63   |
| Steam / heating / cooling and other energy purchased | TJ          | 0.52       | 2.68       | 31.32      | 35.83      |
| Total non-renewable energy consumption               | TJ          | 8,364.19   | 7,957.92   | 7,690.16   | 7,776.50   |
| Renewable energy purchased or generated              | TJ          | 0.45       | 2.54       | 2.82       | 9.25       |
| Total costs of energy consumption                    | KRW million | 192,214.75 | 194,167.03 | 192,959.26 | 205,297.19 |

### Water Usage (by water source)

| Category                              | Unit      | FY2016   | FY2017   | FY2018   | FY2019   |
|---------------------------------------|-----------|----------|----------|----------|----------|
| Tap Water                             | 1,000 ton | 265.49   | 266.70   | 504.93   | 403.82   |
| Surface Water (including lake, river) | 1,000 ton | 105.33   | 386.21   | 105.19   | 292.02   |
| Underground Water                     | 1,000 ton | 260.37   | 107.07   | 121.61   | 65.09    |
| Other                                 | 1,000 ton | 85.84    | 21.95    | 14.85    | 41.11    |
| Total Water Usage                     | 1,000 ton | 717.03   | 781.93   | 746.58   | 802.05   |
| Wastewater                            | 1,000 ton | 2,742.83 | 4,298.93 | 5,449.84 | 5,333.86 |

### Waste Generation

| Category                       | Unit | FY2016  | FY2017  | FY2018  | FY2019  |
|--------------------------------|------|---------|---------|---------|---------|
| Total waste generated          | ton  | 437,972 | 358,228 | 835,863 | 767,527 |
| Total waste used/recycled/sold | ton  | 424,446 | 332,539 | 814,215 | 756,480 |
| Total waste Disposed           | ton  | 13,527  | 25,689  | 21,648  | 11,047  |
| Waste recycle rate             | %    | 96.91   | 92.83   | 97.41   | 98.56   |
| Hazardous Waste Generated      | ton  | 55.03   | 82.95   | 67.00   | 17.00   |

### Material Usage

| Category             | Unit           | FY2016    | FY2017    | FY2018    | FY2019    |
|----------------------|----------------|-----------|-----------|-----------|-----------|
| Steel                | ton            | 661,000   | 631,000   | 462,000   | 543,000   |
| Ready-mixed concrete | m <sup>3</sup> | 2,932,846 | 3,369,507 | 2,290,803 | 3,394,416 |
| Cement               | ton            | 128,696   | 70,611    | 128,810   | 300,105   |
| Sand                 | m <sup>3</sup> | 87,899    | 672,752   | 56,303    | 764,391   |
| Aggregate            | m <sup>3</sup> | 3,152,822 | 2,343,503 | 1,290,656 | 1,383,392 |
| Asphalt concrete     | ton            | 366,528   | 604,610   | 235,727   | 152,252   |
| LO2                  | ℓ              | 1,442,701 | 915,746   | 948,482   | 775,680   |
| Munition             | kg             | 2,643,442 | 2,042,521 | 1,927,902 | 381,280   |

### Information Security Governance

| Category                            | Name           | Position   | Experience   | Function & Activities  |
|-------------------------------------|----------------|--|--|--|
| Board Responsibility                | Park Sung-Duck | Chair or the Audit Committee (Independent Lead Director)     | Law (legal advice including information protection laws) | Conduct internal audit review and control activities   |
| Executive Management Responsibility | Kim Won-Jin    | Managing Director (Head of Management Support Division), CSO | Vice-chair of the Security Council                       | Direct and supervise security officers to plan/ implement all company security management tasks, and approve information security policies |

### Equal Remuneration

(As of 31 DEC 2019, Unit: KRW)

| Category              | Executive level (Base salary only) | Management level (base salary only) | Management level (base salary + other cash incentives) | Non-management level |
|-----------------------|------------------------------------|-------------------------------------|--|----------------------|
| Average Male Salary   | 21,108,377                         | 4,894,167                           | 6,721,465  | 4,342,077            |
| Average Female Salary | 21,108,377                         | 4,851,712                           | 6,663,133  | 4,154,115            |

### Status of Collective Bargaining Agreement Application

(As of 31 DEC 2019)

| Category                      | Total Employees | Full-time Employees | Collective Bargaining Agreement Applied Employees* | Labor Union Member Employee |
|-------------------------------|-----------------|---------------------|--|-----------------------------|
| Number of Employees (persons) | 4,933           | 4,243               | 4,149  | 729                         |
| Proportion(%)                 |                 |                     | 97.8%  | 17.2%                       |

\* Number of employees who can join labor union (full-time employees of promotable general manager and below)

### Employee Satisfaction

| Category                    | Unit   | FY2016 | FY2017 | FY2018 | FY2019 |
|-----------------------------|--------|--------|--------|--------|--------|
| Employee satisfaction index | Points | 83.5   | 83.5   | 83.5   | 83.5   |

### Customer Satisfaction

| Category                    | Unit   | FY2016 | FY2017 | FY2018 | FY2019 |
|-----------------------------|--------|--------|--------|--------|--------|
| Customer satisfaction index | Points | 84.80  | 85.30  | 88.93  | 85.80  |

### Safety Management Index

| Category            | Unit                   | FY2016 | FY2017 | FY2018 | FY2019 |
|---------------------|------------------------|--------|--------|--------|--------|
| LTIFR - Employees   | n/million hours worked | 0      | 0      | 0      | 0      |
| LTIFR - Contractors | n/million hours worked | 1.293  | 0.951  | 1.116  | 1.317  |
| OIFR - Employees    | n/million hours worked | 0.02   | 0.03   | 0.08   | 0.16   |

### Social Contribution Activity Expenditures

(As of 31 DEC 2019, Unit: KRW)

| Category             | Cash Contribution | Time        | In-kind Giving | Overhead   | Total          |
|----------------------|-------------------|-------------|----------------|------------|----------------|
| Charitable Donation  | 6,606,412,980     | 0           | 0              | 0          | 6,606,412,980  |
| Community Investment | 8,598,660,000     | 762,875,046 | 721,127,000    | 0          | 10,135,450,046 |
| Commercial Programs  | 290,000,000       | 0           | 4,959,309,000  | 52,788,000 | 5,755,951,053  |
| Total                | 15,495,072,980    | 762,875,046 | 5,680,436,000  | 52,788,000 | 22,497,814,079 |

### Policy Support Expenditures

(Unit: KRW 100 million)

