

# Corporate Governance Charter of Hyundai E&C

We, Hyundai E&C, a global leading construction company with the philosophy of Human Respect and Enterprise Patriotism, aim to maximize corporate value and build stakeholders' trust with reasonable and transparent management.

Corporate Governance of Hyundai E&C aims to set a sound Governance Structure that creates shareholder's value and appreciates interest of internal and external customers through professional management under the supervision of independent Board of Directors

## Chapter 1. Shareholders

### 1.1 Rights of Shareholders

- 1) The shareholder, as the owner of the Company, shall have the following intrinsic rights protected by the relevant law and regulations such as the Korean Commercial Act:
  - Right to share profits
  - Right to participate in General Meeting of Shareholders including voting rights
  - Right to receive information in a timely manner and on a regular basis.
- 2) The following matters that adversely affect the fundamental of the Company's existence and shareholder rights shall be decided by General Meeting of Shareholders under the principle of protecting the utmost rights of the shareholders:
  - Modification of the Articles of Incorporation
  - Merger, business transfer, and spin-off
  - Dissolution
  - Reduction of Capital
  - Comprehensive exchange and transfer of shares, etc.
- 3) Shareholders may conveniently exercise rights under their discretion. The Company shall provide sufficient information in advance regarding the agenda, date, location of the General Meeting of Shareholders. Shareholders may directly or indirectly exercise voting rights in the most convenient way.

### 1.2 Fair Treatment of Shareholders

- 1) Shareholders shall have one (1) voting right per common share, and their own intrinsic voting rights shall not be restricted by the number of that they own..
- 2) The Company shall actively adopt the policy such as Cumulative Voting, in order to enable minor shareholders to exercise their own rights in the most convenient and easiest way.
- 3) The Company shall protect the shareholders from other shareholders' unfair conducts of insider trading and self-dealings.

## 1.3 Responsibility of Shareholder

- 1) Shareholders shall make every effort to exercise their voting rights for the Company's best interests.
- 2) Controlling shareholders shall act for the best interests of the Company and all of its shareholders, and they shall act against the Company and the other shareholders' interest.

## Chapter 2. Board of Directors

### 2.1 Functions of Board of Directors

- 1) The Board of Directors (the "BoD") has a comprehensive authority over the Company's management within the scope provided by relevant law and regulations. On behalf of the Company and shareholders, the BoD shall approve the core management goals and business plans for the interest of all stakeholders, and shall supervise the implementation of such strategies.
- 2) The BoD shall perform the following;
  - Management goals and strategies
  - Policy of the appointment, supervision, evaluation and remuneration of the management
  - Regular monitoring of the management's achievement
  - Financial decisions such as significant investments and large scale loans
  - Critical risk management in the management and other activities
  - Controlling of accounting
  - Accounting and financial audit
  - Stock issuance and dividend policy for shareholders
  - Major issues related to M&A
  - Compliance with law, internal control system and ethics regulations
  - Resolution of major environmental issues such as alternative energy, water management, and nuclear energy
  - Social contribution and prosperity of community.
  - Matters regulated by relevant law, the Articles of Incorporation and others that the BoD deems necessary for approval.

### 2.2 Composition of Board of Directors

- 1) The Company shall have at least three (3) but not more than nine (9) directors. The Company shall not have less than three (3) outside directors who are independent from management and controlling shareholders and the number of the outside directors shall be at least half (1/2) of the total number of the directors.
- 2) The Chairman of the Board shall be appointed by the resolution of the BoD. If the CEO holds an additional position as a chairman of the Board, the BoD may appoint one (1) Independent Lead Director from outside directors for smooth and effective progress of the BoD, following Article 4 of the Regulations of the Board of Directors.

- 3) The chairman of the Board shall perform the role of coordinator and try to set the ambience to build trust from inside and outside directors.
- 4) The Independent Lead Director shall secure the independence of the BoD by performing the role of monitoring CEO management, coordinating opinions of inside and outside directors, convening regular meetings of outside directors, and proposing and reflecting outside directors' opinions.

## 2.3 Operations of Board of Directors

- 1) The BoD meeting shall be regularly held each quarter, and provisional meeting of the BoD can be held when necessary. All the BoD members shall attend at least 90% of all the meetings, and if a director cannot attend a meeting, he/she shall submit a valid reason to the BoD. However, the BoD may allow all of the directors to take part in a resolution without presence in person at the meeting by means of a remote communications system that enables all directors' simultaneous transmission and receipt of sounds. In such cases, the relevant directors shall be deemed present.
- 2) To convene a regular board meeting, the chairman shall give an advance notice seven (7) days before the meeting to the directors, and for a provisional meeting, the chairman shall give an advance notice at least one (1) day before the meeting.
- 3) The BoD shall prepare minutes of the board or record the meeting. The directors shall directly sign the minutes, and the minutes of the board and the records shall be maintained for extended periods of time.
- 4) The BoD shall establish the Audit Committee, Committee for Recommending Candidates for Outside Directors, and Corporate Governance & Communication Committee and Compensation Committee for effective operation and professional performance of the BoD. Functions and roles of each committee are as below:
  - Audit committee
    - Audit accounts, tasks, and financial status of the Company
  - Committee for Recommending Candidates for Outside Directors
    - Recommend candidates for outside directors who shall be appointed at the General Meeting of Shareholders
    - Review grounds for the appointment, the recommender, and the stake in the Company such as details of transactions with the Company for the recent 3 years
  - Corporate Governance & Communication Committee
    - The related party transaction provided 『The Monopoly Regulation and Fair Trade Act』 and 『Commercial Act』
    - Checkup on Compliance Program (CP) operation
    - Major policies related to the ethical management and social contribution
    - Establishment & revision of ethical principles such as the Code of Ethics, and assessment of implementation
    - Selection of sustainable vision and strategic tasks
    - Protection of shareholders' rights
    - the Approval of non financial factors such as Environment, Social, Governance (ESG)

- the assessment of the performance of Chief Safety Officer
  - Compensation Committee
    - Remuneration of Directors
    - matters related to the remuneration of Directors
- 5) The Chair of a committee shall be appointed among directors, and the Committee for Recommending Candidates for Outside Directors shall be comprised more than half of outside directors.
  - 6) Every committee shall receive sufficient support from the Company in order to operate effectively. the BoD shall prepare detailed document in terms of each committee's regulations and operations to enable each committee to cope with its own matters sufficiently.

## 2.4 Qualification and Independence of Directors

- 1) Directors shall possess exemplary ethics, professionalism, and integrity, and should be able to represent the interests of shareholders and stakeholders in a balanced manner. Also, directors shall demonstrate a sense of responsibility, strategic mindset, practical knowledge, and mature judgment.
- 2) Directors shall not be discriminated by gender, age, religion, or race, etc. and shall have equal rights.
- 3) For devoted performance, the inside directors cannot take more than four (4) positions while the outside directors' positions are limited to two (2) positions.
- 4) Inside directors shall have abundant experience and knowledge in relation to the Company's business.
- 5) Outside directors shall have knowledge and experiences in the industrial, financial, academic, legal, accounting, and public sector, and must have no interests with company in the last five (5) years. In order to verify the independence of directors, the Company complies with the domestic 「Commercial Act」 and 「Act on the Governance of Financial Companies, applying mutatis mutandis NYSE regulations or establishing stricter independence requirements. The criteria for independence of directors are as below, and the board of directors comprehensively considers what significant interest directors has with the company in consideration of domestic and foreign circumstances and the overall situation of the company in determining independence.
  - Records of being employed in the Company or its affiliates for the past 5 years
  - Records of director's family member(s) being employed by the Company or its affiliates for the past 3 years
  - Records of receiving non-wage compensation in excess of USD 60,000 yearly, except for those circumstances allowed by 「SEC Rule 4200 Definitions」
  - Currently not employed by the Company's external auditor
  - the Director is not an executive or employee of a corporation that i) provides the advisory services to the Company ii) has signed the technical partnership with the Company
  - Records of director being hired by the Company or the representative of the Company for Advisory / consulting

- Records of director being employed by a corporation that has ongoing business with the Company the amount exceeding the Company's total assets or the 10% of the Company's operating Profit for the past 3 years
  - Records of Director's employed organization(s) signing the contract with the Company exceeding the 10% of the Company's total revenue
  - Records of the director being irrelevant to those matters dealt in the Committees
- 6) Anyone not meeting the requirements cannot be a director of the Company and if an independent director is no longer eligible for the directorship after taking office, he/she shall be dismissed from the position.