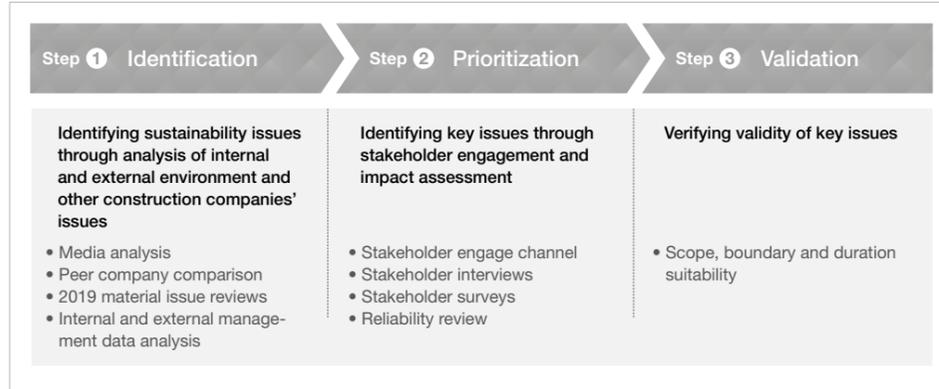
| Category                    | FY2016                         | FY2017  | FY2018  | FY2019  |         |
|-----------------------------|--------------------------------|---------|---------|---------|---------|
| Political Donation          | 0                              | 0       | 0       | 0       |         |
|                             | Total                          | 1,955.8 | 1,656.5 | 1,840.5 | 1,844.4 |
|                             | Industry Promotion             | 560.2   | 641.7   | 739.1   | 676.2   |
| Policy Support Expenditures | Overseas Business Promotion    | 388.6   | 396.7   | 372.6   | 368.3   |
|                             | Association Dues & Sponsorship | 964.5   | 583.3   | 562.4   | 640.9   |
|                             | Academy Dues & Sponsorship     | 42.5    | 34.8    | 166.3   | 159.1   |

### The Largest Organizations donated in 2019 (Top 5)

1. Construction Association of Korea (KRW 566.5 million, 30.72%): The Korean representative construction association conducting activities related construction industry including laws, systems, policy research, statistical survey and management analysis.
2. International Contractors Association of Korea (KRW 368.3 million, 19.97%): A construction association operating for the purpose of supporting overseas business through collection, analysis and dissemination of overseas construction information
3. Korea Federation of Construction Contractors (KRW 100.0 million, 5.42%): A construction association operating for the purpose of studying policies & systems for development of construction business and improvement of international competitiveness for domestic construction companies.
4. Korea Chamber of Commerce and Industry (KRW 96.9 million, 5.25%): A private economic organizations for the purpose of promoting the Korean commerce and industry through mutual cooperation with domestic and overseas economic organizations.
5. Korea Enterprises Federation (KRW 85.0 million, 4.61%): An organization of users established as a national organization to exclusively deal with labor-management issues.

## Materiality Analysis Process

Hyundai E&C selects and reports key sustainability issues affecting the corporate sustainability management in accordance with the international standards for sustainability reporting, GRI Standards. Additionally, we reflected principles of the inclusiveness, materiality, and responsiveness which AA 1000 standard requires for the accountability of the issue selection process and evaluation result.



### Step 1

#### Identification

#### Identification of Sustainability Issues through Internal and External Environment Analysis

##### PRINCIPLE: Inclusiveness

Hyundai E&C created the sustainability management issue-pool (includes total 356 construction sector issues) through the benchmarking of global guidelines, review on the domestic and global construction industry, media research, and review on the internal management data. As a result, we identified total 40 sustainability issues that have a high relevance to the managerial activities of Hyundai E&C.



### Step 2

#### Prioritization

#### Prioritization of Issues Identified through the Materiality Test

##### PRINCIPLE: Materiality

Hyundai E&C analyzed the materiality of each issue in aspects of impacts on business as well as impacts on stakeholder decision and evaluation by conducting the online survey about the Hyundai E&C sustainability issues, which total 2,030 internal and external stakeholders participated in.

##### Stakeholder Survey

- Purpose: To identify major interests and expectations of various stakeholders
- Period: April 13 to 24, 2020 (total 12 days)
- Utilization: Establishment of long-term sustainability goals; review on the sustainability management approach; development of the Sustainability Report

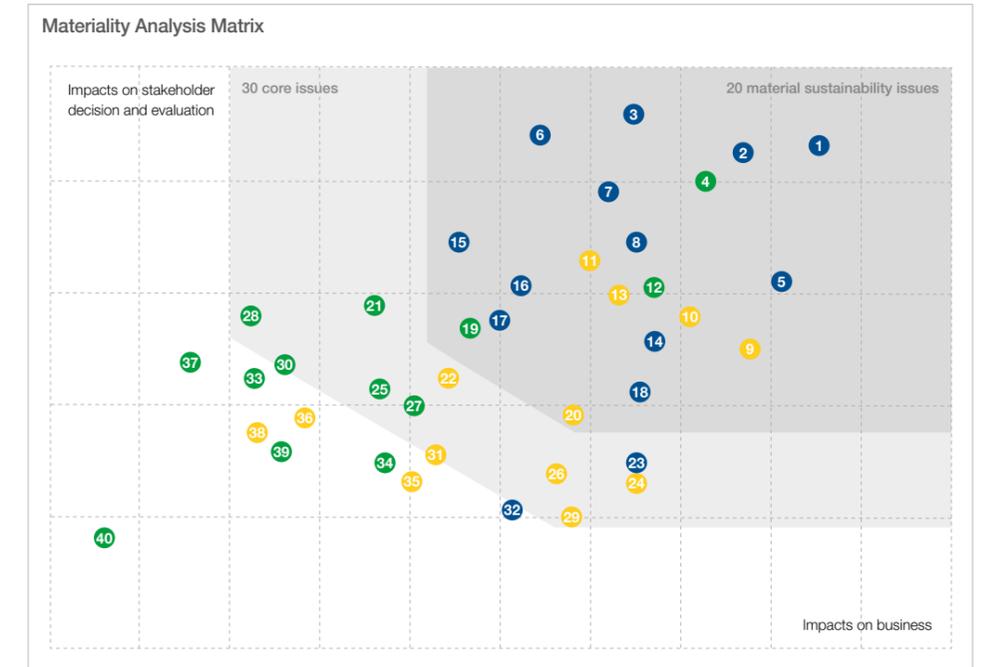
### Step 3

#### Validation

#### Validation of Material Issues

##### PRINCIPLE: Responsiveness

Hyundai E&C thoroughly reviewed whether the issues identified have an important influence on the company. Comprehensively considering the validity of issues and their connection to management strategies, we subdivided issues into three categories: 20 material sustainability issues, 30 core issues, and general issues. In planning this report, we focused mainly on the 20 material sustainability issues that have the highest importance. Also, we endeavored to guarantee our stakeholders' right to know by including material and general issues.



#### Material Issue Analysis

| Sustainability Division   | GRI Standards Topic  | Sustainability Issues  |
|---|--|--|
| <b>HDEC PROSPERITY</b><br>New Era of Prosperity Created by Hyundai E&C    | Identified Material Aspects and Boundaries, Governance, Ethics and Integrity, Strategy and Analysis, Organizational Profile, Economic Performance, Indirect Economic Impacts, Products and Services, Marketing and Labelling | 1 Strengthening core technological competitiveness, 2 Creating corporate performance and economic values, 3 Propelling ethical and compliance management, 5 Creating customer satisfaction and customer values, 6 Fair competition and fair trade, 7 Fostering new growth businesses with core competencies, 8 Fostering new growth business and discovering future new species business, 14 Brand management and market leadership, 15 Complying with regulations of governments where we operate, 16 Securing governance soundness, 17 Enhancing eco-friendly R&D and design competitiveness, 18 Securing the sustainability leadership, 23 Maximizing all stakeholder's value added, 32 Improving cost competitiveness and profitability                                  |
| <b>HDEC PLANET</b><br>New Era of Environment Led by Hyundai E&C           | Occupational Health and Safety, Materials, Energy, Water, Biodiversity, Emissions, Effluents and Waste   | 4 Focusing on safety management and accident rate reduction, 12 Proactive risk management, 19 Fugitive dust management, 21 Waste management and recycling, 25 Soil contamination management, 27 Propelling environmental management, 28 GHG emission management and reduction, 30 Water quality management and reduction, 33 Energy management and reduction, 34 Noise management, 37 Responding climate change strategically, 39 Materials and resource usage reduction, 40 Protecting biodiversity in business operations  |
| <b>HDEC PEOPLE</b><br>New Era of Shared Growth Accompanied by Hyundai E&C | Employment, Labor & Management Relations, Training and Education, Diversity and Equal Opportunity, Equal Remuneration for Women and Men, Supplier, Local Communities, Stakeholder Engagement, Customer Privacy               | 9 Settling corporate culture based on trust and communication, 10 Enhancing employee competitiveness and executive power, 11 Propelling shared growth and supplier supports, 13 Social value creation by innovative products, services and quality, 20 Advancing supplier evaluation for enhancing capabilities, 22 Strengthening sustainability in supply chain, 24 Respecting employee diversity and pursuing their equal opportunities, 26 Pursuing common interests of labor and management, 29 Stakeholder engagement and communication, 31 Protecting human rights and preventing violations in business, 35 Information security and customer privacy, 36 Strategic social contribution and implementing UN SDGs, 38 Contributing and investing for local communities |

## Third Party Assurance Statement

### To the Readers of 2020 Hyundai Engineering & Construction Sustainability Report:

#### Foreword

Korea Management Registrar Inc. (hereinafter "KMR") has been requested by of Hyundai Engineering & Construction to verify the contents of its 2020 Hyundai Engineering & Construction Sustainability Report (Hereby referred to as "the Report"). Hyundai Engineering & Construction is responsible for the collection and presentation of information included in the Report. KMR's responsibility is to carry out assurance engagement on specific data and information in the assurance scope stipulated below.

#### Scope and standard

Hyundai Engineering & Construction describes its efforts and achievements of the corporate social responsibility activities in the Report. KMR performed a type2, moderate level of assurance using AA1000AS (2008) and SRV1000 from KMR Global Sustainability Committee as assurance standards. KMR's assurance team(hereinafter "the team") evaluated the adherence to Principles of Inclusivity, Materiality and Responsiveness, and the reliability of the selected GRI Standards indices as below, where professional judgment of the team was exercised as materiality criteria.

The team checked whether the Report has been prepared in accordance with the 'Comprehensive Option' of GRI Standards which covers the followings.

- GRI Standards Reporting Principles
- Universal Standards
- Topic Specific Standards
  - Management approach of Topic Specific Standards
  - Economic Performance : 201-1, 201-2, 201-3, 201-4
  - Indirect Economic Impacts : 203-1, 203-2
  - Procurement Practices : 204-1
  - Anti-Corruption : 205-1, 205-2, 205-3
  - Anti-Competitive Behavior : 206-1
  - Materials : 301-1, 301-2, 301-3
  - Energy : 302-1, 302-2, 302-3, 302-4, 302-5
  - Water : 303-1, 303-2, 303-3
  - Biodiversity : 304-1, 304-2, 304-3, 304-4
  - Emissions : 305-1, 305-2, 305-3, 305-4, 305-5, 305-6, 305-7
  - Effluents and Waste : 306-1, 306-2, 306-3, 306-4, 306-5
  - Supplier Environmental Assessment : 308-1, 308-2
  - Employment : 401-1, 401-2, 401-3
  - Labor/Management Relations : 402-1
  - Occupational Health and Safety : 403-1, 403-2, 403-3, 403-4
  - Training and Education : 404-1, 404-2, 404-3
  - Diversity and Equal Opportunity : 405-1, 405-2
  - Non-Discrimination : 406-1
  - Freedom of Association and Collective Bargaining : 407-1
  - Child Labor : 408-1
  - Forced or Compulsory Labor : 409-1
  - Security Practices : 410-1
  - Rights of Indigenous Peoples : 411-1
  - Human Rights Assessment : 412-1, 412-2, 412-3
  - Local Communities : 413-1, 413-2
  - Supplier Social Assessment : 414-1, 414-2
  - Public Policy : 415-1
  - Customer Health and Safety : 416-1
  - Marketing and Labeling : 417-1, 417-2, 417-3
  - Customer Privacy : 418-1
  - Socioeconomic Compliance : 419-1

This Report excludes data and information of joint corporate, contractor etc. which is outside of the organization, i.e. Hyundai Engineering & Construction, among report boundaries.

#### Our approach

In order to verify the contents of the Report within an agreed scope of assurance in accordance with the assurance standard, the team has carried out an assurance engagement as follows:

- Reviewed overall report
- Reviewed materiality test process and methodology
- Reviewed sustainability management strategies and targets
- Reviewed stakeholder engagement activities
- Interviewed people in charge of preparing the Report

#### Our conclusion

Based on the results we have obtained from material reviews and interviews, we had several discussions with Hyundai Engineering & Construction on the revision of the Report. We reviewed the Report's final version in order to confirm that our recommendations for improvement and our revisions have been reflected. When reviewing the results of the assurance, the assurance team could not find any inappropriate contents in the Report to the compliance with the principles stipulated below. Nothing has come to our attention that causes us to believe that the data included in the verification scope are not presented appropriately.

- **Inclusivity**  
Inclusivity is the participation of stakeholders in developing and achieving an accountable and strategic response to sustainability  
- Hyundai Engineering & Construction is developing and maintaining stakeholder communication channels in various forms and levels in order to make a commitment to be responsible for the stakeholders. The assurance team could not find any critical stakeholder Hyundai Engineering & Construction left out during this procedure.
- **Materiality**  
Materiality is determining the relevance and significance of an issue to an organization and its stakeholders. A material issue is an issue that will influence the decisions, actions, and performance of an organization or its stakeholders.  
- Hyundai Engineering & Construction is determining the materiality of issues found out through stakeholder communication channels through its own materiality evaluation process, and the assurance team could not find any critical issues left out in this process.
- **Responsiveness**  
Responsiveness is an organization's response to stakeholder issues that affect its sustainability performance and is realized through decisions, actions, and performance, as well as communication with stakeholders.  
- The assurance team could not find any evidence that Hyundai Engineering & Construction's counter measures to critical stakeholder issues were inappropriately recorded in the Report.

We could not find any evidence the Report was not prepared in accordance with the 'Comprehensive Option' of GRI standards.

#### Recommendation for improvement

We hope the Report is actively used as a communication tool with stakeholders and we recommend the following for continuous improvements.