## 2.5 Appointment of Directors

- 1) Directors shall be appointed at the General Meeting of Shareholders. The Company shall disclose information of candidates 2 weeks before the day of General Meeting of Shareholders to enable shareholders to vote with sufficient information about candidates.
- 2) A representative director shall be appointed by the resolution of BoD among the directors, appointed at the General Meeting of shareholders. Appointment or dismissal of a representative director shall not be delegated to the Committees.
- 3) Candidates of inside directors other than the representative director shall be recommended to the General Meeting of Shareholders by the BoD.
- 4) Candidates of outside directors shall be recommended to the General Meeting of Shareholders by the Committee for Recommending Candidates for Outside Directors which is comprised of four (4) outside directors and one (1) inside director. The Committee may get consultation from external expert to appoint candidates transparently and objectively. Outside directors shall be elected one at a time, and the term may not exceed three (3) years.
- 5) Reappointment of outside directors with expired terms shall be discussed and recommended by the Committee for Recommending Candidates for Outside Directors, and the term of reappointed directors may not exceed three (3) years.
- 6) The Company shall review regularly the adequacy of structure, size and composition of the BoD to improve diversity and balance of the Board. To achieve the above, the Company shall try to secure diverse and skilled human assets that can make decisions on business when appointing directors.
- 7) The Company shall enhance diversity of the BoD in terms of gender, age, race, nationality, place of birth, cultural background, etc. to effectively cope with the change in business environment based on diverse opinions and experiences. And the Company shall try to improve the diversity of gender by increasing the proportion of female directors consistently.
- 8) The Company shall secure the complementarity in duties of the BoD members based on the indices of duty, experience, professional knowledge, and educational background, etc. to achieve long term success on the basis of proper and timely decision-making. As a global contractor based on engineering, the Company shall secure the necessary proportion of directors who have experiences in construction and engineering industry.

## 2.6 Responsibility and Duty of Directors

- 1) Directors shall not promote private interests by taking advantage of their position, and must faithfully fulfill their duties in the BoD activities for the interest of shareholders and the Company based on the duty in good faith.
- 2) Directors shall respect the Code of Ethics of the Company, and the BoD supervises the compliance of directors to the Code of Ethics. The BoD shall allow no exception on the compliance of the Code of Ethics to any directors or executives. As soon as any real or potential conflicts of interests occur to any director or senior manager, the Independent Lead Director or Representative Director should be immediately informed
- 3) When a director violates law or the Articles of Incorporation or neglects his/her duties, the director is liable for damages to the Company. In the case that the director has conducted acts with malice or gross negligence, the director shall also be liable to a third party.
- 4) The Company provides directors liability insurance at its own expense in order to have the ground of calling directors to account and recruit competent directors.
- 5) The Company may suggest directors to own shares to promote management participation and to secure their responsibility.

## 2.7 Role of Outside Directors

- 1) Outside directors shall participate in major decision-making of the Company through activities in the BoD, and shall supervise and support the management as a member of the BoD.
- 2) Outside directors may request information necessary for performing their duties, and may also interview any manager of sites without the attendance of senior management. In addition, outside directors may obtain advice from an external expert in accordance with the appropriate procedure, and the Company shall be responsible for the expenses.
- 3) The outside directors-oriented meetings may be held once every half year to collect feedback about the BoD agenda, and inside directors or executives also may be able to attend the meeting if so agreed by all of the outside directors.

## 2.8 Evaluation and Compensation

- 1) The BoD may be fairly evaluated based on activities under the Article 18 of the Regulations of the Board of Directors for the long-term growth and governance structure enhancement.
- 2) The BoD may plan and operate a system of evaluation and compensation to enhance the long term shareholders' value, where activities of the BoD shall be evaluated fairly, and the results shall be properly reflected to the remuneration.
- 3) The BoD and each Committee may implement the self-evaluation yearly, where the directors shall submit designated evaluation forms about the performance of the BoD and each Committee.