- Hyundai Engineering & Construction placed qualitative content and images in a way to enhance readability, and faithfully reported future technology strategies, mega trends and the supply chain management in the context of sustainability to meet the expectations and interests of stakeholders. We recommend that the company reinforce the disclosure of not only non-financial performance but also economic performance and the value chain to ensure balanced reporting and stakeholder inclusiveness.

#### Our independence

With the exception of providing third party assurance services, KMR is not involved in any other Hyundai Engineering & Construction's business operations that are aimed at making profit in order to avoid any conflicts of interest and to maintain independence.

July 23, 2020

CEO *E. J. Hwang*



# Greenhouse Gas Verification Statement



## Third Party's Verification Statement

### Introduction

Korean Foundation for Quality (hereinafter 'KFQ') has been engaged in Hyundai Engineering & Construction (hereinafter 'the Company') to independently verify its 2019 Report on the quantity of Greenhouse Gas Emissions from entire places of business nationwide (hereinafter 'Inventory Report').

### Verification Scope

KFQ's verification was focused on all of the greenhouse gas emission sources domestic and foreign (direct emission and indirect emission) controlled by the Company.

### Verification Criteria

The verification process was based on 'Greenhouse Gas and Energy Target Management Scheme (Notification No. 2016-255 of Ministry of Environment)' (hereinafter 'the Scheme') and 'ISO14064-3' for every applicable part. The indirect emissions (electricity) factor of foreign sites by country was based on IEA composite electricity/heat factor.

### Verification Procedure

The Verification has been planned and conducted by the "Greenhouse Gas and Energy Target Management Scheme", and to reach limited level of assurance. Furthermore, the entire verification process underwent internal review to ensure its methodology and effectiveness.

### Verification Limitation

In order to confirm the data and information provided by the Company, sampling method was applied in the Verification Plan. For verification of foreign sites, the only document review was implemented. Therefore, KFQ acknowledged the data and information from Company as it is.

### Conclusion/Opinion

Based on verification process according to the Scheme, KFQ obtained reasonable basis to derive following conclusion on the greenhouse gas emission data in the Inventory Report.

- 1) The Company's 2019 Report on Quantity of emitted Greenhouse Gas was documented in accordance with "Greenhouse Gas and Energy Target Management Scheme" run by the government.
- 2) According to materiality assessment on the quantity of greenhouse gas emitted from every Company's places of business nationwide in 2019, material discrepancy is less than the criteria of 5.0% for an organization that emits under 500,000 tCO<sub>2</sub>-eq in accordance with "Greenhouse Gas and Energy Target Management Scheme"
- 3) Please note that the Scheme does not concern Scope 3 emissions. The verification accuracy of Scope 3 emissions may be limited as it was conducted with the data calculated by the Company Guidelines.

(Unit: ton CO<sub>2</sub>-eq)

| Company                            | Site     | SCOPE 1 | SCOPE 2 | SCOPE 3 |
|------------------------------------|----------|---------|---------|---------|
| Hyundai Engineering & Construction | Domestic | 15,536  | 58,090  | 277,213 |
|                                    | Oversea  | 402,368 | 120,146 | 102,012 |

\* The total amount of emissions was trimmed to the below of the decimal point in the sum of Scope 1 and 2.

- 4) Thus, KFQ conclude that the Greenhouse Gas Emissions and Energy Consumption of Hyundai Engineering & Construction in 2019 is correctly calculated and stated in accordance with "Greenhouse Gas and Energy Target Management Scheme".

May 27, 2020  
 CEO Ji-Young Song  
 Korean Foundation for Quality (KFQ)

# GRI Standards Index

| GRI                                  | GRI Standards               | Contents  | Page & Remarks    | UN SDGs   |
|--------------------------------------|-----------------------------|---|-------------------|-----------|
| <b>UNIVERSAL STANDARDS (GRI 100)</b> |                             |   |                   |           |
|                                      | GRI 102-1                   | Name of the organization  | 4                 |           |
|                                      | GRI 102-2                   | Primary brands, products, and/or services   | 4-5               |           |
|                                      | GRI 102-3                   | Location of organization's headquarters   | 4, Cover          |           |
|                                      | GRI 102-4                   | Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report   | 4, 23, 61, 65     |           |
|                                      | GRI 102-5                   | Nature of ownership and legal form  | 4,33              |           |
|                                      | GRI 102-6                   | Markets served (including geographic breakdown, sectors served and types of customers/beneficiaries)  | 4-5               |           |
|                                      | GRI 102-7                   | Scale of the reporting organization   | 4-5, 53           |           |
| GRI 102: Organizational Profile      | GRI 102-8                   | a. Total number of employees by employment contract and gender  | 53                | SDG 8     |
|                                      |                             | b. Total number of permanent employees by employment type and gender  |                   |           |
|                                      |                             | c. Total workforce by employees and supervised workers and by gender  |                   |           |
|                                      |                             | d. Total workforce by region and gender   |                   |           |
|                                      |                             | e. Whether a substantial portion of the organization's work is performed by workers who are legally recognized as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors                      |                   |           |
|                                      |                             | f. Any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)   |                   |           |
|                                      | GRI 102-9                   | Describe the organization's supply chain  | 56-59             |           |
|                                      | GRI 102-10                  | Significant changes during the reporting period relating to size, structure, or ownership or its supply chain   | About this report |           |
|                                      | GRI 102-11                  | Explanation of whether and how the precautionary approach or principle is addressed by the organization   | 44, 38-41, 64-65  |           |
|                                      | GRI 102-12                  | Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses  | 46-47, 64-65      |           |
| GRI 102-13                           | Memberships in associations | 83  |                   |           |
| GRI 102: Strategy                    | GRI 102-14                  | Statement from the most senior decision-maker of the organization   | 2-3               |           |
|                                      | GRI 102-15                  | Provide a description of key impacts, risks, and opportunities.   | 48-49             |           |
| GRI 102: Ethics & Integrity          | GRI 102-16                  | Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation   | 34-35             | SDG 16    |
|                                      | GRI 102-17                  | Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organizational integrity, such as helplines or advice lines.  | 34-35             | SDG 16    |
|                                      |                             | Report the internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organizational integrity  | 34-35             | SDG 16    |
|                                      | GRI 102-18                  | Governance structure of the organization  | 30-31             |           |
|                                      | GRI 102-19                  | Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees.  | 8, 31             |           |
|                                      | GRI 102-20                  | Report whether the organization has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body.  | 32-33, 34, 49     |           |
|                                      | GRI 102-21                  | Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics. If consultation is delegated, describe to whom and any feedback processes to the highest governance body                                   | 34, 39, 49        | SDG 16    |
|                                      | GRI 102-22                  | Report the composition of the highest governance body and its committees  | 31-33             | SDG 5, 16 |
|                                      | GRI 102-23                  | Report whether the Chair of the highest governance body is also an executive officer (and, if so, his or her function within the organization's management and the reasons for this arrangement)  | 31                | SDG 16    |
|                                      | GRI 102-24                  | Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members  | 31-32             | SDG 5, 16 |
|                                      | GRI 102-25                  | Report processes for the highest governance body to ensure conflicts of interest are avoided and managed. Report whether conflicts of interest are disclosed to stakeholders  | 31                | SDG 16    |
|                                      | GRI 102-26                  | Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organization's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts.                 | 31-32             |           |
| GRI 102: Governance                  | GRI 102-27                  | Report the measures taken to develop and enhance the highest overnance body's collective knowledge of economic, environmental and social topics.  | 32                |           |
|                                      | GRI 102-28                  | Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics  | 32                |           |
|                                      | GRI 102-29                  | Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes                             | 32-33             | SDG 16    |
|                                      | GRI 102-30                  | Report the highest governance body's role in reviewing the effectiveness of the organization's risk management processes for economic, environmental and social topics.   | 32-33             |           |
|                                      | GRI 102-31                  | Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities.   | 32-33             |           |
|                                      | GRI 102-32                  | Report the highest committee or position that formally reviews and approves the organization's sustainability report and ensures that all material Aspects are covered.   | 32-33             |           |
|                                      | GRI 102-33                  | Report the process for communicating critical concerns to the highest governance body.  | 49                |           |
|                                      | GRI 102-34                  | Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them.  | 32, 54            |           |
|                                      | GRI 102-35                  | Report the remuneration policies for the highest governance body and senior executives  | 33                |           |
|                                      | GRI 102-36                  | Report the process for determining remuneration. Report whether remuneration consultants are involved in determining remuneration and whether they are independent of management. Report any other relationships which the remuneration consultants have with the organization. | 33                |           |
|                                      | GRI 102-37                  | Report how stakeholders' views are sought and taken into account regarding remuneration   | 33                | SDG 16    |
|                                      | GRI 102-38                  | Report the ratio of the annual total compensation for the organization's highest-paid individual in each country of significant operations to the median annual total compensation for all employees in the same country.   | 33                |           |
|                                      | GRI 102-39                  | Report the ratio of percentage increase in annual total compensation for the organization's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees in the same country.             | 33                |           |

## GRI Standards Index

| GRI                                   | GRI Standards                                     | Contents   | Page & Remarks   | UN SDGs           |  |
|---------------------------------------|---|--|--|-------------------|--|
| <b>UNIVERSAL STANDARDS (GRI 100)</b>  |   |  |  |                   |  |
| GRI 102: Stakeholder Engagement       | GRI 102-40  | List of stakeholder groups engaged by the organization   | 9  |                   |  |
|                                       | GRI 102-41  | Percentage of employees covered by collective bargaining agreements  | 55   | SDG 8             |  |
|                                       | GRI 102-42  | Basis for identification and selection of stakeholders with whom to engage   | 9  |                   |  |
|                                       | GRI 102-43  | Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group   | 9  |                   |  |
|                                       | GRI 102-44  | Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting   | 9, 72-73   |                   |  |
|                                       | GRI 102-45  | a. List all entities included in the organization's consolidated financial statements or equivalent documents b. Whether any entity included in the organization's consolidated financial statements or equivalent documents is not covered by the report  | 68   |                   |  |
|                                       | GRI 102-46  | a. Explain the process for defining the report content and the Aspect Boundaries<br>b. Explain how the organization has implemented the Reporting Principles for Defining Report Content   | 72-73  |                   |  |
|                                       | GRI 102-47  | List all the material Aspects identified in the process for defining report content  | 73   |                   |  |
|                                       | GRI 102-48  | Explanation of the effect of any re-statements   | About this report  |                   |  |
|                                       | GRI 102-49  | Significant changes from previous reporting periods in the Scope and Aspect Boundaries   | N/A  |                   |  |
| GRI 102: Reporting Practice           | GRI 102-50  | Reporting period   | About this report  |                   |  |
|                                       | GRI 102-51  | Date of most recent previous report  | JUL 2019   |                   |  |
|                                       | GRI 102-52  | Reporting cycle  | Annual   |                   |  |
|                                       | GRI 102-53  | Contact point for questions regarding the report or its contents   | Cover  |                   |  |
|                                       | GRI 102-54  | In accordance' option the organization has chosen  | 77-80  |                   |  |
|                                       | GRI 102-55  | GRI Content Index for the chosen option  | 77-80  |                   |  |
|                                       |   | Reference to the External Assurance Report, if the report has been externally assured. GRI recommends the use of external assurance but it is not a requirement to be 'in accordance' with the Guidelines  | 74-75  |                   |  |
|                                       | GRI 102-56  | a. Organization's policy and current practice with regard to seeking external assurance for the report<br>b. If not included in the assurance report accompanying the sustainability report, report the scope and basis of any external assurance provided<br>c. Relationship between the organization and the assurance providers<br>d. Whether the highest governance body or senior executives are involved in seeking assurance for the organization's sustainability report | 74-75  |                   |  |
|                                       | GRI 103: Management Approach                      | GRI 103-1<br>GRI 103-2<br>GRI 103-3  | a. Why the Aspect is material. Report the impacts that make this Aspect material<br>b. How the organization manages the material Aspect or its impacts<br>c. Evaluation of the management approach | 77-80             |  |
|                                       | <b>TOP-SPECIFIC STANDARDS (GRI 200, 300, 400)</b> |  |  |                   |  |
| <b>ECONOMIC PERFORMANCE (GRI 200)</b> |   |  |  |                   |  |
| GRI 201: Economic Performance         | GRI 201-1   | Direct economic value generated and distributed, including revenues, operating costs, employee wages and benefits, payments to providers of capital, payments to government  | 9, 57  | SDG 2, 5, 7, 8, 9 |  |
|                                       | GRI 201-2   | Financial implications and other risks and opportunities for the organization's activities due to climate change   | 38-39  | SDG 13            |  |
|                                       | GRI 201-3   | Coverage of the organization's defined benefit plan obligations  | Operating retirement pension plans (DB & DC type)  |                   |  |
|                                       | GRI 201-4   | Financial assistance received from government  | N/A  |                   |  |
|                                       | GRI 202: Market Presence                          | GRI 202-1  | Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation   | N/A               |  |
| GRI 202-2                             |   | Proportion fo senior management hired from the local community at significant locations of operation   | N/A  |                   |  |
| GRI 203: Indirect Economic Impacts    | GRI 203-1   | Development and impact of infrastructure investments and services supported  | 60-63  | SDG 2, 5, 7, 9    |  |
|                                       | GRI 203-2   | Significant indirect economic impacts, including the extent of impacts   | 9  | SDG 8, 10, 17     |  |
| GRI 204: Procurement Practices        | GRI 204-1   | Proportion of spending on local suppliers at significant locations of operation  | 56-58  | SDG 12            |  |
|                                       | GRI 205-1   | Total number and percentage of operations assessed for risks related to corruption and the significant risks identified  | 59, 65-67  | SDG 16            |  |
| GRI 205: Anti-corruption              | GRI 205-2   | Communication and training on anti-corruption policies and procedures  | 34-35  | SDG 16            |  |
|                                       | GRI 205-3   | Confirmed incidents of corruption and actions taken  | 35   | SDG 16            |  |
| GRI 206: Anti-competitive Behavior    | GRI 206-1   | Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes   | 35, 68   |                   |  |