- 4) The Committee, designated by the BoD, shall summarize a yearly evaluation, and make use of the discussion result at the Board or the Committee meeting every January with the support of external expert if necessary. The BoD shall make use of the evaluation to improve the next year operation and compensation of the BoD.
- 5) Outside directors' remuneration is preferred to align with the interests of directors and shareholders

## 2.9 Education of Directors

- 1) The Company shall give an opportunity of education necessary for performing duties of outside directors, and shall hold reviewal meetings to provide and to explain information about the Company's management status.
- 2) The Company shall educate newly appointed outside directors about overall management activities. Contents of education shall emphasize achievement of long term vision, main business strategy, internal financial and accounting issues, internal control system, and the Code of Ethics, etc.
- 3) The Company shall support directors to learn necessary knowledge and skills for performance of duty, and arrange visits of directors to major sites to observe and understand the actual business.

## Chapter 3. Audit

### 3.1 Audit Committee

- 1) The Audit Committee shall be composed of three (3) or more directors, and two thirds (2/3) or more of the Audit Committee shall be outside directors. The Chair shall be one of outside directors, and one (1) or more member with professional knowledge of accounting or finance should be included. The Audit Committee shall perform duty independently from the management and a certain shareholder.
- 2) Major roles and functions of Audit Committee are as following :
  - Supervise legitimacy of performance of directors and management
  - Examine validity and integrity of financial management
  - Examine and control the internal audit system
  - Assess the adequacy of financial reporting
  - Examine validity of changes in important accounting standards and accounting estimates
  - Report appointment and dismissal of the external auditor to the General Meeting of Shareholders
  - Mediate the communication between the external auditor and the BoD
  - Evaluate regularly the activities of the external auditor
  - Approve in advance external auditor's management consultation for non-audit activities
  - Check whether the Company has taken corrective actions based on the results of internal

and external audits

- Revise the regulations of the Audit Committee

- 3) Regular Audit Committee meeting shall be held at least once a quarter, and the Audit Committee can request any related employee to attend the meeting.
- 4) The Audit Committee shall report the evaluation of independence of its own and major activities to the General Meeting of Shareholders, and the Company shall disclose them in the annual report.

### 3.2 External Auditor

- 1) An external auditor shall fairly conduct audits in the independent position from the Company, the management, and shareholders, etc.
- 2) The external auditor shall report major issues found during its audit to the Audit Committee every quarter.
- 3) The external auditor must participate in the General Meeting of Shareholders to respond in good faith to questions asked by shareholders.
- 4) In case of performing the management consultation other than for audit activities, the external auditor must obtain approval in advance from the Audit Committee to proceed
- 5) The external auditor must transparently disclose the payment of fees occurring from the audit or other activities to the public.

## Chapter 4. Stakeholders

- 1) The Company shall keep a positive relationship with stakeholders (such as customers, employees, partners, and local society) by resolution of concerning matters, shall strive to contribute to the long-term increase in shareholder value, and shall faithfully carry out the business' social responsibility.
- 2) The Company shall set forth its best efforts in order to faithfully protect the rights of stakeholders under the law or contracts, and shall make efforts to improve labor conditions by complying with the labor law, such as Labor Standards Act.
- 3) The Company shall provide information necessary for protection of the stakeholders' rights to the extent possible under the law and regulations, and shall support access of relevant information to the stakeholders.

## Chapter 5. Disclosure

- 1) The Company shall regularly prepare and disclose annual, semi-annual, and quarterly reports, and shall disclose the relevant information about the Company and its business activities to shareholders and other stakeholders in a timely and accurate manner.
- 2) The Company shall not prioritize nor discriminate anyone in terms of the scope or timing of



the disclosure, and the disclosures shall be prepared in a concurrently accessible way by all of the stakeholders.

- 3) The Company shall disclose the agenda of the General Meeting of Shareholders and BoD, and status of the general corporate governance (such as attendance rate, profile, term in office, additional duties, remuneration, and shareholding of the BoD, etc.) in a proper manner. Changes of such information shall be disclosed to the public every quarter.