| GRI  | GRI Standards | Contents   | Page & Remarks | UN SDGs               |
|--|---------------|--|----------------|-----------------------|
| <b>ENVIRONMENTAL PERFORMANCE (GRI 300)</b> |               |  |                |                       |
| GRI 301: Materials                         | GRI 301-1     | Materials used by weight or volume   | 70             |                       |
|  | GRI 301-2     | Percentage of materials used that are recycled input materials   | 70             |                       |
|  | GRI 301-3     | Percentage of products sold and their packaging materials that are reclaimed by category   | 70             | SDG 8, 12             |
| GRI 302: Energy                            | GRI 302-1     | Energy consumption within the organization   | 70             | SDG 7, 8, 12, 13      |
|  | GRI 302-2     | Energy consumption outside of the organization   | 70             | SDG 7, 8, 12, 13      |
|  | GRI 302-3     | Energy intensity   | 70             | SDG 7, 8, 12, 13      |
|  | GRI 302-4     | Reduction of energy consumption  | 70             | SDG 7, 8, 12, 13      |
|  | GRI 302-5     | Reductions in energy requirements of products and services   | 70             | SDG 7, 8, 11, 12, 13  |
| GRI 303: Water                             | GRI 303-1     | Total water withdrawal by source   | 70             | SDG 6                 |
|  | GRI 303-2     | Water sources significantly affected by withdrawal of water  | 70             | SDG 6                 |
|  | GRI 303-3     | Percentage and total volume of water recycled and reused   | 70             | SDG 6, 8, 12          |
| GRI 304: Biodiversity                      | GRI 304-1     | Location and size of land owned, leased, managed in or adjacent to protected areas and areas of high biodiversity value outside protected areas  | 45             |                       |
|  | GRI 304-2     | Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas                                      | 45             |                       |
|  | GRI 304-3     | Habitats protected or restored   | 45             | SDG 6, 14, 15         |
|  | GRI 304-4     | Total number of IUCN RED list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk  | 45             |                       |
| GRI 305: Emissions                         | GRI 305-1     | Direct greenhouse gas (GHG) emissions (Scope 1)  | 41             | SDG 3, 12, 13, 14, 15 |
|  | GRI 305-2     | Indirect greenhouse gas (GHG) emissions (Scope 2)  | 41             | SDG 3, 12, 13, 14, 15 |
|  | GRI 305-3     | Other indirect greenhouse gas(GHG) emissions (Scope3)  | 41             | SDG 3, 12, 13, 14, 15 |
|  | GRI 305-4     | Greenhouse gas(GHG) emissions intensity  | 41             | SDG 13, 14, 15        |
|  | GRI 305-5     | Reduction of Greenhouse gas(GHG) emissions   | 40-41          | SDG 13, 14, 15        |
|  | GRI 305-6     | Emissions of ozone-depleting substances(ODS)   | N/A            | SDG 3, 12             |
|  | GRI 305-7     | NOx, SOx and other significant air emissions   | N/A            | SDG 3, 12, 14, 15     |
| GRI 306: Effluents & Waste                 | GRI 306-1     | Total water discharge by quality and destination   | 70             |                       |
|  | GRI 306-2     | Total weight of waste by type and disposal method  | 45, 70         | SDG 3, 6, 12          |
|  | GRI 306-3     | Total number and volume of significant spills  | N/A            | SDG 3, 6, 12, 14      |
|  | GRI 306-4     | Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the BASEL Convention Annex I, II, III, AND VIII, and percentage of transported waste shipped internationally | N/A            |                       |
|  | GRI 306-5     | Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organization's discharges of water and runoff                                    | 45             |                       |
| GRI 307: Environmental Compliance          | GRI 307-1     | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations  | N/A            | SDG 8, 16             |
| GRI 308: Supplier Environmental Assessment | GRI 308-1     | Percentage of new suppliers that were screened using environmental criteria  | 59             |                       |
|  | GRI 308-2     | Significant actual and potential negative environmental impacts in the supply chain and actions taken  | 59             | SDG 15                |

## GRI Standards Index

| GRI   | GRI Standards | Contents  | Page & Remarks | UN SDGs      |
|---|---------------|---|----------------|--------------|
| <b>SOCIAL PERFORMANCE (GRI 400)</b>                       |               |   |                |              |
| GRI 401: Employment                                       | GRI 401-1     | Total workforce by employment type, employment contract and region  | 53             | SDG 5, 8     |
|   | GRI 401-2     | Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation   | 53             | SDG 8        |
|   | GRI 401-3     | Return to work and retention rates after parental leave, by gender  |                | SDG 5, 8     |
| GRI 402: Labor/Management Relations                       | GRI 402-1     | Minimum notice periods regarding operational changes, including whether these are specified in collective agreements  | 53             | SDG 8        |
| GRI 403: Occupational Health and Safety                   | GRI 403-1     | Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs  | 53             | SDG 8        |
|   | GRI 403-2     | Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender   | 46             | SDG 8        |
|   | GRI 403-3     | Workers with high incidence or high risk of diseases related to their occupation  | 71             | SDG 3, 8     |
|   | GRI 403-4     | Health and safety topics covered in formal agreements with trade unions   | 46-47          | SDG 3, 8     |
| GRI 404: Training & Education                             | GRI 404-1     | Average hours of training per year per employee by gender, and by employee category   | 53             | SDG 8        |
|   | GRI 404-2     | Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings   | 53             | SDG 8        |
|   | GRI 404-3     | Percentage of employees receiving regular performance and career development reviews, by gender and by employee category  | 55             | SDG 5, 8     |
| GRI 405: Diversity and Equal Opportunity                  | GRI 405-1     | Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership and other indicators of diversity  | 53             | SDG 5, 8     |
|   | GRI 405-2     | Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation  | 55, 71         | SDG 8, 10    |
| GRI 406: Non-discrimination                               | GRI 406-1     | Total number of incidents of discrimination and actions taken   | 64-66          |              |
| GRI 407: Freedom of Association and Collective Bargaining | GRI 407-1     | Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights                                    | 59, 64-66      | SDG 8        |
| GRI 408: Child Labor                                      | GRI 408-1     | Operations and suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor   | 59, 64-66      | SDG 8, 16    |
| GRI 409: Forced or Compulsory Labor                       | GRI 409-1     | Operations and suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor                                      | 59, 64-66      | SDG 8        |
| GRI 410: Security Practices                               | GRI 410-1     | Percentage of security personnel trained in the organization's human rights policies or procedures that are relevant to operations  | 66             | SDG 8, 16    |
| GRI 411: Rights of Indigenous Peoples                     | GRI 411-1     | Total number of incidents of violations involving rights of indigenous people and actions taken   | 65-66          |              |
|   | GRI 412-1     | Total number and percentage of operations that have been subject to human rights reviews or impact assessments  | 49, 65-66      |              |
| GRI 412: Human Rights Assessments                         | GRI 412-2     | Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained   | 66             |              |
|   | GRI 412-3     | Total number and percentage of significant investment agreements and contracts that include human rights clauses of that underwent human rights screening   | 65-66          |              |
| GRI 413: Local Communities                                | GRI 413-1     | Percentage of operations with implemented local community engagement, impact assessments, and development programs  | 60-63          |              |
|   | GRI 413-2     | Operations with significant actual and potential negative impacts on local communities  | 60-63          |              |
| GRI 414: Supplier and Social Assessment                   | GRI 414-1     | Percentage of new suppliers that were screened using labor practices criteria   | 59             | SDG 5, 8, 16 |
|   | GRI 414-2     | Significant actual and potential negative impacts for labor practices in the supply chain and actions taken   | 59             | SDG 8, 16    |
| GRI 415: Public Policy                                    | GRI 415-1     | Total value of political contributions by country and recipient/beneficiary   | 71             | SDG 16       |
| GRI 416: Customer Health and Safety                       | GRI 416-1     | Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures                                     | 46-47          |              |
|   | GRI 416-2     | Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes   | N/A            |              |
| GRI 417: Marketing and Labeling                           | GRI 417-1     | Type of product and service information required by the organization's procedures for product and service information and labeling, and percentage of significant product and service categories subject to such information requirements | N/A            | SDG 12       |
|   | GRI 417-2     | Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes   | N/A            | SDG 16       |
|   | GRI 417-3     | Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes  | N/A            |              |
| GRI 418: Customer Privacy                                 | GRI 418-1     | Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data   | N/A            |              |
| GRI 419: Socioeconomic Compliance                         | GRI 419-1     | Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations   | 68             | SDG 16       |

## TCFD Index

| Topic               | TCFD recommendation  | Page & Remarks                      |
|---------------------|--|-------------------------------------|
| Governance          | a) Describe the board's oversight of climate-related risks and opportunities   | CDP, CC1.1a, CC1.1b.                |
|                     | b) Describe management's role in assessing and managing climate-related risks and opportunities  | CDP, CC1.2a                         |
| Strategy            | a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term                                | CDP, CC2.2c, CC2.3a, CC2.4a, CC3.1c |
|                     | b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning                         | CDP, CC2.5, CC2.6                   |
|                     | c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | CDP, CC3.1c, CC3.1d                 |
| Risk Management     | a) Describe the organization's processes for identifying and assessing climate-related risks   | CDP, CC1.2a, CC2.2b                 |
|                     | b) Describe the organization's processes for managing climate-related risks  | CDP, CC2.2d                         |
|                     | c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management      | CDP, CC2.2                          |
| Metrics and Targets | a) Disclose the metrics used by the organization to assess climate related risks and opportunities in line with its strategy and risk management process     | CDP, CC11.3                         |
|                     | b) Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks   | CDP, C5.1, C6.1, C6.3, C6.5         |
|                     | c) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets                           | CDP, C4                             |

## SASB Index

| Topic   | Code         | Accounting Metric   | Category                | Page & Remarks   |
|---|--------------|---|-------------------------|--|
| Environmental Impacts of Project Development    | IF-EN-160a.1 | Number of incidents of non-compliance with environmental permits, standards, and regulations  | Quantitative            | No environmental incident (based on Article 16-8 of the Environmental Technology and Industry Support Act)   |
|   | IF-EN-160a.2 | Discussion of processes to assess and manage environmental risks associated with project design, siting, and construction                                 | Discussion and Analysis | Hyundai E&C identifies the impact on the surrounding environment prior to the construction, establishes an on-site environmental management plan, and prevents damage to the surrounding environment through regular environmental management status and performance monitoring during the construction. In addition, we are maximizing the efficiency of on-site environmental management through various activities including environmental management training, emergency drills, and communication.  |
| Structural Integrity & Safety                   | IF-EN-250a.1 | Amount of defect- and safety-related rework costs   | Quantitative            | As of 2019, the total cost of rework is KRW 51.981 billion (in consolidated basis), and it is transparently disclosed through the business report.   |
|   | IF-EN-250a.2 | Total amount of monetary losses as a result of legal proceedings associated with defect- and safety-related incidents                                     | Quantitative            | As of 2019, the amount of litigation related to defects or safety: KRW 22.4 billion  |
| Workforce Health & Safety                       | IF-EN-320a.1 | (1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees                                       | Quantitative            | Safety management indicators are disclosed through 'Key Sustainability Indicators (p. 69)' and 'Safety Management Index (p. 71)' included in this report.  |
| Lifecycle Impacts of Buildings & Infrastructure | IF-EN-410a.1 | Number of (1) commissioned projects certified to a third-party multi-attribute sustainability standard and (2) active projects seeking such certification | Quantitative            | Hyundai E&C has established an eco-friendly integrated environmental system since 2013 to promote efficient environmental energy management and manage the performance. Since 2016, Hyundai E&C has established integrated environment & energy systems by applying the ISO 14001: 2015 standard in order to meet the revised international standards.   |
|   | IF-EN-410a.2 | Discussion of process to incorporate operational-phase energy and water efficiency considerations into project planning and design                        | Discussion and Analysis | Hyundai E&C has established energy saving, water saving, ecological environment consideration and comfortable living environment as four eco-friendly engineering factors are making efforts to realize eco-friendly construction from the design stage.   |
| Climate Impacts of Business Mix                 | IF-EN-410b.1 | Amount of backlog for (1) hydrocarbon related projects and (2) renewable energy projects  | Quantitative            | As of the end of 2019, the amount of backlog related as follows:<br>- hydrocarbon related projects : KRW 6,003.1 billion (25 projects)<br>- renewable energy projects : KRW 151.9 billion (3 projects)   |
|   | IF-EN-410b.2 | Amount of backlog cancellations associated with hydrocarbon-related projects  | Quantitative            | As of the end of 2019, no related projects have been canceled.   |
|   | IF-EN-410b.3 | Amount of backlog for non-energy projects associated with climate change mitigation   | Quantitative            | As of the end of 2019, no related projects have been ordered.  |
| Business Ethics                                 | IF-EN-510a.1 | (1) Number of active projects and (2) backlog in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index   | Quantitative            | As of May 2020, there are total of six projects in the the 20 lowest rankings in Transparency International's Corruption Perception Index (4 in Libya, 1 in Venezuela, 1 in Iraq). The order backlog of these projects totaled KRW 1,091.7 billion.  |
|   | IF-EN-510a.2 | Total amount of monetary losses as a result of legal proceedings associated with charges of (1) bribery or corruption and (2) anticompetitive practices   | Quantitative            | As of 2019, there were no fines, penalties, and settlements due to bribery, corruption, and anti-competitive behavior.   |
|   | IF-EN-510a.3 | Description of policies and practices for prevention of (1) bribery and corruption, and (2) anti-competitive behavior in the project bidding processes    | Discussion and Analysis | Anti-corruption Regulation:<br>In July 2019, Hyundai E&C revised the anti-corruption law compliance regulations enacted in 2017 through a resolution by the Board of Directors. We encourage the counterparties to clearly recognize Hyundai E&C's code of ethics, make sure to include anti-corruption provisions in contracts, and obey mandatory letter of compliance undertaking.<br><br>Anti-trust Regulation:<br>In May 2015, Hyundai E&C established and implemented an antitrust policy that prohibits violations of the Monopoly Regulation and Fair Trade Act. |
| Activity Metrics                                | IF-EN-000.A  | Number of active projects   | Quantitative            | As of the end of May 2020, 147 domestic and 59 overseas sites are in progress.   |
|   | IF-EN-000.B  | Number of commissioned projects   | Quantitative            | In 2019, 49 domestic and 12 overseas sites were completed.   |
|   | IF-EN-000.C  | Total backlog   | Quantitative            | As of the end of 2019, the total order backlog is KRW 34,450.8 billion. KRW 56,329.1 billion in consolidated basis.  |

## Major Awards and Accolades / Memberships

### Major Awards and Accolades

#### 2020 Major Awards

| Award   | Description                                | Host / Provider |
|---|--|-----------------|
| 2020 Money Today Overseas Construction Awards     | Grand Prize (MOLIT* Minister's Prize)      | Money Today     |
| 2020 Money Today Korea Residential Service Awards | Best of Best (Engineering category)        | Money Today     |
| 2020 Asia Economy Apartment Brand Awards          | Grand Prize (Specialized housing category) | Asia Economy    |

#### 2019 Major Awards

| Award  | Description   | Host / Provider                        |
|--|---|--|
| Social Contribution Excellent Organization Awards                                | -   | Seoul Metropolitan Office of Education |
| 2019 Money Today Overseas Construction Awards                                    | Grand Prize (MOLIT* Minister's Prize)                                   | Money Today                            |
| The 13rd Asia Economy Apartment Brand Awards                                     | Grand Prize   | Asia Economy                           |
| 2019 Money Today Korea Residential Service Awards                                | MOLIT* Minister's Prize   | Money Today                            |
| The 23rd Good Living Apartment Contest   | Excellence Prize (General Apartment category)                           | Maeil Business News Korea              |
| 2019 Hall of Fame Housing Brand Grand Prize                                      | Grand Prize (Trust category)  | Newsway                                |
| 2019 Well-being Apartment Awards   | MOLIT* Minister's Prize (Brand category)                                | Hankyung Business TV                   |
| 2019 Hankyung Business Well-being Apartment Awards                               | Grand Prize (Eco-friendly category)                                     | Hankyung Business                      |
| 2019 First-half Hankyung Residential Culture Awards                              | Grand Prize (Housing category)  | Hankyung                               |
| 2019 Korea JoongAng Daily JoinsLand Eco-friendly Construction Industry Awards    | Grand Prize (Residence category)  | JoongAng Daily                         |
| The 5th Korea High-efficiency, Eco-friendly Housing and Building Material Awards | -   | Energy Economic News                   |
| 2019 Money Today Korea Luxury Housing Awards                                     | Best of Best  | Money Today                            |
| The 14th Asia Construction Awards  | Overall Grand Prize (Win-win Cooperation & Management Support category) | Asia Economy                           |
| 2019 Etoday Smart Building Grand Prize   | Grand Prize (Industrial Innovation category)                            | Etoday                                 |
| 2019 Aju Economy Construction Awards   | Overall Grand Prize (Overseas Construction category)                    | Aju Economy                            |
| 2019 Asia Today Green Construction Awards  | Best of Best (Brand category)   | Asia Today                             |
| The 8th eDaily Construction Industry Awards                                      | Grand Prize (Residence Innovation category)                             | eDaily                                 |
| 2019 Herald Economy Green Residence Awards                                       | Overall Grand Prize (MOLIT* Minister's Prize)                           | Herald Economy                         |
| 2019 Second-half Hankyung Residential Culture Awards                             | Grand Prize (Brand category)  | Hankyung                               |
| The 12th Green Housing Awards  | Grand Prize (MOLIT* Minister's Prize)                                   | Hankook Daily                          |
| The 10th Green Construction Award  | Grand Prize (Design category)   | The Seoul Shinmun                      |
| The 15th Korea Civil Engineering & Construction Technology Awards                | Overall Grand Prize (MOLIT* Minister's Prize of Civil category)         | Maeil Business News Korea              |

\* MOLIT: Ministry of Land, Infrastructure and Transport

### Memberships

|  |                                    |  |
|--|------------------------------------|--|
| Korean Society of Civil Engineers                                    | Korean Institute of BIM            | The Korea Railway Association                  |
| Construction Association of Korea                                    | Architectural Institute of Korea   | International Contractors Association of Korea |
| The Society of Air-conditioning and Refrigerating Engineers of Korea | Korea Plant Industries Association | Korea Society of Geothermal Energy Engineers   |
| Korea Federation of Construction Contractors                         | buildingSMART Korea                | Korea Management Association                   |

\* Partial list: 82 business or academic memberships in total

### Acknowledgement

#### Sustainability Management Steering Group

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#### Special Thanks

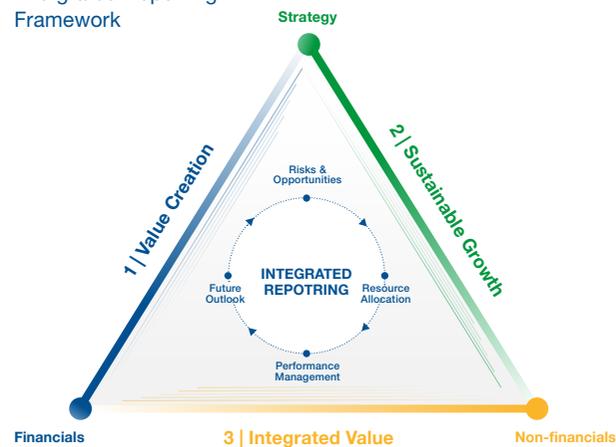
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|  | Kim Beom-Jun   | Security Management Team                        | Hong Geun-Ho   |

# INTERGRATED REPORTING

## Integrated Reporting

Hyundai E&C has been publishing its annual sustainability report in an integrated format since 2011 to disclose the economic, environmental, and social values to the stakeholders in faithful and balanced manner; the integrated reporting refers to a method of sustainability reporting that covers both financial and nonfinancial performances. It is a way to improve the understanding of stakeholders about the interrelationship of economic, environmental and social aspects. Hyundai E&C has participated in the Integrated Reporting Pilot Program of the International Integrated Reporting Council (IIRC) and has lead the global sustainability management.

### Intergrated Reporting Framework



#### 1 | Value Creation

- Hyundai E&C's value creation process
- Future outlook based on the analysis of megatrends
- Strategies on a new growth business and new market entrance

#### 2 | Sustainable Growth

- Establishment of mid- to long-term strategies on sustainability management
- Activities and accomplishments in economic, environmental, and social sectors
- Catalogue of sustainability management targets and KPIs

#### 3 | Integrated Value

- Connection between financial information and non-financial information
- Analysis on the efficiency of sustainability management activities
- Report of the sales increase and cost reduction cases due to sustainability management

#### Contact Us

The Hyundai Engineering & Construction Sustainability Report is also available on our website (<http://en.hdec.kr>). Should you want more information or have any enquiries, please do not hesitate to contact us via the contact information below. We appreciate your feedback.

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